

**SOCIAL MEDIA MARKETING, COMPETITIVE DYNAMICS, PRODUCT  
INNOVATION AND FIRM PERFORMANCE AMONG STAR RATED  
HOTELS IN KENYA**

**BY  
TONNY LUKOSE**

**RESEARCH THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND  
ECONOMICS IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR  
THE AWARD OF DEGREE OF DOCTOR OF PHILOSOPHY IN  
BUSINESS MANAGEMENT (MARKETING OPTION)**

**MOI UNIVERSITY**

**2022**

**DECLARATION**

**Declaration by Candidate**

This thesis is my original work and has not been presented to any other examination body. This thesis cannot be reproduced without prior written permission of the author and/or Moi University.

Signature ..... Date .....

**TONNY LUKOSE**

**SBE/DPHIL/BM/09/2016**

**Declaration by Supervisors**

This thesis has been submitted with our approval as the university supervisors.

Signature ..... Date .....

**Prof. Charles Lagat**

Department of Marketing and Logistics

School of Business and Economics

Moi University

Signature ..... Date .....

**Dr. David Kosgei**

Department of Management Science

School of Business and Economics

Moi University

## **DEDICATION**

This thesis is dedicated to my parents who have been there for me from my formative years of education. The support they have given me has been tremendous both emotional and financial. Additionally I would like to dedicate the thesis to my aunt and mentor Prof. Winnie Mucherah of Ball State University for her guidance in my education, life and career.

## **ACKNOWLEDGEMENT**

I would wish to give special recognition to my supervisors Prof. Charles Lagat and Prof. David Kosgei for their mentorship, stewardship and guidance in the development of this thesis. They have provided direction and encouragement that was needed towards critical conceptual areas of this thesis. Their immense knowledge in research was of great importance as they were able to point and put me on the right track. In addition I would also wish to recognize Dr. Bonuke for the advice, ideas and guidance given while I was working on this thesis. Finally, more thanks go to all my PhD course lecturers who worked hard to ensure that my cohorts and I cleared the required course work on time and the knowledge they did impart in us was tremendous and vital in the development, research and analyzing data for this thesis. Not only will the knowledge gained from the course work be of great importance towards the development, molding and enhancement of my career but also will help towards elevation of the society in general. Lastly I acknowledge my family for being there for me no matter the situation, circumstance or environment I was in.

## ABSTRACT

Firm performance among the hotel industry is a complex concept because of the presence of many factors that are affecting hotels day to day operations. The implementation of social media (SMM) as marketing tool is one critical way hotels are handling their daily operations and SMM is being adopted by hotels as vital component of their overall marketing strategy. The performance of hotels in Kenya has been on the decline due to stiff competition, turbulent economic and the impact of Covid-19 pandemic. This has resulted into generally low profits, shrinking market size and unsatisfied customers. The various social media platforms provide avenues through which hotels can promote, market their products and interact and share with their customers for innovative purposes. The purpose of this study was to investigate the moderated mediation effect of competitive dynamics on the link between social media marketing, product innovation and firm performance among star rated hotels in Kenya. The specific objectives of the study were to determine the effect of social media marketing, product innovation (PI), competitive dynamics (CDS) on the performance of star rated hotels in Kenya. The study further determined the mediating role of PI, moderating role CDS on the relationship between SMM and performance of star rated hotels. This study employed the use of social media integration theory, dynamic capability theory and social exchange theory to test the relationship between the variables. Explanatory research design was adopted and the targeted population was 215 star rated hotels listed on the Tourism Regulatory Authority. Census survey was adopted for the study. Total of 198 hotels were studied with a response rate of 92.09 percent. Multivariate linear regression was used to analyze the relationship between the variables. Factor analysis was done using principal components analysis. Regression results indicated that social media marketing significantly influenced firm performance positively ( $p=0.004<0.05$ ). Competitive dynamics on the other hand did not show significant influence on firm performance ( $p=0.152>0.05$ ). Moderating role of competitive dynamics was significant on the relationship between SMM and FP ( $p=0.009<0.05$ ). Social media marketing influenced product innovation ( $p=0.000<0.05$ ) while product innovation showed a significant mediation effect ( $p=0.01<0.05$ ), respectively. Moderated mediation of CDS had significant effect on the relationship between SMM and firm performance ( $p=0.000<0.05$ ). It was concluded that the use of social media as marketing tool has positive significant effect on firm performance in terms of customer satisfaction, market share growth and realized profits. The results are of great importance to the hotel industry as they can be able to access wide global client reach due to advancement in social technological interactions. The findings recommend that hotels adopt the use of SMM for performance improvement and product innovation. Furthermore, it is vital for hotels to consider social media sites not just as advertising/marketing tools, but also as an avenue for customer interaction and sharing of information. It is possible to do so by reacting to comments in real time. Hotel industry needs to focus social product innovation to enhance their performance, and to obtain customer satisfaction because innovation aids in gaining a competitive advantage. This study contributes to knowledge by looking at the implementation and use of Social Media Marketing by star rated in Kenya with Competitive Dynamics as a moderator and Product innovation as a mediator.

## TABLE OF CONTENTS

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
ABSTRACT .....	v
TABLE OF CONTENTS .....	vi
LIST OF TABLES .....	x
LIST OF FIGURES .....	xi
OPERATIONAL DEFINITION OF TERMS .....	xii
ABBREVIATIONS AND ACRONYMS .....	xiii
<b>CHAPTER ONE.....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Overview .....	1
1.2 Background of the Study .....	1
1.3 Kenya Hotel Industry .....	8
1.4 Statement of the Problem .....	12
1.5 General Objective of the Study .....	15
1.5.1 Specific objectives of the study .....	15
1.5.2 Research hypotheses .....	16
1.6 Justification of the Study .....	16
1.7 Scope of the Study .....	18
<b>CHAPTER TWO.....</b>	<b>19</b>
<b>LITERATURE REVIEW .....</b>	<b>19</b>
2.1 Overview .....	19
2.2 The Concept of Firm performance .....	19
2.3 The Concept of Social Media Marketing .....	22
2.3.1 Dimensions of social media marketing .....	25
2.3.2 Online Brand community .....	29
2.3.3 Advertising Campaign.....	31
2.3.4 Interaction and Sharing .....	34
2.4 The Concept of Product Innovation .....	36
2.5 The Concept of Competitive Dynamics .....	42

2.6 Theoretical Review.....	47
2.6.1 Social media Integration Theory .....	47
2.6.2 Dynamic Capabilities theory .....	48
2.6.3 Social Exchange Theory.....	50
2.6.4 Innovation Diffusion Theory.....	53
2.7 Empirical Review .....	55
2.7.1 Social Media Marketing and Firm Performance .....	55
2.7.2 Product Innovation and Firm Performance .....	65
2.7.3 Competitive dynamics and firm performance .....	68
2.7.4 The Mediating role of Product Innovation .....	69
2.7.5 The Moderating role of Competitive Dynamics.....	72
2.8 Control Variable .....	75
2.8.1 Hotel star Classification and Firm Performance .....	75
2.9 Summary of Literature and Research Gap .....	77
2.10 Conceptual Framework .....	78
<b>CHAPTER THREE .....</b>	<b>81</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>81</b>
3.1 Introduction .....	81
3.2 Research Philosophy .....	81
3.3 Research Design .....	82
3.4 Study Area.....	83
3.5 Target Population .....	84
3.6 Data Collection.....	84
3.7 Measurement of Variables.....	85
3.7.1 Measurement of Firm Performance.....	86
3.7.2 Measurement of Social Media Marketing .....	86
3.7.3 Measurement of Product Innovation .....	87
3.7.4 Measurement of Competitive Dynamics .....	88
3.7.5 Measurement of Hotel star classification .....	89
3.8 Validity and Reliability of the Research Instruments .....	90
3.8.1 Validity.....	90
3.8.2 Reliability .....	92
3.9 Data Analysis .....	92
3.10 Model Specification .....	93

3.10.1 Model 1 Testing Direct Effects .....	93
3.10.2 Testing for Moderation.....	93
3.10.3 Model for Mediation .....	96
3.10.4 Model Specification for Moderation and Moderated mediation .....	98
3.11 Assumptions of the Regression Model.....	98
3.11.1 Testing for Normality.....	99
3.11.2 Testing for Homoscedasticity.....	99
3.11.3 Testing for Multicollinearity .....	100
3.11.4 Testing for Autocorrelation .....	100
3.12 Ethical Consideration .....	100
<b>CHAPTER FOUR .....</b>	<b>102</b>
<b>DATA ANALYSIS, PRESENTATION AND INTERPRETATION.....</b>	<b>102</b>
4.1 Overview .....	102
4.2 Data Preparation, Cleaning and Data Coding .....	102
4.3 Response Rate .....	102
4.4 Cronbach's Alpha Reliability Test.....	103
4.5 Demographic Characteristics of Respondents and Hotel Characteristics .....	105
4.5.1 Gender Distribution.....	105
4.5.2 Age Distribution.....	106
4.5.3 Work experience.....	107
4.5.4 Hotel Star Classification.....	108
4.5.5 Number of Rooms .....	110
4.5.6 Hotel Years of Operation .....	110
4.5.7 Target Market and Nationality of the Visitors .....	110
4.6 Competitive Dynamics .....	111
4.7 Product Innovation .....	114
4.8 Firm Performance of Star Rated Hotels .....	117
4.9 Social Media Marketing .....	119
4.10 Factor Analysis.....	122
4.10.1 Factor Analysis on Competitive Dynamics.....	123
4.10.2 Factor Analysis on Product Innovation.....	125
4.10.3 Factor Analysis on Firm Performance.....	127
4.10.4 Factor Analysis on Social Media Marketing.....	128
4.11 Correlation Analysis.....	131



4.12 Diagnostic Tests .....	132
4.12.1 Normality Test.....	132
4.12.2 Test for Multicollinearity .....	133
4.12.3 Test for Homoscedasticity.....	134
4.12.4 Test for Autocorrelation .....	135
4.13 Model Estimation and Test of Hypothesis .....	135
4.13.1 Results for Direct Effects .....	136
4.13.2 Moderation Effects of Competitive Dynamics.....	137
4.13.3 Testing for Mediation Effects of Product Innovation .....	139
4.13.4 Testing for Moderated Mediation.....	143
4.14 Interpretation of the Hypotheses .....	145
4.15 Discussion .....	150
<b>CHAPTER FIVE.....</b>	<b>156</b>
<b>SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS... 156</b>	
5.1 Overview .....	156
5.2 Summary of Findings .....	156
5.3 Conclusion.....	159
5.4 Policy Recommendations.....	161
5.5 Suggestions for Further Studies .....	162
5.6 Limitations of the Study .....	163
REFERENCES.....	165
APPENDICES.....	187
Appendix I: Letter of Authorization.....	187
Appendix II: Questionnaire .....	188
Appendix III: Classified Establishments-Register .....	195
Appendix IV: Research License.....	202

## LIST OF TABLES

Table 3.1: Hotel Classified Establishment Register .....	84
Table 4.1: Response Rate .....	103
Table 4.2: Cronbach's Alpha Reliability Test.....	104
Table 4.3: Demographic Characteristics of the Respondent .....	106
Table 4.4: Demographic Characteristics of the Star Rated Hotels.....	109
Table 4.5: Competitive Dynamics.....	113
Table 4.6: Product Innovation.....	116
Table 4.7: Performance of Star Rated of Hotels .....	118
Table 4.8: Social Media Marketing.....	120
Table 4.9: Factor Extraction on Competitive Dynamics .....	125
Table 4.10: Factor Extraction on Product Innovation .....	126
Table 4.11: Factor Extraction on Firm Performance.....	128
Table 4.12: Factor Extraction on Social Media Marketing .....	130
Table 4.13: Pearson Correlation Result.....	132
Table 4.14: Shapiro-Wilk W test For Normal Data .....	133
Table 4.15: VIF Test for Multicollinearity.....	134
Table 4.16: Breusch-Pagan / Cook-Weisberg test for Heteroskedasticity .....	134
Table 4.17: Breusch-Godfrey Serial Correlation LM Test.....	135
Table 4.18: Regression for Direct Effects .....	137
Table 4.19: Results for Moderation of Competitive Dynamics .....	139
Table 4.20: Results for Mediation Effects of Product Innovation .....	141
Table 4.21: Moderated Mediation Results .....	144
Table 4.22: Summary of Hypotheses Tested .....	154

**LIST OF FIGURES**

Figure 2.1: Adopted from model 8 by Andrew Hayes (2013) .....	80
Figure 3.1: Path Analysis for Moderation .....	96
Figure 3.2: Statistical Diagram for Mediation Model .....	97
Figure 3.3: Statistical Diagram for Moderated Mediation .....	98
Figure 4.1: Graph Showing Normal Distribution.....	133
Figure 4.2: Path Diagram for Moderation Effects.....	139
Figure 4.3: Path Diagram for Mediation Effect of Product Innovation .....	142
Figure 4.4: Path Diagram for Moderated Mediation.....	145

## OPERATIONAL DEFINITION OF TERMS

**Competitive dynamics:** The actions and reactions of individual enterprises engaging in a competitive business environment within an industry to gain a competitive advantage are referred to as competitive strategies (Chen & Miller, 2012; Grimm, Lee, Smith, & Smith, 2006).

**Firm performance:** Covers all areas of the organization's functioning in terms of business performance or firm performance and includes both operational and financial outcomes (Murugesan Selvam, 2016)

**Product Innovation:** Iterative process of generating, accepting, and implementing new ideas to improve customer experiences (Ottenbacher & Gnoth, 2005). Hotel product innovation is the use of technology to improve organizational communication and visitor experiences (Keller, 2006; Olsen, & Lumpkin, 2001).

**Social Media Marketing:** Linking brands and customers through a personal channel and medium of trade, social media acts as a platform for user-centered networking and social interaction (Chi, 2011; Nadaraja & Yazdanifard, 2013)

**Social Media:** Apps that allow for the creation and exchange of user-generated content are included in a larger category of Internet-based applications known as Web 2.0 applications (Kaplan and Haenlein, 2010; Rodriguez, 2011; Adams, 2010).

**ABBREVIATIONS AND ACRONYMS**

CDS	Competitive Dynamics
EWOM	Electronic Word of Mouth
FP	Financial Performance
IH&RA	International Hotel and Restaurant Association
KAHC	Kenya Association of Hotelkeepers and Caterers
KNBS	Kenya National Bureau of Statistics
OBC	Online Brand Communities
PI	Product Innovation
RBV	Resource Based View
ROI	Return on Investment
SMM	Social Media Marketing
TRA	Tourism Regulatory Authority
VBC	Virtual Brand Community
WTB	World Tourism Board
WTO	World Tourism Organization

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter contains information on the following topics: background information, problem description, study objectives, research hypothesis, and, lastly, rationale and scope of the investigation.

#### **1.2 Background of the Study**

Firm performance is an important concept in global strategic management research, and it is frequently used as a dependent variable (Murugesan Selvam, 2016; Sharabati, Jawad & Bontis, 2010). Despite its widespread use, there is no agreement on its definition, dimensions, and measurement, impeding advancements in study, particularly in the field of social media (Alkis, Kadirhan & Sat, 2017). A firm's performance can be quantified using a variety of indicators; Key performance indicators include growth, profitability, market value, customer and employee satisfaction, environmental performance, environmental audit performance, corporate governance performance, and social performance, as defined by (Murugesan Selvam, 2016; Galant & Cadez, 2017; López, Garcia & Rodriguez, 2007). Since the turn of the twenty-first century, the concept of firm performance has primarily centered on the business's aptitude and ability to efficiently utilize the resources at its disposal in order to accomplish goals accordance with its established objectives (Peterson, Gijsbers & Wilks, 2003).

Firm performance is a complex issue studied extensively both locally and globally. When Ford and Schellenberg (1982) first studied business performance, they found much debate over how it should be conceptualized. Performance has been conceptualized in two ways: the drivers and the outcomes (Neely et al., 2000).

Scholars have also classed performance drivers based on their impact on managerial decision-making (Pelham, 1999; Wall & Greiling, 2011). Effective performance management requires an understanding of internal and external influences (Decramer, Smolders, Vanderstraeten, Christiaens, & Desmidt, (2012; Kasturi, 2006). Individual roles and responsibilities, as well as structure and strategy, have been defined (Brignall & Ballantine, 1996).

Firm Performance includes increasing profitability and providing outstanding customer service by meeting or exceeding client expectations. Customer satisfaction drives corporate performance (Ramani & Kumar, 2008; Hinterhuber & Liozu, 2014). According to Evans & Lindsay (2011), organizations can increase earnings by roughly 100% by maintaining 5% more consumers than competitors. New client acquisition is much more costly than client retention. Having a loyal customer base can outperform competition with a high turnover (Berginsen & Jago, 2007).

The integration of SMM in organizational activities for enhanced overall performance has been increasing (Arika & Muronge, 2017). Despite the wide spread use of SMM on organizational performance particularly in East Africa little is still known on its usefulness as most of the available literature focuses on western countries. Their hypothesis is that performance is described in terms of projected behavioral output and results, as outlined by Arika and Muronge (2017). Also, according to the survey, Kenyan hospitality firms are relying on performance measurement and management to obtain International Organization for Standardization certification. In general, corporate demands such as five-star ratings and worldwide hotel associations have necessitated good KPIs. Mutuku (2005) contends that any business organization's performance is influenced by its strategies. According to Manyuru (2005), organizational performance can take numerous shapes depending on who and what it

is measured for. To make educated judgments, various stakeholders demand various performance metrics.

Hotels in Kenya are currently battling to obtain International Organization for Standardization (ISO) accreditation and TRA and KAHK star ratings (Onyango, Edwin, Ouma, & Lucas, 2010; Honey, 2002). Hotels that consistently perform well in terms of providing better services and financial performance have a culture that is focused on excellent performance and adequately serving the expectations of customers and other stakeholders (González-Rodríguez, Martín-Samper, Köseoglu, & Okumus, 2019; Theodosiou, & Katsikea, 2012). Hotel industry is undergoing stiffer competition among its players for market share, provision of quality services and general overall performance (Alon, Ni & Wang, 2012). Customers' expectations and preferences are evolving (Ayele, 2012). For international acceptance of standards certificates, recognition as a firm of the year, star rating, and participation in professional associations, hotels are resorting to strategic management performance drivers (Ongore & Kobonyo, 2011). Hotels are therefore employing various strategies to deal with the dynamic competitive environment and with current technological development social media use is being implemented by hotels to enhance their competitive advantage and increase performance (Tajvidi, R., & Karami, 2021; He, Zha, & Li, 2013).

Social media is a debatable concept, in the beginning the platforms were created as a way connecting people with common goals, same lifestyles and probably from the same geographical region (Cogburn & Espinoza-Vasquez, 2011; Bisgin, Agarwal & Xu, 2012). Social media marketing comprises engaging with clients online, and according to Wikipedia, it is comprised of internet-based tools for group engagement, information exchange, and discussion (Sisiri Neti, 2011). According Kaplan and



Haenlein (2010), social media is a set of web-based apps that allow users to create, interact with, and share content. According to Sisiri Neti, (2011), the phrase 'social media' refers to advertising and the dissemination of ideas or information via publications/channels. Individuals inside a group or community interact and share (Sisiri Neti, 2011). Last but not least, social media refers to communication/publication platforms that are supported by individual participation through a certain medium or instrument (Rana & Kumar, 2016; Durgam, 2018; Sümer, 2020). Finally, social media marketing gives users a personal channel and currency for social networking. (Chi, 2011).

LinkedIn was launched in 2003, followed by MySpace and Facebook in 2004, YouTube in 2005, and Twitter in 2006 (Kumar, 2012; Lipschultz, 2020; Chebib & Sohail, 2011). The following years saw a dramatic increase in the number of users, who currently number in the billions. With over 500 million members worldwide, Facebook is the most popular social network, followed by Twitter (175 million), LinkedIn (90 million), and MySpace (57 million) (Curtis, 2011; Deepa & Deshmukh, 2013; Pradiptarini, 2011).

The various forms of social media marketing accessible today give a single channel of communication via which firms may interact with and exchange information with their customers (Erdoğan & Cicek, 2012; Gallagher & Ransbotham, 2010). Communication on social media platforms entails the creation of online brand communities (OBC), carrying out advertising campaigns, interaction and sharing of content and finally the availability and accessibility to relevant and updated content by their customers provide the various mediums through which organizations can carry out marketing campaigns (Arya, Verma, Sethi, & Agarwal, 2019; Latif, 2021; de Silva, 2021). Companies have introduced online brand communities, a virtual

environment in which members engage mostly over the internet ( Fuller, Jaweck & Muhlbacher, 2007), then they interact and share with those customers in their OBC through providing special advertisement campaigns tailored at them (Mangold & Folds, 2009) and finally organizations should update the information they share with their customers regularly (Leggat, 2010) to ensure they remain relevant and customers have up-to date information.

Many businesses see online communities as a valuable marketing tool with many advantages (Fisher, 2019; Stockdale & Borovicka, 2006). First, companies can immediately rectify issues and improve future brand performance by monitoring customer online dialogues (Madupu, 2006). Second, internet communities supply up-to-the-minute information about market and consumer trends. These materials can be utilized to create targeted advertising and feature development for future goods. Third, corporations can decide what makes their products special in the perspective of consumers (Kozinets, 1999). Consumers are involved in the production of new items and brands via internet forums (Sawhney & Prandelli, 2000). A brand community is made up of brand-obsessed consumers (Jang, Ko, & Koh, 2007). Online brand communities can be either consumer or company initiated. An individual creates a brand community, whereas a company sponsors and promotes it.

Organizations want their message to reach the widest potential audience; to accomplish this, they must develop an online presence on social media platforms where their customers "hang out." (Appel Grewal, Hadi & Stephen, 2020; Adeola, Hinson & Evans, 2020). At the moment, the only area where a large group of people can be found "hanging out" is on social networking places (Halligan Shah, & Scott, 2009). By businesses having their presence on social media sites they are able to check customers' comments, respond to the comments whether they positive or

negative and encourage sharing of information to generate new ideas to successfully address client needs. Companies with a strong online presence have access to low-cost advertising and brand-building tools that work well in creating consumer interactions (Dutta, 2010 & Barwise, 2010).

Larson and Watson (2011) and Urquhart and Vaast (2012) respectively posited that Social media use is intended to have positive effect on an important organizational outcome: firm performance; in terms of sharing ideas with prospects, turning them into loyal customers and generating more sales from online campaigns. Social media use on organizational outcomes is still at its nascent stage (Trainor, Andzulis, Rapp & Agnihotri, 2014; Agnihotri, 2020).

This study will theorize social media impact on firm performance by focusing on social media marketing effects on firms product innovation initiated by the contention emanating from interacting with followers online and sharing of ideas. Through the use of social media firms generate and attract followers who are expected to be loyal customers, leading to increased sales, increased market share and develop loyalty towards the firms' brand. Social media marketing has benefited a growing number of businesses; Kenyan Saccos experienced an improvement in communication with clients from various regions of the country from the use of social media marketing, Koori (2018); Dessert Gallery boosted monthly visitors by 20% after increasing from 283 to 817 Facebook fans (Woessner, 2011). As a new marketing phenomenon, In addition to presenting products/services to customers, social media marketing (SMM) allows marketers to easily identify peer groups or influencers within various groups that may act as brand ambassadors and aid in organic growth of a brand (Sisira Neti, 2011)

Product innovation is a complex concept. Product development, innovation and company goals, programs and resources are all supported by social computing ideas and technology (Kenly & Poston 2012). The study asserts that a shorter time to market, greater adoption, lower product costs, and lower product development expenses are all possible outcomes. Open and collaborative innovation emphasizes obtaining and efficiently using external knowledge and information from sources including as suppliers, competitors, universities, and communities, but most importantly from customers (Chesbrough, 2003).

To comprehend hotel product innovation, it is necessary to first define the term "hotel product" as it is used in the tourism business. Hotel products are a critical component of the hospitality industry (Bouranta, Psomas & Pantouvakis, 2017). According to Yilmaz and Bititc (2006), tourism, like hotel products, possesses both service and tangible product qualities. On the other hand, Weiermair (2006) defines a tourism product as a simultaneous production and consuming experience. Thus, improving the physical hotel product improves service delivery and adds to the creation of truly unique visitor experiences. According to Santos (2014), tourism sites, particularly hotels, are compelled to adopt innovative strategies in order to attract new clients and maintain a consistently unique customer experience.

In competitive dynamics, specific competitive acts and reactions are examined, as well as their strategic and organizational contexts, as well as the drivers and consequences of such acts and reactions. In addition, the drivers and consequences of such acts and reactions are examined (Baum & Korn, 1996; Smith, et al., 1992).

The goal of competitive dynamics research is to provide answers to fundamental questions such as: How do organisations interact during a period of intense

competition? Why do they compete in the ways that they do? What motivates them? What is the relationship between competitive behaviors and organizational performance, and what is the relationship between organizational behaviours and competitive behaviours? (Snow & Hoover, 2004; Ferrier & Ndofor, 2001).

The movement of the market toward or away from equilibrium, rather than the equilibrium itself, is what is interesting, according to this point of view, which makes market competition a dynamic process (Jacobson, 1992; Smith, & Grimm, 1996). According to Young (1996), market share was gained by aggressive competitors and early responders in the market. Smith and colleagues (2001) discovered a positive association between a focal business' performance and the time it takes competitors to respond.

### **1.3 Kenya Hotel Industry**

Kenya being sanctified as a natural beauty has always been attractive for tourists, hotels in Kenya stretch back to 1904 when Norfolk became part of the country's history and from there several hotels have sprung up to cater for the booming tourism industry (Ngandu, 2014). Even the most discerning tourist will find luxury hotels in Kenya. Kenyan hotels are among the greatest in the world due to massive influx. Tourism has benefitted hotels. 2011 had a 13.5 percent increase in travelers, with 549,083 compared to 483,468 in 2010. The sector's earnings climbed by an estimated Ksh 10 billion, to Ksh 40.5 billion, from Ksh 30 billion in 2010, according to the Ministry of Tourism's first half year statistics issued on August 25th 2011. ([www.ktf.co.ke](http://www.ktf.co.ke)).

The 1988 Kenya hotels and restaurants law created a standard for hotel classification. The rule divides holiday hotels, town hotels, and lodges into five star categories

(Chege, 2010; Mukewa, 2005; Kinyingi, 2018). In December 2020, the Tourism Regulatory Authority classified Kenya as having 24 (5-star hotels), 67 (4-star hotels), 67 (3-star hotels), 58 (2-star hotels) and 3 (1-star hotels) (Uzel, 2015). Guests expect star-rated hotels to meet certain standards of facilities and services. The classification was determined by the Ministry of Tourism and Wildlife's licensing department (Ondieki, 2013; Njau, Mutungi, & Mutinda, 2017). These categorised hotels help providers in both the domestic and international markets understand the worth of their product and where to place their clients. Chain and independent hotels make up the three star and above category (Mutindi, Namusonge & Obwogi, 2013).

According to Jovago which is an online booking company, Kenya's hospitality industry was among the top ten most searched destinations worldwide in 2015, and the hotel industry receives a significant number of visitors as a result of the availability of online booking services. Three-star hotels were the most frequently searched for category in Kenya, with Nairobi closely trailing Diani in terms of visitor searches for three-star hotels, according to the National Tourism Organization (Osiako & Kummitha, 2020). A considerable number of individuals have been employed by the hotel business, according to Wadogo (2010).

According to Wadogo (2010), the hospitality business in Kenya contributed 509,000 jobs in 2007 and is anticipated to contribute 628,000 jobs by 2017. In Kenya, the hotel industry contributed 509,000 jobs in 2007 (Mugambi, 2017; Mwendwa, 2016). Apart from providing employment for thousands of inhabitants in the hotel industry, tour operators, and suppliers, tourists are drawn to the region by the beautiful weather along the coastline. Because the Coast receives approximately 300,000 visitors every year, hotel expansion plans are essential for the industry (Mark, 2010).

Holiday travellers who are the key drivers of the Kenyan hospitality sector accounted to up to 72 percent of international tourists visiting the key attractions sites that consist of wildlife, coastal beaches and natural sceneries (Ariya, Wishitemi & Sitati, 2017). These destinations have hotels that rely on being easily accessed by visitors online. Domestic tourism also contributes to the Kenyan hotel industry through the locals visiting the various attraction sites (Kwoba, 2018). Travel agencies, tour operators, transportation, lodging, food and beverage, and attractions are among the numerous industries in Kenya (Nairobi hospitality report, 2017).

Hotels compete directly or indirectly with other hotels, and fierce competition forces management to strive to be more responsive to their guests' needs, as this is the only way to succeed (Ivankovi et al., 2009). The researchers defined performance drivers according to their internal and external influences on managerial decision-making (Pelham, 1999). According to Kenya National Bureau of statistics, over the past 5 years performance of the hospitality sector has been on the decline with daily rates, occupancy levels and revenues declining (Murimi, Wadongo & Olielo, 2021; Murimi & Wadongo, 2021). In 2016, there was marginal growth as international arrivals increased by 14 showing slight chances of recovery for the sector, then in 2017 the sector took a slump due to the political tensions (Munyao, 2021).

Tourism and hospitality had developed into a global sector by the nineteenth century (Wood, 2017). Until lately, customers relied on travel journalism and traditional media to guide them through the process of selecting the most amazing and fascinating places and hotels to visit throughout the world (Zeng & Gerritsen 2014). These days, social media platforms serve as informational resources for travel businesses, and consumers utilize the internet to research and plan their holidays (Munar & Jacobsen, 2014). The benefits of social media in the hospitality business

include greater income, improved customer service, cost savings, and a stronger brand image, to name a few (Gonzalez & Gidumal, 2016; Andreu & Campo, 2017).

Previously, travellers and tourists relied on travel journalism magazines and traditional media for information about the greatest and most fascinating sights and hotels to visit; now, social media platforms have mostly replaced this (Zeng & Gerritsen, 2014). Currently, social media plays a critical role in providing information for travel-related businesses and in assisting clients in using the internet to organize travel and leisure trips (Munar & Jacobsen, 2014).

Globalization, greater competition, quicker government economic reforms, privatization and commercialization of public sector, pricing decontrols, and liberalization of both home and foreign markets are among the issues facing Kenyan businesses (Aosa, 1992). Hotels, like other SMEs, have particular obstacles such as lack of quality information, credit, market research, and weak market for their products (Ngandu, 2014).

In the hotel market, class elegance, ambiance, and quality services are critical differentiators, which has resulted in intense competition among industry competitors (<http://www.kenya space.com/hotels>). The hotel business in Kenya is experiencing unprecedented battle for resources and market share; hotels are facing fierce competition for trained personnel and market share, while at the same time, customer expectations and tastes are changing and expanding (Ayele, 2012). As with other businesses, hotels rely on strategic management performance drivers in order to be certified and get star ratings (Ongore & Kobonyo, 2011).

The hotel industry is a service-based industry defined by minimal entry barriers and operators who operate on a family or lifestyle basis (Litterall & Paige 2002). This



results in market saturation and intensified and ruthless competition. Hotels can influence their potential customers' purchase and decision-making behaviors by using social media (Hajli, 2015). Involvement of the hotel sector and its customers on social media helps promote the brand and new products/services (Kim et al., 2016).

#### **1.4 Statement of the Problem**

The Kenyan hotel industry has struggled in recent years due to the country's uncertain economy and tight competition among the industry players (Arika & Moronge, 2017; Erokhin, Endovitsky, Bobryshev, Kulagina & Ivolga, 2019; Kyalo Katuse & Kiriri, 2016). Overall, the Kenyan hotel business has suffered from low earnings, a diminishing market size, and dissatisfied consumers as a result of these factors (Mutindi, Namusonge & Obwogi, 2013). Furthermore, several hotels have been shuttered, resulting in personnel being let off as a result of poor performance on the part of the management (World Bank Business Report, 2012). Equally important the impact of the Covid-19 pandemic has really affected every part hotels operations from occupancy levels and how they carry out staffing to service offering (Grant Thornton, 2020).

Due to the sheer impact it has on enhancing positive relationships between customers and businesses, the introduction of social media marketing and its widespread adoption are predicted to have a significant impact on the performance of a corporation (Faith, 2014). The reason for this is because social media platforms enable new and innovative ways for businesses to engage with their client bases (Baird & Parasnis, 2011). Many businesses across the world have recognized social media as a valuable tool that has the potential to transform the way they do business, and they have incorporated social media marketing (SMM) into their overall marketing plan.

Numerous players in the hospitality business have embraced SMM, but the extent to which it is effective is unknown. Despite extensive adoption and usage of information technology and social media in society, it is unknown how and to what degree social media marketing has aided in organizational performance improvement (Koori, 2018).

Several researches on the impact of SMM on company performance have yielded favorable results. Tajvidi and Karami (2017) discovered that the usage of social media results in improved performance for organizations, which can be achieved in the hotel business through the management of online bookings and the conduct of marketing activities on social media platforms. (Kim, 2012) explored the use of social media to enhance product innovation and suggests that external stakeholders increase firms innovative activities through using of social media platforms and when utilized effectively SMM significantly increases firm innovation. Kärkkäinen, et.al (2010) study found that web application tools such as Facebook, twitter and Instagram plays a significant role in easing transition towards product innovation efforts.

In addition, Achieng and Morongo (2017) investigated the impact of social media marketing on performance in the Kenyan hotel and tourism industries, which they published in 2017. The researchers came to the conclusion that social media marketing had a negative impact on the performance of the hospitality industry, according to their findings. An investigation by Koori, Muriithi & Mbebe, (2018) found that social media advertising has an impact on the organizational performance of Saccos in Kenya. A study by Kimani (2015) in Kenya found that businesses are increasingly relying on social media to market their products and increase sales volumes, and having a strong social media presence in business is no longer a plus but a requirement.

Despite the fact that social media has proven to be an effective marketing tool, some businesses are still hesitant to use it because they lack solid evidence regarding its effectiveness and return on investment (Vaynerchuck, 2011). Specific concerns include the lack of supporting documentation to demonstrate the platform's performance (i.e., conversion rate, buyer-seller relationship, and sales increase), as well as the rate at which the return on investment (ROI) is realized for their social media marketing strategy (Blanchard, 2008). Numerous other business owners claim that their absence from social media has had no effect on the operation of their companies (Vaynerchuk, 2011).

Only a few studies on social media marketing have been done in poor nations. Not much work has been done on Kenyan organizations and especially focusing on the hotel industry; except for Arika and Moronge (2017) looked at the hospitality sector but only focused on Kenyatta International Convention Center.). In the hotel industry the usage and extent of SMM effectiveness is still yet unknown and furthermore it's hard to determine how effective it is in enhancing product innovation and improving firm performance. Therefore, with the aim to fill up the above gaps, this study focused on the Kenyan hotel industry and examined the moderating role of competitive dynamics on the link between social media marketing, product innovation and firm performance among star rated hotels. From the above outlined issues, a research problem can be formulated as to what extend social media marketing can be utilized by companies to improve their performance and achieve customer satisfaction, increase profitability and market share.

## **1.5 General Objective of the Study**

The general objective of this study was to determine the moderated mediation effect of competitive dynamics on the link between social marketing, product innovation and firm performance among star rated hotels in Kenya.

### **1.5.1 Specific objectives of the study**

1. To determine the effect of social media marketing on the performance of star rated hotels in Kenya.
2. To determine the effect of competitive dynamics on the performance of star rated hotels in Kenya.
3. To determine the effect of product innovation on the performance of star rated hotels in Kenya
4. To determine the moderating effect of competitive dynamics on the relationship between social media marketing and the performance of star rated hotels in Kenya.
5. To determine the significant moderating role of competitive dynamics on the relationship between social media marketing and product innovation among star rated hotels in Kenya.
6. To investigate the significant effect of social media marketing on product innovation among star rated hotels in Kenya
7. To examine the mediating effect of product innovation on the relationship between social media marketing and performance of star rated hotels in Kenya.
8. To determine the moderated-mediating effect of competitive dynamics on the indirect relationship between social media marketing and performance of star rated hotels in Kenya through product innovation.

### **1.5.2 Research hypotheses**

This research is set to assess the following null hypothesis.

- H<sub>01</sub>:** Social media marketing has no significant effect on the performance of star rated hotels in Kenya.
- H<sub>02</sub>:** Competitive dynamics has no significant effect on the performance of star rated hotels in Kenya.
- H<sub>03</sub>:** Product Innovation has no significant effect on the performance of star rated hotels in Kenya.
- H<sub>04</sub>:** Competitive dynamics has no significant moderating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.
- H<sub>05</sub>:** Competitive dynamics has no significant moderating effect on the relationship between social media marketing and product innovation among star rated hotels in Kenya.
- H<sub>06</sub>:** Social media marketing does not have a significant effect on product innovation among star rated hotels in Kenya
- H<sub>07</sub>:** Product innovation has no significant mediating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.
- H<sub>08</sub>:** Competitive dynamics has no significant moderating effect on the indirect relationship between social media marketing and Performance of star rated hotels in Kenya through Product Innovation.

### **1.6 Justification of the Study**

Findings from this study will make valuable contribution towards both research and marketing strategies relating to social media use, implementation and performance of star rated hotels especially in Kenya. This research thesis investigated the relationship between Social media marketing, competitive dynamics, product innovation and the

performance of star rated hotels in Kenya, therefore it will be making a vital contribution to the literature on the use of social media marketing and firm performance. This will therefore be of great importance to academicians who will have access to another form of knowledge in this area. To add on that, no existing research has been in done in Kenya exploring the effect of social media marketing, competitive dynamics, product innovation and performance of hotels in Kenya. Equally important by considering the Kenyan market, there has be no research exploring the mediating effect of product innovation and moderating effect of competitive dynamics on the relationship between social media marketing and firm performance in Kenya. Thus, researchers who would wish to undertake further studies in these areas will find this thesis more useful for gaining valuable background knowledge and concepts on social media marketing, competitive dynamics, product innovation and firm performance among star rated hotels in Kenya.

The findings of this study would be helpful to the management of hotels in Kenya. The findings will provide the important knowledge and better understanding of the role of social media marketing on hotels performance in Kenya. Hotel management will be able to learn how the competitive or actions and reaction of hotels in Kenyan industry are affecting each other and how to counter such moves from the competitors. The findings will also provide data to hotel leadership on social media marketing leads to product innovation by interacting with their customers hotels can come up with ways to tailor their products to suit their individual customer needs. Equally important, the study will help hotel management understand how social media marketing works, how they can fully achieve its potential for product innovation, competitive dynamics and over improvement in performance of their hotel. Finally, the findings might help hotel managers to identify the functions, touch points, and

goals of social-media activities, as well as craft approaches to ensure they use social media to compete effectively and be innovative in their offerings to the market.

The study would benefit strategic partners and regulatory bodies such Kenya Association of Hotel Caterers (KAHC), Tourism Regulatory Authority (TRA) and the Kenya Tourism Board (KTB) by forming a basis for the formulation of appropriate regulations and policies pertaining to the social media use and implementation in the Hotel industry. The regulations can base on what can be shared and what shouldn't be shared, how and when it should be shared and also provide rules to aggressive target marketing on social media. The findings of this research will be important to Kenya hotel industry as currently hotels have been embracing marketing activities on social media as means of reaching out to customers globally. The use of social media has intensified competition among hotels and customers can now communicate their experiences are various hotel to a large audience and this can either have positive or negative effect to a particular hotels.

