

THE IMPORTANCE OF ONLINE PROMOTION FOR TOURISM SMES

NICOLAE MARINESCU¹, CRISTINA FRINCUS²

ABSTRACT. This paper aims to emphasize the importance of online promotion for small and medium-sized enterprises (SMEs) operating in the hospitality sector. There are several online promotion tools available to tourism SMEs. We review first the main characteristics of the most common tools. Then, we outline the research method of a marketing study conducted on owners of touristic pensions in Brasov County, Romania. The results of the research provide interesting insights about the attitude and behaviour of owners of pensions regarding the importance of online promotion, the budget they are willing to spend on such an activity and the most important practices they engage in, considering advertising on the web. The results of the research enable us to draw several conclusions and formulate some recommendations about the ways touristic pensions should be promoted.

Key words: tourism, SMEs, internet, online promotion

JEL Classification: L83

1. Introduction

In tourism, the majority of companies are small and medium-sized enterprises (SMEs). In the Romanian hospitality sector, the highest percentage, of 85% is represented by companies with employees ranging 0-9, while only 14% is represented by SMEs with a number of employees within the range 10-49, the rest of 1% being represented by companies with employees ranging 50-249 (National Institute of Statistics, 2012).

The evolution of tourism SMEs in Romania stands out by an extremely marked demography. The closure rate of these SMEs is high also due to

¹ Nicolae Marinescu, Assoc. Prof. Dr., MTSAI Department, Faculty of Economic Sciences and Business Administration, Transilvania University of Brasov, marinescu@unitbv.ro

² Cristina Frincu, Economist, Graduate from the Faculty of Economic Sciences and Business Administration, Transilvania University of Brasov

the constantly changing environment and restrictions imposed on them (Marinescu, 2006).

The main aim of the paper is to analyze the ways in which the internet can help tourism SMEs, especially accommodation units such as pensions to promote their services.

The research developed in this paper is an empirical study and, as such, contributes to the literature on the ways tourism SMEs are promoted, with a specific focus on online promotion. The paper enriches the insights of other recent regional studies that deal with online promotion by hospitality SMEs.

Minazzi (2010) for example, analyzes by means of Italian and international cases how online communication can trigger new information about the quality of hotels, proving an additional and valuable help for the classification of accommodation units.

Several papers explore the use of Internet and online marketing tools to improve the competitiveness of tourism companies. A research by Duarte and Pais (2010) investigates the perception, knowledge and use of Internet as a marketing tool by small-scaled rural tourism companies located in the Portugal centre region. A sample of such SMEs was inquired about their attitudes toward the use of Internet marketing tools. The results show that rural tourism companies have limited knowledge of web marketing.

A study on Egyptian tourism SMEs indicates that the increase in competition in the hospitality sector (before the Egyptian downturn) has driven a number of SMEs to turn to the Internet to gain competitive advantage and to leverage their position and attract more business (Kamel and Hussein, 2004).

Considering that e-commerce poses new challenges and provides new competitive opportunities for SMEs seeking to broaden their involvement into new international markets, other authors (e.g. Tiessen, Wright and Turner, 2001) derive a model to describe the use of e-commerce by internationalizing SMEs, by integrating findings from case studies of Canadian SMEs in the hospitality sector.

Romanian authors also contributed recently with empirical papers based mainly on regional studies for analyzing the use of the internet to promote hospitality SMEs.

Talpos (2010) investigates modern online techniques for hospitality managers. Balint and Tutunea (2010) feature a comparative research of websites of hotels in two Romanian cities and Moisuc et al. (2011) deal with the matter of how to promote accommodation services in a rural tourism area of Romania (Maramures).

As tourism SMEs are only beginning to embrace the new opportunities offered by e-commerce, we think that our paper provides some significant findings regarding the attitude of decision-makers, namely owner-managers

of hospitality SMEs towards promotion via the web. Owners play a key role in the behavior and operation of the majority of SMEs. This is why we consider that the research has to start by analyzing the mindset of the owner-managers.

The case study included in the paper is based on accommodation units of pension type in the County of Brasov, a foremost tourism destination in Romania. The results of the research allow us to discuss the main characteristics of online promotion for tourism SMEs in the region.

The paper is structured as follows: we start by surveying the most common online promotion tools that can be used effectively by tourism SMEs. In the next section, the research method of the marketing study is detailed together with the investigated population and the resulting sample. The fourth section comprises the main results of the research oriented towards the attitudes and opinions of owners of touristic pensions in Brasov County on the way their business is promoted online. In the last section we draw some conclusions considering the ways pensions are promoted and we suggest some recommendations.

