Examining the Challenges and Opportunities of Multi-Level Marketing for Resort Hotels: A Delphi Study

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Abstract

Environmental changes push hotels to seek additional and innovative channels to market their products/services while maintaining a high occupancy rate and revenues with lower marketing costs. Building on network theory, this research investigates the extent to which multi-level marketing (MLM) can be adopted as an appropriate and innovative marketing channel for resort hotels. A Delphi study was undertaken with hotel and MLM experts to explore their perceptions about the opportunities and challenges of MLM for resort hotels. The results showed that MLM could appropriately be developed as an innovative marketing channel for resort hotels if challenges are fully addressed and controlled by hoteliers. Two models are proposed for proper implementation of MLM for resort hotels. The first model uses current customer/s as a marketer/s. This includes sharing resort experience using social media posts. The second model uses MLM companies as a channel for marketing hotel products/services to new customers. Several theoretical and practical implications of the study were discussed.

Keywords: Multi-level marketing (MLM), network theory, network marketing, online travel agencies (OTAs), resort hotels

Introduction

Marketing approaches and directions are changing over time with environmental effects (Gulbahar & Yildirim, 2015). Hence, hotels seek to develop their marketing channels continuously to attract more customers, build strong relationships with them and ensure their loyalty (Kandampully & Suhartanto, 2000; Semerádová & Vávrová, 2016). While hotel customers increase their use of online channels for buying hotel services, both researchers and hoteliers continue to fight to combine online marketing channels with traditional ones into a channel that indisputably creates value (Park & Park, 2017). In addition to traditional marketing, e.g. advertising in newspapers and magazines, hotels are relying heavily on online travel agencies (OTAs) as a marketing channel. Wong and Nasir (2019) found that resort hotels heavily depend on OTAs, up to 90% and no less than 35 %. However, OTAs are costly

since they require high commissions, up to 40 % from selling price (Inversini & Masiero, 2014) or even higher for their different services (Hunold, Kesler, Laitenberger & Schlütter, 2018). Thus, other but innovative marketing channels are needed to help hotels achieve their business goals. This opens the door for exploring the potential of multi-level marketing (MLM) as an additional marketing channel for resort hotels.

Multi-level marketing, also was known as network and/or referral marketing, is a form of direct selling and a marketing strategy in which the marketer works as an independent distributor of a product or service where the marketer profits not only from their own sales, but also by recruiting other distributors (Coughlan, 2016). MLM has become a well-established and successful business model over the last few decades (WFDSA, 2019; Keong & Dastane, 2019). The model has been implemented successfully in different industries, e.g. wellness, cosmetics and personal care; however, few efforts have been made to explore the potential of MLM for hotels (Wong & Nasir 2019). This research addresses a gap in knowledge and draws on network theory to address the potential of MLM for resort hotel. Network theory is concerned with the relationship between people and using them to influence others with recommendations. The research introduces MLM or network marketing as an additional and innovative marketing channel for resort hotels.

This research takes the entail step to explore the challenges and opportunities that may face MLM implementation in resort hotels. More specifically, it achieves consensus among hotel and MLM experts regarding the appropriateness of MLM for resort hotels, especially after the growing influence of sharing resort experience through social media posts. The research was set to answer the following research questions. The first research questions is too what extent MLM could be adopted by resort hotels as an additional and innovative marketing channel? The second research question is what are the opportunities and challenges of implementing MLM for resort hotels? The third research question is if there are any challenges, how these challenges could be overcome?

Review of literature
Marketing channels in the hotel Industry
Hotels use different marketing channels, traditional and nontraditional, to attract their customers. Traditional marketing refer to older techniques and media, e.g. television, billboards, and physical print. These channels are capable of combining visual pictures and sounds and reach a wide range of people (Buhalis & Licata 2002). Nonetheless, they may not reach a hotel's target audience and are a costly form of customer acquisition; hence, influencing their benefit as marketing channels. With technological development, marketing channels have changed to reach more people at their convenience, become more effective, more flexible and often have a lower cost than traditional tools, e.g. online web portals, digital marketing and electronic word of mouth (EWOM) (Goyette, Ricard, Bergeron & Marticotte, 2010; Gursoy, 2018). These technological advances have changed how companies approach different customers (Syed-Ahmad & Murphy 2010; Tiganj & Aleric, 2013). Social media marketing is a growing marketing channel that influence customer choices and purchasing decisions (Yoon, 2015).

OTAs have replaced traditional travel agencies and have become one of the most common marketing channels for hotels (Shen & Wright, 2018). Online targeting of customers has been a great advantage to marketers, as they can see not only what a person is viewing but for how long, where and why; thus, allowing the business to deeply understand customer buying habits and intentions (Line & Runyan, 2012). However, OTAs require high commission and discounts from hotels for their services. There is a high risk that these companies may control and monopolise the market (Line & Runyan, 2012; Wong & Nasir

2019) because there is no other marketing channels that can compete with them. OTAs have started to control the price of hotel rooms and limit the option of allocating rooms for walk-in customers and for hotel's website, which negatively affect hotel's revenue (Mossaz & Coghlan, 2017). This is because the peripheral expenses of a hotel for reservation via a direct channel are considerably lower than booking through OTAs due to the pre-booking commission and special rate given for these companies (Shen & Wright, 2018).

