

Tourism Business Performance in the Digital Era: The Influence of Social Media Marketing

Prestasi Perniagaan Pelancongan dalam Era Digital: Pengaruh Pemasaran Media Sosial

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ABSTRACT

The rapid advancement of Information and Communication Technology (ICT) and the widespread use of the Internet have created both opportunities and challenges for tourism agencies aiming to enhance their competitiveness in an increasingly aggressive market landscape. Prior research indicates that leveraging digital tools, particularly social media, can significantly improve business performance. In response, many tourism agencies have adopted strategic social media marketing approaches to strengthen their market positioning. However, the extent and effectiveness of social media use are influenced by various factors. This study aims to identify the key determinants affecting social media adoption among tourism agencies and to examine its impact on business performance. Guided by the Unified Theory of Acceptance and Use of Technology (UTAUT), the study focuses on four core factors: performance expectancy, effort expectancy, social influence, and facilitating conditions. Employing a quantitative research design, data were collected through structured questionnaires from 307 tourism agencies operating in the Federal Territory of Kuala Lumpur. The data were analyzed using SPSS for multiple regression analysis. The findings reveal that the adoption of social media is generally at a high to very high level among the respondents. Furthermore, social media use shows a significant and positive relationship with business performance, contributing to improvements in both financial and non-financial outcomes. These results offer practical insights for tourism agencies in optimizing social media as a marketing tool to enhance business success. Additionally, the findings provide valuable guidance for policymakers and relevant agencies in promoting technology-driven marketing initiatives within the tourism sector.

Keywords: digital transformation; business performance; tourism agencies; social media marketing; Unified Theory of Acceptance and Use of Technology (UTAUT)

ABSTRAK

Perkembangan Teknologi Maklumat dan Komunikasi (ICT) dan penggunaan Internet yang meluas telah memberi pelbagai manfaat dan peluang kepada syarikat agensi pelancongan untuk meningkatkan daya saing dalam pasaran yang semakin kompetitif. Kajian terdahulu menunjukkan bahawa penggunaan teknologi digital seperti media sosial boleh meningkatkan prestasi perniagaan. Maka, dapat dilihat bahawa kebanyakan syarikat agensi pelancongan telah merancang dan merangka pelbagai strategi pemasaran yang lebih strategik menerusi media sosial bagi meningkatkan prestasi perniagaan mereka. Terdapat pelbagai faktor yang mempengaruhi penggunaan media sosial. Justeru, kajian ini bertujuan untuk mengenal pasti faktor-faktor yang mempengaruhi penggunaan media sosial syarikat agensi pelancongan dan kesannya terhadap prestasi perniagaan. Kajian ini menggunakan Model Unified Theory of Acceptance and Use of Technology (UTAUT) bagi mengenal pasti faktor-faktor penggunaan media sosial seperti jangkaan prestasi, jangkaan usaha, pengaruh sosial dan ketersediaan kemudahan. Menggunakan reka bentuk penyelidikan kuantitatif, data dikumpul melalui soal selidik berstruktur daripada 307 agensi pelancongan yang beroperasi di Wilayah Persekutuan Kuala Lumpur. Data dianalisis menggunakan SPSS untuk analisis regresi berganda. Dapatan kajian menunjukkan bahawa penggunaan media sosial secara amnya berada pada tahap yang tinggi hingga sangat tinggi dalam kalangan responden. Tambahan pula, penggunaan media sosial menunjukkan hubungan yang signifikan dan positif dengan prestasi perniagaan, menyumbang kepada peningkatan dalam kedua-dua hasil kewangan dan bukan kewangan. Keputusan ini menawarkan pandangan praktikal untuk agensi pelancongan dalam mengoptimumkan media sosial sebagai alat pemasaran untuk meningkatkan kejayaan perniagaan. Selain itu, penemuan ini menyediakan panduan berharga untuk penggubal dasar dan agensi berkaitan dalam mempromosikan inisiatif pemasaran yang dipacu teknologi dalam sektor pelancongan.

