

**Digital Marketing and Performance of Tour Operators in Tanzania**

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**Abstract**

The usage of digital marketing has revolutionized the promotion of tourism products and services in the 21<sup>st</sup> century. However, the number of international visitors in Tanzania remains constant to about one million since 2012. This study aimed at investigating the effects of digital marketing on the performance of tour operators in the tourism industry in Tanzania. The study was guided by Schumpeter's theory of innovation, and profit maximization theory. Convergent parallel mixed-method design was employed. The sampling frame composed of 543 tour operators, and a sample size of 230 firms. Using a stratified sampling technique, the sample was divided into three strata, proportionately distributed in three locations Arusha, Dar es Salaam, and Zanzibar. The sample was selected using a simple random sampling technique from each stratum. A structured questionnaire was used to collect quantitative data, and interview guide was used to collect qualitative data. Data were analysed using descriptive statistics and summarised using percentage, mean and inferential statistics. Structural Equation Modelling (SEM) was used to test the hypotheses. The study findings support Schumpeter's theory of innovation, and profit maximization theory by revealing that digital marketing has a positive significant relationship with tour operators' performance. The results of the study suggest that tour operators have to use advanced ICTs such as an electronic database to influence visitors' decisions, virtual reality to sell the experience, update websites and social media, and protect database against malicious attacks and promote customer knowledge. The results are useful to stakeholders in enhancing the promotion of the tourism products and services as they provide new insight on how electronic marketing influence performance in the tourism industry in Tanzania.

**Keywords:** Digital marketing, tour operators, performance, tourism, ICT, electronic marketing

**Introduction**

The tourism economy globally is driven by the use of information and communication technologies (ICTs), and cause most of the firms in the tourism industry experience the effects of ICT as the visitors depend on information collected through different channels (Januszewsk *et al.*, 2015). Globalization has brought changes in the way marketers conduct marketing activities, and the use of information technologies being the driver for the change thus creating an opportunity for digital marketing (Strauss and Frost, 2014). ICT allows firms to build relationships with customers by knowing customers' needs, and behaviour, deliver added value and satisfaction which results in repeat of sales, an increase of market shares, and profits (Hair *et al.*, 2003).

Digital marketing or sometimes referred to as electronic marketing, or online marketing is the use of ICT for the marketing activity, the processes of creating, communicating, delivery, and exchange of offerings that have value for customers (Strauss and Frost, 2014). Digital marketing is crucial in the tourism industry in facilitating the delivery of promotional market information to travellers using online marketing tools including website, email marketing, social network marketing, mobile advertising, and search engine marketing (Pura, 2013). The usage of website and social media platforms such as Facebook, Instagram, and other online communication enhances communication such as feedback on products and services between buyer and buyer, buyer and business firms regardless of the location, and at any time (Bethapudi, 2013; Lalicic, 2015).

Scholars (e.g. Prasad *et al.*, 2014; Varkaris and Neuhofer, 2017) pointed out that social media plays an essential role in influencing visitor's decision making process in buying from the needs recognition, information search, alternative evaluation, final buying decision, and post - buying behaviour. Similarly, scholars (e.g. Ming & Yazdanifard, 2014) established that social media has positive effects on the performance of firms by updating followers of the firm's profile about new activities, special travel offers, and promotion at the destination and link to valuable information that visitors may enjoy.

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Several previous studies have found the usage of websites and Facebook as influential in the purchasing intentions of visitors. For instance, Dahiya and Gayatri (2017) pointed out that the website offers new ways of interacting with customers and stakeholders, followed by social media. Also, Dehghani and Tumer (2015) observe that Facebook advertising affected the brand image, brand equity, and influence significantly the purchasing intention of consumers. Similarly, (Duffett, 2015) confirmed that social media advertising using Facebook has a positive influence on the behavioural attitude which increased customers' intention to purchase.

Similarly, Strauss and Frost (2014) stated that the use of multimedia marketing such as 360-degree videos, pictures, videos, virtual reality and tour operators websites engage the customer, and enable him/her to see the products and services offered by the firm. In another study, (Rodríguez-Molina *et al.* 2015) observe that emotional messages on the tour operators' website provide visual destination experience for the travellers. According to (Argyropoulou *et al.*, 2011), the use of virtual reality by showing the local tourist attractions allows customers to have an experience similar to that offered by a firm that influences the purchase decision. Elsewhere, (Dahiya and Gayatri, 2017) found that the use of search engine marketing increased visibility in search engine results pages (SERPs) through search engine optimization by ranking the tour operator's website higher than others and facilitate visitor in making an informed decision.

Furthermore, Fotis, Buhalis, and Rossides (2008) noted that online travellers' reviews allow instant feedback from travellers by sharing their experience after using the products or services. Pabel and Prideaux, (2016) added that online reviews in virtual communities provide consumer and travel partners a global platform with rich consumer generated-content, price comparison tools, online reservation, and related services for destinations, and experience based on the scores of those who previously visited a particular destination. Tichaawa *et al.* (2017) emphasize that tour operators have to utilize ICT systems strategically in the area of improving their company's image. (Blattberg *et al.*, 2008; Pawar, 2014) stated that an electronic database for travellers is the source of marketing information about the history of visitors online transactions for tour operators to make decisions on the types of products to offer, choice of the market segment to serve better, and build a relationship with visitors.