2. Online promotion for tourism SMEs

Promotion of tourism SMEs is nowadays done most times on the internet, this being the most familiar channel for distribution of information and communication. The internet optimizes ever better the connections between the most well known players in the tourism market: producer, seller and consumer.

The internet has greatly facilitated the promotion and distribution of tourism products and has potentially enabled tourism destinations and enterprises to compete on a level playing field (Dixit, Belwal and Singh, 2006).

The internet is often viewed by SMEs as a sophisticated means of promotion. Instead, it offers a lot of resources for promoting services on an international scale or addressing the adequate target. Web directories, free advertisement websites, forums, blogs and other tools compose an intense media campaign with very low costs (Marinescu and Toma, 2012).

The website is considered the cornerstone of any marketing action on the internet. The first step of a tourism firm that wants to use the internet is to create an online presence, which in turn, represents the key point for communicating with customers (Baltescu, 2010).

But, any website, no matter how accomplished technically and graphically, if lacking visibility is, practically, null. As stated by Hoontrakul (2004) for the travel industry, in order that online advertising be effective and directed at the relevant customer needs, it must make use of search engine marketing in the proper context.

In this respect, a tourism SME should not just merely set up a website, but resort to specialized help or companies which offer professional services, such as: Search Engine Optimization (SEO), registration in online catalogues, advertising on Google, purchasing space for advertising, web analysis and web consultancy. For example, in the case of a new website, to increase the rank (that is, to attract more visitors), the link has to be added to search engines. This is free of charge and little time consuming.

Online promotion is a form of advertising targeted to channel marketing messages towards consumers. There are several forms of online promotion, such as promotion banners, contextual promotion and promotion on search engines. A comprehensive research on the typology and efficiency of online tools for the promotion of tourism SMEs has been conducted previously by Pop and Acatrinei (2011).

To promote the website of a touristic pension online, advertising can be purchased in three ways: CPM – Cost Per Mille, where advertising is acquired per number of posts: 1 CPM = 1,000 posts; CPC – Cost per Click, where advertising is acquired per number of clicks made on one advertisement (image, text or animation) and CPA – Cost per Action, where advertising is acquired per number of pre-established actions generated by the user who sees the advertisement.

An inexpensive way to promote an accommodation facility is to write advertising articles for it. These may be SEO articles, that is, they will increase the rank of the site, while the articles have also to be listed in article directories. Participating in conversations on forums may be another way to promote the site of any accommodation unit, but the interested individual has to take part in niche forums, that is, the ones about holidays, places to visit, accommodation, etc. Other free advertising ways include writing guest articles on blogs and active participation on question and answers sites.

Another way of online promotion is by paid posts on niche blogs, the ones about travelling, or holidays. The owner of the accommodation unit pays a blogger to write an article about his/her business. The cost of this modality depends on the size of the article and on the number of views and hits of the respective blog.

Alternatively, tourism SMEs can promote themselves online by means of AdWords. AdWords is a service made available by Google through which one can obtain placement on the first, the second or another Google page, on the research of a certain topic, depending of the sum paid. The sites are displayed to the right or at the top of the sponsored area, but they differ from the standard searches by a different background. The cost of such type of promotion is established by the owner of the site; usually it is proportional to the number of visitors.

Naturally, purchase of online advertising and the chosen option for online promotion ultimately depends on the budget envisaged by the owner of the respective accommodation facility for this activity.

3. Material and method

The research method consists in a marketing study among owners of pensions as accommodation units in the County of Brasov, while the specific working tool was the Internet.

Of all tourist accommodation structures, we focus on touristic pensions only, which are predominant in the County of Brasov. The number of pensions in Brasov County had a fluctuating evolution between 2007 and 2012. In 2007, there were 337 touristic pensions with accommodation function (urban as well as agrotourist). After increasing in numbers in 2008, in the next two years, 2009 and 2010, the number of tourist accommodation structures went down due to the closures associated with the economic crisis. On July 31, 2012, though, when the last update was made, there were 466 pensions, a significantly higher number than 5 years before (National Institute of Statistics, Branch Brasov, 2012). This can be partly explained by the fact that Brasov residents accessed European funds to open such accommodation units.

The County of Brasov ranks second place nationwide regarding the number of existing accommodation units, while of the Center Region it holds the largest number of existing touristic accommodation units, as well as the highest number of tourist arrivals and overnight stays.

