Digital Marketing Adoption Influenced by Relative Advantage and Competitive Industry: A UAE Tourism Case Study

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The prime concern of this study entails the tourism industry of UAE to determine the presence of the digital marketing phenomenon. The study focuses on digitalisation of marketing aspect and its usefulness for any industry. The present research examined the influential factors for adoption of digital marketing strategies to become competitive in a rapidly changing environment. The study examined the direct and moderating affect of agile marketing between independent and dependent constructs. The results of study depicted that relative advantage as independent constructs of the study significantly influence the digital marketing adoption but the competitive industry doesn’t influence the adoption of digital marketing as it observed to be insignificant. The moderating effect of agile marketing was observed in both moderating hypotheses, that agile marketing moderate the relationship between relative advantage, competitive industry and digital marketing adoption. The study suggests adopting latest technological advanced equipment and applications to approach customers with cost effective and efficient manners to gain long-term competitive advantages.

**Key words:** Relative Advantage (RA), Competitive Industry (CI), Digital Marketing (DM), Agile Marketing (AM).

**Introduction and Background**

The digitalised era encourage businesses to adopt latest available technological equipment for operational excellence. A number of businesses in today’s world already connected with
Recent developments have been observed in the adoption of social and digital media for businesses to keep the cost lower with maximum efficiency and utilisation of minimal technological resources. It has been observed that social media and digital applications have grown in recent years and still continue to grow (Mourtada & Alkhatib, 2014). The adoption of latest digitally based applications has increased rapidly due to its crucial importance in the demanding business environment. Today social media based applications and advanced digitalised applications have become popular a choice of businesses for efficient flow of information and communication with participants (Siamagka, Christodoulides, Michaelidou, & Valvi, 2015).

Technological advanced applications enable firms to develop automated systems, content management, customer targeting and analysis mechanisms for efficient and low cost business solutions. Social media has been used for promoting services, products and brands. Latest technologically equipped systems assist firms to capitalise on available external opportunities and to challenges in various sectors. The emergence of the latest digital social media applications revolutionised communication among participants through online accessible and credible tools. These latest technological based applications were found to be highly effective and significantly contributed to efficient marketing efforts and further enabled firms to communicate the latest available information among participants for decision making that was found to be influential for customer service (Ahmad, Abu Bakar, & Ahmad, 2019).

Digital marketing is the utilisation of digital technologies for creating, integrating, targeting and measureable communication that assists in acquiring and retaining customers by establishing long term deeper relationships among participants (Wymb, 2011). Scholars have defined digital marketing as sub branch of traditional marketing that uses modern digital channels for product placement such as downloadable items for communicating to participants such as customers and investors about product, business and brand. Today’s business environment is surrounded by digital media products in almost all industries including health, education, services, production and government utilise technological advanced applications to conduct activities. The utilisation of online electronic applications, websites, mobile applications, social media utilisation, animation, video, data visualisation and location based services consider as digital media products and E-commerce. Digital media for various business functions is used regardless of industry type, including business, entertainment, technology, health sector, hospitals, training, learning, education, advertisements, government offices, sports, environment, radio and television for marketing the products (Nuseir, 2018). Digital marketing provides assistance to firms for promoting products or services through multiple electronic channels and methods to attract target audiences. The preferred marketing efforts can be evaluated in real time consumer behaviour that is influenced by marketing strategies and advertisments (Kannan, 2017). It has been
expressed in literature that digital marketing enables firms to establish an electronic connection between participants including consumers. The electronic means for trade has rapidly increased in recent years due to facilities and quick cheap services that build strong two-way interaction between consumer and manufacturer or company and customer. The implementation of digital marketing serves firms by acquiring consumers instantly, minimises operational cost of information sharing and establishing relationships with consumers for achievement of long term organisational objectives (Ratchford, Talukdar, & Lee, 2007).

Studies have considered medical tourism to explain its two-way communication that was found to be a necessary element for gaining the trust of patients. Patients always strive to receive better health services from hospitals and they must remain satisfied. The establishment and maintenance of relationships among patients and hospitals is considered as one of obligatory step in health care sector. The health sector is focused on the utilisation of the digital marketing mix for innovative solutions that deals with integrated relationship establishment among interested parties. The prime focus determines three critical aspects including add value for building effective content, feasibility for accessing products and integrated communication among participants (Varadarajan & Yadav, 2009). The long term benefits and advantages are considered as prime concern to develop stronger relationships among participants of businesses in healthcare units and must be taken into account to fulfill the requirements. Previous studies had a development framework that identified key factors that can impact the decision making process of patients (Kannan, 2017). Implementation of digital marketing strategies in any sector needs to highlight key points in order to gain long term competitive advantages (Subramaniam, Singhal, & Hopkinson, 2019).