Kata kunci: transformasi digital; prestasi perniagaan; agensi pelancongan; pemasaran media sosial; Teori Penerimaan dan Penggunaan Teknologi Bersepadu (UTAUT)

INTRODUCTION

The rapid development of Information and Communication Technology (ICT) has revolutionized the global digital landscape, leading to the emergence of diverse online media platforms that have transformed communication patterns across all segments of society. Business organizations are no exception; they actively leverage digital technologies to enhance marketing strategies, streamline operations, and increase competitive advantage. The internet has evolved from a mere information browsing tool into a multifaceted platform enabling seamless online transactions and interactive digital engagements (Noraihan, 2022). This technological progression has significantly altered business, industrial, societal, and national ecosystems. In Malaysia, internet penetration has witnessed a marked increase, rising from 92.7% in 2022 to 97.7% in 2023 (Department of Statistics Malaysia (DOSM), 2024). The surge in internet usage has concurrently accelerated the proliferation of social media as a dominant communication medium (Muhammad Aidil Fikri, 2023). Platforms such as Facebook, Instagram, Twitter, WhatsApp, YouTube, TikTok, LinkedIn, and Snapchat now serve as key channels for information dissemination and public discourse, covering a broad spectrum of topics including politics, economics, entertainment, sports, and technology (Alalawneh et al., 2022; Noraihan, 2022; Dwivedi et al., 2021).

Social media's interactive capabilities—encompassing text, images, videos, and audio—enable users of all ages to engage, collaborate, and share information without physical interaction. Global social media adoption has grown significantly, from 2.95 billion users in 2019 to 4.54 billion in 2023 (Dwivedi et al., 2021). As of 2024, the number of global social media users has reached 5 billion, reflecting a 69.5% increase over five years (DataReportal, 2024). In Malaysia, social media usage is similarly robust, with 83.1% of the population—equivalent to approximately 28.68 million individuals—actively engaged in at least one platform as of January 2024. WhatsApp remains the most widely used application, followed by Facebook, Instagram, and TikTok (Ainun Rafieza et al., 2023). Notably, most users maintain multiple social media accounts simultaneously, highlighting the integral role of these platforms in daily communication and business activities.

Figure 1 shows the most widely used social media platforms in Malaysia in January 2024.

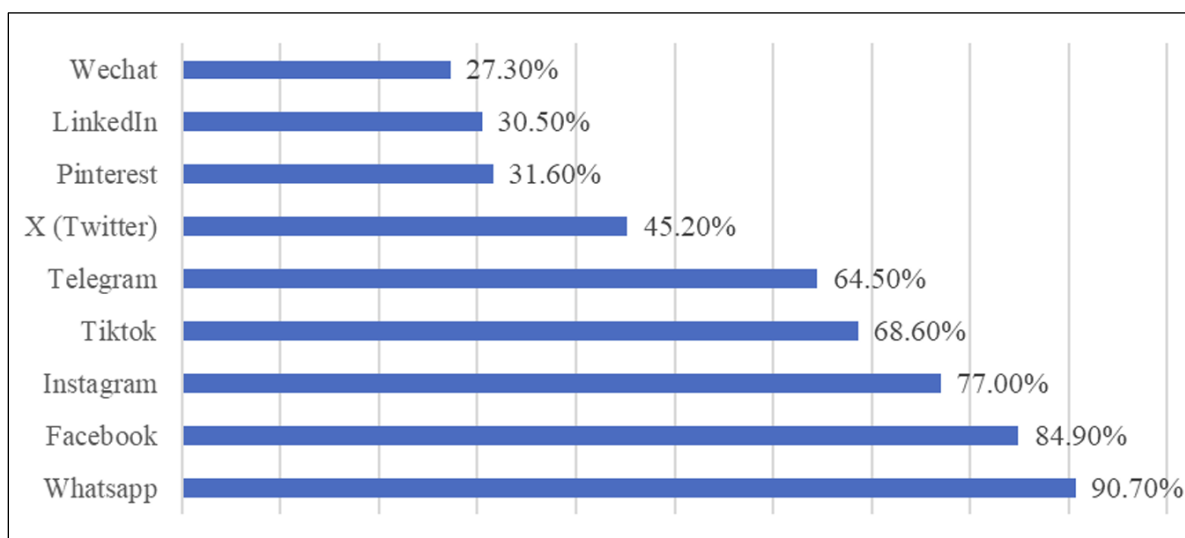


FIGURE 1. Statistics of social media usage in Malaysia
Source: DataReportal: Global Digital Insight 2024