### **1.7 Scope of the Study**

The focus of the study is on the moderating effect of competitive dynamics on the link between social media marketing, product innovation and firm performance among star rated hotels in Kenya. The study was carried using explanatory research and census approach where each star rated hotel in Kenya targeted and studied. All hotels in Kenya listed with the Kenya Tourism Regulatory Authority and the Kenya Association of Hotelkeepers and Caterers were studied.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This Chapter is a result of extensive review of both theoretical and empirical literature. More emphasis is given to social media marketing and its relationship to firm performance basing on the previously stated hypothesis. Social media integration theory is the guiding theory for this study, so it was be given special attention and the supporting theories were resource-based view theory and social exchange theory. Lastly the conceptual framework for the study was developed basing on the variables of the study.

#### **2.2 The Concept of Firm performance**

Firm performance is a key concept in global strategic management research, often used as a dependent variable (Murugesan Selvam, 2016). Despite its extensive use, no consensus exists on its description, dimensions, or measurement, limiting research, particularly in social media (Fischer & Reuber, 2011).

Profitability, growth, market value, customer happiness, employee satisfaction, environmental audit performance, corporate governance performance, and social performance are the nine factors/dimensions that influence business success (Marić, Berber, Slavić & Aleksić, 2021; Subramanian, Gunasekaran, Yu, Cheng & Ning, 2014). These nine dimensions or determinants cannot be employed interchangeably since they represent distinct facets of company performance and distinct stakeholder expectations that must be controlled separately (Murugesan Selvam, 2016).

Profitability, market expansion, and market value are all indicators of superior financial and marketing success of a firm (Chakravarthy, 1986). These three qualities



go hand in hand. Even at the same level of profitability, bigger is better. Increased scale and market power can improve future profitability. This indicator measures a firm's prior profitability (Glick et al., 2005) and shows how much it has invested in research and development over the past few years. Market value is the external judgment of future performance. It should be based on historical profitability and growth, as well as potential market and competitive changes.

In addition, consumer and employee satisfaction should be evaluated as they are also determinants of firm performance. Customers expect businesses to follow through on their commitments (Fornell & Johnson et. al, 1996). In order to accomplish so, businesses must first discover customer needs, rectify flaws, and raise the perceived quality and worth of their products. Customer satisfaction leads to increased sales and, thus, increased business value (Barney & Clark, 2007). Employee happiness is influenced by human resource investments. Job descriptions, training, and career paths that are clear are valued by this demographic (Harter, Schmidt, & Hayes, 2002). According to Chakravarthy, staff turnover can be reduced by effective recruitment and retention practices (1986).

According to (Venkatraman & Ramanujam, 1986), operational performance is an antecedent to financial performance, mediated through firm resources. However, client happiness may be a precursor to financial success. The method by which a researcher evaluates a company's success is critical (Combs et al., 2005). Notably, performance is defined as customer satisfaction and market growth (Connolly et al., 1980; Hitt, 1988; Zammuto, 1984), which are key indicators of success.

Customer satisfaction is vital for any firm's success, satisfied customers offer firms an increase in generated revenue and which helps decrease operating costs (Dutka, 1995).

Equally important, Ganiyuet.al, 2012, stated that customer satisfaction, is achieved when clients receive more benefits from an individual firm than their cost of doing business. Subsequently customer satisfaction can be defined as the customers' attitude towards the firm and the emotional reaction to the differences between what clients expect and get in regards to fulfillment of their desire and expectations (Mohsan et al., 2011).

Customer satisfaction is critical for firms to survive and have a competitive advantage in an industry characterized by intense rivalry. Naumann, (1995) argued that satisfying customers and retaining them is cost-efficient, this was supported by stating that it costs five times as much in time, money and resources to attract new customers as it does to keep existing ones. Based on the above arguments it can therefore be stated that increasing customer satisfaction and retaining them is an effective survival strategy companies. Quality can also be determined and or evaluated using customer satisfaction, Grigoroudis and Siskos, (2010) posited that customer satisfaction can be an important determinant of quality as quality is carried through products and services. Hence customer satisfaction is viewed as a globally accepted measurement and as an influential performance metric in measuring a firm's competitiveness (Luo & Homburg, 2007).

Market share growth is performance measurement indicator that measures the ability of a firm to increase in size (Whetten, 1987). For a business to survive, market share growth is essential, the growth of a firm even at the same profitability level will increase its profits generated and cash at hand. A firm's growth can be both quantitative and qualitative where quantitative. According to Nelson and Winter, (1982), growth of a firm is an outcome resulting from a combination of organization specific objectives, capabilities and routines. The growth of a firm is highly related to

its current production activities (Coad, 2009). A firm's growth is uncertain due to environmental conditions such as competition, market dynamics and also the personal ambition of the entrepreneur (Mosselman, & Meijaard (2002).

Firms realized profits as a profitability performance is the ability of the said firm to generate profits. A profit is generated by what is left of the revenue a firm generates after covering all its expenses emanating from its business activities. Vanitha, S. and Selvam, M., (2012) postulated that the objective of a firm is to maximize the wealth of existing shareholders and superior financial performance is the best and only way to satisfy a firm's investors and it's mostly represented as realized profits.

It is recommended that social media be used not just for socializing, but also for hiring and introducing new personnel to the organization when it comes to improving firm performance (Hancock, Allen, Bosco, McDaniel & Pierce, 2013). Businesses that do not use social media to attract risk losing qualified candidates (Kaplan & Haenlein, 2010). Businesses have used social media to efficiently reach new customers and suit their needs (Qualman, 2012). These businesses have also witnessed an increase in brand recognition and brand image as a result of their use of social media, and they can now use social media more effectively by communicating clearly, avoiding confusion, and ensuring that their online image fits their brand image (Sandeep Bhanot, 2012).

### **2.3 The Concept of Social Media Marketing**

By providing a personal path for networking and social engagement, social media marketing helps to connect brands with customers and build relationships (Chi, 2011). There is a new approach to using the World Wide Web, one in which content is continuously updated by all operators in a shared and collaborative manner, rather

than in a linear method (Kaplan & Haenlein 2010). Marketers may utilize social media to increase the amount of traffic to their websites (Trattner & Kappe, 2013).

The majority of social media marketing initiatives are designed to provide material that people want to share with their friends and family. Examples of electronic word of mouth include an incident, a service experience, a product that was used, a favorite brand, or a favored company (Kietzmann & Canhoto, 2013). It is becoming increasingly important and popular to use social media for marketing purposes since it provides businesses with numerous competitive advantages and benefits by enabling them to connect with a broader audience across multiple sites and regions of the globe and engage with them (Husain, Ghufraan & Chaubey, 2016; Xiang & Gretzel, 2010).

They are frequently used in the same context. Individual profiles can be created, and users can then invite their friends and colleagues to view them (Kaplan & Haenlein 2010). It has fundamentally altered the way consumers access information and make purchases, as well as the way businesses market, respond to customer complaints, and exchange information with their customers (Campbell, Ferraro & Sands, 2014).

In 2011, Linkdex, a company that assists businesses in improving the effectiveness of their internet marketing, conducted a survey of small and medium-sized enterprises in the United Kingdom and the United States. The results were published in the journal *Marketing Science* (Victor Wilson, & Makau, 2018). Those who responded to the survey, 81 percent believed that electronic word of mouth was the most important marketing approach for SMEs (Straw, 2011). As a result of the present development in social media marketing, another new concept has emerged: shopper marketing. It involves the creation of a new touch point for interactions between businesses and customers. Shopper marketing is “the planning and execution of all marketing

activities that influence a shopper along and beyond the entire path of purchase, from the point at which the motivation to shop first emerges through purchase, consumption, repurchase, and recommendation” (Shankar *et al*, 2011).

Virtual Brand Communities (VBCs) are another important topic being researched in relation to social media as a marketing tool (VBC) (Kaur, Paruthi, Islam & Hollebeek, 2020). "Virtual Brand Communities (VBCs) are defined as "aggregations of customers who come together on the internet because they have an interest in a particular brand or product" (Georgi & Mink, 2012). (Favián and Guinalu, 2008) A brand community is defined as a collection of people who have a common interest in a certain brand or product.

Facebook, for example, keeps track of all its users, ensuring that marketing campaigns reach their target market (Hodis, Sriramachandramurthy & Sashittal, 2015). Retailers may use social media data to improve user experience with their brand (Curran et al. 2011). Khaniki and Babaie, (2011) posited that social media are the channels and sites designed to create interaction and dissemination of content on the internet through social interaction. They further stated that social media sites need to have very high accessibility and scalability. Rahmanzadeh (2010) adds that social media networks are made up of personal or organizational groups connected by interdependence, illustrating the usefulness of convergent networks in a complex informational society.

Khaniki and Babaie (2011) concluded that social movements have local roots, act worldwide, and meet power owners in communication space and global networks. Social movements and individual deconstruction use self-selecting communication to great effect. Brito (2011) advocated that social media networks adopt intelligent marketing for each of its subscribers. This can be done through preventing one from

being exposed to irrelevant information by tailoring an individual searches to one's relevant searches and content by filtering out all the extraneous information and data. By being exposed to relevant content an individual becomes mentally conflicted towards that particular product and ends up purchasing it (Brito, 2011).

Leggat (2010) stated that customers regard social media sites as channels for real-time debates about the items they consume, and that they prefer to use social media to access updated content. In conclusion, A brand's communication on social media is a result of awareness and transparency, according to Leggat (2010).

In conclusion, it is critical to maintain a strong advertising campaign in order to retain customers, which is why the majority of businesses engage with and share information with their customers (Kotler, Kartajaya & Setiawan, 2019). As a result of the use of weblogs, e-mails (including instant messages), websites (including chat rooms), video conferences (including instant message recording systems), post lists (including discussion forums), and podcasts, each type of connection provides a different level of connection depending on its specific characteristics (Mangold and Foulds, 2009).

### **2.3.1 Dimensions of social media marketing**

The Internet offers many websites, each serving a particular demographic. Facebook is for the masses, but LinkedIn is for professionals (Caers & Castelyns, 2011). YouTube, Picassa, and Flickr are all social media sites, as are BlogSpot and WordPress (Kietzmann et al., 2011).

Using social media has allowed the company to directly connect customers (Kargaran, Pour & Moeini, 2017). Both businesses and consumers have the freedom to post content on the internet, which encourages discussion and debate. Organizations can

share information with a big audience, and consumers can write good or negative comments about the material (Jones, Temperley & Lima, 2009).

They have a low self-presentation score since the major purpose of content communities is to share content among users, and users only provide personal information like their social network membership date or how many films they have posted. YouTube (videos) and SlideShare (PowerPoint presentations) are two examples (Kaplan & Haenlein, 2010). Rovio Entertainment Ltd has 299 479 Finnish subscribers on YouTube and is Finland's fastest growing YouTube channel (Social bakers, 2012). Companies can use content communities to market themselves, but it is difficult to monitor all content posted through them. Uploading and sharing copyrighted information is one of these difficulties (Kaplan & Haenlein, 2010).

They have a low self-presentation score since the major purpose of content communities is to share content among users, and users only provide personal information like their social network membership date or how many films they have posted (Kaplan & Haenlein, (2010).

YouTube (videos) and SlideShare (PowerPoint presentations) are two examples (Kaplan & Haenlein, 2010). Rovio Entertainment Ltd has 299 479 Finnish subscribers on YouTube and is Finland's fastest growing YouTube channel (Social bakers, 2012). Companies can use content communities to market themselves, but it is difficult to monitor all content posted through them. Uploading and sharing copyrighted information is one of these difficulties (Kaplan & Haenlein, 2010).

The Honeycomb Model's dialogues dimension measures how much one individual communicates with others via social media (Babac, 2011). Most social media sites promote contact between individuals and groups (Kietzmann et al., 2011). The

amount of content that a person shares on social media is referred to as the sharing dimension. As the name implies, social media services rely on inter-person interactions to function. People share their identities and lives on social media by posting relevant stuff (e.g., groups, text, videos, images, audio, links, etc.) about themselves (Kietzmann et al., 2011).

An individual's ability to detect peer presence on the internet is used to determine their online peer presence. The presence dimension tells you where everyone in your network is in relation to the virtual or physical environment in which they are working. Both worlds can be found in the current dimension (Kietzmann et al., 2011). It is possible to engage in discourse and sharing with others in a social media setting (via friendship, joining groups, or co-presence on a social networking site) (Kietzmann et al., 2011).

In a social media system, reputation refers to each participant's relative position in relation to the others (including their own position) (Muntinga, Moorman & Smit, 2011). Content published on social media, as well as thoughts and likes, help to establish a person's online reputation. The same is true for businesses that want to improve their internet reputation (Kietzmann et al., 2011).

Individuals' ability to form communities and sub-groups in a social media environment is evaluated through the Groups component of the test (Cho, Gay, Davidson & Ingraffea, 2007). The more socially active a network is, the greater the number of groups, communities, followers, and contacts it will have on its side (Kietzmann et al., 2011). According to Mehrabi and Islami (2014), they conducted research on the Effect of Social Media Marketing on Customers' Brand Loyalty. In their paper, they used several dimensions of social media marketing, including the



provision of relevant content, the updating of content, the provision of content that is popular among friends, and the implementation of advertising campaigns. According to the findings of the study, by providing useful content, one might expose oneself to a great deal of mental turmoil toward a business and ultimately grow loyal to it.

Digital marketing has elements such as online communities, interactivity, content sharing, accessibility, and validity (Asad and Alhadid 2014). For example, online communities and user interaction, content sharing, accessibility, and credibility were all explored by Karman (2015).

Social networks are commonly used to facilitate peer group communication and idea exchange among members of a particular group (Sparrowe, Liden, Wayne & Kraimer, 2001). According to Fauser et al., the vast majority of platforms are not equally suitable for information dissemination, collaboration, or even connection building (2011). The study employed the use of only three dimensions of social media marketing to determine how organizations are using social media; groups and communities OBC, advertising campaign and interaction and sharing of content and reputation through the availability and accessibility of updated content. It was the goal of this research to identify the many applications and functions of social media websites, as well as the ramifications of these actions for businesses. There is no requirement that these building blocks be found on every social networking platform, nor do they have to be mutually exclusive. These building blocks will assist me in better understanding how businesses may use social media to generate strong brand equity and reputation.

### **2.3.2 Online Brand community**

Global rivalry is propelling and simultaneously compelling businesses to develop novel methods of conducting business (Tallman, Luo & Buckley, 2018). The internet expansion has resulted in a shift away from brick-and-mortar stores toward virtual ones, creating new sources of competitive advantage for those businesses who can capitalize on these opportunities. Among these opportunities are developing and potential online brand communities, which were created by combining traditional (physical) brand communities with Web 2.0 technologies (Brogi, 2014). It has been demonstrated that a company's use of online brand communities may significantly boost information about the requirements, preferences, and wants of its customers (Stefano brogi, 2013).

On-line communities are specialized groups of people who are linked together through a well-organized and dynamic network of connections (Benson & Herden, 2013). This group of people communicates online through the use of a brand platform offered by the company. According to Sicilia and Palazón (2008), the limitations that have slowed the expansion of traditional groups do not apply to online communities.

It is characterized by Muniz and O'Guinn (2001) as a triangle with two relationships: the brand-customer relationship and the member-community relationship. Online users typically use their true names and information (email, phone, and address). A lot of their time is spent on the exchange of favors that characterize real-life social ties (Cormode & Krishnamurthy, 2008). Members of the brand community publish comments on discussion pages and communicate with other members every day (Royo-Vela & Casamassima, 2011). When community members share knowledge with one another, it generates a powerful word of mouth effect that has a positive impact on sales and brand image (Park & Cho, 2012).

An OBC is a virtual brand community in which members engage largely through the internet (Fuller & Muhlbacher, 2007). Businesses establish online brand communities in which their fans can connect and exchange information about the business's products (Zheng, Cheung, Lee & Liang, 2015). Due of their concentration on branded goods or services that consumers may be using or intend to purchase in the future, brand communities are highly specialized (Carvalho & Fernandes, 2018). Social networking sites capitalize on and strengthen the social side of the OBC by enabling customers to form relationships and readily exchange content and interests related to brand consumption (Fournier & Avery, 2011). Online brand communities provide a social framework for marketing communication between brand ambassadors and customers, and have been shown to significantly increase customer loyalty and commitment (Muniz & O' Guinn, 2001). Online brand communities are made up of a firm's fans and followers who have liked the company online and regularly monitor its activity (Essamri, McKechnie & Winklhofer, 2019).

As defined by Muniz and O' Guinn (2001), a brand community is an online community of brand fans. The groups formed are specialized in branded goods and services. Unlike conventional communities, these OBCs have a shared interest, admiration, sympathy, and even love for a brand (Merunka et. al, 2008). The OBC's uniqueness lies in its members' capacity to interact and share. On-line Brand Communities (OBCs) allow consumers to demonstrate their love for a specific brand by exchanging information and knowledge (Schouten et. al, 2002). OBCs emerged in a computer-mediated environment where members could communicate and share information and feelings (Brogi, Calabrese, Campisi, Capece, Costa & Di Pillo, 2013). The OBC's unique member interaction function has been dramatically expedited by Web 2.0, enabling for greater involvement. From internet-enabled content distribution

to internet communities, Web 2.0 (Adebanjo and Michaelides, 2010). We are all connected in Web 2.0. (Wu & Fang, 2010).

### **2.3.3 Advertising Campaign**

Advertising is not new, using information and persuasion to sell goods and services or promote an idea is part of the promotional mix (Belch, 1991). Advertising is a marketing tool and communication is the process of imparting or transferring information (Smith, 1993). In today's complex culture, advertising is a critical communication mechanism connecting consumers and businesses (Belch, 1998).

Advertising has evolved along with technology, changing how organizations and customers communicate (Damian & Calvin 2009). Sedlacek recognizes the power of web marketing to develop a positive image (2006). Advertising can target specific demographics or behaviors. Advertising is perceived as cheap and even free when delighted customers share material with their peers. Tuuli Salonen (2016) investigated how to develop a Facebook ad campaign. The study begins with choosing the campaign's goal, such as promoting a new product and driving traffic to your online store, or raising brand awareness and increasing email signups. In "Ad Sets," the company selects its target audience from Facebook users, schedules the campaign, decides where the ads show (desktop/mobile), and sets a budget (Ilyas, 2020; Salonen, 2016). The individual posts that users see at the "Ad level" (photos, videos, copy or links). Advertising can be targeted based on users' location, demographics, hobbies, activity, and connections on Facebook, according to Tuuli Salonen (2016). Advertisers can even target audiences that resemble their current clients. Out of the target demographic, Facebook still optimizes the campaign's most suitable audience (Salonen, 2016; Shah, Engineer, Bhagat, Chauhan & Shah, 2020).

Marketing and communication tools enable organisations to not only communicate information to their target audiences, but also to build relationships with them, initiate dialogue with them, and offer products (services) that best meet their specific and constantly changing requirements (Raudeliuniene & Jonuka 2018). Although it is possible to evaluate and improve the effectiveness of advertising campaigns conducted on social media networks, doing so can be difficult (Tiago & Verissimo, 2014).

There are many categories of advertising campaigns on social media networks and they are classified according to many attributes. As stated by Raudeliuniene and Jonuka (2018), these features include enhancing consumer awareness, developing the organization's image, improving brand image and sales promotion. The ability to monitor and analyze customer feedback (comments, reviews) helps firms understand how their actions are perceived by customers and whether they are using acceptable positioning tactics (Raudeliuniene & Jonuka 2018).

Consumers are increasingly creating material about brands, which was formerly the domain of manufacturing businesses; as a result, it is vital for merchants and marketers to understand consumer motivations. (Heinonen 2011).

Chu (2011) argues that Facebook brand-related group involvement, advertising reactions and psychological traits such as self-disclosure and attitudes are linked. The study found that Facebook group members share more personal data online than non-members.. According to Chu (2011), group involvement and online advertising demand more personal information since consumers publicly support businesses or items when they share commercials to their friends. For consumers seeking self-status

in a product field, Facebook groups and viral information about firms provide effective avenues.

Chu (2011) discovered that members of a Facebook group have a more favorable attitude toward social media and advertising than the general public. The likelihood of users joining a brand or retailer's Facebook group increases with their level of openness to advertising. Chu (2011) proposes a relationship between consumer use of social media group applications and participation in social media group applications based on his findings. According to Chi (2011), consumers' responses to social media marketing may be greatly influenced by the incentives that users have for participating in online social networking. Engagement with group apps has a big impact on the rate and effectiveness of social media advertising, notably Facebook. According to Chu (2011), Facebook users aged 18 to 24 have the most positive opinions toward social media advertising, and they are the fastest growing demographic.

According to Bampo et al. (2008), viral advertising is increasingly being used by retailers to promote and educate their customers about their product and service offerings. A viral method to online advertising provides a number of advantages, including more targeted communication to the items' intended consumers. This is because "viral communication provides the marketer with a larger degree of creative license by delivering messages in a more intimate and personalized manner, improving the possibility of reaching hard-to-reach audience members" (Bampo et al. 2008).

#### **2.3.4 Interaction and Sharing**

Social engagement takes happening increasingly on social networking sites (SNSs) like Facebook (Roblyer, McDaniel, Webb, Herman & Witty, 2010). SNSs differ from many other forms of connection in that they facilitate one-to-many communication rather than one-to-one conversation (Haimson, Andalibi, De Choudhury & Hayes, 2018). Instant messaging, e-mail, and face-to-face communication are frequently used to communicate between only two people (Steijn & Schouten, 2013)

Interaction and sharing of information on social media platforms whether it's Facebook, Instagram and twitter is replacing the traditional method of interaction (Arora, Bansal, Kandpal, Aswani & Dwivedi, 2019). Social media comprises of subscribers from all over the world covering all modes of lives with experiences and outcome (Chou, Hunt, Beckjord, Moser & Hesse, 2009). Subscribers can share their reviews and experiences regarding any product and service which can work as a promotional tool for companies. Therefore, organizations are quite possessive in customer dealing because such customer can result in introducing an organization's offering to new customers (abrar & aris et. al, 2017)

The prevalence of social media contact is one of the key reasons why people interact with brands (Tsimonis & Dimitriadis, 2014). Social networks use sophisticated technologies to provide users with relevant material based on their search history and requests for information (Quinton & Fennemore, 2013). Without the interaction and sharing of content, businesses won't be able to know what customers are saying about their products online. The sharing dimension refers to how much an individual shares content via social media (Babac, 2011).

Raudeliuniene and Jonuka (2018) discussed daily concerns by encouraging users to be engaged on social media networks, generating and sharing information-oriented material. Contrarily, information on social media networks spreads rapidly, emphasizing the need to monitor relationships and communication. For these reasons, advertising initiatives targeting specific audiences (Raudeliuniene & Jonuka 2018) are relevant to select audiences (Raudeliuniene & Jonuka 2018).

According to Kietzmann et al., (2011) there are fundamental implications that emerge from sharing information online and the content being shared. This is exacerbated by the fact that shared content can exponentially increase the number of shares. Any content shared by an organization might result in positive or negative word-of-mouth. Organizations must know that by publishing information, they are making a statement, communicating values, and establishing or contributing to an image that may leave lasting impressions (Kietzmann et al., 2011).

Ismail, (2017) provides and demonstrates how through social media use a marketer can engage and collaborate in two-way interaction and sharing of information with existing and potential customers and pick up rich, unmet customer demands speedier than at any other time. People who learn about a product via a friend are 15% more likely to buy it than people who hear about it from other sources. Furthermore, social media can foster attentiveness and enthusiasm through the rapid distribution of product and service interactions, feelings, and views (Ismail, 2017).

Nowadays, clients prefer to communicate with friends via social media to keep themselves updated of any kind of purchases they make (Erdoğmuş & Cicek, 2012). The customer today is quite knowledgeable or informative as compared to previous era. Customers mostly prefer those products or services that are high in ratings,



reviews and experiences shared by customer which can create an emotional attachment with the brand (Ashley & Tuten, 2015). Customers mostly prefer renowned brands therefore such brands does not lay promotion in the hands of customer as such organizations already have acquired a great deal of market share in customer's mind therefore such customers can still promote the products to new customers and share their experience in order to create an attachment and love for any specific product Customers choose social media for content updates (Abrar, Arif, Sindhu & Hussain, 2017).

Customers can utilize social media to find out new information and make purchases. Social media rapidly update customer wants and product requirements (Leggat, 2010). Providing relevant material is one of the most significant brand management methods on social media. Social media communication is a result of awareness and transparency (Cox, 2012). Thus, it is critical to revise, develop, or update one's personal page to ensure customers receive the most recent information from the organization. Social media should be easily accessible and this should take minimal or no costs to use. Social networking is simple to use and requires no specific skills or experience (Ezeani & Igwesi, 2012). Credibility means emotionally engaging, motivating, and retaining your target audience (Turri, Smith & Kemp, 2013).

Any organization, big or small, may use social media to network, communicate with their target audience, and develop trust by listening to their input (Taprial & Kanwar, 2012).

#### **2.4 The Concept of Product Innovation**

Innovative ideas or behaviors are generated, developed, and implemented. Product or service innovation can also be a process innovation. An organization adopting a new

gadget, system, policy, program, method, product, or service is said to be innovative (Daft, 1982; Damanpour & Evan, 1984; Zaltman, Duncan, & Holbek, 1973). This term is wide enough to encompass all types of innovations affecting all facets of an organization's operation. The adoption of innovation is meant to improve the adopting organization's performance. Innovation is a way of modifying an organization in response to a changing environment. Organizations continuously innovate as even the most stable surroundings change (Hage, 1980).

Firms innovate to gain a competitive advantage and improve performance (Porter, 1990). Demand for a company's products can be boosted through the launch of new things, the improvement of product quality, or the entry of new markets. Profit margins are increased when productivity is increased and costs are reduced.

According to Katila and Ahuja (2002), businesses must innovate in order to keep up with rapidly changing market conditions. More than a handful of empirical research have revealed a positive relationship between corporate innovation and financial performance outcomes (Crossan & Apaydin, 2010), such as between new product development and key performance indicators (before-tax profit, ROI, market share) (Li & Calantone, 1998), between the development of process innovations and sales (Klomp & van Leeuwen, 2001), and between a firm's ability to adopt innovations and financial performance measured by ROI and ROA (Calantone, Cavusgil, & Zhao, 2002). However, the importance and impact of innovation differ by economic sector, firm size and region (OECD & Eurostat, 2005).

Hall and Williams (2008) define innovation as the systematic process of discovering, accepting, and applying fresh ideas, processes, products, or services to improve consumer experiences. Additionally, Hall (2009) asserted that hospitality technologies

enable hotels to adhere to worldwide standards such as the Leading quality assurance. The World Tourism Board (WTB), which served as a seconding hall, described innovation as an outcome-driven process targeted at attaining a specific corporate objective. Thus, innovation in the hospitality business can be characterized as the adoption of techniques for resolving issues that arise through management's handling of guest complaints (Smiljana & Daniela, 2012). Thus, hotel product innovation includes introducing new (or distinctive) products or services to the sector (Olsen & Lumpkin, 2001) and reproducing or adapting existing products or services (Keller, 2006; Linton, 2009).

In today's unpredictable world, firms need a way to create a durable competitive advantage. Innovation is positioned as a growth engine. Various researchers claim that innovation allows firms to leverage fundamental skills into crucial performance results (Reed & DeFillippi, 1991; Barney, 1991). Through combining internal and external ideas, organisations can enhance their technologies (Chesbrough, 2003). This encompasses user involvement in both product and service innovation; it also entails organizations including their customers in the innovation process (Alam & Perry, 2002). Direct engagement between client and staff enables the exchange of ideas and a better knowledge of the customer's requirements (Magnusson, 2003).

Managers and academics alike have noticed the open innovation paradigm. Dahlander and Gann (2010) found that most researchers see R&D as an essential complement to external players' ideas and resources. Hence, closed and open innovation paradigms are viewed as two extremes on the same continuum. Therefore it's the firms' duty to find the right degree of openness by considering its internal resources and environment.

Since the 2000s, almost all co-creation research has focused on the impact of new information technologies, particularly the Internet and social media, on innovation and co-creation. (Baldwin & von Hippel, 2009; Chesbrough, 2003; Dahlander & Gann, 2010; Jeppesen & Molin, 2003; Prahalad & Ramaswamy, 2004). Social media facilitates co-creation – from basic polls and talks in social networks to idea competitions and innovation communities on interactive platforms.

Social media, built on Web 2.0, has changed how the Internet is utilised. Involvement of clients in the innovation process has grown easier due to five key skills identified by Sawhney et al (2005): The Internet is interactive; it has a global reach that encompasses customers as well as non-customers; it allows for persistent communication as the frequency of interactions can be high; it can improve communication speed through real-time interactions; and it provides flexibility as customers can vary their level of involvement.

The most passive form of user involvement in the innovation process is Monitoring. Existing content in already established communities is analyzed for its innovation implications (Helms, Booij, & Spruit, 2012). Thus, the user becomes a passive object of observation on whom the firm listens in, reflecting a market orientation rather than customer orientation (Fichter, 2005; Piller, Ihl, & Vossen, 2010). Methods employed for monitoring include firstly netnography, a qualitative and ethnographic immersion in users' conversations (Bartl, Hück, & Ruppert, 2009), secondly profiling, the creation of demographic user profiles allowing to understand community characteristics (Helms et al., 2012), and third content analysis, employing monitoring techniques such as sentiment analysis and trend tracing to efficiently evaluate relevant aspects of a large amount of online content (Adorf, 2014; Pal & Saha, 2010). These

techniques have become research streams on their own, including the development of software solutions for linguistic analyses (Feldman, 2013; Liu, 2012). For example, sentiment mining software can allow a firm to efficiently capture opinions posed on the micro-blogging platform Twitter, as shown by (Pak & Paroubek, (2010).

When firms involve users as more active dialogue partners in the innovation process, co-creation begins (O'Hern & Rindfleisch, 2010). Firms also have to become more active, setting up participatory and responsive processes for collaboration (Helms et al., 2012). These can include online polls or surveys, for instance by asking users for new product preferences (Adorf, 2014; Piller et al., 2010). Coca Cola's brand Vitamin Water as well as Lay's potato chips did so by letting Facebook users decide which flavour should be produced next (Mitchell, 2013; van Grove, 2009).

The largest part of research on product innovation from online co-creation focuses on crowdsourcing. Jeff Howe (2006) used the term crowdsourcing to describe the process of assigning tasks to a group of individuals via an open call (Howe, 2006). Thus, not only innovations, but also marketing and IT solutions can be crowdsourced. The assignments can differ from simple or repetitive tasks to complex problem-solving efforts (Stanoevska- Slabeva, 2011). When applied to innovation, crowdsourcing best reflects the customer. More interactive are conversations with users that aim at generating qualitative input for innovations or feedback (Helms et al., 2012). Ideally, users connect with each other via online platforms, allowing them to exchange experiences on the company's products.

SM provides data and business intelligence regarding market trends, competitor products, and company products (Brem and Bilgram, 2015; Culnan et al., 2010; Kaplan and Haenlein, 2010). Using SM for market research expands standard

research. It also delivers real-time data, which helps speed up decision-making and market entry. Users of SM can participate more actively in research and NPD.

Customer feedback is encouraged on prominent platforms like Starbucks Ideas and Dell IdeaStorm, where customers may interact with one other and the company's management (Bayus, 2013). Social media (Twitter, Facebook comments, and user forums) provided new customer insights for Beiersdorf's Nivea cosmetics brand (Bilgram, Bartl, and Biel, 2011).

Threadless, a Chicago-based fashion brand, thrives on client interaction. In order to demonstrate how to look for market and technical information, they employ industrial hardware, automobile components, and transportation equipment producers.

SM can scan current user-generated content or provide an infrastructure for user idea development and co-design. SM has grown into a key source of data and corporate intelligence, providing insight into industry trends, competitor offerings, and customer feedback (Brem and Bilgram, 2015; Culnan et al., 2010; Kaplan and Haenlein, 2010).

Using social media for market research complements traditional research methods. It also provides real-time data, reducing decision-making time and market time. Notably, SM users can participate more actively in R&D activities.

Like Starbucks Ideas and Dell IdeaStorm, these popular systems allow customers to not just remark but actually create new products through active discussion with other customers or company management (Bayus, 2013).

Beiersdorf's Nivea cosmetics brand got fresh customer insights by analysing current user material in social media (Twitter, Facebook comments, and user forums) (Bilgram, Bartl, and Biel, 2011). Threadless, a Chicago-based fashion startup, bases

its business model on SM/NPD. As an example, Brem and Bilgram (2015) cite manufacturers of industrial hardware, car components, and transportation equipment as using social media to conduct market and technical information searches.

As these examples demonstrate, SM enables new avenues for gathering market intelligence about customer demands, either through the scanning of current user-generated content or by providing a platform for user-generated ideas and co-design. SM also provides technical knowledge, i.e. solution information. Fuller, Matzler, and Hoppe (2008) found that a few technologically savvy individuals designed new shoes and afterwards shared their ideas with the community. Marchi, Giachetti, and de Gennaro (2011) observed widespread knowledge exchange among members of the Ducati Motor Community about unique technical solutions. They found that users exchanged a plethora of technical information within a social network focused on sustainable eating, therefore SM expands OI's reach (Kaplan and Haenlein, 2010).

## **2.5 The Concept of Competitive Dynamics**

Competitive dynamics are the activities and reactions of an organization in a competitive market with several rivals and stakeholders. As each firm decides and acts to increase its relative market position, competitive dynamics emerge (Chen & Miller, 2012; Grimm, Lee, Smith & Smith, 2006).

Competitiveness influences an organization's market positioning. The goal of resource-based strategy is to maximize an organization's strategic capability in terms of resources and skills in order to acquire a competitive advantage or new opportunities. According to Varmah (2012), organisations must decide what kind of competitive advantage they seek and how to acquire it. Firms will select strategies

that give them a competitive edge. According to Harrison (2010), a company's competitive advantage comes from possessing unique resources.

Industries are extremely linked as firms compete to better their relative position and profitability. An industry's competitive dynamics are created by enterprises' actions and reactions (Smith, Ferrier & Ndofor, 2001). Firms that thrive are those that can foresee competitors' movements and respond strategically. However, this study implies that the hotel mix in a certain geographic location can also impact the competitive landscape.

Competition is important in strategy because it affects economic performance (Porter, 1980). Market is viewed as a dynamic process (Schumpeter, 1934), a stream of competing activities and responses (Smith et al., 1992). (Porter, 1980).

Porter developed his five forces paradigm in 1979 to assess an industry's appeal. His methodology altered the way managers and entrepreneurs analyze their industry's competitive landscape. It's become a popular company strategy tool. The five forces are: new entrants, buyer negotiating power, supplier bargaining power, replacement products or services, and competitive rivalry (Porter 1979). The quantity and strength of competitors affect the intensity of the fifth force, competitive rivalry. Each force's strength affects profitability. Porter thought these five drivers applied to all industries, independent of technology, developed or developing, and with or without government interference (Porter, 2008).

According to Michael Porter (1985), a firm must provide superior value for buyers by delivering lower pricing than competitors for comparable services or by providing unique services that buyers are ready to pay a premium for. To be profitable and sustainable, a corporation must create a competitive strategy that is profitable and



sustainable. To begin, Kim and Canina argued that market border definitions are treated as categorization schemes rather than essential factors in determining overall competitive advantage. The writers began by reviewing the market identification approach literature. There are a variety of approaches to defining a market.

Competitiveness in the RBV is characterized by the presence of companies with similar resources (physical, technological, managerial, or organizational). In contrast, the strategic group plan asserts that associated businesses are more competitive than they were previously. Also examined in depth is the demand-side framework, which proposes that customers form markets based on competitors who meet similar demands. The study concluded that managers define competition based on supply-side features (e.g., resources and tactics), but buyers judge replacements based on demand. Using hotel markets as an example, the authors illustrate how multiple layers of structure allow us to define competition by product type, corporate and property level, brand, and any combination of these. The writers argued that industries and markets must be divided more clearly. Identifying the relevant market in the hotel business is vital if we are to fully grasp the nature of competition among firms within the industry.

How hotels perform depends on how market borders are defined. Kim and Canina spent the rest of their chapter investigating two techniques to determining a hotel market's border. Using product category (luxury, upscale, economic, etc.) and a minimal variance clustering method around average daily rate (ADR), the authors show how competitive grouping techniques affect market features. Their findings are noteworthy because hotels do not simply fall into the standard product category classification when starting with consumer choice based on ADR clustering. Their findings provide a more micro picture of the external environment and competition

strategy than the Porter (1980) industry analysis frequently utilized in the lodging industry. ADR clusters, which contain both management and customer views, are proposed as a more persuasive articulation of real replacements, allowing for a more relevant property-level competitive analysis.

The firm's direct competitors are the most crucial of the five forces. Most of the time, the strongest of the five competitive factors is the market maneuvering and buyer patronage jockeying among competitors (Thompson, Strickland & Gamble, 2005). Rivalry is defined as the competition between companies within an industry for market share acquisition. Intense competition results in lower prices or a greater number of non-price competitive methods being implemented. It is generally agreed that four factors influence the level of rivalry among established businesses within an industrial sector. These are: Demand, cost, and exit barriers, as well as the competitive structure of the industry (Hill & Jones, 2012).

Rivalry is the struggle for market share among banks in a certain industry (Hill & Jones, 2007). In order to acquire market share, banks employ strategies such as competition in pricing, advertising, product releases, quality, and customer service or warranties (Pearce & Robinson, 1994). In a competitive setting, the competitor comes first (Bateman & Snell, 2004). The competition in an industry is a significant factor in a firm's success. Most industries' competitors are interdependent. A firm's competitive move affects its competitors. In a competitive industry, competitors use numerous techniques to increase their profits while reducing the profits of others. Firms generally use price, product design, advertising, personal selling, and post-sale service techniques. Companies' actions (moves) and reactions (countermoves) produce competitive dynamics. These action/reaction dynamics reflect regular and inventive corporate profit-seeking behavior. Firms innovate (launch a new product, promotion,

or marketing deal) to increase earnings, competitive advantage, and market position. Competitors try to stop or mimic successful acts (actions that generate additional customers and money) (Smith, 2001).

MacMillan, McCaffrey, and Van Wijk (1985) investigated the response times of competitors in the banking business in order to determine how soon new inventions may be copied. Bettis and Weeks (1987) went on to investigate the reactions of the stock market to Polaroid and Kodak's instant photography moves and countermoves in the 1980s.

In a sample of high-tech enterprises, Smith et al (1989) discovered competitive acts that triggered quick response. In the early 1990s, scholars published a series of studies investigating the origins and implications of competitive action and reaction in the US airline business (Chen, Smith & Grimm, 1992). New action data sets also emerged. Young, Smith, and Grimm (1996) conducted a study of software producers and discovered that aggressive firms, or those that engaged rivals with more actions, outperformed their counterparts.

In addition, Ferrier, Smith, and Grimm (1999) revealed that aggressive fast maneuvers by rivals dethroned market leaders in 41 distinct industries. A study of new product competitiveness in the brewing, telecom and personal computer industries indicated that early adopters and early imitators outperformed late adopters in terms of stock market performance.

To sum up, corporations are not autonomous; they sense each other's movements and are prone to engage. In this dynamic action/reaction environment, firm performance is understood relative to rivals' plans and actions, or the circular flow of competition as articulated by Schumpeter (1934). This is the competitive context. Thus, building

samples of enterprises interacting has been an important element of competitive dynamics research.

## **2.6 Theoretical Review**

This study was guided by social media integration theory, Dynamic Capabilities theory social exchange theory and Innovation Diffusion Theory.

### **2.6.1 Social media Integration Theory**

This theory was developed by Emile Durkheim, a French sociologist in 1917 and the model was improved on by Isra (2011). Social integration is the process of interacting, connecting, and validating within a community. The notion states that people feel better mentally, emotionally, and physically when they feel welcomed (Murimi, 2016). It is useful for assessing communication routes or internet marketing strategies. A new communication paradigm has emerged with the advent of interactive social media (Facebook, Twitter, YouTube). The growing use of Social Media Marketing as a key communication medium necessitates considering how social media has influenced the process of communicating (Isra, 2011).

