

Exploring the Influence of Online Marketing and its Impact on Business in Post-Covid-19: A Conceptual Paper on Sabah Tourism Industry

Zurina Patrick, Geoffrey Harvey Tanakinjal, Alesia Sigang
Gugkang, Andrew Saw Tek Wei

Labuan Faculty of International Finance, Universiti Malaysia Sabah-Labuan International
Campus, Jalan Sungai Pagar, 87000 Labuan Federal Territory, Malaysia
Corresponding author Email: zurina.patrick@ums.edu.my

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Abstract

This conceptual paper explores the adoption of online marketing and its impact on business performance within Sabah's tourism industry in the post-COVID-19 era. Sabah, one of Malaysia's most popular tourism destinations, experienced a significant decline in tourist arrivals due to the pandemic, leading to a severe economic downturn. As part of the recovery process, online marketing has become a critical tool for tourism businesses to re-engage with both domestic and international markets. The paper integrates the Unified Theory of Acceptance and Use of Technology (UTAUT) and Diffusion of Innovation (DOI) models to identify the key determinants influencing the adoption of online marketing tools in the tourism sector. Additionally, it incorporates firm age and developmental culture as moderating variables, offering a comprehensive framework to understand technology adoption at an organizational level. The study highlights the importance of factors such as performance expectancy, effort expectancy, facilitating conditions, social influence, relative advantage, observability and compatibility in influencing the decision to adopt digital marketing. The findings suggest that, while online marketing can significantly improve visibility and revenue, its successful adoption depends on addressing infrastructure challenges, enhancing digital literacy, and fostering a culture of innovation within organizations. This paper contributes to the literature on digital marketing adoption in tourism, particularly in underrepresented regions like Sabah, and provides practical recommendations for policymakers, businesses, and academia to support sustainable tourism growth and resilience.

Keywords: Online Marketing, Post-Covid-19, Sabah Tourism Industry, Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Relative Advantage, Compatibility, Observability, Firm Age, Developmental Culture.

Introduction

The tourism industry is a significant driver of economic growth and cultural exchange worldwide. However, the COVID-19 pandemic brought unprecedented disruption, severely affecting tourism-reliant regions like Sabah, Malaysia. Known for its natural attractions such as Mount Kinabalu and Sipadan Island, Sabah is a premier destination for both domestic and international tourists. In 2019, Sabah ranked sixth, contributing to the national GDP. It remains one of Sabah primary sources of revenue for the state's economic development. In terms of the number of domestic visitors in 2020, Sabah was the third highest, with a total of 22 million visitors after Selangor (33.6 million) and F.T. Kuala Lumpur (22.6 million) (Figure 1). However, tourist arrivals declined by over 76% in 2020 due to pandemic-related restrictions, leading to substantial economic losses (Goh, 2021; Sabah Tourism Board, 2021).