The proliferation of social media has transformed marketing strategies across industries, particularly in tourism, where enterprises of all sizes increasingly adopt these platforms as cost-effective alternatives to traditional marketing methods. Through social media, tourism businesses can innovate by developing creative and engaging marketing strategies to attract tourists, including promoting Malaysia as a preferred travel destination. Unlike conventional methods such as brochures, signage, and guidebooks—which were once dominant—social media offers real-time, interactive engagement with target audiences. Nevertheless, for specific businesses such as travel agencies, printed materials remain relevant during tourism exhibitions and promotional events. Supporting this, Dini et al. (2022) found that 85% of travel agencies in Italy continue to utilize brochures for in-person marketing activities.

According to Adilah et al. (2022) and Berzina and Tsoy (2021), the majority of businesses in the tourism sector are Micro, Small, and Medium Enterprises (MSMEs). As MSME entities, tourism entrepreneurs often face significant challenges stemming from a complex and rapidly evolving business environment. These challenges have become more acute with the accelerated pace of technological development, which compels businesses to continually adapt and innovate their marketing strategies to remain competitive. Despite the widespread adoption of social media globally and its proven effectiveness in promoting products and services, the rate of social media acceptance among tourism MSMEs remains relatively low (Noraihan, 2022; Nor Asikin et al., 2023). Many perceive digital technologies as complex, resource-intensive, and difficult to implement (Noorain et al., 2023; Noraihan, 2022). MSMEs frequently encounter constraints related to limited financial resources, technological infrastructure, and human capital, particularly a shortage of skilled labor to manage digital marketing efforts (Adilah et al., 2022; Alalawneh et al., 2022; Qalati et al., 2022). These limitations often hinder their capacity to adopt and fully utilize social media in their business operations. However, overcoming these barriers is crucial for ensuring the resilience and long-term sustainability of tourism MSMEs in an increasingly digitalized market (Tambi et al., 2020).

Building upon the recommendations and findings of previous studies, this research aims to examine the factors influencing social media usage among travel agency companies in the Federal Territory of Kuala Lumpur (WPKL). Specifically, it focuses on four key determinants: performance expectancy, effort expectancy, social influence, and facilitating conditions. Additionally, the study investigates the impact of social media utilization on both financial and non-financial aspects of business performance. By providing a comprehensive analysis of social media adoption patterns and their effects on business outcomes, this study offers valuable insights for tourism industry stakeholders. The findings are expected to inform the development of more effective strategies and support mechanisms to enhance social media marketing practices among travel agencies, not only in WPKL but also across Malaysia.

LITERATURE HIGHLIGHTS

TRAVEL AGENCY COMPANIES

Travel agency companies act as intermediaries that connect tourists and tourism service providers such as transportation and accommodation companies (Singh & Ranjan 2019). Meanwhile, according to a study by Nurulaini and Mazlina (2024), a travel agency is a company that carries out business for tourism-related services such as booking flight tickets, accommodation and tour packages for customers. Travel agency companies are responsible for arranging various services

and activities into a comprehensive tourism package (Myeni & Chili 2024; Noor et al. 2019). This tour package covers all the basic needs of tourists such as travel arrangements, transportation, accommodation, food and beverages, entertainment and other activities offered in a holiday package. In addition to preparing and developing tour packages, travel agency companies also provide other services such as travel insurance, visa management assistance and professional advisory services. Therefore, the study by Bayram (2021), has detailed the roles and functions of travel agency companies as follows:

- i. Combining various tourism products and services into one tourism package;
- ii. Ensure that tourist travel runs smoothly as informed to customers;
- iii. Arrange alternative options in the event of any problems with the scheduled visit;
- iv. Arrange customized tour packages if there is a customer request;
- v. Establish good relationships with tourism suppliers to ensure that immigration and other regulations in a country are complied with;
- vi. Providing foreign currency exchange to tourists in need; and
- vii. Update all the latest information regarding the promotion and development of the tourism industry.

