Hospitable or Hostile?
The Impact of Daily Deals in the Hotel Sector of the Hospitality Industry

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy

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Declaration

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed (Katarzyna Minor, candidate)

Date 29.06.2017

This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s).

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Acknowledgements

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Abstract

Daily deal promotions have been widely adopted by the hospitality industry and although academic interest is growing there is still a lack of hospitality based academic research of this phenomenon. The current literature suggests that there are three stakeholders of daily deal promotions: the website, the merchants and the customers. However, from a hospitality perspective, provision and receipt of services heavily relies on the employee as the influencing factor of customers' perceptions of service quality and satisfaction. Despite this, only a very small number of studies noted the importance of the employees within the delivery of daily deal promotions. In those studies the employees were never the focus and the findings were based upon the managers’ impressions of the impacts the promotions had on their employees, rather than the employees’ views themselves. Therefore, the purpose of this study is to provide an in-depth, holistic multi-stakeholder view of the impact of daily deal promotions upon manager, customer and employee stakeholder groups.

Based on a qualitative method design and constructionist worldview, the study adopted a hermeneutic spiral approach where with each turn of the spiral new construction of knowledge emerged, leading to a construction of a holistic perspective. With this in mind the data collection was split into three phases, each dealing with one stakeholder group, where the findings from previous phase were built upon the following phase of the study. Purposeful, typical case, criterion, snowballing and convenience sampling techniques were used for the purpose of this study, resulting in a total of 34 semi structured interviews, across three stakeholder groups. All data were thematically analysed.

The study revealed that daily deals are an effective marketing tool, which if planned and executed correctly can expose small and medium hotels to wider audiences of customers, increasing customer numbers in the off-season, generating profit and providing word of mouth advertising. The results also suggest that there are six ways of defining a successful promotion and that success of the promotion is not always synonymous with profit. The third contribution of this study identified employees as vital stakeholders of daily deal promotions, with staff across front office, housekeeping as well as food and beverage departments being affected by the promotions. The study revealed thirteen pressure points which can result in staff being unable or unwilling to provide high quality service. The study identified that daily deal customers treat the discount received as a trade-off against some failures of service expected; however some service issues could not be excused, such as hygiene factors.

From the industry perspective this is the first study that identified hotel staff as vital stakeholders of daily deal promotions. It contributed to both practical and theoretical knowledge by developing a five stage daily deal management model, which would enable daily deal promotions to be better understood and therefore designed, implemented and reviewed. The study also considered a number of recommendations, limitations and future research opportunities.
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<td>DD</td>
<td>Daily Deal</td>
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<td>eWoM</td>
<td>Electronic Word of Mouth</td>
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<td>ONS</td>
<td>Office for National Statistics</td>
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<td>Online Travel Agency</td>
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Chapter One Introduction

1.1 RESEARCH JOURNEY

The researcher first developed an interest in daily deal (DD) websites and their impacts upon hotel businesses in 2011. As a person who had worked within the hospitality industry since 2004 she had an opportunity to personally experience the profound effects that the business generated by DD websites had on the business and staff alike. As noted by Crotty (1998, p13):

‘We typically start with a real-life issue that needs to be addressed, a problem that needs to be solved, a question that needs to be answered. We plan our research in terms of that issue or problem or question.’

This experience influenced a decision to investigate the motivators and the effects experienced by small hotels in South Wales promoting their business via the use of DD websites and resulted in the researcher’s Master Dissertation in 2012. The study had a number of findings with most of them leading the author to believe that she ‘only just scratched the surface’ of a much bigger and complex issue than initially anticipated.

By the by time of the author’s graduation in 2013 she made contact with Cardiff Metropolitan University to enquire regarding possible research opportunities. With the help Dr Caroline Ritchie, the author’s soon to become supervisor, she was able to secure a grant for a three year research project, sponsored by the Savoy Educational Trust, allowing her to explore and build upon the finding of her Master thesis.

1.2 DEFINING DAILY DEAL WEBSITES

The aftermath of the Global Financial Crisis left customers in doubt over their financial future and the ‘double dip’ recession made shoppers increasingly look out for deals and money-off offers (Mintel, 2010b; Mintel, 2012b). High unemployment rates, peaked at 9.1% during the 2008 and 2009 period (Office for
National Statistics (ONS), 2014) and contributed to poor market confidence, which in turn caused people to save rather than spend (Wearne & Baker, 2002; Mintel, 2010a). Increasingly, people were actively looking for discounts and offers, turning to the internet in search of the lowest prices available (Thomas, 2010; Toh et al., 2011b; Sigala, 2013).

This situation created an ideal backdrop for the development of websites that had the ability to connect companies desperate for business with customers deliberately seeking discounts. The websites, often referred to as group buying websites, flash sales or daily deals, promote and aggregate demand for business by offering deeply discounted, pre-paid vouchers to customers who have subscribed to receive a daily email with featured offers (Gupta et al., 2012).

At the time when the research began there was a considerable variation in the scale and type of group buying (Jing & Xie, 2011). Lee and Lee (2012a, p442) suggested a division of daily deal sites into three categories:

- **Social shopping intermediaries** – sites which play a central role in bringing the merchants and customers together (e.g. Groupon, LivingSocial)
- **Social shopping marketplaces**- sites which provide a platform for the merchants and customers to conduct their business (e.g. Google offer, Storenvy)
- **Social shopping aggregators**- sites which list deals from different social shopping intermediaries and/or other deals found by customers themselves (e.g. hotUKdeal, dealzippy)

This thesis focuses on the first type of DD websites, where the DD platform acts as an intermediary for hotel merchants. By choosing these websites a clear
distinction between the two major stakeholders is made – the merchants as the hospitality service provider and websites as the customer provider, where the website acts as a purveyor of the offers on behalf of the hotel. This distinction is not as clear in the case of the other two types of websites. Additionally, social shopping intermediaries are characterised by a high proportion of hospitality and service related offers, or indeed some are totally dedicated to travel and hospitality products (Xiong & Hu, 2011; Kim et al., 2014).

Groupon was one of the first and by far most successful websites of social shopping intermediaries. The website was established in 2008 in the USA and soon after its huge success hundreds of similar websites were established world-wide, whilst Groupon was establishing itself as a clear world-wide market leader. The websites promote merchants’ offers as ‘deal of the day’, which are available to purchase for a limited time period (Gupta et al., 2012). Once the customer purchased the deal, the voucher must be redeemed directly with the merchant within the validity period (Quinton, 2011; Stiff, 2012). What is controversial about the websites is that they are for profit organisations, which charge high levels of commission, known to be as high as 50% of the value of the voucher (Byers et al., 2011b; Mullaney, 2011; Sigala, 2013).

The vast majority of websites tend to offer a variety of goods and services, ranging from household goods to beauty treatments and hotel stays, whilst only a few websites specialise in travel and hospitality (Piccoli & Dev, 2012). The websites rely on the power of social media to reach thousands or even millions of potential customers and use the power of recommendations from friends to spread word of mouth (WoM) information regarding deals and discounts available; at the same time they expose the brand of the hotels, restaurants and other leisure attractions (Mullaney, 2011; Toh et al., 2011b; Chen, Wang et al., 2011).
In line with the expansion of the websites the hospitality industry interest in this area was growing (Edelman et al., 2011; Farahat et al., 2012; Li & Wu, 2012), however, as highlighted by Ardizzone and Mortara (2014) despite a great deal of coverage of the subject within the trade and newspaper magazines, there was almost a complete absence of academic research related to this subject. Furthermore, the lack of uniform data and ever existing polarity in views relating to the benefits of the engagement emphasised ‘the complexity of the daily deals phenomenon and possible lack of understanding about how to best utilize this new tool to accomplish business objectives’ (Pentina & Taylor, 2013, p68).

1.3 Benefits and Drawbacks of Daily Deal Websites

The initial perception of the DD websites suggested that they appear to be delivering all round value and mutual benefits. For the merchants, featuring a DD promotion offers a short term boost in out of season sales, filling of empty restaurant seats or hotel rooms, creates brand exposure to a large amount of potential customers and gives opportunities of data capture for future promotional use (Dholakia, 2011b; Edelman et al., 2011; Piccoli & Dev, 2012; Subramanian, 2012; Wu et al., 2012; Vaughan, 2012; Sigala, 2013). Customers can try out goods and services they never tried before at a discounted price, therefore at a lower risk (Dholakia, 2010, 2011b; Edelman et al., 2011; Erdoğanş & Çiçek, 2011; Stulec et al., 2011; Cox, 2012; Ruggles, 2012; Shiau & Wu, 2013). Since the websites earn their money from the commission charged, with the higher the sales, the higher profit the website experiences (Byers et al., 2011b; Mullaney, 2011; Sigala, 2013).

In spite of the benefits the DD offers remained a controversial topic. The literature highlighted a number of problems and dangers concerned with the involvement with those websites. From the customer perspective the issues of fairness of the
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deals and the true value of discounts were and still are being debated (Mullaney, 2011; Wu et al., 2012). The amount of the discount given can be misleading, as the DD websites often feature packaged deals, where the individual value of the items is hard to judge by the customer (Mullaney, 2011; Cox, 2012). Another problem arising for customers was poor service or redemption problems linked to merchants being overwhelmed by the amount of business brought by the DD offers (Kimes & Dholakia, 2011; Cox, 2012, 2015; Kumar & Rajan, 2012; Zhang et al., 2013). Furthermore, problems with service quality during the promotions period were identified, where the customers received sub-standard service as a direct result of purchasing the services through an online discount channel (Erdoğmuş & Çiček, 2011; Kimes & Dholakia, 2011; Cox, 2012, 2015; Kimes & Dev, 2013).

From a business perspective whilst it is clear that the DD websites can be beneficial, the potential advantages were often accompanied by multiple drawbacks. Merchants expressed concerns regarding true cost of the deals, the degree of cannibalisation\(^1\) of their existing customer base and the long term effects of discounting and brand erosion (Dholakia, 2011a; Wu et al., 2012; Kimes & Dev, 2013). The rate of return of the DD customers for a full price purchase was also questioned, as Cox (2012) highlighted a high proportion of customers were only willing to return to a hotel on another offer. In addition Minor (2012) and Berezina et al. (2016) both noted operational problems within hotels, such as being overwhelmed with booking or difficulties with managing availability.

1.4 Study Rationale

Although academic interest in this area is growing, the studies tend to concentrate on the merchants’, the customers’ or the websites’ perspectives

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\(^1\) The cannibalisation of the customer base refers to the percentage of already existing and frequent customers purchasing the deal (Kimes & Dholakia, 2011; Gupta et al., 2012; Kumar & Rajan, 2012).
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(Edelman et al., 2011; Farahat et al., 2012; Li & Wu, 2012) without a holistic approach to the topic. This focus suggests that within DD promotions, as illustrated by figure 1.1, there are only three key stakeholders: the websites, the customers and the business. Kumar and Rajan (2012) and Gafni et al. (2014) considered that only those three groups are affected by the DD promotions.

![Daily Deal Websites](image1)

Figure 1.1 Daily deal stakeholders as identified by Kumar and Rajan (2012)
Source: the Author

However, Saleh and Ryan (1991) and Titz (2001) point out that the employees should be considered as major stakeholders of a company. They highlighted that in the provision and receipt of services three groups of stakeholders are involved: the management, the customer and the staff, as illustrated by figure 1.2.

![Employees](image2)

Figure 1.2 Stakeholders of service as identified by Saleh and Ryan (1991)
Source: the Author

In the context of the DD websites therefore the author believed that there was a more complex model than previously understood, in which there were four main stakeholders: the websites, the customers, the businesses and the employees, as illustrated by figure 1.3.
Each of those stakeholders will exert different degree of power within the DD context. As discussed by Robinson and Lynch (2007, p142) in a conventional hospitality encounter ‘power dynamic occurs in the commercial hospitality exchange given that any commercial product innovation can be conceived as attempting to create demand and thereby influence, shape and determine the wants of potential consumers.’ In a DD context the interest and expectations of the customers are heavily influenced by the DD website as a medium of advertising which can directly be compared with other offers. Thus the customer may be wooed by an offer which the hotel feels compelled to make rather than one they might be better suited to support, raising expectations they will find hard to meet and would not have offered via more conventional advertising methods utilised by the hotels. From the perspective of the employees, once the service is taking place while it is supported via a number of controlling techniques, such as quality control and management training, it is the employee who exercises immediate power as to how, when and to what quality level each task required by that service is actually performed, thus influencing customer experience (Lashley, 1998; Lashley & Morrison, 2003; Locher, 2004). While the management may appear to have the greater power in that they decide upon the content of the DD offer it is the behaviour of the front line employees which may decide whether a DD is actually profitable or not. Equally it lies within the customers power
to decide whether or not they choose to be sufficiently entertained so that they buy into the extra services required to make the promotion profitable and or promote the hotel after the visit. The interrelated nature of the issues brought on by DD involvement have not been yet fully investigated nor understood, especially within the employee stakeholder context.

The employees are an essential component of service delivery and their interaction, behaviour and skills will influence the customers’ perceptions of service quality and evaluation of satisfaction (Hartline & Ferrell, 1996; Iacobucci, 1998; Yoo & Park, 2007; Noone, 2008; McGuire et al., 2009; Wu & Liang, 2009; Yang, 2010; Liang & Zhang, 2012). Despite the importance of the employees to the success of a service encounter only a handful of studies had highlighted the importance of the employee within the DD promotion delivery (Dholakia, 2010, 2011b, 2011c; Kimes & Dholakia, 2011; Wu et al., 2012). Additionally in these studies the employees were never a sole focus and findings related to employees were mentioned anecdotally alongside other findings. This is surprising as the service the employees provide not only directly influences the levels of ‘upsells’ but also had an indirect effect on customer buying intention during and post DD promotion. Furthermore, many of the customers who enjoy a DD offer are new to the businesses. In cases where customers receive unfavourable treatment within the service delivery stage of the deal he or she is unlikely to become a repeat customer and more likely to spread negative electronic word of mouth (eWoM) (Zheng et al., 2009; Liang & Zhang, 2012).

Dholakia (2010, 2011c) highlighted the importance of the employees by emphasising the correlation of employee satisfaction with the deal and the profitability of the promotion. Dholakia’s (2011c) article highlighted managements’ failure to prepare employees for the DD promotion reality and the
hardships, such as longer working hours and lower tips, the DDs may bring. Furthermore, the goals of what the companies hoped to achieve with their DD campaigns were not explained to the staff. This resulted in the employees failing to acknowledge the potential business benefits of running the deal. Additionally, the study showed that the increased number of customers had put strain more on the employees, who were then less likely to contribute to a positive customer experience and a high level service for the DD customers. This was attributed to the fact that the staff were both sceptical regarding the promotion and became overworked due to a heightened demand.

The need for a more employee-focused study was further backed up by Sigala (2013) who noted in her study that the employees who were delivering DD promotions experienced heightened stress levels. She linked the ‘unhappy’ and stressed employees to low satisfaction experienced by the customers and the diminished probability of return and positive WoM. According to Dholakia (2010, 2011c) and Kimes and Dholakia (2011) satisfied employees were the most important factors for the success of the promotion. However, the satisfaction of the employees had not been the main focus of the above studies and crucially the data gathered were not based on employee surveys or interviews, but rather a reflection of the employers’ perceptions of staff satisfaction with the DD offered (U. Dholakia, personal communication, 30th December 2013).

Initially it was anticipated that all four stakeholders including representatives of major DD websites, as illustrated in figure 1.4, would participate in this study. However, despite the author having personal contacts with several of them via her previous work in the industry (see section 3.2.6) all the websites pertinent to this study refused to participate, stating that the research did not provide any relevance to their business. Therefore, this thesis brings forward the views of three
out of four stakeholders: the managers, the employees and the customers. Whilst this may be considered a limitation of the study the full participation of the other three key groups has enabled the development of deeper and more holistic understanding of the DD phenomenon. The question of why the websites promoting the DDs did not see any value in participating in research into this phenomenon was believed to be beyond the scope of the present study.

1.5 STUDY PURPOSE AND DESIGN

This research is focused on small and medium (SME) hotels with onsite restaurants as well as restaurants with rooms, all of which have featured an accommodation and food inclusive offer on DD websites. The focus on SMEs is reasoned in three ways. First, 98 % of all hospitality businesses in the UK are classed as small or medium sized, with the majority employing less than 50 employees (People 1st, 2013). It is these enterprises which frequently lack the skills, knowledge and budgets to undertake research and so make informed decisions with regards to participation in DD promotions. Second, it is SMEs that are most likely to feature a deal on a DD website, as they often struggle to gain exposure on other promotional platforms due to their small size and low marketing budget (Toh et al., 2011a; Boon et al., 2012). Third, and related to the second point, the DD websites increasingly target these types of SME businesses, particularly ones which are operating within the hospitality and tourism industries (Xiong & Hu, 2011; Kim et al., 2014).

The purpose of this research was to provide a holistic multi-stakeholder view of the impact of DDs upon the three principal stakeholders identified in the hospitality industry: the employees, the employers and the customers with the intention of investigating each group’s interpretation of their own and other’s role, behaviour and attitude with regard to this phenomenon. This would enable an in-depth
understanding of the impact of the DDs upon the dining and accommodation experiences to be developed.

This study aimed to identify the issues surrounding the phenomenon of DDs in which power is not uniform and ‘success’ may depend upon the perception of stakeholders. In order to achieve the purpose of this research the author chose to adopt a methodological approach, as discussed in Chapter Three, which not only permitted for those individual accounts to come forward, but also allowed for the researcher’s reflections upon her own role within the provision of a holistic hospitality experience to be incorporated. Therefore, the study was qualitative in nature adopting constructionist ontology, supported by an interpretivist epistemology and hermeneutic methodology.

Since three key stakeholders were identified, the collection of primary data was spilt into three phases, each dealing with one stakeholder group and aimed at uncovering what the participants thought, in a way that gradually attempted to develop holistic overview of the issues with the DD promotions. This method allowed for a structured approach towards the research, where the findings from the previous phase had an impact upon the following phase of the study. The process was invaluable in recognising the vital role of all the groups within the provision of accommodation and food inclusive DD.

The researcher focused on the following themes:

- The perceptions of business opportunities, motivators and profitability as well as impacts upon the image and business brand;
- The role and attitudes of employees in the DD service encounter and the impacts upon their working environment, working patterns and well-being;
Chapter One Introduction

- The issues impacting upon the perceptions and attitudes towards delivery of service quality;
- Perceptions of customer attitudes, purchasing and booking behaviour as well as issues relating to loyalty under a DD discount situation.

Therefore the overall aim of this study was to:

To investigate and develop a model of the marketing, profitability, employment and management of issues created by hotels' involvement in DD promotion websites using small and medium hotels in South Wales as a case study.

This aim was achieved by completion of the following objectives:

1: To critically review all relevant trade and academic literature with particular emphasis in the following areas:

- Business motivators to part take in a DD promotion, profitability issues and influencers;
- The influence of discounting upon quality and brand perceptions and customer acceptance of daily deal discounts;
- Service quality, customer satisfaction and loyalty;
- The role of employees in the service encounter, boarder employment issues of the hospitality industry and theories relating to employee well-being;

with the intention of creating a framework, which would enable the identification of factors, which may influence stakeholders perception of DD promotions.

2: To identify all stakeholders and obtain insights into their views regarding the impact upon business, employee well-being and customer behaviours in DD promotions.

3: To critically analyse and discuss the findings with the intention of creating a better understanding of how this new phenomena is affecting the profitability of
businesses, staff behaviour and well-being, service delivery and customer satisfaction in SME hotels.

4: To develop and critically evaluate a model which could be used by SME hospitality businesses and academics to identify the factors, which need to be considered by the management for a successful implementation of a DD promotion.

1.6 STUDY SIGNIFICANCE

The DD websites have been widely adopted within the services industries, especially restaurants and hotels, however, research within the tourism and hospitality industries is limited and often only anecdotal (Boon, 2013; Sigala, 2013). Therefore, the analysis of the relationship between the stakeholders within the DD promotion benefits academia and trade alike. Since the DD websites and promotions are a new phenomenon it is likely that there were unforeseen consequences of their use. Identification of these consequences and consideration of their effective management is required, as they may have significant implications for theory and practice (Krasnova et al., 2013).

For the academia the research will provide a more holistic, multi-stakeholder perspective of the phenomenon. It will identify the aspects which make DDs profitable for businesses and the impacts the involvement has on the hospitality business for the three main service related stakeholders (Figure 1.3; Saleh & Ryan, 1991). As noted by Boon et al. (2012), Lee and Lee (2012a) and Shiau and Luo (2012) DD websites are fairly new phenomenon and only a limited number of studies have been undertaken into the social, behavioural, economic and managerial aspects of the practice. This makes it difficult and challenging for the SME organisations to make informed decisions regarding participation or not in these promotions. The research highlights the importance of all of the
stakeholders within the DD promotion and identifies where the businesses need to be more cautious and more expansive in order to stay profitable, maintain their reputation and safeguard future successful business.

1.7 Structure of the Thesis

Chapter One Introduction

Chapter Two Literature Review Objective One

Chapter Three Methodology Objective Two

Chapters Four to Eight Results and Discussions Objective Three

Chapter Nine Conclusions, Recommendations and Contributions Objective Four

Figure 1.4 Thesis structure
Source: The Author

The thesis is presented in nine chapters, as illustrated by figure 1.4. Chapter One contextualises the research by providing the introduction, rationale, and aim and objectives of the study.

Chapter Two introduces literature relevant to all stakeholders, with a particular focus on business rated issues of motivators and profitability, service quality and brand perceptions under the influence of a discount, the role of the employee within the service encounter and the theories relating to employee well-being.

Chapter Three outlines research methods, discusses the development of sampling criteria, identifies and justifies methods used. It describes the respondents and interview process, data collection and analysis procedures.
Chapter One Introduction

Chapters Four to Eight present results and discussions of findings with relation to identified themes.

Chapter Nine concludes the thesis by synergising the identified themes into DD a management model and reviews the study objectives in light of the main findings. The chapter also discusses the implications for theory and practice, limitations and recommendations for future research.
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2.1 INTRODUCTION

This chapter presents a review of extant literature, in which the concept of a DD promotion is explored in order to identify current understanding of this promotional practice and its possible impacts upon business. The theoretical perspectives and issues concerning the three stakeholders of a service delivery, as identified in the Introduction part of this thesis are explored. As the impact of involvement with DD sites to date have mainly been written from a business perspective, this is the perspective that is discussed first. This section will focus upon motivations to participate in promotions, possible benefits and drawbacks, with particular attention to the profitability aspects of the deals. The customers’ perspective is identified and discussed with relation to social impressions and technology acceptance aspects of the use of DD websites. Furthermore service quality and loyalty issues are discussed with relevant theories. Finally, the employee perspective is discussed including factors affecting employment, employee well-being, stress and perceptions of a quality workplace.

2.2 THE DEVELOPMENT OF DAILY DEAL WEBSITES

2.2.1 GROUP BUYING

Group buying is not a new concept, in fact the origins of it date back to earlier Eastern cultures, such as in China, where people have been more inclined to buy in groups to strengthen their bargaining power; it is a commonly accepted form of trading in these cultures (Stulec et al., 2011). Western culture saw a rise of group buying in the second part of 1800s, with ‘club buying’ organised by companies and merchants with a business to business focus, and co-operative organisations organised by consumers (Dameron, 1928; Bullock, 1933; Jia & Wu, 2011). The purpose of those group buying organisations was to purchase goods at a reduced price, through the increase in bargaining power of a large collective of
merchants or individual people (Jia & Wu, 2011). In other words a consumer demand was aggregated in order to achieve lower prices for goods from a supplier (Sharif-Paghaleh, 2009).

The form of group buying remained relatively unchanged until the era of the internet, late 20th century and development of group buying websites (Liu et al., 2012). The early versions of group buying websites were seeking to ‘aggregate disparate buyers via the Web by providing them with price-based incentives for volume purchases’ (Anand & Aron, 2003, p1547). The websites enabled the coordination of large groups of individual people, often located in different parts of the country, to negotiate a discount (Shiau & Luo, 2012; Pelaez et al., 2013). The websites offered a sale rated discount, i.e. the more people purchased a particular product the bigger the discount available for all the customers; the final price was known only once the sale had finished (Kauffman & Wang, 2001; Anand & Aron, 2003; Tang, 2008; Lee & Lee, 2010; Kaufamn et al., 2010; Xiong & Hu, 2010; Jia & Wu, 2011; Xiong & Hu, 2011; Liu et al., 2012). This type of group buying is often referred to as an auction group buying website and will be referred to as such henceforth (Kaufman & Wang, 2001; Chen et al., 2007; Chen et al., 2009; Chen et al., 2010; Kaufamn et al., 2010). However most of the early versions of those group buying websites did not survive the test of time. This was mainly due to financial problems, both in the area of running cost and investment, long waiting times for deliveries, as well as decreased customer interest coupled with heightened competition, both on and off line (Flynn, 2001; Kauffman & Wang, 2001; Lee & Lee, 2010; Liu et al., 2012). Tang (2008) noted that one of the reasons auction group buying websites did not flourish in the North America and European countries was the lack of price clarity at the time of purchase. Additionally the design of the auctions sites worked against their success. The sites developed a wide range of
product selection that would appeal to wide buying group. However, at the same time this wide range of products to choose from fragmented the customer base as the customers had diverse preferences. Therefore, the websites were failing to reach desirable levels of sales, which caused some of the websites to reorient their focus from business to customer (B2C), to business to business (Chen et al., 2007; Chen et al., 2009; Li et al., 2010). An example of this would be Mobsjop.com which in 2001 dropped its customer service part of the business justifying the decision because of unfavourable market conditions, the unpredictability and the unsustainability of B2C business model (Flynn, 2001).

### 2.2.2 **Asian Model of Group Buying**

During the early 2000s when the auction B2C group buying websites gradually ceased activity in Europe and North America, a new online phenomenon emerged in China known as ‘Tuangou’. These sites operated on similar group buying principles as the auction group buying but were initiated by the customers themselves (Arredy, 2006; Jia & Wu, 2011; Stulec et al., 2011; Xiong & Hu, 2011). Consumers with mutual interests would gather and communicate in online forums or chat rooms; after achieving a big enough number of potential customers they would develop and agree a plan of negotiations, visit a merchant without prior notice and negotiate a discount (Arredy, 2006; Jia & Wu, 2011; Stulec et al., 2011; Xiong & Hu, 2011). Tang (2008) and Kaufman et al. (2010) noted specific differences between Asian ‘Tuango’ and North American or European early auction online group buying sites. Firstly, the phenomenon existed both online and offline and therefore made this a unique form of group buying. Secondly, ‘Tuangou’ offered price transparency with the final price being known to consumers before the purchase was made (Tang, 2008). This made a significant difference from the early group buying auctions sites, where the final prices were
only known once the auction had been finalised (Tang, 2008; Kaufman et al., 2010). Thirdly, the success of group buying in Asia, specifically in China, has been attributed to the county’s collectivistic culture and society, where bargaining is commonly accepted form purchasing (Jing & Xie, 2011; Stulec et al., 2011; Wang et al., 2013).

The popularity was also attributed to the rise and popularity of social media, where ‘Tuangou’ was initiated (Arredy, 2006). Originally created and initiated on social media by customers, this phenomenon did not have commercial gain as an aim (Jia & Wu, 2011), yet then formalised into purpose-led forums with an aim of uniting group buying customers, free of charge. However, these sites were serving a commercial purpose, in that the site owners charged the sellers a nominal fee to register onto the sites (Tang, 2008; Jia & Wu, 2011). As a concept ‘Tuangou’ relied heavily on eWoM information via social network sites and blogs to spread the news regarding the upcoming event, as well as to share pre-purchase and during purchase information, along with post purchase consumption experiences (Wang et al., 2013).

2.2.3 Social Media as a Propagator of Daily Deal Websites

Today’s Western types of online group buying websites in the B2C (henceforth referred to as DD websites) category are sometimes referred to as social promotions, flash sales, private sales, online coupons, social shopping promotions or social couponing (Dholakia, 2010, 2011c; Lee & Lee, 2012a; Piccoli & Dev, 2012; Boon, 2013; Sigala, 2013; Berezina et al., 2016). This terminology underlines the fact that today’s DD websites are firmly embedded within social media. As with ‘Tuangou’ the rapid expansion of these websites had been in part attributed to the development of social media, which shifted the business environment from
business focus to a user focus (Lee & Lee, 2012a). In fact Mintel (2011a, 2012c) classified the deal websites as part of commerce branch social media.

The development of social media had fundamentally changed the way people research, interact and market online (Sigala, 2012; Xiong & Hu, 2011; Sotiriadis & van Zyl, 2013). In the past consumers were passive recipients of the information available online. Developments in social media had facilitated the development of a user who actively produces and shares information and knowledge online, known as user generated content or social intelligence (Sigala, 2012; Piccoli & Dev, 2012). Consequently, internet users become co-marketers, co-designers, co-producers and co-consumers of experiences available on and off line (Sigala, 2013; Sotiriadis & van Zyl, 2013). This means that the customers are no longer simply passive recipients of coupons but are more actively looking out for cut price deals than before as well as communicating with each other about the availability of deals (Thomas, 2010; Toh et al., 2011b; Sigala, 2013).

Currently, customers can find out about the deals in four ways: by visiting a webpage; using a smartphone application; receiving an email; by communication with friends or recommendation (Ye et al., 2011). The fourth point is especially important as the websites rely on social media to propagate their deals in the following way (Ye et al., 2011; Farahat et al., 2012; Hughes & Beukes, 2012; Lappas & Terzi, 2012). First, the person who had already purchased the deal is actively encouraged to recommend the deal to a friend in return for a ‘reward’, such as money off next purchase or other ‘free deals’ (Byers, Potamias et al., 2011; Ye et al., 2011; Ong, 2014). Second, the DD websites are incorporated into various social network sites (see Figure 2.1). Customers are encouraged to click on any of the social media links to endorse the offer, whilst at the same time advertising the deal to own social network of friends (Byers et al., 2012; Li & Wu, 2012). However it
is noteworthy that the area is fast moving and the terms, conditions, practices, incentives to use are constantly changing.

![Image of Groupon and Travelzoo offers with links to social media]

**Figure 2.1 Examples of Groupon and Travelzoo offers with links to social media**

Source: Groupon, 2014 and Travelzoo, 2014

It can be said that this type of marketing uses the power of viral marketing (Dholakia, 2011c). Subranani and Rajagopalan (2003, p300) explain viral marketing as ‘the tactic of creating a process where interested people can market to each other’. The ‘reward’ system adopted by DD websites can be compared to the ‘motivated evangelism’ concept developed by Subranani and Rajagopalan (2003) which explains that a form of benefits motivates early users, here buyers, to spread WoM. Each user turns into an ‘evangelist’ for the product or service in their own social network. As a result of this the database, or in this case people exposed to the deal and who buy the deal, grow exponentially.

This concept is illustrated by figure 2.2, where for the first 5 to 7 hours of a DD the growth of the sales is relatively slow, and after that time, when a sufficient number of people have been exposed to the deal, the number of sales dramatically increases.
According to Subranani and Rajagopalan (2003) this practice is only effective when the people who recommend the deal are perceived as ‘knowledgeable helpers’ but not acting on behalf of the merchant. This is confirmed by Stulec et al. (2011) who recognised that credibility of a Facebook ‘like’ is far greater than any paid-for form of communication as the users do not have any monetary compensation for ‘liking’ the deal. Additionally Stulec et al.’s (2011) research underlined that the potential reach of a Facebook ‘like’ is almost unlimited. Li and Wu (2012) confirmed the positive relationship of Facebook mediated WoM, and concluded that a single ‘like’ click on Facebook generates 4.5 additional voucher sales.

### 2.2.4 What Differentiates Daily Deal Websites from Predecessors

There are key differences between the Asian model of group buying, the Western DD sites and the early auction group buying websites. It can be said that current success is partially attributed to learning from the mistakes of the latter websites and the successful practices of the former.

As discussed above the DD sites rely on social media for the dissemination of knowledge regarding the deals. However, unlike with ‘Tuangou’ where social media acts as a platform for people to gather and act on their own behalf, DD sites are overtly commercial and use social media to spread WoM for the benefit
Chapter Two Literature Review

of the merchant and itself. Boon et al. (2012) distinguished two types of the group buying website strategies- ‘push’ and ‘pull’. The ‘pull’ approach is associated with, what Boon et al. (2012) calls ‘group buying’ websites, similar to ‘Tuangou’, where the customers are initiators, and the websites are merely facilitators. The ‘push’ strategy is related to DD websites where the websites work as purveyor for the deals and spread the information for a commercial benefit and their own profit.

Unlike the auction group buying sites where the focus was to gain the widest possible audience regardless of the distance, most of today’s group buying websites offer geographically localised deals (Lappas & Terzi, 2012; Lee & Lee, 2012a). This approach is significant as in today’s information rich social media era attracting the attention of potential customers becomes harder (Jing & Xie, 2011; Ye et al., 2011). According to Ye et al. (2011) location based targeting is a valid method and has a positive effect on improving conversions from view to purchase. Farahat et al.’s (2012) work suggests that this may be reliant on the way that the DD websites target a given area, the amount of businesses partaking in the DD promotion and competitive pressure in the area. Conversely Jeon and Yoo (2013) stated that DD customers were willing to travel large distances (over 50 km) to redeem a voucher providing they perceive a deal as good.

Another difference is the method of redemption of the purchase. On auction group buying sites once a bid was placed, it could not be changed or cancelled and became a purchase instantly (Anand & Aron, 2003; Chen et al., 2009). A DD is typically featured for 3 – 4 days, longer at times, with the first day being featured as a ‘deal of the day’ and being subsequently moved down from the front page of the website for the following days of the feature. A new offer is introduced to the main page of the website every day (Subramanian, 2012; Sigala, 2013; Lo et
The discounted goods or services are not immediately available for the customers but become available once an agreed level of sales has been achieved or the offer time period has ended (Dholakia, 2011c; Edelman et al., 2011; Ye et al., 2011; Subramanian, 2012; Sigala, 2013). In most cases the redemption of the offers typically comes in the form of a coupon that is emailed to customers once the offer has finished, unless otherwise agreed with the merchant; the coupon is later redeemed directly with the merchant within the terms of the voucher (Subramanian, 2011; Lappas & Terzi, 2012; Sigala, 2013). Therefore, the websites seem to provide low risk advertising, i.e. if no sales were to be generated the merchant would not have incurred any costs as the DD websites charge a commission per sale generated, not for featuring them on the website (Arabshahi, 2010; Dholakia, 2011b; Dholakia & Tsabar, 2011; Kumar & Rajan, 2011; Sigala, 2013).

Another dissimilarity is the price structure and discount given. DD websites offer deals on behalf of merchants at significant discounts, typically 40 – 60 % and even up to 90 % off the regular price. Those discounts, in contrast to previous versions of websites, are known to the customer upfront, before a purchase has taken place (Kimes & Dholakia, 2011; Kumar & Rajan, 2011; Lappas & Terzi, 2012; Wu et al., 2012; Sigala, 2013).

Additional differences between the websites extend to the display of the number of deals sold. Some of the auction websites did not feature the information next to the price of the items, hence the buyers did not know how many more sales were needed to achieve the lower price (Jia & Wu, 2011). These days most websites feature this information next to the deal, allowing for the facilitation of observational learning which influences customers buying behaviour. In other
words the more popular the deal is, the further the sales of the deals are fuelled (Amblee & Bui, 2012; Li & Wu, 2012; Subramanian, 2012).

The final difference is in the types of goods sold. The auction group buying websites focused predominately on goods (Anand & Aron, 2003; Lee & Lee, 2010). The DD sites offer a wide range of different goods and services. Figure 2.3 illustrates the high proportion of service industries within DD promotions, as well as the high proportion of revenue generated by those industries for the DD sites.

![Figure 2.3 Daily deal industry category frequency by deals and revenue](source: Piccoli & Dev, 2012, p8)

Boon et al. (2012) found that merchants who use DD websites are typically small companies who offer services, such as restaurants, hair and beauty salons and fitness clubs. Xiong and Hu (2011) and Kim et al. (2014) noted the high popularity of the hospitality offer among DD websites, as the sites increasingly target the hospitality and tourism industry. This is due to DD sites providing an ideal platform from which to disseminate highly perishable, experimental, intangible and high risk services and goods, i.e. goods and services where the quality is hard to evaluate before the purchase and can only be judged through consumption, such as hotel stays and restaurant meals (Litvin et al., 2008; Lee & Lee, 2010). These websites also offer an opportunity to address the fluctuations of demand as they can guarantee occupancy on otherwise unsold capacity (Piccoli & Dev, 2012; Sigala,
This is particularly important for the hospitality product which is highly perishable in nature and plagued with supply and demand challenges (Hassanien & Dale, 2013).

**2.2.5 The Identification of Industry Leaders**

The following section identifies main players in the hospitality related DD market at the commencement of the research and justification of the choice to focus on these particular websites. This approach is driven by the fact that the DD website industry is constantly evolving and a large number of DD websites currently exist (Jeon & Yoo, 2013). The websites identified as pertinent to this study allowed for a focused approach toward hotel sample selection, as only those with sufficient hospitality offers were included.

The studies of DD websites as an industry are very limited (Jeon & Yoo, 2013; Ong, 2014); the majority of the statistics available at the commencement of this research, had been produced using US market information, with UK statistics being scarce.

![Figure 2.4 Total unique visitors to Daily Deals UK, January 2013](Source: O'Reilly, 2013)

As illustrated by figure 2.4 in 2013 there were five DD websites dominating the UK market (O'Reilly, 2013):

- Groupon was the most visited DD website in the UK in 2013, and fitted the criteria of social shopping intermediary, therefore was included in the final selection;
HotUKdeal and VoucherCodes.co.uk have been omitted in this thesis as their business models do not fit within the category of ‘social shopping intermediaries’. The former is a deal aggregator site and latter primarily a ‘social shopping marketplace’ site (HotUKdeal.com, 2014; VoucherCodes.co.uk, 2014);

Wowcher was fitting the DD type, however, it has also been excluded from this study as it had not been long established on the UK market at the commencement of the research. As illustrated by figure 2.5 Wowcher has not been featured in the statistics of 2011 (ComScore, 2011). Additionally the proportion of hospitality offers was very low in comparison to goods;

LivingSocial has been included in the study as it not only fitted the type of the websites studied, but also had been an established brand on the UK market since 2011 (figure 2.5). Additionally LivingSocial was named as a direct competitor of Groupon in global terms (Mullaney, 2011; Berg, 2012; Hughes & Beukes, 2012; Kim et al., 2012; Wang & Pham, 2014).

![Figure 2.5 Unique visitors on coupon sites September 2011](source: ComScore, 2011)
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Additionally two travel and hospitality dedicated websites had been identified as significant players on the UK market: Travelzoo and Secret Escapes; both of which have been included in the study. Table 2.1 summarises the websites and their inclusion in the study based on the above discussions. The included websites and their individual characteristics are discussed in the following section.

Table 2.1 Summary of the daily deal websites and their inclusion in the study
Source: the Author

<table>
<thead>
<tr>
<th>Website</th>
<th>Website Type</th>
<th>Travel &amp; Hospitality</th>
<th>Established</th>
<th>Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groupon</td>
<td>Intermediary</td>
<td>Yes</td>
<td>2008</td>
<td>Yes</td>
</tr>
<tr>
<td>LivingSocial</td>
<td>Intermediary</td>
<td>Yes</td>
<td>2007</td>
<td>Yes</td>
</tr>
<tr>
<td>VoucherCodes</td>
<td>Marketplace</td>
<td>Yes</td>
<td>2008</td>
<td>No</td>
</tr>
<tr>
<td>Wowcher</td>
<td>Intermediary</td>
<td>Yes</td>
<td>2010</td>
<td>No</td>
</tr>
<tr>
<td>HotUKDeal</td>
<td>Aggregator</td>
<td>Yes</td>
<td>2004</td>
<td>No</td>
</tr>
<tr>
<td>Travelzoo</td>
<td>Intermediary</td>
<td>Yes</td>
<td>1998</td>
<td>Yes</td>
</tr>
<tr>
<td>Secret Escapes</td>
<td>Intermediary</td>
<td>Yes</td>
<td>2010</td>
<td>Yes</td>
</tr>
</tbody>
</table>

2.2.5.1 Groupon and LivingSocial

At the start of this research Groupon was the largest and most well-known DD site, as well being the fastest growing internet business in history; its revenue increased from $14.5 million in 2009 to just over $3.14 billion in 2016 (Statista.com, 2017; Figure 2.6). The website was established in 2008 in Chicago at the height of the recession period and entered the UK market with the acquisition of its European clone MyCityDeal.co.uk, which was then operating in 16 European countries at the time (Arrington, 2010; Dutta et al., 2014). By 2012 the website was said to have 143 million subscribers and by 2014 operated in 49 countries and employed over 10 000 staff worldwide (Quinton, 2011; Hughes & Beukes, 2012; Groupon.com, 2014). Almost from the beginning Groupon adopted an aggressive global
expansion strategy, which resulted in an acquisition of 28 companies worldwide through acquisitions and mergers (Hughes & Breytenbach, 2013).

![Figure 2.6 Global revenue of Groupon 2008-2016 (in million US dollars)](image)

Source: Statista.com, 2017

LivingSocial was established in 2007 as ‘Hungry Machine’ in Washington DC and later rebranded in 2009; in late 2010 the company received an investment from Amazon (Hughes & Beukes, 2012; LivingSocial, 2014). In 2012 LivingSocial operated in 21 countries and employed 4900 people (Hughes & Beukes, 2012). The company had 40 million subscribers, 205 million vouchers sold and generated a revenue of $231 million dollars in 2014 (LivingSocial, 2014; Statista.com, 2015).

Both Groupon and LivingSocial offer a variety of goods and experiences. This seems to be a common practice with majority of DD websites (Piccoli & Dev, 2012); however this model does not fit all of the merchants, therefore, DD websites developed products to reflect the uniqueness of the merchants they feature to enable easier product and customer match (Lee & Lee, 2012a). The DD website industry leaders recognised the need for a more targeted approach and developed travel and hospitality products (Piccoli & Dev, 2012) this included
Groupon. In 2011 it partnered with Expedia\(^2\) to create a new product called ‘Groupon Getaways’ to match a product offering by its rival LivingSocial (Piccoli & Dev, 2012). LivingSocial had established ‘LivingSocial Escapes’, a travel targeting product in 2010, which has enjoyed a considerable success (Piccoli & Dev, 2012). As a result both of the companies have established themselves as significant sellers of travel (Rauch & Quinby, 2012).

### 2.2.5.2 Travelzoo and Secret Escapes

As the DD industry was settling down, saturating and maturing there was a need for original concepts and niche sites to develop and not remain as simple copycats of the same generic DD model (Kim et al., 2013; Kim et al., 2014). Mintel’s (2013a) research showed that 17% of people who travelled overseas on holidays purchase the holidays using sites such as Groupon, Secret Escapes or Travelzoo. This illustrates the growth and increased importance of these niche, targeted DD sites. Whereas the DD websites frontrunners can bring in the volume for the merchant (see figure 2.7), these niche websites have the potential to bring in more targeted customers, therefore they were included in the considerations of this thesis (Minor, 2012).

![Figure 2.7 Share of travel deals, vouchers sold and billings by provider, 2011 USA](source)

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\(^2\) Expedia is an online travel agent which provides direct access to travel products and services and sells them on behalf of the merchant at a commission cost (Toh et al., 2011a; Lee et al., 2013).
Travelzoo serves as an online travel provider. Originally founded in 1998, Travelzoo is a global company providing number of different travel related services to its customers (Law, 2009). In 2012 the company operated in 21 countries and claimed to have 27 million subscribers (Travelzoo, 2014). The website not only works as an online travel agent but also offers DDs, in this case weekly, or local deals at heavily discounted rates (Law, 2009; Rauch & Quinby, 2012).

Secret Escapes is also important as an alternative DD channel offering ‘exclusive rates for luxury hand-picked hotels and holidays in the UK and abroad, at up to 70% off the price’ (Secret Escapes, 2014). The website was established in 2010 in the UK as a luxury offshoot of another website called Dealchecker (Parsons, 2012). The website offers deals which are booked directly with the merchant rather than a voucher being issued (Secret Escapes, 2014). The website claimed to have 4 million subscribers in Britain in 2014. In 2013 Secret Escapes started to expand globally with the acquisition of a German based company (Loizou, 2014).

### 2.3 The Effects of Discount Websites on Merchants

#### 2.3.1 Motivators

DD websites offer unique marketing opportunities, especially for SMEs (Dholakia, 2011b; Stulec et al., 2011; Lee & Lee, 2012a). Relatively unknown businesses can gain exposure, benefit from a boost in out of season sales, sell highly perishable products otherwise left unsold and at the same time expose the brand to a number of potential otherwise unreachable customers (Dholakia, 2011b; Edelman et al., 2011; Stulec et al., 2011; Piccoli & Dev, 2012; Subramanian, 2012; Wu et al., 2012; Vaughan, 2012; Sigala, 2013; Zhang et al., 2013). The following sections will examine in detail the merchant motivators and associated benefits and pitfalls.
2.3.1.1 MARKETING

As the DD websites have a local approach towards marketing activities, the merchants who are targeted tend to be SMEs, with a limited e-commerce exposure (Dholakia, 2011a; Lee & Lee, 2012a). One of the main reasons the merchants participate in a DD offer is for advertising and marketing purposes (Cassia et al., 2013; Berezina & Semrad, 2015). Edelman et al. (2011) noted that the DD websites can be used to create awareness and to inform customers of a merchant’s existence. The social propagation aspect of DDs makes them an important tool for brand exposure as a single ‘like’ click on the offer exposes not only the deal but also the merchant’s brand to a potential customers’ entire social network (Dholakia, 2010; Xu, 2011; Byers et al., 2012; Li & Wu, 2012). This creates a reach that would be otherwise impossible for a small merchant to gain.

Vigilia et al. (2016) noted hotels which have a small number of reviews can face credibility issues. Therefore, an increase in reviews caused by a company’s engagement with DD websites (Byers et al., 2011a; Cassia et al., 2015) may be seen as a major benefit. Customer reviews provide a way to update knowledge and beliefs about the product or service for the customers (Li & Wu, 2012). In other words the reviews help to verify the trustworthiness of the merchant and confirm the quality of the product in a situation where a customer does not have a lot of knowledge regarding the product or service they are purchasing (Lee & Lee, 2012b) or are a novice user who otherwise may hesitate to purchase if only seller-generated information was available (Chen & Xie, 2008).

Additionally the overall use of online reviews is on the rise (Chen & Xie, 2008). Chen and Xie (2008) noted that consumers who use online retailers which provide consumer ratings consider online reviews as important or extremely important in their purchasing decisions. In hospitality and tourism industries the percentage of
customers who are consulting travel reviews before purchasing is growing (Mauri & Minazzi, 2013; Mintel, 2013a, 2013c). Kimes and Dev (2013) noted that DD users were significantly more likely to spread the knowledge about discounts and their experiences with merchants. This type of behaviour is referred to as ‘market mavenism’, where ‘market mavens’ were described as

‘Individuals who have information about products ...and initiate discussions and respond to requests from customers for market information.’

(Feick & Price, 1987, p85)

The ‘market mavens’ are likely to give greater attention to market novelties and are said to get involved in greater coupon usage (Feick & Price, 1987). Hospitality customers are motivated to post a review partially due to a need to be helpful to other consumers, either to warn other consumers regarding a sub-standard delivery of services or to report great experience in order to help the company (Yoo & Gretzel, 2008). Kimes and Dholakia (2011) reported that DD customer were very likely to recommend the deal as well as the merchant to their friends. Ardizzone and Martara (2014) draw a correlation between ‘market maven’ behaviour and DD users; however they noted that the users were more likely to spread WoM off-line. Huang et al. (2010) noted that 30 % of their respondents either posted likes and dislikes about tourist destination, or information about the travel and tourism experienced, as well as 25 % promoted their favourite hotels, restaurants and scenic spots via their social network. This suggests that the intention to engage in WoM exists regardless if it is on or off-line, where the recommendations given on and off-line can have an impact on sales of both pre- and post-promotion (Lee & Lee, 2010; Nakahata & Kuo, 2013).

Conversely, the use of DDs for the purposes of increasing the presence on review sites should be undertaken with great caution by merchants. Byers et al. (2011a,
2012) noted average rating scores from DD customers to be 10% lower than their peers. They concluded that the lower ratings may be caused by a number of factors such as businesses being unprepared and discriminatory as well as customer experimentation, i.e. new customers without a good fit to the business.

2.3.1.2 Boost of Revenue and Desperation

The DD promotions can be of benefit to the merchant as they can give instant revenues before the product is consumed (Kumar & Rajan, 2012; Boon et al., 2012). As the payment is typically made upfront by the customers and the service is redeemed later, promotions are attractive to merchants, especially ones who may be struggling with cash flow. Some of the DD sites provide an influx of revenue before the service has taken place therefore could be beneficial when considering covering providers’ variable costs (Kumar & Rajan, 2012).

Dholakia and Tsabar (2011) conducted an experimental study with an in-depth analysis of a newly established restaurant’s experience with Groupon promotion. They observed that the deals had positive impact on the revenues of a company, however, the profit achieved with the promotion was suggested to be at the same level should the promotion not haven place. In other words the promotion had a positive impact upon revenue generated but not on profit. Piccoli and Dev’s (2012) study revealed that within the hospitality sector revenue adjustment can act as a powerful motivator. However, involvement with the DD websites solely to boost revenue or without a clear motive can be seen as a desperate measure within the hospitality sector (Farahat et al., 2012; Piccoli & Dev, 2012). Mejia et al. (2013) named desperation as a plausible motivator for the restaurant industry to feature a deal. They reasoned that if a new establishment features a deal they do so to gain exposure; however, if an already established restaurant
features a deal it does so as it is lacking customers and is desperate for them to come through the doors.

2.3.1.3 NEW CUSTOMER ACQUISITION

The literature suggests that the merchants recognise websites’ potential for providing new customers for their businesses (Berezina & Semrad, 2015). From a business perspective customers are the driving force behind the success or failure of a company. In other words if you do not have customers you do not have business (Grenier et al., 2014). Therefore attracting new customers is a strong motivator for partaking in a DD promotion. As the DD websites provide heavily discounted offers the risk of trying new things decreases for the customers and they are more willing to try new products or experiences (Dholakia, 2011b; Sigala, 2013). The social aspect of the DDs, as discussed in point 2.2.3, is also important for the potential customer acquisition. The customers share the knowledge about deals with their own social networks, therefore, increasing the likelihood of other potential customers buying and trialling the product or service (Sigala, 2013).

Dholakia’s (2011a) non-industry specific study suggested that approximately 80 % of DD customers are new to businesses. His follow up study (Dholakia, 2012) confirmed these findings. This yearlong study suggested that even if the businesses featured repeat promotions on DD websites the percentage of new customers purchasing vouchers remained at 80 %. In hospitality the data provided by Wu et al. (2012) and Kimes and Dholakia (2011) was less optimistic, with the former study reporting only 40 % of customers as being new to restaurants, and the latter recording 56 % of new customers buying the deal. This may suggest that the DDs are unsuitable for customer acquisition within the hospitality industry or that regular customers got used to buying these deals out.
Apart from brand exposure and customer acquisition, boosting occupancy is a strong motivator to feature a DD (Piccoli & Dev, 2012; Cassia et al., 2013; Berezina & Semrad, 2015). DDs seem to be particularly suited for the hospitality industry, where the product is highly perishable, therefore the boost in occupancy levels and the sale of otherwise unsold bedroom or restaurant space as a motivator is not surprising. As illustrated by figure 2.8, the merchants in 2012 study indicted a number of different motivators to partake in the DD offers, with occupancy being third most important reason for the engagement with DD promotions (Piccoli & Dev, 2012).

Berezina et al. (2016) noted that DD promotions may aid a hospitality merchant to address problems with a perishable and seasonal product. As discussed by Lundberg et al. (2009) fluctuations in demand due to seasonality typically have more severe effects on businesses located in rural or coastal, far-off locations, as city locations have a potential to draw visitors with a number of different attractions. Baum and Hagen (1999) discussed five causes of seasonality: climate/weather, social customs/holidays, business customs, calendar effects, supply constraints. Most of the causes of seasonality are external factors, which a hospitality business does not have control over. Whilst acquisition of customers and
occupancy both seem to be concerned with attracting customers to a hospitality businesses, consideration of seasonality factor differentiation, as illustrated by figure 2.8, shows that they are not. In other words new customer acquisition focuses upon value, i.e. attracting new customers to the business and is concerned predominantly with marketing of the brand; occupancy is usually focused upon volume, i.e. attracting any customers to the business, particularly in the offseason to cover fixed cost. Therefore, lack of new customer acquisition may not be a concern for the businesses which are located in hard to reach areas and the ones that are habitually affected by seasonality. As indicated in Minor’s (2012) study the merchants did not usually participate in a promotion with a single motivator in mind, these were often several of differing importance. For example for merchants who said they were participating due to occupancy reasons, any new customer acquisition which happens to occur would be a useful by-product benefit to their business.

**2.3.2 Erosion of Price and Brand**

Concerns have been raised regarding the long term sustainability of DDs and their heavy discounting. Frequent and long term use of discounts and price promotions can impact negatively upon a brand (Marshall & Leng; 2002; Boon, 2013). Mintel, (2012a) and Berezina and Semrad (2015) considered that persistent engagement with DDs may result in the brand devaluation, which in turn may lead to diminished profitability of the business. Additionally Mintel (2012a) also highlighted possible problems resulting from DD involvement upon brand and value association by the customer, i.e. recognition of who provides good value might be shifted from the merchant who delivers the service to the DD website. This may result in repeat purchase through the discount websites rather than directly with a merchant.
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Additionally Cox (2012, 2015) highlighted the importance of the online reviews posted by DD customers on the future accommodation providers’ business. Her study noted that 60% of the DD reviewers were willing to come back to establishments they were rating, however, a proportion of them would only do so if another offer or a discount was available. This may be caused by a possibility of DDs changing the consumers reference price, i.e. the price a consumer believes is associated with a particular item or service (Mejia et al., 2013). Furthermore the use of DDs may negatively affect customer purchasing behaviour, where the consumers anticipate a deal and become less willing to pay the full price for a future product and service (Boon, 2013).

Faced with the dilemma of maintaining higher rates or higher occupancy (Enz et al., 2004) some merchants may find it hard to separate from the discounts offered, fuelling the downward spiral of the price (Mintel, 2011b). Therefore hoteliers need to decide whether they want to drive the revenue with the use of increasing average daily rates or by increasing occupancy with the use of DD sites (Berezina & Semrad, 2015).

The problem of discounting is more complex for the high end hotels and restaurants. Due to their status on the market these establishments may damage their exclusive image by offering a discount or an offer though a discount websites channel (Mintel, 2011c; Yang, 2016). Moreover the customers of high end restaurants and hotels tend not to be price sensitive, and any satisfaction improvement with a discount is marginal (Enz et al., 2004; Zhang et al., 2013). Instead by offering a high discount or using DD websites the merchants risks attracting the ‘wrong type’ of customer, that is deal prone and price sensitive (Kumar & Rajan, 2012). This may result in a reduced quality perception by long term customers as the others staying in the hotel may be a poor customer match.
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(Piccoli & Dev, 2012; Yang et al., 2016). This is due to the fact that brand image and expected service quality perceptions may be created on the basis of association or dis-association with a specific social group using the facilities (Nam et al., 2011).

Consumer perception of discounts differs significantly for low end and high end establishments (Hu et al., 2006). According to Hu et al. (2006) the price is often an indicator of quality for a customer, therefore, price discount in high end establishments should be shallow in order not to diminish the perception of high quality. Interestingly Gan and Zhao (2012) argued that for low quality merchants short term losses resulting from a DD promotion cannot be recovered in the future. Therefore, they maintained that only high quality merchants can afford to feature an offer on DD sites. Gan and Zhao (2012) justified this by arguing that as the product or service was of high quality, therefore the likelihood of enticing a repeat purchase was greater.

2.3.3 Capacity Problems

One of the flaws of DDs in relation to the restaurant industry is the inability of the merchants to schedule the arrival of the clients. The customers tend to redeem the vouchers at times most convenient for themselves, i.e. peak demand time for the restaurants, rather than those most needed to be filled, i.e. off-peak (Farahat et al., 2012). This can cause problems for merchants who provide services with capacity constraints such as spas, hotels and restaurants, as customers frequently redeem coupons just before the expiration date (Byers et al., 2012). Zhang et al. (2013) agreed and linked problems of the capacity and service by reporting that the resources (human and physical) and skills available in smaller restaurants may not always be enough to cope with heightened demand.
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Availability problems are not limited only to the restaurant part of the hospitality industry. Minor (2012) noted that the merchants involved in her study had difficulties in filling mid-week stays, as the customers were not willing to redeem a voucher during the week. This was problematic as the merchants had participated in the deals with the motivation of filling the mid-week or off-peak availability rather than filling prime time, weekend days. Moreover when the merchants attempted to actively manage the peak season availability, i.e. allocating only a proportion of bedrooms to DD customers, they experienced problems and resentment from potential customers. The customers complained to the DD websites over lack of available spaces on desired dates when full-fee paying guests were still able to book via any of the distribution channels of the hotels.

2.3.4 Profitability of the Daily Deals

Minor’s (2012) study highlighted that regardless of the initial motives for featuring the deal hoteliers deemed the promotion unsuccessful if it was unprofitable. Dholakia (2011a, 2012) has published two contradictory findings relating to the age of the business and deal profitability. The 2011(a) study stated that older, well established business were more likely to profit from a DD promotion, however the 2012 study reversed these findings to state that for newly established business running a promotion was more sustainable and profitable. This may be due to the differing nature of each study where the first study focused on single use of promotions on multiple sites, while the second study focused on multiple uses over a prolonged period of time. The repeat promotions were run by the merchants who found the deals to be effective during their first promotion. Therefore, there was an increased likelihood that the later promotions would also be profitable, particularly since the merchants become skilful in the way they put together and
ran their promotions. Additionally, if the merchants returned to the same DD provider they were likely to be offered more preferential commission rates, again boosting the likelihood of profitable promotion (Lee & Lee, 2012a).

Edelman et al. (2011) concluded that the merchants who are relatively unknown and have low marginal costs tend to profit from the DD promotions. Shivendu and Zhang (2013, p4) theorised that this might be in spite of high commission rates the merchants receive a ‘large positive advertising benefit and relatively low loss in revenue due to cannibalization’.

The literature identifies three areas that can influence the profitability of a DD promotion: discount and commission paid, upselling and cannibalisation of customer base. The issues are discussed in detail in the following section.

