

# Digital Marketing and Mobile Technology Impact on Tourism in Portugal

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## ABSTRACT

Almost two decades have passed since the beginning of the millennium. Digital marketing and mobile technology are evolving at a fast pace, deeply changing the way tourists travel, plan and experience their holidays. This is even more clear with the newer generations, who are more willing to travel and discover the world, and to intensively use technology. The extraordinary increase in tourism in Portugal in the last decades made it important to understand the role that digital marketing and mobile technology are playing in this area. Tourism in Portugal is one of the most important economic sectors of the country, weighting 13.7% of the GDP in 2017, according to the Portuguese Republic and it's growing year after year. Some of the reasons for this success are obviously the unique characteristics of this small country (The Algarve, Douro valley, historical cities like Lisbon and Oporto, gastronomical and wine variety, a friendly and welcoming people, cheap prices for European standards, and security). Digital marketing and mobile technology are the key factors for the players in the industry of tourism. So, we are going to try to determine how they are influencing tourists in their choices. Based on the use of quantitative research and in view of the fact that it is intended to analyze attitudes, intentions and behaviours, the data was collected through a questionnaire (Cunha, 2019).

**Keywords:** Portugal, Digital Marketing, Tourism, Mobile Technology

## INTRODUCTION

Digital marketing is a new scientific area that registered a huge growth, being considered as the future evolution of marketing (Wertheim & Fenwick, 2012), and is changing the way how tourists interact with travel destinations when travelling around the world.

According to Neuhofer et al. (2013), mobile technology has the ability to significantly boost interaction between businesses and consumers in this context, guiding to a more personalized experience. Tourism-related apps saw, in the uprising of the internet, an opportunity to easily expand the business and to get more customers. Social networks such as Facebook, Instagram and others play a big role in the “old mouth to mouth” publicity because there are so many people sharing their travelling experiences that can't be ignored by the tourism industry.

Hudson & Thal (2013) affirms consumers relation with brands has been significantly affected by this kind of

marketing. The experience of purchase has changed from narrowing down to one brand from marketer's competition for consumers attention, a moment known as Zero Moment of Truth (Lecinski, 2011; Hudson & Thal, 2013).

Younger generations, like Millennials, have different needs than their parents or grandparents had, especially in the context of tourism (Cavagnaro, Staffieri & Postma, 2018). Trying to understand how Millennials use digital information and mobile technology can give tourism in Portugal a significant boost, according to Soares et al. (2017), this generation has to be considered a priority on the agenda of tourism business managers. Tomorrow's prototypical tourist is probably not one with a Hawaiian shirt and a huge camera around the neck awkwardly gazing at natives or distant landscapes, but an individual with a personal digital device connected to a myriad of information sources, allowing for interactions with a global social network and supporting touristic gazes at an augmented reality that facilitates interactions with the environment in new forms (Gretzel, 2010).

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Getting a better understanding of the demands and behaviours of this generation, according to (Soares et al., 2017), should be considered a priority on the agenda of tourism business managers.

## MARKETING

Marketing took the first steps over a hundred years ago and has its foundation in economics (McBee & Kruger, 1971). Along the way, marketing has had many definitions, starting at the beginning of the twentieth century and continue to evolve with the influence of certain environmental factors (Brunswick, 2014). But, why is the definition so important? First, it marks its place by setting boundaries and describing essential qualities. Second, an accurate definition guides marketers and academics through consensuality about what is and what isn't marketing (Ringold & Weitz, 2007).

According to Ringold & Weitz (2007), the impact of marketing on the consumer, the organization and the society are three related subjects with strong impact on the conceptual domain of marketing.

American Marketing Association (1973) has been contributing to developing a definition of marketing over the past seven decades. In 2017, AMA approved a new and more actual definition of marketing: *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”*

## DIGITAL MARKETING: MOBILE TECHNOLOGY

Internet technology made a revolution in the rules of marketing and many traditional strategies ways of marketing have become obsolete with this technology (Kaur, 2017). With the advent of the internet, digital marketing became a key factor for those who want to prosper in this area (Kaur, 2017). The author claims, internet consumers have today the ability to interact, not only with other users but also with their favorite brands, and because of that, several opportunities had been created toward a new relationship between stakeholders.

Nowadays, the use of mobile devices is democratized, especially smartphones and an uncountable number of apps regarding every aspect of our daily life, lead us to an era of unprecedented connectivity and endless access to the Internet (Cunha, 2019). The instant access to online features empowers tourists to access and share information regardless of the place or the time they are at (Wang et al., 2014; Cunha, 2019).

