



UNIVERSIDADE DA BEIRA INTERIOR  
Departamento de Gestão e Economia

## Use and Perception of the Internet as a Marketing Tool to Promote Rural Tourism

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# USE AND PERCEPTION OF THE INTERNET AS A MARKETING TOOL TO PROMOTE RURAL TOURISM

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## **Abstract**

Businesses and communities in rural areas face increased challenges to compete in the globalized tourism market. Rural areas and small communities often have rich endogenous natural resources, which may appeal to a stressed urban public, however, simply possessing these attributes is not sufficient, they must be communicated and promoted to the right people.

The purpose of this study is to explore the use of Internet and online marketing tools to improve the competitiveness of small-scale rural tourism companies. The paper presents an overview of the perception, knowledge and use of Internet as a marketing tool by small-scaled rural tourism companies located in Portugal centre region and discusses the challenges and motivations involved in promoting rural tourism in a globalized market.

A sample of small-scaled rural tourism companies was inquired about their attitudes towards the use of Internet marketing tools. The results show that Rural Tourism companies have limited knowledge of web marketing tools potential to support rural the tourism businesses and highlight the need to increase the use of Internet as a marketing tool to globally communicate, promote and positioning rural tourism in order to leverage resources and create sustainability

**Keywords:** Rural tourism, SMEs, Internet, Marketing, e-commerce

## **Introduction**

The convergence of computers, telecommunications, the Internet and digital multimedia is changing the way companies do business, with competitive consequences for the regions and communities in which they are embedded. In today's technological society, the use of the Internet has become an imperative for companies operating in highly sophisticated markets (Malecki and Moriset, 2008). Internet as a marketing tool provides significant opportunities for companies to seek and adopt innovative practices in order to address the increasing demands of consumers (Sharma and Aragón-Correa, 2005). In this context, business operations must be developed at two levels: the physical and virtual level. This latter level is composed by Web-based services operations, like electronic commerce, which represent a new field for small companies to create value (Rayport and Sviokla, 1999).

Companies should be prepared to adopt web-based systems since they tend to increase efficiency, reduce costs and promote the ability to operate on different platforms in real time. However, according to ANACOM (2004) Portuguese companies do not make substantial use of the available infrastructures for the development of electronic commerce neither use online marketplaces to buy or to sell, although more and more consumers take advantage of the convenience of online shopping.

Given the growing interest, importance and the hope placed on of tourism as a catalyst for economic development of rural areas, this study focus on how small rural tourism companies make use of Internet to improve their marketing actions and to develop knowledge that allows them to maximize competitiveness and the economic development of the regions where they operate.

This paper presents an overview of the perception, knowledge and use of Internet as a marketing tool by rural tourism companies in the Portuguese centre region and discusses the challenges and motivations involved in promoting rural tourism sustainability in a globalized market.

To introduce the reader to the reality of TRA in Portugal the next section gives brief description of Portuguese rural tourism market.

## **Rural Tourism in Portugal**

Tourism has great strategic importance for the Portuguese economy due to its capacity for wealth-generation and job-creation. It is one of the few sectors where Portugal has clear competitive advantages (TP, 2007).

Portugal is bounded on the west and south by the Atlantic Ocean (Portugal's Atlantic coastline is 943 kilometres long) and on the north and east by Spain. The country's shape is roughly that of a rectangle, with its short sides on the north and south and its long sides on the east and west. Portugal is not a homogeneous country geographically. The physical environment varies enormously, creating several distinct geographic regions that, in turn, have shaped the culture of the people and their economy and society. With its warm Mediterranean climate, Portugal has mild temperatures throughout the year, plenty of sunshine, a little more cool and rainy in the north, and warmer and drier in the south.

Worldwide, Portugal stands in 19th place of the most popular holiday destinations, attracting 1.5% of the total world tourism market (TP, 2007). Tourism was classified by the National Strategic Plan For Tourism study as a major contributor as one of the best sources of profit and economic development for Portugal (TP, 2007). The importance of this sector has been growing (11% of GDP and revenues of 6307 million in 2004). In addition, it is an important area for employment, representing 10.2% of the workforce in 2004.

The tourism sector includes a complex network of activities that are interrelated and complement each other, including provision of accommodation, food and beverages, transportation, cultural, recreation and leisure, travel agencies and tour operators (INE, 2003). It involves millions of people with high rates of growth worldwide.

