

Digital Marketing and Tourism SME's Erasmus+ project



Erasmus+



Digital Marketing and Tourism SMEs

Key findings in summary:

- The median average age of the firms that responded is 3 years
- The website, social media, user reviews, reservation system and analytics are the most commonly used technologies
- There are 7 key factors which influence the adoption of digital marketing
- There are 12 factors that influence digital marketing capability

Please keep in mind that the information contained in this report is derived from the answers to the questionnaire and is therefore based on SME self-evaluation/self-perception.

1.0. Introduction

The Internet has the potential to transform small and medium enterprise (SME) marketing and offers many advantages, including multi-channel marketing, the availability of data to inform and measure marketing practice which enhances the targeting of consumers. However, according to the European Tourism Forum in 2016, the adoption and integration of digital marketing by SMEs remains low.

This ERASMUS-funded, in-depth study of digital marketing by tourism SMEs in the UK, Denmark and Portugal, aims to address these low levels of technology adoption and to facilitate Destination Marketing Organisations (DMOs) in the three countries to support their SME partners.

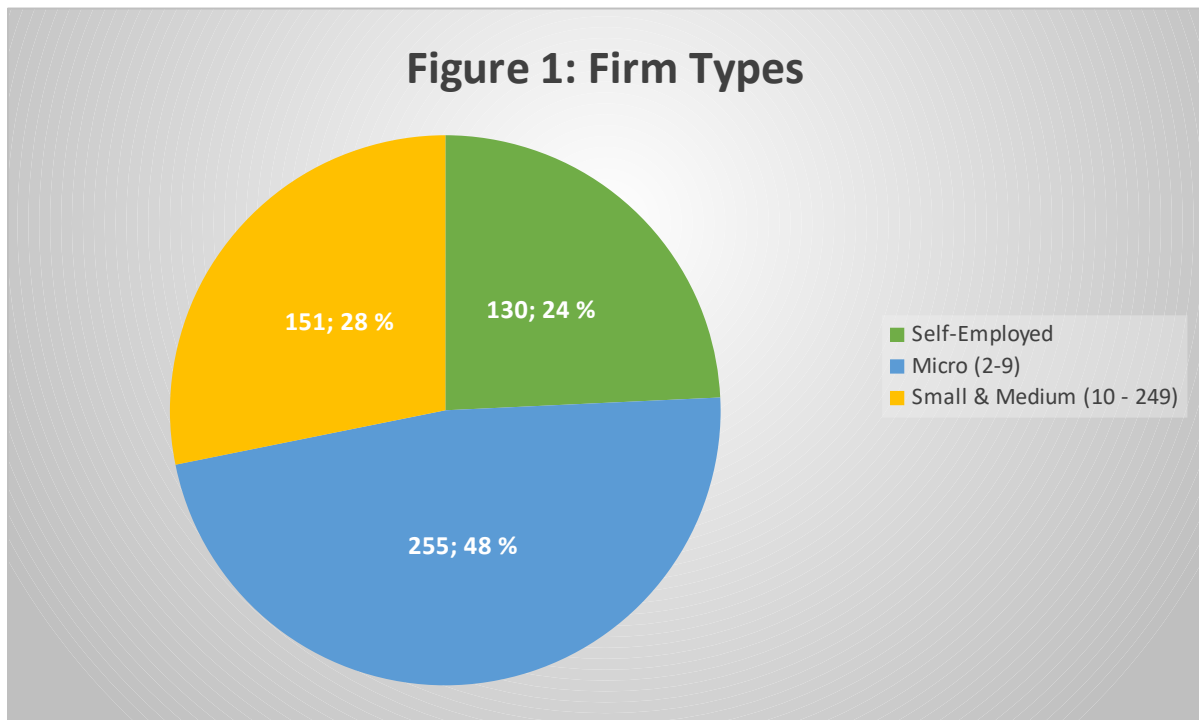
This short report provides a summary of the findings and insights from the recent survey that was completed by 550 SMEs: 219 (40%) from the UK, 177 (32%) from Portugal and 154 (28%) from Denmark.