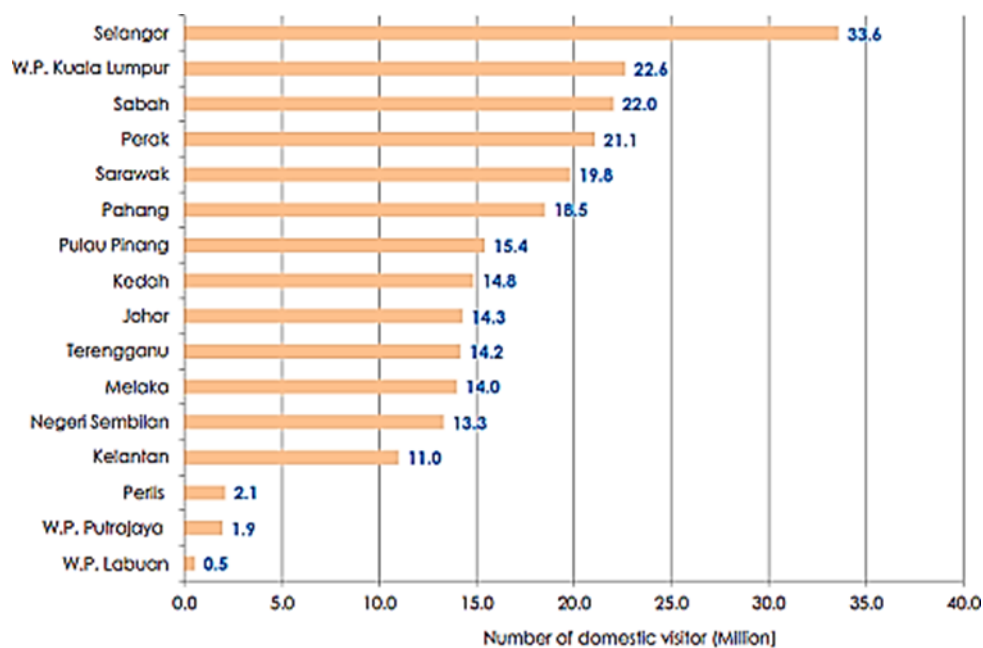


Figure 1. Number of domestic visitors by state visited, 2019

Despite this setback, Sabah's tourism sector is showing signs of recovery. By 2022, arrivals had surged to 1.73 million, marking a 365% increase from 2021. This upward trend continued in 2023, with Sabah attracting nearly 1 million visitors in the first five months—a 77% year-on-year increase. This resurgence is supported by targeted initiatives such as improved air connectivity and international marketing campaigns, aimed at restoring pre-pandemic tourism levels (Sabah Tourism Board, 2022).

Online marketing has emerged as a critical tool for the tourism sector's recovery, providing businesses with cost-effective methods to reach global audiences. Strategies like social media marketing, SEO, and affiliate programs have proven effective in enhancing brand visibility and customer engagement (Chatterjee et al., 2021; Kaur, 2017). However, Sabah faces unique barriers to digital transformation. Limited internet infrastructure, particularly in rural areas, and varying levels of digital literacy among business operators exacerbate the digital divide, leaving many unable to fully leverage online marketing opportunities (Lo, 2019; Sabah Tourism Board, 2021).

Existing research on online marketing often focuses on consumer behavior or SMEs, neglecting its application in the tourism industry, particularly in underrepresented regions like Sabah (Caescu et al., 2021; Pollák & Markovič, 2021). Moreover, theoretical frameworks such as the Unified Theory of Acceptance and Use of Technology (UTAUT) and Diffusion of Innovation (DOI) have been underutilized in examining online marketing within the tourism context (Lou et al., 2017; Venkatesh et al., 2003).

This study aims to address these gaps by examining the determinants of online marketing adoption and its impact on business performance in Sabah's tourism sector. By integrating UTAUT with DOI constructs and introducing moderating variables such as firm age and developmental culture, the research offers a comprehensive framework for understanding online marketing adoption. Additionally, it explores how these factors contribute to measurable business outcomes, such as increased customer reach and revenue growth (Chatterjee & Kumar Kar, 2020; Patrick & Hee, 2021).

The findings aim to provide actionable insights for policymakers and industry stakeholders. Enhancing digital infrastructure, offering targeted training, and incentivizing digital adoption could bridge the current digital divide. As the tourism sector rebuilds post-pandemic, effective online marketing will be indispensable for sustaining recovery and maintaining competitiveness.

Literature Review

The Importance of Online Marketing in the Tourism Industry

Online marketing has revolutionized how businesses, including those in tourism, engage with customers. Tools such as social media marketing, search engine optimization (SEO), and affiliate programs allow businesses to enhance visibility and connect with target audiences on a global scale (Kaur, 2017; Riasi & Pourmiri, 2015). For Sabah, a region rich in natural and cultural diversity, online marketing has become crucial for sustaining its tourism industry, particularly in the post-pandemic recovery period.

Before the pandemic, Sabah was a prominent tourist destination, attracting 4.2 million visitors in 2019, with tourism serving as the state's third-largest industry and a vital source of income, employing over 80,000 people (MySabah.com, 2021; Sabah Tourism Board, 2021). However, the COVID-19 pandemic caused a dramatic decline in tourist arrivals due to the movement control order (MCO) and border closures, leading to a 76% drop in arrivals in 2020 (Goh, 2021).

To revitalize its tourism sector, initiatives like the #RinduSabah campaign were launched in 2020, focusing on attracting domestic tourists through online platforms. Efforts included high-visibility advertisements in urban centers such as Bukit Bintang and Mont Kiara, emphasizing Sabah's unique natural and cultural offerings (BIMP-EAGA, 2021). These efforts align with Sabah's strategic frameworks, including the Sabah Development Corridor and the Halatuju State Development Agenda (Sabah State Government, 2022).

Sabah's tourism appeal lies in its natural wonders, including terrestrial and marine parks, Mount Kinabalu, and its diverse cultural heritage with over 30 indigenous groups (Bagul & Bahar, 2009; Sabah Tourism Board, 2021). Marketing these attributes effectively is critical,

and online marketing provides an efficient platform to achieve this. However, the region's limited digital infrastructure and varying levels of digital literacy pose significant challenges to adopting these strategies (Lo, 2019).

