



# Social Media Marketing And Financial Performance Of Tour Firms In Kigezi , Uganda

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## ABSTRACT

*This study examined the effect of social media marketing on the financial performance of tour firms in the Kigezi sub-region of Uganda, focusing on community engagement, branding, and market positioning. The study was guided by three objectives and hypotheses to establish the relationship between social media practices and financial outcomes. A cross-sectional quantitative research design was employed, targeting 140 registered tour firms. Stratified random sampling produced a sample of 120 respondents drawn from tour, marketing, and finance managers. Primary data were collected using structured questionnaires designed on a 5-point Likert scale. The study concludes that tour firms can leverage social media as a cost-effective and interactive tool to strengthen customer relationships and improve financial outcomes. It recommends greater use of user-generated content, adoption of advanced analytics, and diversification of strategies across platforms to maximize returns. Limitations of the cross-sectional design and reliance on self-reported data are acknowledged, with suggestions for future longitudinal and comparative research.*

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## 1. INTRODUCTION

This study is anchored on three core concepts: social media marketing, financial performance, and destination competitiveness. These concepts are interconnected and central to understanding how digital strategies specifically community engagement, branding, and positioning affect the financial outcomes of tour firms in the Kigezi sub-region. Social media marketing has emerged as a vital tool for tour firms, leveraging platforms like Facebook, Instagram, X (formerly Twitter), and YouTube to build brand identity, engage customers, and strategically position themselves in competitive markets (Kayumovich & Kamalovna, 2019). As Chu *et al.* (2020) note, these platforms serve as interactive communication channels that enhance brand-customer relationships, while (Morrison, 2022). emphasizes the participatory nature of social media, where users co-create content, influencing brand perception. Recent studies such as Kikawa, *et.al.*(2022) and (Ndekwa, (2025), stress the growing importance of influencer marketing and user-generated content in amplifying brand visibility and customer reach. In this context, social media marketing is best assessed through three key dimensions: customer engagement, identity branding, and positioning. These interlinked elements collectively foster trust,

enhance loyalty, and contribute to the overall performance of tour firms in a digital-first tourism economy.

Financial performance is the dependent variable in this study, reflecting the profitability and financial health of tour firms in the Kigezi region. It includes metrics such as revenue growth, profitability margins, client retention, and return on investment. According to Alatawi *et al.* (2023) financial performance in tour firms is best assessed through both quantitative outcomes (e.g., sales, bookings, and revenue per client) and qualitative indicators like customer satisfaction and service quality. This study specifically explores how strategic digital branding and community engagement translate into improved financial returns. Mihalic (2002) and Dwyer *et al.* (2009) argue that financial performance must be considered alongside operational sustainability, especially for small tour businesses operating in environmentally sensitive areas like Kigezi. Uganda and particularly the Kigezi sub region provides a rich empirical context for examining the relationship between social media marketing and the financial performance of tour firms. Uganda's tour firms is a vital contributor to national GDP, largely built on ecotour firms offerings such as mountain gorillas, Lake Bunyonyi, and national parks. As Ahebwa (2012) highlights, biodiversity conservation and cultural heritage are at the core of Uganda's tour firms appeal. In recent years, both government and private tour operators have turned to social media marketing to promote attractions, reduce traditional marketing costs, and broaden visibility in the global marketplace, with growing emphasis on localized digital strategies that include community engagement initiatives.

Nyakabwa (2017) notes that digital platforms have revolutionized how tour firms in Uganda connect with potential clients globally by lowering entry barriers to international marketing. In the context of community engagement, social media allows firms to showcase local narratives, involve community guides, and highlight indigenous experiences that enhance the tourist product. However, Leeflang *et al.* (2014) caution that infrastructure challenges—such as poor internet connectivity and limited digital skills—continue to constrain the effectiveness of social media marketing. These gaps hinder consistent communication with clients, affect feedback loops, and weaken efforts by tour firms to build financially rewarding customer relationships online. The Kigezi sub region, often dubbed the —Switzerland of Uganda, is a flagship ecotour firm destination famed for its terraced hills, cool climate, and iconic attractions such as Bwindi Impenetrable National Park. According to Giampiccoli and Saayman (2018), the growth in domestic and international arrivals can be partially attributed to improved digital visibility. However, branding by local tour firms remains weak and fragmented. Many operators lack a coherent brand identity across social media platforms, which undermines customer trust and brand recall—factors critical to client conversion and financial returns. Strengthening branding through unified digital storytelling, high-quality visuals, and value-driven messages can help firms attract premium clients and improve revenues.