The report addresses the following key questions which are of interest and importance to SMEs and Destination Marketing Organisations in the three countries:

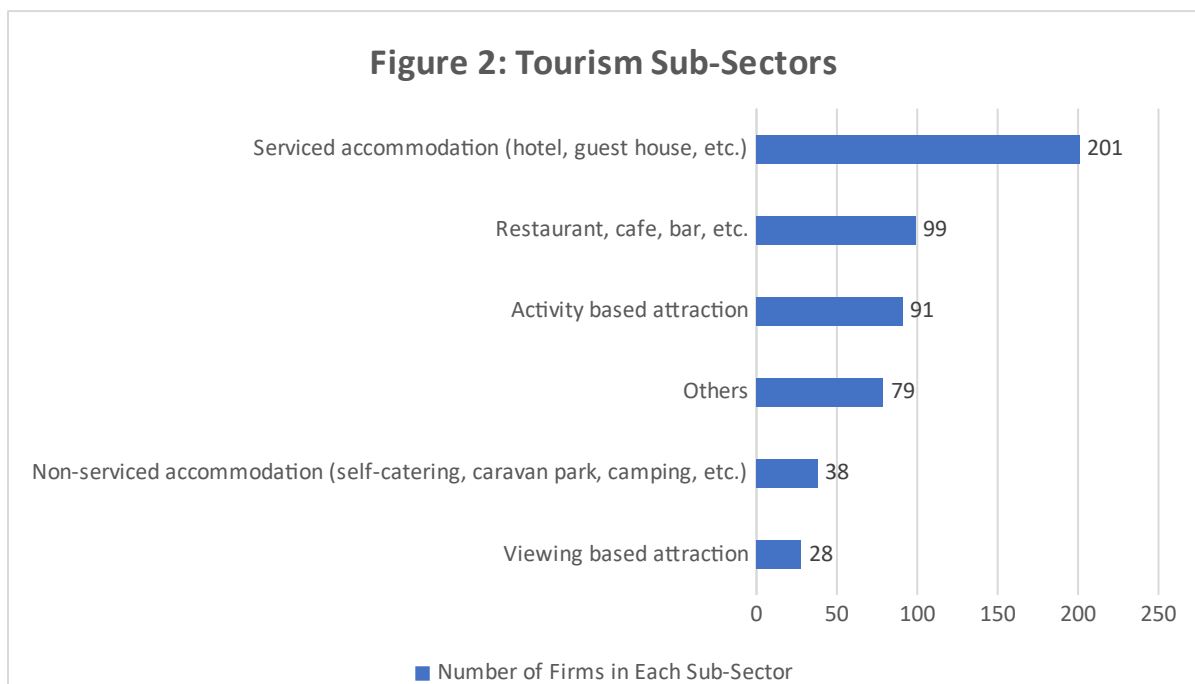
- What is the profile of the SMEs that completed the survey?
- How did SMEs in the study rate the performance of their business against the competition?
- What is the current adoption of Digital Marketing by SMEs?
- What factors are influencing that adoption?
- What next steps can SMEs take?

2.0. Profile of SMEs

What is particularly striking is the young age of the firms that responded. Overall, the majority of SMEs in the study are 3 years old (median average). Nearly half of the respondents were micro firms employing 2-9 people with the remaining half split fairly evenly between self-employed and small to medium sized firms employing between 10-249 (Figure 1).

