

**FACTORS DRIVING THE USE OF WEB 2.0 IN BRANDING ACTIVITIES AND
COMPETITIVE ADVANTAGE:
A STUDY OF HOSPITALITY INDUSTRY IN PENANG**

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ABSTRAK

Kepesatan dalam bidang teknologi telah mewujudkan daya saing di antara sector perindustrian terutama dalam bidang teknologi iaitu Web 2.0. Oleh sebab itu, industri hospitaliti perlu mengembangkan lagi aktiviti perjenamaan yang sangat baik untuk mewujudkan lebih banyak peluang perniagaan baru. Takat penggunaan Web 2.0 and penggunaan Web 2.0 merupakan salah satu aspek penting untuk berjaya. Takat penggunaan Web 2.0 yang berkesan untuk organisasi mempromosikan jenama organisasi dan mengekalkan kesetiaan jenama. Tujuan penyelidikan ini adalah untuk menyelidik sama ada penggunaan Web 2.0 dalam aktiviti-aktiviti penjenamaan boleh ditingkatkan melalui takat penggunaan Web 2.0. Soal selidik digunakan untuk mengumpul data. Sebanyak tiga ratus tiga puluh lapan soal selidik telah dihantar kepada industri hospitaliti di Pulau Pinang, Malaysia. Hanya seratus empat soal selidik yang boleh diguna dapat dikumpul kembali. Berdasarkan analisi, manfaat didapati, halangan dihadapi, sokongan pengurusan atasan dan tekanan persaingan mempunyai kesan ke atas penggunaan Web 2.0 dalam aktiviti penjenamaan dan kelebihan daya saing. Ahli-ahli dalam industri hospitaliti yang ingin untuk memahami antara sebab-sebab mengapa industri tertentu in Pulau Pinang ketinggalan dalam penggunaan Web 2.0 dalam aktiviti-aktiviti penjenamaan boleh mendapat manfaat daripada maklumat yang diberikan dalam kajian ini. Kajian ini juga memberi amaran kepada perhatian pemilik, pengurus pemasaran dan pengurus jenama apakah tindakan yang boleh dilakukan untuk mengukuhkan aktiviti-aktiviti penjenaman melalui setakat digunakan dalam Web 2.0 dalam industri hospitaliti.

ABSTRACT

One of the defining features of competition in many industries has been the extremely rapid pace of technological change, marked by a continuous stream of new technology adoption which is Web 2.0. Hospitality industry, therefore, face the challenge of creates new business opportunities by excellent branding activities. Extent of use of Web 2.0 and the use of Web 2.0 in branding activities is viewed as an essential part of the organization to success. Extent of use of Web 2.0 is important to organizational branding activities to promote the organization brand and maintain the brand loyalty. The aim of this study was to determine if the use of Web 2.0 in branding activities can be improved through the extent of use of Web 2.0. Structured questionnaire used in this study. Three hundred and thirty eight questionnaires were distributed to the hospitality industry business which located Penang, Malaysia. Only one hundred and four useable questionnaires have been collected back. Based on the analysis, perceived benefits, perceived barriers, top management support and competitive pressure was found significantly related to the use of Web 2.0 in branding activities and lead to competitive advantage. Members in hospitality industry wishing to understand some of the reasons why certain hospitality industry in Penang is lag in the use of Web 2.0 in branding activities can benefit from the information provided in this study. The study also alerted the attention of owner, marketing manager or brand manager to what can be done to strengthen branding activities through the extent of use in Web 2.0 in hospitality industry.

CHAPTER 1

INTRODUCTION

1.0 Introduction

In today business world, Web 2.0 is a required tool to act as a practical resource to compete and roaring across the industry. Firms have moved forward to adopt new channel to do their branding activities instead of traditional way in order to compete against with each other to grasp more market share to survive.

With this advance World Wide Web (WWW) nowadays, it not only limit itself in basic usage which is facilitates communication between people, the evolution turn to a new landscape of technology which is Web 2.0. Web 2.0 is performing as a web platform to give users the possibility to share and control their data. It attain as a second generation of Internet-based services that indicate on online sharing, collaboration and social network among users (O'Reilly, 2005).

Web 2.0 is the perfect platform to reach out to the youth of Malaysia and is expected to influence with the implementation of Web 2.0. Online media in Malaysia have high rate of consumption, gap between the consumers and organization widen if new media is not a part of the marketing strategy. Malaysian firms have started innovative initiatives to capture new audience and increase revenue streams using Web 2.0. Even with the increasing rate of adoption of new media and new start-ups emerging in this field, the audience still has the capacity for more online content.

Branding in the social media generation has changed dramatically. The brand new Web 2.0 outlook, branding and reputation are directly chain it together. With the stakeholder's active involvement and compliance it requires negotiating and shaping the organization brand image successively. Thus, Web 2.0 can be adopted in order to build strong

relationships and buy-in from stakeholders. Shared ownership of brand, information, image and reputation are key features of the Web 2.0 environment (Jones and Iredale, 2009).

