

University of Algarve  
Faculty of Economics  
Masters in Tourism Economics and Regional Development

**Role of Social Media and its Effects on Small  
Businesses**

Alexandre Bañales

Work made under the supervision of:  
Professor Júlio Mendes

2014

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## Work Authorship Declaration

I declare to be the author of this work, which is unique, and unprecedented. Authors and works consulted are properly cited in the text and are in the listing of references included

Alexandre Ricardo Bañales

.....

(signature)

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## Dedication

I would first like to thank all the professors, staff and guest speakers who helped and taught our program. We wouldn't be able to complete this master's dissertation if it was not for your guidance and knowledge. I would then like to thank all the staff members at The Melting Pot Classic Pub and Bacchus Bistro. They are a great professional team that takes their work seriously while at the same time know how to interact with the customers and make them feel as comfortable as possible. Finally I would like to thank the owner of the establishments, Marco Afonso, for giving me this opportunity to work with him, help grow his businesses, and learn and understand tourism at the grass root levels. Through the knowledge I learned in the classroom and in the real world setting I am able to have a better grasp on the tourism industry and the many elements that affect the industry. Thank you.

## Summary

Tradicionalmente, consumidores nunca interagiam com a internet. Eles usavam nomeadamente para comprar produtos e serviços. Contudo, com o crescente constante da tecnologia, consumidores estão a interagir com a Internet no seu dia a dia. Consumidores estão a usar plataformas de partilha de conteúdo, redes sociais, blogs, etc., para criar, partilhar e discutir o conteúdo da internet. O fenómeno das redes sociais também conhecido por Web 2.0, é a força que guia e que tem um impacto significativo na reputação de uma empresa, vendas e até sobrevivência. Até se pode afirmar que as redes sociais mudaram a maneira como as empresas interagem com os clientes. Contudo só uma pequena percentagem de empresas é que percebem as redes sociais, os diferentes tipos de rede social e como as usar para interagir com os clientes. O objectivo deste relatório é investigar até que ponto o marketing das redes sociais afectam as empresas envolvidas no turismo. Através do meu estágio eu consegui apreender os princípios fundamentais do marketing das redes sociais e mostrar como estar envolvido na nova Web 2.0 beneficia as empresas que colaborarei.

## Abstract

Traditionally, consumers never really interacted with the Internet. They read it, watched it, and used it to buy products and services. However, with ever increasing numbers, consumers are now interacting and creating the Internet in their daily lives. Consumers are utilizing platforms such as content sharing sites, social networking, blogs, etc., to create, share and discuss Internet content. This social media phenomenon also known as Web 2.0, is the driving force that has a significant impact on a company's reputation, sales, and even survival. One could even say that social media has changed the very way that companies interact with their customers. However, there are only a small percentage of companies that understand social media, the different forms it can take, and how to utilize it to interact with their customers. The purpose of this paper is to investigate the extent to which social media marketing has an effect on companies involved in tourism. Through my research I was able to grasp the fundamentals of social media marketing and show how being involved in the new Web 2.0 benefited the businesses I worked for.

**Key Words:** Social Media; Social Media Marketing; Web 2.0; Facebook; Tripadvisor; Word-of-Mouth; Electronic Word-of-Mouth; User Generated Content

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# **Abbreviations List**

Information Communication Technologies – ICT

Social Media – SM

Social Media Marketing – SMM

Social Networking Sites – SNSs

Word-of-Mouth – WoM

Electronic Word-of-Mouth – eWoM

User Generated Content – UGC

## ***Chapter 1. INTRODUCTION***

### *1.1 Introduction to the Research Study*

Technological progress and tourism have been going hand in hand for years (Poon, 1993; Sheldon, 1997). Since the 1980s, Information Communication Technologies (ICTs) have been transforming tourism globally. Developments in ICTs have undoubtedly changed both business practices and strategies as well as industry structures (Porter, 2001). Tourism as an international industry and as the biggest provider of jobs on the planet boasts a greater array of diversified stakeholders than many other industries (Buhalis & Law 2008). The accelerating and synergistic interaction between technology and tourism in recent times has brought fundamental changes in the industry and on our perceptions of its nature. The significance of crossing the new information threshold of universal and broad communications access has brought the entire tourism industry to the new levels of interactivity. Increasingly, ICTs play a critical role for the competitiveness of tourism organizations and destinations as well as for the entire industry as a whole (UNWTO, 2001). ICTs have also changed radically the efficiency and effectiveness of tourism organizations, the way that businesses are conducted in the marketplace, as well as how consumers interact with organizations (Buhalis, 2003).

Tourism is an information-intensive industry (Sheldon, 1997; Werthner & Klein, 1999); therefore, it is critical to understand changes in technologies and consumer behavior that impact the distribution and accessibility of travel-related information. Particularly, it has been argued that understanding the nature of the online tourism domain, i.e., the composition of online tourism-related information potentially available to travelers, provides an important stepping-stone for the development of successful marketing programs and better information systems in tourism (Fesenmaier, Woerber, & Werthner, 2006; Xiang et al., 2008).

By using the Web and the Internet as marketing tools, tourism organizations also gained some advantages in cost reduction, revenue growth, marketing research and customer retention (Morrison, Taylor, Morrison, & Morrison, 1999). The Internet has allowed tourism organizations to reach worldwide customers in a cost effective way and interact with their customers in direct dialogue (Buhalis, 1998, 2003). The Internet has

also assisted tourism organizations to use a wide range of promotional activities to supplement, if not replace, offline promotions. The Internet has become a multi-promotional tool and distribution channel that rivals all other forms of marketing (Gretzel, Yuan, & Fescenmaier, 2000; O'connor & Frew, 2004).

The Internet promotes the mass-customization of tourism products as it supports the industry to target niche markets of significant size in different geographical locations. Hence, the Internet propels the re-engineering of the entire process of producing and delivering tourism products, as well as it boosts interactivity between stakeholders that can design specialized products and promotion in order to maximize the value-added provided to individual consumers.

## *1.2 Definition of Theme*

As the researcher started to research for a topic to discuss in the masters' dissertation, the researcher was exposed to the studies of marketing and social media marketing (SMM). The researcher then began to dig a little deeper and research the amount of influence social media (SM) has on the tourism industry. The researcher was surprised to find that a large portion of the tourism industry depends on SMM but little research was done on the influence of SM and its affect it has on the tourism industry. This prompted the researcher to write the dissertation on the influence SM and its affects it has on businesses in the tourism industry. As the researcher dove deeper into the topic, majority of the data was conducted on either destinations or hotels. Little research was actually done on small and medium sized businesses. During this time the researcher was introduced to a small business owner who owned two small businesses in the municipality of Loulé, Portugal (Melting Pot Classic Pub & Bacchus Bistro Restaurant). The pub is located in the Quinta do Lago shopping center in Almancil, while the restaurant is located on the other side of the Quinta shopping roundabout in the Valverde apartments.

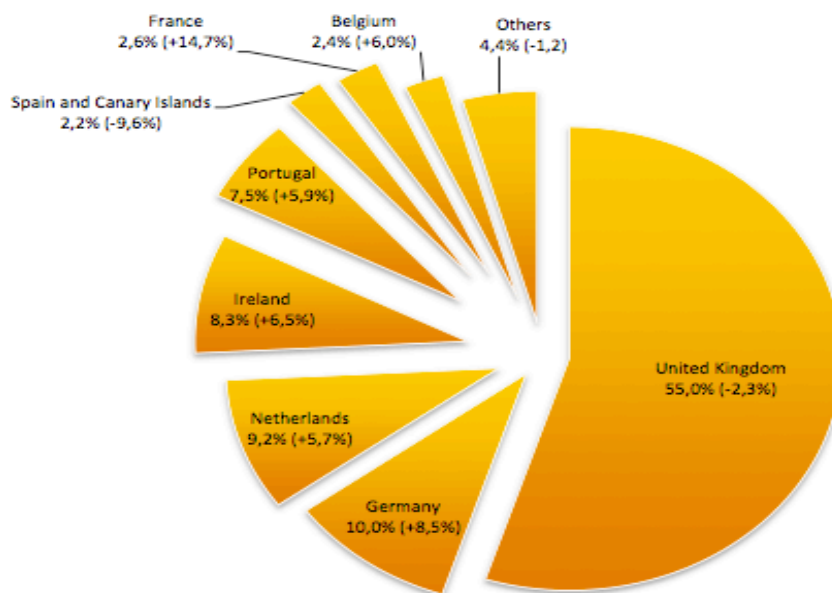
Marco Afonso (the owner), with the help of his secretary, Carla, they handle all aspects of his business for both establishments. From shopping and ordering supplies to paying employees and keeping track of financial records. Anyone who has ever started and/or helped run a business understands the amount of work and data that is

accumulated in one working day. Both have their daily schedules filled and had no time to worry or even think about marketing. This gave the researcher the opportunity to not only help out the two establishments but also get first hand experience on the researcher's topic and get primary unbiased data.

In order for the researcher to create a SMM plan for the establishments the researcher had to get familiar with the demographics that visit the Algarve as well as understand the peaks and lows of the season. The researcher had to understand the establishment's target market, their wants, needs and desires. What drives the market to come to the Algarve and what kind of experience they are looking for. Spending a few days in the Quinta do Lago area it did not take long for the researcher to observe that majority of the market are from the British Isles. To confirm this, the researcher downloaded the Faro passenger report for the 2011 year. From the data collected by the airport we can observe that over 50 percent of people arriving into Faro airport are from the United Kingdom (see figure 1). Digging a little bit further I was able to identify that Faro airport becomes the busiest during the summer months. This confirmed that the Algarve is a "sun and beach" destination (see figure 2).