Before the advent of the internet, travel agency companies played an important role for tourism service providers to help promote their products and services. This is because tourism service providers did not have direct access to connect and communicate with customers but used the services of travel agency companies as intermediaries. Travel agency companies used traditional tools such as telephone, fax, and post to market and sell tourism products and services (Gupta 2016). Therefore, travel service providers would offer high commissions to travel agency companies that successfully promote their services and attract customers to them. Meanwhile, from the perspective of tourists, travel agency companies would plan and arrange travel packages according to their financial capabilities and needs (Holgado-Ramos et al. 2022). Using the services of travel agency companies makes it easier for tourists because they do not have to deal separately with airlines, accommodation and transportation companies to make reservations. In addition, many tourists choose to use the services of travel agency companies because they lack confidence in carrying out transactions, especially those involving financial transactions (Mazlina et al. 2022).

Travel agency companies in Malaysia are under the supervision of MOTAC through the enactment of the Tourism Industry Act 1992 [Act 482]. Act 482 has required all operators in the tourism industry including travel agency companies, tour guides and accommodation operators to be licensed under MOTAC. In addition to MOTAC, travel agency companies are also subject to regulations set by other regulatory bodies such as Local Authorities and the Companies Commission of Malaysia. Act 482 classifies travel agency businesses in Malaysia into two main categories, namely Travel Agency Business (TAB) and Tour Operating Business (TOB). TAB businesses refer to businesses involved in the sale, arrangement and management of services such as transportation, accommodation and other ancillary services, both domestically and internationally. Travel agency companies with ticketing licenses are included in the TAB category. On the other hand, TOB businesses play a role in planning, selling, managing and implementing various tourism services, including transportation, accommodation and transport rental, which covers activities domestically and internationally. This TOB category includes inbound and outbound licenses which allow travel agency companies to offer travel packages without directly involving ticket bookings (Tourism Industry Act 1992).

MOTAC has established four main categories of licenses for travel agency companies, namely inbound, outbound, ticketing and Umrah. Each category of licenses has a different scope of operation where each company must adhere to specific guidelines and meet the standards set by MOTAC. Table 1 shows the types of licenses and descriptions of licenses for travel agency companies issued by MOTAC.

TABLE 1. Types of travel agency licenses under MOTAC

Licences	Information/ Details
Inbound	Providing services to tourists to or anywhere within Malaysia.
Outbound	Providing services to tourists to or anywhere outside Malaysia.
Ticketing	Providing services for selling, arranging or arranging for commission for air, sea or land transportation tickets as well as accommodation within or outside Malaysia.
Umrah	This is a tourism reserved for Umrah and Pilgrimage only. Requires compliance with specific guidelines set by the Malaysian and Saudi Arabian governments.

Source: Adapted from MOTAC (2024)

SOCIAL MEDIA'S ROLE IN DRIVING PERFORMANCE IN TOURISM AGENCIES

Extensive empirical evidence underscores the role of social media in enhancing business performance (Alalawneh et al., 2022; Amoah et al., 2023; Bruce et al., 2022; Fitriani et al., 2023). Social media facilitates real-time access to information regarding customers, suppliers, competitors, and stakeholders. It also contributes to brand awareness, shapes consumer perceptions, collects customer feedback, and improves profitability and return on investment compared to traditional marketing (Dwivedi et al., 2021; Jung & Shegai, 2023; Noraihan, 2022; Zaidatulnisha & Nor Hidayati, 2024). Furthermore, social media strengthens customer relationships, aids in customer retention, attracts new clientele, and enhances overall satisfaction (Alraja et al., 2020; Fitriani et al., 2023; Kakumbi & Phiri, 2022; Rita et al., 2019). Customer satisfaction is a pivotal factor in business sustainability, as satisfied customers are more likely to remain loyal and recommend services to others (Al-Dmour et al., 2023).

The strategic application of social media enables tourism businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), to sustain competitiveness in the global market (Noraihan & Wei Shi, 2024; Mosweunyane et al., 2019; Sharma et al., 2020; Splendiani et al., 2023). MSMEs, which form the backbone of the tourism industry (Adilah et al., 2022), frequently encounter challenges in maintaining market relevance due to limited resources. Without digital marketing adoption, these enterprises risk being outperformed by larger competitors (Qalati et al., 2022). Research by Fadhilhanim et al. (2022) further emphasizes that the success of tourism MSMEs is closely linked to their ability to capitalize on digital opportunities.