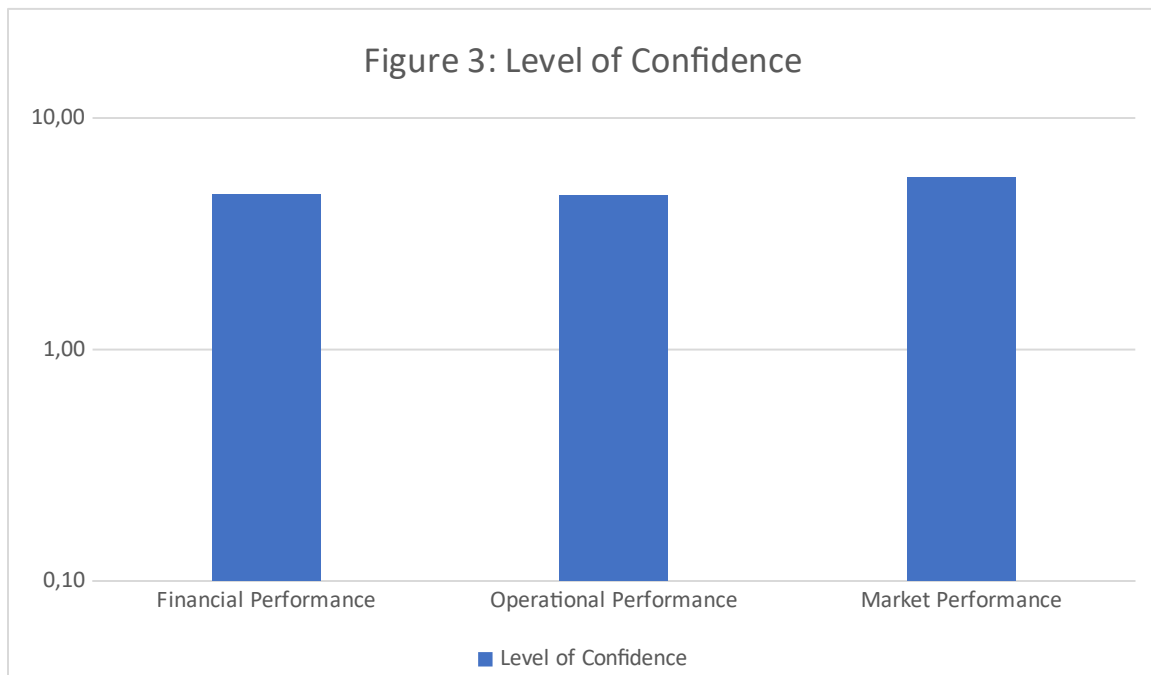


The respondents were from a range of sectors from the tourism industry (Figure 2)



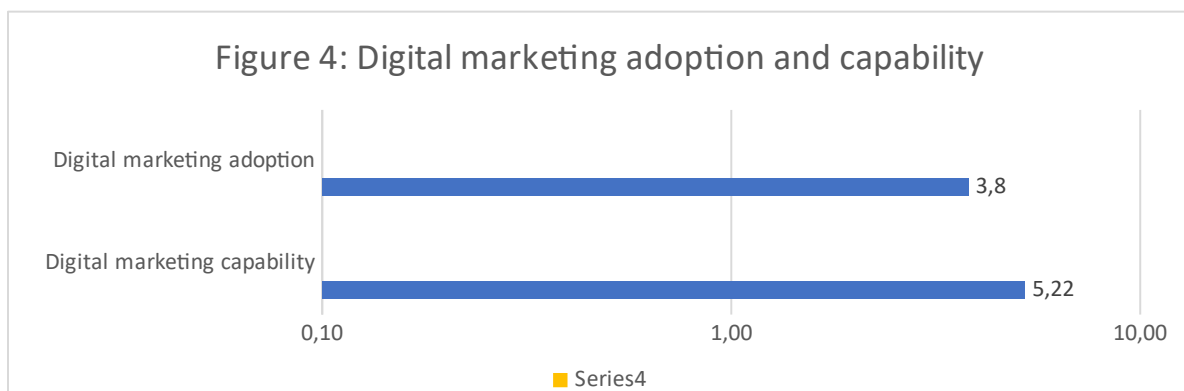
3.0. Business performance

Respondents were asked how confident they were that their performance had exceeded that of the competition over the preceding three years from a financial, operational and marketing perspective. Respondents were relatively cautious in their responses and, while the overwhelming majority thought they were above average in terms of finance and operations, it was only in marketing where respondents perceived themselves to be at an appreciably higher level than competitors (Figure 3).



4.0. Digital marketing adoption and capability

Based upon respondents replies to a range of questions, Figure 4 shows SMEs ranked their adoption of digital marketing at 3.8 (where 1 = never and 7 = always) and their capability at 5.22 (where 1 = strongly disagree to 7 strongly agree).