In an attempt to understand the development of tourism services offers based on Internet, it is necessary to consider the socioeconomic and technological conditions within which tourism operates. In the case of Portugal, it is observed that a significant part of the countryside is in crisis, especially in the remote areas where accessibility is difficult. Countryside crisis is different from more conventional single-issue crises, mainly due to its multi-stranded and complex character. A significant proportion of rural areas are today abandoned due to demographic factors as aging, migration to urban areas seeking for education and employment, and a wider set of issues in rural society such as social exclusion and the provision of vital services. These regions have limited options for economic development, in order to raise income and employment avoiding the desertification.

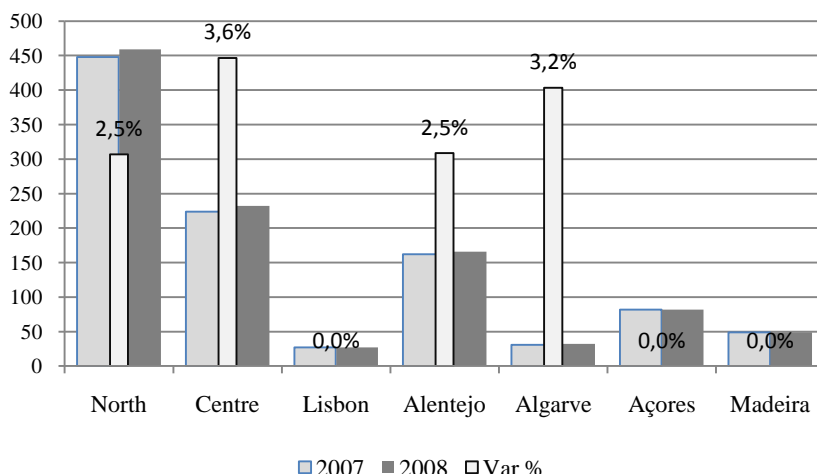
Several reports have shown that tourism can play an important role in helping revitalize rural areas, through fostering empowerment of historical monuments, heritage, preserving rural housing and involvement of people and organizations (Gil de Arriba, 1998). In this context, rural tourism has been seen in recent years as a promising activity of local development in rural areas. According to Barke (2004), rural tourism is seen, since the 60's, as an important catalyst for rural developments so rural areas have though much to earn with a strategic vision that nurture tourism development. The conventional rural tourism housing services can serve as a way to stem this vicious cycle due to the capacity to attract younger people to live and work in the countryside generating income and employment in deprived rural areas.

According to the National Strategic Plan For Tourism, the value proposal for Portuguese tourism is based on the key factors that differentiate Portugal from other competing destinations - "Climate and light", "History, culture and tradition", "Hospitality" and "Concentrated diversity" - and on elements that bring value to Portugal in the context of tourists' options - "Modern authenticity", "Safety" and "Competitive quality". The current overall value proposal is based on: "Climate and Light", "History, Culture and Tradition", "Hospitality" and "Diversity concentrated", "Authenticity modern", "Security" and "Quality competitive" (TP, 2007).

A simple way to define rural tourism may be to describe it as the subset of tourism taking place in the rural area. According to Silva (2007), TRA includes the set of accommodation and entertaining activities and services provided to tourists in familiar households, at a certain price in rural areas based on the sustainable use of their natural and cultural resources. Thus, the differentiation is no limited to geographical criteria as urban-rural but on a wider range of factors (Rodrigues, 2000).

According to the information provided by the National Statistical Institute (INE) in 2008 TRA was composed by 1047 accommodation units, with 11692 beds. These values reflect an annual increase of 2.3% and 3.2 %, respectively (Graphic 1).

