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**DEVELOPING VALUE PROPOSITION
FOR MARKETING AUTOMATION
SERVICES IN FINNISH HOSPITALITY
SME
CASE: FROMNI OY**

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ABSTRACT

The concept of a value proposition commonly used in marketing is crucial for any company's successful business strategy and competitive advantage. However, despite its seeming simplicity and broad popularity, the concept needs a coherent definition; instead, it is multifaceted by nature.

As digitalisation today transforms all industries, marketing automation is crucial globally. It provides businesses various opportunities, such as improved operations, increased revenues, and effective customer service. The hotel industry is recognised for its customer-centric focus, making it fertile soil for marketing automation services. Recently shifted consumer preferences towards digitalised services, and pandemic outbreaks have also led to significant industry changes.

The thesis aimed to examine the needs for the services provided by the commissioner within the context of small and medium hotel enterprises (from now on, SMHEs) in Finland. As a result, the research aimed to assist the company in developing a value proposition tailored to the target customers' need – Finnish small and medium-sized hotels. The commissioner Fromni Oy specialises in automated digital marketing solutions for small and medium-sized businesses. It provides omnichannel communication between companies and customers using chat apps, i.e., instant messengers, email marketing, and automated notifications and reminders.

The thesis was a qualitative case study. Online surveys and interviews collected primary data from hotel end-users and representatives of local Finnish small and medium-sized hotels, the commissioner's target customers. The primary data were analysed with the content analysis method. Existing marketing literature, electronic books, scientific and peer-reviewed articles from online magazines, and marketing automation companies' blog articles were the secondary data sources.

With its main findings, the research intended to show the relevance of the marketing automation services offered by the commissioner company in the SMHE context and how to communicate their value better.

Keywords: value, value proposition, marketing automation, mobile marketing, hospitality SMEs

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1 INTRODUCTION

1.1 Research background

Fromni Oy, a small, growing software company based in Imatra, South Karelia, Finland, was the thesis research's commissioner company. It was an online customer communication platform for businesses. It automated sales through chat applications, launched automated advertising campaigns, authenticated clients, sent notifications, alerts, and reminders, and requested automatic customer feedback. Also, it allowed application programming interface (API) integrations with third-party Customer Relationship and Property Management Systems.

The company had two main focuses: automatic notifications with transactional messages with global coverage and conversations with the help of chatbots and through multiple channels like WhatsApp, Facebook, Instagram, and bulk SMS messaging.

The company's mission statement was "Create a better customer experience with SMS and chat apps". The company's vision highlighted an all-in-one solution for notifications and conversations, 24/7 customer service support, and a development team with long-term experience. Besides that, the platform enabled the creation of conversational scripts and templates for conversational bots without specific coding skills (Figure 1 in the Appendix).

The company's owner was a foreigner in Finland, and the company had yet to have a customer base there. The company targeted retail, e-commerce, and beauty small and medium enterprises. Recently, it has also focused on the hospitality industry in Finland. Hence, it needed a better understanding of the current situation, trends, and attitudes toward marketing automation tools to enter the local hospitality market and deliver its values to the target clients.

Similar national market cloud players existed, e.g., Liana Technologies Oy, Custobar Oy and Apsis Oy. They also had use cases in housing and hospitality; however, their target customer was outside the segment concerned—small and medium-sized businesses.

The European Commission Directive (2003/361) defined small and medium-sized enterprises as businesses with a staff headcount of fewer than 250 employees and an annual turnover of less than 50 million euros. In Finland, the classification of small and medium-sized hotels varies based on many factors. Still, room capacity is one of the core aspects - small hotels count for 10 to 30 rooms, and medium-sized range from 30 to 100 units. Size is generally an essential identifying characteristic because a more prominent venue cannot compete with the service quality of a small hotel.

From a managerial perspective, Finland was an excellent country to expand into. Small country's density, high digitalisation level and extended mobile connectivity allow for rapid penetration of advanced technologies.

The thesis author's interest in hospitality management, customer service, and digital marketing studies has made her ask how the case company's tools could improve customer service and optimise small hotel business operations. Moreover, one of the author's advanced practical training tasks was to find potential clients and contact them. The results showed that hospitality experts were initially interested in the company services but needed more time to fully understand the value of the company's marketing automation services. Hence, the research intended to determine how to concisely communicate the company values to fit target customer needs.

1.2 Development settings

The thesis consisted of six chapters. The first chapter covered an introduction with a description of the case company and research background, and the second and third chapters had a literature review. The fourth chapter included data collection and analysis, the fifth chapter covered research results, and the sixth chapter revealed the key findings and conclusions, a developed value proposition for the case company's services, and managerial implications.

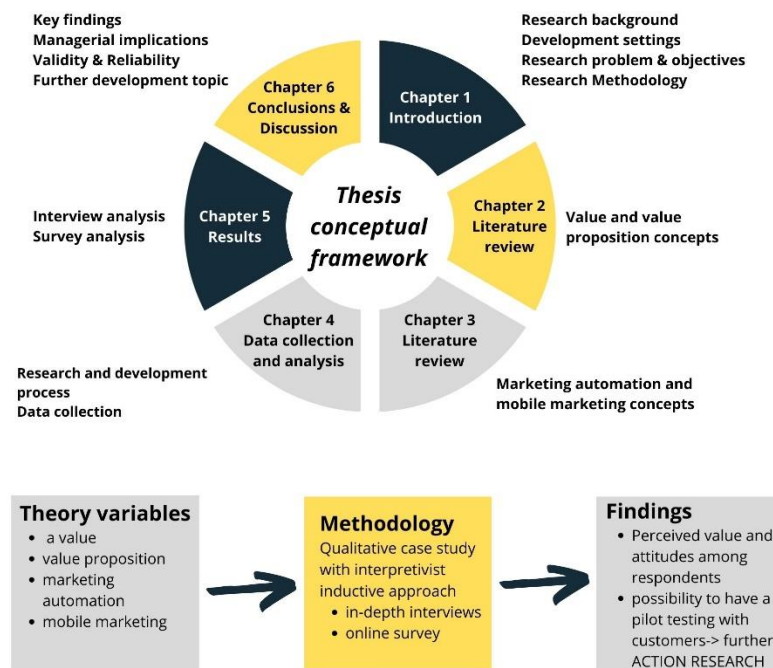


Figure 2. The conceptual framework used in the thesis

As theory variables, the thesis utilised the concepts of value, value proposition, marketing automation, and mobile marketing in the marketing and hospitality management context. Small and medium-sized Finnish hotels were asked how they would feel about using the tools offered by the case company and what they thought the benefits might be. The development area for the case study implied action research to further test the commissioner company's solutions in practice with interested clients. Figure 2 represents the thesis's conceptual framework.

The research problem of the thesis was to develop a value proposition model for the case company's marketing automation services tailored to the needs of Finnish SMHE. **The research question** was "How could the case company communicate value to its target customers among Finnish SMHEs"?

The research **aimed** to assist the commissioner company in discovering how hotel businesses in Finland that use Hotellinx software solutions feel about marketing automation services. Hotellinx is the largest Finnish Cloud Property Management System based in Turku, offering multi-property hotel management software solutions to national hotels. The idea of using the company as the intermediary emerged when it became evident that local hotel businesses were more likely to trust big, well-known companies than small, new one.

The **research objectives** included the following (1) what is the value and value proposition from a marketing perspective? (2) what is marketing automation, and why is marketing automation essential in the hospitality industry? (3) what is mobile marketing, and how can it be utilised in small and medium-sized hotels?

1.3 Research methodology

A qualitative case study was the chosen methodology for the thesis. A distinctive difference between qualitative and quantitative research is how data is analysed. Unlike the quantitative methodology, known for its replicability and assumption that different researchers who use the same data under similar conditions would get similar results, the qualitative methodology emphasises obtaining results that represent the participants' perceptions, beliefs, or opinions regarding the examined phenomena (Kumar 2011). Qualitative research focuses on subjective and descriptive techniques for determining the in-depth meanings of events, occurrences, or phenomena based on participant perceptions (Vaismoradi et al. 2013).

Qualitative research allows the researcher to comprehend the meanings that participants attribute to the phenomena at the centre of the research topic in their natural environment, providing researchers access to frequently unavailable insights when employing other research methods (Chivanga & Monyai 2021).

Qualitative research generally uses small-group discussions, semi-structured interviews, in-depth interviews, and the analysis of texts and documents such as government reports, media articles, websites, or diaries as research techniques to gather necessary data. (Hammarberg et al. 2016.)

Induction and deduction are two common types of research logic.

In order to interpret the responses and remarks of participants, qualitative research methodologies allow researchers to employ inductive reasoning. An inductive paradigm suggests that research logic starts with subjective opinions of prior experiences, unlike the deductive approach, where theory is ready for argument testing. Searching for facts that verify theory assumptions is one part of the inductive approach. Until "fitting" facts are uncovered, the process is repeated. The inductive approach seeks generalisation based on the researcher's observations. (Rashid et al. 2019, 5.)

A case study is the most widely used method in academia for researchers interested in qualitative research (Baskarada 2014; Yazan 2015). Also, Järvensivu and Törnroos (2010) suggested that case studies are appropriate for examining business-to-business relationships and networks.

At its core, case study research is a detailed inquiry, sometimes with empirical evidence collected over time from a well-defined instance, to analyse the background and processes of the event. The case study is focused on investigating a person, group, community, or institution. The phenomenon is not separated from the context. It is a suitable research method when the researcher has little or no control over what is happening and focuses on current occurrences in a real-life situation. (Yin 1994, 13.)

In the case study, the research questions are often "How do?" instead of "How should?" (Punch 2005 cited in Rashid et al. 2019, 5).

The thesis applied an interpretivism paradigm. Case studies conducted in business and management fields typically follow the interpretive paradigm. Guba and Lincoln (1994, 107) stated that a paradigm is "a fundamental set of beliefs that guides behaviour." A researcher's paradigm is a reference structure brought to an investigation. This philosophical framework is utilised to draw conclusions and develop findings concerning phenomena.

According to Greener (2008), the interpretivism paradigm enables researchers to have multiple viewpoints on the examined subject because the researcher sees the world through the eyes of the participants.

Moreover, it highlights human complexity in how individuals comprehend the phenomenon. Qualitative researchers presume they do not have enough opinions about the perspectives and circumstances of participants in the studied environment to formulate meaningful hypotheses in advance and instead create and verify theories during the data collection and analysis process. (Kaplan & Maxwell 1994 cited in Aderson & Aydin 2005.)

The thesis author's decision to conduct a qualitative case study was based on several reasons.

Firstly, the research question "How could the case company communicate value to its target customers among Finnish SMHEs" required an in-depth examination of the studied phenomena within a specific context: Finnish SMHEs. Until now, no open and accessible data about marketing automation utilisation in small and medium-sized hotels in Finland was available in English on the web.

Exploration helped to delve deeper into the participants' (hotel industry experts in the local SMHEs) thoughts, opinions, and attitudes on the examined subject. In-depth expert interviews applied in the research data collection process investigated participants' general thoughts about using marketing automation tools for enhanced productivity and customer service, possible threats to

adopting these services in the local Finnish small and medium hotel enterprises, and mobile marketing applicability at various customer journey stages. At the same time, a follow-up qualitative survey with open and "how or what" questions intended to examine perceptions of marketing automation tools for hotel interaction and current values among Finnish hotel guests. It gave a broad perspective of the studied topic from both sides and increased objectivity on the thesis author's behalf due to the focus on the participants' subjectivity.

Moreover, most research on value creation has employed qualitative methods, demonstrating the validity of qualitative research (Rashid et al. 2019, 6).

Secondly, value is contextual and determined by actors involved in the co-creation process, as Vargo & Lusch (2008) stated. Individuals' prior experiences, relationships, and emotions generally impact value perception. Thus, the qualitative perspective enables informants "use their own words to draw on their concepts and experiences" (Orlikowski & Baroudi, 1991, 16).

Thirdly, the case study aimed for more "theory creation" than "theory testing" because the goal was to learn about the phenomenon in participants' natural settings and to draw conclusions based on the information received and analysed thoroughly.

The thesis used non-probability sampling. Sampling involves selecting individuals representing the entire target population in ways that researchers are interested in to collect relevant and detailed research data. A qualitative sampling includes purposive non-probability. Non-probability purposive sampling allows the researcher to eliminate potential participants who will not provide accurate information, minimise study costs, and focus on participants who are particularly suitable for the research (Chivanga & Monyai 2021).

For the in-depth interviews, the chosen samples were a hotel manager and a hotel receptionist with expertise in the field. For the qualitative survey, the sample was a *local* traveler residing in Finland who has guest experience staying in local hotels.

1.4 Research limitations

The most significant limitation of the thesis was the data collection process – the research planned to have more interviews with the target B2B customers.

The obstacles met while contacting local SMHE revealed that hotel seasonality, lack of interest and language barrier were the most impactful factors that limited the data collection process.

As a result, only one interview with the target customer could not answer the research aims. Having another participant outside of the target group - customers of Hotellinx Cloud Property Management System, impugned the original thesis plan and hence, reliability on the one hand. On the other hand, having an interviewee outside of the target group gave a broader understanding of the situation on a larger scale.