Tanzania has many unique natural resources. The country ranks 8<sup>th</sup> out of 136 countries globally in natural resource endowments. However, the tourism sector is not performing well as Tanzania ranks 91 position of 136 countries in the travel and tourism competitiveness index (WEF, 2017).

As Mwita (2014) reveals, ICT usage among tour operators is still minimal in the areas of marketing and operations. Studies (e.g. Anderson, 2011; Felix, 2015; Zaidan, 2017) have shown that the performance of tour operators can be affected by destination marketing to attract customers, market competition, strategy selection, and a change of customer preference and taste. According to international visitors exit survey report, 44.1 percent of the visitors heard about Tanzania attractions through friends and relatives, 31.2 percent from travel agents, and tour operators, 5 percent through the website, 4 percent, through trade fair, 3.5 percent through Tanzania missions and media, and 9.6 percent through other sources. (United Republic of Tanzania URT, 2018). Furthermore, the number of international visitors has constantly remained one million; for instance, between the years 2014 – 2016, the proportion of international tourist arrivals grew only by 12.6 percent compared to the average rate of 16 percent for Kenya (URT, 2014, 2015, 2016, 2017; WEF, 2017; WTTC, 2019). Literature shows that the performance of the tourism sector is mainly characterised by ineffective destination marketing in attracting customers, market competition, strategy selection, and change of customer preference and taste (Anderson, 2011; Felix, 2015; Zaidan, 2017).

Several studies have focused on the effect of relationship enhancement and performance of tour operators (Berné *et al.*, 2015); the influence of marketing strategies on the performance of tourism business (Abiero, 2017), and factors influencing ICT adoption and usage among SMEs in the tourism business (Kilangi, 2012). However, little is known on the effects of digital marketing on the performance of tour operators in developing countries specifically Tanzania. Thus, the present study investigated how tour operators use digital marketing to enhance their performance. The study is a significant guide to stakeholders in the Tanzania tourism industry on digital marketing usage and hence contributes to the realization of an increase in the firm's profitability.

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Null Hypothesis: There is no significant relationship between digital marketing and performance of tour operators.

### **Theoretical Review of Literature**

The current study used Schumpeter's Theory of innovation, and profit maximization theory. Schumpeter (1934) identifies five types of innovations as follows, the introduction of new or significantly improved products or service, the introduction of new methods of processing, the opening of new markets, the development of new sources of supply, and the creation of a new competitive organization. The usage of digital marketing increases efficiency and effectiveness in marketing, allows firms to make the products and services known to visitors, expands markets, resulting to an increase in performance. The current study is consistent with the previous studies (Korres, 2008; Lalicic, 2015) in understanding the effect of innovation on the performance of tour operators from a Schumpeterian perspective. According to Korres (2008), innovation improves products and reduces the process costs by increasing efficiency and effectiveness in operations which increases profitability (Buhalis and Law 2008).

As Ansari *et al.* (2017) states, the usage of digital marketing has an impact on price competitions, changes in consumer behaviour, demand on customization of products and services, reduction of barriers of entry to the market, and an increase of bargaining power of buyers. Similar observation is made by (Vinerean *et al.*, 2013) that Social media and websites are essential in cost reduction, and in allowing firms to know customers' needs through communication.

The theory of profit maximization establishes that the main objective of any business is to maximize its long term profits and minimize costs (Marshall, 1920). According to (Porter, 1985), an increase in profitability allows firms to determine their business market attractiveness as not all firms offer similar opportunities for an increase in profitability. Digital marketing increases efficiency in operations by reducing such transaction costs as searching for information, distribution, and promotion costs and in turn increase the sales of products at lower prices (Khan, 2017) ending up with an increase in profitability (Buhalis and Laws, 2001). However, profit maximization theory has some weakness as it ignores the risk associated with the profits such as inflation and loss of markets (Khan, 2017).

### **Empirical Literature Review**

Digital marketing plays a vital role in the tourism industry by facilitating the delivery of promotional market information to visitors using various online marketing tools including social media marketing, mobile advertising, email marketing, and search engine marketing (Batinić, 2015; Bhandari and Bansal, 2018). Social media has positive effects on the performance of online companies by providing valuable information to followers (Ming and Yazdanifard, 2014). Varkaris and Neuhofer (2017) established that social media plays a critical role in influencing the visitor's decision-making process. As (Duffett, 2015) points out, social media advertising using Facebook has a positive influence on the behavioral attitude which increases the customers' intention to purchase. Similarly, Rodríguez-Molina *et al.* (2015) observe further that the destination image is more positive when tour operators' websites include visual experience to visitors. According to (Argyropoulou *et al.*, 2011), the use of virtual reality with local tourist attractions provides visitors with an experience similar to that a firm offers and influence their purchase decision over the competitors.