Positioning is another critical variable in this context. Tour firms in Kigezi often serve niche markets such as primate trekking, cultural tours, and eco-lodging. Yet, few effectively use social media to position themselves clearly in these niches. Strategic positioning on platforms like Instagram or YouTube could help firms differentiate their services, attract the right clientele, and increase financial performance. As observed by Tushabomwe-Kazooba *et. Al*, (2020), a mismatch between service positioning and customer expectations leads to negative reviews, poor customer retention, and lower earnings. Positioning is thus not just about visibility but about aligning digital content with customer preferences and firm capabilities.

Local communities are pivotal to the tour firms product in Kigezi. As Tukamushaba and Okech (2011) explain, community-based tour firms' model that include homestays, traditional performances, and crafts generate inclusive growth and diversified income for tour firms. When such community initiatives are promoted via social media through storytelling, customer testimonials, or influencer collaborations they increase customer engagement and contribute to the financial bottom line of tour operators. However, this requires deliberate strategies, including training local actors in basic digital communication, to build a professional and responsive online brand.

At the same time, the region's growth potential is constrained by structural challenges such as limited high-quality accommodations, poor road infrastructure, and low digital penetration, particularly in rural communities. According to UBOS (2023), while Kigezi sub-region—home to attractions like Bwindi Impenetrable Forest and Lake Bunyonyi—accounts for a significant share of Uganda's ecotourism traffic, it lacks adequate lodging facilities that meet international standards, limiting its capacity to host high-spending tourists. Furthermore, the Uganda National Roads Authority (UNRA) reported in its 2022/23 performance review that several access routes in the region remain unpaved or poorly maintained, increasing travel time and operational costs for tour operators. Additionally, the UCC (2023), indicates that digital internet penetration in rural southwestern Uganda remains below the national average of 53%, impeding online visibility and customer interaction. Addressing these challenges through digital capacity building, targeted branding support, and improved positioning strategies could enhance the financial performance of local tour firms and help position Kigezi more competitively within Uganda's broader tourism economy. Thus, this study seeks to examine the effect of social media marketing on financial performance of tour firms in Kigezi sub regions.

Tourism significantly contributes to Uganda's economy, accounting for approximately 7.7% of the national GDP and employing over 667,000 people (UBOS, 2023). The Kigezi sub-region, home to major tourist attractions such as Bwindi Impenetrable National Park, Lake Bunyonyi, and Mgahinga Gorilla National Park, possesses immense tourism potential. Despite this, tour and travel firms in the region have reported low financial performance over the past five years (Tushabe *et al.*, 2023). According to data from the Uganda Tourism Board (2022), over 15% of registered tour operators in the region have ceased operations since 2020, and others have resorted to staff layoffs and service downsizing to cut costs. While the COVID-19 pandemic and infrastructural challenges contributed to this decline, questions remain regarding the strategic use of modern marketing tools by local firms to improve visibility and client engagement.

Social media marketing has become increasingly important in global tourism for promoting destinations, enhancing brand awareness, and increasing client bookings (Minazzi, 2015). In digitally evolving markets, tour firms that effectively utilize platforms like Facebook, Instagram, and TripAdvisor often gain competitive advantages. This study, therefore, aimed at examining the relationship between social media marketing and the financial performance of tour and travel firms in the Kigezi sub-region, addressing this knowledge gap and providing practical insights for marketing and policy improvement. The Objectives of the Study were; To examine the effect of Community Engagement on financial performance of tour firms in Kigezi sub region, To establish the effect of Branding on financial performance of tour firms in Kigezi sub region and To assess the effect of Positioning on financial performance of tour firms in Kigezi sub region. The research targeted tour firms operating in these areas that actively engage in online marketing activities, especially those leveraging social media platforms to build visibility and improve financial returns.

## 2. LITERATURE REVIEW

### 2.1. Effect of Community Engagement on Financial Performance of Tour Firms

The intertwining of community engagement with social media marketing (SMM) has emerged as a powerful lever influencing the financial viability of tour firms. Community engagement embodied in likes, shares, comments, and user-generated content (UGC) serves as a tangible performance metric for SMM while actively shaping consumer behaviors that translate into financial outcomes (Alghamdi & Wahid, 2024). A growing body of literature supports a robust link: tour firms that cultivate vibrant online communities typically see a measurable boost in bookings, revenues, and broader financial health (Amin *et al.*, 2025; Chyrak *et al.*, 2024). Early studies in adjacent sectors laid a theoretical groundwork affirming the positive correlation between online engagement and business performance (Toon, 2025).