All the data was collected online, without visiting hotels face-to-face which was problematic because of their extensive geographical scope in Finland.

Also, marketing automation usage in the hotel industry generally required more academically reliable sources.

2 A CONCEPT OF VALUE IN MARKETING

2.1 Determining value in marketing

The ability of a company to create higher value for its clients is fundamental for all businesses. Companies must use value-based strategies to keep customers returning and gain a competitive advantage. Moreover, value is a crucial concept for all forms of marketing (Holbrook 1996 & Gummerus 2013 cited in Kindström 2021), perhaps, even more when looking at business-to-business marketing (Anderson et al. 2009 cited in Kindström 2021). According to Sidorchuk (2015), despite the term's widespread use, there is no singular and precise definition of "value" in marketing-specific literature or thematic glossaries. In contrast, there are numerous meanings and a certain degree of complexity.

In the early marketing papers, the term "value" was totally dependent on the *cost*, with almost no difference between these two notions. For instance, Barbon stated that "by value, it is to be understood the price of things; that is, what anything is worth to be sold" (1969 cited in Kumar & Rajeev 2016, 75). After Porter (1985) presented the value chain model in his book "Competitive Advantage: Creating and Sustaining Superior Performance," the concept of value began to emerge in the "consumer value" context. It meant that evaluating value from the consumer's point of view was crucial, as the client's value was the most significant. From today's marketing perspective, value is still primarily related to the consumer's value context.

Value inspires people across cultures and highlights consumers' wants, requirements, wishes, final demands, and overall evaluations. Grönroos (2007 cited in Sidorchuk 2015, 323) stated that "the value is considered as the main object of exchange. The value is the result of the evaluation by the buyer with the seller".

Modern marketing literature includes a "*benefit*" concept when describing a value. Payne (2007, 34) in his book "Handbook of CRM: Achieving Excellence in

Customer Management" admitted that value is a package of benefits that customers derive from the company's main product or service.

Kotler and Keller (2006) define "value" as the buyer's perception of the tangible and intangible benefits and costs and the combination of quality, service, and price.

It is possible to generally define "value" using a "benefits minus sacrifice" approach, where benefits are gains that customers get from buying a company's products or services. In contrast, sacrifices are measures to achieve those benefits (Gummerus 2013).

In recent decades, a business has been believed to create value for its consumers, who purchase "ready-made" delivered value. However, today customer value perceptions vary based on their prior experiences and expectations. It cannot be defined as "ready-made" by a business. Also, clients and companies may have distinct values. To stay competitive and successful, a company must understand the value it creates with clients, not separately. According to Kindström (2021), the value idea includes production costs and the customer's perceived value from an offered value proposition, commonly called a *value-in-use* concept, or all benefits and costs associated with use.

In B2B marketing, value has a monetary aspect: any value created means a certain amount of money. In this situation, a value becomes a way to convert a functionality into a monetary amount.

A value is worth the technical, economic, service, and social benefits, which indicate what customers get from a value in return for what the customer gives in terms of sacrifices (Stahl et al. 2003; Grönroos & Helle 2010 cited in Kindström 2021). Sacrifices usually have a close definition of costs. Technical benefits include better performance or quality of a product or service; economic benefits contain, e.g., lower operating costs; services comprise faster and flexible maintenance activities and repairs. Social benefit is one of the most important—

simply put, it is the value of having a relationship, which contributes to the longevity of relationships between companies and clients.

In terms of cost sacrifices, they also have a multisided nature. Their traditional types include price, processing, and usage costs (Homburg et al. 2005 cited in Kindström 2021). However, they can also have a more abstract meaning and include, e.g., perceived uncertainty regarding a value supplier's competency and commitment level in terms of meeting and fulfilling expectations and agreements agreed upon.

Value is highly dependent on the market situation and existing competition. It is crucial for any business that wants to make a strong and competitive value proposition. In this case, it is essential to focus on satisfying customers and considering what they are unhappy about (Kindström et al. 2021, 39). In marketing, they are called customer *pain points*. By proactively solving clients' issues, even minor ones, a well-organised value proposition can turn their worst experience into a great one, thus building trust and a deeper relationship between a supplier and consumers.

There are close variations of a value concept commonly used in marketing. They are *value-in-use* and *value-in-exchange*.

Value-in-use is the value experienced by customers and suppliers in a specific situation. Value propositions create different value-in-use depending on the customer, time, and case. A "value-in-exchange" is the agreed-upon money (price) between a company and a customer. It only reflects a limited part of the whole value-in-use because it only specifies the monetary value of a specific payment. However, it does not mean the company-customer relationship creates value for all parties.

2.2 How to create and deliver value

A value-creation process has traditionally been seen as a consistent process, often called “a value chain” (Porter 1985). In this context, a supplier adds value to a value proposition (usually a product) through different stages of production that are focused on the company and sends it to a customer.

Researchers today argue that this assumption is too simplistic because suppliers and customers create value *together*. The modern definition of a value creation process comes from service marketing, where services have always been based on a process that involves simultaneously creating and consuming things (Kindström et al. 2021).

The value-creation process falls into three main categories: (1) the customer’s value-creating process; (2) the suppliers’ value-creating process; and (3) the interaction process.

In the value creation process, a particular customer uses his resources and skills to reach any goals he sets. In this scenario, a supplier can only assist, allowing the customers to act by using their resources and skills. As a result, a value proposition must be modified to reflect this reality.

In the supplier value-creation process, a supplier can help a customer by removing a particular part from the value-creation process and doing it instead of the customer. For example, a supplier could remove an operational part of a process to lower costs (for the process). The interaction process can differ depending on how well the involved parties know each other. Usually, it requires learning how to work together (i.e., a sense of collaboration) to create value. Figure 3 briefly shows the main differences between traditional and modern approaches to value creation.

Traditional perspective	Co-creation perspective
Creating value is a step-by-step process from the supplier to the customer. It is often called a "value chain."	"Value constellations" are a common way to discuss the dynamic and interactive process of creating value.
All value can be measured in monetary terms	Some values cannot be measured or put into economic terms
Value is added	Value is co-created interactively
Customers destroy or use value	Customers co-create value
Value is created through transactions that focus on a value from a supplier (An activity)	Over time, value is made for both suppliers and customers (a relationship)
Customers are passive recipients of value	Customers are resources in value creation

Figure 3. Two significant perspectives on value creation (Ramirez 1999, 61)

A vital part of a successful business strategy is value creation and delivery through better benefits, lower prices, or their combination. However, frequently, it is impossible to deliver value to all customers; instead, *customer segmentation* is required. Businesses use *value propositions*, which list the tangible and intangible benefits a company offers and estimate how much customers will pay for each benefit, to show customers that they are getting a good value (Kindström et al. 2021). The following sub-chapter will cover value propositions.

A possible way to look at value is to categorise the concept. It would help companies (1) understand customers and generate enticing value propositions; (2) interact with clients who value different things. Even though, in general, value has a simplistic monetary perspective, another way to look at it is as a value-in-use that captures the potential of a value created in a specific context.

Kowalkowski (2011) stated that value-in-use includes value-in-exchange. Moving away from the monetary focus demands that suppliers understand how a value proposition affects a customer's competitive advantage in its business and

market. Such a focus on relationships is costly and might be problematic for some companies.

Industrial and traditional co-creation perspectives view values. In the first case, suppliers (companies) pre-define and transmit values to customers. The value-in-use means knowledge and opportunity perceived by the customer within a specific situation rather than the use itself. However, focusing on relationships and creating value with clients is critical to succeeding today in most markets. This approach helps companies' product developers to understand how consumers use their products and, after all, to measure and quantify value in exchange. From the customer's perspective, value-in-exchange is essential to an attractive value proposition (i.e., lower prices). Still, it may lead to limited value-in-use due to high operating and maintenance expenses and poor supplier relationships. (Kindström et al. 2021.)

Consequently, marketing defines value differently depending on the context, customer, and company. However, there are two main value perspectives: customer-perceived value based on consumers' prior experiences, perceptions, psychological behaviour, and motivation, and supplier value the organisation desires from customers. Generally, supplier value relies more on the economic aspect, i.e., the ultimate value perceived by clients is the price they are ready to pay for a product or a service offered by a company. Value-creation requires companies to *co-create* value with clients, moving away from previously pre-determined value.

2.3 Value proposition concept

The concept of "value proposition" is commonly used in marketing. However, it lacks a precise definition, prompting organisations to regard value proposition as "an internal tool" to understand an organisation better. Moreover, such terms as "unique selling proposition", "brand positioning", "brand value", and "value proposition" are commonly conflated in marketing.

A value proposition has a range of various academic definitions: it "describes the benefits customers can expect to receive from your products and services." (Osterwalder 2014, 277). A similar definition stated that the value proposition is "a description of the compelling reasons to purchase products and services." (Moore 2002; Blank 2007; Payne et al. 2017).

A proposition was initially seen as a unidirectional way to transmit value from supplier to customer. In this sense, it had a more advertising nature. Today, companies employ it as a strategic tool to create value with their customers. The value proposition is a "Process to address strategic and implementation concerns" (Payne et al. 2020). It makes a value proposition an essential statement about a firm's strategy and goals. It becomes a critical tool in suppliers' internal processes and customers (Eggert et al. 2018).

A value proposition is about customers, but for a company. It articulates the essence of a business, defining what a company fully intends to make in the customer's life. A value proposition is not addressed to customers but must drive these communications. (Lanning 1988 cited in Barnes 2009, 22.)

The value proposition profits from excellent customer service. Moreover, positive customer experiences increase loyalty and decrease the willingness to switch to a rival supplier.

Good value propositions are measurable, specific, and proposed outcomes of what will happen to customers; experiences that businesses think the customer would enjoy; what and to whom companies will deliver, including trade-offs. Value propositions emphasise customers' requirements rather than product or service features. Value propositions are not unactionable, vague, general categories, internal company statements about what they do and will do, customer-initiated lists of needs and wants, or company promises of the stars. (Barnes et al. 2009, 26.)

Value propositions communicate product or service value to customers. Good value propositions also reach many customers by finding a place where most people can relate and doing better than competitors. The best ones are hard to copy (Osterwalder et al. 2014, 100). Finally, a good value proposition distinguishes a company from its competitors and gives customers a reason to buy (Kindström et al. 2021, 31).

2.4 Creating a value proposition

Three steps frame a value proposition: (1) choose a value; (2) provide a value; and (3) communicate a value. The first stage is to understand customer needs and reveal the value the supplier will deliver. It should match the company's capabilities. The second step, providing value, involves creating products, services, and other components chosen in the first step. The third phase is delivering and communicating value to clients before, during, and after the sale. Value proposition models should identify future value propositions' benefits, sacrifices, and value. It requires a deep customer understanding and contact with them, sub-suppliers, and other partners. Classifying customers into different group segments is suitable based on their similarities: interests, willingness to pay, and needs (Kindström et al. 2021).

The value proposition canvas is one of the most popular ways to create a value proposition model. A comprehensive framework helps the organisation position its product or service around customer demands and values. Alexander Osterwalder introduced The Business Model Canvas to depict the relationship between client segments and a company's value proposition.

Figure 4 depicts the Canvas. It helps refine or create new products or services.

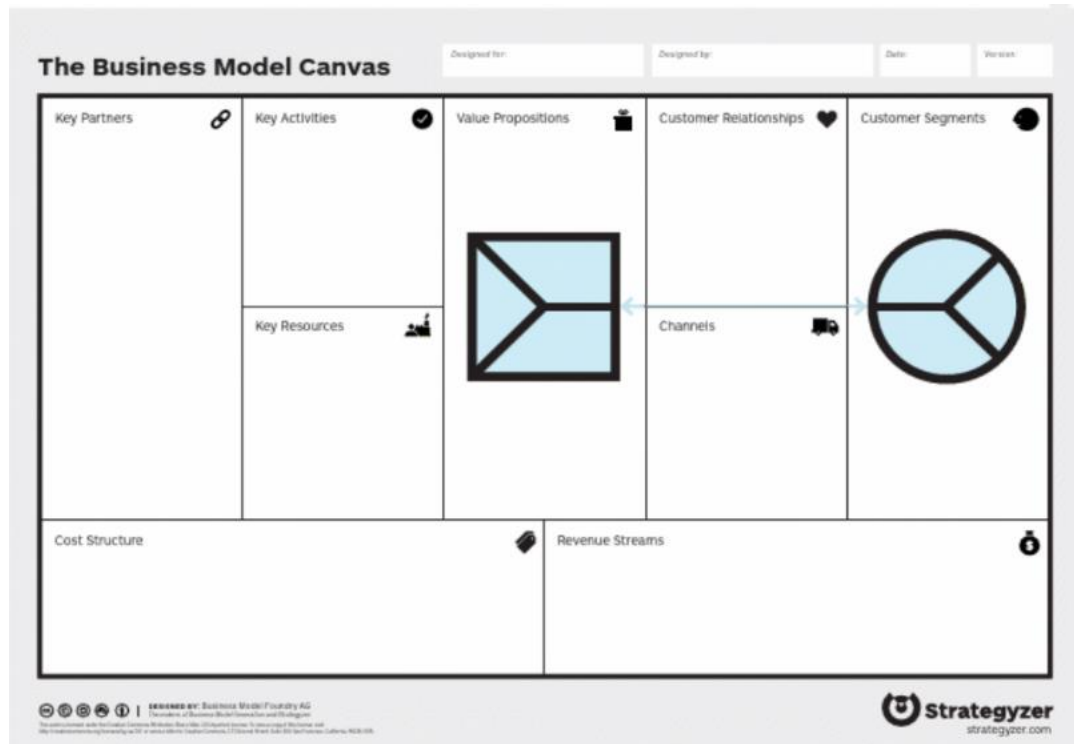


Figure 4. The business model canvas (Osterwalder et al. 2014)

The Value Map describes a company's customer value, whereas the customer profile describes its consumer understanding. When two meet, they *fit* (Osterwalder 2014, 10-40).