Dahiya and Gayatri (2017) point out that the usage of search engine marketing increases visibility in search engine result pages (SERPs) through search engine optimization by ranking the tour operator's website higher than it does to others and facilitate visitors in making an informed decision. Furthermore, Fotis, Buhalis, and Rossides (2008) note that online travellers' reviews are perceived as containing more reliable and trustworthy information than the content offered by tour operators, and facilitate instant feedback from the visitors by sharing their experience. Similarly, Pabel and Prideaux (2016) added that traveller's reference and online reviews in virtual communities such as TripAdvisor provide visitors and visitors partners with a global platform with rich consumer generated-content, price comparison tools, online reservation, and related services, and obtain reviews on local tourism attractions. As Tichaawa *et al.* (2017) observe, tour operators have to utilize ICT systems strategically in the area of improving their company's image.

Scholars (e.g. Blattberg *et al.*, 2008; Pawar, 2014) have noted that an electronic database for travellers is the source of marketing information for tour operators to make decisions on the types of products to offer, what

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market segment to serve better, and how the firm is rated by visitors. Elsewhere, Mwita (2014) found that ICT usage among tour operators in Tanzania is still minimal in the areas of marketing and operations. According to international visitors exit survey report, most (44.1%) of the visitors heard about Tanzania attractions through friends and relatives, 31.2 percent from travel agents, and tour operators, 5 percent through the website, 4percentthrough trade fair,3.5percent Tanzania missions and media, and 9.6 percent through other sources (URT, 2018).

Previous studies (Khan, 2016; Renu and Sharma, 2016) have shown that vulnerability to fraudulent activities as among the biggest challenges in digital marketing as hackers can steal visitors' money and confidential data. As stated by (Mweneogoha, 2016), the existing consumer protection law are inadequate and insufficient to protect consumers and it have not foreseen the problems brought about by advance in technology such as social media usage.

According to Neely *et al.*(2005), performance measurement is the process of measuring efficiency and effectiveness of tour operators. It provides important information for monitoring progress in terms of profit and market shares by comparing firms in the same industry. As (Moses,2015) states, the scale used to measure the perceived firm performance correlates positively and have a strong association with the objective performance measures such as financial indicators. Performance perceptual measurement was used in the current study to assess the performance of tour operators in terms of profitability.

### ***Conceptual Framework***

This study used the theoretical and empirical literature review to develop a conceptual framework. The independent variable digital marketing was measured using indicators online advertisement through the website, online advertisement using social media, online communication using email, online sales of products and services and the usage of online databases. The dependent variable performance was measured by profitability, an increase in sales, and ROA.

Measurement: variables were captured by a 5-point Likert scale where: 1=not used at all, 2=least used, 3=sometimes used, 4=Used, 5=Most used. Adopted from (Moses, 2015).

Performance of tour operators was measured by profitability, an increase in sales revenue and ROA using 5 - point Likert scale of 1 = very poor, 2 = poor, 3 = neutral, 4 = good, 5 = very good.

Indicators for the identified constructs in the conceptual framework were adopted from literature (Mirkó Gáti, 2015; Pervan *et al.*, 2017) with modifications that fit the current study.

### ***Methodology***

In this study, convergent parallel mixed method design was employed, both quantitative and qualitative data were collected concurrently, but analysed separately and the overall results were obtained by integrating qualitative and quantitative results to provide a comprehensive analysis of the research problem ( Creswell, 2014). Incorporating the survey design allows generalization from the sample and greater flexibility in terms of time and the economy in conducting the study (Hair *et al.*, 2003).

### ***Study Location***

Most of the areas in Tanzania have different tourist attractions and activities; thus, the study was conducted in Arusha, Dar es Salaam, and Zanzibar. According to the National Bureau of Statistics Tanzania Mainland has more wildlife activities as compared to Zanzibar which has more beach activities (NBS, 2017). Also, both Arusha and Dar es Salaam has the largest number of tour operators (Tanzania Tourist Board [TTB], 2017).

### ***The Population of the Study***

The population was 649 registered tour operators in Tanzania with the experience of at least one year. According to Tanzania Tourist Board, there are about 602 registered tour operators in Tanzania Mainland and 47 in Zanzibar (TTB, 2017; Zanzibar Association of Tour Operators [ZATO], 2018). The sampling frame was composed of 543 tour operator firms in Arusha, Dar es Salaam, and Zanzibar. Arusha has 401 tour operator enterprises, Dar es Salaam 95, and Zanzibar 47.

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### **Sampling Procedure**

Stratified sampling was used where the sampling frame was divided into three strata namely, Arusha, Dar es Salaam, and Zanzibar. Proportionate stratified random sampling was calculated. Finally, the sample was selected using simple random sampling in each stratum.

The working sample size of 230 respondents was obtained using the formula provided by Yamane, (1967). The proportional allocation was calculated as shown in Table AI in Appendix 2. Simple random sampling method was used in the selection of tour operator firms to participate in this study. (Hair *et al.*, 2010) suggest a sample size in the range of 100 and 400 as sufficient to provide sufficient statistical power for data analysis in SEM approach.

### **Data Collection Methods**

The survey method was used to capture quantitative data from the respondents, using the 5-point Likert scale; structured questionnaire with both closed and open-ended questions was used to the selected respondents in the sample size. Semi-structured interview method was used to collect qualitative data through an interview guide comprised of 15 open-ended questions.