Its engagement and sharing capabilities set it apart from other kinds of communication. The “I communicate – you receive” motto is no longer considered a “one-way street” for information transmission (Murimi, 2017). Interaction allows both the audience and the brand to contribute equally, resulting in a long-lasting feedback communication process and a comprehensive engagement strategy all in one (Murimi, 2017). It goes like this: Facebook, Twitter, and other social media are integrated into social bookmarking sites (Isra, 2011). This content is then virally circulated via social media eco-links. People are linked by common groups, associations, and interests. This encounter causes a viral impact due to the “six

degrees of separation”. This social media platform enables for natural interaction and model flow. Then, the social networking platforms offer public participation through the “two-way street” interaction process linked to social bookmarking sharing. Simultaneously, the driving forces of one side act and create communication. However, the incoming network's dialogue is channeled into a valuable feedback experience and exposure by the incoming network's driving forces, such as social recommendation/reviews (Isra 2011). This theory is important to this study as it will enable to look at how hotels interact and share information with their clients enabling them to be innovative in regard to developing new products, modifying existing ones and also handling customer complaints to achieve customer satisfaction and increase their performance.

### **2.6.2 Dynamic Capabilities theory**

Teece and Pisano (1994) developed and presented dynamic capabilities theory as an extension of the resource-based view (RBV) of the organization (Barney, 1991). Borrowing from RBV theory, DCT postulates that enterprises in the same industry perform differently due to their disparate resource and capability sets (Barney, 1986, 1991). Teece and Pisano (1997) describe dynamic capabilities as an organization's capacity to generate, integrate, and reconfigure external and internal expertise in response to rapidly changing environmental influences and activities. Market change occurs when a market evolves, emerges, splits, or dies (Eisenhardt & Martin, 2000); Grant and Pisano (1994) define dynamic capabilities as the result of the alteration of resources acquired, integrated, and recombined to develop new state. Finally, dynamic skills may contribute to the formation of new sources of competitive advantage (Henderson & Cocburn, 1994; Teece et al., 1997).

The present digital economy is characterized by rapid structural change, making dynamic capabilities theory a perfect lens to develop and assess value generation. This hypothesis has been utilized extensively in earlier studies to describe how organizations might innovate in volatile marketplaces and gain company value using IT (Eloranta & Turunen, 2015; Wang et al., 2013). Because client demands and preferences are continually changing, enterprises must adapt by establishing information-based skills to customise their products (Harrigan et al., 2015). So far, no research has addressed the specific process of creating value with these instruments (Wu, 2016). Thus, firms are struggling to produce meaningful profit from Social Media use due to a lack of understanding of the organizational circumstances required (Kunz et al., 2017; Piskorski, 2011).

According to dynamic capabilities theory, individuals and teams must work together to maximize the benefits of organizational technical resources (Trainor et al., 2014). IT management and innovation require dynamic capabilities (Cetindamar, 2009; GarciaMorales, 2004). In today's digital markets, corporations can better respond to client needs by using social media tools like Facebook, Instagram, and Twitter.

In order to respond quickly to changing market trends, organizations need to create firm level capabilities based on consumer understanding. In this way, customers can help enhance services or participate in the development of new products and services (Dong and Wu, 2015). Firms can tailor product offerings, creating unique customer experiences and providing value for customers (Dong and Wu, 2015).

It helps a corporation manage its external environment, respond to market changes, and seize competitive opportunities, according to Neirotti and Raguseo (2016). These

marketing skills help organizations adjust to changing market conditions and function more efficiently (Blesa & Ripolles, 2008).

Zott (2003) investigated intra-industry performance differences using dynamic capabilities. He discovered that equivalent dynamic capabilities in different firms had varied timing, cost, and learning consequences. Managers can actively affect the morphing process and hence the growth of their company's dynamic capabilities (Winter, 2003). Winter (2003) believed managers can invest in dynamic capacities, implying managerial impact on their development. A dynamic capability's transferability and fungibility is required to sustain a competitive advantage. Griffith and Harvey (2001) define dynamic capabilities as difficult-to-replicate resource combinations. Verona and Ravasi (2003) concurred, concluding that dynamic capabilities were not definable processes like new product development or strategic decision making (Zott, 2003).

### **2.6.3 Social Exchange Theory**

George Homans founded the Social Exchange Theory in 1958. And this theory focuses on job connections as economic and social transactions. Economic exchange groups are based on formal, legally binding contracts that exchange economic advantages for employee efforts. Also, corporations treat their employees well, expecting them to repay the organization's good deeds (Fathaniy, 2011).

The social exchange theory is psychological. The hypothesis states that people choose rewarding activities over costly ones. People tend to communicate with each other based on reciprocal acts (Emerson, 1976). Emerson's social exchange hypothesis arose from investigations of individual or small group interaction in sociology. Humans build intimate relationships through revealing themselves. The idea explains

how humans communicate, develop relationships and bonds, and form communities using a cost-benefit framework and alternative comparisons. The idea is that people do rewarding acts and avoid costly ones. Or, each actor's subjective cost-benefit assessment of social interaction.

Because all social media relies on user-provided data, understanding user interactions and motivations is critical. Social media relationships follow a similar pattern. For example, an individual may choose to make their Facebook profile public or private based on their comfort level (McCarthy, 2009). Travel logs and social networking sites have long understood that more individuals consume than create information (2010). Although subscribers have posted over 2 billion videos and audio tracks to YouTube since its launch in 2005, the site receives over 10 million unique daily visitors, demonstrating that viewers outnumber contributors.

Social Exchange Theory is a key approach in interpersonal interaction research. The theory states that interpersonal interaction is a process in which diverse participants engage in activities and share information. Interpersonal connections are based on the principle of reciprocity (Bock & Kim, 2002). Due to reciprocity, rewards for exchange include both material and psychological benefits such as support, trust, self-esteem, and status.

Individuals conduct online community information sharing activities. Knowledge exchange between knowledge owners and knowledge demanders. In virtual communities, information sharing is a personal action and a type of individual exchange. Wasko & Faraj (2005) underlined those long-term relationships should be formed through sustainable contact and knowledge sharing. The most difficult aspect of building virtual communities is knowledge sharing (Rajabion, Nazari, Bandarchi,



Farashiani & Haddad, 2019). Individuals connect and exchange knowledge when their incentives surpass the costs of collective knowledge sharing, according to Bock et al (2005) so, they distrusted outsiders' knowledge. Blau (1986) believed that social trade is a result of social attraction. Only when both sides gain relevant information or expertise from the other will they continue to work together. To make the exchange relationship appealing to both parties, the parties interacting must modify their resources to match the wants of the other party.

Organizations have used social exchange theory to better understand the reciprocal relationship that develops between employees and the organization (Masterson, Lewis, Goldman & Taylor, 2000). An organization's employees will feel obligated to help achieve its goals if they are treated properly and valued for their efforts. The employee's support can result in improved organisational performance and loyalty, and reduced staff turnover (Allen et al., 2003).

Bock and Kim (2002) claimed that sharing attitude influenced willingness to share. According to Bartol and Srivastava (2002), the sharing expectations of participants in information sharing are a significant element influencing decision-making. Sharing habits fall into two categories: code of conduct and amount of involvement. The former refers to community member acts that show acknowledgment and a sense of belonging (Laroche, Habibi, Richard & Sankaranarayanan, 2012). The latter indicates members' time and efforts committed in the virtual community. Encouraging individuals to share knowledge is important in the virtual community. Thus, encouraging individual sharing intentions on the internet is critical to promoting information sharing behaviors related to social trade.

#### **2.6.4 Innovation Diffusion Theory**

Innovation Diffusion Theory (IDT) was developed by Rogers in 1962, and seeks to explain the flow of innovations within an organization. Rogers explained that diffusion is the means by which an innovation is communicated over time among the participants in a social system.

The diffusion of innovations theory origin is diverse and extent various disciplines. Rogers suggests a social system, the innovation itself, communication channels and time to be the four key essentials that affect the spread of a new idea which heavily relies on human capital. So as for the innovation to self-sustain there must be extensively implemented. an innovation reaches perilous (Estabrooks, Thompson, Lovely & Hofmeyer, 2006). There is a time in adoption where Rogers describes diffusion as the gradual acceptance of a new concept, behaviour, or physical innovation by a social system. Rogers discovered significant innovation qualities that drive adoption behaviour.

Rogers (1995) defines diffusion as the propagation of any innovation to a certain demographic or social integration. As a result, people adopt and use a new concept or product through perception. Diffusion is only feasible through perception and social integration. The diffusion of innovation hypothesis claims that dynamism, integration, superiority, testability, degree of compatibility, and perception determine the diffusion rate (Rogers, 1983)

A relative advantage is defined as a "distinct advantage over another." Several prior studies have explored these features in the adoption and diffusion of internet-based technologies, concluding that relative benefit, simplicity of use, and compatibility are

the most important variables for adoption (Al-Jabri & Sohail, 2012; Nasri, 2011) An overview of Rogers' five characteristics and their impact on innovation adoption.

Rogers, (1995) defines relative advantage as the degree to which a user group perceives innovation as superior to an idea or practise. The faster an organisation perceives an innovation's relative advantage, the faster it will be adopted (Rogers, 1995). Financial or non-financial relative advantage. The benefit is quantified in terms of economic, social, comfort, and enjoyment. But "There is no set criteria for who gets the relative benefit. It relies on individual views and social demands" (Robinson, 2009). For Rogers, innovation is regarded as congruent with current values, past experiences, and requirements of potential adapters. Incompatible ideas will not be adopted as quickly as compatible ideas (Rogers, 1995). It applies to our study since different innovations are adopted at varying rates.

The idea has been criticised for its flaws; it is subjective in its assessment of the usage of innovations. Subjective traits can also be interpreted differently dependent on individual views (Lepak, Smith & Taylor, 2007). Several researchers and theorists agree that attitudes towards specific items and behaviours towards other objects might vary depending on individual perceptions. Image as a self-perception influencing technology adoption has also been considered as subjective. Some critics say the theory fails to describe how variables interact, especially when innovations are spread across enterprises.

Rodgers noted that the characteristics of innovations influence how and how quickly they are adopted. Rogers argues that what potential adopters of diffusion perceive as characteristics of innovation is important, citing (Kunreuther & Pauly, 2012). The rate of technological innovation usage is critical for organisational growth and

development. Rodgers (1995) divides innovation between hardware and software. Hardware is a physical of technology. Differing degrees of relative advantage effect dissemination. As a result of this idea, hotels' financial performance is explained.

## **2.7 Empirical Review**

### **2.7.1 Social Media Marketing and Firm Performance**

A decade and half ago, more organizations have been turning to web-technology to get in contact with their prospective customers (Jones, Borgman & Ulusoy, 2015). Firms are using social media as their new strategic marketing tool to reach their targeted customers, turn prospects into buyers, increase sales through online sales campaigns, create brand loyalty and generally improve the firms overall performance in the market (Wang & Kim, 2017; Tarsakoo & Charoensukmongkol, 2019). Since the traditional marketing techniques aren't effective anymore, more and more companies are engaging in social media marketing campaigns so as to generate a competitive advantage in the industries they are competing in (Kim & Mauborgne, 2014).

These last two decades, internet advances have influenced corporate performance (Kim, Li, & Brymer, 2016). Social media is a reliable source of current information (Sigala, 2012). Social media allows individuals to connect, create, and exchange material without physically meeting (Zhang, Hu, & Liu, 2017). Social media is seen as a powerful tool for promoting a company's commercial aims (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Most businesses use social media to boost their brand exposure (Nisar & Whitehead, 2016; Pentina, Gammoh, Zhang, & Mallin, 2013). For example, there are social networking sites (SNSs) and online communities that allow

people to review products and services (Aichner & Jacob, 2015). Individuals can use social media to share information and create content (Kim & Johnson, 2016).

Social media interactions can gather information about various items and services that consumers might use to make purchases, increasing their buying intent (Hajli, 2013). Customer service, human resources and problem solving are all aided by the usage of social media as a communication channel (Kim & Park, 2013; Nisar & Whitehead, 2016). When properly, social media has a positive impact on a company's brand awareness, client loyalty, and purchasing decisions (Barreda et al., 2015; Nisar & Whitehead, 2016).

Sandeep Bhanot, (2004), explored how companies are using social media to enhance their brand awareness and brand image by using SMM. The research looks into how an individual firm can come up with better and clear messages to avoid causing chaos when communicating with their customers by ensuring that their online image matches with their brand image. They found that using social media improves organizational performance, but that businesses can improve their performance by developing marketing, branding, and innovation capabilities.

The performance can be attained in the hotel industry through handling of online bookings and carrying out marketing activities on social media. (Kim, 2012) explores the use of social media to enhance product innovation and suggests that external stakeholders increase firms' innovative activities through using of social media platforms and when utilized effectively SMM significantly increases firm innovation. Kärkkäinen, *et.al* (2010) study found that web application tools such as Facebook, twitter and Instagram plays a significant role in easing transition towards product innovation efforts.

As a result, organizations are using social media to gain rich, unmediated insights into customers faster than ever before, allowing them to increase brand awareness, encourage new customers to try products, and ultimately increase sales (Barwise & Meehan 2010). Companies can also monitor customer conversations, generate instant feedback, drive traffic to their websites, and build online communities (Business.com, 2010).

Local studies conducted in Kenya include Millicent Achieng and Dr. Makori Morongo's (2017) "influence of social media marketing on performance in the hospitality industry in Kenya: a case study of the Kenyatta international convention center" reported a strong correlation between brand awareness and real-time communication on social media and performance in the Kenyan hospitality business, according to the study.

In a case study, Christine Adhiambo Odhiambo (2012) discovered that social media alone is not helpful in building brand recognition, and that it must be combined with other traditional media channels including radio, newspaper, and television.

Musyoka (2017) studied the impact of social media on telecommunications businesses' marketing effectiveness, whereas Lynnette Alouch (2017) studied the impact of social media on commercial banks' business growth.

According to the findings of these research, social media has a statistically significant positive impact on the growth and performance of the businesses that were studied in this regard. Ednah Kimani (2015) discovered that businesses are increasingly turning to social media to market their products and increase sales volumes, and having a strong social media presence in business is no longer a plus but a need.

Saccos in Kenya are being studied by Alice Koori (2018), who investigated the impact of social media use on the organizational performance of the Saccos. According to the findings of the survey, businesses use social media for a variety of goals, including gathering information about their markets, consumers, and competitors. Also revealed was that social media advertising has an impact on the organizational performance of Saccos in Kenya, and that by employing it, Saccos gain considerable value since it allows their personnel to communicate with clients, particularly those who are located in different geographic zones.

According to (Kim et al., 2016), high social media engagement by the hotel industry helps promote the business brand and new products/services this will increase brand loyalty. Customers are encouraged to like, share, comment, and rate hotels on social media, increasing brand awareness and increasing market share (Gensler et al., 2013). The other benefit of social media for the hospitality industry is that it can be used as a booking channel (Harrigan, Evers, Miles, & Daly, 2017).

Bookings are now made via social media or direct links to booking websites. Customers can book online from anywhere, increasing market share. This social networking capability will boost hotel sales (Harrigan et al., 2017). Social media EWOM is a strong marketing tool for small hotels (Litvin, Goldsmith, & Pan, 2008). The use of social media will help small hotels grow (Litvin et al., 2008; O'Connor, 2008).

From a marketing perspective, customer satisfaction refers to a customer's "final satisfaction" (Grewal & Sharma, 1991). Customer satisfaction is influenced by pre-purchase product expectations and post-purchase complaint resolution. At each stage, customer satisfaction is dependent on expectations being met (Eggart & Ulaga, 2002).

With the growth in e-commerce due to increase in online buying activities has made customers to access products from various merchants online but these customers haven't been satisfied with their online purchasing activities, (Huan Liang, 2016). In the classic e-commerce transactional paradigm with one-way browsing and independent shopping (Huang & Benyoucef 2013), (Lin 2007). According to Liang and Turban (2012), the power of social commerce is the sheer number of users. Customers make purchase decisions and post-purchase evaluations on social media, while e-commerce platforms selling the products simply "sell" the products, waiting for customers to click the "buy" button embedded in social media.

To regain control, businesses must develop a variety of emoticons, avatars, and status (either online or offline), provide more bidirectional communication channels (click "useful" or "not help"), autonomy to determine the materials and pace of the proceeding, and synchronicity perception to increase interactivity on social media platforms (Huan Liang, 2016). Customer satisfaction is increased as a result of salespeople's ability to engage with consumers and build social capital through social media (Agnihotri, Dingus, Hu & Krush, 2016). Customers are more likely to interact with salespeople and form relationships with them as a result of this increased engagement and social capital (Kucukemiroglu & Kara, 2015).

Blogs and online communities can be used to generate debates and discussions as a means of listening to customers (Kothandaraman & Singh, 2012). Businesses can boost client interactions and contacts by utilizing social media marketing platforms; power is shifting from the vendor to the buyer (Prahalad & Ramaswamy, 2004). Buyer-seller coordination has risen, putting buyers on an equal footing with sellers. (Greenberg, 2010).



Using social media for two-way communication allows for new beneficial buyer-seller relationships (Gustafson, Pomirleanu, Mariadoss & Johnson, 2019). Non-selling activities and relationship components like prospecting and post-sale follow-ups are promoted by extending sales interactions to include two-way communication. It also makes it easier for salespeople to find new sales prospects, track client behavior, and share success stories (Andzulis et al., 2012).

Social networking can help salespeople maximize client value, say Agnihotri et al. It also facilitates information sharing between buyers and sellers, according to the literature. (Agnihotri, Rapp, & Trainor, 2009). Profitability is defined as the amount of money generated from a commercial activity minus expenses and taxes.

To improve profits, an organization's social media marketing strategy must impact consumer behavior and encourage purchases. An organization's success depends on solid client interactions (Holland & Light, 1999). According to previous research, client satisfaction is vital to a company's survival. To deliver good customer service, companies should have effective customer communication processes (Barua, Konana, & Whinston, 2001). Social media marketing can help achieve this. Social media marketing can improve a company's image and hence increase profits. Customers would be satisfied if they can readily acquire information from social media and feel strongly connected with firms, leading to consumer loyalty (Culnan, McHugh & Zubillaga, 2010). Effective and effective social media innovations give organizations a competitive advantage and may lead to greater financial performance (Roberts & Amit, 2003).

A firm's growth performance shows its historical capacity to expand (Whetten, 1987). Even at the same profitability level, increasing the size will boost profit and cash

generation. Larger enterprises may benefit from economies of scale and market strength, increasing future profitability. According to Rajesh Ramkumar et al. (2015), financial market development affects GDP. The stock indices serve as a benchmark for measuring stock performance (Selvam et al., 2012). Most corporate growth occurs inside (Selvam et al., 2010).

Social media marketing is hugely impacting business and market growth so does social media (Felix, Rauschnabel & Hinsch, 2017). Businesses may utilize Facebook, Twitter, and LinkedIn to recruit new consumers and create brand awareness (McCann & Barlow, 2015; Yasmin, A., Tasneem & Fatema, 2015). Businesses can use these sites to create fan pages and contests. Online marketing reveals client preferences and public trends (Tsimonis & Dimitriadis, 2014; Anshari, Almunawar, Lim & Al-Mudimigh, 2019).

Increases in an organization's market share and number of customers are examples of business growth, and they may be measured in several different ways (Herring, 2009). To better connect with their customers, many businesses use social media as well as traditional media. Social media allows one to reach more customers and better meet their needs (Williams & Chinn, 2010; Ahmad, Ahmad & Bakar, 2018). In today's corporate world, social media is a strong instrument that helps organisations to establish new marketing strategies. According to the above research, social media helps businesses develop and perform. Companies who don't use social media to promote their products will surely go out of business in the next years (Singh, 2017).

Rhyne (2015) study found that firms which had adopted social media marketing experienced long term business growth in-terms of increased market share and

customer base. The study also proposed that internal and external environments should be analyzed in relation to firms marketing strategies.

OBC is one of the most important marketing channels (Rishika et. al, 2013). With such a community, not only can online platforms advertise and track customer behavior, but consumers can learn about products and companies and communicate with other online customers (Goh et. al, 2013).

It boosts consumer visit frequency and platform profitability, say Rishika et al (2013). Goh et al. (2013) also discovered that OBC engagement increases customer purchasing expenditure, with variable effects. Money can temporarily improve active and passive OBC members' participation, but the hidden costs typically emerge over time as participation motivation declines. But not all customers profit equally from a company's online brand community. Customer participation heterogeneity determines an online brand community's effectiveness (Wu et.al, 2014).

Muniz and O'Guinn (2001) assert that members of an online brand community are less loyal to competitors. Some authors claim that oppositional brand devotion can promote intergroup stereotyping, trash talk, and emotional enjoyment from news about a rival brand's suffering. Brand opposition can come from consumers or anti-brand communities (Felix, 2012). A brand community's devotion is determined by two variables, according to Won-Moo et al. (2011). Increased commitment and brand loyalty result from high levels of trust and influence in the online brand community.

Online marketing campaigns can greatly improve marketing leads. Inbound marketing encompasses portals, podcasts, social media marketing, internet campaigns, and search services, according to Raghunadan (2014). Among other things, email marketing and RSS feeds. Several industries now use online advertising. For Gilanina

and Mousavian (2011), digital banking would be standard by 2015. According to Wanjuki (2014), banks are increasing their digital marketing efforts to suit client demands. Digital marketing may help firms engage clients more directly and hence increase performance in the cut flower industry.

Social media marketing has changed the way firms communicate, emphasizing that clients control information rather than sellers (Mangold & Faulds, 2009). Social media also increases client insights, including how they interact and the products and services they use (Baird & Parasnis, 2011; Wang, Yu, & Wei, 2012). In recent years, the widespread adoption of digital marketing practices has greatly aided in personalizing marketing by connecting commercial entities with individual clients and users for feedback (Onyango, 2016; Kaufman & Horton, 2014). Social media has grown in importance as an internet marketing tool (Atshaya & Rungta, 2016; Michaelidou, Siamagka, & Christodoulides, 2011). Quality content, interaction, and cross-platform integration are critical to social media marketing success (Pradiptarini, 2011). Companies can use social media to advertise events, run promotions, and communicate information with customers (Lovejoy & Saxton, 2012; Gainsbury, King, Hing, & Delfabbro, 2015).

Personalization is one of the most valuable benefits of using advertisements, according to Rangaswamy (2011). It has been established that personalization increases customer loyalty to a retailer. Take use of advice found on the internet. Online recommendations include customer reviews and recommender engines or systems, to name a few examples. Consumers benefit from advice that are tailored to their needs (Essegaier, & Kohli 2010).

Firms use social media marketing interaction and sharing functions as powerful strategic variables to outperform competitors and maintain market effectiveness (Batiz-Lazo & Woldesenbet, 2006). Innovative social media interaction gives firms a competitive advantage and may lead to superior financial performance in a highly competitive dynamic environment (Roberts & Amit, 2003). More than 100,000 businesses have created brand pages on social media sites like Facebook, hoping that direct customer interaction will improve customer relationships (Maecker, Barrot, & Becker, 2016; Shanahan, Tran & Taylor, 2019). Company-to-customer brand communication via company-managed social media channels like brand pages (Lempiäinen, 2017).

According to Sirirak, Islam & Khang, (2011), ICT is essential in hotels because it improves hotel performance. Firstly, ICT improves managerial activities and thus organizational outcomes. Because all hotel procedures use ICT, it has been identified as a performance driver. Industry experts say ICT can help bridge the purchasing and service experience gaps. Because decisions are made distant from guest experiences, hospitality is an intangible service.

Social media marketing can help hotels save money, create and grow networks, and improve customer relationships (Tripathi, 2017; Constantinides, 2014). It is also a great approach to improve customer service and build long-term relationships. Production of goods and services requires new technical knowledge (Lamberton & Stephen, 2016).

According to Hennig et al. (2004),) argue that businesses must take into account how social media interactions effect customers' post-purchase decisions. Customers can use social media to share their experiences with a product or service after they have

purchased it (Hudson & Hudson, 2013; Corrada, Flecha & Lopez, 2020; Kwahk & Ge, 2012). Customers can also provide feedback on the brand by rating, reviewing, and commenting on it. Customers can also actively suggest or share information about a product or service with their friends and colleagues (Yadav et al. 2013). In both circumstances, post-purchase participation allows other users to verify their own judgments (Schau et al. 2009).

Customers learn about products and services from social media interactions and form opinions about them (Baird & Parasnis, 2011). These interactions include commenting, liking, or asking questions about the brand (e.g., User: Prospective customers can better understand the brand's attitude through frequent social media interactions (Hudson, Huang, Roth & Madden, 2016). According to Kumar et al (2010), customer interactions increased the company's engagement value, which increased customer retention and ultimately satisfaction. Customer engagement, such as positive WOM participation, increases brand loyalty and social identification with the brand community (Brodie et al. 2013). Finally, positive social media interactions would elicit similar customer reactions and increase customer retention. Negative customer experiences would not have this effect, raising questions about the overall impact of social media interactions for businesses (Bruhn, Schoenmueller & Schäfer, 2012).

### **2.7.2 Product Innovation and Firm Performance**

Innovation is widely regarded as a key performance factor for firms. Many businesses are looking for new ways to increase profits (Baer & Frese, 2003). Many studies have shown that innovation improves business performance. When Roberts (1999) looked

at the American pharmaceutical industry, he discovered that firms' return on investment (ROI) was boosted by their innovation activities.

Products and services based on emerging technology are defined as product innovation by Rainey (2006). Process innovation involves implementing new ideas for new products, markets, marketing services, organizational structures, and workplace external relations (Cankar & Petkovsek, 2013; Omachonu & Einspruch, 2010). Cho and Pucik (2005) came to the conclusion that enterprise innovation was associated with growth and profitability after conducting an empirical research of Fortune 1000 organisations. Using data from the personal computer business, Hua (2006) discovered a favorable association between the new product ratio and performance. He hypothesized that if a company develops a succession of new goods, they can generate significant profits. Salavou (2002) and Prajogo (2006) discovered that product innovation was a key factor of growth and profitability in service industries, in addition to manufacturing. Other related studies have demonstrated that organisations that are more inventive outperform their competitors.

There is evidence linking innovation and organizational performance (Dobni, 2011; Shipton, Fay, West, Patterson, & Birdi, 2005). Production and marketing objectives include improving product quality, decreasing costs, increasing marketing share, expanding market reach, increasing production flexibility, and improving managerial performance (Iorgulescu & Sidonia, 2013). Technological and process innovation can help firms achieve their financial goals. As stated by Gunday et al. (2011), innovation fosters growth and profitability. As well as integrate technological and administrative advancements. Many of hoteliers' important actions appear to be targeted at

improving firm value and earnings. Product innovation activities result in improved commodities/services, resulting in increased market share and thus higher profits.

Developing and implementing innovative ideas requires unique organizational resources and talents, however, in order to be effective. The performance of innovations in diverse environments may differ due to the fact that they are multi-faceted (Chen, 2017). Corporate internal and market boycotts, for example, might make innovation more difficult to implement and so reduce the impact of innovation on business performance. When a company embraces an invention, it may force employees, suppliers, and consumers to use it, even if they are not aware of the value the innovation provides to them (Van de Vrande, De Jong, Vanhaverbeke & De Rochemont, 2009). Some employees, according to Ram and Jung (1991), may be resistant to change if they are pushed to do so.

According to Chen (2017), the relationship between innovation and business performance can be positive, neutral, or negative, with the industrial or market environment serving as the primary moderating component in the relationship. Overall organizational achievements are as a result of renewal and improvement activities that have focused on processes, products, marketing, organizational structure, and other factors, among other things. A composite construct (Hagedoorn and Cloudt, 2003) based on multiple performance indicators, such as new patents, product launches, initiatives, procedures, and organizational configurations is used to measure success.

Several authors have studied various aspects of hotel innovation to better understand its economic dynamics (Hjalager, 2010). Thus, innovation is one of the key determinants of organizational performance (Noruzy, Dalfard, Azhdari, Nazari-



Shirkouhi, & Rezazadeh, 2013).. Sure, innovation is done to improve product quality, reduce production costs, increase market share, reach new markets, increase production flexibility, and improve management performance (Quadros et al., 2001; Walker et al., 2011).

The incorporation of technical and/or administrative changes into the organizational structure allows for, first and foremost, adaptability to a competitive environment in which the only thing that can be guaranteed is that "change is the only constant" (Gunday et al., 2011) (Damanpour & Evan, 1984; Damanpour & Evan, 1985). Not unexpectedly, Han et al. (1998) demonstrates that innovative activities, when combined with technical and administrative advances, contribute to increased organizational growth and profitability. New information or technology may be used to create new products, according to Oslo and Manual (2005) and (Gunday et al., 2011).

### **2.7.3 Competitive dynamics and firm performance**

Competitiveness is defined by Zelga, (2017) as the ability of a company or product to compete with others and the desire to succeed. A firm's competitiveness is measured by its ability to outperform peers in sales, market share, or profitability. Competition can be viewed from a geographic, product, or time perspective (Hua & Upneja, 2012).

Competitive dynamics are well known for affecting advantage positions and firm survival (Burgelman & Grove, 2007). In a dynamic environment, innovation improves business performance. Any industry is prone to change. In a dynamic environment, innovative businesses always outperform non-innovative businesses. Thus, growth and profits are gained by new entrants due to the dynamic environment (Chen 2017).

In recent years, macroeconomic volatility, new players from periphery economies, and rapid technical innovation have all impacted the competitive environment of enterprises (Dicken, 2003). The challenge for firms that survive is to identify the optimal competitive position. In this essay, we trace the trajectories, fluctuations, and stability of enterprises that have endured for two decades.

Apple's success, Kodak's struggles, or even IBM's business transition have all been studied and exemplified (Coff, 2010; Taylor & Helfat, 2009). These long-lived businesses faced environmental challenges and responded differently. While all businesses have made good and bad business decisions, the goal is to find long-term strategies that work.

Long-term competitive advantage was described as a competitive advantage that has been maintained throughout time (Porter, 1985). It is possible to have a competitive edge, but it is not always possible to maintain it (D'Aveni et al., 2010; Powell, 2001). Fast and chaotic marketplaces, as defined by Schumpeterian hyper competition, diminish the capacity to retain a competitive position in the marketplace (McNamara, Vaaler, & Devers, 2003; Wiggins & Ruefli, 2005). Final point: research have shown that market context can only provide short-term advantages.

#### **2.7.4 The Mediating role of Product Innovation**

With the advancement of technology, concepts such as Open Innovation (Chesbrough, 2003) and User-driven Innovation (Alam & Perry, 2002) are gaining increasing traction in organisations. Innovation is no longer limited to internal organization processes, but involves interactive processes that involve interaction with external stakeholders such as customers and users. Social media is commonly employed by businesses during the product development process, particularly during the

commercialization and test marketing stages (Hoyer, Chandy, Dorotic, Krafft & Singh, 2010). It is also a useful tool in the product development process, since it allows for more interaction with customers and the expansion of innovation activities (Nambisan, 2002). Customers can interact and generate knowledge through the sharing of information, which can be valuable in the development of new products or the modification of existing ones (Cabrera & Cabrera, 2002). Customers from a variety of geographical and social backgrounds are able to contribute information on social media sites, and this knowledge can be used in the development and improvement of existing products as a result of the technological connectedness (Lazzarotti, Manzini & Pellegrini, (2015). Chesbrough (2003), Gassmann (2006), and Kärkkäinen et al. (2010) have all written about open or collaborative innovation models, which have lately acquired popularity in the literature on innovation management.

Close collaboration with suppliers, rivals, universities, communities, but most importantly with customers is emphasized in open and collaborative innovation (Chesbrough, 2003). Customers have long been regarded as an external resource for product development (PD) in theory and practice (Leonard-Barton, 1995; Rothwell, Freeman, & Townsend, 1974; von Hippel, 1988). Customer input improves product concept effectiveness and market fit (Brown & Eisenhardt, 1995).

During product development, ideas are generated from various sources, such as customers and suppliers; the ideas are then analyzed to come up with the most viable ones that can be used in the development of the product. These opinions are gathered and analyzed to see how the product can be sold and priced (Cooper, 1990, Trott, 2005, Song & Montoya-Weiss, 1998). Involve future customers in the product development process to ensure that the product meets market demands. In today's

economy, co-creation with customers is critical for competitive advantage (Prahalad & Ramaswamy, 2004).

In predicting innovation, competitive dynamics and structure explain the majority of variance. Product innovation can boost a company's competitive advantage and earnings (Machin & VanReenen 1993; Chandy & Tellis, 1998). A prior study found a link between innovation and organizational effectiveness (Conner 1991; Damanpour & Evan 1984; Han et al 1998). So, product innovation can help connect social media marketing with business performance.

The Australian Bureau of Statistics developed a mediated model to analyze the influence of innovation on company performance as mediated by market involvement and transformation activities (Liao & Rice, 2010; Mahmoud, Blankson, Owusu-Frimpong, Nwankwo & Trang, 2016). A firm's competitive advantage stems from innovation-related activities occurring concurrently with actual changes in its market position and goods (Simpson, Siguaw & Enz, 2006).

Lynn (1998) shows that product innovation allows organisations to expand and grow into new industries, even if it requires more resources. Despite the increased attention and conceptualization of product innovation as an independent or mediator variable in past studies, its effect on firm performance remains unclear (Danneels & Kleinschmidt, 2001).

Previous research suggests that product innovation acts as a major mediator between innovation antecedents and performance (Conner 1991; Damanpour and Evan 1984; Han et al 1998). In particular, innovation links environmental uncertainty to performance. Firms in highly competitive and volatile contexts generally rely on innovation to drive performance (Gronhaug & Kaufman, 1988). Innovation allows

businesses to adapt to changing conditions and is often vital to their survival (Zahra, 2010; Noor & Pitt, 2009). Also, innovation mediates the relationship between organizational factors and performance. Organizational structure facilitates internal communication and resource flow required for innovation (Russell, 1990).

Gunday et al (2011) developed a model that incorporated four categories of innovation (products, process, marketing, and organization) that influenced market, production, and financial success. They investigated the link between innovation and success in 184 Turkish manufacturing firms. Based on the findings, innovativeness mediated the influence of various innovations on firm performance.

### **2.7.5 The Moderating role of Competitive Dynamics**

Competition inspires teams and individuals to excel. This competition keeps most organisations alert and motivated to outperform competitors. Competitiveness enhances the benefits of open innovation on company performance (Lichthenthaler, 2009). This in turn motivates corporations to devise competitive strategies to obtain an advantage over competitors.

Competitive dynamics describes a firm's actions and reactions in a competitive business environment. In order to improve its competitive advantage over competitors, each firm takes individual competitive activity. Competitors' replies to each firm's actions are countered, resulting in the competitive dynamics field (Chen & Miller, 2012).

Competitive dynamics is the action (moves) and reaction (countermoves) of enterprises within an industry. These action/reaction dynamics reflect regular and inventive corporate profit-seeking behavior. Firms innovate (launch a new product, promotion, or marketing deal) to increase earnings, competitive advantage, and

market position. Competitors try to stop or mimic successful acts (actions that generate additional customers and money) (Ken Smith et.al, 2001). It's common knowledge. The AMC model is well recognized, where managers' understanding of the competition is followed by motivation to compete, and ultimately capability to implement counter strategy. It used to focus on the competitive maneuvers and their responses (Chen & MacMillan, 1992; Chen & Miller, 1994; Chen et al., 1992).

Strategy involves combining means and ends by using a company's resources to gain competitive advantage (Chandler, 1962). From available literature, researchers who have explored competition theory proposed a traditional competitive strategy based on SWOT analysis which fell short as it doesn't account for competitors' actions and reactions (Porter & Millar, 1985). Therefore, an analysis of competitive dynamic was emphasized so as to understand the series of actions and responses of competitors was conducted by Porter (1980).

The AMC model can help organizations manage the entire competitive process (Ghertman & Guedri 2012). With the organizational strategy, Chen & Miller (2012) noted that competitive dynamics comprises an action-based emphasis and behavioral orientation that help make decisions and actions against dynamic competition. Schweig (2015) concluded that strategy creation and implementation are part of competitive dynamics. In a highly competitive market, corporations must react to rivals' actions in order to remain competitive.

Competitive strategy is the different method an organization takes or wants to adopt to win in the marketplace (Porter, 1980). Companies have strategies for positioning themselves in their markets, competing successfully, delighting customers, and achieving strong financial performance (Thompson & Strickland, 1998). It includes

competitive movements and business strategies used by management to govern the firm.

An industry's competitive dynamics are created by attacks and counterattacks. These competitive actions demonstrate the firm's desire to outperform competitors (Giachetti & Dagnino, 2021). Competitors may attempt to block or mimic the firm's actions, which may impair its hunt for a competitive advantage. In a low-growth industry with severe firm-to-firm competition for market share, efforts to expand are challenging (O'shaughnessy, 2014).

Firms' competitive actions are peculiar to their firm, time, and location. To boost market share and earnings, a company may release a new product, give a free product service contract, launch a new promotional campaign, or drastically reduce pricing. Each of these actions has its own time and location (the market). With this action orientation, timing of acts and reactions has become a key explanatory variable (Smith & Grimm, et.al, 2000).

Porter's model of competitive intensity identifies five forces: the threat of new businesses entering the market, suppliers acquiring negotiating power, buyer bargaining power, and the threat of alternative products. The number of hotel companies in Kenya will be used to determine competitive intensity, and the more limited the market available, the more aggressively these enterprises must compete.

Hospitality is a very variable business in terms of supply structure; the decision to travel precedes consumption acts (Keller, 2005). Thus, competition happens first between the places available to customers, as this is what tourists choose, and then between the suppliers of products and services at the relevant destinations (Ioncica Maria, et.al, 2007). This increases competition in the hotel business significantly, as

customers have a plethora of destinations to select from, and the advent of social media as a marketing tool simplifies the option for customers while creating cutthroat rivalry for hotels.

While certain destination firms focus on distinct features that differentiate them from competitors and provide them an advantage make competition in the hotel sector extortionate. To attract and retain consumers, hotel corporations innovate their rooms, lobbies, and eateries. Thus, improvements in the architecture of Marriott restaurants and menus to suit regional differences have resulted in up to 50% increases in sales per room occupied (Hotels, 2004). How do firms engage when competing? Why do they compete like they do? How does competition affect organizational performance? (Ketchen, Snow, & Hoover, 2004; Smith, Ferrier, & Ndofor, 2001). These key questions make Competitive dynamics to be unique to each organization on how they come up with actions and reactions to counter competition therefore making it a suitable moderator.

## **2.8 Control Variable**

### **2.8.1 Hotel star Classification and Firm Performance**

The world Tourism Organization and the International Hotel and Restaurant Association define hotel star rating as the classification of accommodation establishments in a system that's duly published in which the accommodation establishments of the same type are specifically broken down into classes, categories and/or grades according to their common physical and service characteristics (WTO & IH&RA , 2004).

The rating system enables travel agencies, tour operators, hotels and customer to gain numerous benefits. It helps travel agencies to be know what hotels to select for their



customers, enables customers to compare hotels and make an informed decision when selecting where to stay and finally its of great importance to the government as they use the hotel star classification system to regulate the hotel industry by enforcing varying tariffs and taxes and require basic safety and hygiene (WTO & IH&RA, 2004).

