Level of awareness of Google AdWords by accommodation establishments: cause for concern?

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Abstract

Google AdWords has become a prevalent e-marketing tool in the continuously growing online marketing platform. However, limited empirical evidence exists regarding the use of Google AdWords as an e-marketing tool. The aim of this research study was therefore to investigate the awareness of Google AdWords among star-rated overnight accommodation establishments. The study was conducted among star-rated overnight accommodation establishments in the Western Cape, a strongly competitive market resulting in an increased need for targeted, affordable marketing tools. It was found that even though there is a relative large level of awareness of what Google AdWords is, there is still room for improvement, especially to optimize the use of this medium. The result of this research study indicates that a general perception exists regarding Google AdWords as being difficult to use, thus deterring the adoption thereof among many establishments. This is however countered by establishments that do make use of Google AdWords as an e-marketing tool, in that it is perceived as a successful e-marketing tool among these establishments.

Keywords: E-marketing, Google AdWords, e-marketing tool, star-rated overnight accommodation establishments, South Africa.

Introduction

Google is the most used search engine in the world (Kangas et al., 2007). AdWords is an advertising service by Google for businesses wanting to display advertisements on Google and its advertising network. The AdWords program enables businesses to set a budget for advertising and only pay when people click the advertisements. The advertising service is largely focused on keywords. This service has been actively around for more than two decades and is regarded as a revolutionary e-marketing tool. As an e-marketing tool, Google AdWords has a number of advantages as it is accessible, easy to use, measurable, and makes it possible to conduct marketing within a set or predetermined budget (Lee & Seda, 2009). Unfortunately, very limited research has been done regarding Google AdWords as an e-marketing tool, and there is little evidence of research that has been done to establish the awareness on the use of Google AdWords in the market. This may be attributed to the fact that there has been a stronger focus on social media in general than on specific components of electronic and social media.

This article is aimed at filling the gap in empirical research regarding the awareness of the use of Google AdWords as an e-marketing tool. Firstly, attention is given to a discussion of the background of the industry in which the research was conducted, namely the overnight accommodation industry. This is followed by a discussion of the current climate in the industry;
the marketing practices and the use of e-marketing tools by star-graded overnight accommodation establishments; the research objectives of the study; and lastly, the findings and recommendations.

**The overnight accommodation market in South Africa**

All tourist accommodation establishments in the tourist accommodation sector of South Africa, and for that matter, worldwide, comprise star-graded overnight accommodation establishments. Tourist accommodation refers to "...any facility that regularly (or occasionally) provides 'paid' or 'unpaid' overnight accommodation for tourists" (Department of Environmental Affairs and Tourism, 2008). According to Stats SA (2013), the tourist accommodation sector in South Africa consists of four sub-types of accommodation establishments, namely: hotels, guest houses, including B&Bs, and farm accommodation, caravan parks and camping sites, and ‘other accommodation’. Figure 1 provides an indication of the contribution of each overnight accommodation sub-type to the total number of accommodation stay units in South Africa. A stay unit is a unit of accommodation that is rented to guests at a fee (Stats SA, 2012). The total number of stay units in the South African tourist accommodation sector is 111 800. From Figure 1, it is clear that hotels provide the highest number of stay units, while ‘other accommodation’ provides the second highest, followed by guest houses and guest farms, and finally caravan parks and camping sites.

The tourism sector’s contribution to South Africa’s GDP was estimated at R 79.5 billion in 2011 (World Travel and Tourism Council, South Africa, 2012). Of this, the tourism accommodation sector contributed approximately R 21,8 billion to the broader tourism sector during the same year (Stats SA, 2012). It is clear from these figures that it represents a substantial amount, and for any country which can be regarded as a tourist destination, these figures will be substantial. Figure 2 is a graphical representation of the income contribution of each of the four sub-types of tourist accommodation to the total tourist accommodation sector for 2011 (Stats SA, 2012). Figure 2 indicates that hotel accommodation contributes the highest Rand-value to tourist accommodation income, while ‘other accommodation’ contributes the second highest, followed by guest house and guest farm accommodation, and lastly caravan and camping sites.
Noting the importance of the tourism industry’s role in the economy, the sub-sector faces a challenge regarding a surplus of star-rated overnight accommodation establishments within South Africa. In fact, the same scenario will present itself in many countries due to a range of factors such as an economic slowdown, tourists own perceptions of suitable destinations, the Brexit crisis, and terror attacks – all factors that make people reluctant to travel.