For instance, research into U.S. restaurant chains revealed a statistically significant relationship between social media content engagement likes, shares, positive comments and annual revenue increases, even after accounting for traditional advertising expenditures (Mansouri, 2024). The study posits that consumer engagement drives value co-creation between firms and users, translating into elevated sales, particularly when brand rely less on paid media. This sets a precedent for tourism, where consumer interaction with social content similarly influences financial performance through heightened awareness, trust, and purchase intent. Within tourism, the persuasive role of digitally mediated community engagement has gained empirical traction. Etuk (2018) found that two-way social media communication strengthens customer relationships, increases satisfaction, and boosts loyalty (Ghaderi *et al.*, 2019). This customer bond is a critical step toward repeat booking and upselling, both crucial drivers of tour firm profitability. As loyalty deepens, customers become evangelists, reinforcing brand presence via e-WOM, peer recommendations, and increased online visibility. Recent qualitative research focusing on tourism SMEs confirms these dynamics in micro contexts. A 2024 qualitative study showed social platforms such as Instagram and Facebook extend market access, notably among diaspora communities, which in turn drove an increase in visits and revenue. Tour firms with limited marketing budgets experience a multiplier effect from engagement: each interaction enhances algorithmic visibility, elevates organic reach, and encourages virality without the incremental cost associated with paid ads.

Social media's capacity to bolster tourist numbers is further substantiated by analytics-based research in destination marketing. An analysis of YouTube content across six Gulf destinations revealed that user engagement metrics (views, likes, comments) were positively correlated with actual visitor numbers. This demonstrates that community engagement is not merely a proxy for interest, but a quantifiable driver of inbound tourism. The measurable effect of engagement on footfall provides strong evidence for its impact on financial metrics, as increased visitation directly correlates with revenue from tours, accommodations, and related services. From a theoretical standpoint, the link between engagement and financial outcomes is underpinned by the Technology Acceptance Model (TAM) (Ghosh *et al.*, 2018). TAM research in tourism settings shows perceived usefulness of social platforms leads to higher information-sharing intent, which drives destination visibility and consumer trust. The more tourists perceive value in destination-related content, the more likely they are to engage—and, ultimately, book tours.

The role of UGC, amplified through community engagement, compounds this financial effect. Stackla's 2017 Consumer Content Report notes that 84% of consumers trust UGC when buying decisions are made (Niu, 2025). In tourism, authentic testimonials, travel blogs, and reviews offer social proof that reduces the perceived risk of booking. The increased trust generated by UGC accelerates conversion rates and enhances the customer lifetime value of each booking. In summary, reviewed literature establishes a well-supported link between community engagement as a measure of social media marketing and the financial performance of tour firms. Engagement metrics serve not only as outcome indicators but as causal mechanisms that build trust, loyalty, and conversion contributing directly to sales, revenue, and profitability. Theoretical underpinnings from TAM, social capital, and UGC research converge to explain why engagement matters. Empirical evidence from restaurants, tourism SMEs, destination analytics, and digital marketing case studies demonstrates real-world impact. Yet, the full potential of engagement-driven SMM requires strategic orchestration across platforms, quality alignment, and an emphasis on genuine community involvement. Future empirical work could strengthen this framework by quantifying the ROI of specific engagement tactics in the tour sector, thereby guiding evidence-based marketing investments.

## **2.2. Effect of Branding on Financial Performance in Tour firms**

The growing reliance on digital technologies has transformed how tour firms build brand equity and drive financial performance, with social media branding emerging as a critical strategic lever (Lee & Park, 2022). Branding refers to the deliberate use of platforms such as Facebook, Instagram, Twitter, and TikTok to construct and communicate a firm's identity, values, and promises in a way that resonates with targeted digital audiences (Braga, 2023). In the context of tour firms, where consumer decisions

are highly influenced by visual content, peer opinions, and emotional appeal, branding on social media plays a central role in creating trust, influencing purchase decisions, and ultimately determining financial outcomes (Schniederjans et al., 2013). A fundamental premise in the literature is that strong branding creates psychological and emotional connections with customers, which in turn improves revenue-related performance. Selase Asamoah, (2014) Customer-Based Brand Equity (CBBE) model suggests that brand awareness, image, and associations influence consumer behavior and decision-making. In a tourism context, a well-crafted brand that resonates emotionally can lead to greater consideration, increased bookings, and loyalty especially when consistently projected through social media platforms (Munar, 2012). Unlike traditional advertising, social media allows two-way communication, enabling tour firms to dynamically engage users, adjust their message, and co-create brand meaning through user-generated content and community feedback.

Empirical studies increasingly affirm that social media branding has a significant impact on financial performance (Amirrudin *et al.*, 2024). For example, (Hutter et al.(2013) found that engagement with branded content on social platforms significantly influenced users' purchase intentions and brand attitudes, both of which correlate strongly with actual financial behavior. In tourism specifically, research by (Mariani *et al.*(2016) showed that tour firms which effectively utilized branded hashtags, destination storytelling, and influencer partnerships reported higher revenue growth, customer acquisition, and retention. These outcomes are especially relevant in an industry where the consumer experience is intangible and trust-driven.

