

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS



**THE EFFECT OF DIGITAL MARKETING ON HOTEL BUSINESS
PERFORMANCE: STAR RATED HOTELS IN ADDIS ABABA.**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE
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BY: HELINA ASART

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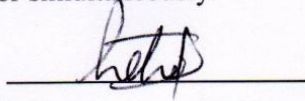
ADVISOR: Dr.ABERA

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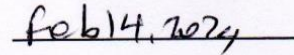
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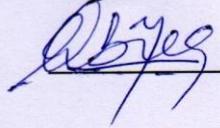
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Advisor	<u>Abera Legesse</u>	Signature	<u>[Signature]</u>	Date	<u>13 Feb 2024</u>
Internal Examiner	<u>Getachew W</u>	Signature	<u>[Signature]</u>	Date	<u>12/2/24</u>
External Examiner	<u>Temessen</u>	Signature	<u>[Signature]</u>	Date	<u>12/02/24</u>

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ACRONYMS

SMM.	Social Media Marketing
SEM	Search Engine Marketing
PPC	Pay-Per-Click Marketing
MCT	Ministry of Culture and Tourism
SPSS	Statistical Package for Social Sciences
GPS.	Global positioning system
OTA.	Over the air
WIFI	wireless fidelity
M	Mean
Std.Deviation	Standard deviation
sig	Significance
N	Total number of population

ABSTRACT

The purpose of this study was to investigate the effect of digital marketing tools on the performance of starred hotels in Addis Ababa. Prior studies on electronic marketing and hotels focused on internet adoption and financial metrics like return on investment and sales margin, neglecting issues like the impact of specific e-marketing tools such as websites, email, and social media on non-financial hotel performance. To address this gap, this quantitative study adapted a framework to examine the research question.. Data was collected from 112 employees of Addis Ababa starred hotels and analyzed using factor analysis and multiple regression. The findings showed mobile phones, websites, and social media were the most significant digital marketing tools, while email was rarely used for customer communication by the surveyed hotels. The study recommends hotels regularly update and interact with customers on their online platforms as consumers increasingly use technology. Further research could examine non-starred hotels, guest houses, and budget hotels since this study concentrated on Addis Ababa starred hotels.

Key Words: Digital marketing, Hotel business, Online marketing, business performance

CHAPTER ONE

1. INTRODUCTION

1.1. Introduction

In today's digital age digital marketing has become indispensable for businesses across all industries. The predominant benefit of digital marketing has transformed how industries market their products and services to current and potential customers (Experience Marketing Services, 2015). In the hospitality and tourism sector the demand for digital marketing has never been greater as customers have instant access to information on the latest promotions and prices. Early adoption of digital marketing caused some businesses to avoid new digital marketing tools because they market experiences rather than products. However, shifts in guest behavior can lead hospitality businesses to increase their use of digital marketing platforms and tailor strategies to target audiences based on audience research and data (Experience Marketing Services, 2015).

The World Tourism Organization (2014) highlights the potential of the internet, new technologies, and digital marketing for the tourism and hotel industry. Email marketing, websites, blogs, and social media along with mobile apps and online booking platforms are critical marketing tools in tourism and hotels. According to Xiang and Gretel (2010), social networks allow users to communicate, share ideas, and information. Millions of users post and consume content daily on social networks, so it is vital hotels engage guests in conversation regularly and thoughtfully. This study analyzed platforms like Facebook, Instagram, and Twitter that are highly relevant to hospitality due to their active user bases. Research shows hotel Facebook page engagement stems from the relationship's value to the customer rather than external rewards (Leung & Baloglu, 2015).

Hotel booking intentions and electronic word-of-mouth are two key aspects of hotel Facebook marketing (Virginia, Chen & Haney, 2013). Furthermore, research found social media affects hotel customer behavior, attitudes about the hotel, and intentions to book hotels and spread word-of-mouth. The study also revealed hotels use similar marketing across different platforms like Facebook and Twitter (Leung, Bai, & Stahura, 2015).

In today's digital era, digital marketing impacts all industries and transforms how businesses reach and engage with customers. The digital nature of internet technologies provides enhanced understanding of consumer characteristics and behaviors in online environments. This information alters how business decisions are made. Digital marketing, which includes electronic platforms like TV, mobile devices, and digital media, broadly refers to all business techniques and procedures used to advertise goods or services online. There are several aspects of digital marketing that set it apart from conventional online and offline strategies..

Hotels have recently moved their offline marketing initiatives from media outlets like radio, television, and newspapers to online ones. Social media (Facebook, Instagram, Snapchat, Twitter, LinkedIn), email marketing, search marketing (Google Ads or Display Networks), publisher networks for direct advertising, programmatic messaging using specific traveller content and profiles, and review sites are the main digital marketing options available today. In recent years, internet use and adoption have risen rapidly, revolutionising how customers find and book hotels (Xie et al., 2011).

Digital marketing provides an accessible avenue for brands to actively engage target customers digitally. Given available data on internet user behaviors, hotel managers should see technology developments as opportunities for hospitality and travel (Xie et al., 2011). This study explores the impact of digital marketing on starred hotels in Addis Ababa and the role of digital marketing in hotel business success from a business perspective. It provides enhanced understanding for managers in this sector. With the prevalence of online information, managers should tailor digital strategies based on customer technographics and demographics. Digital marketing allows personalized and responsive interactions between hotels and guests.

1.2. Statement of the Problem

Most hotels are not adequately utilising and capitalising on these digital platforms to increase reservations and income, despite the obvious relevance and variety of advantages they provide modern enterprises (Balogu & Peckan, 2006). Relying solely on conventional print, radio, and television marketing tools is no longer sufficient to successfully reach target

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audiences, increase visibility, and drive conversions in today's digital age due to increasingly discerning, tech-savvy customers and intense competition across the hotel industry (Brodie et al, 2007). Studies demonstrate that, despite the fact that many cutting-edge hotels use e-marketing strategies like search engine optimization, social media marketing, email campaigns, online advertising, and website optimization, their profitability, revenues, and overall performance outperform those of hotels that stick to conventional television, radio, and print methods (Grandson & Pearson, 2004). But compared to other industries, the star rated and luxury hotel sector in particular has been exceptionally slow to adopt, enhance, and take use of digital marketing tactics (Hinson & Boateng, 2007).

According to Cheng (2013), the emergence and continuous development of digital marketing have significantly changed how consumers proactively explore, assess, and consume information to guide their purchasing decisions. Due to consumer time constraints, the rising costs of traditional print and television advertising, and the constantly evolving needs and expectations of today's tech-savvy, savvy consumers, intuitive internet platforms like brand websites, review sites, meta-search engines, social media networks, and travel blogs have emerged as the ideal communication channels for hotels (Teixeira, 2014). Digital marketing offers adaptable, tailored, responsive, and interactive exchanges between hotels and potential guests that are significantly more affordable than traditional methods for current marketing communication (Eid & El Gohary, 2013). Hotels seem to be notably sluggish to adopt, optimise for, and use social media, search engine optimization, and other cutting-edge e-marketing techniques as effective marketing channels to target tech-savvy visitors, despite increased internet adoption and penetration among customers throughout Ethiopia (Selomon, 2003).

According to previous studies, a lot of Ethiopian hotels have created a basic online presence through websites and social media pages, but their use and optimization of these platforms is still sparse and lacking in terms of deeper guest engagement, strategic content marketing, and interactive brand-building (O'Connor, 2011). As the country's internet penetration rises and IT innovation offers new opportunities for hotels to modernise, expand reach, boost competitiveness, and improve overall performance, it is becoming more crucial

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and urgent to carefully examine these issues surrounding lagging digital marketing adoption in Ethiopia's hospitality sector (Hinson & Amidu, 2006).

Ethiopian hotels have a great chance to take advantage of digital marketing tactics in the future to expand their reach, increase competition, and improve performance through targeted, data-driven goals and activities. To effectively benefit from digital marketing, businesses must continue to invest in creating and optimising a strategic online presence across platforms because without it, advanced digital marketing will not succeed (Grybniak, 2014). Budget restrictions, a lack of current IT systems and computerization, staff shortages in digital marketing and a lack of understanding of the advantages of digital marketing among stakeholders are some of the obstacles preventing the adoption of digital marketing.

Digital marketing has an impact on starred and upscale hotels in Addis Abeba but no scientific research have looked at how these tools affect their performance. By quantitatively analysing the effects of digital marketing adoption on overall performance via surveys, this research intends to close these information gaps. By quantifying the contributions of digital marketing tools to financial and operational KPIs in the industry, it will offer data-backed insights and suggestions for decision-makers in the hospitality industry. The evaluation of digital impact of marketing on star rated hotel performance in Addis Abeba will produce useful evidence and solutions as the first empirical study aimed at measuring digital marketing effects for large Ethiopian hotels. By carrying out this review to address gaps between scholarly writing and actual practises, the research builds a bridge between theory and practise. the broad goals By undertaking this review to address gaps between scholarly literature and actual practises, the research ties theory and practise together. In order to generate data-driven suggestions for hotels to maximise adoption, it seeks to quantify the concrete effects of digital marketing based on primary data.

1.3. Objective

1.3.1. General objective

The primary aim of this research is to examine the effect of digital marketing on the performance of hotels, specifically focusing on star-rated hotels in Addis Ababa..

1.3.2. Specific objective

1. To determine which digital marketing platform yields the most significant influence on hotel performance.
2. To assess the extent of influence exerted by different digital marketing components (email marketing, social media marketing, website marketing, mobile phone marketing) on overall hotel performance.
3. To investigate how effective digital marketing is in utilization of digital strategies by star-rated hotels.
4. To examine the potential of digital marketing (including email marketing, social media marketing, website marketing, mobile phone marketing) on enhancing the performance of star-rated hotels.

1.4. Research questions

1. How can we identify the digital marketing platforms which has the greatest impact on hotel performance?
2. What is the level of influence exerted by digital marketing components (email marketing, social media marketing, website marketing, mobile phone marketing) on overall hotel performance?
3. How effectively do star-rated hotels employ digital marketing strategies?
4. What is the potential for digital marketing (including email marketing, social media marketing, website marketing, mobile phone marketing) on enhancing the performance of star-rated hotels?

1.5. Hypothesis

H1: Social media marketing positively influence the performance of star-rated hotels in the study area.

H2: Mobile phone marketing positively influence the performance of star-rated hotels in the study area.

H3: Website marketing have a positive impact on the performance of star-rated hotels in the study area.

H4: Email marketing has a positive impact on the performance of star-rated hotels in the study area..

1.6. Significance of the Study

This study is significant because it examines how digital marketing impacts the business performance of major hotels in Addis Ababa, the capital and largest city of Ethiopia. As internet access and digital technology continue to expand in Ethiopia hotels have increasing opportunities to reach potential guests online. However, there has been little research focused specifically on how digital marketing such as social media, SEO, and web advertising affects occupancy rates, revenue, and other key metrics for hotels in Addis Ababa.

This study will provide useful insights for hotel managers and marketing professionals in Ethiopia's hospitality industry. Understanding how different digital strategies influence bookings and financial outcomes can help hotels optimize their online presence and marketing budget allocation. The findings will be valuable for Star hotels in Addis Ababa as they develop their digital marketing plans to attract more foreign and domestic travelers. This research will also contribute knowledge about digital marketing tactics for hotels in developing country contexts.

Finally this timely research serves as a useful reference source for future scholars studying the integration of emerging technologies and digital marketing innovation in the hotel industry across developing economies.

1.7. Scope of the Study

The scope of this study was limited to three to five star hotels located in Addis Ababa, Ethiopia. The goal of the research was to examine the effect of digital marketing tools and strategies on the business performance of these three to five starred hotels in the capital city. More specifically, the study aimed to investigate the benefits and key issues associated with adoption of internet-based platforms and electronic media as means for hotels to reach, engage with, and market to target audiences. Performance was assessed through core financial indicators including annual revenue and profitability among surveyed hotels to quantify the business impact of digital marketing investment. The geographic concentration on major hotels in Addis Ababa provided a consistent segment for evaluating digital marketing influence on their financial fundamentals relative to competitors and prior years without digital adoption. Moreover, the study is focused on quantitative approach.