Osterwalder (2014) emphasised that compelling value propositions concentrate on the tasks, pains, and gains that matter to customers and accomplish these objectives effectively.

The canvas starts with customer segmentation, identifying a company's clients. The process involves researching the following parameters: (1) jobs-to-be-done (JTBD) or customers' daily activities, which can be functional or social; customer needs, emotional and personal; (2) pains or troubles and problems customers have in their daily lives; (3) gains or things that will make customers happy, what

they expect from a product or a service, including functional, social, and financial benefits and gains.

After that, the Value Map, as a part of the Business Model Canvas's Value Proposition (Figure 5), explores (1) pain relievers or measures how a company will relieve pains; (2) gain creators – the company's offerings to fulfil customers' gains; (3) products and services or those products and services to offer to customers so that they can get their job done.

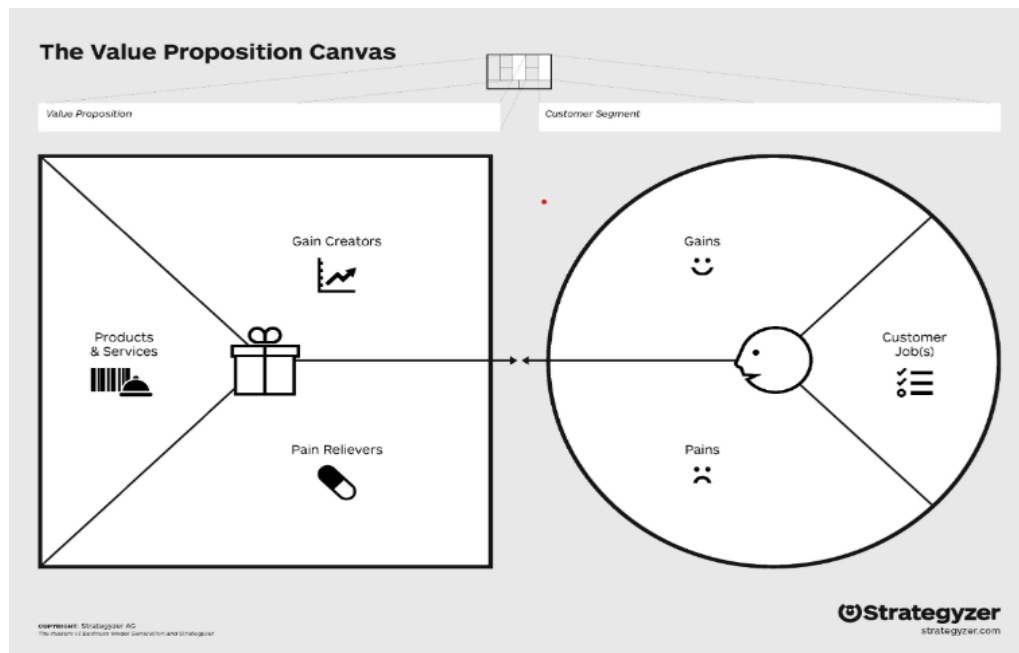


Figure 5. The value proposition canvas (Osterwalder et al. 2014)

A value proposition cannot alleviate all customer pains and provide benefits, but focusing on the most critical client problems and advantages is usually the key to success. As noted above, the optimal scenario is when customer profiles match the value map, which is challenging to find and manage. When all jobs, pains, and gains are found, customers favourably react to the value proposition, and a company develops a scalable and lucrative business model, fit occurs.

(Osterwalder et al. 2014, 42-48.)

Considering a different value proposition is good if the fit is incorrect.

Cindy Barnes (2009) offered another value proposition model – a six-step iterative approach, presented in Figure 6.

It consists of the following parts: (1) Determining market segments or specific consumers to whom to communicate a value; (2) Analysing and defining the various value experiences from bad to neutral and positive that clients could get from using a company's activities with the ultimate positive experiential outcome; (3) Identifying the offering mix that corresponds to a company's proven experience and defined target market group; (4) Evaluating the benefits of the offering from the market delivery perspective (at this stage, the cost is an essential factor and a customer risk to consider); (5) Assessing differentiation and alternatives for a company's product or service; (6) Providing measurable proof to establish trust.

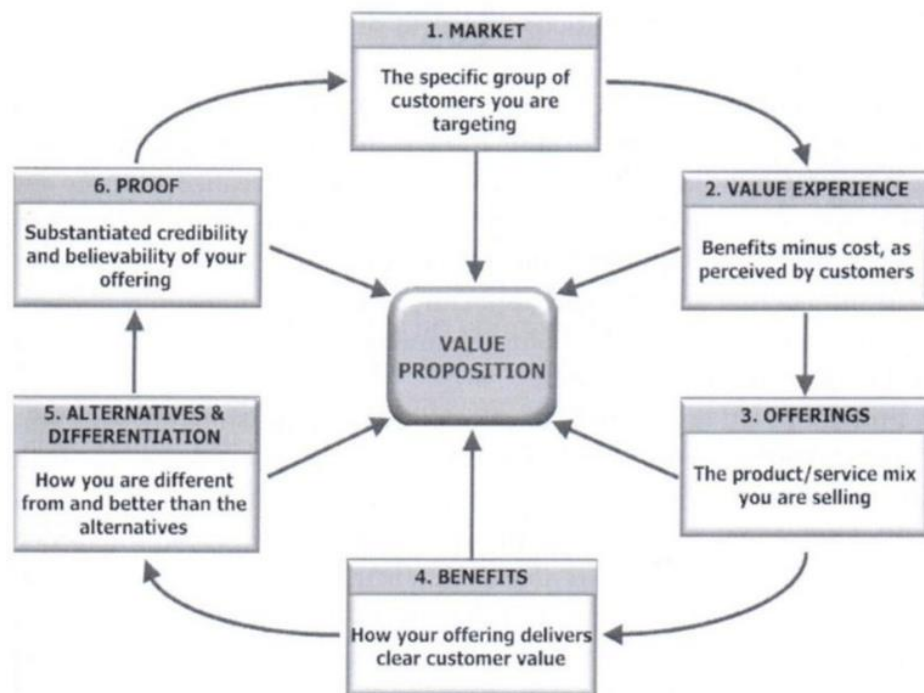


Figure 6. The value proposition builder (Barnes et al. 2009)

Barnes (2009) highlighted that value is *customer-perceived*, and thus, focus and refinement are crucial factors in developing a value proposition. Psychological behaviour affects customers' decision-making, and negative thinking is part of it. Hence, any organisation should prioritise value proposition thinking. Creating

value propositions might be challenging as it requires intellectual analysis and application; however, they win if they are realistic, credible, and costly analysed.

3 THE MARKETING AUTOMATION CONCEPT

Rapid developments in communication and IT, the rise of mobile devices, internet content, and social media, have changed how customers and businesses communicate today. Modern companies no longer treat customers as groups but as individuals. Hence, fragmented marketing, personalised products and services, proactive client interaction, and return-on-investment (ROI) analysis have changed traditional marketing. (Todor 2016.)

Marketing automation is one of the most popular new trends in digital marketing, according to Semeradova and Weinlich (2020). Academic definitions are still recent and have yet to be widely used (Rae 2016). At its core, the concept involves automating traditional marketing processes and improving marketing campaigns and customer segmentation processes using digital tools (Bagshaw 2015).

The first definition of the concept refers to Little (2001), who described the concept as "the automated marketing decision support on the Internet". He intended to improve the online shopping experience by exploiting data consumers leave in an online environment to increase customer satisfaction and brand loyalty (Semeradova & Weinlich 2020). Back then, marketing automation was driven by a need for more models for firms dealing with a vast amount of data automatically collected online. Little (2001) suggested that companies use web and historical data to make real-time decisions. Hence, marketing automation was intended to adapt to online consumers' decisions. However, the first attempts to automatically segment clients into smaller units based on collected data were made in the late 1990s (Sweezy 2014).

Later, it became a part of customer relationship management systems, including marketing automation (Wood 2015 cited in Semeradova & Weinlich 2020).

Some researchers also linked the concept to customer relationship management (Heimbach 2015) and related fields, e.g., database marketing, e-marketing, interactive marketing, and direct marketing (Montgomery & Smith 2009). Nevertheless, a difference exists between CRM and marketing automation. CRM lets companies "make better marketing plans and carry out specific marketing actions faster and more efficiently by providing first-line support and integrated access to customer data" (Chang et al. 2010, 850). In contrast, marketing automation is a "tool that allows companies to align marketing and sales system interfaces to improve and speed up lead qualification processes [...] and to deliver more effective content marketing strategies and thus improve lead follow-up practises" (Järvinen & Taiminen 2016, 165).

Sweezy (2014, 7), in his book "Marketing Automation for Dummies", defined the concept as a process using a single platform for tracking existing and potential customers (leads), automated and personalised marketing activities with the ability to monitor and evaluate the effectiveness of all marketing channels.

Hannig (2017 cited in Natterer 2021) emphasised the importance of the concept, particularly for small and medium-sized companies, highlighting its great potential for these businesses. Vormelcher and Hoffman (2017 cited in Natterer 2021) described marketing automation as a *digital tool* and a *strategic approach* for companies.

Marketing automation definition nowadays includes *software* that sends information depending on user rules. It emphasises *non-human* customer-company contact. Automatically personalising relevant and valuable material for current and prospective clients builds trust. Marketing automation is "software that automates regular marketing tasks" (Hubspot 2022); software that aids marketers with customer segmentation, customer data management, and campaign management (Gartner 2022). With marketing automation, businesses can send automated messages to users via email, the web, social media, and text (Salesforce 2022).

Marketing automation utilises software to automate marketing tasks, including email marketing, social media posting (Silva et al. 2021), and mobile marketing. The following sub-chapter will cover mobile marketing as the Case company's core marketing automation service.

Overall, there are two main ways of looking at the concept. First, marketing automation automates marketing procedures to help firms achieve their goals (Buttle & Maklan 2015; Heimbach et al. 2015). According to the second approach, marketing automation can change organisational structures, procedures, and marketing culture (Järvinen & Taiminen 2016).

3.1 Key Elements, Capabilities and Functionalities of Marketing Automation

Data is integral to automation; all related tasks depend on the amount and quality. Today, companies collect vast amounts of data in the digital environment: website visits, mobile application downloads, and interactions on social media. It may also contain information from the real world, e.g., shop visits and purchases (Semerádova & Weinlich 2020).

According to Little's (2001) framework, there are five main elements of marketing automation: (1) input information obtained from previous user interactions; (2) real-time decision rules that assess user actions based on available data and apply response strategies; (3) a user interface for defining and modifying automation tasks; (4) observation and performance delivery, (5) strategic planning.

Software is a critical element of automation, performing specific automated rules marketers create. Due to the user interface, users can generate and manage rules without technical or programming language expertise. Users can create reports on marketing campaign success and failure to help them decide whether to change or terminate automated rules.

Automation software can usually create personalised content that helps marketers create new rules or campaigns and offers communication channels and mediums to reach customers. (Semeradova & Weinlich 2020.)

Personalisation and *customisation* are two other marketing automation core elements. However, it is crucial to differentiate both concepts: personalisation comes first in decision-making based on prospects' data, giving the marketing manager insight into clients' tastes and behaviours for further customisation. After personalisation, content, data mapping, and offers are customised (Montgomery & Smith 2009).

A vital element of the marketing automation concept includes *lead nurturing* and *scoring*. In marketing, lead means yet unqualified individual or contact who indicates a potential interest in buying the company's products or services; traditionally, it stands before the prospect stage (Hubspot 2021). Lead nurturing uses automated marketing campaigns to engage prospective consumers and convert them into loyal customers. Each marketing automation software has a feature for creating these campaigns.

Lead scoring automatically segments users within marketing automation software by allocating points based on their activities (Benhaddou & Leray 2017).

Core marketing automation *capabilities*, according to Swieczak (2013), include (1) maintenance of the current and prospective customers' databases and mailing lists; (2) monitoring and analysing customer behaviour on websites and mobile applications; (3) prospects' segmentation by features: demographics and interests; (4) email monitoring (i.e., measuring open rates – the number of people who opened an email sent); (5) B2B visit measurement – identifying businesses visiting a website; (6) automated control of marketing activities.