According to Callan, ( 1995), When selecting hotels to stay at, customer staying and three to Five hotel employed the use of the rating system more often than their counterparts staying at one and two star hotels. With globalization and markets becoming borderless due to social media use, hotels both locally and internationally are seeking standards as means to reflect on their service quality. With hotel star rating and classification being a crucial to hotel marketing, there needs to be a reliable rating system that corresponds to and reflects the service and quality levels of the hotel. Furthermore, hotel operators valued classification awards and star rating system as promotional assets (Callan (1995). Pricing and hotel booking rates are determined by the hotel star rating, according to Israeli and Uriely (2000), Pricing variation of hotels could be explained by their star classification and was an important predictor of hotel pricing decision.

Fernandez and Bedia (2004), explored whether the hotel star classification system was a good predictor of better firm performance in-terms of quality and found that customers who had visited highly rated hotels had negative differences between perceptions and expectations, this indicated that hotel customers are highly demanding and even though star rating indicates better service leading to better performance complaints will still be encountered.

Hotel star classification and rating was responsible for an approximately 20% increase in the sales of top rated hotels and 40% increase of business in small and medium size, furthermore the use of hotel star rating as a marketing tool was responsible for market growth of hotel business with sales volume and occupancy rate as performance indicators (Vallen & Vallen, 2005).

A study conducted in Kenya by Kiplagat, Makindi and Obwoyere (2015) on the effect of hotel star classification and rating on the financial performance of hotels in Kenya concluded that, hotel ratings had a strong relationship and impact to the revenues of a hotel. It was determined that since tourists relied heavily on travel agents for booking and this agents base their recommendation on hotel rating, classified and rated hotels received more customers corresponding to their star levels; high star –more customers and this significantly and positively affected the hotel performance.

## **2.9 Summary of Literature and Research Gap**

Based on the assessment of the literature, it was discovered that the vast majority of scholars have concentrated on the usage of SMM in relation to firm performance, with only one variable being used to quantify performance. Furthermore, the most of the studies that have been conducted have been in wealthy countries, with only a few being conducted in developing countries such as Kenya. Liang et al. (2016) investigated the relationship between social media marketing and customer satisfaction; Sisira Neti (2011) investigated the role of social media in marketing; Tajvidi and Karami (2017) investigated the relationship between social media marketing and firm performance in the hospitality industry in the United Kingdom. A study conducted by Karman (2015) looked into the Impact of social media marketing on purchase intention.

Locally conducted studies include: Arika and Moronge (2017), who investigated the effect of social media marketing on firm performance in the hospitality industry, using the case study of KICC; Kimani (2015), who investigated the role of Social Media Marketing on Organizational Performance; Koori et al (2018), who investigated the effect of social media marketing on the performance of saccos in Kenya; and finally, Koori et al (2018), who investigated the effect of social media marketing on the performance of saccos in Kenya. Ngenga (2015) investigated how Airtel was utilizing social media to help the company develop its customer base.

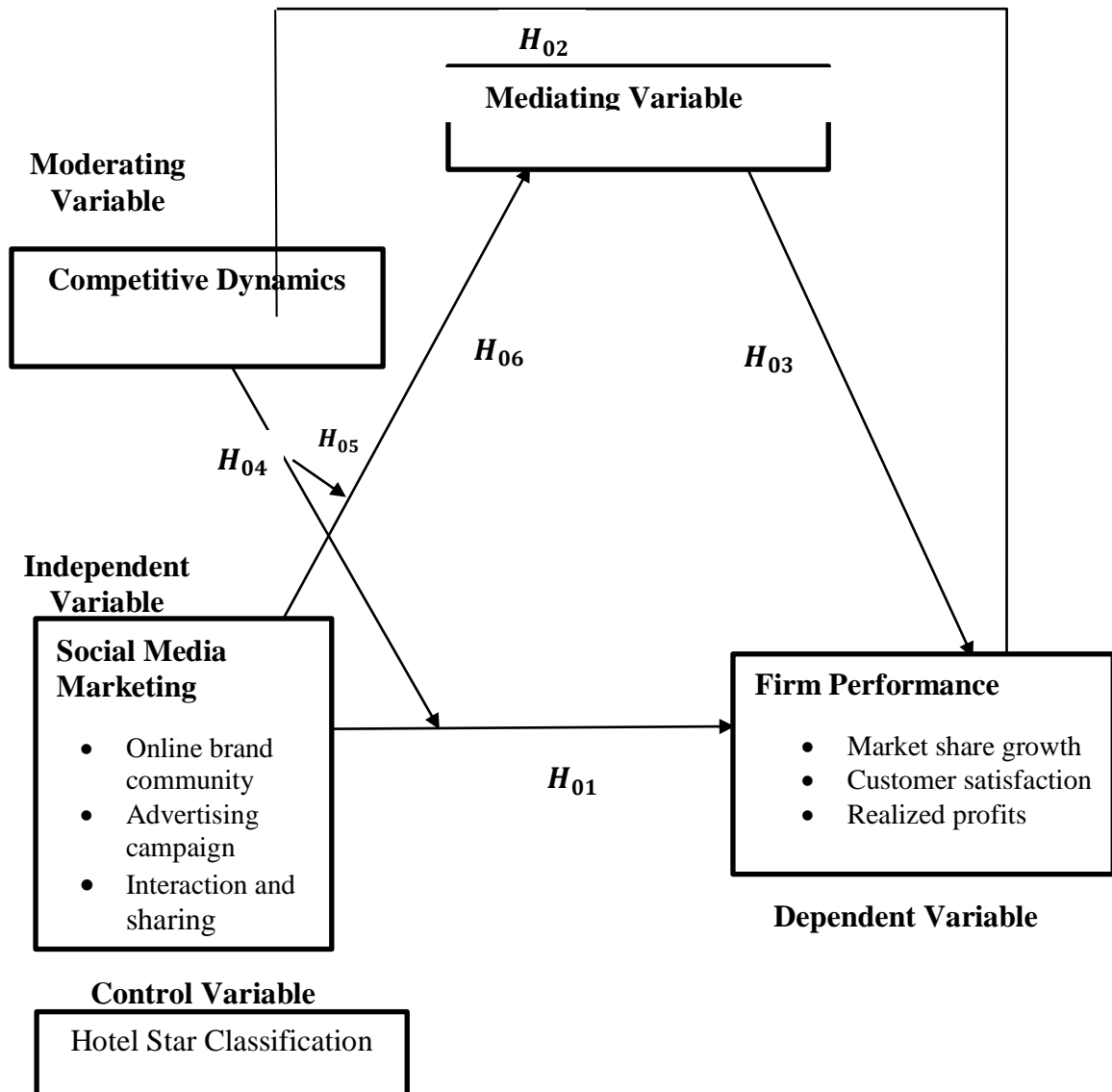
The available research indicates that no scholar has explored how social media marketing can be utilized for product creation and to fight competition in any industry, which is consistent with the current literature. The use of social media marketing in the Kenyan hotel industry has not been thoroughly investigated; Arika and Moronge (2017) only reviewed its use at the Kenya International Convention Center (KICC), and other studies have focused on the banking sector, such as Njeri (2013), Social media interactions on the financial performance of commercial banks in Kenya. Furthermore, no research has been conducted in the hotel business, particularly in Kenya, to investigate the moderating influence of competitive dynamics on the relationship between social media marketing, product innovation, and firm performance. Moreover, Introducing competitive dynamics as a moderator and product innovation as a mediator to determine the relationship between social media marketing and business performance will help to close that gap as part of this research.

## **2.10 Conceptual Framework**

A conceptual framework is a collection of interconnected ideas (theories) regarding the way a given phenomenon works or is related to its constituents. In order to

comprehend causal or correlational patterns of linkages between events, ideas, observations, concepts, knowledge, and interpretations, as well as other components of experience, the framework must be established. The below model depicts the graphical representation of interrelationships between the four key study variables: Social media marketing the independent variable, Competitive dynamics the moderating variable, product innovation the mediating variable and Firm performance the dependent variable.

**Conceptual Framework:** Moderation effect of Competitive Dynamics on the Link between Social Media Marketing, Product Innovation and Firm Performance.



**Figure 2. 1:** Adopted from model 8 by Andrew Hayes (2013)

**Source:** Author Conceptualization

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methods that was used in the study, including the research design, the study population, the target demographic, the sample design, and the sample size that was employed. Describe how data collection and analysis were carried out in order to answer the research hypothesis and to provide empirical support for the objectives set forth in chapter one of this report.

#### **3.2 Research Philosophy**

A research philosophy is a collection of perspectives on how to gather, analyze, and apply evidence in a particular field of study (Vaismoradi, Turunen & Bondas, 2013; Mkansi & Acheampong, 2012). This study was based on positivism, which claims that reality is stable and can be observed and described objectively (Levin, 1988). Positivists established the importance of isolating phenomena and reproducible observations. The positivistic paradigm was adopted because structured surveys and scientific methods were used to gather and analyze data (Rahi, 2017; Woo, Pettit, Kwak & Beresford, 2011). A fundamental tenet of positivism is that everything can be reduced to explainable facts that can be observed and reported objectively (Blumberg, et al, 2011).

Kim, (2003) demonstrated that positivism tries to tackle key societal problems by searching for law-like generalizations and identifying particular causal relationships using statistical analysis, among other methods.

In addition, the positivist paradigm posits that the sociocultural world is external, that its properties should be measured objectively, and that the observer must be distinct

from the observed (i.e., separate from the observed) (Kivunja & Kuyini, 2017). Theoretically, Onwuegbuzie (2002) argues that because there is only one reality, it can be defined by variables, and its dimensions can be measured precisely and correctly. Consequently, a researcher should concentrate on facts, discover causal linkages between variables, develop and test hypotheses (deductive methodology), operationalize concepts under investigation so that they may be quantified, and finally apply quantitative methodologies (Easterby-Smith, 2002).

Basing on the discussion above it is possible to demonstrate theoretically and statistically that the positivist paradigm is predicated on the notion of a single tangible reality that can be comprehended, identified, and quantified. This then enables explanation and prediction to occur naturally within a causal framework; this is because causal inferences rely on temporal precedence (i.e., for X to cause Y, X must precede Y in time), association (i.e., X and Y are correlated), and finally, the absence of confounders (i.e., no other factors besides the identified factors affect the outcome; X is the sole cause of Y within the space identified) (Park & artino, 2021).

### **3.3 Research Design**

A study design is a set of methodologies and strategies used to collect data from a population to assess its status on one or more criteria (Mugenda & Mugenda 2003; Yilmaz, 2013). Ngechu (2001) describes research design as a plan to solve a problem. Cooper and Schindler (2003) define a research design as a plan for achieving objectives and answering research questions.

Data collection, analysis, interpretation, and reporting are all part of research design (Creswell & Plano Clark 2007). In general, it establishes a link between theoretical research problems and relevant (and achievable) practical research. In other words,

the study design specifies how data will be gathered and evaluated, as well as how the research question will be answered (Grey, 2014).

An explanatory research design was employed in this study with the goal of explaining and accounting for descriptive data. In contrast to descriptive studies, which focus on 'what,' explanatory studies focus on why and how something happened (Grey, 2014). It draws on exploratory and descriptive research to determine the causes of a phenomenon. An explanation or forecast is supported or refuted by explanatory research. It is used to uncover and report correlations between many components of a phenomenon.

Explanatory research is also preferred for studies requiring linkages and comparative analysis (Clarke, Somerfield & Gorley, 2008). This study uses a research design to describe a phenomenon and its properties. It's a type of research that looks into what happened and why so data collection generally involves observation and survey (Gall, & Borg, 2007). According to Coopers and Schindler, this is a design that explains or defines a subject.

### **3.4 Study Area**

This study focused on the 215 hotels in Kenya that are star rated and listed under the Tourism Regulatory Authority, (2020) and the Kenya Association of Hotelkeepers and Caterers. Hotels have been clustered into various regions as shown in Table 3.1; Nairobi region, Western region, Eastern region, Coast region South rift and North rift regions. As at December 2020 the number of hotels listed and classified by the Tourism Regulatory Authority and Kenya Association of Hotelkeepers and Caterers were 215. In Kenya, the hotel business is inextricably linked to the tourism industry.



Kenya's hotel business has been eager to take advantage of the country's good tourism prospects (Kenya Bureau of Statistics, 2014). The hotel business was chosen as the subject of study because, according to Mwangi & Muthiga (2005), the hotel sector accounts for 14% of GDP and 11% of total employment in the country. Furthermore, despite the high level of service and outstanding facilities provided by Kenyan hotels, the rivalry for resources and market share is particularly fierce and intense in the hospitality industry.

### 3.5 Target Population

The targeted population for this study was 215 hotels listed on Tourism Regulatory Authority with each hotel producing one respondent for the study. The sales and marketing manager who in most hotels doubled also as the social media manager was interviewed in each hotel. All these 215 star-rated hotels were studied meaning the study adopted census survey.

**Table 3. 1: Hotel Classified Establishment Register**

<b>Classification of Hotel</b>	<b>Nairobi Region</b>	<b>Coast Region</b>	<b>South Rift Region</b>	<b>Western Region</b>	<b>Eastern Region</b>	<b>Central Region</b>	<b>North Rift Region</b>	<b>Total</b>
5-Star	11	6	5	0	0	2	0	<b>24</b>
4-Star	21	14	22	1	0	8	1	<b>67</b>
3-Star	18	15	10	6	2	9	3	<b>67</b>
2-Star	10	14	10	7	4	6	7	<b>58</b>
1-Star	0	0	1	1	0	1	0	<b>3</b>
<b>Total</b>	<b>60</b>	<b>49</b>	<b>48</b>	<b>15</b>	<b>6</b>	<b>26</b>	<b>11</b>	<b>215</b>

**Source: Tourism Regulatory Authority, (2020)**

### 3.6 Data Collection

To generate the accurate information from the study population, primary data was collected using structured questionnaires that are related to the objectives of the study.

The questionnaire that was administered used Likert scale for the respondents to choose what best described their then current situation of their establishment. The research assistants under my supervision used both the drop and pick method and online method for data collection. To conserve time for both my research assistants and the social media manager of the hotels, questionnaires dropped and the availability of the managers inquired about. If the managers were free and had time then we went ahead and interviewed but if they were held up questionnaires were dropped and picked at a later on agreed date and time. For the hotels that were located in remote areas that weren't easy to get to, my team called and set up an appointment for an online interview. By assuring them that the interview was brief and wasn't going to take too much time they agreed and data was collected.

### **3.7 Measurement of Variables**

The variables under study were measured using known instruments and modifications were made where necessary. For content validity, measures that have been used in previous studies were adopted. According to Chen and Dubinsky (2003) 5-point scales were previously used in other research are understandable to respondents and enables them to easily express their views. All the variables studied adopted a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that were given, namely 1 "Strongly disagree", 2 "Disagree", 3 "Don't Know", 4 "Agree" and 5 "Strongly agree. The construction of a likert scale is centered in the research objective, which is frequently to discover and comprehend the opinions/or views of participants regarding a single 'latent' variable (phenomenon of interest). It is expressed in the questionnaire through a number of "manifested" items, which represent this "latent" trait. They are items that target a single dimension of the subject under inquiry in a mutually exclusive manner and that measure the entire

phenomenon in coherence with one another (Gilbert, 1996). A composite score is created by adding the results from all of the questionnaire items together to form a rationally assessed unidimensional trait during the analysis process (single measure trait).

To demonstrate an understanding of the likert scale as a measurement method, an individual needs to understand different types of measurement. There are four types (levels) of measurement: nominal, ordinal, interval, and ratio scale (Stevens, 1946) and this study employed the use of the ordinal level.

### **3.7.1 Measurement of Firm Performance**

This study measured firm performance in terms of Market share growth, customer satisfaction and profitability. To investigate and collect the respondents view of firm performance the study adopts a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that were given, namely 1 “Strongly disagree”, 2 “Disagree”, 3 “Don’t Know”, 4 “Agree “and 5 “Strongly agree. To measure firm performance, this study adopted and improved on previously used hotel performance measurements as by various scholars. First hotel performance by Ngandu (2014), the measure used by Ngandu to measure hotel performance were sales turnover, total profits realized and number of increasing clients served.

### **3.7.2 Measurement of Social Media Marketing**

Mangold and Faulds (2009) define social media as a collection of online word-of-mouth forums, such as blogs, discussion boards, forums, and social networks. By bringing individuals together and forming communities, social media develops highly engaging platforms through the use of all mobile and web-based technology. Individuals and organizations utilize social media platforms to share, collaborate on,

and discuss user-/generated content (Kietzmann et al., 2011). To conceptualize social media participation, we adopted constructs from Koh and Kim (2004) and Casaló et al. (2007). The constructs were later modified to suit this study from the Kenyan hotel industry perspective. These constructs were used to gather more detailed information regarding hotel behavior in regard to interaction with their clients (Casaló et al., 2008; Madupu, 2006). Furthermore the constructs of social media marketing that were used in this study were based on the dimensions of social media marketing developed by As'ad & Alhadid, (2014) which were online brand communities, advertising campaign and interaction and sharing of content. Previous researchers show investigated and found that SMM has enabled firms generate new product offerings; Study carried out by Bayus (2013) found that companies like Starbucks ideas and dell Ideastorm are popular platforms where customers can share feedback engage in active dialogue and enable generate new product offerings.

Finally, to investigate and collect the respondents view toward social media marketing the study adopted a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that will be given, namely 1 “Strongly disagree”, 2 “Disagree”, 3 “Don’t Know”, 4 “Agree “and 5 “Strongly agree.

### **3.7.3 Measurement of Product Innovation**

In hospitality, innovation may be defined as the implementation of problem-solving techniques when management interacts with guest complaints (Smiljana & Daniela, 2012). To measure product innovation emanating from social media interactions, items for measurement were adapted from Fabian Angard and Fredrik Hillerström (2012). According to Norman and Verganti (2012), incremental innovation entails making incremental changes within a predefined framework of solutions, whereas

radical innovation entails fundamentally altering the product and its ultimate standards. While radical innovation results in the discontinuity of previous goods, it does promote incremental product innovation (Garcia & Calantone, 2002).

To measure product innovation emanating from social media use; items for measurement were adapted from angard and hillerstrom (2014) and (Brown & Eisenhardt, 1995). According to the cited authors, customer engagement can be classified as direct or indirect, with direct involvement defined as two-way communication between a customer and a firm/producer in which both actors consciously generate content and actively participate in interaction and idea sharing. The internet has experienced rapid growth from a medium in which users could only consume content to an active collaborative space with lots of possibilities for user involvement and contribution towards product development (O'Reilly, 2005). Additionally O'Reilly, (2005) described the internet as a participatory and social web that is shaped by improved technologies and focusing on generating existing user content by incorporating customer insights.

To Finally, to investigate and collect the respondents view towards product innovation the study adopted a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that were given, namely 1 “Strongly disagree”, 2 “Disagree”, 3 “Don’t Know”, 4 “Agree “and 5 “Strongly agree.

#### **3.7.4 Measurement of Competitive Dynamics**

The literature on competitive dynamics analyzes this jockeying for position and its consequences for organizational results. A sequence of competitors' moves and countermoves can build a harmful pattern that sabotages rivals' profits and even threatens the future of some organizations (Ketchen et.al 2004). Competitive

exchanges have the potential to both protect and enhance a firm's performance. To measure competitive dynamics, constructs for measurement were adapted from Smith, Ferrier et al., (2001), Guezaz and Espino (2006) and Chen, & Tsai, (2007). The mentioned authors concurred that the hospitality industry is increasingly being confronted with the intensification of competitiveness at a global level; the rapid technological advancements and higher expectations from clients that are highly dynamic.

To determine the constructs of competitive dynamics this study borrowed from the above mentioned authors and modified the findings to suit the Kenyan hotel industry. Chen, & Tsai, (2007) investigated the organizational actors that contribute significantly to a firm's competitiveness by conceptualizing businesses' initiative activities that directly exert competitive pressure on competitors, so "pushing" them to respond. Competitive dynamics is a term that refers to the interaction of a succession of proactive and reactive competitive actions by enterprises in a competitive environment (Smith, Ferrier et al., 2001).

Finally, to investigate and collect the respondents view on competitive dynamics the study adopted a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that were given, namely 1 "Strongly disagree", 2 "Disagree", 3 "Don't Know", 4 "Agree" and 5 "Strongly agree".

### **3.7.5 Measurement of Hotel star classification**

According to World Tourism Organization (WTO), (2015) Hotel star rating systems are widely utilized in the industry to inform both consumers and intermediaries about the quality of individual establishments. As the product (accommodation) is purchased/listed sight unseen (consumers/intermediaries cannot see or test the product

offering prior to purchase/listing), this is critical. Moreover, hotel classifications can be utilized to market specific hotels and tourism locations' product quality. This is owing to the wide range of housing types and the diverse cultural, environmental and economic settings in which the systems are entrenched (World Tourism Organization, 2015).

To measure hotel star classification in Kenya, this study adopted measurements developed by the TRA where the hotels are rated as One star, two star, Three star, Four star and Five Star. Furthermore the study looked at star a study conducted by Fred Omondi 2019 that explored the star classification of hotels in Kenya. Consumers and intermediaries rely on hotel star ratings to assess the quality of individual accommodations. This is critical because consumers/intermediaries cannot see or test the product before purchasing/listing it. Also, hotel classifications can be used to market specific hotels and tourist destinations. This is because the systems are embedded in diverse cultural, environmental, and economic environments (World Tourism Organization, 2015).

### **3.8 Validity and Reliability of the Research Instruments**

#### **3.8.1 Validity**

Neuman (2005) defines validity as the ability of a proposition or measure to establish knowledge or truth. A scale's validity is determined by how well its results match other measures of attitude possession. Important parameter that reveals how well an instrument measures what it is designed to measure. The researcher must ask valid questions to gain validity. To generate validity, the researcher looked to other scholars' work. Validity is uppermost in the thinking of people constructing measures and those seeking valid outcomes from assessment (Bond, 2003).

Validity refers to the appropriateness of the inferences made about the results of an assessment. Inferences being "...conclusions derived from empirical evidence bearing on score meaning..." (Messick, 1989). Secondly, validity is a matter of degree and not a specific value. Thirdly, validity is applied to a specific purpose or use and therefore is not valid for all purposes.

According to Haele and Twycross (2015), validity refers to the extent to which you are measuring what you are supposed to be measuring, or more simply, the accuracy of your measurement. It is concerned with assertions, inferences, and conclusions. Validity is more important than reliability because, even if an instrument measures consistently, there is no reason to use it if it does not accurately measure what it is supposed to measure.

The content validity of the instruments was utilized to determine the extent to which the items accurately represented the study's focus areas. More importantly, Haele and Twycross (2015) added that validity should be established by ensuring that the questions measure what they were intended to measure, including the clarity of the wording and whether respondents interpreted all questions similarly to eliminate areas prone to confusion and ambiguity.

To increase the questionnaire's validity, the supervisor reviewed the research instruments to determine the content's applicability and suitability, as well as the instruments' adequacy from a research standpoint. Corrections to the identified questions were integrated into the instrument to ensure the instrument's content was accurate. The questionnaires were then distributed in the field by trained study assistants.



### **3.8.2 Reliability**

In accordance with Mugenda (2003), instrument dependability is defined as a measure of the consistency with which a research instrument generates consistent results after multiple trials. It is dependable when it can be used by several researchers under stable conditions, delivers consistent results, and does not vary its results over time, as defined above. The consistency of a product over time is a measure of its dependability.

Furthermore, reliability is defined as the degree to which a test is error-free; the greater the number of measurement errors that occur, the less reliable the test is considered to be (Fraenkel & Wallen, 2003; McMillan & Schumacher, 2001, 2006; Moss, 1994; Neuman, 2003). The reliability of this study was determined using the Cronbach alpha coefficient.

Cronbach's alpha is the most commonly used test for determining the internal consistency of a measurement instrument. When doing this test, the average of all correlations in each combination of split-halves is calculated. This exam can be used with instruments that have questions with more than two responses. Cronbach's alpha is a number that ranges from 0 to 1. A score of 0.7 or higher on the dependability scale is regarded satisfactory (Heale & Twycross, 2015)

### **3.9 Data Analysis**

The study aimed at determining the moderating effect of competitive dynamics on the link between social media marketing, product innovation and firm performance among the Kenyan hotel industry. Items in the questionnaire were analyzed using SPSS version 24 for statistical analysis. Subsequently data analysis was conducted using descriptive statistics, factor analysis, Pearson correlations and inferential

statistics. Frequency distributions, percentages, mean and standard deviation were used to analyze descriptive statistics. Path analysis was also used testing for relationships between the variables. Multiple regressions were finally employed in testing the hypotheses.

### 3.10 Model Specification

#### 3.10.1 Model 1 Testing Direct Effects

The dependent variable is firm performance which is expected to be affected by the social media marketing. Therefore, the following equations were used to test for the significant relationship.

$$FP = \alpha_0 + C + \beta_1 SMM + \varepsilon \dots \dots \dots 3.1$$

$$PI = \alpha_0 + C + \beta_1 SMM + \varepsilon \dots \dots \dots 3.2$$

$$FP = \alpha_0 + C + \beta_1 CDS + \varepsilon \dots \dots \dots 3.3$$

Where, FP is the performance of star rated hotels in Kenya, SMM the social media marketing, PI is product innovation, CDS is competitive dynamics, C is the control variable Hotel Star Classification,  $\alpha_0$  is intercept,  $\beta_1$  the coefficient and  $\varepsilon$  the standard error term.

#### 3.10.2 Testing for Moderation

Baron and Kenny's (1986) and Frazier et al. (2004) recommendations about the use of multiple regression analyses to test for a moderating effect were followed in this study as well. In this study, the procedures provided by Aiken and West (1991) for evaluating and interpreting interaction terms were put into practice.

It is possible for a link between two variables to be moderated when the size, direction, or statistical significance of one variable varies depending on the level of another variable. When two variables are compared, a moderator variable is a third variable that has an effect on the connection between them.

Increasing the moderator's effect on the outcome may have an enhancing effect, in which case the predictor's effect on the outcome is increased; a buffering effect, in which case increasing the moderator's effect on the outcome is decreased; or an antagonistic effect, in which case increasing the moderator's effect on the outcome is reversed; or a combination of these effects. If the moderator variable is significant, it can have an amplifying or weakening effect on the link between the dependent and independent variables, depending on the magnitude of the influence (Memon, 2019).

In order to determine whether there has been moderation, look for a large  $R^2$  change and a new interaction term effect. When both of these factors are significant, moderation occurs. Complete moderation happens when neither the predictor nor the moderator are statistically significant when the interaction term is considered. When the predictor and moderator are both significant with the interaction term, but the main effects are also significant, this is referred to as moderation (Frazier, Tix, & Barron, 2004)

The study hypotheses were tested in three stages using multiple regression analysis and moderated regression as modeled by (Barron and Kenny, 1986). First, social media marketing was regressed with firm performance for direct effects. Secondly, the interaction term was brought in the opposition of the dependent variable. Finally, the interaction term between each independent and moderator variable was calculated

by multiplying the two variables yielding a product term that represents the interaction effect which was done at different stage for each individual interaction.

The causal effect of independent variable  $X$  on the dependent variable  $Y$  for different level of moderating variable  $M$  is a key. Statistically, the effect of  $X$  on  $Y$  for a fixed value of  $M$  is referred as the ‘simple effect’ of independent variable on its dependent variable. The simple regression equation for effect of  $X$  on  $Y$ .

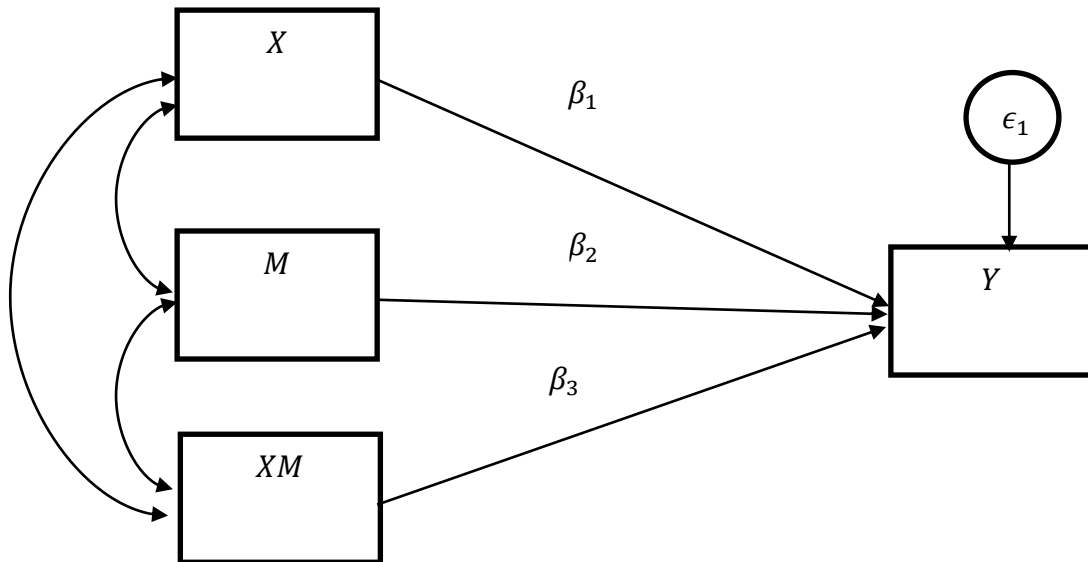
$$Y = \beta_0 + \beta_1 X + \varepsilon \dots\dots\dots 3.2$$

Let’s assume that the above regression relation does exist and it’s statistically significant. When the moderator variable  $M$  enters the model, the moderating effect of  $M$  is modeled in the regression as follows:

$$Y = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 XM + \varepsilon \dots\dots\dots 3.3$$

The regression coefficient  $\beta_3$  measures the interaction effect between independent variable  $X$  and moderating variable  $M$ .  $\beta_1$  measures the simple effects of  $X$  when the value of  $M = 0$  (no interaction involved). Testing moderation in a model, a researcher needs to test  $\beta_3$  (the coefficient of interaction term  $XM$ ). If  $\beta_3$  is significant, then it is concluded that the moderator  $M$  moderates the relationship between  $X$  and  $Y$ .

For graphical representation of path analysis, Figure 3.1 below illustrates how regression equation was modeled.



**Figure 3.1: Path Analysis for Moderation**

Source: Hayes, 2013

The model illustrated in figure 3.1 can be extended by fitting in variables considering this study had only one independent variable. This study has the following independent variables; Social media marketing, dependent variable being firm performance and the moderator being competitive dynamics. Fitting variables into equation 3.3, the following equation was used to test for moderation effect of the competitive dynamics on the independent variable and the dependent variable.

$$FP = \beta_0 + \beta_1 SMM + \beta_2 CDS + \beta_3 SMM * CDS + \epsilon \dots \dots \dots 3.4$$

**3.10.3 Model for Mediation**

For mediation MacKinnon (2012) procedure must be followed to test for mediation hypothesis. The conditions entail.

- i) X must have an effect on M (X must affect M)

$$M = a_0 + a_1 X + \epsilon \dots \dots \dots 3.5$$

ii) M must have an effect on Y

$$Y = b_0 + b_1M + \varepsilon \dots\dots\dots 3.6$$

iii) X must have an effect on Y while controlling for M

$$Y = C_0 + b_1M + C'X + \varepsilon \dots\dots\dots 3.7$$

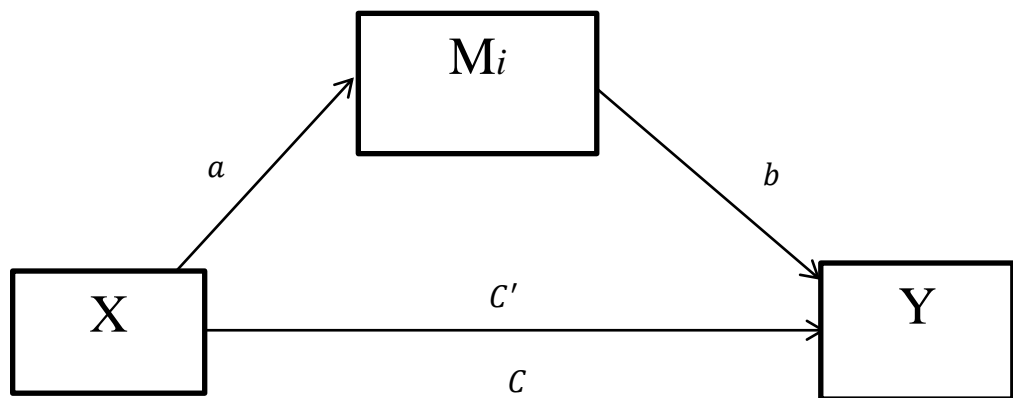
**Model equations**

Mediation  $a_1b_1 \dots\dots\dots 3.8$

Or mediation = C(total effect) – c’(direct effect)

C (total effect) = (a1b1) + c’(direct effect)

Figure 3.1 depicts the statistical diagram for mediation analysis according to model 4 by Hayes (2013).



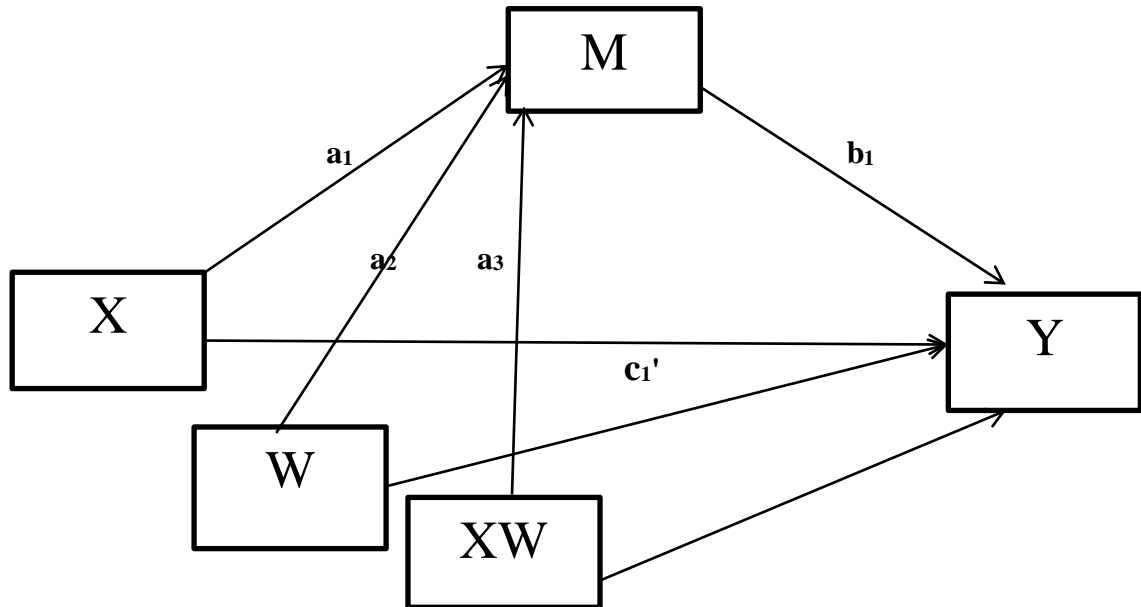
**Figure 3.2: Statistical Diagram for Mediation Model**

**Source: Hayes 2013, Model 4**

Where: Y- Firm Performance (Dependent variable), X- Social Media Marketing (Independent Variable),  $M_i$ - Product Innovation (Mediator)

**3.10.4 Model Specification for Moderation and Moderated mediation**

Figure 3.2 depicts the statistical diagram for moderation and moderated mediation analysis according to model 8 by Hayes (2013).



**Figure 3.3: Statistical Diagram for Moderated Mediation**

**Model Equation(s):**

$$M = a_0 + C + a_1X + a_2W + a_3XW + \epsilon \dots\dots\dots 3.9$$

$$Y = C'_0 + C + C'_1X + C'_2W + C'_3XW + \epsilon \dots\dots\dots 3.10$$

One indirect effect(s) of X on Y, conditional on W:

$$\text{Moderated Mediation model: } a_1b_1 + a_3b_1W = (a_1 + a_3W) b_1 \dots\dots\dots 3.11$$

Where, X; Independent variable (Social Media Marketing), M; Mediating variable (Product Innovation), W; Moderating variable (Competitive Dynamics) and XW; Moderated mediation

**3.11 Assumptions of the Regression Model**

A regression model is a mathematical representation of what and how independent variables are related to dependent variables. Assumptions presented by regression

models must be adhered if no the results collected will be unreliable. The following are the assumptions that underline multiple regression model of analysis.

### **3.11.1 Testing for Normality**

The term "normality" refers to a continuous variable's scores being regularly distributed around the mean. Residuals or error terms resulting from the difference between the observed value of the dependent variable and the observed value of the independent variable should follow a normal distribution. The Shapiro–Wilk or Kolmogorov–Smirnov tests were used to determine normality. We tested the following hypothesis. Ho; normal distribution, Ha; abnormal distribution. Ho is accepted if the p values above the threshold of significance required for normalcy to exist. The hypotheses used to assess data normalcy are based on the data distribution that is being examined for the following: Ho: The data distribution is normal. Ha: The data distribution is not normal. If a test does not reject normality, it implies that a parametric technique based on normality (e.g., the t-test) can be employed securely. Along with formal testing for normalcy, data is analyzed graphically.

### **3.11.2 Testing for Homoscedasticity**

In linear regression models, homoscedasticity is critical. Homoscedasticity denotes a condition in which the error term is constant across all independent variable values (that is, the "noise" or random disturbance in the relationship between the independent variables and the dependent variable). Variance of residuals should be homogenous or equally distributed across all of the predicted values. The Levenes statistic was used in this study to test for this assumption.

Ho; Error variances are homogenous, Ha; error Variances aren't homogenous

Decision criteria: Accept Ho if p values are greater than the level of significance



The test of the presence of heteroskedasticity, the Breusch-Pagan/ Cook-Weisberg tests is employed. This test involves testing the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables.

$$H_0 = \text{Var}(u/x_1, x_2 \dots x_n) = E(u) = 2$$

$$H_1 = \text{Var}(u/x_1, x_2 \dots x_n) = E(u) \neq 2$$

The null hypothesis is true when the model is homoscedastic. If the alternative hypothesis is true, the model is heteroskedastic.

### **3.11.3 Testing for Multicollinearity**

When the independent variables are not independent of one another, Multicollinearity occurs. A second critical assumption of independence is that the mean error must be independent of the independent variables. Tolerance was utilized in the study to assess for Multicollinearity. Tolerance quantifies the effect of one independent variable on all other independent variables; tolerance is evaluated using a linear regression analysis as a starting point. For these first-step regression analyses, tolerance is defined as  $T = 1 - R^2$ .

### **3.11.4 Testing for Autocorrelation**

In the absence of autocorrelation, linear regression analysis requires that the data have minimal or no autocorrelation. When the residuals are not independent of one another, autocorrelation arises. In other words, when  $y(x+1)$  is not independent of  $y(x)$ . Durbin-Watson test was used to test this assumption.

### **3.12 Ethical Consideration**

Ethicality was adhered to during while carrying out this study. High degree of integrity and confidentiality was adhered to while dealing with hotel managers in

charge of social media marketing campaigns. Informed consent of all those participating was requested, and they were informed of the benefits of participating in the study. Letter from Moi University authorizing the conducting of this study was attained. Request letter to collect data from the hotels was submitted to the KAHC and to the individual hotels.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Overview

This chapter covers, how data was collected, cleaned and coded. The chapter further looks into descriptive statistics of the study variables, factor analysis using principal component analysis (PCA), test for multivariate linear regression, model estimation, test of study hypothesis and discussion. Finally Inferential statistics on the role of social media marketing, competitive dynamics, and product innovation on firm performance of star rated hotels in Kenya.

#### 4.2 Data Preparation, Cleaning and Data Coding

After the questionnaires were filled from the field, data was screened to detect and check for errors. The key ingredient for data cleaning and preparation involves examining for missing values and outliers. When outliers are detected, they are supposed to be deleted (Aguinis, 2004 & Fichman *et al.*, 2005). Jaccard & Turrisi (2003) and Jose (2013) suggested that outliers can change the output and reduce the accuracy of results as well as the statistical significance of the variables in a study.