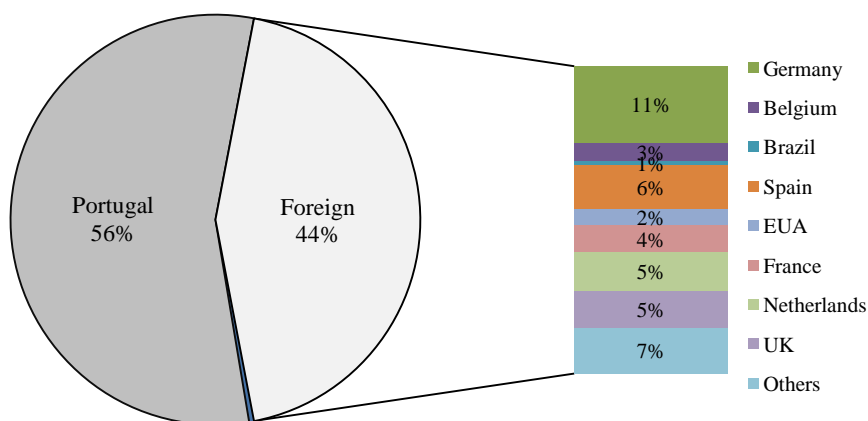
**Graphic 1 - Number of accommodation in TRA, according to NUTS II 2007/2008**



Source: INE (2008)

In 2008, the estimated number of overnight stays in rural tourism was 523.5 thousands, with the foreign market accounting for almost half of total demand (Graphic 2).

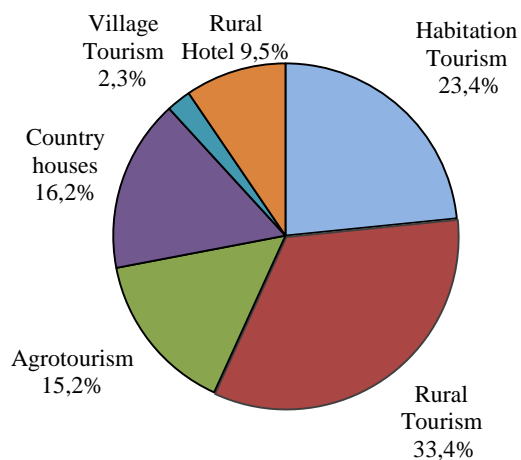
**Graphic 2 - Domestic and foreign overnight stays**



Source: INE (2009)

These tourists seek diversified services catering and crafts, value genuine and original products, with quality and locally produced (Cavaco, 2000). In Portugal, the TRA includes hosting services, which are divided into six categories: agro-tourism, country houses, rural hotels, village tourism, habitation tourism/tourism in manor houses and rural tourism. The distribution of overnight stays among the previous categories can be seen in Graphic 3.

**Graphic 3 - Overnight stays in TRA by accommodation**



Source: INE (2009)

Rural tourism show the highest percentage of overnight stays followed by habitation tourism.

The strong growth expected for world tourism market provides an opportunity for Portugal, but a strategic action is required in order to enable the country to respond to the increasingly sophisticated demand and the growing number of competing destinations (TP, 2007). In parallel with this development, the consumption of leisure worldwide generate large economic flows, employment and new businesses creation (Rayman-Bacchus and Molina, 2001), and that is why the use of available Internet resources to promote rural tourism can be considered as an essential component to succeed.

### **Internet as a Marketing Tool**

The Internet presents itself as a means of comprehensive two-way communication allowing users to access and interact with information from a wide variety of sources (government agencies, businesses, universities and individuals) as well as communicate through multiple ways. Companies could use the Internet to do business and even distribute some types of products (Vieites, 2002). Doing that companies can benefit from easier access to information, reduced cost of economic interactions and improved communication with customers (Smith et al., 2004). Thus, the Internet is not merely a space to promote the company and its products, but also an interactive communication tool that aims to engage the customer, meeting their needs and encourage repeat purchase (Constantinides, 2002).



Undoubtedly, Internet has changed marketing strategies and practices. With the spread of the Internet, there has been a continued growth of electronic commerce as a result of the increasing number of companies and individuals negotiating (Strader and Shaw, 1997). To take full advantage of this growth of electronic commerce companies must fulfil some conditions, as pointed by Kotler et al. (1999) and Kumar (2004). First, it should have innovative and distinctive products. Second, products must be competitive on both price and quality. Third, flexibility and good delivery services must be assured.

The online sales of products should always be associated with a service component. Customers want to have access to catalogs, reviews from other consumers, ask for suggestions before buying and even to customize products (Pempelonne, 1999). The Internet can fulfil these desires and award customers with the power to "redesign" some features of the original product (Chaffey et al, 2006).

To the supplier the most positive aspects of online buying are the degree of internationalization and disintermediation (Toran and Ruiz, 1998), since Internet has enabled a more direct connection between producers and customers, with a consequent decrease in importance of wholesale and retail (Chaffey et al., 2006). The Internet has also promoted the emergence of new types of intermediaries (Chaffey et al., 2006), which collect and sell information, rent advertising space, take part on negotiations or simply resell products online (Hortinha, 2001).