The present study intends to determine the digital marketing adoption behaviour among the UAE tourism industry to attract customers that can generate relative advantages. The study entails technological relative advantages and competitive pressure to influence the adoption of digital marketing. The study also intends to determine moderating the role of agile marketing in determining the digital marketing adoption among the tourism industry of United Arab Emirates.

Literature Review

Various studies have been conducted to investigate the impact of technological advancements on performance of businesses. These studies have considered the impact of social media applications on performance as social media applications were found to be effective in conducting businesses (Siamagka et al., 2015). It has been reported in literature that residents of UAE prefer to use online applications to make decisions to a purchase specific product or service. The huge ratio of population of UAE approximately 70% consult and search online
applications before making a purchase decision (Ahmad et al., 2019). It has been reported in literature that through effective utilisation of social media applications brand management strategies can be implemented. Digital marketing enable firms to develop social networks to acquire electronic markets as common place to interact between customer and businesses (Gazal, Montague, Poudel, & Wiedenbeck, 2016).

Digitalisation enables firms to extend their wings across the boundary of their physical presence and geographical areas and access online electronic market to sell their goods to customers. The business owners move towards digital applications for marketing to attract customers that enable them to act geographical and physical location independent, reduce distances and improve time efficiency (Alarcón, Rialp, & Rialp, 2015). Due to significant role of digitalisation in business processes, attracted researchers and firms tend to focus on its influential variables and outcomes. The researchers have found that implementation of digital marketing produces offer various long-term benefits to the business as compared to alternative scarce resources to reach to customer online directly.

Previous studies have considered the impact of social media sites and online applications on performance and the growth of business and they tend to consider the business to consumer context through social media for influencing the purchase decision of customers. Further research studies have found that social and online applications enable firms to gain recognition for their brands to attract customers (Siamagka et al., 2015). The research scholars have depicted that digital applications enables firms to obtain feedback from customers that helps in market research and generate positive word of mouth that further attracts customers (Chang, Shen, & Liu, 2016). The research studies have stated that there is scarcity of empirical investigation to determine the influence of digital marketing strategies on business performance and there is need to identify influential variables towards adoption of digital marketing. The studies have been conducted to examine the impact of social media on performance of firms and management (Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib, 2015). Study also explained the barriers in adoption of digital marketing and social media applications for attracting and retaining the consumers, but little is known about the digital marketing adoption phenomenon and research scholars have suggested conducting studies on digital marketing phenomenon in UAE (Ahmad et al., 2019).

United Arab Emirates is considered a rapidly developing country with large small and medium sized businesses almost covering 95% that employ of the 86% workforce. The research scholars have focused on developing the phenomenon of SMEs, that emphases strategic insight by adopting technology through social media. It has been stated in literature that small and medium sized businesses in UAE do not possess the skills and abilities to promote their services or products efficiently through technology utilisation to customers that grow to a sustainable level. The scarcity of resources has also caused deficiency in adoption
of digital marketing tools and strategic moves; therefore external assistance is required at large scale to conduct efficient marketing strategies. The effective utilisation of social media marketing planning influence is the successful marketing outcomes, as affordable innovation found to contribute to business to attract customers easily (Ahmad, Ahmad, & Bakar, 2018).

The utilisation of social media is rapidly increasing and online issue have become more sensitive in middle east region (Reyae & Ahmed, 2015). The present study also considers the scarcity of empirical investigation in digital marketing phenomenon in UAE and intends to determine the influential factors towards adoption of digital marketing. It has been found that 60% customers in UAE change their perception towards brands due to feedback given by other customers on any social media application. On the other hand the study also found that 50% received negative opinion about brands due to social media application feedbacks (Cader & Al Tenaiji, 2013). It is reported in various studies conducted on hospitality industry in UAE and found that 46% of users of social networking applications are among all age groups and that shows the importance. Another study reported that International Hotel at Dubai Festival City used online digital applications for solving the problems of customers and mitigated the negative opinion of bad experiences. Moreover, hotels also implemented promotion strategy on social media applications that offer suitable packages to their consumers. The purpose was to enhance the awareness and involvement of the hotel’s offers to attract customers (Cader & Al Tenaiji, 2013).