Same observation that convey the new message differently to prove that Facebook, Twitter and YouTube in the new powerful platforms. Moreover, Web 2.0 is all about to venture into the new area which is the collective intelligence. Collective intelligence applications are evolve which is continuous develops from dependable on human managing and responding into sensors. For example new iphone 4S has voice recognition module named Siri that use machine to manage data instead of human to manage data. Indeed, this leads the data of the next generation of computer applications to reach the new level of competitive advantage in organization (O'Reilly and Battelle, 2009).

1.1 Background of study

By recognizing the critical need for competitive advantage as input, Malaysia through the Tenth Malaysia Plan 2011-2015 is economic blueprints that set a growth tone for Malaysia in next five years and outline Malaysia future economic development. It embarked on an important mission heading towards to achieve an advanced and high-income nation as anticipate in Vision Year 2020.

	Annual Growth (%)	
	9th MP	10th MP
GDP	4.2	6.0
Agriculture	3.0	3.3
Mining	-0.5	1.1
Manufacturing	1.3	5.7
Construction	4.4	3.7
Services	6.8	7.2

Figure 1: GDP growths by Economic Activity (Tenth Malaysian Plan 2011-2015, 2010)

According to recent data from the Economic Planning Unit, Prime Minister's Department in year 2010 showed that the service sector is expected to lead by growing at 7.2% per year in the Tenth Malaysia Plan compare to the manufacturing sectors only tended to grow by 5.7 % per year. This plan will core focus on 12 national key areas (NKEAs) which have great potential to accomplish high income. Apart the balance 10 national, tourism and information and communications technology (ICT) is the key economic areas that Malaysia will concentrate on its which can be the driving forces for economic growth.

Tourists and business travelers are the main drivers for the local hospitality industry in Malaysia become booming industry. The Tourist Arrivals Statistics reported that the tourist arrival and receipts to Malaysia is in increasing trend since year 1998 to 2010. In year 2010, the tourist arrival hits 24.6 Million and receipts are 56.5 Million compare to 23.6 Million and 53.4 Million in 2009 (Tourism Malaysia, 2010). Ultimately, Penang chapter chairman Marco G Battistotti of Malaysian Association of Hotels (MAH), claimed that in year 2010 to 2014 and expected to more than RM1 billion will be invest to built ten brand new three to five-star hotels in Penang. Hospitality industry has been chosen as the focus of this study due to its significant contribution to the service industry as the largest contributor of Malaysian economy. Mr. Previn Singhe from Zerin Properties which is a pioneer in the sale-purchase of hotels in South East Asia stressed that the perspective for the hospitality sector will continue to be moving forward into year 2011. The new trends in the industry are limited service hotels, serviced apartments, spa resorts, budget and branded budget hotels. He also believes on the continued strength of hotel rates and occupancy levels, boom up by factors such as growth of the tourism market.

After Kuala Lumpur and Genting in Pahang, Penang is ranked as the third place for tourism destination in Malaysia, quoting a statement by Yang Berhormat Danny Law Heng Kiang, State EXCO for Tourism Development and Culture (Visit Penang, 2010) claimed that

Penang has recorded a 40% increase in the number of international tourist arrivals in year 2010. Meanwhile, 1Malaysia Contemporary Arts tourism Festival 2011 (MCAT) been launch in July, August and September 2011, Penang is one of the states which took part in the festival exhibition. Through MCAT, Tourism Malaysia also took the opportunity to encourage art aficionados and tourists alike to come and visit Malaysia and visit Penang. In addition to revitalizing to hospitality industry toward higher value added as well as the adoption of ICT and other relevant technologies.

A recently published report about the online usage in Malaysia acknowledged that Social Networking Site (SNS) are the top visited web sites in Malaysia (comScore, 2010). The report also shows that as at October 2010, there were 17 million Malaysians (out of 28.72 million of population) of age 15 and above who accessed the Internet from different locations and consumed an average of 1,392 pages of content and spending nearly 17 hours online during the month. Subsequently, comScore vice president for Southeast Asia commented that the regions within Malaysia vary dramatically in the demographic composition and online behaviors which included brand loyalty and the content consumption. However, according to Malaysian Communications and Multimedia Commission (MCMC), in 2010 Quarter 2, the penetration index of Internet access among Malaysians has reached 62.8%, a staggering 15% of increase in 12 months. Meanwhile, 50% of broadband access will be achieved by 2010. Amongst all the fast developed Asian countries from the context of networked community, Malaysia have strategically positioned with these statistical inputs (Zakaria, Watson and Edwards, 2010). With the optimistic number of potential customer in the web platform, organization should use this opportunity to reinforcing in the branding activities and create awareness to organization and achieve competitive advantage.

