

**INTERNET MARKETING ADOPTION AND THE PERFORMANCE  
OF TOUR OPERATORS IN NAIROBI, KENYA**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT  
FOR THE AWARD OF MASTER OF BUSINESS  
ADMINISTRATION (MBA) OF THE UNIVERSITY OF NAIROBI**

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## DECLARATION

This is my own original work and has never been submitted for a degree in any other university.

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## **DEDICATION**

This research is dedicated to my husband, Mwirigi and my two children, Tanya and Nene. You give me reason to carry on. Mwirigi, you encouraged me to complete this project, thank you for everything. To my parents, you gave me a chance at a better life through educating me in the best schools and teaching me the value of good education. I am forever grateful. To my sisters and brothers, you were always there for me when I thought that I couldn't carry on. Thanks a lot!

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My colleague Fatma, you drove with me to Kabete and encouraged me to complete this project, I am forever grateful.

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## ABSTRACT

Tourism, being essentially a network and global business, stands to be highly influenced by the characteristics and rules of the new economy that have emerged from the revolution of Information Technology (IT). This includes digital networking and communication infrastructures, fax machines, cellular phones, personal computers, Internet among others. This has led to the growing importance of digital products and of information as an integral part of economic activities. The researcher used the descriptive survey research design. The population of this study was all tour operators running their operations from Nairobi and are registered under the umbrella body Kenya Association of Tour Operators (KATO). The study was conducted among 30 of the tour operators in Nairobi, selected through purposive sampling. They were selected from each of the categories as grouped by KATO. There are five categories, therefore six tour operators were chosen from each. Primary data was collected for the purpose of this study. This was done using a self-administered, semi-structured questionnaire available in the appendix. The data collected was edited for accuracy, consistency and completeness and arranged to enable coding using SPSS version 17 and tabulation before final analysis.

The study concludes that the initial cost of developing a website and maintenance is too high for tour companies; that employees in the organisations were all computer literate; that using internet to market fits well with the way respondents liked to work; that the organization has supported adoption of internet marketing and this will provide access to global consumer markets as well as growing the market share. The study recommends that Financial institutions should make credit facilities available to tour firms as the initial cost of developing website is too high for them; employees in the organisations should be trained on the use of computers to avoid computer illiteracy; Senior management of the firm should be helpful in the use of internet marketing, this could be through allocation of funds during budgeting.

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## **ABBREVIATIONS**

<b>TOs</b>	<b>Tour Operators</b>
<b>ICT</b>	<b>Information and Communication technology</b>
<b>KATO</b>	<b>Kenya Association of Tour Operators</b>
<b>KTB</b>	<b>Kenya Tourist Board</b>
<b>IT</b>	<b>Information Technology</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>KNBS</b>	<b>Kenya National Bureau of Statistics</b>

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

As of December 2011, over two billion people worldwide had access to the internet (internetworldstats.com). Its revolutionary impact affects the way people live, learn and work and the way governments interact with the civil society. Internet marketing is fast becoming a vital engine of growth for the world economy, enabling many enterprising individuals, firms and government, in all parts of the globe, address economic and social challenges with greater efficiency and effectiveness (Goodhue, 2001). Internet marketing is facilitating new ways of creating and delivering products and services to the global market through electronic-business (e-business) models and (e tourism), sources of competitive advantage and opportunities for economic and social development. It provides solutions to the most critical issues including inefficiency, high business transaction cost and corruption among others (Hare, 2002).

According to an annual tourism supervision report (2008), it is easier to market intangible goods and services such as travel in an online market. The advantage here is that the internet users are mostly affluent, highly educated and frequent travellers. Most clients prefer online bookings for travel and hotel reservations since it is widely accepted and also because it offers them convenience, control and cost savings. It is also an advantage on the suppliers' side since it helps them keep costs down with the added bonus of increasing revenue. The tourism industry is mainly denoted by its complex structure that is dominated by small, highly interdependent but geographically dispersed organisations. The tourist product is anomalous in nature reflecting a high degree of intangibility, perishability and heterogeneity. Therefore, tourists have to leave their daily environment to consume the product. This characteristic of tourism products entails high information search costs and leads to comparably long value chains (Mathias 1999).