Tourists tend to easily adopt mobile technologies because they acknowledge the utility and the convenience provided by this software when accomplishing travel-related tasks, such as information search (No & Kim, 2014; Cunha, 2019), reservation and payment for services (Ozturk et al., 2016; Fong et al., 2017; Cunha, 2019) and moving around a destination (Lu et al., 2015; Cunha, 2019).

Understanding digital marketing and starting to harness the power of digital media and mobile technology are crucial to achieve success in the tourism industry. When customers are looking for relevant information and searching for feedback in a digital environment, they're highly influenced by the element of trust (Kannan & Li, 2017). Stakeholders theory is referred by (Shankar, Urban & Sultan, 2002) and (Kannan & Li, 2017) as a new perspective of online businesses. They claim, trust can be reinforced by the confidence of customers on the treatment of their information when a purchase is made online.

## TOURISM AS A REGIONAL DEVELOPMENT TOOL

Tourism is an extremely important economic activity and plays a decisive role in regional development, unlocking the natural and historical-cultural potential. An ever-increasing number of destinations worldwide have opened up to, and invested in tourism, turning it into a key driver of socioeconomic progress through the creation of jobs and enterprises, export revenues, and infrastructure development.

Driven by a relatively strong global economy, a growing middle class in emerging economies, technological advances, new business models, affordable travel costs and visa facilitation, international tourist arrivals grew 5% in 2018 to reach the 1.4 billion mark (“Int. Tour. Highlights, 2019 Ed.,” 2019). This mark was reached two years ahead

of World Tourism Organization (UNTWO) forecast. Simultaneously, export earnings generated by tourism have grown to USD 1.7 trillion. This makes the tourism sector as one of the most important drivers of economic growth and development, leading to the creation of more and better jobs and serving as a catalyst for innovation and entrepreneurship. In short, tourism is helping regional development, improving lives for millions of individuals and transforming whole communities. Growth in international tourist arrivals and receipts continues to grow faster than the world economy and both emerging and advanced economies are collecting the benefits from this growth of tourism revenues. For the seventh year in a row, tourism exports grew faster than merchandise exports, reducing trade deficits in many countries. With such growth comes more responsibility in ensuring effective destination management that minimizes any adverse effect of tourism. Sustainably managing tourism for the benefit of all is more critical than ever. We need to grow more in value rather than just in volume. Digitalization, innovation, greater accessibility and societal changes are expected to continue shaping our sector. Both destinations and companies will need to adapt to remain competitive, while at the same time embracing tourism as a means of achieving the Sustainable Development Goals and building a better future for all ("Int. Tour. Highlights, 2019 Ed.," 2019).

Since 2009, Europe as seen tourism with sustained growth and it's the world most visited region. Southern and Mediterranean Europe led results, with most destinations enjoying double-digit growth. Among the larger destinations, Italy, Greece, Portugal and Croatia saw the robust performance. Turkey continued its strong recovery, backed by a favorable exchange rate. After several years of remarkable growth in volume, Spain, the subregion's largest destination, showed solid growth in tourism earnings in 2018. Destinations in Central and Eastern Europe grew in line with the region's average. Visa facilitation led to an increase of Chinese tourists in some destinations. The Russian Federation hosted the 2018 FIFA World Cup and recorded a double-digit increase in international tourism receipts. Positive performance in Western Europe was led by Belgium, which consolidated its rebound, and the Netherlands. Northern Europe recorded a flat growth with mixed performance among destinations ("Int. Tour. Highlights, 2019 Ed.," 2019).

The tourism sector activities have a huge impact on an economy whether through employment or the creation and development of tourism companies. (Campos et al., 2006) add that tourism constitutes a sector of activity with a progressively rising level of importance and value to economy, both at a national and regional level. Such value is enhanced by means of placing unique services, especially articulated with other national and local economic activities, that meet needs, expectations, demands and desires of tourist clients.

Tourism is a strategic market identified by governments to improve economic development through an increase of jobs offered in the usual sectors of this branch of activity (Jackson & Murphy, 2002). Authors also claim that this market must be able to maintain or increase the quality provided in order to sustainably satisfy clients, creating in that matter an attractive tourism integrated solution. To accomplish this goal, natural and built resources are extremely important, but not enough. It's critical to invest in human capacities, hard and soft skills, and these features all combined provide a perfect environment, attractive and safe, so tourists can embrace a new experience with joy.