2.3.4.1 Discount and Commission Paid

The combination of the discount and the commission paid to the websites put establishments under a considerable pressure in financial terms (Boon et al., 2012; Berezina & Semrad, 2015). This is illustrated by Gupta et al. (2012) who noted that after commission and discounts merchants tended to receive 27% of the face value of the voucher. Boon et al.’s (2012) study underlined that since the main focus of the websites is commercial gain, it is in the best interest of the websites to maximise their revenue by charging the maximum possible commission and structuring the deal to sell the most amount of vouchers. This may suggest that the deals may be less fair to the merchants and may not produce profitable promotions for the business (Wang & Pham, 2014).

In the hotel business discounting is a common and widespread practice and negotiating lower group or corporate rates is a common practice (Xiong & Hu, 2011). A hotel room is highly perishable, therefore, discounting is a well-practiced
tactic to adjust the supply and demand as well as sustain revenue in the low season (Croes & Semrad, 2012). The hospitality industry is also no stranger to paying commissions to third party organisations, e.g. Online Travel Agencies (OTA). Smaller hotels with lower online presence tend to pay between 15 % and 30 % commission to those organisations, whereas larger hotels chains are able to negotiate lower percentage of commission due to their substantially larger bargaining power (Mullaney, 2011; Toh et al., 2011a).

The combination of the steep commission (between 20 % and 50 %) and steep discounts (up to 90 %) may lead to the merchants breaking even or providing the services at a loss (Arabshahi, 2010; Dholakia, 2011a, 2011b; Dholakia & Tsabar, 2011; Sigala, 2013). However, it is important to note that majority of the merchants tend to pay 15 % to 20 % commission though a fifth pay over 40 % (Piccoli & Dev, 2012). The merchants who use the same DD site on multiple occasions tend to pay more preferential, lower commission rates (Lee & Lee, 2012a). Lee and Lee (2012a) noted that the ability to negotiate lower commission rate may come at a price for the merchants; higher commission should guarantee bigger marketing efforts by the website, therefore selling more vouchers for the merchant. Offers that are located at the top of the website, within first 10 offers, receive greater exposure and consequently sell more coupons. Thus, any other merchant who should decide to feature a ‘side offer’ at a smaller commission may risk smaller amount of sales. Lee and Lee (2012a) considered that smaller commission with a smaller exposure may be viable for merchants with high variable costs. Kumar and Rajan (2012) noted that these businesses include restaurants and speculated that the ‘regular’ DD may not be suitable for the restaurant industry. Furthermore Gafni

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3 The discount websites offer main offers – i.e. main deal of the day, as well as a number of side offers which are displayed less prominently on the website (Lee & Lee, 2012a).
et al.’s (2014) study revealed that the position on the website of restaurant related deals does not affect sales.

Coupled with commission rates there is a steep discount. As stated by Lee and Lee (2012a) discounted price shrink the profit margin of a merchant. To illustrate the potential for DDs to damage profitability table 2.2 has been compiled to show examples of gross profit at 80 % and 60 % under the impact of discount and commission at varied rates. The gross profit method of pricing products is the most commonly used in food and beverage products (Burgess, 2010; Harris, 2011), therefore is used method here to illustrate the example. Even though there is no standard cost percentage for the products (Burgess, 2010), Kimes and Dholakia (2011) noted that typically a restaurant experiences 30 % food cost. Harris (2011) assumed a division of 40 % toward the cost of sale of food and 60 % to gross margin.

Table 2.2 Example of potential of daily deal to generate gross profit

*Food cost of sale at 20 % and 40 % respectively

Source: the Author

<table>
<thead>
<tr>
<th></th>
<th>Regular Business</th>
<th>Daily Deal 1</th>
<th>Daily Deal 2</th>
<th>Daily Deal 3</th>
<th>Daily Deal 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount %</strong></td>
<td>N/A</td>
<td>25%</td>
<td>25%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Sale Price</strong></td>
<td>£ 30</td>
<td>£ 22.5</td>
<td>£ 22.5</td>
<td>£ 15</td>
<td>£ 15</td>
</tr>
<tr>
<td><strong>Commission %</strong></td>
<td>N/A</td>
<td>20%</td>
<td>50%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Commission amount</strong></td>
<td>N/A</td>
<td>£ 4.5</td>
<td>£ 11.5</td>
<td>£ 3</td>
<td>£ 7.5</td>
</tr>
<tr>
<td>**Food cost of Sale *</td>
<td>£ 6</td>
<td>£ 12</td>
<td>£ 6</td>
<td>£ 6</td>
<td>£ 12</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>£ 24</td>
<td>£ 18</td>
<td>£ 12</td>
<td>£ 5</td>
<td>-£ 1</td>
</tr>
</tbody>
</table>

Assuming the cost of the food in a restaurant varies between 20 % and 40 % and initial sale price of Table D’Hote menu is £ 30 per person, the food cost of sale would vary between £ 6 and £ 12 per serving. Coupled with commission rates varying between 20 % and 50 % as well as discount of 25 % or 50 % the restaurant
may achieve gross profit on a DD of £ 12, equally a restaurant may also experience a loss of £ 4.5 per voucher sold.

What is also important to note, is that even though gross profit is the most common method used within food and beverage operations, the method itself can be misleading when considering profit as it only uses the cost of raw materials to calculate the profit. In other words it ignores all other costs (such as wages, linen, etc.) which need to be covered by the gross profit generated (Burgess, 2010). Therefore, as illustrated in table 2.2 the DDs do have a potential to generate gross profit, but the merchants need to ask themselves if the gross profit generated is enough to cover all the other cost incurred.

The combination of steep discount and commission coupled with structuring of a deal without costs in mind may lead to disastrous consequences for a hospitality business. Gupta et al.’s (2012) research showed that restaurants were among the businesses that on average lost money through DDs. This was confirmed in Dholakia’s (2012) study which agreed that DDs were sustainable only for around a fifth of restaurants partaking in his study. Conversely Edelman et al. (2011; Nobel, 2011) identifies restaurants, hotels and other highly perishable services and products as highly suited for DDs due to relatively low cost of sales because of the perishability of their product. However, as table 2.2 shows if a restaurant does not make a profit on the voucher they will be unable to meet other fixed and variable costs (such as staff, direct operating expenses and utilities).

**2.3.4.2 Upselling**

The spend beyond the value of the voucher, referred to as an ‘upsell’, is one of the main factors affecting the overall profitability of a DD promotion. One of the goals of upselling is to increase revenue per customer by selling additional
products relating to the one a customer bought (Aydin & Ziya, 2008). As illustrated by table 2.2 some promotions due to their design and cost involved may break even, however should the customer buy additional products alongside of the voucher profit is likely to be achieved (Dholakia, 2011b; Mullaney 2011; Minor, 2012). The importance of upselling to contribute towards the profitability of the promotion is highlighted by Dholakia (2011b) who noted that businesses which experienced unprofitable promotions reported only 25% spend beyond the value of the voucher. Small ethnic restaurants in Kumar and Rajan’s study (2012) made no profit during their DD promotions. It was suggested that this was caused by inability to upsell additional products to the DD customers. The researchers concluded that the customers were inclined only to redeem the voucher for the product or service they originally bought using a coupon. Confirming this view Piccoli and Dev (2012) found that the hoteliers partaking in their study (over 150 bedrooms, midscale to upper-upscale rating) were able to recoup some of the revenue compromised by the heavy discount due to the upsells. Moreover the hoteliers reported that the levels of upselling achieved differed according to the discount website channel used, suggesting different customer bases with different spending habits, for those websites.

2.3.4.3 CANNIBALISATION

As highlighted by Edelman et al. (2011) running of a deal on lower commission may make the business vulnerable to exposure only to consumers who are already aware of the merchant, therefore, increasing the likelihood of cannibalisation of customer base. The cannibalisation of the customer base refers to the percentage of already existing and frequent customers purchasing the deal (Kimes & Dholakia, 2011; Gupta et al., 2012; Kumar & Rajan, 2012).
There is no uniform data regarding the degree of cannibalisation of existing customer base by consumers taking advantage of DDs. Financial implications of cannibalisation were discussed by Kumar and Rajan (2012) who indicated that the merchants’ profits are affected by cannibalisation only short-term. Long-term financial implications should be measured alongside financial benefits from new, repeat customer acquisition to determine whether the deal was financially successful or not. Gupta et al. (2012) indicated similar findings. The negative financial outcomes of cannibalisation are noted only when there is an unexpectedly high amount of regular customers enjoying the DD. In other words the deal is potentially financially not viable if the new customer acquisition rate is low. Shivendu and Zhang (2013) noted that cannibalisation may negatively affect only certain type of merchants. They suggested that the establishments which are relatively well known may incur far greater revenue losses due to cannibalisation, than gain profits in exposure to new potential customers.

2.4 Daily Deal Customers

2.4.1 Customer Profile

Tai et al. (2012) reported that gender had a significant influence over costumers’ willingness to participate in DD promotions, with different proportions of male to female users reported by different authors (Eliason et al., 2010; Rasumussen, 2012; Vasilaky, 2012; Mintel, 2013b; Pentina & Taylor, 2013; Wang & Pham, 2014). For example Kimes and Dholakia (2011) noted no significant difference between the genders when considering the usage of the DDs. Conversely Pentina and Taylor (2013) noted that the predominate users of their DDs were affluent females who were likely to have a significant presence online, with multiple social network profiles and more postings than the average internet user. Vasilaky (2012) also reported a higher proportion of active DD users to be female, with the division of
subscribers to DD offers being 60% female to 40% male, with 80% of purchases made by females. Mintel (2015) reported that more women than men were more likely to be influenced to eat out more often with the use of money off or a discount voucher.

Drozdenko and Jensen (2005) reported that younger internet users tend to seek higher discounts. Hart (2008) associated different online spending behaviour by age group to the spending power of each age group studied. DD users were identified most likely to be aged between 16 and 34, students or families (Mintel, 2013a; 2013b; 2015). Mintel (2014) suggested that nearly one in five customers used money off, website vouchers for a restaurant meal and suggested that the British diner has developed a bargain-hunting nature, likely fuelled by the recession, where uncertainty about the financial future made people save rather than spend (Mintel, 2012b). Dholakia and Kimes (2011) found that whereas the usage of DDs decreases with age it increased with household income and was the highest amongst people living in urban areas. Pentina and Taylor (2013) also noted different spending patterns for DDs within different age groups. They reported that users over 45 were more likely to buy nationally recognised brands, suggesting risk-averting behaviour; whilst people aged 25 to 44 were seeking new and local deals, suggesting novelty seeking behaviour. Interestingly Mintel (2013a) reported that one in eight independent travellers booked a hotel stay via DD websites; however when considering the age of the travellers, one in five 25 to 34 year olds booked via DD sites. This may suggest that the usage of DD sites within the hospitality industry might be dominated by novelty seeking, high earning individuals with high proportion of disposable income.
2.4.2 SMART SHOPPERS AND PERCEIVED SOCIAL IMPRESSIONS

Schindler (1989) theorised that customers who feel that they are directly responsible for getting or discovering a discount experience happiness and pride. He noted that this type of customers perceived themselves as smart shoppers. Those feelings of being a smart shopper are amplified if the consumer takes an advantage of a cut-price deal that is only available for a limited period of time (Bicen & Madhavaram, 2013), as the DDs are. DD customers are savvy, where the active use of online deals and promotions is making them feel as smart shoppers (Christou, 2011). This view was confirmed by Mintel’s studies (2013a, 2013b), where the usage of DD sites was not linked to income, lack of money or occupational status but to savvy online shopping behaviour. A further factor was noted by Ong (2014) who noticed that customers who cannibalise the product feel that they are smart shoppers and are rewarded with the discount for continuous patronage.

However, Ashworth et al. (2005, p297) noted that:

‘Decisions to redeem coupons are shown to involve a trade-off between the social incentives to avoid coupons and competing economic and psychological incentives to redeem coupons.’

In other words consumers tend to avoid coupons that may lead to negative social consequences, i.e. being perceived as cheap or stingy (Ashworth et al., 2005). Kimes and Dholakia (2011), Cox (2012) and Boon (2013) discussed the perception of cheapness and fears regarding problems with redemption as well as worries about receiving substandard service and suggested those to be the primary reasons for not participating in DDs. Therefore, the willingness to use DDs could be influenced by the perceptions of the customers’ impressions they think they are creating when redeeming the vouchers (Ong, 2014).

Jung and Lee (2010) noted a distinct difference between redemption behaviour of customers purchasing online and offline coupons; offers purchased online were
redeemed far more frequently than the vouchers available offline. They argued that deal choices online are made selectively, that is the customer actively seeks out and selects the deal they would like to purchase, whereas off-line coupons, such as money off vouchers available in newspapers and brochures, may not necessarily be what the customer wants or needs at the time. This may suggest that since DD customers are buying only the deals that they may be interested in, the social impression factors may influence customer less significantly, especially considering that the feeling of being a smart shopper is likely to co-exist and may mitigate negative feelings towards the redemption of the vouchers. Furthermore as Ong (2014) noted scepticism regarding DDs was centred on promotional tool itself, i.e. DD website, rather than the merchant’s intention to sell an excess or obsolete inventory.

2.4.3 Discount and Quality Perceptions

The concepts of quality and value can be imprecise (Zeithaml, 1988). Zeithaml (1988) noted that there is no generalised, objective quality as all quality is perceived from a person’s own particular cultural stance; perception may differ considerably between the groups, or even within groups. Moreover ‘specific or concrete intrinsic attributes differ widely across products, as do the attributes consumers use to infer quality’ (Zeithaml, 1988, p7). Therefore quality and value are subjectively perceived and those perceptions vary across customers, cultures and differ in time (Sánchez et al., 2006).

Sánchez et al. (2006) noted that with regards to perception of value within tourism, price is most important out of all cognitive components. Typically in the absence of other cues price is often used as a determinant of quality, hence the way that the service provider sets the price and price promotions will affect quality perceptions of the service as well as purchasing decisions (Hu et al., 2006).
Therefore, a high price discount can work against the quality perceptions because discounts indicate two things for the customers: financial gain and potential risk (Drozdenko & Jensen, 2005; Parsons et al., 2014). Furthermore high quality merchants should be wary of heavy discounts, as the greater the discount, the lower perception of quality. Nusair et al.'s (2010, p827) study suggested that ‘in general, consumers perceived that the highest discount level (80 percent) not only provided the most valuable offer but also resulted in WoM advertising, which informed others of the discounts. Nonetheless, if the price cut was too large, consumers became concerned about the service quality and their willingness to purchase services decreased. Thus, the 60 percent discount level became the maximum discount point for QSRs [Quick Service Restaurants] and Outlet Malls before perception of service quality was affected negatively. On the other hand, the 40 percent discount level for budget hotels and the 20 percent for mail services were the highest discount level for before perception of quality was affected negatively.’

This means that as the uncertainly factors increase, the customers are more likely to verify the goods and services before purchase. Grandhi et al. (2014) found that customers tend to do extensive prior research regarding their potential purchase on DD sites and commit to buying only at the last minute.

Price is not only important at the time of purchase but will also influence the perception of value perception post purchase. In other words it plays a fundamental role in valuation of the experience and can create ascendants to loyalty and overall satisfaction (Sánchez et al., 2006). The importance of value is also underlined by Limberger et al. (2014) who noted that regardless of the hotel quality rating on review sites guests tend to evaluate value in their review criteria. The greater the perceived value the greater likelihood that the purchasing process would be repeated (Sabiote et al., 2011). All this may suggest that when price is discounted the consumers lack an important cue as to how to value the product accurately. On the other hand the consumers may associate value with
the DD website not the merchant, or perceive the service provided only be worth the discounted price.

2.4.4 Acceptance of Daily Deal Technology

As suggested by Ong (2014) some of the customers may be apprehensive about using DD websites. The acceptance of the use of this technology may be considered from the perspective of technology acceptance. The Technology Acceptance Model (TAM) is one of the most influential research models in studies of determinants of information systems and has been broadly used to predict adoption and use of information technologies (Chen, Li et al., 2011). The model, as illustrated by figure 2.9, assumes two determinants: ‘perceived ease of use’ (PEOU) and ‘perceived usefulness’ (PU) which will affect the users.

![Figure 2.9 Basic form of Technology Acceptance Model](source: Chen, Li et al., 2011, p125)

TAM assumes that behavioural intention to use technology depends on two variables measuring the extent to which the usefulness and ease of application of the technology will affect the actual use of technology (Stern et al., 2008). When faced with new technology the user will decide when and how to use the technology influenced by those factors (Tsai et al., 2011). To date the model has been applied in number of fields with relation to beliefs, attitudes and behaviours across a range of fields (Silva, 2007; Tsai et al., 2011).

However a number of researchers acknowledged some limitations to the applications of TAM and the model has been reengineered numerous times (Stern
et al., 2008). For example, Vijayasarathy (2003) considered that the variables in TAM model are sparse and questioned the adequateness of the model to fully reflect the use of the internet as a shopping medium. He argued that whereas the variables of technology use may be limited to PEOU and PU within a workplace technology adoption, online shoppers may be guided by a number of other factors when opting for or rejecting the internet as a medium for shopping. He augmented TAM to include a total of 7 variants affecting the use of internet for shopping purposes: usefulness, ease of use, compatibility, privacy, security, normative beliefs and self-efficacy. Normative beliefs are a particularly interesting factor and are explained as ‘the extent to which a consumer believes that people who are important to him/her would recommend that the consumer engage in online shopping’ (Vijayasarathy, 2003, p751). Ha and Stoel (2009) also considered that customer beliefs regarding the trust and enjoyment of internet shopping should be included as variables in an extended TAM, as they are predictive of a person’s attitude towards online shopping.

2.4.4.1 Technology Acceptance Model: Theoretical Perspective

The use of DD websites can be influenced by trust, sense of virtual community (SOVC) and vendor reputation (Chang et al., 2011). Trust can be regarded as an ongoing relationship between the parties to the transaction (Liu & Zhu, 2013) as well as ‘the calculation of the likelihood of future cooperation and a defining feature of virtual cooperation’ (Ratnasingham, 1998, p314). If trust decreases people are increasingly unwilling to take risk, cooperate and will therefore seek greater protection against betrayal (Ratnasingham, 1998). In other words people will be more likely to verify trustworthiness of the other party before committing to using a technology to facilitate a purchase. In DD reality may be the reliability of the website or the merchant. This factor is important in DD reality since discounts
signal not only financial gain but also risk to the customer (Drezdenko & Jensen, 2005).

The concept of trust can also be considered from virtual community (VC) perspective (Tsai et al., 2011). The definition and understanding of VCs differs among authors, with some describing VCs as websites that facilitate the online exchange and others as a concept of continuous process of mutual social construction (Yoo & Gretzel, 2008). Litvin et al. (2007, p464) noted:

‘Virtual communities vary in the scope of their content from fairly simple lists of resources to complex cyber environments offering net-citizens information and the opportunity to socialize with likeminded individuals.’

Therefore, a SOVC can be regarded as 'member’s feelings of belonging, identity and attachment to each other in computer-mediated communication... believed to come from exchange of social support...' (Tsai et al., 2011, p1094). Consequently Tsai et al. (2011) proposed an alternative TAM model illustrated in figure 2.10 relating to DD websites.

![Figure 2.10 Daily Deal Websites Technology Acceptance Model](source)

Xie et al. (2011) and Chang et al. (2011) both confirmed the social aspects of DDs, either by highlighting the importance of VC relationships on the purchasing process or the effect public opinion and expectations have on the social network. However, at the same time Xie et al. (2011) reported that positive eWoM does not
reduce the perceived risk in group buying, rather it influences the perceptions of risk through heightened PU. Liu and Zhu (2013) though reported that the quality of DD websites and the offline reputation of the merchants will positively influence trust in the group buying website and will influence participation. This is supported by Kai et al. (2013) who also noted that experience of DD buying, website quality and retailer quality had significant, positive effect on online group buying intention.

However, the research on the relationship between deal buying and technology acceptance discussed above was conducted mostly in the Asian market. As highlighted by Marshall and Leng (2002) the perceptions of discounting in general change according to cultural differences and they suggested that some cultures are more sensitive to price differences than others. Jing and Xie (2001) showed that in countries with collectivistic cultures discounting may be more easily adopted. Therefore, the attitudes towards DD and discounts differ amongst cultures hence the above results and relationships may not be valid in the European or North American context as the countries are not deeply rooted in collectivistic culture (Wang & Chou, 2014).

### 2.4.4.2 Technology Acceptance Model: Practical Implications

The model proposed by Tsai et al. (2011; figure 2.10) incorporated technology acceptance variables and social factors affecting online group buying behaviour. They argued that within online group buying and DDs the social influences of VCs strongly influence the users and their purchasing decisions. Therefore they should not be separated when considering influence upon DD shopping behaviour. As discussed in section 2.2.3 by endorsing the offers via social media, such as a Facebook ‘like’, the community members are being perceived as ‘knowledgeable helpers’ but not acting on behalf of the merchant.
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‘An assumption of disinterested honesty underlies the persuasive power of post-purchase word of mouth. Critical to the success of word of mouth is the belief that the communicator is not perceived to be commercially motivated.’

(Wilson et al., 2012, p221)

This sense of VCs is particularly significant in light of service industries’ unique characteristics, such as intangibility and inseparability of service and consumption (Mauri & Minazzi, 2013), where the customers may have difficulty assessing what they are paying for in advance of the purchase. Service companies sell promises of service delivery where the service is unverifiable to the customers’ prior consumption. Since a large number of the deals offered by DD sites are ‘experience goods’ such as food, spas and hotel stays, the customer must believe and trust that the company will fulfil the promise (Nelson, 1974; Lee & Lee, 2010; Gan & Zhao, 2012; Setó-Pamies, 2012).

As noted by Lee and Lee (2012b) DDs mostly trade in goods and services involving lower information availability, i.e. localised services, with a relatively low online presence on review websites, which make it harder for potential customer to find genuine information. Ha and Stoel (2008) noted that a considerable number of DD customers have never used the particular hotel or restaurant before, therefore, they are unable to ascertain the quality of goods or service themselves. Customers have an option of scrutinising the service quality and popularity of a restaurant through eWoM and then deciding if they want to participate in an online DD (Zhang et al., 2013). Therefore, reviews become an important source of information to consumers, a source which substitutes and complements other forms of WoM communication about product quality (Chevalier & Mayzlin, 2006; Viglia et al., 2016). Conversely as explained by Gafni et al. (2014) if a merchant has a small online presence it is likely that the supplier’s quality claims cannot be
verified, due to a relatively low number of online reviews being present and low engagement with social media. In that case trust and prior positive experience with the DD website will positively influence trust and therefore buying intention (Gafni et al., 2014).

2.4.5 Customer Satisfaction and Service Quality

Within the group buying and DD context quality perception and service quality can be measured by satisfaction with the websites as well as the satisfaction with the seller, both of which might have a bearing on future behavioural intentions of clients (Hsu et al., 2014). Krasnova et al. (2013) highlighted that in most cases merchants selling their services and goods via their own online platforms are themselves responsible for delivering the service. In those instances issues of loyalty, customer satisfaction and service quality are to certain extent easier to analyse. However, in the DD context the fact that the DDs and service providers work as separate entities adds onto the problematic nature of analysis of those issues.

Service quality is a primary and critical determinant of business performance as it leads to decreased costs, increased profitability, improved organisational performance, loyalty, purchase intentions and positive WoM (Buttle, 1996; Zeithaml et al., 1996; Carrillat et al., 2007; Setó-Pamies, 2012; Zaibaf, 2013). As discussed in section 2.3.4 DD promotions rely on a number of factors to be profitable, all of which are likely to be affected by service quality. DDs websites are successful with providing a high number of customers to the merchant, however it is up to the merchant to give the customers an incentive to come back (Saleh & Ryan, 1991; Grenier et al., 2014); while there is no guarantee that satisfied customers will come back but it is highly likely that dissatisfied ones will not.
From a managerial point of view, customer satisfaction affects behavioural intentions such as patronage intentions which lead to financial outcome for a company (Oliver et al., 1997). Furthermore, the relationship between customers and service providers is reported to be a determinant of customer satisfaction and behavioural intentions, including positive WoM and return patronage within a restaurant setting particularly for frequent and first-time customers (Liang & Zhang, 2012). Therefore, it is imperative to consider service quality and customer satisfaction with hospitality services both as a concept and in relation to the impact of the service quality upon loyalty to the merchant.

Baker and Crompton (2000) noted a lack of consensus on the conceptualisation and interrelation of service (performance) quality and satisfaction. Similarly, Cronin et al. (2000) noted that there is a confusion in research regarding the definitions of customer satisfaction and service quality, as well as the influence of those factors on consequences such as loyalty, positive WoM, and repurchase intentions. Moreover, they indicated that the research tends to be either customer satisfaction- or service quality-centric in design. Kim et al. (2013) also discussed the duality in the research approaches. They showed that a number of researchers adopted satisfaction theories and methods to show customer satisfaction as an indicator of loyalty and repurchase intentions. However, Kim et al. (2013) questioned the validity of a customer satisfaction-focused approach and identified service quality as a more effective determinant of loyalty creation and sustainability.

### 2.4.5.1 Customer Satisfaction

Gupta et al. (2007) stated that even though the importance of customer satisfaction is a widely accepted concept, there seems to be little agreement as to what constitutes satisfaction and how to quantify the difference customer
satisfaction makes. Westbrook (1987) defined satisfaction as a two stage process, where in stage one pre-purchase expectations are compared with post purchase beliefs to create a new belief about the extent of disconfirmation. In stage two a cumulative evaluation of all positive, negative and neutral disconfirmations happens which formulates overall satisfaction evaluation. Westbrook and Oliver (1991) expanded upon this stating that satisfaction seems to be more complex in nature than a summary of positive, negative and neutral experiences during consumption. Oliver (2010, p8) proposed the following, widely used definition:

‘Satisfaction is the customer’s fulfilment response. It is a judgement the product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- and over fulfilment.’

Oliver (2010) suggested that the pleasurable fulfilment aspect of the definition may address the intangibility that comes with service provision and receipt. Consequently, service quality can be described as an antecedent of customer satisfaction. The concept may be even more complex within DD reality, as according to Zhang et al. (2013) there are two types of customer satisfaction within this context: ‘usual satisfaction’ and ‘group buying satisfaction’.

Even though there are differences in the definitions of customer satisfaction amongst researchers there are also similarities (Ekinci et al., 2008). One of which is the division of customer satisfaction into ‘transient’ and ‘overall’ satisfaction. With the former being defined as a result evaluation of a single service encounter\(^4\), captured immediately after that encounter has taken place. The latter is defined as ‘post choice evaluative judgement of a specific purchase occasion’ (Ekinci et al., 2008, p38) or a set of service encounters over a period of time (Kim et al., 2013). Gupta et al. (2007) listed four factors that affect customer satisfaction and

\(^4\) Buyer-seller interaction where the consumption and production takes place simultaneously (Grönroos, 2007).
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return intention within a restaurant setting - food quality, attractive price, warm welcome and attentive service. Wu and Liang (2009) confirmed that employee performance directly influences customer satisfaction within the restaurant setting.

2.4.5.2 Service Quality

Ekinci et al. (2008) argued that hotel customer satisfaction rather than service quality is a better reflection of customers’ overall attitude towards the services purchased. Earlier work by Baker and Crompton (2000) had suggested that within tourism evaluation of both customer satisfaction and service quality should be taken into account; since service quality is the only feature that management can actively influence, it is important for it to be considered alongside customer satisfaction.

Service quality is an abstract and elusive construct because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption (Parasuraman et al., 1985). Service quality is different from satisfaction as the latter occurs and is predominately concerned with specific transactions, whereas service quality is said to be the global judgement or attitude relating to the superiority of the service (Parasuraman et al., 1988). Wilkins et al. (2007) concurred by stating that hotel patrons do not see service quality as a sum of lots of encounters, but see it as a whole, one experience. Grönroos (2007) suggested that quality consists of two components: ‘technical quality’ of the outcome (i.e. what) and ‘functional quality’ of the process (i.e. how). He further elaborated the idea by explaining that the entire quality dimension perceived is a more complex process than determining if the ‘how’ and ‘what’ was good, neutral or bad. He stated that perceived service quality happens when the quality expected is equal to the quality experienced. Parasuraman et al. (1985, p17) had suggested that perceived service quality can be viewed as ‘the degree and
direction of discrepancy between consumers’ perceptions and expectations’. Thus quality evaluations are not only the outcomes of the service but also include the process of service delivery.

Furthermore understanding of customers’ expectations often differs from satisfaction-focused researchers. Parasuraman, et al. (1988), Coye (2004) and Marković et al. (2013) stated that the expected quality of service the customers experience before they consumed a service is understood to be what the service provider should offer (normative expectations) not what they would offer (predictive expectations). When discussing customer expectations Coye (2004) noted that customers not only consider predictive expectations but also the likelihood that their desires will be met. In contrast Oliver (2010), from a customer satisfaction centred approach, distinguished two types of expectations: low and high.

### 2.4.5.3 Atmosphere

Ekinci et al. (2008) noted two dimensions of service quality: physical quality and staff. The staff and their role have been discussed within the last section of this chapter. The following section discusses the physical factors and issues associated with influencing the perceptions of service quality and influencing the subjective feelings of satisfaction and quality. Kotler (1973) noted the customers respond to the ‘total’ of the product offering, i.e. all the features that accompany a sale of a product, to include the place and the atmosphere of it. Within a restaurant setting atmosphere can be described as ‘places where the guests feel comfortable and at ease’ (Gustafsson et al., 2006, p89). Gustafsson et al. (2006) noted that the context within which the meal is served has a profound effect upon the perceptions of enjoyment of a meal. The Five Aspect Meal Model, as illustrated in
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Figure 2.1 addresses features influencing the perceptions of atmosphere and control systems that set out rules and regulations.

![Image](image-url)

Figure 2.1 Five Aspect Meal Model from producer’s perspective
Source: Gustafsson et al., 2006, p86

In other words the atmosphere created by the physical environment of the three factors: the room, the meeting and the product will impact upon the cognitive-emotional customer reactions (Gustafsson et al., 2006; Kim & Moon, 2009; Marinkovic et al., 2013).

The room factor can be understood as the extent to which the physical environment pleases the customer’s visual, aural, olfactory and tactile senses. The meeting encompasses the interactions between staff and guests, guests and guests, and staff to staff. The product is the combination of food and drink that the customer receives and perceptions of the degree of craftsmanship that went into the preparation of those products (Kotler, 1973; Gustafsson et al., 2006; Kim & Moon, 2009).

The communication and enjoyment within the restaurant, therefore, is affected by all of these factors. For example the level of light will either stimulate a general conversation or stimulate intimate exchange (Gifford, 1988; Knez & Kers, 2000; Magielse & Ross, 2011). The interactions between the customers in the restaurant can create noise therefore affecting the overall impressions of the atmosphere (Kotler, 1973; Novak et al., 2010). Equally the meeting aspect can send messages...
of brand match on the basis of association or dis-associations to a social group formed on the basis of the perceptions of inter-customer and employee-customer interactions (Nam et al., 2011). Equally the product in visual effect and taste needs to match the expectations of the customer, therefore the recommendation of staff regarding food and drink matches have a bearing upon the enjoyment of the meal (Gustafsson et al., 2006), making training a crucial component of service preparation.

**2.4.6 Role of Satisfaction and Service Quality in Daily Deal Promotion**

Yoo and Park (2007) suggested that perceived service quality does not directly influence financial performance but it does so indirectly through the intermediary of customer satisfaction. In other words improved service quality is likely to improve customer satisfaction, which in turn leads to fewer service failures. In respect of DDs the latter findings seemed to be supported by Gupta et al. (2012; figure 2.12) who found that in the DD restaurant setting high satisfaction does not transfer directly into profitability, since in order to satisfy DD customers very low price was frequently used. This reflects the findings of Erdoğmuş and Çiçek (2011) who noted that their respondents predominantly were motivated to partake in DDs by monetary savings; the discount as well as the rate of discount. However, Gupta et al. (2012) also pointed out that managing the DD purely for profit, while ignoring satisfaction may be short-sighted, due to possible repercussions of unfavourable WoM.
Zhang et al. (2013) underlined the importance of service quality within the DD environment, but also noted that achieving service quality whilst running a promotion is not easy. On one hand the employers should seek to provide a high quality service to entice the customers who have used the voucher to come back for a full price purchase. On the other since most DD providers are small restaurants, they may be unable, unprepared or untrained to deal with a large influx of customers. As Zhang et al. (2013, p242) explains:

‘We have found that larger discounts tend to attract more buyers. However, the resources (such as waiters, cooks, and facilities) of a given restaurant are limited and it may be hard for some restaurants to accommodate extra group buying customers while maintaining regular service standards, thereby resulting in a negative relation between discount rate and satisfaction improvement.’

In other words Zhang et al. (2013) were suggesting managers and owners should use the DD promotion as a marketing tool to create new full paid sales opportunities, whilst acknowledging that there were often difficulties in achieving this aim. The volume of customers is not the only thing that can influence negative service quality perceptions during DD promotions. Lee and Lee (2012a) also cited monetary issues and concerns resulting in merchants being likely to pressure their
staff to upsell. However, Sigala’s (2013) study found that positive service quality is likely influence spend beyond the vouchers face value. Therefore, Boon (2013) considered proper employee training and preparation as vital to the success of a DD.

There seems to be a coexistence of positive and negative feelings regarding satisfaction with promotions purchased via DD sites (Ardizzone & Mortara, 2014). Table 2.3 summarises issues mostly discussed with relation to service quality and satisfaction with DD hospitality provisions.

Table 2.3 Main sources of customer satisfaction or dissatisfaction in daily deals

<table>
<thead>
<tr>
<th>Service delivery area</th>
<th>Author</th>
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<tbody>
<tr>
<td>Poor service delivery</td>
<td>Cox, 2012</td>
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<td></td>
<td>Boon, 2013</td>
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<tr>
<td></td>
<td>Ardizzone &amp; Mortara, 2014</td>
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<tr>
<td></td>
<td>Cassia et al., 2015</td>
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<tr>
<td>‘Second class’ customer service</td>
<td>Kimes &amp; Dholakia, 2011</td>
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<td></td>
<td>Kimes &amp; Dev, 2013</td>
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<td>Cox, 2012, 2015</td>
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<td>Boon, 2013</td>
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<td>Ardizzone &amp; Mortara, 2014</td>
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<td></td>
<td>Cassia et al., 2015</td>
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<tr>
<td>Overcrowded facilities</td>
<td>Cox, 2012</td>
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<tr>
<td></td>
<td>Ardizzone &amp; Mortara, 2014</td>
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<tr>
<td>Redemption problems</td>
<td>Boon, 2013</td>
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<td></td>
<td>Ardizzone &amp; Mortara, 2014</td>
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<td>Cassia et al., 2015</td>
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<tr>
<td></td>
<td>Cox, 2015</td>
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<tr>
<td>Inclusions not honoured</td>
<td>Cox, 2012, 2015</td>
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<tr>
<td></td>
<td>Cassia et al., 2015</td>
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<tr>
<td>Poor quality of inclusions</td>
<td>Cox, 2012, 2015</td>
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</table>

The service quality in the DD provision becomes even more important when considering reputational impacts. Zheng et al. (2009) identified a number of studies demonstrating that service providers’ failure to provide expected services may cause negative eWOM which can damage the reputation of a company and consequently cause a loss of future potential business. They suggested that unsatisfied customers, those displeased with service, were most likely to post their
comments on the internet. However, the motivations for posting were gendered, with females being more motived to help the company, to experience enjoyment and positive self enhancement; males were reported to be more likely to post to vent anger and negative feelings. The impact of reviews was underlined by Viglia et al. (2016) who noted a direct correlation between an increase in number of positive or negative reviews upon hotel occupancy levels.

2.4.7 Customer Loyalty

Issues of loyalty should also be considered for two reasons. First, from a DD perspective new customer acquisition has been identified as a major motive for participation in the promotions. Should the customers enjoy their stay there may be a chance that they will come back to the hotel for repeat visits. Second, customers who remain loyal to a company for a period of years because they are pleased with the service are more likely than short term customers to buy additional services and spread favourable WoM (Zeithaml et al., 1996). However Bowen and Chen (2001) warned that satisfaction alone is not synonymous with loyalty as the customers must be very satisfied or delighted to come back. Oliver (1999) considered that whilst loyal customers are satisfied customers, satisfaction also does not always guarantee loyal customers. Furthermore he noted that loyalty can take four forms:

- ‘cognitive loyalty’- shallow loyalty where a customer declares a preference to one brand over other
- ‘affective loyalty’- attitude toward a brand based on satisfactory use of it on multiple occasions; brand loyalty is exhibited in the degree of ‘liking’ but remains a subject to switching
‘Conative loyalty’ - behaviour influenced by numerous positive encounters with a brand and is characterised by brand-specific desire to repurchase, but may not result in actual purchase

‘Action loyalty’ - behaviour where intentions are converted to action of repurchase

Therefore, service quality should also be considered due to its impact on loyalty and potential to return. Zhang et al. (2013) looked at influential factors in DD customers’ return intentions. They confirmed the positive role of service quality in turning group buying customers into loyal customers of restaurants. Supporting this work Hsu et al. (2014) stated satisfaction with seller and with the website had a significant influence on repurchase intention with the merchant. These findings confirm Zhou and Wu’s (2012) research; service quality within DD promotions has both a direct and indirect effect on customer loyalty to hotels, as illustrated by figure 2.13.

Figure 2.13 Factors affecting daily deal customer loyalty
Source: Zhou & Wu, 2012, p46

Krasnova et al. (2013) discussed significant ‘spill-over effect’ where the merchant’s service quality is likely to affect loyalty with DD websites. The previous research, therefore, seems to suggest inseparability of the perceived merchant’s service and its effect on loyalty to both the merchant and DD website.
A contrary view of loyalty and DDs is given by Malone and Fiske (2013, p89):

‘It was once cost-effective to fully staff a hotel with warm and competent employees capable of demonstrating worthy intentions toward the guests because those guests could be counted on to reward such treatment with their loyalty. Now the temptation of bargain prices, gained at the click of a mouse, has placed that model of hotel management in danger of extinction.’

The authors highlight the impact of the internet on loyalty issues within hotel industry noting that initially e-commerce allowed for unsold hotel stock (rooms) to be sold. These days, when reservations come to the hotel 70 % of them are from online sources e-commerce. Those e-commerce channels working on the basis of comparing price, location and basic amenities thus obscuring and ignoring the role of service, staff and reputation-related differences (Malone & Fiske, 2013). Price focused customers use DDs; what the hotels are getting from them is not a loyal customer in traditional sense but repeat purchase dependant on continuing low prices. Malone and Fiske (2013) suggested that the convenience and efficiency of the websites has diluted trust and loyalty. People 1st (2013) made similar observations and noted that vouchers within the hospitality industry may be counter-productive for some businesses as customers will become price conditioned not quality driven. Furthermore as Berezina (2014) discussed the DD customer may be more variety seeking when compared with regular hotel guests, i.e. DD customer would most likely choose an offering by a hotel that they had not visited yet. This suggests that DD customers may be ‘action’ loyal to the DD website but ‘conative’ loyal to the hotels or restaurants.
2.5 EMPLOYEE AND DAILY DEAL PROMOTION SUCCESS

2.5.1 ROLE OF AN EMPLOYEE IN SERVICE ENCOUNTER

Employees, particularly front line employees, are critical to the success of a business as their behavioural conduct and appearance create strong first impressions on the customer and are therefore a crucial component of service delivery (Hartline & Ferrell, 1996; Iacobucci, 1998; Yoo et al., 2006; Wu & Liang, 2009). Their specific and interactive behaviour combined with their skills often play central role in customer evaluation of service quality and customer satisfaction (Hartline & Ferrell, 1996; Yoo & Park, 2007; Noone, 2008; McGuire et al., 2009; Wu & Liang, 2009; Yang, 2010; Liang & Zhang, 2012). Lashley (1995) considered that employees who feel committed to delighting the customer will do whatever it takes to ensure customer satisfaction; this satisfaction will determine the success of the service encounter. Michel et al. (2012, p161) suggested that in order to maintain a ‘high quality hospitality environment, it is important to understand the nature and role of employee perceptions about the work environment that may influence their attitudes, motivation, and performance regarding customer service.’

From the managers’ point of view managing of the service encounter is problematic as the direct provision of the service depends exclusively on the employee at a point where the manager has the least control over their behaviour (Lee-Ross, 2001; Yoo et al., 2006; Yoo & Park, 2007; Zheng et al., 2009). One of the problems faced by the employees, which directly affects the service quality, is the variation in expectations and definitions of successful service by the customers (Lashley, 1995). This may be particularly problematic in a DD situation where different DD websites access various socio-economic markets (Piccoli & Dev, 2012) thereby bringing in customers with varied expectations of quality and
service preferences (Victorino et al., 2005; Marinkovic et al., 2013). In other words customers and employees provide each other with cues as to how to react to each other within a service encounter. Those cues are determined by actual situations and stereotyping on the basis of previous encounters, where ‘perceptions of social status, economic and personal characteristics, appearance, and so on also impact upon the relationship between the participants’ (Lee-Ross, 2001, p87). Therefore in the DD redemption situation employees are faced with a heightened likelihood of dealing with atypical customers and may find it difficult to adjust their behaviour appropriately without prior training and preparation.

Equally a DD customer, who decided to stay in an environment that ultimately made them feel uncomfortable, may behave in a way that makes it difficult for the staff to deliver a positive service experience (Dholakia, 2011c). As discussed in section 2.3.2 poor customer match was reported as one of the pitfalls of DD engagement. As the production and consumption of the service process cannot be separated any mistakes in the service delivery or failures to deliver the expected level of service are obvious and immediately visible to the customer (Valachis et al., 2008). Those failures in delivering the expected level of service to new customers may not only result in a complaint and/or a negative attitude towards return visit, but also negative WoM (Liang & Zhang, 2012).

Lee-Ross (2001, p86) confirmed that ‘employees who provide the service need to feel satisfied with their performance almost as a justification for their career choice’; i.e. if staff are denied the ability to achieve fulfilment of this basic motivator they will become stressed (Ross, 1996; Lee-Ross, 2011). As discussed by Dholakia (2011c) many employees are not happy with the DD promotions their managers have created for the business. This dissatisfaction is caused by a poor
customer match, increased volume of work due to increased customer numbers often beyond the capacity of the facilities, and lower tipping behaviour. Those feelings of stress coupled with overcrowded facilities and lower likelihood of tip reward may create negative attitude towards DD customers (Sigala, 2013), leading in turn to negative WoM.

2.5.2 Broader Employment Factors Affecting Daily Deal Promotions

The general makeup of the hospitality industry may hinder the creation of service quality during a DD promotion. One of the factors influencing the employment within the industry is the seasonality of hospitality businesses and the resulting casualisation of the workforce; other factors include social perceptions, turnover and remuneration (Krakover, 2000; Wong, 2004; Davidson et al., 2010; McIntosh & Harris, 2012; Alano, 2013; People 1st, 2013, 2015).

2.5.2.1 Casualisation of Workforce

Demand for manpower and workforce is directly connected to the public’s demand for travel and services (Wong, 2004). Traditionally employment distribution, outside large urban areas or winter destinations, is negatively correlated with autumn and winter months, and tends to head towards recovery in spring time (Krakover, 2000), reflecting occupancy demand between on and off season (Visit Britain, 2013). As discussed by Krakover (2000) the employment and dismissal of staff is largely related to seasonal customer demand.

Davidson et al. (2011) noted that the hospitality industry is increasingly moving towards casualisation and outsourcing as main methods of employment and employment shortages adjustment techniques, due to the fact that the demand

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5 Outsourcing understood as hiring of an outside company to perform services typically provided internally, therefore transferring the control of activity to the supplier. This may be inclusive of foodservice, maintenance, housekeeping or accounting (Donada & Nagatchewsky, 2009; Leeman & Reynolds, 2012).
in the hospitality industry if often very unpredictable. This behaviour was confirmed by People 1st (2013) who report that of 48% of the 2 million people employed within the hospitality industry were doing so on a part-time basis. In addition the use of ‘zero hours contracts’, i.e. a contract with no guaranteed hours or obligation by the employer to provide work, has risen, with a 174% increase in the use of this type of contract within the industry between 2005 and 2012 (Alano, 2013).

The benefit of having non-contractual staff is that it enables the employers to respond to demand fluctuations and provides the hotels with flexible employees, which suits business needs without the cost of making redundancies in low season (Alano, 2013). This is not a new trend; Riley (1996, p22) pointed out that the most common approach to adjustment of fluctuation in demand was to ‘set up a buffer consisting of part-time workers, casuals, overtime and bonus incentives’. Head and Lucas (2004) and Davidson et al. (2011) noted that hotels tend to divide their staff into core (full-time and part-time) and peripheral (casual) in order to control staff cost. This creates a dual approach to employees, with core employees likely to progress within the industry and reaping the benefits of increased wages and training, while peripheral staff remain constantly de-skilled and detached from organisational commitment (Kuo, 2009; Davidson et al., 2011; Sobaih et al., 2011). Furthermore Wong (2004) reported that hotels tend to be more reactive than proactive in the way they address the labour shortages particularly in the short-term. Consequently this approach opens the industry to a transient workforce which fuels already high levels of turnover and skills gaps. This can have a negative impact upon quality of service due to the employees feeling disengaged, not valued and therefore less willing to provide high quality service (Davidson et al., 2011; Sobaih et al., 2011; Alano, 2013; People 1st, 2013). However,
the employees are not a homogenous group with differing needs and goals of the employee depending on their work status. In other words it needs to be highlighted that some employees choose to work on casual or part-time basis due to work-life balance and other commitments; however, at the same time this does not mean these employees do not want to be involved in decision making and day-to-day running of the businesses (Sobaih et al., 2011).

With the above in mind two further issues arise with regards to DD promotions. First, considering that DDs are typically designed to bring in volume in what typically would be the low season for a hotel, it is reasonable to assume that participation would have an effect upon employment patterns. Second, as the resulting pattern of trade is likely to lead to the hotels being busy all year round, there may be scope for more full time job creation and a more sustainable pattern of employment for employees.

2.5.2.2 Status Perceptions

The reliance of the industry on part-time and casual workers fuels low-status perceptions of hospitality work and diminishes job security perceptions. The stigma of low job status perception is most evident at the operational level, where limited training and progression opportunities mean that hospitality employment is seen as being suitable for only those disadvantaged in the labour market, such as women, immigrants and young people (McIntosh & Harris, 2012; People 1st, 2013).

This stigma is particularly noticeable within the housekeeping department, where the employees often face little or no recognition from their managers and peers. Furthermore the housekeeping work is often perceived as ‘service unseen’, performed out of direct contact with customer and where the employee’s work is only acknowledged if there is a lapse in standards (Faulkner & Patiar, 1997; Hunter Powell & Watson, 2006).
Adding to the perceptions is the sector’s low wage culture. The average earnings within the hospitality and tourism sector are considerably lower than the UK economy average; indeed many salaries in hospitality fell during the 2011-2012 period (People 1st, 2013). The perception of low status of hospitality industry employment coupled with low wages, also have an effect on turnover, as employees who feel the stigma associated with their hospitality work were more likely to seek employment in other industries (Wildes, 2007; Barron et al., 2014). However, as noted by Sobaih et al. (2011) part-time workers more than full time workers displayed lower levels of organisational commitment.

2.5.2.3 Turnover and Skills Retention

The transient and seasonal nature of the hospitality industry coupled with perception of low status contributes to turnover in the hospitality industry (Wildes, 2007; People 1st, 2015). Turnover not only promotes negative image of food service but is also a major factor affecting workplace efficiency, productivity and cost (Wildes, 2007; Davidson et al., 2010). Harris (1995) noted that the ability of organisations to attract and retain quality staff is a pre-requisite of long-term business survival. People 1st (2015) reported the labour turnover hospitality and tourism to be as high as 30 %, highlighting an issue of staff retention within the industry.

High turnover has visible and hidden effects, or tangible and intangible costs (Riley, 1996; Davidson et al., 2010). Visible effects or tangible costs are the financial outcomes, such as cost of recruitment, training and documentation. As labour is always a significant cost in the service led hospitality industry, the turnover and resulting constant need for training add a significant strain onto bottom line performance. Hidden or intangible costs include loss of skill, inefficiency, time for
recruitment and training, which all may lead to service failures (Riley, 1996; Davidson et al., 2010).

The impact of high turnover on skills is highlighted by People 1st (2015) who reported that 30% of all hotels reported skills gap in their organisations, a gap identified as a direct consequence of high rates of labour turnover. A number of key skills were identified as lacking with the hospitality and tourism sector, with skills gaps reported to be the highest in customer facing roles; roles that experience highest turnover percentage.

![Figure 2.14 What skills need improving?](source: People 1st, 2015, p. 9)

Figure 2.14 illustrates a gap in skills between hospitality and tourism sectors against other sectors in the UK. As illustrated in most cases the skills gap identified is wider than in any other industry in the UK, with customer handling skills being particularly hard to fill in the hospitality industry. This means that the customer service, a basic provision of hospitality industry, may suffer as a result of skills shortages, and may lead to poor satisfaction.

The skills gap has been reported to directly impact upon the performance of hospitality businesses (People 1st, 2015). Figure 2.15 illustrates the impact of the skills
gap upon business performance. These statistics are considered particularly interesting in the light of DD promotions. As over half of the employees face increased workloads caused by skills shortage any additional increase brought about by involvement with DDs will inevitably create additional problems in the operations of the establishments, putting the employees under additional pressure.

Figure 2.15 Impact of identified skills gap on business performance
Source: People 1st, 2015, p9

Since the cost structure of a DD promotion does not always allow for profit to be achieved, it may be more difficult for the employers to provide additional staff and training to address the skills gap due to the lack of funds available during the promotion time. The problem of skills may be further fuelled by the fact that a majority of the hospitality SMEs use the relatively informal on-the-job and in-house training (Sigala et al., 2001). These types of training tend to vary in line with the training skills of the trainer, therefore, making it difficult to pass on the right skills set required to achieve a desired quality standard. Paradoxically Minor (2012) identified one benefit of DD participation that some participating merchants were able to retain the staff who would usually be laid off over the offseason during the period of DD promotion, leading to retention of skills within the workplaces and minimising the need for continuous training.
2.5.3 Impact of an Employee upon Profitability of the Deal

2.5.3.1 Employee as a Cost

97% of hospitality and tourism businesses in the UK employ fewer than 50 employees (People 1st, 2013) and those small organisations operate in a price competitive environment where a relatively low cost of entry exists (Head & Lucas, 2004). This competitiveness of the environment and variable demand makes the employers try to minimise the cost of labour, resulting in employees being perceived as commodities that are to be controlled and constrained (Head & Lucas, 2004). Therefore, many hospitality employees perform jobs in an industry that is characterised by permanent staff shortages and an ad-hoc approach to staff numbers adjustments as well as a tendency to reduce staff to cut costs (Malone & Fiske, 2013). During a DD promotion, as noted by Ong (2014), the cost associated with staff employment goes up when the establishment is nearing capacity or is oversubscribed. Naturally when faced with higher demand a merchant will have to (should) provide more staff to deal with the demand, an extra cost to the merchant that is not present at regular levels of business (Kimes & Dholakia, 2011). However, as highlighted in section 2.3.3.1 the profit margin for merchants shrinks when cost of sales is coupled with commission and discount. Gross profit, as highlighted by the example in table 2.2, takes into account only the cost of sales, therefore does not account for fixed costs of staff nor increased cost of peripheral staff. Consequently, some employers taking the short term view may be reluctant to increase the number of staff due to the increased cost in spite of clear long term consequences resulting from a lower quality of service.

Farahat et al.’s (2012) and Gupta et al.’s (2012) research both identified the potential unsuitability of some restaurants to partake in DD offers due to high marginal cost, low fixed costs and an inability to efficiently schedule the DD
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...purchasers. This directly impacts on labour cost as well as customer satisfaction and intention to return. As many restaurants do not require prior bookings, they may face an inability to predict number of covers, therefore may have full staff scheduled when not needed, adding to the cost. Equally those restaurants may suffer if they fail to predict a heightened volume of customers resulting in staff levels disproportionate to the demand (Zhang et al., 2013). This point is especially important as one of the main goals of a DD promotion is the conversion of DD customer into a full price regular customer (Sigala, 2013). If new DD customers have a negative service experience due to low number of staff, they are not likely to come back, but are likely to spread a negative WoM, affecting long-term reputation and therefore long term profitability.

2.5.3.2 Employee as a Sales Person

As previously highlighted in section 2.3.3.2 if the promotions are to be successful spend beyond the value of the voucher needs to happen, requiring the employee to act as a salesperson. Miao (2011) and Miao and Mattila (2013) referred to upselling as customer ‘impulse purchases’ and suggested the sale of them may be affected by a number of factors, to include selling techniques and customers’ motives to purchase. This is likely to affect sales during DD promotion in two ways. First, purchases of the extra items are linked to customers experiencing feelings of fun and emotional gratification; customers who purposely chose to stay on a DD in a hotel due to pleasure reasons are likely to be more inclined to spoil themselves. Consequently the staff may find it easier to sell extra items (Hausman, 2000; Miao, 2011; Miao & Mattila, 2013). In contrast if the hotel DD offering was purchased due to utilitarian reasons, i.e. cheap accommodation in an area of interest where the accommodation is viewed as necessity, the extra sale of items may not be as easy to achieve.
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Second, if selling techniques that an employee is utilising are not adjusted through training in line with those differing motives behind customers’ stay, dissatisfaction is likely to occur. This is highlighted by Dholakia (2010, 2011c) and Sigala (2013) who found that customers who received unfavourable dining or service experience were less likely to spend beyond the value of the voucher. The importance of upselling training is illustrated by Grenier et al. (2014, p157) who asked merchants what they would do differently when reflecting on post-promotion experience. The most popular answer, just after ‘ordering more products and/or supplies’, was ‘increase staff levels and train staff so that they were prepared to deal with the customers’.

2.5.4 WELLBEING, STRESS AND QUALITY WORKPLACES

‘Given that people spend a significant proportion of their lives at work, changes in the work environment can have a profound influence on their health and well-being, and consequently on job and organizational performance.’

(Kallith & Kallith, 2012, p729).

Tsaur and Tang (2012) note that hospitality is a high intensity, labour intensive industry that is characterised by frequent changes to staff schedules, heavy workloads and high degree of emotional labour. Emotional labour can be described as ‘ intentional efforts to convince others that one feels a particular emotion so as to influence how they perceive and react to a situation’ (O’Brien & Linehan, 2016, p3). These emotions that are deliberately displayed need to match up with the expectations of the service situation (Kim, 2008). Therefore the nature of hospitality work requires a high degree of emotional labour due to a highly interactive nature of the services provided (Naqvi, 2013).

As noted in section 1.3 and by Berezina et al. (2016) DDs have a great potential to change working environments by creating operational problems particularly for
SMEs, therefore putting extra pressure upon an already challenging working environment for the employees. The changes brought into the workplace have a potential to impact upon the employee’s subjective well-being and consequently their performance. Employee well-being can be defined as an ‘individual’s overall assessment of his or her quality of life’ (Tsaur & Tang, 2012, p1038) which can be seen as a dynamic state prone to changes across time (Ilies, Aw et al., 2015). Employee well-being can also be defined as thriving and engaged workforce (Ilies, Aw et al., 2015). However, as noted by Matthews et al. (2014) the term well-being is understood in many ways and does not have an agreed upon definition which covers all of the issues of this multi-dimensional construct. One of the earlier studies in this sector (Harter et al., 2002) suggested that there are two approaches towards the concept of well-being and associated performance within a workplace: a stress-health perspective and a behavioural-positive perception perspective. The former approach can be characterised by pressures in a workplace, this may be too little or too much challenge, ultimately leading to diminished quality of performance and well-being. This manifests itself by states of strain, stress or boredom. The behavioural-positive perspective assumes the presence of positive emotional states and positive appraisals in a workplace, where demands match or slightly exceed the resources and lead to benefits in employee’s subjective well-being. This manifests itself in a form of positive emotional states, such as joy and pleasure, leading the employees to feel engaged, valued and productive.

The importance of employee well-being is also highlighted by Häusser et al. (2010) who noted that impaired well-being is one of the most common causes for staff absenteeism and reduced job engagement. Job/employee engagement can be defined in a number of ways (Saks, 2006) with no agreed upon definition of what
constitutes employee/job engagement (AbuKhalifeh & Som, 2013). Schaufeli et al. (2008) considered an engaged employee to feel energetic and effectively connected to their work activities and seeing themselves as being able to cope with the demands of their jobs.

Figure 2.16 Employee wellbeing and engagement for sustainability
Source: Lewis et al., 2014, p3

Lewis et al. (2014; figure 2.16) considered well-being and engagement to be two constructs which influence the behaviour of an employee within a workplace, where in order to achieve most productive and happy workplace a mix of high well-being and high engagement needed to happen. However, achieving a balance of well-being and engagement can be difficult in the hospitality industry due chronic labour shortages, role overload, long and irregular working hours; all of which is exacerbated by pressure of work continuing over an extended period of time (Wong & Ko, 2009; Barron et al., 2014). Karatape (2012) listed poor training, low pay, work-family conflict and unsociable hours as additional pressures faced by the industry, therefore highlighted difficulties that a hospitality worker faces.

Stress is negatively associated with well-being (Tsaur & Tang, 2012). Food service employees are frequently perceived as working in high stress jobs because they perform repetitive tasks, which have a low skill set requirement and low cognitive capacity coupled with limited autonomy, lack of control and flexibility over how
they perform their job (Ross, 1996; Chiang et al., 2010). Furthermore customer facing hospitality employees are frequently expected to endure emotional labour (Gibbs & Ritchie, 2010). Payne (2009) described these as employees who deal with unpredictable customer-employee encounter, with a minimal management engagement and are required to select and use of a variety of emotional labour strategies to build rapport with a customer or defusing situations if the need arises. This means that there is a heightened possibility of experiencing stress due to constant emotional involvement (Payne, 2009; Gibbs & Ritchie, 2010).

Work stress, usually regarded as a common outcome of highly competitive and challenging industries, has a potential to affect any member of staff at any level (Ross, 1996). However as LePine et al. (2004) and Gilboa et al. (2008) considered not all stress is negative. Negative or hindrance stress will occur if the demands will exceed the resources available or if the resources available will exceed the demands (Harter et al., 2002; LePine et al., 2004; Gilboa et al., 2008). Positive, challenge stress occurs when the resources and demands are balanced or only slightly exceeded, in such situations the employees perceive themselves as productive and engaged (Harter et al., 2002; LePine et al., 2004; Gilboa et al., 2008).

Palmer et al. (2001) developed a model of stress that includes the seven related hazards aiming to answer fundamental question relating to well-being. Woodruffe (2005) suggested that employee perception of a quality workplace is dependent upon six factors linked to both well-being and stress. These factors are: ‘manageable workload, some personal control over the job, support from supervisors and colleagues, positive relationships at work, reasonable clear role and a sense of control or involvement in changes’ (Woodruffe, 2006, p7). Edwards et al. (2008) and Ravalier et al. (2015) built upon his work and adopted the scales
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The Health and Safety Executive developed for stress measurement (MacKay et al., 2004). The scales however were based upon the stress-health perspective of well-being, therefore other constructs were only also needed, as it was reasoned that including those constructs would aid in the construction of a holistic picture of employee well-being in a workplace. As noted by Michel et al. (2012) employees tend to perform better if they perceive that an organisation is providing them with various forms of organisational support and benefits.