In developing regions as East Africa, social media branding has become particularly vital for small and medium-sized tour firms seeking to overcome budget limitations and access international markets. Tour firms in Kampala that invested in coherent brand aesthetics, consistent messaging, and emotional storytelling on platforms like Instagram and Facebook experienced a marked increase in inquiries, conversions, and repeat clients (Lee & Park, 2022). Moreover, the study found a positive correlation between social media brand presence and annual revenue, especially when firms used localized and authentic branding to appeal to diasporic and regional tourists.

Visual branding, particularly through photos and videos plays a dominant role in the tourism sector. Social media allows tour firms to showcase destinations, activities, and client testimonials in ways that traditional media cannot replicate. This content not only enhances the perceived credibility of the brand but also influences potential travelers in their planning phase. Research by Tussyadiah *et al.*(2011) demonstrates that visual elements shared on social platforms serve as digital proxies for real experiences, allowing users to vicariously sample the tour experience before making booking decisions. Strong visual branding, especially when aligned with aspirational travel narratives, enhances both engagement and conversion, leading to increased sales and revenue.

Beyond visibility and engagement, social media branding enhances trust a crucial precursor to financial performance. A study by Hudson *et al.*(2015) found that when tour firms consistently presented their brand voice, responded to user inquiries promptly, and maintained transparency through real-time updates, they cultivated higher trust levels among their social media followers. This trust translated into a higher likelihood of booking and customer referrals, both of which drive profitability. The relational nature of branding on social media—marked by responsiveness, transparency, and authenticity sets it apart from passive advertising and reinforces its financial impact.

Branding also enhances financial performance through differentiation in saturated markets. In highly competitive tourism landscapes, many firms offer similar services (Akmese *et al.*, 2016). However, those that leverage social media to establish a distinct brand personality be it adventurous, eco-conscious, luxury-focused, or community-oriented, are better able to capture and retain consumer interest (Schniederjans et al., 2013). Differentiation reduces price sensitivity and increases perceived value, allowing tour firms to command premium pricing. As Keller & Lehmann (2006) emphasize, strong brands have a pricing advantage and greater elasticity in demand, both of which are key to

financial success.

While the literature largely supports the positive influence of social media branding on financial performance, some cautionary perspectives exist. Branding that is inconsistent, misleading, or overly curated can backfire. Tourists increasingly value authenticity and may become disillusioned if their experience does not align with the brand promise. Gretzel(2017) warns against —over-branding‡ that prioritizes aesthetics over substance, which can lead to reputational damage and customer churn. Thus, social media branding must be aligned with actual service delivery to maintain financial credibility.

Thus branding plays a pivotal role in influencing the financial performance of tour firms by enhancing visibility, trust, customer engagement, and brand equity. The literature consistently indicates that firms which invest in consistent, authentic, and audience-aligned branding strategies on social platforms experience stronger financial returns, both in the short and long term. Visual content, influencer partnerships, emotional narratives, and responsive communication are among the key mechanisms that translate branding efforts into revenue growth. However, for optimal financial results, tour firms must ensure that social media branding aligns with real-world service quality and customer expectations, thereby maintaining credibility and long-term brand loyalty.

### 2.2.3 Positioning and Financial Performance of Tour Firms

The digital era, where consumer choices are heavily shaped by online content and brand interactions, social media positioning has emerged as a strategic determinant of financial performance for tour firms (Kizildag *et al.*, 2017). Positioning refers to how a firm differentiates and presents itself on digital platforms to occupy a distinct and valued place in the minds of target audiences. In tourism an industry deeply reliant on perception, trust, and emotional resonance strategic positioning on platforms like Instagram, Facebook, and TikTok enables tour firms to articulate a unique value proposition that influences customer attraction, conversion, and loyalty, all of which are directly linked to financial performance (Rotondo & Fadda, 2019).

Tourism services are inherently intangible and high-involvement purchases, making brand clarity and uniqueness essential. Kotler *et al.* (2016) define positioning as —the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market.‡ Applied to social media, this involves creating thematic consistency, visual storytelling, and emotional messaging that reflects a firm’s core identity, whether it be eco- tourism, adventure, luxury, or cultural immersion. Empirical research by M. Mariani & Borghi, (2020) found that tour operators with a well-defined and consistent social media positioning strategy achieved higher levels of consumer engagement, perceived brand authenticity, and ultimately, revenue growth.

The strength of social media positioning lies in its power to influence consumer perceptions and shape brand expectations (Tajvidi & Karami, 2021). For tour firms, the ability to communicate a clear identity, such as affordable cultural tours for millennials‡ or exclusive gorilla tracking adventures for high-net-worth clients,‡ helps differentiate them in a crowded market. This differentiation reduces the elasticity of demand and allows firms to command higher prices and loyalty. A study by (Christodoulides *et al.*, 2006) emphasizes that digital brand positioning creates psychological ownership among consumers, which is positively correlated with both booking intent and word-of-mouth promotion two key drivers of financial success.