Recognizing the transformative potential of social media in tourism, the Ministry of Tourism, Arts and Culture (MOTAC) has actively encouraged industry players to leverage digital platforms to promote Malaysian tourism products globally. The National Tourism Policy 2020–2030 explicitly emphasizes digitalization as a key strategic pillar. This policy advocates for the widespread adoption of digital marketing among tourism stakeholders in both urban and rural contexts. In line with this, the government's target for Visit Malaysia Year 2026—which aims to achieve 35.6 million tourist arrivals and generate RM147.1 billion in tourism revenue—positions social media as a central tool in marketing Malaysia as a premier global tourism hub. Consequently, digital marketing adoption has become almost ubiquitous among tourism businesses. However, the decision to adopt social media is influenced by a range of interrelated

factors, including technological readiness, organizational capacity, and environmental dynamics. Previous studies highlight that technology acceptance is multifaceted, shaped by the interplay of these variables. To better understand these factors, this study applies the Unified Theory of Acceptance and Use of Technology (UTAUT) model developed by Venkatesh et al. (2003). The model provides a comprehensive framework for analyzing technology adoption, accounting for technological, organizational, and environmental considerations.

Today's tourists predominantly rely on online platforms to search for information, make reservations, and purchase tourism-related products and services (Dini et al., 2022; Noraihan, 2022; Splendiani et al., 2023). In this context, social media presents travel agencies with opportunities to promote tailored and competitive travel packages. Nevertheless, many travel agency businesses, particularly smaller firms, lack the necessary expertise to optimize social media use for marketing and customer engagement. For example, Sharma et al. (2020) found that small-scale travel agencies in India have yet to transition fully from traditional to digital marketing, remaining in an intermediate phase of technological adoption. Although social media is often categorized as a user-friendly platform (Alalawneh et al., 2022; Zaidatulnisha & Nor Hidayati, 2024), a lack of digital literacy and marketing skills among tourism MSMEs remains a significant barrier. This gap limits their ability to innovate and adapt marketing strategies effectively in response to changing consumer behaviors and technological trends. Given this context, it is crucial to examine the determinants influencing social media usage among travel agency companies in the Federal Territory of Kuala Lumpur (WP KL) and assess its impact on business performance. The findings of this study are expected to offer practical insights for tourism businesses, particularly MSMEs, in leveraging digital marketing to enhance competitiveness, resilience, and sustainable growth in an increasingly dynamic market environment.

While technological advancements offer significant potential for tourism MSMEs to enhance productivity and profitability, they also pose existential threats to traditional business models. Increasingly, tourists prefer to plan their own itineraries as Free Independent Travelers (FITs) and utilize Online Travel Agency (OTA) platforms for booking and organizing travel arrangements (Suraya Akmar et al., 2018). OTA platforms are often perceived as more user-friendly, cost-effective, and convenient, offering diverse options for accommodation, flights, and travel packages that cater to individual preferences and financial constraints. This shift has led to a gradual decline in the role of conventional travel agencies, raising concerns about their future relevance. The Unified Theory of Acceptance and Use of Technology (UTAUT) model proposed by Venkatesh et al. (2003) provides a comprehensive framework for examining technology adoption. The model identifies four key determinants: performance expectancy, effort expectancy, social influence, and facilitating conditions. Business organizations are more likely to adopt technological innovations when they perceive them as beneficial, easy to use, and compatible with existing workflows (Ali Abbasi et al., 2022; Qalati et al., 2022; Zaidatulnisha & Nor Hidayati, 2024). Conversely, if the technology fails to meet performance expectancy or is perceived as complex, adoption rates decline (Sam et al., 2022).

METHODOLOGY

This quantitative study involved 307 agencies representing the total population of travel agency companies in WP KL which is 1,666 agencies (BPP MOTAC, 2024). In total, 322 travel agency companies participated and provided feedback in this study. The results of the initial screening conducted found that responses from 15 respondents were excluded from this study since the respondents did not comply with the characteristics of the respondents that had been set. For the purpose of sample selection, this study has outlined several criteria to select respondents who are suitable for the purpose of the study as follows:

- i. Travel agency companies must use social media platforms in their business and this is done through a filter question; and
- ii. The study sample must be a travel agency company licensed under MOTAC whether it has an inbound, outbound, and ticketing or Umrah license located in WPKL. In total, 322 travel agency companies participated and provided feedback in this study.