Tourism, being essentially a network and global business, stands to be highly influenced by the characteristics and rules of the new economy that have emerged

from the revolution of Information Technology (Manjau 2005). This includes digital networking and communication infrastructures, fax machines, cellular phones, personal computers, Internet among others. This has led to the growing importance of digital products and of information as an integral part of economic activities (Turban, Lee and Viehland, 2004). Rogers (1962) explained that in some countries like Argentina, India, Singapore, usage of internet marketing have improved tourism industry services, reduced costs of operations and improved competitiveness to the private sector.

It is the Kenyan government's priority to minimize inefficiencies and corruption while increasing productivity in its organs. Since internet marketing applications are tools of productivity and efficiency leading to a better transparency and accountability in the functioning of government organs administrations thus providing a weapon against corruption, minimize inefficiencies and increase productivity in state corporations. Hence the need to assess the level of internet marketing adoption in the Kenyan Tourism sector (Goodhue, 2001).

### **1.1.1 Internet Marketing**

The Internet is the global "network of networks" of interlinked computers operating on a standard protocol which allows data to be transferred between them. As an information exchange system, the most important aspect of the Internet is its connectivity, the ability to allow everyone to access the network (Young et al, 1999). The potential of using the Internet for marketing activities is derived from its general use as an information exchange system in the digital age. The information can be stored, indexed, retrieved, restructured and redistributed automatically by software and without human intervention. The Internet connects companies with companies, companies with customers, and people with people without regard to time, space and hardware/ software platforms (Mathur et al, 1998). According to Mathias & Sahut (1999) Internet Marketing can be defined as systems that enable customers (clients) to access general information on an industry's products and services through a Personal Computer (PC) or other intelligent device or any industry activity held on Internet from promotion to sale.

Many tourism businesses nowadays are working towards incorporating sustainability into the core of their products. Quite often these products are the result of a well thought sustainability concept, and yet the entrepreneurs behind it fail to reach the marketplace, because they lack marketing expertise and knowledge of the tourism industry's distribution channels. These tourism companies, and particularly small firms from developing countries, suffer from poor targeting, market segmentation and positioning, low consumer product knowledge, and consumer risk perception (Marketing Intelligence 2003).

According to a global survey conducted by Allen and Hamilton (1997), Internet marketing has the potential to reach a broader market but for the inexperienced tourism firms much training is needed, with priorities such as managing risk perception of consumers if operating their own website, to possibly paying high commissions for discounted last minute travel sites. More regulation of internet retailing will increase consumer trust and particularly help small firms. In addition, internet marketing helps firms to attract prospective customers who are already looking for the products and services that the firm offers, thus enabling the firm to bring in those prospects that are ready to make a commitment. Marketing a firm online with targeted pay per Click advertising allows the business to draw in those prospects who live within a certain area (or who are looking for key services in the area where you do business). Internet marketing also helps to draw in an increased number of site visitors who aren't fully committed to making a purchase but who will, provided your web site is able to reel them in. In fact, compared to 2009 where 24 percent of connected consumers said they purchased airline tickets online and 17 percent made hotel/tour reservations via the Internet, intent to make travel arrangements online in 2010 has increased seven percentage points and nine percentage points respectively (Nielsen, 2010).