#### 4.3 Response Rate

Response rate is important in any research, having the right response rate gives one valid, dependable and reliable results (Shih & Fan, 2009). This is after checking all the questionnaires from the field and ascertaining for completeness and consistency of the information, the questionnaires with inconsistencies and inaccurate information were dropped from the analysis. Response rate was calculated by dividing the total number of valid or usable questionnaires returned by research assistants by the total number of administered. In this research, a census of all the 215 star rated hotels were administered with questionnaires, but upon checking for completeness and

consistency of the information it was found out that only 198 were valid and this yielded a response rate of 92.09 percent. The response rate is attributed to having research assistants who were qualified in data collection and also had excellent communication and interviewing skills. According to Vudzijena (2017) a response rate more than 70 percent is large enough to perform the analysis. In research, a high response rate increases validity and usefulness of the results (Mugenda, 2008). The high response was attributed to the well-trained research assistants and well formulated questions in the questionnaires. The results are consistent with the findings of Luring & Selmer (2015) who argued that a high response is associated with questionnaires that are administered physically.

**Table 4. 1: Response Rate**

	<b>Number of questionnaires issued</b>	<b>Percentage</b>
Number of questionnaires issued	<b>215</b>	<b>100.00</b>
Well filled questionnaires	<b>198</b>	<b>92.09</b>
Incorrectly filled questionnaires/unreturned questionnaires	<b>17</b>	<b>7.91</b>

**Source: Research Data, 2021**

#### **4.4 Cronbach's Alpha Reliability Test**

Reliability refers to the consistency that a research instrument (questionnaire) produces consistent or same information when used under different research situations (Souza, Alexandre & Guirardello, 2017). It shows the degree of dependability on the research instrument in giving similar and accurate results when used in two or more situations. The study adapted and implemented Cronbach's Alpha coefficient test to determine the instruments' consistency and reliability. It is the consistency with which individuals respond to items on a multiple-item assessment. If people's responses to different questions are not identical or are not associated, it becomes implausible to

assert that they are all assessing the same underlying constructs. Cronbach's alpha was used which is a measure of internal consistency.

**Table 4. 2: Cronbach's Alpha Reliability Test**

<b>Reliability Results</b>			
<b>Variable</b>	<b>No. of items used</b>	<b>Cronbach's alpha on unstandardized items</b>	<b>Cronbach's alpha on standardized items</b>
Competitive Dynamics	5	0.790	<b>0.798</b>
Product Innovation	5	0.944	<b>0.945</b>
Firm Performance	9	0.817	<b>0.835</b>
Social Media Marketing	16	0.924	<b>0.927</b>

**Source: Research Data. 2021**

Table 4.2 indicates that competitive dynamics had a Cronbach's alpha of 0.790 when unstandardized and when standardized there is slight increment to 0.798. product innovation and firm performance had Cronbach's reliability on standardized items of 0.945 and 0.835, respectively. Social media marketing which had 16 items used further had reliability of 0.927. The results revealed that all the coefficients were within the accepted thresholds of 0.7 as postulated by Lee *Cronbach* in 1951. Therefore, it was concluded that the constructs used were reliable (Hair *et al.*, 1995). The resulting Cronbach's Alpha coefficient of reliability varies from 0 to 1 and provides an overall estimate of the reliability of reliability test. If all the scale items are completely independent of one another (are not correlated or share no covariance), then = 0; otherwise, if all the items have high covariance, then will exceed 1 as the number of scale items reaches infinity. The higher the alpha coefficient, the more they share covariance and more likely calculate the same underlying term.

#### **4.5 Demographic Characteristics of Respondents and Hotel Characteristics**

The respondents' descriptive characteristics were classified as continuous or categorical variables. To summarize and comprehend the respondents' demographic characteristics, descriptive statistics were used. In this study; gender, age, level of education and experience are the characteristics used to describe the respondents. Hotel characteristics such as hotel star rating, years in operation, number of rooms, branches, and the main target market was also incorporated in describing the hotels.

##### **4.5.1 Gender Distribution**

Table 4.3 indicates the gender distribution of the respondents. Majority of the respondents were male, and they accounted for 61.1 percent ( $n = 121$ ) while 38.9 percent of were females ( $n = 77$ ). This postulates that majority of the star rated hotels in Kenya are managed by male employees. The study found that men were more likely than women to be in management positions because men value more structured labor and service procedures than women. Customer focus, on the other hand, is more important to women because it is more important to have satisfied customers as well as a good relationship with them. It is critical for hotel management to remember that male and female employees respond and behave differently depending on the stimuli in the workplace, and their performance varies as a result (Petrović et al., 2014).

**Table 4. 3: Demographic Characteristics of the Respondent**

<b>Demographic Characteristics of the Respondent</b>				
		<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Gender</b>	Male	121	61.1	61.1
	Female	77	38.9	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Age</b>	39 Years and below	31	15.7	15.7
	40-49 Years	76	38.4	54.0
	50-59 Years	65	32.8	86.9
	60 and above Years	26	13.1	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Educational Level</b>	0-Level	14	7.1	7.1
	A-Level	10	5.1	12.1
	Diploma Level	39	19.7	31.8
	Undergraduate Level	66	33.3	65.2
	Postgraduate Level	69	34.8	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Work Experience</b>	Below 5 Years	11	5.6	5.6
	5-10 Years	36	18.2	23.7
	11-15 Years	48	24.2	48.0
	16-20 Years	70	35.4	83.3
	21 and above Years	33	16.7	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	

**Source: Researcher's Data, 2021**

#### **4.5.2 Age Distribution**

The age category of the respondents was subdivided into four categories. From the analysis, it was found that majority of the hotel managers falls under the age category of 40-49 years (n = 76) accounting to 38.4 percent. Those within the age bracket of 50-59 years accounted for 32.8 percent (n = 65). Cumulatively those with 60 years and below comprised most 86.9 percent while with 60 and above accounted to 13.1 percent and this implies that hotels managers are advanced in age and this is explained

by the fact at this age, employees are more productive, since they are experienced, loyal, and work moral is high. Those with age bracket 39 and below accounted for 15.7 percent and this can be explained by the fact that at this age category, individuals may seem more productive sector but lack necessary experience which is an important factor.

#### **4.5.3 Work experience**

Table 4.3 presents the work experience of hotel managers. It is shown that majority of the respondents had work experience of 16 – 20 years (n =70, 35.4 percent). With this work experience, it implies that hotel managers have gained sufficient work experience and are more knowledgeable and thus hotel management prefers to employment such managers. This was followed by those who had worked in the current station for over 20 years; 24.37 percent (n = 22.69). The least category was those who had work experience of between 11-15 years (24.2 percent; n = 48). The third category was hotel managers who had work experience of between 5 and 10 years and this accounted for 18.2 percent (n=36). This was closely followed by those who had worked for over 21 years (n=33; 16.7 percent). The least category were hotel managers who had worked below 5 years (n=11; 5.6 percent). Armstrong & Baron (2002) opines that employee must spend 3-5 years learning about the organization's culture and those employees require time to settle in and learn about the corporate culture before they can succeed.

Cumulatively, hotel managers who had worked for more than 5 years were 94.5 percent. This further implies that work experience entails any skills and information gained by individuals while working in a certain occupation or field. Experienced hotel managers are able to improve their efficiency of the processes in the line of



activities (Kandampully, Zhang & Jaakkola, 2018) and (Uppal, Mishra & Vohra, 2014). These findings resonates with previous findings by Samuel & Chipunza (2009).

#### **4.5.4 Hotel Star Classification**

Hotels were classified as either; one star, two star, three, four star and five-star. Majority of the hotels (n =58; 29.3 percent) were three star. These types of hotels are usually spacious, appointed staff with decorated lobbies. These hotels are also located near business area with immediate approach and its immediate environment is of high standards. It is also characterized by well-furnished dining rooms and restaurants. This was followed by four-star hotels (n = 61; 30.8 percent). Two-star hotels accounted for 26.8 percent (n = 53) while five-star were 1.6 percent (n = 23). Two-star hotels have a slight improvement from the one-star hotels. They are cleaner and offers private rooms, they may have a telephone and the reception room may be opened for 24 hours. The least group were one-star hotels which were 1.5 percent (n = 3). One-star hotels are the most basic bunch of hotels and are characterized by basic amenities, beds, a reading table, and its bathrooms are shared by several floors or by the whole floor. It is also important to note that these hotels may lack a TV, telephone, or a room service.

**Table 4. 4: Demographic Characteristics of the Star Rated Hotels**

		<b>Hotel Characteristics</b>		
		<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Hotel star Classification</b>	One-star	3	1.5	1.5
	Two-star	53	26.8	28.3
	Three-star	58	29.3	57.6
	Four-star	61	30.8	88.4
	Five-star	23	11.6	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Hotel years of Operation</b>	Less than 5 years	11	5.6	5.6
	5-10 Years	12	6.1	11.6
	11-15 Years	25	12.6	24.2
	16-20 Years	45	22.7	47.0
	21-25 Years	68	34.3	81.3
	Over 25 years	37	18.7	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Number of Rooms</b>	Less than 50	23	11.6	11.6
	51-100	36	18.2	29.8
	101-150	36	18.2	48.0
	151-200	39	19.7	67.7
	Over 200	64	32.3	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Number of Branches</b>	None	46	23.2	23.2
	One	45	22.7	46.0
	Two	56	28.3	74.2
	Three	34	17.2	91.4
	Over Four	17	8.6	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Target Market</b>	International tourists	31	15.7	15.7
	Domestic tourists	38	19.2	34.8
	Both	129	65.2	100.0
	<b>Total</b>	<b>198</b>	<b>100.0</b>	
<b>Nationality of Largest visitors</b>	Kenyan	138	69.7	69.7
	Non-Kenyan	60	30.3	100.0
	Total	198	100.0	

**Source: Researcher's Data, 2021**

#### **4.5.5 Number of Rooms**

The number of rooms in hotels were classified into 5 categories: less than 50, 51-100 rooms, 101-150 rooms, 151-200 rooms and those with over 200 rooms. It was found out that majority of the hotel had over 200 rooms (n = 64; 32.3 percent). This was followed by those hotels with rooms between 151 and 200 rooms (n = 39; 19.7 percent). Cumulatively, the two categories accounted for more than half of the number of rooms. This shows that majority of the investors in hotel industry have invested in hotels with many rooms to cope with the rising demand for hotel accommodation in Kenya. The next category was those hotels with rooms 51-100 (n = 36; 18.2 percent) and 101-150 (n = 36; 18.2 percent). The last category was hotels which had less than 50 rooms (n = 23; 11.6 percent).

#### **4.5.6 Hotel Years of Operation**

The respondents were asked to give the number of years the hotels have been operational in Kenya. 34 % (n = 68) of all the star rated hotels in the study had operated in Kenya for between 21-24 years. 22.7 % (n = 45) of the star rated hotels have an operational period of between 16-20 years. Only 18.7 % companies (n = 37) had been in operation for more than 25 years. Cumulatively, it was found out that 18.7 % of the hotels have been operational between 5 years and 15 years in Kenya while those that have been in operation for less than five years (n = 11; 5.6 percent).

#### **4.5.7 Target Market and Nationality of the Visitors**

The respondents were asked on the target markets; international tourists, domestic tourists or both. It was found out that majority of the star rated hotels targeted both international and domestic tourists (n = 129; 65.2 percent). This can be attributed due to the fact that hotel management would want to increase their market base both

locally and internationally. It was also found out that the target market for the star rated hotel were domestic tourists (n = 38; 19.2 percent). This could be attributed to the fact that there are several hotels have free site that can be accessed at a very low cost hence tourists by local tourists. The findings resonate with previous finding of Jönsson & Devonish (2008). The least group of target market were international tourists (n = 31; 15.7 percent). On Nationality, majority of those who visited the star rated hotels were Kenyans (n = 138; 69.7 percent) while non-Kenyans accounted for 31.3 percent (n = 30; 30.3 percent). Star rated hotels adapts and diversifies on the desired markets and their needs to increase the occupancy level and improve their performance and thus majority of these star rated hotels will specialize on a specific target market, but due to high competition in hotel industry, most of them will target a combination of both segments.

#### **4.6 Competitive Dynamics**

The respondents were required to give the extent of agreement with statements relating to their organizations use of social media marketing. They were asked to rate their responses to the extent to which they agree statements in relation to their hotels' actions and reactions to other hotels/rival hotels social marketing campaigns using a scale of 1-5 with (1-Strongly disagree, 2- Disagree, 3- Don't Know, 4- Agree and 5- Strongly agree. The intention of this statement was to determine the extent to which hotels presents themselves on social media and how they use social media to monitor their competition and at the same time interact with their customers. The findings are tabulated in Table 4.5. On whether the hotels match their offers (such as discount price for meal) to those of others, majority of the respondents agreed with this statement as a mean of 3.77 and variance of 1.865 was recorded.

On the statement, that hotel monitors competitive products and offers of other firms; it indicated the smallest variance of 1.070 implying that the responses are closely related. It is shown that majority (Mean = 4.20 and variance = 1.524) of the respondents of the respondents agreed that hotels introduce new services to counteract their competitors offers. This implies that hotels' actions and reactions to other hotels/rivals social marketing campaigns has significant effect on performance of star rated hotels in Kenya. With the use of social media, customers have access to different types of information. concerning their experience. (Tajvidi & Karami, 2017) put forth that result the importance of social media in building relationships and confidence with consumers, suppliers, and future partners cannot be overstated.

**Table 4. 5: Competitive Dynamics**

Statement	Strongly Disagree		Disagree		Don't Know		Agree		Strongly Agree		Mean	Variance
	F	%	F	%	F	%	F	%	F	%		
When another hotel has a special deal/offering (such as discount price for meal), we generally match our offers to theirs	16	8.1	28	14.1	32	16.2	32	16.2	32	45.5	3.77	1.865
My hotel intermixes or combines various services to be unique from the others in the industry	16	8.1	10	5.1	18	9.1	55	27.8	99	50	4.07	1.524
We often introduce new services to counteract our competitors' offerings	7	3.5	14	7.1	26	13.1	37	18.7	114	57.6	4.20	1.276
Our hotel monitors competitive products and offerings of other firms	2	1.0	20	10.1	18	9.1	56	28.3	102	51.5	4.19	1.070
We have processes in place to take action where appropriate based on our social media monitoring of our competitors	12	6.1	18	9.1	18	9.1	68	34.3	82	41.4	3.96	1.420
<b>Composite Mean</b>											<b>4.04</b>	

**Source: Researcher's Data, 2021**

#### **4.7 Product Innovation**

Product innovation was constructed using five items. The respondents were required to rate the extent to which they agree on the statements using a scale of 1-5 with (1- Strongly disagree, 2- Disagree, 3- Don't Know, 4- Agree and 5- Strongly agree). Table 4.6 presents the findings of the statements posed concerning the responses by the respondents on the provided five-point Likert scale. The mean scores of between 4 and 5 have taken to represent the responses of agree and strongly agree. The score of 'I don't know' was taken to represent a mean score of 3 while the score of strongly disagree and disagree was taken to represent a mean score between 1 and 2. As reported further, majority of the respondents (mean= 4.27 and variance = 1.164) agreed that they integrate customer comments from online platforms in the product development to improve their service delivery. This was closely followed that service delivery is based on customer requirements (mean = 4.24 and variance = 1.360); they base their service delivery on customer interactions within their forums and blogs (mean = 4.21 and variance = 1.211).

The smallest variance (1.211) indicates that the responses were closer to the mean. On the statement, that hotel have services that are generated from monitoring customer communications online; it had a mean of 4.14 and a variance 1.367. Lastly, on the statement that hotels communicate with their customers to ensure that the products are developed and offer match customer demands, a mean of 4.08 and a variance of 1.634 was recorded. It implies therefore, that product innovation has a significant effect on the performance of star rated hotels in Kenya. Furthermore we can say that product Innovation has a significant effect on performance by resulting in a stronger marketplace, which provides a competitive advantage and superior performance (Walker, 2004). Product innovation among star rated hotels affects their performance

as it enhances wide range of products and services offered to their customers, this will in turn give the customers a wide range of products to choose from. Product innovation among hotels implies improved a wide range of product and services and thus edge out their competitors.



**Table 4. 6: Product Innovation**

Statement	Strongly Disagree		Disagree		Don't Know		Agree		Strongly Agree		Mean	Variance
	F	%	F	%	F	%	F	%	F	%		
We communicate with our customers to ensure that the products we develop and offer match their demands.	20	10.1	6	3.0	16	8.1	53	26.8	103	52.0	4.08	1.634
We integrate customer comments from online platforms in the product development in order to improve our service delivery	4	2.0	17	8.6	20	10.1	37	18.7	120	60.6	4.27	1.164
The hotel has services that were generated from monitoring customer communications online	11	5.6	14	7.1	15	7.6	55	27.8	103	52	4.14	1.367
Our service delivery is based on customer requirements	11	5.6	11	5.6	17	8.6	40	20.2	119	60.1	4.24	1.360
We base our service delivery from customer interactions within our forums and blogs	9	4.5	14	7.1	7	3.5	65	32.8	103	52	4.21	1.211
<b>Composite Mean</b>											<b>4.19</b>	

**Source: Researcher's Data, 2021**

#### **4.8 Firm Performance of Star Rated Hotels**

Performance of star rated hotels was measured using nine items and the respondents were required to rate the extent to which they agreed with the statement on a Likert scale of 1-5. Majority of the respondents (n= 181, 91.4%) agreed with the statement that customer complaints have gone down. This statement further showed a mean of 4.37 and a variance of 0.54. This was closely followed by the statement that there is an increase in product development (n=180, 90.9%) which had a mean of 4.41 and a variance of 0.985. (Hauser *et al.*, 2006) opine that it is widely accepted that one of the most significant topics firms' success today is in the introduction of new products to the market. It provides an opportunity to create and product not just one but a constant stream of new products as a requirement for every product-delivery business to stay competitive in the market. This is important because it contributes generating sales and increases income for a firm that would not have been produced otherwise (Annacchino, 2011).

**Table 4. 7: Performance of Star Rated of Hotels**

Statement	Strongly Disagree		Disagree		Don't Know		Agree		Strongly Agree		Mean	Variance
	F	%	F	%	F	%	F	%	F	%		
We've increased the Total number followers and fans on social media sites	8	4	16	8.1	14	7.1	49	24.7	111	56.1	4.21	1.282
Our Hotels Customer list has increased	18	9.1	24	12.1	18	9.1	70	35.4	68	34.3	3.74	1.677
Our online bookings have increased	7	3.5	14	7.1	28	14.1	59	29.8	90	45.5	4.07	1.199
Customer complaints have gone down	1	0.5	4	2.0	12	6.1	84	42.4	97	49.0	4.37	0.54
Our revenue has gone up after social media use	1	0.5	8	4.0	13	6.6	58	29.3	118	59.6	4.43	0.683
Our profits have gone up from carrying out marketing campaigns on social media	0	0	5	2.5	20	10.1	56	28.3	117	59.1	4.44	0.603
Market share has increased than that of our competitors	14	7.1	3	1.5	22	11.1	11	38.9	82	41.4	4.06	1.225
We achieved better customer satisfaction emanating from better communication on social media	1	0.5	3	1.5	26	13.1	68	34.3	100	50.5	4.33	0.638
There is an increase in product development	9	4.5	5	2.5	4	2.0	57	28.8	123	62.1	4.41	0.985
<b>Composite mean</b>											<b>4.228</b>	

**Source: Researcher's Data, 2021**

#### **4.9 Social Media Marketing**

In this section, the respondents were required to rate the extent to which they agreed with statements relating to organizations use of social media marketing using a Likert scale 1-5 (1-Strongly disagree, 2- Disagree, 3- Don't Know, 4- Agree and 5- Strongly agree) using 16 items. Table 4.8 presents the findings of the statements posed concerning the responses by the respondents on the provided five-point Likert scale. Similarly, the mean scores of between 4 and 5 have taken to represent the responses of agree and strongly agree. The score of 'don't know' was taken to represent a mean score of 3 while the score of strongly disagree and disagree was taken to represent a mean score between 1 and 2. It is evident from the Table 4.8 that the composite mean is 4.13. These shows that majority of the respondents agreed that social media marketing has a significant effect on the performance of star rated hotel in Kenya. On the statement that managers have taken an active part in developing an online brand community for their hotels, majority of the respondents agreed (n= 124, 88.4 %). It also indicated a mean of 4.46 and a variance of 0.697.

**Table 4.8: Social Media Marketing**

Statement	Strongly Disagree		Agree		Don't Know		Agree		Strongly Disagree		Mean	Variance
	F	%	F	%	F	%	F	%	F	%		
We've taken an active part in developing an online brand community for our hotel	3	1.5	3	1.5	17	8.6	51	25.8	124	62.6	4.46	0.697
We frequently provide useful information to members on our social media communities	0	0.0	16	8.1	4	2.0	57	28.8	121	61.1	4.43	0.774
In general we post messages and responses on our social media sites with enthusiasm and frequency	7	3.5	6	3.0	21	10.6	81	40.9	83	41.9	4.15	0.948
We have incorporated the products and services we offer into an online page on social media	21	10.6	8	4.0	23	11.6	64	32.3	82	41.4	3.90	1.645
We have guidelines for what's acceptable for public contributions to our organization's website, blog, and forum	3	1.5	19	9.6	33	16.7	49	24.7	94	47.5	4.07	1.162
We have established and maintained relationships with our customers on social media platforms	13	6.6	13	6.6	19	9.6	51	25.8	102	51.5	4.09	1.464
When launching new services we communicate to our customers on our social media page	7	3.5	13	6.6	24	12.1	40	20.2	114	57.6	4.22	1.237
We've developed our social media pages so that they can support the purchase process. Customers can book online	1	0.5	18	9.1	21	10.6	52	26.3	106	53.5	4.23	1.002

Our social media has a human voice that resonates with our brand	13	6.6	23	11.6	22	11.1	59	29.8	81	40.9	3.87	1.566
We have developed blogs and forums through which our clients can interact with each other and share their experiences from using our facilities	22	11.1	14	7.1	17	8.6	48	24.2	97	49.0	3.93	1.863
We update our social media pages frequently to keep our clients informed	5	2.5	20	10.1	20	10.1	30	15.2	123	62.1	4.24	1.301
Relevant and important information concerning our services is regularly posted online	10	5.1	12	6.1	15	7.6	56	28.3	105	53.0	4.18	1.276
We encourage our customers to share their experiences with us on our Social media page	11	5.6	14	7.1	17	8.6	37	18.7	119	60.1	4.21	1.434
Our customers interact with other on our social website	8	4.0	16	8.1	12	6.1	60	30.3	102	51.5	4.17	1.239
We respond and reply to customer inquiries made on our social website	7	3.5	13	6.6	14	7.1	55	27.8	109	55.1	4.24	1.149
When posting marketing campaigns we link them to our hotels marketing strategies	19	9.6	24	12.1	19	9.6	70	35.4	66	33.3	3.71	1.701
<b>Composite mean</b>												<b>4.13</b>

**Source: Researcher's Data, 2021**

#### **4.10 Factor Analysis**

According to statement by Abson, Dougill, & Stringer (2012), factor analysis explores data patterns and reduces the many variables to a more manageable, meaningful number of variables with similar characteristics. Factor analysis is technique used to reduce several factors that has multiple outcomes into small number that discover the unexplained factors influencing the covariance among multiple observations (Matsunaga, 2010). These variables represent basic concepts that are insufficiently quantified by a single variable. This technique is universally utilized in census survey research, where replies to individual questions constitute an outcome, as several or more questions are frequently related.

In factor analysis, Eigen values are used to quantify the total variation explained by each factor. Kaiser (1974) recommends that only those factors with eigenvalues equal to or greater than one be maintained. The following represents description of factor analysis on each of the variables in the study. Before determining variable reduction, it is prudent to estimate whether the sample in the study is adequate and this was done using Kaiser-Meyer-Olkin test (KMO). Variables that have KMO values above 0.70 are considered (Kaiser, 1974) and its implication is that the sample is adequate and factor analysis should proceed.

There are several techniques for data processing and dimensionality reduction, one of them and which was considered suitable in this research was principal component analysis (PCA). According to Zou, Hastie, and Tibshirani (2006), the purpose of PCA is to extract relevant information from data and illustrate the pattern of similarity of the observations and variables.

PCA can handle qualitative variables and diverse sets of variables. PCA is based on the Eigen decomposition of positive semi-definite matrices and the singular value.

#### **4.10.1 Factor Analysis on Competitive Dynamics**

The study extracted factors for the competitive dynamics. There were five items used to measure this competitive dynamics. Each of them was rated and scaled using five Likert scale. The following key was used 5-strongly agree, 4-agree, 3-don't know, 2-disagree, and 1-strongly disagree. Respondents were required to rate the statements in relation to their own hotels actions and reactions to other rival hotel's social media marketing campaigns. These constructs are described in Table 4.9. To extract items that have meaningful information on this, first the study estimated the reliability of the items using Cronbach alpha and sampling adequacy using KMO.

The sum of squares loadings entails the extraction of components explaining the total variance. It uses Eigen values to show which component has higher variance than the other. As you can see in Table 4.9, component 1 and 2 has Eigen values more than one and as earlier discussed that only components with eigen values more than one will be retained. Component 1 had Eigen values of 3.158 explaining 63.151 percent of the total variation. Component 2 had 1.012 Eigen values and it explained 20.235 percent. Cumulatively, component 1 and 2 together explained 83.386 percent while the remaining components only explained 16.614 percent (100%-83.386%). The number of components is equal to number of items. Meaning when we consider component 1 and 2, components 3,4 and 5 were not considered and this indicates they had eigen values less than 1 and for that case they only explained 16.614 percent of the total variation.



The KMO value was  $0.805 > 0.70$  implying that the sample was adequate for factor analysis to proceed (Kaiser, 1974). Bartlett's Test of Sphericity which is a Chi-square test was significant at probability 0.000. After confirmation of the KMO and significance of Bartlett's Test of Sphericity, the study proceeded by extracting components based on their factor loadings. From the results in Table 4.9, only item 'We have processes in place to act where appropriate based on our social media monitoring of our competitors' had factor loadings of 0.050 which is less than 0.50 and according to recommendation by Hair *et al.*, (2014) this construct failed to be retained and thus removed. All the other items were considered.

**Table 4. 9: Factor Extraction on Competitive Dynamics**

<b>Likert Scale</b>			
<i>5-strongly agree,4-agree, 3-don't know,2-disagree, and 1-strongly disagree</i>			
<b>Extraction sum of squares loadings</b>			
<b>Component</b>	<b>Total</b>	<b>% Variance</b>	<b>Cumulative %</b>
1	3.158	63.151	63.151
2	1.012	20.235	83.386
			<b>Commonalities</b>
<b>Constructs</b>	<b>Factor Loading Extraction</b>		
When another hotel has a special deal/offering (e.g., discount price for meal), we generally match our offers to theirs	0.813		
My hotel intermixes or combines various services so as to be unique from the others in the industry	0.918		
We often introduce new services to counteract our competitors' offerings	0.866		
Our hotel monitors competitive products and offerings of other firms	0.949		
We have processes in place to take action where appropriate based on our social media monitoring of our competitors	0.050		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 3 iterations.			
<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.805
Bartlett's Test of Sphericity	Approx. Chi-Square	609.110	
	Df	10	
	Sig	0.000	

**Source: Researcher's Data, 2021**

#### **4.10.2 Factor Analysis on Product Innovation**

The KMO value for product innovation was 0.892 which is greater than 0.70 indicating that factor analysis proceeded and that the sample was adequate (Kaiser, 1974). Bartlett's Test of Sphericity had a chi-square of 879.591 and significant at p-value of 0.000.

**Table 4. 10: Factor Extraction on Product Innovation**

<b>Likert Scale</b>			
<i>5-strongly agree,4-agree, 3-don't know,2-disagree, and 1-strongly disagree</i>			
<b>Extraction sum of squares loadings</b>			
<b>Component</b>	<b>Total</b>	<b>% variance</b>	<b>Cumulative %</b>
1	4.047	80.945	80.945
<b>Constructs</b>			<b>Commonalities Factor Loading Extraction</b>
We communicate with our customers to ensure that the products we develop and offer match their demands.			0.918
We integrate customer comments from online platforms in the product development in order to improve our service delivery.			0.929
The hotel has services that were generated from monitoring customer communications online			0.905
Our service delivery is based on customer requirements			0.895
We base our service delivery from customer interactions within our forums and blogs			0.849
Extraction Method: Principal Component Analysis.			
<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.892
Bartlett's Test of Sphericity		Approx. Chi-Square	879.591
		Df	10
		Sig	0.000

**Source: Researcher's Data, 2021**

From the results in Table 4.10, construct 'We communicate with our customers to ensure that the products we develop and offer match their demands' had factor loadings of  $0.918 > 0.50$ , 'We integrate customer comments from online platforms in the product development in order to improve our service delivery' had loadings of 0.929, 'The hotel has services that were generated from monitoring customer communications online' had 0.905 factor loaded, 'Our service delivery is based on customer requirements' loadings of 0.895 and finally the construct 'We base our service delivery from customer interactions within our forums and blogs' had factor loading of 0.849. All loadings were greater than 0.50 (made 50 per cent threshold) and as per Hair *et al.*, (2014), all were retained. Further, component 1 of these

constructs had eigen values of 4.047 which alone explained 80.945 percent total variation, and this implies the rest explained less than 20 percent of total variance.

#### **4.10.3 Factor Analysis on Firm Performance**

There were nine items used to measure performance of star rated hotels (the dependent variable). These statements were factored, and results are as shown in Table 4.11. As per the KMO measure of sampling adequacy, it was significant at p-value 0.000 (Bartlett's Test of Sphericity), and the value (0.812) made the threshold (above 0.70). In this case, there were three components considered (have eigen values above 1). The three components explained 72.379 percent of the total variation with component 1 explaining 45.850, component 2 explaining 15.292 percent and component 3 explaining 11.237 percent. All the statements were retained.

On each item, some had factor loading above 70 percent for instance 'Our Hotels Customer list has increased' had factor loading of 0.982, 'Our revenue has gone up after social media use' with loadings 0.768, 'Our profits have gone up from carrying out marketing campaigns on social media' 0.765, 'Market share has increased than that of our competitors' 0.783, and 'There is an increase in product development' had 0.761 loadings while some had less than 70 percent factor loadings. These are 'We've increased the total number followers and fans on social media sites' which had factor loading of 0.623, 'Our online bookings have increased' loaded with 0.659 factors, 'Customer complaints have gone down' have loadings of 0.648 and finally, 'We achieved better customer satisfaction emanating from better communication on social media' had factor loading of 0.576. Therefore, these statements were all used to generate a new variable 'firm performance'.

**Table 4. 11: Factor Extraction on Firm Performance**

<b>Likert Scale</b>			
<i>5-strongly agree,4-agree, 3-don't know,2-disagree, and 1-strongly disagree</i>			
<b>Extraction sum of squares loadings</b>			
<b>Component</b>	<b>Total</b>	<b>% Variance</b>	<b>Cumulative %</b>
1	4.126	45.850	45.850
2	1.376	15.292	61.142
3	1.011	11.237	72.379
			<b>Commonalities</b>
<b>Constructs</b>			<b>Factor Loading Extraction</b>
We've increased the Total number followers and fans on social media sites			0.623
Our Hotels Customer list has increased			0.982
Our online bookings have increased			0.659
Customer complaints have gone down			0.648
Our revenue has gone up after social media use			0.768
Our profits have gone up from carrying out marketing campaigns on social media			0.715
Market share has increased than that of our competitors			0.783
We achieved better customer satisfaction emanating from better communication on social media			0.576
There is an increase in product development			0.761
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 4 iterations.			
<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.812
Bartlett's Test of Sphericity	Approx. Chi-Square	763.620	
	Df	36	
	Sig	0.000	

**Source: Researcher's Data, 2021**

#### **4.10.4 Factor Analysis on Social Media Marketing**

The independent variable in this study is the hotel presence on social media networks and how it employs it for marketing purposes. Respondents were required to rate using Likert scale. The items or rather statements were subjected to factor analysis to determine which among them measure similar characteristics. Loadings were used and before that, KMO measured of sampling adequacy confirmed that factor analysis should proceed. Results in Table 4.12 present the factor loading extracted. KMO was above 0.70 (0.913 and its Bartlett's Test of Sphericity was significant). Factor analysis

proceeded and each item was loaded. All made the criteria (they have loadings above 0.50 as per Hair et al., 2014).

There were four components with eigen values above 1. Component 1 had higher eigen value of 8.845. This alone explained 55.279 percent of the total variance accounted on each factor. Components 2, 3 and 4 had eigen values 1.262, 1.155, and 1.041, respectively as presented by Table 4.12. The total variation accounted by these components were 76.888 percent. The items with high factor loaded on them were 'We respond and reply to customer inquiries made on our social website' with factor loaded of 0.906, 'We've developed our social media pages so that they can support the purchase process. Customers can book online' 0.884 loadings, 'We have established and maintained relationships with our customers on social media platforms' with 0.848 loadings, 'We have developed blogs and forums through which our clients can interact with each other and share their experiences from using our facilities' had loadings of 0.847, 'We've taken an active part in developing an online brand community for our hotel' 0.824, 'We have guidelines for what's acceptable for public contributions to our organization's website, blog, and forum' had high loading of 0.812 but the constructs 'Our social media has a human voice that resonates with our brand' and 'In general, we post messages and responses on our social media sites with enthusiasm and frequency' had the least factor loaded on them at 0.541 and 0.576 respectively. The other remaining had average factor loadings above 70 percent.

**Table 4. 12: Factor Extraction on Social Media Marketing**

<b>Likert Scale</b>			
<i>5-strongly agree,4-agree, 3-don't know,2-disagree, and 1-strongly disagree</i>			
<b>Extraction sum of squares loadings</b>			
<b>Component</b>	<b>Total</b>	<b>% variance</b>	<b>Cumulative %</b>
1	8.845	55.279	55.279
2	1.262	7.887	63.166
3	1.155	7.218	70.384
4	1.041	6.504	76.888
			<b>Commonalities</b>
<b>Constructs</b>	<b>Factor Loading Extraction</b>		
We've taken an active part in developing an online brand community for our hotel.	0.824		
We frequently provide useful information to members on our social media communities	0.765		
In general, we post messages and responses on our social media sites with enthusiasm and frequency	0.576		
We have incorporated the products and services we offer into an online page on social media	0.789		
We have guidelines for what's acceptable for public contributions to our organization's website, blog, and forum	0.812		
We have established and maintained relationships with our customers on social media platforms	0.848		
When launching new services, we communicate to our customers on our social media page	0.712		
We've developed our social media pages so that they can support the purchase process. Customers can book online	0.884		
Our social media has a human voice that resonates with our brand	0.541		
We have developed blogs and forums through which our clients can interact with each other and share their experiences from using our facilities	0.847		
We update our social media pages frequently to keep our clients informed	0.770		
Relevant and important information concerning our services is regularly posted online	0.793		
We encourage our customers to share their experiences with us on our social media page	0.779		
Our customers interact with other on our social website	0.732		
We respond and reply to customer inquiries made on our social website	0.906		
When posting marketing campaigns, we link them to our hotels marketing strategies	0.725		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 4 iterations.			
<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.913
Bartlett's Test of Sphericity	Approx. Chi-Square		2891.298
	Df		120
	Sig		0.000

**Source: Researcher's Data, 2021**

#### 4.11 Correlation Analysis

Correlation analysis shows how variables are related to each other in terms of the magnitude and strength of association. There are several methods of estimating correlation, which consists of Spearman coefficient, Pearson correlation coefficient and Kendall's correlation coefficient. In this study Pearson pair wise correlation ( $\rho$ ) was used. Correlation coefficient ( $\rho$ ) ranges from -1 and +1. When the value for  $\rho$  is +1 then variables have perfect positive association, -1 implies perfect negative association. Values close to zero are said to be weak correlation otherwise strong correlation.

The results in Table 4.13 indicates that social media marketing and hotel performance is positive ( $\rho = .696$ ) and significant. Product innovation and competitive dynamics positively and significant correlation with firm performance with respective Pearson correlation coefficient  $\rho = .674$  and  $\rho = .643$ . Social media marketing and product innovation are strongly correlated. This implies that social media marketing together with product innovation and competitive dynamics correlates with firm performance of the star rated hotels in Kenya.



**Table 4. 13: Pearson Correlation Result**

		Correlations			
		FP	SMM	PI	CDS
FP	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	198			
SMM	Pearson Correlation	.696**	1		
	Sig. (2-tailed)	.000			
	N	198	198		
PI	Pearson Correlation	.674**	.838**	1	
	Sig. (2-tailed)	.000	.000		
	N	198	198	198	
CDS	Pearson Correlation	.643**	.822**	.743**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	198	198	198	198

\*\* . Correlation is significant at the 0.01 level (2-tailed).

#### 4.12 Diagnostic Tests

In regression modeling which is a mathematical representation of what and how independent variables are related to dependent variables. There are assumptions presented by regression models that must be adhered to if collected data is to reliable and valid. The following are the assumptions that underline multiple regression model of analysis that were tested. Normality, multicollinearity, homoscedasticity, and autocorrelation.

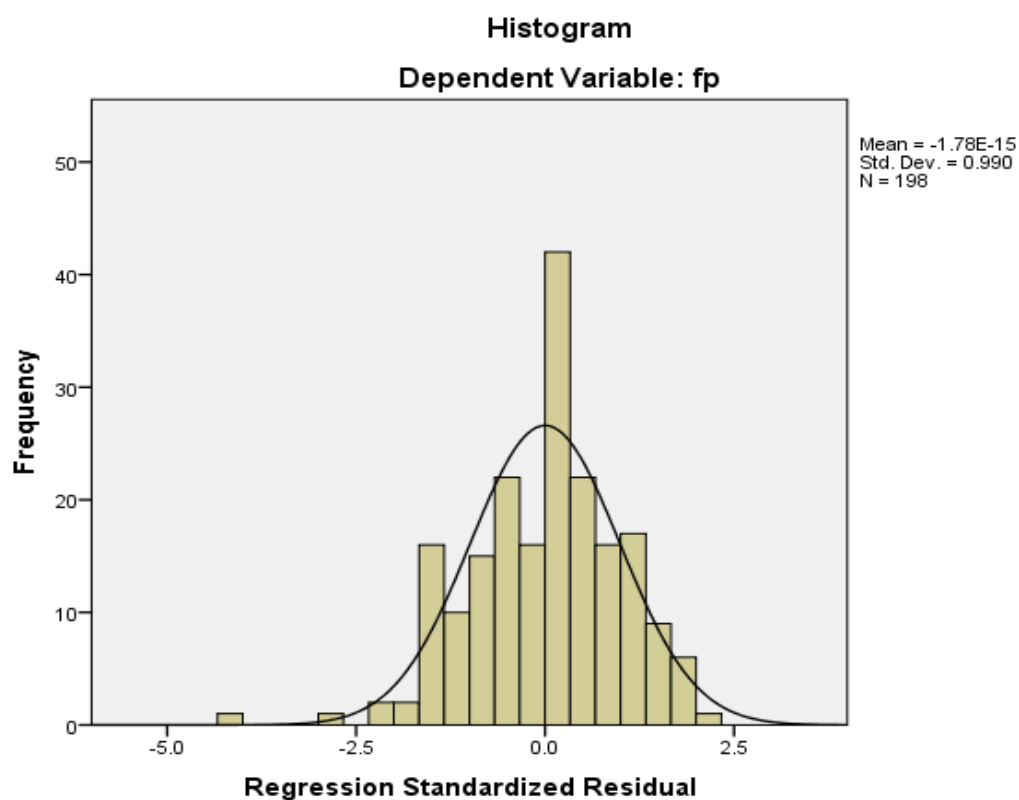
##### 4.12.1 Normality Test

Normality is a critical assumption in multivariate analysis (Hair *et al.*, 2010). It is assumed that the mistakes in the dependent variable's prediction value are normally distributed. The term "normality" refers to a continuous variable's scores being regularly distributed around the mean. Residuals or error terms that arise from the difference between observed value the dependent variable and independent variable should follow normal distribution. Normality was tested using Shapiro –Wilk or Kolmogorov-Smirnov test as shown in Table 4.14. Results showed that data followed

normal distribution. Figure 4.1 showed graphical distribution of the standardized residual. The concave shape shows a normal distribution.

