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Value creation and relationships in transformation

A study of social media in the travel industry

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Summary

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In recent years the Internet has greatly changed the travel industry and the emergence of social media has driven this change further. In the past travel companies have been natural links between customers and suppliers but today customers can buy travel directly from the supplier, making it difficult for travel companies to attract new customers and retain existing customers. As social media is revolutionizing the way people communicate, the trend suggests that it is becoming increasingly important for firms to take part in this technological development to interact with customers.

Although Internet and social media has a major impact on firm-to-customer and customer-to-customer conversations, there is little guidance in academic literature and organizational contexts on how to use social media in an effective way. Therefore, the aim of this thesis is to describe and explain how social media has transformed the relationships between selected Swedish travel companies and their customers, and how these firms create and sustain value and relationships through social media. Furthermore, we will give implications for management on how to utilize social media to create and sustain value and relationships.

The results of our research confirm that social media is transforming the relationships between firms and customers. From our findings we conclude that the customer has become more empowered, that interaction now occurs through a two-way communication and that social media has made industries and relationships more transparent. The results also indicate that firms do not realize the value that can be created through social media for the customer as well as for the firm. The use of social media among the interviewed firms varies with some firms using social media through many tools and some firms not using social media at all.

Our findings implicate that being aware of what value is created and why the firm is involved in a certain social media tool increases the likelihood of success. The firm should further not be afraid to experiment with social media. However, social media also presents challenges. As social media is characterized by rapidly changing trends, it is difficult to predict what will happen not only in a distant future, but even so just a few years ahead.

Key words: Travel company, travel agency, internet, social media, marketing

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1. Introduction

This chapter presents the background of the thesis, a discussion of the research problem, the purpose of the study, the research questions and the delimitations of the thesis. It contains an explanation of the theoretical and practical relevance of the thesis as well as a clarification of how we define travel companies.

1.1 Background

The travel and tourism industry is today one of the largest and fastest growing industries in the world with great economic importance. In many countries, this industry has surpassed the business volume of the oil industry, food products and automobiles. To further stress the importance of this industry, the fact that the tourism industry has accounted for a majority of the e-commerce business in recent years can be mentioned.¹ This clearly shows the importance of this industry in the world economy. The industry is not only growing, but is also evolving and changing.

In the past travel companies have been natural links between customers buying travel and the suppliers.² However, with the emergence of the Internet as a new distribution channel, customers have the choice to buy travel directly from the supplier.³ This implies that intermediaries such as travel agencies could become redundant. Today, an ever increasing share of all travels is booked online. According to Eurostat, more than 30 percent of the EU-citizens in the age group 16-74 used the internet to purchase travel services during the first quarter in 2008.⁴ For Sweden this figure was even higher at 46 percent. This figure is according to PhoCusWright expected to exceed 50 percent in year 2010.⁵

Internet is today an important part of people's everyday life and it has made it much easier to share experiences and information with other people. Social media, "referring to activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media" is increasingly being used to share information, hence influencing consumer opinion and eroding the importance of traditional advertising.⁶ The travel and tourism industry is particularly interesting to study in

¹ Mack *et al.* 2008, "Believe it or not: Credibility of blogs in tourism", *Journal of Vacation Marketing*, vol. 14, no.

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² Cheyne *et al.* 2006, "Travel agent vs internet: What influences travel consumer choices?", *Journal of Vacation Marketing*, vol. 12, no. 1, p.41

³ Buhalis. 1998, "Strategic use of information technologies in the tourism industry", *Tourism Management*, vol. 19, no. 5

⁴ European Travel Commission. Online travel market. www.newmediatrendwatch.com/regional-overview/103-europe?start=4, 11 Nov. 2009

⁵ Ibid.

⁶ Safko & Brake. 2009, *The social media bible: tactics, tools, and strategies for business*. John Wiley & Sons, Hoboken, NJ

combination with social media, because every buyer has a different service experience that they can share online. As social media is revolutionizing the way people communicate in our community, the trend suggests that it is becoming increasingly important for firms to take part in this technological development. With online forums, communities and blogs, travel companies are facing a new way of reaching customers. Therefore, the travel industry and other industries are increasingly interested in learning how to use social media to take part in consumer-to-consumer interaction in order to survive and attract customers in this competitive and ever-changing environment. However, most firms lack the knowledge on how to do it.⁷

1.2 Issues

With the emergence of the Internet, travel companies are operating in an increasingly competitive environment where it is difficult to attract new customers and retain existing customers. Moreover, there is reason to believe that the relationship between the travel company and their customers is evolving. Through the use of internet, customers have taken control over their media consumption by collecting information in a way that was not possible before, which has made the customers more powerful. New technology such as social media has fundamentally changed the way customers interact and share their experiences with firms and other customers and it has become an important part of the buyer decision making process. With social media, customers are increasingly turning to other customers rather than traditional advertising. Some travel companies are learning to utilize social media as a tool to build relationships, but the very nature of social media is fast-changing, which seems to complicate the process. Therefore, the thesis will partly revolve around how social media has transformed the relationships between firms and customers.

Although Internet and social media has a major impact on firm-to-customer and customer-to-customer conversations, there is little guidance in academic literature and organizational contexts on how to use social media in an effective way.⁸ Therefore, this thesis will also revolve around how social media can be used as a tool to create relationships and value for both the customers and the firms, using the example of selected Swedish travel companies. The Swedish travel industry is well-established with an extensive travel infrastructure⁹, where most private customers in the Nordic area are using the Internet during the

⁷ Adam *et al.* 2007, *Travel 2.0: Trends in industry awareness and adoption*, New York University and PhoCusWright, p. 5.

⁸ Ibid., Mangold and Faulds. 2009, "Social media: the new hybrid element of the promotion mix", Business Horizons, vol. 52, no. 4

⁹ Industry Canada. Gardelius, B. 28 March 2001-last update, Tourism infrastructure.

<http://strategis.ic.gc.ca/eic/site/imir-ri3.nsf/eng/gr-81204.html>, 12 Nov. 2009, Sweden.se. Sweden in brief: A nation of travelers. www.sweden.se/eng/Home/Quick-facts/Sweden-in-brief/Travel-Tourism,

9 Nov. 2009, Hotelmarketing.com. UK remains largest online travel market in Europe, for now.

www.hotelmarketing.com/index.php/content/article/uk_remains_largest_online_travel_market_in_europe_for_now, 12 Nov. 2009

information collection process when booking a journey.¹⁰ This maturity of the Swedish market, with regard to internet usage and travel behavior, makes it a relevant starting point when looking at this problem.

1.3 Purpose

The purpose of this thesis is to describe and explain how social media has transformed the relationships between travel companies and their customers, and how selected travel companies create and sustain value and relationships through social media.

The aim is to define the current trends in the industry as well as give implications for management on how to utilize social media to create and sustain value and relationships with customers.

1.4 Research question

The main questions that will be answered in the thesis are:

- **How has social media transformed the relationships between travel companies and their customers?**
- **In what ways are selected Swedish travel companies using social media today?**
- **How can travel companies use social media to create and sustain value and relationships with their customers?**

1.5 Delimitations

The empirical data collection regarding travel companies will be limited to the geographical area of Sweden and selected travel companies within this area. We will focus on the interaction between a travel company and a customer in social media as well as between customers. There will be no analysis of business travels as this is not relevant for the purpose and aim of this thesis. Moreover, we are focused on the buying process, the sales and distribution process and the booking experience rather than the consumption process of the actual travel. We will thus not focus on the experiences and value that is created when the customer is at the destination. However, we are aware of the fact that the actual experience at the destination will affect the discussions between customers in social media, hence affecting other users of social media as we will see later. An independent study of customer preferences will not be included in this thesis. However, this does not mean that we have ignored customers. For example, we have observed how people use social media tools such as travel forums, Twitter and Facebook to interact with each other. This has increased our understanding of the way consumers use social media, but will not be included in the empirical findings since it is impossible to provide the reader with an accurate picture of reality in this way.

¹⁰ TICKET Travel Group. Annual Report p.4

We will shortly explain the phenomenon social media, but not go into technical details since our emphasis lies on the implementation, advantages and challenges for the travel companies. To increase the reader's understanding of social media, we will present some examples of social media tools that are being used by selected Swedish travel companies.

1.6 Thesis relevance and clarifications

As this thesis will provide theoretical relevance in areas that have not been explored fully before, it will also be of practical relevance for domestic and foreign travel companies in similar contexts who are looking for new and improved strategies on how to adapt to a new media environment, its users and their evolving consumer behavior. As we analyze a process of interaction between companies and customers, which is a typical element in marketing, we will apply relevant marketing theories, such as consumer behavior and relationship marketing. Therefore, the results of the thesis will be relevant from a marketing perspective.

As the thesis will revolve around different types of travel companies, it is important to distinguish between them. However, we are aware of the fact that it is difficult to define two distinct groups of firms in this industry as some cross the boundaries of each group whereas others do not. Despite this, we will use the concept "*travel companies*" (TC) to encapsulate two different types of travel companies in the thesis for the reader's convenience. The two types of travel companies that will be discussed are:

- *Travel Agency (TA)* – "An office which arranges tickets and accommodation for travelers."¹¹ This term refers to travel agencies that have their own stores as well as an online booking system. These firms sell flight tickets or entire package deals where flight tickets, accommodation and activities are included.
- *Online Travel Agency (OTA)* – This term refers to firms that operate only in an online environment, offering mainly flight tickets and hotels, but in some cases also package journeys. These firms have no physical stores.

1.7 Chapter Overview

This list gives the reader an idea of what is to come in the thesis.

1. The **Introduction** presents the background of the thesis, a discussion of the research problem, the purpose of the study, the research questions and the delimitations of the thesis. It contains an explanation of the theoretical and practical relevance of the thesis as well as a clarification of how we define travel companies.
2. In **Methodology**, the research approach to the subject is presented in addition to the methods used in finding relevant theories and acquiring empirical data. Furthermore, the choice of interviewees and literature is presented and

¹¹ Collin. 2006[2005], *Dictionary of leisure, travel and tourism [Electronical resource]*. 3rd edn. London: Bloomsbury, p. 321

evaluated. The processing of the data including errors, credibility, transferability, dependability and confirmability is also presented.

3. In **Theoretical Framework**, theoretical ideas and concepts within the areas of marketing and value creation are described. Concepts are defined as to give the reader an idea of the perspective used in the work, especially as certain concepts can mean different things to different readers in different contexts. In addition to relevant theoretical models, these concepts are applied in the analysis of the empirical findings.
4. In **Empirical findings**, the selected travel companies are presented. Information retrieved from interviews with the selected travel companies is combined with other sources of data to provide the reader with a versatile description of how the selected travel companies use social media today.
5. In **Analysis**, the empirical data is examined in the light of presented theories and focuses on what can be learned from the selected travel companies. We analyze how social media has transformed the relationships between travel companies and their customers, how selected travel companies use social media today, and how travel companies can use social media to create and sustain value and relationships with their customers.
6. In **Conclusion**, the conclusions that have been made from the analysis and discussions are presented. The aim of the conclusion is to present answers to the research questions.

2. Methodology

In this chapter, the research approach to the subject is presented in addition to the methods used in finding relevant theories and acquiring empirical data. Furthermore, the choice of interviewees and literature is presented and evaluated. The processing of the data including errors, credibility, transferability, dependability and confirmability is also presented.

2.1 Research approach

This section explains the pre-requisites that lead up to the choice of thesis subject and how it was approached.

2.1.1 Background

Our interest in the travel and tourism industry evolved from a general interest to a more academic interest when writing about destination branding in our bachelor thesis. It is an interesting industry because of its dynamic characteristics and fast growth. With this in mind, we wanted to extend our knowledge further within this industry. Since social media has emerged as an interesting and unexplored area in the academic field of marketing, we found it interesting to combine these two fields of studies in our thesis.

We began the research by reading articles and books written on the subject to get an understanding of what social media is and what the current trends within the area are. To better understand the online communities and other social media used by the travel companies, we created personal profiles on these websites where needed to create our own perception of the websites rather than to just take information from the interviews conducted as given. Furthermore, expert blogs and comments discussing social media were important to get an idea of what is important within social media, what the new trends are, what customers to social media consultants say about social media, what problems exist and what challenges and opportunities there are.

2.1.2 Research perspective

Pre-understanding and understanding are two important concepts in the hermeneutics. Using the pre-understanding as a starting point and then look for new understanding helps the researcher when researching a phenomenon. It is perceived as important to be aware of the pre-understanding in order to understand the perspective with which a researcher approaches an area of study.¹² Our prior understanding in the field of study has mainly emerged from being consumers of travel and users of travel companies. We have booked travel services through OTAs as well as through TAs. Furthermore, as users of Facebook and other social networking sites, we are familiar with social media. We have also used review

¹² Alvesson & Sköldbberg. 2008, *Tolkning och reflektion: vetenskapsfilosofi och kvalitativ metod*, 2nd edn, Studentlitteratur, Lund.

sites such as TripAdvisor and other travel websites to review hotels and other services before making a purchase decision. This prior understanding influences our perception of the travel industry as well as the technical aspect of social media, and is mostly of positive character as it has helped us in the process of interpreting and analyzing the results. However, all interpretations are relative, and can never be absolute.¹³ Naturally, it has influenced the way in which we perceive social media and online behavior on travel companies' websites. Ultimately, it is difficult to disregard such prior understanding and therefore we have continuously reminded ourselves of this and tried to use this as an advantage. Hence, the research has been characterized by a hermeneutic perspective, where the background of the authors can influence the research through the authors' interpretation of the findings.¹⁴

A central theme in hermeneutics is that the meaning in a part can only be understood when it is set in the context of the whole. On the other hand, the whole can only be understood by looking at the different parts that constitute the whole. In order to solve this, the hermeneutic method suggests a continuous change of perspective between the part and the whole. The researcher starts by looking at the part and relates it to the whole and then changes to looking at it the other way around. By changing perspectives, a better understanding of the whole and the part can be achieved. Alvesson and Sköldböberg mention further the importance of understanding the people that you include in your research.¹⁵ As we have interviewed different people it has been of importance for us to try to understand the people we interview, their situation and the underlying meaning behind what they actually express in speech and writing.

Furthermore, when studying the written sources relevant to this thesis we have paid attention to the underlying meaning of the texts and changed between sources discussing the parts of social media and marketing and the whole industry. Since our thesis is an explorative study the changes between the parts and the whole has helped us gaining a better understanding in the area of study. Through a critical approach to both the pre-knowledge and the object studied the knowledge can be changed and expanded beyond the pre-knowledge. It is further important to see the interviews and written sources in a bigger context than just the particular field of study, but in the environment surrounding it.¹⁶ In our case this means that we have looked at social media, internet and marketing while paying a thought to the society as a whole, and what implications this has had on these sources and the meanings expressed. By doing this, we have been more critically aware and have evaluated the facts considering other motives and influences. By putting the fields of study together in a way that has rarely been done before, we have achieved a more distinctive approach relevant to the science.

¹³ Alvesson & Sköldböberg, 2008.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

In this thesis we have studied the phenomenon of social media and how it can be used to create customer relationships and value in the context of travel companies on the Internet. Hence, we have strived to view social media in the context of Internet as changing the entire society and how people interact. As we are marketing and strategy students, the reader should be aware that we have chosen this perspective in the thesis. This might have affected the interpretation of the interviews and how we have chosen to analyze our results. Alvesson and Sköldbberg mentions the writer's tendency to be more or less biased and the writer's awareness of this.¹⁷ Therefore, we have strived to be as open as possible while conducting our interviews to better understand the interviewees. This has been important for our research because the aim has been to give an explanation of the background to utilization of social media and what travel companies think about them and how they then use them.

2.1.3 Research design

Since the field of social media is a relatively young and unexplored phenomenon, our study has been more of an explorative study with results that are more indicative than defining. However, in order to give the thesis a reliable result and a valuable contribution to science we have conducted interviews with different types of travel companies in this industry. The purpose of having several interviews was to obtain a broader understanding of the industry. As social media is a relatively new phenomenon, it was interesting to investigate different perspectives as the methods across travel companies are bound to vary because of the different understandings and applications of social media as a significant communication channel.

The theoretical framework and empirical findings have had different implications on the analysis and the results of the thesis. The theoretical framework has helped us to define the boundaries of the thesis. It lays the foundation for a discussion about social media and how it has transformed the relationship between firms and customers and continues by elaborating on consumer behavior and value creation. The empirical findings have helped us to include the practical aspect and to fill in the blanks of the theoretical framework, as the nature of social media in the travel industry is a relatively unexplored area. Therefore, the empirical findings have been important in defining the area and its content.

2.2 Data collection

2.2.1 Empirical information

The primary sources consist of interviews conducted with representatives for different travel companies. The following sections will explain how we have chosen travel companies to interview, who we have interviewed, the interview approach and its advantages and disadvantages.

¹⁷ Alvesson & Sköldbberg, 2008.

Choice of travel companies and interviewees

We have chosen to include a broad spectrum of TAs to provide a broad picture of the Swedish travel industry. Furthermore, one OTA has also been included to show the situation in the travel industry from another perspective. A broad approach prevents us from presenting a biased picture of the reality within the industry. These travel companies use social media to different degrees, which made them interesting to our research. By using this method we believe to have a broad base to draw conclusions from.