Multi-level marketing as a potential marketing channel for resort hotels
The concept of MLM was initially introduced in 1934 by Carl Rehnborg for the California Vitamins Company. The Company encouraged their sales people to invite new representatives and rewarded them for their sales. It then started to implement a compensation plan to encourage multi-level sales in 1945 (Coughlan & Grayson, 1998). In 1959, former distributors: "Rich Devoss" and "Jay Van Andel" recognised the value to MLM, and introduced the first worldwide MLM company "Amway" (Jain, Singla & Shashi, 2015). Hence, the 1950s saw the official birth of MLM companies. MLM business has become a successful business model in the last few decades (Keong & Dastane, 2019). MLM companies adopt network theory and use individuals to influence their network members. Individuals can easily influence other friends because they often share similar nodes, attitudes and values; hence, MLM companies have progressed in network marketing and moved from one-to-one marketing to many-to-many marketing (Gummesson, 2004). According to the latest statistics published by the World Federation of Direct Selling Association (WFDSA), the global retail sales of MLM had reached 192.9 billion by the end of 2018 and 118.4 million independent representatives are working for MLM, with 74% women representatives and 26% men (WFDSA, 2019). MLM can be applied in any industry as an effective marketing channel with a low cost of marketing (Frambach & Schillewaert, 2002). Wong and Nasir (2019) argued that MLM is a great tool for promoting resort hotel products and services; however, the authors did not provide the full mechanism for proper implementation of MLM for the hotel sector which is considered in the current study.

With regard to the implementation of MLM in tourism, Wong and Nasir (2019) found some travel agency companies sell their holiday packages to customers using MLM. These companies are based in the USA, i.e. World Ventures and Global Travel International (GTI). Companies used direct selling via their independent representatives to sell their products and services to their network and receive commission for this activity. Qnet, QuestNet or GoldQuest is another international MLM company, based in Malaysia, applies MLM for selling holiday packages (QNet, 2020). Wong and Nasir (2019) argued that MLM could be adopted as a proper marketing channel for resort hotels. However, the same authors stated that the negative image of MLM, due to its connection with illegal pyramid schemes, should be addressed for proper implementation of MLM in hotels.

MLM is a scheme of direct selling that depends on WOM or EWOM to promote products and/or services using personal network (Koehn, 2001). MLM refers to the practice of distributing, selling or supplying products/services through various levels of independent customers (Muncy, 2004). The marketers or independent agents in MLM undertake both selling and promotional activities; hence, the company intensively reduces the cost of marketing (Keong & Dastane, 2019). Unlike traditional marketing, MLM customers have the chance to be marketers and businessmen of that company (Sreekumar, 2007). Advantages for those involved in MLM include receiving compensations in two main ways (Jain et al., 2015). First, independent representatives (IR) or individuals receive commission on products/service that they directly sell to new consumers. Second, IR receive commission on products/service that first level IRs sells to new customers and prospects for many levels up

to seven levels (down-lines sales). For organizations, e.g. hotels, MLM could reduce overdependence on OTAs with fewer marketing cost (Wong & Nasir, 2019). Additionally, this sort of marketing does not need large resources like other traditional styles of marketing (Jain et al., 2015).

Differences between MLM, pyramid scheme and ponzi scheme
Although millions of salespersons globally are recruiters in the MLM industry and are being attached to the marketing system of the 21st century (WFDSA, 2019), there are many doubters and detractors who are headstrong about MLM being flawed and even, maybe, morally wrong (Jain et al., 2015). MLM has been erroneously associated with pyramid, endless chain distributors or Ponzi schemes. However, legitimate MLM is in contrast with pyramid, endless chain distributors or Ponzi schemes (Epstein, 2010). Pyramid, endless chain distributors and Ponzi schemes are very similar, unethical, and illegal (Koehn, 2001). Koehn (2001) identified three main reasons for classifying pyramid and Ponzi schemes as unethical and illegal. First, these schemes are focusing on recruitment of independent agents rather than on the sales of products. It is always argued that these schemes are recruitment-centered businesses rather than product-centered businesses. Second, such schemes ask people to pay upfront fees at the beginning to be part of the network which is a sort of fraud. Third, they are forcing people to invest in products for their own consumption before being members of the network. These schemes promote the assumption that those who are tempted can make money easily and get rich quicker. This only happens through cheating others and giving false promises of high returns on their investment (Wilkins, Acuff & Hermanson, 2012). Pyramid or endless chain distributor schemes invite people to participate in the scheme and make money easily through recruitment of other people; not through the sales of products (Koehn, 2001). In contrast with legitimate MLM or the fraudulent pyramid scheme, a Ponzi scheme is an offer of an opportunity for budgetary speculation typically ensuring greater than normal returns yet with no further exertion by the financial specialist (Koehn, 2001).