### **Pilot Test**

To test for face validity managers or owners - manager of 10 tour operators firms were requested to complete the questionnaire and evaluate the clarity, length, level of difficulty, wording, and any other problem. A minimum sample of 10 respondents is considered adequate to identify any weakness of the questionnaire (Fink, 2003). The questionnaire was corrected to make it simpler and clear.

### **Quantitative Data Analysis**

Quantitative data were analysed using descriptive and inferential statistics. Statistical Package for Social Sciences was used to process the numerical data from the questionnaire items ready for interpretations.

SEM is a statistical approach that simultaneously estimates the multiple regression equations in a single framework (Hair *et al.*, 2010). Previous studies (Cunningham *et al.*, 2017; Pervan *et al.*, 2017) have used SEM as it allows precise estimation of direct and indirect effects of the exogenous variables (independent variables) on all endogenous variables (dependent variables). SEM SPSS-AMOS (Statistical Package for Social Sciences with Analysis of Moment Structure) was used to determine the factor relationships and correlations.

### **Qualitative Data Analysis**

The analysis began with transforming recorded interviews into interview transcripts, which were imported into NVivo 10 as sources. Coding was done by creating nodes to help gather the materials about particular themes. The data analysis and coding continued until the saturation point was reached, that is no new themes emerged. The findings were summarized into two major themes describing the findings of qualitative data analysis in narratives. The main themes include digital marketing usage and performance.

## **Results and Discussion**

### **Response Rate**

Out of 230 questionnaires distributed to respondents, 213 were correctly filled and returned, making the response rate of 92.6 percent as indicated in Table 4.1.

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Table 5.1: Response Rate

<b>Region</b>	<b>Targeted Respondents</b>	<b>Successful Respondents</b>	<b>Response Rate (%)</b>
Arusha	170	159	93.5
Dar es Salaam	40	37	92.5
Zanzibar	20	17	85.0
	230	213	92.6

As Rubin and Babbie (2008) stated, a response rate of at least 50 percent is considered adequate for analysis and reporting, the response rate of at least 60 percent is considered good, and a response rate of 70 percent is very good. This implies that a high response rate was achieved enough to allow the analysis and reporting.

**Descriptive Statistics**

**Table 5.2 Demographic Characteristics of Respondents**

<b>Item</b>	<b>Frequency (N = 213)</b>	<b>Percent (%)</b>
<b>Managerial Position</b>		
Owners	82	38.5
Managers	131	61.5
<b>Gender</b>		
Male	166	77.9
Female	47	22.1
<b>Age of Owner/Manager</b>		
20 – 30	24	11.3
31 – 40	92	43.2
41 – 60	95	44.6
61 – above	2	0.9
<b>Education Level</b>		
Secondary/high school	42	19.7
Certificate	42	19.7
Diploma	58	27.4
Undergraduate	56	26.2
Postgraduate	15	7.0

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Years of Experience in Business		
1 – 5	49	23.0
6 – 10	74	34.7
11 – 15	49	23.0
16 – 20	18	8.5
21 and above	23	10.8

Table 5.2 indicate that there were 82 (38.5 %) owners and 131 (61.5 %) managers. This indicates that the respondents were personnel involved directly in decision making in their respective firms, and were familiar with ICT issues in tourism. Moreover, the data indicate that 166 (77.9 %) of the respondents were males and 47 (22.1 %) were females. The results show that males were dominant in the tour operators' business; thus, there is a need of encouraging women to participate in the tour operator business.

In terms of age, the majority of respondents were aged between 31 to 60 (87.8%) years. On the other hand, tour operators' owners or managers of age above 60 years constitute only 2 (0.9%) which was the smallest group of owners. The findings have shown that the majority of surveyed tour operators were owned and managed by middle-age adults, implying that they can cope with ICT advancement.

The results as presented in Table AII in Appendix 2 indicate further that about quarter 58 (27.2 %) of the respondents were holders of Diploma. The rest 56 (26.3 %) were undergraduate holders, 42 (19.7 %) certificate holders, 41 (19.0 %) were secondary and high school, and 15 (7.4 %) had completed postgraduate studies. These results demonstrate that majority of the respondents had reasonable education to enable them use ICTs and marketing strategies in their business. Scholars (e.g. Kusumaningtyas and Suwanto, 2015) found that there was a difference in ICT usage based on demographic factors, age, and education level. According to (Neves, 2011), age and education levels are the main predictors of ICT usage. Similarly, (Mokaya, 2012) noted that the level of education and knowledge significantly affect ICT adoption in small enterprises in Kenya.

The results also indicated that one-third of the respondents 74 (34.7 %) had 6 to 10 years of experience in tourism business. 49 (23 %) had the experience of 1 to 5 years, 49 (23 %) had 11 to 15 years of experience, 23 (10.8 %) had the experience of more than 21 years. However, only 18 (8.5 %) had the experience of 16 to 20 years. These findings demonstrate that the majority of tour operator owners/managers had a long experience in the tourism business.