### **1.1.2 Organizational Performance**

Performance is a measure of attainment achieved by an individual, team or organization (Mathur et al, 1998). According to Gephardt & Van Buren (1999), performance is the achievement of organizational goals in pursuit of business strategies that lead to sustainable competitive advantage. Richard et al. (2009) argue that organizational performance encompasses three specific areas of firm outcomes:

(a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.). To measure organizational performance more completely, one might use an approach similar to the balanced scorecard, which elevates non financial measures to a level consistent with a traditional focus on financial measures. On the other hand, performance indicators are defined as statements of the expectations or requirements necessary for achieving the critical results of the position. They clearly communicate to employees what has to be done and employees should be involved in setting the standards under which their performance will be evaluated. Performance indicators include; quality, teamwork and customer service measures. Indicators organize information in a way that clarifies the relationships between a project's impacts, outputs and inputs and help to identify problems along the way that can impede the achievement of project objectives. To ensure that the set organization goals are consistently being met in an effective and efficient manner there arises a need for performance management, according to Bourne, (2002). It can focus on performance of the organization, department, and processes to build a product or service, employees among others.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is used as a general measure of firm's overall financial health over a given period, and can be used to compare similar firms across the industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance but all measures should be taken into aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investors may wish to look deeper into financial statements and seek out margin growth rate or any declining debt. Performance is the outcome of all of the organization's operations and strategies (Horwitt, 1989).

According to Manjau (2009), measuring financial performance accurately is critical for accounting purposes and remains a central concern for most organizations. Performance measurement systems provide the foundation to develop strategic plans, assess an organization's completion of objectives, and remunerate managers.

Although assessment of performance in the marketing literature is still very important, it is also complicated. While consensual measurement of performance promotes scholarly investigations and clarify managerial decisions, marketers have not been able to find clear, current and reliable measures of performance on which marketing merit could be judged.

### **1.1.3 Internet Marketing Adoption**

The advent of Internet is revolutionizing international marketing practices and has made it easier to market products and services across the globe for tour companies. Although the Internet by its very nature threatens the existence of middlemen, a major problem with marketing through the Internet is that the customer looks for the supplier, rather than the other way round (Bennett 1997). He further adds that as more and more businesses establish World Wide Web (WWW) presence, searching for potential suppliers will become impossible without the aid of high-quality directories to guide people towards relevant sites. Thus, with the exponential growth of worldwide Internet adoption and the rapidly increasing use of the World Wide Web as a platform for e-commerce, wholly new markets for electronic intermediaries, or cybermediaries (Sarkar, et al. 1995), have been created.

Considerable attention has been focused on the Internet and its commercial potential for retailers. However, two key areas of confusion emerge for retailers; first, what is it and what role can the Internet play in marketing? Academics like Evans (1996), Van Tassel and Weitz (1997) assert that the Internet will provide a new marketing format, usurping the traditional dominance of fixed location stores. Alternatively, Hazel (1996) sees the Internet performing a supporting role for existing marketing activity. Which companies are on-line and are they using the Internet strategically or tactically as a marketing tool? This information is critical for companies adopting and developing Internet marketing strategies; and may help identify the sectors or variables that hold most potential for on-line marketing. Conversely, it could also expose any retailer weaknesses or threats to existing marketing formats.

So far, the Internet has been used to facilitate the adoption of internet marketing. In the most basic respect it is a means of communicating information about the tour company, its products and services (Bruno, 1997). It is used as a more proactive

marketing tool, inviting consumers interactively to access the Web site to gain more product information to facilitate their buying decision-making process (Hazel, 1996), at the same time providing valuable consumer data for companies to enable greater targeting. Organizations view the Internet as a communication tool for attracting new customers, penetrating new markets, promoting the company's brand and improving customer retention (Ernst and Young, 1999). The implications are considerable, ultimately the adoption of Internet marketing could fundamentally alter the way that consumers shop and thus revolutionise the marketing environment, transforming the local high street into a global cyber high street.

