



ONLINE ADVERTISING IN THE TOURISM INDUSTRY AND ITS IMPACT ON CONSUMERS

A STUDY TO INVESTIGATE ONLINE ADVERTISING TOOLS, THE DEGREE OF USAGE AND CUSTOMER PREFERENCES

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ABSTRACT

The study depicts the various tools of online advertising and their effects on customers, in particular tourists to the Algarve region in Portugal. The purpose of this study is to find out about the degree of Internet usage of travelers and tourists as well as their preferences in online advertising. Furthermore, modern online marketing methods are researched and compared in order to find the most successful ones. Current trends and most effective online advertising methods are researched through secondary literature, a personal interview with the marketing & sales manager of the ROBINSON Club Quinta da Ria in Portugal and a survey.

Altogether 248 tourists were questioned at Faro airport in Portugal. Through the investigation it is found that the majority of tourists to the Algarve region uses and prefers the Internet as a medium to gain travel relevant information and to book a holiday. The literature review describes all components of online advertising such as Search Marketing, interactive advertising, online public relations, viral marketing, opt-in email marketing and online partnerships. Out of these methods, Search Marketing, especially sponsored listings, generate rejection, if compared to organic ranking results. Furthermore, tourists have negative attitudes towards banner and pop-up advertising and consider them as Spam. Opt-in E-mail marketing on the other hand generates positive perceptions and as a result is one of the most successful online marketing methods. The use of social media represents a very effective, widely spread and well-liked communication and advertising tool. In general, tourists have more negative attitudes towards advertising on the Internet.

KEYWORDS

Online Advertising, Tourism, Search Marketing, Interactive Advertising, Viral Marketing, E-Mail, Banner, Internet.

RESUMO

O estudo descreve as várias ferramentas de publicidade online e seus efeitos nos clientes, em particular nos turistas do Algarve em Portugal. O objetivo deste estudo é averiguar o grau de utilização da Internet por parte de viajantes e turistas, bem como as suas preferências em relação à publicidade online. Além disso, os modernos métodos de marketing online são pesquisados e comparados, a fim de se encontrar os mais bem sucedidos. As tendências atuais e os mais eficazes métodos de publicidade on-line são pesquisados por meio da revisão da literatura, uma entrevista pessoal com o gerente de marketing e vendas do Robinson Club Quinta da Ria em Portugal e através de um inquérito. Ao todo 248 turistas foram inquiridos no aeroporto de Faro. Foi possível verificar que a maioria dos turistas no Algarve usa e prefere a Internet como um meio para obter informação relevante da viagem e reservar as férias. A revisão da literatura descreve todos os componentes de publicidade online, tais como Marketing de Busca, publicidade interativa, relações públicas online, marketing viral, *opt-in mail marketing* e parcerias on-line. Destes métodos, o Marketing de Busca, sobretudo listagens patrocinadas, gera rejeição, se comparado com os resultados orgânicos de classificação. Além disso, os turistas têm atitudes negativas em relação à publicidade *banner* e *pop-up* e consideram-nas spam. *Opt-in E-mail marketing*, por outro lado, gera uma percepção positiva e consequentemente é um dos mais bem sucedidos métodos de marketing on-line. O uso das mídias sociais representa uma forma de comunicação e ferramenta de publicidade muito eficaz, amplamente difundida, e do agrado dos utilizadores. Em geral, os turistas têm atitudes mais negativas em relação à publicidade na Internet.

PALAVRAS-CHAVE

Publicidade Online, Turismo, Marketing de Busca, Publicidade Interativa, Marketing Viral, E-Mail, Banner, Internet.



1. INTRODUCTION

The main principle of media in the world is according to Rowley (2005 in Burman and Söderberg 2007) to connect and bring information to the audience. The online travel business has shown considerable growth and improvement over the last couple of years, which was dependent on the enhanced information technology and telecommunication. The increased use of the Internet and electronic commerce has had positive effects on the tourism sector, as described by Cooper et al. (2008). The tourism online business is growing fast and competition is fierce. Online advertising is essential in this particular industry for companies to gain customers and therefore to make profit. Tourism-related businesses need to understand the full potential of this marketing tool in order to succeed against the major players, as Expedia.com or Lastminute.com. Through the Internet gaining more and more of importance, online advertising does, too. Expansion possibilities as well as reaching out and penetrating new geographical markets are enhanced. Cost advantages as well as simplified processes turn online advertising into a unique marketing opportunity. This research is a new approach towards specified tourism advertising through the use of the Internet. It is undertaken to explore the current and most used Online Advertisement strategies as well as techniques in the tourism sector.