Over the turn of the century, Web 2.0 has experienced tremendous growth globally. Web 2.0 defined as second generation of community-driven web services for example as

SNS, blogs, wikis, etc. which facilitate the web are connected socially where everyone is manage to communicate, participate, collaborate and refine the information space (Paroutis and Saleh, 2009). Web 2.0 used the web as a platform to give users to share and control their data by themselves. This truly performs as a second generation of Internet-based services that pinpoint on online collaboration and social networking among users.

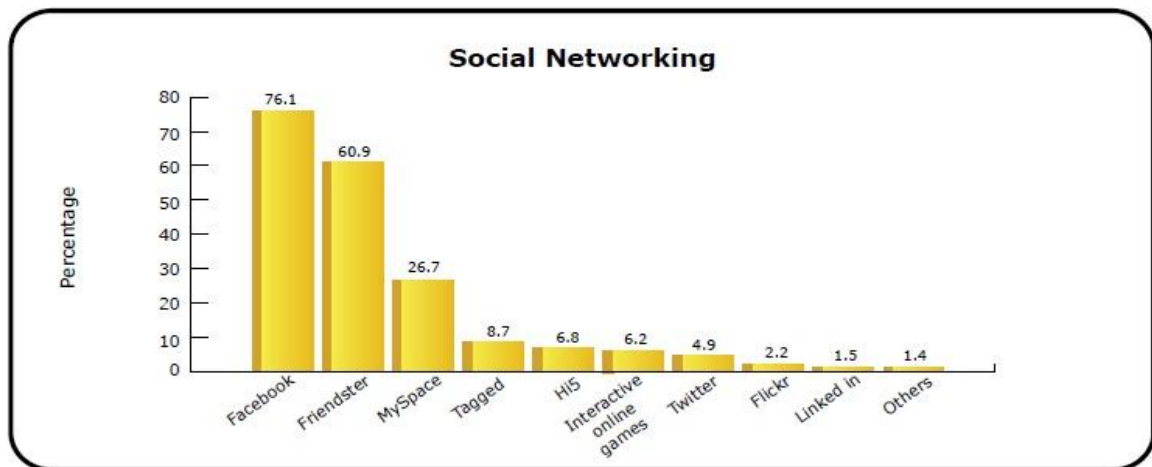


Figure 2: Purpose for use of the Internet (Malaysia Communications and Multimedia Commission, Household Use of the Internet Survey, 2009)

It has become a trend that consumer nowadays need to use Web 2.0 platform to do the social networking. According to Malaysia Communication and Multimedia Commission (2011), there are a number of purposes for household to use Internet, such as for getting information, communication by text, leisure, social networking/online community, educational activities and others. Research found out that there are 46.8 percent of users who meet and network with others online. The top visited social networking websites among household are Facebook which is 76.1 percent. With high percentage as shown in Figure 2, this proves the potential of use of Web 2.0 in Malaysia and its heightening awareness trend.

Research by McKinsey (2009) revealed that most of the users are enjoy the benefits of Web 2.0 applications because it manages to increased knowledge sharing and have more effective marketing. Sixty nine percent of respondents reported that their firms have gained measurable business benefits such as better access to knowledge, produce and provide more

innovative products and services, more persuasive marketing, reduce cost of conduct business in the same time manage to gain higher revenues. Organization had made greater use of the technologies were reported towards enjoy greater benefits.

Apart from that, hospitality industries have to understand the target customer well and to identify the most approximate channel to sustain the branding of the company in order to remain competitive in the long term. By successful Internet-based branding strategies it always needs the collaboration of the platform and the consumer. Thus, with the successful branding it always make an organization to be the priority choice when the purchase.

Although there are many previous studies on advantages of utilize Web 2.0 technologies in teaching include interaction, communication and collaboration, knowledge creation, ease of use and flexibility, writing and technology skills (Zakaria, et al., 2010; Thackeray, Neiger, Hanson and McKenzie, 2008). Nevertheless, there are limited studies to date which attempt to explain the underlying factors behind the use of Web 2.0 in branding activities in business and marketing perspectives. Hence, the researcher is motivated to undertake this research due to the significance of the outcome and the negligible relevant literature available in this aspect.

1.2 Problem Statement

One of the successful food and beverages organizations in hospitality industry, McDonalds have used the web awareness in online promote their brand. McDonald's their core service delivery will always be through face-to-face interactions at the first place when face with customers, apart from that, with Internet also can play a crucial role in marketing communications, customer relationship and brand building. Oversea giant brand and industries they very aggressively utilize this valuable Web 2.0 as a platform for them to address the message that they want to convey to consumer (Rowley, 2004a).