A pilot study was conducted from 2 to 7 August 2024 on travel agency companies located in Pahang. This pilot study was conducted online on 30 travel agency companies to obtain an initial picture of the respondents' understanding of the questionnaire. This pilot study was conducted in the state of Pahang to avoid overlapping respondents. The respondents selected had the same characteristics as the sample for the actual study to be conducted.

Table 2 below shows the reliability value of the Cronbach alpha coefficient obtained for each variable. All independent variables recorded values between 0.801 and 0.930 where performance expectancy showed a Cronbach alpha of 0.878, effort expectancy were 0.930, social influence was 0.801 and the facilitating conditions was 0.901. While for the dependent variable, namely business performance, it recorded 0.897. Therefore. Overall, the items showed a very good and effective reliability index with a high level of consistency of 0.927.

TABLE 2. Results of the reliability score of the pilot study

Variables	Alpha Cronbach	Items
B: Factors of social media usage		
1. Performance Expectancy (PE)	0.878	7
2. Effort Expectancy (EE)	0.930	7
3. Social Influence (SI)	0.801	6
4. Facilitating Conditions (FC)	0.901	5
Keseluruhan faktor-faktor penggunaan media sosial	0.913	25
C: Effects of use		
Business Performance	0.897	7
Total	0.927	32

STUDY FINDINGS AND DISCUSSION

RESPONDENT'S BACKGROUND

In total, there are 307 licensed travel agency companies under MOTAC located in Kuala Lumpur. Based on Table 3, the profile of respondents involved in this study consists of various job categories in travel agency companies. A total of 145 (47.2 percent) respondents are company owners, followed by 66 (21.5 percent) employees, 61 (19.9 percent) top managers, 32 (10.4 percent) supervisors and 3 (1.0 percent) others. This finding shows that the majority of respondents consist of individuals who have direct influence in the management and operations of the company who are able to make decisions based on an understanding of the culture, internal structure and market conditions of their company. The profile of respondents involved in this study consisted of various job categories in travel agency companies. A total of 145 (47.2 percent) respondents were company owners, followed by 66 (21.5 percent) employees, 61 (19.9 percent) top managers, 32 (10.4 percent) supervisors and 3 (1.0 percent) others. This finding indicates that the majority of respondents consisted of individuals who had direct influence in the management and operations of the company who were able to make decisions based on an understanding of their company's culture, internal structure and market conditions.

Analysis of the business operation period of travel agency companies shows that most companies are in the early phase of operation. A total of 116 companies (37.8 percent) have been operating for less than 3 years, 87 companies (28.3 percent) have been operating between 4 and 8 years while 65 companies (21.2 percent) have been operating between nine and 15 years. A total of 29 companies (9.4 percent) have been operating between 16 and 20 years and only 10 companies (3.3 percent) have been operating for more than 20 years. This shows that most of the travel agency companies in WP KL are companies that are still new to running their businesses. This situation may be influenced by the increasing demand for domestic tourism that is recovering after the COVID-19 pandemic which in turn encourages more travel agency companies to start and expand their businesses.

Next, data analysis showed that a total of 274 companies (89.3 percent) were found to operate inbound tourism businesses, followed by 207 companies (67.4 percent) providing ticketing services and 179 companies (58.3 percent) offering outbound services. While 83 companies (27 percent) were found to offer Umrah tourism packages. This finding shows that the majority of travel agency companies in WP KL focus on the domestic market which may be due to the high demand for domestic and inbound tourism services as well as easier management facilities compared to international travel management.

Regarding the use of social media, there is diversity in the selection of platforms used in the business marketing of travel agency companies in WP KL. On average, travel agency companies use Facebook in business operations, which is 285 companies (92.8 percent), followed by 223 companies (72.6 percent) that use Instagram, 214 companies (69.7 percent) that use WhatsApp, and 116 companies (37.8%) that have websites. Next, 87 companies (28.3 percent) use TikTok, 18 companies (5.9 percent) use Twitter and 17 companies (5.5 percent) use other social media platforms. The use of these various platforms shows a high awareness among travel agency companies of the importance of social media in their marketing strategies. The study findings also show that Facebook is the most dominant and effective marketing platform for most companies in the tourism industry. This finding is in line with the findings of the study by Splendiani et al. (2023) and Umami Nur Shafina et al. (2023) which stated that Facebook is the most popular marketing platform in the tourism industry. Facebook's interactive features such as the "like" and

"share" facilities not only increase interaction, but also function as an indicator of the popularity of a content (Pragash et al. 2021). The higher the "like" and "share" received, the greater the potential to attract more customers. This can indirectly increase the visibility and brand awareness of the travel agency company.