A digital presence in today’s business world has become essential to target the audience, attract new customers and to establish long term relationships with customers. Digital marketing assists businesses and retailers to promote their products and services within an effective cost and with efficient manners to target the audience for influencing their buying decision. Digital marketing provides the feature to track and analyse user behaviour on website, social media and other digital programs by assessing the term of reach, conversion and engagement. The data tracking of users from website gives the opportunity to assess behaviour of user, their requirement and to enable the firm to comprehend need of consumers. The Internet has become one of most essential for businesses and customers to connect each other for mutual benefits. Various marketing strategies have been used for attracting customers through information dissemination to potential customers. Digital marketing enables interacting with diverse brands and offers that attract customers, provides access to massive amounts of information about products and services that impact buying decision and behaviours.

The buying behaviour of consumers is influenced by brand and maximum towards value for money and the price paid for the product or service. Digital marketing influenced overall marketing strategies that contributed for attaining goals and brands recognition that assist ideal purchase decisions. Pitana and Putu-Diah (2016) argued that the behaviour of
consumers has changed in tourism industry because of usage of internet technology and digital marketing. Digital marketing is now being focused due to its importance and impact on future on each industry, therefore technology also influenced the behaviour of consumers in the tourism industry and realised the benefit and incorporated digital marketing with their traditional marketing initiatives. The online agents for travel industry have been progressing in terms of number of sales volume due to the significant benefits provided by digital marketing. Digital marketing is expressed as a significant channel for every business regardless of its category and expertise area. Digital marketing and technological advancements have completely transformed the way of conducting business (Kaur, 2017). Digital marketing plays a crucial role in success of every industry including the tourism industry that has been influenced due to the easy access through internet usage and mobile applications to satisfy the customer needs (Gupta, 2019).

Research scholars have reported various elements of digital marketing that operate through electronic devices. The following elements are described as essentials of digital marketing depicted by Yasmin, Tasneem, and Fatema (2015):

i) Online advertising considered as important element of digital marketing, also known as Internet advertising through the firm can deliver their goods or provide their services. More effective advertisements must be placed online to attract customers and promote message.

ii) Email marketing enable firms or an individual to connect to customers and to send advertisement messages that assist in building brands by creating awareness which further leads to gain customer loyalty.

iii) Social media is one of important essentials of digital marketing that is computer based tool that enable people for creating, exchange ideas, information and picture sharing about product of company. Social media applications include Facebook, Twitter and LinkedIn.

iv) Text messaging is also considered as one of basic element of digital marketing that enable firms to send information to potential consumers through messages, pictures or videos.

v) Affiliate marketing is a type of performance-based marketing. It is a company reward affiliates for visitors that bring marketing effort they create on behalf of company.

vi) Search Engine Optimisation (SEO) is process of affecting the visibility of website in search engine results. SEO may target different kind of search that includes image, local search, academic search, news search and video search towards industry specific vertical search engines.

vii) Pay per click (PPC) marketing is one of effective way to advertise using through search engine by generating clicks to website rather than earning those clicks organically. Pay per click is an effective tool in developing advertisers and searchers. It is considered as
one of best way to promote company’s ads since it brings low cost and greater engagement with products and services.

Previously, studies have been conducted to express the advantages as depicted by the study of Todor (2016). The advantages of digital marketing included cost efficiency, interactivity, empowerment, infinite audience, duration, active user approach, dialogue, rich content and easy measurable, adaptable and personalised that allows the user to create offers according to the need of customers. Digital marketing has transformed the way to approach customers in the tourism industry through providing timely information through different channels to reach out potential consumers.

Travel companies in UAE and other regions have realised significant influence of digital marketing by digital presence such as simple and cost effective mode of information dissemination on website to potential customers. Effective communication through websites enables travel agents to reach potential customers by promoting their holiday packages, seminars, conferences and different food options, categories and tour guidance to consumers. The utilisation of digital marketing attracts potential consumers to the online platform, and therefore firms must focus to provide consistent and reliable information at online platform that enables customers to skim through web page for user-friendly experience. The easy access of information is possible due to latest technological advanced applications that serve marketing efforts at digital platform around the world and first hand information. The attractive locations for the visit can be easily accessible with all facilities disseminated through effective utilisation of the digitalisation aspect in tourism industry. The consumers of the travel and tourism industry visit numerous travel website with clicks to reach their potential attractive destination; that also enables price comparison and comparison of facilities of potential destinations during holidays. Digital marketing enables individuals to compare the prices, facilities and food options among various destinations and locations. The relevant information provided at online platform attracts customers instead of visiting travel agents (Gupta, 2019).