**Tour Operators Firms Characteristics**

Table 5.3: Tour Operators Firms Characteristics

Tour Operator firm Characteristics	Count (N=213)	Percent (%)
Firm age (in years)	Less than 5	29.6
	5 – 10	32.9
	11 – 15	21.6
	16 – 20	8.5
	More than 20	7.4
Form of business ownership	Sole proprietor	2.3

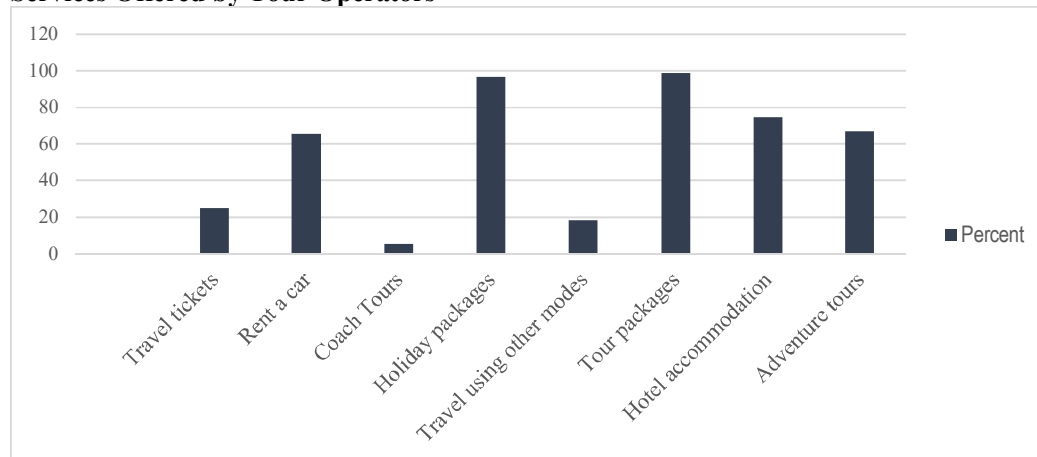
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	Partnership	12	5.6
	Private limited company	196	92.1
Number of full-time employees	1 – 4	94	44.1
	5 – 49	115	54.0
	50 – 99	4	1.9

The findings in Table 5.3 show that about 70 (32.9 %) of the surveyed firms aged between 5 to 10 years. Likewise, the findings show that 63 (29.6 %) have been in the tour operator business for less than 5 years. Conversely, 46 (21.6 %) firms had experience ranging from 11 to 15 years. The remaining, 16 (8.5 %) had experience of between 16 and 20 years. However, only 16 (7.4 %) had the experience of more than 20 years in the tour operator business. The results show that majority of the firms were established for many years that gave owners/managers the opportunity of realizing the importance of using ICT. This implies that tour-operating business is an attractive business as most of the firms continue in business. However, (Khong Sin *et al.*, 2010) revealed that firms adopt internet-based ICT regardless of the year of business start-up and internet experience. Besides, (Margaretha and Supartika, 2016) findings showed that the age of the firm does not significantly influence profitability.

In addition, findings have shown that private limited companies were the leading legal form of business ownership among the firms comprising of 196 (92.1 %), followed by partnership 12 (5.6%) of the firms, and sole proprietorship constituted only 5 (2.3%). These results demonstrate that private limited companies constitute the majority of the firms surveyed. Concerning the number of employees, the findings indicate that about half [115 (54%)] of the surveyed tour operators had 5-49 employees, 94 (44.1%) had 1-4 employees, and 4 (2%) had 50-99 employees. This suggests that the majority of tour operator firms fall into micro, small and medium companies (MIT, 2003).

**Services Offered by Tour Operators**

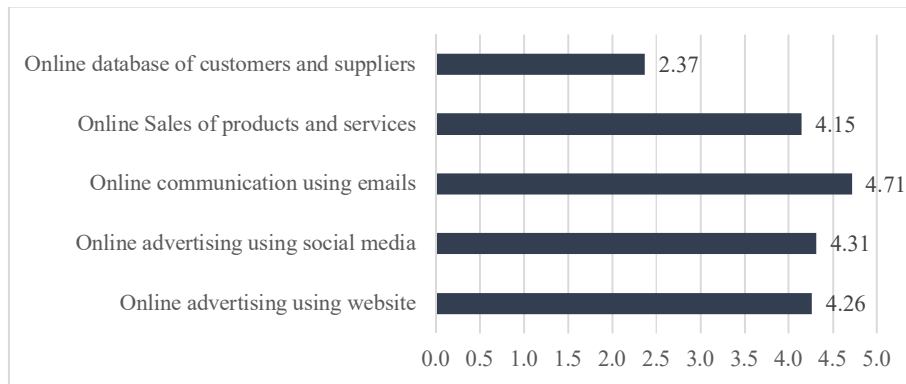


**Figure 5.1: Services Offered by Tour Operators**

Figure 5.1 shows that tour packages 211 (99.1%), and holiday package 206 (96.7%) were the most commonly services offered by the majority of tour operators in the study area. Other services include, hotel accommodation 159 (74.6%), adventure tours 143 (67.1 %), car renting 139 (65.3%), and travel tickets 53 (24.9%). However, coach tours 11 (5.2%) and travel using other modes 39 (18.3%) were the least provided services. This shows that majority of tour operators provide homogeneous products to their clients.