The choice of TAs was fairly easy since these are the market leaders and by far the biggest companies in Sweden for leisure travelers. By including the largest TAs, we have attempted to make the results more comparable. Ving is part of the Thomas Cook Group and is well-known in the Swedish travel industry because of its notable progress in social media. Fritidsresor, part of TUI AG, is the only Swedish TA that has developed an online community for its users and is therefore interesting to the thesis. KILROY travels are focused on a younger target group and is the first Swedish TA that has developed a user blog system. TICKET is one of the biggest TAs in Sweden with shops as well as a presence on the web through their own website, YouTube and Twitter. Resia is not present in social media today and is therefore a contrast to the other travel companies. We were interested in knowing why a TA is not involved in social media, whether it may be a deliberate strategy or if there are other reasons for not using social media. Their future strategies for social media were also important for our findings in order to see what lies ahead in the future. When it comes to the OTAs, it has been more difficult to find and get in contact with the market leaders. We contacted several OTAs, of which only one replied and wanted to participate.

We chose the interviewees based on their position at the company and their involvement in the development of social media activities at each travel company in order to get experienced opinions and relevant information through talking to people with the right competence.

Interviews

Six travel companies agreed to participate in interviews. After conducting initial research about the companies, we either contacted the desired interviewee directly or were put in contact with them through other employees at the main offices. When contacting the interviewees we contacted the travel companies directly, either through telephone or through e-mail when a telephone number could not be found. We conducted five telephone interviews and one e-mail interview. Since we could not meet the interviewees for personal interviews, our aim was to conduct telephone interviews. The main advantage of conducting the interviews over telephone is the flexibility this method provides. This makes it possible for the interviewee to better choose a time and place convenient to him or her, giving the interview a more relaxed atmosphere.¹⁸ The cost advantage is also important. However, when conducting telephone interviews it is more difficult to build a trustful relationship and

¹⁸ Bryman & Bell. 2005, *Företagsekonomiska forskningsmetoder*. 1 edn. Malmö: Liber ekonomi

to see the body language of the interviewee. However, since the interviews did not include questions on personal integrity etc. this was not seen as a big problem, although we took these factors into consideration.

In one case, it was not possible to conduct a telephone interview because the interviewee was about to go on a long vacation and could only reply to the questions through e-mail. This meant that we could not get as much information from this interview because we could not ask the interviewee to elaborate on his thoughts or pose more questions where needed. The interviews differed in length depending on to which extent the firms use social media, from 20 to 60 minutes.

The table below shows information about our interviewees, their backgrounds, what type of interview was conducted and whether the travel company is a TA or OTA. Most interviewees have key positions within communication and marketing, which might imply that the interviewees are used to speaking to media and to present information in a favorable way. Alvesson and Sköldbberg points out the relevance of critically evaluating what the interviewees say and for what purpose and underlying intentions they do so.¹⁹ We have tried to remain objective by critically analyzing the given information and to present an accurate reality in the thesis.

Name, position & company	Background	Type of interview
Peter Hellström <i>Communications, press & corporate citizenship</i> Fritidsresor (TA)	University degree in economics, studies in communications and PR. Started working in the travel and tourism industry in 1995. Has worked at Fritidsresor since 1998.	E-mail
Madeleine Lindahl <i>Marketing manager</i> KILROY travels (TA)	Bachelor degree in communication from Örebro University. Started working at KILROY travels in 2002 during her studies and continued as a marketing assistant. Has also worked as a project manager for the launching of Veckorevyn.com and various McDonalds campaigns Returned to KILROY travels in 2008.	Telephone
Maria Heljegård <i>Market coordinator</i> Resia (TA)	American MBA with a focus on e-commerce, studies in communication and media science. Has earlier worked at DFDS Seaways. Has worked at Resia since 2004.	Telephone

¹⁹ Alvesson & Sköldbberg, 2008

Martin Durnik <i>PR and information manager</i> TICKET (TA)	Studies in business and marketing. Has worked 15 years in the travel industry. Has worked at TICKET since 2004.	Telephone
Robert Vandiene <i>Affiliates and marketing coordinator</i> TravelPartner (OTA)	University degree in marketing management. Started working at TravelPartner after his studies.	Telephone
Magdalena Öhrn <i>Information manager</i> Ving (TA)	Bachelor of Arts in information and political science. Has earlier worked as a magazine editor at the Swedish Trade Council, as a PR manager at a Swedish television channel and as a PR consultant.	Telephone

Table 1 - Interviewee overview

Interview approach

Before conducting the interviews we sent the questions by e-mail to the interviewees so that they could prepare for the interview and feel more comfortable with the interview situation. We used a methodological approach called semi-structured interviews, where the interview questions have been constructed in order to establish a discussion around broader themes than when using specific questions with very narrow answers. In this approach, interviewees and interviewers can be more flexible during the interview through the questions asked and the order in which they are asked during the process.²⁰ In this way we could ask the interviewees to develop on interesting thoughts where necessary. However, some questions were also specific in order to get the desired information. A more narrow approach to the questions asked would not have been beneficial for our study since the companies are different in the way they use social media, the understanding they have of social media and the company profile and the interviewees in general. When conducting an interview, it is important that the interviewer explains the purpose of the interview and creates a relationship between the interviewer and the interviewee. When we interviewed travel companies that use social media to little or no extent, we started the interview by explaining what social media is to make sure that we had a similar understanding of what the concept means. We offered all interviewees the possibility to be anonymous, but all agreed to the publication of their name and title.

Conducting the interviews

To prepare for the interviews and make sure that the information acquired would be as valid and reliable as possible, we used Kvale's list with recommendations to the interviewer. These include conducting research on the organization beforehand to have knowledge about

²⁰ Bryman & Bell, 2005.

the organization and the person being interviewed. Furthermore, Kvale mentions the importance of structure, legibility, sensitivity towards the interviewee and having a critical approach.²¹ The interviewers followed an interview scheme to have a structure in the interview. Furthermore, we tried to be critically aware during the interviews while still being sensitive and aware of the atmosphere to make sure that the interviewee was comfortable in the interview situation.

To ensure that the information presented in the thesis is accurate, the interviews were recorded. During the interviews, one of the interviewers asked the questions and interacted with the interviewee whereas the other interviewer took a passive role to take notes. After the interviews the recordings were transcribed and analyzed in order to give a fair view of the interviewee and their thoughts. We also sent the transcribed results to the interviewees to make sure they were correctly interpreted.

The interviews were conducted in Swedish as this was the common and native language spoken by the interviewers and the interviewees. This reduced the risk for misunderstanding and misinterpretation. However, since this thesis is written in English the answers and thoughts expressed by the interviewees had to be translated from Swedish into English. This might have caused some minor errors but we have had this in mind and paid attention to an accurate translation. To ensure the accuracy, people speaking both English and Swedish as a mother tongue have checked the translations.

2.2.2 Choice of literature

We have mainly used academic articles and books for the theoretical framework. Furthermore, statistics, prognoses and other data have been used to give a deeper understanding of the past and present situation in the studied industry and the particular travel companies studied. In order to find academic articles, databases such as Libris (<http://libris.kb.se>), Sage publications (<http://online.sagepub.com>) and EBSCO Host (<http://web.ebscohost.com>), were accessed through the Linköping University Library's homepage and used to find relevant material.

When reading written material such as books and articles it is important to ask for what purpose the texts have been written when critically analyzing them. To consider if the written sources have been objective and independent has been important for us during the literature review. Since we have chosen articles and books written and published in an academic context, where facts are reviewed by other scholars, we consider them to be trustworthy. Furthermore, we have verified facts and statements from multiple sources to ensure the correctitude. Articles have been important for the research since the field of social media is a fast-changing field of study. The advantages of academic articles are that they are up-to-date and often specifically targeted at this field of research. Since the area of

²¹ Kvale. 1996, *Interviews: an introduction to a qualitative research interviewing*. Thousand Oaks: SAGE

social media is a relatively new field of research there are few academic books published, articles have provided an opportunity for us to find up-to-date information. However, published books have also been important. These books have been found at the university library in Linköping both in their local catalogue but also through inter-library loans from other libraries in Sweden and Norway. These were usually books written by social media consultants or experts and we have therefore tried to be critically aware while reading these books as they have tended to be relatively normative regarding the area of social media. Other useful sources were found by looking at the reference lists of relevant books and articles. Furthermore, we visited the corporate websites of the travel companies to find information about the companies and their activities in social media. When searching for information online, the reader must take extra care, as some information might be written with a promotional purpose and might thus give a biased picture of reality. We have tried not to rely too heavily on this information and have searched and validated information through other sources where possible.

2.3 Research limitations

The aim of this section is to provide the reader with an understanding of the research methods chosen and used. It will present errors on our part as well as measures taken in order to compensate for this. Furthermore, our view on the validity and reliability of the thesis will be presented.

2.3.1 Errors

We contacted several travel companies that did not participate in the thesis. Most of them did not reply, some were not interested. We would have liked to include more OTAs since there is only one represented in the thesis. On the other hand, many OTAs that currently operate on the Swedish travel market are not Swedish, which made it difficult to find Swedish OTAs that would be relevant to the thesis. Moreover, most of these OTAs barely utilize social media so we do not consider the lack of OTAs as a major loss to our findings. Hence, the emphasis rather lies on the TAs, while the OTA is more of an example of another type of travel company operating on the travel market. Since the thesis is not aiming at contrasting the different types of travel companies, we do not consider the low number of OTAs in our study to constitute a problem for the analysis of the thesis.

When it comes to the choice of interviewees, it is possible that other employees would have had more competence and insider knowledge to answer our questions. However, we had to trust that we were being referred to the right people since they know the work tasks and responsibilities within the firms better than us.

Further, it might be that the interviewees do not want to share company-specific information with us in order not to give away their strategies to competitors. Since we are mainly interested in seeing general trends and current activities in the field of social media we believe that this has not affected our thesis negatively.

2.3.2 Credibility

Credibility and internal validity concerns whether the results are credible.²² We have strived to contribute to the credibility of the thesis by presenting the reality of different travel companies today. We are well aware of the fact that we cannot give a complete picture of the Swedish travel and tourism industry with the amount of interviews we have had. The sample is not representative for the whole population of travel companies in the industry. However, we are not aiming to give a complete picture but more a general view on methods and recommendations that can be used in combination with other methods in order to be successful in the integration of social media in the organizations.

2.3.3 Transferability

Transferability responds to external validity and is concerned with whether the results can be transferred to other contexts or situations. Another concern is whether the results are valid in other time horizons or not.²³ Since the Swedish travel industry is a mature industry there is a high possibility that the results can be transferred to similar contexts and situations. However, with the fast-changing environment it is difficult to say if the results will be applicable in a distant time horizon. The field of social media is constantly evolving and tools that are used today may not be used at all in a year. This is important to consider while reading the thesis and speaking about the future of social media.

2.3.4 Dependability

Dependability or reliability deals with the question if the results from this research would be the same if it was conducted again or if they are affected by random conditions.²⁴ Because of the semi-structured interview approach, there is a high possibility that we would have received different results. This would also depend on who we interview. This is unavoidable but not necessarily negative. To minimize the effect, we have put emphasis on finding the right person with the most knowledge on this field in each of our interviewed organizations. However, as the field of social media is fast-changing, it is possible that answers would change depending on in which time horizon the interviews would be conducted again.

Moreover, we perceive the written sources as reliable since we have tried to verify facts and statistics with multiple sources from well-known authors. The reader should note that since new sources emerge constantly and the research is evolving with different views on how to use social media, create value and relationships it might well be that our results would have been different if different literature had been used.

2.3.5 Confirmability

When doing research it is important to be objective. Here confirmability is the fact that the researcher knows that nothing can be completely objective, but on the other hand do

²² Bryman & Bell, 2005.

²³ Ibid.

²⁴ Ibid.

everything they can in order to be as objective as possible.²⁵ We have tried to be aware of this and used methods to minimize the effects of this. The fact that we have no personal, economic or emotional interest in the different actors strengthens the confirmability. Moreover, we have explained where difficulties have arisen, e.g. when speaking to PR people, and how we have tried to deal with it.

²⁵ Bryman & Bell, 2005.

3 Theoretical Framework

In this chapter, theoretical ideas and concepts within the areas of marketing and value creation are described. Concepts are defined as to give the reader an idea of the perspective used in the work, especially as certain concepts can mean different things to different readers in different contexts. In addition to relevant theoretical models, these concepts are applied in the analysis of the empirical findings.

3.1 What is a service and a service industry?

A service can be defined as “a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems.”²⁶ The service industry includes all types of service providers, from financial services, construction to recreational services and retail distribution.²⁷ According to the service logic, the interaction between resources and customers are supposed to support customer processes through the creation of value. Hence, the role of the firm is to provide the service process and thereafter “co-produce and co-create value in customers’ consumption process.”²⁸

Services have four main characteristics: they are intangible, inseparable, heterogenic and lack ownership.²⁹ Services are intangible because they cannot be seen or experienced before purchase. To reduce the risk for the customer, firms can make their services more tangible through providing customers with brochures, photos and videos. Moreover, services are inseparable since the production and consumption of a service occurs simultaneously.³⁰ Since the services provided always differ depending on the supplier and the customer and their interaction, Swarbrooke and Horner maintain that services are heterogenic in a sense which makes it hard for customers to rely on past experiences and other peoples’ experiences when evaluating quality. The lack of ownership is another important factor influencing the buying behavior. A customer only has access to the service for a limited period of time and the transaction never ends with an ownership, as is the case when buying a product. However, the transaction often involves the customer emotionally to a great extent because it is an important transaction to the customer and he or she spends a lot of

²⁶ Grönroos. 2007, *Service management and marketing: customer management in service competition*, 3rd edn, John Wiley & Sons, Hoboken, NJ, p. 52

²⁷ Bryson & Daniels (ed.). 2007, *The handbook of service industries*. Cheltenham: Edward Elgar.

²⁸ Grönroos, 2007, p. 56

²⁹ Swarbrooke and Horner, 2007.

³⁰ Grönroos, 2007

time searching for information. The decision process before taking a decision is often longer than for other purchases.³¹

3.2 Relationship marketing

The goal of relationship marketing is to increase the profitability of existing customer relationships, increase value for both customer and firm, and to maintain these relationships as it is less expensive to retain existing customers than acquiring new customers.³² Relationship marketing focuses on creating long-term relations, high customer service and contact.³³ Value is no longer only created in output, but is defined by the customer and co-created with the customer.³⁴ By successfully managing relationships, the company can ensure a continuous flow of purchases and cross-sales.³⁵

Being present on the Internet means fierce competition from competitors from all over the world selling similar and different products and services. It becomes harder and more expensive to build relationships and loyalty with the customer.³⁶ However, developments in technology have also brought advantages, such as new possibilities to manage customer relationships.³⁷ Meanwhile, the balance between building profitable relationships with the customers and at the same time developing cost-effective self-service offerings is a major challenge for all e-business firms.³⁸

3.2.1 Understanding the customer

Being successful in marketing is about understanding the customers and the marketplace.³⁹ Therefore, it is crucial to know the long-term processing needs of the customers and their desires.⁴⁰ Some essential ingredients of relationship marketing are to seek direct contact with the customers, build a database over customers and to develop a customer-centric service system.⁴¹ Today, market research is no longer enough. Firms should rather be driven by their own ideas and inform themselves about customers, especially in fast-changing and competitive environments. Because of the focus on needs, the strategy is to sense and respond to the needs in order to be competitive.

³¹ Swarbrooke and Horner, 2007.

³² Bauer *et al.* 2002, "Building customer relations over the Internet", *Industrial marketing management*, vol. 31, no.2; Grönroos. 2007; Christopher *et al.* 2002, *Relationship marketing: creating stakeholder value*, 2nd edn, Butterworth-Heinemann, Oxford.

³³ Christopher *et al.*, 2002.

³⁴ Vargo & Lusch. 2004, "Evolving to a new dominant logic for marketing", *Journal of Marketing*, vol. 68, no. 1

³⁵ Grönroos, 2007

³⁶ Stockdale. 2006. "Managing customer relationships in the self-service environment of e-tourism", *Journal of Vacation Marketing*, vol. 13, no. 3

³⁷ Christopher *et al.*, 2002

³⁸ Stockdale, 2006

³⁹ Christopher *et al.*, 2002

⁴⁰ Christopher *et al.*, 2002; Storbacka & Lehtinen. 2000. *CRM: customer relationship management: leder du dina kunder eller leder dina kunder dig?* 1 edn. Malmö: Liber ekonomi

⁴¹ Grönroos, 2007

Customer relationship management (CRM) builds on relationship marketing by utilizing information technology.⁴² The purpose is to enhance the value of relationships through refining the relationships and understanding the customer better. As with relationship marketing in general, the goal of CRM is not to maximize the rate of return of single transactions, but to maintain relationships together with the customer in order to create value. Both the buyer and seller are active in this value-creating process and the ability to help customers in creating value can become a competitive advantage.⁴³ The use of CRM is considered easier in online businesses since the technology used online gives the firms a vast range of information about the customers, making it much easier to segment and target customers.⁴⁴

Moreover, the reader should note that relationships between firms and customers can be on different levels and in different phases, which will define the various types of exchanges and ways to create value. For example, the customer will be encouraged to concentrate its purchases to one company if the relationship is deep. In contrast, other customers may change their supplier because of lower prices, new offers or just to get some variation.⁴⁵

3.2.2 Involving the customer

The idea of relationship marketing is to involve the individual customer in the creation and marketing of products and services to create the value that the customer is looking for.⁴⁶ The customer-centric view of service marketing involves interaction with the consumer and adapting to their needs.⁴⁷ When the consumer is involved in the customization, it is easier to meet the needs of the consumer.⁴⁸ Essentially, CRM is about using the firm's competency to support a lasting relationship. However, the customer is also a source of competency through his or her needs and demands, and should therefore be utilized by the company since profitable customer relationships create a greater positive cash flow for the company.⁴⁹

3.2.3 Strengthening customer loyalty

Customer loyalty is important in relationship marketing, as the length of the relationship is mostly dependent on loyalty.⁵⁰ Since it has been proven that retaining customers is cheaper than attracting new customers, firms often try to implement effective retention strategies.⁵¹ An essential element of customer-provider relationships is an efficient communication between seller and customer where a mutual understanding is necessary if long-term

⁴² Christopher *et al.*, 2002

⁴³ Stockdale, 2006

⁴⁴ Călin *et al.* 2003, "Customer-centric strategic planning: integrating CRM in online business systems", *Information Technology & Management*, vol. 4, no. 2

⁴⁵ Ibid.