**Table 4. 14: Shapiro-Wilk W test For Normal Data**

Variable	Obs	W	V	Z	Prob>z
FP	198	0.94131	8.679	1.345	0.177
SMM	198	0.95535	6.872	1.453	0.147
CDS	198	0.95068	7.293	1.861	0.063
PI	198	0.91193	13.024	1.938	0.052



**Figure 4. 1: Graph Showing Normal Distribution**

#### 4.12.2 Test for Multicollinearity

Multicollinearity is detected using variance inflation factor (VIF). In multiple regression assumption, multicollinearity is one of the central tests. Multicollinearity occurs when the model includes multiple factors (independent variables) that are correlated not just to the response variable, but also to each other. It refers to situation

where the independent variables that are correlated with each other. The presence of multicollinearity can adversely affect your regression results. Table 4.15 below shows that the tolerance (1/VIF) are below 10 showing there was no multicollinearity between the independent variables. Tolerance measures the influence of one independent variable on all other independent variables.

**Table 4. 15: VIF Test for Multicollinearity**

<b>Variables</b>	<b>Variance Inflation Factors (VIF)</b>	<b>Tolerance (1/VIF)</b>
SMM	4.79	0.208695
PI	3.47	0.288133
CDS	3.18	0.314638
<b>Mean VIF</b>	<b>3.81</b>	

**Source: Researcher's Data, 2021**

#### **4.12.3 Test for Homoscedasticity**

Homoscedasticity is one of the central assumptions to linear regression models. Homoscedasticity is a statistical property that characterizes a situation in which the error term (random disturbance in the relationship between the independent variables and the dependent variable) is constant across all independent variable values.

**Table 4. 16: Breusch-Pagan / Cook-Weisberg test for Heteroskedasticity**

<b>Breusch-Pagan / Cook-Weisberg test for heteroskedasticity</b>
H0: Constant Variance
Variables: fitted values of firm performance
Chi-square: 1.162
Prob > chi-square = 0.0507

**Source: Researcher's Data, 2021**

Variance of residuals should be homogenous or equally distributed across all the predicted values. From the results presented in Table 4.16 Breusch-Pagan/Cook-Weisberg indicates that the probability of Chi-square is greater than 0.05 level of

significance implying that the null hypothesis of constant variance is accepted, and this indicates that the variance of residuals is homogenous.

#### 4.12.4 Test for Autocorrelation

The study used Breusch-Godfrey Lagrangian Multiplier test for presence of autocorrelation. Autocorrelation occurs when the residuals are not independent from each other. Results shows that the F-statistic is significant ( $p$ -value = 0.0070). The Durbin Watson statistics test also checks for the presence of autocorrelation. The Durbin Watson statistics was found to be (2.0736) which lie between 1.5 and 2.6 hence no presence of autocorrelation.

**Table 4. 17: Breusch-Godfrey Serial Correlation LM Test**

F-statistic	5.090160	Prob. F(2,195)		<b>0.0070</b>
Obs*R-squared	9.824057	Prob. Chi-Square(2)		0.0074
Test Equation:				
Dependent Variable: RESID				
Included observations: 198				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
SMM	-0.003406	0.011290	-0.301683	0.7632
RESID(-1)	0.068602	0.070293	0.975942	0.3303
RESID(-2)	0.207281	0.070218	2.951948	0.0035
R-squared	0.028857	Mean dependent var		0.101707
Adjusted R-squared	0.018897	S.D. dependent var		0.689918
S.E. of regression	0.683369	Akaike info criterion		2.091471
Sum squared residual	91.06356	Schwarz criterion		2.141293
Log likelihood	-204.0556	Hannan-Quinn criteria		2.111637
<b>Durbin-Watson stat</b>	<b>2.073602</b>			

**Source: Researcher's Data, 2021**

#### 4.13 Model Estimation and Test of Hypothesis

The main objective of this research was to examine moderated mediation effect of competitive dynamics on the link between social marketing, product innovation and firm performance among star rated hotels in the Kenyan hotel industry. To attain the state research objective, this study adopted Hayes model 8 formulated by Hayes (2013)

that can give a substantial result from the relationship developed by the study variables. The result would be used to make inference on how the said factors affects performance of the star rated hotels in Kenya.

#### **4.13.1 Results for Direct Effects**

Data was analyzed and results presented in form a table as shown in Table 4.18. First the study estimated the direct effects of social media marketing on firm performance, direct effects of competitive dynamics on firm performance and finally on direct effects the study determined the direct effect of product innovation on firm performance. Secondly, the study tested the indirect effects that is the mediation of product innovation, moderation, and moderated mediation effects of competitive dynamics respectively. Results indicates the R-square of .541 and adjusted R-square of .531. This is an implication that both control variable (star rating), social media marketing, product innovation and competitive dynamics directly explained at least 54.10 percent of the total variation of firm performance. Further, the significant F-statistic of 56.767 implies the model estimated was fit.

**Table 4. 18: Regression for Direct Effects**

<b>Model Summary</b>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.735 <sup>a</sup>	.541	.531	.496		
a. Predictors: (Constant), cds, Hotel star classification, pi, smm						
<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	55.813	4	13.953	56.767	.000 <sup>b</sup>
	Residual	47.439	193	.246		
	Total	103.253	197			
<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.978	.164		12.087	.000
	Hotel star classification	.075	.026	.153	2.833	.005
	Smm	.236	.081	.310	2.894	.004
	Pi	.179	.061	.265	2.917	.004
	Cds	.090	.062	.127	1.439	.152
a. Dependent Variable: fp						

From the above table it shows that hotel star classification which was the moderator had a Beta coefficient and probability level of ( $\beta = 0.153, p = 0.005$ ), Social Media Marketing ( $\beta = 0.310, p = 0.004$ ), Product innovation ( $\beta = 0.265, p = 0.004$ ) and competitive Dynamics ( $\beta = 0.127, p = 0.152$ ) respectively.

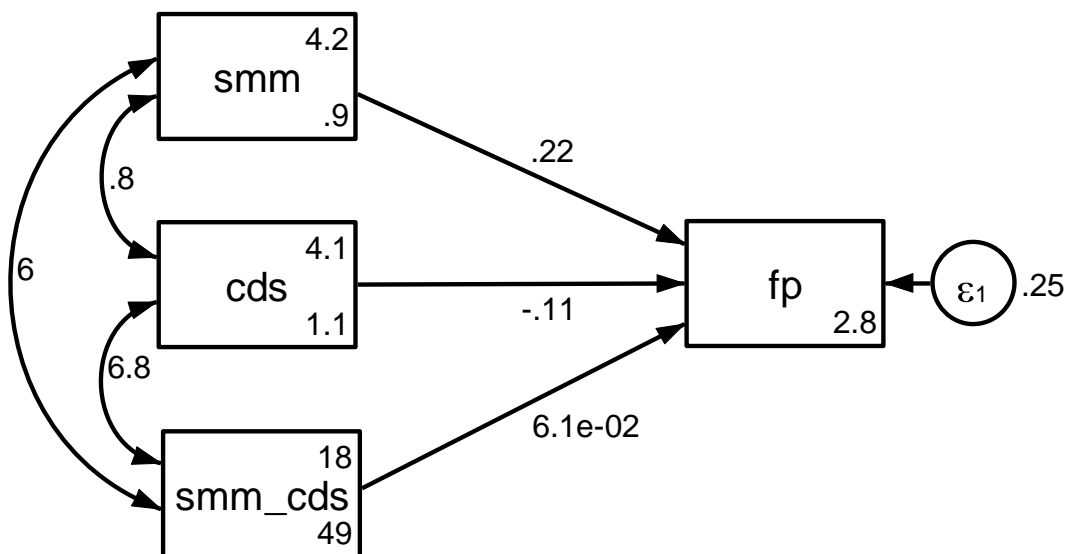
#### **4.13.2 Moderation Effects of Competitive Dynamics**

The target model converged at the first interaction. Estimation method is maximum likelihood (ml). Results shows social media marketing (SMM) positively and significantly affected firm performance of star rated hotels in Kenya. SMM had a probability level of ( $\beta = 0.2244$ ) which is greater than the 5 percent significant level. Competitive dynamics (CDS) on the other hand did not show any significant

influence on hotel performance but when interacted with SMM and FP as a moderator, it enhanced the relationship. When competitive dynamics was used as a moderator on the relation between SMM and FP it affected the relationship positively with probability of ( $\beta = 0.0611$ ,  $p = 0.009$ ) which is greater than the 5 percent significant level. In this scenario, we can say that CDS have no direct influence on FP but can act as a moderator. Further, these relationships can be demonstrated graphically as shown in Figure 4.2. The direct line arrows represent the relationship while the line arrow double represents the covariance relationship existing between the variables. The covariance quantifies the linear dependency between two random variables by locating any two that differ by a constant in the subspace of random variables with finite second moment.

**Table 4. 19: Results for Moderation of Competitive Dynamics**

Fitting Target Model						
Iteration 0: Log likelihood		=-955.28846				
Iteration 1: Log likelihood		=-955.28846				
Estimation method = ml		No. of Observation = 198				
FP	Coef.	Std. Err	Z	p> z	[ 95% conf. Interval]	
SMM	0.2244	0.0921	2.44	0.015	0.0438	0.4049
CDS	-0.1132	0.1186	-0.95	0.340	-0.3457	0.1193
SMM*CDS	0.0611	0.0233	2.62	0.009	0.0154	0.1067
Constant	2.7842	0.3211	8.67	0.000	2.1550	3.4135
Variance						
e.FP	0.2518	0.0253			0.2068	0.3067
Covariance						
SMM	Coef.	Std. Err	Z	p> z	[ 95% conf. Interval]	
CDS	0.8013	0.0167	47.91	0.000	0.768	0.8341
SMM*CDS	5.9888	0.0633	94.59	0.000	5.8647	6.1129
CDS	Coef.	Std. Err	Z	p> z	[ 95% conf. Interval]	
SMM*CDS	6.829	0.0345	197.95	0.000	6.7619	6.8971

**Figure 4. 2: Path Diagram for Moderation Effects**

Source: Researcher's Data, 2021

#### 4.13.3 Testing for Mediation Effects of Product Innovation

Table 4.20 and Figure 4.3 represent result for mediation effect of product innovation on the relationship between social media marketing and Firm performance of star rated hotels in Kenya. Before looking into mediation, it is good to understand the link



between the independent variable (SMM) and the mediating variable (PI). It was found that social media marketing affected product innovation positively ( $\beta = 0.946, p = 0.000$ ) and significant at 5 percent level. Further, the relationship between the mediating variable (PI) and the dependent variable (FP) was also positive and significant with coefficient and probability ( $\beta = 0.204$ ) and ( $p = 0.001$ ) respectively. Finally, social media marketing affect performance (FP) positively and had a significant relationship( $\beta = 0.337$ ) .

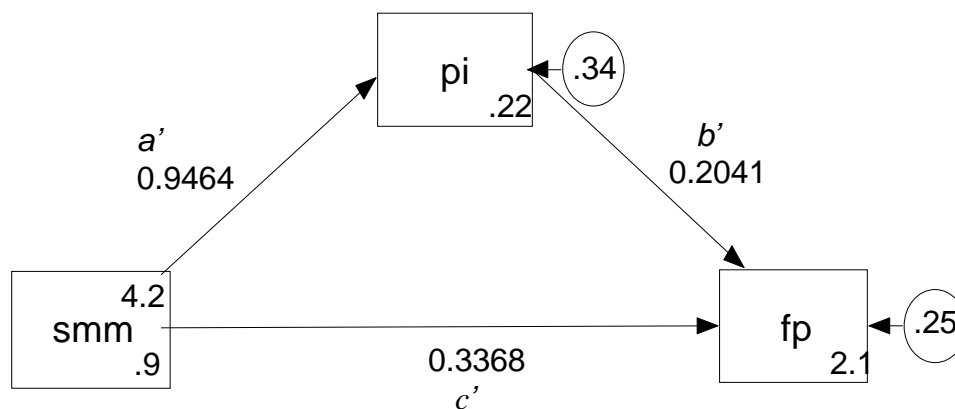
**Table 4. 20: Results for Mediation Effects of Product Innovation**

<b>Fitting Target Model</b>						
Iteration 0: Log likelihood		=-590.37309				
Iteration 1: Log likelihood		=-590.37309				
Estimation method = ml		No. of Observation = 198				
<b>PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	0.9464	0.0437	21.64	0.000	0.8607	1.0321
Constant	0.2163	0.1892	1.14	0.253	-0.1546	0.5871
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
PI	0.2041	0.0614	3.32	0.001	0.0837	0.3245
SMM	0.3368	0.6933	4.86	0.000	0.2009	0.4726
Constant	2.0719	0.1641	12.63	0.000	1.7504	2.3935
<b>Variance</b>						
e.PI	0.3407	0.0342			0.2798	0.4149
e.FP	0.2545	0.0256			0.2090	0.3099
<b>Direct Effects</b>						
<b>PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	0.9464	0.0437	21.64	0.000	0.8607	1.0321
CDS	0.5461	0.1781	3.07	0.003	0.7977	1.4299
SMM*CDS	-0.0948	0.0417	-2.27	0.024	-0.1770	-0.0126
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
PI	0.2041	0.0614	3.32	0.001	0.0837	0.3245
SMM	0.3368	0.0693	4.86	0.000	0.2009	0.4726
<b>Indirect Effects</b>						
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	0.1932	0.0588	3.28	0.001	0.0779	0.3084
<b>Total Effects</b>						
<b>PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	0.9464	0.0437	21.64	0.000	0.8607	1.0321
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
PI	0.2041	0.0614	3.32	0.001	0.0837	0.3245
SMM	0.5299	0.0388	13.65	0.000	0.4538	0.6060

**Source: Researcher's Data, 2021**

To test for mediation and according to Preacher and Kelley (2011), statistical analysis of mediation has been indispensable tool in understanding investigation processes thought to be causal. Before investigating the mediation analysis, the study adopted Baron and Kenny's steps suggest by Baron and Kenny (1986). Mediation models according to Barron and Kenney (1987) identifies and

explains mechanism through which the underlying relationship between the independent variables and the dependent variable can be influenced by non-observed third variable called the mediator. The mediation model suggests that the mediator is affected by an independent variable, which in turn affects the dependent variable. The mediating variable therefore clarifies the essence of the relation between the independent variable and the dependent variable.



**Figure 4. 3: Path Diagram for Mediation Effect of Product Innovation**

Mediation occurs when the indirect effects is significant. Indirect effects of the mediation effect is the effect of the social media marketing (SMM) on firm performance (FP) through the influence of product innovation (PI). Graphically, Figure 4.3 presents the path analysis where the influence of SMM on PI is referred to as path  $a'$  and effect of PI on FP is path  $b'$  while path  $c'$  is the effect of SMM on FP according (MacKinnon & Luecken, 2008; MacKinnon, Cheong & Pirlott, 2012); Barron & Kenny 1986).

The total effect is the sum of indirect and direct effects where indirect effects is the product of path  $a$  and path  $b'$  ( $ab$ ). Thus, according to the results, path( $a' = 0.9464$ ), path ( $b' = 0.2041$ ) and path ( $c' = 0.3368$ ). The mediation effect (indirect effect of SMM on FP through PI) is  $ab = 0.9464 * 0.2041 = 0.1932$ . Now the total effect is

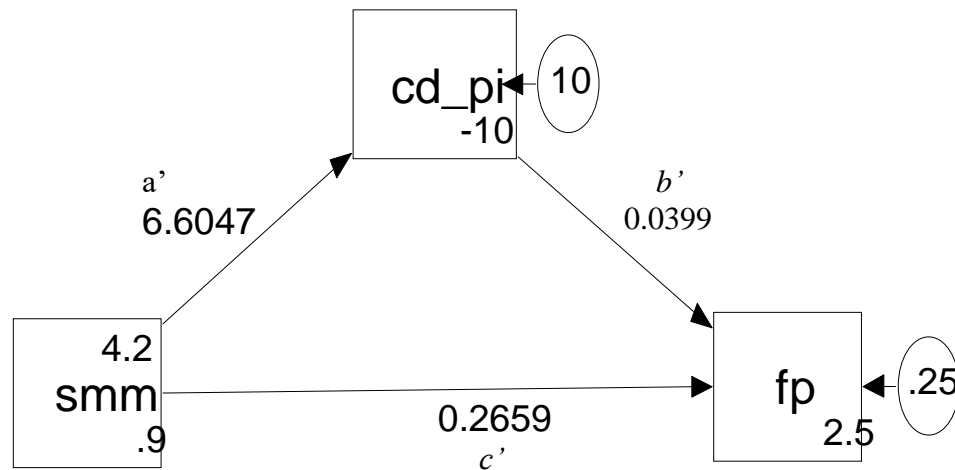
$ab + c' = 0.5299$ . Comparing the effect of SMM on FP without the mediation effect of PI and result of SMM on FP with mediation was ( $c' = 0.3368$ ) and significant at ( $p = 0.000$ ) before and it has changed to 0.5299 after bringing in the mediator showing that the magnitude has improved and that means product innovation acts as a strong mediator on the direct relationship between SMM and FP.

#### **4.13.4 Testing for Moderated Mediation**

Testing for moderated mediation of competitive dynamics on the link between social media marketing, product innovation and firm performance among star rated hotels in Kenya was the main objective of this study. It was finding out whether competitive dynamics enhanced the mediating relationship of product innovation with respect to social media marketing and firm performance. Results in Table 4.19 and Figure 4.4, indicates that social media marketing has a positive and significant effect in FP ( $\beta = 0.2659$ ), the moderator competitive dynamics has a positive effect on FP ( $\beta = 0.0399$ ). The direct effect of social media marketing to the interaction term of Competitive Dynamics\*Product Innovation was ( $\beta = 6.6047$ ).

**Table 4. 21: Moderated Mediation Results**

<b>Fitting Target Model</b>						
Iteration 0: Log likelihood		=-927.87647				
Iteration 1: Log likelihood		=-927.87647				
Estimation method = ml		No. of Observation = 198				
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
CDS*PI	0.0399	0.0111	3.61	0.000	0.0183	0.0617
SMM	0.2659	0.0822	3.24	0.001	0.1048	0.4269
Constant	2.5160	0.1968	12.78	0.000	2.1302	2.9017
<b>CDS*PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	6.6047	0.2416	27.34	0.000	6.1312	7.0783
Constant	-10.0028	1.0455	-9.57	0.000	-12.0520	-7.9536
<b>Variance</b>						
e.PI	0.2521	0.0253			0.2070	0.3070
e.CDS*PI	10.4031	1.0456			8.5431	12.6681
<b>Direct Effects</b>						
<b>CDS*PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	6.6047	0.2416	27.34	0.000	6.1312	7.0783
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
CDS*PI	0.0399	0.0111	3.61	0.000	0.0183	0.0617
SMM	0.2659	0.0822	3.24	0.001	0.1048	0.4269
<b>Indirect Effects</b>						
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	0.2635	0.0737	3.58	0.000	0.1196	0.4085
<b>Total Effects</b>						
<b>CDS*PI</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
SMM	6.6047	0.2416	27.34	0.000	6.1312	7.0783
<b>FP</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>Z</b>	<b>p&gt; z </b>	<b>[ 95% conf. Interval]</b>	
CDS*PI	0.0399	0.0111	3.61	0.000	0.0183	0.0617
SMM	0.5299	0.0388	13.65	0.000	0.4538	0.6060



**Figure 4. 4: Path Diagram for Moderated Mediation**

Source: Researcher's Data, 2021

Furthermore, CDS\*PI to FP was 0.0399. The measure of moderated mediation is the simulated term of the product of path *a* and path *b* which gives  $6.6047 * 0.0399 = 0.2635$  and it was significant. The total effect finally becomes 0.5295 (the addition of 0.2635 and 0.2659). The study empirically justified that the moderated mediation of competitive dynamics enhanced the relationship between social media marketing, product innovation and firm performance of star rated hotels in Kenya.

#### 4.14 Interpretation of the Hypotheses

This study aimed at determining the moderated mediation effect of competitive dynamics on the link between social marketing, product innovation and firm performance among the Kenyan hotel industry. Each of the objective was hypothesized, tested and results showed some significant findings. Specifically, the study determined the effect of social media marketing on performance of star rated hotels in Kenya, determined the effect of product innovation on performance, determined the effect of competitive dynamics on performance, determined the moderating effect of competitive dynamics on the relationship between social media

marketing and product innovation among hotels. Also investigated the significant effect of social media marketing on product innovation, examined the mediating effect of product innovation on the relationship between social media marketing and performance and finally determined the moderated-mediating effect of competitive dynamics on the indirect relationship between social media marketing and performance of star rated hotels in Kenya through product innovation.

**H<sub>01</sub>: Social media marketing has no significant effect on the performance of star rated hotels in Kenya.**

The first hypothesis H<sub>01</sub>: stated that social media marketing has no significant effect on performance of star rated hotels in Kenya. Based on the results presented in Table 4.18 and Figure 4.2 indicates that social media marketing positively and significantly affects hotel performance ( $\beta = 0.310, p = 0.004$ ). Therefore, this hypothesis was rejected and concluded that social media marketing enhances the performance of star rated hotels in Kenya. This implies that online branding, frequent provision of information, offering products and services online using social web pages can lead to an improved performance of hotels in terms of increased number of customers, increase revenues and increased market share than that of their competitors.

**H<sub>02</sub>: Competitive dynamics has no significant effect on the performance of star rated hotels in Kenya.**

The second objective was hypothesized as follows H<sub>02</sub>: Competitive dynamics has no significant effect on performance of star rated hotels in Kenya. Since results showed insignificant influence of competitive dynamics to directly affect the performance as evident by insignificant coefficient of  $\beta = 0.127$ , and probability  $p = 0.152$  which is greater than the 5 percent level of significance. This implies that the hypothesis holds,

and the research had no sufficient evidence. Thus, the second hypothesis failed to be rejected.

**H<sub>03</sub>: Product Innovation has no significant effect on the performance of star rated hotels in Kenya.**

Before testing for mediation effects (indirect effects), it is necessary to evaluate and understand the effect of mediating variable (product innovation) and the dependent variable (firm performance). The third hypothesis stated that H<sub>03</sub>: Product Innovation has no significant effect on the performance of star rated hotels in Kenya. Table 4.18 showed that product innovation (PI) influences firm performance positively ( $\beta = 0.265, p = 0.004$ ). This indicates that product innovation of star rated hotels have strong association with their performance and implies that product development, hotel services and customer communication can enhance performance of the hotels. Due to this significance, the hypothesis was rejected and concluded that star rated hotels' performance can be influenced significantly by the product innovation.

**H<sub>04</sub>: Competitive dynamics has no significant moderating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.**

The fourth hypothesis stated that H<sub>04</sub>: Competitive dynamics has no significant moderating effect on the relationship between social media marketing and firm performance among star rated hotels in Kenya. Results confirmed that even though competitive dynamics had no direct effect on FP but rather can act as moderator. This is because the interaction of SMM and CDS positively and significantly affected FP with respective coefficient and p-value of 0.061 and 0.009 as shown in Table 4.19. This hypothesis was rejected and concluded that the study had enough evidence to



show that competitive dynamics moderates the link between social media marketing and performance of star rated hotels in Kenya.

**H<sub>05</sub>: Competitive dynamics has no significant moderating effect on the relationship between social media marketing and product innovation of star rated hotels in Kenya.**

The fifth hypothesis stated that H<sub>05</sub>: Competitive dynamics has no significant moderating effect on the relationship between social media marketing and product innovation of star rated hotels in Kenya. Results presented in table 4.20 indicates that competitive dynamics moderated though in a negative direction the relationship between social media marketing and product innovation ( $\beta = -0.095, p = 0.024$ ). Since this moderating role was significant, the hypothesis was rejected and concluded that competitive dynamics influences the link between social media marketing and product innovation.

**H<sub>06</sub>: Social media marketing does not have a significant effect on product innovation among star rated hotels in Kenya**

The sixth objective was hypothesized as H<sub>06</sub> Social media marketing does not have a significant effect on product innovation among star rated hotels in Kenya. This was estimated to find out how social media marketing can affect product innovation. Results showed that social media and product innovation have a strong and significant linkage ( $\beta = 0.946, p = 0.000$ ). Thus, the hypothesis H<sub>06</sub> was rejected and conclusion is that social media platforms can be used as marketing tool to promote innovations for star rated hotels in Kenya.

**H07: Product innovation has no significant mediating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.**

Further, this study tested for the mediation effect of product innovation. To do this, hypothesis seven stated that H07: Product innovation has no significant mediating effect on the relationship between social media marketing and performance of star rated hotels in Kenya. Results indicates product innovation significantly mediates the relationship between social media marketing and hotel performance. This null hypothesis was rejected and alternative accepted. This is because of significant effect ( $\beta = 0.193, p = 0.001 < 0.05$ ) as shown in table 4.20 and it implies that social media marketing affects performance through the influence of product innovation. Product innovation plays a very important role by enhancing online customer interactions, generate and monitoring customer communication.

**H08: Competitive dynamics has no significant moderating effect on the indirect relationship between social media marketing and Performance of star rated hotels in Kenya through Product Innovation.**

Lastly, the study sought to find out the significant moderated mediation of competitive dynamics and product innovation. The aim was to investigate mediation influence of product innovation when moderated with competitiveness. Product innovation is moderated first before acting as a mediator. To answer this objective, the following hypothesis was formulated and tested H08: Competitive dynamics has no significant moderating effect on the indirect relationship between social media marketing and Performance of star rated hotels in Kenya through product innovation. Result presented in Table 4.21 and Figure 4.4 showing the path diagram revealed that

the moderated PI significantly mediated the relationship between social media marketing and firm performance of the star rated hotels in Kenya with respective coefficient and probability value of  $\beta = 0.264$  and  $p = 0.000$ . Therefore, hypothesis seven was rejected and concluded that competitive dynamics interacted with product innovation can be the best mediator for SMM and FP relationship.

#### **4.15 Discussion**

It is the desire of every firm to be able to perform more than their competition both in terms of growth, increase in market share, profitability and having satisfied customers. Profitability, growth, market value, customer and employee satisfaction, environmental audit, corporate governance, and social performance all impact firm success. As Murugesan Selvam (2016) points out, they represent diverse facets of firm performance and stakeholder needs.

Firm performance generally refers to ability to generate returns while market share growth is firm's ability to increase its size in terms of bringing in new customers (Glick *et al.*, 2005). Even at the same degree of turnover, increasing sales increases absolute benefit and cash generation. Increasing sales will also offer economies of scale and market leverage, which can contribute to increased potential profitability. Market share growth is a measure and anticipation of a company's potential success. It should be related to past profitability and growth trends, but it should also consider potential demand shifts and competitive steps. Customer satisfaction boosts willingness-to-pay and consequently firm value (Barney & Clark, 2007).

Marketing is a key component of the day-to-day operations of every organization. The hotel business climate has become more dynamic and competitive as a result of the proliferation of social media marketing tools. As a result, social media marketing will

reach out to those who regularly utilize various social media platforms. Social media marketing aims to increase website traffic through the use of social media connections and communications (Trattner & Kappe, 2013). Social media marketing campaigns typically invest time and effort in developing content that will capture the attention of users and encourage them to share it with their social networks. Thus, social media is the realm in which social networking occurs, and recent technological advancements have revolutionized how buyers gather information and make purchasing decisions, as well as how businesses promote their products, respond to customer feedback, and communicate information with customers.

A social media marketer uses social networks, online communities, blogs or other internet media to promote a product or service. “It is the umbrella term for the wide variety of tools and applications that give the Web its social capabilities” (Miletsky, 2010). Social networking platforms, such as Facebook, LinkedIn, YouTube, and Twitter are superior to other promotional channels because they retain information about all their followers, meaning that marketing ads successfully meet a retailer's unique target demographic. Hotels may utilize social media to create an experience, and merchants can use social media data to improve consumer experience with their brand (Curran et al. 2011). Social media increases hotel exposure and recognition, which helps turn new clients into loyal ones.

The key to social media as a marketing strategy is to develop thematic material that can contribute to a successful marketing strategy. This move will raise brand interest, and the brand will be at the forefront of customers' minds if they wish to purchase the product or service. The data obtained from social networks can be used to improve user loyalty and website functionality. Social media and networking will aid the

hospitality business. The hospitality business will use social media to engage with consumers and clients.

Customers will be able to communicate with hotels on social media before, during, and after their stay. It is believed that social networking can produce relationship baits, publicity, and significant volumes of traffic. Any organization or corporation must modify the way information is conveyed or risk losing portion of its audience. Brand managers must continually seek fresh and creative ways to attract and keep customers (Schneider, 2009). The social network is a great tool for virtual marketing. Social networks are groups of people that prefer to communicate via a specific website based on their profile (Laudon and Traver, 2007).

The intensely dynamic environment of the hospitality industry fuels the search for innovative methods and elements of efficient efficiency. The development and implementation of a wide range of technologies and new elements that can act as a powerful impetus for the growth of the hospitality industry is one of the key developments in this field. For hotel businesses to be viable and productive, all types of innovations are required. Today, a wide range of experts and working managers recognize the systemic and ubiquitous use of technologies to ensure the growth of business efficiency (Dzhandzhugazova et al., 2015).

Businesses seek greater market success and competitive advantage, which drives innovation. Businesses acquire more competitive advantage and market share by gaining a reputation in the marketplace and so increasing their market share. When quantifying innovation effects, innovation variety is critical. On the other hand, Martnez-Ros and Orfila-Sintes (2009) highlight the diverse and highly innovative actions carried out in services. Distinguishing between innovation types is rarely easy,

especially when some of them are linked, resulting in a more complex combination of consequences. Hjalager, 2010.

**Table 4. 22: Summary of Hypotheses Tested**

<b>Hypothesis</b>	<b>Model used</b>	<b>Parameters</b>	<b>Results</b>	<b>Remarks</b>
<b>H<sub>01</sub>:</b> Social media marketing has no significant effect on the performance of star rated hotels in Kenya.	Direct effects	$\beta, p$	$\beta = .310$ $p = .004$	Null hypothesis Rejected and alternative accepted
<b>H<sub>02</sub>:</b> Competitive dynamics has no significant effect on the performance of star rated hotels in Kenya.	Direct effects	$\beta, p$	$\beta = .127$ $p = .152$	Null hypothesis failed to be rejected
<b>H<sub>03</sub>:</b> Product Innovation has no significant effect on the performance of star rated hotels in Kenya.	Direct effects	$\beta, p$	$\beta = .265$ $p = .004$	Null hypothesis Rejected and alternative accepted
<b>H<sub>04</sub>:</b> Competitive dynamics has no significant moderating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.	Moderation analysis	$\beta, p$	$\beta = .061$ $p = .009$	Null hypothesis Rejected and alternative accepted
<b>H<sub>05</sub>:</b> Competitive dynamics has no significant moderating effect on the relationship between social media marketing and product innovation of star rated hotels in Kenya.	Moderation analysis	$\beta, p$	$\beta = -.095$ $p = .024$	Null hypothesis Rejected and alternative accepted
<b>H<sub>06</sub>:</b> Social media marketing does not have a significant effect on product innovation among star rated hotels in Kenya	Direct effects	$\beta, p$	$\beta = .946$ $p = .000$	Null hypothesis Rejected and alternative accepted
<b>H<sub>07</sub>:</b> Product innovation has no significant mediating effect on the relationship between social media marketing and performance of star rated hotels in Kenya.	Mediation analysis	$a, p$	$a = .193$ $p = .001$	Null hypothesis Rejected and alternative accepted

<b>H<sub>08</sub>:</b> Competitive dynamics has no significant moderating effect on the indirect relationship between social media marketing and Performance of star rated hotels in Kenya through Product Innovation.	Moderated mediation analysis	$a, p$	$a = .264$ $p = .000$	Null hypothesis Rejected and alternative accepted
Normality Test	Shapiro-Wilk W	Prob >Z	All p-values were less than 0.05	Data
Multicollinearity	Variance inflation factors (VIF)	Mean VIF	3.81	No collinear relationship between independent variable
Serial correlation	Durbin Watson	DW	DW=2.074	No serial correlation
Homoscedasticity	Breusch-Pagan/ Cook-Weisberg	Prob > Chi2	P=0.05	Null hypothesis of constant variance accepted

**Source: Research Analysis, 2021**



## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Overview

This chapter covers the summary of study findings, conclusions drawn from the findings, recommendations, suggestions for further research, policy implications and limitations of this study.

#### 5.2 Summary of Findings

The general objective of this study was to determine the moderated mediation effect of competitive dynamics on the link between social marketing, product innovation and firm performance among the Kenyan hotel industry. The objectives of the study were to; To investigate the effect of social media marketing on performance of star rated hotels in Kenya; To determine the effect of competitive dynamics on performance of star rated hotels in Kenya; To determine the moderating effect of competitive dynamics on the relationship between social media marketing and product innovation among hotels; to determine the effect of product innovation on performance of star rated hotels in Kenya; To investigate the significant effect of social media marketing on product innovation among star rated hotels in Kenya; To examine the mediating effect of product innovation on the relationship between social media marketing and performance of star rated hotels in Kenya and finally to determine the moderated-mediating effect of competitive dynamics on the indirect relationship between social media marketing and performance of star rated hotels in Kenya through product innovation.

Descriptive statistics of the study variables were carried and presented in form of tables. The target population was 215 star rated hotel in Kenya meaning a census

survey was adopted. Due to incorrectly filled questionnaires, a total of 198 hotels were studied giving a response rate of 92.09 percent. Reliability test was carried out using Cronbachs' alpha test. According to results, SMM, CDS, PI and FP Cronbach alpha values of 0.927, 0.798, 0.945 and 0.835, respectively. Average age of the managers in star rated hotel was between 40-49 year constituting 38.4 percent. Male managers handling social media marketing were more than female ones. Male were 61.1 percent (n = 121) and female were 38.9 percent (n = 77). At least all the managers had attained a postgraduate study with working experience of 16 and 20 years (35.4%). Majority of the studied hotels were 3 and 4-star constituting 29.3 and 30.8 percent, respectively. About 32.3 percent had over 200 rooms and majority had 2 branches country wide. Factor analysis was done using PCA. Further, test for multivariate linear regression, model estimation, test of hypothesis was done. Inferential statistics was carried to ascertain the role of social media marketing, competitive dynamics, and product innovation on firm performance of star rated hotels in Kenya.

The findings from the study showed that social media marketing has significant positive effect on performance of star rated hotels in Kenya. Hence, the null hypothesis was rejected, and it was concluded that social media marketing enhances the performance of star rated hotels in Kenya. The second objected of the study stated that Competitive dynamics has no significant effect on performance of star rated hotels in Kenya. The findings showed that competitive dynamic have no significant influence on the performance of star rated hotels in Kenya and this implies that the null hypothesis was upheld.

It was found out that even though competitive dynamics had no direct significant effect on FP, it rather had a significant moderating effect on the relationship between SMM and FP. This is because the interaction of SMM and CDS positively and significantly affected FP with respective coefficient. The hypothesis was rejected, and it was concluded that the study had enough evidence that competitive dynamics moderates the relationship between social media marketing and product innovation of star rated hotels in Kenya.

The mediating effect of product innovation (PI) and firm performance of star rated was also tested and the findings showed that PI influences performance of star rated hotels positively. This indicated that product innovation of star rated hotels have strong association with their performance. The null hypothesis was rejected and concluded that star rated hotels' performance is influenced by the product innovation. In the study for the mediating effect of product innovation was also tested. It was hypothesized that PI has no significant mediating effect on the relationship between social media marketing and performance of star rated hotels in Kenya. The findings indicated that product innovation significantly mediates the relationship between social media marketing and hotel performance. This null hypothesis was therefore rejected. It implies that that social media marketing affects performance through the influence of product innovation. Product innovation plays a critical role by enhancing online customer interactions, generate and monitoring customer communication.

Lastly, the study sought to find out the significant moderated mediation of competitive dynamics on the link between social media marketing, product innovation and firm performance. The aim was to investigate mediation influence of product innovation when moderated with competitive dynamics. Product innovation is

moderated first before acting as a mediator. To answer this objective, the following hypothesis was formulated and tested as; competitive dynamics has no significant moderating effect on the indirect relationship between social media marketing and performance of star rated hotels in Kenya through product innovation. The findings from the path diagram revealed that the moderated PI significantly mediated the relationship between social media marketing and firm performance of the star rated hotels in Kenya. Therefore, hypothesis was rejected and concluded that competitive dynamics interacted with product innovation can be the best mediator for SMM and FP relationship.

### **5.3 Conclusion**

Social media marketing implementation was found to be a key player in influencing the performance of the star rated hotels in Kenya. Social media is an important part of your hotel marketing strategy, but posting infrequent, one-time tweets about bargains or services is not going to cut it. Creating a strong social media presence helps to build hotel brand in the minds of travelers and creates more money for the business. Given the different ways in which social media influences individuals and organizations alike, social media marketing may aid in gaining maximum awareness from both foreign and domestic clients and ensuring the smooth flow of corporate operations. Implementing this technologically sophisticated marketing approach may provide a competitive advantage to business ventures.

However, collaborating with outside agencies for social media promotion may add financial stress and legal risk. Thus, collaborating between the hotel's IT and marketing teams can help ensure successful social media promotion. Social media marketing can help this developing industry of hospitality enterprises attract global

clientele and investors. The presence of both high-end and low-cost hotels with excellent customer service has allowed the star-rated hotels to attract guests from all economic backgrounds. Foreign recognition may help these burgeoning hospitality markets raise the nation's economic standards. As a result, social influencer recognition helps build a strong business image and public awareness. The analysis also identified the target age group for social media-based ads. Thus, younger generations are the most active users of social networking services.

Having a consistent social media presence boosts the confidence your viewers and potential customers have in the company. Furthermore, if they have a query regarding your property or a problem that they want to discuss privately, they may not make a phone call immediately away. Many online users seek out on social media to express their concerns via direct message or mentions and seeing your active social profile will help identify you as a business they can trust to keep in touch. Social media marketing has been shown from the results that it can be boosted by the product innovation as the mediator. Social media platforms may assist hotels in spreading the word about hotel. Describing hotels characteristics in social media may reveal a lot about who hotels are to potential consumers. Product innovation showcases new brand by producing and showcasing photographs, videos, and other brand-related material.

It was established from the study the hotel product innovation emanating from collecting information from hotel clients on social media pages led to an improvement in the performance of star rated hotels. Therefore hotels are encouraged to be innovative in their product offerings so as to gain a competitive advantage.

Competitive dynamics was determined not to have an impact the performance star rated hotels with regards to social media use. This could be attributed to social media creating a boundaries market for the hotel industry hence establishing a wide ever expanding market. Competitive dynamics could still of high importance when implemented from the strategic points of the hotel.