1.8. Limitations of the Study

This research, while striving to provide valuable insights does possess certain limitations that need to be acknowledged. Firstly, the study exclusively focuses on star-rated hotels situated in Addis Ababa, Ethiopia. Although Ethiopia boasts a diverse spectrum of other hotels and lodging services, which could have enriched the study's conclusions, our constraints in terms of time and financial resources prevented us from extending the research scope to include them. This limitation acknowledges that a more comprehensive investigation could have yielded more conclusive results.

It is also important to note that despite our best efforts, some respondents declined to take part in the study, which resulted in partial questionnaire replies. This could, in some cases, have an impact on the research's general calibre. To ensure a thorough examination of the research objectives, the researcher is nonetheless dedicated to addressing and mitigating these issues.

1.9. Organization of the study

This research is structured into five chapters, beginning with Chapter 1, which introduces the research background, problem statement, objectives, research questions, significance, scope, and limitations. In Chapter 2, a comprehensive literature review is presented, encompassing both theoretical and empirical aspects relevant to the study. Chapter 3 elucidates the research methodology, detailing sampling techniques, data collection methods, and data analysis procedures. In Chapter 4, the empirical data is analyzed and summarized, with in-depth discussions of the results. Finally, Chapter 5 provides a conclusion that synthesizes the research findings and offers recommendations for future research directions, thereby providing a comprehensive structural overview of this study.

This section reviews relevant literature and consists of the following section. Initially, theoretical review, the concepts and definitions of electronic marketing, hotel performance, and star-related hotels are reviewed. The next review explains empirical review, the influence of digital marketing on hotel performance on past literature which is followed by the benefits of electronic marketing today. Digital marketing practice in Ethiopian hotels presents a knowledge gap for researchers that would be this study attempts to fill in. Finally, a conceptual framework was developed from the literature.

2.2. Theoretical literature review

2.2.1. Digital Marketing

Digital marketing encompasses processes that leverage online and offline digital channels, while internet marketing specifically transpires online (Grubor & Jakša, 2018). The internet enables customers to actively engage with businesses, co-create value, evaluate activities, and assist marketing campaigns (Grubor & Jakša, 2018). Marketers use online marketing, internet marketing, or e-marketing interchangeably when referring to digital marketing (Kannan & Li, 2017). This study adopts an inclusive digital marketing definition encompassing online, internet, and e-marketing platforms.

Digital marketing has revolutionized the marketing landscape, opening new channels like social media marketing (SMM) to advertise via internet and mobile apps. Search engine optimization (SEO) and search engine marketing (SEM) on Google provide visibility. Online videos on YouTube allow hotels to showcase facilities like rooms, restaurants, event spaces, spas, and bars. Videos lend familiarity and clarity for online visitors, potentially increasing engagement, return visits, and bookings. Displaying high-quality photos of hotel locations and amenities is also key.

Hotels aim to customize guest interactions and develop marketing competence to improve satisfaction (ZhanWang, Hyun GonKim 2017). With online information, brand power diminishes as customers research independently. Hotels can run holiday promotions by

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filming chefs preparing specialty dishes, announcing menu exclusives, and offering discounts during holidays to attract nearby guests and website visitors. This promotional strategy engages both current and potential guests. However, intermediaries like travel agents and tour operators represent ongoing competition through their ads and customer search assistance based on location and facilities (GuantingTang JianPei 2015). To thrive hotels must optimize multi-channel marketing across in-house channels like social media and their website as well as third-party platforms like OTAs and review sites. Monitoring ratings and reviews helps hotels identify service gaps. Visitor feedback left directly on hotel sites tends to be more positive than on third-party sites, signaling an opportunity for hotels to incentivize on-site reviews to boost sentiment.

Packages and loyalty programs provide value-adds that travelers seek. Hotel credit cards afford perks and build guest relationships. Email nurturing campaigns keep the brand top-of-mind while displaying promotional offers and personalized content matching subscriber interests. Location-based mobile marketing leverages signals like GPS and WiFi to send targeted push notifications about on-site amenities and events. Integrating emerging technologies like virtual reality and artificial intelligence enhances the guest experience. Virtual reality allows guests to digitally tour rooms, amenities, and destinations when planning trips. On-site AI like chatbots answer guest queries efficiently at all hours. Designing initiatives to drive online bookings, minimize commission costs, and incentivize direct bookings optimizes revenue. Regular website updates and search engine friendly content boosts search visibility. Competitive benchmarking and site analytics provide actionable insights to refine strategies. Ultimately hotels must cultivate stickiness across channels to turn one-time guests into loyal brand advocates.

Marketing is an important part of company growth. Creating a marketing campaign is the key to improving performance by building a strong relationship between the business and its customers. Effective marketing can help companies stand out from the competition by improving the marketing message delivered to customers. The use of digital platforms has changed the way marketers interact with consumers today. The fact that a significant portion of the world's population owns and uses computers and mobile devices leads to significant growth in digital media. Entrepreneurs, professionals, and the general public can use this

platform to disseminate content promoting their business. Platforms like Twitter, Facebook, and Instagram help start-ups and other businesses in a variety of industries

All businesses, including small brick-and-mortar stores, now need to use digital marketing. Small businesses, especially financial businesses, have many options when it comes to online marketing. Digital marketing can work on almost any budget and can grow or shrink as the company expands to meet its needs. Digital platforms reduce the need to be physically present in a store to do business. For startups and small businesses, selling online is more cost-effective as it helps reduce real estate costs. Customers don't have to queue to buy their favorite products. They can buy what they want, whenever they want, anywhere in their home. To deliver these products to buyers, traders engage with logistics providers. It is the logistics service provider's job to ensure that the product reaches the customer safely.

Consumers shop online and use the internet a lot. They are on social media sites, searching for information through search engines, playing games, or watching movies. Small business owners looking to reach a wider audience should switch to the Internet because it's where their customers are. Customers are online and regardless of whom the business needs to work for, they're likely looking for businesses to find what's available next to them. Marketers are quickly discovering the benefits of social media such as Facebook, YouTube, Twitter, Instagram, Snapchat, Likes, and LinkedIn.

2.2.2. Hotel Performance

The need for new systems is to improve competition and performance. However, factors other than innovation can also affect performance. New decisions do not have to have a direct and positive impact on the business. These innovations are successful because they are simple. Enterprise-level research measures performance by a variety of metrics, including revenue, sales growth, and return on investment. In the service sector job performance is more difficult to evaluate due to its special nature. But in the hospitality industry, mediocrity is a measure of performance. Alvarez et al. looking at the literature, it is seen that occupancy rate is an indicator of hotel performance, it is widely used in hotels and is accepted as a performance indicator in the hospitality industry. Additionally, the average price is easier to

understand than other better income metrics because owners and managers are reluctant to share income and expenses. Therefore, according to some methods demonstrated by previous research, the positive impact of innovation in the hospitality industry can be expected to yield significant benefits, even if it is indirect, difficult, or delayed.

The term efficiency has many uses in the hotel industry due to hotel management (Okumus, 2002). Effectiveness is generally defined as the results achieved or the achievement of multiple goals (Armstrong, 2006, p.7). Hotel performance data indicates that the purpose of hotel performance measurement is to monitor and control the success of previous operations. The purpose of any business analysis is to increase the efficiency and effectiveness of the business. Business analysis fulfills its role by examining information about its effects, causes, and consequences and then drafting business decisions. As a result of hotel businesses, the concept of performance has many applications in accommodation businesses (Okumuş, 2002), analyzing the effects of business analysis, information about the causes and consequences of obstacles, and then preparing business decisions. The business analysis identifies the strengths and weaknesses of the hotel and warns of disruptions and crises. Timely detection of weak links is important for the success of the hotel business, it is the basis of career decisions and prerequisites for career development. From the above it is clear that hotel companies should not think of business analysis as a cost but as a good tool to manage their business. The long-term survival of a hotel in a competitive and seasonal environment depends on the company's ability to identify environmental factors that determine performance and measure good business. By reviewing the literature, we found several ways to measure hotel performance. Content is often the result of a combination of technical methods and business knowledge. Neeb et al. (2000) summarized their research on the theory of market performance and showed that a better understanding of market performance requires consideration of the performance of drivers, explaining that there are two ways to benefit the business and not just thinking about how to get the benefits of the business. Results will be obtained. Accordingly, the evaluation of business results should measure not only the results but also the negative processes and materials that affect the overall results or performance. Market drivers are divided into internal and external factors, a good understanding of internal and external factors and their impact on the company's business is the key to quality control. Business results are performance indicators. Measuring

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the impact of hotel operations has focused on financial performance indicators, but the impact of non-financial indicators is increasing (Sainaghi and Canali, 2011). Onyango et al. (2012), sustainability is a multifaceted concept that requires consideration of both financial and non-financial measures.

The implementation of new systems within an organization serves a dual purpose: to enhance competitiveness and overall performance. However, it is important to note that factors beyond innovation can significantly impact performance, and new decisions do not always yield immediate and direct positive results. The success of innovations often lies in their simplicity. Enterprise-level research employs diverse metrics, such as revenue, sales growth, and return on investment, to gauge performance. In the service sector, evaluating job performance can be particularly challenging due to its unique nature. However, within the hospitality industry, mediocrity serves as a performance metric. For instance, occupancy rate is widely accepted as a key indicator of hotel performance, while average price, being more comprehensible than other income metrics, is favored due to owners' and managers' reluctance to disclose detailed financial information. Thus, previous research suggests that innovation in the hospitality industry can yield significant benefits, even if such benefits are indirect, complex, or realized over time.

In the hotel industry, the term "efficiency" carries diverse connotations due to varied hotel management practices (Okumus, 2002). Conversely, "effectiveness" is broadly defined as the achievement of results or multiple objectives. Conversely, "effectiveness" is broadly defined as the achievement of results or multiple objectives. Hotel performance data underscores the purpose of performance measurement, which is to oversee and manage the outcomes of past operations. The overarching goal of business analysis is to enhance the efficiency and effectiveness of a business by examining the effects, causes, and consequences of various facets and formulating informed decisions based on this analysis. In the context of hotel businesses, performance analysis encompasses various dimensions, including the analysis of business operations' impacts, understanding the root causes and consequences of challenges, and subsequently formulating informed business decisions. Summarizing their research on market performance theory, Neeb et al. (2000) emphasize the need to consider the performance of drivers, both internal and external, to gain a comprehensive

understanding of market performance. This perspective recognizes that there are multiple avenues to benefit a business, extending beyond the immediate pursuit of benefits. Therefore, the evaluation of business results should encompass not only the outcomes but also the processes and elements that impact overall results or performance. As the impact of non-financial indicators gains prominence, sustainability, a multifaceted concept, necessitates the consideration of both financial and non-financial measures (Onyango et al., 2012).

2.2.3 The effect of digital marketing on hotel business performance

The digital marketing sector is experiencing rapid growth, exerting a profound influence on both consumer and business transactions, prompting many companies to embark on the development of e-commerce systems. To effectively implement digital marketing strategies, it becomes imperative to harness existing communication and information systems, thereby facilitating seamless and personalized interactions between the company and its customers, ultimately delivering value that transcends conventional norms (Watson, R.P. 2002).

The surge in global progress and education has significantly expanded trade, not only through international migration but also due to the increasing number of individuals exploring the world. Consequently, new businesses must align themselves with evolving consumer demands and ensure accessibility for all. As we contemplate the future, it's evident that market dynamics will continue to exhibit polarization. Moreover, Kotler and Keller (2012) underscore the growing significance of marketing in businesses, necessitating marketing teams equipped with the ability to engage in critical thinking, thereby influencing the reliability of decision-making processes. It's worth noting that indirect marketing approaches often prove to be more equitable than direct selling. Brody (2007) posit a positive correlation between digital marketing practices and organizational performance, suggesting that organizations well-versed in e-marketing may hold a competitive edge. However, they challenge the notion that IT-driven business process innovation can automatically expedite business growth.

Avlonitis and Karanyani (2000) assert that electronic commerce augments firm performance primarily through increased sales, though they caution that its adoption seldom

confers a sustained competitive advantage. Lancaster and Withey (2006) emphasize how the evolution of electronic commerce epitomized by the internet, email, and mobile technologies, has accelerated the global dissemination of information. Early research underscores how companies stand to gain from integrating the internet into their marketing strategies, including online product offerings, expanded market reach, email-based marketing initiatives, and cost efficiencies vis-à-vis traditional printed materials like catalogs and glossy brochures. Building trust in this digital landscape can be achieved by establishing a professional online presence, offering multilingual product and service support, and conducting market research across diverse international regions (McCue, 2009; Kula & Tatoğlu, 2003). In this context, e-marketing emerges as a pivotal driver of company profitability. The 5S e-commerce model, encompassing "Sat-Service-Speak-Save-Hiss" (Chaffey & Smith, 2013), illustrates the manifold benefits that can be harnessed in this digital era.