From all this work a total 4 themes, as summarised in table 2.4, were identified by the author as influencing the perceptions of a quality workplace and well-being of an employee within that workplace.
Table 2.4 Summary of identified factors affecting subjective well-being thus contributing to perceptions of a quality workplace

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<tr>
<th>Theme</th>
<th>Factor</th>
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<td>Communication of change</td>
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<td>Training</td>
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<td>Job demands</td>
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<td>Job control (degree of control in decision making)</td>
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<td>Clark et al., 2009</td>
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2.5.4.1 COMMUNICATION OF CHANGE

The front line staff are perceived as a critical interactive element within the customer experience therefore it should be a management imperative to develop a shared understanding amongst employees regarding the underlying values, processes and standards (Yoo & Park, 2007). One of the ways to develop the shared understanding, commitment and engagement is by developing effective communication strategies with the employees (Woodruffe, 2006; Barron et al., 2014). Internal corporate communication promotes commitment and sense of belonging of an employee while at the same time promoting awareness and understanding (Welch, 2011). As Beehr et al. (2000), Palmer et al. (2001) and Palmer (2005) noted in situations where an organisation is undergoing change communication of the reasons why the change is needed is important for the employee well-being and reduction of stress.

![Diagram of corporate communication](image)

Figure 2.17 Internal corporate communication
Source: Welch & Jackson, 2007, p186

Therefore, as discussed by Welch and Jackson (2007) and illustrated by figure 2.17, top down communication aids in the creation of understanding of the changing environment, reinforces consistency of the message, and at the same time helps in a development of feelings of belonging and commitment to the company. It is
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up to the managers to provide appropriate guidance for his or her employees in order to foster acceptance of the changes (Kara et al., 2013). This suggests that within a DD promotion situation, where a specific goal is to be achieved, clear communication of these goals, expected outcomes, as well as the reasons behind partaking in the promotion are essential in order to encourage the employees’ commitment to the achievement of those goals.

Another form of communication that fosters learning and increases job competence, therefore well-being, is feedback communication (Schaufeli & Bakker, 2004). As highlighted by Barron et al. (2014) not only top down but also bottom up communication need to happen in order to achieve full commitment to the organisation from the employees’ side. If feedback opportunities are provided the employee is likely to feel recognised for their contributions towards achievement of the organisations’ goals, leading to improved well-being (Spinelli & Canavos, 2000). Furthermore bottom up communication within a workplace can reduce uncertainty and provide feeling of predictability and clarity within a workplace (Elst et al., 2010). Therefore, lack of two-way communication may result in staff being not clear as to the overall goals of the DD promotions and their own role in the achievement of those aims.

The importance of improving employees’ knowledge and changing of staff attitudes is intertwined; Kassicieh and Yourstopone (1998) point out that training can be seen as an effective way of communicating between the management and the staff, especially with regards to new organisations’ strategies, new values and new ways of performing work. Furthermore training is one of the basic strategies that a manager can employ in order to deal with a high volume of customers and high demands (Lee et al., 2006). This seems to be particularly relevant for the management and successful delivery of a DD promotion as Yoo
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and Park (2007) highlighted a correlation between training and buy-in into company’s goals and the commitment to delivery of high quality service.

From brand image perspective Lee–Ross (2001) showed that front-line staff can perform to the required standard within the service encounter as long as a culture of support, an appropriate service delivery system and adequate training are present. As managers find it difficult to supervise every element of every service encounter they can influence the outcome by focusing on organisational culture, system design and training, all of which can influence service quality (Lee-Ross, 2001; Yoo & Park, 2007).

‘Without careful attention to employee training, a lack of service quality becomes evident during service encounters. It is highly prudent that firms put an emphasis on employee training in light of meeting/exceeding the diverse needs of customers over time.’

(Yoo & Park, 2007, p911)

Continuous training of all employees, not only new ones, particularly in light of a changing environment, is crucial in order for the management to be able to influence the employee-customer encounter, and ensure that service quality and organisational goals are achieved (Lee et al., 2006; Clark et al., 2009).

2.5.4.2 Job Demands

Schaufeli and Bakker (2004) distinguish two types of job demands: quantitative (i.e. workloads: time pressure, working hard) and qualitative (i.e. emotional: the degree to which the job requires being emotionally involved). Palmer et al. (2001) noted that demands may involve exposure to physical harm, work overload and complexity of work, such as shift pattern. The impact of work overload and high jobs demands can have detrimental effects on employee well-being and can lead to poor mental, emotional and physical well-being (Palmer, 2005; Karatepe, 2012). They impact upon recovery time much needed for the employees to be
able cope with the strains of the job, which over a prolonged period will lead to ill health (Schaufeli et al., 2008; Lee et al., 2016). Gilboa et al. (2008) noted that work overload is one of the main causes of stress in employees, leading to exhaustion, lower ability to learn and lower productivity (O’Neill & Davis, 2011) and ultimately to poor service quality (Karatepe, 2012). Furthermore, work-family conflict is one of the ‘spillover’ effects of excessive workloads and a direct consequence of impaired well-being. Excessive demands drain coping resources of an employee leading to feelings of frustration and anger, thus adversely impacting on family life (Ilies, Aw et al., 2015). As highlighted by Lee et al. (2016) the time that the employee is not involved in work and spends relaxing, being involved in leisure activities is vital for a higher sense of well-being.

However, the negative effects of workloads can be mitigated by job control, support and other resources on the job (Ilies, Aw et al., 2015). Palmer et al. (2001) and Edwards, et al. (2008,) both suggested that job control also covers areas of control over demands and if the control is balanced with those demands. Karasek (1979) and Hässer (2010) considered high demand- low control jobs to have highest likelihood of reduced employee well-being, whilst low demand - high control jobs to contribute to higher well-being.

An aspect of job control which can mitigate the workload pressures is the degree to which the employees are involved in the decision making processes behind any changes. Spinelli and Canavos (2000) noted that an employee who feels involved in decision making and receives adequate training will display higher well-being than an employee who is not involved nor trained. Furthermore as discussed by Clark et al. (2009) employees who have been involved in the decision making process will be more committed to the changes.
Responsibilities and Resources

Palmer et al. (2001), Palmer (2005) and Woodfuffe (2005) confirm that role clarity is the degree to which an employee understands his or her own role and whether their responsibilities are clearly defined without any job conflicts. Suan and Nasuradin (2013) extend this understanding and put emphasis upon the degree to which the employee feels his or her job is important and clear in terms of role. This in turn leads to higher dedication towards job performance and intention to delight the customer with high quality service. As Lee-Ross (2001) notes employees need to feel their contribution is valued as a justification of career choice.

Employees striving to delight the customers can be inhibited by two factors: lack of sufficient number of staff and lack of supplies and/or equipment to facilitate the job to be done (Michel et al., 2012). As highlighted by O’Neill and Davis (2011) and Tews et al. (2013) lack of supplies resources is often a main cause of stress within a hospitality organisation. Furthermore as identified by Tews et al. (2013) an underlying cause of increased workload for employees is lack of adequate staff levels that would be able to cope with the demand. One of the main problems with engagement with DD promotions noted by Lee et al. (2015) was difficulties in staff resourcing and staff scheduling.

Interpersonal Support

Michel et al. (2012) highlighted the importance of management and peer support as a means to signal to the employee that their effort is valued and the company cares about their well-being consequently strengthening their commitment, satisfaction and performance. This support may be provided by the managers and co-workers alike.
Peer support has been identified by Tews et al. (2013) as especially important for employee well-being due to the long working hours culture of the hospitality industry. Those employees who consider that they are supported in their daily tasks by their peers will display greater work engagement and will develop positive a more attitude towards work and service quality (Van der Doef & Maes, 1999; Suan & Nasurdin, 2013). Managers’ support becomes more important in situations which are ambiguous or involve employee-customer conflict (Karatepe et al., 2010), e.g. complaint about staff or unsuitable behaviour.

2.6 Chapter Summary

This chapter has identified that the DD phenomenon is relatively new and that the issues involved in participation, from all stakeholder perspectives, are complex and have a number of internal variables. The chapter discussed the development of the DD websites to their current form, explained how the DD website business model operates and highlighted associated factors which have contributed to the success of those websites. It also has examined how DDs can be perceived by stakeholders and identified issues likely to influence the purchasing behaviour, consumption and loyalty to the hospitality product marketed with a DD promotion.

It is clear that DDs have a marketing potential for the hotels and with proper management can be of benefit to a merchant. Merchants engage with DD websites for a number of reasons, such as marketing, revenue boost or desperation from lack of cash flow, occupancy and new customer acquisition opportunities. It was recognised that that the promotions carry potential risk of damaging reputation and brand image of participating hotels or restaurants due to the promotion attracting ‘unmatched’ customers. Furthermore the merchants can also face capacity management problems which can potentially affect
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satisfaction with the promotion and have long term effect upon the reputation of the hotel. This chapter confirmed that there was no clear consensus with regards to profitability of the offers. It was identified that a combination of commission and discount rates has a significant bearing upon the merchants’ ability to generate gross profit and that upselling of extra items was recognised as a way to ensure profitability of the offers. Cannibalisation of customer base was other factor which had a bearing upon the profitability of the offer.

Equally if the DDs are delivered correctly they should benefit the customers who have an opportunity to trial services at a lower risk. DD hospitality and tourism customers have been identified to view themselves as smart shoppers who are likely to engage with the promotions for hedonistic reasons of pleasure fulfilment rather to utilitarian needs to lower price. It has been identified that offers which display a heavy discount on DD website carry a potential risk of poor service and product so that they may undertake extensive research online prior commitment to the purchase. Customers were also identified as engaging in online and offline WoM either to verify trustworthiness of the offers and merchants or to advise other customers on their experience with the offers.

Issues of service quality and customer satisfaction have been discussed in light of DD engagement where both aspects were highlighted as important factors when considered from possible reputation, profit and loyalty perspective. Furthermore it was discussed that whilst there is no consensus in relation to the number of customers who become actively loyal to merchants, if the customers enjoyed their experience they are likely to display conative loyalty and be willing to spread favourable WoM.

The face to face interactive nature of service encounters was discussed. Upsells and repeat purchases were identified as contributing to the profitability of the DD.
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Therefore, it was argued that the employees who are delivering the service, are significant influencers of upselling and play a major role in the creation of successful DD promotions. Customer satisfaction within DD is of paramount importance and poor treatment and delivery problems coexist with all the benefits that the DD have a potential to bring to a merchant. Although there is much literature on the importance of staff training and need for skilled staff to provide quality service very little attention is given to employees as a stakeholder, working and performing during the DD promotion period. However, as this chapter identified, employee well-being, stress levels and work-life balance issues during the delivery of the promotion are factors that can influence and affect the delivery of service quality. The employees’ behavioural conduct under the changed environment of DDs may affect the final customer satisfaction with a DD service encounter.
# Chapter Three
## Methodology

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3.1 INTRODUCTION

The previous chapter introduced the three major stakeholders of hospitality service affected by DD promotions. It identified that the issues surrounding the phenomenon of DDs are not uniform and may depend upon the stakeholders’ viewpoint. A multi-stakeholder approach seemed therefore a natural choice for this research as the author has been a member of all three stakeholder groups—employee, manager and consumer of DDs. As the process of a PhD research requires theoretical and philosophical underpinnings during the ‘journey’ as well as approaches, data collection and interpretation have been discussed in the following chapter. The author felt it was pertinent to find a perspective that she would be most comfortable and close with, whilst at the same time allowing for the subjective departure point of this journey to be acknowledged.

3.2 THEORETICAL APPROACH

3.2.1 UNDERSTANDING PHILOSOPHICAL CONUNDRUM

Any research can be broadly placed within quantitative or qualitative approaches, ‘it can be more ‘open’ or ‘exploratory’ in methodological design, or apply strict procedures to ‘test’ a ‘hypothesis’’ (Roberts, 2007, p16). Historically, quantitative research has been the dominant strategy for conducting social research. Even though qualitative research has grown in importance, quantitative research still exerts a powerful influence in the social sciences (Schwandt, 2000; Bryman, 2008). A quantitative approach is mainly used when the motives for research are explanation, description or evaluation (Schutt, 2012). Bryman (2008) describes a quantitative approach as entailing the collection of numerical data, a deductive focus on the relationship between theory and research and having an objectivist conception of reality. The qualitative study approach, in contrast, is concerned with emphasising the words, understanding the subjects and meaning
attached by participants to events and their lives (Corbetta, 2003; Bryman, 2008; Schutt, 2012).

This distinction between quantitative and qualitative research, whilst helpful, may be too simplistic and paints a rather narrow picture of the approaches that can be undertaken by any PhD researcher. It is important to note that each of the approaches have different theoretical underpinnings guided by their own ontology, epistemology and methodology. The quantitative approach has its roots in positivism and the qualitative approach is linked with interpretivism, also referred to by different authors as phenomenological thought or constructionism (Corbetta, 2003; Denzin & Lincoln, 2008; Schutt, 2012; Sarantakos, 2013). Pernecky (2012, p1119) noted a problem in tourism studies and research that ‘not enough researchers are prepared to critique and challenge the established views on social science.’ He also underlines (with reference to constructionism) that a theoretical approach is not unambiguous and self-explanatory, therefore unless the personal understanding of its application to a given research project is explained, the theoretical notions will remain vague and unclear. Importantly theoretical underpinnings are not uniform in their understanding of:

- Reality, i.e. ontology: Is the reality objective, constructed or subjective?
- Knowledge, i.e. epistemology: How do we know what we know?
- Design and methods, i.e. methodology: How do we gain knowledge about the world? (Sarantakos, 2013)

The relevance of these factors to each other is not understood in a single way either. Crotty (1998) pointed out that there are many inconsistencies in terminology used by the social sciences. For example according to Sarantakos (2013, p28) social research is guided by those three factors in:
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‘...hierarchal and deterministic order, in that ontology constructs the logic of epistemology, epistemology structures the nature methodology, and methodology prescribes the appropriate types of research methods, design and instruments.’

Crotty (1998, p10) however claimed that ontology

‘would sit alongside epistemology informing the theoretical perspective, for each theoretical perspective embodies a certain understanding of what is (ontology) and certain way of understating of what it means to know (epistemology).’

Furthermore Denzin and Lincoln (2008) as well as Schutt (2012) discussed a concept of a paradigm, understood as a set of basic beliefs that represent a world view (Guba & Lincoln, 1994); though, again the term paradigm is considered a bit differently by those authors. Schutt (2012, p88) suggested that a paradigm is ‘a set of beliefs that guide scientific work in an area, including unquestioned presuppositions, accepted theories and exemplary research findings’. Denzin and Lincoln (2008, p31) viewed a paradigm as a personal theoretical approach of a researcher, ‘the net that combines the researcher’s epistemological, ontological and methodological premises [...] or interpretive framework’. Pernecky (2007) chronologically related paradigm, ontology, epistemology and methodology as essential components of any research, as illustrated by figure 3.1. Interestingly, however, Pernecky (2012) in his later work criticized this approach in relation to constructionism (see section 3.2.2 for further discussions).
Theoretical approaches within the qualitative branch of research are not uniform either, for example there are a number of interpretive philosophies, such as interpretivism, hermeneutics and social constructionism. These philosophies differ in perspectives in relation to aim and practice of understanding human action, and offer different ethical commitments and stances on theoretical issues of representation, validity and objectivity (Schwandt, 2000).

Lynch (2005) noted that the majority of hospitality research is positivist in its approach and there is a need for greater focus towards qualitative studies for hospitality. This research thesis is concerned with people’s attitudes, feelings and views in relation to DDs’ impact upon hospitality businesses and service quality. As the aim of this research is to uncover the stakeholders’ shared perspective or highlight the lack of it, as well as to give (back) a voice to employees, stakeholders usually ignored in DD considerations, it could be said that the research was naturally drawn to constructionism as its basis.
3.2.2 ‘Locating’ Constructionism

To understand the placement of constructionism on the philosophical continuum a number of generic research sources were reviewed, aimed at providing guidance through a number of philosophical approaches to research. The picture that emerged was rather confusing for the author as to the placement of constructionism on the philosophical continuum. Indeed Pernecky (2012, p1116) noted:

‘In recent years, however, the constructionist ‘tag’ has been increasingly appearing across social sciences and in a range of research approaches: it has become expansive and unstructured. [...] It has been depicted as a paradigm, as a method of scientific inquiry, as a technique, as a methodological matter, as epistemology, and more recently as a ‘mosaic of research efforts’ which are bound by certain philosophical, theoretical, methodological, and empirical understandings.’

An example of this may be placing of the term constructionism on the hierarchical axis of ontology, epistemology and methodology. With regards to the placement of constructionism Sarantakos (2013, p28) distinguished

‘two ontologies, the realist and the constructionist [...] the constructionist ontology entails an interpretivist epistemology, a qualitative methodology, a number of paradigms [...] and a flexible design...’

Corbetta (2003), Bryman (2008) and Sarantakos (2013) placed constructionism with ontology. Crotty (1998) however ‘bundled up’ objectivism, constructionism and subjectivism under the term epistemology. If the researcher then agrees with Crotty (1998) that the issues of ontology and epistemology tend to arise together then the sense of the placement of constructionism becomes a bit clearer. That is until noting Saunders et al.’s (2003, p84) comment that constructionism follows from ‘the interpretivist position that it is necessary to explore the subjective meanings,’ which may suggest that constructionism is a part of interpretivistic ontology. To add to the confusion about the placement of the term
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constructionism Denscombe (2003, p18) described interpretivism as an ‘umbrella term for a range of approaches that reject the basis of positivism’ and highlights that the term constructionism is often used by authors interchangeably with the term interpretivism. Schutt (2012) viewed the ‘constructivist paradigm’ as an extension of interpretivist philosophy. The terminology of ‘constructivist paradigm’ used by Guba and Lincoln (2005) as well as Schutt (2012) may be misleading in itself (Pernecky, 2012). Pernecky (2012) argued that constructionism/vism is simply too complex a philosophy to be covered by the term paradigm, which assumes that there are boundaries which are determined by ontological and epistemological assumptions. Andrews (2012) drew a link between the origins of social constructionism and an interpretivist approach, but stated that there are critical differences, even though the two approaches share common roots.

3.2.3 What is Constructionism

Stepping outside of the discussions regarding the placement of constructionism, is the need to consider what constructionism represents. There is no single feature which identifies constructionism; the term references a diversity of approaches and variation within the term itself highlights the complexity of the matter, e.g. social constructionism, constructivism and constructionalism, constructivist paradigm (Burr, 1995; Burningham & Cooper, 1999; Schutt, 2012; Pernecky, 2012). Whist Burr (1995) acknowledged the diversity of the approaches within constructionism, she underlined that there is a group of similarities in all of the

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6 Terms constructionism and constructivism have not been uniformly and consistently used throughout literature (Crotty, 1998; Andrews, 2012; Pernecky, 2012), with Pernecky (2012) as well as Andrews (2012) noting that it is not uncommon to see the terms used interchangeably. Crotty (1998) distinguishes constructivism and constructionism with the former focusing on the individual and unique experience of a human being, and the latter emphasising the role of the culture in the shaping of the individual view of the world. Young and Collin (2004) agree with Crotty’s distinction however reserve the term constructivism as a perspective that arose in development and cognitive psychology whereas (social) constructionism is derived from multidisciplinary sources.
approaches that have foundations in the constructionism assumptions. She identified those foundations as four key beliefs about the world:

- an insistence on taking a critical stand towards taken-for-granted ways of understanding the world;
- that the way people commonly understand the world and concepts they use are historically and culturally specific;
- that the view of the world is not derived from the nature of the world but from the way people construct their world view between them;
- knowledge and social action go together as each construction of the world invites different kinds of action from people.

In broad terms the way that constructionists view and understand the world challenges the notion that ‘there can be some kind of unmediated, direct grasp of the empirical world and that knowledge (i.e. the mind) simply reflects or mirrors what is ‘out there’’ (Schwandt, 2000, p197). In other words knowledge is not discovered but created (constructed) by the minds of individuals within society (Berger & Luckmann, 1987). Therefore, reality is socially constructed and people place many different interpretations on the situations they find themselves in (Saunders et al., 2003) and add meaning to objects they come upon in it (Crotty, 1998). Importantly the social phenomena and their meanings are not static, they are continually being created and changed by the people within the society (Bryman, 2008). Burr (1995) saw constructionism as a view of the world that challenges conventional knowledge, opposes positivistic views that the world can be revealed by observation and what exists is what we perceive to exist. In constructionism the reality is ‘constructed’, and there is no objective reality or objective truth (Sarantakos, 2013).
On the other hand constructionism is a diverse term as noted before, therefore not all constructionists oppose the view of existence of reality, but many of the constructionists reject the possibility that there is knowledge independent of the inquirer, processes and culture (Crotty, 1998). As Crotty (1998) argued, the world is ‘already out there’; the objects and the world are ‘partners’ in constructing the meaning, even though previously they were meaningless. Sarantakos (2013) noted that constructionism is about realities and relationships: the meaning of physical world is not fixed and waiting to be discovered but emerges out of people’s interactions with that physical world. In opposition there is a version of constructionism that claims that there are no features of the world which exist independently of social construction (Burningham & Cooper, 1999; Corbetta, 2003). This approach is labelled by Pernecky (2012, p1124) as ‘very strong constructivism’, i.e. the strongest theory which postulates that there is no reality at all.

3.2.4 Defining Position

Denzin and Lincoln (2008) noted that the appearance of post-positivistic arguments was associated with blurred genres and a new variety of interpretive, qualitative perspectives were taken up. The blurred genres made a researcher become a ‘bricoleur, learning on how to borrow from many different disciplines’ (Denzin & Lincoln, 2008, p4). The term ‘bricoleur’ is derived from the French for a handyman/ handywoman who makes use of the tools available (Kincheloe & McLaren, 2008). As Kincheloe and McLaren (2008) discussed, science is not clean, simple and procedural, but is put together in almost an improvised way. Therefore an interpretive bricoleur produces a ‘pieced together set of representations that is fitted to the specifics of a complex situation’ (Denzin & Lincoln, 2008, p5). The researcher, like a quilt maker, is putting together slices of reality, with the use of
different techniques that include the use of multiple voices (Denzin & Lincoln, 2008).

Taking the advice of Pernecky (2012) and following on from the above discussions in the following section the author clarifies her own approach. The author could agree with Denzin and Lincoln (2008) in understanding the concept of paradigm as an individual person’s approach to theory. However, as noted by Botterill and Platenkamp (2012, p138):

‘More recently, social scientists use the word ‘Paradigm’ as a sort of a container-concept for new theories and empirical generalisations, especially in relatively new fields of knowledge such as management or communication studies. The word has also entered everyday usage to indicate that some new insight has emerged and so a new fashion, a hype, a model, or a thought, can be called paradigmatic in order to establish its legitimacy.’

The author, therefore, steers away from proclaiming her approach is a paradigm, and instead places her research in the ontology of constructionism understood as reality being socially constructed, with people placing interpretations on and meanings to situations and objects they encounter. Social phenomena and their meanings are continually shaped by people within the society (Berger & Luckmann, 1987; Crotty, 1998; Bryman, 2008). This ontology is supported by an interpretivist epistemology where knowledge is not discovered but created in the minds of individuals within society. Therefore the study requires a research process which reflects the subjective views of the participants. It is the researcher’s role then to interpret those subjective views, therefore there is a great need for reflexivity (Bryman, 2008; Botterill & Plantenkamp, 2012; Sarantakos, 2013).

Burr (1995) underlined that within constructionist thought it is impossible to investigate the world using old assumptions and practices, therefore any new phenomenon needs to be analysed using adequate practices and from multiple
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perspectives. Constructionism, especially in tourism, is embraced within studies that are based on a new range of data sources (Botterill & Platenkamp, 2012). Pernecky (2012) noted that constructionism offers different ways of looking at objects and subjects and gave an example of tourism and Facebook. He explained how social media portrays tourism products and services to people. Social media can be viewed as acting as an agent in the creation of views of tourist destinations, in other words Facebook can be considered to be an agent in the construction of tourism reality.

This is important as the reach of social media makes it a powerful medium for transmission of meanings. Sarantakos (2013) stressed that the media add to the creation of images and meanings without peoples’ consent or knowledge. In other words people are being ‘fed’ meanings even if they are not aware of that fact and those constructed meanings may influence their life. In the above sense constructionism seems more than fitting to the study of new phenomenon of DDs and that consequences the interaction with the websites has on peoples’ perceptions. As discussed in Chapter Two DDs act as a catalyst of change in the way that people perceive the hospitality product, hospitality merchant and hospitality employee.

‘The world is going through crucial transformations—globalization, technology revolution, and post-industrial economy, among others—all of which are affecting the status of how society functions.’

(Camargo-Borges & Rasera 2013, p1)

The fast pace of changes create a setting that is not static anymore, with ‘actors’ never seen before and voices that have never been heard before (Camargo-Borges & Rasera, 2013). DDs and their rapid expansion and success put the relationship of merchants, employees and customers out of balance by developing new attitudes and behaviours, plus changes in perceptions of
hospitality service, product and employee. In this sense this study considers it pertinent to bring forward the stakeholders’ own views and interpretation of other’s experiences of DD sites.

Botterill and Plantenkamp (2012) noted that it is due to constructionism that tourism studies have recorded a number of different voices, as the approach supports and gives attention to greater variety of accounts, such as tourists and employees. This also further confirms the choice of the approach, since it is the voice and position of the employee that is yet to be heard and constructed within the DD reality.

3.2.5 Methodology

In social sciences phenomenology has had more influence than hermeneutics (Botterill & Plantenkamp, 2012). Often the two are linked together, with term ‘hermeneutic phenomenology’ being used for example by Laverty (2003), Pernecky and Jamal (2010) and Kafle (2011). However Botterill and Plantenkamp (2012) rejected the links and noted that there are differences between the two that are not always very clear. The authors explained that whereas phenomenology is concerned with the reduction of the pre-judgement to ‘let the situation speak for itself’, in hermeneutics subjectivity is a point of departure. In other words the subjectivity of an observer is written into the process of the interpretation; there is ‘inescapability of ‘prejudices’ on the part of both the interpreter and interpreted’ (Hekman, 1989, p51). The word ‘prejudice’ as understood by hermeneutics thinker Gadamer (1989) does not carry negative connotations. He viewed prejudice as judgements one has before being exposed to all elements that determine a situation. The judgements can be distorting but they can also provide a vantage point enabling understanding. In their discussions
on hermeneutics and heritage O’Gorman and Gillespie (2010, p221) gave an example of visitors bringing prejudice to a visitor attraction:

‘In visiting a forest, a timber-worker or builder may see the trees primarily as an untapped resource. An environmental scientist may see the same trees as vital components of regional bio-diversity in need of conservation. A recreational tourist may experience trees mainly for their aesthetic value or feel that they provide an environment in which to relax and recuperate from a stressful lifestyle. For the Indigenous Australian visitor, partaking in a non-Western tradition, the trees may be sacred or part of the story of that country, with a spiritual significance that may elude non-Indigenous understandings.’

In the same sense DD stakeholders can bring pre-conceived ideas to the provision and receipt of hospitality service. The merchants may view the DD customers as not worth the effort as they have not paid the full price, in spite of the fact that it was them who set up the deal to generate profit; the employees may view customers as less worthy of their ‘good’ service as they tip less; the customers may feel apprehensive regarding buying the deal and subsequent redemption, as they may fear the merchant will not fulfil the promotion inclusions and employees deliver subservice due to overcrowding and ‘you get what you pay for’ attitudes, or may be apprehensive or over excited if they are buying into something they cannot usually afford.

Gadamer (1989) had shown that the interpreter brought their own ‘prejudices’ to the research and encouraged the interpreters to be explicit with their preconceptions and prepared to have them examined by others. O’Gorman and Gillespie (2010, p222) agreed and confirmed that

‘this requires that the professional interpreter be ‘reflexive’ in explicitly identifying to themselves and their visitors, the tradition(s) in which they as interpreters and the site (these may not be the same) [here DDs] stand and how values and predispositions form part of the interpretation.’
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More importantly hermeneutics achieves its actual productivity only when it musters sufficient self-reflection to reflect simultaneously about its own critical endeavours, that is, about its own limitations and the relativity of its own position (Gadamer, 1972).

Denzin and Lincoln (2008) noted that researchers using constructionism tend to use a hermeneutic, dialectal methodology, with the aim of producing a reconstructed understanding of the social world. Bryman (2008) commented that hermeneutics had been ‘borrowed’ from theology and was now used by social sciences as a method of interpretation of human action; however as noted by Botterill and Platenkamp (2012) it has only recently been used by social scientists. Traditionally hermeneutics was used as a technique of text interpretation with a central approach of ‘Verstehen’ (understanding) concerned with how the world is understood, the process, and the pattern (Sarantakos, 2013). The researcher adopted an interactive research stance (Guba & Lincoln, 1989), in which the first step was the identification of groups or individuals in that social setting (the use of DDs), followed by uncovering what the group or individuals think, in a way that gradually developed a shared perspective on the problem.

‘Methodologically constructionism involves a process of identifying the variety of constructions and bringing them into consensus as much as possible. This process includes hermeneutics and dialectics: in other words portraying individual constructions as accurately as possible and comparing/contrasting these individual constructions to come in terms with them.’

(Pernecky, 2007, p221)

The main aim of the constructionist researcher is to uncover as much as possible the individual actors’ constructions and bring them to into a consensus or conjunction with one another so the information on the issues can surface (Guba & Lincoln, 1994). Figure 3.2 illustrates this process, referred to as a hermeneutic
cycle. As noted by Botterill and Plantenkamp (2012) hermeneutics is suitable for people wishing to study multiple perspectives, and offers methods of analysis that aid qualitative outputs and conclusions.

A hermeneutic methodology seems to be suited for this research, since as discussed in section 3.2.6 the author already had experience of being a part of each of the three stakeholder groups being studied. Therefore, she had feelings regarding each of the perspectives and this experience gave a unique advantage to understand the points of view of each of the stakeholders. Furthermore, the author was prepared to reflect and change perceptions accordingly to the new knowledge acquired during the course of the PhD journey. As Kincheloe and McLaren (2008) pointed out the researcher—as-bricoleur is constantly balancing their own ways of seeing, the social location and his or her own personal history, therefore a clarification researcher’s own position is vital.

3.2.6 AUTOETHNOGRAPHY

The following section refers to the researcher’s own position, background and role within data interpretation. Therefore, unlike the rest of this thesis the first person will be used in reference to the author.
I acknowledge that I am not a bystander who is recording the feelings and perceptions of the participants or ‘actors’. As it is my role to interpret the opinions of my interviewees, I have to acknowledge my own role and positions in the matter (Patton, 2002). Botterill and Platenkamp (2012) noted that the researcher is encouraged to ‘insert’ themselves into research but still needs to be reflexive in the examination of his/her influences over the research; that is their influence over the research process and researcher’s sensory perceptions.

Since I agree with Gadamer’s (1966, p9) understanding of one’s history as an ‘enabler’ to understand the world around us, I considered it pertinent to discuss my role within the three stakeholder groups:

‘Prejudices are not necessarily unjustified and erroneous, so that they inevitably distort the truth. In fact, the historicity of our existence entails that prejudices, in the literal since of the word, constitute the initial directness of whole ability to experience.’

In other words I needed to ask a question about what prior knowledge I had brought to the topic and had it in any way distorted data collection and analysis? (Patton, 2002).

I am a member of one stakeholder group and was a member of the two others up until late 2014. I am a purchaser of DDs, I was a manager who made the decisions of when, how and for how long the DD promotions were going to take place, and I have been the person who had to deal with the DD customers on the service ‘front line’.

As a manager I learnt a hard lesson after my first promotion (in total I have organised around 10 promotions over a 5 year period), when I discovered that effective operational management of the offers includes upsells, content, scheduling and staffing is crucial. The first promotion was organised in a very naive way and stretched the hotel resources to the limit; it did not generate any profit.
but instead created a loss. Remembering the service problems the hotel had I am always fearful that many companies who promote their offers do so with a similar level of nativity as I had during my first one.

In relation to being an employee delivering (parts) of the service I had to deal with ‘less than gracious’ (Dholakia, 2011c) customers on more than one occasion during extended working hours, under the pressure of an understaffed environment. Therefore, I can appreciate where the feeling of frustration and negativity on the part of service staff can come from in front-line employees.

Equally being a customer of DDs made me sensitive to the fears of receiving subservice, whilst at the same time made me realise that my perception of value has changed. As a customer I very rarely pay full price for a hospitality product, moving my own perception of the worth of that particular product or service downward; not in the quality expected but in the knowledge that I can buy it for less. I am a smart shopper who is always on a lookout for the next bargain or discount.

With the above in mind I consider myself as being uniquely placed to understand the perspective of all of the stakeholders, but equally I have strived to portray and relay my participants’ point of view highlighting the issues that were considered important to their construction of understanding of the DDs promotions. I made conscious decisions with regards to the types of information required as well as methods of gathering and interpreting the data. My choices meant that the data gathered could not be presented where it could ‘to speak for itself’ and my interpretation of it was necessary to bring all the issues forward. Therefore, I am conscious that it is this interpretation of the participants’ experiences that has shaped the final analysis of the results. However, I believe that my experiences aided in, rather than hindered, that interpretation process.
3.3 Stakeholders and Method

Three stakeholder groups were identified as taking part in the provision and receipt of hospitality DD promotions: the merchants, the employees and the customers. Reflecting this primary research and data collection were split into three phases to enable a structured approach to the data collection:

- phase one involved the merchants, i.e. managers or owner-managers
- phase two brought forward the perspective of employees
- phase three focused on customers’ perceptions of DDs

The above order of data collection was considered most practical due to envisaged design of the study. It was anticipated that in order to gain access to the employees and customers of the same establishments, the employers had to be recruited and interviewed first. It was reasoned that this design would build up a relationship and trust between the hotel managers and the researcher, which in turn would benefit in gaining access to the two other stakeholders.

Brady (2005) discussed similar a process that accommodated the shifts in the acceptations and knowledge that occur though time and referred to it as a hermeneutic spiral, rather than the classic hermeneutic cycle. Motahari (2008, p106) explained:

‘The term spiral serves as a good descriptor since the process of understanding is neither circular nor linear. It is not circular because, upon moving from part to whole, we do not return to the same understanding of the part as before our departure. And it is not linear because we do not return to the part understanding in one respect or another, although not to the exact point of departure.’

The hermeneutic spiral process achieves a new part of the construction of knowledge with each turn of the spiral, and all the parts of the construction lead to the final, holistic snapshot of the perspective. This approach, illustrated by figure 3.3, allowed for a structured approach towards the research, where the findings
from previous phase were built upon the following phase of the study. This process was invaluable in recognising the vital role all the groups of employees within a provision of accommodation and food inclusive DD.

Initially, following the review of literature, it had been anticipated that only food and beverage staff were affected because of their involvement with the DD customers. However, following the first study it became apparent that a wider pool of employees was impacted since the promotions affected all of the departments of the hotel, as is explained in detail in Chapters Six and Eight. Therefore, this approach allowed for a holistic, multi-stakeholder view of the impact of DD promotion upon all three principal hospitality stakeholders to be achieved via the investigation of each groups’ interpretation of their own and other’s roles, behaviours and attitude with regard to this phenomenon.

3.3.1 Phase One and Two

Phase one and two were concerned with the senior managers and employees of establishments which participated in the DD promotions. The intention was to interview employers (phase one) and employees (phase two) in order to obtain
both sets of perspectives of impact of DDs upon the businesses and working environment. The researcher felt that this design would enable issues, similarities and differences in perceptions to be identified.

For the practical research reasons it was decided that one-to-one direct interviews would be the most suitable method of data collection. The view was taken that arranging interviews at a time to suit the manager and employees would encourage participation. A further consideration was the potential power and confidentiality issue between employees and their managers. The themes that were discussed in the interviews dealt with perceptions of internal issues within each company; employee-employer relationships, information regarding internal training programmes and recruitment-retention information. Therefore all participants were guaranteed the confidentiality of one-to-one interviews and full anonymity in any publications to generate the most truthful data possible and encourage openness from the participants.

3.3.2 PHASE THREE

Initially focus groups were chosen as a preferred method to be utilised for phase three, the customer study. Focus groups are designed to gather rich, in-depth data from a homogenous group of respondents and tend to explore attitudes, perceptions, feelings and ideas regarding research topics of which all of the participants have knowledge and experience (Botterill & Plantenkamp, 2012). Moreover focus groups enable exploration and deeper understanding of the reasoning behind the views and opinions expressed by the members of the group as well as the underlying factors explaining their attitudes (Denscombe, 2010; Sarantakos, 2013). Additionally this method tends to aim at mutual stimulation, encourages discussion and aids in bringing in forward shared views from a specific
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group in relation to the discussion topic (Bryman, 2008; Denscombe, 2010; Sarantakos, 2013).

Due to sampling difficulties (as discussed in section 3.4.4), accessibility and logistical constraints and prospective cost implications, the researcher found it impossible to follow this preferred method of data collection. It was therefore decided that semi-structured interviews would be the most appropriate data method collection method that would allow for a flexible one to one access to the participants. This is why it is the only method used and discussed in the following section.

3.3.3 METHOD- SEMI STRUCTURED INTERVIEWS

Semi-structured interviews were utilised throughout the study as a primary tool for data collection. This type of interview is the most common method of primary data collection used in qualitative research, having risen to prominence in line with development of constructionist thought (Botterill & Platenkamp, 2012). Sarantakos (2013) noted that semi-structured interviews are mainly utilised as a qualitative research tool, where the participant is considered to be an expert who provides valuable information. A researcher utilises this method when she or he wants to focus and gain information about and from individuals regarding a particular topic. This type of interview is designed to gather in-depth perceptions of social phenomena from the participant, to gather deep information and knowledge (Hesse-Biber & Leavy, 2011). The design of a semi-structured interview allows for a freedom of expression of views by respondents whilst at the same time permitting the interviewer to ask probing and follow-up questions according to the perceived significance of the answers (Brymnan, 2008; Sarantakos, 2013). The main organisation of the interview tends to be fluid with the questions asked in different orders, or the importance of them reflected in the flow of the
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conversation. In order for the interview to remain focussed a pre-determined topic guide is needed, which enables all points to be answered in each study, while at the same time provides a framework, from which the interviewer needs to actively and sensitively follow up discussion topics and probe relevant new lines of thought exposed (Botterill & Plantenkamp, 2012). This flexibility is important as

‘[i]nterviewees often have information or knowledge that may not have been thought of in advance by the researcher. When such knowledge emerges, a researcher using semistructured design is likely to allow the conversation to develop, exploring new topics that are relevant to the interviewee.’

(Hesse-Biber & Leavy, 2011, p102)

There were three sets of primary data collection. The first phase was with the employers. The interview themes for this phase were generated from the literature review. The data from this phase was analysed and, reflecting de Certeau’s (1986) construction of a stockpile of knowledge, these results informed the development of the interview themes for the second phase of data collection. The process was repeated for the third phase. The themes were intended to uncover issues directly impacting upon the stakeholders being interviewed, as well as their perceptions of other stakeholder experiences. The issues discussed with all of the participants were linked directly to four focus point of this research, as discussed in section 1.6.

3.3.4 Ethical Considerations

Since the research involved collecting data about people from people by the researcher, there was a need to consider ethical implications of the research (Sarantakos, 2013, Creswell, 2014). The research was conducted within the boundaries of research principles, which include: confidentiality, informed consent, privacy, right to withdraw at any time, and anonymity. Prior to each
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Phase of research the ethical approval was obtained in line with the Cardiff Metropolitan University code and standards of practice.

A number of measures were put in place to ensure that the research process remained within the above ethical boundaries. Prior to each phase of the research participant information sheets and consent forms were emailed to the participants. At the time of the interview the researcher supplied a copy of the participant information sheet; explained the purpose of the study; informed the participants that they can withdraw from the process at any time are allowed to refuse to answer any questions they would not be willing to answer; obtained a written consent with regards to study participation. All ethics documentation, to include blank consent forms can be found in Appendices 2, 3 and 4.

To protect the privacy of the participants the original consent forms, which contain the signatures of each participant, and recordings were kept in a secure location and were available upon request by authorised parties, to include participants themselves. All of the personal information that could lead to the identification of the hotels or interviewees was coded to maintain anonymity.

3.4 Sampling

3.4.1 Developing the Sampling Framework

Qualitative methods, by definition do not claim to be numerically significant, but rather represent a working picture of the broader social structure from which the observations are drawn (Veal, 2011). Qualitative research usually focuses on in-depth information, gathered from a relatively small sample, which is chosen purposely to generate rich information from cases (Patton, 2002; Altinay & Paraskevas, 2008). However, at the same time the sample needs to reflect the characteristics occurring in the society, e.g. the age or wealth status, and it must
be appropriate and adequate to the study (Veal, 2011; Schutt, 2012). Sampling strategies for qualitative research are often referred to as non-probability sampling methods (Denscombe, 2010; Schutt, 2012). Patton (2002) noted that there are several different strategies a researcher can utilise to select information rich cases. Purposeful, typical case, criterion, snowballing and convenience sampling techniques were used for the purpose of this study (Patton, 2002).

3.4.1.1 CRITERION AND TYPICAL CASE SAMPLING

Criterion sampling occurs when the respondents are chosen on the basis of a key criterion or meet criteria required by the study (Patton, 2002; Veal, 2011). This sampling method is believed to be the most appropriate for identifying typical representation of the group being studied, however as highlighted by Davies (2007) it often is hard to know what the ‘typical’ qualities are. Patton (2002, p236) suggested that a typical case often occurs when the cases are selected based upon survey data, demographic information, or ‘other statistical data that provide a normal distribution of characteristics from which to identify ‘average-like’ cases’.

In this research, the sample criteria appeared to be pre-given by the aim of the study- small and medium sized hotels and accommodation providers within South Wales who had featured a DD promotion in the past. However, these criteria were considered to be too general, simplistic and imprecise therefore the processes discussed in the following sections were undertaken in order to identify specific criteria to enable a comprehensive, rational identification of small and medium hotel enterprises, types of service provision and standard characteristics of the hotel sector in South Wales who participated in DDs.
3.4.1.2 What is Small and Medium Hotel Enterprise

Buhalis (1996) underlined that establishing what constitutes a small and medium enterprise is not easy due the large number of approaches and criteria available. Furthermore Hiller (2000) noted that the definitions of what constitutes a SME are not uniform across the globe. One of the most commonly used rules to identify SME is provided by the European Union (2003). The guidelines state that an establishment needs to meet the criteria of employment and of turnover or balance sheet totals as illustrated by table 3.1.

Table 3.1 Main factors determining of small and medium enterprise status
Source: European Union, 2003

<table>
<thead>
<tr>
<th>Company category</th>
<th>Employees</th>
<th>Turnover</th>
<th>or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤</td>
<td>€ 43 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤</td>
<td>€ 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤</td>
<td>€ 2 m</td>
</tr>
</tbody>
</table>

However, employment criteria differs by country, with Denmark SMEs having fewer than 500 staff, Australian SMEs have fewer than 200 staff and Mexican and Brazilian SMEs have less than 100 (Hiller, 2000). In the UK People 1st (2013) use employment criteria when providing statistics regarding hospitality and tourism businesses by size. They report that across the hospitality sector (inclusive of hotels, restaurants, food and service management, pubs, bars and nightclubs) 81 % of businesses would be classed as micro-businesses, 16 % as small, 2 % as medium and only 0.4 % as large establishments (see figure 3.4).
While the above criteria are commonly used and are helpful for companies to establish their own status, they were considered problematic in the current research context; it would be very difficult to obtain all of the data necessary to classify all hotels in Wales as SME or not. Employment figures, turnover and balance sheet data from the potential sample hotels might have been all perceived as sensitive and confidential data. Therefore there was a high likelihood that requests for such information would be refused. In addition, requests for such sensitive information might impact on their potential to agree to participate in the study.

Therefore, there was a need to identify alternative means of categorising SME status within the hotel industry from data already within the public domain. The number of hotel bedrooms was taken as the measuring criteria as Radwan et al. (2010) noted that using hotel bedrooms as criteria for determining the size of the hotel was a common method of categorising hotel as a SME. It was also used by the industry itself. As described by the AA Hotel Services (2011, p6):

‘Smaller hotels with a maximum of 20 bedrooms. They will be personally run by the proprietor and are likely to have limited function business.’

This definition though very broad did provide bedroom number criteria that might have been applicable to the classification of hotels into small, medium and large
establishments. A number of other researchers also based their sampling approach on number of bedrooms within the hotels. However as noted by Buick et al. (1998) there was a lack of uniformity regarding the agreement of number of bedrooms and a status of small, medium and large hotel. Buick et al. (1998) reported that a common denominator for small hotels was 50 bedrooms, but they used a much smaller criterion of 15 bedrooms for their study. Kirk (1998) omitted the description of medium, and used a basis of 20 bedrooms to either distinguish small or large hotels. Avcikurt (2003) provided a sample based on 100 bedrooms or fewer for small and medium hotels. Radwan et al. (2010) chose 30 bedrooms for the basis of their sample of small hotels. Chen (2011) used a measure of 250 bedrooms or fewer as the basis for his study to distinguish small and medium hotels in Hong Kong. Avcikurt et al. (2011) also used number of hotel bedrooms in the sampling process of their small hotels study, selecting hotels with 50 bedrooms or fewer. Additionally Visit Britain (2014) also provided a distinction based on the number of bedrooms in their occupancy survey, with accommodation providers divided into 6 categories: 1-3, 4-10, 11-25, 26-50, 50-100 and above 100 bedrooms. ONS (2011) statistics showed that in 2011 on average UK hotel and similar establishments had 16 to 17 bedrooms.

Therefore for the purposes of this research the following categorisation was made:

- Small hotels- up to 50 bedrooms
- Medium hotels – 50 -100 bedrooms
- Large hotels – more than 100 bedrooms

3.4.1.3 Service Provision and Industry Standards

In 2011 all nationally recognised accommodation assessing bodies, such as Visit Wales, Visit England and the AA, unified their quality ratings and typology of the
accommodation sector (AA Hotel Services, 2014; Visit England, 2015). This benefits the consumers who now have a uniform accommodation grading criteria and typology to rely upon, regardless of which tourist body they consult. The uniformity reflects both the star rating of the properties as well as the types of the hotel and accommodation based on the services provided.

Table 3.2 summarises the full range of accommodation types that are available in Wales and the typical services provided. Since this research was concerned with the merchant-customer-employee interaction within the service encounter the final sample of establishments included only those businesses which offered the opportunity to upsell services involving customer-employee interaction. Therefore, the final sample of accommodation providers included establishments that were licensed premises as well as provided dining in designated areas. Accommodation types listed in table 3.2 marked with ‘*’ matched the criteria for this study.
Table 3.2 Accommodation Types, Services and Provisions
Source: adapted from Visit Wales (2015)

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>Services and Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels *</td>
<td>The standard term covering a very large range of provision.</td>
</tr>
<tr>
<td>Small Hotels*</td>
<td>Businesses which offer a range of hotel services differentiated by the number of rooms available – normally less than 20 – used at the discretion of the hotel owner.</td>
</tr>
<tr>
<td>Country House Hotels*</td>
<td>Have ample grounds or gardens in a rural or semi-rural location, with emphasis on peace and quiet.</td>
</tr>
<tr>
<td>Town House Hotels*</td>
<td>Are in city/town centre locations offering high quality with a distinctive style. High degree of personal service.</td>
</tr>
<tr>
<td>Metro Hotels</td>
<td>Are always part of ‘branded’ hotel group offering clean and comfortable en suite facilities, 24 hour reservations and a consistent provision of facilities. Hotels are usually adjacent to family restaurant and bar.</td>
</tr>
<tr>
<td>Guest Accommodation</td>
<td>Encompasses anything from one-room bed and breakfasts to the larger places found in coastal resorts, which may offer dinner and may be licensed.</td>
</tr>
<tr>
<td>Bed and Breakfasts</td>
<td>Usually accommodate no more than six people and offers a very informal setting and service.</td>
</tr>
<tr>
<td>Farmhouses</td>
<td>Offer similar service to bed and breakfast, sometimes may provide dinner. Are always located on a farm.</td>
</tr>
<tr>
<td>Guest Houses</td>
<td>Tend to have more than three rooms and may offer dinner to their guests. Some may be licensed.</td>
</tr>
<tr>
<td>Restaurants with Rooms*</td>
<td>Establishments where the restaurant is the main business and offer accommodation alongside. Restaurants with rooms are licensed businesses.</td>
</tr>
<tr>
<td>Inns *</td>
<td>Pubs with rooms which serve food in the evenings, as well as breakfast.</td>
</tr>
<tr>
<td>Self-Catering</td>
<td>Cottages and apartments where accommodation is provided on room only basis.</td>
</tr>
<tr>
<td>Serviced Apartments</td>
<td>Usually in purpose built blocks, offering accommodation with an extended range of services.</td>
</tr>
<tr>
<td>Holiday Village</td>
<td>Comprises of a variety of accommodation types on a large complex. A range of facilities are also available which may or may not be included in the tariff.</td>
</tr>
<tr>
<td>Touring Park</td>
<td>Welcomes touring caravans, trailer tents and motorhomes.</td>
</tr>
<tr>
<td>Camping Park</td>
<td>Welcomes visitors with tents.</td>
</tr>
<tr>
<td>Holiday Park</td>
<td>Establishment which lends caravans, holiday homes, timber lodges or chalets.</td>
</tr>
<tr>
<td>Campus Accommodation</td>
<td>The campus scheme covers the universities and colleges that are able to accommodate visitors during the vacation periods on a bed and breakfast or self-catering basis. Often the rooms are en suite and there will be plenty of single rooms, ideal for large groups.</td>
</tr>
<tr>
<td>Hostel Accommodation</td>
<td>Accommodation is often in shared rooms with bunk beds. May be family rooms – could be restricted access – either catered or self-catering facilities.</td>
</tr>
<tr>
<td>Group Accommodation</td>
<td>Predominately group bookings in shared bedrooms. May offer meals or self-catered facilities.</td>
</tr>
<tr>
<td>Activity Accommodation</td>
<td>Usually but not exclusively group bookings associated with provision of accredited activities on site or nearby.</td>
</tr>
<tr>
<td>Backpacker Accommodation</td>
<td>Similar in style to a hostel, but typically run on informal basis. Often more appropriate for independent travellers as may not accept family groups.</td>
</tr>
<tr>
<td>Bunkhouse Accommodation</td>
<td>Rural accommodation which can be booked by groups or individuals. Services and facilities may be limited but will include a self-catering facility.</td>
</tr>
<tr>
<td>Camping Barns</td>
<td>Simple rural accommodation, often referred to as “stone tents”, where the guests usually need to bring their own sleeping bags. This type of accommodation type is not star rated.</td>
</tr>
<tr>
<td>Alternative &amp; Bygone Era Accommodation</td>
<td>Covers accommodation such as wigwams, tipis, yurts, single caravans and accommodation that cannot provide facilities or services associated with mainstream accommodation. This type of accommodation type is not star rated.</td>
</tr>
<tr>
<td>Listed</td>
<td>Accommodation that has chosen not be star rated but has confirmed the availability and serviceable condition of essential facilities and services appropriate to the type of business.</td>
</tr>
</tbody>
</table>
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3.4.1.4 Characteristics of the UK and Welsh Hotel Sector

In order to establish if the sample drawn from Welsh hotels was representative of the whole of the UK the National Tourist Board websites as well as the AA Hotel Guide (2014) were consulted. Using publicly available data, tables 3.3 and 3.4 were compiled. The data from these sources suggest that the accommodation market in the UK as a whole as well as Wales alone was dominated by 3 and 4 star hotels in 2015. The AA Hotel Guide (2014) data showed that restaurants with rooms seemed to be more represented in Wales than in other parts of the UK, with 8 percent more establishments of this type listed. Similarly when consulting National Tourist Boards (Visit England, 2015; Visit Scotland, 2015; Visit Wales, 2015) Wales had a greater proportion of listings for restaurant with rooms and inns, however both English and Scottish Tourist Boards featured a significant amount of these types of establishments. This suggests that restaurants with rooms and inns are important part of the makeup of the UK hospitality industry, therefore should be considered as a part of the sample.

The summary given in table 3.3 illustrated the percentage breakdown of the establishments listed by type of provided accommodation by the AA (2014) for England, Wales and Scotland. Table 3.4 summarised the establishments by type of accommodation provided by the National Tourist Boards in England, Scotland and Wales.
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Table 3.3 Percentage of establishments in England, Scotland and Wales listed by the AA by type
Source: AA Hotel Services, 2014

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>England</th>
<th>Wales</th>
<th>Scotland</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Hotels</td>
<td>29%</td>
<td>28.6%</td>
<td>23.8%</td>
<td>25%</td>
</tr>
<tr>
<td>**</td>
<td>6%</td>
<td>5.6%</td>
<td>7%</td>
<td>3.2%</td>
</tr>
<tr>
<td>***</td>
<td>34.5%</td>
<td>32.3%</td>
<td>34.2%</td>
<td>32.1%</td>
</tr>
<tr>
<td>****</td>
<td>24.6%</td>
<td>26%</td>
<td>21%</td>
<td>29.6%</td>
</tr>
<tr>
<td>*****</td>
<td>1.2%</td>
<td>3.1%</td>
<td>1.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Restaurant with rooms</td>
<td>4.7%</td>
<td>4.4%</td>
<td>12.6%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Table 3.4 Number of establishments in South Wales, England and Scotland listed by the tourist board websites matching the sample criteria
Source: Visit England, 2015; Visit Scotland, 2015; Visit Wales, 2015

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>England Inc. of London</th>
<th>South Wales</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>0.1%</td>
<td>0.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>**</td>
<td>12.3%</td>
<td>9.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>***</td>
<td>43.4%</td>
<td>35.6%</td>
<td>41.6%</td>
</tr>
<tr>
<td>****</td>
<td>21.2%</td>
<td>15.1%</td>
<td>22%</td>
</tr>
<tr>
<td>*****</td>
<td>2.2%</td>
<td>1.4%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Restaurant with rooms &amp; Inns</td>
<td>20.8%</td>
<td>37.7%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

3.4.1.5 Defining Final Typical Case Sample

Following the above discussions the final characteristics of establishments representing a typical case were identified as

- Three to four star hotels, country houses and town house hotel categories,
- Restaurants with rooms
- Inns

All of these establishments must serve meals and alcoholic beverages as well as having accommodation provision, and have fewer than 100 bedrooms.
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3.4.1.6 Reflections upon Typical Case Sampling Process

During the time the initial research was conducted and the start of phase one it became apparent that the typological and quality grading of accommodation providers as well as participation in the grading schemes were very fluid. It transpired that some of the hotels initially identified as belonging to one category had been re-graded by the awarding bodies, therefore this had a direct effect on the categorisation of the establishment and final inclusion or exclusion from the study. This has directly affected categorisation of participant PR6 and 4H6. Establishment PR6 had been initially excluded from the study as initial grading had classed the establishment as a bed and breakfast, this changed to restaurant with rooms allowing the establishment to be taken into account when compiling the final sample. Establishment 4H6’s initial grading status had indicated that the establishment should be categorised as a restaurant with rooms, however the grading had been re-classified to a 4 star hotel. It is important to note that both of the establishments had been operating for fewer than 3 years on the market at the time of the study. This may suggest that over this time the establishments had been working towards their desired classification by the awarding bodies. Taking this into account the sample identified for this study represented a snapshot of hotels’ classifications at the time of commencement of interviews in April 2015.

3.4.2 Phase One Sample

The main inclusion condition for this study of establishments matching the above typical case sampling criteria was participation of those in accommodation and meal inclusive DD. In order to identify the establishments that had engaged in DD promotions four DD websites (see section 2.2.5 and table 2.1) were monitored over a period from November 2013 to March 2015. A full summary of all establishments
identified is available in Appendix One. A summary of the findings is given in table 3.5.

Table 3.5 Summary of accommodation establishments featuring offers on daily deal websites between November 2013 and March 2015
Source: the Author

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>Number</th>
<th>Min Rooms</th>
<th>Max Rooms</th>
<th>Services</th>
<th>Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Hotel N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Limited</td>
<td>No</td>
</tr>
<tr>
<td>** Hotel 1</td>
<td>8</td>
<td>8</td>
<td>Full</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>*** Hotel 18 (17*)</td>
<td>10</td>
<td>75</td>
<td>Full</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>**** Hotel 1</td>
<td>20</td>
<td>20</td>
<td>Full</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>***** Hotel N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Full</td>
<td>No</td>
</tr>
<tr>
<td>Large Hotels 6</td>
<td>102</td>
<td>334</td>
<td>Full</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Self-Catering, B&amp;B and Guest Accommodation 6</td>
<td>6</td>
<td>23</td>
<td>Limited</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Restaurant/ Pub with rooms 13</td>
<td>4</td>
<td>27</td>
<td>Extended</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Budget 16</td>
<td>53</td>
<td>53</td>
<td>Limited</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Unrated 16</td>
<td>4</td>
<td>21</td>
<td>Unknown</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

A number of establishments identified as taking part in DDs were excluded from the study for the following reasons:

- 6 of the establishments were disqualified from the final sample on the basis of size. The large hotels had between 102 and 334 bedrooms and did not fit the small and medium enterprise criteria.
- 6 companies did not fit the service provided criteria due to limited possibilities of upsell and customer-employee interaction.
- 16 accommodation providers were either unrated by Visit Wales or the AA or did not feature information regarding services provided and number of bedrooms therefore could not be categorised, consequently were not included in the final sample pool.
- One organisation which did fit the criteria of a 3 star small and medium hotel since their involvement with DD site had gone into administration.
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One hotel was unequally rated by Visit Wales and the AA gaining three and four star status, however the hotel was included in the sample pool as neither three nor four star properties were excluded from the final sample pool. Therefore a total of 45 out of 75 establishments were identified which matched the above sampling criteria and formed the sampling pool from which participants for phase one and two of the study were identified.

The final stage was to identify how many of each type of establishment identified in the framework should be approached. It was decided that since the final sample pool was 45 all of the establishments should be contacted. In the end a total of 8 managers of 10 establishments, were recruited for this study.

4 participants were recruited with the use of cold calling, where the participants were contacted via email in the first instance, with a follow up phone call a week after. This resulted in participants 4H6, PR4, PR6 and 4H7 being recruited. To increase the likelihood of positive responses to the requests to participate snowballing technique was utilised, i.e. personal contact was made with two owners-manager of the hotels included in the final sample, who were known to the researcher though her previous work. Those managers were asked to partake in the study as well as to assist in making contact with the other establishments identified where they knew the manager/ owners. Therefore with the use of convenience and snowballing sample participants 4H2, 4H8, 4H10 and 4H11 were recruited. Analysis of the data at this point suggested a saturation had been reached.