Furthermore, tour firms that position themselves clearly on social media often experience better alignment between their brand promises and audience expectations (Valeri & Baggio, 2021). This alignment leads to reduced customer dissatisfaction and enhances service satisfaction, which in turn improves financial metrics such as customer retention, repeat bookings, and lifetime customer value. In a survey of East African tour firms, Ndekwa, (2016) found that businesses that adopted niche social media positioning such as promoting conservation-oriented safaris or local cultural experiences, experienced a 28% increase in bookings within 12 months compared to firms with generic or unfocused messaging. The study concluded that clear positioning not only attracts the right audience but also builds lasting customer relationships that contribute to steady revenue streams. Social media

positioning also plays a role in increasing operational efficiency and marketing return on investment (ROI). When a firm knows exactly who it is speaking to and what it stands for, its marketing content becomes more targeted and effective. According to Hudson & Hudson (2023), digital positioning guides firms to tailor their tone, imagery, and content to their ideal customer profile, resulting in higher engagement and conversion rates. This efficiency reduces wasted ad spend, improves campaign performance, and enhances profitability crucial factors in the often-volatile tourism market.

### 3. METHODS

#### 3.1. Research Design

This study adopted a cross-sectional research design with a focus on quantitative methods to examine the relationship between social media marketing and the financial performance of tour firms in the Kigezi Sub-Region. The cross-sectional design was suitable for capturing data at a single point in time, allowing the researcher to assess existing patterns, practices, and perceptions among tourism firms regarding their use of social media marketing strategies specifically in the areas of community engagement, branding, and positioning and their corresponding financial outcomes (Turyasingura & Agaba Moses,2023).

#### 3.2. Study Population

The population of this study comprised of 140 registered tourism firms in the Kigezi Sub-region, which includes the districts of Kabale, Kisoro, Rubanda (UTB, 2024). These firms include approximately 61 tour managers, 81 marketing managers and 31 finance managers. The tourism ecosystem in this region serves a diverse clientele of both domestic and international tourists, supported by varied service providers across the tourism value chain.

#### 3.3. Sample Size

A sample of 120 respondents was selected to participate in the study and according to Mpirirwe & Moses (2024) this sample size is large enough to ensure that the results are statistically significant, yet feasible in terms of data collection.

#### 3.4 Sampling Techniques and Procedure

*Table 3.1 showing Sample size and selection*

Category	Target population	Sample size	Sampling Technique
Tour managers	61	45	Stratified Sampling
Marketing Managers	81	60	Stratified Sampling
Finance managers	31	15	Stratified Sampling
<b>Total</b>	<b>173</b>	<b>120</b>	

Source: Uganda Tourism Board Report, 2024.

The study adopted a stratified random sampling technique to ensure proportional and representative inclusion of tourism firms across the Kigezi Sub-region. The population of 173 firms was categorized into two distinct strata based on service type: tours and travel firms (such as tour operators and travel agencies) and accommodation providers. From each stratum, a proportionate number of firms was randomly selected using simple random sampling to ensure that all firms have an equal chance of participation (Benon, *et.al*,2025) and Agaba *et.al*, (2025).. This stratification ensures that the sample

reflects the diversity and distribution of tourism enterprises in the region. Within the selected firms, efforts was made to engage respondents who hold key roles such as marketing managers, owners, or finance managers based on their familiarity with the firm's social media marketing practices and financial performance.

### 3.4. Validity and Reliability

To ensure the validity of the data collection instrument, a content validity approach was employed, which involved consulting experts in the fields of hospitality management, corporate social responsibility, and stakeholder engagement to review the questionnaire. The experts was evaluated to find whether the instrument accurately captures all relevant aspects of the constructs being measured (Burton & Mazerolle, 2011). Additionally, construct validity was assessed to ensure that the questions align with the theoretical framework of financial performance, confirming that the instrument measures the intended constructs. The questionnaire undergone a face validity check, where a small sample of hotel managers and employees reviewed the questions to ensure they are clear, relevant, and easily understood.