**Google AdWords**

Google AdWords is seen as the flagship of online marketing; in that it focuses on users that are actively searching for a specific product or service on the most popular search engine in the world (Kangas et al., 2007). Google AdWords also provides a marketing tool that is accessible, easy to use and measurable in a way that is unlike any traditional marketing tools. It also allows for marketing within a preset budget (Lee & Seda 2009). Figure 3 below shows the steps in establishing a Google AdWords account.

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**Figure 2.** Income contribution to total tourist accommodation income for 2011.  
*Source: Adapted from Stats SA, Tourist Accommodation, 2 May 2012*

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**Figure 3.** Steps to creating a Google AdWords advertisement
There are a number of steps to be followed in setting up a Google AdWords account and the important question that needs to be asked, is to what extent are the establishments aware of the steps to be followed. Briefly each step means the following:

**Step 1: Sign up for a Google Account**
In order to sign up for a Google AdWords account, a Google e-mail account (also known as Gmail) is required along with other personal details (Google, 2013). It must be noted however that there is no guarantee that new clients will be reached but secondary data available will be able to minimise the risk in this regard.

**Step 2: Create a Google AdWords advertisement**
Writing the advertisement includes a title, two lines of text, and the URL that directs the user to the website. It is imperative that the main keywords are included in the top heading of the advertisement, as well as the body of the advertisement. The product's name as well as the price (if important) should also be mentioned in the main heading and first line of the body. The idea is that the copy of the advertisement should utilise words that will evoke a response from the target audience. A vital aspect of the advertisement is the call-to-action (Fleishner, 2010); which is the phrase that prods the consumer to take action. This action may include clicking on a link, filling in an online form, making a call or even making a purchase. Once the Google AdWords advertisement has been created, a targeting strategy and list of keywords should be developed.

**Step 3: Develop a targeting strategy (and a list of keywords)**
Keywords are words or phrases that users type into the Google search box when searching for information regarding a topic. When advertising on Google AdWords, keywords should be chosen based on relevancy regarding the product or service that is being offered (Colborn, 2006). Google's keyword tool is called Google Keyword Tool. Google Keyword Tool assists with choosing keywords by considering common spelling mistakes that are made when spelling the keywords in the search box. Google keywords also enables the marketer to identify synonyms and similar words and phrases that are searched for and can be targeted (Arnold Nd). The keywords with the highest click through rates are considered to be the most successful keywords. Other targeting methods that can be used to ensure that relevant traffic is directed to the website is geo-location (Kennedy & Hauksson, 2012). Google allows the marketer to choose the geographical areas in which the advertisement should be displayed. Some of the options include the targeting of a few countries, one country, one state, a region or even a city.

**Step 4: Place a bid for the keywords**
Placing a bid for certain keywords means offering to pay Google a certain amount every time that a user clicks on the advertisement that has been displayed (Fleishner, 2010). Other businesses will also make bids on the same keywords, which means that the higher the bid, the higher the advertisement will appear on the list. Therefore, in order to appear on the number one spot, the bid should be increased. The amount that has been bid will be deducted each time a user clicks on the URL link on your advertisement. Setting up a budget and bidding on a keyword for the Google AdWords campaign, is vital for the success of the campaign. Choosing a bid amount can be challenging, and Ramos and Cota (2006) have developed a method to determine a Google AdWords budget in a systematic manner. A few calculations are suggested when calculating the Google AdWords budget. These calculations include:

- The marketing budget per product or service that is offered.
- An estimate of the number of sales that are expected in a month.
- The advertising cost per product or service multiplied by the estimated number of sales.
- The total divided by 30 days in order to get the daily budget.
- The bid adjusted in order to get the targeted keyword to the top of the rankings.
Step 5: Display of Advertisement
Displaying the advertisement on the Google results page is an essential part of the Google AdWords process. Google provides both paid placement links (paid-for advertising) and unpaid links (organic results).

Highly rated advertisements (keywords and advertisements that have a high click-through rate) with the right keyword bids are placed in these results boxes. This type of display is considered as a special placement and often receives many more clicks than the advertisements displayed in the Google AdWords listings.

When advertising on Google AdWords, advertisements will appear on various other search engines that are associated with Google, including Google, AOL, Ask.com, About.com, Lycos, InfoSpace, Netscape, CompuServe, Earthlink, AT&T and Shopping.com. The advertisement will also appear on the several million content sites that form part of the AdSense network. When advertising with Google AdWords, the advertisement will also be displayed on other Google services, which include Gmail, Google Groups and Google Plus.