Research methodology
This research adopted Delphi technique to answer the research questions and achieve consensus among hotel and MLM experts regarding the appropriateness of MLM for resort hotels. Delphi is the proper research technique to gain judgment and achieve consensus on a complex matter where precise information is unavailable (Paraskevas & Saunders, 2012). For the purpose of this research, a qualitative Delphi study was undertaken as suggested by Sobaih, Ritchie and Jones (2012) adopting in-depth, semi-structured, face-to-face, interviews with hotels and MLM experts. Hotel experts held marketing directors for resort hotels or equivalent positions in Egypt. Experts were identified based upon their experience and knowledge of the issue under investigation (Sobaih et al., 2012). They all had no less than 15 years in senior marketing positions in hotels. They were willing to participate voluntarily in the study and devoted the time for participation. MLM experts included those who have experience in MLM implementation for tourism. Participants of the study included 14 marketing experts from hotels and 4 MLM experts. The number is consistent with the methodology proposed by Sobaih et al. (2012) who argued that homogenous group of experts with same experiences, i.e. in this study; a small sample size of experts is expected, e.g. about 10 experts. Hence, the number of participants was enough to achieve data saturation and then reach proper conclusion (Fusch & Ness, 2015).

Experts were purposively selected and contacted via their office or mobile telephones and invited to voluntarily participate in the study. Interviews were conducted at their offices. Experts were assured of confidentiality and anonymity. Hence, codes were used for all

participants (e.g. H-EXP1-14 for hotel experts or M-Exp1-4 for MLM experts) instead of their names or hotel name to ensure anonymity. Data collection for this Delphi study was started at the beginning of 2019 and continued for 10 months.

Six main themes were discussed with hotel marketing experts. These themes related to current marketing channels in resort hotels; the use of OTAs as a major marketing channel, discussing their advantages and disadvantages for resort hotels; suitability of MLM for resort hotels; challenges of implementing MLM for resort hotels; opportunities and potential of MLM for resort hotels; proposed models of MLM implementation for resort hotels. The Delphi study with MLM experts was to reply to hotel experts' concerns about MLM implementation for resort hotels and to develop a proper framework of MLM implementation for resort hotels. Three rounds of the Delphi technique were undertaken to achieve consensus among experts and reach conclusion. The first round focused on current marketing channels and the use of OTAs for hotel marketing and the potential of MLM for resort hotels. Rounds two and three focused on the opportunities and challenges of MLM for resort hotels with a specific focus on developing proper model of MLM implementation for resort hotels. All interviews were voice-recorded after the consent of experts. Each interview was about an hour long. Interviews were transcribed straight after the interviews. All interviews were conducted in English as experts were international, mainly American or European. Data were analysed manually using qualitative content analysis (Krippendorff, 2018). Data were presented under the six main themes highlighted earlier. It was found more appropriate to present the latest results of the study under these themes rather than round by round to avoid repetition as well as to ensure word limitation for publication.

Results

Marketing channels for resort hotels

The results of the first round with hotel experts showed that resort hotels use various marketing channels to attract their guests whether traditional or non-traditional, direct or indirect via intermediate or third parties. Traditional marketing channels refer to old channels that include advertisement using TV, brochures and billboards, banners, personal selling via sales team, corporate contracts, i.e. business-to-business contracts (B2B), offering competitive prices and applying loyalty programmes. Four experts (H-EXP4; H-EXP8; H-EXP11; H-EXP14) illustrated that their companies send advertising messages as a kind of traditional marketing channel to their random potential customers through mails and/ or phones. Experts also agreed that resort hotels extensively adopt online, digital, social media and OTAs as non-traditional marketing channels. Experts stressed the role of technology as a marketing channel, despite some of these marketing channels being expensive. For example, they often pay extra charge to be among the top entries on a booking website in addition to the fees they pay for being on these booking websites. Other non-traditional marketing channels include offering discounts to motivate customers to make a reservation from their own website. Experts agreed that resort hotels comprehensively adopt social media as a channel for marketing, e.g. YouTube channel, Facebook and Trip Advisor campaigns. Some experts (e.g. H-EXP3 and H-EXP9) argued that they use an extra channel: "bloggers". They use popular influencer person/s as a channel for marketing to publish information about their hotel facilities and activities on their social media pages. "*Bloggers write blog posts, share their likes, voice their opinions, and provide suggestions, report news, and form groups in "blogosphere"* (H-EXP3). Hence, hotels could build on the network of the influencer.

Two experts (H-EXP6 and H-EXP8) stated that they use the "*Pay Per Click*" (PPC) technique as a non-traditional marketing channel. It is a kind of marketing whereby once people click on a hotel on a third-party website, hotels often pay a commission to the website.

In the same context, H-EXP8 and H-EXP10 agreed that they use the online reviews of their hotels as a kind of powerful marketing channel. Experts also stressed the use of social media, e.g. Flickers and Instagram or Facebook, as marketing channels for their hotels. With regard to the influence of WOM as a marketing channel for their hotels, experts agreed that they effectively adopt WOM through satisfying their current guest who will be ambassadors for their hotel and who would recommend their hotel to other customers, Notwithstanding this, they do not offer any benefits to guests if they recommend the hotel to their networks or other potential guests. Three experts (H-EXP1, H-EXP4 and H-EXP7) argued that they depend on their loyalty programmes as a marketing channel, such as the President's Club (PC). The experts argued that they use loyalty programmes to create a natural relationship between the brands and guests. H-EXP1 commented "*Our* [name of the company] *President's Club is a powerful tool for the hotel brand worldwide*" and H-EXP7 said "*we are so keen to satisfy and retain our guests and therefore we have developed our loyalty programme to retain them*". On the other side, there was consensus among experts that resort hotels are in a need for additional channel of marketing that attract more customers at low cost. Among expert comments about this *"hotels are in a need for other channel that combine traditional with non-traditional approaches to influence customers' buying decision"* (H-EXP12).