In conclusion, the findings of this study show that the implementation of social media marketing has a significant positive influence on a firm's performance. This is supported by factual data that hotels who implement social media as a marketing and communication tool experience improved performance in terms of customer satisfaction, improved market share and an increase in realized profits. It was also concluded that the use of social media as a tool for interacting and sharing information with a firms customers led to product innovation, therefore it was summed up that the use of social media marketing led to product innovation among star hotels in Kenya. It was further shown with the study findings that competitive dynamics didn't have an effect on a firm's performance; this might be attributed to hotels targeting different niches. Finally the study showed that product innovation in hotels had a significant positive impact on the firm's performance; the modification of existing product offerings and development of new product is vital and critical strategy that hotels can use to improve their performance.

#### **5.4 Policy Recommendations**

Since social media has been a significant factor influencing performance of star rated hotels in Kenya, the study recommends that it is vital to consider social media sites not just as advertising/marketing tools for star rated hotel, but also as an avenue for customer service. It is possible to do so by reacting to comments in real time. When

someone mentions your business on social media, they anticipate a reaction and in doing so to their complain enhances customer's faith and trust in your business.

Product innovation has been evident to have a mediating role between social media marketing and performance. Therefore, the study recommends that hotels need to embrace innovations. Innovation has been widely used in other sector such as manufacturing, finance, and information technology. Hotels industry needs to exhaustively focus product innovation to enhance their performance, and to obtain customer satisfaction because innovation adds economic competitive advantage to the firm which is responsible for establishment of new products on the market or for implementing new processes in the production cycle.

The significant moderating role of competitive dynamics can be viewed as motivation and the capability of a hotel to act or react to social media marketing, and this differs and associated with characteristics of the industry environment of the firm. Because of this significant role, the study recommends that star rated hotels in Kenya need to embrace competitiveness as it sustains competitive advantage that yields superior performance in the long run. Star rated hotels needs to analyze competitive interactions between hotels because the more and more markets converge, turns traditionally separated firms, diversified enterprises into aggressive rivals.

### **5.5 Suggestions for Further Studies**

After conducting the study and interpreting the findings, the following can be suggested for future researchers.

Future research should focus on how to improve hotels performance by matching strategic decision-making processes to competitive dynamics. They should also focus

on the non-rated hotels to determine how competitive dynamics determines decision making.

Employ the use of structural equation modeling to analyze factor that may enhance performance of hotels in Kenya by incorporating other variables such corporate social responsibilities. In this case, researchers need to show how firms' engagement in Corporate Social Responsibility enhances their performance because CSR engagement can act as a marketing tool.

Future researchers need to analyze the performance of hotels by comparing between being star rated and the nonrated. They can look at how social media market marketing is implemented by non-rated hotels versus star rated hotels; they can also incorporate Product innovation as a mediator and competitive dynamics as a moderator in their study.

For further studies the researches should use both product innovation and competitive dynamics as either moderators or mediators and find out that will affect the relationship between social media marketing and performance of star rated hotels.

Finally for future research, the scholars can employ other indicators as measures of firm performance; constructs such as corporate social responsibility, employee satisfaction and market value can be used as the other measures of firm performance.

## **5.6 Limitations of the Study**

While conducting this research several limitations were encountered. For instance, one of the most notable challenge was the lack of finances to facilitate the data collection process. Timely response from the respondents also posed a challenge during this study. This occurred, as some of the respondents were not fully aware of



their reasons for any given answer because of lack of memory on the subject matter or even boredom. This was overcome by dropping the questionnaires to the respondents and collecting them later. Another challenge was that in some instances, some of the respondents were hesitant in providing correct, consistent, and accurate information. This is due to the conservative nature of some hotel managers on oath of secrecy regarding information disclosure, hence rendering data collection difficult in some instances. To mitigate this limitation, the research assistants were issued with copies of permission letter from the Moi University, Department of Marketing and Logistics, School of Business and Economics and copies of letter from NACOSTI. The respondents were assured of information confidentiality by informing them that the information provided was solely for academic purposes.

## REFERENCES

- Aaker, D. A. (1996). *Measuring brand equity across products and markets*. California
- Abrar, K., Arif, M., Sindhu, M. I., & Hussain, A. (2017). Impact of Social Media Interaction and Social Media Usability on Brand Love and Brand Attachment with the moderating role of Gender. *Journal of Business and Tourism, Special Issue: ICCSS, Indonesia*, 377-393.
- Adams, S. A. (2010). Revisiting the online health information reliability debate in the wake of “web 2.0”: an inter-disciplinary literature and website review. *International journal of medical informatics*, 79(6), 391-400.
- Adebanjo, D., & Michaelides, R., 2010. Analysis of Web 2.0 enabled e-clusters: a case study. *Technovation* 30 (4), 238–248.
- Adeola, O., Hinson, R. E., & Evans, O. (2020). Social media in marketing communications: A synthesis of successful strategies for the digital generation. In *Digital Transformation in Business and Society* (pp. 61-81).
- Advantage: The Case of Australian Retail Banking, 1981 to 1995, *Organization Science*, 14 (2): 107-122.
- Advertising: The ZARA case, *Online Information Review*, Vol. 35 Iss. 4, pp. 517 – 542.
- Agnihotri, R. (2020). Social media, customer engagement, and sales organizations: A research agenda. *Industrial Marketing Management*, 90, 291-299.
- Agnihotri, R., Dingus, R., Hu, M. Y., & Krush, M. T. (2016). Social media: Influencing customer satisfaction in B2B sales. *Industrial Marketing Management*, 53, 172-180.
- Agnihotri, R., Kothandaraman, P., Kashyap, R., & Singh, R. (2012). Bringing “social” into sales: the impact of salespeople's socialmedia use on service behaviors and value creation. *Journal of Personal Selling & Sales Management*, 32(3), 333–348.
- Ahmad, S. Z., Ahmad, N., & Bakar, A. R. A. (2018). Reflections of entrepreneurs of small and medium-sized enterprises concerning the adoption of social media and its impact on performance outcomes: Evidence from the UAE. *Telematics and Informatics*, 35(1), 6-17.
- Aichner, T., & Jacob, F. (2015). Measuring the degree of corporate social media use. *International Journal of market research*, 57(2), 257-276.
- Albert, N., Merunka, D., & Valette-Florence, P. (2008). When consumers love their brands: Exploring the concept and its dimensions. *Journal of Business research*, 61(10), 1062-1075.
- Alice Wakuthii Koori, Mr. Simon Muriithi & Mr. James Mbebe, (2018), Impact of social media usage on organizational performance of saccos in kenya (a case study of kuscco sacco affiliates)

- Alkis, Y., Kadirhan, Z., & Sat, M. (2017). Development and validation of social anxiety scale for social media users. *Computers in Human Behavior*, 72, 296-303.
- Allen, D. G., Shore, L. M., & Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in the turnover process. *Journal of management*, 29(1), 99-118.
- Alon, I., Ni, L., & Wang, Y. (2012). Examining the determinants of hotel chain expansion through international franchising. *International Journal of Hospitality Management*, 31(2), 379-386.
- Amir Mehrabi, Hossein Islami and Mojtaba Aghajani, The Effect of Social Media Marketing on Customers' Brand Loyalty, pg 484 and Quantifying the Relative Impact of User-and Marketer-generated Content,"
- Andzulis, J. M., Panagopoulos, N. G., & Rapp, A. (2012). A review of social media and implications for the sales process. *Journal of personal selling & sales management*, 32(3), 305-316.
- Anshari, M., Almunawar, M. N., Lim, S. A., & Al-Mudimigh, A. (2019). Customer relationship management and big data enabled: Personalization & customization of services. *Applied Computing and Informatics*, 15(2), 94-101.
- Appel, G., Grewal, L., Hadi, R., & Stephen, A. T. (2020). The future of social media in marketing. *Journal of the Academy of Marketing Science*, 48(1), 79-95.
- Ariya, G., Wishitemi, B., & Sitati, N. (2017). Tourism destination attractiveness as perceived by tourists visiting Lake Nakuru National Park, Kenya.
- Armstrong, M. & Baron, A., (2002). *Strategic Human Resource Management: The Key to Improved Business performance*, London, Kogan Page Printers.
- Arora, A., Bansal, S., Kandpal, C., Aswani, R., & Dwivedi, Y. (2019). Measuring social media influencer index-insights from Facebook, Twitter and Instagram. *Journal of Retailing and Consumer Services*, 49, 86-101.
- Arya, V., Verma, H., Sethi, D., & Agarwal, R. (2019). Brand authenticity and brand attachment: How online communities built on social networking vehicles moderate the consumers' brand attachment. *IIM Kozhikode Society & Management Review*, 8(2), 87-103.
- As' ad, H. A. R., & Alhadid, A. Y. (2014). The impact of social media marketing on brand equity: An empirical study on mobile service providers in Jordan. *Review of Integrative Business and Economics Research*, 3(1), 315.
- Ashley, C., & Tuten, T. (2015). Creative strategies in social media marketing: An exploratory study of branded social content and consumer engagement. *Psychology & Marketing*, 32(1), 15-27.
- Atshaya, S., & Rungta, S. (2016). Digital Marketing vs. Internet Marketing: A Detailed Study. *International Journal of Novel Research in Marketing Management and Economics*, 3(1), 29-33.

- Babac, R. (2011). *Impact of Social Media Use on Brand Equity of Magazine Brands*. Sweden: Halmstad University.
- Babac, R. (2011). Impact of social-media use on brand equity of magazine brands: A qualitative study of Vogue Turkey.
- Baer, M., & Frese, M. (2003). Innovation is not enough: Climates for initiative and psychological safety, process innovations, and firm performance. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 24(1), 45-68.
- Baird, C. H., & Parasnis, G. (2011). From social media to social customer relationship management. *Strategy & leadership*.
- Barefoot, D., Szabo, J., 2010. Friends with benefits. A Social Media Marketing Handbook. San Fransisco: William Pollock
- Barney, J. B. (2001). Is the resource-based “view” a useful perspective for strategic management research? Yes. *Academy of Management Review*, 26(1), 41e56.
- Barney, J., & Clark, D. N. (2007). *Resource-based theory*. New York: Oxford Barreda, A. A., Bilgihan,
- Barreda, A. A., Bilgihan, A., Nusair, K., & Okumus, F. (2015). Generating brand awareness in online social networks. *Computers in human behavior*, 50, 600-609.
- Batiz-Lazo, B. & Woldeesenbet, K. (2006), The Dynamics of Product and Process innovation in UK Banking, *International Journal of Financial Services Management*, 1 (4), pp. 400- 421.
- Belch, G. E., & Belch, M.A. (1998). *Advertising and Promotion*, 4th Edition, NY: McGraw-Hill.
- Benson and Herden (2013) *Online brand Communities, Route to Brand Loyalty*. Dissertation in Marketing.
- Bisgin, H., Agarwal, N., & Xu, X. (2012). A study of homophily on social media. *World Wide Web*, 15(2), 213-232.
- Bouranta, N., Psomas, E. L., & Pantouvakis, A. (2017). Identifying the critical determinants of TQM and their impact on company performance: Evidence from the hotel industry of Greece. *The TQM Journal*.
- Brogi, S. (2014). Online brand communities: a literature review. *Procedia-Social and Behavioral Sciences*, 109, 385-389.
- Brogi, S., Calabrese, A., Campisi, D., Capece, G., Costa, R., & Di Pillo, F. (2013). The effects of online brand communities on brand equity in the luxury fashion industry. *International journal of engineering business management*, 5(Godište 2013), 5-32.

- Brown, S. L. & Eisenhardt K. M. (1995), Product development: past research, present findings, and future directions. *Academy of management review*. Vol. 20, No. 2, p. 343-378
- Bruhn, M., Schoenmueller, V., & Schäfer, D. B. (2012). Are social media replacing traditional media in terms of brand equity creation?. *Management research review*
- Cabrera, A., & Cabrera, E. F. (2002). Knowledge-sharing dilemmas. *Organization studies*, 23(5), 687-710.
- Caers, R., & Castelyns, V. (2011). LinkedIn and Facebook in Belgium: The influences and biases of social network sites in recruitment and selection procedures. *Social Science Computer Review*, 29(4), 437-448.
- Cameron, K. (1986a). A study of organizational effectiveness and its predictors. *Management Science*, 32(1), 87-112. doi: 10.1287/mnsc.32.1.87
- Campbell, C., Ferraro, C., & Sands, S. (2014). Segmenting consumer reactions to social network marketing. *European Journal of Marketing*.
- Cankar, S. S., & Petkovsek, V. (2013). Private and public sector innovation and the importance of cross-sector collaboration. *Journal of Applied Business Research (JABR)*, 29(6), 1597-1606.
- Carvalho, A., & Fernandes, T. (2018). Understanding customer brand engagement with virtual social communities: A comprehensive model of drivers, outcomes and moderators. *Journal of Marketing Theory and Practice*, 26(1-2), 23-37.
- Chakravarthy, B. S. (1986). Measuring strategic performance. *Strategic Management Journal*, 7(5), 437-458. doi: 10.1002/smj.4250070505
- Chebib, N. K., & Sohail, R. M. (2011). The reasons social media contributed to the 2011 Egyptian revolution. *International journal of business research and management (IJBRM)*, 2(3), 139-162.
- Chege, J. M. (2010). *The impact of using electronic tax register on value added tax compliance in Kenya: a case study of classified hotels in Nairobi* (Doctoral dissertation).
- Chen, M. J., & Miller, D. (2012). Competitive dynamics: Themes, trends, and a prospective research platform. *Academy of management annals*, 6(1), 135-210.
- Chen, M. J., & Miller, D. (2012). Competitive dynamics: Themes, trends, and a prospective research platform. *Academy of management annals*, 6(1), 135-210.
- Chen, Ming-Jer, & Miller, Danny. (1994). Competitive attack, retaliation and performance: An expectancy-valence framework. *Strategic Management Journal*, 15(2), 85-102.
- Chesbrough, H. W. (2003), *Open Innovation - The New Imperative for Creating and Profiting from Technology*. Boston MA: Harvard Business School Press.

- Cho, H., Gay, G., Davidson, B., & Ingraffea, A. (2007). Social networks, communication styles, and learning performance in a CSCL community. *Computers & education, 49*(2), 309-329.
- Chou, W. Y. S., Hunt, Y. M., Beckjord, E. B., Moser, R. P., & Hesse, B. W. (2009). Social media use in the United States: implications for health communication. *Journal of medical Internet research, 11*(4), e48.
- Clarke, K. R., Somerfield, P. J., & Gorley, R. N. (2008). Testing of null hypotheses in exploratory community analyses: similarity profiles and biota-environment linkage. *Journal of experimental marine biology and ecology, 366*(1-2), 56-69.
- Cogburn, D. L., & Espinoza-Vasquez, F. K. (2011). From networked nominee to networked nation: Examining the impact of Web 2.0 and social media on political participation and civic engagement in the 2008 Obama campaign. *Journal of political marketing, 10*(1-2), 189-213.
- Combs, J. G., Crook, T. R., & Shook, C. L. (2005). The dimension of organizational performance and its implications for strategic management research. In D. J. Ketchen & D. D. Bergh (Eds.), *Research methodology in strategy and management* (pp. 259-286). San Diego: Elsevier
- Communities on consumers' affective commitment, satisfaction and word-of-mouth, *International Journal of Enterprise Computing and Business Systems*. v. 1 n. 2, p. 1-16.
- Connolly, T., Conlon, E. J., & Deutsch, S. J. (1980). Organizational effectiveness: a multiple-constituencies approach. *Academy of Management Review, 5*(2), 211-217. doi: 10.2307/257430
- Constantinides, E. (2014). Foundations of social media marketing. *Procedia-Social and behavioral sciences, 148*, 40-57.
- Coon, O. (2010). *Organizational Culture and Climate*. In I. B. Weiner (Series Ed.) & W.C.
- Cooper, R. G. (1990), Stage gate systems: A new tool for managing new products. *Business Horizons*. P. 44-54.
- Cormode, G., & Krishnamurthy, B. (2008). Key differences between Web 1.0 and Web 2.0. *First Monday*.
- Corrada, M. S., Flecha, J. A., & Lopez, E. (2020). The gratifications in the experience of the use of social media and its impact on the purchase and repurchase of products and services. *European Business Review*.
- Cox, S. L. (2012). *Social media marketing in a small business: A case study* (Doctoral dissertation, Purdue University).
- Culnan, M. J., McHugh, P. J., & Zubillaga, J. I. (2010). How large US companies can use Twitter and other social media to gain business value. *MIS Quarterly Executive, 9*(4).

- Curran, J. M., & Lennon, R. (2011). Participating in the conversation: exploring usage of social media networking sites. *Academy of Marketing Studies Journal*, 15, 21.
- de Silva, T. M. (2021). The role of customer engagement in cultivating relationships with automotive Facebook brand pages. *Online Information Review*.
- Decramer, A., Smolders, C., Vanderstraeten, A., Christiaens, J., & Desmidt, S. (2012). External pressures affecting the adoption of employee performance management in higher education institutions. *Personnel Review*.
- Deepa, N., & Deshmukh, S. (2013). Social media marketing: The next generation of business engagement. *International Journal of Management Research and Reviews*, 3(2), 2461.
- Dicken, P. (2003). *Global shift: Reshaping the global economic map in the 21st century*. Sage.
- Dobni, C. B. (2011). The relationship between innovation orientation and organisational performance. *International Journal of Innovation and Learning*, 10(3), 226-240.
- Durgam, V. (2018). Social Media and its Role in Marketing. *International Journal of Advanced Research in Management*, 9(2).
- Eduard Gabriel CEPTUREANU, (2014). Competitive intensity and its implication on strategic position of companies effectiveness. *Academy of Management Review*, 9(4), 606-616. doi:10.2307/258484
- Eggart, A., & Ulaga, W. (2002). Customer perceived value: A substitute for satisfaction in business markets? *Journal of Business & Industrial Marketing*, 17(2/3), 107-118.
- Erdoğan, İ. E., & Cicek, M. (2012). The impact of social media marketing on brand loyalty. *Procedia-Social and Behavioral Sciences*, 58, 1353-1360.
- Erokhin, V., Endovitsky, D., Bobryshev, A., Kulagina, N., & Ivolga, A. (2019). Management accounting change as a sustainable economic development strategy during pre-recession and recession periods: evidence from Russia. *Sustainability*, 11(11), 3139.
- Essamri, A., McKechnie, S., & Winklhofer, H. (2019). Co-creating corporate brand identity with online brand communities: A managerial perspective. *Journal of Business Research*, 96, 366-375.
- Estabrooks, C. A., Thompson, D. S., Lovely, J. J. E., & Hofmeyer, A. (2006). A guide to knowledge translation theory. *Journal of Continuing Education in the Health Professions*, 26(1), 25-36.
- Ezeani, C. N., & Igwesi, U. (2012). Using social media for dynamic library service delivery: The Nigeria experience. *Library Philosophy and Practice*, 814.

- Fathaniy, A. Z. (2011). The role of human resource practices, supervisory support and work-life balance policies on employee intention to stay: A study in Oil and Gas Company. Malaysia: Masters Thesis, Universiti Utar
- Felix, R., (2012). Brand communities for mainstream brands: the example of the Yamaha R1 brand community. *Journal of Consumer Marketing*, Vol. 29 Iss. 3, pp. 225 – 232.
- Felix, R., Rauschnabel, P. A., & Hinsch, C. (2017). Elements of strategic social media marketing: A holistic framework. *Journal of Business Research*, 70, 118-126.
- Fischer, E. & Reuber, R. (2011). Social interaction via new social media: (How) can interactions on Twitter affect effectual thinking and behavior?, *Journal of Business Venturing* ,(26), PP. 3-21.
- Fischer, E., & Reuber, A. R. (2011). Social interaction via new social media:(How) can interactions on Twitter affect effectual thinking and behavior?. *Journal of business venturing*, 26(1), 1-18.
- Fisher, G. (2019). Online communities and firm advantages. *Academy of Management Review*, 44(2), 279-298.
- Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American customer satisfaction index: nature, purpose and findings. *Journal of Marketing*, 60(4), 7-18. doi:10.2307/1251898
- Gainsbury, S. M., King, D. L., Hing, N., & Delfabbro, P. (2015). Social media marketing and gambling: An interview study of gambling operators in Australia. *International Gambling Studies*, 15(3), 377-393.
- Galant, A., & Cadez, S. (2017). Corporate social responsibility and financial performance relationship: a review of measurement approaches. *Economic research-Ekonomska istraživanja*, 30(1), 676-693.
- Gallaughan, J., & Ransbotham, S. (2010). Social media and customer dialog management at Starbucks. *MIS Quarterly Executive*, 9(4).
- Gannon, J. M., Roper, A., & Doherty, L. (2015). Strategic human resource management: Insights from the international hotel industry. *International Journal of Hospitality Management*, 47, 65e75.
- Garnefeld, I., Iseke, A., and Krebs, A. 2012. "Explicit Incentives in Online Communities: Boon or Bane?," *International Journal of Electronic Commerce* (17:1), pp. 11-38.
- Gensler, S., Völckner, F., Liu-Thompkins, Y., & Wiertz, C. (2013). Managing brands in the social media environment. *Journal of Interactive Marketing*, 27(4), 242e256.
- Giachetti, C., & Dagnino, G. B. (2021). Competitive Dynamics in Strategic Management. In *Oxford Research Encyclopedia of Business and Management*.



- Glick, W. H., Washburn, N. T., & Miller, C. C. (2005, August). The myth of firm performance. Proceedings of the Annual Meeting of American Academy of Management. Honolulu, Hawaii.
- Goh, K.-Y., Heng, C.-S., and Lin, Z. 2013. "Social Media Brand Community and Consumer Behavior: Employee satisfaction: a meta-analysis. *Journal of Applied Psychology*, 87(2), 268-279. doi: 10.1037//0021-9010.87.2.268
- González-Rodríguez, M. R., Martín-Samper, R. C., Köseoglu, M. A., & Okumus, F. (2019). Hotels' corporate social responsibility practices, organizational culture, firm reputation, and performance. *Journal of Sustainable Tourism*, 27(3), 398-419.
- Greenberg, P. (2010). The impact of CRM 2.0 on customer insight. *Journal of Business & Industrial Marketing*.
- Grewal, D., & Sharma, A. (1991). The effect of sales force behavior on customer satisfaction: An integrative framework. *Journal of Personal Selling & Sales Management*, 11(3), 13–23.
- Griffith, D. A., & Harvey, M. G. (2001). A resource perspective of global dynamic capabilities. *Journal of International Business Studies*, 32 (3), 597-606.
- Grimm, C. M., Lee, H., Smith, K. G., & Smith, K. G. (Eds.). (2006). *Strategy as action: Competitive dynamics and competitive advantage*. Oxford University Press on Demand.
- Grimm, C. M., Lee, H., Smith, K. G., & Smith, K. G. (Eds.). (2006). *Strategy as action: Competitive dynamics and competitive advantage*. Oxford University Press on Demand.
- Gunday, G., Ulusoy, G., Kilic, K., & Alpkan, L. (2011). Effects of innovation types on firm performance, *International Journal of Production Economics*, 133 (2), 662-676.
- Gustafson, B. M., Pomirleanu, N., Mariadoss, B. J., & Johnson, J. L. (2019). The social buyer: A framework for the dynamic role of social media in organizational buying. *Journal of Business Research*.
- Haimson, O. L., Andalibi, N., De Choudhury, M., & Hayes, G. R. (2018). Relationship breakup disclosures and media ideologies on Facebook. *New Media & Society*, 20(5), 1931-1952.
- Hajli, M. N., & Lin, X. (2014). Developing tourism education through social media. *Tourism Planning & Development*, 11(4), 405e414.
- Hancock, J. I., Allen, D. G., Bosco, F. A., McDaniel, K. R., & Pierce, C. A. (2013). Meta-analytic review of employee turnover as a predictor of firm performance. *Journal of management*, 39(3), 573-603.
- Harrigan, P., Evers, U., Miles, M., & Daly, T. (2017). Customer engagement with tourism social media brands. *Tourism Management*, 59, 597e609.

- Harrison, J. & St. John, C. (2010). *Foundations in Strategic Management*, Cengage Learning Inc.
- Harter, J. K., Schmidt, F. L., & Hayes, T. (2002). Business-unit-level relationship between Experience and Brand Community”, *Journal of the Academy of Marketing Science*, Vol. 35(3), pp 357-368.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of applied psychology*, 87(2), 268.
- He, W., Zha, S., & Li, L. (2013). Social media competitive analysis and text mining: A case study in the pizza industry. *International journal of information management*, 33(3), 464-472.
- Herring, C. (2009). Does diversity pay?: Race, gender, and the business case for diversity. *American sociological review*, 74(2), 208-224.
- Hinterhuber, A., & Liozu, S. M. (2014). Is innovation in pricing your next source of competitive advantage?. *Business Horizons*, 57(3), 413-423.
- Hitt, M. A. (1988). The measuring of organizational effectiveness: multiple domains and Exploring the concept of social media and its dimensions. *Journal of Business Research*, 61 (10), 1062–1075.
- Hodis, M. A., Sriramachandramurthy, R., & Sashittal, H. C. (2015). Interact with me on my terms: A four segment Facebook engagement framework for marketers. *Journal of Marketing Management*, 31(11-12), 1255-1284.
- Holly P. (2013) *Social Media as a Marketing Tool: A Literature Review*
- Honey, M. (Ed.). (2002). *Ecotourism & certification: Setting standards in practice*. Island Press.
- Hoyer, W. D., Chandy, R., Dorotic, M., Krafft, M., & Singh, S. S. (2010). Consumer cocreation in new product development. *Journal of service research*, 13(3), 283-296.
- <http://www.bizreport.com/2010/08/price-sensitiveshoppers>.
- Hua, N., & Upneja, A. (2012). Financial characteristics and outperformance: Evidence of a contemporary framework from the US lodging industry. *International Journal of Contemporary Hospitality Management*.
- Huang, Z., & Benyoucef, M. (2013). From e-commerce to social commerce: A close look at design features. *Electronic Commerce Research and Applications*, 12(4), 246-259.
- Hudson, S., & Hudson, R. (2013). Engaging with consumers using social media: a case study of music festivals. *International Journal of Event and Festival Management*.

- Hudson, S., Huang, L., Roth, M. S., & Madden, T. J. (2016). The influence of social media interactions on consumer–brand relationships: A three-country study of brand perceptions and marketing behaviors. *International Journal of Research in Marketing*, 33(1), 27-41.
- Husain, S., Ghufuran, A., & Chaubey, D. S. (2016). Relevance of social media in marketing and advertising. *Splint International Journal of Professionals*, 3(7), 21-28.
- Ilyas, A. (2020). *Design of a Social Media Marketing Campaign Manager* (Master's thesis). Imitated new products: Exploring commercial banking product introductions. *Strategic Management Journal*, 6: 75-86. Implications for the sales process. *Journal of Personal Selling & Sales Management*, 32(3), 305–316.
- Jensen, T. Facebook brand equity:“A study of how to utilize social media to improve brand equity” Cand. Merc. IMM International Marketing & Management Master thesis.
- Johnson, G., Scholes, K., & Whittington, R. (2008). *Exploring Corporate Strategy*, FT Prentice Hall 8th Edition
- Jones, B., Temperley, J., & Lima, A. (2009). Corporate reputation in the era of Web 2.0: the case of Primark. *Journal of marketing management*, 25(9-10), 927-939.
- Jones, N., Borgman, R., & Ulusoy, E. (2015). Impact of social media on small businesses. *Journal of Small Business and Enterprise Development*.
- Jönsson, C., & Devonish, D. (2008). Does nationality, gender, and age affect travel motivation? A case of visitors to the Caribbean Island of Barbados. *Journal of Travel & Tourism Marketing*, 25(3-4), 398-408.
- Kandampully, J., Zhang, T. C., & Jaakkola, E. (2018). Customer experience management in hospitality. *International Journal of Contemporary Hospitality Management*.
- Kaplan, A. M. & Haenlein, M. (2010). *Users of the world, unite! The Challenges and Opportunities of Social Media*. Business Horizons.
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business horizons*, 53(1), 59-68.
- Kaplan, Andreas M.; Michael Haenlein (2010). "Users of the world, unite! The challenges and opportunities of Social Media". *Business Horizons* 53 (1): 59–68.
- Kapferer, J.N. (2006). *Brand Guiding Management*. Translated by Ghorbanloo, S., Tehran: Mobaleghan publishing.
- Kargaran, S., Pour, M. J., & Moeini, H. (2017). Successful customer knowledge management implementation through social media capabilities. *VINE Journal of Information and Knowledge Management Systems*.

- Kärkkäinen, H., Jussila, J. & Väisänen, J. (2010). Social Media Use and Potential in Business-to- Business Companies' Innovation. Tampere, Finland.
- Kasturi, R. (2006). Performance management in insurance corporation. *Journal of Business Administration online*, 5(1), 1-15.
- Kaufman, I., & Horton, C. (2014). *Digital marketing: Integrating strategy and tactics with values, a guidebook for executives, managers, and students*. Routledge.
- Kaur, H., Paruthi, M., Islam, J., & Hollebeek, L. D. (2020). The role of brand community identification and reward on consumer brand engagement and brand loyalty in virtual brand communities. *Telematics and Informatics*, 46, 101321.
- Keller, P. (2005) "Global tourism growth: A challenge for SMEs. A few thoughts by way of an introduction", Conference on global tourism growth, 6-7 September 2005, Gwangju, Korea
- Ketchen, D. J., Snow, C. C., & Hoover, V. 2004. Research on competitive dynamics: Recent accomplishments and future challenges. *Journal of Management*, 30: 779-804.
- Khaniki, H., & Babaie, M. (2011). Cyber space and social media: implications and applications. Scientific-Researching *Journal of Informational Community*, (1) 1, 71-96.
- Kietzmann, J.H., Hermkens, K., McCarthy, I.P. & Silvestre, B.S. (2011), \_Social media? Get serious! Understanding the functional building blocks of social media,, Business Horizons (Article in Press).
- Kim, A. J., & Johnson, K. K. (2016). Power of consumers using social media: Examining the influences of brand-related user-generated content on Facebook. *Computers in Human Behavior*, 58, 98e108
- Kim, W. C., & Mauborgne, R. (2014). *Blue ocean strategy, expanded edition: How to create uncontested market space and make the competition irrelevant*. Harvard business review Press.
- Kimani, E. (2015). Role of social media marketing on organisational performance in Kenya. *Journal of Business and Management*, 17(1), 101-105.
- Kinyingi, M. M. (2018). *Factors Influencing Customer Satisfaction in Hotel Industry in Kenya*.
- Kivunja, C., & Kuyini, A. B. (2017). Understanding and applying research paradigms in educational contexts. *International Journal of higher education*, 6(5), 26-41.
- Koori, A. W., Muriithi, M. S., & Mbebe, M. J. (2018). Impact of Social Media Usage on Organizational Performance of Saccos In Kenya (A Case Study Of KUSCCO SACCO Affiliates). *European Journal of Business and Strategic Management*, 3(6), 27-51.

- Kotler, P., Kartajaya, H., & Setiawan, I. (2019). Marketing 3.0: From products to customers to the human spirit. In *Marketing wisdom* (pp. 139-156). Springer, Singapore.
- Kucukemiroglu, S., & Kara, A. (2015). Online word-of-mouth communication on social networking sites: An empirical study of Facebook users. *International journal of commerce and management*.
- Kumar, A. (2012). A study of social media marketing and perceived risk in online shopping of electronic goods in India. *Bookman International Journal of Accounts, Economics & Business Management*, 1(1), 47-50.
- Kunreuther, H., & Pauly, M. (2012). Insurance and Behavioural Economics, Improving decisions in the most misunderstood industry, *Journal of Risk and Insurance*, 69(2), 80-95.
- Kwahk, K. Y., & Ge, X. (2012, January). The effects of social media on e-commerce: A perspective of social impact theory. In *2012 45th Hawaii international conference on system sciences* (pp. 1814-1823). IEEE.
- Kwoba, V. (2018). *Promoting domestic tourism in Kenya: an assessment of economic significance and opportunities for tourism stakeholders in Nairobi* (Doctoral dissertation, Strathmore University).
- Kyalo, J. M., Katuse, P., & Kiriri, P. (2016). Effect of Organizational Leadership on Strategy Implementation in Kenya's Tourism Industry: Case of Kenya Government Tourism Agencies.
- Lamberton, C., & Stephen, A. T. (2016). A thematic exploration of digital, social media, and mobile marketing: Research evolution from 2000 to 2015 and an agenda for future inquiry. *Journal of Marketing*, 80(6), 146-172.
- Laroche, M., Habibi, M. R., Richard, M. O., & Sankaranarayanan, R. (2012). The effects of social media based brand communities on brand community markers, value creation practices, brand trust and brand loyalty. *Computers in Human Behavior*, 28(5), 1755-1767.
- Latif, M. A. (2021). *Exploring the Influence of Brand Communities on Strengthening Brand Relationship (A novel approach in Pakistan)*.
- Lazzarotti, V., Manzini, R., & Pellegrini, L. (2015). Is your open-innovation successful? The mediating role of a firm's organizational and social context. *The international journal of human resource management*, 26(19), 2453-2485.
- Leggatt, H. (2010). Rebuild Brand Loyalty with Social Media. Retrieved from: <http://www.bizreport.com/2010/08/price-sensitive-shoppers-still-seeking-out-deals.html> (accessed on 07 January 2012)
- Lempiäinen, J. (2017). Social Media Planning: Case Company Forsman tea.
- Lepak, D. P., Smith, K. G., & Taylor, M. S. (2007). Value creation and value capture: A multilevel perspective. *Academy of management review*, 32(1), 180-194.

- Liang, H., Li, W., & Chen, H. (2016). Impact of Social Media on Customer Satisfaction: A Perspective of Social Capital.
- Liang, T. P., & Turban, E. (2011). Introduction to the special issue social commerce: a research framework for social commerce. *International Journal of Electronic Commerce*, 16(2), 5- 4.
- Liao, T. S., & Rice, J. (2010). Innovation investments, market engagement and financial performance: A study among Australian manufacturing SMEs. *Research Policy*, 39(1), 117-125.
- Lim, W. (2010). *The Effects of social media networks in the hospitality industry*.
- Lin, H. F. (2007). The impact of website quality dimensions on customer satisfaction in the B2C ecommerce context. *Total Quality Management and Business Excellence*, 18(4), 363- 378.
- Lipschultz, J. H. (2020). *Social media communication: Concepts, practices, data, law and ethics*. Routledge.
- Litvin, S. W., Goldsmith, R. E., & Pan, B. (2008). Electronic word-of-mouth in hospitality and tourism management. *Tourism Management*, 29(3), 458e468.
- López, M. V., Garcia, A., & Rodriguez, L. (2007). Sustainable development and corporate performance: A study based on the Dow Jones sustainability index. *Journal of business ethics*, 75(3), 285-300.
- Lovejoy, K., & Saxton, G. D. (2012). Information, community, and action: How nonprofit organizations use social media. *Journal of computer-mediated communication*, 17(3), 337-353.
- MacKinnon, D. P., & Luecken, L. J. (2008). How and for whom? Mediation and moderation in health psychology. *Health psychology*, 27(2S), S99.
- MacKinnon, D. P., Cheong, J., & Pirlott, A. G. (2012). *Statistical mediation analysis*. American Psychological Association.
- MacMillan, I., McCaffery, M. L., & Van Wijk, G. (1985). Competitors' responses to easily imitated new products—Exploring commercial banking product introductions. *Strategic Management Journal*, 6(1), 75-86.
- Maecker, O., Barrot, C., & Becker, J. U. (2016). The effect of social media interactions on customer relationship management. *Business Research*, 9(1), 133-155.
- Mahmoud, M. A., Blankson, C., Owusu-Frimpong, N., Nwankwo, S., & Trang, T. P. (2016). Market orientation, learning orientation and business performance: The mediating role of innovation. *International Journal of Bank Marketing Management Review*, 38(3), 102e120.
- Mangold, W.G., & Faulds, D.J. (2009). Social media: The new hybrid element of the promotion mix, *Business Horizons*, 357-365

- Marianna S., & Kalotina C. (2015). *Knowledge management, social media and employee creativity*.
- Marić, S., Berber, N., Slavić, A., & Aleksić, M. (2021). The Mediating Role of Employee Commitment in the Relationship Between Corporate Social Responsibility and Firm Performance in Serbia. *SAGE Open*, 11(3), 21582440211037668.
- Masterson, S. S., Lewis, K., Goldman, B. M., & Taylor, M. S. (2000). Integrating justice and social exchange: The differing effects of fair procedures and treatment on work relationships. *Academy of Management journal*, 43(4), 738-748.
- McCann, M., & Barlow, A. (2015). Use and measurement of social media for SMEs. *Journal of small business and enterprise development*.
- Melián-González, S., & Bulchand-Gidumal, J. (2016). A model that connects information technology and hotel performance. *Tourism management*, 53, 30-37.
- Melissa, A. K. (2015) *The Impact of Social Media Marketing on Brand Equity toward the Purchase Intention of Starbucks Indonesia*, pg 80.
- Michael A. Stelzner (2010), Social Media Marketing Industry Report, “How Marketers are using social media to grow their businesses”, *Social Media Examiner*.
- Michaelidou, N., Siamagka, N. T., & Christodoulides, G. (2011). Usage, barriers and measurement of social media marketing: An exploratory investigation of small and medium B2B brands. *Industrial marketing management*, 40(7), 1153-1159.
- Miletsky, J. (2010). *Principles of Internet Marketing: New Tools and Methods for Web Developers*. Course Technology, Cengage Learning.
- Miyungi Odhiambo, C. A. (2012). Social Media as a Tool of Marketing and Creating Brand awareness: Case study research.
- Mkansi, M., & Acheampong, E. A. (2012). Research philosophy debates and classifications: students’ dilemma. *Electronic journal of business research methods*, 10(2), pp132-140.
- Mugambi, E. (2017). Marketing Activities Expenditure and Performance Of Selected Hotels In Kiambu County, Kenya (Doctoral Dissertation, Kenyatta University)
- Mugenda, O.M., & Mugenda, A.G (2003) *Research Methods: Quantitative and Qualitative*
- Mukewa, C. M. (2005). *Differentiation Strategies used by classified hotels in major cities in Kenya* (Doctoral dissertation, University of Nairobi).
- Munar, A. M., & Jacobsen, J. K. S. (2014). Motivations for sharing tourism experiences through social media. *Tourism Management*, 43, 46e54.

- Muniz, A.M Jr., O'Guinn, T.C., (2001). Brand Community. *Journal of Consumer Research*, Vol. 27 (No 4), pp. 412-432.
- Muñiz, Jr, A. M., & Schau, H. J. (2007). Vigilante marketing and consumer-created communications. *Journal of Advertising*, 36(3), 35-50.
- Muntinga, D. G., Moorman, M., & Smit, E. G. (2011). Introducing COBRAs: Exploring motivations for brand-related social media use. *International Journal of advertising*, 30(1), 13-46.
- Munyao, R. N. (2021). *Influence of conference Tourism in enhancing Nairobi County as a competitive Tourism destination in Kenya.*
- Murimi, M., & Wadongo, B. (2021). Application of revenue management practices in star-rated hotels in Kenya. *African Journal of Hospitality, Tourism and Leisure*, 10(2), 559-574.
- Murimi, M., Wadongo, B., & Olielo, T. (2021). Mediation role of revenue management practices on the linkage between hotel determinants and financial performance of hotels in Kenya. *Open Journal of Business and Management*, 9(4), 1805-1835.
- Mutindi, U. J. M., Namusonge, G. S., & Obwogi, J. (2013). *Effects of strategic management drivers on organizational performance: a survey of the hotel industry in Kenyan coast.*
- Mwendwa, M. J. (2016). The Effect of Servicescape on Sales In The Hotel Industry (A Case Study Of Nairobi Serena Hotel). *International Journal of Entrepreneurship and Project Management*, 1(2), 160-177.
- Nadaraja, R., & Yazdanifard, R. (2013). Social media marketing: advantages and disadvantages. *Center of Southern New Hampshire University*, 1-10.
- Nambisan, S. (2002). Designing virtual customer environments for new product development: Toward a theory. *Academy of Management review*, 27(3), 392-413.
- NETI, S. (2011). Social media and its role in marketing. *International Journal of Enterprise*
- Nisar, T. M., & Whitehead, C. (2016). Brand interactions and social media: Enhancing user loyalty through social networking sites. *Computers in Human Behavior*, 62, 743-753.
- Njau, F. W., Mutungi, M. M., & Mutinda, R. (2017). An integrated SERVQUAL and gap model in evaluating customer satisfaction in budget hotels in Nairobi County, Kenya. *International Academic Journal of Arts and Humanities*, 1(2), 1-24.
- Noor, M. N. M., & Pitt, M. (2009). A critical review on innovation in facilities management service delivery. *Facilities*, 27(5-6), 211-228.