The final analysis of social media experience showed that 233 companies (75.9 percent) had been using social media in their business for less than 5 years, while 74 companies (24.1 percent) had been using social media in their business operations for 5 years or more. This finding is in line with previous analysis which showed that the majority of travel agency companies are new companies that are currently operating. Although most of the businesses are new companies, the results of the study show that they have accepted and adapted social media in their business marketing strategies.

THE RELATIONSHIP BETWEEN SOCIAL MEDIA USAGE AND BUSINESS PERFORMANCE

The results of the Pearson correlation analysis showed a significant relationship between social media usage and business performance among travel agency companies in the Federal Territory of Kuala Lumpur. Each factor showed varying strengths of relationship with business performance. Specifically, facility availability recorded the strongest relationship with business performance ($r = .590, p < 0.01$), followed by performance expectancy ($r = .583, p < 0.01$). Effort expectancy also showed a strong relationship ($r = .533, p < 0.01$), while social influence showed a moderate relationship ($r = .448, p < 0.01$).

TABLE 3. Relationship between social media usage and business performance

Variables	Business Performance	
	r	Sig. P
Performance expectancy	.583**	.000
Effort expectancy	.533**	.000
Social influence	.448**	.000
Availability of facilities	.590**	.000
Overall factors of social media usage	.690**	.000

Overall, the correlation analysis showed a strong relationship between social media usage factors and business performance ($r = 0.690, p < 0.01$) among travel agency companies in WP KL. With this finding, the hypothesis Ho1 which states that there is no significant relationship between social media usage and business performance is rejected. The findings of this study show that there is a significant positive relationship between social media usage by travel agency companies in WP KL and business performance. This finding implies that travel agency companies need to prioritize the use of social media in their marketing strategies to achieve better business success performance.

THE IMPACT OF SOCIAL MEDIA USE ON BUSINESS PERFORMANCE

TABLE 4. The business performance of travel agencies

Variables	B	Std. Error	Beta	t	Sig.
Constant	-.761	.297		-2.560	.011
Performance expectancy	.389	.080	.283	4.862	.000
Effort expectancy	.195	.085	.134	2.297	.022
Social influence	.133	.055	.117	2.428	.016
Facilitating conditions	.406	.056	.351	7.215	.000

$R^2 = 0.496; F(4, 302) = 74.318, Sig. F = 0.000$

Based on the table 4 above, the results of the multiple regression analysis reveal that performance expectancy, effort expectancy, social influence, and facilitating conditions collectively account for 49.6% of the variance in the business performance of travel agency companies in the Federal Territory of Kuala Lumpur ($R^2 = 0.496$). This indicates that the use of social media—measured through these four constructs—has a statistically significant influence on business performance. The R^2 value suggests that these factors contribute substantially to performance outcomes, while the remaining 50.4% of the variance is attributable to other variables not included in the current model, indicating potential avenues for future research.

ICT DEVELOPMENT CHALLENGES FOR TRAVEL AGENCY COMPANIES

The widespread use of ICT and the internet has brought about major changes to marketing strategies in the tourism industry and the relationship between tourism businesses (Gupta 2016). Previous studies have suggested that the use of ICT such as websites, mobile applications and social media platforms can provide opportunities and benefits to travel agency companies to improve business operational efficiency, improve customer relationships, be more responsive, attract new customers, expand customer reach, increase profits and sales and increase marketing activities more effectively (Bayram 2021; Myeni & Chili 2024; Noraihan 2022). However, previous studies have also found that this rapid evolution and change in technology also poses a threat when it reduces the role of travel agency companies as intermediaries between tourists and tourism service providers (Aamir & Atsan 2020; Bayram 2021; Munikrishnan & Mamun 2021; Ramamurthi & Nethaji 2020; Singh & Ranjan 2019).