Therefore, companies should pay particular attention to their websites, which significantly impact their brand personality.

A company's website should be user-friendly, well-structured, and easily understood (Wrona 2012 cited in Swieczak 2013). Successful companies' websites understand users' needs.

Figure 7 shortly displays the marketing automation workflow within a company.

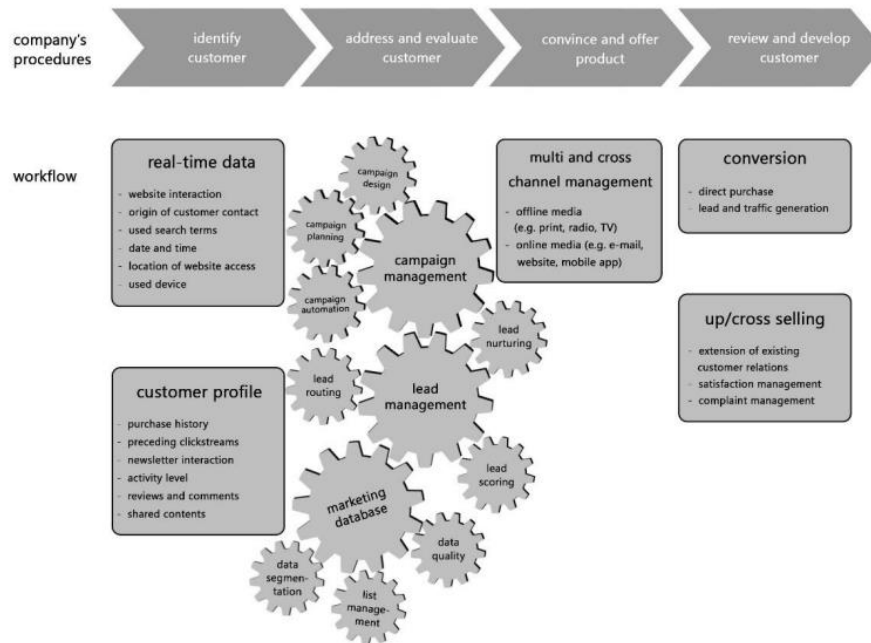


Figure 7. Integration of the marketing automation workflow in a company (Berghofer et al. 2018)

The most critical marketing automation *functionalities*, according to Swieczak (2013), are: (1) acquiring quality leads and lead segmentation; (2) executing effective advertising campaigns centred on relationship marketing; (3) effective up-selling and cross-selling; (4) precise measurement of the effectiveness of marketing activity and return on marketing investment (ROMI).

Marketing automation begins with identifying sales leads. It attracts prospects and collects contact information. This step analyses prospects' conduct, including where they came from and what interested them most. This information is needed to create an appealing offer.

The second stage, lead segmentation, analyses consumer data by interests, demographics, buying readiness, and expectations. Consumer data customise marketing material.

Relationship marketing prioritises customer care. A company may struggle to communicate with numerous clients who have different needs. Marketing automation systems recognise individual demands, decreasing risks and mistakes and saving time and company resources.

In the third stage, marketing automation speeds up prospect database access and helps create personalised offers for cross- and up-selling.

Finally, marketing automation helps quantify sales lead acquisition costs, the number of prospects turned into leads, marketing channel efficiency, and website attractiveness to better estimate the ROMI. This process analyses data and eliminates inefficient marketing initiatives.

In conclusion, marketing automation allows businesses to reach clients through traditional and modern means of communication—email, social media, and the web. Based on a particular set of rules, personalisation and customisation, companies automate workflow using pre-made templates, which improve overall performance. By aligning and automating both sales and marketing, automation can boost revenues by nurturing, scoring, and providing an ongoing measurement of the marketing campaigns' ROI, decreasing human errors, and freeing employees to focus on higher-order issues requiring human participation. (Salesforce, n.d.)

3.2 Why is marketing automation vital in the hospitality industry

The coronavirus (COVID-19) has raised concerns for service safety and a reorganisation of service operations for improved separation and decreased interaction (Berry et al. 2020). Similarly, the coronavirus disrupted the hotel industry, resulting in significant changes to services and operations to meet a new set of criteria (Kim & Han 2022). During and after the pandemic, hotel providers turned to technology to meet customer demand for contactless self-service and to assist hotel staff with routine clerical tasks.

According to McKinsey & Company (2020), global businesses accelerated the digitisation of consumer relations and internal operations by an average of three years during COVID-19.

The three pillars of the traditional hospitality infrastructure are revenue management (RMS), property management (PMS), and sales and catering (S&C) systems. These factors are crucial to the operational success of a hotel if working integrally. However, according to Melnyk (2023), the hotel industry has not broadly used marketing automation technology up to the moment, despite the fact that hotels have faced many sales issues due to a focus on group businesses apart from a high level of competition.

At the same time, Young (2022) specified that the most significant challenges have traditionally originated from unqualified inbound leads as a result of sales teams' "spray and pray" (i.e., ineffective) approach to the venue and event booking. Low interest in marketing automation tools in the hospitality area until nowadays might partly be explained by the lack of unique functionality tailored to hotel needs. Instead, big Software-as-a-Service (SaaS) companies manage existing marketing automation systems that do not meet and consider all hotel requirements and conditions, such as hotel sales processes and obsolete technologies in hotel tech stacks.

Also, recent external factors, such as the global pandemic, impacted hotels' post-pandemic labour shortages worldwide. Overall dissatisfaction with the working conditions during Pandemics was a common reason why hospitality workers considered quitting the industry (Joblist 2021).

The travel industry has long been a significant growth area and economic contributor in Finland (OECD 2023).

There is no significant presence of internationally branded hotels. (Lapland Hotel Investment Guide 4, n.d.)

Mid-market hotel operators primarily occupy the domestic hospitality market. The hotel supply is generally highly fragmented, unit sizes are relatively small (approximately 70 rooms on average), and a significant portion of the inventory is somewhat dated. (Lapland Hotel Investment Guide 47, n.d.)

Based on the Ministry of Economic Affairs and Employment of Finland (n.d.) statistics, before COVID-19, 5.8 per cent of the local population was employed in tourism-related industries. According to preliminary figures for 2020, the number of people employed in the tourism industry declined by 16 % to 128 700 after COVID-19 started. Additionally, due to the pandemic, the number of hours worked in the tourism industry decreased by 22% (55 million hours). Finnish tourism depends a lot on international tourism recovery. Tourism demand, especially inbound and outbound, is expected to retrieve much slower than domestic. (Ministry of Economic Affairs and Employment of Finland 2021.)

The hotel industry constantly seeks methods to maximise resources and improve employee satisfaction. Automating operations that do not require direct human interaction is one approach to saving money and allocating resources to higher-value activities such as site inspections, prospecting, and investigating new opportunities (Young 2022). Also, according to Melnyk (2023), SMHEs have a unique advantage over large hotel chains. They can deploy marketing automation technologies more quickly and efficiently than large hotel chains. In addition, according to the author, customisation at scale can help a small hotel provide a more in-depth, tailored service, allowing it to compete with more prominent industry players.

Based on existing data, hospitality management cloud-based platform Cloudbeds (2022) introduced benefits of marketing automation that can enhance hotel operations in a variety of ways, including (1) greater efficiency and output; (2) faster, more seamless guest service; (3) additional contact-free service options; (4) savings in labour and operational costs; (5) increased hotel earnings and

revenues; (6) fewer manual errors; (7) improved data management, reporting and performance monitoring.

Categorising hotel operations can aid in identifying and estimating which tasks should be automated. On average, all jobs are either simplistic or merely transactional by nature; others are more sophisticated and problem-solving. Hence, it is reasonable to automate such tasks as online bookings, check-in and check-out, and payments, leaving more complex customer inquiries, such as, e.g. complaints or special requests to hotel workers.

Hotels traditionally collaborate with online travel agencies (OTAs), e.g., Booking.com, Expedia, and TripAdvisor to increase online visibility and gain an additional marketing distribution channel. According to O'Connor (2021), OTA distribution partners (i.e., hotels) have numerous benefits. First, involvement exposes the property to hard-to-reach customers who may book it. Secondly, OTAs help participants with localisation, credit card processing, and search engine marketing. OTAs are pay-per-performance; therefore, a listing is low-risk. In addition, according to Phocuswright Research (2021), OTAs keep playing a significant role in the European travel distribution landscape, primarily in the highly fragmented hotel & accommodation sector, which accounts for 64 % of online reservations.

Small and medium-sized hotels tend to depend more on OTAs and thus pay more commission than large, well-known chains with greater negotiating power. According to research conducted by the Pacific Asia Travel Association (PATA) (2020, 26), two-thirds of all online travel agency (OTA) bookings worldwide are with small, privately owned hotels that have fewer resources, networks, and smaller customer bases versus those of extensive global brands.

In 2021 the leading OTA system in Finland was Booking.com, comprising a 7 % share of overall tourism and travel-related websites. Another in-demand OTA in Finland is Expedia (Hotelfriend 2022.)

Dealing with OTAs has drawbacks. First, OTA bookings require a commission, usually 15% to 30%, which reduces profitability. Secondly, maintaining rates/inventory on several systems increases complexity when working with OTAs. Finally, OTA membership can limit flexibility. (O'Connor 2021.)

In post-pandemic times, there is a chance for SMHEs to save on commissions by increasing direct booking rates from hotel websites while using marketing automation services.

The guest experience is one of the hoteliers' most essential success metrics. According to Cloudbeds (2022), guest feedback provides significant insights into hotel operational efficiency. Quantitatively, guests rate their whole experience and individual departments or aspects like value, service, or room. Qualitatively, guests share their staying experience. The pre-scheduled automated feedback delivery to checked-out guests reduces staff efforts and time and boosts customer engagement, allowing guests to respond conveniently.

Hotel visitors' expectations and actual experiences of hotel service quality often do not correspond due to guests' exceptionally high expectations, hotels' breakdowns, or a combination of both (Baltescu 2016). Also, Hongxiu et al. (2020,1719) suggested that various cultural backgrounds, including domestic and international, affect the guest assessment of hotel attributes with different ratings. Thus, the *room* attribute is the most crucial factor for evaluating guest experience in lower-rated hotels. Guests want to be sure that at least a location where they will devote considerable time is pleasant and up to standard (Choi & Chu 2001 cited in Baltescu 2016). In this case, guests prioritise *value*, *location*, and *rooms* (Shanahan & Hyman 2007). In contrast, guests in higher-rated hotels value other *complimentary amenities* like chocolates, strawberries, and wines for special occasions over rooms (Rhee and Yang 2015 cited in Baltescu 2016).

By analysing customer data and needs, hotels can enhance customer satisfaction and trust by offering them more personalised control with automated marketing services.

3.3 Mobile marketing concept

Mobile marketing has evolved into a method for companies to stay in contact with their customers in an engaging and pertinent manner. It helps brands to build loyalty and better positioning among younger users. Due to the increased popularity of smartphones and mobile applications, businesses have encouraged the rapid development of these tools to incorporate them into their digital marketing mix to maintain high competitiveness (Sultan & Rohm 2005; Shankar & Malthouse 2007; Shankar & Balasubramanian 2009 cited in Robayo-Pinzon et al. 2017).

Scharl et al. (2005, 165) defined "mobile marketing" as "the use of a wireless medium to provide consumers with time- and location-sensitive, personalised information in order to promote goods, services, and ideas for the mutual benefit of all parties."

Marketo, a software company, defined mobile marketing in 2016 as the use of websites, email, SMS and MMS, social media, and applications to target owners of smartphones, tablets, and other mobile devices.

The Mobile Marketing Association (MMA, 2019) described the concept as a set of initiatives enabling businesses to interact with their customers engaging and pertinently via any mobile device or network.

Several characteristics define modern mobile marketing, according to Kumar & Mittal (2020): (1) *universality*: smartphone worldwide adoption and adaptability; (2) *diversity*: the availability of multiple mobile marketing channels and instruments; (3) *communication in multiple directions*: marketer-to-consumer, consumer-to-consumer and customer-to-marketing platform; (4) *personalisation*:

due to the efficient application of analytics, there is an excellent potential for highly personalised and localised campaigns with enhanced targeting.

Successful mobile marketing demands audience comprehension, content production with mobile platforms in mind, and strategic use of SMS/MMS marketing and mobile applications (Marketo 2016 cited in Kumar & Mittal 2020).

Mobile marketing utilises various channels, e.g., email marketing, SMS, social media, and video. The case company was interested in instant messenger marketing, email delivery automation and SMS delivery in bulk. Therefore, the thesis does not cover all marketing channels but focuses on those significant to the case company.

Instant messenger marketing uses communication platforms and chat applications to promote products and services in near-real-time. One of the most widespread channels is the WhatsApp Business Platform, which allows businesses to initiate templated dialogue with mobile users and respond to user-initiated conversations for a limited time (24 hours). However, it is crucial to remember that business-initiated messages always require a prior user's *opt-in*.

Email marketing lets businesses send emails through mobile applications. Due to more and more internet users utilising desktops/laptops to access their official emails, nearly 60 per cent of mobile users in 2023 prefer using their mobile phones to check their emails daily (Truelist 2023). Email marketing can be optimised when automated to achieve aesthetic appeal and effectiveness. However, the excessive flooding of messages via this particular channel has the potential to cause disruption.