**Figure 1. Passenger Market Share of Faro Airport 2011 (Source: routelab.ana.pt)**

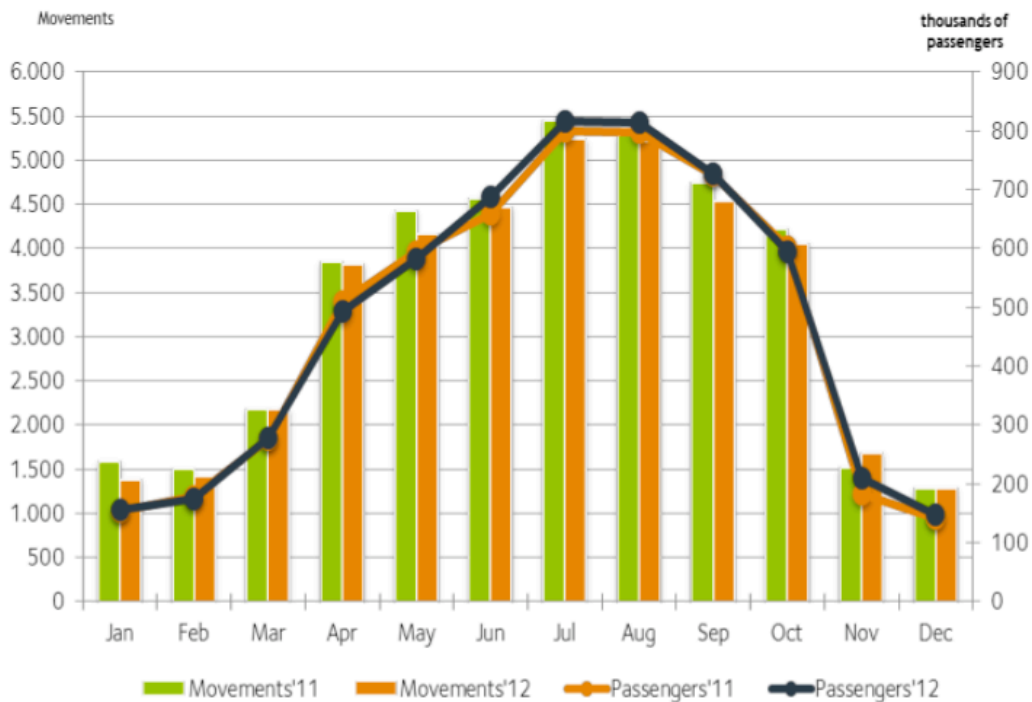
### Passenger Market Share\_



Note: Percentage values in brackets represent the variation of commercial passengers registered in 2011.

Figure 2. Commercial Traffic Processed by Month 2010 & 2011 (Source: routelab.ana.pt)

## Commercial Traffic Processed Per Month\_



### 1.3 Relevance of Theme

The researcher knew that there was a very limited budget in regards to marketing; the researcher knew that utilizing SM or Web 2.0 would be the best option. While there is a lack of a formal definition, “social media” can be generally understood as Internet-based applications that carry consumer-generated content which encompasses “media impressions created by consumers, typically informed by relevant experience, and archived or shared online for easy access by other impressionable consumers” (Blackshaw, 2006). Web 2.0 refers to websites where users can generate content (information). These websites represent various forms of consumer-generated content such as blogs, virtual communities, wikis, social networks, collaborative tagging, and media files shared on sites like YouTube and Instagram. These sites have gained substantial popularity in online travelers’ use of the Internet (Gretzel, 2006; Pan,

MacLaurin, & Crotts, 2007). With more and more people having access to the Internet, the Web 2.0 would be a great platform to create my marketing campaign(s).

In addition to the Internet revolution, this recent phenomenon has motivated the researcher for different reasons. In the first place, the researcher is greatly interested in tourism psychology and sociology; understanding how tourists behave is probably the best way to provide them with the best service/experience adapted to their specific needs and expectations. And as Swarbrooke and Horner (2007) pointed out, understanding consumer behavior forms the base for developing successful marketing strategies. In the second place, the researcher is a regular user of just a few social media platforms, therefore the field of social media was presented like unexplored for his; as consequence, interesting to discover, learn and study. And in the third place, the researcher believes that peer-to-peer communications are not just the present but also the future; thus, understand how they work was perceived as interesting.

Out of all the SM sites, Facebook is the dominant social-networking site, with an audience of approximately 160 million European visitors each month. It accounts for 80 percent of all time spent on social-networking sites (comscore.datamine.com). Facebook's reach amongst the total Internet audience has continued to increase ever since it first went online in 2004. Globally, Facebook reached 12 percent of the Internet audience in December 2007 and as of December 2011 the social network reached over half of the Internet audience, 55 percent (see figure 3) (comscore.datamine.com). I then began to dig a little deeper and started to break down the percent of European countries actually spend time on the Internet. Through my research I was able to determine that people living in the United Kingdom spend the most time on the Internet then any other European country. During the month of December 2012 United Kingdom consumers spent more than 37 hours online on their PC, representing the highest of all 18 European markets analyzed (see figure 4) (comscore.datamine.com). This was encouraging news because the target markets are consumers from the British Isles.

Figure 3. Facebook's Penetration Percentage by Global Region (Source: comscore.com)

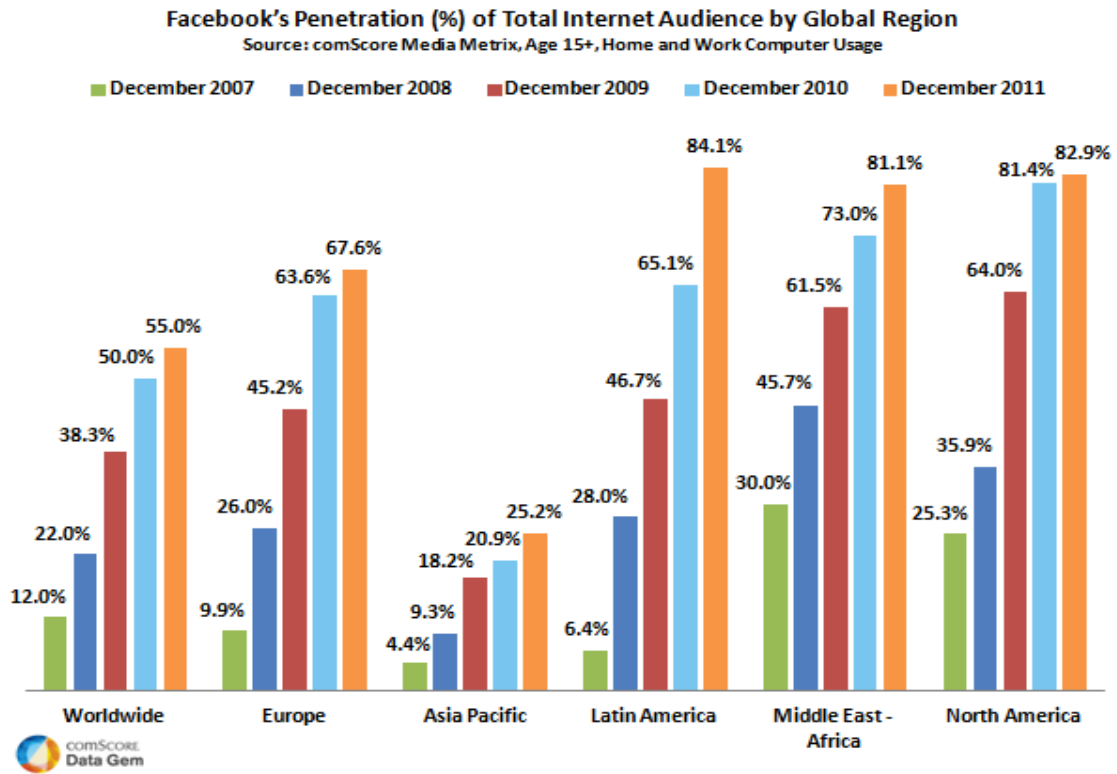
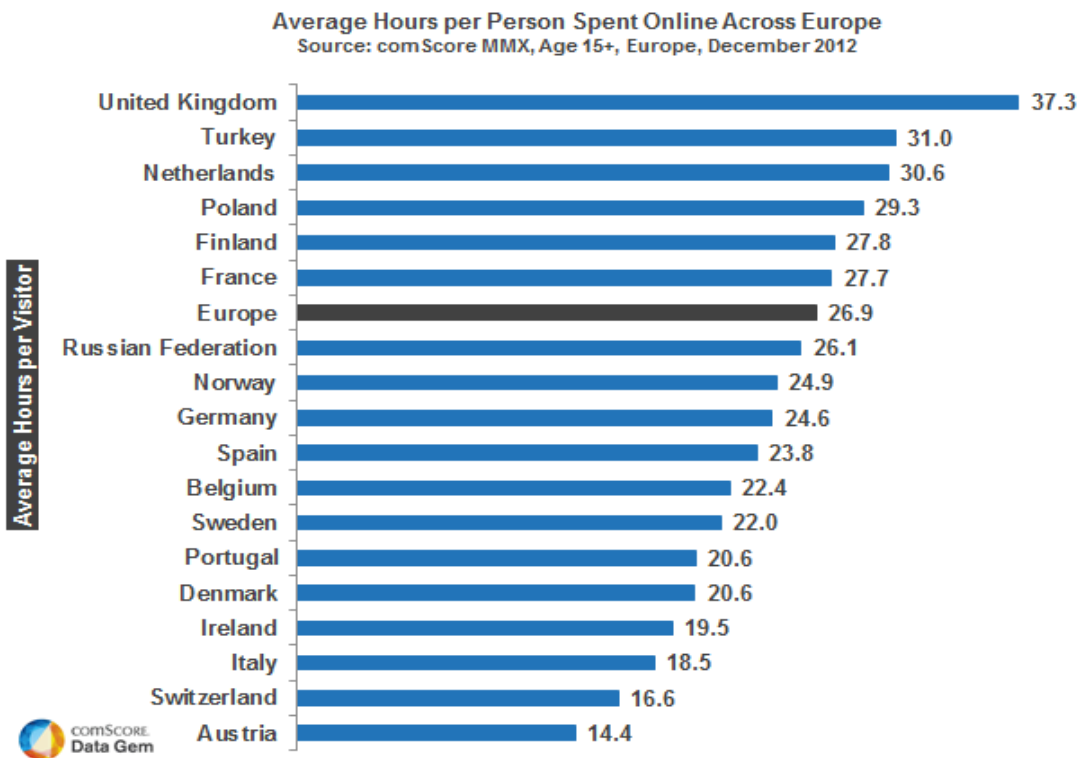


Figure 4. Average Hours per Person by Country (Source: comscore.com)



The Internet is one of the most influential technologies that have changed travelers' behavior. Previous research showed that tourists who searched on the Internet tended to spend more time at their destinations as compared to those who consult other information sources (Bonn, Furr, & Susskind, 1998; Luo, Feng, & Cai, 2004). The Internet enabled consumers to engage directly with suppliers and challenging the role of intermediaries. It also allowed consumers to interact dynamically with suppliers and destinations and often make requests that will enable them to customize their products. Buhalis (1998) stated that potential tourists have become more independent and sophisticated on using a wide range of tools to arrange for their trips. These include reservation systems and online travel agencies (such as Expedia), search engines and meta-search engines (such as Google and Kayak, respectively), destination management systems (such as visitbritain.com), social networking and web 2.0 portals (such as wayn and tripadvisor), price comparison sites (such as kelkoo) as well as individual suppliers and intermediaries sites.