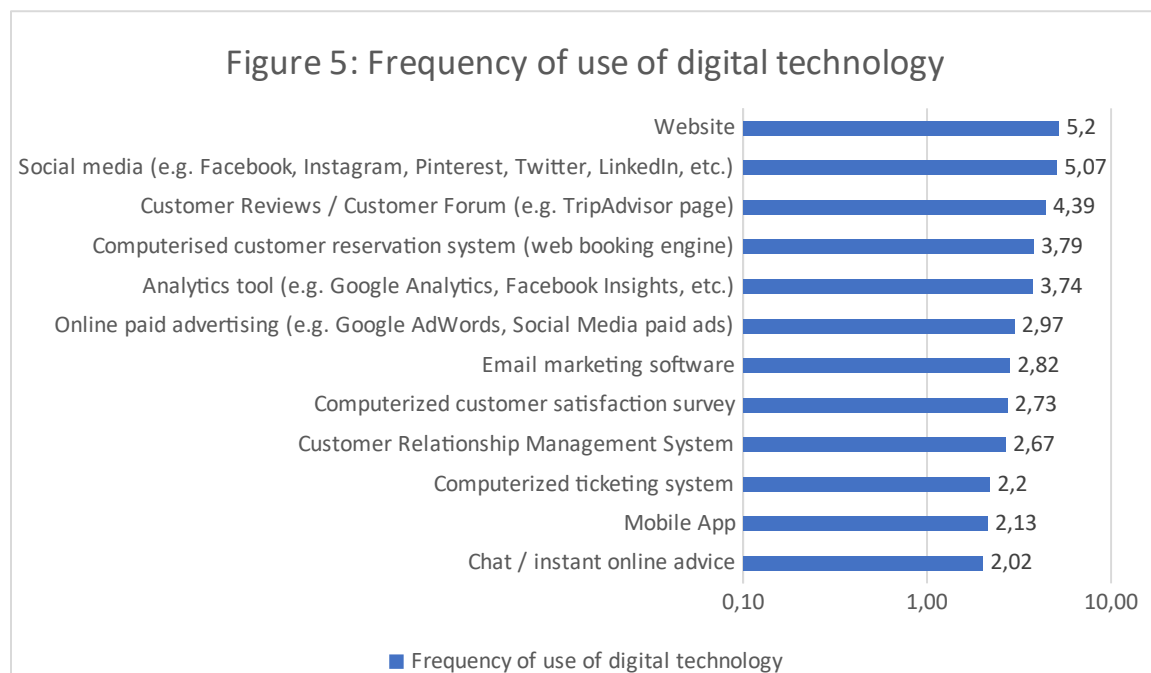


4.1 Digital marketing technologies adopted

The result shown in Figure 4 is a summation of respondents ranking of a range of digital marketing technologies. The results (Figure 5) reveal that those technologies being used more than the average (3.5) are the website, social media, customer reviews, web booking systems, and analytics tools. The common thread that links these 5 technologies was:

- comparatively low or no cost,
- effectiveness can be monitored at a basic level with minimal skill and time,
- enhance a two-way dialog with customers.

It is encouraging that SMEs are increasingly using analytics as part of their digital marketing as these offer businesses the ability to effectively plan and evaluate their marketing approaches.



4.2 Digital marketing capability

This has been measured according to respondent's agreement to the following statements (where 1 = strongly disagree to 7 strongly agree).