⁴⁶ Grönroos, 2007

⁴⁷ Christopher *et al.*, 2002

⁴⁸ Vargo & Lusch. 2004, "Evolving to a new dominant logic for marketing", *Journal of Marketing*, vol. 68, no. 1

⁴⁹ Storbacka & Lehtinen, 2000

⁵⁰ Storbacka & Lehtinen, 2000

⁵¹ Vatariasombut *et al.* 2004, "How to retain online customers", *Communications of the ACM*, vol. 68, no. 1

relationship is to be developed and maintained. If the firm is successful in supporting and encouraging the customers and providing them with benefits and value the customers will be more likely to stay with the firm. When the customer relationship is supported by understanding and effective actions on the part of the firm, there is potential for the development of long-lasting relationships.⁵²

However, the Internet has contributed to a more competitive environment and a huge variety of suppliers to choose from. In fact, Vatariasombut *et al* mentions three interrelated forces that undermine customer retention in the e-commerce environment: Reduction in search costs for consumers, lower entry barriers, and reduced distinctiveness of firms.⁵³ However, some authors believe that the new tools offered by the Internet can strengthen loyalty through enhanced customer understanding and improved service offerings.⁵⁴ According to Stockdale, creating and maintaining loyalty requires that firms first understand that the internet is a customer-centric environment where the customer should be considered less as a target and more as a partner.⁵⁵

3.2.4 Trust, commitment and satisfaction

The concepts of trust, commitment and satisfaction contribute to a stronger relationship between a firm and a customer. We will begin by explaining the concepts shortly, before introducing Bauer *et al*'s model that summarizes the impact of Internet on these concepts.

Trust is the "willingness to rely on an exchange partner in whom one has confidence."⁵⁶ Trust acts like an insurance against unexpected behavior.⁵⁷ This can be considered critical when it comes to firms who offer intangible services.⁵⁸ Trust can be enhanced by opening lines of communication.⁵⁹

Commitment is when "one party in a relationship feels motivated to some extent to do business with another party."⁶⁰ Moorman *et al* defines commitment as "an enduring desire to maintain a valued relationship."⁶¹

⁵² Stockdale, 2006

⁵³ Vatariasombut *et al*, 2004

⁵⁴ Reicheld & Markey. 2002, "E-customer loyalty – applying the traditional rules of business for online success", *European business journal*, vol. 12, no. 4

⁵⁵ Stockdale, 2006

⁵⁶ Moorman *et al*. 1993, "Factors affecting Trust in Market Research Relationships", *Journal of marketing*, vol. 57, no. 1, p. 82

⁵⁷ Grönroos, 2007

⁵⁸ Berry. 1995, "Relationship marketing of services – growing interest, emerging perspectives", *Journal of the Academy of Marketing Science*, vol. 23, no. 4

⁵⁹ Berry, 1995

⁶⁰ Grönroos, 2007, p. 41

⁶¹ Moorman *et al*. 1992, "Relationships between providers and users of market research: the dynamics of trust within and between organizations", *Journal of Marketing Research*, vol. 29, no. 3, p. 316

Bauer *et al* conducted a study about the impact of the Internet on the concepts of commitment, trust and satisfaction. The authors found that trust in a corporation affects the commitment to a corporation, that satisfied customers feel more committed to a corporation and that satisfaction increases trust.⁶² Hence, we can see that the effects all have an impact on each other and that it may therefore be useful to work on all concepts in the firm's relationship-building strategy. The model will be used to explain how Internet has affected relationship management and how social media can be used to create and sustain value and relationships. Through other theories and empirical findings, we will apply facts about how social media as part of Internet has affected the concepts of trust, satisfaction and commitment. The specific areas that have affected the concepts are shown in the model and explained below.

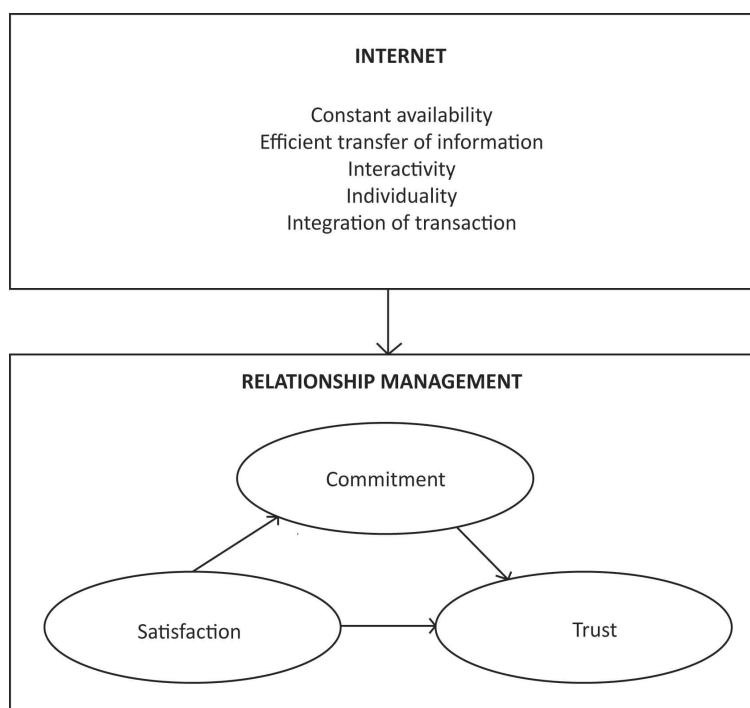


Figure 1 - Frame of reference for customer relations through the Internet by Bauer *et al*

Constant availability of information - When there is a high availability of information, there is a positive effect on trust, but this does not seem to have an effect on satisfaction. Moreover, the authors concluded that customers prefer an easy-navigated website and individual responses to their questions and problems.⁶³

Efficient transfer of communication - If the information transfer is efficient, this can increase customer commitment. However, customer satisfaction is only slightly increased because customers seem to be critical to what they see on the internet. Hence, the authors draw the conclusion that it seems to be the product or service that provides satisfaction rather than

⁶² Bauer *et al*, 2002

⁶³ Ibid.

the actual service provided by the corporation.⁶⁴ However, authors like Prahalad and Ramaswamy are of another opinion, which will be shown under the section *Value creation*.

Interactivity - When it comes to interactivity, it appeared that corporations do not use this opportunity to get to know customers. Customers are, however, frequently interacting with each other. The opportunity to interact with the corporation increases commitment. However, the opportunity to make a purchase had a negative effect on satisfaction, possibly because customers feel pressured to make up their mind and that corporations try to influence their purchasing decision. On the other hand, the study draws the conclusion that the opportunity to purchase something online increases trust for the corporation, seemingly because it projects that the corporation trusts its customers.⁶⁵

Individuality - Lastly, individualized services only seem to have a minor effect on trust and commitment. It did not appear to have any effect on satisfaction. The authors draw the conclusion that corporations either do not make enough use of Internet or they are overrating the degree of individualization of their services.⁶⁶

Integration of transaction – This part was included in Bauer *et al*'s study to show how problems in transactions emerge when there is a lack of safety concerning payments and how this affects purchases.⁶⁷ However, we will not use this concept to answer the research questions.

The study shows that there is a close connection between the concepts of satisfaction, commitment and trust. Bauer *et al* draw the conclusion that since satisfaction is a multiplying factor, corporations who focus on this issue can also enhance trust and commitment. In this way, the corporation can achieve long-term efficiency. The authors also found that interactivity is the best way to increase customer satisfaction and build commitment to the corporation. Moreover, it seems necessary to promote direct corporation-to-customer contact as individualized communication can create close customer relations. Commitment is also positively influenced by satisfaction and individualized services. Furthermore, it is important to constantly review the online material as not to lose trust and hence commitment.⁶⁸

3.2.5 Value creation

Value creation is believed to be important in relationship marketing because a firm builds relationships by providing superior customer value on a sustained basis. Grönroos even maintains that it is crucial to provide a good perceived value, as it affects loyalty, the entire relationship and ultimately profit.⁶⁹ The conventional value process was based on firms who

⁶⁴ Bauer *et al*, 2002

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Grönroos, 2007

produced and consumers who consumed. Value lay in the product or service and markets exchanged value from producer to consumer. However, authors like Prahalad & Ramaswamy and Vargo & Lusch maintain that the future of competition is based on an individual-centered co-creation of value between consumers and companies. The following part presents what value is and explains the concept of co-creation of value further.

How is value created?

The value-creation process involves three key elements: the value the customer receives, the value the organization receives and the maximization of the lifetime value of attractive customer segments.⁷⁰ Christopher *et al* claims that firms should focus on the customer's value-creating processes, which occur in their everyday activities, processes and interactions. By supporting the processes of consumption and knowing the marketplace, firms can offer products or services that facilitate value. By removing so-called value destroyers, e.g. customer-averse administrative routines, firms are in a better position to create value.⁷¹

The new logic of value

According to Normann and Ramirez, there is a new logic of value as a result of global competition, changing markets and new technologies. They maintain that value is no longer added by firms but re-invented: economic actors now co-produce value. Normann and Ramirez' main argument is that value is created by mobilizing customers to create value for themselves. Value is created through offerings and the key task for firms is to reconfigure their relationships and business systems.⁷²

Individual-centered co-creation of value

The emergence of the Internet has made the consumer connected, informed and active.⁷³ Consumers can use the Internet to make more informed decisions or provide feedback to firms and other consumers. In fact, networking between consumers has changed the "top-down pattern of marketing".⁷⁴ Because of the Internet, geographical limits are no longer obstacles. Consumers use the Internet to interact with firms and entire communities. Because of the shifting role of consumers, they place other demands on the firms and want to interfere in the processes to create value. It is the personalized interactions that are of interest to the process and experience of value creation, as "value lies in the co-creation

⁷⁰ Christopher *et al*, 2000

⁷¹ Ibid.

⁷² Normann, R. & Ramirez, R. 1993, "From Value Chain to Value Constellation: Designing Interactive Strategy", Harvard Business Review, vol. 26, no. 6.

⁷³ Prahalad, C.K. & Ramaswamy, Venkat (2004). *The future of competition: co-creating unique value with customers*. Boston, Mass.: Harvard Business School Pub. p. 2

⁷⁴ Prahalad & Ramaswamy, 2004, p. 3

experience of a specific (consumer) at a specific point of time, in a special location, the context of a specific event.”⁷⁵

Vargo and Lusch maintain that all services are co-produced with the customer. The customers become part of the production process rather than a target for the finished product and can be involved in the entire value and service chain. The value created in a product or service can only be measured by the customers and firms can only strive to make the offerings better than the competitors’ offers. The interaction implies a relationship between the customer and the supplier, therefore co-creation leads to relationship-building.⁷⁶ Prahalad and Ramaswamy are of the same opinion and claim that “the co-creation experience of the consumer becomes the very basis of value.”⁷⁷ Prahalad and Ramaswamy further mention four building blocks of co-creation: dialogue, access, risk assessment and transparency. Through *dialogue*, firms and consumers engage in interaction to co-create value, while providing *access* to desirable experiences is another way to co-create value. The *risk assessment* building block refers to responsibility and the question “who takes responsibility for risks when consumers are active co-creators?” *Transparency* refers to the extent to which the firm should be transparent.⁷⁸

As personalized interactions are bound to vary from individual to individual, Prahalad and Ramaswamy state that ‘experience environments’ are required to enable unique co-creation experiences. They state that the Internet is such an environment, as it enables interaction between firms and consumers. Prahalad and Ramaswamy further explain that experience environments can be either physical or virtual and that traditional channels can complement electronic channels and lead to value creation. Consumers require multiple channels, experience-centric options and “want quick, easy, convenient, and safe access to experiences”.⁷⁹

As we can see, the co-creation process can lead to more knowledge for the customer, emotional bonding through interaction, an increase in trust when there is a willingness to interaction and enjoyment through access to communities. However, it also leads to many questions for the firm: to what extent should the consumer input be taken into consideration? How can the firm interact with millions of users? How much transparency is acceptable? How can the firm forecast demand when value is individualized?⁸⁰

⁷⁵ Prahalad & Ramaswamy, 2004, p.10

⁷⁶ Vargo & Lusch, 2004

⁷⁷ Prahalad & Ramaswamy, 2004, p. 10

⁷⁸ Ibid.

⁷⁹ Ibid., pp. 40-41

⁸⁰ Ibid.

3.3 Consumer behavior

In this section, some general characteristics of consumer behavior and online consumer behavior will be discussed. Theories regarding the buyer decision process, self-service environments and word-of-mouth will be presented in order to give the reader a deeper knowledge in these fields of studies and show their importance in the travel industry. The purpose of the section is to present consumer behavior today as a factor that influences the relationship between firms and consumers.

3.3.1 What is consumer behavior?

Customers consciously or unconsciously follow a pattern throughout the buying process. This pattern depends on what product or service the customer is buying and the amount of involvement and effort that customers put into the purchase. For example, a purchase of groceries needs less involvement and effort than when purchasing a new computer. Furthermore, the behavior can vary depending on if the purchase is conducted online or offline. With the increasing popularity of the Internet in everyday life, consumers can conduct information searches on their own and make purchases online without direct help from a seller.⁸¹ Consumer behavior is influenced by key factors such as commitment, perceived service quality, perceived value, trust and satisfaction. Garbalino and Johnson have shown that the most important factor when customers choose a supplier is trust.⁸² Since customers give the seller a lot of information, they want the seller to be reliable.⁸³

3.3.2 The buyer decision process

The buyer decision process model is well recognized among academic authors and has been described by Roger *et al*, Dibb *et al*, Baker and Kotler *et al* among others in their research.⁸⁴ This part will explain how the buyer decision process contains different stages and we will use the model below to explain how social media has influenced this process in the analysis.

⁸¹ Stockdale, 2006

⁸² Garbarino & Johnson. 1999, "The different roles of satisfaction, trust and commitment in customer relationships", *Journal of Marketing*, vol. 63, no. 2

⁸³ Reichheld *et al*, 2000

⁸⁴ Roger *et al*. 2003, *Marketing: The core*. 1st edn, McGraw Hill Professional; Dibb *et al*. 1996, *The market segmentation workbook: target marketing for marketing managers*, Cengage learning EMEA; Baker. 2003, *The marketing book*, 5th edn, Butterworth-Heinemann; Kotler *et al*. 2005, *Principles of marketing*. 4th European edn, Harlow: Financial Times/Prentice Hall.

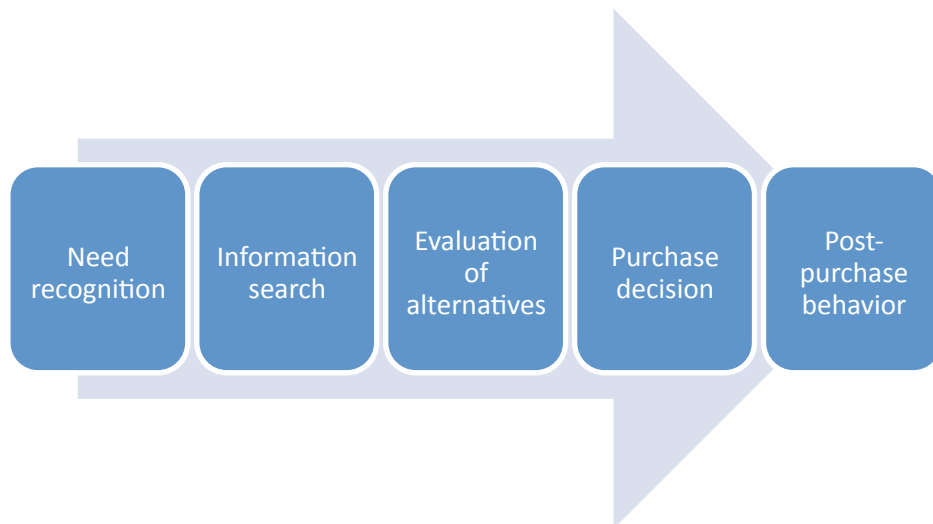


Figure 1 - The buyer decision process⁸⁵

Need recognition

The initial stage of the model is entered when the buyer recognizes a problem or other need that needs to be solved. Here the person feels a difference in their current situation and the desired situation. The customer need can be triggered either by internal or external stimuli. An internal stimuli can in the situation of travel be the need for relaxation or adventure that can be satisfied with a journey somewhere. The external stimuli can be e.g. an advertisement for a destination or a discussion with a friend or family member. For the firm this implies that they need to do research on what stimuli can trigger the customer need.⁸⁶

Information search

When the need has been recognized the person will start an information searching process, either an active search or one of heightened attention. This means that the customer either looks actively for information about products that can satisfy the needs or just that the person is more receptive to relevant information. The information can come from different sources such as family, friends, advertising, independent reviews, mass media, internet. The relative importance and influence of the information differs between sources. For instance, a customer often trusts people he or she knows more than commercial sources. Kotler mentions the importance of firms investigating how and what information the buyer make use of in order to better understand the customer.⁸⁷

Evaluation of alternatives

After collecting information, the consumer moves on to the evaluation process where he or she evaluates the different alternatives and decides what alternative is the best for him or her. The process can differ depending on the individual consumer and the specific buying situation. Customers are complex in their evaluation of the alternatives and consider the

⁸⁵ Kotler et al. 2005, *Principles of marketing*. 4th European edn, Harlow: Financial Times/Prentice Hall.