Since businesses have been permitted to use the Internet, speculation about its potential as a new marketing channel has been rife. Yet concerns about lack of security (Bhimani, 1996), payment methods (Panurach, 1996), access restrictions (Hoffman and Novak, 1998) and various technological restrictions (Bell and Gemmell, 1996) have limited the adoption of Internet marketing over traditional marketing tools. A number of academic studies have focused on the adoption of Internet marketing (O'Keefe *et al.*, 1998; Hoffman *et al.*, 1996; Griffith and Krampf, 1998; Jones and Biasiotto, 1999) but provide limited contribution to the structure or scale of adoption. The studies may have identified that there are variations in how companies use the Internet for marketing. Established companies may not automatically adopt internet marketing and thus their approach to the new technology will impact on its future penetration. There is as much if not more to be learned from successful companies' absence from the Internet, as there is to be learned from those currently involved.

#### **1.1.4 Tour Operators in Nairobi, Kenya**

A tour operator (TO) is a company which negotiates with hotels, transportation companies, and other suppliers, and combines these vacation components into a package tour. This package tour, a combination of components of a vacation, such as accommodation, transportation, entertainment and meals is then sold to the final consumer as a single product and at a single price (Sheldon, 1986). TOs enhance and facilitate tight coordination thus reducing the costs of broken coordination in a market exchange. They also facilitate the search for information to tourists, regarding the characteristics of the several services that compose the package tour. TOs do so by



avoiding duplication of search effort by tourists and also by filtering information. Finally, intermediation by a TO arises also because the tourist product is an experience good rather than a search good (Nelson, 1970). TOs improve market efficiency by providing third party credible information about product quality. This way, it eliminates the possibility of a market failure due to quality uncertainty, and it does so at a lower transaction cost than the alternative organisational arrangements whereby the tourist deals directly with all sellers (Calveras, 2006).

Kenya provides a good example of an African country which has embraced tourism as an important tool for socio-economic development. In the short-term, Third World Countries in general, and Kenya in particular, viewed the development of tourism as a quick and reliable source of much sought after foreign exchange receipts, job creation and economic growth. In the long-term it is usually envisioned that tourism development will contribute to economic diversification and, in consequence, reduce excessive over-dependency on the exportation of conventional raw materials. This is due to the fact that because the consumption of tourism products occurs at the place of production i.e. the destination, it has, through its various possible linkages and associations with other industries (i.e., transport, agriculture, fishery, forestry, construction, and handicraft), potential multiplier effects on the local, regional and national economy. Most safari tours leave from either Nairobi or Mombasa. As most popular beach resorts (like Diani, etc.) are near Mombasa, these are listed under Mombasa as well. Most safari tour companies have a website. The Kenya Association of Tour Operators (KATO) is one of Kenya's leading tourism trade associations and represents the interests of over 350 of the most experienced and professional tour operators in Kenya, with members offering a wide range of services such as Special interest, Incentive travel group and air safaris, Custom safaris for individual travelers, Camping safaris both luxury and budget, Indian Ocean & Coast holidays, Golf Safaris and agro Safaris. Of these, 116 are located and operate from Nairobi.

Tour operators play a central role in the tourism industry. As intermediaries between tourists and tourism service providers, tour operators can influence the choices of consumers, the practices of suppliers and the development patterns of new products. This unique role means that tour operators can make an important contribution to furthering the goals of sustainable tourism development and protecting the

environmental and cultural resources on which the tourism industry depends for its survival and growth. A clean and pristine environment, with authentic local culture and friendly people, are the reasons why people travel. It is thus in the tour operators' interest to preserve the environment in their destinations and to establish good relationships with local communities, to improve the quality of their tourism products and increase customer satisfaction. More and more surveys show that customers respond positively to actions taken by tour operators to improve the sustainability of their businesses. Besides strengthening their brand values and reputations with consumers, integrating sustainable principles into tour operators' business practices can also create better relationships with suppliers, staff and local communities, increasing their respect as a partner in destinations and limiting the risk of problems or conflicts. A strong positive reputation and a low risk of conflict can lead to increased access to key resources such as capital, the ability to develop products in an increasingly competitive market, and motivated and loyal staff. From a financial standpoint, sustainable practices can also increase revenue and shareholder value, particularly through the generation of more repeat business, acquisition of new clients, cost savings and increased operational efficiency.