Step 6: Landing on the website
While the landing page is not a part of Google AdWords, it is the point of search engine marketing where a sales lead must be closed in order to be converted into a sale. A landing page is the page that a user will land on once the user has clicked on the Google AdWords link resulting from the keyword search criteria entered into the Google search box. The landing page is also the element that will play the greatest role in converting the website visitors into buyers.

A landing page should always be highly optimised to address the need or problem that the user entered in the search box. The landing page must be in line with the advertisement text and the keywords that have been targeted in the specific campaign.

Step 7: Google will deduct money from the Google AdWords account
The Google AdWords account is linked to a credit card from which the payments are deducted and the account will be settled on a monthly basis.

Once payments occur, it is important to determine the performance of keywords by calculating the ROI of the advertisements. The main purpose of marketing is to obtain a positive Return on Investment (ROI), meaning a profit is expected from the money that was invested in the campaign. The following formulae are used to calculate ROI:

ROI Formulae
\[
\frac{Profit}{Costs} \times 100 = ROI
\]
\[
\frac{Revenue - Cost}{Costs} \times 100 = ROI
\]

Figure 4. Formula for calculating Google AdWords ROI. Source: Adapted from Ramos, Cota, 2006:111
When calculating the ROI, it is important to consider the time cycle for customers when buying the product or service, as this will have an effect on when the ROI should be assessed. This will ensure that the assessment is not done prematurely thus resulting in misleading results.
**Step 8: Optimise the campaign using Google reporting tools**

The reporting tools that accompany Google AdWords include Web analytics, which is an advanced form of tracking lead conversions in order to analyse the results of PPC campaigns. The type of statistics that are provided include: the “number of clicks, the percentage of views vs. clicks, the cost per click, the advertisement's average position, whether the visitors that were directed to the website were converted to buyers and other useful information that will enable you to determine how well your advertisement is “performing” (Arnold, Nd).

These reports should be used in conjunction with the calculated ROI of advertisements and A/B split testing to discontinue the poor performing advertisements and optimise the performing advertisements.

**Step 9: Post-purchase follow-up**

Post-purchase behaviour by consumers is vital for positive word-of-mouth. While this may not be a direct element of the Google AdWords process, it should still be included as Google AdWords enables the business to perform easy and cost-effective Customer Relationship Management (CRM) (Fleishner, 2010). CRM can consist of a thank you e-mail with follow-up details that can be used to confirm the purchase. To make use of Google AdWords’ ability to assist with CRM, the user’s details should be added to a database from which further follow-up communication can occur.

Despite all these benefits of Google AdWords, it has been found that the service is not being adopted as readily as expected, especially among small, medium and micro enterprises or SMME’s (El-Gohary, 2011). This research study investigated whether this is the case among star-graded overnight accommodation establishment owners/managers and it will indicate the level of awareness of Google AdWords as an e-marketing tool.

**Problem statement and research question**

This research study focused on the awareness of Google AdWords as an e-marketing tool in star-graded overnight accommodation establishments. The existing literature shows that Google AdWords, as an e-marketing vehicle, is a worldwide marketing trend (Mordkovich & Mordkovich, 2009; Zhang & Guan, 2008; Lee & Seda. 2009), and potentially provides significant marketing opportunities to SMME’s in general, and more specifically to accommodation establishments. However, star-graded overnight accommodation establishments do not have the resources to risk a bad decision leading to an unwise investment in Google AdWords. It is imperative for them to first gain an understanding of the challenges and opportunities that such an e-marketing tool can pose for them (El-Gohary, 2011). Before this can be a factor, however, the awareness of this medium in the market needs to be established.

Therefore, the main problem of this study was that there is no empirical research available regarding the awareness of Google AdWords as an e-marketing tool among star-graded overnight accommodation establishments. For that reason, the following research question was asked: Are star-graded overnight accommodation establishments in the Western Cape aware of Google AdWords as an e-marketing tool for their establishment?

The purpose of the study was therefore to investigate the awareness of Google AdWords as an e-marketing tool by star-graded overnight accommodation establishments in the Western Cape.

**Research objectives and methodology**

In light of the above problem statement, the main objective of this study was to determine what the level of awareness is of Google AdWords as an e-marketing tool among star-graded
overnight accommodation establishments in the Western Cape. The reason why only star graded institutions were included is to have a basis of comparison and to focus on institutions that are comparable.