⁸⁶ Ibid.

⁸⁷ Ibid.

benefits and attributes of the different alternatives before making a decision on which alternative to choose. Sometimes the customer might make these decisions on their own or take active help from family, friends or salespeople in the evaluation process. A firm can try to influence the evaluation process by e.g. changing the buyer's perception of their offer in comparison to other offers or the attributes that the customers look for in a product.⁸⁸

Purchase decision

After the customer has evaluated the alternatives available he or she will conclude and possibly end up at a purchase intention. The customer might however be affected by attitudes of other people or unexpected factors between the purchase intention and the purchase decision. With the purchase decision there is also a degree of risk involved for the customer. The firm should try to decrease this perceived risk in order to generate a purchase.⁸⁹

Post-purchase behavior

It is considered important that the firms also consider the post-purchase process of their customers. Depending on if the customer's expectations with the product are fulfilled the customer will be either satisfied or dissatisfied. The firm might be in trouble if the customer is dissatisfied since it is widely known that unsatisfied customers tell people around them much more than satisfied customers. Kotler mentions the importance of not only listening to the customers, but also responding to their comments, questions and complaints.⁹⁰

By paying attention to this buyer decision process the firms can learn a lot about their customers and how to create value for them, how to make them loyal to the firm and how to build the relationships with them. This model will further help the firm to develop a strategy that delivers the firm the most value.

The model implies that all five stages need to be passed with every purchase. This might however not be the case for example with repeat purchases since the customer then can make the purchase without for instance extensive information search or evaluation.

3.3.3 Self-service environments

For firms operating online, it appears to be a necessary challenge to create relationships with customers at the same time as offering self-service environments to offer better prices through less service costs.⁹¹ Stockdale has created a model that specifies a few factors to consider when developing a self-service environment, which is visualized in the model below. The model is relevant to our thesis since it will be used to explain the change that has taken place in the relationship-building process since the emergence of the internet. It will

⁸⁸ Kotler *et al*, 2005

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Stockdale, 2006

also be used to explain how travel companies can use this model to create and sustain value and relationships.

In the model, Stockdale explains the importance of identifying and segmenting the online customers, providing a good customer experience through the website design and encouraging self-service activities. Information about the customers can be used to customize products for the customers and develop new products according to their needs. Internet facilitates the communication with the customer and offers possibilities for one-to-one interaction. Finally, the model explains that trust and loyalty can be built through the use of branding, loyalty schemes and community sites.⁹² Stockdale concludes that the chances for long-term relationships increase when it is supported by these factors.

Framework to support the management of customer relationships in a self-service online environment

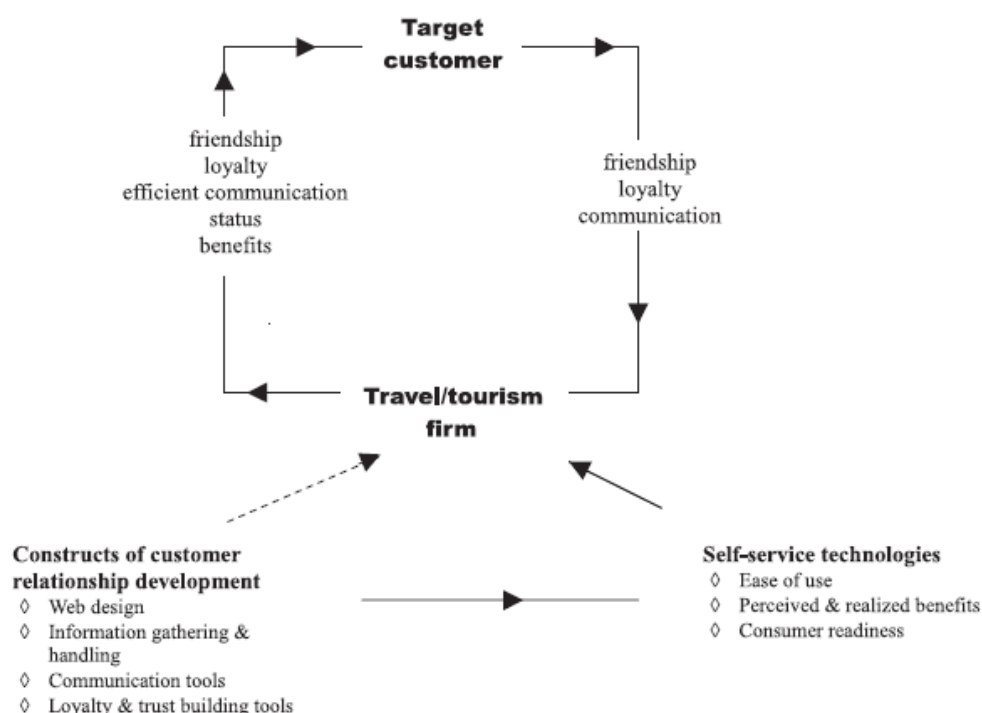


Figure 2 - Relationships in a self-service environment⁹³

We find it interesting that the model mentions friendship as a concept in the firm-customer interaction, since it is usually used to describe an intimate relationship between two people. This implies that trust and loyalty establish the relationship between the firm and the customer. It is also of importance that the model mentions loyalty and trust-building tools and web design as constructs of customer relationship development. Overall, the model shows various aspects of relationship management related to technology, which makes it relevant to the context of companies in an online environment who are interested in relationship building.

⁹² Stockdale, 2006

⁹³ Stockdale, 2006

3.3.4 Word-of-mouth

Word-of-mouth (WOM) is a term used to describe the communication between consumers about a product, service, or a company and a process in which the sources are considered to be independent of commercial influence.⁹⁴ It has further been defined as the action when "discussing one's consumption experiences with other people",⁹⁵ or as "the informal transmission of ideas, comments, opinions and information between two people, neither one of which is a marketer."⁹⁶ Online word-of-mouth means that consumers are communicating with each other online. It can spread much faster than normal word-of-mouth since it is possible to reach many more people at the same time online.⁹⁷

The interesting thing about WOM is that consumers often see WOM as a more reliable and trustworthy source of information than traditional advertising, since customers do not think that salespeople and marketers have the customers' best interests in mind.⁹⁸ The Internet has made it possible to communicate with up to thousands of other consumers at the same time. For example, if you type in a brand name in a search engine you can easily find many blog posts, reviews and opinions about the brand and its products.⁹⁹

Hennig-Thurau *et al* have summarized why consumers may engage in WOM communication on web-based opinion platforms: because of concern for other consumers, desire to help the company, social benefits received, application of power over companies, post-purchase advice seeking, self-enhancement, economic rewards, expression of positive emotions, and venting of negative feelings.¹⁰⁰

3.4 Social media

3.4.1 What is social media?

Social media refers to the "activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media. Conversational media are web-based applications that make it possible to create and easily transmit content in the form of words, pictures, videos and audios."¹⁰¹ Some popular social media tools today are Twitter, YouTube, social networks such as Facebook and MySpace, and blogs.¹⁰²

⁹⁴ Litvin *et al.* 2008, "Electronic word-of-mouth in hospitality and tourism management", *Tourism Management*, vol. 29, no. 3

⁹⁵ Blackwell *et al.* 2006, *Consumer behavior*. 10. ed. Mason, Ohio: Thomson Business and Economics. P. 214.

⁹⁶ Ibid. p. 533

⁹⁷ Ibid.

⁹⁸ Ibid.; Mangold & Faulds, 2009.

⁹⁹ Blackshaw & Nazzaro. 2006, "Consumer-generated media (CGM) 101. Word of mouth in the age of the web-fortified consumer." A Nielsen BuzzMetrics White Paper, vol. 2, Spring

¹⁰⁰ Hennig-Thurau *et al.* 2004, "Electronic word-of-mouth via consumer-opinion platforms: what motivates consumers to articulate themselves on the Internet?", *Journal of Interactive Marketing*, vol. 18, no.1

¹⁰¹ Safko & Brake, 2009, p. 6

¹⁰² Blackshaw & Nazzaro, 2006

Social media is an important part of peoples' daily activities on the Internet and has redefined the way people live and do business. The vast amount of detailed information available on the Internet and in social media has made it much easier to make well-informed purchases at any time, which is convenient for the customer. Through social media, direct interaction between suppliers and customers is facilitated throughout the entire buying process. This interaction between supplier and customer can occur in different ways; through communication, collaboration, education, and entertainment.¹⁰³ It becomes evident that the interaction in social media is not only about plain communication, but it also brings further value to the customer in the form of education, entertainment but also in the form of collaboration and the feeling of belonging to a certain group of people. For example, experienced buyers can educate other buyers about the product after their purchase through online communities.¹⁰⁴ Research shows that consumers like to obtain information from people with similar interests.¹⁰⁵ People share experiences and information about products and services online. Firms can take advantage of the customer-generated information published in the social media in order to educate other customers about the product or service, making customers feel closer to the firm in a more relaxed environment that is not too closely controlled by the firm. Hence, social media is about enabling conversation and sharing consumer-generated information between users.¹⁰⁶

Because of the importance of social media to millions of people, researchers maintain that companies should be a part of the phenomenon.¹⁰⁷ However, the firm has little control over the information flow in the world of social media. The customer decides with whom to interact in the interactive world and the sellers have to earn the right to the digital relationship by constantly improving the value offered to customers.¹⁰⁸ On the other hand, the firm can influence the on-going conversation. If this influence is successful, a fruitful relationship can be developed between the firm and the customer. Companies are increasingly using or creating online communities and blogs to create a positive image and to build relationships with their customers. Moreover, by listening to what is being said about the company online the firm can collect a lot of information about the customer.¹⁰⁹

Borges explains that it can take more time to build up trust and relationships with customers online than in the real world as customers often perceive the Internet as a riskier environment.¹¹⁰ Therefore, Safko and Brake maintain that it is important for the firms to

¹⁰³ Safko & Brake, 2009

¹⁰⁴ Hanna. 2008. *Internet offers deep pool of marketing options*. Questex Media Group.

¹⁰⁵ Mangold & Faulds, 2009

¹⁰⁶ Safko & Brake, 2009

¹⁰⁷ Safko & Brake, 2009; "More Twitter Chatter", 2009, *Travel Agent*, vol. 335

¹⁰⁸ Parsons *et al.* 1998, "Organizing today for the digital marketing of tomorrow", *Journal of Interactive marketing*, vol. 12, no. 1

¹⁰⁹ Buttermann. 2008, "The power of social networking", *Travel Agent*, vol. 333, no. 13

¹¹⁰ Borges. 2009, *Marketing 2.0: Bridging the gap between seller and buyer through social media marketing*, Wheatmark Inc

consider what value the presence in the social media can provide to the customer in order to effectively provide what customers want and co-create value.¹¹¹

3.4.2 Examples of social media strategies

Firms often have a different understanding of social media. Therefore, it follows that they have different strategies concerning social media. Firms often adopt a defensive or offensive strategy. A defensive strategy means that the firm creates their own social network on their website. The offensive strategy, on the other hand, involves the use of existing social media outlets, e.g. MySpace, and let consumers participate in the way that they prefer.¹¹² According to Safko and Brake, this method is more legitimate and believable for the customers. The authors further recommend firms not to be afraid of the technology and encourage them to experiment in order to learn while doing. Safko and Brake have also mentioned the importance to interact with customers and not view social media as a one-way communication channel used for promotion.¹¹³ Other authors emphasize that firms and consumers both need to be part of the conversation and make it feel less like a traditional marketing channel.¹¹⁴ Moreover, since consumers like to interact with like-minded, organizations can use this to their advantage, e.g. by creating online communities where customers can feel more engaged and interact with each other and submit feedback to the firm.¹¹⁵ Safko and Brake adds that it is more important to reach out to the community members rather than getting lost in all tools. Moreover, the firm can encourage user-generated content to continually develop.¹¹⁶

Social media is a rapidly changing area where it is difficult to predict the future. Experts predict that up to 80% of social media tools and applications that are currently on the market will either “go out of business, merge, or be purchased by larger entities.”¹¹⁷ Therefore, it seems that the strategy among firms in the industry should be less tool-dependent and more focused on developing customer relationships and creating value for the customer.

3.4.3 Social media tools

This section will present some of the most common social media tools today to give the reader an idea of what social media is. The reader should keep the fast-changing nature of social media in mind and remember that these may well be tools that evolve into something else, lose their importance in the future or be replaced by other tools.

¹¹¹ Safko & Brake, 2009

¹¹² Butterman, 2008

¹¹³ McKay. 2009, “A travel company’s tweet deals”, *CRM Magazine*, vol. 13, no. 6

¹¹⁴ “More Twitter Chatter”, 2009

¹¹⁵ Mangold & Faulds, 2009

¹¹⁶ Safko & Brake, 2009

¹¹⁷ Safko & Brake, 2009, p. 25

Blogs

A blog is a “website that is maintained by an individual or organization with regular entries or posts that include commentary, thoughts, and ideas, and may contain photos, graphics, audio, or video ... Most blogs provide news and content on a specific subject, while others operate as personal journals.”¹¹⁸ Blogs are created both by firms and customers. Firms can use blogs as a medium to promote products and to build customer relationships, while customers can use blogs to share their experiences with family, friends and other people.¹¹⁹ Users who contribute to blogs and other social media networks are often motivated by expecting help back, recognition or direct response to their input.¹²⁰ Firms often use Twitter, a micro-blog tool that works like a blog with shorter texts, as a communication, information channel and customer service channel.

Video

Online videos can enhance the experience for the customer and also enables the customer to share his or her views with other users. In this way, the company can receive free advertising. YouTube is the largest online video provider today. Anyone can watch videos on YouTube or sign up in order to upload and share videos. Videos include anything from video diaries, performances, music videos, emerging musicians to videos on political events. This tool can be used as a promotion channel for products and services.

Online communities

Wang *et al* regards online communities as the most effective way of relationship marketing, since it blurs the line between customers, allies, and partners. Because of this and the fact that communities are the most widespread tool today we will discuss online communities more thoroughly than the other social media tools.

“A social network, trusted network, virtual community, e-community, or *online community* is a group of people who interact through newsletters, blogs, comments, telephone, e-mail, and instant messages, and who use text, audio, photographs, and video for social, professional, and educational purposes. The social network’s goal is to build trust in a given community.”¹²¹ A community erases time and distance boundaries and facilitates the process of obtaining information, maintaining connections, building relationships, and meeting like-minded people.

¹¹⁸ Safko & Brake, 2009, p. 167

¹¹⁹ Schmallegger & Carson. 2008, “Blogs in tourism: Changing approaches to information exchange”, *Journal of Vacation Marketing*, vol. 14, no. 2

¹²⁰ Safko & Brake, 2009

¹²¹ Safko & Brake, 2009, p. 47

Research has shown that a proper development of a community based on member needs can enhance the customer relationship and increase the benefits for the firm.¹²² Sisodia and Wolfe maintain that by providing interesting, objective and relevant information, the firm can establish trust and make users become repeat visitors.¹²³ Furthermore, it can also reduce marketing costs in terms of attracting new customers and retaining the existing customers.¹²⁴ However, the successful operation of a virtual community depends largely on whether these organizations have a comprehensive understanding of a virtual community and how well they know the community members in terms of who and what their fundamental needs are. Understanding members and their needs is also essential in virtual community development since members are the core of any community and without them, there is no community.¹²⁵

Wang and Fesenmaier have developed a model describing four purposes that online communities fill for users, shown below. This model has been presented here with the purpose to show the importance of online communities to both the reader as well as the firms in the travel industry. The purposes are listed as follows: functional, psychological, social and hedonic needs. The functional purposes are the need for information, efficiency and convenience. The physiological purposes sought by the community members are affiliation, belonging and identification with other members. The social purposes with a community are communication, relationship, involvement and trust. The hedonic needs are those of entertainment, enjoyment, amusement and fun. If all these purposes are fulfilled by the community chances are big that the users will develop strong ties with the community, other members and the firm.¹²⁶

¹²² Wang & Fesenmaier. 2004, "Modeling participation in an online travel community", *Journal of Travel Research*, vol. 42, no. 3

¹²³ Sisodia & Wolfe, 2000

¹²⁴ Wang *et al.* 2002, "Defining the virtual tourist community: implications for tourism marketing", *Tourism Management*, vol. 23, no. 4

¹²⁵ Ibid.