- To investigate the degree of Internet usage by travelers and tourists
- To find out about the modern online marketing efforts on a B2C basis
- To compare different techniques to find out about their impact on customers and therefore to investigate the most successful ones
- To explore the online advertising strategies available to meet the needs of website visitors and the company (website owner)
- To identify current disadvantages as well as advantages of Online Advertisement
- To make future prognoses for the tourism industry

The most important part of an E-business, according to Chaffey and Smith (2008) is electronic marketing. Using digital media channels as Search Engines, online advertising and affiliate marketing gives competitive advantage in terms of understanding customers better, adding value to products, broadening distribution channels and increasing sales through marketing campaigns. Furthermore, it includes creating and managing websites to generate customer leads, sales and after sales services. The latest definition of E-marketing was developed by Chaffey et al. (2009) saying that E-marketing achieves ‘marketing objectives through the use of electronic communication technology.’ About two years ago, Dave Chaffey developed another definition together with Smith (2008), which points out that E-marketing consists of marketing tools and techniques online as websites, advertisement, banners, E-mail, interactive kiosks, TV or mobiles, blogs, feeds, podcasts and social networks. According to Schlosser et al. (1999) Online or Internet Advertising (IA) entails many forms of commercial content, which range from electronic ads that are very similar to conventional tools (banners, billboards), to entirely new ones as corporate websites. The researchers further investigated the consumer’s perception of IA and found out that a clear definition or image is hard to come by. They described electronic advertisement as follows: “...any form of commercial content available on the Internet that is designed by businesses to inform consumers about a product or service.” (Schlosser et al. 1999). The Internet represents a major source for advertising and as a result Internet marketing can be delivered by using any channel as video, audio or graphical and in any form as E-mail or interactive advertisement (Chung and Zhao 2004).

2. LITERATURE REVIEW

Search Marketing is a term applied to marketing techniques implemented at Search Engines such as Google, Yahoo! or Ask.com in order to drive and increase website traffic (Moran and Hunt 2005). Search Engines have become the central access gate to booking a holiday or purchasing tourism products and services. In order to achieve favorable positions two different Search Marketing techniques



are used by marketers. The first is Search Engine Optimization (SEO) at which the focus lies with altering the websites content and structure in such a way that the website is ranked naturally high for certain keyword phrases. The second technique is paid advertisement or placements also known as Sponsored Listings, which plays a more active part in advertising than SEO. Sponsored listings are part of Search Marketing and are situated above the organic results on Search Engines. They are a form of online advertisement and are mostly shown separated from other search results.

Another method is Interactive Ads, as explained by Bezjian-Avery et al. (1998) saying that interactivity is fundamental for an ad to deliver its message. According to Rodgers and Thorson (2000) the advertisement has different formats as pop-ups, banners, hyperlinks, displayed and skyscraper ads. Chaffey and Smith (2008) define banner ads as a form of interactive advertising, that if clicked on, refers to the site of the company that pays for the display, "...which links through to a specific campaign microsite." This method provides content tailored to the advertising and traffic campaign in form of the microsite (Chaffey and Smith 2008). Research undertaken by Brill (1999 cited Rodgers and Thorson 2000) states that if a banner, hyperlink or any other ad is clicked on, attitudes towards the ad seem positive and the intention to purchase is encouraged in comparison to unclicked ones. The difference between interstitials and pop-ups is that Interstitials are usually separate full-page commercials, which appear between two content pages, while pop-ups (also called superstitials by Chaffey and Smith 2008) are interrupting in a new window on top of a particular page. Pop-ups are seen to be interrupting and disturbing the web user and are therefore perceived as Spam or unwanted. Research done by Ryan in 2003 and (Boone et al. 2006) shows that marketers use new formats to overcome the trend of resistance by implementing pop-ups at sites concerned with sports, communities, games or travel. As a result it can be said that pop-ups and Interstitials have different effects on the web user.

Marinova et al. (2002) found that E-mail marketing offers a great advantage as a flexible and cost-efficient marketing tool to reach existing and potential customers in order to deliver promotional

messages or distribution offers. If compared to other direct and online advertising methods E-mail has a lot of advantages such as building customer relationships, real-time interaction, digitalism and a relatively high response rate (DeCormier 1999, Wreden 1999, Di Ianni 2000 and Rosenspan 2000 cited Rettie 2002). Nowadays there are different types and formats as E-newsletters, text E-mails and HTML E-mails (Bennison 2009). Customers often consider such E-mails as Junk or Spam and opt-out (Marinova et al. 2002). Therefore, this tool is highly suited for personalized advertising and intense targeting, which will be of more use and relevancy for the recipient (IMT Strategies 1999 cited Tezinde et al. 2002).