OTAs as a marketing channel for hotels
All hotel experts agreed that resort hotels are dealing with OTAs and found these intermediates effective tools for marketing to reach large numbers of customers. It is worth mentioning that experts agreed that resort hotels are more likely to use OTAs than business hotels (Table 1). They also agreed that the contribution of OTAs to resort hotels could be as high as 95% and not less than 40% of overall sales (Table 1). Experts argued that despite the effectiveness of OTAs as a marketing channel, the commission is very high. Experts agreed that commission varies but it is not less than 20% and can be as high as 40% of the selling price. If hotels continue their comprehensive dependence on OTAs, they may monopolise marketing for hotels and may control the price. OTAs help their resort hotels mirror their performance and their prices in comparison with other hotels. In addition, they know the number of viewers every day. They can assure quick credit compared to B2B contracts that often require a long time before money is received. In addition, experts agreed that online booking is the fastest and easiest way to make reservations as well as attracting a good segment of customers, including last minute reservations.

Table 1: OTAs' sales percentage compared to other marketing channels

Hotel code	OTA sales' percentage
H-EXP1	15 % for business hotels 45% for resort hotels
H-EXP3	50-60% for business hotels 60-70% for resort hotels
H-EXP4	40 % for business and resort hotels
H-EXP6	30% for business hotels 50% for resort hotels
H-EXP7	25 % for business hotels 45 for resort hotels
H-EXP8	45% for business and resort hotels
H-EXP9	30% for business hotels 50% for resort hotels
H-EXP2	40-45 for business and resort hotels
H-EXP5	40-55 % for business and resort hotels
H-EXP10	15-20 % for business hotels 45% for resort hotels
H-EXP11	30% for business hotels

	45 for resort hotels
H-EXP12	65 % for business and resort hotels
H-EXP13	30% for business hotels 90% for resort hotels
H-EXP14	50% for business and resort hotels
Final consensus	Between 5 and 70 % for business hotels Between 40 and 90% for resort hotels Varies between hotels and countries

Some experts (e.g. H-EXP9; HEXP13) argued that these OTAs have a clear fixed commission and there are no mediators between their hotels and OTAs. However, such experts did not recognise that these companies are mediators between them and their guests and they receive a commission for any service transacted on their website. For example, OTAs take a commission from hotels to be in the top ten for a search or to be in top five level. In addition, there is a commission for no show guests. Hotels are paying lots of money to market their services through OTAs. A summary of advantages and disadvantages of OTAs as a marketing channel for resort hotels is shown in Table 2.

Table 2: Advantages and disadvantages of OTAs

Expert	Advantages of OTAs	Disadvantages of OTAs
H-EXP1	• Good marketing channel • Source of income • Easy use and booming market	• High commission • No control over the market
H-EXP2	• Easy to use • Guarantees receiving cash faster than travel agents • More viewer & followers • No limits for online	• System may make problems • Possible error occurs while withdrawing the money • Special rate • They have to be rewarded (e.g. free nights)
H-EXP3	• Can reach guest didn't reach before • Can know how many guests viewed our prices or booked and evaluate our performance	• They will control prices and became one of the biggest tycoons • High commission • Guest can use fake or stolen credit card
H-EXP4	• Can bring clients easily • They bring different types of customers	• They controlling hotels and that will lead to monopoly • Pay commission
H-EXP5	• Fastest and easiest way of marketing • Extra channel	• They can monopolize the market • Difficult change prices update
H-EXP6	• Brand well known and spread faster • Direct sales • Make advertising for the hotel • Get more individuals traffic	• Hotels depend on them too much • They are controlling us with their conditions • High commission
H-EXP7	• More viewers • Reviews effect guest decision • More traffic and more last minute guest • Help the hotel to be fully book	• Guests not loyal to the brand but to low prices • Very high commission
H-EXP8	• High sales percentage • Reach more guests • Spreading more/visible	• High commission • Customers can shift to another hotel
H-EXP9	• Reservations faster • Well seen • No mediators • Clear fixed commission • More transparency for guests	• Have to accept their conditions and commission percentage otherwise will lost their guest • They control rate • Hotel cannot control cancellation policy
H-EXP10	• Revenue is higher than other	• High commission

	tools • Marketing the brand worldwide • Attracting different nationalities • Positive image	• Guest confidence in online websites become more than their confidence of travel agencies
H-EXP11	• Excellent distribution channel • They reach new customers	• Huge commission • Third party to contract customer
H-EXP12	• High volume of sales • They attract different customers	• Large commission • They dominate the marketing of hotel services
H-EXP12	• Fast and easy marketing • More traffic all year round	• High commission • Tough terms and conditions
H-EXP13	• Easy to use by customers • More viewers and services	• Very high commission • Customers choose price not hotel
H-EXP13	• They have many followers • Help hotels ensuring high occupancy	• Customers become less loyal to hotels • Very high commission
Final Consensus	• Excellent distribution channel • They attract wide number of customers at limited time • They reach new customers • They help understating customer requirement online • They have fixed commission • More traffic, especially last minute booking customers	• Commission is very high • They are expensive compared to other channels • They may control the price of hotel service • Customers become less loyal due to third party service • They may monopolize the distribution of hotel products and services • Hotels have limited/no control over the market • Terms and conditions are tough and may affect the hotels inappropriately