Firms seek to gain competitive advantages while utilising the latest technologies such as digital marketing. Relative advantage is defined as the degree to which innovation is taken as better alternative by potential market trend followers. Other external factors such as environmental factors also influence the firms and relevance to the industry structure, suppliers and regulatory authorities. In highly competitive environment firms face the threat of losing their competitive position and advantages, therefore firms face higher intensity competitive pressure (Zhu, Kraemer, & Xu, 2003). The implementation of technological advanced applications such as digital marketing adoption enables firms to influence the competitive position and industry structure. The most likely changes in the pattern of work
and structure of industry affect the competitive position and advantages. The degree of rivalry in industry is referred as competitive pressure (Ahmad et al., 2019).

The present study intends to empirically examine the influence of relative advantages and competitive industry to determine the digital marketing adoption in tourism industry of United Arab Emirates.

Research scholars have coined the term ‘agile’ from Latin word that expresses the concept of to drive, to do and see. In nutshell, it means that agile is to move faster, quick, lightly and easily in conducting businesses. The concept was firstly implemented in 1930s in the automobile industry to split the tasks efficiently and perform with optimised resources (Von Rosing, Von Scheel, & Scheer, 2014). The concept of agility has been highlighted due to recent technological developments in business world; the nature of agile is flexibility and adoption. The agility considers people at first priority, trust, and to work together; the agility assists in developing solutions in an incremental way, expel unnecessary activities for value delivery. Previous studies have investigated the moderating effect of agility between collaboration on supply chain performance (Betts & Tadisina, 2009). The research scholars have suggested investigating the agility’s moderating role between various other constructs of supply chain or phenomenon. Gligor, Esmark, and Holcomb (2015) have conducted studies to prove that agility moderates the relationship between collaboration and performance related outcomes.

The present study intends to empirically investigate the moderating relationship between relative advantages, competitive industry and digital marketing adoption among tourism industry of UAE.

**Research Framework**

**Figure 1. Proposed Framework**
Hypothesis Development

H1: Relative advantage influence the Digital Marketing Adoption among Tourism Industry of UAE
H2: Competitive Industry influence the Digital Marketing Adoption among Tourism Industry of UAE
H3: Agility influence the Digital Marketing Adoption among Tourism Industry of UAE
H4: Agility moderates the relationship between Relative advantage and Digital Marketing Adoption among Tourism Industry of UAE
H5: Agility moderates the relationship between Competitive Industry and Digital Marketing Adoption among Tourism Industry of UAE

Research Methodology

The present research is cross sectional and quantitative in nature and was conducted in UAE. There were 150 licensed hotels under consideration for data collection and 35% were chain hotels. The selection of hotels was based on their digital marketing activities as it was measured to determine the relationship of constructs between proposed framework of the present study. One hundred and sixty hotel managers replied with fully useable responses. In addition to that, analyses of the websites of hotels were made to examine the elements of digital marketing an online behaviour were captured.

The scales to measure the proposed constructs were adopted from previous studies, the measurement scale of relative advantage consists of 6 items was adopted from the study of Grandon and Pearson (2004) and competitive industry consists of 3 items was adopted from the study of Thong and Yap (1995); the dependent variable digital marketing adoption was taken from the study of (De Pelsmacker, Van Tilburg, & Holthof, 2018) based on 4 items. The moderating variable agility was adopted from the study of (Yusoff, Alias, Abdullah, & Mansor, 2019).

Analysis and Results

The analysis of the present study was conducted through the SMART-PLS by utilisation of PLS-Algorithm and Bootstrapping methods. The measurement model and structural equation modelling techniques were used to determine the data reliability, validity and correlation. Further direct and moderating relationship between constructs of proposed framework was also investigated in present section.
Measurement Model

The present section of study demonstrates the results of measurement model that addresses the construct reliability, validity and discriminant validity. The first section of measurement model presents cronbach alpha, composite reliability and average variance extract, the results of present section were obtained on the base of collected data and examined through PLS-algorithm.