**Preliminary Analysis**  
**Digital Marketing related Activities**

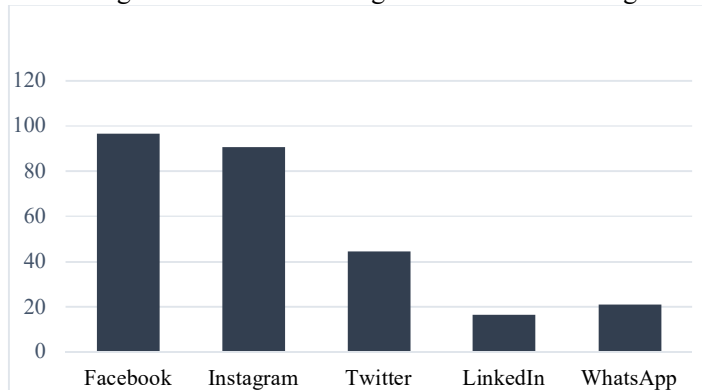


**Figure 5.2: The Extent of Digital Marketing Usage**

The mean of all activity items was computed as indicated in Figure 5.2. Findings show that online communication using emails was mostly used by the surveyed firms ( $\bar{x} = 4.71$ ). This was followed by online advertising using social media ( $\bar{x} = 4.31$ ), online advertising using the website ( $\bar{x} = 4.26$ ), online sale of products and services ( $\bar{x} = 4.15$ ), and online databases of customers and suppliers ( $\bar{x} = 2.37$ ), which was the least used online communication. The findings indicate very low usage of electronic databases. According to scholar (Blattberg *et al.*, 2008), low usage of electronic database leads to failure in understanding which market efforts are wasted, how to build customer relationships through for example customization of products and services, and how to serve customers better than do the competitors.

**Types of Social Media Used**

The respondents were asked whether they use the outlined types of social media and rate the extent of usage in their organizations. The findings were as shown in Figure 5.3.



**Figure 5.3: Types of social media used by tour operators**

Figure 5.3 illustrates Facebook 206 (96.7%) and Instagram 193 (90.6%) as the most commonly used social media by tour operators. Others are twitter 95 (44.6%), and WhatsApp 45 (21.1%). However, LinkedIn 35 (16.4%) was the least preferred social media. The reasons for most tour operators to use Facebook and Instagram can be due to ease of use, very low cost, availability of applications, and ease of access by visitors. The results of (Dehghani and Tumer, 2015) showed that the usage of Facebook for advertising significantly affected the brand image and brand equity which contributed to a significant change in purchasing intentions of consumers by offering interactivity to users. In another study (Ana and Istudor, 2019) found that the young generation prefers looking at pictures and videos which make Instagram become popular among the youth. Finally, (Masele and Magova, 2017) found that perceived usefulness, ease of use, and trustworthiness were the predictors of social media usage. Thus, effective utilization of social media can

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result in an increase in the sales of products and services, and consequently increase in the profitability of tour operators.

**Applications of Website, and Social Media**

The tour operators were asked to state whether social media and websites were practiced in any of the outlined activities and the extent of use.

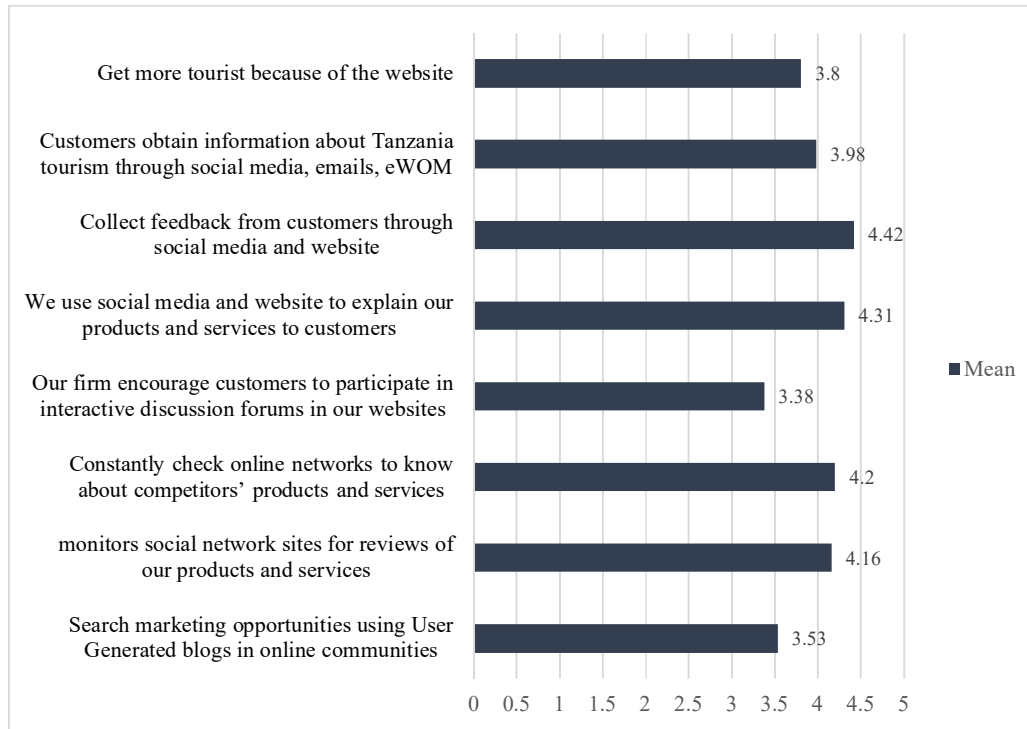


Figure 5.4 Applications of Social Media and Website by Tour Operators

The findings were as illustrated in Figure 5.4 which shows that majority of tour operators obtain feedback from customers through recommendations (online reviews) about their products and services ( $\bar{x} = 4.42$ ). They use social media and website to explain their products and services to customers ( $\bar{x} = 4.31$ ), constantly check online networks to know competitor products and services (4.20), monitor social network sites for review of their products and services ( $\bar{x} = 4.16$ ).