2.2.3. Social media marketing

Social media via mobile phones, Facebook, Twitter, blogs, Google+, LinkedIn, Instagram, and YouTube, acts as a bridge in the marketing of products and services for organizations and departments of all types. It works by liking the content given or requested on the website, liking the content, attracting the likes of social media sites, encouraging readers to share their thoughts, and providing potential customers with information about the institution, organization, and company information, which provides the seller with a customer information sheet. In the hospitality industry, social media has become a marketing tool for customers for their products such as rooms, breakfast, lunch, and dinner buffets, spas, and amenities. Social media acts as a bridge between users and visitors or viewers and also helps to interact with others online and share their knowledge and thoughts about the hotel. Online social media sites such as Instagram, Twitter, and Facebook are offered to all luxury hotels for advertising and evaluation purposes, helping to develop their business potential. (Angela Jiyong Kim and Eunju Ko 2012). Hotels must find new forms of technology to help manage their position in the network with online operators (OTAs) to increase hotel sales (Alessandro Inversini, Lorenzo Masiero 2014).

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The increasing significance of social networking platforms like Facebook, Twitter, and Instagram within the business landscape has spurred the need for rigorous scientific research to elucidate the intricate relationships between such technological tools and their potential to yield enhanced business outcomes. Notably, recent years have witnessed a transformation in online content, marked by heightened socialization in interpersonal interactions and the emergence of online social networks as pivotal mediums. Simultaneously, individual users have emerged as key content contributors, reshaping the digital landscape (Assis-Dorr, Palacios-Marques & Merigo, 2012).

However, it is common for businesses to establish their presence on social media platforms reactively, driven by immediate needs rather than incorporating social media engagement within their overarching business strategies. This haphazard approach often leads to suboptimal results. This article underscores that businesses that actively engage in social networks foster organizational learning, thereby enhancing their overall performance. Social networks provide fertile ground for user engagement, content generation, and collaborative endeavors, thus nurturing an environment conducive to growth and interaction (Lindblom & Tikkanen, 2010).

Businesses' involvement in social networks frequently aligns with prevailing trends rather than a deliberate strategic mindset, which often falls short of driving substantial business improvements (Lin et al., 2010; Chao, 2011). Effective marketing strategies should incorporate tools that facilitate meaningful user interactions and social engagement, recognizing the value of these interactions in supporting knowledge transfer processes. To be impactful, information gleaned from customers must result in refinements to organizational processes or product attributes, enabling the company to adapt to evolving market trends. If this adaptation does not occur, social interactions with customers alone may not suffice to enhance business management; they may however foster valuable connections with the customer base.

2.2.4.1 Electronic mail marketing

Email marketing is an important communication channel, especially for companies seeking closer customer relationships (Reid 2008; Ellis-Chadwick & Doherty, 2012). Emails low distribution cost gives it advantage in promotional messaging (Davis et al., 2007). Websites let companies collect customer data to target specific groups. Firms gather information through email by offering free resources in exchange for sign-ups. They can then use this for direct marketing campaigns, with email being the online approach (O'Connor et al., 2004). Compared to offline direct marketing online enables greater customization, personalization and targeting in a more flexible, easy, quick and affordable way (Kitchen & Burgman, 2004). properly targeted email with opt-in lists and tracking can be highly personalized to individual consumers.

Gaining audience consent to send news, promotions and messages is also key. Strong email strategy involves encouraging sign-ups through website boxes, offering discounts for opting-in rather than out with confirmation, sending an initial purchase-driving welcome, and using subsequent event-driven emails as merchandising opportunities (Burke, 2008).

Email marketing, modeled on direct mail, involves sending promotional messages to target customers. Addresses come from the internet, purchased lists, or directly from opt-in subscribers (Honda & Martin, 2002). Initially email had higher response than direct mail or banner ads (Honda & Martin, 2002). Email announcements are also highly effective. Two main types are opt-in, where users consent, and opt-out, where they are automatically added. Opt-in is best practice. Advertising through opt-out email is allowed but not recommended. Definitions from GetNetWise and L-Soft respectively: Opt-out requires users to request no data collection/use/sharing versus opt-in requiring consent for these activities, including third party disclosure regardless of original collection purpose (GetNetWise, 2014). Opt-in presents visitors the opportunity to subscribe for wanted news and offers a low-cost, measurable marketing channel for future decisions (L-Soft).

2.2.4.2 Mobile Phone Marketing

Mobile marketing involves direct consumer communication via mobile devices using SMS, MMS, Bluetooth and more to deliver content (The Pitch, Mukoma, 2010). It can rapidly expand as marketers engage people anywhere immediately based on specific needs (Dushinski, 2010).The channel enables unique value by providing relevant, targeted information when wanted (Mobile Marketer, 2010).Brands and marketers build value, awareness and loyalty (Mobile Marketer, 2010).Marketers send text ads based on consumer mobile adoption (Hughes & Fill, 2007). Emerging video further expands possibilities as television goes mobile (Hughes & Fill, 2007).

Hotel website adoption escalated quickly, requiring model evolution to attract browsers through good content, usability, fast downloads and frequent updates (Smith & Chaffey, 2008). Content drives design and navigation. Useful, easy to find, updated, understandable and accurate sites are critical, though ease of use and speed remain vital.Visual appeal attracts new customers, but ease of use and information access enable bookings so core data should be included (Perdue, 2001).Promotion through ads and social media links builds site traffic (Fletcher et al., 2004).Compelling sites with robust features aid engagement and repeat visits (Kotler et al., 2010).Unique information aligns with the mission while bookings without risk require reservation integration.Direct website booking optimizes sales (Kotler et al., 2010). Ongoing updates and modernization ensure relevance and capitalize on industry trends.Up-to-date facilities, offers and packages boost business, with the site as the online revenue engine (Hughes & Fill, 2009).Sites build consumer trust in services and providers through information quality..

2.2.4.3 Website Marketing

The utilization of hotel websites has rapidly gained significance within the hospitality sector. Smith and Chaffey (2008) emphasize the pivotal role of websites in adapting to changes and effectively attracting resources, primarily website visitors or browsers.They underscore four essential attributes for successful websites: high-quality content, user-

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friendliness, swift loading times, and regular updates. Notably, content holds paramount importance in website design and management, contributing significantly to user-friendliness and navigability as affirmed by Perdue (2001). An efficiently designed, informative, easily accessible, up-to-date, comprehensible, and precise website stands as the cornerstone of effective online presence. However, the emphasis remains on user-friendliness and rapid accessibility. The overall appearance of the website plays a crucial role in attracting new customers to many hotels. Hence, attention should be devoted to ensuring ease of use and the availability of essential information that customers seek. Once the website is meticulously designed, constructed, and deployed, promoting it becomes imperative. Advertising banners and social media links are indispensable for establishing a robust online presence, as emphasized by Kotler, Bowen, and Makens (2010) assert, marketing professionals must create compelling websites that not only attract visitors but also engage them and encourage return visits.

Each hotels website should offer reliable information about the hotels mission, facilities, and services, along with a secure reservation system for booking accommodations and services directly. This approach eliminates the need for intermediaries and allows hotels to utilize their websites as primary sales channels. Constant updates and alignment with modern customer needs and industry trends are essential for maintaining website relevance. The site should provide current information on the hotel, accommodations, amenities, special offers, and packages, catering to the diverse needs of hotel guests. According to Kotler (2010) website content varies widely, ranging from straightforward business or brand websites designed to garner positive customer feedback and support other sales channels to digital marketing platforms that facilitate direct purchases or offer other business benefits, as highlighted by Hughes and Fill (2009). At the core of a companys internet presence lies its website attracting internet explorers and fostering meaningful interactions and conversations once they arrive.

2.2.4. Marketing and Performance

Digital tools have brought about a profound transformation in the field of marketing, a pivotal business process responsible for assessing consumer needs and orchestrating the steps involved in product or service development, pricing, promotion, and delivery to fulfill those desires. An integral facet of marketing is the creation and communication of customer value, playing a pivotal role in maintaining a competitive edge in the market (Kannan 2017). Marketing serves as the driving force behind enhancing customer satisfaction, fostering loyalty, and ultimately boosting profitability for small businesses by effectively generating and promoting this inherent value (Herhausen 2020).

In the context of the hotel industry marketing particularly marketing strategy assumes a pivotal role in facilitating growth and preserving a competitive advantage for companies (van Scheers & Makhitha, 2018). Innovative marketing strategies create a unique and challenging-to-replicate value proposition, offering customers compelling reasons to engage and make purchases, thereby enabling businesses to achieve superior outcomes (Liu & Atuahene-Gima, 2018). For instance, these strategies aid in customer retention and the cultivation of distinctive capabilities (Puspaningrum, 2020). Moreover, marketing strategies empower hotels to operate more efficiently by channeling limited resources toward optimal opportunities to attract visitors and drive revenue-based profits (Maduku et al., 2016; van Scheers and Makhitha, 2018).

Cultivating a positive brand image is one way to leverage differentiation to create and sustain a competitive advantage (Panda 2019). A unique brand image can positively impact a hotel business's reputation by defining its good or service for consumers and differentiating its business offerings from its competitors (Panda 2019). A brand can motivate a consumer to purchase goods or services from a hotel business because of its attributes, the symbolic meaning connected with the brand, or the practical benefits associated with them (Panda 2019). Satisfied buyers are loyal to a brand, promote that brand via positive word of mouth, and are return customers for a small business (Panda 2019).

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Job evaluation is a complex task, with many areas for education and work (Du 2021). Research on work measurement is not yet clear, as there are many options for businesses and academics (Katsikeas 2016). Companies often measure performance according to performance (goal achievement) or commitment (business results) principles (Katsikeas 2016). Marketing metrics include performance metrics such as word of mouth (WOM) and financial results such as market share or revenue and revenue growth (Hatta 2019). Business owners can make more accurate marketing budgets when they can estimate the financial contribution of their marketing campaigns (Hatta et al., 2019). The emergence of digital marketing presents new opportunities and challenges for organizations. Organizations need to understand the driving forces of digital marketing so that they can develop solutions and programs to attract customers to their products and services and thus represent them more in the international market (Ghobakhloo et al., 2011). Thus, digital marketing offers organizations opportunities to promote local and internal marketing to achieve success. As a business tool, the Internet offers companies an important opportunity to find and implement new applications to meet the needs of growing customers (Rafaeli, 2010). Better supply chain management and reduced transaction costs have been achieved. The Internet can reduce data entry errors, save time and reduce labor costs.

An important aspect of digital marketing is its ability to help banks reach and engage existing and potential customers. Reaching customers online does not have to be expensive (Kates & Matthew, 2013). This also enables them to improve their products and services based on the feedback provided. The bank's performance is the key to its current success. Success in this business is achieved by increasing sales and gaining market share from other competitors. Internet banking enables banks to develop strategies that improve their operations. Evans (2009) stated that digital marketing enables consumers to respond directly to advertising companies (Perez-Latre 2009). It can be "one-to-one communication". Also users can make direct purchase which is especially popular for e-commerce companies. Another factor is the cost of digital marketing, especially when compared to newspapers, digital marketing represents a cheaper way of online marketing as it has lower advertising costs than newspaper advertising (Perez-Latre 2009).

2.2.5. Digital Marketing and Customer Service

In the contemporary business landscape, digital marketing plays a pivotal role in facilitating customer engagement and refining market segmentation strategies. Market segmentation, a critical aspect of effective marketing, supersedes the conventional approach of targeting the entire market by allowing for the tailored creation of products aligned with specific business objectives. This approach, as highlighted by Clark and Dorie (2012), empowers manufacturers with valuable insights into customer needs, behaviors, and expectations, underpinned by accurate data.

Central to the mission of any marketing organization is the establishment of mutually beneficial customer relationships that contribute to the well-being of both the customer and the organization itself. These endeavors position businesses as integral players in numerous organizations and communities. In the contemporary business landscape, commerce has evolved into a dynamic and novel concept that demands the attention of businesses and entrepreneurs alike. Consequently, the role and applications of modern digital marketing have garnered heightened attention, as noted by Kates & Matthew (2013).