The study was conducted using a web-based self-administered survey. The purpose of the web-based self-administered survey is two-fold; firstly, to gather the demographic profile of respondents, and secondly, to realise the objectives of the study.

The total population of 1 953 star-graded overnight accommodation establishments in the Western Cape were given the opportunity to take part in the research survey. The study obtained 278 fully completed and usable responses. The low response rate resulted in a non-response error; which means that the results could not be generalised to reflect the larger population.

Respondents were required to meet stipulated pre-requisites as per the study parameters. In order to qualify to participate in the study, respondents were asked three screening questions. The first pertained to the age of the respondent, with the minimum requirement being 18 years. The second screening question related to the geographical location of the star-graded overnight accommodation establishment. Due to the focus of the study being on star-graded overnight accommodation establishments in the Western Cape, it was necessary to limit responses to that region. Thirdly, the study specified that only star-graded overnight accommodation establishments that were star-graded by the Tourism Grading Council of South Africa (TGCSA) would form part of the study. Respondents that did not meet the above three pre-requisites were excluded from the results. The 278 respondents qualified for the study as per the above mentioned pre-requisites. The next section depicts the descriptive analysis of responses obtained from the 278 qualifying respondents.

**Descriptive statistical analysis**

The descriptive statistical analysis is the most basic of statistical analyses, and descriptive statistical measures are used to describe the data from a sample (Berndt & Petzer, 2011).

**Profile of Western Cape star-graded overnight accommodation establishments**

The first questions were aimed at outlining the type of overnight accommodation that took part in the survey by describing attributes of such establishments. The research study received a response from 278 star-graded overnight accommodation establishments' employees in the Western Cape.

**Type of Star-graded overnight accommodation establishment**

The first question was a multiple choice question that pertains to the type of accommodation establishment by providing the respondents with a list of eight types of star-graded overnight accommodation establishments. The eight types of star-graded overnight accommodation establishments identified were: guest houses, self-catering, bed-and-breakfasts, hotels, lodges, backpackers, country houses, and caravanning and camping. Respondents were asked to indicate in which of the categories their establishments belong to, by ticking the appropriate block. The type of star-graded overnight accommodation establishment is relevant due to it being an indicator of the size of the establishment, which alludes to varying marketing budgets available for different types of accommodation. It is accepted that smaller accommodation establishments will logically have a smaller marketing budget than the larger entities, such as hotels (Nieman & Visser, 2008; Booyens & Visser, 2010; Tariq & Wahid, 2011). This could potentially influence an accommodation establishment’s inclination to use Google AdWords and by implication their level of awareness of these methods.
Figure 5 shows the results for the type of establishment. From Figure 5 it is evident that guest houses (34%) constitute the majority of star-graded overnight accommodation establishments that took part in the study, followed by self-catering (30%) and bed-and-breakfasts (18%). Of the star-graded overnight accommodation establishments, 8% were hotels and 3% were lodges.

These establishments were asked to what extent they are aware of Google AdWords.

**The Awareness of Google AdWords**

The awareness of Google AdWords is addressed from two perspectives by utilising two questions in the self-administered web-based survey. The first aspect determines whether there is an awareness of Google AdWords among star-graded overnight accommodation establishments (see figure 6). The importance of determining the awareness of Google AdWords is that without awareness thereof as an e-marketing tool, star-graded overnight accommodation establishments will not be able to use Google AdWords. Therefore, the awareness of Google AdWords will have an impact on the use thereof. The second aspect pertains to the reasons for the lack of awareness of Google AdWords as an e-marketing tool; the reasons for the lack of awareness will bring to light areas of improvement for increasing the awareness of Google AdWords, thus potentially influencing the use of Google AdWords as an e-marketing tool.

The respondents were asked whether they were aware of Google AdWords as an e-marketing tool. The results as displayed in Figure 6 clearly indicate that the majority (67%) of respondents were aware of Google AdWords, while 33% were not aware of Google AdWords. This indicates that, while there is room for improving the awareness of Google AdWords, the awareness is not prohibiting star-graded overnight accommodation establishments from using Google AdWords as an e-marketing tool along with the usual marketing tools including……..
The 187 respondents who were aware of Google AdWords, enabled the further analysis of these respondents in terms of how they perceived Google AdWords in terms of usefulness and ease of use as well as the actual use of Google AdWords.