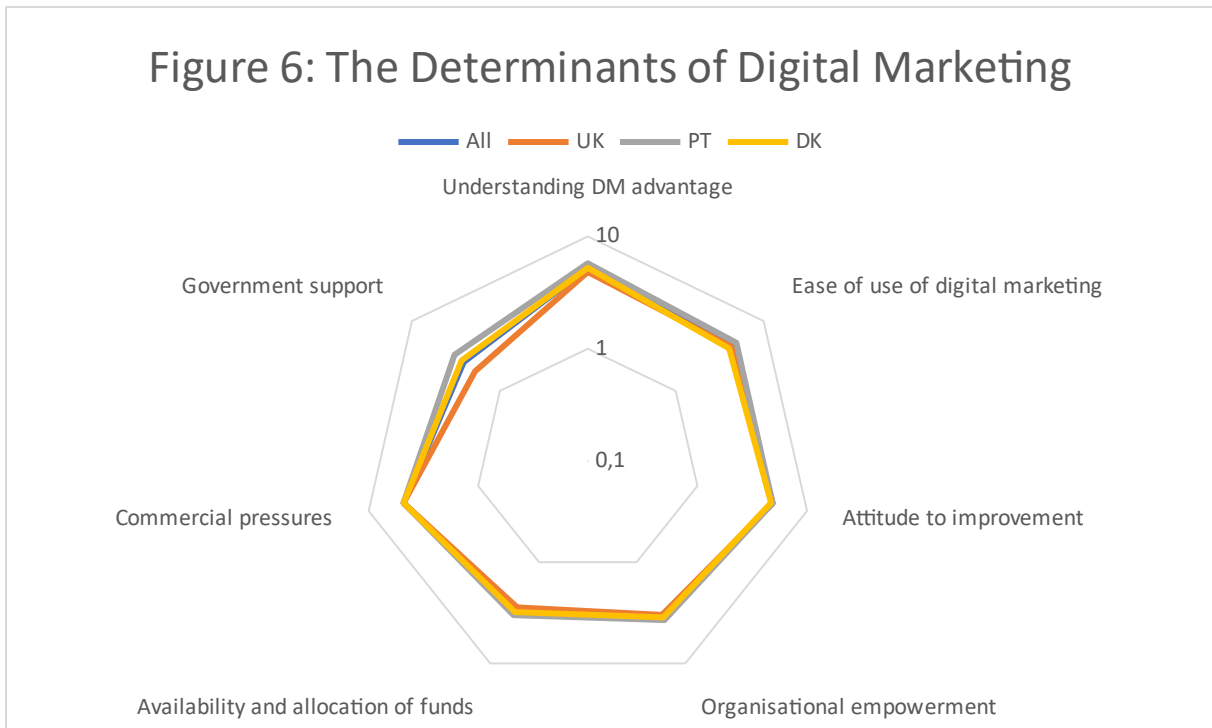
Digital marketing:

1. Speeds up the delivery of our products and services
2. Offers high value to our customers
3. Creates solutions to address our customer wants and needs
4. Provides customer feedback to improve our products and services
5. Enhances customer experience
6. Enhances customer satisfaction
7. Improves access to our products and services
8. Enhances after sales service
9. Improves customer communications
10. Personalizes customer communications

- 11. Attracts customers
- 12. Increases interactive communication with our customers

5.0. Influences on adoption of digital marketing

An important element of the study is to find out, not only what digital marketing technologies are being used by businesses, but also to identify factors that are influencing technology adoption. The study explores a wide range of factors, which have been sourced through academic research and industry best practice, that influence the adoption of digital marketing. The analysis of the data reveals that 7 factors have a particularly significant impact on the adoption of digital marketing (Figure 6).



The 7 factors are explained below:

1) Understanding digital marketing advantage

This factor relates to businesses understanding and believing in the advantages that digital marketing and technology offer, including creating marketing innovations, improving business practice, giving an edge over the competition, providing a more diversified service, and increasing the value of that service.

2) Ease of use of digital marketing

The adoption of digital marketing is increased when it is perceived as being easy to learn, understand, and to use and work; this increases the importance and need of governments to create infrastructure that fosters this perception.

3) Attitude to improvement

High adopters of digital marketing have a positive attitude toward learning, innovation and change in their organisation and believe in the importance of constant improvement of digital marketing. This includes practical steps such as supporting requests from staff to engage in learning and training in the use of digital marketing and being receptive to new approaches in the use of digital marketing.

4) Organisational empowerment

High adopters of digital marketing recognise the importance of encouraging and incentivising their employees to improve their understanding and practice of digital marketing. This includes giving them the time to be creative and innovative with digital marketing and also empowering them to make digital marketing decisions.

5) Availability and allocation of funds to develop digital marketing

Those companies that are high adopters of digital marketing agree that a financial commitment is important.