The research investigated the attitudes and opinions of owners of pensions in the County of Brasov regarding the ways of business promotion. Its main purpose was to observe the ways in which pensions are promoted, with a focus on online promotion. To see whether the owners of pensions promote their business or not, we chose quantitative research to assess marketing phenomena and various other aspects of the researched topic.

Starting from the definition of the researched topic, one can formulate a series of propositions regarding the aspects to be investigated. We will examine the following:

- The majority of the owners of pensions consider promoting the accommodation unit to be very important (at least 75%);
- A high percentage of the owners of pensions have already established a website for their business (more than 60%);
- More than half of the owners of pensions are willing to spend over 250 EUR per year for promoting their pension online.

The method of gathering primary data is the investigation based on a questionnaire. Conceiving the questionnaire is the most important activity in

any research based on investigation by survey. Out of the unfolding of the first stages and the pre-test, a 17 questions-enquiry emerged. Once this instrument was ready, direct e-mail contact with the owners of pensions was established.

Descriptive research was used to better describe the features of various marketing phenomena. Following this research, we could determine the extent of the differences between segments of owners and their opinions regarding the promotion of their business.

The researched population is made up of the number of pensions in the County of Brasov, according to the Statistical Yearbook of 2012. Out of the total number of owners of pensions we picked a sample from which to collect the primary data. The size of the sample is determined as follows (Constantin, 2009):

$$n = \frac{Z^2 \times p \times q}{E^2}$$

In this case, Z^2 = the square of the Z coefficient corresponding to the level of confidence; p = estimation of percentage in case of success; q = estimation of percentage in case of failure; E = the level of accepted error.

We considered an error of $\pm 5\%$ and 95% confidence interval for which the value of Z is 1.96%. Since the proportion of those who will respond "Yes" and the proportion of those who will respond "No" remains unknown, there was considered that p=q=50.

Thus:

$$n = \frac{1.96^2 \times 50 \times 50}{5^2} \approx 384$$

Since the total number of pensions is 466, according to the formula 384 pensions should have been inquired. Due to information, time and financial constraints, 50 pensions in Brasov County were chosen for conducting inquiries. Thus, the accepted error is calculated by the following formula and is equal to:

$$E = \sqrt{\frac{Z^2 \times p \times q}{n}} = \sqrt{\frac{1.96^2 \times 50 \times 50}{50}} = 13.85\%$$

Choosing a method of sampling represents an important stage within the process of development of an investigation by survey, closely linked to the other stages. The quality of an investigation's results depends of the sampling method, the size of the sample, as well as the accuracy of the selection of the sampling units. From the random sampling methods, we chose group sampling for the research.

The research was conducted in Brasov County. From a list of all the towns, ten locations were selected (Moeciu de Sus, Predeal, Brasov, Rasnov,

Fagaras, Timisu de Jos, Poiana Marului, Vulcan, Ghimbav, Magura). Each town was divided in five areas, and then a pension owner in the respective areas was interviewed.

Data gathering for the marketing research took place between March 1, 2014 and April 1, 2014. For the interpretation of data the SPSS program, version 17.0, was used.

4. Results and discussions

The results of the research show that approximately half of the respondents have been managing their business for a period ranging between 6 to 10 years, while the occupancy rate of the accommodation unit is of 41-50% yearly, on average.

Our first research proposition was validated positively, as the results showed that more than 75% of the owners of pensions considered promoting the pension to be very important. In fact, 82% of the owners of pensions believed that promoting their business was very important. Five of the respondents believed it to be important, these representing a mere 10%, while the next percent of 8% believed that promotion was neither important, nor unimportant. None of the participants in the survey believed promotion was unimportant.

A not quite so optimistic picture emerges though concerning the amount of money owners are willing to spend yearly to promote their pension online. The highest percentage of the owners of pensions (40%), were willing to spend for the online promotion of their accommodation unit a modest amount of money ranging between 150-200 EUR. The second largest percentage (30%) opted for an amount even less than 150 EUR. Only 12% of the owners were keen to spend an amount of money above 250 EUR. Thus, our third research proposition, namely that more than half of the owners were willing to spend over 250 EUR yearly for promoting their pension online, is not validated.

When considering the most important ways to promote a pension, 44 out of 50 owners of pensions answered that the most important way of promotion was through specialized websites, resulting a percentage of 88%. The next important way of promotion was believed to be the one through leaflets and own websites, both in percentage of 80% each. The other preferred ways of promotion were through tourism agencies (56%), social networks: Facebook, Twitter (48%), word of mouth at a rate of 44%, while the owners who indicated that trade fairs consisted an important way to promote their business were 38%.