Bickman and Rog (2008) observe the rapid global expansion of digital banking channels, commencing with online banking and subsequently encompassing mobile banking. While the evolution of digital banking displays nuanced characteristics in developing and developed countries, primarily influenced by variations in Internet penetration and access speed, the overarching trend toward greater reliance on digital channels for banking remains consistent. As the utilization of digital channels escalates, banks are compelled to recalibrate their sales and marketing strategies, shifting from conventional, broad-based, brand-centric and branch-focused campaigns to more targeted and effective digital marketing initiatives. The ultimate objective is the seamless integration of sales and marketing across multiple channels. This transformation in focus is further compounded by the proliferation of social media and the fundamental shift in customer interaction dynamics within digital channels compared to traditional ones..

2.2.6. Importance of digital marketing

Burgess and Cooper (2000) underscore that the landscape of work has undergone a transformation, with interaction gradually supplanting traditional speech as the predominant mode of engagement. Technology plays a pivotal role in fostering and facilitating this interaction, as effective communication assumes a central position in business operations. It serves as a catalyst for establishing and nurturing relationships, enhancing operational efficiency, and fostering mutual comprehension among stakeholders. Technologies such as mobile phones, the internet, websites, and social media wield a profound influence on how businesses engage with both prospective and existing customers. In today's digital era, a multitude of consumers and business professionals utilize computers and mobile phones to access information and connect with peers and enterprises. This accessibility to diverse sources of information, coupled with a burgeoning interest in social media, empowers consumers to independently gather comprehensive product information.

Furthermore, Sigala (2001) posits that the interactive nature of the internet equips it to support all stages of the trade cycle, encompassing pre-sale activities, execution, settlement, and post-sale engagement. Remarkably, entities embarking on electronic commerce endeavors appear to have shifted their focus from merely seeking a competitive edge to harnessing operational advantages rooted in enhanced efficiency (Graham et al., 1996).

2.2.7. Digital market mix

The rapid evolution of digital technologies has transformed marketing practices, necessitating adaptation by organizations to connect with increasingly internet-savvy consumers. The traditional marketing mix of product, price, place and promotion has been expanded into an omnichannel digital marketing mix incorporating search engine optimization (SEO), pay-per-click (PPC) advertising, social media marketing, content marketing, email marketing, affiliate marketing, online public relations, and more (Ryan 2017). This literature review synthesizes academic research on the key elements of the digital marketing mix for driving business success.

Search Engine Optimization

Search engine optimization (SEO) involves optimizing websites and content to achieve higher rankings in search engines like Google (Masood et al., 2020). High search rankings increase site traffic and visibility. Scholars emphasize keyword research and the inclusion of keywords in title tags, URL, headings, image names, meta descriptions, and content (Killoran, 2013; Lagrosen & Grunden, 2014). On-page SEO elements like loading speed, mobile optimization, secure HTTPS, structured data markup, and backlinks also impact search rankings (Masood et al., 2020). SEO positively influences brand awareness, site visits and consumer purchasing (Rangaswamy et al., 2020). SEO is a low-cost long-term strategy but requires ongoing optimization.

Pay-Per-Click Advertising

Pay-per-click (PPC) advertising refers to sponsored ads on SERP linked to specific keywords. Marketers bid on keywords relevant to their offerings (Killoran, 2013). PPC provides immediate results by driving qualified traffic to websites (Rangaswamy et al., 2020). PPC augments SEO efforts through increased brand visibility and web traffic (Masood et al., 2020). Downsides include recurring costs which are higher for competitive keywords (Lagrosen & Grunden, 2014). PPC works best for savvy advertisers with clear performance metrics. Dynamic keyword insertion, ad extensions, quality score improvement and re-marketing help enhance PPC efficacy (Killoran, 2013).

Social Media Marketing

Social media marketing involves leveraging platforms like Facebook, Instagram and Twitter for branding and customer engagement (Ryan, 2017). Social media enables interactive communication and fosters brand loyalty through personalized experiences and relationships (Rangaswamy et al., 2020). Firms can advertise or organically share content that informs and entertains followers (Lagrosen & Grunden, 2014). Analytics provide data on audience demographics and campaign performance. Drawbacks include the time investment and skills needed to regularly create engaging content (Killoran, 2013). Overall, social media expands brand awareness and visibility cost-effectively while humanizing the company image.

Content Marketing

Content marketing focuses on creating and distributing valuable free content to attract and retain customers (Lagrosen & Grunden, 2014). Blogs, videos, ebooks, guides, news, and webinars help inform and build trust with buyers. Content establishes thought leadership and SEO depends heavily on unique, relevant content (Masood et al., 2020; Ryan, 2017). But producing quality content is resource-intensive and impact can be difficult to measure. Integrating calls-to-action and conversion tracking into content guides visitor behavior toward transactions (Killoran, 2013). Strategic content aligned with buyer needs and lifecycle boosts brand affinity and sales.

Email Marketing

Email marketing enables personalized messaging and promotions to subscriber lists (Ryan, 2017). Segmentation and targeting based on demographics, interests and behaviors improves campaign effectiveness (Masood et al., 2020). Automated email nurturing guides customers through purchase stages while transactional and seasonal emails encourage repeat sales (Killoran, 2013). Drawbacks include delivery rates, regulations, and unsubscribe requests. However, email generates substantial ROI due to low costs and high response rates (Lagrosen & Grunden, 2014). Integrating email with landing pages and CRM systems gives comprehensive tracking from clicks to conversions.

Affiliate Marketing

Affiliate marketing pays third parties to promote products and direct qualified traffic to merchant sites through links, ads and content (Killoran, 2013). Affiliates only earn commission for resulting sales, ensuring a performance-based model. By expanding reach, affiliates can reduce dependency on organic search and paid advertising (Lagrosen & Grunden, 2014). Affiliate networks provide tracking, reporting and payment processing. The main downside is the lack of control over how affiliates portray the brand. But the pay-for-performance structure limits risk for merchants.

2.2.8. Hotel service practice in Ethiopia

Addis Ababa the vibrant capital and beating heart of Ethiopia. Stands as the epicenter of the nation's burgeoning hospitality industry, offering a diverse array of facilities and services to visitors. The city's rich history can be traced back to 1889 when Emperor Menelik II and his wife, Taitu, embarked on its establishment by erecting a magnificent palace in Ntoto. Today, Addis Ababa has evolved into a diplomatic nucleus, playing host to a plethora of international hotels. Notably, the pioneering Taitu Hotel which graced the city's landscape in 1898 under the visionary leadership of the imperial couple, continues to thrive and set the gold standard for hotels in the country. The legacy of Taitu Hotel inspired the inception of several other esteemed establishments, including Ras Hotel, Bekele Molla, Ghion, Guenet, Finifine Adarash, Wabi Shebelle, Hilton, and Ethiopia Hotel. The period spanning from 1970 to 1975 witnessed a remarkable surge in the construction of small and medium-sized hotels, particularly in the northern regions of Ethiopia, propelled by the burgeoning tourism sector (Ministry of Tourism, 2012).

The hospitality industry encompasses an array of services, encompassing restaurants, cafes, and catering. According to the Ministry of Culture and Tourism (MCT) Tourism Statistics Bulletin for 2009, Ethiopia boasted a total of 426 hotels that year. Although the latest data regarding the number of hotels is currently unavailable, it is reasonable to estimate that by 2012, the number would have increased to 511, signifying a 20% growth compared to 2009. This figure encompasses hotels of various classifications, ranging from five stars to unclassified categories, each offering a diverse range of services. These services are integral to the overall concept of a hotel, which leverages information technology systems and networking to enhance service delivery and prioritize customer-centric experiences.

Hotels cater to the needs of travelers, offering accommodation services that aim to provide a home away from home. The Food and Beverage (F&B) unit specializes in conceptualizing, preparing, and serving food and beverages to hotel patrons, with the largest F&B workforce stationed in the hotel's restaurants and bars. Catering services both traditional and international are also offered, catering to special events such as meetings and weddings. Additional amenities include gym services, equipped with various exercise

apparatus for in-house and external customers, and spa services, encompassing sauna, steam, and massage facilities. Laundry services are provided with meticulous care to ensure the cleanliness and neatness of guests clothing. The Front Desk Service or reception serves as the initial point of contact for visitors handling telephone inquiries providing information about the company and its offerings directing visitors to their destinations, managing mail, and attending to incoming phone calls on multi-line telephones (Source: Addis Ababa Hotels Owners Association, 2011).

2.2.9. Digital marketing and Hotel business industry

The modern hotel industry, in its business concept and philosophy necessarily brings into sharp focus the thinking of the end consumer, the customer of its products and services and therefore the guest.

The hospitality sector is a multifaceted industry encompassing a wide range of services, including dining establishments such as restaurants and cafes, as well as catering services. According to the Ministry of Culture and Tourism's (MCT) Tourism Statistics Bulletin for the year 2009, Ethiopia was home to a total of 426 hotels during that period. Although the most up-to-date information regarding the exact number of hotels is currently unavailable, it is reasonable to estimate that by 2012, this figure had experienced a growth spurt, potentially reaching a total of 511 hotels. This projection signifies a substantial 20% increase when compared to the hotel count in 2009.

This diverse array of hotels spans various classifications, encompassing five-star establishments down to unclassified categories, each offering a wide spectrum of services to cater to the needs of their clientele. These services are intrinsic to the overarching concept of a hotel, where cutting-edge information technology systems and robust networking infrastructure are harnessed to elevate service delivery, placing a premium on customer-centric experiences.

2.3. Empirical Review

Various researchers from around the world have conducted some research on this. However, no study has been done to determine how digital marketing is affecting Ethiopian hotel business. Hany Salah Sadek (2016) examined how digital marketing influenced hotels performance in Hurghada, Egypt and made the argument that digital marketing and internet communication are crucial for the hotel sector if it wants to improve the decision-making of its clients.

The hospitality industry has undergone major transformations with the rise of digital technologies and online platforms. Hotels have invested significantly in digital marketing to engage with technologically savvy travelers and remain competitive in the age of Airbnb and OTAs (online travel agencies). This empirical review synthesizes key findings from recent studies on the impacts of digital marketing adoption on hotel financial and operational performance.

Budget hotels in Udaipur, Drs. Digvijay Singh Rathore and Ashok Singh (2018) Utilized digital marketing tools: Business websites, emails, social networking sites, and search engines are favoured marketing tools. Hoteliers show how successful e-marketing tools and e-Hotels marketing tools are for driving business. Furthermore, Shuai Jiazhen and Wu Weiwen (2011) conducted a study based on DEA and Taiwan Gray Entropy to assess the effect of electronic commerce on hotel performance, and they came to a conclusion by looking at the connection between web marketing and the international business performance of Taiwanese hotels. Online marketing tools have a good impact on business performance, according to studies on the effect of electronic marketing on hotel management. Additionally, it was shown that there is a connection between online business and company performance when the web component is included. A new era of user-generated content has emerged on the Internet. Managers must use the Internet at full potential for communication and business as Internet usage spreads around the world.

According Xiang et al., (2015). Search engine optimization (SEO) has become vital for hotel visibility and bookings. Research shows SEO-optimized hotel websites generate more

direct reservations. A study of 100 hotels in London found that high ranking sites had more daily bookings, longer lengths of stay and higher occupancy rates (Xiang et al., 2015). Hotels with higher Google rankings also showed increased RevPAR (revenue per available room) in a study of 114 New York City properties (Blal & Sturman, 2014). Enhancing keyword usage and website speed led to conversion rate growth between 28-39% for selected major hotel brands (Leung et al., 2013). Ongoing SEO activities are imperative for hotels to maintain visibility.

Social media marketing is transformational for customer relationship-building. Hotels interacting via platforms like Facebook and Twitter saw amplified brand awareness and consumer engagement (Chan & Guillet, 2011; Kang et al., 2015). Sentiment analysis of social media content helped hotels identify service issues and marketing insights (Guo et al., 2017). Social media also expanded distribution channels. Facebook was the top referral source for hotel bookings and positively associated with occupancy rates and RevPAR in multiple studies, highlighting conversion potential (Chan & Guillet, 2011; Sotiriadis & Zyl, 2013). Integrated social media strategies thus benefit hotels through bookings and branding.