Mobile devices are the best option for marketers; marketers can provide further details and connections to their applications or websites in the email body. SMS is a straightforward, cost-effective, and results-oriented marketing channel for marketers and customers. It uses internet-free promotional and transactional messages that are ideal for feature phone users. This type of marketing uses

wireless communication channels to build client relationships and promote products and services (Frolick & Lei-Da 2004 cited in Kumar & Mittal 2020). SMS allows for short texts (140–160 characters) about a product or a service, usually resulting in a response or a buying decision.

Interestingly, some researchers discovered that the primary motivator for adopting mobile marketing is not their utility or ease of use but rather the component related to entertainment and the resulting fun of utilising mobile devices (Kim 2007; Bauer et al. 2005 cited in Robayo-Pinzon et al. 2017). This fact has implications for advertising and marketing communications in general. Indeed, effective mobile marketing interaction requires consumers to allow the ongoing receipt of marketing messages on their mobile gadgets (Barnes 2004). Some scholars asserted that customers will be more tolerant and will only accept mobile marketing if they perceive a *benefit* to getting advertising on their mobile devices (Kavassalis et al. 2003; Petty Ross 2003 cited in Robayo-Pinzon et al. 2017). Other authors, e.g., Gratton (2002), claimed that despite its benefits, mobile marketing raises many privacy and data protection concerns due to its ability to collect and store data, use, and disclose personal information. An acceptable use of private information in one circumstance may violate privacy in another.

Personalised and location-based mobile advertising, if unregulated, could be intrusive. Using personal and location data to develop personalised advertising messages may quickly build user profiles. Demographic, location, and call details can identify mobile users. Despite the advantages, mobile marketing threatens data security, which must be ensured.

Mobile advertising communications, usually called “mobile spam,” are a privacy invasion (Gratton 2002).

Compared with other countries, Finland has a high rate of mobile phone usage. Throughout the Autumn of 2021, the 5G network's coverage grew drastically, and it is now available to over 80 % of Finnish households.

This growth results from robust network coverage and subscriptions with unlimited data plans, which are less common in other regions, at least in Europe. (Traficom 2022.)

The most popular mobile chat applications used in Finland are presented in Figure 8.

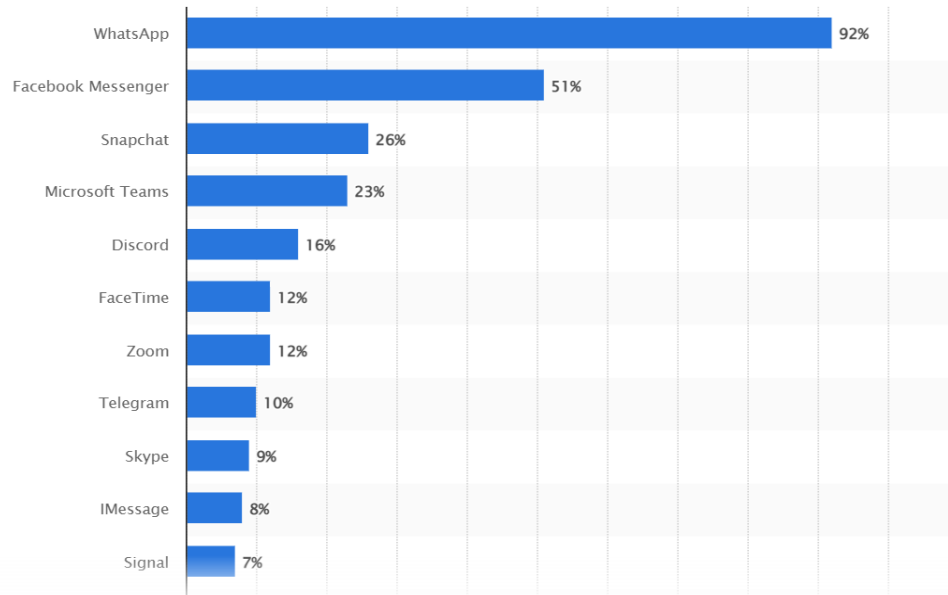


Figure 8. The most popular mobile communication platforms and applications in Finland (Statista 2022)

However, it is also crucial to understand and differentiate Finnish consumer behaviour from other markets, e.g., Nordic countries, because the landscape is different in culture and consumer behaviour.

Finnish media company Sanoma (2021) mentioned that consumers aged 25-40 are the country's only most active mobile users. After this age group, there is a significant drop. Figure 9 represents Finland's total share of online buyers by gender and age. Older generations comprising a large population group, are less responsive to digital purchasing, making marketing campaign conversion rates weaker than anywhere else. Therefore, this segment's customer journey in digital channels is more extended.

Consumers prioritise national media, thus; local newspapers and magazines (including digital versions) count for over 90 % of Finns' daily activity in various age groups.

Radio is another widespread marketing channel avoided by many international brands aiming to expand in the local market.

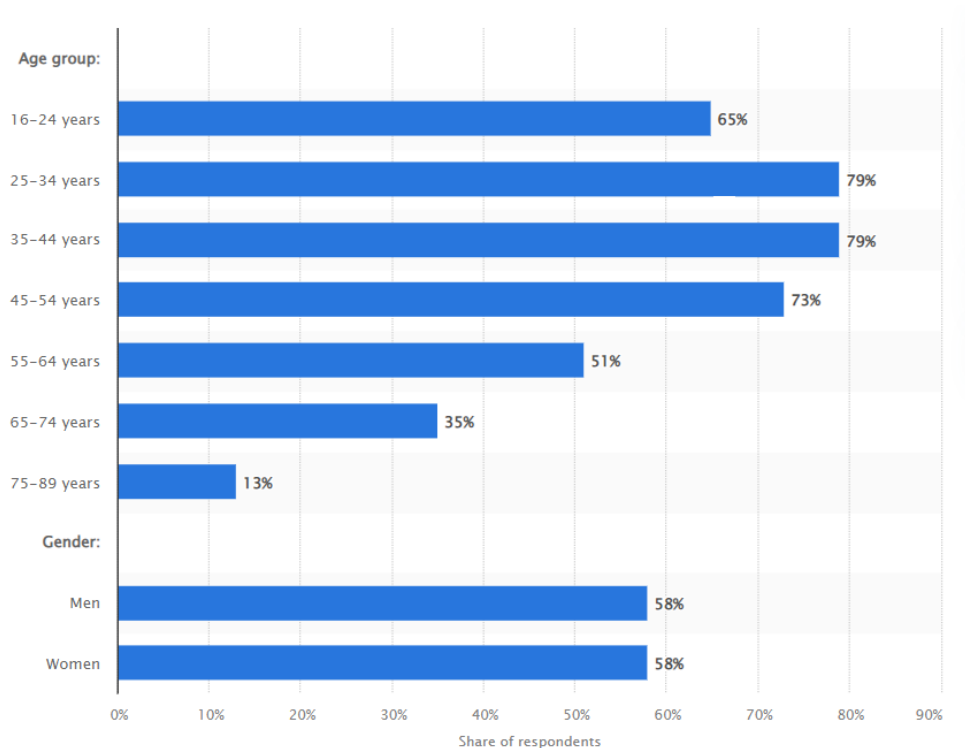


Figure 9. Overall share of online buyers in Finland by age and gender (Statista 2023)

Developed *trust* based on national media, *facts*, and *values* is another aspect that highlights advertising specifics in Finland (Sanoma 2021).

3.4 How can instant mobile messengers benefit SMHE

Today, small and medium-sized hotels' main issues include (1) regular customers' shortage; (2) large amounts of email requests making it hard to keep track of them; (3) customer feedback shortage; (4) an insufficient number of positive reviews on search engines; and (5) highly competitive market.

The benefits brought by instant messengers to small hotels allow them to (1) facilitate sales by advertising mailing and add-on sales; (2) automate routine and frequently asked questions by implementing conversational templates, shortening answering time while staying in touch during out-of-working hours; (3) improve hotel operations by qualitative research conducted with the help of surveys. Overall, text marketing has a higher open rate compared to email marketing. A mobile text message campaign has an average open rate of 98%, while an email marketing campaign has an average open rate of 20%. It is because text messages are sent directly to a customer's mobile device. In addition, SMS response rates are significantly higher than email response rates because recipients receive SMS alerts immediately and have a greater chance of seeing them. Text messages are accessed within 90 seconds of delivery, whereas email open rates fluctuate around 90 minutes (ContactBook n.d.).

Depending on the specific sales funnel stage, hotels can interact with existing or prospective visitors via instant messengers (chat applications) using a variety of message types.

Service messages relate to a company's product or service based on verifiable data (Zurich 2020).

Authentication messages are messages that include secured information about verification and payments. Integrity verification is based on a shared secret key to authenticate information transmitted between two parties. (Handwiki, n.d.).

Transactional messages –messages sent in response to a user's interaction with a website, company, or service (Salesforce, n.d.).

Advertising messages— other advertising messages unrelated to the categories mentioned above.

Figure 10 depicts the possible interaction scenario with hotel prospects in instant messengers.

In the first stage of raising *awareness*, a hotel can use advertising and service messages sent by *chatbots*. For example, it can be a formal greeting, a

description of a hotel, or specifying questions about the preferred communication method.

After a guest has shown initial *interest* in a hotel's services, the hotel can continue to use a chatbot to send current deals, offers, and contact information to a hotel representative.



Figure 10. The interaction process with leads and hotel guests during their stay through instant messengers based on traditional sales funnel

The next *consideration* stage includes sending advantages and highlighting the *values* of a specific hotel; it can be sending additional information about services provided by the hotel, special offers for kids, weather forecasts for the period of the lead's stay, transfer information, and others. This stage also involves a kind reminder that a hotel is still waiting for a decision. If a prospect has objections and hesitations, it is also possible to deliver information about the last available rooms at a discounted price and mention that the hotel still waits for a decision.

With the service messages, it is possible to send answers to frequently asked questions and inform that a hotel is willing to suggest activities explicitly tailored to guest preferences (e.g., fishing, kayaking, swimming, sightseeing). Before check-out, a hotel can remind guests about their last stay day and ask whether

guests need a transfer. Also, after the check-out step, a hotel sends a service message asking for feedback.

After the prospect agrees, the *purchase* stage involves sending authentication messages and links for online payments and transactions. When the payment is made, a hotel can send a booking number, guidelines on making reservation changes, and all necessary data about the location and destination route.

Finally, the guest arrives. With the service messages, it is possible to send answers to frequently asked questions, offer additional services, and inform that a hotel is willing to suggest activities tailored to guest preferences. It can be, e.g., outside activities provided by the hotel (e.g., fishing, kayaking, swimming) or indoor evening activity for kids.

Today, more and more businesses use conversational bots for lead interaction. Chatbots are computer programmes designed to simulate human conversations (Leung & Wen 2020 cited in Chamboko-Mpotaringa & Tichaawa 2021). They are seen as virtual assistants or "e-service agents" (Tussyadiah 2020). Integrating chatbots into tourism organisations' service experiences is crucial in boosting client satisfaction (Park 2020; Tussyadiah 2020).

Chatbots deliver relevant real-time information and engagement; moreover, the employment of chatbots substantially reduces language barriers, given that tourism entails the mobility of people, some of whom travel to locations where a different language is spoken than their native tongue. (Tussyadiah 2020.)

Incorporating chatbots into existing digital marketing platforms, such as websites, represents a growth opportunity for businesses (Leung & Wen 2020 cited in Chamboko-Mpotaringa & Tichaawa 2021).

Despite their evident benefits, implementing chatbots is challenging for several reasons. Brandtzaeg and Flstad (2018) provided two real-world examples of chatbot failure. Ikea's chatbot Anna failed because of *its inability to balance* robot and human components, resulting in clients misusing it. Another example is

Microsoft's chatbot Tay, which responded unethically to user queries (Brandtzaeg & Flstad 2018; Zemčik 2020).

Businesses prioritising *business-centric* use cases above user-centric cases cause chatbots to fail (Zamora 2017; Grudin and Jacques 2019 cited in Janssen et al. 2021). Besides that, *user trust* and *privacy* concerns are among other influencing factors. (Rodríguez Cardona et al. 2021; Flstad et al. 2018; Mozafari et al. 2021 cited in Janssen et al. 2021).

Mobile communication must be integral to the guest's journey for hotel brands to form a deeper connection with guests. Clear and concise communication in a customer's preferred channel enhances hotels' reputation and boosts revenue. Hotel operations must increasingly focus on mobile communication to bridge the disconnect with guests. In today's content-rich environment, the key to creating engagement is making it simple for guests to see hotel messages. An immediate interaction between a hotel and a guest can prevent negative reviews. Text can improve the overall experience to the extent that customers will include the service in their evaluations, enhancing the hotel's reputation and positively affecting bookings (Holzer 2022.)