Travel and holidays are one of the most expensive items purchased regularly by households around the world, and it represents a significant proportion of individual's annual budget. The Internet has changed tourism consumer behavior dramatically (Mills & Law, 2004). Prospective travelers have direct access to a much greater wealth of information provided by tourism organizations, private enterprises and increasingly by other users/consumers. Travelers today now have the freedom to plan their perfect holiday themselves without relaying on travel agencies. They can book their flights, their hotels and restaurants with just the click of a mouse.

This new updated traveler reaffirmed that in order for our establishments to capture the market share we had to get involved in other SM sites such as Tripadvisor. In March 2013, the travel category was visited by over 180 million Internet users in Europe with Tripadvisor taking second place in all travel searches (see figure 5) (comscoredata.com). When looking at the individual countries, the UK takes the top spot as Internet users spent an average of 40 minutes per visitor per month on travel sites, almost double that of the European average (see figure 6) (comscoredata.com).

By understanding all of the information given above, we knew that we were on the right path to designing and utilizing a successful marketing campaign(s). The

researching part of the campaign was complete. The only two segments left were the planning and initializing phases to our marketing campaign(s).

Figure 5. Top 10 Travel Websites in Europe (Source: comscore.com)

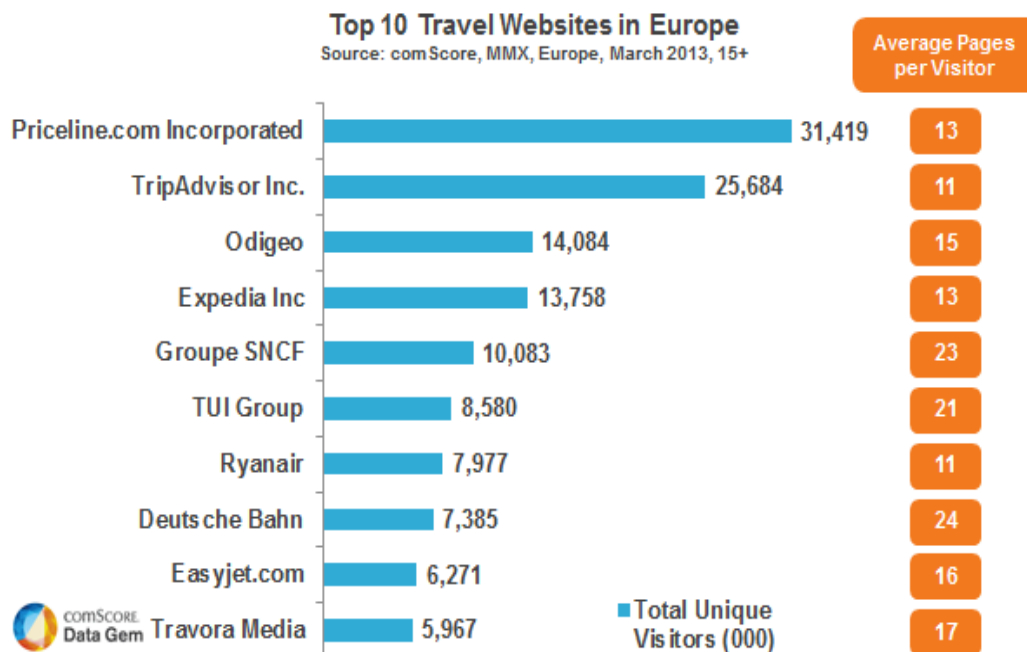
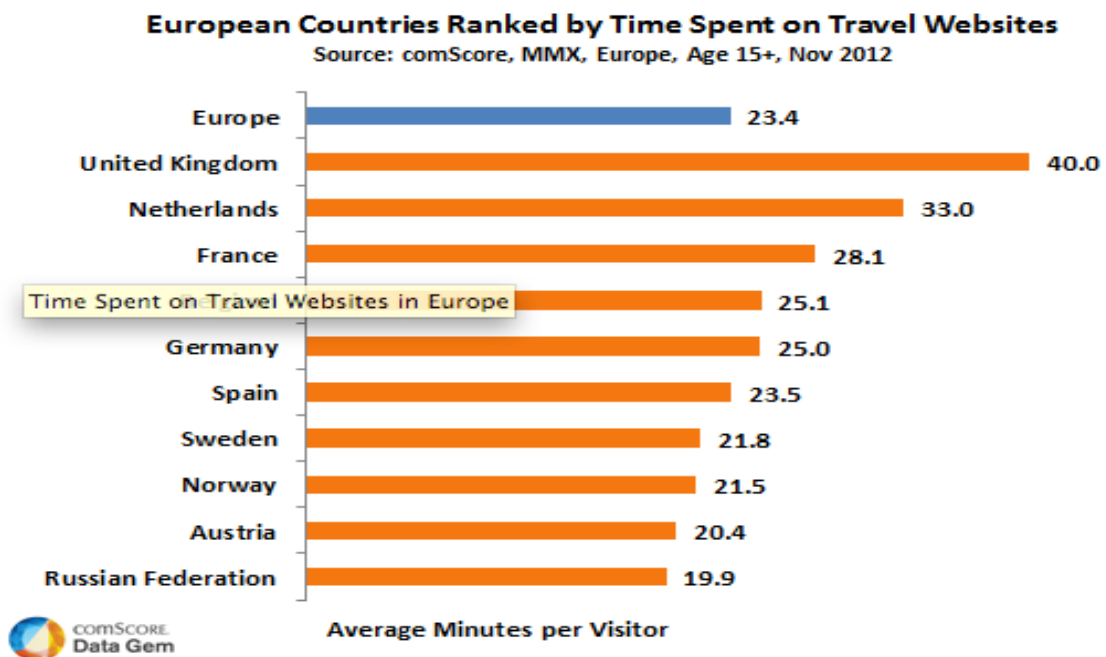


Figure 6. European Countries Ranked by Time Spent on Travel Sites (Source: comscore.com)



## 1.4 Objectives

In 2011, more than 50% of SM users follow brands on SM sites (Van Belleghem, Eenhuizen, and Veris 2011) and companies are increasingly investing in SM, indicated by worldwide marketing spending on social networking sites (SNS) of about \$4.3 billion (Williamson 2011). Managers invest in SM to foster relationships and interact with customers (SAS HBR 2010). One way to realize this aim is to create brand communities in the form of brand fan pages on SNS where customers can interact with a company by liking or commenting on brand posts (McAlexander, Schouten, and Koenig 2002; Muñiz and O'Guinn 2001). Consumers who become fans of these brand fan pages tend to be loyal and committed to the company, and are more open to receiving information about the brand (Bagozzi and Dholakia 2006).

Both the Melting Pot and Bacchus Bistro already had brand pages created. The Melting Pot had an impressive “Like” count of 4556 while the Bistro had a lower “Like” count of 158. Granted there was already a fan base for both pages, however there was little to no activity on the brand pages. The pages were averaging two posts a month for the last twelve months. I already knew that this pace of marketing was not enough to fully tap into their loyal fans as well as trying to gain new fans for their pages. Facebook users spend more than a fourth of their time on the site consuming and interacting with the Facebook Newsfeed; this activity represents 4 percent of all time spent online in the United States (comscore.datamine.com). The Newsfeed also is the primary location where branded content is consumed. In fact, users are 40 to 150 times more likely to consume branded content in the Newsfeed than to visit the Fan Page itself (comscore.datamine.com).

There are typically two types of fans for branded content on Facebook. You have your fans of the brand (Facebook users who have explicitly “Liked” the brand page) and then you have the friend’s list of the fans. This list of untapped “likes” is generally 34 times larger on the average than the exact count of “likes” on the brand page (comscore.datamine.com). We of course wanted to tap into this plethora of potential likes as well as try to crossover a percentage of the fans of the Melting Pot to the Bacchus Bistro.

This paper aims to investigate how tourists use social media platforms, how they

evaluate a destination, and how they interact with the destination.

- Examine user generated content and electric word-of-mouth and how it influences travelers.
- Identify what type of user generated content creates more interaction among travelers
- Examine the influence SNS have on the financial performance of small businesses.

One of the other major questions to be answered concerns with the likelihood of increasing our fan page “likes” on our fan page and which type of posts reaches and engages the fans of the pages. Therefore, this study aims at investigating the power of being active on your fan page versus being unactive. It is hoped that this study can shed light on how companies can utilize SM to their advantage and how SMM can lead to financial growth.

### *1.5 Summary of Following Chapters*

The rest of the paper is organized as follows: the next section is the literature review and provides the background information by critically reviewing existing research on SM and its sections; and on the conceptual framework on how SM sites works and the power of the “Like” button. As well as briefly discussing the new tourist and tourism product. In the methodology section, I will illustrate the design of the research and explain the methods used to collect the data. Findings are then presented in correspondence with each of the research questions. Finally, managerial implications for online tourism marketing on SM websites as well as limitations of this study and plans for future research are discussed.

## *Chapter 2 Literature Review*

### *2.1 The New Tourism Industry*

Focusing on the tourism field and concentrating on the tourism product, it has to be considered its complexity in order to understand consumer behavior in tourism. The tourism product is not a simple item, good or service of consumption; the tourism product is “a bundle of activities, services and benefits that constitute experiences” (Medlick and Middleton 1973 cited Carmichael 2005 p.185). It constitutes a mix of the characteristics of the services and the singular features of the tourism industry, what really differentiate the product from any physical good (Yilmaz and Bitizti, 2005).

According to Middleton (2001); Seaton (1994); Kotler et al. (2005) they have agreed that the main characteristics of the tourism product are the followings:

- **Intangibility:** Services cannot be seen, smelled or even touched, what means that they cannot be perceived from the senses. The tourist product cannot be proved before consuming; this is one of the facts, which make of tourism a high-risk activity.
- **Heterogeneity:** Services are offered by people, what means that it is not possible to obtain two identical products.
- **Perishability:** The product which is not consumed when it is offered, it is considered lost as long as there is no possible stock.
- **Inseparability:** The tourist product is produced and consumed at the very same time, in a simultaneous way.
- **Seasonality:** demand is highly fluctuating among the seasons of the year.
- **High fix costs of operations:** the basic infrastructures for the tourism activity suppose great fix costs. (E.g. buildings and transport infrastructures).
- **Interdependence:** Tourists consume not just a single product or service but a bunch of services and products combinations, thus all of them are interdependent.