According to Wang & Wang, (2010), with rising mobile usage, hotels have deployed apps, mobile sites and location-based marketing. Mobile apps enabled easy bookings, guest services, promotions and loyalty programs (Wang & Wang, 2010). App adoption led to increased occupancy percentages and room revenues for hotels in a Taiwan study (Wang et al., 2016). Location-based services like hotel-specific search and maps on mobiles boosted engagement and bookings (Kwon et al., 2013). Mobile marketing improved perceived image and experiences while supporting impulse purchases through contextual offerings (Wang & Wang, 2010). Mobile emerges as a critical digital channel given its role in travel planning and experiences.

Based on the report of Kattara & El-Said, (2013), Email marketing remains a key digital tactic for hotel customer acquisition and retention. Email newsletters with dynamic package promotions lifted occupancy levels during off-peak periods for Abu Dhabi hotels. Behavioral targeting increased email open rates by 6% and revenues by 10% for a large hotel corporation (Berezan et al., 2015). Transactional and service emails positively influenced reviews and repeat visits for hotels according to a Texas study (Mattila & Mount, 2003).

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Regular email nurturing and offers counter booking leakage to OTAs. Integrated email strategies hence enhance conversion rates and lifetime value.

Partnerships with online travel agencies (OTAs) via affiliate programs expanded hotel distribution. OTAs accounted for significant reservation volumes, between 23%-74% among surveyed hotels (Lee et al., 2013; Tso & Law, 2005). However, high commissions reduced hotel profit margins by over 30% based on US data (Guillet & Law, 2010). Dynamic pricing tools enabled rate parity across OTAs and hotel sites to improve revenues (Law et al., 2015). International chain hotels also benefited more from OTAs than independent hotels (Lee et al., 2013). While affiliate channels boost occupancy, hotels must optimize OTA partnerships to counter heavy costs.

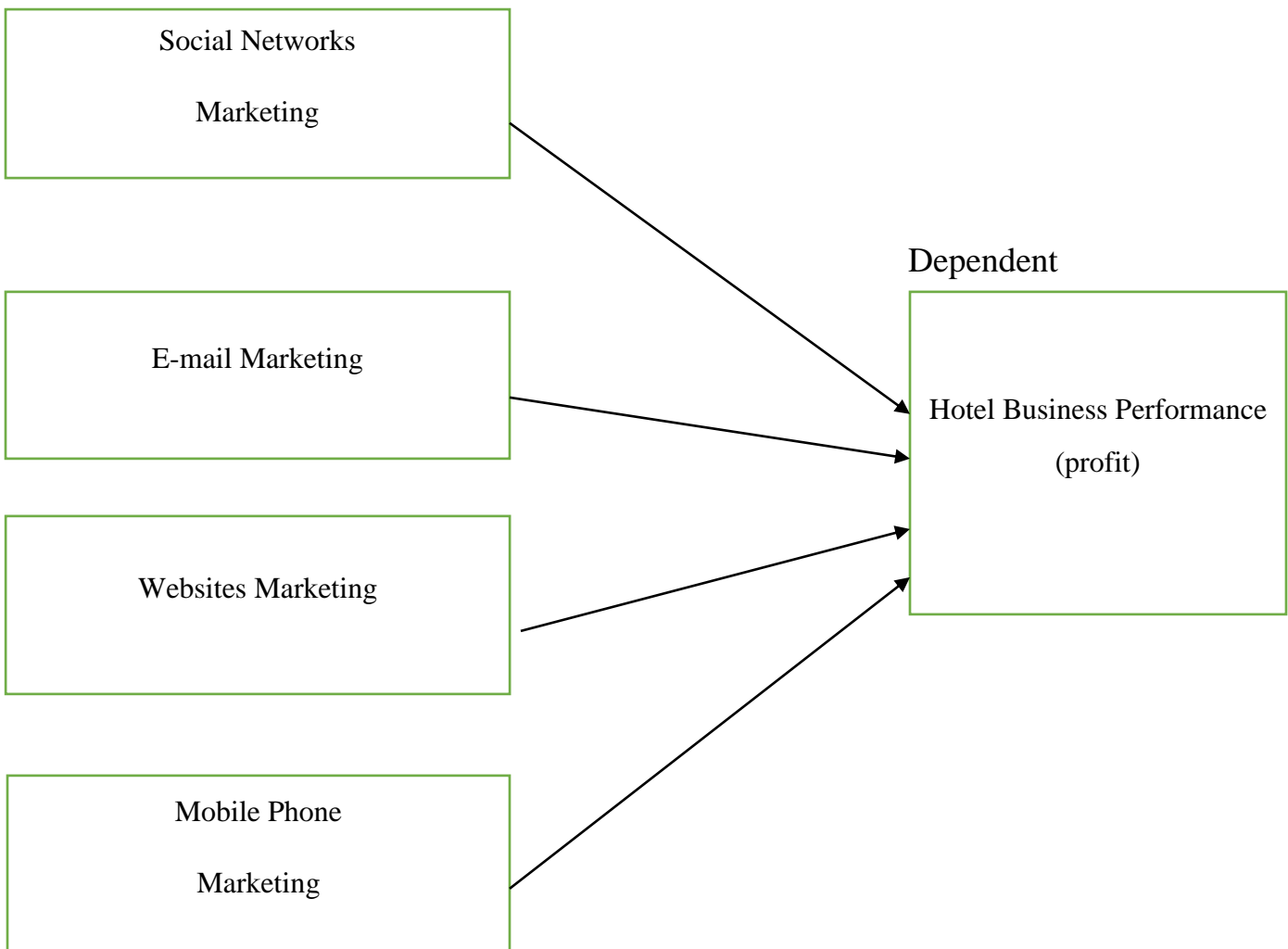
Hotel participation in metasearch engines like TripAdvisor, Trivago and Google Hotel Ads has intensified due to their major influence on travel planning and bookings. Metasearch generated 6-14% of website traffic for hotels but conversion lagged at 1-3% (Blal & Sturman, 2014; Xiang et al., 2015). Paid search ads on metasearch lifted branded hotel click-through rates over 40% versus organic listings alone (Blal & Sturman, 2014). Luxury hotels in particular had substantial web traffic and reservation volumes from metasearch (Xiang et al., 2015). Optimizing digital ad strategies on key metasearch sites assists hotels in engaging travel searchers.

In conclusion, the multifaceted impact of digital marketing on hotel performance indicators including occupancy rates, RevPAR, website traffic, online bookings and revenues. Hotels must strategically invest in an integrated digital approach encompassing SEO, social media, mobile, email and online advertising. Managing OTA partnerships through affiliate programs also expands distribution at the risk of higher costs. Regular monitoring of key metrics and web analytics will allow data-driven optimization of digital campaigns. As digital marketing continues evolving, ongoing experimentation and adaptation is imperative for hotel competitiveness. Those lagging in adoption face threats to long-term viability and profits.

2.4. Conceptual framework of the study

According to Mugenda and Mugenda (2003), and previous research supports the relationship between digital marketing and performance, that is the Conceptual framework of the study is the image ,graph or diagram that represents the relationship between the variables in the study. It helps researchers to understand suggested relationships easily and quickly. In this study, the concept is based on four different methods: internet marketing of e-mail marketing, internet marketing of online marketing, internet marketing over the web and internet marketing on mobile phones. r.Kaisaisetsu, H. El-Gohary (2013), Wanjiru Kiriro (2015)

Independent variable



CHAPTER THREE

3. METHODOLOGY OF THE STUDY

3.1. The research design and approach

A research design is an outline or plan that is used to generate answers to research problems by collecting and analyzing the required data. The research methodology adopted for this study encompassed both descriptive and explanatory research designs. The utilization of a descriptive research design aimed to provide an accurate portrayal of the current state of affairs, while the explanatory research design was employed to establish connections and unravel the cause-and-effect relationships among the variables, aligning with the insights of Kothari (2004). To effectively address the research inquiries posed in this study, a quantitative research approach was chosen, adept at merging the descriptive and explanatory research perspectives. As explained by Kothari (2004), the quantitative research approach is instrumental in delineating the numerical facets of the research, with the collection and integrated analysis of quantitative data. The rationale behind opting for the quantitative research approach in this study stemmed from its ability to align with the objectives of the respondents, ultimately enhancing the interpretability of the study's findings..

3.2. Population

According to Cooper and Schindler (2008), the population is defined as the total collection of elements under study where by references have to be made. The total population of this study was hotel employees of digital marketing on hotel business performance: star rated hotels in Addis Ababa.

3.3. Sampling design

Sampling as defined by Mugenda and Mugenda (2003), involves the process of choosing participants to represent the entire population. It is an essential practice as attempting to study the entire population is often impractical due to constraints such as time, financial limitations, and the potential for errors that might deter the researcher. In this research, the approach employed is random sampling.

3.3.1. Sampling frame

Sample is the target audience that the researcher can select according to Cox and Hassard (2005). Samples were taken from customers and employees of a one-star hotel in Addis Ababa. The model currently has full-time employees working at Addis Ababa's star hotel.

3.3.2. Sampling technique

The sampling process adhered to the population parameters aligned with the study's specific goals, as suggested by Cooper and Schindler (2011). In this study, a stratified random sampling method was used by making a group all the hotels in Addis Ababa into three strata based on their star ratings - five-star, four-star and three-star hotels. Then random sampling was employed to select 7 hotels from the 5-star stratum, 10 hotels from the 4-star stratum, and 14 hotels from the 3-star stratum. This ensured representation from each hotel category in the sample. Then, the selected hotels were contacted and a list of employees and managers working in marketing-related roles was acquired. Simple random sampling was then used to randomly select individuals from these marketing employee lists in each hotel. The number of marketing personnel selected from each hotel was proportional to the total number of marketing staff in that hotel. This ensured that hotels with larger marketing teams were better represented in the final sample.

Table 3.1: Sample size and sampling methods.

Hotels	Number of hotels selected	Total employee working on digital marketing	Sample size
5 star hotel	5	36	26
4 star hotel	8	58	41
3 star hotel	14	71	50
Total	27	165	117

3.3.3. Sample sizes

As stipulated by Cooper and Schindler (2008), the sample size was described as a smaller set of elements from the larger population. Mugenda (2003) argued that the choice of sample size was governed by the confidence needed in the data, the level of certainty, and accuracy.

In this study, to establish the sample size that could effectively address the research objectives, we opted to use the methodology presented by Krejcie & Morgan (1970). The sample size calculation was performed following Yemane's (1967) formulas to ensure a representative and valid sample from the population..

$$n = \frac{N}{1+N(e)^2}$$

Where, N= Total number of the study population (165)

n= Sample size and

e = Margin of error /95% confidence level (0.05)

Then the sample size calculation is:

$$n = N / (1 + N(e)^2)$$

$$n = 165 / (1 + 165(0.05)^2)$$

$$n = 165 / (1 + 165(0.0025))$$

$$n = 165 / (1 + 0.4125)$$

$$n = 117$$

Therefore, based on Yemane's formula, when the population size is 165, and assuming a 5% margin of error, the sample size should be **117**.

3.4. Data collection methods

In this study, I used both primary and secondary data collection procedures. Primary data will be directly collected from the field through interviews and questionnaires. On the other hand, secondary is collected from reading different research, journals, and staff records from the Human Resources Department of the hotel.

3.4.1. Primary data

3.4.1.1. Questionnaires

Primary data for the study was gathered using questionnaires that were administered to the targeted respondents. The decision to employ questionnaires as a data collection method stemmed from the busy nature of the hotel business, where employees often had limited availability. Consequently, questionnaires were distributed among the respondents who allocated their own time to complete them.

3.4.1.2. Interview

The interview method was additionally used in the study to enhance the quality of the information gathered. Incorporating personal interviews into the study was essential to improve the overall quality of the collected information. These one-on-one interviews facilitated a dynamic exchange between the interviewer and the participants, allowing for the extraction of valuable insights. The selection of this method was based on its recognized effectiveness in information gathering. It was strategically utilized alongside the questionnaire to access insights that might have remained elusive through written responses alone. This approach was instrumental in obtaining valuable input from department heads and other individuals with specific roles, ensuring a thorough and comprehensive data collection process for the study..