4 DATA COLLECTION AND ANALYSIS

4.1 Research and development process

The thesis literature review included secondary data, such as existing business marketing literature, peer-reviewed articles in online magazines, and mobile marketing and marketing automation companies' blogs. The author used information about marketing automation in the hospitality industry from hospitality online business reviews, e.g., HotelExecutive.com. Also, preliminary discussions and online meetings with the case company's CEO allowed getting additional information about the case company.

The data collection consisted of in-depth online interviews conducted with the help of Microsoft Teams software and an online qualitative questionnaire to enhance the data validity.

Interviewing online was reasonable due to the extensive geographic presence of the Hotellinx Cloud Property Management System clients. At the same time, video interviews allowed for examining the interviewees' attitudes based on their tone of voice and body language. Very often, meaningful information expressed nonverbally cannot be represented verbally (Schlenker 1980 cited in Frauendorfer & Schmidt Mast 2014).

An online or internet survey is a common way of collecting data where a target sample receives questions, and the sample members respond electronically to the questionnaire (Regmi et al. 2017).

4.2 Data collection

The online interviews took place during week 7 (13.02.2023- 19.02.2023). Interviews were conducted and recorded with the help of MS Teams software. Initially, the research intended to have only interviews; however, with revealed issues in data collection, the author had to use a follow-up data collection method, the qualitative survey, to enhance data validity.

In-depth interviews consisted of 17 questions (Appendix 3). Every interview lasted one astronomical hour. The discussion mainly asked "how" and "what" questions to determine individuals' thoughts and feelings. In general, "what" and "how" questions are better answered through the case study as they deal with operational relationships that must be traced throughout time instead of frequency or occurrence (Yin 2009, 9 cited in Baskarada 2014).

The online qualitative questionnaire consisted of 13 questions (Appendix 4) performed in Webropol and sent via social media channels - Facebook (groups

such as “Travelling and living in Finland “, “Finland travel community”, “Suomi matkailu elämyksiä”) and LinkedIn (open group “Restonomit – Hospitality Managers”) in March 2023. The idea was to understand the perception of automated services for interaction with hotels, customer experiences and customer-perceived values among Finnish hotel end-users while staying in local SMHEs.

All the data collection followed research ethics, and no personal information was revealed during the interviews. The research process kept anonymity; no names or private data was recorded. Appendix 2 contains a cover note for the in-depth interviews.

The initial data collection plan aimed to conduct five interviews with local hotels using Hotellinx Cloud Property Management System- the intermediary company which negotiated with the case company about the pilot testing the case company services if potential clients expressed readiness to participate in the experiment. The first messages to hotels inviting them to participate in the thesis discussion featuring a cover letter occurred in November-December 2022 after the author completed her advanced internship in the case company. However, during the thesis process, it became evident that (1) most small local hotels do not respond to emails written in English; (2) hotels which replied to the message invitation for the discussion referred to overall busyness and unpreparedness to participate in the discussion because of the high seasonality or lack of need and interest in the subject; (3) hotels which firstly agreed to participate, later disappeared without any further interaction.

As a result, only two in-depth interviews were conducted during the data collection process.

Invitation to the discussion included writing both in English and Finnish. Native Finnish speakers assisted the author in writing the invitation letter in Finnish. That is why a particular data limitation impacted the data analysis.

4.3 Data analysis

Data analysis in qualitative research primarily distinguishes it from quantitative research. Unlike quantitative approaches, inductive reasoning, thinking, and theorising are dynamic, intuitive, and creative (Basit 2003).

In contrast to quantitative research, which employs numerical methods, qualitative research focuses on analysing values, meanings, beliefs, thoughts, and experiences typical of the investigated topic (Tashakkori & Teddlie 2003 cited in Wong 2008).

In qualitative research, data analysis is defined as systematically finding and analysing data through interview transcripts, observation notes, and other non-textual resources collected by the researcher to enhance their understanding of the phenomenon.

The chosen data analysis method for the thesis was content analysis. Content analysis is a research methodology for analysing the content of texts. This method allows the researcher to compare and analyse the content of multiple texts qualitatively and quantitatively.

Quantitative content analysis can determine the objective meaning of texts based on their manifest content. It can be used to calculate, for example, the frequency of specific words, phrases, concepts, or ideas in a text that has been analysed. When used qualitatively, content analysis establishes the subjective meaning, and the researcher endeavours to read between the lines and unearth the underlying meanings of texts. (Quinlan 2011.)

In this case, data analysis identifies and analyses data from non-textual resources collected by the researcher, such as speech transcripts, observation notes, and other non-textual resources.

Most qualitative data analysis involves coding or categorising the data. It entails reducing the volume of raw data, recognising relevant patterns, extracting meaning from data, and establishing a logical chain of evidence to make sense of massive amounts of data. (Patton 2015.)

The content analysis method consists of general steps: (1) define research objectives and questions to conduct content analysis; (2) define a sample of the content to be analysed (documents, transcriptions, recordings and others); (3) determine units of analysis (e.g., words, sentences, paragraphs and others); (4) develop coding scheme according to the research objective (categories or codes to be classified and analysed); (5) coding process (reading and reviewing the analyzed content to align with the research objectives); (6) data analysis to identify relationships, patterns or themes; (7) reporting by summarising the results.

Qualitative content analysis requires neutrality and objectivity. The content analysis can be manifest or latent, depending on the desired outcome. In the case of the manifest analysis, the researcher uses the informants' words and refers back to the source text. According to Burnard (1992 cited in Bengtsson 2016), it helps to preserve the original meanings and context. Latent analysis instead requires the researcher to immerse in the data to find hidden meanings. Lastly, the researcher should compare the new data to the literature and determine if the result is fair and logical.

The thesis data was analysed with the help of the manifest content analysis. The interviews and digital questionnaire content were transcribed from video and the Excel file to written form and put on paper, making it easier to analyse. The interview and survey texts were then divided by the relevant codes and analysed thoroughly. The primary aim was to identify the need for marketing automation services among SMHEs by observing current trends and values in hotel service, assessing possible threats and aligning them with value-creation elements that might be important to them. The secondary aim was to understand hotel guests'

or end-users' attitudes toward automated communication services and their value perceptions.

5 RESULTS

5.1 Interview results

The interview participants were the hotel receptionist and the manager of two small Finnish hotels with an overall room capacity of 80 and 40 units. A hotel receptionist was a Bachelor's of tourism and hospitality, having 2,5 years of working experience in that hotel and overall experience in the industry since 2015, including working experience as a Travel Guide in the Alps.

The hotel manager was an entrepreneur with a Master of International Business and real estate and hospitality expertise since 2014.

The in-depth interview questions were divided into broad categories of topics: (1) the hotels' customer segments; (2) today's guest expectations and perceived values in hotels and factors affecting guest satisfaction; (3) current hotel operational issues; (4) ways of interaction between guests and hotels on various customer journey stages; (5) attitudes to chatbot utilisation in Finnish hotels; (6) threats of adopting marketing automation tools in SMHE; (7) the role and a place of mobile marketing in SMHE.

After categorising topics, the most accurate and repetitive codes were identified.

Hotels' guest segment determination. The customer segment in the first hotel throughout the year consisted of local middle-aged people (40-50 years old), businesspeople, and families with kids during the summer.

In the second hotel, the customer segment was represented by visitors aged 28-70 years old, mainly couples, families with kids during summertime and sports teams, choosing the hotel because of a good location, close to the sports and active lifestyle infrastructure, such as tennis court, golf course, several hiking and cross-country skiing trails.

Guest expectations and perceived values in hotels and factors affecting guest satisfaction. To gain a perspective on the place of marketing automation in the SMHE context, first, it was helpful to hear Finnish hotel experts' thoughts and opinions on the current guest expectations and values as customers while staying in the hotels and also to assess general factors affecting customer satisfaction. This information gave insights into the current state of the Finnish SMHEs' customer service and the general need for marketing automation tools in this hotel segment.

According to the respondents, most of the local guests are pragmatic without high requirements except basic needs for *kind* and *service-oriented* hotel representatives' approach, as well as *fairness* and *transparency* in correspondence of the information on the hotel website and actual on-place conditions.

Hotel guest satisfaction depends on the room quality, general cleanliness, and food in the restaurant, comprising basic parameters.

R1: "The room quality and cleanliness are essential to guest satisfaction. The quality of food in the restaurant is also important."

However, in recent times, the benefits a hotel can deliver, including functional benefits, such as e.g. infrastructure, and service benefits, e.g., complementary amenities, which create the *holistic guest experience*, were seen as one of the most critical factors affecting customer-perceived value and positive customer experience today.

R2: "Complementary services today are at the top of the satisfaction level."

Current hotel operational issues. The possible scenario of implementing the case company's marketing automation services implied asking the hotels about existing operational issues affecting business productivity and guest experience. The hotel experts agreed that the most challenging was temporary high seasonality (e.g., summertime) with an excessive workload, partly weekends and late evenings without a working reception. Obviously, it might challenge the

arrival of new guests late at night or, e.g., on Sundays. Also, during the discussion, it was found that local hotels still used a traditional, old-fashioned paper guestbook for feedback collection. Another and the only way to collect digital feedback was available with the help of the OTA services, such as Booking.com, Tripadvisor, Expedia and others. Hoteliers expressed interest in the automated feedback collection separated from OTA, as it seemed a convenient, independent and fast way to gather necessary data.

R1: "Everything is good. Maybe only weekends and late evenings are exceptions because reception and restaurant are closed on Sundays and late nights. Also, we still have a paper guestbook. [...] Automated feedback collection sounds excellent for first-time travellers and internationals."

R2: "We often use OTA services, which help manage customer service, e.g., reviews. Other ways to take customer feedback are through OTA services and face-to-face. Having a single system collecting all feedback would be beneficial."

Ways of interaction between guests and hotels on various customer

journey stages. The hoteliers were asked how they interact with guests during different customer journey stages: before, during and after their stay. This information was needed to assess the possible chatbot implementation scenario, e.g., to help hotels increase direct room bookings from their websites. Experts in the hotel industry have emphasized the importance of using traditional methods, such as emails and phone calls. Words such as "*face-to-face*", "*traditional*", and "*interpersonal*" were commonly used when discussing this topic. These insights provide a deeper understanding of communication in Finnish hotels and emphasize a customer-centric approach in hospitality. However, it also suggests that automated services are not yet widespread, indicating that there is currently limited demand for them.

R1: "We interact with our clients via Booking.com before their arrival. During their stay, we communicate mainly face-to-face. Any additional information is sent via traditional email."

R2: “ Our interaction with guests during their stay is mostly interpersonal. Before their arrival, we usually do not interact at all. We send an email to remind about the coming arrival one day before check-in. After check-out, guests can voluntarily leave their feedback in a guestbook or via OTA service.”

Attitudes to chatbot utilisation in Finnish SMHE. Hotel experts were asked about their opinions on using conversational bots. They acknowledged that this form of communication can be useful, but only under certain conditions. For example, it is not helpful for customers who are making direct online bookings at the beginning of their customer journey. Additionally, certain customer segments, like businesspeople or elderly guests, might find chatbots disturbing. Chatbots were described with the words "*annoying*," "*meaningless*," and "*ineffective*." This negative perception is due to the intrusive nature of pop-up chatbots, which can deter potential customers from booking a room and cause them to leave the website. However, the experts suggested that chatbots could be useful if they were implemented to interact with guests *during* their stay and offer complimentary services.

It could create a more holistic guest experience, increase customer retention, and prolong guest stayovers.

R1: “Chatbots generally are ineffective as local guests consider them annoying, particularly when making room reservations for the first time. On the other hand, restaurant menu promotion with the help of the chatbots could be an option during guest stay.”

R2: “Concise automation could be best during the guest stay; our main interest is to make people come back to us and stay with us longer; our hotel does not have, e.g., aquapark, but it could introduce good offers in the nearby locations with the help of the marketing automation tools. ”

Threats of adopting marketing automation tools in SMHE. To properly assess the viability of marketing automation in Finnish SMHE, it was necessary to identify potential obstacles and deterrents to its adoption within the country's

hotel industry. Both internal and external factors were considered with common codes such as “employment threat”, “unstable economic”, and “privacy concern”. In Finland, the adoption of marketing automation faces a challenge due to the country's low population density and smaller labour market. Rural and remote regions depend on the hotel industry to provide employment opportunities. Introducing more automated tools may jeopardise SMHE personnel's jobs, potentially affecting the local economy.

R1: “Privacy concerns among guests and employment factors the two biggest obstacles in spreading marketing automation in the local SMEs. Small and medium hotel businesses provide workplaces for the locals.”

Another factor to consider is the current economic climate, which the COVID-19 pandemic has significantly impacted. According to the respondents, small and medium-sized businesses have shifted their focus to budget allocation, with cost-saving measures taking precedence over sales growth and profit. These factors must be carefully considered when evaluating the feasibility of marketing automation in the Finnish hotel industry.

R2: “Employment concerns, fluctuating economic situation due to post-pandemic times. Today, businesses think more about saving and allocating budget resources than making a profit.”