Despite the majority of respondents being aware of Google AdWords, a relevant question that is raised from the results relates to the reasons why 33% of respondents were not aware of Google AdWords. The reasons for this lack of awareness are discussed next.

**Reasons for unawareness of Google AdWords**

Respondents that had answered ‘No’ to being aware of Google AdWords were included in this question. The purpose of the question was to determine the reason for the respondents’ lack of awareness of Google AdWords as an e-marketing tool. The results for this question can be seen in Figure 7.

From Figure 7 it can be seen that 63% of the 91 respondents who were not aware of Google AdWords had never heard of the e-marketing tool Google AdWords, while 25% indicated a lack of knowledge with regard to using Google AdWords. Another 7% indicated not knowing Google AdWords well, and 2% said that their star-graded overnight accommodation establishment only utilises traditional marketing methods. The remaining 3% indicated that the reasons for not knowing much about Google AdWords, were not provided for in the list of options in the self-administered web-based survey. These respondents were asked to specify their reasons for not knowing about Google AdWords and the responses can be found below.
• “We tried and the outcome was not great at all”
• “We use websites, such as SA Venues, Sleeping OUT and SafariNow”
• “Do use occasionally, no longer as effective, too many others using now”

The majority (63%) of respondents, who were not aware of Google AdWords had never heard of it, which indicates an opportunity to improve the awareness of Google AdWords among star-rated overnight accommodation establishments through increased communication and advertising regarding the e-marketing tool. Of the respondents, 25% indicated that they did not know how to use Google AdWords. This result warrants a further investigation and explanation as to the perception of Google AdWords in terms of usefulness and ease of use (user-friendliness).

It must however also be noted in the interest of completeness that there are reasons why some institutions do not consider using Google Adwords. These are generally start ups who do not have sufficient funds to pay a substantial amount per click, smaller companies can not compete head on with more established institutions who have the financial means to pay for these clicks, establishing a functional and effective URL which has been professionally designed, and the lack of resources to be able to monitor and react in real time.

Conclusions and recommendations

E-marketing is a fast developing field of marketing with new tools constantly emerging in the market. These marketing opportunities provide businesses with a chance to advertise to audiences worldwide without the high costs associated with above-the-line advertising. With the constant influx of new e-marketing tools launched into the market, it is challenging for business owners to be aware of all the new e-marketing tools available and to know which e-marketing tools to implement in their businesses. One of the many new e-marketing tools available on the market is paid-for search engine marketing, where businesses bid to have their advertisements displayed on the first results page of a search engine when a relevant key word is searched for using the search engine. According to SEMPO (2007) results, search engine marketing is the most popular form of e-marketing. Currently Google is the dominant search engine worldwide, and the paid-for search engine marketing tool offered by Google, is called Google AdWords.

Google AdWords allows businesses to bid on keywords that are related to the product or service offering, the advantage being that the top bidder's advertisement will be displayed at the top of the results page when a chosen keyword is searched for. The research study selected star-rated overnight accommodation establishments in the Western Cape as the area of interest, due to the importance of the tourism industry to the South African economy, and the Western Cape being a well-known tourism hub within South Africa. Another reason for this decision was that star-rated overnight accommodation establishments aim to reach international as well as local travellers and e-marketing tools such as Google AdWords, enable these establishments to reach both international and local markets within their available budgets.

The objective was to determine whether there is an awareness of Google AdWords as an e-marketing tool among star-rated overnight accommodation establishments in the Western Cape or not. It was found that the majority of respondents (67%), were aware of Google AdWords as an e-marketing tool. Of those not aware of Google AdWords, the majority had simply never heard of it. This result indicates that more advertising and communication should be done to increase the awareness of Google AdWords.

• From the results, analysis, and discussion, a key recommendation resulting from this study is to increase the awareness of Google AdWords’ success, as well as any drawbacks that there might be, as an e-marketing tool among star-rated overnight
accommodation establishments. An increased awareness of this will potentially improve the overall marketing effectiveness of star-graded overnight accommodation establishments as more star-graded overnight accommodation establishments will be able to adopt Google AdWords and benefit from the advantages offered by this e-marketing tool.

- These institutions also need to be trained in the use and value of these AdWords and the impact and effect it can have on their business.

By being aware of the value of Google AdWords these establishments can hopefully become more aggressive in their marketing actions and be more specific in their targeting of their selected markets, leading to greater organizational visibility and thus sustainability.

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