Besides, ( $\bar{x}=3.53$ ) tour operators search for marketing opportunities using user-generated blogs in online communities. However, only ( $\bar{x} = 3.38$ ) of tour operators allowed visitors to interact through discussion forums in the organization websites. The findings imply that the usage of social media is essential for two-way communication between tour operators and travelers for feedback about the services and products offered to travelers. As (Lalicic, 2015) notes, the usage of social media can provide opportunities for tour operators of receiving valuable information about consumers and their experiences about the products and services offered. This is vital for product development and marketing.

The findings in Figure 5.4 also revealed that some of the tour operators ( $\bar{x} = 3.98$ ) agreed that visitors obtain information about Tanzania attractions using the website and social media. According to (URT, 2018), the main source of information to visitors about Tanzania's destination were friends and relatives (44.1%), followed by travel agents and relatives (31.2%), and through the web was (5%). This has an implication on the increase in the number of visitors, as ( $\bar{x} = 3.80$ ) of tour operators confirmed to have received visitors because of the use of the website.

Scholars (Dahiya and Gayatri, 2017; Pawar, 2014) noted that the use of search engine marketing increased visibility in search engine results pages (SERPs) through search engine optimization by ranking the tour

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operator's website higher than is the case with others, and enable visitor to obtain the necessary information for decision making. In another study (Bhandari and Bansal, 2018) revealed that SEO is essential in increasing market share, enhance the brand equity of the product, product awareness, purchase persuasion, and consumer insight. Thus, according to the findings and literature reviews, tour operator websites and social media, have to be customer-oriented, updated, with security features, easy and fast found by visitors, and transparent to build trust to visitors.

**Results of the Inferential Analysis**

SEM is a confirmatory method providing a comprehensive means for validating the measurement model of latent constructs. The measurement model was used to assess the items' internal consistency, and reliability (Byrne, 2010; Hair *et al.*, 2010). In this study, CFA was run using IBM SPSS Amos version 20.0 as indicated in figure.

**Table 5.4: CFA Results on Composite Reliability (CR), (AVE)**

Constructs	Factor loadings	AVE
Performance	0.924	0.809
	0.956	
	0.813	
Digital marketing	0.722	0.563
	0.731	
	0.78	

The computed pooled measurement model fit indices indicate the chi-square=5.289, GFI=0.95892, and CFI = 0.972, which met the required threshold of 0.9 (Hair *et al.*, 2010). As the tests of goodness of fit indices (GOF) were above the recommended values, the current measurement model fit the sample data reasonably well.

**Assessing the Validity and Reliability of a Measurement Model**

The result as shown in Table 5.4 indicates that all AVE were greater than 0.5, which indicates good convergent validity. The Cronbach's alpha was used to compute the internal reliability of each item of the performance and digital marketing constructs.

According to Hair *et al.* (2010), the alpha of 0.7 to 1.0 suggests a high level of internal reliability. The reliability test was performed using SPSS version 20.0. The Cronbach's alpha values for the digital marketing and performance variables were 0.785 and 0.925 respectively, which were above 0.7 an acceptable level of internal reliability. The findings suggest that all the measures were internally consistent which means they measure the concepts well.

**Testing the Structural Model**

The statistical significance of the path coefficient was assessed using a bootstrap procedure with 1000 as suggested by (Moses, 2015; Silva, 2013). Therefore, multiple samples of the same size as the parent sample were drawn randomly, with replacement, from the population, and provided data for empirical investigations (Byrne, 2010). As shown in Figure 5.5 the model explained 20 percent of the variance in the performance of tour operators and was above the threshold of 10 percent for being meaningful as suggested by (Falk and Miller, 1992).

**Hypothesis Testing (H<sub>0</sub>):** There is no significant relationship between digital marketing and performance of tour operators.

**Table: 5.5: Path Coefficients and Hypothesis Testing**

Hypothesis	$\beta$	P-value	Rejected/Not rejected
H <sub>01</sub> Digital marketing → Performance	.44	<.001	Rejected

At an alpha significance level of .05 ( $p < .05$ )

Three indicators that measured the construct of digital marketing were online advertisements using the website, social media, and online sales of products and services. Figure 5.5 presents the results on digital marketing with coefficient  $\beta = 0.44$  at p-value  $< .001$ .