3.4.3 Phase Two Sample

In order to establish a sample for phase two of the study each of the mangers was asked on two occasions whether they would be willing to participate in the next
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Phase of the study by facilitating interviews with their employees. The managers were asked for their initial expressions of interest at the end of interviews of phase one. This was followed by email and telephone contact between November 2015 and January 2016 to re-establish the willingness to participate and finalise the details of the employee interviews. Out of 8 managers contacted 6 agreed to ask their staff if they would be willing to participate in the study. This resulted in 5 managers facilitating interviews with 15 members of staff working across 7 establishments, in front office, front of house and housekeeping roles.

3.4.4 Phase Three Sample

The initial sampling technique envisaged for phase three was purposeful criterion sampling (Patton, 2002). It was the intention to reach customers of the 10 establishments already identified and involved during phase one of the data collection, so that a holistic overview of all stakeholder groups could be obtained. As managers or the websites were not willing to facilitate contact with their customers, the author decided to contact the customers who had left reviews of those 10 establishments on TripAdvisor to ask if they would participate. Since the data were available in the public domain, customers of those hotels were considered to be easily identifiable as users of DD websites. To avoid any customer attitude bias the researcher approached an equal amount of positive and negative reviewers with 57 reviewers contacted.

The response rate was very low with only one participant (WHM1) recruited via this method which suggested a need for an alternative sampling method. The final participants were recruited using convenience and snowballing techniques were utilised to identify potential participants. The request for participation in the study was issued via University email, reaching academic and non-academic staff, via social media and WoM across other PhD students and personal contacts. Since
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the University employs over 1000 staff in a wide range of roles, it was not felt to have introduced bias. Similar research practices have been used successfully by Kai et al. (2013), Ardizzone and Mortara (2014), and Kukar-Kinney et al. (2016).

Due to the public nature of the request to participate in the study and the need to protect the anonymity of the establishments involved in the previous phases of the study the call asked for those who used of DD websites and had purchased on accommodation and food inclusive DD offers, in establishments fitting into the general research sampling criteria of the study. The Initial call was geographically specific and requested persons who stayed on such deals within South Wales. The response to this call was low with further two participants recruited (WHF1, WHM4). It was realised that those who lived in South Wales probably did not visit hotels in South Wales.

A second request was distributed via social media, email and personal contacts extended to include England as a geographical destination, with the establishment characteristics remaining unchanged. This resulted in recruitment of further 8 participants, 3 with the use of convince sampling where the participants responded to the call (EHF2, EHF3, EHF7), and further 5 with the use of snowballing technique, where personal contacts were utilised to gain access to participants matching the sample criteria (WHF4, EHF5, EHF6, EHM2 and EHM3). A total of 11 DD customers took part in the study.

3.5 Respondents and Interview Process

3.5.1 Phase One

The final pool of participants consisted of 8 owner-managers and managers, responsible for 10 establishments, located in rural, semi-rural areas or small towns. All but one of the respondents were male, aged between 30 and 60. This gender
division of the sample is representative of the industry averages where the women tend to be under represented in top management roles (People 1st, 2013).

All of the interviews took place on the premises of the hotels, on the date and time convenient for the participant. The pilot interview had taken place on the 14th of April 2015 and was included in the final participant pool as changes to the interview themes were not deemed necessary. The interview process took a total of 5 months to complete, 2 months longer than initially anticipated due to the managers’ availability throughout peak trading season for their hotels.

All of the managers were allocated an anonymity code that reflected their type of organisation, together with a number corresponding to the initial sample list.

Table 3.6 Phase one coding summary

<table>
<thead>
<tr>
<th>Establishment category</th>
<th>Meaning</th>
<th>Number of respondents</th>
<th>Final codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td>Restaurants with rooms, inns, pubs with rooms</td>
<td>2</td>
<td>PR4, PR6</td>
</tr>
<tr>
<td>4H</td>
<td>4 star hotels</td>
<td>6</td>
<td>4H2, 4H6, 4H7, 4H8, 4H10, 4H11</td>
</tr>
</tbody>
</table>

3.5.2 Phase Two

It was initially expected, as suggested by the literature review, that at the front of house, food service employees were most likely to be the employee group mostly affected by the hotels’ engagement with DD websites. However the findings of phase one identified that a broader pool of employees should be included as stakeholders, therefore front office and housekeeping employees were included in phase two.

Access to 20 employees was initially gained through the establishments interviewed in phase one of the study, with 3 employees from one establishment withdrawing from the study at a later stage. Two further interviews, inclusive of
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pilot respondent, were not included in final analysis. The respondent who was excluded from the final pool was working as a chef, an employee group not being studied in this research. The pilot interview took place on 12th November 2015 with a front of house team member. The interview was excluded from analysis due to the data not being reflective of issues asked. The pilot showed that the themes needed to be broken down into simpler, more focused questions to enable better understanding of what was being asked of the participants.

A total of 15 employees were interviewed between November 2015 and February 2016. The employees interviewed were either full time or casual members of staff who had received steady and regular working hours for at least 3 months prior to the interview taking place. Some of the establishments did not have dedicated reception, housekeeping, bar and/or restaurants staff with multitasking prevailing, this made it difficult to obtain segmented, single job role orientated views within every establishment, but reflective of SME industry norms. The individuals, who undertook multiple roles with their companies were asked about their experience within every aspect of their responsibilities. Additionally two participants were promoted since their initial experience with DDs. Those participants were asked questions in line with their role at the time of the promotions. A further two participants worked in two establishments run by the same manager, both of which were a part of the initial sample pool, thus were questioned regarding their experiences within both of the establishments.

All of the employees were coded to ensure anonymity of the establishment that they worked for as well as their own identity. The codes reflect the type of establishment, role and gender of the participant together with sequential number. It is important to note that the employees who undertook multiple roles within their organisations were coded under their main responsibilities and
knowledge. These employees included participants H4FOF4, PRFOF6, H4FOF5 and H4RSM1.

3.5.3 PHASE THREE

Eleven customer interviews were undertaken between July and September 2016 at places convenient for the respondents. The pilot interview took place on 4th July and was included in the final participant pool as no changes to the interview process was deemed necessary. The respondents included 3 males and 8 females, of different nationalities to include English, Welsh, Scottish, Irish, South African and Slovene.

As discussed in section 2.4.1 females tend to be the main users of DDs therefore under-representation of male customers was not viewed as biasing the study. The identity of the customers was anonymised and each of the participants was given a code corresponding to geographical area where they stayed, type of establishment, gender and sequence number, as detailed in table 3.7.

Table 3.7 Phase three coding summary

<table>
<thead>
<tr>
<th>Place of residence</th>
<th>Working sector</th>
<th>Geography of the stay</th>
<th>Sex</th>
<th>Final code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiff</td>
<td>Administration</td>
<td>Wales</td>
<td>Female</td>
<td>WHF1</td>
</tr>
<tr>
<td>Cardiff</td>
<td>Higher Education</td>
<td>England</td>
<td>Female</td>
<td>EHF2</td>
</tr>
<tr>
<td>Cardiff</td>
<td>Administration</td>
<td>England</td>
<td>Female</td>
<td>EHF3</td>
</tr>
<tr>
<td>Cardiff</td>
<td>Primary Education</td>
<td>Wales</td>
<td>Female</td>
<td>WHF4</td>
</tr>
<tr>
<td>Manchester</td>
<td>Self-Employed</td>
<td>England</td>
<td>Female</td>
<td>EHF5</td>
</tr>
<tr>
<td>Manchester</td>
<td>Secondary Education</td>
<td>England</td>
<td>Female</td>
<td>EHF6</td>
</tr>
<tr>
<td>Cardiff</td>
<td>Higher Education</td>
<td>England</td>
<td>Female</td>
<td>EHF7</td>
</tr>
<tr>
<td>Birmingham</td>
<td>Banking</td>
<td>Wales</td>
<td>Male</td>
<td>WHM1</td>
</tr>
<tr>
<td>Manchester</td>
<td>Banking</td>
<td>England</td>
<td>Male</td>
<td>EHM2</td>
</tr>
<tr>
<td>Swansea</td>
<td>Higher Education</td>
<td>England</td>
<td>Male</td>
<td>EHM3</td>
</tr>
<tr>
<td>Bristol</td>
<td>Higher Education</td>
<td>Wales</td>
<td>Male</td>
<td>WHM4</td>
</tr>
</tbody>
</table>
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Analysis of the data suggested that saturation point has been reached, therefore no more interviews were undertaken for either phase two or phase three.

3.6 DATA COLLECTION AND ANALYSIS

3.6.1 TRANSCRIPTION AND TRANSLATION PROCESS

The interviews were recorded and saved under coded names given to each participant. To enable the process of data analysis the interviews were subsequently transcribed. Braun and Clarke (2006) note that data transcription is a vital process as it informs the early stages of the analysis. Denscombe (2010) notes that when possible the transcription should be done by the researcher as it can bring forward more understanding of the data. However, the transcription process itself is very time consuming and due to time constraints of the process therefore out of 34 interviews 9 were transcribed by the researcher with the remainder being transcribed by a reputable company. As suggested by Silverman (2000) all of the interviews were listened to a number of times, initially with careful attention to the punctuation of the transcriptions as to not alter the meaning of the data (Brown & Clarke, 2006). Further listening focused on features that might have previously not been revealed or noted (Silverman, 2000).

The interview of participant H4HKF4 was conducted in Polish and a need for translation of the interview arose. Since the language is first language of the researcher and the participant was not a proficient user of English language it was decided to conduct the interview in that language to allow for the most freedom of expression by the participant.

Translations can be viewed as problematic in two ways, firstly from a practical perspective it can be difficult to find the equivalent words found in one language, as such equivalent may not exist (Twinn, 1997). Secondly the language is an
expression of certain socio-cultural assumption embedded in a group, therefore the most appropriate translations are made by persons who understand both cultures and translation processes (Twinn, 1997; Lopez et al., 2008). Since the author is familiar with both cultures and is a proficient user of both languages it was deemed that whenever the need for contextual translation arose the meaning would be reproduced in the most accurate, natural and meaningful manner (Lopez et al., 2008).

3.6.2 Analytic Tools

The aim of the analysis of qualitative data is to move from descriptive data to its interpretation with the use of an analytic process (Grbich, 2013). Content analysis and thematic analysis are two of many analytic tools available for a qualitative researcher (Joffe & Yardley, 2004). Both tools appear to be similar however content analysis tends to focus on counting of occurrences of particular category. Valued for clear methods and producers this methods is sometimes criticised for a possibility of removing meaning from context of the data (Joffe & Yardley, 2004).

Thematic analysis is viewed as paying greater attention to the data analysed (Joffe & Yardley, 2004). Grbich (2013, p61) describes the method as ‘a process of data reduction and is one of the major data analytic options in qualitative research’. Braun and Clarke (2006) view the method as one of the fundamental methods to qualitative research, which aids in the identification of patterns within the data, whilst at the same time retains the context of the data, allowing for relationships of the data to be considered (Strachan et al., 2015).

It was initially intended that content analysis would be used to analyse the data. However, after a preliminary data analysis of phase one it became evident that this method was not suitable for this study as it was deconstructing the context of the data. Thematic analysis was then adopted as a suitable method for data
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Analysis. This was a multistage process involving analysis of single interviews, stakeholder interview groups and cross-stakeholder groups. To start each interview was deductively divided into three theme groups based on the literature review and the aim of the research question (Strachan et al., 2015), i.e. each interview was divided into perceptions upon business/merchant, employee and customers. This process involved manual coding and enabled the researcher to familiarise herself with the emerging information.

Once initial coding was complete the interviews were analysed with the aid of Nvivo programme, which enabled for a mixture of deductive and inductive analysis to be undertaken. First, each interview was coded deductively, i.e. with themes emerged as suggested by literature. Second, the interviews were analysed inductively, i.e. the researcher considered whether any new themes emerged from data itself (Joffe & Yardley, 2004; Strachan et al., 2015). Within each of those processes a mixture of analysis at manifest and latent level was undertaken, with the former considering data in the form of what is being said and the latter consisting of researcher's interpretation of what is being said (Brown & Clarke, 2006; Strachan et al., 2015). Upon completion of analysis of individual interviews within stakeholder group, the data were collated, compared and re-analysed with regards to emerged themes pertinent to the stakeholder group and research question. This process was repeated for all three phases of the research. This was followed by a cross-stakeholder analysis, which involved collecting, comparing and re-analysing the emerged themes to provide a holistic perspective upon the DD promotion impact and process.
3.6.3 Computer Aided Qualitative Data Analysis

Due to the large volume of data generated by 34 interviews and the need for cross-stakeholder comparisons the researcher decided to support the analysis process with the use of qualitative data analysis software. Corbin and Strauss (2008) noted that computer analysis software should be used as a tool to enhance the researcher’s ability to search for, sort, store and retrieve material, whilst at the same time provide the transparency of the research process. Additionally Denscombe (2010) recommends the use of software as a way to ensure that the data are appropriately coded and organised whilst allowing for the process to be researcher-led.

The Nvivo11 package was selected due to the support offered by the University and training provided, which helped with the process of software familiarisation and aided in full understanding of the software potential (Denscombe, 2010). The software was utilised throughout the stages of the study with each stakeholder group interviews being analysed individually. Due to the volume of data and the need to collate the themes across all of the stakeholders, the software became an invaluable tool aiding in this analysis. It allowed for flexibility in terms of coding already coded data into new shared perspective themes, without deleting the original, stakeholder analysis and themes.

3.7 Trustworthiness of Data

Since constructionism rejects realism, research conducted under this philosophy is hard to evaluate in term of ‘validity’ understood in a positivistic way as assessment whether the study is representative and similar to the ‘real’, objective world. Therefore within the constructionist approach, a concept of ‘trustworthiness’ was developed as a parallel to the criteria used by conventional, positivistic research (Guba & Lincoln, 1989; Manning, 1997). The concept is parallel in that ‘credibility in
qualitative research is said to correspond to internal validity in quantitative approaches, transferability to external validity or generalizability, dependability to reliability, and confirmability to objectivity’ (Morrow, 2005, p251-252).

- **Credibility**, is referring to internal consistency; this can be achieved through the researcher’s reflexivity of their own involvement in the research process (Guba & Lincoln, 1989; Morrow, 2005). Since the mind of the researcher is not viewed as entering the research process without pre-conceptions it is important that the researcher’s own construction does not overshadow the others (Guba & Lincoln, 1989). This criteria was also met via cross checking, i.e. with the use of different sources across multiple stakeholders (Schwandt et al., 2007).

- **Transferability** of the data, ‘the extent that the reader is able to generalise the findings’ (Morrow, 2005, p252). As the findings are only specific to the context in which the research was conducted, description of the participants and processes has been included to enable the reader to understand the context of the study.

- **Dependability**, the consistency of research throughout time (Morrow, 2005) was achieved with clear process and explicit description of the research development and process.

- **Confirmability**, the representation of what is being researched (Morrow, 2005), was achieved through acknowledgment of the researcher’s position in relation to the research.

### 3.8 Chapter Summary

The chapter gave a consideration to the theoretical perspective adopted in this research that allowed for the achievement of the aim and objectives. The research adopted a constructionist approach with an underpinning of hermeneutic methodology allowing for the development of a snapshot of a multi-
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stakeholder perspective with regards to experiences of DD promotions. The chapter considered the positioning of the researcher in line with the study and the researcher’s own experience and influence upon the data gathered. Furthermore, a detailed account of the development sample framework, sampling process and data collection methods was presented to provide transparency of the research process. The method of data analysis was also discussed to provide an understanding of the process behind the development of the results.
Chapter Four
Introduction to Results and Discussions

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Chapter Four Introduction to Results and Discussions

4.1 Presentation of the Results

The following four chapters integrate the findings for all three phases of primary research across all the stakeholders. Whist initially the results were intended to be presented on study by study basis, the researcher decided that this particular way of presentation would limit and obstruct the importance of some of the issues that arose as well as the opportunities to discuss and contrast views amongst the stakeholders. As the research was predominately focused on uncovering and highlighting shared perspectives and gaps in the perceptions of the stakeholders, it was deemed as necessary to present the results from all studies alongside each other, grouped according to the theme identified. However, some of the themes identified were stakeholder specific or outside of the scope of this thesis and therefore have been included in the recommendations for future research chapter as possible avenues for further investigation.

The interviews generated a high volume of rich data, with a number of themes emerging. The main, shared themes which emerged and the single stakeholder themes which contributed directly to answering the research question were included and discussed within this thesis. These themes were used to create four distinctive snapshots of understanding and gaps in understanding, as illustrated by figure 4.1.
Chapter Four Introduction to Results and Discussions

At the end of each of the chapters the results were mapped against a model of five stages of DD promotion management. The final model, which brings all of the findings together, is discussed in Chapter Nine, section 9.2. It aims to guide hotel managers though each of the stages and inform of key issues they may encounter in each of the stages.

The stages of model were developed upon the basis of the five stages of the marketing cycle (Medlik & Ingram, 2000; figure 4.2) and the four stages of the guests cycle (Tewari, 2009; figure 4.3).

Figure 4.1 Results and discussions flowchart
Source: the Author
The two models have been synergised into a model of the five stages of DD management process, as illustrated in figure 4.4. Those five stages are: marketing, pre-arrival, arrival and stay, departure and evaluation.
Chapter Four Introduction to Results and Discussions

4.2 Introduction of the Participants

The following section discusses the impressions and reflections of the researcher upon the three stakeholder groups. It highlights issues that were deemed essential to put into context the concepts and perceptions included in the following results and discussion sections.

4.2.1 The Managers

Although the 10 organisations sampled fitted the sampling criteria, all of them were found to be different from each other due to varying management styles and approaches to DD sites. Upon the completion of the phase one interview process a general conclusion was reached that the establishments fell into two distinct categories: affected and unaffected by their participation. The affected category seemed to correlate directly with initial motivators for featuring the offer, i.e. the more desperate the establishment had been for business the more profound effect had been felt on different levels of the organisation:

‘The business was quiet and incredibly hard at the time. And it has not really improved. […] Yes, if we weren’t in it we probably wouldn’t be here.’

Manager 4H10

The unaffected hotels seemed to have a good financial standing before their involvement with DD sites:

‘I am sitting on £ 54 million of cash in the bank it doesn’t really matter […] No, no. I just want to keep us busy as it keeps my staff busy.’

Manager 4H7

In consequence the unaffected merchants were able to keep the involvement with DD sites to minimum, with infrequent offers featured on the websites and a greater focus on what the managers wanted to achieve with the deals.
Chapter Four Introduction to Results and Discussions

Secondly the establishments could be divided into high and low end. This was considered an important contextualising factor with regards to the approach towards upselling techniques and methods; with higher end establishments striving for subtle upselling that was written in the service, whilst lower end establishments provided limited offering included in the voucher in the hope the customer would upgrade their packages.

It seemed that once engagement with DD websites was established a continuous involvement evolved, with establishments using the websites on multiple occasions and learning over time how to manage the relationship with the DD providers for their benefit. An exception was hotel 4H6 where the manager featured one food only and one accommodation and food offer and had restrained from using the websites since.

4.2.2 The Employees

As introduced in Chapter Three the employees interviewed were members of three different departments: front office, food and beverage and housekeeping. Whilst the role of the food and beverage staff in the delivery of DD offers was previously acknowledged in the literature, the role of housekeeping and front office staff was not fully recognised in the research to date.

The three groups of employees experienced different exposure to customers and were involved to a different extent in the decision making processes, their experiences and impacts upon their day-to-day activities differed from department to department. Additionally the employees were either full-time, part-time or casual workforce. Due to the employment status differences the perceptions of monetary and working time benefits and hindrances were considered to be polarised. This meant that whilst full-time employees were
expected to deal with the influx of customers during their regular working hours and upon regular pay, the casual workforce experienced a raised number of hours scheduled which led to higher monetary benefits.

Furthermore the employee-employer relationship was considered as a factor influencing the experiences of the employees. It was evident that whilst some of the employees enjoyed a two way relationship with their managers, others were excluded from decision making and feedback processes. This was also considered to be an influencing factor upon the perceptions of the involvement with DD websites.

**4.2.3 The Customers**

Due to the difficulties with the recruitment of the customer sample and the need for anonymity for the participating establishments the final sample of the customers was diverse in terms of the origin and place visited. Whilst the place of residency of the customers was not seen as an influencing factor upon the perceptions and experiences of this stakeholder, the places visited, due to their proliferation in location might have been. In other words the customers who visited a rurally located, hard to reach hotel had different experiences from customers who visited hotels located closer or in urbanised areas, typically close to other visitor attractions. It therefore was clear that there were two types of customers who were motivated to buy a DD offer. One type wanted to fulfil the need of pleasurable experience. The second type had the need for accommodation for the night in the area they were visiting. Therefore it was considered that the purchasing behaviour relating to upsells was likely to differ; with the first type of customer wanting to ‘spoil’ themselves, while the second type was likely to be more frugal in relation to additional spend.
Another factor considered to contextualise the experience was the frequency of the involvement with DDs. This varied from sporadic to prolific use amongst the customers. This was considered important since the customers who enjoyed DDs sporadically were able to recall more details regarding their experiences, especially their interactions with staff. Whilst for the persons who used the DD more frequently and regularly their experiences were expressed in a more superficial manner, with details of interactions recalled only if there was a specific problem experienced. Additionally the participants who had in the past experience of working in customer facing roles, that would be retail or hospitality, were more perceptive of the role of the staff in the delivery of the service, than the persons with no experience of that type of work.

All of the participants were employed and enjoyed different levels of disposable income. Whilst it was initially anticipated that the disposable income will be a contributing factor to DD website selection, upon analysis and reflection it was deemed that other factors, such as quality perceptions, relevance of offers and ease of use, as discussed in Chapter Seven, were much more relevant in this manner. As literature review chapter indicated DD users tend to be more affluent, with a savvy shopping attitude and considering themselves as smart shoppers.
Chapter Five
Business Motivators, Profitability and Employment

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5.1 INTRODUCTION

The following chapter reports on stakeholders’ perceptions upon the business motivations and profitability of DD offers. The chapter first brings forward the understanding of motivations behind engagement with the DD websites as understood by the merchants, the customer and the employees. Secondly the chapter moves onto DD profitability and issues that can affect profitability as seen by all stakeholders. The chapter concludes by bringing forward discussions as to the impact of engagement with the websites upon the employment within hotels.

5.2 MOTIVATORS

As discussed in Chapter Two a number of reasons can prompt an organisation to partake in DD promotion. Reflecting this, the participating hotels’ involvement with DD websites was prompted by a variety of reasons. However, the initial motivators varied according to the initial financial situation of the hotels as well as the age of the company as to when the cooperation with the DD websites began. Whilst the issues prompting the business to participate in a DD offering could be best understood when considered from the employer stakeholder perspective it is interesting to note that marketing, seasonality, cash flow, and desperation were also strongly identified as motivators by the employees and customers alike. Whilst building loyalty and employment related motivators were important motives for participation in DDs they were strongly held by the manager stakeholders but to a lesser extent by the employees and customers.

5.2.1 MARKETING

As evidenced in Chapter Two a DD promotion can be used as an advertising medium for small and medium merchants otherwise struggling to gain exposure. The results confirmed that one of the main motivators behind featuring an offer was the advertising and marketing opportunities that came with being exposed to
a wide number of DDs customers. Interestingly this motivator was shared among all of the participating hotels, regardless of their initial financial standing or age of the business. All of the managers understood that social propagation effects of being promoted on a DD website resulted in the creation of a far wider reach than otherwise possible. This coupled with a perceived low cost made the managers perceive the websites as attractive means of spreading the awareness of their brands.

‘Yes, because I can’t reach the number of people that they can reach….at a stroke of a pen, I can’t do that. I cannot reach a quarter of a million people. The cost would be prohibitive. I would not be sensible to do that myself.’

Manager 4H7

Whilst there was a unified agreement with regards to potential marketing opportunities amongst the managers, decision making processes and hoped for marketing benefits differed from hotel to hotel. Established businesses were striving for a balance between the cost, profit and marketing benefits of the deals:

‘It was to attract, it was to get our name out there. Particularly initially we viewed it as almost a PR stunt. I’m not sure if this is the right word. [KM: Marketing exercise?]. Yeah marketing exercise. Because we didn’t make good money from it. More like a marketing exercise.’

Manager 4H11

For newer, less established businesses a DD campaign was seen as an attempt to promote newly opened hotels in order to increase footfall. The manager of 4H6, which at the time of interview had only been open for seven months, noted that until the start of the DD campaign they had experienced very low number of customers.
Chapter Five Business Motivators, Profitability and Employment

‘I wanted to get our name out there I wanted to get people in... the Groupon I just wanted to do it for January, February and March time because I knew we were going to be quiet (...). It is really hard to get a place like this up and running. We’re doing OK NOW but when I first started it was dead, because even people in town were really wary of us. And I’ve noticed with the Groupon offer I’ve noticed people who live in ((town’s name)) take up the offer and come in. They’ve never been here before... it was good in that respect.’

Manager 4H6

Similar experiences were reported by Manager PR4 who had taken over the management of a pub with rooms in February 2014, after the site had not been in use for an extended period of time:

‘We needed to get the hotel marketed as soon as possible and get the people in. Otherwise I wouldn’t... When we took over it hadn’t been open for a while. And it had not been run properly for a while. So I needed to get people in and turn people over. The reason I went down that route was that it’s a quick, easy way of marketing and getting people in and it worked.’

Manager PR4

The marketing and advertising benefits were recognised also by the staff, predominantly front office.

‘It was good advertisement because it meant a lot of people were coming through the door that hadn’t necessarily heard of the hotel and it also meant that the hotel was a lot fuller on quieter periods.’

Employee H4FOF1

The literature review put forward inconclusive evidence with regards to the rates of new customer acquisition. However the results suggested that DD promotions were effective in reaching wider audiences of customers. All of the customers confirmed they were new to the businesses they visited. They also reflected that had it not been for the websites they would have not known about the hotels existence.
Another reason would be essentially free advertising because if you see a deal somewhere you might think ‘Oh, I might take a look at that one, that’s quite interesting’ and look at the hotel itself.’

Customer EHF2

Furthermore the location of the hotel was also considered by all stakeholders as a factor contributing to final decision to market via a deal website.

‘And attracting people to our location isn’t always easy, kind of, particularly in the winter but even in the summer. To get people to travel quite a long distances where you’ve got, kind of out of Bristol, out of London, out of Manchester, where you’ve got Cotswolds and Lake District. It’s a long way for them to travel. It’s about 1 ½ hour from the M4’

Manager 4H11

The staff of the hotels which were located in rural and more remote areas were particularly in tune with the location as a contributing factor to marketing via DDs:

‘Not a lot of people have heard of this place because it is literally, you know, just in the middle of nowhere, so a lot of people don’t even know that we’re here, and a lot... it’s quite interesting, because a lot of customers when they come on Travelzoo, Secret Escapes, say, oh, we never even knew you existed till we saw you on Travelzoo or Secret Escapes.’

Employee H4FOF3

The more remote places were deemed more attractive when advertised via a DD website:

‘Some of them are in places which people probably wouldn’t normally go to – which can be quite nice. So, for example, you know, it would be some small town that ... shall we say some of the northern towns for example in Huddersfield or Doncaster or somewhere like that, or Stoke on Trent, which people might not know well and wouldn’t probably want to go there.’

Customer WHM4
This seemed consistent with findings by Joen and Yoo (2013) who noted that DD customers often did not care about the distance to travel if they considered a deal to be of good value. Therefore, the hotels successfully attracted customers from different areas of the UK, diversifying their customer pool.

Additional benefits in terms of marketing included the creation of off-line WoM. Manager 4H6 was hopeful of capitalising on the volume of customers brought in via DDs and their WoM leading to the creation of repeat custom. As the establishment had been in operation for under one year the manager felt that targeting within the immediate radius of the hotel might build up a loyal and local customer base:

‘There was numerous reasons A. it was getting people in and getting our name out there; B. very important for me; because for a small town people, people in the town, cause it’s a new place are still quite wary of the product. So I wanted, if anyone came in, I wanted them to see there were a lot of people in here I wanted to kind of show confidence in what we were doing...’

Manager 4H6

This was a particularly interesting finding confirmed by the customers who agreed that whilst the return intention was not always present (as further discussed in Chapter Seven, section 7.4), there was always an intention and action of WoM:

‘...and I think the deals will attract me and I will tell you and you’ll tell your friend it was a nice place and spread to word.’

Customer WHF4

This confirmed the findings by Ardizzone and Martara (2014) who noted that DD customers were more likely to engage off-line WoM and off-line market ‘maven behaviour’. Importantly as discussed by Litvin et al. (2008) WoM is an effective marketing tool for companies, therefore, the marketing advantages that DDs brought extended not only before and during promotion but also post stay:
'So hopefully people go and stay, have a good time and tell to other people. So, that's why I think they do it because otherwise we wouldn't even know they existed.'

Customer EHF3

This suggested that from a brand and marketing perspective, irrespective of whether the DD customers came back, the deals served as effective tools for building affective loyalty, providing the service experience was a positive one (Oliver, 1999). As highlighted in section 2.4.6 an increase in the number of positive customer reviews on recommendation sites positively influenced occupancy percentages of the hotels (Viglia et al., 2016). This increased WoM and eWoM achieved due to DD promotion in turn is likely to build a new customer base for the hotels; not based on DD customers as the hoteliers wanted, but customers who are swayed to choose the hotels based on the DD customers’ recommendations.

5.2.2 Capacity Management and Seasonality of Business

Capacity management and balancing the seasonality of the business was identified as a second motivator for hotels and confirmed the findings of the literature review as an important benefit of DD channels. As previously highlighted the hospitality industry is characterised by a perishable product and high seasonal variations of the demand for hotel stays. Since Wales offers mostly coastal and rural tourism the seasonality of the demand is frequently more strongly experienced than in some other more urban parts of the UK, with seasonality being 8% higher in Wales than the rest of the UK (Welsh Assembly, 2013). Therefore running a DD promotion is a way of addressing the problems associated with a highly seasonal and perishable product (Berezina, 2014).
Manager 4H10 used the websites to strategically target historically low season months. For Manager PR6 and 4H8 the seasonality of the business and high fixed costs for the upkeep of the building added to the reasons behind the decision to engage with DD websites. Manager PR6 who ran a pub with rooms as well as a small hotel in a seaside town, struggled with the seasonality of the business, confirmed that this had eventually led to the involvement with the websites:

‘[We use them] Just to increase occupancy, so if occupancy is too low for a certain time period, we’ll go with one of the discount sites. (…) Usually [it is] the part of the year but we can have sort of quiet weeks in the summer time, just unexpected really.’

Manager PR6

Therefore the results suggested that contribution towards fixed cost of running a seasonal business was an underlying reason for the businesses to engage with DD websites.

Manager 4H11 pointed out that no other distribution channel was as effective as DDs in bringing in business during the low season, therefore, the hotel could be sure that there was at least a certain amount of sales generated for that part of the year:

‘Travelzoo is a kind of necessary evil in a way if you like. In that it brings us quite a bit of business, yeah its guaranteed business, if that makes sense. We know that if we are doing an offer with that we are going to get a certain amount of business.’

Manager 4H11

Similarly employees understood that there were certain advantages within the area of capacity management:

‘… it’s like a comfort blanket. You can see that you’ve got X amount of business and you’ve only got X amount to fill, which, if you’re starting to worry about things, can be comforting. And you’d worry less because you can see at least something’s coming in.’

Employee H4FOF1
The seasonal nature of the hospitality industry and the need to fill up vacant spaces was noted by employees, who seemed to have a natural understanding of their working environment.

‘Since I’ve been here they’ve been done at sort of various times of the year, but not to my memory through sort of the height of the summer, sort of more when the quieter periods would necessarily be.’

Employee H4RSM1

Equally the customers understood seasonality as a motivator behind featuring an offer by the hoteliers, as a significant proportion of the deals were only available during the winter time:

‘I’m assuming it’s to get traffic at months that aren’t usually people going away. So, me and my ex-boyfriend used to go to the Lakes quite a lot and would go in sort of October, November time, January, February time with Groupon deals, because it would get cheap bookings. These are the times people don’t tend to go to Lake District because it’s cold and wet.’

Customer EHF6

Interestingly the high influence of seasonality over the decision making process regarding participation in a DD was in contrast to findings provided by Cassia et al. (2013). This research had concluded that balancing seasonality as a motivator was an important objective of DD promotions only if the hotel was considered to be large, due to those hotels having higher fixed costs when compared with smaller operations. However, the results of this project clearly show that seasonality and the contribution to fixed costs were important factors in the decision making process for all of the managers of participating small and medium hotels. This discrepancy might be explained in two ways. Firstly, the Cassia et al. (2013) study was based upon Italian hotels, where the cost structure of running a small hospitality business may be different to the ones in the UK. Secondly, as pointed
out by O’Grady et al. (2014) DDs have an ability to generate custom for the establishments that typically lack in passers-by trade due to their location. While the rate of passing trade and revenue generated due to this was not provided for the Italian study; the establishments in this study were all located in remote locations (rural, semi-rural, coastal villages and small towns) where little out of season foot traffic existed. Most large hotels in the UK are based in large cities or transport hubs, therefore the fact that the businesses in this study were all rural, semi-rural or located in small towns was not considered to have introduced bias into the study.

5.2.3 Creation of a Busy Atmosphere

The creation of a ‘busy’ atmosphere during low season was seen as important to attract further business. The managers were striving to create a positive impression on customers by developing an environment that would be inviting and vibrant.

‘So I wanted, if anyone came in, I wanted them to see there were a lot of people in here I wanted to kind of show confidence in what we were doing....’

Manager 4H6

As discussed in section 2.4.5.3 a number of factors contribute to the creation of atmosphere (Kotler, 1973; Sulek & Hensley, 2004; Kim & Moon, 2009). The atmosphere that a hotel or a restaurant creates, evokes emotional and sensual response in customers and can influence a sense of intimacy and comfort (Marinkovic et al., 2013), which then affects more customers. Therefore, the creation of atmosphere by filling otherwise vacant places was recognised as an important motivational factor for customers and employees alike. The employees recognised that a busy atmosphere added a positive dimension to service experienced by customers:
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‘Yes, more volume which makes it a better experience then to the other people that are here and then a lot of people also return, which is nice. So then that’s good for the non-winter months.’

Employee H4FOF4

The customers confirmed that a feeling of relative busyness was important in the overall impression creation process of the place and service quality:

‘I think it’s making the hotel feel full as well adds to the experience of people being there. If you turn up and you’re paying £ 450 and there’s only three guests or three couples, you may think yourself ‘Oh, this isn’t very good. Not a lot people are here’. Whereas making you feel half full, cover your costs adds to the atmosphere and guests feel as though as they are a part of something bigger and better, then that really helps.’

Customer EHM2

As discussed by Gustafsson et al. (2006) interactions between the customers form one of the essential aspects influencing perceptions of the meal experience. Situations, where there was a lack of or minimal guest to guest contact, adversely impacted upon the perception of the atmosphere resulting in lowered satisfaction. Therefore, a view of Manager 4H7 of the DD websites as providing not discounts or cut price sales but ‘value added’, within the seasonality and atmosphere creation context, may be accurate, since from a seasonality and marketing point of view the website can have a potential to impact positively upon a hotel business and overall customer experience of a service.

5.2.4 Desperation and Cash Flow

For those businesses, which had a weaker financial situation, seasonal fluctuations caused significant problems with cash flow. This meant that the involvement with DDs was more of a desperation measure. At times rather than a planned marketing activity the DDs became a way to try to cover the basic costs of running a business during the low season. As discussed in section 2.2.1.2
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desperation can be an underlining motivator for organisations which use DD sites as a source of revenue boost and are already established companies (Farahat et al., 2012; Piccoli & Dev, 2012; Mejia et al., 2013).

Desperation as a motivator was particularly evident for the companies which had been operating the longest and had been involved with the websites since the recession of 2008. This was expressed in either lack of alternatives available to generate cash flow or low customer numbers. Manager 4H8 said ‘I guess the answer to that is initially I felt that we had no choice but to go down this route.’

Manager 4H10 reflected upon the effects of the recession and the need to engage with the DDs:

‘The recession started in December 2008 and pretty much we have lost our corporate customer immediately. Our leisure customer continued because the effects of the recession were not really felt deeply in all sectors at the same time. By 2009, 2010, I think 2010 was possibly our worst year. (…) Hadn’t we done them we probably wouldn’t be here, so there is that.’

Manager 4H10

The above statements reflected individual accounts of a greater trend in hotel occupancy noted by Visit England (2010) and ONS (2013) in relation to decreased bedroom occupancy percentage and stagnant total spend for Welsh hotels between 2008 and 2010. This could have contributed to the financial hardship experienced by the above managers which eventually led to their DD involvement.

As emphasised by Manager 4H10, over the post-recession period many managers had had no other option than to try and attract some custom though DD sites:
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‘... if you could turn the clock back, I would have loved to have said that we did not have to do them, that we were not in a situation that we had to do them. But unfortunately ... hindsight ... we did need it.’

Manager 4H10

Others, who featured their initial offer after 2011, also struggled financially before deciding to run a DD offer:

‘The initial one, I can remember the initial one it was a Travelzoo, and it was ... it was coming to the spring time, it is the hardest time for us because we are spending money on development for our peak season, but we might not necessarily have a lot of business coming in. And we discounted quite heavily to attract, to have the money to be able to invest in for the summer if that makes sense. (... ) It was cash flow. The root of all really of them are cash flow.’

Manager 4H11

Manager PR6 admitted that the involvement was a way ‘to tick us over really, just to keep the doors open and the electric on, to be honest.’ However, Manager 4H8 pointed out the upfront cash payments were an attractive option for the businesses which were cash-strapped at that particular time of season:

‘I guess the answer to that is initially I felt that we had no choice but to go down this route (...) They paid you cash flow immediately, which is unusual. Ammm so you were taking business in advance so basically was being advanced paid which is always very good.’

Manager 4H8

The difficult situation of the hotels was also noticed by the employees who noted that the market situation was making it difficult for the companies to operate within the same price and management parameters as in the previous years:

‘No, no, yes, you really do notice sort of from the day that the deal finishes to sort of when we go back into what we, the regular rates that it goes dead again.’

Employee H4RSM1
Customers’ impression of the companies and their need to get involved with DD websites implied that some of the businesses were desperate for the trade the websites brought:

‘I think there’s a number of reasons. Some of them are failing businesses or are having problems attracting customers…’

Customer WHM4

The level of reliance on DD business was noted by some of the customers, who reflected that at times it was quite obvious that a large proportion of customers at the establishment were on DDs:

‘No, most of the people that we saw were voucher holders and even during the week. Even during the week when you’d expect some of the low grade hotels to see construction workers and builders or towards the end of the weekends the office workers. But no, I think they were busy and they were mainly deals.’

Customer EHM3

Furthermore, there was an understanding from the customers’ perspective that there was a certain level of cost involved with running a business:

‘I would think that there would be some margin available in it. (…) It costs you to run the operation and put the drink or the meal on the table. But then there’s always a risk factor. So, you need to go cost plus risk’

Customer EHM2

Farahat et al. (2012), Piccoli and Dev (2012) and Mejia et al. (2013) all commented that the use of DDs to manage revenues was a desperate move. From these results it is clear that DD promotions provided a means to generate cash flow for the establishments at a time when they desperately needed it, but not necessarily when the business overall was in a desperate state financially. As the above discussions show no other distribution channel in the past had provided the certainty of sales combined with upfront cash payments, making the websites
highly attractive for merchants struggling with cash flow. The results therefore suggest that desperation and cash flow could be considered as not only closely interlinked issues but also the main motivators behind running a promotional offer for those establishments that found it particularly difficult to run their businesses from a financial perspective during the low season.

5.2.5 Building Loyalty

As discussed in detail in section 2.4.7, Bowen and Chen (2001) highlighted that loyalty of customers carries significant advantages for merchants. Reduced marketing and operational costs coupled with increased sales and ‘market maven’ behaviour provide real opportunities for an increase in revenue and profits in the future (Feick & Price, 1987; Bowen & Chen, 2001). Cassia et al. (2013) suggested that DD promotions should be considered as an investment in building a loyal customer base. The results highlight that the managers were not only hoping to attract customers to their properties but also to build up a repeat and loyal customer base.

‘At the beginning it was very much to attract people here with the hope that we can build them as long term customers. We have a lot of repeat business kind of organically if you like. And our aim was kind of to build repeat custom.’

Manager 4H11

This was an important theme identified by all the managers ‘to get people in and get people back’ (Manager PR4). This signalled the importance of the objective to create repeat business to the managers, yet it was only mentioned by one customer and two front office employees as a feasible reason to engage with a DD:
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‘So, no, I don’t think they are making a profit. I think it’s more about getting people in and hopefully returned customers as well.’

Customer EHF2

‘I think it’s a way of bringing, or we decided to go on that to bring in new customers for people that have never been to this part of the world before and to at least have a try and make it an affordable kind of offer, so in the hope, then, that they would come back in.

Employee PRFOF6

This gap in perceptions might be due to the actual experience of the customer behaviour with regards to their own loyalty post a DD promotion. The employees and customers would not consider building a repeat custom as a motivator as they already were aware of the fact that DDs did not provide loyal customers. Please see Chapter Seven section 7.4 for discussion regarding return intentions.

Whilst capacity management, i.e. increasing customer volume, was strongly identified as a motivator and was recognised by all of the stakeholders as desirable during the low season, the return of customers emerged as a secondary motivator. The manager stakeholders felt that customers return visits influenced their perceptions of the overall profitability and success of the offer. In other words if the customers came back the managers felt the deal was profitable by generating a deferred profit (please see section 5.4.4 for further discussions). This study shows that for the management two types of motivators exist when considered from the perspective of customer acquisition. One motivator was to bring volume of customers through the doors in order to boost cash flow i.e. volume; the second motivator was to develop repeat custom that is going to impact upon future profitability perceptions, i.e. loyalty. This therefore confirmed the findings of Minor (2012) who stated that the merchants often feature a DD offer with multiple goals and motivations.
Apart from clear business goals, the employees were also taken into consideration when initial decisions were taken to engage with DD websites. Harter et al. (2002) noted that under-stimulation or too little challenge can have equally damaging effects on the employees' wellbeing as too much strain. They noted that boredom can reduce the quality of the service performance as well as having negative effects upon the staff well-being. The managers recognised that fact and identified staff motivation and engagement as another reason to engage with this type of promotion:

‘Because if we are quiet time is slow, drags, it becomes boring, people become disinterested. If we are busy people are far more engaged, far more interested (…).’

Manager 4H7

Since the promotions usually followed after a busy season, the managers expressed fears that their staff would become de-motivated during the low season. The DDs were designed to bring trade to the business, therefore, the managers hoped that their staff would remain more engaged as a result of heightened numbers of customer coming through the doors:

‘Because when it’s quiet it’s far harder to keep your staff motivated. When it’s quiet everyone keeps thinking that it’s easy.’

Manager 4H10

Additionally the promotions aimed at bringing in sufficient revenue to be able to keep the staff employed.

‘They [the employees] were happy because the customers were coming through the doors. Which is what they were looking for. By the end of the day if there is no customers coming through the door they do not have a job.’

Manager PR4
For Manager 4H10 the engagement safeguarded against possible redundancies that the hotel was considering post-recession:

‘And it meant that we still have our core team altogether today so that’s also good.’

Manager 4H10

From the employees’ perspective there was a connection between the hours offered and the availability of the offer.

‘In a sense, again, of my pay, yes, because of the noticeable difference, sort of, from a week where we’re in a deal to the week afterwards that the deal isn’t running, in my hours there can be almost, sort of, half of what they were when the deal’s running because they’re, the volume of people staying in the hotel means that there’s a need for, a greater need for a higher volume of employees.’

Employee H4RSM1

Additionally the employees made a connection between the DDs and employment of casual labour for the winter months:

‘We probably wouldn’t have them. Yes, we probably wouldn’t need to have them. And in the winter, we don’t really because we have quite a lot of staff there anyway. But it’s just one of those things, isn’t it, as casual.’

Employee H4FOF4

Whilst Customer WHM4 noted:

‘((Name of the hotel)) in Neath was offered for a very short period of time, just for at one specific week they must’ve said: ‘Well, it’s a low point in this time of year, we’ll just fill up,’ and, you know, it was obviously, we got pay staff to come in, so it was sort of marginal cost pricing. You’ve got the staff not doing anything but serving two customers, we might as well make a bit on the side and just keep it going.’

Customer WHM4
Chapter Five Business Motivators, Profitability and Employment

The issue of staff as a motivator was considered interesting for three reasons. First, to the best of the author’s knowledge, no previous research had identified employee motivation and well-being as a separate reason for running a DD promotion. However, these results show that the staff and their employment were taken into consideration by the managers within the decision making process for engagement with the DD sites, yet awareness of those issues as underlying factor was not uniform amongst all of the stakeholders. As the employment may be perceived as sensitive business information, it is not surprising that the awareness of all the issues is not uniform. Second, as O’Grady et al., (2014) noted empty capacity often means spare hours for staff who need to be paid in spite of lack of businesses happening. As previously highlighted some of the hotels experienced rather poor financial standing before their engagement with the DD sites. Therefore consideration of staff employment, where the contracted staff might have been considered as a fixed cost to the company, was not surprising. Third, as noted by Harter et al. (2002) the managers identified that their staff would experience negative hindrance stress if they were not stimulated and were bored, therefore, engagement with DDs seemed like a plausible way to mitigate this type of stress in the employees.

5.3. DEFINING A SUCCESSFUL PROMOTION

The results suggested that for the businesses partaking in this study the promotions were not always profitable (refer to section 5.4 for further details) and that perception of the success of the DDs was dependent upon the individual goals the organisation set out to achieve. Even though the initial offers may not have been financially profitable most of the deals were perceived by the managers as successful if they fulfilled the anticipated goals of the promotion. Consequently DD success can be defined in the following six ways, where the promotion achieved:
• Generation of immediate cash flow, i.e.:
  o the DD contribution to fixed costs;
  o achieving profit on promotion in itself, the total profits incurred outweighing the cost incurred;
  o the promotions achieving desired levels of upsells.

• Increase in customer numbers in low or off-season, i.e. the effectiveness of the DD in bringing in the desired volume of customers.

• Increase in profile, i.e. achieving positive WoM and online exposure.

• Creation of deferred cash flow, i.e. achieving long term benefits relating to the creation of new customer base with the help of increased WoM.

• Repeat business, i.e. generating repeat custom.

• Engaged and motivated staff, i.e. motivated, skilled and engaged staff, high retention rates.

This finding is in direct contrast with Minor’s (2012) findings where the hoteliers deemed the promotion unsuccessful if it was financially unprofitable. This may be due to the hoteliers initially not being aware of the full potential of the websites; as the DD websites matured and became more established distribution channels all benefits of the promotions become apparent for the hotels. At the same time the results suggested that the perception of success may differ when considering multiple and long term involvement with the websites. Featuring multiple offers on multiple websites was a way ‘to see which ones work best’ (Manager 4H11) with relation to the achievement of specific goals.
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It was also clear that with more frequent usage of the deals more emphasis was put upon profit. The managers acknowledged that whilst original offers were successful without clear profit, subsequent offers needed to be both successful and profitable:

‘I would say the deals were successful. I wouldn’t say they were unsuccessful. I think even if you think about it as a PR exercise it’s successful, it pays for itself. I don’t think they were unsuccessful. Whether I would want to go on doing them in that way, I certainly wouldn’t want to just do kind of ... I wouldn’t want to use it as a PR exercise anymore cause it’s not that successful, but for the time where we were it worked for us, if that makes sense.’

Manager 4H11

This confirms the managers’ disassociation of profitability of the deal with its success, were used as one-off the DD offer did not have to be profitable as long as a set of desired objectives was met; used long-term, both profit and success had to occur in order for the managers to consider DD as a viable and sustainable distribution channel.

5.4 Profitability

The extensive evidence analysed in the literature review (section 2.3.4) was inconclusive with regards to the profitability of DDs and identified discount, commission paid, upselling and cannibalisation as factors affecting the profitability of the deals. Whilst commission and upselling were also identified as influencing the profitability of the promotion in this study, discount did not emerge as a strong theme and cannibalisation of customer base was reported not to have taken place.

Since profit making is one of the basic goals of running a commercial business it was not surprising that profit related issues were the most predominantly discussed and highlighted by the managers. With regards to factors influencing profitability
all of the stakeholders recognised upselling as a critical issue. The cost of the deal emerged as another factor affecting the profitability of the promotions, however since the cost structure of the promotions was an internal matter of the hotels, not all of the stakeholder groups had a uniform understanding of the influence of commission, VAT, fixed and variables costs upon profitability. Additionally building a new, loyal customer base was considered to be one of the factors influencing the perceptions of profitability of the offer by generating a deferred profit from future sales.

5.4.1 Perceptions of Profit Generated with Daily Deals

Berezina et al. (2016) noted that DDs tend to be very labour intensive, whilst generating little or no profit. Similar experiences were noted by the managers, who commented that initial promotions had proved to be disruptive because of their popularity, this, coupled with inexperience in putting deals together and running a promotion, had led to the hotels being busy for little or no immediate profit. Manager 4H11 described his experience:

‘We spent a lot of time running around, chasing our tail, trying to keep up with the demand, the custom that we had rather than focusing kind of on good... good business where ... it would be lovely to be full every night. But we don’t need to be to make good money. And what happened it was we were full every night and we were not making any money. Particularly cause of it being so heavily discounted. Busy fools, that’s what I am looking for.’

Manager 4H11

The employees recognised that profit was not always present during the promotions:

‘I would imagine it was to try and make some money, although I don’t believe there’s a lot of money made in it, but it’s just to fill the hotel.’

Employee H4HKF1
The staff also confirmed the experience of the managers of feeling like ‘busy fools’, with the levels of businesses not matching the levels of profits:

‘The first time it happened it was just crazy but it was a learning curve. So then the next time, I think we offered, like a £90 spa treatment per person for dinner, bed and breakfast for £199, which is ridiculously low. We barely made any money on it. But at that time we just wanted to get people through and we got people through the door.’

Employee H4FOF4

Interestingly however the perceptions of profitability were less clear with the customer stakeholder. Some of the customers believed that profit was achieved due to common sense approach; a belief that a business would not put a promotion on that they could not make money on:

‘I’m guessing they must do otherwise they wouldn’t do it. I can’t imagine it would be purely an awareness exercise without making some profit on it. Whether or not they are making a huge profit on it I wouldn’t know. As that [offer] one hasn’t come up again. I don’t know whether they felt it didn’t sell enough or just literally didn’t make enough out of it when people did stay. It was a very, very good deal. I have worked a little bit in hospitality, put market prices on things, so I would imagine it wouldn’t be that difficult to make a little bit of a profit on it.’

Customer WHF1

Additionally there was a recognition of perishable nature of the hospitality service and of profits foregone should a sale not be made. Therefore the perception was that even if the room was sold for a marginal profit it was a profit nonetheless:

‘They probably did make profit because the room would just sat there empty anyway if we haven’t have gone. So, really, it was just the meal that they gave us, which the cost of that voucher was more than that. So, I’m sure they would’ve made a profit in there.’

Customer EHF3
On the other hand some of the customers did voice their doubts regarding the overall profitability of the deals:

‘I would say that if the kind of margins that we were looking at would be realised by hotels, I’m not sure they would be making a lot of money.’

Customer EHF5

Therefore profitability of the business can be viewed as an important factor for only two of the stakeholders: the employers and the employees as it directly links to their overall livelihood.

5.4.2 Upselling as Means to Generate Profitability

As shown in table 2.2 DDs have the potential to generate gross profit, but equally may only achieve break even or make a loss for the company. The literature review demonstrated that in spite of doubts whether a clear profit was achievable with the promotions alone, the profit could be achieved or boosted if the merchants upsold other products and services (Dholakia, 2011b; Mullaney 2011; Kumar & Rajan, 2012; Minor, 2012). Therefore making sales beyond the value of the voucher is important to the achievement of overall profitability (Piccoli & Dev, 2012). The importance of upselling was confirmed by all of the managers, who underlined the importance of the auxiliary spend.

‘Obviously just selling an upgrade for another £ 25 makes quite a big difference for profitability of these kinds of events. Selling wine flights, selling drinks, you know can make all the difference. They are critical. You can double your revenues easily with good incremental spends and correct upselling (…) As I said it can double it, the profit. The margin is tight OK. They’re small amounts, but adding an upgraded rooms or a bottle of wine, that will quadruple, at least 500 % more profit out of it. Still never large amounts, but more profitable certainly.’

Manager 4H8
The employees recognised that the upsells were vital to profitability of the promotions:

‘Exceptionally important, exceptionally important. They are the ones that give you that profit at the end of the day, yes.’

Employee PRFOF6

It was recognised that from a restaurant service perspective providing upsells did not cost much but provided a vital contribution to the overall profitability:

‘Massively, because, you know, the upsells normally don’t cost the hotel much, but it’s sort of, you know, adding on a couple of things here and if you do that every day during the year it makes a massive difference, the small bits make the difference.’

Employee H4RSM1

It was clear that not all food and beverage upsells were made in the restaurant. It was identified that the front office had also a key role in generating the extra sale at the time of booking:

‘So, it’s really important that the front desk are offering absolutely everything they can, whether it’s upgrade for a wine flight with their tasting menu to the room to a bottle of champagne in their room if it’s a special occasion. It’s quite important to find out as much information on the phone as you can, which can be tricky, because some people just want to book it, have it done and dusted, whereas other people are quite happy for you to kind of chat in-between the booking and taking the details and with the system going slow or anything, it’s, rather than having that dead space, a little bit of chat in-between can get a lot of information out, which you can then work on to kind of improve the sales for the hotel.’

Employee H4FOF1

Whilst the customers were not always confident whether the hotels make profit on DDs featured, there was a clear indication and understanding that it was the upsells that did:
‘Well it depends if the customers that visit them actually spend any additional money whilst they’re there. So they spend some additional money on food, dinner and breakfast whilst they are there. Then I guess they make some money. On the offer alone I think they break even.’

Customer WHM4

These results were considered interesting for three reasons. First, they confirmed the literature findings that upselling was an important part of ensuring DD promotions were profitable. Second, they highlighted that there was a clear understanding between all of the stakeholders of the fact that generating extra sales though upselling was important for the businesses; this understanding is likely to carry behavioural and attitudinal consequences for all of the stakeholders. Third, the focus on the extra sales and the perceptions of their importance may be interpreted as validation of the perceptions of the promotions themselves as unprofitable; any significant cash profit was likely to be achieved only with the use of upselling.

5.4.2.1 DEAL MANAGEMENT AS A WAY TO GUARANTEE UPS SELLS

With the above in mind the offers, in relation to what was included and excluded, were put together to allow for the extra spend to be generated.

‘Well, we wouldn’t put out a deal that we didn’t make money on just on the deal alone, but it’s a bit part of it. It’s [upsells] certainly something we consider when we put deals together.’

Manager PR6

Examples of these were: the inclusion of a standard room with the intention of trying to upsell upgraded room at an extra charge; letting a weekend date at an extra charge to the agreed offer; inclusion of food offering but not beverage; providing an allowance of set amount of towards the meal, where the allowance
would cover a two but not a three course meal; and putting supplementary charges onto higher cost food items.

‘I mean, that’s [extra spend] the key, which is why we didn’t ever include any beverage with the deal and I think only included dinner on one night to try and get other... to get spend on the second night.’

Manager 4H2

This approach differs very much from some of the early offers featured by Manager 4H10, Manager 4H8 and Manager 4H11, who included a number of items, such as spa treatments, afternoon tea and alcoholic beverages on top of the offer of dinner, bed and breakfast. As previously noted initial promotions for the hotels were concerned with gaining advertising benefits over time; with regular use of the promotions profit making was becoming a more important benefit. Therefore, the management of the inclusions became an important factor.

‘Now we probably keep it [the inclusions] much more to a basic minimum. And then you push for upsells. Our current one is 2 nights bed and breakfast. Our current most successful one is 2 nights bed and breakfast with a bottle of Prosecco (...) We put more thought into beforehand whereas beforehand... Such as when they suggested that we put a bottle of Prosecco, or give a bottle of Prosecco - we’ll wrap it! Because we want them to spend when they’re here not to drink in their room.’

Manager 4H10

The importance of inclusion management with upsells in mind was highlighted by a comment made by Customer WHF1, who enjoyed an all-inclusive deal, therefore reflected that there was no need for them to spend almost any money at the hotel:

‘Yeah, alcohol probably. So we had our seven course tasting menu which had wine anyway and then we went to the bar after and had a couple of drinks after and that was about it though. We didn’t really spend anything else. (...) Yes it was a lot. We didn’t do the afternoon tea but they were happy for us to take it away with us. There was a lot in the deal there so we didn’t need to spend anything extra.’

Customer WHF1
This was further confirmed by the employees (e.g. Employee H4FOF4) who noted the importance of not including alcohol in the deal as it inhibited the potential to generate the extra sale.

From a food and beverage perspective the most successful upgrades were if basic items already included in the voucher:

‘... the tasting menu was included in the price of what they pay on the website, but as part of an up-sale with the tasting menu, we have an additional wine flight that would go with that, I think at a cost of about £ 50, and if both people have only got £ 100, if you get a couple of tables who have got a couple of people on it a night to do that, you’ve got, you know, an extra £ 200 pounds (...) You know, if they arrived early in the day and there was a cream tea that was added to the arrival, we could maybe up-sell that into a full afternoon tea or something like that. It’s normally upgrading what was already on the deal’

Employee H4RSM1

Some of the employees reflected that they felt it was the inclusions that often swayed the customers to buy particular deals:

‘Yes, I think the offers that we did that had, perceived more value for money, went a lot better than just, like when we had some that had afternoon tea included in it, whereas some of them were just B&B, so the afternoon tea ones seemed to go far better, because it looked like there was more value for money with what we were offering.’

Employee PRFOF6

Whilst from the front office perspective capitalising on upsell opportunities at the pre-arrival stage as well as during the hotel stay was crucial, however upselling at the pre-arrival stage was considered to be more difficult, due to different expectations of customers with regards to the pace of booking.

The inclusions were not the only tactic that the managers were implementing to ensure upsells happened. As noted by Piccoli and Dev (2012) different websites provided customers with varying willingness to spend beyond the face value of
the vouchers. Similar patterns had been noted by the managers. Once the initial knowledge regarding which DD channels made the best ‘fit’ to individual hotel had been gained, the managers made a conscious decision as to which of these channels was likely to provide customers who would be spending beyond the value of the voucher. Some channels were later abandoned as they enticed people who did not want to spend extra:

‘Some of the other daily deal sites the reasons we dropped them was because the add-ons, the upsells were not really there. The market they were attracting there wasn’t much more than the rate less the huge commission.’