As stated before, Internet is an important medium of communication (Caride and Senra, 2005), however it must be kept in mind that communication in digital environments has unique characteristics (Wind and Mahajan, 2001). It is a fast, easy and cheap way to communicate that can be quickly adapted to react to market changes and customer needs, enabling interaction with a large number of people (Caride and Senra, 2005). Online communication and Internet marketing can be done by multiple ways, such as email, websites, social networks, weblogs and video blogs among others.

The email was one of the first features to be used as marketing tool and has gain the preference of many companies has their primary promotion tool (Araújo, 2001). Email presents several advantages, such as the capacity to establish and sustain relationships, interactivity, low cost, and the capacity to gather information, support effective segmentation (Roberts et al. 2000). Of course it has also some disadvantages, maybe the most significant are the large number of unwanted messages called 'spam' and the fear of virus infections, spyware intrusion or malicious programs.

Company's websites provide ways to communicate with current and potential customers. Websites are fast becoming the first port of call for any stakeholders or interested parties looking for

information about a company, so it is more important than ever to have a good looking and professional style website. They can be used to not only describe the companies, but also to provide opportunities for customers to register themselves, thereby contributing to the creation of databases containing detailed information on current and potential customers to allow decision makers to better address their needs and wants.

Websites can be used to enable and foster interaction with current and potential customers to help develop and maintain the desired corporate image and therefore increase consumer confidence. In order to achieve these objectives special attention should be given to content, design/appearance, navigation, usability and clarity of information since they are the most important influence to repeatedly visit the website (Pempelonne, 1999).

The emergence of the Web 2.0 technologies in the last years have changed the way people interact with knowledge and has caused a shift in technological and sociological paradigms. The promise of higher level of interaction, push companies to start adapt existing websites to the new standards and principles and created new types of web services and communities (Dippelreiter et al, 2008). The tourism domain is no exception to this new reality and websites should integrate new features to keep up with the new standards, like community building. Communities develop around online communication, interaction, and information-gathering among people that share common characteristics or interests (Pempelonne, 1999) and are an excellent way to spread ideas of opinion leaders and contrasting peers opinions (Wind and Mahajan, 2001). Just like communities of people based on physical space, online communities developed a shared sense of culture, practices, etiquette, obligation, and purpose. The success of online communities depend on many factors and it is almost impossible to predict the future success of a community, still Cunha and Ferreira (2006) state that community members' loyalty is a determinant factor, since it can be associated with member's purchasing behaviour (Kim et al., 2003).

According to Michopoulos and Buhalis (2008), the pressure to invest in technology to take advantage of the potential of the web channel is high and will increase. However high investments demand higher expected returns, therefore, companies need to measure results to evaluate the expected return on investment. According to Hortinha (2001), the effectiveness of marketing is mainly accessed by the number of clicks made by users, number of visits, geographic origin, page views and length of stay. Michopoulos and Buhalis (2008) argue that those criteria are not sufficient and should be complemented with search terms analysis and the evaluation of usability and of services provided.

Regardless of the importance of the Internet for rural tourism promotion, there is little research addressing the role of the Internet as a marketing tool. To overcome this gap, this paper presents the results of a study aimed to assess rural lodging establishments' owners' knowledge and use of Internet resources as marketing tools to promote their business. The following sections describe the study design, methods, results, and implications.

## **Methodology**

To meet the objectives of this investigation a four-phase methodology was defined. The four distinct phases were:

Phase 1 - TRA units database development;

Phase 2 - Email information request;

Phase 3 - Survey on Internet knowledge and use;

Phase 4 - Website and/or blog analysis.

In the first phase, a database of available TRA accommodation units in the central region of Portugal was built from several sources. The database included company names and location (address, zip code, county and district), telephone, email, website and/or blog address. In phase two, an email with a request for information about the availability of accommodation was sent to validate the email address and evaluate the responsiveness of the sample. Next, in the third phase a questionnaire was sent by email included questions on the characteristics of the accommodation, people employed and most important, the knowledge and use of web-based resources to promote and sell TRA products. In the fourth phase, the method of observation was used to examine websites and blogs according to the following criteria: content, design/appearance, navigation, usability and clarity.