Viral Marketing is a term used to describe messages that replicate exponentially, with increasing geometrical territory as for example a virus (Wilson 2005). The idea of Viral Marketing is to share and pass on content, which interests and entertains people on the Web. This kind of marketing focuses on the C2C approach to deliver a message using word of mouth." (Kirby and Mardsen 2006). Viral advertising come in formats as video, interactive games, images and text. Therefore this type of advertising is highly relevant in creating brand messages or promoting products. Electronic Word of Mouth is mainly delivered through Social Networks or Media Networks.

As said by Learmonth and Klaassen (2009 and Wakolbinger et al. 2009) there is currently no best practice approach when it comes down to measuring online advertising effectiveness. The general tendency is that marketers move away from clicks as a proxy for effects and possible sales. Learmonth and Klaassen (2009) go further and say that two different strategies of measuring the impact of IA have developed. One is using a more advanced model of clicks, the web interaction rate and the other is focusing on brand awareness, attitudes, behavioral and sales research, using customer data, surveys and other metrics.

3. METHODOLOGY

This study is undertaken to investigate tourists' degree of usage and preference for online advertising methods. The investigation examines in what way online advertisement boosts traffic on a website and how customers are influenced by it. It



seeks to determine how important online advertising is nowadays and if this tool is a sustainable marketing technique. Through the research disadvantages as well as advantages of certain online advertisement techniques are presented, which result in a comparison of the different tools. The following Hypotheses are linked to the research questions and will be answered mainly through the primary research approach of this study.

H1a: The majority of tourists prefer the Internet as a channel to retrieve destination or holiday information.

H1b: The majority of tourists tend to book holidays or tourism related services online.

H1c: The younger a tourists is, the more likely is he/she to book via this channel.

The following hypotheses are stating the effects on web users of the different online advertising tools. The impact of the main techniques is as follows:

H2: Tourists have positive attitudes toward advertisement on Search Engines.

H3: Tourists have negative attitudes toward advertising that disturbs their work flow or Internet session.

H4: The majority of tourists use social networks to retrieve destination information.

This study consists out of secondary as well as primary research. The secondary research has been conducted over a period of four months and a variety of sources. The primary research is divided into two methods, interviews and a quantitative questionnaire survey. This combination ensures a view from a C2B as well as B2C perspective which will be compared to the theory of the secondary data collection. One semi-structured interview is chosen as a primary research method in order to investigate marketers' points of view.

The quantitative research method is chosen to investigate traveler's opinion and usage of online advertisement in regards to touristic products and

services. The focus of the research is to target the main tourist-groups.

4. MAIN RESULTS

To summarize the one hour interview with the Sales & Marketing Manager of the Robinson Golf Resort Quinta da Ria in Tavira, Portugal, one can say that on a B2C basis the company website is the main communication channel for the Hotel. In terms of online advertising the company focuses on Search Marketing as organic and paid listings, entries in hotel directories, high profile entries, online travel agents and E-mail marketing as E-newsletters and promotional E-mails. The company shows a tendency to increase the financial funds for such tools.

Therefore, social networks are new tools to the company to create spreading word of mouth, a good company image and higher brand awareness.

4.1. THE SURVEY OUTCOME

Altogether 248 questionnaires were conducted and analysed via the statistical software SPSS. Of all the respondents 48% uses only the Internet for gaining travel related information. 225 people confirmed the preferred usage of the Internet. Through a Binominal Test different levels of proportion were tested, which result in an observed significance level higher than 5%.

The tested proportion of 87% creates a significance level just under 0.05%. For the proportion of 88% the significance level is 10.8%, which results in rejection of H_0 and favors H1a – the majority of tourists to the Algarve prefer the Internet as a medium to gain tourism-related information. Moreover, it can be said that 87% of the tourists to this region book holidays and tourism-related services online. Therefore, H_0 is rejected and the following hypothesis is supported: The majority of tourists tend to book holidays and tourism-related services online (H1b).

In order to find out about a relation between age and the tendency to book tourism-related products and services online a cross-tabulation followed by a chi-square test were performed.