Cabugueira (2005) affirms the value proposition offered as tourism products have their origin in natural or cultural diversity. This kind of singularities turns tourism core products into competitive advantages with the ability to leverage economies, by extending its effects to other sectors and improving productivity and ultimately leading to a better performance of these economies.

Rodrigues (2003) refers to how, in other economic activities, it is the product that travels to market, in tourism precisely the opposite takes place. To ensure the effective consumption of the tourism product, the tourist has to travel to the site of the support structure: the tourism destination. The author also affirms that there is no scope for disentangling any approach to the tourism product from the tourist destination itself given that the latter amounts to a central feature to tourism activities. Tourism also generates multiplier effects for economic activities, which reflect not only on important added value but also on capacity through driving the development of other sectors of economic activity (Cabugueira, 2005). According to (Botti et al., 2008), geographic

proximity plays a relevant role in the perception as to the performance of tourism organizations within the scope of maintaining the sustainability of tourism firms and contributing towards enhancing the competitiveness of the tourism sector.

## MOBILE TECHNOLOGY IMPACT ON TOURISM

Mobile technology has the potential to improve all phases of the tourist experience: anticipation; travel to destination; destination-based activity; return travel; and recollection; in addition, it also increases tourists ability to engage in the pre- and post-consumption phases during the core consumption experience, removing the need for advanced planning and facilitating changes of plans (Wang et al., 2014). The tourist experience is altered by mobile devices and it can cause disengagement, leading to disembodied experiences, a loss of sense of place and lack of interaction with those physically present (Xiang & Gretzel, 2010). Mobile technology in tourism was initially undermined by the additional costs of use outside of the tourist's home country. However, legislation has reduced the costs of calls, texts and data roaming (European Commission, 2015) and nowadays you basically pay the same if you are travelling inside the EU. Also, more widely available free Wi-Fi has almost eliminated this obstacle in most contexts.

The capacity of mobile technology to transcend space/time so users can be in two spaces at the same time is widely reported in other fields (Humphreys, 2010) and mobile devices have reshaped a variety of social practices (Llamas & Belk, 2013) such as shopping, banking and working. Some people can work at home while travelling and during tourism (Dickinson, Hibbert & Filimonau, 2016). This blurring of work and leisure, space and time has been referred to as 'fragmented time' (Klein, 2004) and 'digital elasticity' (Pearce, 2011). McKay & Vogt (2012) have used spillover theory to explore how technology used at home can transfer to tourism. It is arguably no longer normal to be disconnected and (Wang et al., 2014) found that tourists were influenced by subjective norms, specifically peer mobile use patterns, and that routines of smartphone use from everyday life pervaded the tourist experience. However, there are questions about whether this is desirable (Llamas

& Belk, 2013). For example, (Germann Molz & Paris, 2013) note that as social technologies converge, tourists can stay connected to work while on the move, which can be a blessing. However, the ability to stay connected may also cause anxiety, as other sociologists suggest in research on whether technology weakens, reinforces or supplements co-present sociability (Fortunati, Taipale, & Luca, 2013). The use of mobile technology in tourism has led to a growing body of research which can largely be categorized into three streams (Wang et al., 2014): human-computer interaction studies focused on optimizing design of systems (for example, tourism apps and guides); adoption of mobile information services mainly using the Technology Acceptance Model and its derivatives, and the impact of technology on the tourist experience. Studies largely assume that the connection is a positive thing and an opportunity to be harnessed by the industry that will enhance tourist experiences and business opportunities. The concept of 'technology dead zones' emphasizes negative connotations of places where connection is unfeasible, though this can lead to positive experiences (Pearce & Gretzel, 2012) and the selective nonuse of smartphones needs to be explored further (see, for example, (Wang et al., 2014). Also, work on disconnection has been largely related to where backpackers find themselves unable to connect, though within this there is some discussion of purposefully choosing to disconnect, for instance when users temporarily want to hide their whereabouts (Germann Molz & Paris, 2013). There is also evidence from travel news media of a growing number of destinations and hospitality service providers offering tourism products where you can disconnect (see, for example, Lay, 2014), although in her work on dead zones, (Gretzel, 2014) questions whether this will have much appeal. Outside the tourism field, studies have shown extensive digital engagement can have some consequences for health (Harwood, Dooley, Scott & Joiner, 2014) and intrusion of technology has other negative effects (Llamas & Belk, 2013).

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