The role and place of mobile marketing in Finnish SMHE. Interviewees were asked about the current role and the state of mobile marketing in Finnish hotels. It was good to evaluate the responsiveness of local guests to mobile interaction from a hotel expert's point of view because the case company offered its automated services mainly through chat applications supporting mobile marketing. According to the respondents, mobile marketing in the Finnish hotel industry was primarily a question of time. Codes included “optional”, “not a trend”, and “question of time”. Chat applications have potential in the younger guest segments for whom the digital environment is a traditional and familiar setting; however, for other customer segments, it is not suitable.

R1: “Mobile marketing has not been used that much. However, it is a question of people and time. In small and medium hotels, it is still very optional.”

R2: “It is obviously not a trend yet in hotels. Moreover, it depends on when new relevant products appear that would be promoted through mobile devices.”

Hence, accurate customer segmentation is necessary for the case company aiming to introduce mobile marketing to promote hotel services to their guests through mobile communication platforms.

5.2 Survey results

The qualitative online survey collected 29 answers. The primary idea was to collect answers from travelers and compare their opinions with hoteliers' to find the golden mean. Survey participants' demographics predominantly consisted of 15-41 years old Finnish residents. Their geographical location was mainly the capital area, with small communities spread over the country. Most of the respondents sometimes visited hotels, with “rarely” answers in the second place.

The qualitative questionnaire questions were broadly categorised in the following manner: (1) respondents' attitude towards hotel contactless services (e.g., electronic payments, QR codes and others); (2) attitudes to smart tourism with more automated communication; (3) opinions on receiving personalized automated notifications and reminders from hotels via traditional SMS; (4) opinions on using a pop-up chatbot for a room booking and chatbot interaction in general; (5) opinions on using instant messengers for hotel communication; (6) customer-perceived value of hotel guests; (7) hotel guest issues related to customer service.

Respondents' attitude towards hotel services without human participation.

Despite COVID-19 restrictions and health concerns, people have different opinions towards contactless services such as electronic payments and self-check-in through QR codes. In a survey, most respondents had a *neutral* attitude

towards non-human technological advancements. It presents a favourable outlook for the case company, showing that their customers are open to non-human interactions with businesses.

Attitudes to smart tourism with more automated tools for communication.

The same results came in the question about using smart tourism and more automated tool for interactions. Respondents were primarily *neutral* and “*totally agree*” when asked to what extent they agreed with the statement “I would rather prefer smart tourism rather than traditional”, where smart tourism means having automated services for improved customer service?”.

Opinions on receiving personalized automated notifications and reminders from hotels via SMS. The questionnaire revealed that personalised automated SMS notifications were highly *convenient* and *interesting* for most participants. It means that the traditional method of communication prevails. These notifications encompass F.A.Q., check-in/check-out reminders, and daily hotel restaurant menus. Despite this, a small group of respondents have raised concerns that these reminders could be interpreted as “*spam*” and potential “*privacy violation*”.

Opinions on using a pop-up chatbot for room booking and chatbot interaction. According to the survey, half of the participants did not favour using chatbots for room bookings, as they found them *disturbing* and *unproductive*. The remaining participants had mixed feelings, with some being uncertain and a minority finding pop-up chatbots *helpful*. Most respondents did not believe chatbots were useful for any interactions with hotels, deeming them *meaningless*. A smaller group had neutral feelings towards chatbot utilisation in general.

Customer-perceived value of hotel guests. The survey found that the most highly valued factors among participants were basic parameters, such as *qualified personnel*, high-quality room and food, *efficient service*, an atmosphere, and *transparency* of the services provided. Hotel personnel was described using words such as “*flexible*,” “*human*,” and “*friendly*”. *Quick service*, including prompt

responses to inquiries, *speedy check-in* and check-out, *up-to-date information* regarding additional services provided by the hotel and freedom of choice in terms of the preferred means of interaction, were top priorities for respondents. Interestingly, the price was not deemed a significant factor for most participants. The overall experience was enhanced by a comfortable atmosphere, 24/7 customer service, and complimentary hotel gifts.

Hotel guest issues related to customer service. Several concerns were raised regarding poor service and bad communication, untidiness, lousy food, problems with room access codes, non-updated information on the website, and early check-out requirements.

When comparing the results of the in-depth interviews with hotel experts and the qualitative survey with hotel end-users, mutually supporting facts can be highlighted. Firstly, there was a shared belief between local tourists and hotels regarding basic guest expectations and values. Both parties valued kind and friendly personnel with a *human touch*, quality rooms, and transparent service offerings. Secondly, hotels and guests preferred traditional means of interaction, such as face-to-face, emails, and SMS, rather than automated services for communication. Although hoteliers suggested the benefits of automated services for various customer journey stages under certain conditions, both sides expressed reluctance to use chatbots due to their intrusive nature and privacy violation risks. Thirdly, the current state of mobile marketing in Finland is still in its early stages, making it difficult to assess its real value for Finnish SMHEs.

Based on the gathered data, the author made several hypotheses: (1) the need for marketing automation in Finnish SMHEs is moderate and optional with established preferences towards traditional means of communication; (2) local advertising landscape, external and internal factors (e.g., unemployment threat on the regional level and fluctuating economic situation) affect active adoption of marketing automation and mobile marketing in Finnish SMHE.

6 CONCLUSIONS AND DISCUSSION

6.1 Key results and findings

This chapter observes the critical findings of developing a value proposition model for the case company. The insight of this research is an analysis of the theoretical framework regarding the concepts of value, value proposition, marketing automation and mobile marketing as the case company's priority areas in the hospitality management context. In addition, the research covered the importance of marketing automation in the hotel business and mobile marketing applicability for guest interaction, featuring the current specifics of the Finnish hospitality and advertising landscape. A more accurate and specified value proposition model based on gathered data will help the case company better tailor its services to small and medium-sized hospitality players. The primary data collection aimed to observe existing attitudes and opinions regarding marketing automation utilisation in Finnish SMHEs and to assess possible risks and threats obstructing the deployment of this technology in Finnish hospitality SMHEs. It helped to answer the research objectives and to develop a final value proposition for the company.

Answers to the essential thesis objectives and thesis research question are presented below.

What is the value and value proposition from the marketing perspective?

The concept of value is multifaceted; it can be described as the relationship between a company's benefits and the sacrifices its customers are willing to make to receive those benefits. Nowadays, customers determine the value of a product or service based on their personal prior experiences and perspectives, while companies can only assist by providing value conditions for their offerings. Ultimately, customers make the final decision because they define value themselves. Meanwhile, companies also seek value from their customers, often in monetary form. Additionally, customer data is a valuable resource for

companies as it allows them to better understand their clients and tailor their products and services accordingly.

Compelling value propositions convey a company's product or service value to its customers, focusing on their needs rather than the product or service's features. A strong value proposition aims to set a company apart from its competitors and maintain customer loyalty by providing a positive perceived value that discourages them from seeking alternatives. A good value proposition should be specific and measurable, outlining the benefits that customers can expect to receive. In short, a value proposition is a crucial strategic capability essential for any company to achieve commercial success.

What is the marketing automation concept, and why is marketing automation essential in the hospitality industry? Marketing automation is a rule-based software technology that automates traditional marketing processes and campaign activities intending to improve business operations within a company. Automation intends to align marketing and sales activities, increase revenues by nurturing, scoring, and measuring the efficiency of marketing processes and campaigns, and freeing employees from repetitive tasks to focus on duties that demand human participation.

Personalisation and customisation are essential to developing trust and maintaining long-term client connections in non-human company-customer interaction.

The hospitality industry is known for its personalised approach that prioritises customer satisfaction. However, external factors such as the pandemic and evolving digital consumer preferences have prompted hotels to automate their operations. By utilising marketing automation, hotels can streamline their core activities, improve customer experience, and allocate resources more effectively towards high-priority tasks that require human intervention. This tool is equally beneficial for large hotel chains and industry players, giving small hospitality enterprises greater autonomy and control over their actions.

What is mobile marketing, and how can SMHEs utilise it? Mobile marketing can be described as B2C or B2B communication with the help of a wireless medium, device or mobile technology. Mobile communication has become “a must” in hotel customer service in the digitalisation and gamification era.

Moreover, the impact of COVID-19 highlighted the importance of touchless or contactless services. Mobile technology creates new service metrics by offering clients personalised and customised seamless experiences.

Mobile marketing is a robust tool for businesses that advertise through instant messengers or chat applications. For small hotel enterprises, it offers a wide range of opportunities, such as better delivery and open rates allowing them to facilitate marketing campaigns more efficiently, increase direct website booking rates, grow add-on sales and improve hotel operations by engaging with clients on their preferable chat platforms.

How could the case company communicate value to its target customers among Finnish SMHEs. To communicate value efficiently, a company must know how customers perceive its products or services. Customers usually perceive value based on their prior experiences, their views, and the relation between benefits they can get and sacrifices they must make to get these products and services. Usually, clients are willing to make sacrifices for products that have meaning to them. That is why, instead of delivering predefined value by a company as years before, businesses today only assist potential clients by providing value conditions or value *propositions* that help determine the overall value of their products or services. However, the client makes the last decision himself. Value proposition as the result of such a co-work aims to become a way to emphasise customer requirements for products and services.

Based on the data collection and expert discussions, it is evident that the company's potential B2B SMHE clients have only shown moderate interest and need for marketing automation services. It is primarily due to the limited unit occupancy of these hotels, economic changes after the pandemic, and the need to save budget resources instead of making profits. Moreover, the local

advertising landscape and consumer behaviour also significantly impact the adoption of these services by SMHEs, demanding accurate customer segmentation based on their demographics.

However, marketing automation in SMHEs is still beneficial because it *adds value* to the holistic guest experience, increasing customer loyalty, which is crucial in today's customer service. Moreover, hotel experts expressed interest in automated customer feedback enabling them to step away from traditional paper-consuming guest reviews in guestbooks.

Hence, by emphasising the total guest experience and creating the image of a small hotel that offers much more, rather than solely a room, marketing automation is seen as a helping hand for small hospitality providers in the local market.

At the same time, hotel guests highly value their independence and prefer quick access to hotel services without being disturbed. They also place great importance on accurate and transparent information about hotel services promoted online and the availability of assistance from a hotel representative when needed.

Below is a value proposition model based on A. Osterwalder's value proposition canvas and the value map. It includes the company's primary products and offerings, customer concerns, and solutions that the company can provide to alleviate those concerns. Figure 11 provides additional details.

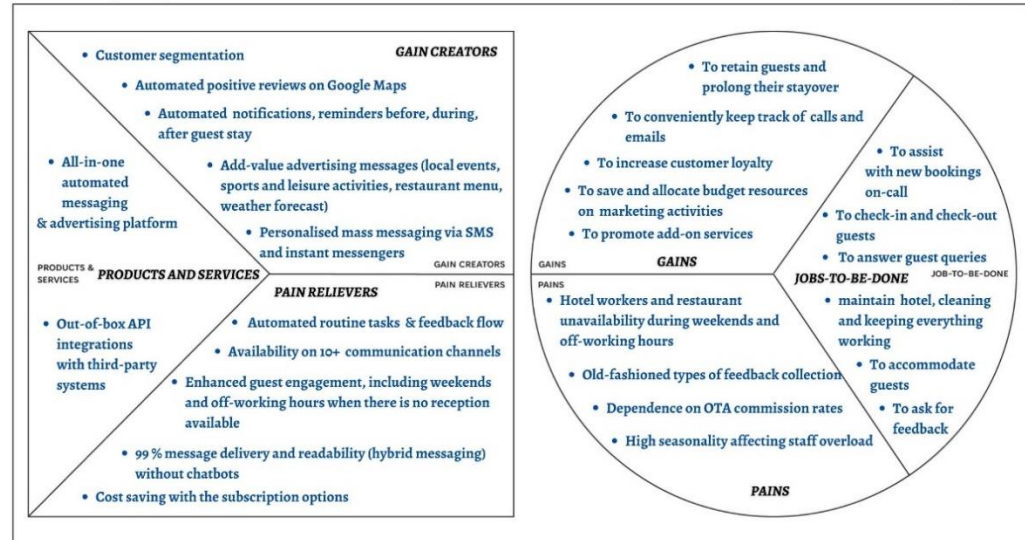
Company products and services. The case company is an all-in-one automated messaging and advertising platform for businesses with automated conversations, notifications and conversational bots. The company offers bulk SMS delivery with global coverage and a total of 10+ various communication channels with hybrid messaging options. Hybrid messaging allows for using multiple channels simultaneously to enhance delivery and open rates even if a user does not open a message in a particular channel.

The company tools allow automated business interaction with clients by sending personalised messages according to ready-made templates or conversational scenario builders, which can be used to create messages manually.

Customer pains. SMHEs' pains include (1) a traditional way of collecting paper-based feedback; (2) a part-time working schedule during weekends and off-working hours where no hotel personnel are available to solve possible guest issues; (3) dependence on OTA services (i.e., additional expenses); (4) limited offerings (i.e., solely accommodation); (5) low chatbot acceptance among guests.

Company's pain relievers. By using the case company's services, SMHE B2B clients get (1) accurate customer segmentation by age; (2) delivery of personalised SMS and instant messages in 10+ communication channels (WhatsApp, Telegram, Facebook Messenger and others), allowing to choose guests' most preferred way of interaction; (3) a cost-effective bulk SMS messaging and hybrid messaging option, ensuring that the message sent from a business account is delivered to the client; (4) automated feedback collected in 24 hours after the guest check-out; (5) the opportunity to promote *add-on* services (e.g., restaurant menu).