¹²⁶ Wang & Fesenmaier, 2004

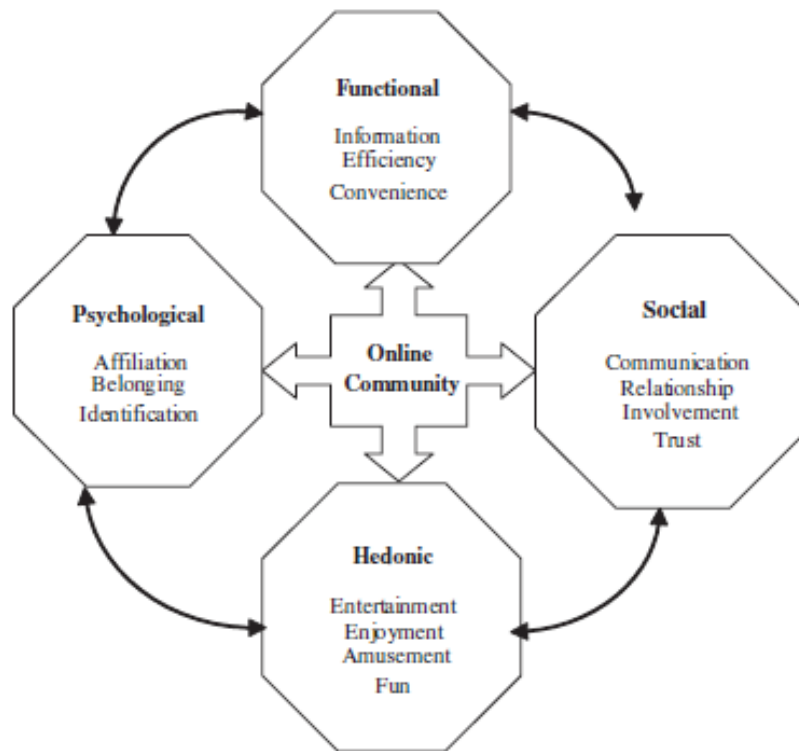


Figure 3 - Purposes filled by online communities¹²⁷

This model only shows an autonomous version of online communities as a social media tool. However, there are no guidelines as to how to fulfill the various needs, e.g. identification, affiliation and trust, which are complex concepts. Moreover, we ask ourselves where the firm can enter the model. It can provide the functional aspect and contribute to the social aspect, e.g. by building up trust and a relationship with users through communication. However, the firm could only fulfill the social aspect to some extent since customers trust other sources more. On the other hand, the model picks up on an important aspect that has been mentioned in social media literature: the importance of attracting customers through entertainment. Moreover, a question arises as to how this process can translate into purchases, which is something that the firm may ask itself as it seeks for the organizational value of joining or creating an online community.

Facebook is one of the most popular online communities in Sweden today. Facebook is aimed at enabling people to connect and interact with each other as well as providing a space for firms and organizations of different kinds to interact. Companies can present themselves and interact with their customers through profile pages that provide information, and accompanying pages where people can post comments or questions.

¹²⁷ Wang & Fesenmaier, 2004.

3.5 Summarizing the theoretical framework

Before leaving the theoretical framework of this thesis and moving on to the empirical data collection we want to step back and summarize the theoretical material presented above, in order to remind the reader of the relevant findings.

An introduction with the conceptualization of a service and the service industry was made in order to create a similar understanding of the concepts. We further described relationship marketing, which involves creating and retaining relationships with customers. We have drawn the conclusion that when the firm understands the customer, a closer relationship between the firm and the customer can be established. The concepts of trust, commitment and satisfaction were further described, as they are important for firms who aim at increasing the value of relationships with customers. For example, we concluded that when customers are satisfied, trust increases and the firm is then in a favorable position to tighten the relationship with the customer. We also explained the concept of co-creation of value through e.g. creating experiences for the customer. We have also discussed consumer behavior through concepts like word-of-mouth and the buyer decision process. Theories show that an understanding of the consumer behavior is vital since the products and services need to live up to the customers' expectations and needs to create value for the customer. We also explained how relationship building and the value-creating process can be aided by technologies, in our case social media. Relationships further involve loyalty, communication and friendship between the firm and the customer, this is described in the model by Stockdale. To provide the reader with a better understanding of various social media tools, we have also introduced tools such as blogs, videos and online communities.

4 Empirical findings

In this chapter, the selected travel companies are presented. Information retrieved from interviews with the selected travel companies is combined with other sources of data to provide the reader with a versatile description of how the selected travel companies use social media today.

4.1 Company presentations

4.1.1 Fritidsresor

Fritidsresegruppen, part of TUI Travel plc, is a Nordic corporate group where one main travel operator is Fritidsresor in Sweden. In 2007/2008, around 50% of travels were sold online, 35% through shops and over the phone, and 15% through external travel agencies.¹²⁸ Fritidsresor has a market share of 30% on the Swedish market, closely followed by Ving and Apollo. Fritidsresor offers package travels, charter trips, cruises, plane tickets and train travel.¹²⁹ Fritidsresor won an award for the “Best travel website” in 2009, placing it on place 9 in the overall list.¹³⁰ At Fritidsresor, 60% of the sales are generated through their website and an increasing share of their marketing efforts is concentrated to the Internet.¹³¹

4.1.2 KILROY travels

KILROY travels consists of three main segments: KILROY travels, KILROY Education and KILROY Group Travel. KILROY travels has specialized in products and services for young people and students. It mainly offers services in Sweden, Norway, Denmark, Finland and the Netherlands.¹³² KILROY travels offers backpacking travels as well as “off the beaten track” trips.¹³³ Around 30% of sales are generated online, whereas 70 percent are generated through their stores.¹³⁴ The focus is on online distribution, although offline sales channels are important to travelers who need extra service concerning more complicated routes and young travelers who are planning their first trip. In order to have a positive value proposition, KILROY travels strives to continuously develop its shops.¹³⁵

¹²⁸ Fritidsresor. Om företaget. www.fritidsresor.se/36665/Om-foretaget. 16 Nov. 2009

¹²⁹ Fritidsresor. Researrangörer. www.fritidsresor.se/36665/Om-foretaget/Researrangorer. 16 Nov. 2009

¹³⁰ Internetworld. Sveriges 100 bästa sajter. <http://internetworld.idg.se/2.1006/1.268174>, 13 Dec. 2009

¹³¹ Peter Hellström, personal interview

¹³² KILROY travels, Annual report 2008

¹³³ KILROY travels. Om Kilroy. www.kilroytravels.se/om+kilroy/om+kilroy/the_short_version.htm. 16 Nov. 2009

¹³⁴ Madeleine Lindahl, personal interview

¹³⁵ KILROY travels, Annual report 2008

4.1.3 Resia

Resia is the largest privately-owned travel agency chain in Sweden with 60 agencies. There has been a large rationalization process during the last years in e.g. business models and website solutions. In 2008, Resia won an award for the best business travel agency from the industry magazine Travel News in collaboration with the Swedish Business Travel Association SBTa and the consulting agency Resegeometri. The award was based on voting by business travelers and business travel decision makers.¹³⁶

4.1.4 TICKET

TICKET Travel Group is the largest publically listed chain of travel agencies for private and business travel in Sweden. The company is also present in Norway, Denmark and Finland and aims to become the leading actor in the Nordic region. In 2008, TICKET had a market share of 11% on the market for private travels and 5% of the market for business travels. 18% of the private sales were generated through the internet. TICKET's strategy is to stay in the local markets where their competitors are withdrawing.¹³⁷

4.1.5 TravelPartner

TravelPartner was founded in 1997 as the first Swedish OTA.¹³⁸ The firm has local websites in 20 European countries, e.g. in Germany, United Kingdom and France.¹³⁹ The firm is currently recruiting in order to expand on new markets.¹⁴⁰ TravelPartner's business concept is to offer private travelers and small and medium-sized companies a complete offer to the best possible prices.¹⁴¹

4.1.6 Ving

Ving is the largest travel operator in Sweden offering travels to more than 300 destinations in over 50 countries.¹⁴² It belongs to the international travel corporate group Thomas Cook group plc. Ving mainly offers charter travels, package offers and single airline tickets and hotel bookings. 60% of their travels are sold online, which is a reason why their website is stated to be the most central part of their business.¹⁴³ Ving.se was voted the 14th best website in 2009.¹⁴⁴ Ving's business vision is "First in mind, first in choice".

¹³⁶ Resia, Annual report 2008

¹³⁷ TICKET Travel Group, Annual Report 2008

¹³⁸ Mynewsdesk. Pressrum: Travelpartner. www.mynewsdesk.com/se/pressroom/travelpartner, 24 Nov. 2009

¹³⁹ Travelpartner.se. www.travelpartner.se, 24 Nov. 2009

¹⁴⁰ Affärsvärlden. Rekordtillväxt i resebolag. www.affarsvarlden.se/hem/graddfilen/article665176.ece, 24 Nov. 2009

¹⁴¹ Mynewsdesk. Pressrum: Travelpartner. www.mynewsdesk.com/se/pressroom/travelpartner, 24 Nov. 2009

¹⁴² Ving. Om företaget. www.ving.se/foretaget, 12 Nov. 2009

¹⁴³ Ving. Marknadsandelar och försäljning. www.ving.se/marknadsandelar-forsaljning, 14 Nov. 2009

¹⁴⁴ Internetworld. Sveriges 100 bästa sajter. <http://internetworld.idg.se/2.1006/1.268174>, 13 Dec. 2009

4.2 Results

This part presents results from the interviews and secondary data, where the information will be presented around different themes. The facts and opinions stated in this part of the essay are given by the interviewees at the travel companies, unless otherwise stated.

4.2.1 Developments in the travel industry

For the travel companies, internet has opened up a global market place where they can quickly acquire customers in a cost-effective way.¹⁴⁵ Travel companies are in a more advantageous position in comparison to companies in many other industries to go online and reduce their cost, this since their offerings are mainly composed of information.¹⁴⁶

According to a trend report, travelers are increasingly seeking advice from other travelers on the Internet, through blogs and communities, since experienced travelers are trusted to know more than professionals working in travel companies.¹⁴⁷ Research has shown that travel products and services is the sector most at risk from negative comments on social networks, with almost six out of ten (58 percent) saying that negative comments would lead to them abandoning a purchase.¹⁴⁸

Pan et al maintains that travel blogs is an inexpensive way to gather authentic valuable customer feedback about products and services.¹⁴⁹ Another useful application of travel blogs for travel companies is for monitoring the attitudes of travelers.

For tourism organizations, virtual communities have broadened their marketing horizon and are having a great impact on marketing, sales, product and service development, supplier network, information quality, and distribution channels.¹⁵⁰ Tourism organizations can create virtual community environments which may contain valuable options to make the product and service better, to provide more specialized and personalized services and thus build strong customer loyalty. This loyalty builds upon the strong relationship between customer and travel companies and can lead to more purchases. The communities can also be a forum where travel companies can provide interesting articles about different destinations.¹⁵¹ Travel organizations are beginning to realize the importance of utilizing virtual communities

¹⁴⁵ Berry, 1995.

¹⁴⁶ Wang et al, 2002

¹⁴⁷ European Travel Commission, ETC Tourism trends for Europe, 2006, www.etc-corporate.org/.../ETC_Tourism_Trends_for_Europe_09-2006_ENG.pdf, 22 Nov 2009

¹⁴⁸ Hotelmarketing.com, User generated comments: Travel brands most at risk. http://www.hotelmarketing.com/index.php/article/070731_user_generated_comments_travel_brands_most_at_risk/, 19 Nov 2009

¹⁴⁹ Pan et al. 2007, "Travel blogs and the implications for destination marketing", *Journal of Travel Research*, vol. 46, no. 1

¹⁵⁰ Wang et al, 2002

¹⁵¹ Sisodia & Wolfe, 2000

in order to improve the relationship with their customers.¹⁵² For travel companies, establishing and maintaining such communities offer both opportunities and challenges.

4.2.2 Online presence

All selected travel companies are present online. Fritidsresor, Resia, TICKET, TravelPartner and Ving were among the first companies to go online in 1997. At that time, the websites were mainly used as information channels while sales were still conducted in shops or over the telephone. It took a few years before it was made possible to complete a booking online. KILROY travels went online around 2004 and started to offer online booking shortly thereafter. All interviewees stress the importance that Internet has for their companies today. For example, TravelPartner generates nearly 100% of their sales online as it is an OTA.

Ving went online to be where their customers are. According to Öhrn, it is important that Ving adapts to their customers, their needs and the channels they use. Moreover, Öhrn expects online sales at Ving to increase to 80% within three years, which pertains to the reduction of stores from 55 stores to 3 stores. Öhrn further emphasizes the importance of Internet by stating that 90% of Ving's travelers look for information online before making a purchase. Joakim Eriksson, former information manager at Ving, stated that one goal is to make customers feel like they have gotten personal contact already on the web, so that they will not have to use other channels to book their travel.¹⁵³

Lindahl at KILROY travels maintains that it is self-explanatory to be online, e.g. to provide information that is more difficult to provide to the same extent in their shops. However, most of the bookings are customized for each customer as KILROY travels mainly offer more complex bookings, such as around-the-world tickets. As these kinds of travels require more advice and support, customers often prefer to visit the shop or call KILROY travels to book their travel. The website mainly offers cheap airline tickets and the online activities are slightly different from those that are offered in KILROY travels' shops because of the focus on price competition rather than service.

TICKET also mentions the Internet as an important and prioritized channel. During the last three years, customers have increasingly used the Internet to reach TICKET, find information, to pose questions as well as to book trips. Durnik maintains that the increase in internet sales has not lead to a decrease in sales from their other channels. Rather, the channels complement each other. For example, some customers find their way to TICKET's stores after first looking for information online.

Resia does not perceive the Internet as an important channel, or as Heljegård puts it: "We are above all a travel agency chain that is also available on the Internet."¹⁵⁴ Most of their sales are generated from their 58 shops. Although Resia is present online, Heljegård claims

¹⁵² Sisodia & Wolfe, 2000

¹⁵³ Internetworld, Ving tänker som kunden, <http://internetworld.idg.se/2.1006/1.114027>, 28 Nov. 2009.

¹⁵⁴ Own translation

that their customers prefer personal service and thus visit the shops. Heljegård also mentions their advantage in being available to customers online as well as offline.

4.2.3 Social media

The travel companies interviewed are very different in regard to how they use social media today. The following table will explain where the travel companies are present in order to give the reader an overview.

	Facebook	Twitter	YouTube	Own blog	Own community
Fritidsresor (TA)	x	x	x		x
KILROY travels (TA)	x	x	x	x	
Resia (TA)	<i>Resia does not use social media</i>				
TICKET (TA)		x	x		
TravelPartner (OTA)	x	x			
Ving (TA)	x	x	x	x	

Table 2 - Travel companies and their presence in social media

The following parts explain the use of social media more thoroughly for each company.

Fritidsresor

Fritidsresor is available on Facebook, Twitter, YouTube and has its own community, Reslust.se. The purpose of the website is to share tips and photos with other users. The visitor can view the latest uploaded pictures, reviews, the most popular destinations and the theme of the week. Hence, Fritidsresor encourages communication between the customers. According to Hellström, Fritidsresor is involved in social media is because they want to be where their customers are. As Hellström puts it, if something is interesting to their customers or travelers, it is interesting to Fritidsresor as well as the company's point of departure is always to inspire to travel.

KILROY travels

KILROY travels is available on Facebook, Twitter, YouTube and has its own travel blog community. According to the website, the travel blogs are a convenient way for their users to keep in touch with family and friends and share experiences through the blogs, photo sharing and a personal interactive map that always shows the current location of the traveler. The user also has the possibility of integrating their blog with their Facebook profile, where the application updates the profile automatically. The advantage of providing

the service of an online community is stated in the informational page: the user does not need extensive computer skills to share their experiences online through KILROY travels and the user does not have to wait to share their experiences until they are home again.

KILROY travels earlier had a Facebook profile that was used by all KILROY travels markets (the Nordic countries and Holland). However, a few weeks before the interview, every country created their own Facebook profile. The reason for creating a new profile was the confusion that arose with messages in different languages at the same page. During 2010, KILROY travels is planning to continue the development of their Facebook presence, for example through interactive banners. KILROY travels also has a Twitter account, which is not extensively used. In the future, KILROY travels wants to integrate their Facebook account with their Twitter account. This means that whenever the Facebook profile is updated with information, the Twitter account will automatically be updated with the same information. Moreover, Lindahl mentions the fact that very few Swedes have Twitter, whereas the use of Facebook is more widespread. Therefore, one must carefully consider where the resources should be allocated to. Moreover, KILROY travels is present in Flickr, a photo-sharing website. There are currently few pictures there, but Lindahl plans to add more pictures and videos in the future. In the future, Lindahl wants KILROY travels to become better at using their own blog. KILROY travels is going to start a discussion forum for their users in the future to let customers interact with each other in order to create customer value. The reason that they have not focused on their presence in social media is because of a shortage of staff and organizational changes.

Resia

Resia is not involved in social media today and will therefore not be discussed further at this point.

TICKET

TICKET is available on Twitter and YouTube. At the time of the interview, TICKET had used Twitter for around 6 months. For TICKET, using Twitter is not very useful to communicate with customers but more with media, competitors and journalists. The purpose and value with this channel today is unclear and is more seen as an experiment at this point. The YouTube channel was started only a few weeks before the interview with the purpose of seeing whether there is a public interest in this service or not. According to Durnik, the interest was greater than expected and TICKET will work more to extend this channel. Discussions have also been held at TICKET whether and how to be present on Facebook, but the value of communication through Facebook is also not very clear. There are plans of integrating their presence on Facebook through applications in cooperation with another travel community. Furthermore, the introduction of a blog has been discussed. However, TICKET does not see the need to introduce a blog since there is no demand for it.

At TICKET, it is unclear whether social media should be used as a sales channel or an information and brand-building channel. The actions in these social media channels may therefore not be focused on sales but more on communication with customers and the general public. Today, TICKET are following the trends and are looking at what these channels are being used for today and what these will be used for in the future in order to adapt to these changes.