All hotel experts agreed that the main disadvantage of dealing with OTAs is the high commission with a fixed percentage that they cannot change as well as other advantages for OTAs, e.g. special rates and free nights for group reservations. Experts confirmed that room rates are often influenced by OTAs which allows them to control the price and the market and hotels often have to follow their conditions. Experts agreed that OTAs may monopolise the market and this may affect guest loyalty to a hotel brand. Among expert comments, it was stated that "*guests often take the package with low prices but expect top service from the hotel. They become less loyal to us*" (H-EXP9). On the other hand, they agreed that deals with OTAs are easier than traditional travel agencies as guests can view and select any hotel online at their convenience easily and quickly and make a comparison between different hotels. Few experts (e.g. H-EXP2) argued that like other system, due to unforeseen circumstances, problems may occur and affect the quality of reservation through OTAs. Other experts (e.g. H-EXP5) added that it is difficult to update prices on OTAs. Consequently, these disadvantages of OTAs may affect the role of OTAs as a marketing channel and open the door for other marketing channels.

Expert perceptions of MLM and dealing with MLM companies

Experts were aware of the MLM concept but they were not fully aware of MLM companies, especially those working for selling tourism packages and holidays. Experts strongly supported the use of MLM for resort hotels. They argued that their resort hotels partially or informally implement network marketing via their current customers by asking them to recommend the hotel to others. Nonetheless, this is only one level of marketing and hotels did not develop a strategy to ensure the proper implementation of this single level nor multi-level of marketing. Experts stressed the need to develop a framework for proper implementation of MLM for resort hotels. Following a discussion about the proper implementation of MLM, they argued that MLM could be developed as a proper marketing channel for resort hotels.

Among expert comments, *"Sure this marketing approach entirely fits with the nature of hotels that depends heavily on people: guests and employees"* (H-EXP12). Another expert (H-EXP3) commented, *"word of mouth is a powerful tool of marketing and it is the base of network marketing"*. One more comment about the practicality of MLM for resort hotels was, *"I believe if hotels can address the concerns with multi-level marketing, it can effectively be used for resort hotels"*. With regard to contracts with MLM companies, seven experts (H-EXP6, H-EXP13, H-EXP9, H-EXP12, H-EXP3, H-EXP10, H-EXP14) recommended a contract between hotels and MLM companies and H-EXP10 added that the contract should be in the form of a B2B system. Three hotel experts (H-EXP1, H-EXP8, H-EXP11) agreed that it would be a good marketing channel for hotels but that the strategy for implementation should be discussed first. Another two experts (H-EXP2, H-EXP7) mentioned that the contract depends on traffic deals per year. This means that if the contract attracted more guests at different times, they would accept the deal. One the other hand, two experts (H-EXP4; H-EXP5) refused the idea of dealing with MLM companies. The major reason for refusal was because of the wrong assumption that MLM companies have a bad reputation and this would affect the hotel's reputation. However, the experts stated that if this issue had been overcome, then they would accept a deal with MLM companies as will be discussed in the next section.

Challenges of MLM implementation in resort hotels
Experts identified some challenges or concerns about the use MLM for resort hotels, which include:

Rate parity given by hotels to OTAs
Rate parity is a legitimate understanding between hotels and OTAs. In this understanding, the first party assures will utilise a similar rate and terms for a particular room style among all other OTA distributors and not higher than other distributors. The cost of the room can routinely change, which implies the rate is adaptable. However, it should be consistently the same across all different OTAs. Experts illustrated that all OTAs have the same rate: *"It's a must that all rates have to be the same across all distributors"* (H-EXP3). The challenge is hotels cannot offer a good rate for the MLM company since the lower rate often goes to OTAs. However, the MLM experts argued that this could be sorted by many ways: first, by offering MLM individuals a 5% commission or points to be added to their membership; second, by offering MLM companies a 10% commission for their marketing activities. MLM experts commented: *"hotel may give offers such as, the price will be $100 instead of $130 if 3 days booked instead of 2 days or if they book four nights, they can have the fifth free of charge"* (M-EXP1).

The bad reputation associated with the MLM Industry
Both hotel and MLM experts agreed that MLM has received an inappropriate share of criticism due to the wrong connection with pyramid or Ponzi schemes. Despite its impressive growth, MLM suffers from a negative reputation due to the fact that In the past, many business ventures that used network marketing techniques were actually applying pyramid schemes. Additionnaly, the price of the product/service is not suitable for the received quality which affects customer satisfaction due to maximising customer expectations with misleading promises. Furthermore, there is a lack of legal regulations in many countries in relation to the use of MLM. Both hotel and MLM experts agreed that this could be sorted out by requiring MLM companies to be members of the World Federation of Direct Selling Associations (WFDSA) to ensure the high reputation of the MLM company. Moreover, resort hotels

should sign a contract with a reputable MLM company that should have been working in MLM services for at least five years.

