

Analyzing the Use of Web 2.0 for Brand Awareness and Competitive Advantage: An Empirical Study in the Malaysian Hospitality Industry

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In developing countries such as Malaysia, citizens primarily use the internet to keep in touch with friends/family via social networking sites. Firms have realized the potential of the social web to promote their products/services. This article develops a conceptual model, grounded in Technology-Organization-Environment theory, to assess the adoption/use of Web 2.0 for branding activities and its effect on firm performance. Hypotheses are tested using a sample of 104 Malaysian firms from the hospitality industry.

Keywords Web 2.0; branding activities; technological factors; organizational factors; environmental factors; TOE theory; competitive advantage

1. INTRODUCTION

In today's business world, where firm competitive advantages come mostly from intangibles, new internet technologies such as Web 2.0 and the social and semantic web have become not only key tools for information and knowledge management within firms (Colomo-Palacios, García-Crespo, Soto-Acosta, Ruano-Mayoral, & Jiménez-López, 2010; Lopez-Nicolas & Soto-Acosta, 2010; Soto-Acosta, Casado-Lumbreras, & Cabezas-Isla, 2010a; Valencia-García, García-Sánchez, Castellanos-Nieves, Fernández-Breis, & Toval, 2010), but also required tools for competition and interaction with customers across many industries (Soto-Acosta & Meroño-Cerdan, 2008). Web 2.0 can be defined as second generation of community-driven web services (social networking sites, blogs, wikis, and others) where everyone can communicate, participate, collaborate, and refine the information space (Colomo-Palacios, 2010; Paroutis & Al Saleh, 2009). In other words, Web 2.0 encompasses the design of web sites and software to support and foster social interaction.

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Firms have realized the potential of the internet not only for interacting with customers but also for promoting their products and services (Molina-Castillo, Lopez-Nicolas, & Soto-Acosta, 2012). In this sense, firms are adopting the social web more and more to do their branding activities in order to grasp more reputation and market share (Colomo-Palacios, Fernandes, Soto-Acosta, & Sabbagh, 2011; Soto-Acosta, Martínez-Conesa, & Colomo-Palacios, 2010b). Shared ownership of brand, image, and reputation are key benefits derived from Web 2.0 environments (Jones & Iredale, 2009). All these potential benefits have moved the new internet technologies to the level of competitive advantage in organizations (O'Reilly and Battelle, 2009).

According to Internet World Stats, the number of Malaysians accessing the internet hit 61.7% percent of the population in December 2011. Once online, Malaysians primarily use social networking sites. Almost three-quarters (71%) are keeping in touch with friends and family via these sites. Malaysian firms are aware of that and have started innovative initiatives to capture new audience and increase brand awareness by using Web 2.0. However, in a developing country such as Malaysia, substantial differences regarding the degree of use of technological equipment and computers exist among industry sectors. In this sense, this article focuses on the hospitality industry, due to its firms' high level of information and communications technologies and, more importantly, their involvement in e-business initiatives. As of June 2006, the Malaysian Virtual Portal largely consisted of hotels and resorts (Salwani, Marthandan, Norzaidi, & Chong, 2009). Moreover, hospitality industry is the largest contributor to the Malaysian economy, with tourists and business travelers as the main drivers. Ultimately, Marco G. Battistotti (2010), chairman of the Malaysian Association of Hotels (MAH) in Penang, claimed that from year 2010 to 2014, more than RM\$1 billion will be invested to build 10 brand new three- to five-star hotels in Penang. With this optimistic number of potential customers, organizations should use the web platform to reinforce their branding activities and create awareness to achieve competitive advantages.