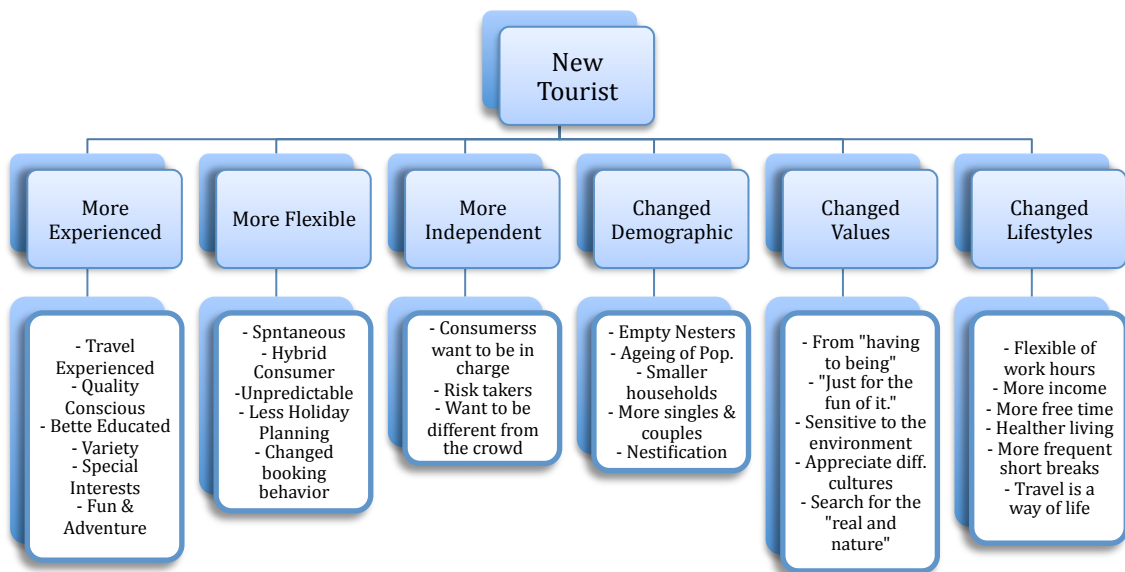
Due to all the particularities and unique characteristics of the tourism product, tourists develop a special behavior in their decision making process. It is highlighted by authors

such as Seaton and Bennett (1999) that tourism encompasses a great risk and involvement to consumers. Thereafter it is possible to appreciate the immense relevance that the choice of a tourism product has upon consumers. In addition, and as seen in Seaton (1994) tourism involves the expenditure of a large amount of money in a product, which cannot be tested. In fact, tourists buy promises about something that might be or might be not accomplished in the future (Werthner and Klein, 1999). And as Seaton (1994 cited Seaton & Bennett 1998 p.25) stated: “the opportunity cost of a failed holiday is irreversible”. Therefore the importance of a good choice is of great importance.

### *2.1.1 The New Tourist*

When concentrating on the tourism sector, this new innovation in ICT's and the new digital user leads to the new tourist. This new tourist which according to Buhalis (2002) is more sophisticated, more demanding, and requires high quality products; this tourist has a wider knowledge of tourism destinations and products, he/she is more experienced and he/she gives high value to money and time. The new tourist has clear preferences and he/she is always comparing the different alternatives. In addition, new tourists are more cultural and environmentally educated, and looking to get more involved in local societies when travelling. Tourists from all parts of the most important tourism generating regions in the world are becoming frequent travelers, and they are linguistically and technologically skilled (Buhalis 2002).

**Figure 7. The New Tourist (Adopted from Poon 1993)**



The new tourist is no longer a passive customer who goes to a travel agency and sits down for several hours so he/she leaves the agency with a holiday purchased. The new tourist is more active, more like to get involved in the purchase process and is flexible in the choice and service delivery (Poon, 1993). Now he/she is using less travel agencies and focusing more on the Internet as the main source of information and purchasing of tourist products. According to Buhalis (2002) there are several factors, which motivate tourists to use the Internet. First, the richness and deepness of the information provided. Tourists can get a great amount of information of the different alternatives at the same time; second, the information provided is easy to use; third, tourists can access at the information at any time and with a low cost and fourth, tourism products are usually offered at discounted prices as suppliers operate with fewer intermediaries. This were the main motives for using the Internet in its first phase (Web 1.0), however in the Web 2.0, apart from the reasons named before, tourists go to the Internet to seek for the so-called “Social Media platforms” in order to find other users experiences and opinions. Here on the SM platforms users are able to share photos, videos, experiences, ideas and create new relationships. According to McGrath (2008) this communal sharing is done due to these three main motives: Trust, it is non-marketed

information and thus it is perceived as more reliable; Simplicity, it is easier to participate; and Interactivity of the content, which is wide and varied.

## *2.2 Definition of Social Media*

As the Internet rapidly evolved during the last decade the concept of SM emerged with it. As of now there is no universally adopted definition of SM, however through my research, SM was sometimes being associated with other terms such as social websites, consumer-generated media, user-generated content, and even Web 2.0. For the purpose of this paper, SM can be defined as a group of Internet-based applications that exist on the Web 2.0 platform and enable the Internet users from all over the world to interact, communicate, and share ideas, content, thoughts, experiences, perspectives, information, and relationships (Briscoe, 2009; Kaplan & Haenlein, 2010; Scott, 2007; Tylee, 2009; Xiang & Gretzel, 2009). From SM one also touches on the subject of social media marketing. Social media marketing can be defined as a social and managerial process by which individuals and groups obtain what they need through a set of Internet-based applications that enable interaction, communication, collaboration of user-generated content and hence, sharing of information such as ideas, thoughts, content, and relationships (Kotler, Bowen, & Makens, 2006).

## *2.3 Types of Social Media*

### *2.3.1 Blogs and Micro-Blogs*

Blogs are websites that allow blogger(s) to keep logs, share personal experiences as well as insights in a particular area, and interact with readers through the posting of comments (Kaplan & Haenlein, 2010; O'Connor, 2008). They could be text-based, image-based, audio-based, video-based or a mixture of all four (Kaplan & Haenlein, 2010; Wunsch-Vincent & Vickery, 2007). Micro-blog is another form of blogging that shares the same function, except that the content of these blogs are mainly text-based and are limited to a certain number of characters (O'Connor, 2008).

### *2.3.2 Social Networking Sites*

Social networking sites (SNSs) are websites where people create personal profiles, virtually meet, connect, communicate, and develop relationships with other users whom they might or might not know in the real world (O'Connor, 2008; Wunsch-Vincent & Vickery, 2007; Rowland, 2007). Some of the SNSs are niche in nature; i.e., built with a particular orientation for a particular group of users (Wunsch-Vincent & Vickery, 2007). While SNSs are a type of SM, some authors see all SM sites as SNSs featuring different capabilities such as text, photo, or video-sharing capabilities (Boyd & Ellison, 2007).

### *2.3.3 Virtual Worlds*

Virtual worlds are online applications that resemble the real world in a 3D environment. Represented by a customized human-like character (Avatar), users could create and have their own possessions and interact with other users in the virtual worlds as long as they are not restricted by the rules of the game (Kaplan & Haenlein, 2010; Wunsch-Vincent & Vickery, 2007).

### *2.3.4 Collaborative Projects*

Collaborative projects could be classified into two main types: wikis and social bookmarking sites. Wikis are sites with content open to users for continuous edition and modification. Their aim is to enhance the quality of content through a global community. Users interact with each other in the process of content collaboration. Social bookmarking sites help people manage and store collections of links. With the links stored online, users could share these bookmarks with others (Kaplan & Haenlein, 2010; O'Connor, 2008; Wunsch-Vincent & Vickery, 2007). Social tagging, a term that is always being mixed up with social bookmarking, is not the same as social bookmarking. Tagging is a technique used to do bookmarking. The tags—i.e., the keywords assigned—would link to the websites, which often store the users' favorite photos, audio, video, or text (O'Connor, 2008; Wunsch-Vincent & Vickery, 2007).

### *2.3.5 Content Community Sites*

Content community sites are sites designed for sharing of materials modified from

pre-existing work or originated with people who upload the materials (Wunsch-Vincent & Vickery, 2007). Typical media content shared includes text, photos, videos, and presentation slides (Kaplan & Haenlein, 2010). These sites are different from SNSs due to the sole fact that users do not have the prerequisite of creating a profile to participate in the website community (Kaplan & Haenlein, 2010).

### *2.3.6 Sites Dedicated for Feedback*

This type of social media includes websites that allow users to post, read, review, respond, discuss, and share experiences, opinions, and thoughts on a myriad of topics (Wunsch-Vincent & Vickery, 2007). Online forums and sites dedicated for product reviews are the two most typical forms of these sites.

## *2.4 Social Media, The New Word of Mouth*

One of the oldest forms of marketing is Word-of-mouth (WoM). Its topic has been of interest to marketing researchers for more than five decades. It can loosely be defined as the sharing of information about a product, promotion, etc., between a consumer and a friend, colleague, or other acquaintance (MarketingPower, 2010). WoM has been shown to substantially influence consumer attitudes and behaviors, and to be up to seven times more effective than traditional print advertising in promoting consumers to switching brands (Katz & Lazarsfeld, 1955).

Based on the definition of WOM, electronic word-of-mouth (eWOM) can be defined as all informal communications directed at consumers through Internet-based technology related to the usage or characteristics of particular goods and services, or their sellers. This includes communication between producers and consumers as well as those between consumers themselves—both integral parts of the WOM flow, and both distinctly differentiated from communications through mass media (Goldsmith, 2006; Lazarsfeld et al., 1944).

In comparison to traditional WoM, electronic WoM has two main advantages. The first lies in its higher diffusion speed for new pieces of information. When WoM is exchanged using traditional face-to-face communication, diffusion is limited by the size

of the social network each individual maintains. Given that, on average, people have only three close friends (Marsden, 1987) and a total social network of no more than 150 (Hill & Dunbar, 2003), chains of WoM communication and customer referrals tend to die out quickly. In contrast, WoM exchanged electronically can reach a much larger group of other customers. Second, eWoM is substantially easier to monitor than traditional WoM, which can only be measured using a relatively tedious process (Reingen & Kernan, 1986). This allows for better analysis of the impact of eWoM on tangible business outcomes (e.g., sales, profits) and, ultimately, the calculation of return-on-marketing measures.

More importantly, and different from the ephemeral nature of traditional WOM, eWOM exists in online 'space' which can be accessed, linked, and searched. Given that travelers are relying more and more on search engines to locate travel information (eMarketer, 2006), eWOM will inevitably change the structure of travel information, the accessibility of travel information, and subsequently travelers' knowledge and perception of various travel products.

#### *2.4.2 Managing Electronic Word of Mouth in the Tourism Sector*

Internet and especially Social Media provides marketers a one-to-many platform to develop strategies and communicate with customers the products with a higher rate of spread and a much larger audience than in traditional media marketing. Although the eWoM's spread can be much more efficient using SM, eWoM is in still need of importance for marketers to understand this new platform to communicate and support customer relationship in the best way. Litvin et al. (2008) suggests that there are two major groups of strategies to manage eWOM: informational control and revenue generating.