However, in context of Penang, branding the hospitality industry is still a baby footstep for local organization and it is difference from western. So, as long term Penang local hospitality industries cannot reach the basic competitive standard which are fast and convenience in customer perceptions.

Previous studies (van Zyl, 2009; Jones, 2010; Sena, 2009; McKinsey, 2009; Davidson, 2011; Thackeray, et al., 2008; Zakaria, et al., 2010) basically concentrate on the benefit and the impact which Web 2.0 brings to the industries rather than how the positive and negative impact can help local industries in building their own competitive marketing strategies. Meanwhile, most of the empirical studies were conducted in the United States, United Kingdom and Australia. Ironically for Asian context, most of the studies only focus on investigating the usage Web 2.0 by students in education institution and not in the organization overview. In this context, an integrated model to study the key determinants of the use of Web 2.0 in branding activities and leads to competitive advantage is essential in hospitality Malaysia given that the theoretical and empirical findings in this area are still limited.

In view of the background study, this paper undertake to investigate what are the vital reasons leads to organization low usage of the use of Web 2.0 for their branding activities to achieve competitive advantage. Refer to survey done by Anandarajan (2010) found out while the usage was marginal, the results indicated that have low usage of Web 2.0 with average 60% of the researchers surveyed had never used or were not familiar with Web 2.0 technologies. By linking these reasons and factors that affecting the use of Web 2.0, it is hope that we will move closer to understand of how Penang hospitality industry response when confronted by environmental changes that present opportunities and threaten survival in order to achieve competitive advantage. Beside, this study also explored whether the use of Web 2.0 in branding activities can be improved by extent of use of Web 2.0.

1.3 Research Objectives

The objectives of this research are:

- (1) To determine the level of use of Web 2.0 in branding activities in Penang hospitality industries;
- (2) To examine whether there is a relationship between technological factors (perceived benefits and perceived barriers) and the use of Web 2.0 in branding activities;
- (3) To examine whether there is a relationship between organizational factors (management style, top management support and organizational readiness) and the use of Web 2.0 in branding activities;
- (4) To examine whether there is a relationship between environmental factors (competitive pressure, customer power and government support) and the use of Web 2.0 in branding activities;
- (5) To examine the mediating effect of extent of use of Web 2.0 on the relationship between three factors (technological, organizational and environmental factors) and the use of Web 2.0 in branding activities.
- (6) To examine whether there is a relationship the use of Web 2.0 in branding activities and competitive advantage.

1.4 Research Questions

After identifying the problem for this research and with the objective being set, following are the questions that this research attempts to answer:

- (1) What is overall level of use of Web 2.0 in branding activities in Penang hospitality industries?
- (2) What is the relationship between perceived benefits and the use of Web 2.0 in branding activities?

- (3) What is the relationship between perceived barriers and the use of Web 2.0 in branding activities?
- (4) What is the relationship between management style and the use of Web 2.0 in branding activities?
- (5) What is the relationship between top management support and the use of Web 2.0 in branding activities?
- (6) What is the relationship between organizational readiness and the use of Web 2.0 in branding activities?
- (7) What is the relationship between competitive pressure and the use of Web 2.0 in branding activities?
- (8) What is the relationship between customer power and the use of Web 2.0 in branding activities?
- (9) What is the relationship between government support and the use of Web 2.0 in branding activities?
- (10) Does extent of use of Web 2.0 mediate the relationship between the three factors (technological, organizational and environmental factors) and the use of Web 2.0 in branding activities?
- (11) What is the relationship between the use of Web 2.0 in branding activities and competitive advantage?

1.5 Definition of Key Terms

The following definitions are provided to clarify this research's use of key terms:

Web 2.0

Web 2.0 is the business revolution in the computer industry caused by the move to the Internet as platform and spanning all connected devices. Web 2.0 is a platform that delivering

software as a continually-updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an "architecture of participation," to deliver rich user experiences (O'Reilly, 2005)

Web 2.0 technologies

Social Networking Sites

Social network is a set of people, organizations or other social entities connected by a set of socially meaningful relationships. On a macro level, a social network demonstrates how a large group of people are connected to one another (Golder, Wilkinson and Huberman, 2006). In the business environment, the distribution of losses and gains, and the actors of business transactions are determined by social relations among the exchange partners. For example: Facebook, twitter.

Blog

Short form for **Web log**, is simplified way of publishing to web, eliminate the need of using web-publishing software, and replacing it with a combination of web-forms for input information and templates for display it. Initially, Blog is used as online diaries to individual, now have develop to be utilized as more general information tools (Tredinnick, 2006). For example: Google Blog.

Wikis

Wiki is a web site that allow user to add, edit, remove information about topics. Wikis can be defined as online encyclopedia that all content is created without registering and all links are

created by the user. Wiki is a tool to enable collaborative authoring (Ntioudis, Apostolou and Mentzas, 2007; Tredinnick, 2006). For example: Wikipedia.