To ensure the reliability of the instrument, a test-retest reliability method was applied, where the same questionnaire was administered to a subset of respondents at two different points in time, and the results were compared to assess consistency (Herbart *et.al*,2025 and Creswell, 2017). The results indicate excellent reliability across all four major variables: Community Engagement ( $\alpha = .859$ , 21 items), Branding ( $\alpha = .878$ , 21 items), Positioning ( $\alpha = .863$ , 21 items), and Financial Performance ( $\alpha = .878$ , 20 items). These values exceed  $\alpha = .85$ , which is well above the commonly accepted threshold of 0.70 for good internal consistency. This suggests that the items within each construct consistently measure the same underlying concept, ensuring dependable data for further analysis and hypothesis testing(Dorothy *et. al*, 2024)

**Table 3.2: Reliability analysis**

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>No. of items</b>
Community Engagement	0.859	21
Branding	0.878	21
Positioning	0.863	21
Financial Performance	0.878	20

### 3.5. Data Analysis

The quantitative data collected through questionnaires was entered into Statistical Package for Social Sciences (SPSS) version 27 for analysis. Descriptive statistics such as frequencies, percentages, and mean scores will be calculated to summarize the demographic characteristics of respondents and general trends in social media use. These descriptive findings provided foundational insights into community Engagement, Branding, and positioning on financial performance of tour firms in Kigezi sub region. To examine the relationships between variables, inferential statistics will be employed, specifically using Simple linear regression analysis to explore how specific aspects of social media marketing influence financial performance of tour firms. This assisted in determining the magnitude and significance of the effect of the independent variables on the dependent variable. Regression coefficients, R-squared values, and significance levels was reported and interpreted. All statistical tests were conducted at a 95% confidence level, using a p-value threshold of  $\leq 0.05$  to determine statistical significance.



## 4. RESULTS

### 4.1. Response rate

Table 4.1 below reveals that a total of 120 questionnaires were distributed to respondents as part of the study. Out of these, 115 questionnaires were successfully returned, representing a high response rate of 96%. Only 5 questionnaires were not returned, accounting for 4% of the total distributed. This high response rate indicates strong participation from the respondents, suggesting that the collected data is likely to be reliable and representative of the target population.

*Table 4.1 Response rate*

Questionnaires	Number	Percentage (%)
Questionnaires distributed	120	100
Questionnaires returned	115	96
Questionnaire not returned	5	4

Source: Field data 2025

### 4.2. Demographic Characteristics

The study sample shown in **Table 4.2** below comprised 115 respondents, with females representing a slight majority at 55.7% (64) and males constituting 44.3% (51). Regarding age distribution, the majority of participants were between 25 and 44 years old, with 34.8% (40) aged 25–34 and 37.4% (43) aged 35–44; younger respondents under 25 years accounted for 18.3% (21), and those 45 years and above represented 9.6% (11). In terms of experience working in tour firms, most respondents had 1–3 years of experience 59.1% (68), while 18.3% (21) had less than one year, 17.4% (20) had 4–6 years, and only 5.2% (6) had over six years. The respondents operated across three districts: Rubanda 45.2% (52), Kisoro 34.8% (40), and Kabale 20% (23). Regarding the types of tour services provided, 62.6% (72) offered accommodation services, while 37.4% (43) were involved in tour operations. This demographic profile highlights a relatively young, moderately experienced workforce predominantly involved in accommodation within the Kigezi sub-region.

*Table 4.2: Demographic Characteristics of Respondents in Tour Firms*

	Options	Frequency	Percentage (%)
Gender	Male	51	44.3
	Female	64	55.7
	Prefer not to say	0	0
	<b>Total</b>	<b>115</b>	<b>100</b>
Age	Under 25	21	18.3
	25-34 years	40	34.8
	35-44 years	43	37.4
	45 and Above	11	9.6
	<b>Total</b>	<b>115</b>	<b>100</b>
Experience in tour firms	Less than 1 year	21	18.3
	1-3 years	68	59.1
	4-6 years	20	17.4
	Over 6 years	6	5.2
	<b>Total</b>	<b>115</b>	<b>100</b>
District of operation	Kabale	23	20

	Kisoro	40	34.8
	Rubanda	52	45.2
	<b>Total</b>	<b>115</b>	<b>100</b>
Types of tour services provided	Tour operations	43	37.4
	Accommodation	72	62.6
	<b>Total</b>	<b>115</b>	<b>100</b>

Source: Field data 2025

### 4.3. Hypothesis Testing

#### 4.3.1 Community engagement has no effect on financial performance of tour firms in Kigezi sub region

A simple linear regression analysis showed that community engagement significantly predicted financial performance of tour firms in the Kigezi sub-region,  $R = .354$ ,  $R^2 = .126$ ,  $F(1, 113) = 16.23$ ,  $p < .001$ . Community engagement explained 12.6% of the variance in financial performance. The unstandardized regression coefficient ( $B = 0.366$ ,  $p < .001$ ) indicates that for every one-unit increase in community engagement, financial performance increased by 0.366 units. The 95% confidence interval for this effect ranged from 0.186 to 0.545, suggesting that the true effect of community engagement on financial performance is reliably positive. The standardized coefficient ( $\beta = .354$ ) reflects a moderate positive relationship between the two variables. Therefore, the null hypothesis that community engagement has no effect on financial performance is **rejected**.