Informational strategies consist on promoting online customer participation. Marketers have to achieve strategies of influence so that customers join in discussions, promote feedback, and process the exchange of information. The eWoM creation is pursued because it can enhance visitor satisfaction due to product or service improvement, it can solve customer problems and doubts, it can help to discover what customers think and say about their experience, it can serve to monitor the company reputation or even analyze the current competitive strategies (Rodriguez, 2009). In

informational strategies the information's management is crucial. Whilst positive WoM is related to encouraging purchases and the enhancement of a firm status, negative WoM is related to discouraging customer purchases and to the reduction of a firm's image and revenues (Seaton & Bennet 1999, Derbaix et al. 2003). Negative WoM can be extremely dangerous for the reputation and revenue of a company, therefore good customer relationships have to be maintained; because as Bougie et al. (2003) claimed, in the service industry when customers are dissatisfied they may remain passive, however, if they become angry they will complain and produce wide amounts of negative information for revenge purposes causing great damage to a company. This is the reason to maintain permanent monitoring systems, so that negative reviews or information can be controlled. As Silverman (2001 p.27) said "WoM can be powerful positive force because of its credibility, but it can also be destructive because of its negativity".

Revenue generating strategies consists on reinforcing the efforts on the generation of positive WoM; positive WoM will stimulate a firm or destination's image and reputation, so when a tourist/user searches for information online pertaining to the destination, he/she will come across the positive eWoM and have more predisposition to purchase that destination or product, increasing the destination's revenues. Schindler and Bickart, 1990 and Derbaix et al. 2003, claimed that eWoM has a great potential in marketing as it reduces expenses and it can increase revenues if customers are engaged. These revenue-generating strategies might be focus in consumers and customer relationships, the most satisfied and engaged online a customer is, the most positive eWoM will produce and better image will have the company with less money invested in marketing.

## *2.5 Social Media for Small Businesses*

Social media, also known as 'user-generated content', now represents a prevalent source of information; it has changed the tools and strategies companies use to communicate, highlighting that information control now lies with the customer (Mangold & Faulds, 2009). A study by Cone (2008) (<http://www.coneinc.com/>) shows that 93% of social media users believe that companies should have a social media presence, while 85% of them think that companies should interact with customers via SNS. Companies

have now penetrated the online social networking scene, offering direct links from their corporate web- sites to Facebook and Twitter, and use these tools to promote brands and support the creation of brand communities (Kaplan & Haenlein, 2010). Recent statistics show that advertising spending on Facebook and Twitter is expected to reach \$605M and \$435M respectively for 2010, whilst a significant portion of this spending will go towards building and maintaining a social network presence (Williamson, 2009).

Research has shown that an increasing trend of small businesses is incorporating social media into their marketing campaigns; through social media small businesses are creating new opportunities to communicate with their customers (Jantsch 2010). A recent survey found that the greatest advantages of social media marketing are generating more business exposure, increase traffic, and improving search engine rankings (Stelzner 2011). All of these benefits are especially important for small business with limited resources and means, since the owners often wear many hats in their organization and as a result, have many demands on their time (Mershon 2011). With running any size organization many aspects of the business must run efficiently such as finances, productivity, employee satisfaction, logistics, ect. Heightening the time demands are small businesses owners' limited financial means, which leads them to find creative ways to perform many tasks at limited costs. This is where social media and the Web 2.0 can play an important role. In Stelzner's survey (2011), he found that 66 percent of small business owners with two or more employees strongly agree that social media is important for their business.

Engaging in social media efforts can help generate exposure and increase traffic for the small business at a fraction of the cost of traditional marketing approaches. The main financial cost of social media marketing is the time it takes to realize the benefits of the effort put forth. However, overall marketing costs can potentially be reduced or eliminated by using social media (Schaupp & Belanger 2014). Further, small businesses can benefit from "earned media" or the favorable publicity gained through promotion other than advertising. Social media generates this publicity through grassroots actions. As such, earned media cannot be bought, only gained. This is the value of social media marketing: it provides a platform that has the potential to expose small businesses to numerous potential customers and to nurture their existing customer base in an inexpensive and effective manner (Schaupp & Belanger 2014).

Companies using social media continue to report they are receiving measurable business benefits, with 90 percent reporting at least one such benefit (Bughin and Chui 2010). A sample of the reported benefits include: increased sales and market size, improved customer satisfaction and relationships, improved employee relationships, better technical support, reduced marketing expenses, and improved search engine rankings (e.g., Angel and Sexsmith 2011; Askool and Nakata 2011; Stelzner 2011). However, there are also potential constraining implications of organizational use of social media. For example, social media has led to a shift in accountability of organizations toward consumers (Baird and Parasnis 2011; Scott and Orlikowski 2012) and has created new threats to the reputation of organizations (Aula 2010; Jones, Temperley, and Lima 2009). Organizations are also warned that implementation of social media requires proper development of social media policies regarding uses for both employees and customers (Cull 2011; Harris 2011), support from executives (Cull 2011), security to protect bandwidth and information (Cunningham 2011), and importantly, tools to measure social media returns (Cull 2011).

### *2.5.1 Understanding Social Media*

As a preliminary step of doing SMM, it is essential for businesses to understand what social media is all about and how this new form of media marketing should be used. Smaller companies have the misconception that SM is just another advertising channel. Hence, they fail to recognize the importance of SM. They do not socialize, respond, interact, and build relationships with customers, which is an essential component of SMM (Briscoe, 2009; Kaplan & Haenlein, 2010; Scott, 2007; Tylee, 2009; Xiang & Gretzel, 2009). Any type of business in the tourism industry should therefore understand the importance of SM. SMM's essence is in its ability to socialize with customers, not hard sell their product.

### *2.5.2 Ensuring Control Systems are in Place*

Control systems should be developed for all levels in the business. At the company level, companies can develop a system to control the brands image and properties' SMM performance. This control system is crucial to monitor the positive and negative eWoM impact created on SM platforms and address the negative eWoM as

quickly as possible. At this level, there should also be checks and balances to ensure that the company is using SM to interact with customers and do market research so as to ensure that SMM is properly used. To make this suggestion feasible, there should be an individual or department responsible for media marketing and report back to the owners.

### *2.5.3 Choosing the Appropriate Social Media Campaigns*

Although there are plenty of SM platforms available on the Internet, this does not mean that companies should be present on all of them. In choosing which SM platform to use, companies should consider the following aspects. First companies should research on their competitors' SMM and consider being present on the SM platforms that their competitors are actively using. In regards to the tourism industry the top two SM sites are Facebook and TripAdvisor. By leveling the playing field, companies can ensure that they have the same opportunity to build their image and relationships with their customers. Secondly, companies should be aware on which SM platforms are loosing users and which new SM platforms are gaining users. By understanding the SM market, companies can create a presence in a new SM platform long before their competition. This creates a stronger brand loyalty to the company. Lastly companies should also consider out of all the different types of SM platforms, which ones would benefit the company more greatly in the tourism sector. For example, restaurants and hotels benefit greatly from sites such as TripAdvisor and Lonely Planet, while tour companies rely heavily on Facebook and Twitter to build with their customers.

### *2.5.4 Appropriate Training*

As SM is relatively a new media, companies might have to provide training to employees with regard to SM account management. Employee training takes an important role in ensuring good SMM performance and management. Companies should educate their employees about the correct way to respond to different types of inquiries and actions that should be taken when they doubt that the complaint or negative review is a cheap shot taken by competitors (Chan 2008). Since SMM is a form of external communication, companies should ensure that the messages sent out on SM platforms are accurate in terms of content and language. Language and grammar is really important when dealing with a second language. The smallest of grammatical mistake could change

the very meaning of the message and even become offensive to others. Besides writing skills, companies might also have to provide the employee with interpersonal training. Since the staff needs to interact with the customers frequently on SM platforms. For companies to save time and money, companies should look into hiring employees with solid understanding of SM and SMM.

### *2.5.5 Create Content that appeals to Customers' Interest*

This is probably one of the hardest subjects to master in SM. Engaging content plays a critical role in soliciting interactions within the SM community as well as retaining and gaining new customers. Subjects and content that was popular last week may not be popular this week and may detour customers. In this aspect, companies should avoid hard selling on SM platforms but offer more innovative content. Companies could create interesting games or contests on Facebook. Alternatively, companies could hold unique campaigns/contests on its different types of SM sites. For example, the company could hold a photo-related contest on its Instagram account or a video-related contest on its YouTube account. By interconnecting and being active on all SM platforms brings about three advantages. Firstly by touching on all the SM platforms, companies further utilize the SM platforms and all the users on each platform. Secondly, this helps to create brand awareness and attractiveness for the companies. Thirdly, it serves as a way to have the customers update the SM sites for the company ("Let's Get Digital," 2009).

## ***Chapter 3: Methodology***

### *3.1 Introduction to the Method Approach*

As with any research study there are two approaches or philosophies that can be taken, inductive or deductive. Using the inductive approach implies the induction of information from observations and is more concerned with qualitative research. While a deductive approach is related with the analysis or testing of previous hypothesis formulated from the literature and is more concerned with quantitative research (Rodriguez 2009). Due to the lack of extensive academic literature pertaining to the research on social media and its effects on tourism, the researcher decided to use an inductive approach. The researcher immersed himself in the subject through the use of qualitative methods in order to enrich his knowledge about the subject from the experiences and patterns of tourists' behaviors on two social media platforms, Facebook and Tripadvisor.

With the growing importance of Web 2.0 and user-generated-content (UGC), this study aims to explore how the tourism industry is adapting to the Web 2.0 platform and how the users that generate content are influencing tourism destinations. The impact of Travel 2.0 is analyzed for restaurants and other smaller businesses in the tourism industry. Information was collected from two of the largest social media platforms, Facebook and TripAdvisor. Data from both establishments (Melting Pot Pub and Bacchus Bistro) was collected from June 2013 till May 2014. In order to compare how my marketing strategies compared to all of the restaurants in the Almancil area we will be looking at TripAdvisor's rating system in the travel community. The sample we will be evaluating are all the restaurants located in the Almancil area. The establishments in this study are compared and analyzed by customer's evaluations based on TripAdvisor's algorithm.

One of the main strengths of TripAdvisor and Facebook, is the use of UGC and the influence it has on other users. Members of the TripAdvisor have the ability to write either a positive or negative review about any hotel, restaurant, and any other business associated with a tourism destination. Members of Facebook also have the ability to write

about their experiences on the business's wall, however through the researchers experience, most of the members leave it for TripAdvisor. This poses an influential challenge to all managers whose business is listed on TripAdvisor and Facebook. Even though both social media platforms have a rating system, TripAdvisor's rating system has a much larger influence on how a customer perceives the destination and how management perceives the exact same destination.