3.4.2. Secondary data

3.4.2.1. Documentary review

Documentary review served as a method to acquire diverse information from various literary sources, encompassing books, journals, research papers, and other documentary references within a specific study domain. Typically, it aids in the collection of both quantitative and qualitative data, allowing for the assessment of the congruency of information acquired through alternative methodologies (Kothari, 2004). Documents such as termination letters of employees, financial reports, human resource inventory files, departmental reports, and any other pertinent records containing relevant information for the study were consulted.

3.5. Study variables

3.5.1. Dependent variable

- Hotel business performance

3.5.2. Independent variables

- Website marketing
- Electronic mail marketing
- Social media marketing
- Mobile phone marketing

3.6. Methods of data analysis technique

Data was analyzed using statistical package for social science (SPSS) version 26. Data analysis involved reducing the data collected to control size, using data analysis techniques to summarize (Cooper and Schindler, 2008). Quantitative data was analyzed using descriptive and inferential statistics. Descriptive statistics like mean, median, mode, variance, standard deviation and percentage were used to summarize data. Inferential statistics including correlation, multiple linear regression were applied to assess relationships. Variables

demonstrating positive correlations were further analyzed through linear regression models. The analysis process involves converting the raw data into tables and graphs containing frequency distributions and percentages that answer the research questions.

3.7. Validity and Reliability

3.7.1. Validity

Validity as defined by Creswell (2003), refers to the extent to which a test effectively measures what it is intended to measure. It is essentially a measure of the accuracy and utility of the conclusions drawn from research findings. In order to ensure the research's validity, the researcher meticulously employed credible sources such as published studies, literature, and recent articles that discussed factors influencing the business performance of hotels. Additionally, the questions used in the research were refined based on feedback from respondents, involving the addition, removal, and modification of certain items. To enhance the instrument's precision further, a questionnaire was administered, incorporating standardized questions from various reputable sources. The research advisor also contributed valuable insights and feedback to fine-tune the questionnaire's quality.

3.7.2. Reliability

According to (Kothari, 2004), the tool is reliable if it is consistent. The also undergoes reliability tests to check the consistency and accuracy of the measurements. Cronbach's alpha was used to evaluate the reliability of the measurement data. This is a popular measure of the consistency or credibility of a candidate group. Item Average rating 0.8 and 0.95 are considered as high reliable. Item a scale with an alpha coefficient between 0.7 and 0.8 is considered to have good reliability, while a scale with an alpha coefficient of 0 is considered to have good reliability 0.6 and 0.7 show similar reliability (Kothari, 2004).

3.8. Ethical considerations

Scholars have studied some ethical theories. Survey respondents can choose to participate or not participate in the survey, and are informed of their answers by the subject reviewers regarding the purpose and confidentiality of the survey. Emerging ethical issues are assessed and addressed during learning practices. For this purpose, there is a section of the questionnaire regarding the purpose and importance of the study and its confidentiality. The participants were informed that they were completely free to fill out the survey or withdraw from the research at any time without any negative consequences, and that they would not be harmed by participating or not. An appropriate survey was conducted to obtain relevant information. Also, research is conducted with openness and accuracy. No changes or modifications. Therefore, information should be presented as it is, and all information collected for this study should be appreciated.

CHAPTER FOUR

4. DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.1. Introduction

Chapter Four of the research study delved into the analysis, discussion, and findings concerning the impact of digital marketing on the performance of 3-5-star hotels in Addis Ababa. This chapter provided an overview of the response rate, demographic data, research findings, their interpretation, and subsequent discussion. Various tools for presenting the data in a statistical format were also employed, alongside a concise summary of the chapter's key points. The quantitative data, which had been systematically collected, organized, and coded, underwent a thorough analysis. The coded data was translated into tabular form, presenting frequencies and percentages based on the assigned values for the coded categories, distinguishing between those above and below the median. Additionally, the subsequent analysis of this tabular data was comprehensively elucidated.

4.2. Response rate

Throughout the research study, the primary challenge encountered, as previously detailed in the research study's limitations, pertained to the difficulty in reaching and obtaining responses from the participants at their respective workplaces. Out of the 117 individuals who were provided with structured questionnaires, a total of 112 respondents successfully completed and submitted their responses, accounting for an impressive 96% response rate.

4.3. Description of the Sample

Data on respondents' demographics were collected and analyzed. Variables included were gender, age, work experience, and education. The following subsections present the results.

4.4. Demographic characteristics of the respondent

The main demographic characteristics of respondents such as gender, age in year, level of education, and years of services, were discussed and presented respectively below

4.4.1: Distribution of Respondents by Gender

Table 4.1 Gender of the Respondents

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	72	64.3	64.3	64.3
	Female	40	35.7	35.7	100.0
	Total	112	100.0	100.0	

Source: own survey, 2023

Table 4.1 above provides an overview of the gender distribution among the respondents. The data reveals that male participants constituted the majority of the sampled population, totaling 72 individuals, which accounts for 64.3%. In contrast, female respondents numbered 40, comprising 35.7% of the sample. This indicates a clear predominance of male participants in the study.

1.4.3. Distribution of Respondents by Education Level

Table 4.3 Education of Respondents

Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	59	52.7	52.7	52.7
	BSc	29	25.9	25.9	78.6
	MSc	24	21.4	21.4	100.0

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	Total	112	100.0	100.0	
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Source: own survey, 2023

Table 4.3, presented above, displays the distribution of respondents based on their educational backgrounds. The data indicates that a significant proportion of participants, specifically 59 individuals (52.7%), held bachelor's diplomas. Furthermore, 29 respondents (25.9%) possessed undergraduate degrees, while 24 respondents (21.4%) had completed master's programs. These findings suggest that a majority of the respondents were well-educated, allowing them to provide insightful assessments regarding their performance and the influence of digital marketing on the business performance of star hotels. This insight highlights the prevalence of highly educated individuals among consumers of hotel services in Ethiopia. Additionally, it implies that these individuals possess the intellectual acumen to comprehend the intricacies of conducting business through electronic media. Consequently, hotel operators employ various strategies to engage and persuade this educated consumer base, recognizing their ability to discern marketing campaigns and make informed decisions when utilizing digital platforms for their transactions..

1.4.4. Distribution of Respondents by work experience

Table: 4.4. Work experience

Work experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3 yrs	32	28.6	28.6	28.6
	4-5 yrs	33	29.5	29.5	58.0
	7-9 yrs	17	15.2	15.2	73.2
	10-12 yrs	15	13.4	13.4	86.6
	13-15 yrs	15	13.4	13.4	100.0
Total		112	100.0	100.0	

Source: own survey 2023

The above table shows that we can see that most of the respondent is well experienced and this implies that the cumulative experience will help to gather reality data through their work experience. The above table shows that the majority of the respondents had operated in the market for a different period. Hence, they are more informed on the factors affecting the performance of hotels and business operating activities. Therefore, they can give relevant data to the researcher.

4.5. Descriptive Statistics

The table presented below illustrates the means and standard deviations of the various variables utilized. These figures signify the extent to which respondents expressed agreement or disagreement with the statements found in the questionnaire. The mean values of the variables shed light on how respondents perceived each statement. Descriptive statistics, encompassing both the mean and standard deviations, were computed to facilitate a comparison of the dimensions related to E-marketing tools influencing the hotel industry. This analysis aimed to address the specific research objectives concerning the extent of electronic marketing tool utilization within hotels, as indicated by the mean and standard deviation values. The study adopted a five-point Likert scale, with values ranging from 1.000 to 1.499 representing "not at all," 1.500 to 2.499 indicating "to a slight extent," 2.500 to 3.499 suggesting "to a moderate extent," 3.500 to 4.499 reflecting "to a significant extent," and 4.500 to 5.00 denoting "to a very significant extent."

4.5.1. Website Marketing

The utilization of websites has rapidly gained prominence in the hotel industry within a relatively short timeframe. As outlined by Smith and Chaffey (2008), websites must adhere to crucial variables for effective design aimed at attracting potential visitors. They identified four key attributes, namely, high-quality content, user-friendliness, swift loading times, and regular updates. Their emphasis on the significance of content underscores its critical role in website design and management, facilitating seamless user experiences and navigation. Thus, a well-crafted website that is diligently promoted, easily discoverable, continuously updated,

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transparent, and accurate stands as the foremost element in website effectiveness (Perdue, 2001).

Table: 4.5. Website Marketing

Website Marketing	NO.	Mean	Std. Deviation
My hotel regularly updates its website with relevant information.	112	3.71	.731
My hotel's website content can engage my attention.	112	3.23	.921
Customers of my hotel can transact business on our website and Stared Hotels have a website for customers	112	3.54	.838
The website provides a mechanism that allows for service evaluation (customer feedback).	112	3.26	.937
Started hotels in Addis Ababa have a website for customers	112	4.24	1.117
I think that the website of my hotel is a very important tool for conducting business.	112	4.32	1.017
The grand mean of Website Marketing	112	3.71	0.93

The survey results in the above table 4.5 shows

that the overall mean and standard deviation of Website Marketing is $M= 3.71$, $SD= 0.93$. According to the respondents, hotels are regularly updating their websites with relevant information with a means of 3.03 and St. Deviations of 0.688. Here in addition respondents stated that Customers of my hotel can transact business on the website and Star Hotels have a website for customers. Website content can engage my attention with a means of 3.26 and a St. Deviation of 0.921 stated by the respondents, and the website provides a mechanism that allows for service evaluation (customer feedback) was a mean of 3.26, $SD=0.937$. In general, from the above table, we concluded that star related hotel in Addis Ababa use website at moderate extent.

4.5.2. E-Mail Marketing

Email marketing is an essential part of the business in terms of direct communication keeping customers informed about hotels and other special offers. The main advantage of email marketing is that the message is targeted at specific users and if the user sees the offer, it often leads to a purchase without hesitation compared to other competitors.

Table: 4.6. E-Mail Marketing

E-Mail Marketing	NO.	Mean	Std. Deviation
My hotel uses emails to send me personalized account information	112	3.06	.648
My name and personal information are always used by my hotel in online communication with me.	112	3.03	.765
My hotel gives personal attention to my complaints online.	112	2.30	.695
I am assured of a quick response when I send e-mails to my hotel	112	3.13	.822
Interaction with my hotel via e-mails is clear and understandable.	112	2.88	1.032
Started hotel have E-mails to communicate with employees	112	3.18	.882
The grand mean of E-Mail marketing	112	2.93	.807

Source: own survey, 2023

As shown in the above table an overall mean and standard deviation of $M=2.93$, $SD= 0.807$ were recorded. This indicate that E - Mail marketing practice is applied moderately in digital marketing hotel business performance in the study area .Name and personal information is always used by my hotel in online communication with me mean of 3.03 and a St. Deviations of 0.765 Here Emails used by Star Hotels to communicate information with customers and Star Hotels have E-mails to communicate with employees with a mean of 3.18 and St. Deviations of 0.882, hotel gives personal attention to my complaints online with a means of 2.30 and a St. Deviations of 0.695. In addition to this I am assured of a quick

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response when I send e-mails to my hotel with a means of 3.13 and a St. Deviation of 0.822, Interaction with my hotel via e-mails is clear and understandable with a means of 2.88 and a St. Deviations of 1.032. Even if. E-Mail marketing affects digital marketing on hotel business performance: star hotels, in Addis Ababa, are not using E-mail marketing effectively.

4.5.3. Social Media

Table: 4.7. E - Social Media

Social Media	NO.	Mean	Std. Deviation
I contribute to conversations on my hotel's social media page.	112	3.05	0.928
I interact with my hotel through their social media pages.	112	2.96	0.848
Complaints sent through social media are fairly acknowledged and responded to.	112	3.01	0.765
Feedback received from other customers online enhances my service experience.	112	3.95	1.314
Social media acts as a bridge between users and visitors or viewers and also helps in interacting with each other	112	3.25	1.044
The grand mean for Social Media effects	112	3.22	0.98

Source: own survey, 2023

The data presented in the table above reveals that the utilization of social media in star hotels was of moderate extent, with a mean score of 3.22 and a standard deviation of 0.98. Consequently, guests engage with the hotel through their social media platforms, with a mean score of 3.05 and a standard deviation of 0.928. Complaints conveyed via social media are reasonably acknowledged and addressed, contributing to discussions on the hotel's social media page, as indicated by a mean score of 3.01 and a standard deviation of 0.765. Furthermore, the hotel's social media pages capture my attention, and social media serves as a connecting link between users and visitors, facilitating interactions among them, with a

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mean score of 3.25 and a standard deviation of 1.044. Additionally, feedback from other customers received online enhances my overall service experience, with a mean score of 3.95 and a standard deviation of 1.314.