Of the 50 owners of pensions, only 31 answered affirmatively to the question regarding the existence of a website, representing a percentage of 62%. The rest of 38% is represented by the owners who didn't create a webpage for their business. Thus, our second research proposition, namely that more than 60% have a website for their pension, is positively validated.

When the owners of pensions were asked how long have they been having the website for their accommodation units, most of them said they were in the range 6-10 years, with a percentage of 54.84%. The next percent was of 22.58%, with a longer existence, between 11-15 years. Five of the respondents answered they were in the range of 1-5 years, and two stated they had been having a web page for more than 15 years, representing 16.12% and 6.46% respectively. None of the owners has been having a website for less than one year.

As for the importance of online promotion by means of an own website, the highest percentage was represented by those who answered that the promotion method through a webpage was very important, this being of 64.51%. A number of 8 owners answered that this promotion method was just important, this segment representing 25.8%. The ones who didn't believe the method was either important or unimportant represented 9.69% of the respondents. None of the owners who answered this question believed promotion by means of a website to be unimportant or completely unimportant.

Next, the owners participating in the research were asked to assess by how much increased the occupancy rate of the pension after setting up the webpage, compared to the same period of the previous year. 35.48% of the owners of pensions answered this question by saying that the occupancy of the pension increased at a rate ranged between 31-55%. For 29.3% of them the rate of increase was situated between 6-30% and the next interval, with a proportion of 19.35%, enjoyed a much higher increase in occupancy, between 56-95%. None of the respondents reported an increase of more than 95% in occupancy or any increase at all, while only one respondent stated that the increase was less than 5% the next year after he/she had a webpage for his/her pension.

Considering the booking options offered to future customers of the pension, all the owners answered that potential tourists can book accommodation in their unit by phone, which means 100%. The next high percentage booking option is via the webpage of specialized sites where the pension is registered, which is 76%. Another booking option for 60% of the respondents is on the personal website of the accommodation unit. A close percentage is represented by those for whom a booking option is on the webpage of the travel agency or in the travel agency, these being of 44% and 46% respectively.

We suggested five booking options for a pension and measured to what extent the tourists have made use of them. For the booking by phone option, the greatest percent was of 76% for the answer "mostly". For the in-house travel agency booking the greatest percent was 43.47% for the answer "so and so", while the next percent of 34.78% was represented by the ones who, only "rarely" booked by travel agency. For the third option, on the official website of the accommodation unit, the first two answers were "frequent" and

“so and so”, the percents being of 33.33% and 30% respectively. The fourth booking option was on the webpage of the travel agency and the owners answered that tourists booked accommodation “so and so” by this option, the percent being of 36.36%, while for the last option, to book accommodation at pensions on the webpage of specialized sites where the accommodation unit is registered, the highest percent (34.22%) was for the answer “frequent”.

5. Conclusions

Based on the results of the research conducted among owners of pensions in Brasov County, the promotion activity is considered highly important.

Unfortunately, due to financial constraints and a rather prudent attitude towards growth, few owners are willing to spend important amounts of money for promotion. Thus, one of the recommendations in line with their attitude and with the tourist behavior recently is to create a Facebook page, where the owners may post information, attractive pictures with the pension and the services offered. This is a free option, as on this social network the connection is not paid; all one needs is an e-mail account. As of late, more and more accommodation units or tourism companies resort to this promotion option as it is an easily applied one. Through this webpage one can communicate much quicker with the customers who already have visited the pension, as well as with future tourists; they can post both public messages or picture comments and private messages to ask for information. Yet, this option involves a person in charge, to answer enquiries in due time. A collaboration contract can be concluded with a person to update the own website and the Facebook webpage, while the person gets paid depending on the number of tourists attracted by these means.

Considering the efficiency of the means to promote a pension, it emerged from the research that owners must register their accommodation unit on specialized websites. Ideally, these should have great accessibility and visibility in the online medium, especially for foreign visitors. For example, TripAdvisor.com or Booking.com, are two well known websites addressed to tourists. One can register the pension here, while, besides the standard service, recognized all around the world and accessible to booking from everywhere, there is also the advantage that tourists who got accommodation in those units can post and give a feedback about the place; they can write reviews. More and more tourists, before leaving for a holiday, get informed and read reviews by other tourists who stayed in the respective accommodation units. Based on these reviews, stars or points are awarded, and the more positive comments posted about cleanliness, comfort, location, facilities, staff, or value for money, the more stars or points are granted to the respective accommodation unit.