TravelPartner

TravelPartner is available on Facebook, Twitter and another micro-blog at Bloggy.se. According to Vandiene, there is a value in being on Facebook as a customer service tool to create positive word-of-mouth and to create applications to get attention and to entertain and reach potential customers. There has also been a discussion at TravelPartner about whether or not to start campaigns and competitions to raise the awareness of their Twitter-account. However, this has not yet been implemented. TravelPartner is currently developing a blog to be used as a communication channel where the firm is going to present offers, competitions, articles and other items to create value and content for the customer. According to Vandiene, a blog provides further value for the firm since it is a tool that attracts more traffic from Google and other search engines. For TravelPartner, bookings increase much more when someone mentions their company online or writes about a destination than from a normal banner commercial. Therefore, TravelPartner is developing their website and working on creating customer value by allowing travelers to write reviews on their website. After a customer has made a purchase he or she gets an e-mail and is encouraged to evaluate the journey. Customers write about and rank their journey and all this information will in the future be presented on the website to give customers more dynamic information and inspiration. Apart from these projects, social media is not a prioritized marketing channel at TravelPartner.

Ving

Ving is available on Facebook, Twitter, YouTube and has its own blog. According to Åsa Broberg, e-commerce manager, social media at Ving is about conversation, creating relationships and spreading a message. She maintains that social media is cost-efficient and fast, that relations can be created through interaction and crowd sourcing, and that messages are spread through sharing and letting others present their views.¹⁵⁵ Ving uses Facebook to communicate with their customers and publish information. Ving encourages people to become “Fans” of the page on Facebook (subscribe to the profile) to get the latest news and communicate with the company. There is also a discussion forum on Facebook, but during the writing process of the thesis, there was not so many posts posted, despite the fact that the profile is at least one year old. The purpose of the Ving website is to inspire

¹⁵⁵ Webbdagarna 2009 – Ving, Åsa Broberg ”Från monolog till dialog”
<http://www.scribd.com/doc/16315339/Webbdagarna-2009-Ving-sa-Broberg>, 20 Nov. 2009.

people through their own tips and photos, but also by letting users upload their own photos and grade destinations. The website states that everyone can participate, even people who have not traveled with Ving. The older beta version of their website has been tested and commented by users and has shaped the design of the new website. The Ving.se blog revolves around new functions on the website and news concerning digital media. On the Canary Island blog, employees at Ving who are based on the Canary Islands write about their daily life on the islands and handy tips.

As pioneers on the Swedish market, Öhrn claims that Ving took a risk. The strategy was to start the website and learn by doing. Öhrn maintains that it was beneficial for them to try new tools before waiting for a written strategy. The biggest question mark was what purpose the project should fulfill. Throughout the process, the firm has made some mistakes but Öhrn feels that Ving gained experience before its competitors. A challenge for Ving is to deliver good service and personal treatment to each customer online, like they do in their physical shops. Since the competitors are only one click away, Ving has realized that they need to focus on providing the information that the customers are looking for. The website has therefore been developed in cooperation with the customers. In fact, Ving's entire advertisement strategy has changed because of their extensive use of Internet. For example, while marketing campaigns in the past showed a product and its price, campaigns are now more about attracting people to the website where there are more offers and information that can raise the customer's interest.¹⁵⁶

4.2.4 Building loyalty & relationships

Building loyalty and relationships is important for all types of firms. The interviews we have conducted show that the travel companies think differently about loyalty and that they have different methods in achieving loyalty among their customers.

At Fritidsresor, loyal customers are created through the fulfillment of promises to the customer and to fulfill and exceed their expectations. Thereafter, the firm can strengthen the relationship through unique offers, more contact and creating a personal relationship with the customer. According to Hellström, social media is becoming increasingly important to Fritidsresor when building loyalty.

KILROY travels create loyal customers through their customized offerings and by making sure that the customer gets his or her dream vacation. The main opportunity to create loyalty among customers is through the relationship building in their shops. Lindahl believes that their sales agents contribute with their experience and create a relationship in this way. Moreover, a lot of word-of-mouth is created through their customers. A reason why strong relationships are created is because the planning phase for the kind of trips that KILROY travels offers are longer than for other trips. Therefore, there is a longer period during which the customer speaks to his or her friends, as well as to the sales agents. The customer

¹⁵⁶ Internetworld, Ving tänker som kunden, <http://internetworld.idg.se/2.1006/1.114027>, 28 Nov. 2009.

usually visits the shop several times before the booking is completed. However, the first contact or point-of-entry is often online, before the customer sends a question through e-mail or visits the shop. Thereafter, there are different ways of keeping in contact with their customers. At the same time, Lindahl maintains that it is difficult to retain customers today because price is very important to many customers. For example, KILROY travels' main competitor is STA Travels, which has almost the same offerings and is bigger in nearly all countries but Sweden. Since the supplier prices are similar, competition often revolves around how much the TAs can cut their margins. According to Lindahl, KILROY travels has sometimes cuts the margin a lot in order to get the customer. The primary target group of KILROY travels is aged 18-26, but people up to their early 30s also use KILROY travels to book travels. According to Lindahl, it is somewhat of a disadvantage to have young customers as a target group because they are more prone to try new things and are price conscious.

Resia creates loyal customers through personal interaction with the customer. Heljegård believes that Resia has an advantage in that their presence is large in smaller cities. She exemplifies this by giving the example of people already knowing the sales agents working in the shops and that this creates more trust. Such a contact is more difficult to establish online, although every shop is encouraged to put up their own website under Resia.se. Hence, Resia tries to emphasize the shops.

According to Durnik, social media is not perceived as a strong tool used to create loyalty. He maintains that a good way of gaining loyal customers is to meet and exceed customer expectations and that loyalty is created through the personal interaction with the customers through a high quality customer service. TICKET strives to have a personal contact with every customer, regardless of whether they book online, through the telephone or in a store. All customers are contacted by TICKET before and after their journey to provide extra services with the main aim to exceed the customer's expectations and create loyal customers. Durnik states that this contact with the customer can be done through social media in the future. However, Durnik maintains that this will not provide the same personal touch as they provide through personal contact today.

Vandiene at TravelPartner points out that it is difficult to create relationships and loyal customers for a firm that offers travel services as most people are concentrated on the destination to which they are flying and some do not care what airline they use or through which travel company they book. Since OTAs mostly sell only the flight tickets and not the entire experience package as TAs, it is hard to establish a loyal customer base. TravelPartner is working to increase loyalty through their customer support. The majority of the customers at TravelPartner are people with an average age of 50+. Since the older target group is not very familiar with Internet and Twitter, TravelPartner are not concentrating on social media. Rather, TravelPartner focuses on establishing loyal customers through creating an image of trust by providing online security and safety. Furthermore, newsletters are also sent to existing customers to build relationships and to encourage repeat purchases.

At Ving, loyalty is built by providing the customers with personal service. According to Öhrn, it is important to see your customers. Ving strives to give the same customer experience no matter which channel is used in the communication with the customer. Social media is important for Ving to build relationships. Sales agents can on Ving's website, Facebook and Twitter interact with customers, answer questions and recommend destinations and packages. In fact, the most frequent travelers are active on the internet where Ving posts offers and news regarding new destinations, hotels, and other offers. Furthermore, comments from other consumers already familiar with the destinations can work to make the comments more trustworthy or appealing. This is a way of creating a relationship with the customers.

4.2.5 Value creation

In the interviews we asked the interviewees how they create value for their customers. Depending on the type of travel company interviewed the answers differed. At Fritidsresor for example, value is created by offering unique trips that only they can offer and deliver to the customer. Hellström further points out that it is important to offer safety and trust to their customers. KILROY travels claims to create value for its customers through customized bookings.

Resia creates value through personal meetings with the customer. Heljegård believes that personal meetings are better because of the time it takes to search for information online and the vast amount of information, which makes it difficult to screen the various offers. Moreover, the customer may be unsure of where he or she wants to go, and then sales agents can help the customers because they have a lot of experience. There are also customers who know exactly what they want and just need a finished package. Hence, there is a time aspect and a recommendation aspect.

At TICKET, value is created for the customer by making content available in different channels. According to Durnik, TICKET has an opportunity to provide offers from all suppliers in one place, which creates value for the customer as they do not have to compare offers from different suppliers on their own. Value is further created through a simple contact with the firm, and the personal touch provided through the interaction between the seller and the buyer. Durnik also mention package deals as a way to create value. Moreover, Durnik mentions how travel companies can act as a filter: TICKET can provide the customer with a convenient service by choosing relevant offers for the customers, thus decreasing the requirement for the customers to look for the right offers themselves.

In contrast to the other firms, TravelPartner does not compete by providing personal service. Vandiene believes that as customers get better informed, they realize that they can book travel themselves online at a lower price than when booking through a traditional travel agency. According to Vandiene, this price advantage is the main advantage that TravelPartner has in comparison to conventional travel agencies.

Through its online presence, Ving strives to increase customer value through providing an opportunity to discuss experiences, get information and recommendations on where to go and also to get response on possible complaints. Öhrn maintains that they want their website to be transparent and objective and the customers should further be able to raise complaints and show their opinion even if it is of negative character. Launching the opportunity for customers to share their experiences has been successful. Joakim Eriksson stated that he believed that trust increases when people can read what other customers say about the company and their products.¹⁵⁷ Moreover, Ving started to rebuild the website in the beginning of 2004 to adapt to customer needs and create value for customers. For example, the customer may not know exactly when he or she wants to travel, or wants to know what he or she can get for a certain price. Moreover, the website has been designed to have the booking close at hand at all times, e.g. through the inspirational pages.¹⁵⁸

Hence, all travel companies maintain that they create value through their offers and the service that they can offer their customers. No travel company claims to create value through social media, except for Ving, which does this to a certain extent.

4.2.6 The future

All our interviews were ended with a discussion about the future within the travel industry and social media. The interviewees all agreed on the difficulty in predicting the future.

Hellström at Fritidsresor mentions that they want to continue being where their customers are and continue to inspire people to travel. However, other distribution and sales channels are still important: the customer can still consult with a sales agent, be inspired from a travel catalogue but later book the trip online. The same customer could theoretically book the trip through Fritidsresor's shop and book online the next time. There are several alternatives.

Lindahl feels that KILROY travels need to become better at picking up new trends within the field of social media. Because of a shortage in staff and organizational changes, they have not had time to learn more about social media and have thus focused on sales. However, Lindahl believes that social media will become very important to KILROY travels in the future because it eases the communication with their customers. While some companies use Twitter as a customer service channel, Lindahl does not believe that this will be relevant for KILROY travels because questions often regard specific bookings. On the other hand, Lindahl does not outrule this idea. Moreover, Lindahl finds social media interesting because there are no costs involved, although it still takes a lot of resources from the organization.

Resia is planning to start utilizing social media. Because of the recession, it has been difficult to hire more staff to emphasize on social media and Heljegård hopes that they can start with this process in 2010. For example, Resia is interested in having their own blog and Heljegård suggests that their well-traveled employees can share their knowledge through the blog.

¹⁵⁷ Internetworld, Ving tänker som kunden, <http://internetworld.idg.se/2.1006/1.114027>, 28 Nov 2009.

¹⁵⁸ Ibid.

They are also interested in being seen more on Facebook, whereas plans to join Twitter are further into the future because of the low amount of Swedish users. At the same time, Heljegård believes that these channels may become more important in the future. When it comes to user-generated material, this is something that they are considering to start. Currently, reviews from the sales agents are available under each shop's website and these may be put together in the future. Heljegård says that it is possible that they will open up the possibility for users to comment and share their own reviews. Whether they can work more on this depends on their financial possibilities in 2010.

Durnik is convinced that the importance of social media will grow stronger, but that it is difficult to predict the future in this fast-changing environment. The biggest question is what value the new technology can bring for the firm and the customer. The situation in the industry is today one of experimenting and trying out different things to see what the future brings. Whether these new channels will bring value as a revenue, sales, brand or customer value driver is today unknown and only the future will tell, says Durnik.

Vandiene maintains that it is difficult to predict the future because of the rapid development of the internet, in social media and in the travel industry in general. He expects the Travel 2.0 trend with social media to continue with reviews and blogs on the internet and the empowerment of the customer. Vandiene further stated that TravelPartner prefers when the customer contacts the firm directly if they have a problem or a complaint rather than doing it openly through Twitter or other social media. For TravelPartner, this kind of direct communication is preferred when solving a problem for the customer. Vandiene further states that he thinks the whole travel industry will become more flexible when it comes to adapting to the customer. Today, booking systems are based on old programming and in the future the systems will be easier to work with and it will become easier to search for different combinations of destinations, prices and dates for travel.

As the future is changing at such a fast pace, Ving is working to watch trends, e.g. by attending seminars and letting their webmaster, web analyst and search word optimizer keep track on current and future trends.

None of the travel companies included in this thesis had particularly concrete plans and their plans were often not well-developed. The interviewees claimed that they had too few resources to invest in social media, despite the fact that they consider social media to be important. Another reason for not revealing too much of the future plans might have been that they don't want to give away too much information to the competitors.

5 Analysis

In this chapter, the empirical data is examined in the light of presented theories and focuses on what can be learned from the selected travel companies. We analyze how social media has transformed the relationships between travel companies and their customers, how selected travel companies use social media today, and how travel companies can use social media to create and sustain value and relationships with their customers.

The reader has in preceding parts of this thesis been introduced to theories and empirical findings on the subject of travel agencies and social media. The proceeding analysis will include three sections. The first section will discuss *how social media has transformed the relationships between travel companies and their customers*. The second section will discuss *in what ways selected Swedish travel companies are using social media today*. The third section will deal with the question *how travel companies can use social media to create and sustain value and relationships with their customers*.

From the literature study, we would like to highlight the main characteristics of services sold by travel companies. We believe that it is necessary to keep in mind that travel companies differ from firms selling other products or services. As Grönroos, Bryson & Daniels and Swarbrooke & Horner point out, travel companies sell services, which are intangible, inseparable, heterogenic, and lack ownership. Since the services are intangible, the customer cannot evaluate them before purchase. Customers therefore pay much attention to word-of-mouth and information from other customers provided through social media. Overall, customers are highly involved in the buying process of a travel service. Moreover, the production of travel services is inseparable from the consumption of the same, since the customer and supplier are creating the service through interaction. Travel services are heterogenic because every customer has a different experience when consuming the service. Lastly, travel services lack ownership because the customer only has access to the service for a limited amount of time. Since travel services have these characteristics, it makes them more difficult to analyze because of the inconsistency presented by its heterogenic character. The inseparability of production and consumption means that services also depend much on how the customer contributes to the creation of the experience. The travel industry is an industry where it is easy to create emotions and feelings, which can be enhanced through social media with pictures, videos and other conversational media to create attention, build relationships and create value.

5.1 How has social media transformed the relationships between travel companies and their customers?

After the discussion around the service industry we will now move on to look at how social media has transformed relationships between the selected travel companies and the customers.

Social media is an important tool that has aided and heavily transformed relationships between firms and customers. Customers are interacting with each other in ways that were not possible before and communicating with firms in new ways. Today customers demand more and want better experiences. Therefore, firms are adapting in order to create value. Since people spend more time online, most of the selected travel companies stressed the importance of being present online as their customers are there. Through social media tools, the entire travel industry is becoming more transparent and more personalized. Comments from customers on everything from website experiences, customer support experiences and the actual travel itself are on display for hundreds, sometimes millions, of online users. As can be seen, social media has led to many changes in the interaction between firms and customers. We will now move on to present the most prominent areas that have been affected by social media.

New communication channels and ways of interaction

Through social media, firms have easier access to customers all over the world. Social media has not only opened up a two-way communication between the firm and the customer, it has also allowed customers to interact with each other in ways that were not possible before. For example, their discussions are taking place in forums that are not controlled by the firm. Moreover, social media has opened up a number of new communication channels: blogs, online communities and video networks and it is now up to the customer to choose the way in which he or she prefers to communicate with the firm or other customers. These communication channels are in no way replacing each other, but rather extending the number of communication channels that can reinforce each other. Fritidsresor mentioned how the different communication channels complement each other, because the customer can book their travel in a shop and find more detailed information on the website before or after the purchase. In addition, firms are today expected to provide information at a time and place convenient to the customer. The number of communication channels implies that constant communication is possible, which brings a new challenge for firms when customers expect great service at all times.

According to Berry, social media has opened up markets geographically and size-wise, which means that firms can more easily reach customers with information about offerings through social media. In addition, customers can inform each other about firms, offers and their experiences. Furthermore, the travel company can reach more customers when distance is not a problem.

However, this also implies that there are more competitors on the market. This brings new challenges as competitors are only a mouse-click away and customers can easily compare prices and offers. Since there are so many new communication channels, firms often struggle to be seen by their customers. This is also one of the reasons why firms find it more difficult to build relationships with their customers today. Because of the competition, many of the selected travel companies stressed the necessity for firms to be present where their customers are in order to be seen. Many of the selected travel companies are therefore involved in social media today.

A new role for customers

According to Prahalad and Ramaswamy, there are several ways in which the role of customers has changed. Customers are more connected through the many new communication channels, informed because of reduced search costs and a high availability of information and active because of their involvement in the co-creation of value. Moreover, customers have changed because of the communication that takes place. For example, customers provide feedback to firms and other customers to a greater extent than earlier.