4.5.4. Mobile Phone Marketing

Table:4.8. Mobile Phone Marketing

Mobile Phone Marketing	No.	Mean	Std. Deviation
Hotels use mobile to direct marketing to consumers via cell phones	112	3.61	1.060
Hotels use mobiles for SMS, MMS, Bluetooth, and infrared are used to distribute commercial content to mobile phones	112	3.76	0.774
Hotels use mobile phones to communicate with customers and employees	112	3.76	0.797
Hotels use mobile phones to share information with supplies and other raw material providers	112	3.59	0.778
The grand mean for mobile phone marketing.	112	3.68	0.85

Source: own survey, 2023

When we see the above tables Mobile Phone Marketing is one of the effects of digital marketing on hotel business performance. Among Mobile Phone Marketing, Hotels use mobile phones to communicate with customers and employees with a grand mean of 3.68 and St. Deviations of 0.85. Hotels use mobile to direct marketing to consumers via cell phones with a mean of 3.61 and St. Deviations of 1.060 .Furthermore, Hotels use mobiles for SMS, MMS, Bluetooth, and infrared are used to distribute commercial content to mobile phones with a mean of 3.76 and St. Deviations of 0.774.From the above table we conclude

that mobile phone marketing in star hotel in Addis Ababa use at good extent to enhance their hotel business performance.

4.5.5. Hotel business performance

Table: 4.9 Performance of hotel business

Number of items	No.	Mean	Std. Deviation
My business profit is increased from time to time	112	3.44	1.020
I am satisfied with the growth in the sales of my service	112	3.41	0.945
Grand mean	112	3.43	0.98

Source: own survey, 2023

Table 4.9 shows that the grand mean of profitability of the hotel is 3.43 and std. deviation of 0.98. This result shows that hotel performance is not increased from year to year .this is because most star hotels did not use digital marketing for their business.

4.6. Reliability of Variables

According to Kothari (2004), a tool is reliable if it is consistent. Reliability tests were also conducted to check the consistency and validity of the indicators. Cronbach's alpha was used to evaluate the reliability of the measurement data. (Hamid et al., 2011) suggest that the ground rule for estimating reliability is 0.7 A reliability estimate between 0.6 and 0.7 can be made if other parameters of the sample are valid. In this study, a questionnaire was used to investigate the factors affecting hotel operations. The reliability and validity of the questionnaire design was evaluated with the help of SPSS V-26 (usually using Cronbach's alpha) to compare samples. The reliability of these products is shown in the table below.

Table: 4.10 Reliability of variables

Variables of the study	Number of items	Cronbach's Alpha
Hotel business performance	2	0.859
Website	6	0.777
Social Media	5	0.818
Mobile Phone	4	0.888
E-mail	6	0.783

Source; own survey, 2023

Table 4.10 shows that, Cronbach's alpha values for E-mail, Website,

Social media, Mobile phone, and Hotel business performance are 0.783, 0.77, 0.818, 0.88, and 0.859 respectively. Hence, the reliability of the measurement used in this study was very good.

4.7. Inferential Analysis

4.7.1. Correlation analysis

The correlation analysis aims to investigate both the strength and direction of the relationship between the study variables, specifically, E-mail, mobile phone, social media, website (considered independent variables), and business performance (the dependent variable). To assess this relationship, the researcher employed Pearson's product-moment correlation coefficient, denoted as Pearson's "r". As described by Chee and Queen (2016), Pearson's "r" serves as a measure of the linear association between two variables of interval or ratio scale, with possible values ranging from -1 to 1. This statistical approach offers a straightforward method for evaluating the connection between two variables, indicating whether the relationship is positive or negative and providing insights into the degree of correlation. In this study, Pearson's product-moment correlation coefficient (Pearson's "r") was employed to analyze the correlation between the independent and dependent variables..

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Table 4.11 Correlation between dependent and independent variables (N=112)

Correlations						
		Hotel performance factors	Website factors	electronic mail factors	social media factors	Mobile phone factors
Hotel performance factors	Pearson Correlation	1	.376**	.764**	.683**	.794**
	Sig. (2-tailed)		.000	.000	.000	.000
Website factors	Pearson Correlation	.376**	1	.362**	.210*	.192*
	Sig. (2-tailed)	.000		.000	.026	.043
Electronic mail factors	Pearson Correlation	.764**	.362**	1	.595**	.752**
	Sig. (2-tailed)	.000	.000		.000	.000
Social media factors	Pearson Correlation	.683**	.210*	.595**	1	.704**
	Sig. (2-tailed)	.000	.026	.000		.000
Mobile phone factors	Pearson Correlation	.794**	.192*	.752**	.704**	1
	Sig. (2-tailed)	.000	.043	.000	.000	

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

*.Correlation is significant at the 0.05 level (2-tailed).

Source: own survey, 2023

Table 4.11 displays the correlation between independent variables and dependent variables. The correlation matrix indicates a positive relationship between website factors, electronic mail factors, social media factors, mobile phone factors, and hotel performance, represented as $r = 0.376^{**}$, 0.764^{**} , 0.683^{**} , and 0.794^{**} , respectively, with all p-values being 0.00.

These findings suggest significant positive correlations between website factors and hotel performance ($r=0.376$, $p<0.01$), electronic mail factors and hotel performance ($r=0.764$, $p<0.01$), social media factors and hotel performance ($r=0.683$, $p<0.01$), and mobile phone factors and hotel performance ($r=0.794$, $p<0.01$). According to Hutcheson (2011) and Daniel (2014), when r is close to 1, it signifies a strong association between the two variables, indicating that changes in one variable are strongly related to changes in the other, or the presence of multicollinearity. Conversely, when r is near 0, it suggests a weak or non-existent association between the independent and dependent variables, indicating that changes in one variable do not correspond to changes in the other..

4.7.2. Multiple Linear Regression

4.7.2.1. Assumption

As Field (2013) advises, think of linear regression analysis like a journey. Before we embark on this statistical journey, we need to make some essential checks to ensure we're on the right path and that our destination, representing the broader population accurately, is achievable. To do this, we performed some initial checks, known as regression diagnostics. These checks help us confirm that our assumptions, such as linearity, multicollinearity, and homoscedasticity, are in good shape, ensuring a smoother and more reliable journey through our data..

Assumption1: Linearity test

Hayes and colleagues (2012) explored the relationship between independence and dependency as essential variables for linear regression analysis. To ensure the validity of their analysis, they conducted tests to verify the linearity of these relationships using SPSS V26 software and scatter plots. The scatterplot of residuals further confirmed the linearity,

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with points forming a coherent line from left to right, reassuring researchers about the consistency of the data. An essential assumption in regression analysis is the linearity of variable relationships, indicating that the variables should follow a pattern that can be predicted through a straight line. This foundational principle guides their exploration of how variables interplay in a linear fashion, enabling more confident predictions in their study.

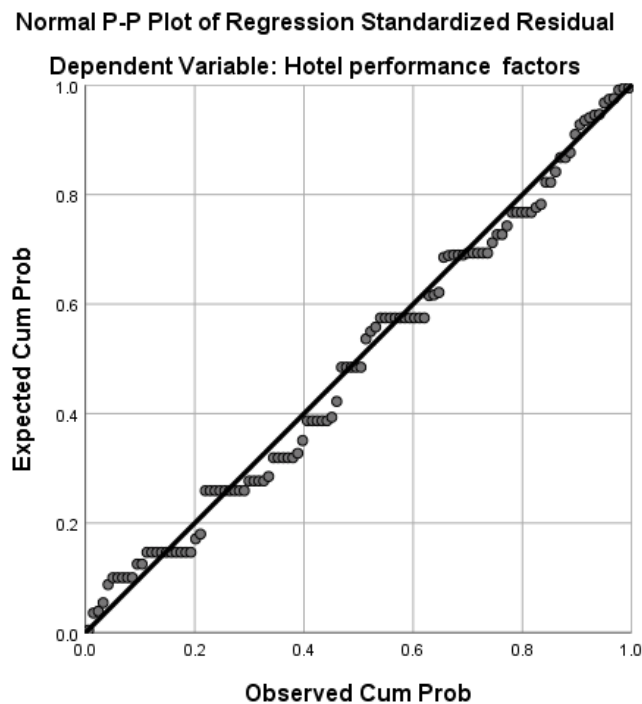


Figure: 4.1 Linearity Test

Source; own survey, 2023

Assumption 2: Multicollinearity Test

(McClelland et al., 2017) stated that most regression programs can compute the variance inflation factors (VIF) for each variable; A VIF of 5.0 or greater indicates a problem. With multicollinearity testing, Eric Mule (2014) also emphasizes that a Tolerance value of less than 0.1 indicates serious problems, although some statisticians suggest that a Tolerance value of less than 0.2 is cause for concern. Multicollinearity in regression refers to how strongly the independent variables in a model are related.

Table 4.12 multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Website factors	.850	1.176
electronic mail factors	.381	2.625
social media factors	.492	2.032
Mobile phone factors	.325	3.072

a Dependent Variable: Hotel performance factors

Table 4.12 result shows that for all independent variable tolerance is above 0.2 and VIF is below 0.5 .There for there is no multicollinearity.

Assumption 3: Heteroscedasticity Test

This assumption tells us that error terms don't have a continuing variance. If heteroscedasticity occur the estimators of the standard least square method are inefficient and hypothesis testing is not any longer reliable or valid because it will underestimate the variances and standard errors.

The graphical or visual testing of the heteroscedasticity is the variance of the error term is consistent across all measures of the model. This suggests that the info is not heteroscedastic, if not there is heteroscedasticity.

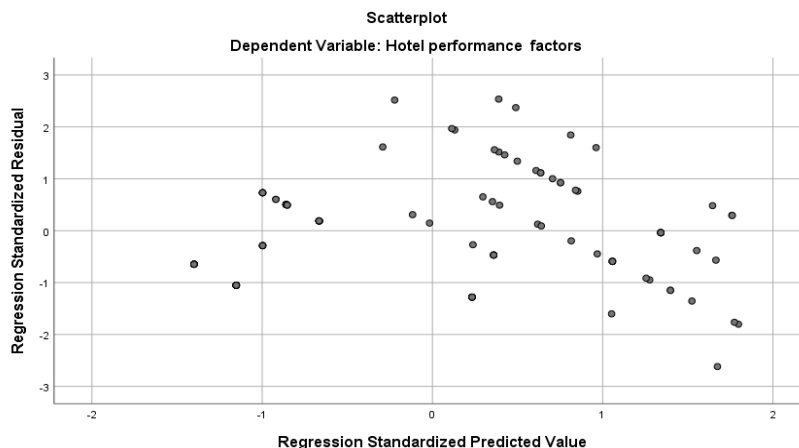


Figure :4.2 : Heteroscedasticity Test

The above figure shows that the error terms are not continual, they consistent across all measures of the model. This suggests there no heteroscedastic.

4.7.2.2. Multiple Regression Results

Multiple regression analysis was wanted to examine the effect of digital marketing on hotel business performance: star hotels in Addis Ababa. Since the study has quite two experimental variables to research how independent variables are associated with the dependent variable, how each experimental variable influences the variable and the way much each variable influences its regression model used. The general equation of regression of Y on X was:

Business performance = f (four dimension) + error term

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + e$$

This means. Business performance = Functions of (Social Networks Marketing, E-mail Marketing, Websites Marketing, and Mobile Phone Marketing) + error term. Therefore, the precise model for this study was.