The database built on the first phase contained 235 TRA units, representing 22.5% of the universe of TRA units in Portugal. Of the TRA units listed, 172 had a valid email, 128 had website (54.5%) and only 10 possessed blog (4.3%). The analysis was restricted to the 172 companies that had email.

In the second phase, a single request for information on the availability of accommodation for 24 and 25 January was sent. In the email, only general information regarding accommodation and region was requested, so that each rural tourism company had some freedom to construct the response. This phase of research took place on January 8, 2009 and 172 emails were sent.

The research questionnaire for the third phase was sent out between 12 and 23 January, 2009, to all TRA units with a valid email address. A letter was written to be sent along with the questionnaire explaining the objectives and the two possible ways to answer. Rural Tourism company's owners could answer directly by filling out an attached word file or through an online questionnaire, available through the web site [www.encuestafacil.com](http://www.encuestafacil.com) (available between 12 and 26 January 2009).

In the fourth phase of research, we proceed to the evaluation of websites and blogs. This evaluation was limited to sites of companies that answered the questionnaire (a total of 44). From those websites, four were excluded (two were under construction and two were unavailable). The Final analysis was limited to 40 sites.

In general we try to realize whether the pages were constructed to reach a large audience (through the availability of website translation), to create positive expectations in the tourist (through the right combination of colour, images, text and video) and simultaneously the power to establish interaction with the potential customer. The existence of advertising, the use of relationship tools (e.g. newsletter) and the ability to customize web experience (through a personal and private area with restricted access) were other aspects checked.

With regard to blogs, the analysis was restricted to the analysis of: colours used; text and image appeals; community interventions in the blog comments box and finally, the date of last update,. The main objective was to see whether the community built around the blog was an active one, and identify whether these media are being successfully used as canvassers.

## **Results and Discussion**

From the 172 emails sent, 25 were not delivered due to errors, so the analysis was limited to 147 potential answers. From those, 93 valid questionnaires were received, representing 63.3% of the sample.

The analysis of responses showed that most companies (61.3%) answered the information request on the same day, i.e., on January 8. We believe that companies who respond more quickly are more committed to meet client's needs. On the second day, there were still a high number of responses (24.7%), as can be seen in Table 1.

Companies that did not answer promptly accused failures in the use of email, showing that they are not taken advantage of this form of communication. A delayed response can lead to the loss of clients because the level of expected services may decrease. Companies must be able to answer to

requests quickly; otherwise, it is better to use another type of contact, which they can answer immediately. The email is an important tool that, properly used, can give a sense of what the company can offer to the potential client. Through the description of the house the inclusion of photographs, the customer may perceive whether their expectations about the place were correct.

**Table 1 - email request information responses**

Response date		House description	Website address	contact	Price	Images
Same day	57	35	58	47	43	7
1 day later	23					
2 days later	5					
More than 3 days later	8					
Total	93					

As can be seen from table 1, only 37.6% of emails had a description of the house and rooms. The number is much lower when it comes to the inclusion of images only seven responses (7.5%) had them. These values may be interpreted in two distinct ways. First, companies may not use email as a way to promote their product, but just to reply information requests. Second, 62.4% of emails included the website address, which could indicate that firms prefer not to use email to share information but prefer to rely on the website.

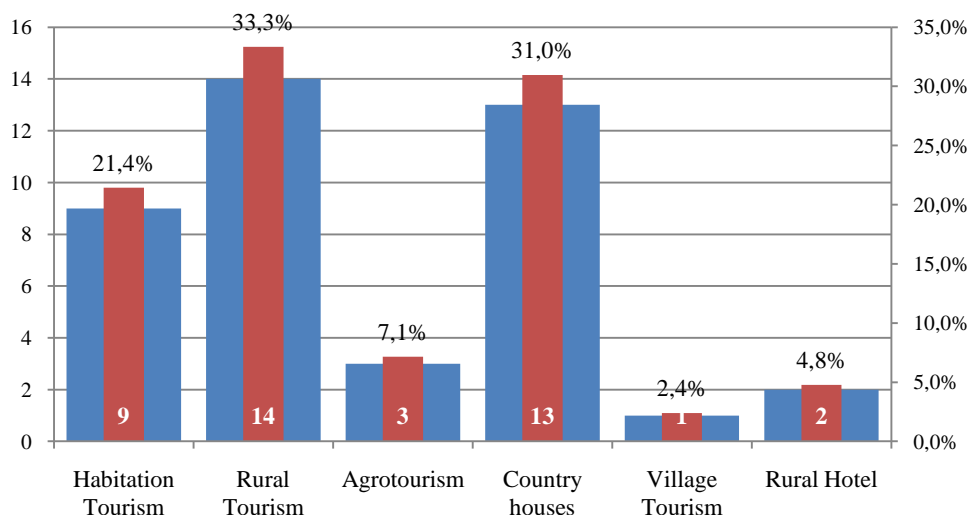
For example, price information was only present in 42.2% of emails with level-of-detail ranging from simple basic and standard price per night information to specific information regarding extra beds, high and low seasons, promotions and meal plans.