Really Simple Syndication (RSS)

Balim and Dogerlioglu (2011) defined RSS is a web feed that provide summary of the new data added for a web site, or blog. The usage of this protocol in the organization enables employees to be notified about new information about the company through web feed formats in blog entries, news headlines, audio and video. For example: The star online.

Mash-ups

Wilde (2006) claims that mash-ups are Web applications using and recombining information from other applications. Meanwhile, especially in large companies, mash-ups can be a supportive way of knowledge organization. Through mash-ups, whole picture becomes clear. For instance, observing sales or customer distribution on a map will ensure easy understanding of the status. For example: Google Mash-ups.

Podcasts

Podcasting allows fast and cheap delivery of media content (primarily audio) to the end user, both via the desktop environment and personal media players (Angood, Goldstein, Perencevich and Savel, 2007). Podcast can be used for various purposes such as radio shows, lecture notes, or advertising purposes. A main contribution of the podcasting is the easy information sharing among the employees. Organizations can use podcasting for the orientation of new employees providing time and cost savings. For example: Pixar's Cars Video Podcast.

Perceived benefits

Perceived benefits refer to the relative advantage that by used Internet/E-business technologies can provide the adopting organization (Iacovou, Benbasat and Dexter, 1995). It is the outcomes that associated with the integration that are valued by individuals. For examples: customer service, competitive advantage, lower costs, expanded capacity.

Perceived barriers

Perceived barriers refer to reasons have been given for not performing tasks or behavior, and many difficulties in performing these tasks and activities have been reported. In such a way, perceived barriers are come from certain events, pressures, and situations that are make out to obstruct one's ability to perform certain behavior. It means any condition that makes it difficult to make progress or to achieve an objective (Schoepp, 2005).

Management style

Management style deals with the way in which management tends to influence, coordinate, and direct people's activities in the direction of achieve the group objectives (Aldag and Stearns, 1991; Robbins, 1994).

Top management support

Top management support is conceptualized as involvement and participation of the executive or top level management of the organization in organization activities (Jarvenpa and Ives, 1991).

Organizational readiness

Organizational readiness mean that the state or quality of being ready, preparation was assessed by including two items about financial and technological resources that firms may

have available as well as factors dealing with the compromise and consistency of the firms in culture, values, and preferred work practices (Grandon and Pearson, 2004; Buhalis and Main, 1998; Heung, 2003).

Competitive pressure

Competitive pressure is defined in terms of the effect on a organization their incentives to engage in product and process innovations. Competitive pressure is the pressure firms will have when competing against with other firms for a prize, more market share, or to achieve a goal that is available only to the winner (Boone, 2000).

Customer power

Customer power has been created to be more than representations of an individual. Firms aim for collective customer empowerment with more and more customers sharing experiences and hopefully changing service for the better. Customer power refers to the fact whereby the demand of the market is sufficiently concentrated that buyer can exercise market power over sellers (Chen, 2007; Noll 2005).

Government support

Government support is government encourages the private sectors of the country to adopt new technology by providing supporting infrastructure, legal and regulatory frameworks (Kuan and Chau, 2001).

Branding activities

According to The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them attempts to determine the goods and

services of one seller or group of sellers and to differentiate them from those of other sellers. Branding is to build product image as well as the firm's image. Fundamentally, this image will influence the perceived worth of the product and will increase brand value to customer and in long terms it lead to brand loyalty (The Economist, 1988).

Competitive Advantage

Porter (1985) defined competitive advantage as an advantage over competitors gained by offering consumers' greater value. Competitive advantage exists when the firm is able to deliver the same benefits as competitors but at lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Appropriately, competitive advantage facilitates the firm to create superior profits for itself and superior value for its customers.

Quasi Hotel

Quasi hotel is furniture flat or studio apartment. Quasi hotels are combination of basic facility of bed, breakfasts and guest houses, which alternately in the private and commercial domains, and are part-time homes and part-time businesses (Lynch and MacWhannel, 2000).

Time-share

Time-share is a vacation product whereby a subscriber acquires the right to the use of a holiday accommodation unit for a period of time each year for a stated number of years (Malaysian Holiday Timeshare Developers' Federation, 2011). It is a hybrid form of ownership. Time-share is the right to occupy a unit of real estate property, such as a condominium or vacation home, during a specified number of separate time periods. Each

time period is for certain duration, such as one or two weeks. Only people register in the time-share resort can enjoy the time-sharing benefits.

1.6 Significance of the Study

The research attempts to explore the technological, organizational and environmental factors that affect the firms and its impact on the use of Web 2.0 in branding activities and lead to competitive advantage. There is little empirical research looking on the impact of the use of Web 2.0 on the firms branding activities in hospital industry in Penang. It can provide useful insight on the characteristic of today's hospitality firms in Penang. This model will provide an insight on the importance of three main factors by mediating the extent of use of Web 2.0 to achieve superior firm branding performance in Penang's firm environment and achieve competitive advantage.