A new role for travel companies

Many travel companies find it more difficult to retain customers today. Vatariasombut *et al* explain this using three factors: reduced search costs, lower entry barriers and the reduced distinctiveness of firms that results from the Internet environment. These forces have led to a change in the role of travel companies. Today travel companies often act as filters when the customers evaluate different offers from different airlines and other providers. This is something that TICKET, Resia and TravelPartner claim to offer the customer and they consider their role as advisors to be a value-creating activity. For example, some selected travel companies maintained that customers sometimes prefer personal service through a sales agent after independently searching for information online. This filtering function is also something that has influenced the buying process. With social media the filter function can be executed by the customer rather than a travel company and it might therefore make travel companies redundant in that aspect. Customers can also turn to social media (e.g. online communities) to receive advice and inspiration. Because of this, travel companies often use social media to strengthen loyalty, as seen in Ving's case with Facebook.

The emergence of self-service environments

People are today more open to online purchasing and Internet use. This trend of online activities is reflected in the whole industry where we can see a transition from customers booking travels through a real person at a TA to sometimes booking the entire journey online through a TA or OTA. The main difference is that travels can now be bought directly online from the comfort of the buyer's home at any time. The emergence of self-service

environments as a contrast to the traditional way of booking through sales agents is shown by Stockdale's model. However, many firms still find it difficult to achieve a balance between relationship-building activities, which can be expensive, and self-service environments to decrease costs for the firm and the customer. As the situation of balancing these activities is still new to many firms and it is difficult to know exactly how to deal with the situation, we are inclined to believe that firm strategies on how to deal with new trends and environments are needed. We will later use Stockdale's model to explain how travel companies can use social media tools to create and sustain value and relationships in a self-service environment.

The importance of online word-of-mouth

Online word-of-mouth in social media has had a big influence on how customers inform themselves, get inspiration and recommendations on how and where to travel. As Blackwell *et al* and Mangold & Faulds stated, word-of-mouth is seen as more trustworthy and reliable than firm-generated content. Since consumers prefer to consult people in their trusted network for advice before a purchase, it seems important for firms to be part of this network in order to influence the consumer. Travel companies can encourage communication between customers in social media and through other communication channels to increase trust and exchange of information. Social media can help customers who are unfamiliar with a firm or destination to evaluate their offers by taking advice from other experienced users over the social media platform. The importance of social media is also reflected in the readiness of people to help other online users by giving them advice, opinions or sharing their experiences. The motivational factors include concern for other users, venting of negative feelings, but also self-enhancement and sometimes economic rewards. Moreover, the summary over motivational factors by Hennig-Thurau *et al* shows how word-of-mouth can be subject to many different feelings and factors pertaining to personality etc.

TravelPartner is a travel company that has noted the importance of online word-of-mouth. Since TravelPartner generates more sales through word-of-mouth than regular online advertising banners, TravelPartner are working to develop their own community where customers can leave their own reviews and interact with others.

Using CRM to manage customer relationships

In order to strengthen the relationships, the firms need to know as much as possible about their customers to understand them better (as mentioned by Wang and Fesenmaier). Social media has facilitated the process of knowing customers better since these new communication channels present a lot of information about the customers. By involving in the customer-to-customer interaction the firm can collect information about what the customer wants and if they are satisfied or not. Christopher *et al* also mentioned the importance of firms informing themselves about customers, especially in a fast-changing environment. Hence, when firms are involved in social media and join the conversation, it is

easier to find out the desires of their customers. The information can be used by the travel companies to develop new product offers or services, attract new customers as well as keeping existing customers. Firms are no longer the sole producer of products and services because the customer actively takes part in the co-creation process. Hence, firms are now taking a more active part in informing themselves about their customers.

Transforming the buyer decision process

The buyer decision process has also been affected by the emergence of social media. We believe that the process in many cases has become easier for the customer in the information search stage, the evaluation stage and the post-purchase behavior. By using social media, the customer gets an experience through the booking and interaction. Moreover, he or she can make more well-informed purchases through the enormous availability of information, not just through websites but also through online communities and other conversational media. With social media the consumer can conduct a more extensive information search by getting involved in discussions and reading reviews online. By using a travel company as a filter, the information search and evaluation process can also be aided. We are also of the opinion that the post-purchase behavior might be heavily influenced by social media. The customer involves in a lot of interaction with other people during the decision process and this can be made easier and more time-efficient through the use of social media. With this we can conclude that social media has changed not the general decision process, but the way in which the buyers interact with the environment around them in this process. Moreover, the customer has become notably more independent and empowered. We also believe that the need stage can be stimulated by social media, through inspiration from e.g. online communities. When people hear about that a user had a great experience booking their trip with a certain travel company, they are more likely to buy a travel service from this travel company.

Loss of control

Furthermore, social media has lead to the loss of control for firms over the informational flow and the near exclusivity of providing information about their products and services. The biggest risk for the firms is negative information spread online about the firm as online word-of-mouth spreads faster than normal word-of-mouth. If social media is utilized in the right way, the firm can counter negative effects and possibly build an even stronger reputation. However, it can still be difficult to change how customers feel about a company and it can take a long time to build up trust again in the event of negative incidents. However, the firm can still influence conversations by joining the conversation, listening to their customers and actively talking to customers. Although the travel product and service sector is most likely to be affected by negative comments, Ving and TICKET are not concerned about this fact. Ving claims to prefer the transparency and to show how they handle such comments. TICKET's post-purchase communication is perceived as positive by

customers, which can imply that the customer wants to be seen by the firm and appreciates when the firm acknowledges him or her. This can be a way for the firm to create customer loyalty. Moreover, we are of the opinion that individualized communication is especially achievable through social media to make the customer feel special.

Co-creation of experiences

Several authors mention how firms and customers co-create value through experiences and interaction. For example, Normann and Ramirez claim that value is created by mobilizing customers to create value for themselves. Prahalad and Ramaswamy state that experience environments, such as the Internet, provide such environments that are required to co-create value. In our opinion, social media is an example of experience environments where dialogue takes place and experiences are created for customers to create value. Social media provides environments that fulfill several purposes for users, e.g. education and entertainment. Consumers can meet like-minded and create personalized interactions that suit them. However, Prahalad and Ramaswamy also maintain that experience environments can be physical and that multiple channels are actually preferred by consumers who want to have a choice on how to interact with firms and other consumers.

The impact of social media on the concepts of trust, commitment and satisfaction

As has been mentioned by Bauer *et al* in the theoretical framework, trust can be built in different ways. Social norms, professionalism, personality traits and the experience of business and contacts over time all contribute to trust in a firm. Social media has given the firms another tool with which they can create trust. The openness in the communication also strengthens trust, and here social media with its open communication has transformed this process. Joakim Eriksson at Ving stated that he believed that trust increases when users can read what customers say about the company and their products. Commitment from the customer's perspective is when he or she feels motivated to stay in a relationship with the firm. Social media has also here given the firms new opportunities to bond with the customers. Bauer *et al* further maintains that the three concepts of trust, commitment and satisfaction influence each other and that internet can strengthen the relationships between the customers and the firms. We maintain that social media has transformed these concepts and when used efficiently they can aid the two-way communication between the firm and the customers.

The empirical findings indicate that it is difficult to create trust online. TravelPartner mentions that they attempt to create a feeling of trust on their website and believes that this has contributed to the high number of older people who purchase products and services through their website. Ving works to make their website transparent and reliable, for instance with customer reviews, since it has been shown that when existing customers can express their opinions openly on their website potential customers trust the firm to a higher extent.

Summary

Many authors maintain that social media is indeed transforming the relationships between firms and customers. From our findings we conclude that the customer has become much more empowered, that interaction now occurs through a two-way communication and that social media has made industries and relationships more transparent. Our findings also show that most of the selected travel companies do not realize the importance of social media and that it is transforming the relationships between firms and customers. We believe that when more travel companies realize this fact the competition between the travel companies will increase and force all firms to involve more heavily in social media, possibly transforming relationships further.

5.2 In what ways are selected Swedish travel companies using social media today?

The empirical research reveals that the way and to what extent the selected travel companies on the Swedish market engage in social media differs greatly. Some of the selected travel companies are deeply involved in social media with their own communities, blogs, Twitter, Facebook or YouTube accounts whereas some are not at all present in social media.

Different approaches to social media

All of the selected travel companies consider Internet to be important for their firms. This is reflected by the percentage of overall sales that are generated online: 60% for Fritidsresor and Ving. Öhrn expects the figure to increase to 80 percent within three years as they have reduced the amount of stores. Many of the selected travel companies state that they use the Internet to attract customers to their websites as well as to their physical stores. According to Durnik, TICKET uses the Internet as an information channel where the customers are informed about different offers, the customers then come to the stores to ask questions, and to finalize the booking and payment. Ving relies more on social media since it has reduced its amount of stores drastically in the last few years. Hence, Ving uses social media to attract new customers, and not only to improve the relationships with existing customers. This can thus create more value both for the firm and the customer: for the firm since they can get more customers at a lower cost and for the customer since they can easier find the right offers. Fritidsresor, KILROY travels and Ving are the most active firms in social media of the interviewed travel companies whereas Resia, TICKET and TravelPartner are less involved. Scarce resources and a lack of time are Resia's explanations for their lack of involvement in social media, and the interview suggested that the ideas were not that well-developed yet. TravelPartner uses social media more as an information channel today, but are in the process of developing new interactive social media tools for the future.

It is difficult to evaluate the impact social media has on revenue and other measures of success in the different firms. The required resources are often scarce, both financially and labor wise, making it hard for firms to engage fully in social media activities. The fact that

different firms are concentrating on different segments, which are reachable through different channels (e.g. online/offline) adds to the complexity. Some travel companies are moving away from having a large amount of physical stores and concentrate more on online transactions, such as Ving, whereas some concentrate their activities to the physical stores.

A challenge to create loyalty

Most of the travel companies create loyalty among customers by fulfilling promises, through personal interaction, high level of service, being where their customers are or in TravelPartner's case, through price advantages. The empirical findings have also shown that the selected travel companies do not especially consider social media as a tool that creates loyalty, which is an important concept in relationship building. Fritidsresor tries to fulfill or exceed the promises as a measure to create relationships and loyalty. This loyalty is further emphasized through contact, unique offers, and personal interaction and relationships with the customers. Hence, the entire experience is considered important to build loyalty. However, it depends on the firm whether loyalty can be built through social media or not. For instance, KILROY travels mentions customized offerings as a measure to build loyalty. In their case, it is difficult to build loyalty through social media as customized offerings are created through personal contact with a sales agent. However, this does not prevent them from building relationships, and thus possibly loyalty, through e.g. their online blog community. Furthermore, we can see that the loyalty-building process is more complicated today since many customers only look for the best price, regardless of which travel company they use.

Personal service rather than social media

Many of the travel companies that we have interviewed seem to be of the opinion that they can counter the effect of using social media through offering personal service in their shops and offline presence. Personal service was usually mentioned as a way to create value in general. The TAs as well as the OTA stress the importance of personal service to the customers. TAs can achieve this through the personal contact in the stores whereas OTAs may have to provide some sort of personal experience online. Some of our interviewees confirm that this is hard to achieve online but they see social media as a tool to reach the customer with a personal service tailored at the individual customer. For example, Öhrn at Ving emphasizes this fact and mentions that it is a challenge for the firm to deliver the same personal interaction online as they do in their shops. Furthermore, TravelPartner even mentions the fact that they cannot offer the same customer service as the TAs. However, they are working to increase the customer support in other ways. Resia maintains that loyal customers are created through the personal interaction in their stores when trust is built up with a known sales agent. Durnik at TICKET also believes that loyalty is built through the personal interaction in their stores rather than through social media. Important is further to be visible where the customers are and want to be, something Fritidsresor mention. With

this we can conclude that the firms do not see social media as an efficient tool to increase loyalty.

Value creation

Most often, the value mentioned by the interviewed firms was one that was already provided through their other distribution channels or one that they could create for themselves. Fritidsresor creates value through their offerings, whereas Resia and TICKET create value through personal interaction with the customer. Moreover, TICKET creates value by making content available in different channels. TravelPartner mainly offers value through price advantages. Ving is the only travel company that mentioned social media as a tool to create value, by allowing customers to discuss experiences, get information and recommendations on where to go and also to get response on possible complaints. A value for the firm that they have not thought about is how much the travel company can actually learn about the customer through social media, e.g. through their blogs and conversations with each other. This can help the firms to learn about the customers' interests and desires.

Expected future developments within social media

Almost all interviewees mention some kind of development within the social media field. TravelPartner is developing their website to include customer reviews and developing a blog. Furthermore, TICKET are looking into the possibility to use a Facebook application in cooperation with another travel community to establish their presence in this particular social media tool. Resia are also developing their social media presence through a new blog. They are further discussing whether to open up for customer reviews on their website. Lindahl believes that social media will become very important to KILROY travels in the future because it eases the communication with their customers.

Summary

The results indicate that the selected travel companies find it difficult know how to use social media. This seemingly follows from a lack of understanding of the effect of social media on the relationship between firms and customers on value creation and relationship building. The results also indicate that firms do not realize the value that can be created through social media for the customer as well as for the firm, and therefore they have not invested more in social media. These differences might well lie in the different amount of resources the firms have put into these activities. For many, social media is still a new phenomenon and they simply have no grasp of what it really is and what it can mean to the firm. Some firms have thought more about how they can reach out to customers rather than how they can encourage customers to talk to each other and not necessarily with the firm. For example, Resia mentioned creating a blog where employees share their knowledge. However, they did not mention creating any platform for user-generated material.

5.3 How can travel companies use social media to create and sustain value and relationships with their customers?

With the varying pre-requisites and the complex situation with the firms' various goals, target groups and ways of working with different political and social factors influencing the firms, it is difficult to give general recommendations and advice on how to best use social media since success depends on many factors. We believe that it is of great importance for the firms to consider what value the presence in social media can bring for the firm and the customer in order to steer the activities in these media in the right direction. We will therefore present ways in which a travel company can use social media to create and sustain value and relationships with their customers.

Understanding the advantages of social media

The results indicate that firms can strengthen loyalty through social media. However, many firms were unsure of what value social media could bring. We maintain that when a firm understands the advantages that social media can bring, it is in a better position to continue its social media activities. When TICKET started to experiment with YouTube, the interest turned out to be higher than expected and TICKET is therefore going to extend this channel. When the firm understands possible advantages better, there are various factors that a firm can take into consideration when developing a strategy, or simply experimenting. These will be explained in the following parts.

Interaction

Interaction means involving the customer in the process of creating and marketing products and services in order to create the desired value. Grönroos calls this the development of a customer-centric service system. When this interaction takes place, the chance of retaining the customer and the value of the customer itself is achievable. The development of a customer-centric service system involves the customer. It is also crucial that firms encourage customers to talk to each other to create involvement and an independent source of information that does not come from the firm. It is of great importance to make sure that the conversation takes place at the customer's terms. If this is done successfully there is a good chance that the customer will become loyal to the firm. We believe that social media tools can be used as customer-centric service systems to create and sustain value and relationships with the customer. For example, most of the selected travel companies use Facebook to answer questions and to inspire customers. However, Resia who does not use social media today uses personal interaction to create loyalty among customers.

However, there are different phases in a relationship that affect the level of interaction. The beginning of a relationship can require more interaction between the firm and customer to deepen the relationship and strengthen customer loyalty. Some relationships are shorter, while other relationships last a life-time. Moreover, the relationships are sometimes more or

less deep between a firm and a customer, and this will affect the extent to which the firm or customer will be willing to endow resources and be involved in the interaction.

Co-creation of experiences

Travel companies can facilitate co-creation of value by enabling such environments that lead to experiences for their users. An example of such an environment is social media. By mobilizing customers to create value for themselves and offer room for dialogue, firms can help consumers to co-create value. Ving is an example of a travel company that has developed its website in cooperation with customers to provide them with a good experience. Firms can analyze the various social media tools to find out how they can aid the process of co-creation and keep in mind that customers prefer multiple channels and that physical and virtual environments can complement each other.

Personalized services

Social media is useful since it makes it easier for travel companies to tailor offers and services to customers when they can find out more about the customers. KILROY travels creates loyal customers through their customized offerings and by making sure that the customer gets his or her dream vacation. In general, people can ask travel companies on e.g. Facebook about suitable destinations in Thailand for a family with certain preferences, and they will receive a swift reply. Other users can reply with their own tips and the effect of the information is magnified. It is clearly important to offer personalized services in order to create value for the customer. It is about making the right offer to the right customer and in this way build trust, loyalty and hopefully satisfaction that will make the customer come back for more. To maintain a high level of service has also been established as a way to create satisfaction and hence trust and commitment.

KILROY travels earlier had a Facebook profile that was used by all KILROY travels markets (the Nordic countries and Holland). However, a few weeks before the interview, firms in each country created their own Facebook-profile, which positively affects how the firm can respond to their customers as the same language is spoken. This shows the importance of personalized services.

Social media as part of self-service booking

As stated by Stockdale, firms can create lasting relationships to the firm through supporting the customers and providing benefits and value to the customers through actions that are adapted to the customer's needs. The model pinpoints several aspects that are considered important in the context of self-service environments, e.g. the ease of use, creation of trust and efficient communication. We are of the opinion that the firms can consider the points mentioned by Stockdale in order to be more successful in relationship-building activities. When the firm can create trust, communicate efficiently and ensure positive experiences for customers through the ease of use, the firm can strengthen loyalty and build trust. As

Stockdale mentioned, it is important to offer opportunities for the customer to create their own experience and not control them too much. An example is the creation of a self-service environment where the firm can support the customer through an extensive information supply. However, KILROY travels, Resia and TICKET all stress that personal service in addition to the use of Internet is of positive character to their customers.