TripAdvisor is not only limited to users writing reviews; the site has other alternative functions that users can utilize to plan their vacation(s). Users have the option of reviewing of what is "Trending" in their destination, "Things to do" in their destination, and a forum where users can ask questions and get advice from other members who have previously visited the destination. In the discussion forum, users exchange information, not only about accommodations, but also on transportation, restaurants, weather, prices, etc. Organizations, locals and tourists provide information about a destination that may have either positive or negative feedback on a destination's image. Due to this online community, the establishment's profile on TripAdvisor is an important factor for an effective strategy.

On the contrary, Facebook's social platform has other amenities that TripAdvisor does not provide but is just as important to a destination's image. While the destination's TripAdvisor profile is a place where travelers can rate a destination, the Facebook page of the destination is a place where business-to-customer interaction is possible. On Facebook, users are able to interact with the destination directly and express positive and negative experiences in real time. Also both users and the destination have the ability to post UGC on the destination's profile page to create buzz.

### *3.2 Data Gathering*

Every research project has to follow a plan in order to coordinate all the methods and approaches used within the methodology, as well as to give an answer to the research question (Silverman, 2001). Therefore in order to accomplish the aims and objectives proposed above, the researcher based his data gathering on a descriptive approach to research. Salkind (2006) describe a descriptive research as the characteristics of a specific phenomenon providing the picture of what is currently happening. For this paper both

primary and secondary data was collected and studied in order to gain a better understanding of how tourists interact with social media.

### *3.2.1 Secondary Data*

Before this paper was conducted, the researcher used and studied a wide variety of secondary data sources in order to build a foundation for this research. An extensive secondary data collection is necessary before starting any type of primary collection to understand the foundations of any research (Finn, Elliot-White, & Walton 2000). Finn et al. (2000) go on to define secondary data sources as research developed by other researchers for primary use and afterwards are used by other researchers whom are not related to the first research study. Sources of secondary research can be found in libraries, museums, professional bodies, the Internet and the field (Walliman 2005).

Majority of the secondary research collected was from the Internet using academic resources such as the UALG's online research website [b-on.pt/](http://b-on.pt/), Google Scholar, and other journal data bases such as Science Direct. After having identified multiple scholarly articles pertaining to Tourism, tourist behavior, social media, WOM, and Tourism 2.0, the researcher analyzed the articles and presented the information more relevant to this report. Because Veal (2006) illustrates that secondary data analysis is necessary in order to adapt the information to the design of a new project.

### *3.2.2 Primary Data*

Jennings (2001) defines primary research as the collection of first hand data such as observations, interviews or questionnaires; in order to use it in an own investigation project. Jennings (2001) goes on to explain that the key interest of primary data research falls on the relevance of the data i.e. the primary data has been collected solely for the main purpose of the researcher and the researchers' study. Discussed briefly at the begging of this chapter, there are two types of data collection methods: qualitative and quantitative. Also discussed was the approach that researcher decided; the researcher concluded that the qualitative approach was the best approach suited for this study.

### *3.2.3 Instruments of the Research Method: TripAdvisor*

A fundamental principle of consumer behavior is that consumers have the ability to exert powerful influences upon each other; it is only natural that marketers seek to manage interpersonal influence (Dichter, 1966; Haywood, 1989), and with the spread of electronic technologies, it is not surprising that virtual interactions among consumers have proliferated (Goldsmith, 2006). A good example of consumers sharing their hospitality and tourism opinions is on the website [tripadvisor.com](http://tripadvisor.com). The company publicizes that it “is the worlds largest travel site, enabling travelers to plan and have the perfect trip. [...] TripAdvisor branded sites make up the largest travel community in the world, reaching more than 260 million unique monthly visitors in 2013, and more than 150 million reviews and opinions covering more than 3.7 million accommodations, restaurants, and attractions” ([tripadvisor.com](http://tripadvisor.com), 2013).

In order for an establishment to utilize TripAdvisor, one must fully understand how TripAdvisor’s rating system works. TripAdvisor has not publicly published its algorithm, however many web gurus have broken down the basic variables that are taken into account. An article written by Josemon Sholly ([digiteyes.in](http://digiteyes.in), 2014) explains that TripAdvisor’s ranking algorithm takes three core elements – quantity, quality, recency, and compares the establishment in question to all the other related establishments in the surrounding city. This means that hotels are compared to hotels and restaurants are compared to restaurants and are not interchangeable. The more highly rated reviews of an establishment receives in a short-period, the higher their ranking will be on TripAdvisor. TripAdvisor updates each city approximately once a week.

- **Recency:** It is important to have new reviews added to your site on a regular basis. If an establishment’s last review was a few months ago, while its competition received a few new reviews in the last week, the competition would be ranked higher. ([digiteyes.in](http://digiteyes.in), 2014)
- **Quality:** Having a higher star ranting rating for an establishment will help move or keep the establishment at the top. This is where customer service and attention to every customer comes into play. ([digiteyes.in](http://digiteyes.in), 2014)
- **Quantity:** The number of reviews you have, positive or negative will trigger TripAdvisor’s algorithm. Of course, this rule always coincides with recency and quality. ([digiteyes.in](http://digiteyes.in), 2014)

### *3.2.4 Instruments of research method: Facebook*

Among all existing SNSs, Facebook is currently the largest cyberspace, accommodating 11.5% of the global population (Internet World Stats, 2012). Kasavana, Nusair, and Teodosic (2010) recognized the business potential of Facebook in assisting travel companies to pursue international electronic marketing. Through registering as a member and creating a page on the site, Facebook offers an alternative web-based tool for tourism enterprises to provide information, promote products and offerings, and respond to customer inquiries.

In October of 2011, Social Networking reached more than 90 percent of the European Internet audience, showing similar penetration across the 5 leading EU5 markets (France, Germany, Italy, Spain and UK). Facebook ranked as the top Social Networking site, not just in Europe overall (68.4 percent) but for the individual EU5 markets as well, reaching nearly 7 in 10 Europeans online during the month. While Spain showed the highest penetration for social networks in the EU5 (98.2 percent reach), the UK showed the highest penetration for Facebook (80.4 percent reach) (comscoredata.com, 2014).

The basic utilization of Facebook is through impressions or posting. Through posting, companies have the ability for consumers to identify with their brand and connect with them. Facebook has enabled sharing between brands and consumers in new ways. Brands and their consumers can now create two-way relationships, share content, news, and feedback. Lipsman et al. 2011 explains that companies have 4 primary vehicles through which these impressions can be delivered to their customers:

- **Page publishing:** These unpaid impressions appear on the fan page wall and may also appear in the Newsfeed of a fan or a friend of a fan.
- **Stories about friends:** These unpaid impressions occur when a friend actively engages with a brand (e.g., Nicole indicates she “likes” Columbia Sportswear) and become visible either on a friend’s wall or in the Newsfeed.
- **Sponsored stories:** These paid impressions are similar to stories about friends, but they have been actively distributed more broadly and appear in the right-hand column to fans and friends of fans.

- **Advertisements with social:** These branded messages come directly from the advertisers with a social context on the unit that appears to friends of fans (e.g., "Nicole Likes Columbia Sports- wear," appearing at the bottom of the advertising unit).

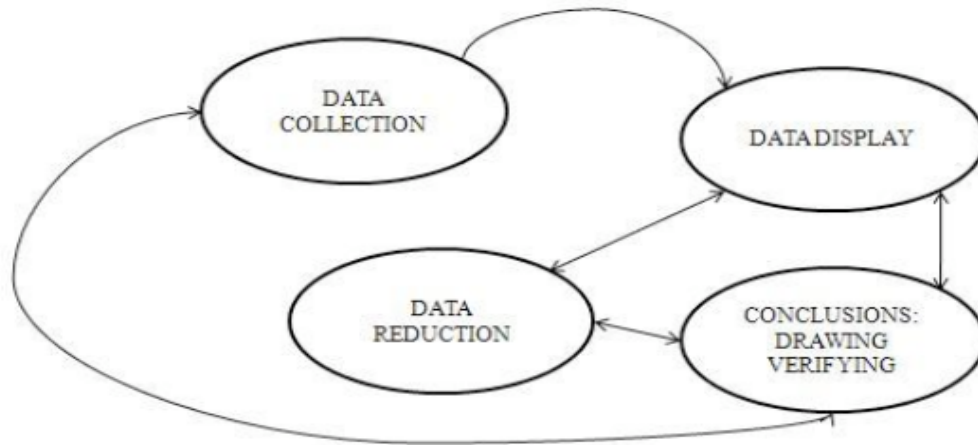
Within Facebook, the largest portion of users' time is spent on the individual's homepage that features the Newsfeed. More specifically: In May 2011, 27 percent of engagement on Facebook.com occurred on the homepage and Newsfeed, followed by profile viewing (21 percent), photo viewing (17 percent) and usage of apps and tools (10 percent) (Lipsman et al. 2011). The more engagement or activity a post has the more likely it is going to appear on the Newsfeed of their friends. This allows the researcher to tap into a fan base that traditional forms of marketing would not allow. This market share of friend's of clients is usually 130 times larger than the size of the fan base (Lipsman et al. 2011)

### *3.3 Data Analysis*

Both Facebook and TripAdvisor provide tools to the managers of their respected business page to help them monitor and manage their pages on their sites. The tools available to the researcher were Facebook's Page Manger Insights tab and Tripadvisor's for business Management Center. This allowed the researcher to monitor UGC created by users and the researcher. The information provided by the websites has been analyzed through qualitative content methods, as seen in Hsieh and Shannon (2005).

The analysis of the data has followed a three-stage process: data reduction, data display and conclusion drawing; stages proposed by Miles and Huberman (1985) from their principle steps of qualitative data analysis (See figure 8).

**Figure 8. Qualitative Data Analysis. Source: Miles and Huberman (1985 pg. 23)**



Looking back at the hypotheses proposed in chapter one we will analyze how the combination of Facebook and TripAdvisor affect not only the pages of the respected establishments (Melting Pot Pub and Bacchus Bistro) but also how this form of SMM translates to financial growth of the establishments. The period of observation occurred from June 2013 till May 2014. During this time period UGC was created and the activity of the users of the UGC was monitored. Facebook's Insights has 6 tools that help managers monitor their Facebook pages. They are "Overview"(a simple snapshot of your page), "Likes"(a tab to illustrate the growth of your page), "Reach"(how many people your posts are reaching), "Visits"(how many people visit your page and from where), "Posts"(your reach broken down into categories), and finally "People"(what your market group looks like). For the purpose of this study we will be looking at Likes, Reach, Visits, and Posts and how they play a vital role in understanding UGC and SMM.