Value proposition canvas.



Value Map: Fromni Oy

Customer Profile: Finnish SMHE

Figure 11. A value proposition canvas for the case company

The case company has opted for a monthly subscription business model, which has its advantages and disadvantages when viewed from the value perspective. On the positive side, the company benefits from (1) enhanced client acquisition through its partnership with Hotellinx; (2) a loyal customer base that trusts the company for the long haul; (3) the ability to make accurate financial forecasts with minimal risks; and (4) improved customer retention and lifetime value (CLV). However, the company also faces some drawbacks, including (1) the limitations of fixed subscription plans; (2) the need to stave off potential churn; and (3) the requirement to constantly upgrade its technology.

6.2 Managerial implications

Today's value proposition is more than a simple advertising statement for the company's benefits offered to its clients. If implemented correctly, a value proposition can direct a company towards strategic choices that contribute to its future success. Given the case company's small size, novelty, and the absence of a hotel clientele in Finland, they must make clever strategic decisions for their

future growth and emphasize the most significant values explicitly tailored to their target market.

A few recommendations for the case company on better communicating its value are presented below.

Firstly, instead of positioning instant messengers as a substitute for traditional communication channels, the company should present chat applications as a complementary assisting tool to enhance holistic guest experience leading to customer engagement and retention for Finnish SMHE by providing convenient interaction options to guests. Also, the emphasis should be on utilising hybrid messaging and email marketing than relying on active chatbot usage, which is not yet widely adopted in the target market.

Secondly, to highlight accurate guest segmentation as it will encourage first B2B clients to test the solutions with different guest segments: businesspeople, young travellers, families, etc. Identifying the potential responsiveness of a specific client segment through segmentation is crucial for further chatbot interaction.

Thirdly, to emphasise the importance of personalised conversations and the hotel's ability to engage with its guests effectively. B2B clients can customise various scenarios with the assistance of the conversation builder, allowing them to set message tones and rules independently. The best part is that it does not require coding skills, which is a significant advantage. This feature offers B2B customers the flexibility and autonomy they need to manage hotel operations according to their unique vision.

Fourthly, to stress the role of digitalisation and digital products in fostering local and regional long-term economic development and sustainability.

Fifthly, to accentuate add-value and up-selling opportunities for SMHEs by establishing a network between accommodations, local leisure, and sports

organisations offering neighboring leisure activities. The case company streamlines up-selling and marketing activities to accommodation and recreation companies in this scenario.

The case company can implement the following recommendations to enhance its presence in the local market. First, develop a comprehensive social media strategy for Facebook, LinkedIn, and Instagram business accounts to engage with potential customers. Secondly, to collaborate with Hotellinx cloud property management system and feature as a partner on their webpage to establish trust among local SMHEs. Thirdly, to gain an edge over competitors by closely following in the footsteps of successful local companies that offer similar products while prioritising small businesses.

6.3 Validity and reliability

Validity and reliability are critical aspects of research, regardless of its methodology. Because the researcher's subjectivity can influence data interpretation and key findings, which are regarded with skepticism by the scientific community, this is particularly vital for qualitative research. (Brink 1993.)

According to Creswell and Miller (2000), a researcher's choice of paradigm assumption and opinion of the research's validity can impact both. That is why some scholars define the term themselves in qualitative research and relate the "validity" term to notions such as quality, rigour, and trustworthiness. It measures the study's reliability and overall quality to establish confidence in the findings (Golafshani 2003).

Reliability is a common term generally used in quantitative research. Stenbacka (2001) argued that since the issue of reliability applies to measurements, it has no relevance to qualitative research. Some scholars stated that only quantitative analysis could use validity and reliability. In contrast, the qualitative research framework implies credibility, neutrality or confirmability, consistency or

dependability, and applicability or transferability as essential criteria. By achieving consistency, Campbell (1996 cited in Golafshani 2003) meant examining raw data, data reduction, and note processing. Overall, the better the data is reviewed and processed, the higher its trustworthiness correlates with validity.

The author had a prior 6-month experience within the commissioner company during the advanced internship (summer-autumn 2022). After generalising and formulating the research problem, the author identified and collected questions for online interviews and created an online questionnaire. The research sample for the interviews was a hotel receptionist and a hotel manager.

Credibility for the interviews implied invitations for a student's thesis data collection discussion sent via email and recorded MS Teams video sessions with the participants.

The interviews lasted an astronomical hour; the dialogue was transcribed and written on paper; later, it was easier to interpret and analyse raw data during the coding process. Credibility for the questionnaire implied posts in social media groups related to hospitality (restonomi), travel and tourism in Finland featuring the link to the Webropol survey. The raw data was also written on paper and coded according to themes. The questionnaire was chosen to enhance validity and reliability and to avoid bias on the author's side due to the potential for subjective data interpretation.

The transferability of the research implied an opportunity to use research findings in tourism, retail, and other service-oriented companies.

The dependability of the research addressed interviewees sharing their experiences, issues, and challenges within the research context. All the information was recorded. As a result, there was enough consistency in the respondents' stories and answers.

There was no confirmability, as the results of these discussions have yet to be disclosed to the participants.

Some other criteria, such as integrity, understanding, and utilisation, addressed the following: the interview discussion was free and encouraged expressing opinions and attitudes, the dialogue and questionnaire were intended to be objective and non-biased, and highly welcoming of personal thoughts and ideas. The interview participants were aware of the topic due to the preliminary theme sent with the invitation via email.

Regarding utilisation, the case company considered the findings helpful in articulating and communicating the value of its services for the local target market.

6.4 Further development questions

The topic could move forward by developing a marketing strategy for networking opportunities between the case company, SMHE and local entertainment and active sports and leisure businesses.

It would be interesting to assess the role of automated feedback collection in small geo-dependent businesses and its influence on improving ratings on search engines and Google Maps.

From the further perspective, the topic could be developed as Action Research to examine case company's automated services with interested clients in practice.

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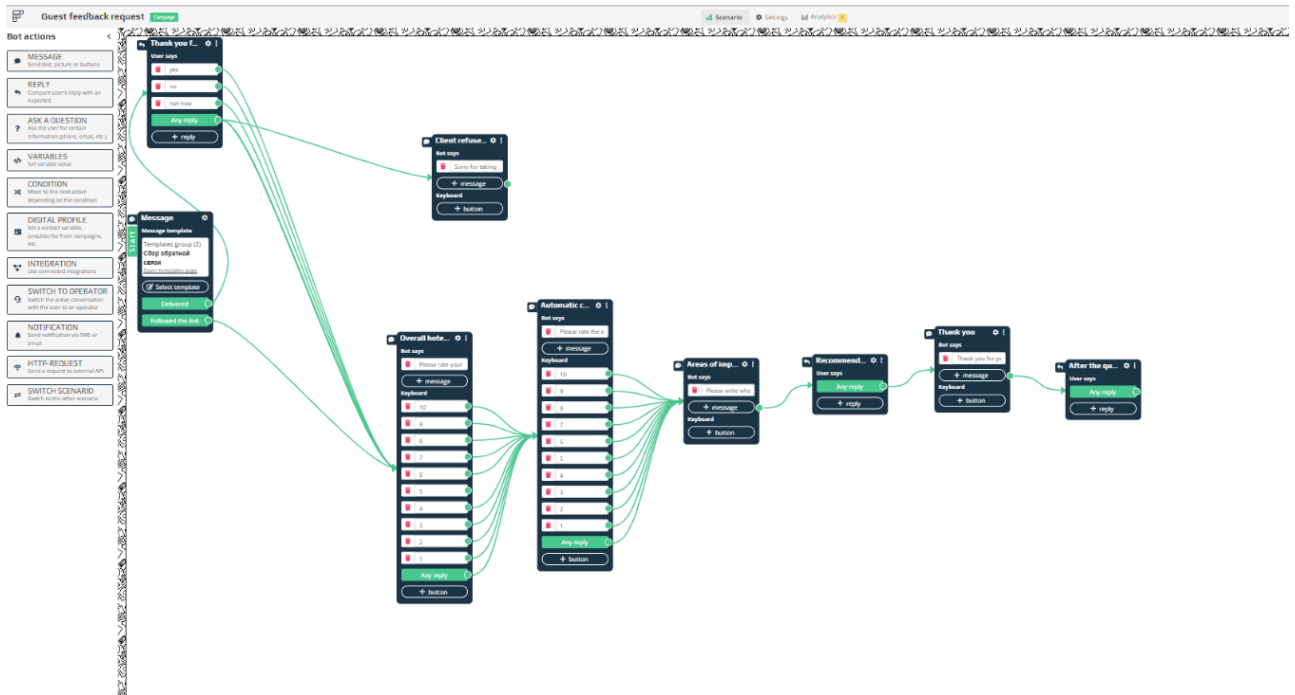


Figure 1. A demonstrative example of case company no-code conversational scenario builder used for feedback request, automated messages, and notifications. (Fromni Oy 2022)

A cover note for the in-depth interviews

Dear participants,

All the data from your opinions and attitudes are kept private and anonymous. In the research work, neither the name of the hotel nor your name will be made public. The primary objective is to find out how small and medium-sized hospitality businesses in Finland will likely use marketing automation tools to improve customer service and optimise hotel business operations.

The information collected during our interview will be used only for the commissioner of the research work I am conducting as a part of my Business Bachelor studies at the South-Eastern Finland University of Applied Sciences. The research work is focused on developing a value proposition model for the marketing automation tools of Imatra-based software company Fromni Oy, which is a commissioner for the thesis.

Thank you for your time and participation!

With best regards,

Kseniia Troshkina

Interview questions

1. Introduction. Could you please briefly share your occupation, educational background, and how long is your professional experience in hospitality?
2. Based on your observations, what do customers in Finland usually expect from hotel service today? What factors primarily influence the level of their satisfaction?
3. What is bed occupancy at your hotel?
4. What is the approximate age group of your hotel guests?
5. What is the average customer segment in your hotel?
6. How small and medium hotels should track guest satisfaction? Are there any useful tips and recommendations?
7. Have you ever had any experience with marketing automation at your workplace within the field?
Follow-up question: how would you describe the level of demand for marketing automation services in small and medium hotels in Finland?
8. Would you consider your hotel's current level of customer satisfaction excellent?
9. Are there any challenges in customer service that your hotel faces today?
10. Looking at various hotel departments during the customer journey, where in your opinion, marketing automation services find their best applicability?
11. How do you usually interact with your guests before arrival, during their stay, and after check-out? What means of interaction do you usually use: phone calls, e-mails, etc.?
12. Do you currently have any automated tools for interacting with guests?
Follow-up question: would you consider automated notifications, reminders via SMS and mobile apps efficient for better customer service?
13. How does your hotel collect feedback from your Guests?
14. Would you consider having an automated feedback collection for your hotel?
15. What do you think about chatbot use in hotels? Is it an efficient tool for better customer service and improved hotel site conversion rates?
16. What are the core challenges of adopting marketing automation in small and medium hotels in Finland? Is it a legal aspect, a population/ market size factor, or employees?
17. Would you consider mobile marketing a new trend for hotels in Finland?

A survey cover note and questions

Dear participants,

For my bachelor's thesis, I'm surveying Finnish small and medium-sized hotels' marketing automation services. I would like to collect your thoughts on automated marketing services and the Finnish hotel customer experience. The survey results will be used to create a value proposition model for the commissioner company's automated marketing services. The 4-minute survey comprises 13 brief questions.

Thank you for contributing to my research.

Results are shared anonymously, no personal information is given, and no conclusions are made about individuals.

1. Which age group do you belong to?
2. Where in Finland do you reside?
3. How often do you visit local hotels regardless of the purpose of your trip (business, tourism)?
4. How long do you select and book a room if you plan a trip somewhere?
5. What is your general attitude towards automated services which do not require human participation?
6. To what extent do you agree with "I would rather prefer smart tourism rather than traditional/ old-fashioned" where smart tourism means having automated services for improved customer service?
7. Would you like to have automatically sent personalised notifications and alerts from a hotel via SMS in terms of, e.g., F.A.Q., check-in/ check-out reminders, hotel restaurant's daily menu, additional information (e.g., local weather forecast, exciting events/ venues nearby, etc.)?
8. A local hotel webpage you are browsing for a short recreation trip (e.g., hiihtoloma) has a pop-up chatbot window where virtual assistant (a chatbot) friendly offers help with room selection and booking. Would you use this service?
9. What is your general opinion about chatbots for contactless interaction with a hotel?
10. Would you consider interacting with hotels via instant messengers (e.g., WhatsApp, Telegram, Facebook Messenger) rather than, e.g., sending e-mail?
11. Do you agree with the statement: "After the COVID-19 pandemic, I would rather prefer contactless hotel services, e.g., electronic payments or self-check-in via, e.g., QR-codes rather than traditional face-to-face interaction?"
12. What do you value the most as a hotel customer?
13. What are the main issues you have ever experienced as a hotel customer? (if any)