One of the defining features of competition in many industries has been the extremely rapid pace of technological change, marked by a continuous stream of innovations. To survive, organizations need to move out of the traditional way of conducting business and focus more on technology-based business way.

For the practical significance, in terms of benefits to the management of firms, the study on the technological, organizational and environmental factors that affected the use of Web 2.0 of the firm can provide useful insights on the characteristic of the today's firm in Penang because the study generally shows what most of the firms are facing today. Meanwhile, it have practical significance for the organizations and managers that lacking behind to improve themselves and for those firms which are in the frontier to do something differently to maximize utilize their resources by use Web 2.0 to their branding strategy.

For the theoretical significance, this study is important and makes contribution to the hospitality management in Penang by providing useful information on the usage Web 2.0 in

term to brand their product in long terms. Indeed, it will lead to brand loyalty in future. In today high competitive environments, by improving brand loyalty in customer can help to maintain a comfortable and lasting position in the marketplace. Initially, my study will prove to the firms to know the reasons that affected the firm on the use of Web 2.0 in their branding activities as a whole. Meanwhile, my study will examine the output and result it manages to propose some driving factors for the firms to be more competitive in this market. Firm can also benefit from this study as this study would be able to shed some light on the importance with the impetus of Web 2.0 to the organization branding strategies to achieve competitive advantage. Therefore, this research studies and the empirical evidence reported here makes a valuable contribution toward Penang hospitality industry vision of setting a technology-based services industry.

1.7 Organization of the Remaining Chapters

This research report is divided into 5 chapters. Chapter 1 is the introduction presents the background of factors driving the use of Web 2.0 in branding activities in Penang hospitality industry. Next are problem statement, research objectives, and research questions. Definition of key terms in this study are provided, such as Web 2.0, Web 2.0 technologies, perceived benefits, perceived barriers, management style, top management support, organizational readiness, competitive pressure, customer power, government support, branding activities, quasi hotel and time-share. The significance of the study and organization of remaining chapters are discussed. Chapter 2 presents overall of the literature review of previous studies concerning all the variables used in this research. Then, this chapter discusses on the theoretical framework and the hypotheses formulation of this research. Chapter 3 presents the methodology used in this research. Research design, population/samples, unit of analysis, questionnaire design, measurement and variables, data collection technique, and statistical

analysis will be discussed in this chapter. Chapter 4 outlines the result of the data analysis and summarizes the findings. Finally, Chapter 5 explains the recapitulations of the research findings, research discussion, implications, limitations of the study and suggestion for future research. The chapter ends with conclusion for this research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The past few years, marketing and branding experts have researched comprehensively on the Web 2.0 and their relationship with the use of Web 2.0 to achieve competitive advantage. But none of these studies are conducted on the use of Web 2.0 in branding activities bring effect to achieve competitive advantage, what exists is only some literature regarding the use of Internet/web technology in branding activities or marketing activities and the impact of competitive advantage. This chapter starts with check thoroughly the available literature related to this study, followed by the literature gap of current literature. Moreover, the theoretical framework behind the research and also the variables to this research will be presented. The key variables will form the research framework with the setting up of hypotheses for testing.

2.1 Theoretical Background

2.1.1 Technology-Organization-Environment Theory

Tornatzky and Fleischer (1990) developed Technology-Organization-Environment (TOE) to serves a vital framework for anticipate the studies of technological innovation adoption. As a result, the framework identifies 3 categories of factors which have superior influence on the adoption of innovations by organizations which are technological factors, organizational factors and environmental factors. Refer to Figure 3 that illustrated the framework of TOE as backbone of this study.