Table 1: Measurement Model

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgM</td>
<td>0.938</td>
<td>0.956</td>
<td>0.844</td>
</tr>
<tr>
<td>Cl</td>
<td>0.936</td>
<td>0.959</td>
<td>0.886</td>
</tr>
<tr>
<td>DMA</td>
<td>0.846</td>
<td>0.896</td>
<td>0.685</td>
</tr>
<tr>
<td>RA</td>
<td>0.810</td>
<td>0.864</td>
<td>0.517</td>
</tr>
</tbody>
</table>

The above table 1 presents Cronbach alpha, composite reliability and average variance extract, that satisfied all criteria suggested by (Hair Jr & Lukas, 2014) that shows higher and acceptable values of alpha, CR and AVE.

Table 2: Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>AgM</th>
<th>CI</th>
<th>DMA</th>
<th>RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgM</td>
<td>0.918</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CI</td>
<td>0.700</td>
<td>0.941</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DMA</td>
<td>0.495</td>
<td>0.494</td>
<td>0.827</td>
<td></td>
</tr>
<tr>
<td>RA</td>
<td>0.634</td>
<td>0.626</td>
<td>0.544</td>
<td>0.719</td>
</tr>
</tbody>
</table>

The above stated table 2 demonstrated discriminant validity in diagonal that satisfies the conditions of discriminant validity.
The present section of study examines the relationship between constructs of study; direct hypotheses have been examined in present section through bootstrapping method. The hypotheses of study H1, H2 and H3 were examined and moderating the effect of agile marketing is examined under this section.

**Table 3: Direct Relationship**

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>T Statistics (tO/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgM -&gt; DMA</td>
<td>0.165</td>
<td>1.841</td>
<td>0.066</td>
</tr>
<tr>
<td>CI -&gt; DMA</td>
<td>0.169</td>
<td>1.741</td>
<td>0.082</td>
</tr>
<tr>
<td>RA -&gt; DMA</td>
<td>0.334</td>
<td>3.672</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The above stated results of the direct relationship shows the significant and insignificance nature of relationship between constructs. The hypothesis H1 found to be significant on the base of t-statistics and p value. Whereas the hypothesis H2 found to be insignificant based on t-value and p value; therefore H2 is rejected on statistical grounds. Hypothesis H3 determines the relationship between agile marketing and digital marketing adoption and found to be
significant at 10% error margin. The t-value found to be 1.84 and p value 0.066, which is statistically accepted.

**Table 4: Moderating effect**

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>T Statistics ([O/STDEV])</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgM -&gt; DMA</td>
<td>0.200</td>
<td>2.271</td>
<td>0.024</td>
</tr>
<tr>
<td>CI -&gt; DMA</td>
<td>0.219</td>
<td>2.381</td>
<td>0.018</td>
</tr>
<tr>
<td>Moderating Effect 1 -&gt; DMA</td>
<td>0.152</td>
<td>2.324</td>
<td>0.021</td>
</tr>
<tr>
<td>Moderating Effect 2 -&gt; DMA</td>
<td>-0.190</td>
<td>2.624</td>
<td>0.009</td>
</tr>
<tr>
<td>RA -&gt; DMA</td>
<td>0.260</td>
<td>3.385</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Table 4 demonstrated the moderating effect of agile marketing between proposed constructs of present study. The moderating hypothesis H4 and H5 have been examined based on collected data, the H4 found that agile marketing moderates the relationship between relative advantage and digital marketing adoption based on the t-value as it found to be 2.624 which is higher than the cut off point; therefore H3 is accepted on statistical grounds. The hypothesis H4 is found to be significant, also based on t-value that observed as 2.324; therefore H4 is also accepted on statistical grounds.

**Conclusion**

The researched examines the adoption of digital marketing adoption at tourism industry of UAE. The hotels of UAE were selected for data collection with digitally equipped technology to approach the customers. The study describes the relationship and influence of relative advantages and competitive industry on digital marketing adoption with moderating the role of agile marketing. The study found that relative advantage significantly influences the digital marketing adoption among tourism industry of UAE, but on the other hand, the competitive industry found it to be insignificant based on collected data. The moderating role of the agile marketing was also examined and found interesting results that agile marketing moderates the relationship between both independent constructs and dependent variable. The hotel and tourism industry must focus on adoption of digital marketing to be a more competitive and attractive destination of tourists.
REFERENCES