- Noruzy, A., Dalfard, V. M., Azhdari, B., Nazari-Shirkouhi, S., & Rezazadeh, A. (2013). Relations between transformational leadership, organizational learning, knowledge management, organizational innovation, and organizational performance: an empirical investigation of manufacturing firms. *The International Journal of Advanced Manufacturing Technology*, 64(5-8), 1073-1085.
- Nyairo, C. N. (2016). *The Effect of Social Media Use on Building Brand Equity Among Three Star Hotels in Nairobi County, Kenya* (Doctoral dissertation, University of Nairobi).
- Odhiambo, C. A. (2012). *Social Media as a Tool of Marketing and Creating Brand Awareness*, Unpublished master thesis, AMMA University of Applied Sciences, Finland.
- Odongo, A. R. (2014). *Strategic Social Media Marketing Competitive Advantage A Case of Electronic Industry in Kenya* (Doctoral dissertation, United States International University-Africa).
- Omachonu, V. K., & Einspruch, N. G. (2010). Innovation in healthcare delivery systems: a conceptual framework. *The Innovation Journal: The Public Sector Innovation Journal*, 15(1), 1-20.
- Ondieki, J. M. (2013). *Assessment of the adoption and level of implementation of cleaner production by star-rated hotels in Nairobi county, Kenya* (Doctoral dissertation, University of Nairobi).
- Onyango, F. E., Edwin, O., Ouma, K. O., & Lucas, O. O. (2010). *Performance measurement and hotel industry in Kenya—A Review*.
- Onyango, K. (2016). *Influence of digital marketing strategies on performance of cutflowers exporting firms in Kenya*.
- Orgulescu, M.C., & Sidonia, R. A. (2013). Measuring Managers' Perception of Innovation in the Romanian Hospitality Industry. *Procedia Economics and Finance*, 6(4), 512-522.
- O'shaughnessy, J. (2014). *Competitive marketing (RLE marketing): A strategic approach*. Routledge.
- Osiako, P. O., & Kummitha, H. R. (2020). *Environmental management practices among coastal beach hotels in Kenya*.
- Park, H., Cho, H., (2012). Social network online communities: information sources for apparel shopping. *Journal of Consumer Marketing*, Vol. 29 Iss. 6, pp. 400 – 411.
- Petrović, M. D., Jovanović, T., Marković, J. J., Armenski, T., & Marković, V. (2014). Why should gender differences in hospitality really matter? A study of personnel's service orientation and job satisfaction in hotels. *Economic research-Ekonomska istraživanja*, 27(1), 799-817.

- Pradiptarini, C. (2011). Social media marketing: Measuring its effectiveness and identifying the target market. *UW-L Journal of Undergraduate Research XIV*, 1-11.
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of interactive marketing*, 18(3), 5-14.
- Qualman, E. (2012). *Socialnomics: How social media transforms the way we live and do business*. John Wiley & Sons.
- Quinton, S., & Fennemore, P. (2013). Missing a strategic marketing trick? The use of online social networks by UK charities. *International Journal of Nonprofit and Voluntary Sector Marketing*, 18(1), 36-51.
- Raghunandan, H., & Parimal, N. (2015). Integrated Digital Marketing: The Key to Understanding Your Customer. *Tata consultancy service white paper*.
- Rahi, S. (2017). Research design and methods: A systematic review of research paradigms, sampling issues and instruments development. *International Journal of Economics & Management Sciences*, 6(2), 1-5.
- Rainey, D.L. (2006). *Product innovation: Leading changes through Integrated Product Development*. London: Cambridge University Press.
- Rajabion, L., Nazari, N., Bandarchi, M., Farashiani, A., & Haddad, S. (2019). Knowledge sharing mechanisms in virtual communities: A review of the current literature and recommendations for future research. *Human Systems Management*, 38(4), 365-384.
- Ramani, G., & Kumar, V. (2008). Interaction orientation and firm performance. *Journal of marketing*, 72(1), 27-45.
- Rana, K. S., & Kumar, A. (2016). Social media marketing: Opportunities and challenges. *Journal of Commerce and Trade*, 11(1), 45-49.
- Rebecca Schein, Kumanan Wilson, and Jennifer keelan (2012) Literature review on effectiveness of the use of social media a report for peel public health repurchase intentions and subjective well-being of Chinese tourists: The mediating role of relationship quality. *Tourism Management*, 52, 82e95.
- Rishika, R., Kumar, A., Janakiraman, R., and Bezawada, R. 2013. "The Effect of Customers' Social Media Participation on Customer Visit Frequency and Profitability: An Empirical Investigation," *Information Systems Research* (24:1), pp. 108-127.
- Roberts, P. W., & Amit, R. (2003). The dynamics of innovative activity and competitive advantage: The case of Australian retail banking, 1981 to 1995. *Organization science*, 14(2), 107-122.
- Roblyer, M. D., McDaniel, M., Webb, M., Herman, J., & Witty, J. V. (2010). Findings on Facebook in higher education: A comparison of college faculty and student uses and perceptions of social networking sites. *The Internet and higher education*, 13(3), 134-140.

- Rodriguez, J. E. (2011). Social media use in higher education: Key areas to consider for educators.
- Rogers, E. M. (1995). *Diffusion of innovations*. New York: Free Press.
- Rogers, E.M. (1962), *The Diffusion of Innovations*, Free Press, New York, NY.
- Rogers, E.M. (1983), *The Diffusion of Innovations*, Free Press, New York, NY.
- Royo-Vela, M., & Casamassima, P. (2011). The influence of belonging to virtual brand communities on consumers' affective commitment, satisfaction and word-of-mouth advertising: The ZARA case. *Online Information Review*, 35(4), 517-542.
- Salonen, T. (2016). Successful Social Media Marketing: How Company X, SUPER, promoted an event on Facebook.
- Samuel, M. O., & Chipunza, C. (2009). Employee retention and turnover: Using motivational variables as a panacea. *African journal of business management*, 3(9), 410-415.
- Schneider, G.P. (2009). *Electronic Commerce*. Cengage Learning: Course Technology
- Schouten, J. W., McAlexander, J. H., & Koenig, H. F. (2007), "Transcendent Customer
- Sedlacek, J. (2006). *E-commerce, internet and Mobile marketing*. Praha: BEN-Technical Literature, 2006, 352 PP.ISBN 80-7300 -195 - 0
- Selvam, M., Gayathri, J., Vasanth, V., Lingaraja, K., & Marxiaoli, S. (2016). Determinants of firm performance: A subjective model. *Int'l J. Soc. Sci. Stud.*, 4, 90.
- Shah, N., Engineer, S., Bhagat, N., Chauhan, H., & Shah, M. (2020). Research trends on the usage of machine learning and artificial intelligence in advertising. *Augmented Human Research*, 5(1), 1-15.
- Shanahan, T., Tran, T. P., & Taylor, E. C. (2019). Getting to know you: Social media personalization as a means of enhancing brand loyalty and perceived quality. *Journal of Retailing and Consumer Services*, 47, 57-65.
- Sharabati, A. A. A., Jawad, S. N., & Bontis, N. (2010). Intellectual capital and business performance in the pharmaceutical sector of Jordan. *Management decision*.
- Shipton, H., Fay, D., West, M., Patterson, M., & Birdi, K. (2005). Managing people to promote innovation. *Creativity and innovation management*, 14(2), 118-128.
- Sicilia, M., Palazón, M., (2008). Brand communities on the internet: A case study of Coca-Cola's Spanish virtual community. *Corporate Communications: An International Journal*, Vol. 3 Iss. 3, pp. 255 - 270.

- Simpson, P. M., Sigauw, J. A., & Enz, C. A. (2006). Innovation orientation outcomes: The good and the bad. *Journal of Business Research*, 59(10-11), 1133-1141.
- Sirirak, S., Islam, N., & Khang, D. B. (2011). Does ICT adoption enhance hotel performance?. *Journal of Hospitality and Tourism Technology*.
- Sisira, N. (2011). Social Media and Its Role in Marketing, Department of Business Management, PG Center, Lal Bahdur College, Warangal. *International Journal of Enterprise Computing and Business System*, 1(2).
- Smith, A & Curran, W. (1993). The Economic Analysis of Advertising. Discussion paper series, Columbia University, New York, NY 10027.
- Smith, A., Richard, W., Kemey, M., and Catherine J. M.P. (2004). Computer and Internet Use by Great Plains Farmers. *Journal of Agricultural and Resource economics* 29(3):481-500
- Smith, K. G., Ferrier, W. J., & Ndofor, H. (2000). Competitive dynamics research: Critique and future directions. In M. Hitt, R. E. Freeman & J. Harrison (Eds.), *Handbook of Strategic Management*: 315-361. London: Blackwell Publishers
- Smith, K. G., Grimm, C. M., & Gannon, M. J. (1992). *Dynamics of competitive strategy*. Newbury Park, CA: Sage Publications
- Sparrowe, R. T., Liden, R. C., Wayne, S. J., & Kraimer, M. L. (2001). Social networks and the performance of individuals and groups. *Academy of management journal*, 44(2), 316-325.
- Stockdale, R., & Borovicka, M. (2006, January). Developing an online business community: A travel industry case study. In *Proceedings of the 39th Annual Hawaii International Conference on System Sciences (HICSS'06)* (Vol. 6, pp. 134c-134c). IEEE.
- Su, L., Swanson, S. R., & Chen, X. (2016). The effects of perceived service quality on repurchase intentions and subjective well-being of Chinese tourists: The mediating role of relationship quality, pg 1.
- Subramanian, N., Gunasekaran, A., Yu, J., Cheng, J., & Ning, K. (2014). Customer satisfaction and competitiveness in the Chinese E-retailing: Structural equation modeling (SEM) approach to identify the role of quality factors. *Expert Systems with Applications*, 41(1), 69-80.
- Sümer, S. I. (2020). A New Marketing Trend in the Digital Age: Social Media Marketing. In *Digital Business Strategies in Blockchain Ecosystems* (pp. 133-151). Springer, Cham.
- Tajvidi, R., & Karami, A. (2021). The effect of social media on firm performance. *Computers in Human Behavior*, 115, 105174.
- Tajvidi, R., & Karami, A. (2021). The effect of social media on firm performance. *Computers in Human Behavior*, 115, 105174.
- Tallman, S., Luo, Y., & Buckley, P. J. (2018). Business models in global competition. *Global Strategy Journal*, 8(4), 517-535.

- Taprial, V., & Kanwar, P. (2012). *Understanding Social Media*. United States: Ventus Publishing.
- Tarsakoo, P., & Charoensukmongkol, P. (2019). Dimensions of social media marketing capabilities and their contribution to business performance of firms in Thailand. *Journal of Asia Business Studies*.
- Theodosiou, M., & Katsikea, E. (2012). Antecedents and performance of electronic business adoption in the hotel industry. *European Journal of Marketing*.
- Tiago, M. T. P. M. B., & Verissimo, J. M. C. (2014). Digital marketing and social media: Why bother?. *Business horizons*, 57(6), 703-708.
- Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of business research*, 67(6), 1201-1208.
- Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of Business Research*, 67(6), 1201e1208
- Trattner, C., & Kappe, F. (2013). Social stream marketing on Facebook: a case study. *International Journal of Social and Humanistic Computing*, 2(1-2), 86-103.
- Trattner, C., & Kappe, F. (2013). Social stream marketing on Facebook: a case study. *International Journal of Social and Humanistic Computing*, 2(1-2), 86-103.
- Tripathi, D. R. (2017). Role of Social Media Marketing in the Tourism Industry. In *Tourism Marketing* (pp. 261-276). Apple Academic Press.
- Tsimonis, G., & Dimitriadis, S. (2014). Brand strategies in social media. *Marketing Intelligence & Planning*.
- Turri, A. M., Smith, K. H., & Kemp, E. (2013). Developing affective brand commitment through social media. *Journal of Electronic Commerce Research*, 14(3).
- Uppal, N., & Mishra, S. K. (2014). Moderation effects of personality and organizational support on the relationship between prior job experience and academic performance of management students. *Studies in Higher Education*, 39(6), 1022-1038.
- Uzel, J. M. M. (2015). *Effect of Strategic Management Drivers on the performance of the hotel industry in Kenyan Coast* (Doctoral dissertation).
- Vaismoradi, M., Turunen, H., & Bondas, T. (2013). Content analysis and thematic analysis: Implications for conducting a qualitative descriptive study. *Nursing & health sciences*, 15(3), 398-405.
- Van de Vrande, V., De Jong, J. P., Vanhaverbeke, W., & De Rochemont, M. (2009). Open innovation in SMEs: Trends, motives and management challenges. *Technovation*, 29(6-7), 423-437.

- Varmah, M. (2012) *Competitive Strategies Adopted by Aga Khan University Hospital in Nairobi, Kenya and Challenges Faced in Their Implementation*, (Unpublished MBA Thesis), University of Nairobi, Kenya.
- Venkatraman, N., & Ramanujam, V. (1987). Measurement of business economic performance: An examination of method convergent. *Journal of Management*, 13(1), 109-122. doi: 10.1177/014920638701300109
- Verona, G., & Ravasi, D. (2003). Unbundling dynamic capabilities: an exploratory study of continuous product innovation. *Industrial and Corporate Change*, 12, 577 -606.
- Wall, F., & Greiling, D. (2011). Accounting information for managerial decision-making in shareholder management versus stakeholder management. *Review of Managerial Science*, 5(2), 91-135.
- Wang, X., Yu, C., & Wei, Y. (2012). Social media peer communication and impacts on purchase intentions: A consumer socialization framework. *Journal of interactive marketing*, 26(4), 198-208.
- Wang, Z., & Kim, H. G. (2017). Can social media marketing improve customer relationship capabilities and firm performance? Dynamic capability perspective. *Journal of Interactive Marketing*, 39, 15-26.
- Wanjuki (2014) *The interaction between digital marketing communication and customer loyalty*. Helsinki: Helsinki School of Economics.
- Whetten, D. A. (1987). Organizational growth and decline process. *Annual Review of Sociology*, 13(1), 335-358. doi: 10.1146/annurev.so.13.080187.002003
- Williams, J., & Chinn, S. J. (2010). Meeting relationship-marketing goals through social media: A conceptual model for sport marketers. *International Journal of Sport Communication*, 3(4), 422-437.
- Wilson, V., & Makau, C. (2018). Online marketing use: small and medium enterprises (SMEs) experience from Kenya. *Orsea Journal*, 7(2).
- Winter, S. G. (2003). Understanding dynamic capabilities. *Strategic Management Journal*, 24, 991-995.
- Woo, S. H., Pettit, S. J., Kwak, D. W., & Beresford, A. K. (2011). Seaport research: A structured literature review on methodological issues since the 1980s. *Transportation Research Part A: Policy and Practice*, 45(7), 667-685.
- Wood, R. C. (2017). *Reflecting on some realities of consumer behaviour in the hospitality industry*.
- Wu Sou-Chin, & Fang WenChang (2010). The effect of consumer-to-consumer interactions on dea generation in virtual brand community relationships. *Technovation* 30 (4), 238–248.
- Xi Leung and Billy Bai, (2015). *The marketing effectiveness of social media in the hotel industry: a comparison of Facebook and twitter*

- Xiang, Z., & Gretzel, U. (2010). Role of social media in online travel information search. *Tourism management*, 31(2), 179-188.
- Yasmin, A., Tasneem, S., & Fatema, K. (2015). Effectiveness of digital marketing in the challenging age: An empirical study. *International Journal of Management Science and Business Administration*, 1(5), 69-80.
- Yilmaz, K. (2013). Comparison of quantitative and qualitative research traditions: Epistemological, theoretical, and methodological differences. *European journal of education*, 48(2), 311-325.
- Zahra, S. A. (2010). Harvesting family firms' organizational social capital: A relational perspective. *Journal of Management Studies*, 47(2), 345-366.
- Zammuto, R. F. (1984). A comparison of multiple constituency models of organizational effectiveness. *Academy of management review*, 9(4), 606-616.
- Zelga, K. (2017). The importance of competition and enterprise competitiveness. *World Scientific News*, 72, 301-306.
- Zeng, B., & Gerritsen, R. (2014). What do we know about social media in tourism? A review. *Tourism Management Perspectives*, 10.
- Zheng, X., Cheung, C. M., Lee, M. K., & Liang, L. (2015). Building brand loyalty through user engagement in online brand communities in social networking sites. *Information Technology & People*.
- Zott, C. (2003). Dynamic capabilities and the emergence of intra-industry differential firm performance: Insights from a simulation study. *Strategic Management Journal*, 24, 97-125.

## APPENDICES

### Appendix I: Letter of Authorization

DATE: .....

TO THE DIRECTOR KENYA ASSOCIATION HOTEL KEEPERS AND  
CATERERS

.....

Dear Sir/Madam,

#### **RE: REQUEST FOR DATA COLLECTION**

I am student at Moi University pursuing a Ph.D. in Business Management Marketing Option. As part of my course work assessment, I am required to submit a thesis as partial fulfillment for the award a doctoral degree. In this regard I'm undertaking research on "**SOCIAL MEDIA MARKETING, COMPETITIVE DYNAMICS, PRODUCT INNOVATION AND FIRM PERFORMANCE AMONG STAR RATED HOTELS IN KENYA**". I am kindly requesting for your assistance in making my research a success by granting permission to collect relevant data from the various hotels under the umbrella of **KAHC**. I would like to assure your office that all the data collected will be treated with utmost confidentiality and will be used exclusively for the purposes of this academic research. I am looking forward to your kind consideration and also, wishing your organization success in your endeavors.

Yours sincerely,

**Tonny Lukose**



**Appendix II: Questionnaire****Serial Number:** .....

**INSTRUCTION:** Please answer all the questions honestly and exhaustively by putting a tick (✓) or numbers in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.

Your response/answers shall be treated with confidentiality and used for academic purpose only.

**PART A: BACKGROUND INFORMATION**

1) Name of the Hotel \_\_\_\_\_

2) Position held by the Respondent \_\_\_\_\_

3) Indicate your gender

Male [ ] Female [ ]

4) Indicate your age \_\_\_\_\_

5) What is your highest education attained?

O-level [ ] A-Level [ ] Diploma level [ ] Undergraduate level [ ] Post graduate level [ ]

6) How many of experience do you have in the hotel management

Below 5 years [ ] 5-10 years [ ] 11-15 years [ ] 16-20 years [ ] 21 and above years [ ]

7) Hotels Classification under the Kenya Association of Hotels and Caterers

One Star [ ] Two Star [ ] Three [ ] Four Star [ ] Five Star [ ]

8) How long has your hotel been operational?

Less than 5 years [ ] 5-10 Years [ ] 11-15 Years [ ]

16- 20 Years [ ] 21-25 years [ ] Over 25 years [ ]

9) How many rooms do you have?

Less than 50[ ] 51-100[ ] 101-150[ ] 151-200[ ] Over

200[ ]

10) How many other branches do you have in Kenya?

None [ ]      One [ ]      Two [ ]      Three [ ]      Over Four [ ]

11) What is your target Market?

International tourists [ ]      Domestic tourists [ ]

Both international and domestic tourists [ ]

12) Which nationality makes up the largest number of visitors to your Hotel? i.e

Kenyans..

i) .....

ii) .....

iii) .....

13) How has the increase in social media use affected your daily operations

No effect [ ]      Worse [ ]      Bad [ ]      Fair [ ]      Good [ ]      Better [ ]

## **PART B: SOCIAL MEDIA MARKETING**

This section entails your Hotel presence on social media and how your use social media to interact with your customers.

1. In this section, kindly give the extent of your agreement with statements relating to your organizations use of social media marketing.

**Using a scale of 1-5 with (1-Strongly disagree, 2- Disagree, 3- Don't Know, 4- Agree and 5- Strongly agree).**

	<b>SOCIAL MEDIA MARKETING</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
SMM1	We've taken an active part in developing an online brand community for our hotel.					
SMM2	We frequently provide useful information to members on our social media communities					
SMM3	In general, we post messages and responses on our social media sites with enthusiasm and frequency.					
SMM4	We have incorporated the products and services we offer into an online page on social media					
SMM5	We have guidelines for what's acceptable for public contributions to our organization's website, blog, and forum					
SMM6	We have established and maintained relationships with our customers on social media platforms					
SMM7	When launching new services, we communicate to our customers on our social media page					

SMM8	We've developed our social media pages so that they can support the purchase process. Customers can book online					
SMM9	Our social media has a human voice that resonates with our brand					
SMM10	We have developed blogs and forums through which our clients can interact with each other and share their experiences from using our facilities					
SMM11	We update our social media pages frequently to keep our clients informed					
SMM12	Relevant and important information concerning our services is consistently posted online					
SMM13	We encourage our customers to share their experiences with us on our social media page					
SMM14	Our customers interact with other on our social website					
SMM15	We respond and reply to customer inquiries made on our social website					
SMM16	When posting marketing campaigns we link them to our hotels marketing strategies					

**PART C: COMPETITIVE DYNAMICS**

2. To what extent do you agree with the following statements in relation to your hotels' actions and reactions to other hotels/rival hotels Social Marketing Campaigns?

Use a scale of 1- 5 where (1-Strongly Disagree, 2-Disagree, 3-Don't know, 4-Agree 5-Strongly Agree

	<b>COMPETITIVE DYNAMICS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
CDS1	When another hotel has a special deal/offering (e.g., discount price for meal), we generally match our offers to theirs.					
CDS2	My hotel intermixes or combines various services to be unique from the others in the industry					
CDS3	We often introduce new services to counteract our competitors' offerings					
CDS4	Our hotel monitors competitive products and offerings of other firms					
CDS5	We have processes in place to take action where appropriate based on our social media monitoring of our competitors					

**PART D: PRODUCT INNOVATION**

3. Please indicate your level of agreement with the following statements relating to product innovation emanating from interactions on social media marketing?

Use a scale of 1- 5 where (1-Strongly Disagree, 2-Disagree, 3-Don't know, 4-Agree 5-Strongly Agree

	<b>PRODUCT INNOVATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
PI1	We communicate with our customers to ensure that the products we develop and offer match their demands.					
PI2	We integrate customer comments from online platforms in the product development in order to improve our service delivery.					
PI3	The hotel has services that were generated from monitoring customer communications online					
PI4	Our service delivery is based on customer requirements					
PI5	We base our service delivery from customer interactions within our forums and blogs					

**PART E: FIRM PERFORMANCE**

4. To what extent do you agree with the following statements in relation to social media marketing campaigns and the performance of your hotel?

Use a scale of 1- 5, where 1-Strongly Disagree, 2-Disagree, 3-Don't know, 4-Agree 5-Strongly Agree

	<b>FIRM PERFORMANCE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
FP1	We've increased the Total number followers and fans on social media sites					
FP2	Our Hotels Customer list has increased					
FP3	Our online bookings have increased					
FP4	Customer complaints have gone down					
FP5	Our revenue has gone up after social media use					
FP6	Our profits have gone up from carrying out marketing campaigns on social media					
FP7	Market share has increased than that of our competitors					
FP8	We achieved better customer satisfaction emanating from better communication on social media					
FP9	There is an increase in product development					

**Appendix III: Classified Establishments-Register****TOURISM REGULATORY AUTHORITY****NATIONAL CLASSIFICATION REGISTER 2015-2019: UPDATED****DECEMBER 2020****1. GREATER NAIROBI**

<b>NO</b>	<b>ESTABLISHMENT</b>	<b>COUNTY</b>	<b>ROOMS</b>	<b>BEDS</b>	<b>RATING</b>
1	Intercontinental Nairobi	Nairobi	326	372	*****
2	Radisson Blu Hotel Nairobi	Nairobi	271	354	*****
3	The Sarova Stanley	Nairobi	217	440	*****
4	Villa Rosa Kempinski	Nairobi	200	216	*****
5	Fairmont The Norfolk	Nairobi	170	200	*****
6	Sankara Nairobi	Nairobi	156	167	*****
7	The Boma Nairobi	Nairobi	148	178	*****
8	Crowne Plaza Nairobi Airport	Nairobi	144	209	*****
9	Tribe Hotel	Nairobi	137	154	*****
10	Dusit D2	Nairobi	101	122	*****
11	Hemingway's Nairobi	Nairobi	45	50	*****
12	Hilton Nairobi Limited	Nairobi	287	334	*****
13	Crowne Plaza	Nairobi	206	254	*****
14	Hilton Garden Inn Nairobi Airport	Nairobi	175	226	*****
15	City Lodge Hotel At Two Rivers	Nairobi	171	200	*****
16	Southern Sun Mayfair Nairobi	Nairobi	171	212	*****
17	Eka Hotel	Nairobi	167	220	*****
18	Sarova Panafric Hotel	Nairobi	162	324	*****
19	Silver Springs Hotel	Nairobi	160	180	*****
20	Nairobi Safari Club	Nairobi	146	186	*****
21	The Panari Hotel, Nairobi	Nairobi	136	272	*****
22	Ole Sereni Hotel	Nairobi	134	206	*****
23	Windsor Golf Hotel and Country Club	Nairobi	130	205	*****
24	Fairview Hotel	Nairobi	127	133	*****
25	Weston Hotel	Nairobi	120	154	*****
26	Golden Tulip Westlands	Nairobi	94	188	*****
27	Amboseli Serena Lodge	Kajiado	92	184	*****
28	Gelian Hotel	Machakos	90	136	*****
29	Pride Inn Lantana Apartments and Suites	Nairobi	55	110	*****



30	Executive Residency by Best Western.	Nairobi	48	106	****
31	House of Waine	Nairobi	11	20	****
32	Carnivore Restaurant	Nairobi	0	0	****
33	Ibis Styles Westlands	Nairobi	277	331	***
34	Maanzoni Lodge	Machakos	272	421	***
35	Azure Hotel	Nairobi	165	231	***
36	Best Western Plus Meridian Hotel	Nairobi	128	166	***
37	Ngong Hills Hotel	Nairobi	110	165	***
38	The Heron Portico	Nairobi	109	218	***
39	Pride Inn Nairobi,	Raptha	100	200	***
40	Sportsview Hotel Kasarani	Nairobi	94	188	***
41	Kenya Comfort Suits	Nairobi	88	120	***
42	Amboseli Sopa Lodge	Kajiado	83	166	***
43	La Masion Royale	Nairobi	71	144	***
44	The Clarion Hotel	Nairobi	62	67	***
45	Kibo Safaris Camp	Kajiado	60	120	***
46	Boma Inn Nairobi	Nairobi	59	83	***
47	Utalii Hotel	Nairobi	57	114	***
48	Marble Arch Hotel	Nairobi	41	57	***
49	Fahari Gardens Hotel	Nairobi	32	64	***
50	Villa Leone Guest House	Nairobi	51	54	***
51	Jacaranda Hotel Nairobi	Nairobi	128	256	**
52	Town Lodge	Nairobi	84	124	**
53	Central Park Hotel	Nairobi	80	100	**
54	After 40 Hotel	Nairobi	63	101	**
55	Summerdale Inn	Nairobi	60	75	**
56	Eton Hotel	Nairobi	58	116	**
57	Zehneria Portico	Nairobi	56	65	**
58	Kahama Hotel	Nairobi	47	51	**
59	West Breeze Hotel	Nairobi	26	34	**
60	Tea Tot Hotel	Machakos	54	66	**
<b>TOTAL</b>			<b>7112</b>	<b>10209</b>	<b>60</b>

## 2. COAST

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1	PrideInn Paradise	Mombasa	240	480	*****
2	Leopard Beach Resort and Spa	Kwale	198	396	*****
3	Hemingways Watamu	Kwale	166	200	*****
4	Diani Reef Beach Resort & Spa	Kwale	143	286	*****
5	Swahili Beach Resort	Kwale	125	250	*****
6	Medina Palms Suites and Villas	Kilifi	40	70	*****

7	Baobab Beach Resort & Spa	Kwale	343	686	****
8	Sarova White Sands Beach Resort and Spa	Mombasa	335	435	****
9	Leisure Lodge Beach & Golf Resort	Kwale	253	506	****
10	Voyager Beach Resort	Mombasa	236	472	****
11	Severin Sea Lodge	Mombasa	188	376	****
12	Diani sea resort	Kwale	170	340	****
13	Serena Beach Resort and Spa	Mombasa	164	328	****
14	Turtle Bay Beach Club	Kilifi	145	290	****
15	Lantana Galu Beach	Kwale	47	240	****
16	Silver Palm Spa & Resort	Kilifi	40	80	****
17	Diamond Dream of Africa	Kilifi	35	70	****
18	Marina English Point	Mombasa	26	28	****
19	Msambweni Beach House and Private Villa	Kwale	5	24	****
20	Leopard Point Luxury Beach Resort	Kilifi	15	30	****
21	Sandies Tropical Village	Kilifi	109	218	***
22	Bahari Beach Hotel	Mombasa	105	212	***
23	Indian Ocean Beach Resort	Kwale	101	180	***
24	Kenya Bay Beach Hotel	Mombasa	99	198	***
25	Royal Court Hotel	Mombasa	89	188	***
26	Mnarani Club	Kilifi	80	160	***
27	Crystal Bay Beach Resort	Kilifi	76	176	***
28	Ashnil Aruba Lodge	Taita	52	108	***
29	Isinya Resorts Limited	Mombasa	43	86	***
30	PrideInn Mombasa	Mombasa	40	96	***
31	Azul Margarita Beach Resort	Mombasa	35	98	***
32	Sentrim Tsavo East Camp	Taita	25	50	***
33	JacyJoka Apartments	Mombasa	12	16	***
34	Bollywood Bites	Mombasa	0	0	***
35	North Coast Beach Hotel	Kilifi	124	199	***
36	Papillon Lagoon Reef Hotel	Kwale	150	300	**
37	Neptune Paradise	Kwale	92	184	**
38	Plaza Beach Hotel	Mombasa	88	176	**
39	Seven Islands Resort	Kilifi	84	226	**
40	Jambo Travellers Hotel	Kilifi	75	99	**
41	Castle Royal Hotel	Mombasa	68	99	**
42	Midview Hotel	Mombasa	68	136	**

43	Neptune Palm Beach Resort & Spa	Kwale	60	120	**
44	Morning Star Apartments	Kwale	50	65	**
45	Gasaro Hotel Limited	Mombasa	39	58	**
46	Kilili Baharini	Kilifi	35	70	**
47	Voyager Safari Camp	Taita	25	50	**
48	Flamingo Villas	Kilifi	20	36	**
49	Saruni Ocean Beach Resort	Kwale	10	20	**
<b>TOTAL</b>			<b>4528</b>	<b>8731</b>	<b>49</b>

### 3. SOUTH RIFT

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1	Enashipai Resort and Spa	Nakuru	140	215	*****
2	Mara Serena Safari Lodge	Narok	74	148	*****
3	Lake Elementaita Serena Camp	Nakuru	25	50	*****
4	Cottars Nineteen Twenties Safari Camp	Narok	16	40	*****
5	Olare Mara Kempinski	Narok	12	17	*****
6	Masai Mara Sopa Lodge	Narok	100	198	*****
7	Keekorok Lodge	Narok	99	225	*****
8	Sentrim Elementaita Lodge	Nakuru	83	166	*****
9	Lake Naivasha Sopa Resort	Nakuru	82	164	*****
10	Sarova Mara Game Camp	Narok	75	150	*****
11	Lake Naivasha Sawela Lodge	Nakuru	74	150	*****
12	Sarova Lion Game Lodge	Nakuru	67	134	*****
13	Lake Nakuru Sopa Lodge	Nakuru	62	138	*****
14	Mara Intrepids Camp	Narok	60	93	*****
15	Ashnil Mara Camp	Narok	56	118	*****
16	Fairmont Mara Safari Club	Narok	51	102	*****
17	Naivasha Kongoni Lodge	Nakuru	29	29	*****
18	Neptune Mara Rianta Luxury Tented Camp	Narok	20	40	*****
19	Mara Engai Wilderness Lodge	Narok	20	40	*****
20	Little Governors' Camp	Narok	17	34	*****

21	DBA Mara West Tented Camp	Narok	16	30	****
22	Sunbird Lodge	Nakuru	16	32	****
23	Governors' Ilmoran Camp	Narok	10	10	****
24	Mara Explorer Camp	Narok	10	20	****
25	Encounter Mara Camp	Narok	10	24	****
26	Naboisho Camp Tented Camp	Narok	9	22	****
27	Olarro Lodge	Narok	9	18	****
28	Mara Simba Lodge	Narok	84	168	***
29	Lake Naivasha Simba Lodge	Nakuru	70	140	***
30	Hotel Cathay	Nakuru	62	140	***
31	Lake Nakuru Flamingo Lodge	Nakuru	60	91	***
32	Hillcourt Resort & Spa	Nakuru	43	50	***
33	Tipilikwani Mara Camp	Narok	20	34	***
34	Sekenani Camp	Narok	15	30	***
35	Sanctuary Olonana Camp	Narok	14	28	***
36	The Ole Ken Hotel	Nakuru	40	54	***
37	Rekero Camp	Narok	9	24	***
38	Hotel City Max	Nakuru	40	56	**
39	Governors' Camp	Narok	37	74	**
40	Chester Hotel	Nakuru	31	36	**
41	Kabarak University Guest House	Nakuru	24	32	**
42	Mpata Safari Club	Narok	23	46	**
43	Agricultural Resource Centre (ARC) Hotel	Nakuru	90	96	**
44	Mara Siria Luxury Tented Bush Camp	Narok	14	35	**
45	Loldia House	Nakuru	7	19	**
46	Porini Mara Camp	Narok	6	12	**
47	Mara Bush Houses	Narok	3	18	**
48	Porini Lion Camp	Narok	10	20	*
<b>TOTAL</b>			<b>1804</b>	<b>3395</b>	<b>48</b>

#### 4. WESTERN

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1	Acacia Premier Hotel	Kisumu	92	97	****
2	The Vic Hotel	Kisumu	106	122	***
3	Kisumu Hotel	Kisumu	86	120	***
4	Imperial Hotel	Kisumu	78	90	***
5	Hotel Nyakoe	Kisii	75	86	***
6	Sovereign Hotel	Kisumu	32	64	***
7	Jambo Impala Eco-lodge	Kisumu	12	24	***

8	Golf Hotel	Kakamega	62	124	**
9	Dados Hotel	Kisii	57	72	**
10	Sunset Hotel	Kisumu	50	100	**
11	St. Johns Manor-Le Savanna Country Lodges	Kisumu	49	49	**
12	Le Savanna Country Lodge & Hotel	Kisumu	39	78	**
13	Rondo Retreat Centre	Kakamega	20	40	**
14	Kiboko Bay Resort	Kisumu	10	20	**
15	Dewchurch Drive Hotel	Kisumu	13	16	*
<b>TOTAL</b>			<b>781</b>	<b>1102</b>	<b>15</b>

### 5. EASTERN

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1	Mountain Breeze Hotel Ltd	Embu	60	75	***
2	Ikweta Safari Camp	Meru	15	23	***
3	Nkubu Heritage Hotel	Meru	43	88	**
4	Legacy Star Hotel	Meru	40	52	**
5	Ikweta Country Inn	Meru	38	51	**
6	Leopard Rock Lodge	Meru	15	30	**
<b>TOTAL</b>			<b>211</b>	<b>319</b>	<b>6</b>

### 6. CENTRAL & MT. KENYA REGION

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1	Panari Resort, Nyahururu	Laikipia	100	200	*****
2	Segera Retreat Lodge	Laikipia	11	20	*****
3	Fairmont Mt. Kenya Safari Club	Nyeri	120	240	****
4	White Rhino Hotel	Nyeri	102	128	****
5	Sarova Shaba Game Lodge	Isiolo	85	170	****
6	Sweetwater's Serena Camp & Ol Pejeta House	Laikipia	62	112	****
7	Aberdares Country Club	Nyeri	47	94	****
8	Ashnil Samburu Camp	Isiolo	30	62	****
9	Samburu Intrepids Camp	Samburu	26	56	****
10	Saruni Safari lodge, Samburu	Samburu	8	20	****
11	Sportsman's Arms Hotel	Laikipia	180	360	***
12	Green Hills Hotel	Nyeri	100	260	***
13	Samburu Simba Lodge	Isiolo	70	134	***
14	Westwood Hotel	Nyeri	57	74	***


15	Outspan Hotel	Nyeri	43	93	***
16	Serena Mountain Lodge	Nyeri	42	84	***
17	Giraffe Ark Camp Lodge	Nyeri	30	52	***
18	Mantis Mutara Tented Luxury Camp	Laikipia	15	30	***
19	Borana Lodge	Laikipia	8	16	***
20	The Ark	Nyeri	60	120	**
21	Ibis Hotel Nyeri	Nyeri	40	44	**
22	Ibis Hotel Nanyuki	Laikipia	39	44	**
23	Maxoil Hotel	Laikipia	25	50	**
24	Elephant Bedroom	Samburu	12	24	**
25	Solio Lodge	Laikipia	5	16	**
26	Ibis 2000 Hotel Karatina	Nyeri	52	57	*
<b>TOTAL</b>			<b>1269</b>	<b>2360</b>	<b>26</b>

### 7. NORTH RIFT

NO	ESTABLISHMENT	COUNTY	ROOMS	BEDS	RATING
1.	Boma Inn, Eldoret	Uasin Gishu	68	80	****
2.	The Noble Conference Centre	Uasin Gishu	53	67	***
3.	Kerio View Lodge	Elgeyo Marakwet	28	40	***
4.	Samich Resort	Elgeyo Marakwet	15	30	***
5.	Hotel Comfy & Lodge	Uasin Gishu	96	110	**
6.	Starbucks Hotel and Restaurant Ltd	Uasin Gishu	93	182	**
7.	Hotel Winstar	Uasin Gishu	85	95	**
8.	Cicada Hotel	Uasin Gishu	56	56	**
9.	The Pearl Tourist Hotel Ltd	Uasin Gishu	42	42	**
10.	Kenmosa Resort	Uasin Gishu	17	26	**
11.	Poa Place Resort	Uasin Gishu	15	35	**
<b>TOTAL</b>			<b>568</b>	<b>763</b>	<b>11</b>
<b>GRAND TOTAL</b>			<b>16273</b>	<b>26879</b>	<b>215</b>


### Appendix IV: Research License

ment



**RefNo: 161918**

**RESEARCH LICENSE**




**This is to Certify that Mr. Lukose Tommy of Moi University, has been licensed to conduct research in Kilimng'eri, Kisumu, Mombasa, Nairobi, Nakuru on the topic: Social Media Marketing, Competitive Dynamics, Product Innovation and Firm Performance among star rated hotels in Kenya for the period ending : 01/December/2022.**

**License No: NACOSTIP/21/14490**

**161918**  
**Applicant Identification Number**

**Director General**  
**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION**

**Verification QR Code**



**NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.**