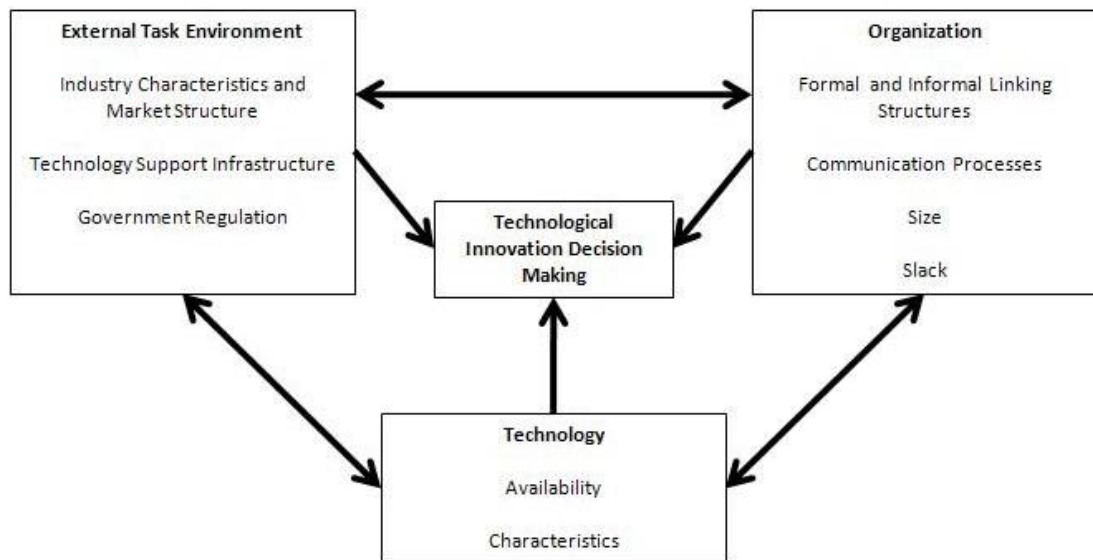


Figure 3: Technological-organizational-environmental framework based on Tornatzky and Fleischer (1990)

The technological factors consider the availability technologies important to the firm include both internal and external which can be beneficial in enhancing the organization productivity. First, describes internal and external technologies relevant to firm. The characteristics of the innovation also will be considered into the technological innovation decision making. Second, organizational factor is a about the aspects describing the organizational context. Several descriptive measures firm's size and slack, inter-linkage between formal and informal structures, and complexity of the managerial structure, and the quality and availability of the communication process between organization human resources and among employees. Lastly, describing the environmental context as the external setting consisting of customer, competitors or regulators whereby it includes the size and structure of the industry, the technology support organization conducts business in term of technological infracture, and influenced across industry, organization competitors, the ability of the firm's to access resources supplied by others, and interactions with the government (Lippert and Govindarajulu, 2006; Tornatzky and Fleisher, 1990).

Eventually, the framework has been tested extensively in IT adoption and in various settings, this include Electronic Data Interchange (EDI) adoption (Kuan and Chau, 2001), open systems (Chau and Tam, 1997), Internet adoption or E-business (Forman, 2005; Ifinedo, 2011; Zhu, Kraemer and Xu, 2003), technological innovation (Tan, 2010; Sophonthummapharn, 2009), e-government (Pudjianto and Hangjung, 2009) and electronic procurement systems (Soares-Aguiar and Palma-dos-Reis, 2008).

The Technology Acceptance Model (TAM) was considered before The Technology-Organization-Environment (TOE) been adapted to this study. TAM was created by Davis (1986) and being created to provide basic for tracing the impact of external factors on internal beliefs, attitudes, and intentions. Nevertheless, TAM is not adopted in this study because TAM examines individual level and it has strong behavioral elements which set for perceived ease of use and perceived usefulness in order to decide the individual's intention to use a system with intention to use compare to TOE.

2.2 Literature Review

This section review the variables used in this study and revealed the impacts of each variable towards the use of Web 2.0 in branding activities.

2.2.1 Web 2.0

In year 2000, the consumers, businesses, government, the world suffered for the dot-com bubble it marked a turning point for the Web. O'Reilly (2005) presented the term of "Web 2.0" as a second stage in the development of the WWW. Concurrently, Eijkman (2008), O'Reilly (2005), Freeman (2006), Hihchcliffe (2006) and Anderson (2007) express that Web 2.0 as the 21st century web-based social networking sites and applications whereby designed around an architecture of participation and common collaboration. Web 2.0 emphasize to use

the network as a platforms and tools and spanning all connect devices that empower the user to comment, tag, blog, modify, compound, rank and others. In user position is user manages to control their data.

As study by Graham (2005), Web 2.0 technologies propose to going beyond the bounds of adoption and implementation of the WWW. In addition, recent study by The Economist (2007) commented that 31% firms think that adopt web as platform for sharing and collaboration will influence all aspects of their business. In addition, around 45 of executive assessed Web 2.0 as an opportunity to increase their company revenues or margins.

Refer to Levy (2007) with the move of Internet as field caused the business revolution of Web 2.0 in the computer industry and try to figure out the guideline for success on the new platform. The view of those golden guidelines is to shape the Web 2.0 applications that exploit network effects to perform better while more people can utilize them. Vital circumstance in this new business revolution to change the traditional business way in term of promotion or advertising can via this digital way.

Numerous studies conducted and proven that Web 2.0 has subsequently been broadened to include Web 2.0 is powerful tools of communication for organization to moving forward and be more competitive in future. Since it is an interactive method of doing business if compare to traditional business. It can connect more entities and provide better customer service too and build two ways communication. Sena (2009) defined that Web 2.0 perform as a changeover in technology into system of collaborative and by mutually supporting techniques for the activities of a manufacturing or a services operation. It means that Web 2.0 been a trend for oversea industries whether is in manufacturing line or services line to using Web 2.0 as the platforms to support and execute the business movement. While Web 2.0 tools were most likely to be considered useful for improving communication, enhanced customer services and improve the productivity.