Online Marketing Adoption: Theoretical Perspectives

The adoption of online marketing strategies in businesses can be comprehensively understood through established theoretical frameworks. This study integrates two widely used models—the Unified Theory of Acceptance and Use of Technology (UTAUT) and Diffusion of Innovation (DOI)—to examine the factors influencing online marketing adoption in Sabah's tourism industry.

Unified Theory of Acceptance and Use of Technology (UTAUT)

The UTAUT framework, introduced by Venkatesh et al. (2003), synthesizes concepts from eight prominent technology adoption theories. It provides a robust lens for exploring user behavior and attitudes toward adopting new technologies. The model identifies four key constructs that directly influence behavioral intention and usage behavior:

1. **Performance Expectancy (PE):** This is the degree to which individuals believe that using a specific technology will enhance their job performance. For tourism enterprises, performance expectancy may reflect the anticipated benefits of online marketing in improving customer engagement, increasing bookings, and enhancing overall competitiveness in the market. Studies have consistently shown PE to be one of the strongest predictors of technology adoption (Rahi & Abd. Ghani, 2018).
2. **Effort Expectancy (EE):** This construct refers to the ease of use associated with the technology. Technologies perceived as user-friendly and requiring minimal effort to learn are more likely to be adopted. For instance, online marketing tools like social media platforms or website analytics are adopted faster if they integrate seamlessly with existing workflows and require minimal technical expertise (Venkatesh et al., 2003).
3. **Social Influence (SI):** Social influence examines how perceptions of peers, competitors, or influential stakeholders affect an individual's decision to adopt a technology. In the context of Sabah's tourism industry, businesses might adopt online marketing due to pressure from competitors, recommendations from industry experts, or encouragement from tourism boards and government agencies (Chatterjee & Kumar Kar, 2020).
4. **Facilitating Conditions (FC):** Facilitating conditions measure the extent to which individuals perceive that technical and organizational infrastructure exists to support the use of a technology. Adequate digital infrastructure, technical support, and training significantly affect the adoption and sustained usage of online marketing tools (Venkatesh et al., 2003).

UTAUT also considers moderating variables, such as age, gender, experience, and voluntariness of use, to better understand adoption behaviors. However, for this study, only organizational-level moderators like firm age and developmental culture are considered to align the framework with the study's focus on tourism enterprises in Sabah.

Diffusion of Innovation (DOI) Theory

Rogers' 2003 Diffusion of Innovation (DOI) theory offers a complementary perspective by focusing on the innovation itself and its perceived attributes. This framework highlights the characteristics of new technologies that influence their adoption across organizations or populations.

1. **Relative Advantage:** This refers to the perceived superiority of an innovation compared to current practices. In tourism, online marketing offers significant advantages, such as cost-effectiveness, broader reach, and the ability to analyze customer behavior in real-time, making it a compelling alternative to traditional marketing methods (Lou et al., 2017).
2. **Compatibility:** Compatibility measures how well an innovation aligns with the values, needs, and experiences of the adopters. Tourism businesses in Sabah may find online marketing tools more appealing if they complement their existing operations, such as promoting local culture and attractions digitally (Rogers, 2003).
3. **Observability:** Observability assesses the visibility of the innovation's benefits to others. For example, when businesses observe competitors successfully utilizing social media campaigns to attract tourists, they are more likely to adopt similar strategies (Lou et al., 2017).

DOI further includes attributes like complexity and trialability, though these factors are less relevant in the context of online marketing, as modern digital tools are typically user-friendly and do not require extensive testing before adoption.

The Integration of UTAUT and DOI

While UTAUT focuses on user-centric determinants, DOI emphasizes innovation-specific attributes, making their integration particularly valuable for analyzing technology adoption in complex organizational settings like Sabah's tourism industry. This combined approach provides a holistic understanding of both the internal and external factors influencing the adoption of online marketing.

For instance, performance expectancy from UTAUT aligns with relative advantage from DOI, as both address perceived benefits. Similarly, effort expectancy parallels compatibility, highlighting the ease of adoption. Social influence and observability complement each other by emphasizing external visibility and peer pressure as drivers of adoption. Facilitating conditions also intersect with compatibility by addressing the alignment of organizational infrastructure with the innovation.

Application in Sabah's Tourism Sector

The unique context of Sabah's tourism industry necessitates the integration of these frameworks. Limited digital infrastructure and varying levels of digital literacy among business owners mean that facilitating conditions and compatibility are particularly critical. Meanwhile, social influence and observability play a significant role in overcoming initial resistance by showcasing successful examples within the industry. By leveraging these theoretical insights, this study aims to identify actionable strategies for enhancing online marketing adoption among Sabah's tourism enterprises.