Manager 4H11

Manager 4H10 and 4H8 found that Groupon did not work for them in terms of extra spend per head, but Travelzoo and Secret Escapes did:

‘... the actual spend per person went down. Cause when they’re here you try and get them to spend money whist they’re here. And we have found that the Groupon guest type if you will don’t spend as much per head.’

Manager 4H10

However Manager 4H7 found Travelzoo customers did not spend:

‘I this time went with Travelzoo I was reluctant to use them before, and I will be very reluctant to use them again. (…) They very infrequently overspend. You know, they are to the dot to their allocation.’

Manager 4H7

Therefore the results suggested, similar to findings by Piccoli and Dev (2012), that different DD websites tap into different market segments with customers of varying socio-economic backgrounds, who would not only have different spending power but also have different understanding of what constitutes good quality service (Marinkovic et al., 2013). Therefore from a profitability and service quality
point of view alignment with the right website was a strategically critical decision. Please refer to Chapter Seven for further discussion of the expected service quality.

5.4.2.2 Implementation of Upselling Strategies

Surprisingly even though the merchants understood the financial implications of the spend beyond the value of the voucher and were putting together offers that would usually allow for easy upselling, and choosing discount channels that provided a clientele often inclined to spend beyond the value of the voucher, they did not implement any special upsell strategies. Manager 4H10 was the only participant who confirmed having such a strategy in place:

‘A fixed table d’hote menu if you like the old fashioned term, market menu what have we called it dinner menu, daily menu. It changes the name now and again but essentially it’s a set menu. Special price on monthly bottle of wine. Targeting works quite well, so targeting email. So about a week before they are due to arrive we send them an email asking them if they want to include dinner, upgrade their room, include champagne and chocolates is a popular one, celebration cakes. People generally go away to birthday or anniversary or something like that. That’s what we also find out is the people book those deals for special occasions. So if you can tempt them to pre-book a cake we can organise a cake for them. It’s little things we try to build on.’

Manager 4H10

Manager 4H8 limited their approach to offering bedroom upgrades at the point of booking:

‘On our last deal we are now very deliberately, when somebody rings up to book, we tell them we do not have any standard rooms available but we can sell them an executive double room at extra £25, initially. So regardless of what we have or haven’t got available. So we are managing it more cleverly I think.’

Manager 4H8
Managers 4H2, PR6 and PR4 did not consider implementing any upselling strategies at all. Managers 4H7, 4H11 and 4H6 admitted that even though upsells can double the profits of the DDs their establishments do not push for them. For those merchants, who considered themselves as higher-end four star hotels, subtle upsells without compromising of guests’ quality of stay and relaxation were of utmost importance:

‘I think these kind of hotels are not good at doing that sort of an upsell, we are doing the subtle upsell. We are not good at force selling like some of the commercial groups. That’s not what endears our guests to our service. If you look at our guest comment book at our front desk ... people are much more respectful about the fact that we don’t do the flash hard sale in the face.’

Manager 4H7

As noted by Sigala (2013) the hotels risk deterring customers from spending should they employ too aggressive selling techniques. This may explain the unwillingness of some of the merchants, especially the high-end ones, to entice their staff to push on for extra sells. Some of their employees (e.g. Employee PRFOF2) displayed an understating of this practice and confirmed it was true, that there was no extra push for sales. For others, particularly higher-end, the effort to generate extra sales was carefully woven in with the service, creating the impression of a seamless and caring service to the customer rather than an aggressive selling effort:

‘We have, like, a newsletter that we send out in the mornings, so when they come down for breakfast, obviously they’ve got, like... it’s got, like, the weather on there, the temperature, things to do in the day, so now and again, like, say, if the spa was quiet, we’d put, like, a spa offer on the morning newsletter, so it could be anything, really. It could be a discount on the manucures, pedicures, half-price massage, something like that ...’

Employee H4FOF3
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This included visual clues to customers so the possibilities of the extras to purchase would not necessarily have to be communicated verbally to the customers, eliminating the risk of being perceived as ‘pushy’:

‘Yes, we try to get people to have brandies or something after with their coffee; liqueurs, dessert wines. You know, we put them on show as well to try and promote them. (...) We’ve also tried wine flights with the... (...) Well, in the restaurant we have, like, an ice bucket and then we have them on show so people can see them when they come in. (...) Yes, we’ve also put it in the dessert menu so people can see what we recommend goes with which dessert (...) The visual side of the thing, like, I don’t know if you noticed, we’ve got a trolley of whiskeys, and it just tempts people.’

Employee H4RSM4

As previously discussed in section 2.5.3.2 this strategy is likely to be effective if the hotel stay had been chosen by customers for hedonistic reasons, where the customers are likely to engage in purchasing behaviour that leads to pleasurable gratification. If the hotel was chosen on the basis of convenience the upsell opportunities were more difficult to capitalise upon.

‘So our destinations tend to be London or Birmingham and you can go see a show. So, you’ll probably eat in Birmingham and not eat in a hotel unless it’s part of the deal.’

Customer EHM3

Furthermore it was recognised that the balance between the need for extra sales and provision of good unobtrusive service was sometimes hard to achieve:

‘Yes, definitely. I guess once they’ve checked in and everything, it’s then down to the restaurant team, if they’ve not already had the wines, like, added or they’re just sticking with the standard bottle of wine, it’s up to them to maybe try again, but at the same time, you don’t want to pester people, so if they’ve already been asked that on the phone at booking, on check-in, third time when they’re in the restaurant might be a little bit too much, an overkill. But if it’s not done at time of booking, at the time of check-in, and it’s not done in the restaurant then it’s completely missed, so it’s trying to work out when is best to do it and then you need to do it all the time.’

Employee H4FOF1
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The literature suggested a pivotal role for the food service staff for the profitability and success of a DD for the employers (Dholakia, 2010; Sigala, 2013; Ong, 2014). The results of this study confirm that it was often the restaurant staff who were important due to their upselling opportunities. However, the managers often viewed these opportunities as a regular part of service delivery and thought that the department that had most influence over the overall customer satisfaction was the front office:

‘Yes actually. The main area would be the reception team. (...) From the kind of reception and booking point of view is how to make the most out of it. So there is a certain level of upsell but also trying to develop that future business. And hold on to the customers.’

Manager 4H11

Interestingly none of the customer reported feeling pushed or untactfully swayed towards an extra purchase, but there was a recognition that:

‘No, I think a certain amount of (...) upselling does go on. That you’ll be shown the Groupon menu and then asked if you would actually like to upgrade to another one. But I’d say that happens maybe two times in every turn. 80% of the time you know, it’s flat, prescriptive and that this is what you’re going to get. So, I stayed at the ((Hotel Name)) north of Newport but often had stuff on Groupon and that was very formulated. This is what you can choose. Three things you can choose from, I think the only upselling was the wine with the meal or ‘Would you like to do something tomorrow?’ like pigeon shoot or something like.’

Customer EHM3

There was a general consensus that the sale of extra items and services was integrated into the service environment quite seamlessly:

‘No, not at all. No more than if you’ve gone as a normal paying guest. They’d say things like ‘The bar is over there, to this time it’s open’. So, they explain the facilities. But I never feel like it’s been marketed heavily or pushed on us.’

Customer EHF6
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An interesting strategy discussed by both the employees and the customer stakeholders was the offering of a discounted product or service:

‘I wouldn’t say we really pushed it. We’ve done a few that include a £20 spa voucher. So then those people would then eventually have to have a spa treatment to get £20 off (...) And say someone wants a spa treatment and they’re thinking, oh, I’ll have the one for £42. When you give them the £20 spa voucher, they may think, oh well, I’ll have two or I’ll have that one for £80 because you think you’re getting the better value for money.’

Employee H4FOF4

The customers were willing to pay small extra amount of money to make their stay a special event. Customer EHM3 said ‘Well, you’re going away, aren’t you? So, what’s an extra £5, £10 a head.’

The above evidence was considered particularly interesting with regard to the price sensitive nature of the customer brought in by the DDs, who once the deal is redeemed is often prepared to make that extra purchase under three often intertwined conditions. First, if the extra item was offered to begin with, but in an unobtrusive manner. Second, if they had a need to purchase as the deal excluded certain items, i.e. the purchase was necessary to achieve a pleasurable fulfilment. Third, if the extra item offered was discounted or perceived to present a good value. The literature review suggested that DD customers tend to be highly price focused and consider themselves as smart shoppers, where getting the best possible price reinforced the feelings of happiness and pride. The above results suggest that the smart shopper behaviour was not only evident in the way that the customers purchase the offers but also to the way they purchase extra items not included in the voucher.
5.4.3 The Real Cost of the Deal

As discussed in Chapter Two involvement with DDs sites comes with a high price, often making the merchants operate on a low or non-profit basis. From a cost perspective the results of this study confirmed the findings of literature review that the profitability of the offers was influenced by degree of discount and amount of commission paid, and it was the commission rates that were mostly focused upon. However the results of this study went beyond this and uncovered previously relatively undiscovered hidden costs associated with running of the promotions. These included VAT implications and the impact of increased volume of customers upon the fixed and variable costs of running a business. Whilst all of the stakeholders were aware of the possible commission implications upon profitability, these other cost issues and their impacts upon profitability were commented upon to a much lesser extent, suggesting a limited understanding in relation to those costs, where only the managers understood the true extent of all costs associated with DD promotions.

5.4.3.1 Commission

All of the managers agreed with Boon et al. (2012) that the combination of steep discounting and high commission rates put their organisations under a financial strain. Manager 4H10 felt that the approach of some of the websites could be ignorant and predatory and the manager found it hard to hide their feelings of frustration:

‘I don’t understand it really there is no concept of (...) no concept from their [DD sites] point of view of the fact that you actually have to make a little bit of money. They just want their cut in the volume, theirs is purely the volume, they want the volume. (...) I mean when it first started, I think when Groupon came to the hotels as a whole they’ve asked for 50 [percent commission] and everybody went ‘forget it’. And what would you like us to run the hotel with? I don’t think they had any idea of the overheads of the hotels at all.’

Manager 4H10
The price focus of the websites was noticed by Manager PR4, who also felt pressured to lower the price and to include extra items in the offer:

‘Sometimes they look for too cheap of a deal. They want to cut you down too much. And also commission charges. For argument sake if you sign a deal for... this particular deal we did was for £ 99 for two nights, first time I think they took 28 % (...) Our average price would be £ 70 per night and for two night it would be £ 140. Now they want to do a deal for £ 99 and include a meal with a bottle of wine ... and I understand why they want to do that but I think they do tend to apply a bit of pressure, ‘you need to do this to get people to buy’, you don’t. In my experience you don’t need to do that if you put a deal on people will buy it as long as it’s a reasonable price and reasonable offer. But they tend to push that little bit harder to get that little bit extra. And then of course taking to the account the commission as well, which is a ... but I’ve learnt from that and negotiate. And I think it was last time 23 %’.

Manager PR4

As Chapter Two identified discounting is a common practice to sell a highly perishable room stock; equally commission payments to third party channels also are a typical way of conducting business for hotels (Mullaney, 2011; Toh et al., 2011a; Croes & Semrad, 2012). However, none of the channels in the past operated on the basis combining the two factors together. Therefore whilst the merchants understood the need to discount in order to simulate the demand, the rates of commissions were their primary concern when considering DDs and factors affecting profitability of them. The merchants were aware that the DD websites were for-profit organisations and that their main source of revenue was commissions charged. However, this for-profit focus led to questioning the fairness of the websites to the merchants. As it was in the websites’ interest to sell as many vouchers as possible at the highest possible commission they were unlikely to consider the merchants’ ability to generate profit (Boon et al., 2012; Wang & Pham, 2014; point 2.3.3.1). However, as the merchants noted it was relatively easy to switch discount channels should another offer better terms and rates of commission. Therefore, the approach of the websites in insisting on high
commission and high discount was viewed as short-sighted. As Arabshahi (2010) discussed retaining quality merchants as providers of good and services on their websites helps in establishing the brand and quality of the websites leading to higher customer acquisition for them. Thus, it was considered a surprising tactic on behalf of the websites to be willing to lose higher quality merchants’ repeat custom over unwillingness to compromise on commission rates.

‘I think that Travelzoo very carefully for example protect their commission rates so they don’t discount their commission rates widely. And if they were to consider giving away a bit of margin on the commission, then I think we would consider reducing the price more, which I think overall would increase the volume of business. So I suppose if, you know, we could persuade them to do that that would be fine. But I understand that their business model does not allow them to do that, fair enough.’

Manager 4H8

This comment suggests that the negotiation of commission rates depended on the business policy of the discount channel as well as the individual circumstances of the merchants. Manager 4H2 noted that during one of his offers he was able to negotiate substantially lower commission rates only because the DD website was the one initiating the cooperation. The managers who had initially relied heavily on the custom provided by DD websites and used their deal packages soon learnt that they are now able to barter and negotiate with discount sites for better rates of commission and terms on the offers featured.

There was clear indication that the employees understand the implications of commission with regards to the profitability of the offer, with front office employees also highlighting the expense of the commission:

‘Yes, yes, because their commission and everything is quite high, so that takes a bite out of the takings, so you’re left not making as much as maybe you thought you were making. I mean, yes, it’s a lovely, it’s a way to get people in through the door and you hope that they come back and everything else, but if they don’t come back...’

Employee PRFOF6
Whilst the customers were aware of the fact that the websites charge a commission they were always unaware of the rates and possible implication of it upon profitability:

‘I think for a hotel, if they’re on this particular website and people just see a deal and think “Oh, well that’s a good deal. I might give that a go” and that would definitely, well obviously enhance their sales or…. I don’t know what the commission is like (…).’

Customer EHF2

5.4.3.2 VAT, VOLUME, FIXED AND VARIABLE COSTS

Manager 4H10 reflected that commission was the cost that everyone was focused on, but there were a number of other hidden costs, such as VAT, often omitted by other hoteliers:

‘But if you take the 20 % of VAT off of it, and I think this is what most people do forget about. So you take back the VAT, then you are paying the commission on the full price before the VAT. So it’s like the double whammy. And you’ve knocked the price down. (…) But then you are taking cost of all that deal. And I think at one point we were at about £ 6 per sale profitable, we now won’t do it unless it is at least £ 20. Because you can’t do it.’

Manager 4H10

Manager PR6 also noted that VAT charges made an impact upon final amount money received by the merchant. His comment suggested that the VAT implications on the commission were not clearly explained to him at the time of negotiation with the website:

‘It [the commission] ranges anywhere between 18 and sort of 25 % but then they charge VAT on top of that as well, so it’s a bit sneaky.’

Manager PR6

Whilst the commission had been noted by the employees and customers alike, the VAT implications had not been discussed at all by them, suggesting that tax
implications had never been considered by these two stakeholders, as neither of them had the need for nor intimate knowledge of the hotels’ finances. Therefore the tax implications of the deals were seen as a hidden cost as some of the managers did not release the implications, nor all of the stakeholders had a uniform level of understanding of the tax issues.

Fixed and variable costs were also highlighted on numerous occasions by the managers when considering the profitability of the deals. DDs carry a potential to generate gross profit, however gross profit may not always be enough to cover all of the auxiliary costs brought on by the promotion:

‘Obviously I mean with Groupon you can’t look to make money off them, you can’t. You pretty much just about cover your cost. Probably a little bit less by the time we’ve ... cause we were still busy I’ve had extra staff in here and there.’

Manager 4H6

Manager 4H10 reflected that during their initial promotion the management was under the impression that fixed and variable costs were covered, however due to the popularity of the deal and high percentage of occupancy this was not the case. Since the hotel experienced higher traffic than typical for that time of year they found that an increase in staff was necessary, therefore, the negotiated payment was not sufficient to cover those increased costs. Manager PR6 also commented on the struggle to manage the staff cost during the promotions:

‘I don’t think they’re [DD sites] the answer to the industry problems but obviously it’s a big sort of boost at any particular time when you can get 80/90% occupancy all of a sudden. It does help. But obviously there’s not much margin there. And then you’ve got... you’re quite busy, so then you need additional staff and so you’re not necessarily making that money just because you’re a lot more busy.’

Manager PR6
Manager 4H10 and Manager PR6 experienced increased cost of reception staff. Manager 4H2 reflected upon the relation of overall cost, inclusive of staff cost, to profit:

‘You know if I’ve got... wage costs going up and up, pensions is about to all kick in and things like that and if I’ve got to put on extra staff for somebody that’s generating me no income, it’s almost not worth it.’

Manager 4H2

However as indicated in the earlier part of this chapter there are a number of motivators behind featuring a DD offer, with success of them often being evaluated in more terms than profit alone. Therefore, for the merchants who set out to increase the engagement and retain the employment of staff, the cost of the deal in the above sense would remain a secondary matter.

Increased staff costs during a DD promotion has been previously noted by O’Grady et al. (2014, p. 4), however they suggested that those costs were caused by the staff needing to ‘answer enquiries related to the deals and advise customers how to redeem the deal, especially those who have limited computer skills or are new DD users’. They further suggested that these costs could be avoided if the deals were scheduled throughout the quiet period for the establishments. Contradicting this, the results of this study show the promotions were usually set for the quiet period of the year, yet the permanent staff employed were not enough to deal with the volumes of customer provided via DD websites, therefore, there was a need to increase casual staff to cope with the demand in both reception and restaurant departments.

Other costs discussed were connected to the upkeep of the building. Both Manager 4H8 and Manager 4H2 noted the expense of running of the building.
Interestingly though whereas Manager 4H8 welcomed the contribution of DD revenue toward covering of the overheads in the winter, Manager 4H2 displayed an opposing view:

‘I’ve got big grounds, I’ve got a big old building, they’re expensive to look after, I cannot afford to... I think those sort of things just about break-even, if you’re lucky. You know, whereas you’re making... after you’ve taken off the cost of breakfast and... which is, you know, you can work that out, to be left with £ 15, £ 20 is not really...’

Manager 4H2

This contradiction may be explained by the overall financial performance of the hotels and initial reasons for partaking in the DD promotions. Hotel 4H2 enjoyed a more stable financial situation, whereas for hotel 4H8 the DD was more of a desperate measure to gain business. Therefore the cost-benefit outlook of the two properties had been different.

The physical environment of the hotel was also noted by Manager 4H10 who reflected on the unforeseen impact of the influx of customers on the fabric of the building:

‘The effect on the furniture, furnishings is quite high compared to what you get back. So you can’t put as much money into refurbishment straight way. [...] [the lower percentage of profit] means that things like refurbishments don’t happen as often as they should. Which then you are back to your chicken and egg as you are starting getting negative comments about your X, Y and Z.’

Manager 4H10

This would seemed to suggest that the more successful the promotion was in terms of volume, the more derogative effect it had on refurbishment related variable costs. Interestingly only Manager 4H10 noticed the effect the sudden influx of the customers had on the built environment of the hotel and reflected on the struggle
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to maintain the fabric of the building on a reduced profit. This derogative effect and the subsequent cost did not seem to have been considered by the other merchants in spite of the fact that a renovation programme is a vital component of the maintenance and management of the tangible product of a hotel (Hassanien & Losekoot, 2002).

Whilst some of the employers noticed the correlation of an increase in volume with heightened costs, the employees considered volume of customers as one of the factors guaranteeing the profitability of the offer:

‘I think purely the volume of it [makes it profitable], because from what I understand, there’s not necessarily a massive profit margin in it compared to if you’re paying a regular rate, but if you have that volume, everyone’s coming through, it sort of makes up for it.’

Employee H4RSM1

On the other hand the customers believed that, due to the perishable nature of hospitality product, during the low season the merchants may be more inclined to run their businesses via focusing on higher occupancy and compromising on rates due to the need to cover basic fixed costs:

‘Purely volume. And I think, to some extent, fear that the rooms will be empty if we don’t try and sell them for some type of cost. So, you know, if you have 50% occupancy and 10 staff and you get 100% occupancy and 10 staff, it’s very “yesable” to a hotelier I guess.’

Customer EHM3

Therefore, very much like in a traditional sense of revenue management within hotels, the managers faced a decision whether to drive business on the basis of higher rate or higher occupancy (Enz et al., 2004; Berezina & Semrad, 2015). However within DD promotion additional factors needed to be taken into account such as high discount, commission and associated costs, making the
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decision making process more complex. As would be expected full understanding of the cost implications of the promotion came from knowledge of margins, information which businesses considered sensitive, and therefore only the managers were fully aware of these issues.

5.4.4 Repeat Business

The last factor affecting the perceptions of profitability for merchants and some of the employees was a commission-less, but not necessarily full price, future purchase. There was a strong indication that this factor was one of the most important ones when considered from profitability perspective for the merchants:

‘For us it’s massive. It’s probably the most important thing to try and encourage that customer to come back to us WITHOUT the commission. As soon as you do that you’re making a proper ... you’re making a much better profit just that customer coming back to you as you are not giving away to third party. You are not giving commission to a third party.’

Manager 4H11

Employee H4FOF5 noted that:

‘it’s the returning customers that make it profitable, because the deals they get for everything for next to nothing, really, but when they come back, I think that’s when we can start making a profit from them.’

Employee H4FOF5

This point was especially important as the long term effectiveness of the DD promotion can be measured in the ability to convert DD customers to full price regular customers (Sigala, 2013). This study had identified that not only perceptions of the effectiveness but also perceptions of deferred profitability are affected by the percentage of customers who eventually become loyal to the hotels. This was an interesting finding since to date the literature has recognised customer acquisition as a motivator and building repeat customer base as a strategy; not a
factor influencing long term profitability perceptions. Unfortunately for the managers the customers did not recognise that their return would have an impact upon the perceptions of long term profitability of the hotel promotions. This finding highlights the complex nature of the profitability issues that contribute towards an understanding of how profits should be measured in DD promotions.

5.5 Creation of Employment

As previously discussed in section 2.5.2 traditionally employment within the hospitality industry in the UK tends to be much lower within the winter, low season of the year. Since involvement with DD sites provided an increased volume of customers during the normally quiet period it was not surprising that the DDs had an effect upon employment patterns, creating almost a continuous demand for labour throughout the year. Consequently work offered on casual basis increased with more steady hours being offered to a pool of regular casual workers. As discussed in section 2.5.2.1 many hotels and restaurants have pools of casual staff.

‘We didn’t take on more staff to sort of be able to run these deals. It’s just some of the staff that don’t get a lot of hours would have got more hours than usual, but we certainly didn’t sort of employ extra staff.’

Manager PR6

This was confirmed by the employees who had seen that no extra full time staff were taken on, although casual staff were recruited:

‘We employed four, no five new people, we employed two more in housekeeping that now cover breakfast as well, and then employed two more waitressing staff. (...) Yes, just casual.’

Employee H4FOF5
DD involvement opened opportunities for some employers to restructure and address skills shortages within their workforce typically created by losing valuable people due to not being able to offer hours during the low-season.

‘So you’ve got a much more consistent team of people. It reduces turnover because you’ve got work available for everybody all the way through the year. And reducing turnover is good for costs and also good for peoples’ development.’

Manager 4H8

Considering that the DDs created a working environment that minimised the impact of low to high season in terms of occupancy, making the establishments busy throughout the year, it was considered surprising that none of the employers created any full time positions, but continued to rely upon casual labour. As noted in Chapter Two relying on a casual workforce has negative service quality outcomes as the workers may not feel engaged within the company and therefore less committed to delivering customer satisfaction. Furthermore since the managers noted a positive correlation between skills retention and DDs a more permanent basis employment would have safeguarded the establishments against the losses of the skills. However, as previously highlighted in section 2.5.2.1 some of the staff may choose to work on part time basis. Equally, as noted by Manager 4H2 full time employment brings in extra costs to the businesses, e.g. pension, therefore whilst the DD bring in volume of customers to the businesses it is not guaranteed this will remain so for the future.

5.6 Chapter Summary

There was recognition of the benefits that the involvement with DDs can bring and that these benefits were mostly identified from a motivation perspective. Marketing, capacity management during low season inclusive of atmosphere creation, and building of a loyal customer base were all identified and confirmed
the extant studies discussed in the literature. This review chapter showed that the location of the hotels emerged as an underlying cause for many of the problems leading up to the decision to participate in DDs, as the merchants either struggled to attract people to their remote locations or suffered with a very low or non-existent passer by trade in the low season.

Without doubt, the involvement with the DDs was directed in strong part by desperation on the part of the merchants, a fact noted by all of the stakeholders. This gave the websites an advantage over the merchants, as they were able to guarantee sales for struggling merchants. However, as commission rates were high, the websites were preventing some of the merchants from achieving profit on the deal alone.

The staff and their employment emerged as a unique, previously unrecognised motivator behind the decision to engage with a DD offering. What still remains unclear is the underlying cause for the management’s concern with their staff and continuous provision of their employment. In other words whether the concerns of the employers were rooted in genuine care for the well-being and welfare of their employees; or whether they considered their employees as a valuable, skilled, fixed cost resource upon their company, which had to be covered in spite of financial difficulties experienced the low season.

The results indicated that DD success can be defined in a number of ways relating to initial motivators behind the decision to participate in the promotion. Furthermore, profit generation was not always synonymous with a success of promotion, however the importance of profit rose with frequent and long term use of the DD promotions.
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The DDs worked tremendously well in providing an increased volume of customers; a fact that produced paradoxical implications. Whilst the increased sales were welcomed from the perspective of contributing towards the fixed costs of running the business, they also evoked feelings of frustration due to their low contribution towards the costs generated. Whilst the running of the DD offer was recognised as expensive the merchants had identified ways to generate additional revenue through deal management and careful upselling at the time of booking and stay. This knowledge gained though experience resulted in repeat usage of carefully selected, lower commission discount channels by all but one participating businesses.

Figure 5.1 highlights and relates the findings of this chapter with relation to the stages of DD management cycle.

Figure 5.1 Daily deal management cycle, results Chapter Five
Source: the Author
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6.1 INTRODUCTION
The previous chapter identified perceptions in relation to the motivators for and profitability of DDs for the businesses. It presented reasons for the merchants to engage with DDs and employees’ and customers’ understanding of what the business reasons may be. The chapter also explored different views of what constitutes success and profitability of the offers and uncovered perceptions of what makes the deal profitable in the eyes of each stakeholder.

The following chapter presents the expectations and experiences that the stakeholders had with regards to service quality. As discussed by Cox (2015) to date a number of studies have focused on the elements which influence successful delivery of the hotel experience for the customers, but very few have focused upon the perceptions of the experience under the influence of DD sales. This chapter therefore progresses the understanding by identifying the fundamental issues which make or break satisfaction with service received and willingness to forgive service failures in the light of discount received. The chapter identifies views upon the role of staff in provision of service quality as well as the problems of delivering quality service from operational perspective.

6.2 EXPECTATIONS OF FAIR TREATMENT
Chapter Two identified very varied reports of customer experiences of service during DD promotions and contradictory evidence with regards to occurrences of second-class treatment of customers during their stays. Zhou and Wu (2012) as well as Cox (2015) considered customers’ pre-stay expectations of service provisions and identified that some of the customers might be either worrying or expecting a sub-service due to their purchase being made via a DD website.

Provision of equal standard of service for all the guests, regardless of the price paid or source of booking, and issues rating to service quality were widely
discussed amongst all of the stakeholders participating in this study. It was agreed amongst all participants that a discounted price was not a reason to provide substandard service. Whilst the employee and manager stakeholders reflected upon difficulties in delivering equal quality of service, the customers often underlined the importance of equal treatment for the overall satisfaction with the stay and resulting positive WoM intentions.

It was underlined by all of the customers that DD websites were considered to be acting as a ‘middle man’ for the purchase stage of the offer. After the purchasing stage was completed the ownership of the deal was moved to the hotel, where there was an expectation for every customer to be treated the same, regardless of the price paid and the source of the booking:

‘No. Well, I’ve never thought about website, but... No. I think once I’ve hand it over, the voucher, even or once I’ve paid for it, finished with the website side of it, I feel like my transaction with the Groupon is done. They’ve done their part of the deal. They sold me a product and I’ve got that, and after that it’s me with the hotel. Yes.’

Customer EHF6

This finding was considered interesting in light of discussion by Krasnova et al. (2013) who indicated in most cases of online platforms, it was the platforms themselves who were responsible for delivering the service. The results of this research confirmed Hsu et al. (2014) point that within the DD context service quality and customer satisfaction issues were more complex due to a customer dealing with two companies- the DD websites acting as a purveyor of the deals and the hotel merchant delivering them.

‘I guess it is the actual hotel, because you forget, as I said to you I don’t know who I booked it through. They are just the provider. They pay them and so on. But I forget about them. And when I say Groupon, Living Social the names are getting more familiar to a lot of people. Because they are about there, there are obviously bigger companies and smaller companies out there. But no for myself it is the hotel. It is ‘oh thank you it was a lovely stay and it was half price’.’

Customer WHF4
Therefore as suggested by the findings the customers separated their perception of the DD website satisfaction from their satisfaction with the service received at the hotel. Importantly the results suggested that ultimate satisfaction could only be achieved through the service received at the hotel. This further underlined the limited role of DD websites in the creation of satisfaction with service.

Once the customers were at the hotel, they expected to be treated as any other full-paying customer. This is a surprising finding as it directly contradicted the findings by Cox (2015) who identified that some customers did expect to be treated as ‘second class citizens’ due to their purchase being made via a DD website. The expectation of quality of service can be defined as what the service provider should be delivering (Parasuraman et al., 1988; Coye, 2004; Marković et al., 2013) therefore the expectation of being treated as a regular customer was an important factor in creating the expectations prior to the visits and important feature in the creation of overall service quality perceptions. Hence from the customers’ perspective being treated like any other customer was one of the most important factors determining satisfaction:

‘Yes, yes. I think so, because part of the whole experience is how you’re made to feel as a guest and if you feel like an inconvenience and that they can’t be bothered with you then you kind of think ‘Well, why am I bringing my money here?’ And that’s irrelevant to how much I’m spending, whether I’m spending on a kind of cheap as chips deal or whether I’m spending a lot of money here. That shouldn’t be a deciding factor, because all your guests should be treated equally. So, I think it’s pretty critical in that respect.’

Customer EHF7

The customers reflected that whilst there was a certain degree of uncertainty with regards to using the websites for the first time, the expectations of being treated as a regular customer was always there:
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‘Well, first of all, it’s kind of, particularly when I haven’t used it before, you think is this kind of a kosher website? What does it actually mean? Is there going to be small print that I haven’t read and then I’ll turn up at the hotel and there will be an additional charge for something? So, it was a little bit of that and also, you know, making sure that you’ve got all of your stuff printed off and everything else, so, that you’ve got the kind of traceability there. But I didn’t necessarily think that I would be treated differently....’

Customer EHF7

The managers strongly noted that DD customers were like any other others:

‘Because we don’t offer any different service, any... you know, they don’t have to choose from a different menu or have a less of a breakfast or get... you know, it’s exactly... nobody knows, you know, who they are amongst staff that they’re on a Groupon deal or anything.’

Manager 4H2

However at the same time the Manager PR4 had the impression that ‘Groupon customers do feel sometimes that they are .... singled out’, but he acknowledged that he was encouraging his staff to treat all customers the same regardless of the source of booking.

The employees underlined the importance of them providing same service to all the guests regardless of the price paid:

‘You know, I think that you need to make sure that you treat everybody the same, whether they’re here for a promotion or whether they’ve paid full price. I think that everyone gets treated the same. Yes, I think it’s important that they... that... you know, and also that people can see that, you know? They can see that, you know, we’ve come on a deal, you know, but, you know, look she still bent over backwards to find us that wine that we were looking for or, you know. There are plenty of occasions where, you know, I might run to the hotel next door because we’ve run out of something, or, like, hang on, let me just go and check there, see if I... you know, I’m not going to treat them any different because, well, you only paid £ 50 and you paid £ 150, you know? I still, you know, treat everyone the same,’

Employee PRRSF2
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However at the same time there was some evidence of discrimination based on the price paid, although this approach could be considered as a sensible business practice:

‘In a way, I sort of think, if you’re on Travelzoo, you shouldn’t really put your best room as a ‘Do Not Move’ because then potentially your other guest that will pay full rate can’t have that suite. So stuff like that, I find difficult to judge, where to put people and what rooms to take because you do... I know you shouldn’t, but in a way, you do think, they’re on £149 and then the other person’s on £320, would they automatically get the better type of room? Even if it’s all suites, they’re all luxury suites, but then you do have certain favourites and certain ones that sell better than the others. Like we have one with a Jacuzzi bath in. I wouldn’t necessarily sell that to someone on Travelzoo because I could sell that for £320 anyway.’

Employee H4FOF4

The above was noted by some of the customers, who reflected that the bedrooms were not always what they were expecting to receive, however they also noted that this might be due to general marketing material and not the offer they were on:

‘I think the room that we were in maybe wasn’t as nice as if we’ve paid full price. I mean, the room, it was fine, but it wasn’t quite like it looked on the website. But then I don’t know if they’ve put just the premium rooms on the website, but with the impression when you book that you are going to get a really nice room or the room was really standard. But then I don’t know if it would be any better if we paid full price. That might have been just the standard room anyway.’

Customer EHF3

Another factor which was identified was distinguishing between the customers based on the ease of service:

‘Yes, we know when they come, we know what deal they’re on, so we try to seat them in certain places in the restaurant. If they’re on, like, the tasting menu, we know that way; otherwise, you know, we try to treat everyone exactly the same.’

Employee H4RSM4
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Due to this the way that the service was managed was at times noticeable for the customers:

‘I think they’ve asked us when going into the restaurant ‘have you got a voucher’. So, I think from that we could tell that they were positioning us in a way with the vouchers. I didn’t mind because I think we all felt like we were all…. I think if it looked like they were all regular customers, and we were the ones with the voucher and that that was obvious. I might felt that a bit awkward, but because we knew…’

Customer EHF3

Interestingly whilst for Customer EHF3 the way that they were placed in the restaurant did not take away from the positive experience since they were not the only persons using the voucher, it did create negative feelings for customer EHM2 who felt singled out due to being placed in a quiet part of the restaurant:

‘I did in the other place. Just in the restaurant. Just when we went down for the meal. It was ‘You’re eating off this menu’ and I was like ‘No, I know you got a la carte, so, can I order of that?’ ‘No, on the deal you can only eat of this.’ And it was kind of like ‘Ok. Well, if that’s what it is then that’s what it is.’ But you know, it wasn’t really made clear. It was like ‘Come to this restaurant.’ We looked it up on the web. ‘Come to the hotel. We have free meal included in bed and breakfast.’ So, straight away you look on the food menu and you see the menu and think ‘Oh, I’ll have to pick from that?’ But on arrival at the restaurant you’re shown to a different section of the restaurant and given just a printed out piece of paper and not anything that’s in leather folder the way the a la carte menu was. So, it made you feel as though there was a difference between you and the others.’

Customer EHM2

This experience was particularly interesting in light of the fact that atmosphere creation emerged as one of the motivators behind featuring the offer, as discussed Chapter Five. Since a busy atmosphere was recognised as adding to the overall positive experiences of service the degree that the guests were made to feel the same as full paying customers and experience a positive atmosphere was crucial to their overall satisfaction with the experience. Furthermore, as
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Gustafsson et al. (2006) noted the guest experience of a meal is not only influenced by the how skilfully food and beverage has been prepared but also whether the experience has been aesthetically pleasing. In other words every aspects of meal experience from the moment that the customer enters the restaurant should be not only be carefully managed by the staff but also be aesthetically pleasing. In this case the provision of a menu that did not fit in with the quality perceptions of the restaurant coupled with a separation from other customers accounted for an overall negative service experience. Furthermore this experience highlights that there was no attempt form the staff to upsell additional products or services, where this additional sale would add not only to the profit generated by the hotel but also to the overall pleasurable fulfilment experienced by the customers, as discussed in detail in section 2.5.3.2.

Noteworthy was the fact that whilst the customers confirmed that being treated as a second class citizen would definitely have had a derogatory effect upon their perceptions of service quality and overall satisfaction, no customers reported any such a treatment as taking place, with the exception of the instance reported by Customer EHM2. Of further interest was the fact that whilst the sub-standard service experienced by that customer occurred when using Groupon for the first time, six years in the past, it had not deterred the customer from using DD websites for more recent bookings, it did however prompt him to be more vigilant in the booking process via a DD website.

6.3 Expectations of Service Quality

Whilst the customers most of the time did not feel that they were treated as ‘second class citizens’, problems with service did happen. The general consensus was that there was a certain compromise between the price paid and the provision of top service:
‘Yes, I think there’s a trade-off, definitely. (...) So, I think there is some sort of trade-off. Ok, we got it cheap, so, we can’t expect the 100% service. But if it goes to 50% then I will get upset. But I think you forgive people. It’s a bit like you said earlier on, if you see people are over stretched, you sort of expect that that’s part of the way that they save a bit of cash.’

Customer EHM3

Similarly complaint behaviour was also driven by the price. It emerged that since there was less of an expectation of high quality service the customers were less inclined to complain then when they would have paid the full price:

‘Probably less I’d say. Because if I get a good deal sometimes I feel less inclined to complain about something if the standard is not as quite good as I expected. I think because you feel like it was cheap anyway, you feel less able to complain about something if you’re not satisfied. You probably got a good deal anyway, so... Pretty less demanding I’d say when I use the voucher.

Customer EHF3

Paradoxically these customers’ perceptions were in direct contrast to the impressions of the customers’ attitudes by the employees and merchants alike, who commented that the DD customers were more demanding and complaining more than their full paying customers:

‘(...) the people that are paying, sort of, the cheaper money expect more because they think they’re getting a deal, whereas the people who pay the full price would, sort of, they’re quite happy to pay the full price and stay at the hotel of, sort of, a similar quality and, sort of, they know what to expect.’

Employee H4RSM1

This gap in the perceptions may be explained in three ways. First, as discussed in detail in sections 2.3.2 and 2.5.1, this may suggest a mismatch between the customers and the hotels, i.e. as websites bring in customers from various socio-economic backgrounds the customers had varied expectations of quality and service preferences. Therefore in instances when the expectations were not met dissatisfaction happened; whereas a regular or ‘typical’ customer might have a
more realistic expectation of service quality. Second, it could be that the service in the participating hotels was actually quite poor during the DD promotions, staff overstretched for example, therefore even though the customers were willing to let a lot of things go they still complained as the service had fallen below an overall acceptable, or in this case forgivable, standard. Third, the perception of the merchants and employees may have been clouded by the general attitudes towards DDs and their customers. As discussed in Chapter Five the managers felt frustrated at the need to engage with DDs and the mismatch of the amount of work in relation to the profits generated. Furthermore, whilst the employees never admitted that they perceived the customers any differently, there was an underlying impression that the perception of the customers was not entirely a positive one. This was evidenced in the previous section discussion, regarding room allocations, where the employee thought that because a customer did not pay a full price, they should not be allocated the best room in the hotel and further by Employee H4HKF1 who commented:

‘They’re not the type of guests that we generally see when there’s not offers being run and I think they want something for nothing because it’s such a cheap deal and they will take everything from the hospitality tray, we’ll take everything, so all the toiletries that are in the bathrooms, whereas the other types of customers don’t.’

Employee H4HKF1

However, the employers said that they noticed that the attitude of their staff towards the DD customers had changed over time, with a transformation from negative feelings to acceptance:

‘I think also the attitudes within the staff have changed a bit. In it that originally there was a hard to disguise a feeling of disdain ((chuckle))... for Groupon voucher holders. Because they did tend to be very different to our normal market. And staff now accept that this is a part of what we do, that’s the feature of the world that having changed.’

Manager 4H8
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However as indicated above this might not have been the case for all of the employees.

A mismatch with regards to the expectations of the customers of the hotel and what the hotel was actually providing was also noted by the staff:

‘That’s a difficult one to say because some people came in to the hotel expecting far more than maybe the deal offered and other people thought that the hotel was fantastic and the deal was amazing.’

Employee PRFOF6

Interestingly however the customers’ expectations were built upon the research made prior to purchasing the voucher. As customer WHF4 pointed out: ‘I would look into it myself. I would say does it tick all the criteria, is it what I want?’. Most customers researched the inclusions, visited the website, looked at menus, compared prices with other websites as well as phoned the hotels to double check the inclusions (please see Chapter Seven for further discussions of shopping criteria). Price promotions, especially heavily discounted ones, bring in financial gain but also risk with regards to the quality of purchases (Drozdenko & Jensen, 2005; Hu et al., 2006; Parsons et al., 2014). Therefore it was considered not surprising that the customers wanted to verify the inclusions and quality of the hotels prior to their purchase.

Additionally expectations were also created in relation to the purpose of the visit, i.e. whether the stay was deemed a necessity or the hotel was a destination:

‘Yes, you’re probably right, yes. Because this is all about leisure and chill out and pampering, not ‘This is a place to put your head and can I have a nice clean shower, hot shower in the morning’. So, yes, I think the buying criteria are much more the precise. I don’t necessarily want to leave the hotel to go anywhere. I want to have a swim in the pool. I want to go and sit in the Jacuzzi or steam room. I’ll spend more money in the hotel because I’m there all day long.’

Customer EHM3
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In that sense the customers were managing their own expectations prior visiting the hotels and deemed themselves as informed and vigilant customers. However that fact did not take away from the overall underlying impression that they had come to the hotel on a cut price offer, with a deeply rooted attitude of the low price being a mitigating factor for some service failures. Equally on occasions when preconceived expectations were exceeded it led to extreme satisfaction. As Parasuraman et al. (1985) explained service quality is the outcome of matching customer prior expectations with actual service performance, but in this instance the service performance has a potential to be moderated by additional factor; the price paid.

6.3.1 Housekeeping Service Quality

As highlighted above the customers were willing to compromise upon some of aspects of the experience. These aspects often depended upon the overall purpose of the visit, i.e. if the hotel was booked as a destination and ‘all in’ experience, the role of food and service quality of the food was more important than any other aspect of the service. If the hotel was booked as a place to stay in a particular area or destination, the service quality provided by the front of house staff was more important (please see point 6.3.2 for further discussions).

However, there was one aspect of the service provision that was uniformly highlighted by all of the customers which should never be compromised upon: housekeeping of the bedrooms and general cleanliness.

‘So, I think there is that kind of hit and miss factor with the restaurant side, but with the rooms and cleanliness of the rooms, I always think, you know, you can’t... An unclean room isn’t acceptable. So, I probably would complain more if the room wasn’t up to standard or kind of a basic minimum really than if the restaurant wasn’t.’

Customer EHF7
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The aspects of cleanliness and housekeeping were often referred to as the ‘basics’, a provision of the hotel which was expected to be good under any circumstances. Whilst the customers were forgiving of some unforeseen problems with service delivery, unclean surroundings were always viewed as unforgivable:

‘Whereas some things have more to do with the fundamentals. It would upset me if a fork or a knife was dirty or something or a napkin wasn’t washed properly. These things are basics. So, for me I would be more upset about getting the basics wrong than getting the hard stuff wrong, because the hard stuff is the hard stuff for a reason and sometimes these things just happen.’

Customer EHM2

This finding was not surprising since the housekeeping has long been recognised as one of the most fundamental hotel services, with any lapses in standard having a profound effect on overall customer satisfaction (Faulkner & Patiar, 1997). The results of this study reconfirm and reinforce the message and highlighted the particular importance of good housekeeping within the provision of a DD.

Yet it was those ‘basics’ that were identified by some of the employees to be compromised upon. This was to include supplies as well as staff:

‘In a sense of general stock in the hotel and, you know, bar stock, linen and things for housekeeping and notifying the kitchen, there are not really any major preparations to my knowledge that go on. (...) as well as the housekeeping side with the, sort of the ordering and the bed linen, the stock and things like that, it’s done once a week and then if you don’t predict how much you need for the week and then a deal comes, you know, a deal’s coming, but you obviously can’t predict how many people are going to take you up on it, then it’s hard to, you know, get the stock in, get the staff in, sort of, everything that’s the general running of the hotel.’

Employee H4RSM1

The compromises on the ‘basics’ were mostly noted by the housekeeping department where the employees reported being expected to provide the same
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The standard of service with same amount of workforce in spite of a drastic increase in workload and associated pressure:

‘Then the standard’s obviously going to fall because I can’t cope with the volume of guests that are coming on a daily basis, trying to. (...) The cleanliness of the rooms and the trying to maintain of that sort of standard when the hotel is that busy on a daily basis, with no staff, is practically impossible.’

Employee H4HKF1

This was unexpected and as previously noted in section 3.5.2 the housekeeping staff had not initially been seen as key stakeholder within DD delivery. The issue of providing the ‘basics’ during the delivery of a DD promotion was considered to be more complex than initially anticipated. Whilst it was clear that there could be no compromises over issues of cleanliness for the customers, it was often the housekeeping department that perceived themselves as struggling the most to provide the standard of service they would normally provide. This was due to time pressure of turn-around caused by increased volume of bedrooms used, lack of additional housekeeping staff and shortfalls in basic resources (please see Chapter Eight for further discussions). This finding was not uncommon as a previous study identified that working fast and maintaining a pre-set standard created pressure on most days for the room attendants (Hunter Powell & Watson, 2006).

However, the difference in this case was the lack of prior briefing as to the deal resulting in the staff being unprepared for the constant volume for prolonged periods of time that was adding to a pressure:

‘Yes, definitely, because I think we had two weeks where every single room ended up having to get changed every day. (...) So it was just a nightmare.’

Employee H4FOF5
Housekeeping work involves not only preparation of bedrooms but also a number of different activities that support the overall delivery of that service. This includes: cleaning of public areas; dealing with laundry, i.e. offloading and putting away deliveries, stocking up of cupboards, segregation and counting of items before off-site service, or washing, drying and pressing laundry if done in house, and quality control throughout all those stages; stock control and management of cleaning agents, toiletries and other amenities. As the hotels typically experienced lower occupancy rates, rarely reaching 100%, occasionally on consecutive nights; this meant that the staff employed was able cope with the above every day workload. In instances that the occupancy levels were at maximum over a prolonged period of time the staff found that all of their time was spent cleaning the bedrooms not allowing for the other tasks to be fulfilled. This resulted in the staff feeling pressured.

Whilst Hunter Powell and Watson (2006) noted that often bringing in extra staff to help with the pressures of the room turnaround was beneficial, this rarely happened due to the management expecting the regular staff to work faster to cope with extra work. This seemed to be also true in this study, as previously discussed the managers sometimes saw their staff as cost. As the offers generated little or no profit the managers might have compromised on this aspect of service to save money due to the perceptions of housekeeping work as ‘service unseen’, performed anonymously, out of sight of the customer (Faulkner & Patiar, 1997; Hunter Powell & Watson, 2006). Therefore any lack of staff would not be as obvious to the customer as typically it would be in customer facing roles, unless the lack of staff led to lapses of standards. What is surprising is that the employers acknowledged that they were aware the housekeeping department was under
an increased pressure but did not provide extra staff to cope with the increased workload:

‘As is said with the hotel it was very busy so the house cleaner was a bit stressed. I’ve only got one main housekeeper here, cause we’ve only got 12 bedrooms but when you’ve got to turn all those bedrooms over on Saturday morning for Saturday night it’s a lot of work.’

Manager 4H6

Whilst the low numbers housekeeping staff might have not been readily observable to the customers there were instances where the customer service suffered due to delays with preparing the rooms ready for check in times:

‘(...) you’ve then got to run round the whole hotel trying to find out which rooms are ready, which means guests are stood at the desk waiting or you’ve offered them a seat in the lounge with a cup of tea, which you give them free because they’re waiting for you to find out what’s ready and what’s not ready.’

Employee H4FOF1

The delays happened despite the housekeeping staff putting extra effort to cope with the extra work and working during their break time:

‘It is not difficult but challenging as there is a lot of heavy lifting involved, as there is a lot of laundry and things like that. We have to take it all down... it is a lot of work, volumes. We don’t even have our breaks. What I mean is that sometimes we use our breaks to catch up with work.’

Employee H4HKF4

Most of the employee participants (across all departments) acknowledged that housekeeping was the department mostly pressurised during DDs:

‘Yes, I think housekeeping it was more evident that we’d got busy and we’d, kind of, their work load had definitely increased, because most of the evenings if one of us had off, we’d go in and help them.’

Employee H4FOF5
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However there were some instances where the impact was not acknowledged, with some instances of limited recognition of the impact and pressure upon the housekeeping department being identified.

‘Housekeeping… It doesn’t really affect housekeeping because it’s just people. (…) They just know that they have to clean a room and every room is done to the same standard throughout the hotel.’

Employee H4FOF4

This comment suggests a rather dismissive attitude towards housekeeping work from other employees and reinforced the view that housekeeping staff were expected to perform the job without additional support. Faulkner and Patiar (1997) pointed out long ago that it is not only the managers who give the cleaning staff little or no recognition and low status but also some other staff, predominantly the ones working in the front office.

6.3.2 The Purpose of the Stay as a Determinant of Service Focus

The ‘service unseen’ of the housekeeping department was acknowledged by all of the customers, where in terms of the satisfaction it was the outcome of their work not the staff themselves that contributed to overall satisfaction:

‘In terms of the housekeeping staff, you don’t necessarily interface with the housekeeping staff, but you do know when they do a good job or a bad job. So, it’s almost like the housekeeping staff provide an unseen service. But if that was impacted that would impact your experience as well. So, it’s almost like the quality of their work is probably as equally important as the people serving you.’

Customer EHM2

However since the front of house and restaurant service staff were in direct contact with customers it was their conduct that was suggested to be more important in creating of impressions of service quality:
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‘Well, I think, to be honest, if I’m just thinking about any stay in a hotel, not necessarily just because of the deal, I think they’re the ones you interact with the most. The housekeeping staff are kind of out of sight aren’t they? So, you just kind of expect that the job is going to be done without you having to really interact and hopefully in a good way. I think because you interact with the front of house and the restaurant staff quite a lot, then, yes, the expectations of their services go to your experience is good with them I guess.’

Customer EHF5

For some customers it was the front of house staff and the first and last impressions that they created, which had the most important influence on the overall satisfaction with the stay:

‘I’d say front of house. Reception staff, because they’re the ones you have first contact with. They’re the ones who greet you on arrival. They’re the ones that if you need some advice or you want information about something or something goes wrong, they’re the ones you contact. They’re the ones that then deal with you once you’re checking-out.’

Customer EHF6

For others it was the food and beverage staff, their courtesy and their conduct in line with the expectations of the standard of the hotel that the customer imaged it to be:

‘I’d say it’d be the restaurant or serving staff (…) particularly where I went to it was all table service. So, they greet you with ‘Oh, can I get you anything sir?’ and you order and they bill it to your room and the drinks have been brought to your table and I think it’s that level of attention to detail and service that makes the trip and not necessarily the person who checks you in and gives you a key.’

Customer EHM2

This was confirmed by the restaurant staff who viewed their role as important to customers who wanted to experience the hotel’s food and beverage offering, but not crucial for the creation of first impressions nor overall perceptions of the deal by the customers.
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‘As far as, sort of, the initial attraction, I don’t think my role plays a massive deal. (…) I don’t know, really, because my role is, sort of, entirely customer-facing. I’d say sort of the general service and, you know, there’s nothing that I do really massively behind the scenes that would affect the way that the deal is perceived by the customer…’

Employee H4RSM1

Interestingly there was a significant divide in which group of staff were perceived to be most important based upon the overall purpose of the visit to the hotel. For the customers who chose the hotel either due to the location within an area of destination (such as Legoland, North Wales, West Wales, Lake District) or as a getaway with larger group of people (when the hotel and the deal fitted a set of pre-determined criteria) it was the reception staff who had the most potential to influence in a positive or negative way. For the customers who booked the hotel as a destination in itself, perhaps to enjoy a romantic getaway with food, the service in the bar and restaurant became far more important than the reception staff.

‘Not that way and I guess the type of the stuff that we buy (…) you’re not expecting silver service. So, you have the front office staff, I think are quite key. Particularly when you arrive with your voucher and you don’t know whether everybody else has got a voucher and you don’t know what you’re entitled to. (…) If they are grumpy, have a big attitude and treat you as if you’re a sheep or just another number or anything less than sort of courteous, then this leaves a bit of a strange feeling.’

Customer EHM3

Interestingly most of the front office staff viewed their own role as being most important to ensuring customer satisfaction. The front office staff perceived themselves as the face of the company with their conduct affecting the customer’s perceptions of service delivered by other staff:
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‘I say it’s a lot more important, without sounding bad, than the other staff, because we get to greet them, we take them up to their room, we’ve got the first impression and then when they come down for dinner, we’re the first people they meet. So if we’re rude and don’t really care, then that will impact how they see the hotel, and then they probably won’t come back (...) You, they can be given the best meals that we’ve ever served, but they’ll still think its crap, because they’ve had that bad introduction. So, I think, as long as somebody is greeted and shown the hotel and introduced nicely, I think that’s the most crucial part.’

Employee H4FOF5

Whilst some of the views about importance of the staff in the creation of a quality stay overlapped amongst all of the stakeholders, i.e. the importance to create first and last impressions by the front office, the understanding of the role of the restaurant staff was not as clear. This might have been caused by the managers and the staff not being aware that some of the customers chose the hotels based on the location within an area, not as a destination in itself. In other words there might have been a lack of understanding of what the key selling point of the deal and hotel were, which initially attracted the customer to the hotel. In those cases where there was a mismatch in understanding there was a heightened risk of service failure as the establishments could have been unprepared to meet the expectations and demands of the customers.

6.4 The Importance of Inclusions

As discussed in Chapter Five DD promotions carried a significant cost to the merchants and were not always financially profitable. As the margins from the promotions were low, the managers actively manipulated what was included in the offer to maximise the probability of profit, however in a way that would not compromise the overall quality of the items. They underlined that the customers did not receive products that would be different from full paying customers:
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‘But obviously our food cost went up, our staff cost went up. (...) So our food isn’t cheap to buy… it’s all fresh, none of it is boiled in the bag. It’s all freshly prepared so it’s not a cheap thing to do. There are cheaper ways to do it but we are determined to stick to our guns, and this kind of thing. It was not necessarily the cheapest thing.’

Manager 4H6

The unwillingness to compromise on the quality of food service and food items seemed to be correlated to the secondary motivation of attracting people to come back and become a loyal customer. This was not surprising as identified in Chapter Two in typical service setting customer satisfaction and service quality positively influence the likelihood of customer comeback. This was considered an important factor in the light of O’Grady et al.’s (2014) observations that a DD customer was more likely to be satisfied if they perceived the service received to be at least equal to their reference price. This might have included the quality of the product received, including the food, the portions and bedrooms.

Both Manager 4H7 and 4H8 used bundled offers to either control the cost or to allow upsells to happen, whilst Managers PR6, PR4 and 4H6’s promotions were inclusive of a limited menu choice, with a supplement for a more expensive item or an item removed from the menu. All of the managers were adamant that the final product received did not differ in any way from a product received by a full paying customers:

‘All of the daily deals we’ve done every single one has been a dinner bed and breakfast rate. Usually including, in fact always including, a tasting menu, so it’s a set menu. So that’s always available day to day, if people want to buy that they can stay on bed and breakfast and elect to have tasting for dinner or they can choose to have a la carte or whatever. So it’s not different to what we normally offer other than we control the food GP very carefully and the content, but no more or less, or it’s not different to what we would offer to anybody else who’s eating that night regardless whether it’s included in their package or not.’

Manager 4H8
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This was confirmed by the employees who noted:

‘The chef sends out identical meals, regardless of who pays what. He doesn’t send out anything smaller, you know. He doesn’t send out less courses. If it’s part of the deal, that’s what they get.’

Employee H4RSM1

The customers understood the need for merchants to manipulate the content of the deal inclusions to generate profit and commented that they did not feel the final food product was any different from that of a full paying customer:

‘I’d say that in all the times that we’ve done it probably 60-70% of the time yes it was identical, 30%, 40% of the time there it’s a restricted choice. And there’s even a restricted choice when you have full fee paying. So, steaks or sea food or some things that you’re expected to pay an upgrade for.’

Customer EHM3

Moreover the customers understood that as the deals were on the ‘cheap side’ there was always a limit to what was included which they were willing to accept; however they were also sure that what was included should be of standard quality:

‘I mean occasionally, the only thing you do get, if there’s an evening meal or something included, very often, you’ll get ‘Groupon menu’ written across the top of it, which would be a sort of cut-down menu, obviously with a limited choice.’

Customer WHM1

Whilst the customers agreed that the food product they had received had always been of high quality, they also acknowledged that there was a certain level of apprehension, prior the arrival, that it might not be. This suggested that the customers felt apprehensive not only with regards to service quality but also with regards to the quality and quantity of the product.
Interestingly whilst being treated as a ‘second class’ customer was viewed as a factor that would determine the service encounter as a failure, the customers pragmatically accepted that some of dishes were excluded from their menus. This satisfaction with the compromise only happened however if they were informed of that fact upfront, prior the purchase. In other words should there be a different menu served or a limited choice to the one that was showcased on the hotel’s website it was acceptable as long as it was prominently and explicitly explained during the purchase of the deal in the terms and conditions section:

‘A three course meal is a three course meal. You look on the website. There is the menu. That much you are picking from. Unless you could say you’ll be picking from a bespoke or a Groupon or a deal menu. You could say what is that then. Or at least that should form part of the marketing material. ‘Here is your choices for this’. And that becomes part of the decision making process. Whereas if you don’t do that, you feel as though you’ve been disadvantaged and not be treated the same and your expectations are not set correctly, then it affects your experience.’

Customer EHM2

Any misleading information regarding inclusions and provisions resulted in ultimate dissatisfaction:

‘I think it is more about us complaining about the fact that we were supposed to be deceived by something that was supposed to be included and was not.’

Customer WHM1

This confirmed findings by Cox (2012) who noted that one of main re-occurring themes and sources of dissatisfaction for the customers in her study was the fact that the items the customers thought were included were not honoured by the merchants.

As previously discussed the customers perceived themselves as informed customers, undertaking research prior purchasing the voucher, particularly in
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relation to what was included in the offer. This created a certain image and levels of expectation prior to arrival at the hotel. When that expectation was not met then dissatisfaction occurred. This directly confirmed O’Grady et al.’s (2014) study which showed that the merchants must present the deal information in a clear manner to avoid misunderstandings. However the findings of this study extend O’Grady et al.’s (2014) findings by highlighting the point that whilst price was a mitigating factor for some service failures it never acted as a mitigating factor for failure to include the products or services listed as part of.

6.5 Changes to the Service Environment

6.5.1 Restaurant Service

The customers reflected that they perceived the staff of both the front office and restaurant and bar departments to be treating DD promotion as ‘business as normal’ and reported no major problems experienced from operational perspective which impacted upon service quality received:

‘Well, I would say business as normal because when you’re using the daily deals, not everyone goes on the same day. You have a choice of dates, so it’s not like it’s only one day and they know every single person on this day is from a daily deal. So, I would say it’s just a standard business as usual really.