Expected income per year from MLM
Hotel experts had some concerns about the traffic and income from MLM per year. One MLM expert responded to this issue as follows: "*...X Company is a company works by B2B contracts between the company and hotels and B2C contracts with IRs (Marketers)*" (M-EXP2). He further added that when resort hotels raise this issue, the answer is that the company makes a yearly analytical study on the volume of transactions which is at least 2000 night; hence, resort hotels can know the volume of the company in this market and wait for an offer which can attract around this amount. MLM experts argued that MLM companies do not like to deal with hotels by prepaid contracts as some hotel experts suggested, although the night rate would be cheaper; the companies prefer post-paid contracts.

Opportunities for applying MLM in resort hotels
Both hotels and MLM experts fully agreed after round two that MLMs offer great opportunities for resort hotels. MLM makes it possible for resort hotels increase their sales and better understand their customers in depth; hence, they become able to meet their customers changing needs and expectations. The opportunities raised by experts are as follows:

New marketing channel with new source of income
All experts agreed that MLM is an additional marketing channel to attract new customers and generate more income. The MLM experts illustrated that good MLM companies differentiate themselves from other companies in terms of the diversity in the nationalities that achieve high traffic in markets. Experts stated that using WOM, i.e. one-to-one, and EWOM, i.e. social media posts to recommend their resort hotel among families, friends and/or network could have a great effect on sales and be more credible than using marketing channels.

Maximising guest retention and loyalty
Experts suggested that hotels could use their guests as a marketing tool as well as ensuring their loyalty by developing new loyalty programmes based upon this relationship marketing. New loyalty programmes would give current customers more credits/points if they recommended their resort hotel to others and recruited new customers. Hence, this would retain current customers and attract new ones.

Low marketing cost
There was consensus among experts that MLM is the cheapest tool among all marketing channels even the technological channels, e.g. e-marketing, because it simply depends on WOM and/or EWOM with low commission. This type of marketing could be widely spread between network personally or using social media accounts. The commission proposed by experts should not exceed 10%, which would be highly acceptable by MLM experts and cheaper than OTAs.

A proper model for MLM implementation in resort hotel
The results second and third rounds have shown two frameworks for proper implementation of MLM for resort hotels as will be discussed in the next sections.

Developing a new loyalty programme

The first model of MLM for resort hotel as discussed with experts was using current customers/guest and adopting new loyalty programmes to start MLM programme. This model builds on network theory and adopts one-to-one marketing. The current hotel customers can influence the buying behavior of others in their network with the same attitudes and nodes. Among expert comments about this: *"our guests can be our tool of marketing, why not developing a programme to use their word of mouth to recruit new guests and reward them for this"* (H-EXP6); *"Our resort hotels can use our website as a platform and encourage our guests to recommend the hotel for others. This platform will be used for online booking with serial number for each customer"* (H-EXP6). All experts agreed that the new programme could be adopted as an effective marketing tool to retain current customers and recruit new customers. Current customer would recommend the hotel to their network and other potential customers via WOM, i.e. one-to-one, and E-WOM, on their social media website, and encourage them to book the hotel via the hotel website. Each customer would be given special code or serial number to be used by him or his subordinates. New guests could receive a discount (e.g. 5%) and marketers/current guests would also be rewarded for their recommendation and for each time others use their code or their followers' codes (Figure 1). As Figure 1 shows, the programme would permit its members to collect points with every reservation done by them or by other guests (down-line sales) based on their recommendation. They could redeem these points by credit or other services, e.g. free nights or free dinner at the hotel.
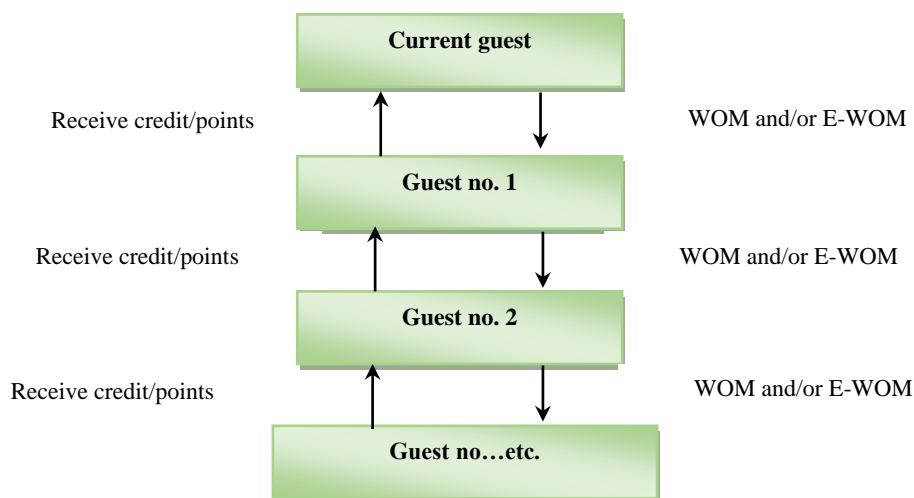