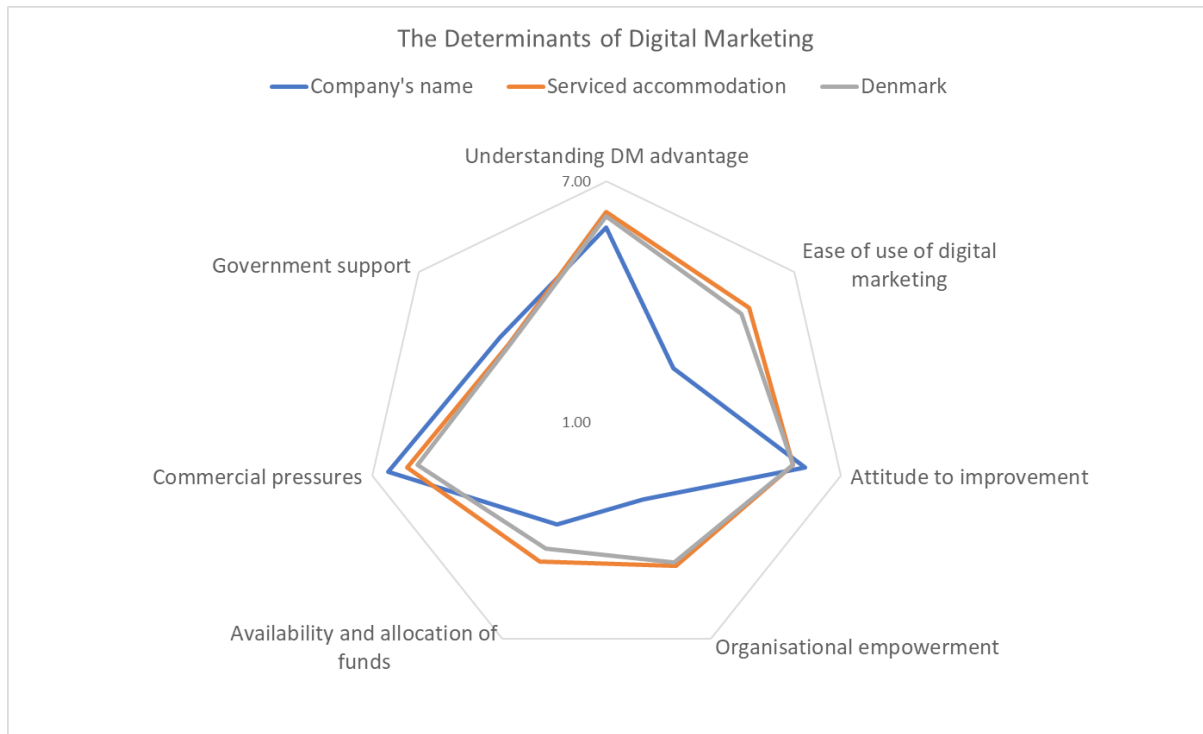
6) Commercial pressures

SMEs that are high adopters of digital marketing are aware of their competitors' adoption of digital marketing and the advantages it affords them, including: being perceived favourably by their customers, and providing a differentiating factor in the market place. There is also a heightened awareness of the importance of digital marketing for consumer-facing marketing including its facilitation of customer retention, reaching new customers and fulfilling the expectations and demands of customers in engaging with them online. An understanding of the needs of consumers in the digital age was also a significant factor in determining future adoption of digital marketing by SMEs.

7) Government support

Respondents were unconvinced by the existing infrastructure created by governments to encourage the take up of digital marketing; this included current efforts to support knowledge awareness, training and the provision of financial assistance.

For DMO purposes this analysis is available by firm, industry sub-sector and country and an example is shown below.



6.0. Conclusion and next steps

The study provides a unique insight into the current adoption of digital marketing by SMEs in the UK, Denmark and Portugal and identifies the key factors that influence that adoption. The responses, although subjective and based on self-perception, provide the beginning of a roadmap for digital marketing adoption and enhanced business performance. Each business in the study has the opportunity, in partnership with their DMO, to receive a summary of how they rated their business according to the 7 key factors impacting digital marketing.

The study is moving into the next phase, involving a deeper engagement with a smaller number of SMEs in order to explore the 7 key factors in more depth and to evaluate which methods are most effective in enabling SMEs to transform their digital marketing. Business owners that are interested in being part of this follow-on phase are invited to express their interest to their DMO partner.