Customer EHF2

However from a hotel’s perspective the busyness of the establishments impacted not only upon the performance of the housekeeping staff, but upon all staff involved in the DD promotion delivery. The restaurant and bar staff reported struggling at times with volume of people; no other challenges were reported with regards to the DDs service quality:

‘There’s not, like, a specific thing that’s challenging. It’s just depending on how busy it is, like, the busier it is, obviously, the harder it is to keep on top of the work, but, other than that, it’s...’

Employee H4RSM5
This view was reflected by the managers:

‘As far as the F&B operation is concerned is no different to what we would offer anyway. So there is no need to train anyone any differently.’

Manager 4H8

Three issues might have contributed to the perception of the DD by the staff and the managers as ‘business as normal’. First, reported by Zhang et al. (2013) within a restaurant setting unpredictability of demand meant that during the DD it was difficult to manage labour, which could lead to inconsistencies with service quality. However as the participating establishments offered inclusive accommodation and food offers the restaurants had an opportunity to forecast number of covers based on the accommodation bookings. This might have made the scheduling of service staff easier to manage (booking patterns and its effects are discussed in more detail in Chapter Seven). Second, as the establishments did not provide any different service within their restaurants, apart from strategically placing the customers for the ease of service, the service did not differ from any other time that the hotel restaurant would happen to be busy. Third, it was confirmed by both the managers and the employees that the constant busyness of the restaurant made the staff more skilful at their jobs:

‘I suppose you become a bit quicker at what you’re used to doing because it is busier, you know, so yes, I suppose. You know, yes, I suppose you do, you become better at what you’re doing because you become used to being able to deal with a busier atmosphere, yes.’

Employee PRRSF2

Therefore over time the staff found it much easier to cope with increased volume of customers coming through the doors, as they were able to capitalise and retain
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their skills and serving techniques developed during the high season, by performing the same job over and over again over a prolonged period of time.

6.5.2 Front Office

For the front office however the DDs created completely different working environment, this was confirmed by the managers and employees alike.

‘Everybody had to learn how to deal with the peaks of demand. You know when the phone is ringing off the hook and so on … and you know large number of hits through the websites and lots of emails which we were not used to. But now I suppose again they are used to it.’

Manager 4H8

The front office staff struggled at two points during the DD. Firstly when the deal went live on the DD website and for the second time when the customers started arriving at the hotels. During the first week that the offer was available to book the reception staff experienced heightened volumes of phone calls.

‘And if you’re featured on that, Wednesday’s a write-off day. You’ll be on the phone all day just answering calls constantly, Travelzoo calls.’

Employee H4FOF1

Often each booking resulted in two to three phone calls, on top of bookings via email and regular phone calls and correspondence not related to the offer. This made the reception an extremely busy working environment with the staff constantly multitasking.

‘When those emails are coming through with the bookings, it’s busy, it is really busy, especially when you’ve got, like, the phone, because a lot of people see it on Secret Escapes and ring […] Yes, you’re constantly multitasking, so you never really, like, switch off from anything. […] It’s busy. It is busy.’

Employee H4FOF3
However it was not only the volume of work that made the working environment extremely busy but also the changes in the way that bookings were processed due to the extra information and administration required by the hotel to be able to redeem the money from the DD websites, plus internal changes designed to mitigate potential mistakes and difficulties during the promotion.

‘And then, of course, it’s progressed. Like at the beginning, we didn’t send confirmation emails and we found people turning up and we didn’t have them booked in. So then we started creating different confirmation emails for each different site. So then it was... They would book in and we would have to reply. Then it was more set in stone as we got the right date and everything like that. Then it progressed then to spa treatments. So then we would have to make sure the spa knew about it and the spa booked treatments in. So it definitely... it started off as normal standard booking, this is how we do it, and since then, it has progressed.’

Employee H4FOF4

Once the customers started to arrive at the hotel the amount of work did not get smaller:

‘The only time is obviously when three o’clock comes, everyone’s checking in, and you’re both running around like headless chickens, so then you go and grab... you know, ask them to do luggage from front of house, that sort of thing, yes. And you’ve got the phone ringing on your hip, and then you’re running back down and someone else is waiting there.’

Employee FOF3

Some of the front of house staff struggled and recognised that some lapses in service quality were present due to the volume pressures and too many demands during the promotion:

‘So, you’ve got more people coming through the door, which means that the phones don’t necessarily get answered within the first few rings and then people ring and ring and ring and then they get frustrated and they ring straight back again, hoping that someone will pick up the next time, maybe the line wasn’t right. And then you get more emails and then it’s trying to find the time to answer the emails in-between the customers face to face and
the people that are on the end of the line. And then you’ve got things in the restaurant, like, you’ve got the menus to do and then updates to do and then you’re needing to do the tills and it’s just ongoing. (...) You’re never just a receptionist. You’re always something else, maintenance, changing light-bulbs, you just kind of go wherever you’re needed because there’s not the help there, which can be hard to cope with.’

Employee H4FOF1

Furthermore, as previously discussed in section 5.4.2.2, the managers acknowledged the operational difficulties and identified the reception team as pivotal in upselling and building repeat customer rapport with the clients.

The front office had been identified as a crucial component in the creation of the overall quality of the visit experience by most of the customers. The importance of this role was further underlined by some of the customers who felt embarrassed to be using the offers, therefore the way that the front office managed the first encounters was vital:

‘The other thing is, and it’s really silly thing, but there is something about ringing up and saying ‘I’ve got a voucher.’ And it kind of... I don’t know if it makes me feel cheap or something like that, but it is quite a strange thing that, you know.’

Customer EHF7

Therefore contrary to the studies reviewed in Chapter Two, in this study, the potential negative social impressions did not deter the customers from purchasing and using the vouchers, but made the customers feel apprehensive about the redemption. The way that the initial contact was managed at the hotel by the staff constituted either positive or negative impressions on the customers, which in turn impacted upon the whole view of the stay.

The front office faced increased workload due to volume of customers as well as required operational changes. This coupled with unique emotional requirements
Chapter Six Perceptions of Service Quality

placed upon staff created a challenging working environment. Additionally from both profitability and service quality point of view, it was the front office that had the most potential to make the deal a success, as long as the other departments provided the fundaments: respected inclusions, treated guests as full paying customers and provided top levels of cleanliness.

6.6 CHAPTER SUMMARY

The results discussed in this chapter show that association of the ownership of the DD was ultimately placed with the hotel not the DD website; the website had little or no influence over the ultimate satisfaction with the offer. The data gathered with regards to service quality issues introduced three factors that were fundamental for the DD customer satisfaction: being treated as a regular customer, receiving the inclusions that were listed on the voucher, and getting the ‘basics’ right, including the cleanliness.

There was an expectation of being treated as a full paying customer and a belief that the discount customer should be treated exactly the same as any other. However some instances were noted, although sporadically, where the lower price paid did discriminate against the customers. This was on the basis of accommodation received.

For the customers price paid was a major factor in mitigating some service failures and led to a smaller likelihood of complaining. The issues that the customers were willing to compromise upon were connected to the pre-conceived expectations of the place visited and the purpose of the visit, i.e. if the hotel was booked as a necessity within a destination of interest food service failures were more easily forgiven than mistakes happening on the front desk. However, paradoxically the managers and the staff considered the DD customer to be more demanding and more willing to complain within all areas of the service.
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The customers often created pre-conceived expectations of the service quality expected, based on careful research of the hotels online. This included researching the inclusions of the products and services. It is clear that whilst there was willingness to compromise on certain aspects of products, this was only if the offer explicitly informed the customer of that fact. Failure to do so resulted in ultimate dissatisfaction. Importantly housekeeping and cleanliness were underlined by the customers as a fundamental ‘basic’ that should always be provided; however this aspect of service was often compromised upon from operational perspective, where the needed support was not provided. The housekeepers were often under a strain and noted compromises of the quality of service.

Whilst the customers reported no major problems with service quality within customer facing departments, provision of top quality service was not always easy to achieve when considered from operational perspective. No major operational problems were experienced during the delivery of restaurant service, as the DDs did not bring any operational changes apart from the volume of customers. The department identified as having the most operational difficulties was the front office dealing not only with heightened volume of customers contacting and visiting the hotel but also operational changes necessary for the profitability and smooth running of the day to day operations and being required to upsell the deals if they could.

Figure 6.1 relates the findings to this chapter to the DD management cycle.
Figure 6.1 Daily deal management cycle, results Chapter Six
Source: the Author
Chapter Seven
Brand Image, Shopping Behaviour and Return

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Chapter Seven Brand Image, Shopping Behaviour and Return

7.1 INTRODUCTION

The previous chapter identified views with regards to the perceptions of service quality. It explored expectations and experiences regarding service quality by the employers, employees and customers. It identified factors that were fundamental to customer satisfaction but also provided insight into complaint behaviour and possible mitigating factors. Furthermore it provided views from an operational perspective that had the potential to aid or hinder the achievement of ultimate customer satisfaction.

This chapter progresses the study by discussing the consequences of engagement with DD websites relating to the brand image of the hotel and the resulting customer booking behaviour. The brand image should represent an establishment’s quality of goods, services and sales environment. It can also act as a moderating factor under a discount situation when considered from purchasing and re-purchasing intention behaviour (Lin et al., 2015). Therefore it was deemed as imperative to investigate the perceptions of the stakeholders in relation to the influence of engagement with DD sites upon the brand image and associations.

The chapter also discusses the findings with regards to selling and shopping criteria via use of DD websites. The chapter considers whether sales via DD channels impact upon the selection processes by the customers as well as whether the engagement with those websites changed expectations and perceptions of value.

The return behaviour of customers is considered in the last section of the chapter. This study aimed to uncover whether customers return to the hotels if they had been introduced to a hotel via a DD medium. The managers considered the creation of customer loyalty and return behaviour to be one of the measures of
the deal’s success and profitability. Therefore the chapter concludes by discussing behavioural intention actions and willingness to revisit.

### 7.2 Brand Image

#### 7.2.1 Choice of a Discount Channel

There was a general consensus amongst the stakeholders that different websites attracted different types of audiences. Niche websites, dealing mostly with travel and hospitality product (such as Secret Escapes or Travelzoo) were perceived to provide better quality hotels and better matched customers; whilst generic websites, where travel and hospitality offers were featured alongside other generic products and services, were viewed to be targeting mid-market hotels and customers.

‘To me, Groupon always seems like a bit cheaper. Kind of the cheaper option. And I don’t know, you know, perhaps that’s unfair, because I don’t use it as much, but there’s something about Secret Escapes which seems to say more about a quality experience and nicer hotels and I think it’s the type of properties that they feature...’

Customer EHF7

The customers aligned themselves with websites based on their perceptions of quality of the hotels featured or the PEOU (see section 2.4.3) of the website. The quality impressions were mostly created on the basis of associated offering and images:

‘I think I am signed up to most of them. But what I do think Secret Escapes does well, they are very, very good... their imagery is very good I think. (…) It has not been diluted by anything else. It’s purely accommodation, hospitality.’

Customer WHF1

This confirmed Gafni et al.’s (2014) study which noted that at times discount may not be enough to entice a customer to a purchase via a DD site. In those
instances authentic high quality pictures may offer extra validation of quality to the customer.

All of the websites offered a variety of search parameters for the customers to utilise:

‘But, you know, if you’re looking for a place then in each website you can just sort by three star, four star or five star and you can tailor your needs anyway.’

Customer EHM2

However some of the websites were deemed more easy to use, according to individual preferences therefore affecting the PEOU. Additionally push marketing (Boon et al., 2012) i.e. daily email and relevance of the offers were noted to be an important factor for the customers.

‘Yes, and it [daily email from Groupon] is sort of the first thing you read and delete in the morning. It’s there by 2 o’clock in the morning and it’s the first thing you read [...] on Groupon I tend to look for places to stay when I’m travelling for business or if I’m spending some time with my children. The Escapes one, I think, is more for sort of vacations. So, I will look at Trivago and anything else but based on need as oppose to an email that comes every day from Groupon. Yes, most of my travels are either business related or adding something on to a business related trip.’

Customer EHM3

Push marketing coupled with the PEOU were acknowledged as important factors for the customers to consider when choosing a DD website:

‘Yes, it is on your phone, it is easier; you don’t have to do as much research as there are loads of nice hotels out there that I don’t know about until they come up on there.’

Customer WHF4
Chapter Seven Brand Image, Shopping Behaviour and Return

However the frequency of engagement was prompted by the customers’ need for a purchase and relevance of the offer (i.e. PU, see section 2.4.3) according to individual circumstances:

‘It’s more like if we’ve got a spare couple of days or, you know, we’ll probably think rather: ‘Let’s go to wherever it is for two, three days’ and see what’s going. Usually a place that we’ve never been to. Occasionally an email does indeed might say something like, you know, some place we haven’t been to for a reasonable price, so we’ll look at that.’

Customer WHM4

Additionally some of the customers based their engagement with the DD websites upon the recommendations received.

‘I think, just historically, they were recommended to me and I think, to be honest, they were through ((name)), my husband’

Customer EHF5

This highlighted that ‘normative beliefs’ (Vijayasarathy, 2003) played a role in the choice of discount channel for some of the customers. An important factor of accepting and engaging in online shopping, in this case using a DD website, was the belief that the technology would be recommended by someone considered important to the customer.

Whilst the customers were choosing the websites that suited their perceived image of quality, PEOU and needs, the managers strived to choose websites that they felt would reflect the quality of their hotels:

‘It’s to do with the product. The products were alongside in a way. So when we advertise ourselves on Secret Escapes for example we are alongside some nice products. When we’re with Travelzoo it’s a different kind of product. (...) Secret Escapes themselves is a nice medium to find what you are looking for. I don’t think, it’s no longer about the price, it’s about value. Whereas I think Travelzoo is still about price.’

Manager 4H11
Additionally with every experience the managers learnt which of the websites provide a better ‘fit’ for their establishment:

‘Well, yeah we learnt from the experience of using Groupon. We learnt that it probably was not right for us. I mean without a doubt it is right for many businesses. But I think it was not right for us at the time.’

Manager 4H8

This confirmed findings of the literature review that not all of the DD websites provide the right match for the merchants, since some of the websites were believed to endeavour to target customers based on the customers’ socio-economic profiles and lifestyle choices, whilst others were believed to provide volume but not necessarily well matched customers in terms of their spending power and expectations. It was reasonable for the merchants to find websites that would provide customers that would understand and appreciate the product and service they were providing. As discussed by Yang et al. (2016) discounted hotel product featured on DD websites may attract less affluent customers and luxury hotels risked changing the composition of their guest mix. It was apparent that the managers of the higher end establishments feared this effect therefore in order to mitigate the possibility of negative effects on their brands, they strived to protect their image by choosing more exclusive DD product.

However, due to economic considerations the managers were not always able to follow this strategy. In other words, whilst the managers associated their brand-image with certain types of websites they were not always able to reach the volumes of customers desired or necessary in order to achieve profit. Therefore sometimes the decision was taken with compromise, based upon which channels produced the most sales whilst at the same time would damage the brand the least:
‘So Groupon was mistake I think in hindsight. I’m comfortable with Travelzoo I’d like to do more with Secret Escapes but they don’t produce the volume. So it does not solve a problem for us. Yeah I think I would not go near Groupon again right now.’

Manager 4H8

The low volume of customers provided might have been due to niche websites having a much smaller but targeted customer base (Boon et al., 2015). Additionally some of the managers felt that a repeat use of one website came with a diminishing success in terms of volume of customers:

‘It [Groupon] was very successful again the first time. And you can see it dwindling each time. (…) I think for the first hit they knew what they were doing as it came from the States. And they knew their social profiles, their As, Bs and Cs. They had all the databases that obviously cost a lot of money. And went with that and that worked. Once they’ve done that layer they had to go to somebody else. They’ve got to keep finding people, there is only a certain amount of people so eventually it comes to the end of that.’

Manager 4H10

Furthermore it was reasoned that as different DD websites promoted the hotels in varied ways, to a diverse audience in terms of their demographic, it was difficult to keep a consistent image of hotels’ offering:

‘And certainly it’s one of the reasons we stopped doing so many and focused on two because then it is becoming extremely difficult to be consistent with your image, because you are being offered in so many different ways to so many different markets that you almost lose track of what you are doing and what you are. And that’s something you just can’t continue to do that, cause it has an effect. Eventually the image will have an effect on what you provide. (…) Image is massive in this game. It is huge, isn’t it?’

Manager 4H11

As discussed by Heo (2016) if a product or service offered was considered by the customers to be scarce it would appear more attractive, therefore by providing offers on multiple websites and on multiple occasions, the merchants might have
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classified the exclusive perception of the offering they were selling on the DD
websites leading to diminishing success in terms of volume and match.

The employees had a limited decision making powers relating to the choice of the
discount channel. Most of the front office members of staff, who enjoyed a two
way relationship with their employers, were given opportunities to feedback on
the items of the deal that worked and any issues that were encountered
previously. Only one set of employees were given a direct responsibility for
booking the deals, however they were limited in the choice of the discount
channel utilised to disseminate the offer.

‘I didn’t actually, I didn’t actually have much dealings of actually
setting up of the actual offers. That was more ((Manager’s
Name))’s deal. I mean, we bounced ideas, what we could offer
and everything, but ((Manager’s Name)) dealt more with the
actual other side of it.’

Employee PRFOF6

Interestingly the employees did not always agree that the websites brought the
right match to their establishments and reflected that the customer base had
changed due to the involvement with those websites:

‘Well, normally we have... here we’d have business people, you
know, maybe couples coming away for a reason, you know,
whereas with these Travelzoo deals, I think that you get, I don’t
know, maybe people that maybe couldn’t normally afford to
come away and stay in somewhere like this, you know.’

Employee PRRSF2

This suggested that whilst the customers and the managers strived to find a
mutually adequate match, this did not always happen. There was a potential for
an adverse effect on the quality associations which could lead to long term
damage and dilution of the core customer base.
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7.2.2 Reputation and Price Associations

The choice of the websites was also important to the merchants due to reputation implications. Whilst often it was the niche websites which were perceived by the managers as having a positive effect on the brand, the generic websites were thought to damage it:

‘Secret Escapes defiantly doesn’t have a negative, Groupon defiantly had a negative perception. (…) I would say that out of all the deals Travelzoo and Secret Escapes have the better name. It’s sort of luxury feel. There is another one that is sort of VIP which is also very good. Apart from that I would have to say no. Wowcher, LivingSocial, LivingSocial we don’t really have a good rapport with shall we say.’

Manager H410

Important considerations for the managers were other products that might be featured alongside the hotel’s offering and whether those other products would support the image of their own brand. As Lin et al. (2015) noted for catering enterprises the brand image was often associated by customers with the enterprises’ quality of goods and services. In other words customers may formulate quality assumptions on the basis of other products featured alongside the hotels’ offering. Some of the decisions regarding the websites were made with customers in mind, so that the hotel’s offering was compared and featured amongst like-for-like products:

‘Yes, so you are not being compared with 2 and 3 stars and they can see that there is a difference and there is a price difference because of that. Whereas the Groupon all they can see is the price they go to this place because of the price they go to the other because of the price. They don’t care if its two stars, three stars or four stars. I would say quality is not an issue for them whereas for us quality is an issue.’

Manager 4H10
The aspect of quality perceptions by association was confirmed by some of the customers who noted, with relation to Secret Escapes:

‘(...) whereas it tends to be kind of stately homes, nice hotels, you know, your three or four star... It doesn’t make me think of cheap budget or kind of lower quality accommodation. It tends to make me think of nice places, and in fact... Well, a couple of times actually, I used Secret Escapes to find hotels overseas. So, if there were destinations that we haven’t been to before (...) because they’ve been on Secret Escapes I then had more confidence about that particular hotel and where it was and, you know, the kind of quality of it, because I kind of felt, rightly or wrongly, that they wouldn’t been on Secret Escapes if it didn’t, if it wasn’t...’

Customer EHF7

Therefore when considered from trust perspective, when an establishment had a small online presence which led to quality claims hard to verify (Gafni et al., 2014), trust and previous experience of using a particular DD website acted as a facilitator to support the purchase. This study suggests that prior to engagement with DD websites, the online presence of their hotels was relatively low for some of the merchants:

‘They go hand in hand. Before we started we had 19 reviews. Perhaps a little bit higher than that. But we are knocking on around 500 reviews and it’s mainly down to people on deals, vouchers. They are that type of people.’

Manager 4H10

Hence in this instance the engagement with a DD website brought in a dual benefit of a rise in customers reviews which facilitated quality perceptions. Both of them led to increased trust and increased willingness to purchase prior and post the promotion period.

There seemed to be a difference in the merchants’ perceptions of brand implications in line with the perceived status of their establishments. The managers who perceived their organisations as higher end considered discounting in
general as a brand damaging marketing strategy, in spite of the fact that they had been engaging in that type of activity:

‘I don’t particularly like doing that. When you are talking about the luxury market the discounting is not what really you want people to be talking to people about. You want to be talking about service and value. And daily deal site are not very good in putting that message across I don’t think.’

Manager 4H11

In contrast on the lower end of the market Manager PR4 was happy with the brand match of his establishment with Groupon. Manager 4H10 who had two properties, one at the higher end of 4 star grading and one at the lower, budget end of the market, admitted that whereas the generic, non-travel related websites worked for the lower-end property, they did not work for the higher end property. Similar experiences were voiced by Manager PR6:

‘Certainly with the pub ((Pub’s Name)) it worked perfectly. ((Pub’s Name)) is very much a kind of pub with rooms, whereas the original idea here in ((Hotel’s Name)) was to go sort of a boutique hotel, along those lines, and then building in this sort of brand around that, and then when we kind of discounted it, sort of it didn’t quite match up, to be honest. (…) Certainly in the ((Pub’s Name)). It works very well there. It’s a pub with rooms, it’s a relatively cheap price and people sort of know what’s happening. We’ve put a lot of work into managing people’s expectations there.’

Manager PR6

The customers also noted that discounting did not always send the right message and had a potential to damage the brand, especially for the higher end establishments:

‘I think, especially the boutique hotels, where you’re sort of being more like Harrods and Fortnum & Mason, you’re giving away rooms at a very cheap rate. So, it’s almost like you’re saying ‘Well, I’m John Lewis but I’m going to sell you all this stuff at Asda prices’. And I don’t think it does a good job at reinforcing boutique brands. I think, if you saw a Hilton and thought ‘Oh, 20% off Hilton!
Yes, let’s do it!’ because you’re going to assume the quality is going to be the same. So, you’re basically just making a saving. But for a boutique ones, where we’ve stayed, you’d think ‘Why did you let us come here for this amount of money? You must be crazy.’ I think it does more damage.’

Customer EHM3

As Zhang et al. (2013) discussed within a restaurant setting DD involvement may not be suitable for higher end establishments due to their poor customer match. The findings of this research suggested that this might also be the case for the higher end hotels, certainly when considered from the perspective of generic, non-travel specific websites. Travel-related, niche websites were used by customers who were interested in high quality hospitality products. Therefore they offered to a customer who was interested in the type of product offered by those high end establishments. As personal attitudes towards service can shape the perceptions of the service quality received (Marinkovic et al., 2013) it was therefore considered imperative to match customers’ expectations with what the brand was providing.

Most of the merchants realised the detrimental effects the repeat engagement may have on their brand. However only two merchants limited the engagement to minimum (4H7 and 4H2) and one used it only as a one-off promotion (4H6).

‘I think it could, that’s why I am keen not to do any for a while. I don’t want to be known as a deal only hotel. Well I know some of the hotels run a deal upon deal, upon deal, but I don’t want to do that. I don’t want to devalue us. I want us to stand strong, I want us to be able to charge our prices and people be happy with that, with the service they receive and the food they receive. So I wouldn’t want to keep doing them and doing them. Like I said I wouldn’t mind doing them once a year like I said but that’s it. I’ve had quite a few companies phone since I’ve been on Groupon and they said you can start doing this deal now. And I don’t want to do them. I’m not willing to do deal on deal. Cause like to me, I think like I see a hotel doing that I would think they were struggling a bit.’

Manager PR6
Both Managers 4H7 and 4H2 not only limited the engagement to a minimum but also kept the price high with relative shallow discount in order to be able to maintain original price reference point. Manager 4H7 felt that he did not ‘want to rely on that type of business’ and felt that maintaining a higher price was worthwhile to maintain the brand image, even though the deals did not generate high numbers of customers. However, what is important to consider here is the fact that both 4H2 and 4H7 hotels had a relatively healthy financial standing before their engagements with the websites therefore they were able to keep the discount shallow.

Interestingly the price of the DDs was noted by two employees (H4FOF4 and PRRSF2) who said that in their mind their managers set the price of the offers too low. This suggested that for some of the employees engagement with DD websites, whilst bringing in a benefit of custom in the low season, was damaging towards price associations with a potential to cheapen the brand.

Furthermore, as discussed in Chapter Five, the customers noted that the involvement with DDs might have been a desperate move due to cash flow problems, therefore the involvement in those instances did not help with strengthening brand perception. Some of the managers agreed with this by correlating higher business failures rates with DD involvement.

‘I mean look at how many places have gone out of business. And it’s not just because of the economic climate. It is also because of the daily deals. (…) I think there are only two places who are still highly successful and haven’t done them at all. And they just stepped out, they have huge databases and huge return on them.’

Customer 4H10

It was the employees, however, who noted possible long term effects the involvement had on brand image. Some of the employees noted a change in the
customer base and its knock on effect on the style of service and consequently the overall image of the hotel:

‘(...) like dress code in restaurants, for example, we find a lot of people came down in their jeans and trainers. That’s not really what our restaurant is like. So then we changed it [booking confirmation to include dress code information] and then we find there’s people still coming down in their jeans and trainers. So then it was the case of do we really care that much? Like do we really want to be that hotel that stops people from coming in the restaurant because they’re wearing a pair of jeans? Or do we want to be that hotel that says yes, we’re fine, come on in?’

Employee H4FOF4

Additionally since brand image is concerned with the perceived service quality (Nam et al., 2011), the effects of poor customer match had an effect on the formality of service in the establishment, which might lead to long term devaluation of the brand. Whilst this might not have been readily observable by the guests at the time, it was likely that full-paying, loyal customers might have been adversely affected and perceived the hotel as moving down market. This might have a detrimental effect on their intention to return. Nam et al. (2011, p1024) found that ‘brand experience should empower consumers to associate-or disassociate- themselves with a specific social group in order to strengthen brand equity and brand loyalty’.

The issue of social inclusion was certainly a worry for some of the managers who noted:

‘So that you have to be almost sure that you have two different customers almost. Customer base that is quite different from your deals, then you have your regular customers and you have to make sure you look after them, what they get. Rather than hearing ‘oh I got this for half the price’. It doesn’t go down. So you have to keep your deals quite separate and quite strict.’

Manager 4H10
However, as Customer EHF2 said:

‘You have a choice of dates, so it’s not like it’s only one day and they know every single person on this day is from a daily deal.’

Customer EHF2

Therefore, the separation of the different segments of the market was impossible to achieve in practice, which signalled a potential for social disassociation to occur.

Interestingly whilst most of the customers felt that the DD websites made the hotels more accessible to a wider variety of customers, there was a degree of concern that should the hotels engage with the deal on a continuous basis the image and undesired change in socio-economic qualities of the customer base would occur:

‘So, if I saw deals for them all the time, I would maybe kind of start to think, I don’t know... This is going to sound a bit snobby, but what kind of clientele are they going to get if they are kind of running that deal all the time. And I do wonder whether it would kind of cheapen the image of that particular hotel, because it was really good.’

Customer EHF5

Mejia et al. (2013) noted that long term discounting can shift the price expectations. The long term effects of discounting were commented upon by the customers in relation to the price-brand associations where long term discounting and engagement with DD websites can lead to changes in price expectations:

‘I mean, after a while, you could end up with a situation where everybody says: ‘Well, nobody pays full price for this’. Yeah, I think a promotion should always be short term anyway, because otherwise it’s not a promotion, it becomes a de facto price.’

Customer WHM4
Some of the customers admitted that they were not willing to pay a full price any longer:

‘It’s almost that it’s going the opposite way. That people won’t pay full price. They’ll look for the deals and they’ll use the vouchers…’

Customer EHF6

This may be, as noted by O’Grady (2014), due to the customers anticipating deals coming up on the websites:

‘You get to sort of remember certain hotels. So, you kind of think ‘If I’m going to stay there again, I’ll probably try this hotel and it’s bound to come on another Groupon’ and then I didn’t even think of going to the hotel’s website at the time to see if it was cheaper or better.’

Customer EHM3

Manager PR4 noted a change in the way that people purchase hospitality products and commented that today’s customer was price focused:

‘I think the nature of shopping has changed. (…) people are looking at Groupon and seeing people offer discounted deals, and that’s what more and more people are looking for. They’re not… Yes we do get people who deal and book directly with us but they are looking for the deals. That’s what Groupon are doing.’

Manager PR4

As identified in the literature review the expectation of prices were recognised to be based upon a number of factors including frequency of brand promotion (Marshall & Leng, 2002) therefore frequent use of the DD websites had led to the customer pre-empting the offers and contacting the hotels directly. This behaviour was confirmed by Boon (2013) in his research. However the customers within this research were identified as not brand loyal but value loyal, i.e. booking was based on the availability of the offer fitting the search criteria rather than a
willingness to return to a hotel previously visited, which had featured an offer on.

Please refer to section 7.4 for further discussions.

7.3 SHOPPING BEHAVIOUR

7.3.1 SELLING BEHAVIOUR

The managers reflected that over the years the way that they sold their services and products had changed, mainly due to the emergence of the internet, which caused more traditional methods of hotel advertising to become obsolete:

‘And purely because people that perhaps would have contacted you direct or perhaps Signpost or BestLoved, Johnsen’s or AA and were now using the web. Because the internet is the other phenomenon that has happened in the last 15 years that was not there. So probably even in 2007 and 2008 the internet wasn’t as it is. There was no twitter, no social media at that point. Not to the same extent as it is now. All of this is just a rolling thing and the technology has caught up. We consider now Travelzoo and Secret Escapes probably like using Booking.com.’

Manager 4H10

Similarly this was also observed by some of the employees who noted:

‘So you find that nowadays, people are always booking through either these certain engines or even like Booking.com or LateRooms, for example. Like myself, I always look at them before I phone the hotel to even....’

Employee H4FOF4

Interestingly some of the employees confirmed that they themselves were customers of DD websites and reflected upon a general change in shopping behaviour, where a change occurred from the willingness to pay full price to discount seeking attitudes:

‘I mean, myself included, everybody, if you’re going to go for a hotel you either sort of go on a Late Booking or you look for a deal on a website. You wouldn’t normally do, what was, sort of, the old thing to do is roll up to a hotel and sort of just ask if there’s a room free and sort of pay the full price.’

Employee H4RSM1
The comparison of DD websites to other distribution channels was an interesting finding and showed that some of the managers viewed the utilisation of DD websites as another distribution channel similar to Booking.com or Expedia. This confirmed Berezina (2014) classification of these websites as distribution channels, indicating that websites have become a permanent feature of stock distribution strategy.

‘We consider now Travelzoo and Secret Escapes probably like using Booking.com. Because they take about the same percentage.’

Manager 4H10

However Manager 4H8 noted that internet marketing allowed for price differentiation amongst all of the online distribution channels. Therefore, in his mind, price manipulations on this one channel would not be considered unusual:

‘Well online travel agents affect profitability, full stop. So any of them do, but then... The way to look at it is marketing spend. So, I could buy a full page advert in Sunday Times I would get full rate business off that advert. But it’s the same as paying commission. So I think the way to look at is as a hotelier it’s marketing. Yeah that’s what it is. And it’s part of an overall strategy for marketing your business and it’s not beyond end all, other things have to happen too. (...) Ammm at different rates of ... a myriad of different rates of commission, allow different amount of inventory and it’s a part of managing our process.’

Manager 4H8

What did encourage the managers to use DD websites regularly, was the previously discussed advantages (section 5.2.2) to include certainty of sales, especially important during the low season.

**7.3.2 BUYING CRITERIA**

The customers reflected upon the ways they shop for hospitality products online. A number of interesting and correlating issues were reported that had a direct reflection in the way that the customers searched and booked hospitality product with the use of a DD websites. These included low price, value, need and location.
Chapter Seven Brand Image, Shopping Behaviour and Return

7.3.2.1 Low Price and Perception of Value

It was often the low price that attracted the purchaser:

‘Oh, it simple fact. You get deal. You’re getting a bit of an economic advantage. So, why pay more when you can pay less?’

Customer EHM2

However it was generally agreed that a good price does not always mean a good value for money:

‘Because it does mean that you’re kind of always on the look out to see what the best deal is and you compare prices more. And not just necessarily compare the actual price in terms of the end price, but also what that includes. So, because sometimes some of them, and it’s only when you kind of read the small print that that includes xyz and the other one doesn’t include that. So, actually the one might be £5 more expensive, but actually you’re getting more for that extra £5 than something else.’

Customer EHF7

The customers’ research into inclusions (see section 6.4) extended to verifying the value of the offer with the reference to inclusions and final price, as well as reputation and experiences of prior customers. The images, facilities and built environment were important considerations in the creation of the perception of value:

‘I think actually that the other one was slightly cheaper. I think it was probably around £20 cheaper. But we decided to go with the other one because we thought the hotel looks slightly nicer and the spa offering was better, so, I think if we were looking at the comparison of the two it wasn’t necessarily about price, although we still had a budget and we went within that budget.’

Customer EHF5

Whilst the customers understood that the hotels needed to put the inclusions of the offering in a way that would generate a profit (see section 6.4) they still searched for offers that were inclusive of a lot of items and that would make the
offer best value for money, a certain package that would fit certain criteria of need.

‘Well, the package, what you get in that package obviously and then the price. So, in my mind if I look at it and think ‘Well, I want to go to the zoo. How much is it going to cost me if I go to the zoo? How much would it cost me for an overnight stay and how much would it cost me for dinner?’ Like I said, I’ve never booked a hotel on its own through Groupon. I’ve always booked a deal.’

Customer EHF2

However that package was always verified in in terms of the reference to true price and quality claims, where the customers visited the hotel website, compared offerings on different sites, at time rung the hotel and/or visited review sites:

‘We would always check what is included and we would always assess. For example if we found a good deal on Groupon, we would always go on Airbnb and Booking[.com] and check. Even if we get some other options we check whether this deal is better value for money or not.’

Customer WHM1

‘For a particular hotel, I look at their website, yeah, to see and probably Tripadvisor as well, to see what sort of reviews they get, because occasionally, you know, you’ll get stuff that says ‘My god, this is’, you know. ‘Even with a Groupon price, I wouldn’t stay here’.

Customer WHM4

Therefore the customers were able often to ascertain that some of the deals were not good value:

‘You know, it was once like that, at whatever it was called something Bear, whether if there it’s spurious value, because they’re saying: ‘Well, the bottle of champagne was 200 something pounds’ but it isn’t. It’s just a marketing ploy to make it really look more than it is. So on the face of it... value, but when you look a little bit deeper, it isn’t value at all, it’s just full price. They’re trying to con you with artificial price.’

Customer WHM4
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The criteria for value varied across the customers. This however was not a surprising finding since as Sánchez et al. (2006) noted value was always a subjectively perceived construct that differed amongst customers. Whilst the price was considered as a clue to the value of service and product (see section 2.3.3), here when the customers dealt with a discounted product and service they strived to verify the value of the original offer and genuineness of the discount applied. Therefore behaviour reflected Ong’s (2014) study which showed that DD customers were able to ascertain the value of an offer.

Perceptions of value also were shaped post-stay. Reflecting Ong’s (2014) research the dissatisfied customers were likely to have a low value perception of the offer.

‘The one in Warrington, it was very cheap with all the deals, no. The staff were very good, it was a nice, big hotel. However, it looked like it was built probably in 60’s and has never been upgraded. (...) This one in Warrington it was amazing deal but the quality just wasn’t quite there. So, the quality there I was dissatisfied with.’

Customer EHF2

As indicated in section 7.2.2., the merchants were aware that involvement with DDs not only influenced the number of reviews posted but also the potential of those reviews to influence purchasing decisions of future customers, both full paying and DD customers. Therefore, in a case of a mismatch regarding customer expectations of value in terms of service or product larger reputation problems may be faced by the service provider. Berezina (2014) observed that DD customers participating in her study did not differ in price consciousness behaviour from non-DD customers, however they did strive for a greater quality and variety of product and service. This study identified the customers to be value conscious, where price was an important consideration but not always the one and most important one.
7.3.2.2 The Need and Location

The purchase was also conditioned by the availability of the deal for what often seemed to be a spur of the moment decision:

‘I’ve looked at Secret Escapes but usually I would use Groupon and not because I want to go somewhere specifically, but just to see what deals they’ve got and if they take my fancy, then I will look at them. If I want to go somewhere specific, I’ll look to book in properly for that. Whereas I would just use Groupon just to see what deals are there and if there is one takes my fancy, I would book that one.’

Customer EHF2

Interestingly, as previously identified, the customers reflected that within their decision making criteria the hotels were not always a destination in their own right:

‘99% of the time it would be destination orientated. Hotel is a necessity rather than ‘Wow, this is exciting. Let’s go do this.’ I’m trying to think of the ones that we’ve booked that we would have gone to a destination. There is one in Bath. We went to a hotel in Bath with the infinity pool and that was always a ‘it would be nice to do that.’”

Customer EHM3

This meant that the hotels were often perceived as a necessity at a destination of particular interest or an activity that the customer was planning to partake in:

‘We went... so we wanted to go to South Wales in particular to do some hiking in Brecon beacons. (The name of the town)) was quite centrally located, that’s why we went for it and it was a good deal I guess.’

Customer WHM1

Furthermore the customers chose offers that fitted a pre-conditioned set of criteria. These criteria usually depended on the company that the customers were going with, the availability of inclusions, the facilities of the hotel and the activities planned by the customer and their family and/or friends:
‘We wanted a sort of a country retreat without it being too secluded. We just wanted to get away from the city really. So, it came up and we read some reviews and it looked really good. It looked like it had good facilities, nice rooms, things like that and lots to do, locally. So, that’s why we chose that one.’

Customer EHF3

In the instances where the purchase was spontaneous the search criteria were not geographically specific. This meant that the inclusion criteria and the perception of the deal value were more important than the actual destination location:

‘But like I said, I don’t think right ‘I want to go stay in this hotel. I’ll see if it’s on Groupon.’ I look at Groupon and see what deals there are and then.’

Customer EHF2

However location in terms of driving distance was often considered an important factor:

‘So, I think the criteria was ‘Oh, yes, we’ll drive maybe an hour each way.’ So, maybe 60, 70 miles as a radius (...) I think that’s quite a big driving factor to people, because you don’t want to go for a deal and then spend a £ 100, £ 150 on trains and fuel to get there.’

Customer EHM2

The issue of location was particularly interesting since most of the DD sites offer deals that are grouped by their providers’ (i.e. hotels, restaurants, spas) location (Lappas & Terzi, 2012; Lee & Lee, 2012a). Therefore some customers were willing to travel longer distances to a specific destination and focussed on the location on the DD website. However, when they were considering a spur of a moment purchase they searched within their own locality. Reflecting the work by Jeon and Yoo (2013) this meant that customers were willing to travel distances over 50 km; only when they perceived the deal to be good and when the trip was pre-planned and involved a certain set of activities. As Berezina (2014) suggested this
knowledge might be used to the advantage of some hotels enabling them to package their product differently for different markets and purposes.

7.3.3 Smart Shopper

The customers commented that often they had an impression the best deal was only obtainable with the use of DD websites. Whilst the search for the best deal would involve research to verify the genuineness of price and the best discount, typically it was the DD which provided the best price option for the customers.

‘Because they do, pretty well always I’ve found the cheapest deal is through some booking website or whether it’s a Groupon or it’s something like Trivago or others. But through hotel direct, I almost never got a good deal.’

Customer WHM4

The investigations into the genuineness of the price was not a surprise as the price was often viewed by customers as a clue to the quality of goods or products (Drozdenko & Jensen, 2005; Hu et al., 2006; Parsons et al., 2014), therefore it was reasonable for the customers to verify the reference price and therefore the quality of the purchase. What was particularly interesting was the action of active research, i.e. comparing prices and packages online, checking the inclusions and occasionally phoning the hotel directly, for best available deal. As Christou (2011) noted when sales promotion for a hotel product are available, in general potential hotel customers engage in an active research of the best available price, i.e. price comparisons across various websites and offers. Such behaviour led to feelings of being a smart shopper, with feelings of pride and general sense of happiness being evoked for getting the best deal. This certainly was also true for some of the customers who engaged with DD websites:
‘But I do feel that it is almost a middle classy thing to do. Many people are quite savvy now, thinking why pay £150 if you can get it for £99 or .... I think it’s a bonus it’s quite good to say yes I’ve got a deal, rather than I got ripped off and its £200.’

Customer WHF4

Customers commented, as discussed in detail in section 6.5.2, that initially there were feelings of embarrassment regarding using the websites, which eventually were mitigated by the atmosphere they encountered in the hotel. This meant that the more DD market matured, the customers and merchants got used to the use of vouchers, the perceptions of social impression became less important to some of the customers. Therefore for many the fear of being perceived as cheap or stingy (Ashworth et al., 2005) has been replaced by feelings of pride of getting the best deal possible.

However, it was important to note that there were customers who still felt negatively about using the discount due to fears of social impressions, yet still engaged with this form of shopping.

‘Plus there is a beautiful British ‘snobbery’ that’s says ‘We don’t really go for cheap deals.’ But we do. So, we sort of turn up and pretend we’re not really Groupon.’

Customer EHM3

This signalled that feelings of being a smart shopper may coexist with feelings of negative social perceptions. Therefore the customers were likely to be apprehensive and tense about redeeming the voucher, therefore the way that the staff manage the initial encounter is crucial. This reconfirms the discussions of section 6.5.2 of crucial role of front office in a DD deal promotion.
7.3.4 Booking Lead Time and Scheduling Implications

A gap was identified in the perceptions of a booking lead time between the customers and the employees. Whilst the employees believed that the customers mostly book at the last minute, as previously noted, the customers reported their booking lead time to differ depending on rationale for the visit. Long lead bookings happened if the customers were buying the vouchers to enjoy on a specific significant date (birthdays, anniversaries) or if they had a restricted holiday period available to themselves:

‘I suppose just because of the nature of my job, because it ends...Just generally, that’s how I’m set to book things, because I’m a teacher. I often...I tend to do things more around holidays more than during term time. So, it’s generally that at the start of the term, I’m thinking about what can I do. I just have half term.’

Customer EHF6

However if the customers could enjoy a flexibility of dates they tended to book impulsively on a short lead in time:

‘Yes. I think we booked the next day. So, I think we bought voucher late one night and then there wasn’t anyone there to book at the hotel, so, we had to call the next morning. So, yes, we tried to do it straight away. (...) Yes, it was quite spontaneous decision to do it. Normally I would have given it a least a month I’d say if someone’s birthday came up, I would book it a month in advance. So, yes, it probably was quite quick turnaround time. But yes, it was quite a spontaneous decision.’

Customer EHF3

A third rationale for when the stay was booked was identified. Some of the customers bought the vouchers and then purposely delayed booking their stays as they planned to do outdoor activities and the weather was uncertain:

‘The weather was fairly rubbish through most of the summer, so what we tend to do is to look at the validity and see what’s the weather like and when can we go. So we’d say: ‘Alright, the weather’s rubbish next week, we won’t bother next week’, could also be during the summer, you’ve got reasonable flexibility anyway (...) I never book three months in advance or even a month in advance, because of the weather.’

Customer WHM4
With regards to the customer booking behaviour the managers particularly commented that not only did the promotions initially take off quite rapidly, but also the hotel experienced different than typical patterns of booking which had an adverse impact upon staff scheduling:

‘If anything they [DD] have made it a little bit more difficult. Because initially to begin with we were busier at times we did not necessary expect to be busier. So we were not staffed correctly for it.’

Manager 4H11

The employees believed that some of their DD customers tended to buy vouchers but book the hotel stay last minute, expecting the hotels to have the availability:

‘I mean, it’s hard not to make everyone happy, so, like, if people buy the vouchers but then they don’t call to book for ages and then they don’t have the availability that they want.’

Employee PRFOF2

This meant that the organisations faced big shifts in demand at a short notice:

‘The only thing is, for example, this Saturday, we’re fully booked and we weren’t expecting to be fully booked for January. Now it’s just trying to get the staff in. That’s the thing I struggle with. It’s trying to judge how busy we are going to be three weeks before the actual date, to make sure that there’s enough staff. That’s the bit I struggle with.’

Employee H4FOF4

This was particularly problematic considering two issues: firstly the management of bedroom stock and secondly the management of staff. As the hotels were small and medium enterprises, with limited bedroom space available, the management of the bedroom stock proved at times to be difficult. Some of the merchants ‘...sold 900 vouchers in a three month period’ (Manager 4H10). This made the establishment 50 % full with discounted bookings alone for that period and assuming that the customers would want to stay both at the weekends and during weekday. However as some of the employers noted most of the customers were
looking for weekend stays, leading to problems with availability and management of the bedroom stock and subsequently of customer expectations.

Some of the customers reflected that at times it was difficult to get the date they desired or any date because the establishments overbooked, leading to dissatisfaction:

‘...‘We can’t do it,’ because they’re full, solidly and then sometimes you just have to contact whoever sells the voucher and tell you just can’t get the booking. They tend to oversell these things sometimes, so you’ll get ... very often where I’ve been booking these, that isn’t directly the question you’ve asked.... it says how many people have bought it and you get some hotels - it’s valid for three months and they’ve got five hundred people who’ve bought (...) impossible. To ever get a booking...’

Customer WHM4

Consequently as the establishments were busy, the customers who purchased the voucher but did not book straight away might have experienced problems with the availability of the rooms on their desired dates. Similar problems with bedroom stock was experienced due to a large proportion of the customers booking their stays towards the end of the validity of the vouchers, a tendency also noted by O’Grady et al. (2014):

‘Towards the end, everybody panicked and wanted to use their voucher in the last two weeks. That was a bit of a strain because we were very busy and we didn’t have enough staff to cover it. (...) There was a lot of people that wanted to use it after the offer had finished. We got full, the hotel got full on the weekends leading up to the end of the offer and there was not a lot that we could do apart from extend it. So, that was a bit stressful. It was the same with the restaurant. We were getting full in the restaurant and we couldn’t take any more people in. We were turning away people that were regulars or paying full price. That was the only issue towards the end. (...) Yes, we didn’t have enough staff to cover it.’

Employee H4RSF3
As the establishments relied upon casual staff to deal with the spikes in demand, the hotels faced employee scheduling problems in view of last minute bookings:

‘Probably like I was just saying, it’s, the change in the rota from day to day, you know, on a Monday for the Thursday you may have, you know, one person rota’d on evening with the restaurant manager, whereas when you get to that Thursday evening, it may require another two or three staff members and if I was the original one that was on and the other two staff members turned it down, I’d then got to run a shift with the restaurant manager only being two of us for a, potentially a thirty cover shift.’

Employee H4RSM1

The above results suggest three issues relating to brand image and booking process. First, if the hotel failed to put cap on the final number of vouchers sold they risked selling more vouchers than they had capacity for over the promotional period. This may mean that the customers who bought vouchers may struggle to find a suitable date to redeem the voucher. Second, if the hotel failed to predict the amount of booking for the days to come, they struggled to find casual members of staff to cover the demand, adding on a pressure on the full time staff, which may lead to provision of poor service. Third, hotels that are oversubscribed with discount guests risk turning away full paying, regular customers. All of these may lead to dissatisfaction and negative WoM for the hotels.

7.4 Return Behaviour

7.4.1 The Rate of Customer Return

Similarly to the findings reported by Cassia et al. (2013), the managers reported unsatisfactory or nil return rates for DD customers.

‘Yes, they do [come back] but not as the deal sites think that they do. Not at the rate they first said ‘oh you’re going to get lots of return and database’. That is absolutely fine but you only have to send your first mail shot to see how many unsubscribe. And that’s when you know. I would say that it is a very, very low percentage.’

Manager H410
The employees had mixed experiences of people coming back some reported a third of their DD customers coming back (H4FOF5); others reflected that whilst the return did happen it was not the levels that the businesses were expecting.

‘I know a few have [come back] but if you think how many people actually came in to how many people came back, I don’t think there were as many.’

Employee H4RSF3

The rate of return differed from hotel to hotel and depended on the DD site channel used. Manager PR6 admitted that after running a number of the promotions they did not expect the customers to come back.

‘We never expect that many discount guests to come back unless we run another discount. Obviously when we get lots of repeat guests we know we’re doing something right but we don’t necessarily just judge the success of it on that. (…) Like I said we found we’re not getting a lot of repeat guests through them…’

Manager PR6

Manager 4H2 had similar experience with DD sites. However in his opinion customers from one of the websites (Groupon) would definitely not come back whereas the other website (Secret Escapes), which he perceived as being more ‘high profile’, considered a small possibility of developing repeat custom:

‘Because there’s a deal. They wouldn’t come here if there wasn’t a deal. I’d be very surprised if any of those people who I’ve ever served on a deal come back again; maybe one or two on the Secret Escapes.’

Manager 4H2

Manager 4H11 also found the return from one website differs to another. When discussing advantages and disadvantages of the involvement he commented that the websites, especially one of them, were good at providing volume of ‘not very good business’, explaining:
“It’s not repeat. It does not develop into repeat business, okay. So from Secret Escapes we get quite a lot of repeat business. Again, again and again, so we can start to use those customers as our own, or develop them as our own customers. Travelzoo it doesn’t work like that. We find that Travelzoo customers are looking for the next deal, if that makes sense. Secret Escapes appreciates the level of service we provide. They come back to us and are happy perhaps not to pay the full amount but to pay more in the future to re-visit us.”

Manager 4H11

Managers PR4 and 4H8 both acknowledged rates of return of 35 % and 20 – 25 % respectively. However, Manager 4H8 admitted that the rate of return was anecdotal and more of a ‘gut feeling’ than a definite rate of return. This suggested a paradox within this stakeholders’ experience i.e. the perception of profitability of the deal was influenced by the rate of return, however that rate of return was not actively monitored by the merchants to check if the profitability by return occurred. Furthermore this suggested second inconsistency within the perception of DDs. As discussed in section 5.4.4 one of the measures of success of a DD for the managers was the ability to generate a repeat custom; however the managers reported that the customers either did not come back or the levels of return were not as high as initially anticipated. This therefore leaves an unanswered issue of why did the managers consider the rate of return as a measure of successes in spite of the fact that the DD did not generate sufficient repeat custom.

7.4.2 Return on a Discount

Malone and Fiske (2013) reported DD customers to be price focused, for whom a repeat purchase was dependent upon a continuous supply of low prices. The managers and the employees agreed with this stating that if customers returned they did so on another deal or only with a discounted price.
‘Yes, I think once you’re on those deal offers, it’s quite hard then to pay, like, full cost, so I think... and I think a lot of people do just look at those deals, and then go wherever the deals are.’

Employee PRFOF2

Therefore the repeat patronage, if happened, did not develop into a full price purchase. Manager 4H6 noted that during his promotions some people bought multiple vouchers to be able to come back time after time.

‘Yes, there’s been definitely a few. I could put my finger on it when exactly but there’s been a small percentage of people who I’ve seen that have come on a Groupon and they’ve come back. I mean I did see... I know a few people who bought quite a few Groupon vouchers so they come in on quite a numerous occasions so obviously they’ve enjoyed themselves, so yes there has been a small percentage.’

Manager 4H6

The explanation for this might be that the match of customer and product offered was high as a percentage of customers were willing to return time and time again, however the behaviour might have been symptomatic of deal-prone mentality developed in the post-recession society (Kühn, 2010; Mintel, 2010b; Mintel, 2012b). Alternatively the hotels most of the time were chosen on the basis of fitting the pre-conceived criteria, provided a hard to miss deal and/or were conveniently located within the area of interest (see section 7.3.2). This was significant when considering return behaviour of the customers, who noted that unless the hotel was located in an area, where particular activities drew them back (such as Legoland, an airport or surfing) the return intention, created on the basis of a satisfactory stay and availability of another offer, was never actioned.

Furthermore as discussed in Chapter Six, there was a separation in perception of the service provided by the website and by the hotel. This directly contrasted findings reported by Zhou and Wu (2012) who showed that the service quality of
the DD website and service quality of the hotel both had an impact upon customer loyalty. This study showed that, problematically for the managers, the service quality of the hotel did not translate into repeat purchase at the hotel but to loyalty towards DD. This was identified by the hoteliers, especially with a reference to one of the DD websites:

‘Secret Escapes is the type of customer that tends to use Secret Escapes all the time, for all breaks and so forth. So we tend to have a few repeats from them. You can’t tempt them away that easily. If they use Secret Escapes they will use Secret Escapes all the time.’

Manager 4H10

This finding indicated a number underlying issues. First, it suggested a certain level of naivety on the part of the hoteliers who, knowing that the websites do not create a repeat custom, still expected the customers to return and purchase the next stay directly from them. Second, it seemed that in spite of the managers acknowledging the rise of customer reviews in line with the popularity of DD (see section 7.2.2); they failed to see the bigger picture of what those opportunities could provide. In other words whilst DD were not successful in bringing in customers who were loyal to the hotel, they were bringing in customers who created WoM, therefore increasing the likelihood of increased non-DD related future sales. This means that satisfied DD customers facilitated generating a deferred profit for the hotel’s profit by increasing trust in the hotel service.

A further issue was highlighted by Manager 4H11 who admitted difficulties to attract Secret Escapes customers directly and to develop them into customers loyal to their own brand rather than DD website:

‘We’ve tried a pre-offer email, so just before an offer goes live on Secret Escapes you send it to your database. People don’t care, they’re not interested in reading the email. But when Secret Escapes email goes out ten days later with exactly the same offer and we get bookings from the people we’ve emailed.’

Manager 4H11
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Most of the customers agreed that if a return was considered it was based on the availability of an offer. Interestingly however, and contradicting Manager 4H11 some said that if a similar or same deal was offered by the hotel directly they would purchase directly from the hotel.

‘Yes, and if they email me to let me know you booked it last time, would you be interested to book it again. I would be interested to do it.’

Customer WHF1

This finding is paradoxical in several ways. As discussed in section 7.2.1 the customers highlighted the importance of a push strategy of DD websites, via their daily email marketing, in their vacation decision making process. Often the email from the website was the trigger to look at some of the offers available. However, some of the participants felt overwhelmed with the hotels’ direct marketing due to the volume of them coming in. This meant that the customers paid attention to and read DD email but not the hotel one, suggesting that the hotels were not skilled in the way they market to the customers directly.

‘I think the hotels don’t know when you’re coming next. I don’t suppose they really know what to send you. I think the food people are a lot better that are on things like Groupon. I think that’s because they are better gift for a Mother’s Day, Valentine’s Day and quite often the Harvesters of this world or the Chef & Brewers would quite often send you the deal straight to your inbox.’

Customer EHM3

Chapter Six and section 7.3.2 also provided points that needed to be considered in the light of this issue. As evidenced the customers associated ‘ownership’ of the deal with the hotel and separated the perceptions of satisfaction with the DD website from the satisfaction with the hotel. However at the same time they associated best deal with a DD website. Consequently when an intention to return
arose, the customers turned to those websites to make the purchase. This inevitably meant that the hotels’ high service quality was fuelling the sales for the DD websites. In other words the hotels lacked the ability and marketing power to attract the customer directly.

**7.4.3 Intention to Return Was not Actioned**

The DD literature predominately discusses the customers’ intention to return to the hotels (e.g. Cox, 2012, 2015; Kimes & Dev, 2013; Krasnova et al. 2013; Hsu et al., 2014); however the merchants noted that whilst the customers may have the intention to return that rarely translated to actual return:

‘You could read the guest comment book that say they will return, are looking forward to a return visit. You know, will that be?’

Manager 4H7

Oliver (1999) suggested that the loyalty of a customer comes in different forms of behavioural manner. This was considered significant as purchase intention (conative loyalty) was not equal with purchase action (action loyalty), where the latter was considered an ultimate loyalty. Therefore from managers’ perspective, taking into the account that return of the customers was one of the primary goals of the promotion and a measure of its profitability, the intention to return is not a true measure of loyalty to their hotels. Furthermore as evidenced in section 7.4.1 the level of return, if it happened at all, was considered to be unsatisfactory. Reflecting Berezina’s (2014) findings, this study showed that this was due to the customers looking for new experiences each time they wanted to go away. There was a perception that there was always another, perhaps better, deal out there:

‘It’s got nothing to do with the hotels I just like to go to different places. I wouldn’t… I suppose even if if it was amazing I would think there is another amazing hotel out there. I like to go to different places. I know it’s not great as they want you to come back. I know. I just personally like to go to different places.’

Customer WHF4
Some of the managers agreed and noted:

‘I also think that the type of people who use these sort of sites do like to go to different places. They do not necessarily want to come back to the same places.’

Manager 4H10

Paradoxically the above finding coupled high and satisfactory service quality of the hoteliers acted as a ‘spill-over effect’ (Krasnova et al., 2013) to strengthen loyalty towards DD website rather than the hotel:

‘I think that one was North Wales and so, we just used it and it was a lovely experience. It was a lovely hotel. Really nice staff and so, after that then, we sort of started to using it [Groupon] more often.’

Customer EHF6

This was considered significant since it highlighted a deeper issue of loyalty towards hotels under a DD promotion. Whilst those results confirmed the literature that the customers were savvy and price driven, they also identified the reasons behind a perceived disloyalty. Therefore hoteliers, who had struggled to attract customers due to their location prior engaging with DD websites, would also struggle to attract a DD customer to come back due to the same reason; equally the hotels that were situated in an area that drew people in to begin with, were likely to experience a repeat custom due to their location. Therefore understanding of the hotel’s and deal’s unique selling points in relation to location might help set more realistic goals to be realised with the DD promotion and manage the offering and staff in order to achieve those goals.

7.5 Chapter Summary

This chapter has identified that the choice of discount channel aimed at matching quality expectations for both the managers and the customers. The customers were looking to express their quality expectation through a use of a preferred website that provided a subjective minimal effort in term of PEOU. Prior
recommendations of close friends or family also acted as an assurance of the right match for the customers. The managers were also conscious of which choices of websites would provide the best match for their hotels, but often the choice of a discount channel was based upon a compromise between the desired levels of sales and customer brand match.

It was clear that involvement with a DD had a potential to impact upon hotels’ brand in multiple ways. First, simply by featuring an offer on DD websites the hotels risked damage to the reputation of their brands due to customers’ perception that struggling businesses advertise on DD websites. Second, if a poor customer match occurred there was a risk of diluting the core values of the hotel leading to changes in service quality values and possibly changes in brand perceptions. Whilst the managers saw and utilised DDs as new distribution channels, for the customers and some of the employees that approach sent conflicting messages in relation to brand image. This was due to the belief that multiple engagements with websites led to price-brand devaluation, so that the customers were no longer willing to pay a full price for the hotel services and products.