While self-service environments are value-creating experiences, we maintain that social media tools can be an effective way to aid the process of self-service booking. When the customer can ask questions through e.g. online communities and receives answers by other users or the firm, the firm has aided the process of self-service online booking through their social media tool to enhance the booking experience. Furthermore, it is likely that the customer may feel a bond to the firm when communication is established, which can make the customer more loyal to the firm. Hence, we claim that when the customer can efficiently communicate with the travel company or other customers, it is likely that the customer will continue to use the particular online environment of the travel company, instead of visiting the website of another competitor. The TAs that we have studied use stores or other tools in addition to the self-service online environment. Hence, when the customer needs to ask the TA something, he or she can easily call the TA or visit one of their stores to ask questions. Hellström mentioned that every customer does not want to or can book travels online. In our opinion, the addition of personal service can be a considerable advantage and a way to complement Stockdale's model through efficient communication outside the self-service online environment. Moreover, depending on how active the TA is in social media, this can be an efficient tool to create efficient communication and perhaps even "friendship", as mentioned by Stockdale, through their social media tools.

However, we are doubtful of using the concept of "friendship" in the context of relationships between firms and customers. Especially in an online environment, it is difficult to maintain a "friendship" with a firm – the customer can easily find new travel companies if he or she does not find offers that are interesting enough, thus abandoning the friendship when it suits him or her. Moreover, the firm must be genuinely interested in creating communication and actually listening to the customer. However, we also want to maintain that all social media tools are not suitable for all kinds of firms. As Lindahl stated, the KILROY travels stores are at this point the most important way of communication because of the nature of their offerings.

Experience creation, entertainment, education and collaboration

According to Safko and Brake, the firm can effectively use social media by creating an experience for the customers, entertaining customers, think about what they can teach customers and collaborate with customers to find out what they can do better to co-create value. By understanding the customer, the firm is more likely to create a positive experience for the customer to co-create value. However, Safko and Brake maintain that value is also created in situations that are not typical sales processes. For example, relationships can be

created and trust established when the customers educate themselves by the aid of firms, or when they are entertained through videos or entertaining blogs about e.g. the firm or even the industry in general. Furthermore, Safko and Brake claims that offensive strategies are possibly more successful than defensive strategies because they are more believable to the customer. This implies that firms seem more attractive to the customer when they are not afraid to take initiative and interact with customers.

Experimentation

Authors like Safko and Brake mention the importance of experimenting with social media and constantly develop to create and sustain customer value and relationships. The firms should get involved in the social media but should not rest as soon as they have entered, but constantly evaluate and update their online presence. The consumers today like to engage in new trends and be surprised and entertained. By constantly evaluating and updating to ensure a constant flow of fresh and relevant information and to monitor what is being said about the company this can be achieved. This can also be a way of building trust with customers because it shows that the firm is interested in keeping customers informed, not only to generate sales but also to maintain their relationships with customers.

When it comes to social media at TICKET, it is unclear whether it should be used as a sales channel or an information and brand-building channel. The actions in these social media channels may therefore not be focused on sales today but more on communication with customers and the general public.

The implementation of a CRM strategy

The active use of a CRM strategy is one way to utilize information technology more efficiently. Since the customer provides competency, the firm can extract that competency by involving in social media through a CRM strategy. When the firm is more knowledgeable about social media, they build a competency that can be used to their advantage through creating a CRM strategy that effectively uses social media. The results show that the firm can build a database over its customers and a customer-centric service system to better understand the customers and increase satisfaction. Through the emergence of the Internet and the constant information flow, CRM activities can be used in order to increase the opportunities for interaction to better understand customers.

Using the concepts of trust, satisfaction and commitment to create loyalty

Garbalino and Johnson have mentioned trust as the most important factor when customers choose a supplier as customers perceive it as some kind of insurance against unexpected behavior. As the study by Bauer *et al* shows, increased trust influences customer satisfaction, which in turn influences commitment to the firm. According to Bauer *et al*, trust can be built through a high availability of information. We maintain that a firm can use social

media to their advantage in this way, through the information given by users in an online community, for example. However, a high availability of information does not necessarily create satisfaction. It empowers the customer through making him or her more well-informed, but the customer may well take his or her business elsewhere. By being actively involved in social media, it is possible for the firm to create an environment that makes the customer feel committed to the firm, or at least to the community associated with the firm. As stated by Bauer *et al*, the possibility to interact with the firm increases commitment to the firm. Hence, we draw the conclusion that when a customer and firm can communicate with each other through e.g. Facebook, their commitment to the firm will increase. As we suggested earlier, also online communities can be a way to co-create value.

The use of specific social media tools

Blogs are considered to be efficient social media tools that are an inexpensive way of promoting products, services and interacting with the customer. Since other online users can read and comment on the texts, it creates a new online word-of-mouth and is a way to share experiences between customers, or a way for firms to interact with their customers. We are of the opinion that blogs are an easy and cheap way to reach out to a large audience. As Vandiene stated, it is a way for firms to generate more traffic to their website and TravelPartner therefore plans to open a blog in the future. Therefore it was surprising that Ving is the only travel company that has its own blog. However, success will depend on e.g. the degree of interactivity, which can be high or low depending on how the firm chooses to post replies to comments.

Firm-owned blogs can be a way for firms to control the content that is spread to its readers. It is an efficient way of reaching out with fresh information. However, user blogs may well be of positive as well as negative character. KILROY travels is the only travel company that lets its users create their own travel blogs. However, it does not have a blog of its own. In this way, users can inspire each other and create experiences. As the blogs are posted on KILROY travels' website, it automatically creates attention for the company. Hence, KILROY travels can inspire users through other users rather than their own efforts. We believe that this is of positive character through the word-of-mouth that is created on the website, a concept that has been proved to be trusted more by consumers. KILROY travels' users can post one blog post after another, either praising or disowning the company. This is important because of customers trusting their own networks more than firms. Hence, the loss of control that was mentioned earlier is prominent in this area as well.

Twitter is an easy and time-efficient micro-blog tool that does not require much research and other efforts from the firm's part. In the North American market, Twitter is more extensively used and therefore the value of the tool in this market might be higher than in Sweden since there are few Swedish users of this tool.

Videos can be used to enhance experiences, inspire users or share opinions. They can be easily forwarded between users and spread over long distances and are known to be tools that easily create word-of-mouth. All of the selected travel companies except TravelPartner and Resia use YouTube as a social media tool. We believe that this is an effective way to inspire customers, but it is not very interactive except through the comments that users can post next to the video. Rather, it is a way for travel companies to display their offers (i.e. destinations). Moreover, these videos can be shared with millions of users and thus spread through online word-of-mouth in a way that messages on a profile page cannot through its nature as a media.

In our opinion, the use of online communities such as Facebook is of positive character. It is a cheap way of communication for the firm and a way to personalize communication. Using online communities can also help customers in the buyer decision process. Hence, Facebook can be a way to create attention but is until today not a forum for selling travel services. Wang *et al* stress *online communities* as the most effective way of relationship building because it removes the distinct groups of customers and partners, and erases time and distance boundaries. Online communities are a way for firms to reduce their marketing costs when reaching out to customers through social media, where information is spread fast. As mentioned earlier, online communities can be used to gather information about customer to create personalized services. By publishing up-to-date information, the firm can make the customer more committed to the firm and establish trust because the firm shows an interest in its customers and how they perceive and know the firm. The firm can also educate its customers through the information that it provides through its website. Wang *et al's* online community model explains the purposes of online communities for users. By knowing what users are looking for, firms can easier create value for their customers.

The travel company can create value through the *functional* purpose, by providing information in an efficient way that is convenient to the customer. This information can also be provided by other users, which is the strength of online communities. There is likely to always be someone who can answer the customer's question, e.g. from an independent perspective as a customer. That is an important trust-building function as well. The online community itself fulfills a *psychological* purpose for the customer through affiliation, belonging and identification. The customer can speak to people who have been in their situation, e.g. when booking or customers who have even been to the destination and can inform about the hotel facilities, restaurants and activities. When the customer starts to associate with other customers, a kind of loyalty to the website is created through the exchange of information and it is easier to reach the customer who keeps coming back to the website. Positive word-of-mouth is crucial, although negative information should not be hidden from the customers, as Ving said. Ving was clear about being transparent in order to build trust for the company. TravelPartner, on the other hand, was clear about hiding such information and would rather deal with complaints privately than to have them publicly displayed. The *social* communication that is achieved through online communities relates to

relationships, involvement and trust. As we have seen, people tend to trust other people that they know rather than the firm. Therefore, creating a community can be another way of building trust for the company through other customers. The *hedonic* purpose of online communities is also considered important by Wang *et al.* Safko and Brake agree when mentioning that entertainment is a way to create positive attention for the company.

Safko and Brake also mentioned positive outcomes of online communities as a way to engage customers. Hence, we suggest that online communities can be a way to co-create value because of its interactive features. Wang *et al.* suggests that travel organizations are beginning to realize the significance of online communities, which can be verified through our findings. Fritidsresor is the only travel company that has developed its own community. By using their own community, they can take more control over the information that is being spread in the online community. Moreover, owning a travel community provides advantages such as deciding on website design, layout and ways to communicate through the website. This makes it easier for Fritidsresor to connect users to their booking page and to create an experience for their users. However, a disadvantage of firm-owned communities may be that customers become critical to the information that is posted by the firm since it can be perceived as text produced for marketing purposes. In an autonomous online community, users expect more transparency. And as mentioned earlier, customers tend to trust word-of-mouth more than information from firms.

Moreover, most of our selected travel companies are using Facebook, which is the major online community used on the Swedish market today. Although Facebook can be an interesting channel through which firms can create attention for the company or interact with customers, but may not be fitting to all companies in all contexts. For example, KILROY travels sells such complex services that need personal attention and therefore, Lindahl maintained that it is often difficult to answer such specific questions through channels like Facebook.

Challenges in using social media

We believe that firms need to think about the value they can create for the customer through social media. The vast amount of literature on the subject suggests several strategies to attempt when experimenting with social media. By analyzing the possible advantages that can be gained through involving in social media, the firm can have more incentive to get actively involved in online interaction, while experimenting to obtain experience. Firms can therefore ask themselves where their customers are, how many are likely to use Internet and social media, where they themselves look for information about other firms and all kinds of information, and they may start to grasp the importance of social media. However, a great challenge lies in the fact that it takes more time to build up relationships online than offline. Therefore, firms need to invest time and money if their strategy is going to succeed.

Moreover, some travel companies like TICKET are uncertain about whether they should perceive social media as a sales and distribution channel or an information channel. Of course social media have these advantages, and more, but perhaps the firm should think more about how they can use it to their best advantage and to connect better with their customers. What are the needs for customers? KILROY travels, for example, cannot use social media as a customer service forum because of the nature of the questions that they receive today. Perhaps it could be more interesting for them to inform about the latest offers, inspire and put their capabilities on display with comments from satisfied users.

When it comes to creating value and maintaining relationships, TravelPartner confesses to lack in offering enough service. An idea would be to let customers help each other with their expertise. By providing inspiration and advice, TravelPartner can utilize the knowledge of their customers and create more trust among their customers. This could possibly lead to a more loyal customer base. Since there is a trend towards booking flights with industry suppliers, it may become crucial in order to keep and attract new customers.

Summary

Relationship marketing is about creating long-lasting relationships to increase the profitability of customers, as it is less expensive to retain customers than to attract new customers. Social media is one of the tools that firms use to create long-lasting relationships, and as we have seen, there are many ways of applying social media. How do firms create value for their customers? They help customers to find the content that they want, inspire them to take trips that they have not thought about before, or choose hotels that have gotten good product reviews by other customers. By being able to consult other customers about their experiences, trust is built up for the firm and sales are thus likely to increase.

Our findings implicate that being aware of what value is created and why the firm is involved in a certain social media tool increases the likelihood of success. At the same time, the firm should not be afraid to experiment with social media without having a finished strategy plan. We draw the conclusion that experimentation in addition to developing some kind of plan on how to continue (or to stop the use of a certain tool) can be a factor of success. Ving experimented a lot and is now the TA in Sweden that has come the furthest. KILROY travels is also experimenting and is moving ahead. Firms that want to make plans first have not gotten far at all, e.g. Resia and TICKET. The firm should definitely not wait too long, especially considering the fast-changing nature of social media. It is highly likely that a reason why travel companies are hesitant to the value of social media is because they have not experimented enough to be familiar with the technology.

Social media is somewhat of a moving target because of the fast changing trends. Therefore, it is difficult to predict what will happen not only in a distant future, but even so just a few years ahead. Who knows which trend comes next? Hence, we believe that travel companies

should pay attention to upcoming trends and apply these to suit the individual firm's objectives.

6 Conclusion

In this chapter, the conclusions that have been made from the analysis and discussions are presented. The aim of the conclusion is to present answers to the research questions.

Social media has in many ways transformed the relationships between firms and customers. First the Internet emerged and revolutionized communication. Now social media has entered the stage and is heavily affecting all parts of society. The travel industry is one of the industries that have been affected the most, as customers are eager to share their experiences online. Social media has led to new two-way communication channels and ways for firms and customers to interact. This means that the rules of the game have changed: firms and customers face new roles while adapting to the new environment. Firms face more challenges while customers have more choice and power. An example is the emergence of self-service environments where customers can book travels on their own, while firms find it more difficult to stand out in the crowd of various suppliers. Customers can conduct the entire buying process online and social media has accelerated this development.

Social media has affected several stages of the buying process, from need recognition to post-purchase behavior. As the role of customers change and communication channels emerge, the concept word-of-mouth has an entirely new meaning through social media, where information can spread in seconds to millions of users worldwide. Factors such as online word-of-mouth has weakened the firms' control in the online environment. However, this does not imply that firms are helpless. To manage customer relationships better, firms can develop CRM strategies to better know their customers in order to fulfill their needs and co-create value. Co-creation of value revolves around understanding customers and in cooperation with customers develop what customers need. The new communication channels also allow for firms to influence the conversation and they can enhance trust, commitment and satisfaction to retain customers in a competitive environment.

The results show that the selected travel companies have different approaches to social media. Some of the firms are deeply involved in social media with various tools, whereas some barely use social media yet. Moreover, the results shows that the selected travel companies do not realize what value social media can bring and this may be a reason why travel companies have not invested more in social media. Some travel companies are even unsure of how to perceive social media – as merely a communication channel or also a distribution channel. In some cases, travel companies prefer the personal interaction with the customer and find it difficult to create loyalty online. Value creation was often

mentioned in an offline context rather than how value can be created online. However, they consider Internet important and are positive towards investing more in social media in the future.

We believe that a fundamental issue is to realize the value of social media for customers as well as firms. By interacting with the customer or allowing customers to interact with each other, firms can create value for their customers in terms of experiences. Conversations need to take place at customers' terms and when the firm can fulfill such needs of the customer, the chance of creating value for the customer is higher. It is also a way to establish more trust in the company, contributing to stronger relationships between firms and customers. The firm can also develop a customer-centric approach to know their customers better so that they can co-create value and ensure sustained relationships in a way that was not possible before. Social media can create value for the customer since it inspires and makes it easier for the customer to make a conscious choice when buying travel services.

In our opinion, the firm should not be afraid of experimenting with social media. Although understanding what value social media can bring is important, results rather indicate that the firm does not need a ready-made strategy and could instead gain by getting ahead of competition. There are many tools to experiment with. For example, we believe that online communities are currently one of the best ways to create interaction and ultimately value and relationships. Online communities already fulfill several needs of the customers and is an easy way for firms to join existing networks where customers talk on a daily basis. A basic idea is to provide customers with a platform where they can interact with each other and create experiences that help them increase their value.

To sum it up, we have given an overview of an industry where social media and new technology has been introduced in an early stage. Since the results presented concern a relatively mature service industry we believe that this thesis can also be of use in other service industries in other markets and other contexts when it comes to using social media to create value and relationships. We are with this thesis emphasizing the importance of social media for the travel companies and hope that they will take our advice to engage more heavily in this media. To us, it seems that the biggest obstacle is the doubt about the value that social media can bring to the firm as well as to the customer. The use of social media needs to come in combination with a focus on interaction, relationship building, value creation as well as a genuine interest in the customers' needs and wants. In this way, firms can create not only profitability but value for their customers and hence relationships that last. Firms not only need advice around specific media tools, but need to develop strategies on how to deal with changes such as the emergence of social media and similar structural changes.

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Appendix

Interview questions

Information regarding the interviewee

- What education, experience and background do you have?
- What is your position in the company?
- What are your responsibilities and work tasks?

Social media at (firm name)

- Since when has your company been present on the internet?
- How important is internet for the marketing activities at your company today?
- To what extent is your firm present in social media?
(blog, social networks, Twitter, Youtube etc.)
- Does your firm have a strategy when it comes to social media?
If yes, how are you taking advantage of this media to attract customers?
- What are your goals with being present in social media?
- Which target group are you hoping to reach through social media?
- How do you create customer loyalty?
- What value are you creating for your customers? How do you create it?
- In what way are you different from your TA/OTA competitors?
- What value can your firm create that TA/OTAs cannot create?
- Are you of the opinion that TA/OTAs constitute a threat to your firm?
If yes, how?
If no, why not?
- What advantage/disadvantage do you see with only being present online / with being present both online and through shops?
- What are your thoughts about the future of social media and the travel industry in general? What is your firm's strategy?