Figure 1: Proposed loyalty program for resort hotels

Some experts argued that concerns about the proposed programme should be handled before its adoption. These concerns were as follow:

Over promising from marketers (current guests)

Some experts were worried that marketers/current guests may give over promise about hotel services and new customer might receive different levels of service compared to their expectation. This issue is related to gap 4 in the SERVQUAL model. Gap 4 is the communication gap which refers to the difference between service delivery and what is communicated externally (Zeithaml, Bitner, & Gremler, 1996). Sometimes, the external marketing communication that the individual or organisation sends out can create the wrong expectations among customers. Hence, experts suggested that when any guest joins this

programme s/he should receive a membership serial with an email informing him/her about all the information and details about the hotel, services provided, events, and all updates about the resort services. Among the expert comments about this *"members of this programme could join online training sessions organised by hotels: such as effective direct selling to ensure they are on right track"* (M-EXP-2).

Inception Phase

Hotels

Recognising the value of MLM

Terms and Condition approved

Offering advantages to MLM companies

MLM Company

Five years of experiences

Full advantages of Technology

Company has a good image with high number of members

Implementation Phase

Hotels

Discounts for MLM Company

Offering special services for customers

Offering new loyalty programme

MLM Company

WOM and EWOM

Online marketing

Social marketing

Outcome Phase

Hotels

Increasing occupancy rate

Increasing revenue

Low marketing cost

MLM Company

Increasing sales

Better rate for customers

Company branding

Figure 2: Proposed framework of MLM for resort hotels through a contract with MLM companies

The role of guests, marketing commission and lack of resources
Some hotel experts have concern about using their guest/s as marketer/s. Among their comments was a query about *"how guests could be marketers for the hotels and receive*

commission from the hotel for the marketing services. We should serve them, not the opposite" (H-EXP4). To address this concern, experts agreed that this loyalty programme depends on guests' approval. Participation in the programme is voluntary. Guests should receive points for their active recommendations. They can redeem these points by credit or any other services in the hotel. Among experts' comments, it was stated: *"I don't see any problem in using our guests as marketers, they are our ambassadors. I think they will enjoy doing this, especially when they get rewarded"* (H-EXP10). Another concern from experts was related to limited resources, e.g. the platform for managing the new programme. They argued that the hotel website could be used for booking through this programme.

A Contract between resort hotels and MLM companies
The second model involves a successful MLM contract between resort hotels and MLM companies. MLM company could use their individuals to promote man-to-many marketing thorough the network of each individual. All experts recommended a contract between MLM companies and hotels. Among their comments: *"we understand that service marketing, i.e. hotels is quite hard compared to other industries such as cosmetics; however, we are growing in other service industry such as wellness"* (M-EXP3). Both MLM and hotel experts expect a growth of MLM use in the hotel industry. They suggested that hotels could work closely with MLM companies to gain the benefits of MLM. They also agreed that to overcome the worries related to the bad reputation of MLM, hotels should choose a trusted and well-known MLM company with a large number of members to achieve high traffic per year. Furthermore, the MLM company should have a good reputation to support the hotel reputation. Among MLM experts, on the reputation of MLM companies, it was stated: *"It is now very easy to know if this MLM companies is trustful or not; MLM companies with good reputation can be easily identified through the World Federation of Direct Selling Association"* (M-EXP4). Hotel experts argued that to deal with MLM companies they should have a good profile; good reputation; a brand matching with the hotel brands and they should make a good offer to hotels (Figure 2). Figure 2 shows the elements that could help hotels to choose a trusted MLM company and set up a successful MLM contract. On the other hand, the MLM experts argued that hotels should provide advantages in return to recruit new customers form them. All experts agreed that the expected benefits after the deal with MLM companies could include high occupancy rate, more revenues and a low cost of marketing. In addition, hotels could promote their brand and achieve the best possible rates due to the low commission cost (Figure 2).

Discussion
MLM, network or referral marketing has become a successful and deep-rooted business model in the last few decades. Studies and published statistics (e.g. WFDSA, 2019; Keong & Dastane, 2019) have shown that the model has been properly adopted in different industries, including service industry. However, limited work has been undertaken to examine the practicality of MLM for the hotel industry (Wong & Nasir, 2019). This research examines the use of MLM as a successful marketing channel for resort hotels. The research is an early attempt to examine the challenges and opportunities of MLM for resort hotels. The research suggests some models for proper implementations of MLM in resort hotels which may also be of value to other types of hotels.

The Delphi study with hotel experts showed that resort hotels adopt a variety of marketing channels to promote their products and/or services. These marketing channels include traditional or old approaches for marketing, e.g. advertising in TV, Radio, Newspaper and Magazines and nontraditional or new and technological channels, e.g. social media

marketing and OTAs. Despite OTAs being the predominant marketing channel for hotels, experts agreed with previous literature on hotel marketing (e.g. Line & Runyan, 2012; Wong and Nasir 2019) that resort hotels heavily depend on OTAs for marketing which could control the prices of services and monopolise the promotion of products/services for resort hotels. One of the major concerns regarding the use of OTAs as a marketing channel was related to customer loyalty; experts argued that customers may become less loyal to their resort hotels since they mostly choose better prices not better resort service. These concerns highlight the need for additional marketing channel that addresses the disadvantages of OTAs and other traditional marketing channels to help resort hotels achieve their business goals, such as maximizing profit as well as ensuring customer satisfaction and loyalty.