**Table 1: Chi-square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson chi-square	47,108 ^a	4	,000
Likelihood ratio	35,954	4	,000
Linear-by-linear association	11,005	1	,001
N of valid cases	248		

A. 1 cells (11,1%) have expected count less than 5. The minimum expected count is 2,83.

The expected value of each cell shrunk to less than 5% in the chi-square test, which indicates a relation between age and the propensity of booking online. It can be concluded that the younger tourists are the more likely are they to book holidays or similar services online (H1c).

4.2. SEARCH ENGINE ADVERTISING

The majority of the tourists questioned, with 93.5% uses the Google Search Engine, which is a result of Google being the most advertised and distributed Search Engine in North and Western Europe. The results of the survey show that 50.4% would click on the first organic result coming up on the Search Engine Result Page. Reasons for choosing so are that about 15% of the questioned people are aware of sponsored listings and therefore would not click on them. To summarize, the majority of questioned people favor organic results (58.9%) over sponsored listings (35.9%) as it has been found out by Jansen and Resnick in 2005 as well as by Drezé and Hussherr in 1999. The homogeneous subsets reveal that respondents who would click on sponsored listings rate these more helpful than other advertising. As a result H2 can't be rejected due to respondents favoring sponsored listings in comparison to other advertising. However, the outcome is inconclusive in terms of supporting H2, due to the fact that tourists make more use of organic listings. (H2: Tourists have positive attitudes toward advertisement on Search Engines.)

4.3. INTERACTIVE ADVERTISING

People at the airport in Faro were questioned about their attitudes behaviors towards banners as well as pop-ups as part of interactive advertising tools. The majority (81.3%) does not think of banners being helpful. Further, 97% of respondents consider pop-

ups as Spam and unwanted, hence not helpful advertising for tourism-related products or services. The result shows a strong negative reaction towards pop-ups. As mentioned before, Drezé and Hussherr (1999) explained the negative attitudes towards intruding advertising and the reaction of ignoring, blocking or feeling threatened. The survey findings complement the research done by other investigators and result in accepting the hypothesis H3: Tourists have negative attitudes toward advertising, which disturbs their Internet session and work flow.

4.4. OPT-IN ADVERTISING

The majority of questioned tourists is receiving promotional E-mails willingly and considers them to be helpful (51.5%). The findings of this study differ from research done by Morimoto and Chang in 2006 or Drezé and Hussherr in 1999, as their research revealed E-mail marketing as unwanted and disturbing. However, the tendency for tourism-related promotional E-mail advertising is optimistic. If looking at E-newsletters, respondents answered differently with 55.7% not subscribing such advertising. E-newsletters are seen as an alternative to E-mail marketing, however, the majority of tourists don't subscribe them.

Customers might think that E-newsletters are not as personalized and topic relevant as promotional E-mails and as a result do not make as much use of them.

4.5. THE USAGE OF SOCIAL NETWORKS

The respondents' answer to whether they would gather relevant tourism information via social networks was deemed inconclusive. If summarized, more than 60% have used social networks as facebook, Tripadvisor.com or holidaycheck.de.

**Table 2: Gather information via Social Networks**

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	93	37,5	37,5	37,5
	No	96	38,7	38,7	76,2
	Some-times	59	23,8	23,8	100,0
	Total	248	100,0	100,0	

This survey has identified the majority of travelers using social networks and therefore the hypothesis H4, the majority of tourists use social networks to retrieve destination information, is supported.

5. CONCLUSIONS

With 90.7% the Internet represents the preferred type of medium with which tourism related information are retrieved. The outcome of this study in terms of Internet being the preferred medium can be generalized to 88% of the entire population of tourists to the Algarve. The finding can be generalized to 87% of all tourists to the region using this medium for booking their holidays on the web. Also a fact is that the younger tourists are the more likely are they to use the Internet for such purposes. The effects of online advertising vary from method to method. In general it can be said that tourists to the Algarve have more negative attitudes towards advertising on the Internet and hence, the advertisement has but one effect, rejection. However, there are differences in advertising preference. Search Marketing, for example, is compared to all other advertising forms the most effective as well as most positive rated one, followed by promotional E-mail and social media. Due to the ever growing web 2.0 or social media platforms more than 60% of the questioned tourists make use of them for tourism related purposes. If looking from a tourist's point of view, other types of advertising such as sponsored listing as well as promotional E-mail marketing represent the least rejected advertising method. However, the literature confirms the wide spread usage of these two methods and combined with the results of this research they represent wide excepted and well functioning advertising tools.

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