Where:

Y = Denotes the variable (Business performance)

β_0 = Denotes the worth of the intercept

B= is the coefficient of the explanatory x variable

X = is an experimental variable

e= denotes the error term (residual value) = unpredictable or unknown factors of dependent variables. In this study, multiple regression analysis was performed to obtain the predicted values of the decision model. Since the model is designed in such a way that each structure will be affected by other structures, regression analysis should be performed separately for each variable that is expected to be affected differently from other variables. This was done to determine the linear relationship between structures. Multiple regression results using digital marketing (social media marketing, email marketing, web marketing, and telemarketing) as independent variables and business performance as dependent variables. Table 4.13 model summery^b

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Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857 ^a	.735	.725	.49113	1.368

a.Predictors: (Constant), Mobile phone factors, Website factors, social media factors, electronic mail factors

b.Dependent variable Hotel performance

The coefficient of determination, often denoted as R², serves as a metric for gauging the extent to which the variance in a dependent variable, centered around its mean, can be elucidated by the independent or predictor variables (Hair et al., 2014). A higher R² value signifies an enhanced capacity of the regression equation to offer explanations. In our findings, the model summary reveals that the combined influence of website factors, email factors, social media, and mobile phone factors could elucidate approximately 73.5% of the variations determining the performance of star-rated hotels in Addis Ababa

Table 4.14 coefficients^a

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.934	.478		-4.047	.000
	Website factors	.291	.102	.154	2.860	.005
	electronic mail factors	.321	.093	.279	3.465	.001
	social media factors	.311	.118	.187	2.640	.010
	Mobile phone factors	.499	.103	.422	4.841	.000

a.Dependent Variable: Hotel performance factors

Based on the above table the multiple regression equation is as follows

$$Y = -1.934 + 0.291\beta_1 + 0.321\beta_2 + 0.311\beta_3 + 0.499\beta_4$$

The regression equation above has established that holding all influence indicator variable (website factors, social media factors, mobile phone factors, and e-mail factors) but, constant show to performance of the hotel.

The unstandardized coefficients in the "B" column of the table above acted like puzzle pieces, filling in the missing parts of the regression model. These beta values served as arrows, showing us the direction of the relationship—whether it was positive or negative. The significance values (p-values) in the significance column acted as our trusty guides, telling us how sure we could be in the model's predictions. A value of 0.05 is like a green light, indicating a high level of confidence in the outcomes. It's believed to having a strong belief in the model's accuracy.

4.8. Hypothesis tests

Correlation analysis is the most important method for identifying the relationship between independent and dependent variables in a research, but it does not assess the effect of the two variables. In regression analysis most common to evaluate the cause of independent variables on the dependent variable. Each hypothesis was tested based on unstandardized coefficient beta and P-value (the hypothesis rejected or accepted).

H1: Social media factors has positive influences on the performance of star hotels in the study area.

As indicated in the unstandardized coefficient beta and P-value table 4.13 result, social media a factor is .311 and a significant level of 0.01($p < 0.05$). According to the analysis, the hypothesis is accepted, and the independent and dependent variables have a positive relationship.

H2: mobile phone factors has positive influences on the performance star hotels in the study area.

As indicated in the unstandardized coefficient beta and P-value table 4.13 result, mobile phone factor is 0.499 and a significant level of 0.00. The result shows that the independent and dependent variables have positive relationship. According to the analysis, the hypothesis is accepted.

H3: website factors have positive influences on the performance of star hotels in the study area.

As indicated in the unstandardized coefficient beta and P-value table 4.13 result, website factors is 0.291 and a significant level of 0.005. According to the analysis, the independent and dependent variables have positive relationship, there for the hypothesis is accepted

H4: E-mail has positive influences on the performance of star hotels in the study area.

As indicated in the unstandardized coefficient beta and P-value table 4.12 result, E-mail factor is 0.321 and a significant level of 0.001. According to the analysis, the independent and dependent variable shave positive relationship, there for the hypothesis is accepted .

5.1.

CHAPTER FIVE

5. SUMMARY AND CONCLUSIONS

Summary of Finding

The results reveal positive relationships between hotel performance and mobile phone, social media, and email marketing factors. This aligns with previous research on e-marketing tools (Chung & Law, 2003; Baloglu & Pekcan, 2006). Social media's growing business role requires studies examining how these technologies can enhance operational and financial performance (Sigala, 2001; Owyang, 2009). However, firms often adopt social media more as a trend than core strategy, yielding subpar results compared to integrated approaches.

Social media facilitates collaborative user-created content in an engaging environment, enabling participation and interactions necessary for impactful experiences (Owyang, 2009). Lacking strategic intent and integration, standalone social media efforts rarely lead to measurable improvements in sales, revenue or other economic outcomes (Lin et al., 2017; Cao, 2011). This research builds and expands on past academic work in digital marketing and small business ecosystems, developing and empirically validating a conceptual model based on rigorous regional data analysis.

The study found digital marketing adoption among Addis Ababa starred hotels was heavily influenced by the level of commitment from hotel managers and staff towards e-marketing interventions. Their commitment was shaped by key internal factors including the existing skills and motivation of team members, available technological and financial resources for e-marketing, leadership prioritization of digital marketing, alignment with brand image, and international operations. The results showed social media and mobile marketing are the most widely used and highest priority electronic platforms for hotels currently. Overall, the data reveals that thoughtful adoption and optimization of e-commerce delivers significant benefits for current and future success of starred hotel businesses.

In summary, the field of digital marketing remains in a relatively early, immature stage of development and evolution. This research represents an important step towards codifying

theories, frameworks, and best practices for e-commerce in the hospitality sector. The prevalent global shift to user-created, socialized online content requires tourism businesses to take a much more strategic, integrated approach to digital engagement versus passive standalone adoption of disparate tools like social media (Assis-Dorr, Palacios-Marques & Merigo, 2012). However, many hospitality companies still fail to fully incorporate social media and other e-marketing platforms into their core business and marketing strategies. This laggard adoption without synchronization across digital elements misses key opportunities to maximize reach, achieve synergies across channels, and ultimately drive higher consumer response.

5.2. Conclusions

This research delved into the connection between digital marketing and the performance of star-rated hotels in Addis Ababa, with a focus on e-marketing tools such as emails, websites, mobile phones, and social media as independent variables, while evaluating hotel performance as the dependent variable. The study revealed that hotels primarily use their websites for information and transactions rather than customer interaction. Additionally, it was found that hotels mainly leverage the internet for property promotion through their websites, lacking a clear business strategy that could enhance internal and external processes. Consequently, hotels may face challenges in harnessing the full potential of marketing to boost productivity, performance, and profits unless they integrate it comprehensively into their strategies and operations. Their capacity to embrace digital marketing could be a crucial determinant of success and competitiveness in the current digital economy's era of unparalleled growth and opportunities.

Furthermore, the study uncovered not only a positive relationship but also synergies among various website orientations. In the age of user-generated content, facilitated by platforms like social media, the internet offers extensive interactive and functional features. This underscores the importance for hotel managers to go beyond a basic online presence or social media platforms that merely provide information. Instead, they should adopt a more engaging online approach aimed at interacting with potential customers and crafting a novel business model that offers free content-sharing services. The examination of e-marketing

tools used by hotels was conducted and compared with hotel performance, ultimately concluding that Mobile Phone Marketing, E-mail Marketing, Social Networks Marketing, and Website Marketing all exhibit a positive relationship with hotel performance, with Mobile Phone Marketing displaying the strongest correlation coefficient.

5.3. Recommendations

In this study, it is advisable for hotels in Addis Ababa to embrace digital marketing more extensively, as it offers personalized experiences to customers and contributes to enhanced hotel business performance. Additionally, it is recommended that hotels maintain regular website updates to ensure customers have access to up-to-date information. In today's well-informed customer base, neglecting website information updates could negatively impact these hotels' performance.

Managers are encouraged to allocate greater resources to e-marketing endeavors within their hotels. Given the increasing importance and cost-effectiveness of social media as an alternative marketing medium, a strong commitment should be made to leverage its potential fully. Creating a conducive environment for e-marketing tools and removing any internal barriers that hinder employee participation is essential.

To harness the benefits of e-marketing fully, the presence of appropriate infrastructure and technology is crucial. This infrastructure may encompass high-speed telecommunications, such as broadband Internet services and connectivity, along with high-quality software necessary for effective adoption and utilization by both customers and staff.

5.4. Future Direction

This research focused exclusively on four variables: social media factors, mobile phone factors, website factors, and e-mail factors, treated as independent variables to assess the performance of star hotels in Addis Ababa. It's important to note that the findings of this study may not be universally applicable to hotel performance in locations outside of Addis Ababa. Consequently, future research on a broader scale, involving larger hotels and encompassing various towns and regions, will be necessary to identify the factors influencing the performance of star hotels in different areas.

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APPENDIX-: QUESTIONNAIRES

Questionnaire form Title: - The effect of digital marketing on hotel business performance:
stared hotels in Addis Ababa

This questionnaire survey aims to investigate the effect of digital marketing on hotel business performance: stared hotels in Addis Ababa. This research survey is designed to fulfill an academic requirement. The research data and results will only be used for academic purposes. Your opinion and reliable response are highly demanded since the quality of the research is dependent on your response. Therefore, the researcher kindly requests you to spare a few minutes to respond to the following questions carefully and genuinely. For any clarification on this questionnaire, please contact the researcher directly on the Phone

Phone No-----

EMAIL-----

Thanks in advance for your valuable cooperation!

GENERAL INSTRUCTIONS

- ✓ You are not required to write your name
- ✓ Open-ended questions are answered by writing in the space provided (.....).
- ✓ For close-ended questions Please use the '√' mark on the given box () for your response.

Kindly respond to the questions below by ticking the boxes. Where space is provided you can write

your answer.

SECTION I: - BACKGROUND INFORMATION.

1. Gender.

Male Female

2. Age

18- 30 yrs.
31- 40 yrs.
41- 50 yrs.
51- 60 yrs.
Over 61 yrs.

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3. Qualification

Diploma/Advance BSc MSc and Above

4. Which department do you currently work in hotels?

Supervisor
 Manager
 Financial head
 Customer order coordinator
 Safety control
 Food cooker
 Other (specify) _____

5. How many years you have worked in stared hotels?

1-3 years 4-6 years 7-9 years 10-12 years 13-15 years
 >15

SECTION II CLOSED-TYPE QUESTIONS

Website

Please show the extent of your perception of the types of websites in your organization. Please use the (√) symbol to indicate in the Rating or Likert items measuring technique using Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Dis Agree (1).

Kindly tick in the spaces provided for the answer that best represents your view.

No	Websites	1	2	3	4	5
1	My hotel regularly updates its website with relevant information.					
2	My hotel's website content can engage my attention.					
3	I can interact with my hotel through their website effectively.					
4	Customers of my hotel can transact business on our website.					

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5	The website provides a mechanism that allows for service evaluation (customer feedback).					
6	I think that the website of my hotel is a very important tool for conducting business.					
7	Started hotels in Addis Ababa have a website for customers.					
8	The website used by Stared Hotels is easily available in such hotels					
9	The website used by Stared Hotels helps to obtain feedback from customers.					

No	Electronic Mail	1	2	3	4	5
1	My hotel uses emails to send me personalized account information					
2	My name and personal information are always used by my hotel in online communication with me.					
3	My hotel gives personal attention to my complaints online.					
4	I am assured of a quick response when I send e-mails to my hotel					
5	Interaction with my hotel via e-mails is clear and understandable.					
6	Emails from my hotel are a reliable medium for information and support services.					
7	Emails used by Stared Hotels to communicate information With customers					
8	Started hotels have Emails to communicate with employees					
No	Social Media	1	2	3	4	5
1	My hotel's social media pages engage my attention					

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2	I contribute to conversations on my hotel's social media page.					
3	I interact with my hotel through their social media pages.					
4	Complaints sent through social media are fairly acknowledged and responded to.					
5	Other customers assist customers facing challenges on my hotel's social media pages.					
6	Feedback received from other customers online enhances my service experience.					
7	Social media is used to provide information for different people in hotels					
8	Social media acts as a bridge between users and visitors or viewers and also helps in interacting with each other					

No	Mobile Phone Marketing	1	2	3	4	5
1	Hotels use mobile to direct marketing to consumers via cell phones					
2	Hotels use mobiles for sms, MMS, Bluetooth, and infrared are used to distribute commercial content to mobile phones					
3	Hotels use mobile channels to increase their brand affinity, recognition, and customer loyalty					
4	Hotels use video technology is beginning to allow TV program transmission through mobile phones					
5	Hotels use mobile phones to provide another logical platform for marketers to channel					
6	Hotels use mobile phones to communicate with customers and employees					
7	Hotels use mobile phones to share information with supplies and other raw material providers					

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8	Hotels use mobile phones to communicate with governments bodies, customers, and others					
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Hotel performance	1	2	3	4	5
My business profit is increased from time to time					
I am satisfied with the growth in the sales of my service					