Drawn on network theory and the work of Wong & Nasir (2019) this research showed that MLM has the opportunity to be properly developed as an innovative marketing channel for resort hotels. Resort hotels could use their customers, especially influencers, as marketers to promote their services and holidays packages to their network using WOM and EWOM via newly proposed loyalty programme. They also could promote their services and packages via MLM companies with very low commission compared to OTAs. However, challenges related to MLM should be overcome to ensure proper implementation in resort hotels. These challenges include erroneous assumptions about MLM due to its wrong association with pyramid and/or Ponzi schemes. Nonetheless, hotels could ensure the reputation of MLM companies through their membership in the World Federation of Direct Selling Associations (WFDSA). Challenges also include rate parity given by hotels to OTAs that prevent hotels from giving lower rates to other distributors. However, both individuals and MLM companies could only receive a small commission, e.g. 5% or less, for their marketing activities which is cheaper than OTAs Other challenges raised by experts were related to expected traffic and contribution of MLM to sales in hotels as well as the length of time it might take to receive money from MLM companies. Contributions of MLM to the sales in resort hotels is growing and traffic increase with the time to meet the expectations of resort hotels with lower marketing efforts and cost. Moreover, resort hotels could receive their money from MLM companies within 48 hours. The research has confirmed that the use of MLM could contribute to the achievement of hotels goals and ensure their customer loyalty. The research builds on the good relationship with current customers and adopts them as marketers. The research also suggests another channel of marketing via MLM companies.

Theoretical implications
From a theoretical perspective, this study adds a new vigor to the hospitality marketing literature, especially the hotel marketing in three ways. First, this research is an attempt to propose an additional marketing channel for resort hotels to overcome the shortcomings of traditional marketing channels as well as some concerns related to OTAs. This research confirms that MLM can properly be adopted as an innovative marketing channel for resort hotels and can help hoteliers successfully reduce their marketing expenses, decrease the high commission given to OTAs and maintain customer loyalty. With growing influence of social media post as E-WOM, this MLM could grow in resort hotels while people share their resort experience with their friends, family or followers. This also promotes the concept of dealing with hotel marketing as a network (Gummesson, 2004). Second, the vast majority of previous studies adopt either single level or two levels marketing mediums. These include promotional banners, electronic marketing, OTAs and digital media such as television, radio, and mobile applications. However, unprecedentedly, this study suggests the adoption of MLM as a marketing mechanism in the context of hotel industry and provides a proper implementation for such adoption. Third, this study confirms the applicability of MLM to influence the social

identity (Ellemers, Spears, & Doosje, 2002; Tajfel, 2010) and the self-identity (Stryker & Burke, 2000) of hotel customers through the congruity of their preferences with the preferences of MLM's influencers. This implies that a possible shift in the mechanism, in which customers build their self-identities, can be occurred. This shift is more correlated with a customer's choices of people (his influencers) rather than the customer's choices of products and brands.

Practical implications

This research provides hoteliers, especially marketing managers with two models or frameworks to support the proper implementation of MLM in resort hotels. The first model builds on current customers/guests and approves them as a tool for recruiting new customers using a new loyalty programme. This could build a strong relationship with hotel customers and enhance their positive behavioural intentions (Narteh et al., 2013). In the new loyalty programme, current customers could act as marketers to recommend the hotel to their personal network and other potential customers via WOM and E-WOM. For example, this could involve a unique code or number for each customer to be used by him/her or by followers who would like to book a holiday package via the resort hotel website. New customers would receive specific discounts and current customers would be rewarded for their recommendations with a maximum of 10 % for all levels of marketing. The second model adopts a many-to-many marketing approach using a contract with MLM companies that will encourage their participants to promote the services and holiday packages in resort hotel to new customers in their network. This contract between hotels and MLM companies could build a strong relationship and adopt them as a channel for hotel marketing; hence, marketing will become a network (Gummesson, 2004).

To properly implement MLM for hotels, hoteliers should be educated about MLM. They should fully understand the distinction between MLM and different unethical marketing techniques, e.g. pyramid or endless chain schemes. Hoteliers should invest in their current customers and adopt them as a channel for marketing. Hoteliers should educate their customers interested in joining the new loyalty programme of MLM. Online training programmes could be provided to develop the skills of these new marketers. Hoteliers should also develop a support system for MLM. The support system could include using the current hotel website as a platform for booking and allow discounts to be given to new customers and points to be added for current customers.

This research takes the initial step to explore and examine the opportunities and challenges of MLM for the hotel sector. While this research have advanced both our theoretical and practical understanding of MLM, a number of limitations exist which offer future avenues for research. Firstly, this research focused on large resort-style hotels in Egypt, which often offer holiday packages to their customers, future research should consider other hotel categories such business hotels, budget hotels and/or small hotels. Secondly, the research was limited to experts located in Egypt; hence, further research could consider a wider pool of experts from different categories of hotels in different countries.

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