**Table 4.3: Regression Analysis showing the Effect of Community Engagement on Financial Performance of Tour Firms in the Kigezi Sub-Region**

Predictor	B	SE B	$\beta$	t	p	95% CI for B
Constant	2.702	0.374	—	7.233	<.001	[1.962, 3.442]
Community Engagement	0.366	0.091	.354	4.028	<.001	[0.186, 0.545]

**Note.** Model summary:  $R = .354$ ,  $R^2 = .126$ , Adjusted  $R^2 = .118$ ,  $F(1, 113) = 16.23$ ,  $p < .001$ . DV = Financial Performance.

#### 4.3.2 Branding has no effect on financial performance of tour firms in Kigezi sub region

A simple linear regression analysis indicated that branding significantly predicted financial performance of tour firms in the Kigezi sub-region,  $R = .501$ ,  $R^2 = .251$ ,  $F(1, 113) = 37.86$ ,  $p < .001$ . Branding explained 25.1% of the variance in financial performance. The unstandardized regression coefficient ( $B = 0.483$ ,  $p < .001$ ) suggests that for every one-unit increase in branding, financial performance increased by 0.483 units. The 95% confidence interval for this effect ranged from 0.328 to 0.639, indicating a precise and positive effect of branding on financial performance. The standardized coefficient ( $\beta = .501$ ) reflects a strong positive relationship. Consequently, the null hypothesis that branding has no effect on financial performance is **rejected**.

**Table 4.4: Regression Analysis showing the Effect of Branding on Financial Performance of Tour Firms in the Kigezi Sub-Region**

Predictor	B	SE B	$\beta$	t	p	95% CI for B
Constant	2.197	0.327	—	6.713	<.001	[1.549, 2.846]
Branding	0.483	0.079	.501	6.153	<.001	[0.328, 0.639]

**Note.** Model summary:  $R = .501$ ,  $R^2 = .251$ , Adjusted  $R^2 = .244$ ,  $F(1, 113) = 37.86$ ,  $p < .001$ . DV = Financial Performance.

#### 4.3.3 Positioning has no effect on financial performance of tour firms in Kigezi sub region

A simple linear regression analysis revealed that positioning significantly predicted financial performance of tour firms in the Kigezi sub-region,  $R = .520$ ,  $R^2 = .270$ ,  $F(1, 113) = 41.85$ ,  $p < .001$ . Positioning accounted for 27.0% of the variance in financial performance. The unstandardized regression coefficient ( $B = 0.510$ ,  $p < .001$ ) indicates that for every one-unit increase in positioning, financial performance increased by 0.510 units. The 95% confidence interval for this effect ranged from 0.354 to 0.666, supporting a robust positive effect. The standardized coefficient ( $\beta = .520$ ) reflects the strong positive relationship among the predictors. Hence, the null hypothesis that positioning has no effect on financial performance is **rejected**.

**Table 4.5: Regression Analysis showing for the Effect of Positioning on Financial Performance of Tour Firms in the Kigezi Sub-Region**

Predictor	B	SE B	$\beta$	t	p	95% CI for B
Constant	2.117	0.324	—	6.539	<.001	[1.476, 2.759]
Positioning	0.510	0.079	.520	6.469	<.001	[0.354, 0.666]

**Note.** Model summary:  $R = .520$ ,  $R^2 = .270$ , Adjusted  $R^2 = .264$ ,  $F(1, 113) = 41.85$ ,  $p < .001$ . DV = Financial Performance.

## 5. DISCUSSION

### 5.1. Community Engagement and Financial Performance

The study revealed that community engagement significantly improves financial performance, highlighting the power of interactive communication on digital platforms. The high mean scores for posting relevant content ( $M = 4.89$ ) and responding to customer comments ( $M = 4.24$ ) illustrate that tourism firms in Kigezi are not merely using social media as a promotional channel but as an interactive space for dialogue and relationship-building. This reflects a paradigm shift in marketing, where customer-centricity is prioritized over product-centric approaches. According to Mangold and Faulds (2009), social media provides a hybrid element of promotion that allows firms to communicate directly with consumers while also enabling consumer-to-consumer interactions that amplify brand messages.

This result also resonates with the relationship marketing theory, which emphasizes the development of long-term, trust-based interactions with customers as a foundation for business success (Morgan & Hunt, 1994). Similar to findings by Tussyadiah and Fesenmaier (2009), this study demonstrates that active online engagement not only fosters trust but also increases customer intention to purchase. However, the relatively lower score for acting upon customer feedback ( $M = 3.86$ ) suggests a weakness in the closed-loop process. While firms excel at listening, they are less effective at translating insights into service improvements. This aligns with Temory (2024), who argued that customer feedback is a critical resource for innovation and competitive advantage, but only when it is systematically acted upon. Strengthening this aspect would further solidify the role of community engagement as a revenue driver.