Existing Research Gaps

Despite the growing interest in online marketing, studies have primarily focused on SMEs or consumer behavior, with limited attention to its role in the tourism industry, especially in regions like Sabah. Furthermore, existing research often applies singular theoretical models without addressing the combined influence of UTAUT and DOI or considering organizational-level moderators such as firm age and developmental culture (Chatterjee et al., 2021; Coman et al., 2020; Singh & Kalia, 2021).

This study addresses these gaps by proposing a conceptual framework that integrates UTAUT and DOI constructs while incorporating firm age and developmental culture as moderators. By doing so, it provides a nuanced understanding of the factors influencing online marketing adoption and its business impact in Sabah's tourism sector. The theoretical framework is represented in Figure 2.

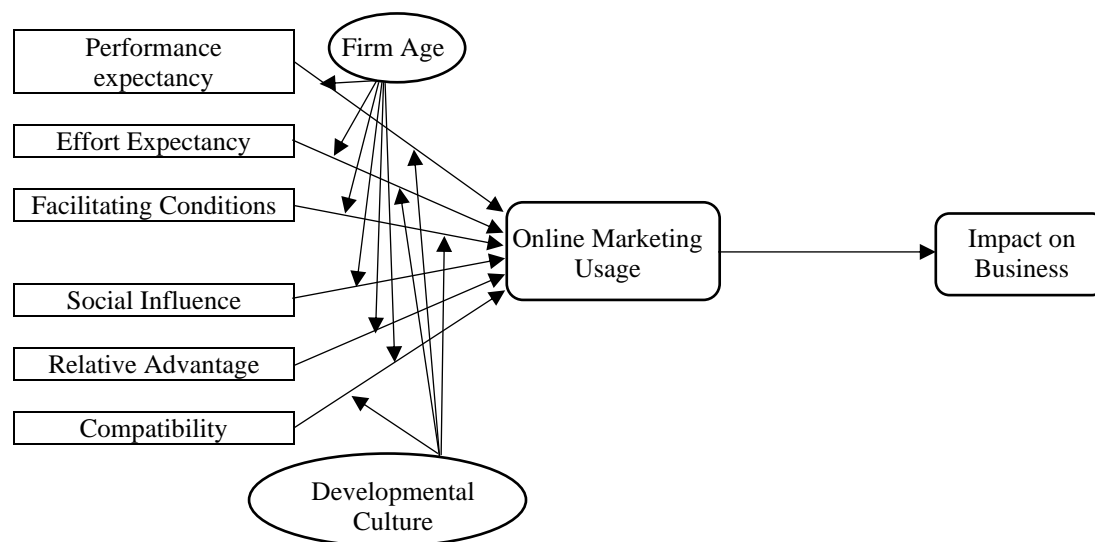


Figure 2. Proposed Theoretical Framework

Research Implications

The research implications of this study are significant for policymakers, tourism businesses, academia, and the broader tourism ecosystem in Sabah. For policymakers, the findings emphasize the need for substantial investment in digital infrastructure, particularly in rural and underserved areas, to address the digital divide and ensure all tourism businesses have access to the tools needed for online marketing adoption. This includes improving internet connectivity, offering subsidies, and developing targeted policies to support the digital transformation of the tourism industry. Furthermore, policymakers can foster growth by implementing capacity-building initiatives to enhance digital literacy among tourism operators, ensuring they have the skills necessary to effectively use online marketing tools such as SEO, social media advertising, and online booking systems. Training programs, workshops, and online learning platforms can be essential to providing these skills at all levels of the industry. Financial incentives, such as grants or tax breaks for businesses adopting online marketing, could also serve as a motivator for quicker implementation, accelerating the region's overall recovery. Additionally, policymakers can create industry-wide frameworks to recognize and reward digital marketing excellence, encouraging businesses to adopt best practices and share success stories, thus further increasing the adoption rate.

For tourism enterprises in Sabah, the findings provide actionable insights on how to integrate online marketing into their business models. Tourism operators can leverage digital marketing to reach a broader domestic and international audience, enhance customer engagement, and increase bookings by promoting Sabah's unique offerings, such as eco-tourism, cultural experiences, and adventure tourism. By understanding constructs such as performance expectancy and relative advantage, businesses can design more compelling digital campaigns

that highlight the benefits of adopting online marketing, including cost-effectiveness, increased visibility, and real-time customer interaction. Moreover, the research suggests the importance of fostering a developmental culture within organizations—one that encourages innovation, adaptability, and continuous learning. Tourism businesses in Sabah can build on these findings by creating environments that support digital experimentation and collaboration with digital marketing experts, which will allow them to stay competitive in an increasingly digital tourism market. Businesses can also benefit from observing the success of their peers through social influence and observability, which could encourage them to adopt new marketing technologies more swiftly and effectively.