The customers employed unique shopping criteria to search for the deals basing their decisions on a number of factors. This interestingly was not always the price of the deal but often the inclusions, perceptions of value for money, location in terms of geography and distance and a general need to get away. Moreover there was an underlying impression that the best value deal was usually available through a DD website, rather than with the merchant directly. Getting the best value for money evoked a positive emotional response in the customers, who even if apprehensive about the possibility of possible social stigma arising from the use of DD, still engaged with the websites.
The chapter showed that some return to the hotels happened; however action loyalty was predominantly to the DD website as customers were often swayed by their offers, rather than follow up offers from the hotel. This was due to customers frequently wanting to visit places and areas that they had not visited previously. However they did display purchase intention should the right set of circumstances arise coupled with an availability of a deal. Furthermore the chapter discussed the high likelihood of the customers engaging in various forms of WoM, a significance of which the managers seemed to not capitalise upon. The results suggested that whilst the customers did not action their loyalty to the hotels they were very likely to influence others to choose the hotel by posting a positive review.

Figure 7.1 summarises findings of this chapter in relation to DD management cycle.

![Daily deal management cycle](image)

Figure 7.1 Daily deal management cycle, results Chapter Seven
Source: the Author
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8.1 INTRODUCTION

Chapter Seven discussed issues relating to brand image, shopping and selling behaviour as well as the return intentions of the customers. It identified the stakeholders decision making processes behind choosing discount channels as a selling and shopping medium and brand image implications following the hotels’ involvement with those channels. Furthermore it identified the search and buying criteria of the customers under the influence of a DD discount. Lastly it discussed issues related to repeat purchases. Matters of intention, action and non-return were also discussed.

This chapter advances the study by bringing in the employees to centre stage. The chapter shows how the employees experienced their workplaces during the promotional period. It then moves on to discuss how those factors shaped and influenced the experienced levels of stress, work-life balance, job performance feelings and physical and mental strains. Finally the chapter identifies specific, department focused pressure points the staff experienced during DD promotions, which can result in staff being unable or unwilling to provide high quality service.

8.2 THE PERCEIVED IMPACT UPON THE EMPLOYEES

The results identified a mixed set of views from the customers and the managers with regards to the degree that the involvement with DD would impact upon the staff and their well-being. Some of the employers noted that in spite of the whole organisation being involved and affected by the promotions, most of the workload fell on their employees:

‘You know don’t get me wrong a lot of the nights I was here serving because we were busy, but, it’s them that it kind of impacted the most.’

Manager 4H6
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However, reflecting section 2.4.5, which highlighted the importance of stimulation in the workplace, other managers noted the staff were pleased to be ‘kept busy’. Manager 4H10 said ‘[t]hey were actually very pleased. It’s best to keep them busy.’ A small minority of the managers noted that the deal did not impact upon the staff at all:

‘Didn’t ask them. I mean, does it really... As you can see, it’s hardly a great administrative bearing so I don’t think... it’s neither here nor there. I didn’t hear any dissent anyway.’

Manager 4H2

Whilst this might seem a dismissive comment it was noteworthy that Manager 4H2 used DDs very sporadically and with a very shallow discount, therefore the sales generated in terms of absolute numbers were far smaller than in other hotels. Consequently the impact of volume of customers would have been much smaller and the impact upon the workloads of the staff would have been minimal.

The other managers considered the impact upon the employees to be positive on the whole, in spite of the workload increases for their staff discussed in section 2.5.4.3 and Chapter Six. The negative impact identified by some of the employers was connected to perceived stress levels that the increase in customer numbers brought to the hotels, as discussed in section 8.4.1.

The customers who considered the impact upon the employees, differed in the assessment of what they thought the impact would be. Some customers, as discussed in section 5.2.6, considered the heightened levels of business as a positive, as the promotion had a potential to keep the staff employed. Others reflected upon the potential of the deals upon the working environment where the staff might feel under pressure to provide service:
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‘But you could see how it would tighten things for kind of turning around rooms or things like that within people staying, you know, short space of time and then having to turn room because your hotel is full for that week or whatever. So, you could see how from a workload perspective it would make things probably, incredibly busy for staff.’

Customer EHF7

The association of employment and busyness of the establishments during the promotions was considered interesting for several reasons. As discussed in Chapter Two and reflected upon in Chapter Four the hospitality industry relies upon two types of employees: full-time and/or part-time contracted staff as well as casual staff employed on the basis of need of the business without any set amount of hours. From an employment benefits perspective the impacts upon the two groups would be different due to full-time employees performing the job within their usual working hours and casual employees enjoying the benefit of extra hours provided. As Chapter Five highlighted for the hotels involved with DDs since the recession began the promotions have been viewed as a way to safeguard against possible redundancies and at that point in time the employment-promotion association for full time staff had been more obvious. However, as evidenced in Chapter Seven, the use of DDs was becoming part of the routine as the websites became utilised as any other distribution channel. Therefore it was reasonable to conclude that the initial reason to participate to safeguard employment was no longer as significant.

Interestingly the employees considered DDs to be a positive influence over the business, but not in all instances for themselves. Whilst some noted an association between their employment and the promotion, others reflected that on a personal level they liked to be busy. However, as discussed within Chapter Six from an operational and service quality perspective the promotion period brought
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unique challenges for the staff, especially within the housekeeping and front office departments. Therefore, whilst the promotions evoked positive attitudes in some, the operational problems encountered by the staff resulted in the creation of a challenging working environment for others.

**8.3 Dimensions of a Supportive Workplace**

Chapter Two identified four themes (see section 2.5.2 and table 2.4) that can contribute to the employee’s perceptions of subjective well-being and consequently their perceptions of a workplace as supportive or not, process illustrated by figure 8.1. Most of the factors contributing to the themes were discussed by the employees in relation to their working environment. The ‘relationship’ was not discussed by any of the employees; none of them reported bullying or harassment. The ‘clear role’ factor was not fully discussed and only in relation to the importance of each of the department’s service upon customer satisfaction and negative return intentions of the customers (see Chapter Six), therefore was considered not influential upon creation of subjective well-being during a DD promotion. Some of those well-being factors had also been discussed by the employers and the customers, therefore their perceptions are included where appropriate.
Figure 8.1 Working environment and support outcomes during a daily deal promotion
Source: the Author
8.3.1 COMMUNICATION OF CHANGE

8.3.1.1 COMMUNICATION

As discussed in Chapter Five for the managers staff motivation and engagement were named as one of the reasons to engage with this type of promotion when staff was considered. However the managers admitted that positive motivational levels and positive attitudes were difficult to achieve. Manager 4H8 reflected that initially the employees’ attitude towards the DD customers was negative, however with more frequent usage their attitude changed:

‘I think also the attitudes within the staff have changed a bit. In that originally there was a hard to disguise a feeling of disdain for Groupon voucher holders. Because they did tend to be very different to our normal market. And staff now accept that this is a part of what we do, that’s the feature of the world that having changed.’

Manager 4H8

The negative attitude of employees may be explained by the staff initially not understanding the employers’ motivations behind engaging with DD websites or not understanding the type of customers that DD brought in. As noted by customer section 7.2.2 some of the websites provided a customer which was not a typical customer of the hotels.

Most of the managers told the staff that the promotions were going to take place, without detailing the reason and potential problems the promotions might bring. In some instances the process of communication was informal, limited to key staff or to the reception staff as they would be affected by the administrative changes to the booking process.
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‘Yes I suppose anecdotally we did [inform] and informally we did. Could have done it a bit better. As I said the staff kind of learnt by osmosis rather than being formally preached to about the process, but they I’d like to think, that they understand the need to, the need to gain the occupancy at the quiet times of the year. And hopefully they understand that’s why one would occasionally take on a discounted deal.’

Manager 4H8

Surprisingly none of the managers discussed the reasons behind the promotions with the employees, although they instinctively understood some, but not all reasons why the promotions were implemented. However the implications of engagement with the promotions and the hoped-for outcomes were not addressed by the employers. Working environments, where the managers do not share information regarding promotions undertaken and expected marketing efforts from their front line employees, result in employees not sharing values of the company (Iacobucci, 1998; Lee –Ross, 2001; Grönroos, 2007). This situation may result in employees not understanding the underlying values, processes and standards expected to be delivered throughout the promotional period (Yoo & Park, 2007). Since featuring a DD promotion was thought of as a marketing exercise with a goal of building a repeat custom, it was surprising that this message was not communicated to the staff. This resulted in some of the managers’ impression that the staff did not understand the purpose of the deals:

‘Sometimes they thought we were completely crazy. And sometimes they found it difficult to see bigger picture and the benefits.’

Manager 4H11

The lack of communication was mostly noted by either housekeepers or casual members of food service staff. Employee H4HKF4 said ‘No, they didn’t. Not personally. All I knew was a hear say. There was no meeting nothing like that.’
In spite of a lack of clear communication patterns the managers felt confident that their staff understood the reasons behind featuring their establishments in the promotions.

‘[They understood the goals of promotions] Probably quite a lot, to be honest. They’re relatively bright people and it’s... you wouldn’t do a discount site if you didn’t need to do it, I suppose.’

Manager PR6

However the levels of understanding for some managers differed between core and peripheral, casual staff. Manager 4H11 admitted that whilst the managerial and kitchen staff understood the promotions and had a basic knowledge of the profitability of them, the rest of the staff did not seem to be thinking about the promotions in any more detail than that there was more volume of work. In contrast Manager 4H8 thought that all their staff understood the implication of running a DD promotion and cash generated to sustain jobs in the low season:

‘Yes, I think they do understand why we’re doing it. Because they understand that if we didn’t there would be times in the winter when we will be very, very quiet. And ultimately that leads, you know, lack of profitability and problems with their jobs and so on. They understand that much. I think they are mature enough to understand that much. But I don’t think we... I certainly haven’t gone through formal process of training to say: OK we are running Travelzoo and this is why we are doing it. I mean it’s a part of the understanding of the P & L [profit and loss] function of a business including a hotel.’

Manager 4H8

The lack of communication of promotion goals was further surprising when considering that the managers saw the importance of and hoped to increase employee engagement with the promotions. As suggested by Woodruffe (2006) and Barron et al. (2014) one of the main ways to increase organisational engagement is improvements in top down and upwards communication. Welch and Jackson (2007) emphasised the role of one way, top down communication
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the formation of understanding of an organisation’s evolving aims and awareness of its changing environment, whilst at the same time nurturing feelings of commitment and belonging to the establishment. The authors particularly underlined appropriateness of one way communication in situations where message consistency was important. This would suggest that informing the employees of the forthcoming DD promotion, motivations behind the decisions and anticipated outcomes would facilitate employees’ commitment to the achievement of those goals.

All of the comments were the managers’ impressions of the staff understanding, as the managers admitted they did not have a two way communication flow and feedback systems regarding the DDs and their impacts upon the staff, meaning they could not have verified if their impressions of staff’s understanding of the deals was correct. Elst et al. (2010) noted that bottom up communication within a workplace can reduce uncertainty and provide feeling of predictability and clarity within a workplace, therefore positively influencing workplace well-being. Lack of two-way communication might have resulted in staff lacking support mechanisms when they have been needed as well as less clarity as to the overall goals of the promotions and their own role in the achievement of those aims.

Only front office staff reported that they often engaged with informal talks with the managers, giving them an opportunity to feedback regards the success, difficulties and improvements necessary:

‘Yes, we all sit... like I say, we sit down, we talk about different deals, different prices, what worked last time, what didn’t work last time, what we could do different this time, what we could add onto it, stuff like that. Yes, definitely, we all sit down; it’s nice.’

Employee H4FOF3

However not all front office employees were given an opportunity to feedback:
‘I think if team members were asked more about how they felt and what they think would work, it would be better because sometimes it’s only one or two people that know about the deal that’s about to come and then the rest of the team are told about it the day it happens or the day before it’s happening. (...) Not really, people aren’t really sat down and spoken to, everything, seen if they need any questions answered, because at the end of the email it says if there are any questions, please ask, but you’re not necessarily there when they’re there to be able to ask. And when you do next see them you’ve forgotten or it’s already gone too wrong and you’re then fighting the battle of trying to make it right again.’

Employee H4FOF1

In addition to this the employee felt that even if feedback was given it was not always acted upon:

‘I think they kind of put a cloth over anything bad, so they can’t see it or think about it, and then they just try and focus on the positive, which is good, but you also need to take on the criticism and try and improve yourself and the hotel. And if there’s an issue with a member of staff or a light-bulb, it all needs to be addressed and looked into, no matter how big or small the customer or the member of staff thinks it is, which I don’t think always happens.’

Employee H4FOF1

It was interesting that the feedback opportunities were typically given to the front office staff, who were viewed by the management as core to the provision of quality and positive experience by customers during DDs (see Chapter Six). Yet, as evidenced in the same chapter, the impact and operational problems spun out across the whole organisation. As proper feedback encourages learning and improves job competence (Schaufeli & Bakker, 2004), it might therefore be reasonable to presume that the organisations might have missed out on vital information that would have improved the profitability, upsell opportunities and operational efficiency of their hotels had there been feedback mechanisms at all levels of the organisation.
8.3.1.2 Training

The customers noted that generally the staff were well trained, to the expected level of the establishments:

‘As far as I could tell they were well trained. It wasn’t like silver service, but it was good standard of a service and good standard.... And I’m guessing he must have been trained in wine as he was talking how much it was complimenting. So I guess he must have had an idea of what he was talking about.’

Customer WHF1

However some of the customers commented that it was noticeable that new staff were recruited to cover the promotion periods:

‘I think that hotel that was busy, I got the impression that they recruited a lot of staff or some staff, especially in the restaurant and on housekeeping sort of recently. So, there was obviously a few that you could tell that they worked for a couple of weeks or they were short in some cases.’

Customer EHF6

As discussed by Kassicieh and Yourstopone (1998; section 2.5.4.1) training can be seen as an effective way of communicating between the management and the staff, especially with regards to new organisational strategies, new values and new ways of performing work. Therefore it was surprising the managers perceived the promotional period as ‘regular’ business under heightened volume of customers, as might happen at other times of the year, such as bank holidays.

‘I mean, they were already trained in what they do, so it’s just a case of we start and they get a bit busier, but they already knew what they were doing. (...) I mean, it’s not a particularly hard job, so only to a certain degree I suppose. So it’s once they have the training, once they’ve got experience, they’ve got that skill and they’re just a lot happier with the fact they’ve got more hours, they’re earning a bit more money.’

Manager PR6

The ‘business as normal’ approach seemed to prevail in departments which were perceived by the management as requiring no operational changes, such as
food and beverage or housekeeping. As previously highlighted in Chapter Six, front office experienced operational changes due to differences in booking procedures, therefore required training to be able to properly process all of the bookings.

‘Now they are trained in the front office. They’re trained in as far they understand how to upsell and how not to. But as far as the F&B operation is concerned is no different to what we would offer anyway. So there is no need to train anyone any different …’

Manager 4H8

The employees discussed two issues connected with training. First, most of the training provided was job related and happened upon the introduction to the company, with ‘on the job’ training prevailing:

‘Yes, so I was always, I’d been moved into management and she was teaching me as I went along, which was good.’

Employee H4FOF5

Second, any further training relating to DD involvement happened in the departments which were affected by operational changes. However the method of the training was often in the form of informal chats or emails being sent outlining the new procedures required:

‘The only preparation, I’d say, is obviously going through the offer... you know, the offers and stuff like that, letting us know when it’s starting and when it ends, what the offers entail; you know, might send us out an email to tell us or show us. Yes, that sort of preparation, I’d say.’

Employee H4FOF3

Those two approaches to training meant that some of the organisations experienced problems with training during the DD period. As Employee H4FOF1 noted:
‘When I first started, about a week or two after, I think, the Travelzoo offers started, so because I was still getting used to the system, I had quite a lot of training on doing the bookings on what to take for the different offers, so I was quite lucky, in a sense, because I started at a quieter time before the busy time, so I was able to go through with my supervisor exactly what to do and how to do it and where everything went. (…) [These days] You might have training going on during a really busy period, which either means you’re slowing down the customer’s experience or you’re not training to your full capabilities, so someone’s going to be missing out because you’re so busy. (…) So, it’s, it’s been tricky in the last few months when it’s been busy because you’ve not had the trained staff with you.’

Employee H4FOF1

Therefore it might seem reasonable that in hotels which experience high staff turnover and engage with DD websites on a rolling basis, staff training might pose difficulties from the practical point of view or create pressure due to lack of skills.

Limited training was confirmed to take place in food and beverage departments, especially when concerned with procedural billing changes:

‘It was just making sure we knew that it was Groupon before they booked so that the staff knew not to put all the food on the till, to have the voucher first before service and to make sure you explain to the customer what they were entitled to on the menu. (…) Even the size of the glass of wine that was free… there were lots of little details that we had to remember.’

Employee H4RSF3

Most restaurant employees felt that the initial job specific training and skills they developed when first employed were utilised in the same way during the promotion period:

‘Well, when I started at the hotel you sort of get your formal couple of weeks training. You get shown how to serve properly at the table, you know, serve ladies first, then men and so on and so forth, sort of, good quality of service, not just, you know, throwing the plate down on the table and walking away. You learn to engage with the customers and be polite to, sort of, you learn the menu and the stock that you have and everything like that and that sort of plays through, although there’s not specific training that I, I feel I was given for when a deal would be on. It all sort of still transfers.’

Employee H4RSM1
Housekeeping staff reported no extra training or preparation taking place before or during the promotional period. This was a surprising finding considering, as highlighted in Chapter Six, that there was considerable pressure on the staff during promotional periods. Bearing in mind that employees tend to perform better and contribute to service-orientated culture if they believe that an organisation provides them with various forms of work related support inclusive of training (Lee et al., 2006; Michel et al., 2012; Dhar, 2015), it was surprising that that type help was not offered to these employees.

The lack of deal related training in the customer facing areas was unexpected since continuous training, especially within an ever changing service environment is necessary. As emphasised by Lee et al. (2006) when managers train all of their employees, not only new staff, before a new service encounter they have a better control over service quality and can influence factors which contribute to the achievement of organisational goals. However as noted by Employee H4FOF1 lack of training and lack of skills led to problems with management of the deal:

‘And you might be having half the hotel booked out at the weekend on Travelzoo when only a quarter of it should be booked out (…) it might be because they’re not being shown or taught and there’s a lack of communication going on between, and a lack of training for the new members of staff that come and maybe members of staff that haven’t done it for a while, if they’ve been off. Everyone kind of needs a refresher or proper training now.’

Employee H4FOF1

Furthermore as identified in Chapter Seven most of the hotels used a number of different DD channels, each of which brought a different type of clients, with different socio-economic profiles. As discussed in Chapter Two the change in the customer base often meant that the staff needed to adjust their behaviour and responses to ensure they provided the quality of service that the customers expected. Since appropriately targeted training can be a method of increasing
staff capabilities to deliver service quality and to understand the customers (Yoo & Park, 2007), staff who are not fully prepared might at times be unable to provide the expected type of service, resulting in customer dissatisfaction.

Furthermore since upselling was recognised as a key to deal profitability (Chapter Five) it was surprising that the hotels did not train their staff to ensure the sales options were utilised to maximum extent. Therefore this seems to suggest that the managers and the staff failed to recognise that the above operational training (i.e. billing or bedroom allocations) was not equal to training in relation to successful upselling. As recognised by Sigala (2013) staff that was encouraged to upsell, without prior training, had a potential to utilise aggressive selling techniques that led to dissatisfaction and less sales being generated. Although aggressive selling techniques were not reported by any of the customers in this study, it was considered likely that either that type of employee behaviour did not exist, or that employees of establishments the customers visited were trained with regards to their selling techniques, or that the employees were not aggressive enough for the customers to notice, especially since they were aware that the hotels needed to upsell (see section 5.4.2.2).

**8.3.2 JOB DEMANDS**

**8.3.2.1 JOB CONTROL**

Job control involves the planning of one’s own work, influence over how the work is preformed, choice of tasks that an employee does and controlling the pace of work (Palmer, 2005). Employees who perceive that they have some control over their work environment typically experience lowered levels of stress. The degree of involvement in decision making was also highlighted as an important construct.
Additionally employees who were involved in decision making processes displayed more commitment to those changes (Clark et al., 2009).

The employees suggested varying degrees of being involved in decision-making processes and job control. The department with the most job control and involvement was the front office with most of the employees reporting being involved in decision making processes and setting of procedures, albeit to varying degrees. Whilst Employee H4FOF3 reported high involvement and job control in that within the operational constraints they would order their workload:

‘Yes, so yes, so we’ll, like, sort of, start, we’ll sit down with ((Manager’s Name)), talk about different pricing and stuff like that, and then obviously put them out there. We do the close-out dates... well, I do the close-out dates, go through and then check it with ((Manager’s Name)), which dates we can sell, stuff like that.’

Employee H4FOF3

Employee PRFOF6 reflected that even though some attempt of involving the staff was made by the manager it never went beyond informal chats:

‘I didn’t actually, I didn’t actually have much dealings of actually setting up of the actual offers. That was more ((Manager’s Name))’s deal. I mean, we bounced ideas, what we could offer and everything, but ((Manager’s Name)) dealt more with the actual other side of it.’

Employee PRFOF6

The housekeeping staff were never involved within any decision making:

‘I am aware of it, but we don’t really get involved; we just, sort of, know when they’re happening and that sort of thing, really.’

Employee H4HKF2

However the staff displayed a degree of job control in that within operational constraints they could organise their workload:
‘No, it is not like we are under great pressure, we just know what we need to do and we have to manage our own the time well to get everything done. But sometimes not all of the rooms have to be done, we get a room occupancy prognosis that tells us which rooms we can leave for the next day for example. So we don’t have to do all of the rooms all every day.’

Employee H4HKF4

The restaurant staff suggested that financial decision making and control were not a part of their responsibilities:

‘Yes, it’s just the way that people in my position in the business see it is we don’t necessarily get to hear of the sort of, the numbers at the end of the month or whatever, so, you know, we just get told oh, it’s been a, you know, we’ve been typically a bit quieter this time of the year, so there’s a deal going on and it should, sort of, bring people, bring people back in and bring some money through the door.’

Employee H4RSM1

This suggests that the hotels displayed an informal hierarchy during the promotional period, where the front office not only enjoyed a two way communication with their managers but also displayed a degree of involvement within decision making.

8.3.2.2 Working Patterns and Monetary Benefits

All of the employees reflected that DD promotions had an impact upon the time and pattern of their work. Full time employees experienced longer hours of work on a regular basis as well as irregular shift pattern changes:

‘So, not only is the shift day to day a bit more unpredictable, but the way that my shift pattern works at the hotel is if it was a very busy shift in the restaurant and in the evening, I may still be there half past one in the morning, whereas if it was a quieter evening, I may be gone by half past ten.’

Employee H4RSM1

Some staff commented that they were required to do more shifts within a week than was usually the case:
...we’re a lot busier, especially when I was paid by however many shifts. (…) Yes, and I used to get called in for extra shifts and, yes, it was full time, but I still get called in for extra shifts and I’d stay later, because we had more people.’

Employee H4FOF5

Casual members of staff noted a correlation in the amount of work they were given and deals:

‘Probably indirectly, yes, because it brings more people, so I, well, I have more work to do, so.’

Employee H4RSM5

Employee H4RSM1 noted that the difference between hours worked and consequently pay was significant:

‘Yes, I suppose so. I’m quite happy because it’s sort of, when they’re on I’ve got a lot more work than when they’re not (…) In a sense, again, of my pay, yes, because of the noticeable difference, sort of, from a week where we’re in a deal to the week afterwards that the deal isn’t running, in my hours there can be almost, sort of, half of what they were when the deal’s (…) So, for example two weeks ago a Travelzoo deal ran out (…) I believe it was a 63 hour week and the week afterwards I had, I think it was 35, 32, 35 hours or something like that, so it’s, you know, considerably about half the amount and being hourly paid, it’s, it makes a massive difference.’

Employee H4RSM1

Whilst hourly paid employees appreciated heightened volume of work and consequently pay, some full time employees accepted that as a fact of working in hospitality industry:

‘You can get absolutely drained. But then that’s usually coming off at seven shifts, seven days in a row. It’s something that you accept.’

Employee H4FOF4

Whilst others admitted that busyness of the establishment motivated them to work:

‘… yes, it’s got a lot busier, you know, and that’s what we need, really. (…) because I thrive on the busyness.’

Employee H4RSM4
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This finding reflects the general trends of employment discussed in Chapter Two where it was identified that employers tend to deal with changes in demands by mixing contracted employees on overtime with hourly paid casual workers. Furthermore, a substantial difference in the hours worked between a regular working week and a week during a DD, highlighted the success of the promotions in terms of bringing volume of customers to the hotels.

8.3.2.3 Manageable Workloads

Chapter Six presented detailed discussions with regards to workload experiences of staff. This section summarises the results of this study pertinent to the consideration of employees’ well-being.

As the deals were designed to bring volume of people to the hotels over an extended period of time, naturally the workload increased. Whilst some of the employees thrived on the added pressure and business of the hotel some found it very difficult to manage the increased workloads with regular day–to–day routines:

‘The work load and the frustration of not having time in your working day to do everything and feeling you have to stay there to do a bit more. And it might be that it’s going to help you or it might be that it’s going to help a team member later. It’s, if I went home and I hadn’t done everything or enough, I’d feel guilty and then either have to go in early the next day or stay even later to the next day or ring up and say well, I’ve not done this, I’m really sorry, can you do that, and then that’s not good because you’re adding to someone else’s work load who’s already got an increase in his work load as well. And it’s just a never ending... (...) Reel of guilt.’

Employee H4FOF1

This comment was considered interesting in light of the discussions relating to unique emotional requirements of front office during the DD promotion period. The increased workload put additional emotional pressure upon the front office staff, who not only are considered emotional workers (see section 2.5.4) in their
everyday duties but also during a DD they need to deal with additional emotional pressure concerned with social impressions (section 6.5.2 and 7.3.3) as well as emotional pressure concerned with workload.

Employee PRFOF6 commented that the pressure of workloads came from the amount of people coming through the doors but also the constant flow of guests that created the workloads. Whilst the restaurant department, which did not experience operational changes and was typically well staffed, thrived on the increased volume of customers.

**8.3.3 Resources: Staff, Supplies and Equipment**

Michel et al. (2012) noted that employees striving to deliver high quality customer service may be hindered by two factors: lack of sufficient amount of staff to perform the task and lack of supplies and equipment to facilitate the job. The importance of resources was further underlined by O’Neill and Davis (2011) who noted that lack of them was the second most common source of stress in hotel employees.

The management did not discuss any noticeable lack in staff and equipment.

None of the customers noted a lack of equipment however some noted lack of staff in certain areas:

‘Yes, because we went twice to the front office and nobody was there. So, even when you pressed the bell nobody is there. So, on one occasion with the ((Name of the hotel)), we actually phoned the hotel from the reception desk to speak to somebody to ask them to come to the desk.’

Customer EHM3

However it is worth pointing out the fact that most of the customers did not experience any problems with staff levels that would inhibit their enjoyment of the stay. This may be due to them being willing to accept certain shortfalls in service in return for the reduced price, as discussed in section 6.3.
It was the employees who commented on instances where the staff, supplies and/or equipment were lacking. However the approach of hotels to providing the staff with extra resources varied from company to company. Employee H4RSM4 noted that:

‘Yes, we... you know, at busier times we’ve got more staff. (…) [We needed] Better equipment in the bar, things like that, more staff.’

Employee H4RSM4

Employee H4HKF4 reflected that even though getting the resources needed was at times a struggle, the department was always eventually supplied with what was needed:

‘Yes, I mean they always ask, the managers or the owner, if we need anything or what sort of support or help we need to be able to get the job done. It’s not like we are left completely on our own. In any case if there is something we need we go to them and demand it. Sometimes you need to beg for some additional supplies but in general...’

Employee H4HKF4

Employees PRFOF2 and H4RSM1 discussed problems with accurate prediction of customer levels which led to problems with suppliers of linen and bar stock:

‘And the housekeeping, and it was a lot of... it got very busy very quickly, so we couldn’t cope with the housekeeping either, so, like, running out of linen and things like that...’

Employee PRFOF2

The staff also reflected upon problems with having the right amount of people to be able to perform the job in an efficient manner. As discussed in Chapter Two the hospitality industry relies heavily on casual and zero-hours staff to meet peak demand periods. However as Employee H4HKF1 reflected the offers tended to be run during winter time, when the casual pool of staff that the hotel typically relied upon during the summer time was otherwise engaged. Therefore the hotel experienced problems with the recruitments of those types of employees:
‘... generally, when these offers are run, it’s when the staff that we can get, i.e. the ones from school, college, university, are in school, college and university and we just can’t get the staff to cope with the volume of customers that we get in.’

Employee H4HKF1

This was confirmed by Employee H4FOF1 who commented on the difficulty in sourcing the staff during the promotional period. Similar observations were made by Employee H4FOF4 who reflected that the hotel kept the staff to minimum during winter period in spite of the fact that they were busy with a DD promotion.

‘The only thing that we do find is, usually, in the winter, the staff levels are at the minimum. So right now, when you’ve got Secret Escapes going and then, say, this morning, I have to help with breakfast, it is quite difficult then because you find yourself in the restaurant with the phone going and there’s no... It’s just ringing out because no has time to answer it.’

Employee H4FOF4

As previously discussed the promotions bring in a relatively shallow profit, therefore keeping the staff to a minimum might have been a way of ensuring the profitability of the deal, due to the management perceiving the staff during that period as a fixed cost to cover not a resource to provide service.

The lack of experienced staff often resulted in the remaining staff feeling more pressured:

‘Yes, it’s just the timing aspects, obviously you’ve only got so many hours in a day, there’s only so much I can do in that few hours that I’m there, so you do need, sort of, the greater number of staff and, sort of, people, the people to help out and....’

Employee H4RSM1

Whilst a general lack of staff was reflected in some hotels and all of the hotels experienced lack of staff within the housekeeping department, getting extra staff for dinner service was consistently highlighted as an important factor:
In a sense of support that when, if we were getting busier then other staff would be brought in so that we wouldn't struggle, but, you know, they, it’s just sort of as a service would get busier we’d, sort of, have the right number of staff rota’d on to sort of be able to cope with the number of people.’

Employee H4RSM1

This highlighted the non-uniform approach to staff and resources between the departments, with some of them getting more help and support and others less. Furthermore the situation differed from hotel to hotel; in some hotels it was impossible for the management to source the staff required so in some the managers helped the staff with operational duties. In one of the hotels however, as highlighted previously, the staff were left on their own to cope and were provided with no additional resources in terms of staff.

8.3.4 Support of Management and Peers

The employees of all but one organisation reported being supported by their managers. The support offered was mostly concerned with helping out during busy times, such as answering phone calls or serving food and drink:

‘It’s just taking that time to help us, like when I’m on a phone call, ((Name of the Manager)) could get the other call and take a booking.’

Employee H4FOF4

In only one of the organisations the managers’ help was provided to the housekeeping department in time of need:

‘Yes, and even they help. At times they come and wash and tumble dry, fold… so I have to say it is all very well organised.’

Employee H4HKF4

This suggested that the help provided to housekeeping department was less common and the department itself was considered less important in the delivery
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of the overall satisfaction with the DD promotion, further confirming the gap in understanding of the crucial role of housekeeping as discussed in section 6.3.1.

The availability of the managers outside of their working hours, should there be a problem with staff levels or with a complaint, was also highlighted as being of great importance as a support to staff:

‘There’s a shortage on staff, where, you know, it doesn’t happen often, but once you realise it, you’re noticing it, you know, then obviously I just give ((Manager’s Name)) a ring. He only lives around the corner, and he comes down and he’ll be here within minutes so it’s not... it’s never a problem.’

Employee PRRSF2

‘Yes, if I’m stuck with anything, I can either phone ((Manager’s Name)) or ((Owner’s Name)), both of them live in the hotel, so. (...) Oh, no, not at all, I can ring either of them and they’ll come down and help. ((Owner’s Name)) does frequently.’

Employee H4FOF5

Peer support was also noted to be important for the employees, especially in hotels where multiskilling was common (as discussed in section 3.2.5):

‘Everyone does everything here, so we all help each other out. So, it’s not just like you’re the receptionist, you’ll deal with the bookings. It is someone in the restaurant will have a phone, ((Name of the Manager)) will have a phone, I’ll have a phone up in housekeeping. So it is very much a team effort.’

Employee H4FOF4

However not all employees felt supported, in particular the employees of one organisation. These employees felt that they lacked support from the management:

‘I think, on a higher level, they’re not necessarily aware of everything and everyone that comes through and their thoughts and views, even if it’s passed onto them.’

Employee H4FOF1
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Whilst some degree of support from peers was identified within the front of house department, the housekeeper felt none was offered to her department:

‘Not unless they absolutely had to, when they saw that it was physically impossible for me to do the number of rooms that was required for a particular evening, then they would staff me.’

Employee H4HKF1

Given that the hospitality industry work typically involves long-hours and is characterised by social intensity in the workplace, peer support, especially in situations when workload is high, is important for the employee well-being (Tews et al., 2015). This type of support was reported to help employees with the timely completion of work, reduce feelings of pressure and alleviate excessive workloads. Additionally when employees feel that they receive support from their peers they are more likely to develop a positive work attitude resulting in greater work engagement (Van der Doef & Maes, 1999; Suan & Nasurdin, 2013). Furthermore both peer and supervisor support were identified to help with job-related problems and mitigating customer-related social stressors (Karatepe et al., 2010; Karatepe, 2013). Importantly supervisor support was reported to help an employee especially when it came to unpopular or difficult customers (Karatepe et al., 2010). As discussed DDs may bring customers from different market segments with different expectation and behaviours making it hard for the employees to adjust their own behaviour appropriately within the service encounter. Therefore feelings of support from management and peers were noted as especially important during the DD promotions.

Additionally if support is received it sends the message that the organisation values the employees’ contribution and cares about their well-being, resulting in the employee performing better, as well as highlighting the importance of high quality service (Michel et al., 2012). Therefore in a DD situation, when an employee
was put under a significant pressure, the support of the manager and of colleagues acted as a validation of the efforts and helped to focus the employee upon service quality. It was evident that when that support was lacking the performance of the employees either lapsed:

‘It’s just extra work, which is expected of me to do the volume of work in the space of time that I have, which I will admit that, in some cases, I know that I didn’t do the rooms properly and was expected to do that.’

Employee H4HKF1

Or the employees became demotivated and found it hard to perform their regular duties:

‘You just seemed to be trying harder every day to make sure the team and the customers were happy or as happy as they could be in what you were providing them, which could sometimes be a little bit demoralising and hard and if you’ve got people complaining about something that was complained about three months ago, it’s really hard to keep going yes, really sorry, we know, management knows, we’re working to improve it.’

Employee H4FOF1

Therefore it may be concluded that staff who did not experience peer and management support found it hard to perform their duties during a DD promotion. Additionally, reflecting the work of Suan and Nasurdin (2013), the employees who displayed feelings of strain and unfavourable attitude to work, also acknowledged less engagement in providing high quality work.

**8.4 Supporting or Un-supporting Working Environments**

Work situations, where the employee faces high job demands, low control and low social support, result in negative effects on the employees’ well-being (Hässer *et al.*, 2010; Karatepe, 2012; Tsaur & Tang, 2012; Tews *et al.*, 2013) as confirmed by H4FOF1, PRFOF6 and H4HKF1. All of which can lead to a decline in job
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Belief that employees have about their working environment may influence their motivation, attitudes and performance during the customer service encounter. Since customer facing employees are critical to the service encounter anything which influences their perception of that working environment will have a positive or negative effect upon their performance (Michel et al., 2012). Therefore without preparation or training, adequate peer and manager support, provision of resources, explanation of the goals of DD promotion, it was highly likely that the volume of work alone was not enough to boost morale of the employees, as the managers had hoped for.

Table 8.1 Occurrence of well-being factors by department during a daily deal promotion
Front Office (FO), Housekeeping (HK), Restaurant (RS)
Source: the Author

<table>
<thead>
<tr>
<th>Daily deal well-being factor</th>
<th>FO</th>
<th>HK</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication of goals of the promotion</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Need of administrative or operational changes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Reasons behind the promotion</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>General feedback communication</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Profitability &amp; upsell opportunities feedback</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Operational impacts &amp; improvements needed feedback</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Operational changes training</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Service quality and upselling training</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Involvement in decision making</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Control over own work, within operational constraints</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Adverse effects of working patterns (Full time employees only)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Financial benefits due to longer hours</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Workload increase</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Equipment and supplies shortage</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Staff shortage</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Support of managers</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Support of peers</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

The previous section discussed the working environment under the DD promotion where the factors contributing to employees’ subjective well-being, as summarised in Table 8.1, contributed to the employees’ perception of their workplaces as supportive or not. The following section discusses the emotional and
physical aspects resulting from that working environment. The experiences of working within an environment that was changed by the hotels’ engagement with DD promotions and the perceptions of the support received during that time shaped four distinct areas: feeling about job performance, stress levels, physical and mental impacts, and work-life balance.

8.4.1 Feelings about Job Performance

The working environment that the employees faced shaped the way they felt about their own performance in their jobs and perceptions of their evolvement as skilled personnel. At times the additional workloads meant that some of the employees felt their regular duties were neglected:

‘It meant there was less time for doing the rest of the jobs I was supposed to be doing, so you have to prioritise your day, which meant that the less important things, which still needed to be done, weren’t being done, were made, rather than daily, they were being done weekly, rather than weekly, they were being done monthly and it just kind of got worse and worse as it got busier and less staff and less trained staff. So, a lot of other things started to suffer.’

Employee H4FOF1

Employee H4HKF1 noted that due to the time pressure she was aware that her performance had dropped and felt that she was being perceived as incapable of performing her job:

‘Well, the only way it would impact is when it was extremely busy was to make me look that I was not as good as I know I can be, because of the sheer volume of what needed to be done in a very short space of time with no help at all.’

Employee H4HKF1

Some of the employees reflected that whilst the outcomes of the job typically were not affected, the time-pressure at times led to small mistakes in the delivery of the duties:
‘I mean yes, definitely faster as sometimes you really need to be quick at times... if better? I don’t think so as you cannot clean the room beyond clean. The rooms are not dirty, everything is cleaned as it should be. Sometimes it does happen that you forget soap or a face cloth or a bin liner, but these are all minute errors.’

Employee H4HKF4

Similar experiences had been noted by restaurant staff, where mistakes happened due to the staff multitasking in a busy working environment:

‘It can be, yes, sometimes, because if you’re working the bar and you’re doing... you know, it’s not just the bar that I do, you know, I’ll work the whole floor, so I’ll work the whole front of house. Yes, it can be so busy in the restaurant that... or that you’re concentrating on the drinks, you know, that you, you know, might miss little things. You know, maybe somebody could be waiting there to have their plates cleared away or that type of thing, and when you are busy, you know, sometimes you can overlook that. I think, oh, God, this person’s just come in. I just need to go and get their drinks to them first, then I can go over there...’  

Employee PRRSF2

Some did not consider the deals to have an impact upon their ability to maintain their normal quality of work; however this happened only if the employee was provided with manager’s and peer support and resources necessary to conduct their duties.

‘Yes. Obviously when you’re busy, it doesn’t matter... like I say, for Travelzoo, Secret Escapes, it doesn’t matter; if the emails are busy, they’re busy, you know, yes, so I wouldn’t say... no, it doesn’t affect it at all.’

Employee H4FOF3

In most instances there was a consensus amongst the employees that the heightened volume of customers benefited them in terms of their skills which in turn boosted the perceptions of the capabilities in terms of job delivery. These skills and capabilities included: confidence, job-specific skills, marketing and organisation:
‘I suppose you become a bit quicker at what you’re used to doing because it is busier, you know, so yes, I suppose. You know, yes, I suppose you do, you become better at what you’re doing because you become used to being able to deal with a busier atmosphere, yes.’

Employee H4RSF2

As employees providing service need to feel satisfied with their own performance if they were to remain motivated (Lee-Ross, 2001), any skills gained from DD were positive influencers which increased satisfaction with the way the job was performed.

8.4.2 Stress

Work based situations that involve work overload, lack of peer and supervisor support can result in feelings of stress (Motowidlo et al., 1986). Manager 4H6 agreed that his staff became stressed during the DDs due to the sudden and continuous workload increases:

‘Ammm, just the strain on everyone to be honest because I mean the hotel was full so the housekeeper was stressed; the restaurant was full so the chef was stressed.’

Manager 4H6

Main sources of stress identified by the front office employees were work overload and multitasking over a prolonged period of time:

‘Yes, and your work load, nothing was, no, no part of my job was getting smaller. Everything was just getting larger.’

Employee H4FOF1

For the housekeeping department it was volume of work expected to be done in a short space of time:

‘The main thing is to be ready on time. Sometimes it’s so stressful as we have so many rooms to do and the laundry is not ironed, so then one of us will stay behind after hours and iron however many we need or its going be a really hard day and we’ll have to come in early in the morning to iron and after do all the rooms. So yes it is stressful.’

Employee H4HKF4
The increased volume of work caused by higher number of customers also caused the restaurant staff to become stressed about being able to get each service correctly prepared on time:

‘In a sense, yes, it will because we, we don’t get that time in-between to sort of reset the restaurant, restock the bar and sort of serve the afternoon teas, the lunches and everything in-between... (...) I think you could say probably maybe stressful from the fact that, again, when it comes up to the staffing and, sort of, the volume of customers coming through and the general sort of busyness of the shift...’

Employee H4RSM1

It may be concluded that the stress of having to meet very tight deadlines could have been alleviated if the employees been provided with extra staff members to cope with the additional demand. In other words the underlying source of the stress for all of the departments was lack of resources, which if provided would have eased off the time pressure from the employees:

‘If you haven’t got enough staff, then it’s always going to be stressful. No matter how many people are in the building, if you haven’t got the right amount of staff, then it is stressful.’

Employee H4FOF4

However as evidenced in section 8.3.5 at times the lack of staff resources were not caused by the organisation’s unwillingness to provide extra staff, but by being unable to do so due to problems with short lead in times and a general lack of staff availability, sometimes caused by the remote location of some of the establishments.

Whilst perceptions of stress are subjective for each employee, at times the levels of stress were noted by the customers:

‘[T]he staff have been very pleasant but quite stressed. So, multiple jobs, multiple tasks and quite often the people in the front desk would be people serving us breakfast in the morning. So, you
It was evident that there were considerable increases in the stress levels of the employees during the promotions, however not all of the stress was considered to be negative. As discussed by Harter et al. (2002) both too much challenge and not enough challenge within a workplace can lead to stress and unfavourable outcomes upon the employees’ well-being. In the cases were the demands match or to some extent exceed the resources provided the emotional impact upon the employee can be positive. The results suggested that this certainly was the case in this study, where all of the employees experienced levels of stress connected to the issues previously highlighted. However the individual effect of that stress was moderated by the perceptions of how supportive the employee perceived their workplace to be:

‘No, I’d say it’s pretty... I love... I love it, because I love working with people and sat talking to people and stuff like that, but if it’s busy, obviously it is stressful, but I don’t tend to get that stressed, really. Like, it just goes over your head, you know, obviously if it’s busy, but we’re really lucky on reception, because you’ve always got, like, one of the other girls here as well...’

Employee H4FOF3

In contrast if the employee felt that the support was lacking, the stress created by workloads was not moderated, which resulted in the staff feeling demotivated, overwhelmed with evidence of negative performance:

‘[Getting the rooms done] To the same standard, which I will have to put my hand up and say that they weren’t. I was trying to do between, I think between 8 and 12 rooms a day. When you get to, like, room nine, you’re on your knees and you know that room ten, 11 and 12 is just going to get a lick and a promise. (...) you’ve really got to have the staff in place, otherwise you’re going to end up with the staff that you have becoming so worn out and so depressed they’re going to start to say I’m looking for other jobs
Employee H4HKF1

Therefore the dimensions shaping the working environment (as discussed in point 8.3) had an influence over the employees’ experiences of stress and subjective reaction to it. Within workplaces that were perceived as supportive the employees coped with the promotion stress relatively well and accepted it as a part of a daily routine, in workplace areas perceived as unsupportive the stress fuelled negative emotions and attitudes of staff.

8.4.3 Physical and Mental Strains

Long term high job demands may bring emotional and physical exhaustion to the employees, which in turn may affect their performance and productivity, whilst contributing to stress and strain (Chen et al., 2010; Karatepe, 2013). Whilst not all of the employees experienced adverse impacts upon their mental and physical wellbeing, some of the employees suffered as the result of the increased workloads during the promotions. The least affected department in terms of mental and physical strain was the restaurant department which in spite of higher volumes of customers and later finishing times did not report unusual physical exhaustion or adverse effects upon mental state. It is important to note that this department, as previously discussed, typically did not suffer from under staffing and did not experience operational changes. Therefore the impacts upon the well-being of employees might have been mitigated by those factors.

However, some of the restaurant employees reflected that even though the work itself was not more challenging in terms of delivery or stress, the longer hours experienced over a prolonged period of the promotion did have an effect, over time, upon the tiredness levels:
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‘You know, all of it because you get very tired towards the end of the day and it does get very draining, especially if a deal is prolonged, across a month or so, and, you know, more from the money aspect from my side, I’d say yes to shifts and things rather than me using it as a kind gesture and saying to someone I’ll stay and help out. If I do that consistently over the month I do notice that by the end I get very, very tired and, you know, my family says to me that I’m almost like a different person.’

Employee H4RSM1

The evidence of the physical exhaustion and strain was particularly evident in housekeeping department, where the employees reported feeling physically drained and experienced pain due to the excessive workloads expected of them:

‘Yes. I am on my own today and I was on my own on Saturday and there were a lot of rooms to be done. I am capable of doing 6 rooms plus 4 ‘makes’. Makes are when someone is staying and you have to wash the bathroom and tidy the bed. So then I am able to do six, but after I am so tired. (…) So it is a lot of work, masses of work really. Sometimes my back is giving up.’

Employee H4HKF4

Typically the housekeeping work requires a lot of physical effort, which includes heavy lifting and pushing, taking awkward body positions; all of which is associated with spinal and bone joint problems (Faulkner & Patiar, 1997; UniteHere, 2006). The DD promotions brought in heightened volume of customers putting the housekeeping department under additional pressure to prepare more rooms on time during low staff period. As shown in Chapter Six often this was achieved due to the employees sacrificing their own breaks to meet these targets. This meant that the housekeepers did not receive much needed down time during a work day to allow their bodies to recover. Heightened volumes of people also meant heightened volumes of laundry and supplies to be moved around the hotels. As the housekeepers have been known to push trollies weighing up to 300 pounds, and could change up to 500 pounds of solid linen and replace it with same
amount of clean (UniteHere, 2006), any additional workload changes inevitably have a negative effect upon the physical well-being of the workers.

Front office employees experienced higher degrees of mental strain due to the constant need to be courteous and welcoming to the customers in spite of a considerable pressure felt with the volumes of work that the promotions brought (see Chapter Six):

‘I just think it was trying to keep everybody happy and, even though maybe you don’t think it’s stressing you out, it does, it’s just, you know, I know this is horrible, but you have to be… the face has to be always cheerful, you know, come out with a smile on your face and you have to be the same. You can’t have ups and downs and then, I think it just hits you afterwards, like, when you go home and you think and you just…’

Employee PRFOF6

Other front office employees reflected that they were ‘…constantly multitasking, so you never really, like, switch off from anything’ (Employee H4FOF3). Therefore mentally all the staff experienced constant pressure without sufficient down time during the working day. This resulted in the staff feeling overwhelmed with duties:

‘You just don’t have time to think about anything other than being at work and trying to get everything sorted there, so I don’t know, I’m sure my husband would say that I wasn’t really with it when I got home.’

Employee H4FOF1

Tsaur and Tang (2012) noted that temporary, planned distraction from a stressful situation is a form of stress coping mechanism that a worker in hospitality needs in order to replenish energy levels, thereby positively influencing his or her well-being, equally lack of recovery breaks was likely to negatively influence subjective well-being within the workplace.
8.4.4 WORK-LIFE BALANCE

As shown in previous discussions, employees who experienced physical and mental strain reported their personal lives as being affected by the levels of exhaustion experienced. Recovery time, i.e. not being involved physically or mentally in work related matters during off-job hours, is crucial for employee wellbeing (Schaufeli et al., 2008; Lee et al., 2016). Equally since the employees experienced high levels of stress and exhaustion, there was a greater need for them to recover during the DD promotion. However some of the employees reported that their work-life (work-family) balance was distorted due to them being excessively tired and the extra time they had spent at work during that period.

‘Well yes you come out of work feeling like you’ve been run over by a bus. Yes there are days that you feel like this and it is very hard to recuperate (...) Yes, I don’t have any strength left. I say ‘I’m sorry ((daughter’s name)), today we won’t go for a walk as I have no strength left’. Yes, it definitely had an effect on my family life.’

Employee H4HKF4

The exhaustion often had a knock on effect on the recovery time as due to tiredness the employees were unable to enjoy their time off to the fullest.

‘You were just tired, yes. (...) You had to force yourself to do something on your days off rather than doing it because you wanted.’

Employee PRFOF6

Additionally the exhaustion meant that tensions were created within the family as some of the employees struggled with the feelings of stress and limited options to relive it:

‘You tend to get more irritable in the home, you tend to get more irritable and you tend to snap at everyone.’

Employee PRFOF6
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Others reflected that the tiredness made them miss out on vital parts of family life:

‘Yes, because I’d go home sometimes, have my tea and go for a nap, so obviously my home life then is... (...) It was, yes, ruined because I’m not communicating with any member of my family because I’m in bed, sleeping.’

Employee H4HKF1

Employee H4FOF1 noted that during the promotion period work had surpassed all of the aspects of social life outside work:

‘Time, time in everything, making constant lists and trying to check everything off before you go home. And if you’ve not done everything you need to, then you need to stay a bit longer, just so tomorrow’s not going to be so bad for you, which can be hard and it means you can be there late at night or you’ve started early and you’re going later into the day and you start to, you know, a great lack of social life because work’s taken over.’

Employee H4FOF1

Lee et al. (2016) noted that relaxation, i.e. taking time for leisure activities is a vital part of recovery process for the employees, resulting in higher well-being of the staff. However, as the previous comments illustrated, some of the staff struggled to engage in this type of activity either due to excessive tiredness or due to lack of time caused by working overtime. Therefore it was highly likely that the well-being during the promotional period was negatively affected.

Whilst most of the restaurant staff did not experience unusual levels of stress, some did feel that the extra, long hours coupled with the unpredictability of the shift patterns during DD affected their work-life balance:

‘... which is hard to staff for and it sort of requires us to be very flexible and sort of be called halfway through the day and say do you mind coming in and working because we’ve got busier and so on and so forth. (...) If you’d have asked me this a couple of months ago, I’d have said probably it wouldn’t have made a difference, but I have, just having a new baby it makes a massive difference because obviously having my girlfriend, sort of, care for the baby, I can’t really just drop everything and go to work now...’

Employee H4RSM1
Some staff were expected to be flexible and available to work at a short notice should staff shortages happen. As previously highlighted the establishments aimed at having their restaurants fully staffed at all times and consequently a need for some of their workforce to be very flexible, therefore this impacted more upon the work-life balance of this group of employees.

8.4.5 Pressure Outcomes

The DD promotions bring in unique challenges to already difficult hospitality working environment (see section 2.5) for the staff. Due to hotels’ DD involvement employees find themselves operating under a changed working environment, where the high volume of customers, over a prolonged period of time, created unique pressure points for the staff. Contrary to the literature this study has identified that if a hotel features a DD offer employees across various departments, not only food and beverage, are affected. The study identified pressures points experienced by each department, which are summarised in table 8.2.

As discussed, the supportive workplaces fostered feelings of self-improvement within the workplace, willingness to find best solution to problems and willingness to support peers. Whilst un-supportive workplaces offered no or minimum top down communication, mostly lacked feedback mechanisms and input opportunities with regards to job control. In those workplaces the employees experienced lack of adequate resources, support and training, coupled with work overload and unpredictable, long working hours. Consequently the way that the staff felt supported or not within their workplace impacted upon their capabilities of dealing with those identified pressure points.
Chapter Eight Quality Workplaces and Supporting Environments

The staff who felt neglected in most or all areas related to their pressure points, as listed in the table 8.2, and perceived to have no support, often failed to meet service quality standards and felt frustrated and demotivated to perform their duties. As identified in section 2.5.1 staff are a critical component of successful service delivery, where their conduct influences the customer’s perception of the success of the service encounter.

Table 8.2 Staff pressure points during a daily deal promotion
Front Office (FO), Housekeeping (HK), Restaurant (RS)
Source: the Author

<table>
<thead>
<tr>
<th>Staff pressure points</th>
<th>FO</th>
<th>HK</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased phone calls, emails and administrative duties</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Increased emotional demands, i.e. emotional labour and management of customers’ feelings of social impressions</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Increased emotional exhaustion</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Lack of down time during the work day</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long working hours over extended time period</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Increased multitasking</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Lack of staff, especially during peak times</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Very tight deadlines, i.e. bedrooms or restaurant preparation</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Constant high volume of guests over a prolonged period of time</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Lack of time to deal with regular or supportive duties</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical exhaustion, pain</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Requirements to be flexible with work schedule</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Problems with supplies and/or equipment</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>

Considering that the goals of DD promotions were concerned with marketing, creation of positive WoM and repeat custom, the organisations, which did not support their staff in the delivery of the DD promotions especially in relation to the
identified pressure points, were unlikely to achieve those goals. In those cases the
service quality was likely to lapse, with the employees either unable to, due to
emotional or physical exhaustion or pain, or unwilling to, due to de-motivation,
contribute to the positive service experience during the DD promotional period.

8.5 Chapter Summary

This chapter identified mixed perceptions of the impact of the working
environment under a DD promotion. Whilst most of the customers noted that they
considered the staff to be happy to engage with the promotions due to
employment and monetary benefits, some of the customers acknowledged that
an increase in customer volume may create heightened workloads and cause
the staff to be stressed.

The employers felt that most cases the promotions had a positive effect upon their
staff, however they also acknowledged that the staff were put under pressure
during the promotions, which at times led to their staff feeling stressed. There was a
prevailing focus upon the benefits of the DDs in terms of employment issues,
without the acknowledgement of an adverse effect of long working hours upon
the full time staff. Some of the employers provided an opposing view to the staff
and viewed the promotional period as having no effect upon the employees.

Whilst the employees themselves perceived the deals to be a positive influence
upon the business, a number of hardships and problems experienced during the
promotions were reported. It was shown that contracted and casual employees
had different experiences of the DDs. Whilst the casual employees benefitted in
terms of the hours provided, the full time employees faced longer working hours
and unpredictable shift pattern changes in order for the hotels to be able to cope
with the demand.
Chapter Eight Quality Workplaces and Supporting Environments

Additional problems were concerned with the increased workload, lack of resources and associated physical and mental impacts, where some of the staff reported being physically and mentally drained during promotion, leading to problems with work-life balance. Physical exhaustion was mostly associated with housekeeping department and mental exhaustion with front office.

It was evidenced there was a lack of training provided to the staff in most of the hotels, however most felt supported by their peers and management. Interestingly whilst the managers felt that they did not provide opportunities for feedback, the majority of front office staff felt that they were given opportunities to feedback as well as felt that they were able to be involved to certain degree within the decision making process with regards to the deals. No such opportunities were felt to be given to other departments.

Some of the customers noted inadequate staffing levels during their stays. The employees had confirmed that they often struggled with levels of staff provided. The underlying problems with obtaining the staff were either due to general problems with sourcing casual labour, rapid last minute changes in DD customer demand and low profit margins of the offers prohibiting higher numbers of staff. Due to this some of the employees experienced difficulties managing their own workload, especially given no help in terms of resources, peer or management support when faced with an increased, constant customer demand. The lack of staff coupled with time pressure was identified to be the main source of negative stress by the employees. In contrast the employees who felt supported in most of the areas of workplace experienced positive stress and accepted the busyness as a part of a daily routine.

Lastly 13 staff pressure points were identified, in which the staff needed to feel they were supported by their workplace during a daily deal otherwise the standard of
service quality lapses. It was identified that some of the employees felt that they were underperforming their regular duties during the promotional period due to work-overload. Whilst other felt that they had benefitted in terms of confidence, job-specific skills, marketing and organisation, mainly as the by-product of the heightened amount people using the hotels.

Figure 8.2 relates the findings to the DD management cycle.
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Conclusions, Recommendations and Contributions

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9.1 INTRODUCTION

This chapter concludes the thesis by presenting the final model of the DD management cycle, which was constructed throughout the analysis of all of the results chapters in this thesis. It also re-visits the initial research objectives, summarises major findings and provides recommendations to the stakeholders. The chapter ends by identifying major outcomes of the study in terms of contributions to research and practice, limitations of the study and suggestions for future research.

9.2 FINAL MODEL OF DAILY DEAL MANAGEMENT

Building on the findings of the literature review figure 9.1 illustrates the final model developed from the analysis of the data gathered in each phase of the research process. This model consists of five stages relating to the management of a DD promotion and illustrates that a cyclical process takes place during each DD promotion. By understanding the process the model also will help in decision making with regards to engagement with repeat promotions. The first ‘marketing’ stage relates to the planning process of the DD promotion. The second ‘pre-arrival’ stage is the process of preparation and bedroom availability management. The third ‘arrival and stay’ stage considers aspects affecting service and service quality. The forth ‘departure’ stage relates to final aspects of the management of the DD service encounter. The fifth and final ‘evaluation’ stage concentrates on those issues which are necessary to consider with regards to the overall success of the promotion and decision making with regards repeat promotions.
Chapter Nine Conclusions, Recommendations and Contributions

Figure 9.1 Daily deal management cycle
Source: the Author
Chapter Nine Conclusions, Recommendations and Contributions

9.2.1 Marketing Stage

The results of this study show that within the ‘marketing’ stage of a DD promotion a number of factors need to be considered as they all have a bearing upon the profitability and achievement of goals and may impact upon brand image.

Business Needs

The need factor refers to season, financial standing and location. The first decision that the management needs to consider is the season that the hotel is considering putting the offer on in and projected levels of trade for that period. As the promotions are often very successful in bringing in large volumes of customers they should be considered an option for their quiet periods, where the customer numbers are likely to be very low, therefore, contribution towards fixed costs is likely to be low as well (see sections 5.2.2 and 5.2.4). DDs are a viable option for hotels which are looking to generate contribution towards covering those costs during the off-season periods, particularly for those which struggle to attract customers in the off-season due to their remote location.

Profit and cost of the deal need to be carefully considered; as illustrated by table 2.2, DD promotions have a potential to generate profit but also can suffer a loss if the appropriate balance of discount and commission rate is not maintained. Hotels should be cautious when using gross profit as a tool for forecasting DD profitability as gross profit does not take into account all the costs the hotel incurs, apart from the cost of sales (see section 2.3.3.1).