Also, following the analysis about the own website of the pension as a promotional tool, it became obvious that the optimal solution is a simple website which should present the main services, location, places to visit, contact details, etc., but, for better results, this website should be permanently updated so as to bring an ever increasing number of visitors who, afterwards, would show up and be accommodated in the pension. The administrator or another person should be in charge with the website, to be checked and updated frequently and ideally, optimized for search engines.

Irrespective of the means of promotion or the promotional mix which will be chosen in the end, to begin with, a budget for the promotion of the pension should be allotted, in order to see how this will be divided throughout the entire year. Moreover, for the high season periods, the promotion activity should be more intense.

As for the limitations of the research we are aware that the analysis is confined to a local level (Brasov County) and there may be a bias towards pensions which display several regional characteristics. Also we did not cater for differences between urban and agro-tourist pensions. The extent to which such insights may be generalized to other countries and other types of accommodation units is not addressed in the present research as it would require knowledge of both similarities and differences regarding the promotional activity in another context.

Nevertheless, we believe that the findings of our research regarding the attitude and opinion of owners of touristic pensions towards promotion of their business contribute positively to the existing literature on tourism SMEs. The results can be used by owners of tourism SMEs to enhance the efficiency of their promotional activity and can be extended in several ways in the academic field. Future research could comprise more empirical studies developed in another Romanian region to enable comparisons of results. The same methodology could be also applied on an international level to reveal general trends of promoting touristic pensions. With a worldwide booming sector such as tourism, empirical and theoretical studies in the literature are always enriching and clearly in need of permanent updating.

REFERENCES

- Balint, C. and Tutunea, M. F. (2010), "The Online Presence of the Hotel Units: Comparative Study between Cluj-Napoca and Bucharest", *Studia Universitatis Babes-Bolyai, Negotia*, LV, 4, pp. 77-83.
- Baltescu, C. (2010), *Strategii de marketing in turismul montan romanesc*, Ed. Universitatii Transilvania, Brasov.

- Constantin, C. (2009), *Cercetari de marketing*, Ed. Universitatii Transilvania, Brasov.
- Dixit, M., Belwal, R. and Singh, G. (2006), "Online Tourism and Travel: Analyzing Trends from Marketing Perspective", *Skyline Business School Journal*, 3, 1, pp. 89-99.
- Duarte, P. and Pais, A.R. (2010), "Use and Perception of the Internet as a Marketing Tool to Promote Rural Tourism", working paper td05_2010, Universidade da Beira Interior, Departamento de Gestao e Economia, Portugal.
- Hoontrakul, P. (2004), "Value Revelation of Differentiated Goods in the Travel Industry", Sasin of Chulalongkorn Discussion Paper, Bangkok.
- Kamel, S. and Hussein, M. (2004), "King Hotel Goes Online: The Case of a Medium Enterprise in Using eCommerce", *Journal of Electronic Commerce in Organizations*, 2, 4, pp. 101-115.
- Marinescu, N. (2006), *Contributii privind perfectionarea managementului intreprinderilor mici si mijlocii din comert si turism*, Ed. Universitatii Transilvania, Brasov.
- Marinescu, N. and Toma, A. (2012), "The Use of Internet Tools by Tourism SMEs: A Case Study", *Studia Universitatis Babes-Bolyai, Negotia*, LVII, 4, pp. 71-82.
- Minazzi, R. (2010), "Hotel Classification Systems: A Comparison of International Case Studies", *Acta Universitatis Danubius: Economica*, 6, 4, pp. 65-88.
- Moisuc, D. A. et al. (2011), "E-Tourism and How to Promote Accommodation Services in Rural Maramures", *Journal of Tourism*, 12, 12, pp. 39-44.
- National Institute of Statistics (2012), *Annual Statistics of Romania*, INS, Bucharest.
- National Institute of Statistics Branch Brasov (2012), *Annual Statistics of Brasov County - Chapter on Tourism*, INS, Brasov.
- Pop, N. A. and Acatrinei, C. (2011), "A Qualitative Research Regarding the Marketing Communication Tools Used in the Online Environment", *Annals of the University of Oradea, Economic Science Series*, Supplement, pp. 119-125.
- Talpos, M. F. (2010), "Modern Solutions for Online Promotion of Tourism Offers", *Studia Universitatis Babes-Bolyai, Negotia*, LV, 4, pp. 103-110.
- Tiessen, J., Wright, R. and Turner, I. (2001), "A model of e-commerce use by internationalizing SMEs", *Journal of International Management*, 7, 3, pp. 211-233.