According to studies by Munikrishnan and Mamun (2021) and Noor et al. (2019), travel agency companies are now facing challenges and competition from online travel agency companies known as OTA platforms. OTA platforms such as booking.com, expedia.com, traveloka.com, trip.com and agoda.com are new intermediaries that have emerged as a result of ICT advances that have provided new competition when tourists and service providers are more comfortable and interested in using OTA platforms compared to the services of travel agency companies. This is evident when a study by Talwar et al. (2020) expects bookings through OTA platforms to reach \$1,091 billion in 2022 and bookings in the accommodation sector through OTA will increase by 6.3 percent per year. This is in line with a study by Hien et al. (2024) which found that OTA platforms have dominated the Vietnamese tourism industry market with a contribution of 50 percent of total tourism industry sales. This scenario provides an opportunity for OTA platforms to invest large amounts of capital in digital technology to influence consumers and continue to grow to dominate the tourism industry market (Hien et al. 2024).

Tourists today are more interested in using OTA platforms because they offer more comprehensive and user-friendly services when offering a variety of service options such as transportation, accommodation, vehicle rentals and activity tickets on the same platform. In addition, this platform also always offers more competitive discounts compared to other tourism service providers as a promotional strategy to attract tourists (Hamid et al. 2020). The increase in smartphone use among users has also opened up more opportunities for OTAs to develop applications that can be uploaded by users. By uploading these applications, users can access various services and information more easily and quickly via smartphones. Through the various facilities offered by OTA platforms, tourists can now save time and money because it has made it easier to book and cancel accommodation rooms or flight tickets, compare prices between service providers and access customer service directly.

The impact of ICT and social media developments on the tourism industry has prompted several previous studies (Abrate et al. 2019; Bayram 2021; Munikrishnan and Mamun 2021) to predict the possible extinction of the role and physical premises of travel agency companies in the future. This prediction is supported by the study of Aamir and Atsan (2020) who reported that in the last seven years, one in four travel agency companies had to terminate their business operations. The most notable evidence is the closure of the world's oldest travel company, Thomas Cook, which was declared bankrupt in 2019 after operating for 178 years. The fall of Thomas Cook proves that travel agency companies are now increasingly threatened by technological developments and competition from OTAs. In fact, statistical data also shows a significant downward trend in this industry. The study of Abrate et al. (2019) reported that the number of travel agency companies in the United States has declined drastically from 34,000 in 1990 to 13,000 in 2015 and recorded a 40 percent decline between 2010 and 2016 in Italy. Meanwhile, in Europe, travel package bookings through travel agency companies also declined from 33 percent in 2008 to 22 percent in 2012 (Abrate et al. 2019).

CONCLUSION

The rapid advancement of Information and Communication Technology (ICT) has led to the emergence of diverse social media platforms, which have not only captured the attention of various segments of society but have also become pivotal tools in modern business strategies. In this evolving landscape, businesses increasingly leverage platforms such as Facebook, Instagram, Twitter, and TikTok to promote their products and services more effectively and cost-efficiently, thereby expanding their market reach. For travel agency companies, particularly those categorized as small and medium-sized enterprises (SMEs), the adoption of social media marketing is becoming critically important. These businesses face multiple challenges, including resource limitations, competition from Online Travel Agencies (OTAs), and shifts in tourist behavior driven by technological innovation. Today's travelers, especially younger generations, often prefer to independently plan and book their trips using easily accessible information on the internet and social media. This trend has contributed to a decline in the traditional role of travel agencies, raising concerns about their relevance in the current tourism ecosystem. Given these challenges, social media presents a strategic opportunity for travel agency companies to sustain and enhance their competitiveness. Through effective use of social media platforms, travel agencies can increase sales, improve profit margins, optimize return on investment, expand customer bases, and strengthen customer loyalty and satisfaction. Moreover, the consistent delivery of high-quality services, combined with strategic social media engagement, can foster positive customer experiences, stimulate repeat business, and attract new clientele. Ultimately, embracing digital marketing through social media is not merely an option but a necessity for travel agencies aiming to ensure long-term business continuity and relevance in a rapidly evolving digital economy.

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