Additional contact information was only stated in half of the emails, where phone/mobile number, postal address and websites address were the most common. In short, it is thought that the presence of website address may have influenced the specification of such information in the email. Emails vary from simple confirmations to more elaborate ones referring the number of rooms, details such as adults and children per room and additional services. One even included a nearly exhaustive list of room items.

The questionnaire reveals that TRA units in the sample were essentially rural tourism and country houses micro-enterprises, with an average of 11 beds and 2 workers (Graphic 4). The majority were

from Guarda district (34.1%), followed by Viseu (22.7%) and Castelo Branco (22.7%). Aveiro, Coimbra and Leiria districts accounted for the remaining 20.4%.

**Graphic 4 - Sample characterization**



Regarding the use of communication tools, the respondents stated that they only make a limited use of traditional offline communication channels (radio, newspapers, television and journals), suggesting that they do not care to advertise or promote their lodgings. A possible explanation for this behaviour may lie in the fact that rural tourism is not aimed to the masses, but address a very specific niche markets. Concerning the use of digital channels, the results suggest that owners are much less reluctant to use them to promote their business. The results show that 58.1% use the internet to communicate and promote their business. More, throughout investigation it was possible to realize that there are several commercial websites devoted to advertise and release TRA information, what may contribute to encourage online promotion. Some of those online retailers are free, providing companies with the opportunity to advertise their establishments. Usually such advertising is displayed in the form of links or small banners. More attractive and effective forms of advertising are usually paid.

Respondents show to be aware of the advantages and disadvantages of the Internet use to support and enhance marketing activities, particularly as a tool to communicate and promote TRA. The main advantages mentioned were the ability to reach potential customers anywhere in the world, at any time, and at much reduced costs. The major disadvantages stated were the impersonality, the

uncertainty associated with online transactions and the unfamiliarity of some tourists with the technology.

Contrary to what we would expect, despite these perceptions, Rural tourism do not seem anxious to find or implement alternative strategies to overcome these obstacles, although being extrinsic to the organization and common to all the online market should be of concern to every organization.

Many companies in rural areas rely on intermediaries to make online sales (52.3%) and tend to apply the same pricing strategy in both online and offline environments, only 18.2% use price discrimination.

Results from the assessment of online communication indicate that much remains to be done. Rural tourism companies reveal that they did not evaluate websites performance. They simple look at statistics related to page views. In the case of rural tourism, it would be important, for example, to analyze customer characteristics such as age, household size, origin, interests and motivations.

As mentioned earlier, the fourth phase consists of website and blog analysis. The main objective of this phase was to complement the information obtained through the questionnaire. The results show that 77.5% of sites are not dynamic, i.e., they do not make use of tools to create the sensation of movement and enhance user experience. Just one website presents a virtual tour. Currently there are software packages to easily produce virtual tour applications to be integrated in the website, yet Rural tourism inquired do not seem to take advantage of this feature as a way to provide improve the navigation experience. Regarding the use of colours, it was observed that white was the most used colour many times associated with green and earth tones (brown and beige) in a clear association to nature and rurality. These associations are supplemented with textual appeals that characterize not only the landscape, but also convey feelings of tranquillity, peace and a family environment full of culture and tradition.

Website communication takes place in more than one language in 72.5% of cases, where English prevails as alternative language. Common to all sites analyzed was the existence of photographs of the accommodation and/or the surrounding environment. In addition, almost every site provides directions via maps or description of access routes, with the exception of one website where only the postal address was stated. Accommodation characteristics and prices information are frequent, respectively in 92.5% and 82.5% of the websites visited. Online reservation and booking service was available in 55% of sites. More unusual is the information about the destination, for example, sports or leisure related, where to eat or places to visit.