We will also be looking at the correlation of utilizing separate social media platforms and how they can have a direct affect the other. In this case we will be analyzing how posting about TripAdvisor on the Facebook page encourage users to visit the TripAdvisor page and write a review and the effect it has on the establishment's ranking on TripAdvisor.

## ***Chapter 4: Results and Discussion (relate back to the objectives)***

### ***4.1 Introduction to the Analysis***

In the present chapter the results of the analysis of the primary research data obtained from the careful and diligent examination of both Facebook and TripAdvisor profiles of both establishments. For the purpose of this paper the researcher has decided to look at the data in quarters. During the quarters the researcher cross-examined all UGC and activity of the UGC on all 4 profiles and will discuss which UGC during the quarters had the most significant impact to the establishments. Also the researcher will examine how the influence of separate social media platforms had significant effect on the other and they are interconnected through Web 2.0.

#### ***4.1.1 Facebook UGC (Melting Pot Pub)***

As discussed in 3.4 Data Analysis, the researcher will be utilizing Facebook's insights tools to analyze the data. Facebook goes one step further and distinguishes 3 types of UGC that it monitors. UGC is classified into photos, status (text), and link (url links to other websites). From these 3 posts Facebook monitors the average reach, engagement post clicks and engagement likes, comments, and shares. Below are the tables that have been broken down into quarters and the effect the UGC had during the quarters.

**Table 1. Summer Quarter**

<b>Summer Quarter 2013 (June – August): Net Likes (153), Total Likes (4709)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	6	7561	61	50
% of Total	40%	67.89%	35.47%	53.19%
Photo	7	2598	59	35
% of Total	46.67%	23.33%	34.30%	37.23%
Link	2	978	52	9
% of Total	13.33%	8.78%	30.23%	9.57%
Total	15	11137	172	94

**Table 2. Fall Quarter**

<b>Fall Quarter 2013(September – November): Net Likes (123), Total Likes (4832)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	20	19182	155	126
% of Total	51.28%	65.35%	1.08%	25.45%
Photo	12	8106	14212	356
% of Total	30.77%	27.61%	98.65%	71.92%
Link	7	2066	39	13
% of Total	17.95%	7.04%	.27%	2.63%
Total	39	29354	14406	495

**Table 3. Winter Quarter**

<b>Winter Quarter 2013-14(December – February): Net Likes (85), Total Likes (4917)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	25	11591	351	159
% of Total	65.79%	61.44%	3.54%	39.36%
Photo	7	5539	9488	172
% of Total	18.42%	29.36%	95.73%	42.57%
Link	6	1735	72	73
% of Total	15.79%	9.20%	.73%	18.07%
Total	38	18865	9911	404

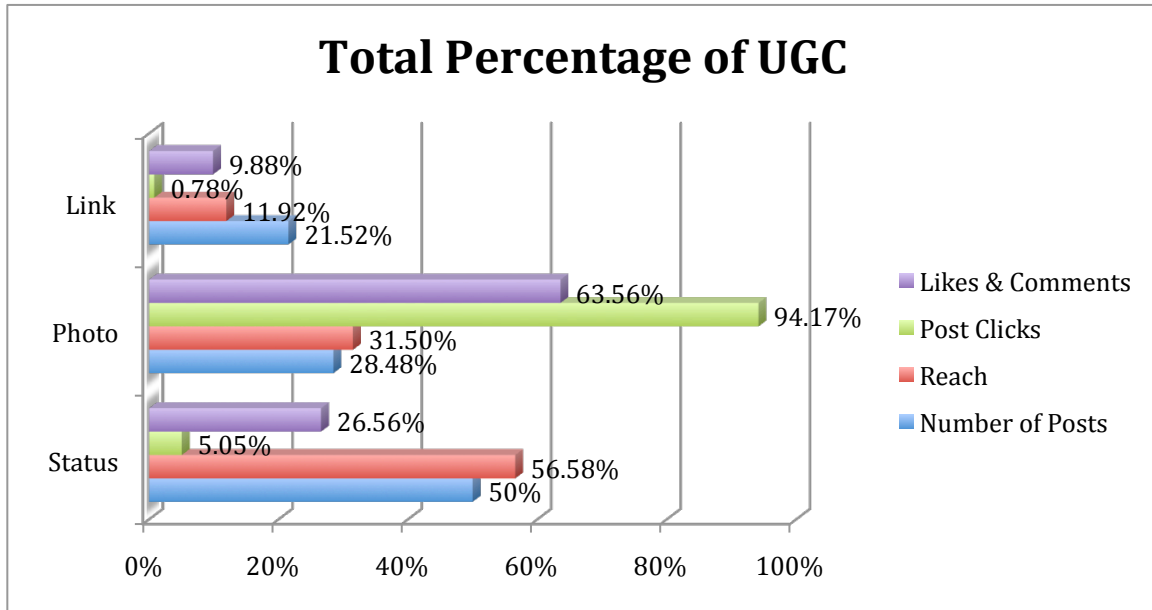
**Table 4. Spring Quarter**

<b>Spring Quarter 2014(March – May): Net Likes (155), Total Likes (5072)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	28	11841	1716	87
% of Total	42.42%	40.37%	8.28%	14.60%
Photo	19	11694	18806	447
% of Total	28.79%	39.87%	90.8%	76.28%
Link	19	5793	191	62
% of Total	28.79%	19.75%	.92%	10.40%
Total	66	29328	20713	596

**Table 5. Total 2013-2014**

<b>Total 2013-2014: Total Net Likes (516), Total Page Likes (5072)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	79	50175	2283	422
% of Total	50%	56.58%	5.05%	26.56%
Photo	45	27937	42565	1010
% of Total	28.48%	31.50%	94.17%	63.56%
Link	34	10572	354	157
% of Total	21.52%	11.92%	.78%	9.88%
Total	158	88684	45202	1589

**Figure 9. Total Percentage of UGC, Melting Pot**



When reevaluating the data one can see that spring and summer are the best quarters in regards to generating new likes for the Melting Pot’s Facebook page. This is can be contributed towards the increase of tourists to the Algarve during these months (see figure 2). During these months hundreds of thousands of passengers pass through Faro airport. Also during these months the researcher has found that the Melting Pot out performs financially compared to the other quarters (see table 6).

**Table 6. Total 2012 -2014**

<b>Melting Pot Classic Pub Finances (2012 – 2014)</b>				
	2012	2013	2014	% Difference
Summer	€181,600	€189,343.68		^4.27%
Fall	€115,300	€124,131.37		^7.66%
Winter		€74,420.91	€77,779.45	^4.51%
Spring		€116,683.09	€121,855.61	^4.43%

When looking at the financial statements of the Melting Pot, the researcher has found that the quarters that marketing was implemented on Facebook and other media platforms has had a significance increase in the overall performance of the establishment. The researcher has also taken into account that many other factors are at play and have an effect on a business’s overall financial performance. However for the sake of this paper the researcher had only examined the financial performance and the correlation of proactive marketing versus subtle marketing. When looking at the overall year the establishment has had an increase in sales by a yearly average of 5.23%.

During the summer quarter the researcher has found that with the huge increase in traffic, one does not have to be as active on the Facebook page as in the other quarters. However the researcher has found that being very proactive during the spring and fall quarters has helped bring awareness and recognition to the establishment. During pre and post quarters to the summer season, the researcher more than doubles the activity on the Melting Pot's Facebook page. Through many days of trial and error the researcher has found that status (text) updates has the greater reach because status updates can be posted everyday and up to twice a day if necessary. However photo posts, especially photo updates of events at the Melting Pot has the most engagement. With photo updates, users are more likely to click on the photos and from there comment, like and share (see figure 9). Photos allow clients to "relive" their experiences and are 63.57% more likely to engage with the photo posts and share with their friends.

#### *4.1.2 TripAdvisor UGC (Melting Pot Pub)*

Revisiting Chapter 1.2 Relevnace of Theme, the researcher illustrates that TripAdvisor is one of the most influential and popular travel websites that Europeans utilize before and during their trip. However in regards to managers personalizing their business profile and further building their relationship with their clients, TripAdvisor falls short of this mark. TripAdvisor is more of a portal where users have more freedom and capability to have an impact on a business' reputation then ever before. Nonetheless this does not mean that managers should not overlook TripAdvisor. For TripAdvisor's business Management Center allows a manager to keep on top of the market.

During the quarters that the researcher was implementing SMM for the establishments, the researcher used the highlights of the Web 2.0 to transverse information from TripAdvisor to Facebook. One of the most beneficial amenities that TripAdvisor offers is the ability to add a "widget" or specialized function on your business's Facebook page. This allows users to read reviews by other past clients. Also if the user wishes to write a review, the widget directs them to the business' TripAdvisor page. Over the course of the year the Melting Pot Pub received 10 reviews. When examining the total number of link posts on the Facebook page, TripAdvisor links count for 29.41%(10/34) of total posts. However, the TripAdvisor posts count for 55.41% (87/157) of all activity on link posts on the Facebook page.

Revisiting chapter 3 we will be examining the 3 core elements in TripAdvisor’s algorithm, recency, quality, and quantity. During the specified quarters the researcher was able to acquire 10 reviews for the Melting Pot with an average of 4.6 stars out of 5 star review system. In regards to quality we did exceptionally well. However in regards to recency and quantity we fell short of our mark compared to the surrounding restaurants in the Almancil area. Towards the end of the fall quarter, the Melting Pot Pub saw it’s highest ranking on TripAdvisor at 50 out of 125 restaurants. We were anticipating to be somewhere closer in the top 30 restaurants, but the quantity and recency where just not there even though the TripAdvisor post links accounted for more then 50% of activity of all total link posts.

#### 4.1.3 Facebook UGC (*Bacchus Bistro*)

As discussed in 3.4 Data Analysis, the researcher will be utilizing Facebook’s insights tools to analyze the data. Facebook goes one step further and distinguishes 3 types of UGC that it monitors. UGC is classified into photos, status (text), and link (url links to other websites). From these 3 posts Facebook monitors the average reach, engagement post clicks and engagement likes, comments, and shares. Below are the tables that have been broken down into quarters and the effect the UGC had during the quarters.