Academically, this study contributes to the literature by integrating two well-established models, UTAUT and DOI into a unified framework, incorporating moderating factors such as firm age and developmental culture. This extended framework provides a deeper understanding of the factors influencing online marketing adoption at an organizational level in the tourism industry, particularly in regions like Sabah, where digital transformation has been slow. The inclusion of these moderators adds nuance to the existing body of research on technology adoption, which often overlooks organizational factors and focuses primarily on individual-level adoption. The study's findings open avenues for further research, particularly on how different regional, organizational, and contextual factors interact with technology adoption theories. Future studies could expand this framework by exploring other factors such as organizational size, leadership styles, or industry-specific challenges. Furthermore, researchers can examine the long-term impact of online marketing adoption on business sustainability, customer loyalty, and competitive positioning, adding depth to our understanding of digital transformation in the tourism sector.

Finally, the study has broader implications for sustainable tourism and economic resilience in Sabah. By adopting effective online marketing strategies, tourism businesses can not only boost immediate revenues but also contribute to promoting sustainable tourism practices that align with the environmental and cultural values of Sabah. Digital marketing can be used to emphasize eco-friendly tourism options, responsible travel, and local community support, thus enhancing the state's reputation as a sustainable tourism destination. In addition, as the global tourism industry continues to recover from the impacts of the pandemic, the ability to implement agile and scalable online marketing strategies ensures that Sabah's tourism sector will be more resilient to future disruptions. The research underscores the importance of digital marketing in enabling businesses to adapt to changing consumer behaviors, manage crises, and continue to thrive even in uncertain times, ensuring long-term economic growth and stability for the state.

Conclusion

This study provides valuable insights into the determinants and impacts of online marketing adoption in Sabah's tourism industry, particularly in the post-COVID-19 context. Sabah, as a prominent tourism destination, faced significant challenges due to the pandemic, which caused a dramatic decline in tourist arrivals and severely impacted the local economy. However, as the tourism sector begins to recover, online marketing has emerged as a vital tool for revitalization, offering tourism businesses an effective means to re-engage with domestic and international tourists, increase visibility, and boost revenue. This research demonstrates that understanding the key factors influencing online marketing adoption—

such as performance expectancy, effort expectancy, social influence, facilitating conditions, and constructs from the Diffusion of Innovation theory, including relative advantage, compatibility, and observability—is essential for fostering widespread digital transformation in Sabah’s tourism industry.

The integration of UTAUT and DOI models, along with the consideration of moderating factors such as firm age and developmental culture, offers a comprehensive framework for understanding technology adoption in this context. By addressing the barriers to adoption, such as limited digital infrastructure and varying levels of digital literacy, this study provides practical recommendations for policymakers to improve digital access and for businesses to build a culture of innovation and adaptability. The research also highlights the potential of online marketing to promote sustainable tourism practices, enhance local economies, and strengthen resilience against future disruptions.

As Sabah’s tourism sector continues its recovery, the findings of this study are crucial for guiding stakeholders, from government agencies to business operators, in leveraging digital tools to enhance competitiveness, foster sustainable growth, and ensure long-term resilience. By adopting the strategies outlined in this research, Sabah’s tourism industry can not only recover from the impacts of COVID-19 but also position itself as a digitally forward, sustainable, and globally competitive destination for years to come. Future research can further expand on this framework by exploring additional factors influencing adoption and examining the long-term effects of online marketing on business sustainability in the tourism sector.

Theoretical and Contextual Contributions

This research makes significant theoretical and contextual contributions to the field of online marketing and technology adoption within the tourism industry. Theoretically, it integrates the Unified Theory of Acceptance and Use of Technology (UTAUT) with the Diffusion of Innovation (DOI) framework to offer a comprehensive perspective on the factors influencing online marketing adoption. By introducing firm age and developmental culture as moderating variables, this study extends the applicability of these models to organizational contexts, addressing gaps in existing literature that predominantly focus on individual-level adoption. From a contextual perspective, this research addresses the specific challenges and opportunities faced by Sabah's tourism industry in the post-pandemic era. By exploring barriers such as limited digital infrastructure and varying levels of digital literacy, the study sheds light on the critical factors that influence the adoption of online marketing in underrepresented regions. The findings provide actionable recommendations for policymakers and tourism operators to enhance digital capabilities, promote sustainable tourism, and strengthen the resilience of the sector against future disruptions. This research not only advances theoretical understanding but also offers practical strategies to guide the digital transformation of tourism economies in Sabah and similar regional contexts globally.

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