Organisational Goals

The hotels need to be very clear in understanding what they want to achieve from the promotions, as it determines the emphasis of training that they should
provide for their staff. As evidenced in Chapter Five there are a number of goals that a hotel can aim for:

- Marketing, i.e. raising the hotel’s profile though exposure and WoM. Hotels, predominately the ones which are located in remote and or rural areas, need to understand that they are very unlikely to reach a goal of building a repeat customer base with the use of DD websites (see section 7.4) as most of the DD customers like visiting different places every time they go away. The results suggest that these hotels should concentrate on building a positive WoM and on general exposure of brand when considering DD.

- Deferred profit, i.e. future promotion or full price purchases created on the back of WoM. In other words an increase of customers’ online and offline WoM is likely to positively increase the customer base for the hotels in the future (see sections 2.3.1.1, 2.4.4.4, 5.2.1, 6.2 and 6.3).

- Cash flow and capacity management, i.e. an increase in customer numbers during the off-season to meet fixed cost demands (see section 5.2.2 and 5.2.4). However, as discussed in section 5.4.3, the managers should be mindful of the costs associated with the deals, inclusive of commission, tax, and increased variable costs.

- Staff and atmosphere, i.e. an increase in customer numbers in the low or off season to engage and motivate staff as well as provide busier atmosphere in the hotel and restaurant, thus increasing customer satisfaction (see sections 5.2.3 and 5.2.6)

**DD Choice**

As discussed in sections 2.4.5 and 6.4 choosing an outlet for the promotions should be considered in light of the goals of the promotion. Niche, travel and hospitality focused websites are likely to bring in well matched customers, who will be willing
to purchase extra goods and services (e.g. room upgrades, menu courses, spa treatments) during their stay. Generic websites are successful in attracting volume of customers, where the match of customers may have negative brand implications. Furthermore, as discussed in section 7.2.2, in terms of branding quality perceptions of the hotel may be negatively affected if other products listed on the websites are perceived as poor or inferior quality, e.g. listing a high end four star hotel amongst lower class hotels. Therefore, the hotels who engage with DDs due to reasons other than capacity management, should consider best match in terms of branding.

**Staff**

The staff should be considered from a range of perspectives. First, from a financial perspective, whilst the DD can contribute towards full time staff costs, there is a high likelihood that due to the increase in customer numbers the hotels will experience additional expense related to casual workforce and overtime payments. This, as discussed in section 5.5, is balanced against the promotions assisting the hotels in skills retention and engagement. However, this benefit only applies if the employees experience sufficient support from their workplace (see Chapter Eight). Furthermore, consideration should be given to the availability of the casual staff in the off-season. As evidenced in section 8.3.3, some of the more remote places struggled to recruit casual staff in the off-season to cope with demand, leading to a number of operational issues. The staff should be consulted upon the possible impacts and upselling opportunities, especially if the management is considering a second or subsequent promotion.

**Inclusions and Value**

Location determines the inclusions that the hotel may decide upon, i.e. if the customers have a lot of places to choose to dine in within the vicinity of the hotel
managers may decide to include a meal in the package to try and capitalise on possible upselling of their beverages and food; if the hotel is located in a very remote area, featuring of a bed and breakfast option may be best, as the hotels are likely to upsell a whole meal package to the customers. Additionally, the customer’s perception of value should also be considered when deciding upon inclusions. As discussed in section 7.3.2 if a DD offer is promoted outside the local area of the hotel, where the customer needs to travel longer distances, the inclusions should be more robust to increase the perception of value and therefore likelihood of purchase.

**MARKETING MATERIALS**

The hotel’s marketing materials need to be carefully planned. As evidenced in sections 6.4 and 7.3, the customers tend to conduct extensive research of the hotels, their facilities and inclusions, prior to committing themselves to purchasing a DD offer. This creates a need for clear terms and conditions of the offer as well as clear marketing material on the hotel's own websites. For example, if the hotel is including standard rooms in the offer, pictures of those should be clearly identified on the hotel’s websites; if the menu is different to the standard menu offered, an example of that should also be available on the website. As evidenced in sections 2.4.5 and 6.4 the customers create an expectation of what their stay and inclusions are likely to be. When the customer believes that those expectations have not been met dissatisfaction occurs.

**9.2.2 Pre-Arrival Stage**

The results indicate a number of steps that should be taken by the hotels in the preparation for the promotion. This stage can be split into two distinct time periods: before the deal goes live and the moment that the deal is featured and promoted on a DD website.
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COMMUNICATION

Before the DD goes live a number of actions need to happen in order to prepare the staff adequately for the promotion period. One of these is communication of the desired goals of the promotion to the staff. As section 8.3.1.1 highlighted if clear communication does not happen at this stage the staff are not likely to understand the full extent of the motivators behind the DD. They also are unlikely to understand that the promotions may bring in atypical customers to the hotels, potentially leading to service failures, dissatisfaction with service quality, and lower commitment to the achievement of the promotion goals. The communication aspect also extends to giving opportunities to the staff to provide feedback in relation to what they may need in terms of resources and skills to achieve those goals.

STAFF TRAINING

Hotels should consider staff training as a vital part of getting the staff ready to deliver a DD promotion. The training needs to include operational issues, service quality expectations and upselling potential. Within the front office the staff should be trained in line with any necessary administrative changes, i.e. information required to be taken, format of confirmation letters, room allocations with regards to stock management and inclusions. Housekeeping and restaurant staff should focus on recruitment and training of casual members of staff in preparation for the busy period. Additionally, restaurant staff should be familiarised with any changes to the billing procedures, if required. The operational training is vital at this stage as once the DD promotion starts, i.e. either goes live on the website (front office) or customers arrive at the hotel (all of the departments), the staff are unlikely to be able to participate in any training due to the hotel being too busy, as discussed in section 8.3.1.2. As evidenced in the same section and section 2.5.4.1, training with
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regards to understating the expectations of the DDs customer should be provided, in order to increase staff capabilities to deliver the anticipated service quality. Furthermore, as identified in section 5.4.2, upselling is one of the key activities to achieve a profitable promotion, therefore increasing the capabilities and skills that the staff utilise during that process of great importance.

REVIEW OF RESOURCES

A review of supplies, especially within the housekeeping department, is necessary at this stage. As discussed in sections 6.3.1 and 8.3.3 the housekeeping staff deal with increased time pressures and volume of work, where the staff use most of their time preparing high numbers of guest bedrooms and often lack time to deal with and prepare the stock (i.e. linen, toiletries, etc.); indeed at times they run out of stock if calculated to supply the hotel based on a smaller occupancy. Therefore, considering how those processes will be managed during the promotion period and preparing the staff in line with changes required is important.

SUPPORT

Once the deal goes live on the website the front office deals with a dramatically changed working environment, where each booking often results in up to three phone calls and multiple emails. Sections 5.4.2, 6.5.2 and 8.3.4 highlighted that at this point it is vital for the hotel to provide support for the front office if they are to achieve maximum potential from upselling, whilst simultaneously providing a high standard of service to customers who are already at the hotel and to customers who are not related to DD.
9.2.3 Arrival and Stay

The results indicate that during the arrival and stay stages the hotels should focus upon providing high quality experience for their DD customers. This can be achieved through the following factors:

Service Quality Focus

This involves creating positive first impressions by the reception staff and may involve dealing with customers who may be apprehensive about using the offers due to fears of being perceived as cheap or stingy (see sections 6.5.2 and 7.3.3). The front office has been identified as having a central role in creation of customer satisfaction throughout the stay for customers who chose the hotel out of necessity; equally the restaurant staff were identified as crucial in the service delivery for those customers who chose the hotel as a destination (see section 6.3.2). As discussed in section 6.3, the customers were seeing the discount received as a trade-off for any failures in delivery some of the services; however, as sections 6.2, 6.3.1 and 6.4 highlighted, this was not inclusive of treating customers as second-class, failure to respect inclusions or providing unclean bedrooms or general cleanliness. Therefore, the management need to focus on providing their staff with training and support in those areas.

Staff and Resource Levels

The support further includes regular checks to ensure that staff levels and resources provided are enough to cope with the increased demand. This is particularly important in the housekeeping department due to potential of ultimate dissatisfaction should the standards lapse (see section 6.3.1); and in food and beverage departments due to a potential to generate additional sales during the stay of the guest. Front office should be provided with support during
Chapter Nine Conclusions, Recommendations and Contributions

peak check-in times to ensure that the process and smooth and of high quality (see section 6.3.2).

**UPSELLING**

To ensure profitability, the food and beverage staff should be encouraged to upsell (see section 5.4.2), however as noted previously they should be trained in order to be able to do so while not compromising on service quality provided (see section 8.3.1.2).

**FEEDBACK OPPORTUNITIES**

As discussed in section 8.3.1.1 the staff should be offered opportunities to feedback throughout this stage to be able to alert the management to any potential problems that might arise, and prevent them from providing high quality service.

9.2.4 **DEPARTURE STAGE**

Departure stage is crucial when considered from the perspective of achievement of the goals set. This stage is particularly important for the creation of positive last impressions.

**ENCOURAGING WoM**

As identified in sections 5.4.4 and 6.3.2, the front office has a unique opportunity to create lasting impressions, encourage positive WoM and solve problems prior to negative WoM occurring. DDs were identified as not providing guests who are loyal to the hotels in a traditional sense, but customers who have a higher tendency to act as ‘market mavens’ and spread WoM (see section 2.3.1.1 and 5.2.5). Therefore, the hotel should capitalise on opportunities of increasing online presence on review sites, which has a potential to verify the trustworthiness of a
hotel and increase future DD and regular full price sales (see sections 2.4.4.2 and 7.3.2.1).

**Support of Front Office**

Furthermore DDs have a potential to attract customers who are not always matched to the hotel and who have varying expectations of service quality level. Therefore, the way in which the front office staff handle check out procedures and dissatisfied customers is key, crucially this includes believing that they are supported by management (see sections 2.5.4.4 and 7.2.1). Noticing and handling dissatisfied customers may not be an easy process during a DD promotion, as customers are less likely, in comparison to their full price purchases, to complain about service failures, unless they occurred in three core areas: not being treated as a regular customer, not receiving the inclusions that were listed on the voucher, and not getting the ‘basics’ right, including the cleanliness (see section 6.3).

**9.2.5 Evaluation Stage**

The ‘evaluation’ stage aims to assess if the DD promotion was considered a success and if it achieved the goals that the organisation set out. Additionally this stage should help in making the decision as to whether a future DD offer should be run and what channel should be used.

**Success and Cost**

Success of a DD promotion, as discussed in section 5.3, can be defined in the six ways, where the profitability of the offer should always be contrasted against the goals that the promotion was to achieve. The promotion therefore can be successful if it generated immediate or deferred cash flow, increased customer numbers and profile, provided repeated business and/or resulted in staff being motivated and engaged.
**DD AND CUSTOMER MATCH**

Furthermore considerations should be given to the effectiveness of the DD website in bringing in a matched customer. In other words the management needs to assess whether service quality moved downward due to attracting atypical customers with different expectations of service, which in turn has the potential to impact upon the future quality and price expectations (see section 7.2).

**STAFF FEEDBACK**

The staff should be consulted and given opportunities to feedback their perceptions of the promotion as a success or not. They are the ones who directly deal with the customers and have the first-hand knowledge with regards to particular issues in terms of upselling operations brought on by a DD; issues that the management might not be aware of.

**9.3 REVIEW OF OBJECTIVES**

The overall aim of the study was to investigate the issues of marketing, profitability, employment and management created by hotels' involvement with DD websites as viewed by three principal stakeholders of hospitality service: the employers, the staff and the customers. This study had four objectives designed to identify all stakeholders and their views and experiences of DD promotions. Objective One was theoretically based, whereas the other three objectives were empirically based. In order to achieve the objectives of the study, a qualitative, hermeneutic method was adopted based on constructionist worldview.
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**Objective One**

To critically review all relevant trade and academic literature with particular emphasis in the following areas:

- Business motivators to partake in a DD promotion, profitability issues and influencers;
- The influence of discounting upon quality and brand perceptions and customer acceptance of daily deal discounts;
- Service quality, customer satisfaction and loyalty;
- The role of employees in the service encounter, broader employment issues of the hospitality industry and theories relating to employee well-being;

with the intention of creating a framework, which would enable the identification of factors, which may influence stakeholders perception of DD promotions.

This objective was achieved in Chapter Two by critically reviewing relevant literature. The review was split into four distinct sections, with the first section providing background and context information regarding DD websites, and the further three sections relating to the three main stakeholders of hospitality service: the managers, the customers and the employees. The chapter drew upon a wide pool of DD and non DD specific literature to establish themes of issues, which might be encountered by each of the stakeholders during a DD promotion.

The review of the literature gave a comprehensive understanding of the issues such as motivators, profitability, benefits and drawbacks of DD promotions. The chapter established that perceptions of the issues depended upon the stakeholder, as each group is impacted differently. Furthermore, the chapter identified that despite employees being crucial to the delivery of any service encounter, their experiences under the influence of a DD promotion had not been a focus of the literature to date.
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**OBJECTIVE TWO**

To identify all stakeholders and obtain insights into their views regarding the impact upon business, employee well-being and customer behaviours in DD promotions.

The process by which this objective was achieved was discussed in Chapter Three of this thesis. By utilising a hermeneutic methodology the researcher was able to identify all of the stakeholders groups affected by hotels’ involvement with DD websites. Following the review of literature relating to DD impact upon the employee stakeholder group it was initially believed that only food and beverage staff were affected by the hotels’ engagement with DD websites (e.g. Dholakia, 2010, 2011b, 2011c; Kimes & Dholakia, 2011; Wu et al., 2012). In the phase one of the research, not only was the pool of initial themes enriched, but further groups of employees were identified as being affected by the promotions. These were front office and housekeeping employees and their contribution towards the success of DD has not been previously acknowledged.

**OBJECTIVE THREE**

To critically analyse and discuss the findings with the intention of creating a better understanding of how this new phenomena is affecting the profitability of businesses, staff behaviour and well-being, service delivery and customer satisfaction in SME hotels.

This objective was achieved in Chapters Five to Eight. A total of thirty four semi structured interviews were conducted across three stakeholder groups. The participants’ experiences and views upon the impact of the stakeholder groups were explored.

The achievement of this objective identified six ways of defining a successful DD promotion, and that, crucially but not previously identified, success is not always synonymous with profit. It identified that the profitability of the offer is usually achieved by upselling and careful management of inclusions and costs. It also
showed that whilst DDs make the hotels more accessible to wider audiences, the involvement can have negative service quality and brand image implications.

The study recognised that employees are a major stakeholder of hotel DD promotions. The staff across three departments, i.e. housekeeping, front office, and food and beverage, have been identified as being affected by the hotels’ participation with DD promotions. In order for the staff to be able to achieve the desired high service quality levels, they need to feel supported by their working environment. The study identified thirteen key pressure points (see table 8.2) that the staff may experience, to which management should pay particular attention in order to maintain the desired quality levels.

Furthermore the study identified that whilst the customers felt that the discount received was a trade-off for some service failures, there were three basic provisions which if not met led to ultimate dissatisfaction: being treated as a second class citizen, unclean surroundings and the hotel not honouring inclusions. The study identified that customers brought in by DDs are not likely to be developed into regular hotel clientele, but are valuable in contributing to the creation of deferred profit though their WoM behaviour. The contribution to deferred profit has not been recognised before.

**Objective Four**

To develop and critically evaluate a model which could be used by SME hospitality businesses and academics to identify the factors, which need to be considered by the management for a successful implementation of a DD promotion.

Forming a key contribution to theory and practice, a cyclical model of the stages of DD management was developed though the results chapters, where the findings of each chapter were mapped against the five stages of the model. All of the finding were collated, presented and discussed in Chapter Nine (section 9.2),
where each the stages put emphasis upon issues relating to profitability, service quality and/or staff well-being.

9.4 Major Findings

The study showed that DD promotions are an effective marketing tool for SME hotels struggling with exposure. Those accommodation providers who found it difficult to attract business during low season due to their remote location, and new establishments seeking to market their businesses to wider audiences were particularly well suited to benefit from this form of marketing. Contradicting the literature (e.g. Edelman et al., 2011), this study also showed that cannibalisation of existing customer base was either not significant or non-existent.

Whilst the promotions emerged as potentially effective marketing tools, involvement with the websites often evoked feelings of frustration for the managers. This was caused by the hotels being in a weak position to negotiate lower commission rates which, in combination with a high discount, meant that the promotions generated very low contributions towards the costs incurred, making the hotels very busy at no or little profit on the DD promotion alone.

The study confirmed that the managers were aware that DD promotions are effective in creating online and offline WoM, however, those opportunities were not fully appreciated and capitalised upon. DD customers were unlikely to come back for a repeat visit to a hotel, displaying no action loyal behaviour towards the hotels (Oliver, 1999), however, they were likely to be affectively loyal to the hotel and spread WoM, acting as ‘market mavens’. This in turn was likely to create a new pool of customers from which the hotel could potentially generate deferred profits in the future. This benefit however had not been fully recognised by the hotels, as hardly any organisations actively encouraged guests to spread WoM.

The study also uncovered that from a management perspective the rate of return
of DD customers for a future purchase, i.e. the level of deferred profit generated directly by those customers, incorrectly influenced the overall perceptions of the deal as profitable. Conversely, those profitability perceptions were not influenced by the business generated indirectly through WoM.

The results show that the main motivators behind engagement with DD promotions were marketing, capacity management due to seasonality, revenue increases and desperation, which reflected the findings of the literature. Building a loyal customer base also emerged as a strong motivator behind the decision to run a DD offer. However, the study uncovered two previously unrecognised motivators: staff retention and engagement, and the need to create a busy (attractive) atmosphere. Whilst all of the stakeholders recognised the importance of a busy atmosphere, employment issues as a DD motivator was not uniformly and fully identified by all of the stakeholders.

The study identified that there are six ways of defining a successful promotion and that a successful promotion is not always a profitable one (see section 5.3). However, the importance of reaching profit was emphasised when an organisation engaged with DD promotions for a second or subsequent time. The results showed that DD promotion can achieve profit with careful management of costs (e.g. commission, tax, fixed and variable costs), inclusions and bedroom availability. Furthermore, the results confirmed the vital role of upselling in reaching profitability. This study identified that upselling spans beyond the food and beverage department and that it is often the front office staff who are instrumental in generating upsells of both food and beverage as well as non-food and beverage products.

The study confirmed that different websites attract different socio-economic groups of customers. Niche websites were the most successful in providing
customers who were the best match to the hotels, whilst the generic website were most successful in bringing in high volumes of customers. Both the hotel managers and customers chose websites based on their subjective perceptions of quality. However, due to economic considerations some hotels opted to feature an offer on a less desirable website, compromising between producing most sales and least brand damage. This strategy of using multiple websites was deemed to send confusing brand image messages to the customers, where the involvement with generic websites was often thought of as brand damaging, particularly for higher end hotels. The study showed that it was the employees who noticed the long term negative effects of the engagement upon service quality and therefore the brand. This factor was also a concern to the customers who felt that long term engagement with DD websites would inevitably change socio-economical qualities of the customer base and therefore impact upon image and service quality.

Whilst most of the managers were aware of the potential negative impacts of long term discounting upon price, most of them continued to use DD websites as a distribution channel due to the certainty of sales they provided. This view was supported by the views of the customers for whom long term use of websites meant that they were anticipating deals and therefore were less likely to pay a full price with the expectation that a deal was always available on a DD website, confirming discussions by Boon (2013) and Mejia et al. (2013).

Furthermore, the study uncovered a direct contrast amongst the stakeholders with regards to the perceptions of complaint behaviour. Whilst the managers and staff perceived DD customers to be more prone to complaining, the customers viewed the discount as a trade-off of for some lapses in quality standards.
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The results contradicted the findings of literature regarding expectation of being treated as a second class customer due to a lower price paid (e.g. Kimes & Dholakia, 2011, Kimes & Dev, 2013, Cox, 2012, Boon, 2013, Ardizzone & Mortara, 2014). This study showed that the customers did not expect to be, and were not, treated unlike any other full paying customers. The existing apprehension to redeem the vouchers due to negative social impressions meant that the front office staff were put under additional pressure with regards to the emotional requirements of their jobs, contributing to increased emotional exhaustion experienced by those members of staff.

The study confirmed that clean bedrooms and public areas are one of the major basic provisions of a hotel. However, the results revealed that the housekeeping department often struggled to provide high quality service during a DD promotion. It was believed that this was due to the housekeeping work often being considered as ‘service unseen’ and DD’s lower profits when compared with full price sales, meant that the management was more inclined to compromise upon the working conditions in this department.

The findings confirmed that the customers considered themselves to be smart shoppers and did extensive research by visiting the hotel and other websites. The customers looked into inclusions, terms and conditions and products and services offered, prior their purchases of DD offers. The study revealed that customers’ expectations of service quality were formed on the basis of that research as well as in relation to the purpose of the visit. DD customers were revealed to be pragmatic in their expectations of the inclusions and accepted that certain products can be excluded from the offering only, however, if they were informed of that fact beforehand. The study, therefore, highlighted the importance of accurate marketing information available not only in the form of terms and
conditions of the offer but also information available across all distribution channels, especially the hotel’s own website.

Location of the hotel and the need to go away emerged as important due to two reasons. First, due to the influence over buying decisions; the hotel was often perceived as a necessity in an area of destination interest, however, if the decision to go away was a spur of the moment decision the location of the hotel was a secondary consideration, i.e. driving distance was more important than the actual destination. Second, location and need had implications for the perceptions and importance of service quality in the hotel. When the hotel stay was booked as a destination, to enjoy the food and beverage offering of the hotel, the service quality in that department was more important to the overall enjoyment than in front office. In contrast if the hotel was booked as a necessity in an area of destination it was the front office who had the most influence over satisfaction. This distinction was not understood by the management who generally considered the front office staff as core and with most influence over guest satisfaction during a DD promotion, potentially leading to service failures.

Furthermore, it was identified that for the customers a low price of a DD offer did not always equal good value, with subjective perceptions of the value often swaying the customer to purchase the offer. The perceptions of value were based upon the inclusions and their value in respect of the discount and reference price; reputation, influenced by reviews and WoM; and subjective perception of quality, influenced by images, facilities and built environment.

The study revealed that DD websites were perceived to act as a middle man, therefore, the service quality offered by the websites did not influence the perceptions of the service quality received at the hotel. Paradoxically however, the service quality received at the hotels influenced the loyalty towards the DD
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website, thus confirming discussions by Krasnova et al. (2013) and contradicting Zhou and Wu (2012). Confirming findings by Berezina (2014), the study identified that most customers wanted to have new experiences every time they go away, therefore, they would chose a different hotel every time. However this study extended those findings by identifying that if customers were coming back to the same area of interest and another offer was available at that time, they would choose the same hotel if they had had a positive service experience.

The study revealed that hotel DD promotions affect a wider pool of staff than previously considered, with food and beverage, front office and housekeeping staff affected by hotels’ involvement with DDs. The study revealed that within the food and beverage department no major operational changes were needed; the main difficulties during the promotion were concerned with increased volume and time pressure of turnaround between restaurant services. The front office faced a drastically changed working environment due to overlapping factors of operational and practical changes and challenges, i.e. volumes of booking, other difficulties such as heightened number of phone call or emails per single booking, and added time pressure during peak times of check in and check out. The housekeeping department faced increases of workloads (i.e. high occupancy over a prolonged period of time), associated time pressures, understaffing and problems with stock.

The study identified four themes that influenced the employees’ perception of a workplace as supportive or unsupportive during a DD promotion:

- communication of change (i.e. top down and bottom up communication and training),
- job demands (i.e. job control, working patterns and monetary benefits, and manageable workloads).
• resources (i.e. staff, supplies and equipment),
• support of managers and peers.

The staff who felt supported by their working environments in most or all of those areas perceived the time of the DD promotion as a part of their work and coped well with the increased stress, pressure on work-life balance and physical or mental strains that the promotions brought. Furthermore, these members of staff felt that their job performance, although under strain, did not lapse. However, the staff who worked in unsupportive environments did not cope well with the strains of the promotions and felt that their performance deteriorated.

The study identified that top down communication with the staff was kept to the minimum, mostly being informal, with little explanation being given for the rationale behind the promotions. Not all the staff were included in the top down communication, with housekeeping and casual food service staff most often excluded from it. Although most of the staff instinctively understood some of the motivators behind the engagement, some were unclear to the staff and resulted in staff not fully appreciating the goals of the promotions. Feedback opportunities were mostly limited to front office staff and were mostly informal. Apart from operational training relating to necessary changes, there was evident lack of training with regards to upselling and service quality.

The hotels displayed an informal hierarchy, with the front office having the most job control and influence upon decision making during a DD. The housekeeping department was not included in any decision making, however it often displayed a degree of job control within operational constraints, e.g. prioritising tasks.

The support of managers was a particularly important factor during a DD promotion, and the managers often helped with operational duties if the staff struggled. This was mostly evident in front office and least in housekeeping
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department. Peer support was an important factor in establishments where multitasking was evident. The study identified that if these forms of support were lacking the staff developed negative attitude to work and lacked motivation to contribute to the delivery of the promotion.

The results showed that the hotels experienced an almost continuous need for staff during DD promotions, i.e. since the offers were run during the low season the employment impact of low to high season was minimised. The DD promotions created an extended working environment, where hotels offered increased hours to casual staff, frequently being able to retain the staff outside the busy season. Consequently, the hotels gained staff with consistent skills levels. However, the results also showed that involvement with DD promotions did not create any further full time jobs.

It was identified that some of the customers booked their stays at a last minute, this meant that the hotels which relied on casual staff experienced problems with scheduling those members of staff. Consequently, the permanent staff experienced longer working hours, irregular shift patterns and often an increase of number of shifts worked within a week. The restaurant staff were often expected to be flexible and available to work at very short notice if any staff shortages happened. In most cases this negatively impacted upon employees’ work-life balance, thus contributed to impaired well-being.

The study showed that the hotels experienced shortages of staff during the promotional period. It revealed that the problems with the levels of staff were caused by either the managers keeping the staff to minimum due to the cost, or that a casual pool of staff was not available so the extra work had to be done by the full time staff. While it was generally perceived that the restaurant should be well staffed and staff budgets were increased, as a non-customer facing
department, the housekeeping department was not seen as needing extra staff
to support the extra work and so suffered the most with understaffing.

The increase in custom during a DD promotion led to increase pressure on staff
within thirteen points (see table 8.2); those may inhibit the staff from providing high
and expected service quality during a DD promotion. The management should
provide support in those areas, consequently minimising the adverse impact of
those pressure points upon the staff and service quality.

9.5 STUDY CONTRIBUTIONS

The study makes contributions to both hospitality management and DD studies. It
makes four distinctive contributions, namely it:

- adds to the growing body of knowledge on DDs as marketing and
distribution channels
- contributes to the body of knowledge by recognising different ways of
defining success of a DD promotion
- contributes to knowledge regarding the hotel working environment under
the influence of DD promotions by identifying the full range of staff involved
and impacted upon
- contributes to management practice by developing a DD management
cycle model

The study contributed to a better understanding of DD websites as a distribution
and marketing channel for hotels by synergising the views of all three stakeholders
of hospitality service. It increased the understanding of key areas that contribute
to generating profitability and high service quality during a DD promotion. The
study confirmed that profitability of DD promotions may be achieved by upselling
of additional products and services and built upon this knowledge by identifying
that upselling within front office department is key to the profitability of a DD offer; this has not been demonstrated before. Furthermore, the study identified barriers that can prohibit the staff from delivery of high quality service and limit them in achieving successful upselling. This includes lack of upselling training, lack of two way communication and unique, department specific pressure points during a DD promotion; these also have not been identified before.

The discussion regarding profitability and hoped-for outcomes of the promotion led to the study demonstrating that the promotions do not have to be profitable to be considered successful. The study identified for the first time that success of a DD promotions can be defined in six ways; success in: generating immediate cash flow, increasing customer numbers in low or off-season, increasing the hotel’s profile, generating deferred cash flow, generating repeat business, and engaging and motivating staff. This contributes to the body of knowledge by expanding upon the understanding of what a successful DD promotion is. This broadens and enriches the discussions surrounding DD promotions as a promotional tool.

Whilst the body of academic literature relating to DD promotions is growing, this study is the first study which looks at 3 stakeholders of hospitality DD promotion and also is a first in-depth study which has focussed upon the employees as a vital stakeholder. This fills a gap that exists in the literature with regards to the use, impact and implications of DD promotions upon hotel sector. This study evidences that not only are the employees a vital stakeholder group within DD promotions, but also that they are deeply affected by the hotel’s engagement with them and can influence the profitability and customer satisfaction during that period. Contrary to the literature, this study has shown that the impact of the promotions spans beyond the food and beverage department of the hotel to front office and housekeeping, both of which are deeply affected by the hotel’s DD promotions.
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This identifies and begins to address a gap in current understanding of the impact and influence of staff in relation to DDs and their working environment. It shows that both customers and managers are often wrong in assuming that DDs have no impact upon the staff, and that some staff do not fully understand the impact the promotions have upon ‘other’ members of staff i.e. those seen as working in less prestigious departments.

This thesis contributes to the current and future management practice by introducing a DD management cycle model (figure 9.1) that synergises five stages of the DD promotions with the areas identified by this research for consideration for the successful implementation of a DD promotion. This model and study, therefore, contribute to the discussions regarding issues surrounding DD promotions and gives advice on the way the promotions should be designed, implemented and reviewed.

9.6 Recommendations

Recommendations to Managers

With regards to management of a DD promotion the managers should:

- Give careful consideration to the deal outlet, inclusions, management and hoped for outcome in the marketing stage of the promotion.
- Ensure that the cost and profit calculations include all the possible costs the hotel can incur and the calculations go beyond gross profit.
- The views and feedback from staff should be taken into account in the planning and evaluation stages of the deal. This will help to highlight all possible issues, problems and highlight the areas of improvement and possible upselling opportunities not recognised previously.
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- Ensure that each department is correctly staffed and receives support throughout the promotion period. This will help the staff in stress and exhaustion reduction, improve work-life balance, therefore, will contribute to improved service quality, and ultimately customer satisfaction.

- Foster a culture of peer support and positive attitudes towards DD customers by clear lines of communication including the reasons why the hotel engages with DD promotions.

- Pay more attention to the training needs of the staff, recognise that DD training should happen prior to the deal starting and should incorporate operational, service quality and upselling training across all departments.

**Recommendations to Staff**

Whilst having a positive attitude towards DD customers, ensuring they are treated as any other full paying customer, the staff need to be enabled to:

- Understand that DD promotions are run with certain goals in mind which are vital for the company’s future, safeguarding employment in the long run.

- Report any operational problems that prohibit them from achieving required service quality.

- Notify the management of any training, equipment, staff levels need or required.

- Discuss with the managers any operational changes needed and opportunities to capitalise upon within their departments. This may include operational efficiency, upselling or cost reduction.

- Be conscious of the importance and the significance of continuous training with regards to operations, service quality and upselling.
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**Recommendations to Daily Deal Customers**

The customers should understand the potential that their recommendations have on future development of the hotel. Therefore, the customers should be encouraged to leave reviews and engage in WoM and eWoM after their DD promotion stay, reflecting upon the value, inclusions and service quality.

**9.7 Limitations**

Whilst the sample framework was developed to mirror the general make-up of the accommodation industry in the UK, it is important to note that the results are applicable to rural, semi-rural, small town SME hotels, which experienced high seasonal variation of trade, therefore cannot be generalised across the whole sector. While the sample achieved the objectives of the study, a larger sample would achieve a broader outline of issues surrounding DD promotions within the sector and provide validity and depth to these findings.

The recruitment of the participants, especially the customers, was time consuming and difficult. Thus, most of the customers recruited were not customers of the hotels participating in the earlier phases of this study. Consequently other significant factors might have potentially been identified or investigated to fuller extent by this study if a more homogenous sample was obtained.

The access to the employee participants was facilitated by their managers and due to logistical and pragmatic considerations most of the interviews took place within the work environment. This might have impacted upon the study in two ways. First, the access to the staff was dependent upon the managers’ willingness to give up their employee’s time during working hours. This not only meant that the interviews needed to be performed in a concise way but also limited the options of the amount and type of staff interviewed, resulting in underrepresentation of
casual staff within the sample. Second, although all care was taken to ensure the impact of the location was minimised by guaranteeing anonymity and confidentiality, the staff might have been unwilling or less forthcoming in their answers. This might have potentially impacted upon the factors discussed and subsequently identified by the study. Pragmatically this was accepted as the only way to interview the staff and managers of the same hotels and that any bias introduced into the study has been limited by validating the results across the stakeholder groups.

9.8 SUGGESTIONS FOR FUTURE RESEARCH

In the light of the findings and limitations, the author would like to propose the following areas for further research opportunities:

- The model proposed in section 9.2, figure 9.1, may facilitate future research within the accommodation sector of the hospitality industry. It is suggested that future research considers applying and testing the model to further develop effective management of DD promotions within SME hotels and restaurants with rooms.

- While this study sample involved accommodation providers located in rural, semi-rural or small town locations, there is a clear research opportunity to evaluate the effectiveness of DD promotions and associated impacts within a more urban location.

- Although this research identified that the quality level of the hotel provider was important, more detailed investigations were deemed to be out of scope of this research. Therefore research to establish how the quality level of the provider impacts on the DD cycle is recommended.

- Whilst this study did not integrate the chefs' experiences of the DD, it is clear that a number of impacts and pressure point (e.g. time pressure, lack
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of down time during the day) could be applicable to this group of employees. Therefore, it is suggested that future research could focus upon the impact of DD promotion upon this employee group.

- Whilst this study aimed to provide a holistic multi stakeholder view of DD promotions, it is suggested that the experiences of each stakeholder are looked at separately so that more depth can be added to the themes identified in this research. This will result in a more detailed view of DD promotions with SME accommodation providers in the UK.

- Whist the DD websites themselves were not part of this research it is clear that the negotiations that take place between the websites and the hotels have an impact upon the final profitability of the offers. It is therefore suggested that future research looks into strategies of the websites to negotiate with and retain hotels which provide the best experiences for the customers as evidenced by their comments on the DD websites.

- As discussed in section 4.1 only the themes directly contributing to the achievement of the overall aim were included in this thesis, however a number of other themes emerged. Due to them being out of scope of this research, further, more detailed, investigations could be made into:
  - The impact of DDs upon the built environment of the hotel and refurbishment strategies
  - The role of visual information upon creation of the perception of quality in a discount situation
  - Cooperation of the hotel with DD websites, difficulties experienced and reliability of DD websites as a distribution channel
  - The impact of DD promotions upon regular, full paying customer.
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## APPENDIX ONE

### FULL SUMMARY OF ESTABLISHMENTS IDENTIFIED FITTING SAMPLING CRITERIA

<table>
<thead>
<tr>
<th>Hotel Code</th>
<th>Bedroom Number</th>
<th>Affiliation</th>
<th>Star Rating</th>
<th>Distance (miles)</th>
<th>Groupon</th>
<th>Travelzoo</th>
<th>LivingSocial</th>
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APPENDIX TWO

ETHICS APPROVAL AND DOCUMENTATION RELATING TO PHASE ONE OF THE RESEARCH

31.03.2015
csm/ethics/approved
Katarzyna Minor
Cardiff School of Management
Llandaff Campus
Cardiff, CF5 2YB

Dear Kasha,

Re: Application for Ethical Approval: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing

Ethics Committee Application Reference Number: 2015S0055

Your ethics application, as shown above, was considered at the following meeting of the School Research Ethics Committee on 11.03.15 - I am pleased to inform you that your application was APPROVED subject to the conditions listed below – please read carefully.

Conditions of Approval
Your Ethics Application has been given a reference number as above. This MUST be quoted on all documentation relating to the project (E.g. consent forms), together with the full project title.
Any changes in connection to the proposal as approved, must be referred to the Panel/ Committee for consideration.
A full Risk Assessment must be undertaken for this proposal, and be made available to the committee if requested.
Any untoward incident which occurs in connection with this proposal must be reported back to the panel without delay

Yours sincerely,

(On behalf of)
Dr Caroline Ritchie
Chair of Ethics Committee
Cardiff School of Management

Louise

Louise Ballantyne
Research Administrator – Gweinyddwr Ymchwil
Cardiff Metropolitan University / Prifysgol Fetropolitan Caerdydd
Cardiff School of Management/Ysgol Reoli Caerdydd
Llandaff Campus/Campws Llandaf
Cardiff/Caerdydd
CF5 2YB
02920 416 934
CSMResearch@CardiffMet.ac.uk

#cardiffmet150
Participant Consent Form

CMU Ethics Reference: 2015S0055
Participant ID Code:
Title of the Project: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing
Name of Researcher: Kasha Minor

Participant to complete this section. Please tick appropriate box:

1. I confirm that I have read and understand the information sheet for the above study.
   I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to take part in the above study.

4. I agree to the interview being audio recorded

5. I agree to the use of anonymised quotes in publications OR

6. I agree to my quotes being attributed to me

7. I would like my organisation to be anonymised OR

8. I would like my organisation to be credited for the involvement

Signature of Participant ___________________________ Date__________________

Name of person taking consent ___________________________ Date__________________

Signature of person taking consent________________________
Participant Information Sheet

Cardiff Metropolitan University Ethics Reference Number: 2015S0055
Title of Project: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing
Name of Researcher: Kasha Minor
Research Supervisors: Dr Caroline Ritchie and Dr Jason Williams

Project Summary
The purpose of this study is to investigate the effects and perceptions of Daily Deal websites (such as Groupon) of the hospitality merchant, employee and customer. The study also focuses on employees’ role on the success and profitability of the promotion and consequent employment patterns emerged.

The study is being undertaken by Kasha Minor for a PhD (kaminor@cardiffmet.ac.uk) and is funded by the Savoy Educational Trust. It is being supervised by Dr Caroline Ritchie (critchie@cardiffmet.ac.uk), and Dr Jason Williams (jjwilliams@cardiffmet.ac.uk).

Why have you been asked to participate?
You have been asked to participate in the study because your establishment has in the past featured an online daily deal promotion as well as your decision making role within the company. During the interview I will ask questions about the experience of daily deal websites within your company. This will include information regarding what made the promotion profitable/not profitable, views on the role of the employees, details of any training provided as well as views on customers as well as any problems experienced during the promotion. This information will help me to develop an understanding of the impact of daily deals upon hospitality industry and will help in developing a model for the success of daily deal promotions. I will conduct the interview myself and would like to record it for analysis purposes. The interview should take about 45-60 minutes.

Project risks
There are no physical or psychological risks associated with this research method. Standard interview procedures will be used. Even though you have agreed to participate in the study you can withdraw and discontinue participation at any time. We will completely respect your decision. There are no direct benefits to you for participating in this study. However this study will increase understanding of daily deals within hospitality industry and will help hospitality businesses to understand potential implications of involvement as well as will advise on how to structure and prepare of the promotions to achieve profit and satisfaction. I will be happy to let you have a copy of the published findings if you would like to receive one.

How we protect your privacy?
All information obtained in this study will be kept strictly confidential. All interview transcription will be anonymous. I have taken very careful steps to make sure that you cannot be identified from any of the forms unless you choose to be (see the participant consent form). Your identity as participant will not be disclosed to any unauthorised persons. Only the researcher (as outlined above) will have access to any contact details, which will be stored in a locked cabinet completely separate from the other documentations.

When the study has finished and been completed, all of the primary data documentation, digital recordings and contact details used to gather data, will be destroyed.

PLEASE NOTE: You will be given a copy of this sheet to keep, together with a copy of your consent form.

Contact Details: Email: kaminor@cardiffmet.ac.uk
Appendices

Interview Topics: Managers

General Issues:

- Which discount channels have you used?
- What was the reasoning behind choosing the discount channel? What were the advantages and disadvantages of that channel?
- What was the reasoning behind featuring and offer?
- What sort of goals did you want to achieve with the offer?
- Why did you place the discount when you did?
- Was the deal profitable and successful? Why/why not?
- How important were the upsells in profitability?
- What upsell strategies were implemented?
- What would you have changed about the experience?
- How likely are you to continue using discount websites and why?
- Did the daily deal offering differ in any way from your regular offering?
- What impact does a deal have on cash flow? Is it beneficial in any way?

Employment and employees:

- Did you communicate the goals of the promotion to your staff? And in what way?
- Do you think they understood the reasons behind the promotion?
- Do you think they are happy with the promotion?
- Did you prepare your staff in any way? What sort of training or support did you provide?
- How important was the staff in achieving the goals?
- Did the promotions affect employment patterns in anyway during and post promotion? Did you create any permanent positions? Did a ratio of part time, casual or full time change.

Customer:

- Was the customer provided by daily deal sites a good match to the establishment?
- If there were any problems with unsuitable clientele what sort of coping strategies were employed
- To what degree cannibalisation of customer base happened? Did it have any adverse effects on profitability?
- What is the rate of customer return?
- Are the customers returning on discount or for a full price purchase? How crucial is this to you perception of success of the offer?
- Do you think that the daily deals have changed the customers perception of your hotel? If yes in what way?
- Was the choice of discount channel by your perception of what the customers might think of the hotel?
Appendices

APPENDIX THREE

ETHICS APPROVAL AND DOCUMENTATION RELATING TO PHASE TWO OF THE RESEARCH

29.10.2015
CSM/ethics/approved
Kasha Minor
Cardiff School of Management
Llandaff Campus
Cardiff, CF5 2YB

Dear Kasha,

Re: Application for Ethical Approval: The Effects of Daily Deal websites on Employment Patterns and Employee Wellbeing

Ethics Committee Application Reference Number: 2015S0018

Your ethics application, as shown above, was considered at the meeting of the School Research Ethics Committee on 14.10.15.
I am pleased to inform you that your application for ethical approval was APPROVED as a Chairs Action following on from the meeting held on 14.10.15 and is subject to the conditions listed below – please read carefully

Conditions of Approval
Your Ethics Application has been given a reference number as above. This MUST be quoted on all documentation relating to the project (E.g. consent forms), together with the full project title.
Any changes in connection to the proposal as approved, must be referred to the Panel/Committee for consideration.
A full Risk Assessment must be undertaken for this proposal, and be made available to the committee if requested.
Any untoward incident which occurs in connection with this proposal must be reported back to the panel without delay

On behalf of:- Professor Andrew Thomas
Chair of Ethics Committee
Cardiff School of Management

With kindest regards
Louise Ballantyne
Research Administrator – Gweinyddwr Ymchwil
Cardiff Metropolitan University / Prifysgol Fetropolitan Caerdydd
Cardiff School of Management/Ysgol Reoli Caerdydd
Llandaff Campus/Campws Llandaf
Cardiff/Caerdydd
CF5 2YB
02920 416 934
CSMResearch@CardiffMet.ac.uk

#cardiffmet150
Participant Consent Form

CMU Ethics Reference: 2015S0018
Participant ID Code: 
Title of the Project: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing
Name of Researcher: Kasha Minor

Participant to complete this section. Please tick appropriate box:

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily. 

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I understand that the organisation I work for will remain anonymous

4. I agree to take part in the above study

5. I agree to the interview being audio recorded

6. I agree to the use of anonymised quotes in publications

Signature of Participant ______________________________ Date_________________
Name of person taking consent ______________________________ Date_________________
Signature of person taking consent ______________________________
Appendices

Participant Information Sheet

Cardiff Metropolitan University Ethics Reference Number: 2015S0018
Title of Project: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing
Name of Researcher: Kasha Minor
Research Supervisors: Dr Caroline Ritchie and Dr Jason Williams

Project Summary
The purpose of this study is to investigate the effects and perceptions of Daily Deal websites (such as Groupon) on the hospitality merchant, employee and customer. The study also focuses on employees’ role on the success and profitability of the promotion and consequent employment patterns emerged.

The study is being undertaken by Kasha Minor for a PhD (kaminor@cardiffmet.ac.uk) and is funded by the Savoy Educational Trust. It is being supervised by Dr Caroline Ritchie (critchie@cardiffmet.ac.uk), and Dr Jason Williams (jjwilliams@cardiffmet.ac.uk).

Why have you been asked to participate?
You have been asked to participate in the study because the establishment you work for has in the past featured an online daily deal promotion. I would like to find out to what degree this engagement with those websites has impacted upon you, your work, your wellbeing and your working patterns.
Additionally during the interview I will ask questions about your experiences of daily deal websites promotions within the company you work for. This will include information regarding what you think were the motivations behind featuring an offer, what made the promotion profitable/not profitable, details of any training you were provided as well as views on customers, as well as any problems experienced during the promotion. This information will help me to develop an understanding of the impact of daily deals upon hospitality industry and will help in developing a model for the success of daily deal promotions. I will conduct the interview myself and would like to record it for analysis purposes. The interview should take about 30 minutes.

Project risks
There are no physical or psychological risks associated with this research method. Standard interview procedures will be used. Even though you have agreed to participate in the study you can withdraw and discontinue participation at any time. We will completely respect your decision. There are no direct benefits to you for participating in this study. However this study will increase understanding of daily deals within hospitality industry and will help hospitality businesses to understand potential implications of involvement as well as will advise on how to structure and prepare of the promotions to achieve profit and satisfaction. I will be happy to let you have a copy of the published findings if you would like to receive one.

How we protect your privacy?
All information obtained in this study will be kept strictly confidential. All interview transcription will be anonymous. I have taken very careful steps to make sure that you cannot be identified. Your identity as participant will not be disclosed to any unauthorised persons. Only the researcher (as outlined above) will have access to any contact details, which will be stored in a locked cabinet completely separate from the other documentations.
When the study has finished and been completed, all of the primary data documentation, digital recordings and contact details used to gather data, will be destroyed.

PLEASE NOTE: You will be given a copy of this sheet to keep, together with a copy of your consent form.

Contact Details: Email: kaminor@cardiffmet.ac.uk
Interview Topics: Employees

- What do you think are the main motivations/reasons for the hotel to feature the offers?
- Did you notice a pattern as to when the offers are run?
- Do you think the engagement with daily deal websites have changed the customer perception of the hotel?
- Do you think your managers perceive the customers any different? If so how?
- Do you think the customers provided by daily deal sites are a good match to the hotel? Why yes/why not?
- How do you feel about the hotel’s engagement with daily deal websites?
- Are you happy with the promotions? Why/why not?
- How important is your role for the success for the promotion? What specifically?
- Do you think you benefited in any way from the promotions? If so what way? Why not?
- What part of your role would you say is most crucial for the success of the deals?
- What sort of training did you receive, if any, from your managers during or before promotions?
- Did the managers provide any support for you before or during promotions? If so what way?
- Do you think your skills benefited in any way because of the daily deals? If so how? Why not?
- Did your managers communicate the reasons for the promotions? If so in what way?
- Did the managers prepare you in any way for the promotions? How?
- Did they consult you before or after running of the promotions? How?
- Have you been consulted regarding the impact the engagement has on your work? And any improvements needed?
- In what way the participation in daily deal sites impacted upon your work?
- What have you found most challenging during the promotions?
- Have you noticed any workload changes? If so what specific changes?
- What sort of impact does the involvement have on your physical and mental well-being?
- What sort of an impact did the engagement have on your working patterns?
- and of your colleagues?
- Did your employer employ any staff?
- Do you find your job more stressful during daily deal promotion? Why yes why not?
- Do you think the hotel will continue using the websites? Why?

Questions specific to reception staff:
- What do you think makes the deals profitable?
- How important are upsells to profitability?
- What sort of upsell strategies have you implemented?
- Do you think people return? If so do they return on a deal or as a full paying customer?
- Have you been consulted as to the times/ways the deals will be put together/inclusions?

Questions specific to housekeeping staff:
- What do you think is the impact upon the fabric of the hotel?
- Did you notice any different behaviours of customers when compared to full paying ones?

Questions specific to food service staff
- What do you think makes the deals profitable?
- How important are upsells to profitability?
- What sort of upsell strategies have you implemented?
- Do you provide the same product for the daily deal customers as you would to the full paying ones?
- Have you been consulted as to the times/ways the deals will be put together/inclusions, what sells?
APPENDIX FOUR

ETHICS APPROVAL AND DOCUMENTATION RELATING TO PHASE THREE OF THE RESEARCH

13.06.2016
csm/ethics/approved
Kasha Minor
Cardiff School of Management
Llandaff Campus
Cardiff, CF5 2YB

Dear Kasha,

Re: Application for Ethical Approval: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing

Ethics Committee Application Reference Number: 2015S0039

Your ethics application, as shown above, was considered at the following meeting of the School Research Ethics Committee on 25.05.2016 and subject to committee amendments - I am pleased to inform you that your application was APPROVED subject to the conditions listed below – please read carefully.

Please note I have been advised by the Chair of the committee you will have to apply for stage 4 ethical approval once study 3 is finished and have also been advised that the application as an exceptional instance will be electronic circulated to the committee members for their approval.

Conditions of Approval
Your Ethics Application has been given a reference number as above. This MUST be quoted on all documentation relating to the project (E.g. consent forms), together with the full project title.
Any changes in connection to the proposal as approved, must be referred to the Panel/ Committee for consideration.
A full Risk Assessment must be undertaken for this proposal, and be made available to the committee if requested.
Any untoward incident which occurs in connection with this proposal must be reported back to the panel without delay

Yours sincerely,

(On behalf of)
Professor Andrew Thomas
Deputy Chair of Ethics Committee
Cardiff School of Management

Louise Ballantyne
Research Administrator – Gweinyddwr Ymchwil
Cardiff Metropolitan University / Prifysgol Fetropolitan Caerdydd
Cardiff School of Management/Ysgol Reoli Caerdydd
Llandaff Campus/Campws Llandaf
Cardiff/Caerdydd
CF5 2YB
02920 416 934
CSMResearch@CardiffMet.ac.uk

#cardiffmet150
Initial customer contact

Dear Participant’s Name,

I am a PhD researcher at Cardiff Metropolitan University, Cardiff School of Management. I am investigating the effects of Groupon and similar websites on the hospitality industry in South Wales. My research project, called "The Effects of Hotel Engagement with Daily Deal Websites on Employment Patterns and Employee Well-being" is designed to investigate the effects and perceptions of daily deals on the hospitality merchant, employee and customer. The study also focuses on employees’ role on the success and profitability of the promotion and consequent employment patterns emerged. The study is funded by the Savoy Educational Trust and is aimed to raise awareness of the hospitality industry regarding the impacts of the websites on small and medium hotel establishments with the results recommending steps needed to be undertaken for the successful implementation of promotions and the ultimate customer satisfaction.

The reason for my email is to enquire whether you would be willing to partake in my research as an interviewee. My intention is to identify and interview a relatively small sample of customers who in the past purchased an accommodation and food inclusive offer via a daily deal website. Your participation would involve being interviewed for approximately 45 minutes. The interviews will be one-to-one, scheduled to suit you, at a place to suit you, or alternatively can be done with the use of Skype. All data gathered from the interviews would be kept anonymous in the write up of the research findings and in any published or unpublished work produced as a result of this study.

I would be mostly grateful for your help to complete this research and your contribution to increased understanding of the impact of promotional websites on small and medium hotel enterprises and adding valuable insights into this under-researched area.

I would like to begin to carry out this data collection over the coming two months and would be delighted if you would agree to participate. I am more than happy to discuss this with you over the phone or face to face if you have any queries or concerns, before you make your final decision.

I hope you will agree to take part in this research. I look forward to hearing from you.

Kind Regards,

Kasha Minor, MSc
kaminor@cardiffmet.ac.uk
Cardiff School of Management
Cardiff Metropolitan University
Western Avenue
CARDIFF
CF5 2YB
Final email and social media call

Dear all,
I would like to invite you to participate in my research study entitled, “The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing”. This study is being undertaken as part of a PhD research project in the School of Management at Cardiff Metropolitan University and is funded by The Savoy Educational Trust. The purpose of this study is to investigate the effects and perceptions of Daily Deal websites (such as Groupon or Travelzoo) of the hospitality merchant, employee and customer. The study also focuses on employees’ role on the success and profitability of the promotion and consequent employment patterns emerged.
I am looking for participants who fit the following criteria:

- **Have you used Groupon, Travelzoo, Living Social and/or Secret Escapes to purchase an overnight stay with a meal?**
- **Was the hotel or restaurant with rooms was located in Wales or England?**
- **Was the establishment had less than 100 bedrooms?**

As a participant you will be asked to take part in a one to one interview that will last anything between 30 – 45 minutes. During the interview I will ask questions about your experiences of daily deal hotel promotions. This will include information regarding what you think were the motivations behind the hotels featuring an offer, your decision making processes regarding the choice of the website and the hotel, your perceptions of staff, service quality and potential return intentions.
To express an interest in participating in this study or for any further information please contact me at any time.
Your time would be invaluable to the successful completion of my research. I have attached a participant information sheet but if you have any questions please do get in touch with me.
With Best Wishes,

Kasha Minor MSc
kaminor@cardiffmet.ac.uk
Cardiff School of Management
Cardiff Metropolitan University
Western Avenue
CARDIFF
CF5 2YB
Participant Consent Form

CMU Ethics Reference: 2015S0039
Participant ID Code: 
Title of the Project: The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing
Name of Researcher: Kasha Minor

Participant to complete this section. Please tick appropriate box:

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.   

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to take part in the above study.

4. I agree to the interview being audio recorded.

5. I agree to the use of anonymised quotes in publications.

6. I understand that the organisation I stayed at will remain anonymous.

Signature of Participant __________________________ Date ____________________

Name of person taking consent __________________________ Date ____________________

Signature of person taking consent __________________________
Appendices

**Participant Information Sheet**

**Cardiff Metropolitan University Ethics Reference Number:** 2015S0039

**Title of Project:** The Effects of Daily Deal Websites on Employment Patterns and Employee Wellbeing

**Name of Researcher:** Kasha Minor

**Research Supervisors:** Dr Caroline Ritchie and Dr Jason Williams

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**Project Summary**

The purpose of this study is to investigate the effects and perceptions of Daily Deal websites (such as Groupon or Travelzoo) of the hospitality merchant, employee and customer. The study also focuses on employees’ role on the success and profitability of the promotion and consequent employment patterns emerged.

The study is being undertaken by Kasha Minor for a PhD ([kaminor@cardiffmet.ac.uk](mailto:kaminor@cardiffmet.ac.uk)) and is funded by the Savoy Educational Trust. It is being supervised by Dr Caroline Ritchie ([critchie@cardiffmet.ac.uk](mailto:critchie@cardiffmet.ac.uk)), and Dr Jason Williams ([jjwilliams@cardiffmet.ac.uk](mailto:jjwilliams@cardiffmet.ac.uk)).

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**Why have you been asked to participate?**

You have been asked to participate in the study because you have in the past purchased an accommodation and food inclusive of an offer via daily deal website. Your involvement in the study is completely voluntary and even though you have agreed to participate you can withdraw and discontinue participation at any time. We will completely respect your decision.

During the interview I will ask questions about your experiences of daily deal hotel promotions. This will include information regarding what you think were the motivations behind the hotels featuring an offer, your decision making processes regarding the choice of the website and the hotel, your perceptions of staff, service quality and potential return intentions.

This information will help me to develop an understanding of the impact of daily deals upon hospitality industry and will help in developing a model for the success of daily deal promotions. I will conduct the interview myself and would like to record it for analysis purposes. The interview should take about 30 to 45 minutes.

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**Project risks**

There are no physical or psychological risks associated with this research method. Standard interview procedures will be used. There are no direct benefits to you for participating in this study. However this study will increase understanding of daily deals within hospitality industry and will help hospitality businesses to understand potential implications of involvement as well as advise on how to structure and prepare of the promotions to achieve profit and customer satisfaction. I will be happy to let you have a copy of the published findings if you would like to receive one.

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**How we protect your privacy?**

All information obtained in this study will be kept strictly confidential. All interview transcription will be anonymous. I have taken very careful steps to make sure that you cannot be identified. Your identity as participant will not be disclosed to any unauthorised persons. Only the researcher (as outlined above) will have access to any contact details, which will be stored in a locked cabinet completely separate from the other documentations.

When the study has finished and been completed, all of the raw data documentation, such as digital recordings and contact details used to gather data, will be destroyed.

PLEASE NOTE: You will be given a copy of this sheet to keep, together with a copy of your consent form.

**Contact Details:** Email: [kaminor@cardiffmet.ac.uk](mailto:kaminor@cardiffmet.ac.uk)
Interview Topics: Customers

- Which website did you use? Why did you choose this particular daily deal website over others?
- Why do you think the hotels feature offer on daily deal websites?
- Do you think the hotels achieve profit with the promotions?
- Whilst at the hotel did you buy any products that were not included in the voucher? If yes what and why, if no why not?
- Were these attempts to increase sales made aggressively or just as a normal part of staff guest interactions?
- During you stay was the hotel busy? And do you think that is was busy with promotion guests or regular custom?
- Have you ever worked in hospitality industry? If yes does it influence how you view those who work in the hospitality industry now?
- Did you expect to be treated any different by the staff because you were taking advantage of the daily deal?
- Did you expect to receive different product because you were enjoying a daily deal offer?
- Have you been treated the same as any other guests at the hotel or did you feel singled out because of the fact that you have paid less for the services?
- Did you receive the same product as other customer? I.e. similar rooms and meals?
- During the stay on da daily deal which of the groups of staff members are most important to create a memorable stay for you: front office, restaurants staff or housekeeping staff?
- Which areas would you be most likely to complain about if the service was substandard: front office, restaurants staff or housekeeping?
- How happy do you think the staff were with the promotions? Do you think they were motivated? How would you describe their behaviour?
- Do you think that the staff were stressed?
- Do you think the staff were providing normal standard of service?
- Do you think the staff were well trained?
- Could the staff manage with the workloads? Or did the service quality suffers as a result of the busyness?
- Did they notice multitasking and poor staff levels? If so did it have impact on the service levels received?
- Why did you decide to take the offer via a daily deal website and not book directly with the hotel?
- Why did you choose this particular hotel? Was it because you wanted to try this particular hotel out or because it happened to have an offer on?
- Would you stay in this hotel anyway without the offer?
- Did you experience any problems with the booking process when redeeming the voucher with the hotel? (i.e. lack of preferable dates?)
- How far in advance did you book your hotel stay and / or meal and why?
- Do you think that daily deal websites make the hotels more accessible or do they have a negative effect on the hotel’s image and brand association?
- Who would you attribute your satisfaction/ dissatisfaction of the offer the website or the hotel?
- What were you most satisfied/ dissatisfied about? And did you complain to the hotel or the website?
- Do you think engagement with daily deal website makes you a more demanding customer?
- Should there be a problem with your stay would you be more included to complain because you have stayed on a deal?
- How likely are you willing to return to the hotel? Would that be on an offer or as a full paying customer? Would that be an offer via daily deal website or booked directly at the hotel?
- What would make came back/ not came back to the hotel?
- How important is the staff and their conduct when considering returning to the hotel?