**Table 7. Summer Quarter**

<b>Summer Quarter 2013(June – August): Total Net Likes (25), Total Page Likes (183)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	4	500	4	12
% of Total	25%	23.72%	.32%	11.43%
Photo	6	883	1194	78
% of Total	37.5%	41.89%	95.98%	74.29%
Link	6	725	37	15
% of Total	37.5%	34.39%	2.97%	14.29%
Total	16	2108	1244	105

**Table 8. Fall Quarter**

<b>Fall Quarter 2013(September – November): Net Likes (66), Total Likes (249)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	2	410	4	11
% of Total	25%	35.31%	6.25%	28.95%
Photo	2	225	25	5
% of Total	25%	19.38%	39.06%	13.16%

Link	4	526	35	22
% of Total	50%	45.31%	54.69%	57.89%
Total	8	1161	64	38

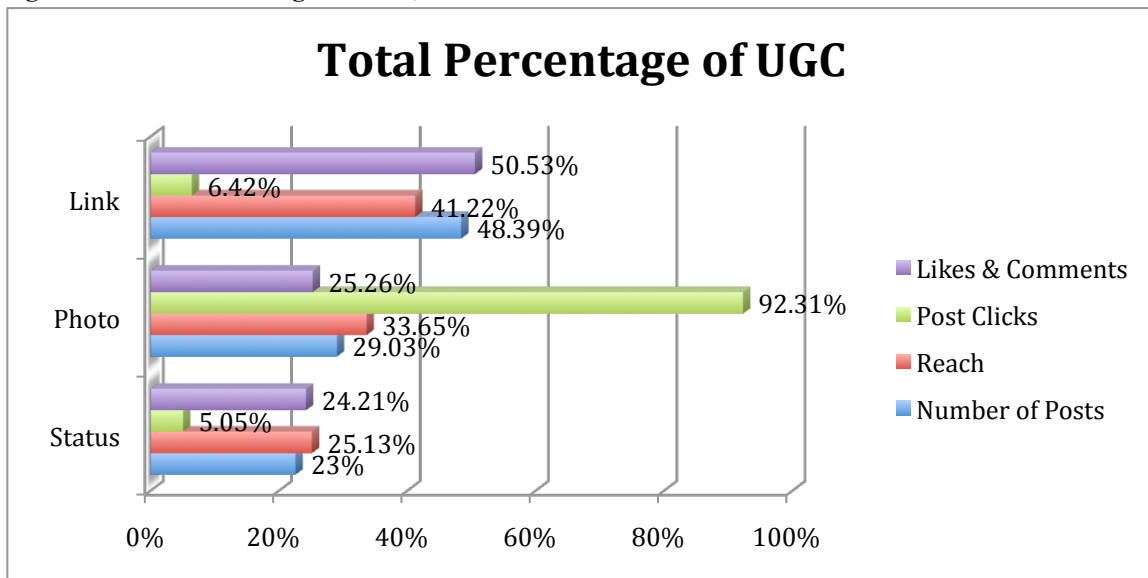
**Table 9. Spring Quarter**

<b>Spring Quarter 2014(March – May): Net Likes (27), Total Likes (290)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	1	52	0	0
% of Total	14.29%	9.3%	0%	0%
Photo	1	180	18	12
% of Total	14.29%	32.2%	56.25%	52.17%
Link	5	327	14	11
% of Total	71.43%	58.50%	43.75%	47.83%
Total	7	559	32	23

**Table 10. Total UGC 2013-2014**

<b>Total 2013-2014: Total Net Likes (132), Total Page Likes (290)</b>				
UGC Type	Number of Posts	Reach	Post Clicks	Likes & Comments
Status	7	962	17	23
% of Total	22.58%	25.13%	1.27%	24.21%
Photo	9	1288	1237	24
% of Total	29.03%	33.65%	92.31%	25.26%
Link	15	1578	86	48
% of Total	48.39%	41.22%	6.42%	50.53%
Total	31	3828	1340	95

**Figure 10. Total Percentage of UGC, Bacchus Bistro**



When reevaluating the data one can see that summer and fall are the best quarters in regards to generating new likes for the Bacchus Bistro's Facebook page. This is can be

contributed towards the increase of tourists to the Algarve during these months (see figure 2). The bistro is located in the same complex of the Valverde apartments. During these months the apartments become occupied and are at capacity and the bistro is able to benefit from the influx of guests to the complex.

Unlike the Melting Pot, the bistro is not privileged to an ideal location where majority of the Melting Pot's guests are from foot traffic during the summer season. For the bistro, majority of the new guests were referred to from either WOM or our TripAdvisor page. However during the winter quarter and beginning of the spring quarter the Valverde apartments have little to no guests in their rooms. For this reason the bistro closes from December till April. It is an extensive time to be closed however to keep the bistro open and only serve a few meals a day would cost the bistro more than just keeping the bistro closed.

#### *4.1.4 TripAdvisor UGC (Bacchus Bistro)*

Touching again on section 4.2.2, the researcher again utilized the TripAdvisor's "widget" to link both social media platforms. This allowed users to read reviews by other past clients. Also if the user wished to write a review, the widget directs them to the business's TripAdvisor page. Over the course of the year the Bacchus Bistro received 10 reviews. When examining the total number of link posts on the Facebook page, TripAdvisor links count for 66.67%(10/15) of total posts. In comparison, the TripAdvisor posts count for 87.5% (42/48) of all activity on link posts on the Facebook page. The Bacchus Bistro had a higher success rate in generating UGC and activity on its TripAdvisor page. In the summer quarter of 2013 the bistro generated 6 reviews with an average star rating of 4.66. In the fall quarter of 2013 the bistro generated 4 reviews with a perfect score of 5 stars. It was during the fall quarter that the bistro raised its rank from 24 to 9 out of 126 restaurants in Almancil. As of this moment the bistro has 20 reviews with an average star rating of 4.8. However posting the about the reviews on the Facebook page had little to no effect on creating urgency of fans to write a review.

In regards to the winter and fall quarters, due to Portugal being a summer destination, the owner felt it would be financially sensible to close the bistro for these months instead of keeping the bistro open and incur financial losses.

## ***Chapter 5. Conclusion***

### ***5.1 Summary***

The technological revolution experienced through the development of the Internet or the new Web 2.0 has changed dramatically the market conditions for tourism organizations. Social media platforms have evolved rapidly providing new tools for tourism marketing and management. They support the interactivity between tourism businesses and consumers and as a result they re-engineer the entire process of developing, managing and marketing tourism products and destinations. Increasingly the impacts of SM platforms are becoming clearer, as networking, dynamic interfaces with consumers and partners and the ability to re-develop the tourism product proactively and reactively are critical for the competitiveness of tourism organizations (Buhalis & Law, 2007).

Increasingly SM platforms will provide the “info-structure” for the entire industry and will overtake all mechanistic aspects of tourism transactions. It is evident, however, that the future of eTourism will be focused on consumer-centric technologies that will support organizations to interact with their customers dynamically (Buhalis & Law, 2007). Consumers are becoming incredibly powerful and are increasingly able to determine elements of their tourism products. They are also much more sophisticated and experienced and therefore are much more difficult to please. Innovative tourism enterprises will have the ability to divert resources and expertise to servicing consumers and provide a higher value added transactions.

SMM has revolutionized how businesses communicate and interact with their consumers. SM platforms have become the new and improved media; maybe not the future media as technologies are evolving all the time but the present media. In regards to the tourism industry, SM platforms offer tourists the opportunity to express themselves, share contents, ideas and experiences which other tourists. On these social media platforms other users have the ability to use the UGC as a reference in their travel planning; fact which is greatly appreciated among tourists due to the high needs of information which they require.

Looking back at the objectives presented in this paper, the researcher through the

research and study of SM was able to find data and experiences that helped the researcher answer the objectives.

- Examine user-generated-content and electric word-of-mouth and how it influences travelers.

Over the course of the year the researcher was able to post and monitor the engagement of both Facebook and Tripadvisor pages of the two establishments. Relating back to chapter 4, users would plan their evening activities based on the testimonials of other users' reviews of the establishments. They would then take the time to write a review about the establishment and state things like "due to all the positive reviews", "dined at the restaurant due to the reviews", which resulted in more visitors in the area to try the restaurant and pub. Users would dine at the restaurant or pub due to reviews of people that they have never met before.

- Identify what type of user-generated-content creates more interaction among travelers.

Relating back to chapter 4, the researcher was able to monitor the three different types of posts on both the establishments' Facebook pages. Through the data collected the researcher was able to determine that picture posts had the highest percentage of interaction among users with over 90% of users clicking on the images and liking them. However when looking at the amount of people were reached, the status type posts reached more users because they were 20% more frequent than the other two types of posts.

- Examine the influence SNS have on the financial performance of small businesses.

The researcher with the help of staff of the establishments was able to gain access to the financial records of pub. However due to some circumstances, the financial records of the restaurant were unable to be found. Nonetheless the researcher was able to show the readers that SMM had a positive effect on the financial performance of the pub. Looking back at chapter 4, the researcher proved that being active on SM sites has a direct correlation to the financial performance of small business with an overall improvement of 5.23%.

## *5.2 Limitations and Recommendations for Future Research*

First and foremost it must be acknowledged that this paper was only based on two small businesses. As with any study, there are limitations associated with this research. The framework of the paper, while well informed, has not been empirically tested on a much broader scale. This highlights the need for further investigation of the credibility of eWoM as an influence in all aspects of destination management and the tourism industry. Nonetheless, it is vital to understand the dimensions of SM, eWoM, and SMM in order to underpin future research. Future studies could investigate tourists' perceived credibility of the different sources of eWoM to distinguish if these credibility dimensions are apparent. From such research, more information may be uncovered about the relative levels of credibility across SM platforms. Another area that could be explored is the relative influence of more than two SM platforms. In this study only Facebook and TripAdvisor were observed. One could go deeper and see how the other types of social sharing sites like YouTube, Instagram, Pinterest, Twitter, etc., affect the destination and its ability to connect with its customers. Finally, more research could investigate the influence SM and eWoM has on all the stages of the decision-making process for tourism products.

In conclusion, the huge range of destinations available to potential tourists has made information evaluation a core element in any destination decision. The recent rise and popularity of social media has lead the researcher to investigate and conceptualize its role in destination choice. Drawing from the conceptual framework of destination choice, where the tourists' choice is heavily influenced by the destination image, eWoM has evolved from other sources and is becoming a necessity in travel information search. Unlike WoM, which has proven to be a highly influential agent on destination choice, more research must be gathered to fully determine the influence eWoM has on destination choice. As this report has demonstrated, a key consideration is the evaluation of SM and its credibility. Through the researcher's findings, the researcher has demonstrated that SMM has a direct impact on a destination's brand awareness and overall profit. Findings suggest that companies in the tourism industry must utilize the core SM platforms in the tourism industry if companies want to stay on par with their competition. Overall, this report contributes to the knowledge of SM within tourism while SM continues to evolve and shape the tourism industry. The effects SMM has on tourism can now be better understood in order to guide current and future research.

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