### 5.2. Branding and Financial Performance

Branding emerged as another critical determinant of financial performance, accounting for 25.1% of the variance ( $R^2 = .251$ ). The study shows that brand recognition ( $M = 4.85$ ) and visual consistency ( $M = 4.24$ ) are particularly strong. In today's highly competitive tourism industry, having a distinct and consistent brand identity is not optional but essential. According to Keller (2013), brand equity is built through awareness, associations, and loyalty, all of which were positively reflected in the findings of this study. Social media platforms allow firms to continuously reinforce these brand elements, thus ensuring visibility in a crowded marketplace. Emotional branding, particularly through storytelling and

behind-the-scenes content ( $M = 4.20$ ), was also identified as a strong strategy. This aligns with the view of Keller and Swaminathan (2020), who emphasize that emotional connections transcend functional attributes and create enduring loyalty. When tourists connect emotionally with a brand, they are more likely to revisit, recommend, and share their experiences, thereby contributing to increased revenue streams. Evidence from Kim and Ko (2011) supports this, showing that brand image formed through social media marketing significantly influences consumer purchase intentions.

Additionally, the finding that tour firms reported significant increases in brand awareness through social media ( $M = 4.43$ ) confirms the transformative power of digital branding in influencing financial outcomes. By maintaining strong brand visibility, firms are able to achieve both short-term gains in bookings and long-term sustainability through repeat customers and referrals.

### 5.3. Market Positioning and Financial Performance

Market positioning was found to be the strongest predictor of financial performance, explaining 27% of the variance ( $R^2 = .270$ ). This highlights the ability of tourism firms in Kigezi to apply sophisticated marketing strategies to carve out unique niches in a competitive environment. The high ratings for defining and targeting specific audiences ( $M = 4.60$ ) and consistently communicating a unique value proposition ( $M = 4.77$ ) show that firms are not engaging in random marketing but in deliberate, data-informed strategies. This result validates Porter's (2008) assertion that competitive advantage arises from differentiation and focus. By tailoring their social media content to specific customer personas, these firms ensure that marketing investments generate maximum returns. Furthermore, the monitoring of customer behavior and subsequent adjustment of messaging demonstrates adaptive marketing practices. This reflects the principles of dynamic capability theory, which suggests that firms achieve superior performance when they can rapidly sense, seize, and reconfigure opportunities in response to market changes (Teece, Pisano, & Shuen, 1997).

## 6. CONCLUSION

### 6.1. Effect of Community Engagement on Financial Performance

The study concluded that community engagement through social media significantly enhances the financial performance of tour firms in the Kigezi sub-region. Activities such as posting relevant content and responding to customer comments foster trust, strengthen customer relationships, and increase purchase intentions. Although the use of customer feedback is still limited, community engagement remains a key driver of financial growth.

### 6.2 .The Effect of Branding on Financial Performance

The study concluded that branding is a critical determinant of financial performance, explaining 25.1% of the variance. Brand recognition, visual consistency, and emotional storytelling enable tour firms to strengthen customer loyalty and increase bookings. Social media platforms provide a cost-effective avenue for continuous reinforcement of brand identity.

### 6.3. The effect of Market Positioning on Financial Performance

The study concluded that market positioning is the strongest predictor of financial performance among tour firms in the Kigezi sub-region, explaining 27% of the variance. Firms that clearly define target audiences, communicate unique value propositions, and adjust strategies based on customer behavior achieve superior returns on investment. This validates the role of strategic positioning in ensuring competitiveness and profitability.

## 7.RECOMMENDATIONS

### 7.1.Effect of Community Engagement on Financial Performance

Tour firms should strengthen feedback integration by establishing formal mechanisms to collect, analyze, and act on customer feedback from social media. This will improve customer satisfaction and loyalty. Firms should encourage greater customer interaction by running online polls, Q&A sessions,

and discussions to maintain active engagement with audiences. Tour firms should dedicate staff or create social media management teams to ensure timely responses to customer inquiries and comments.

### 7.2. Effect of Branding on Financial Performance

Tour firms should invest in developing a consistent and recognizable brand identity across all social media platforms, including logos, colors, and messaging. Emotional branding through storytelling and showcasing behind-the-scenes experiences should be enhanced to create deeper connections with tourists. Managers should actively promote user-generated content (UGC), such as customer reviews, photos, and videos, to strengthen brand authenticity and visibility.

### 7.3. Effect of Market Positioning on Financial Performance

Tour firms should adopt data-driven marketing by using analytics to identify target market segments and adjust content accordingly. Firms should clearly define and communicate their unique value propositions on social media to differentiate themselves from competitors. Regular evaluation of return on investment (ROI) for social media campaigns should be conducted to ensure that positioning strategies remain efficient and profitable.

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