Jones and Iredale (2009) also founded Web 2.0 had taken in media sharing, social networks and other interactive online tools. Several of the sites are tailor made for people who have similar interests to communicate, share and discuss the ideas, beliefs, interests and thoughts. Web 2.0 has facilitated the establishment of online communities and creation of flexible turned conventional media in future. Web 2.0 actually combining the technology allows the customer to interact by using the Web pages with some application on the desktop or laptop. It also involved in the open communication with highlight on sharing of information and the Web-based communities of users.

Stressed again by Jones (2010) claimed that different type of business have different reasons and motivates for using Web 2.0. Meanwhile bring change is always the vital reasons to adopt Web 2.0. Business are motivated by competitive pressure to introduce Web 2.0 for the purpose to improve information flow, communication, reduce costs and better integrate production, distribution and information systems. Competition forces businesses to introduce new technology to maintain their market position, to maintain competitive edge and prepare for their rivals. In order to be competitive and survive in marketplace, businesses are forced by commercial pressures to adopt the tools of Web 2.0.

In an interesting study by van Zyl (2009) profiled that social networking 2.0 which is combined social networking and Web 2.0 as an important marketing tool, whereby people are voluntarily through the word-of-mouth on line to pass down marketing message functioning as video clips, flash games, e-books, images, text messages and free-software.

As a successful application of Web 2.0 which is Facebook.com. When Facebook open the site to public in December 2006, Facebook have more than 12 million active users. After 5 years time, in July 2011, Facebook hit 750 million active users (Facebook, 2011). By compare with the whole world population number approximately 7 billion populations, which this indicates that more than 10% of the whole world peoples was adopted Facebook. Thus,

another example is Wikipedia, Wikipedia is using the Web 2.0 platforms to allow users to work cooperative to plug in any relevant input, update and change any knowledge in the web pages as an online encyclopedia. This is proving that with the Web 2.0 it is very user friendly.

2.2.2 Branding activities

As proven by Parise and Guinan (2008) claimed that Web 2.0 tools it capable for markets not only rely on traditional broadcast advertising communication with customers but also to empower consumers in particular marketing activities which included branding, product development, product feedback, and customer service.

In product and services industry strive to be the best in the industry, this confirmed by Harun, Mohd. Kassim, Igau, Tahajuddin and Al-Swidi (2010) in their study which claimed that apply continuous evaluation and control its main asset that refers to brand. Main asset can refer to name of company, image, packaging, but overall is the value of the brand.

Ille and Chailan (2011) analyzed that firm executing the innovative branding strategies in order to enhance their competitiveness. Some of the country the firms is purchase the long-term image from existing Western brands to benefit on it, few country is develop their own brands by capitalizing on their own local brands. On the same note, Sevin and White (2011) explored that branding is have to discuss from a communication point of view and strong emphasis on competition among nations and the benefits gained of branding are explained within a competitive market understanding.

More than a decade, brands and branding was published and with firms diverse setting the branding activities become very important (Wentz and Suchard, 1993). Branding activities are outlined as the process of create and adding value to enhanced the customer satisfaction and achieve the brand loyalty (Mairinger, 2008; De Chernatony and McDonald,

1992; Aaker, 1991). Thus, stressed by Ibeh, Luo and Dinnie (2005) that firms which establish unique identity can help to increase the opportunity to maintain the customer brand loyalty.

Numerous study from previous researcher reported that there are three key themes are being emphasize in branding activities which are first substance is understand the customer needs and wants first it because a successful branding activities always depend on customer perception on the product or services provider. Secondly is the marketing communications being create and utilize it due to the branding activities need to communicate and positioned to the target audience in the marketplace. Lastly, successful branding activities require the continuing interaction with customer. The firms branding process should continuously in creation, develop and protect the brand identity in the continuing interaction with customer. (De Chernatony and McDonald, 1992; O'Malley, 1991; Simoes and Dibb, 2001).

2.2.3 Technological Factors

Technological factors refer to the bunch of technology usable to organization for adoption which indicated to the technologies that available in the marketplace and the organization current equipment. According to Jeyaraj, Rottman and Lacity (2006) and Chong and Bauer (2000) proved that technological factors are the key feature of IT adoption studies. The relevant variables for technological factor are perceived benefits and perceived barriers. There are several studies have reported that perceived barriers and perceived benefits are the most important groups of innovation characteristics that influence the adoption of technology innovation in organization (Iacovou, et al., 1995; Kuan and Chau, 2001; Scupola, 2003). Added up with Tornatzky and Fleischer (1990) identified perceived barriers and perceived benefits as technological innovation characteristics.