Far more important when it comes to web marketing, was that only two websites allow tourists to subscribe a newsletter and two had advertising banners. Of all websites visited, just one provides access to a private area, suggesting that rural tourism companies are not aware of the benefits arising from customized web pages. This lack of customization implies that prices and promotions cannot be tailored to meet customer's special needs or expectations. Also, the benefits of having some information on how many people visit the website seems not to be of great importance to Rural tourism, since just 7.5% of websites had some type of visitors counter. Overall, the results emphasize the lack of widespread interest in monitoring visits to websites.

Website update should also be a major concern for rural tourism. Customers need to see changes in the content of a website; otherwise they would gradually decrease their visit rate, and finally could discard the website. It was further observed that some websites have very long periods (one year or more) without any changes.

For the Rural tourism under analysis ten blogs were identified, of which three belong to companies who answered the questionnaire, however we thought to be useful and important to analyse all the blogs, due to their importance in the context of web 2.0 and in the development of a sense of belonging to a community.

As one of the blogs was under construction, therefore the analysis was limited to the remaining nine blogs. The analysis sought to understand whether there was an active community of people around the blog and examine how the Rural tourism take advantage of this tool to attract tourists and promote their business. The majority of blogs examined did not exhibit much activity, by neither the authors nor the visitors. The number of posts is small and the community participation scarce. They are not regularly updated and do not show a great care from its author, in face of what we question its relevance and value for Rural tourism and potential customers. Nevertheless, we have to recognize the effort made to refine and emphasize some appeals. Several adjectives are used to convey the tranquillity and beauty of the countryside and to transmit the sense of tradition and culture. Trying to reinforce those ideas, the authors supply general images of the surrounding environment, landscape, wild life and plants.

Some blogs also offer details and useful information related to location, contacts, links associated with tourism, prices, rooms, facilities, activities and attractions. The blog of the house of the Nuns (<http://casadasfreirasturismorural.blogspot.com/>) is the only one that lets visitors listen to radio and includes advertising banners.



## **Conclusion**

This results of this study show that a significant proportion of Rural tourism in the centre region of Portugal use the Internet, although they only exploit a small part of all the potential benefits that the Internet can provide, especially to improve their marketing. Currently, rural tourism can use Search Engine Marketing (SEM) and Search Engine Optimization (SEO) techniques to increase the website traffic, however its use is still very low. The use of intermediaries is also important and should be viewed as a strategic complement. The presence in rural tourism portals and partnerships with travel agencies could be an important means to reach a wide range of potential clients.

Website design and construction can and should be the first step, but it has to be developed taking into account the specific characteristics of tourism and of online communication and promotion. Photographs and location maps are crucial elements and should always present but they should be improved in order to increase visual attraction and enhance interaction. A photo gallery and some type of virtual tour should be introduced to allow visitors to “walk” through the interior of the house or garden of the property leading to a more realistic experience. To create those virtual tours some easy to use tools are available online for free and do not require great resources or learning efforts. Similarly, cultural activities and the region itself should be more emphasized in order to create positive associations in consumer's mind.

It is important to provide better services and improve the responsiveness of the existing ones. It is not enough to have an online booking system, a reservations form or an email. It is essential to be able to respond quickly and in a customized way to each individual client request.

In general, rural tourism display a relatively conservative approach to the Internet, what makes it hard for rural tourism to attract new potential clients exclusively through this channel. They must change their style of action, because they reveal a passive attitude, just waiting for consumers to come by their own. Whether companies choose to use email marketing, social communities' websites, direct marketing, or online advertising they should focus on getting the most from Internet tools to improve business sustainability.

All the findings and conclusions drawn from this study are restricted to rural tourism companies located in Portugal centre region, however we have strong confidence that the results largely reflect the reality of other Portuguese regions. Consequently, we believe that other rural tourism companies can use the results and conclusions of the current study to evaluate and redefine their position toward the use of the internet as marketing tool.

To conclude the results show an underutilization of the web as communication channel. Indeed, respondents showed some knowledge about the various elements of online communication and distribution, yet they still make just an average use of the resources available online do not take full advantage of the potential of the Internet facilities as marketing tools. It is hoped that this research can serve as a starting point to improve the understanding of use of the Internet by rural tourism companies.

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