

# The Use of Social Media by SMEs in the Tourism Industry

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## INTRODUCTION<sup>1</sup>

The Internet is currently experiencing an unprecedented rate of growth as a result of social media (e.g., Facebook, Twitter). Social networks are not only profoundly transforming how people use the web (Qualman, 2009) but also challenging the way that entrepreneurs and managers conduct business (Postman, 2009). This shift has given rise to several studies of web business benefits (Miller, 2010) and social media (Safko, 2010; Zarrella, 2009) as new perspectives in marketing strategy. In the tourism sector, where a consumer's decision is strongly influenced by word of mouth and reputation, the power of social media is undeniable. Zeng and Gerritsen (2014) review research on the link between social media and the tourism sector, and they observe the diversity of studies adopting a strategic perspective (e.g., Hsu, 2012) or a consumer perspective (Sotiriadis & van Zyl, 2013). Relevant to SMEs, social media channels are considered “affordable” marketing tools (Dutta, 2010) for organizations with limited resources in general. This change in perspective has generated a rich body of literature devoted to SME marketing practices.

This research aims to explore the integration of social media into marketing strategy and to answer the following questions:

1. Do SMEs use social media in their marketing practices?
2. If so, how?
3. What is the impact of social media on SME marketing strategies?

## BACKGROUND

### SME Marketing Specificities

The topic of “marketing in SMEs” or “entrepreneurial marketing” has been explored for quite some time (Neil, 1986; Weinrauch, Mann, Robinson, & Pharr, 1991). Kraus, Harms, and Fink (2010) define this type of marketing as “an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, pro-activeness, and

may be performed without resources currently controlled” (p. 26). Marketing with an entrepreneurial mindset involves using innovative channels such as web or mobile marketing. Firm size is considered a salient and distinctive feature with important effects on management and marketing procedures (Pacitto, Julien, & Bizeul, 2006). Marketing strategy planning in SMEs is thus distinct from that in large firms (Shipley & Jobber, 1994), as SME practices tend to be more informal (Mohan-Neil, 1995). Entrepreneurial marketing research has chiefly sought to determine the role of marketing in the development of SMEs.

SMEs are characterized by three main limitations (Gilmore, Carson, & Grant, 2001): (a) limited resources in terms of financial situation, time and marketing skills; (b) managers’ lack of marketing expertise, which cannot be offset by his or her general knowledge; and (c) the low visibility and impact of SMEs in the market. Given these specificities and limitations, SME marketing is described as “haphazard, informal, loose, unstructured, spontaneous, reactive, built upon and conforming to industry norms” (Gilmore et al., 2001). SME marketing may even be described as managerial “fiddling around,” leading some authors to consider that certain marketing procedures may be more efficient for SMEs (Pacitto et al., 2006). The two categories of SMEs include SMEs that do not undertake any marketing actions as a result of costs and the absence of ROI visibility or its measurement and SMEs that have a marketing function that is nevertheless unsophisticated and disorganized, therefore contributing little to firm performance. These SMEs focus their marketing actions on the product and price, use rather “extemporized” advertising campaigns (Patten, 1989), and imitate the strategies of large firms.

The characteristics of owner-managers also have an important influence on SME marketing (Pacitto et al., 2006). Many owner-managers have general skills but lack sufficient (if any) expertise in marketing. In this context, marketing is no longer considered merely transactional; rather, attention is given to its relational aspects (Benavent & Evrard, 2002). Because owner-managers hold great power and central positions in SMEs (Leppard & McDonald, 1991), their ability to develop personal contacts is crucial to such firms. Indeed, given the informal and unstructured SME marketing style, networking is considered an efficient strategy for environmental scanning activities (Mohan-Neil, 1995), collaboration and cooperation (Dean, Holmes, & Smith, 1997). Networking refers to the use of a variety of networks (Gilmore et al., 2001), such as personal networks, business networks, industry networks, and marketing networks. Personal networks can be defined as “the relationships or alliances which individuals develop, or indeed, may seek to develop between themselves and others in their society” (Hill & McGowan, 1996). This type of network is developed randomly and directs access to resources or information (Chollet, Géraudel, & Mothe, 2014). Social or business networks on the web may allow the individual/manager to construct a network by selecting contacts even if the contacts have never met. In this case, networking is assumed to be an appropriate tool for SME marketing (Piercy & Cravens, 1995). Marketing by networking affects SME relations through two types of actors, competitors and customers (Gilmore et al., 2001):

1. Maintaining relations with competitors provides SMEs a better market view and enhanced visibility in the market, and
2. Networking with customers and/or other firms is essential for SME survival.

Although traditional forms of networking enable SMEs to adopt a relational approach, Internet-based networking can dramatically improve their marketing efficiency (Bulearca & Bulearca, 2010). Online social networking offers more opportunities for SMEs to develop their marketing actions and reinforce their visibility in the market.

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