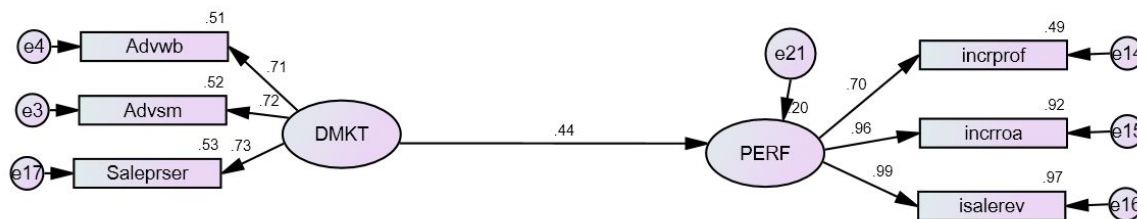


Figure 5.5 Digital marketing and performance of tour operators

The results confirm that a positive relationship exists between digital marketing and the performance of tour operators. Based on the findings, the null hypothesis was rejected meaning that digital marketing usage can enhance the performance of tour operators by increasing ROA, sales revenue and profitability. Thus, digital marketing correlated positively with performance. The results could be due to the cost reduction in marketing, an increase in customer service through improved information accessibility, and customer relations.

The findings are consistent with the findings of qualitative data that majority of the respondents admitted to have been using, social media such as Facebook, Instagram, Google ad, and website to reach the global market and create awareness of products and services, which help to obtain cost saving in the advertisement, improve the relationship with customers, and increase revenue. For instance, one of the interviewees (RP10) remarked, “we make sure our website and social media appeal to our customers because about 80 percent of our visitors originate from the use of website. Most of the youth prefer to use the internet than old people. Thus, the website should be informative, interactive, easy, relevant, and timesaving.

Similarly, RP23 responded, “I use Facebook and Instagram to post pictures and facilitate sharing of visitors’ experience.” Others reported to have been advertising their website through Google (SEO) to increase their visibility in search engine pages (RP15), (RP17). However, (RP14) explained, “not all the visitors come from online; some come straight to the office and do all the bookings and pay in cash. We are dealing with both online and offline customers”. The majority of tourists agreed that they use Online Consumer Reviews (OCRs) such as TripAdvisor, Yelp, and safaribooking.com during making decisions about tourism related-products. Interview results have shown that the majority of tour operators sell their products and services via trip advisor and safari booking. Similarly, the respondent (RP1) reported, “I use TripAdvisor to explore Expedia, and safari.com due to very high online business competition as most of the tour operators depend on online agents to obtain customers.”

The result of the hypothesis was consistent with the results in a study by (Ainin *et al.*, 2015) who found that digital marketing using Facebook had a strong positive impact on the financial and non-financial performance of tour operators in terms of cost reduction on marketing and customer service, improve customer relations, and information accessibility to visitors. In another study, (Ráthonyi, 2016) demonstrates

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that travellers used social media during the planning process by collecting information, confirming selection of holiday destination, and share experience and photos or write reviews using mobile technologies and their Apps such as TripAdvisor.

Most of the visitors indicated to have been using Google search engine to obtain the information. For instance, two participants (V2), and (V6) stated, "I search through Google search engine, and use booking.com, and trip advisor to get the opinion of other travellers." Other visitors (V3), (V4), (V7), said, "We obtain information through agents in our country and the internet." Visitors (V5), and (V9) noted, "I obtained information about tourism attractions through our school, the internet, my relatives, and friends who visited Tanzania." Furthermore, visitor (V1) said, "I use Trip Advisor because I trust and can read recommendations from other people's experiences as well." Similarly, visitor (V2) commented, "I use TripAdvisor because I don't trust companies' websites as they can manipulate information."

The findings were also supported by Schumpeter's theory of innovation, and profit maximization theories. These theories show that the use of innovations such as digital marketing can facilitate the introduction of new tourism products to the market, can open up new markets for selling tour operators products and services making firms competitive in the market, increase sales, and hence increase profitability. Therefore, the results fit well with Schumpeter's theory of innovation, and profit maximization theory and provide further support to the two theories.

### **Conclusion and Implication**

The findings conclude that digital marketing has a positive effect on the performance of tour operators.

**Theoretical implication:** The findings of the study provide evidence of the applicability of Schumpeter's theory of innovation and profit maximization theory. Thus, the performance of tour operators can be predicted by the intensity of digital marketing usage.

**Practical implications:** the study has several implications for the effective utilization of digital marketing as follows;

1. Predicting tourists' behaviour in digital platforms using an electronic database will help in the allocation of resources in the areas of marketing, and improvement of infrastructure.
2. The usage of advanced multimedia technologies such as digital maps and virtual reality techniques are vital in promoting tourist destinations.
3. Employment of skilled ICT experts is essential in enhancing the quality of websites and social media, which reduces the risks of hackers. Thus, the development of websites with valuable updated content to capture the minds of visitors, website optimization, as well as social media, and applications with security features increase visitors' trust.
4. Customers are paying for an experience, tour operators have to promote the superior experience they offer and allow customers to share their experience with others and utilize online recommendations from the visitors concerning their trip experience to improve products and service delivery.

### **The Study Limitations**

1. The study was carried out in three regions; it could have been extended to other regions for a comprehensive understanding of the digital marketing usage to improve tour operators' performance.
2. The study was carried out to tour operators alone. The study could be done by including other stakeholders such as suppliers of products and services

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