## **1.2 Statement of the Problem**

According to Holmes (2007), internet marketing has become central to efficient operation of most industrialized nations in the past few years. He further asserts that the tourism industry cannot function efficiently without appropriate implementation of internet marketing, due to the changing internal and external threats and opportunities facing the tourism industry.

According to Davis et al. (2009), organizations are investing in internet marketing, Kenyan industries and government agencies included. Various opinions exist concerning the expected impact of internet on firms in general and on the marketing function in particular. Porter (2001) argues that implementing internet technology by firms is not a matter of an option but is vital if firms want to remain competitive. Additionally, while Day and Bens (2005) view the transformational impact of the internet on marketing as being modest, they explain that those firms that can integrate and align the internet with their overall strategy can create unique and lasting competitive advantage. It is critical that the tourism sector, provide quality services

just like any other sector in the economy. It is therefore, in the interest of the tourism industry to appropriately adopt and apply internet marketing so as achieve competitive advantage minimize inefficiencies and increase transparency. Despite the world-wide attention to internet marketing there seems to be inadequate attention by developing countries on this new technology in terms of adoption determinants, views of stakeholders on the technology and the impact of this technology use (Taylor 2009).

Locally, studies that have been carried out include: Warshaw (2008) on the performance of the tourism industry in Kenya: prioritization of determining factors; Manjau (2009) on the effectiveness of positioning strategies of Kenya's tourism industry; Emory (1998) on the adoption and effectiveness of e-banking in Kenya; Ngemu (2005) on the effects of IT in marketing of services, a case of Safaricom Ltd. Therefore, the author is not aware of any other research that has been carried out on internet marketing and the performance of tour operators in Nairobi. This study will attempt to answer the following questions:

- i. What is the extent of adoption of internet marketing by tour operators in Nairobi?
- ii. What factors influence internet marketing adoption by tour operators in Nairobi?
- iii. What is the relationship between internet marketing adoption and organization performance by tour operators in Nairobi?

### **1.3 Research Objectives**

The main objective of this study will be to find out the effect of internet marketing adoption on the tour operators in Nairobi.

The specific objectives include;

- iv. To determine the extent of adoption of internet marketing by the tour operators in Nairobi
- v. To assess the factors that influence internet marketing adoption by the tour operators in Nairobi

- vi. To establish the relationship between internet marketing adoption and organization performance by the tour operators in Nairobi

#### **1.4 Value of the study**

The Findings of this study would provide information and advice on the possible opportunities that research institutions can use to expand the reach, availability, and impact of information and knowledge of Internet marketing for the development of the upcoming tour firms. The study will further be useful to the tourism industry especially to decision makers involved in implementation of electronic services delivery strategies for their tour firms. Necessary improvements identified could be undertaken to enhance Internet marketing usage in Kenya. Further, tour firms that are still hesitant to go “Internet” can use the findings of this research to clarify issues of prevalence and to get a greater insight into the adoption of Internet marketing in Kenya. The study will also be of value to researchers as a basis for future empirical and conceptual research, which would be helpful in refining and validating findings especially when a significant number of experiences is collected and studied.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents and discusses the literature relating to the effects of Internet marketing on the performance of the tour operators in Nairobi. The chapter begins by introducing the theoretical framework of internet marketing, and then defines internet marketing, its benefits, constraints and application in tourism marketing.

#### 2.2 Theoretical Framework for Internet Marketing Adoption

From a theoretical perspective, Unified Theory of Acceptance and Use of Technology (UTAUT) model provides a refined view of how the determinants of intention and behavior evolve over time. It is important to emphasize that most of the key relationships in the model are moderated. For example, age receives very little attention in the technology acceptance research literature, yet UTAUT model indicate that it moderates all of the key relationships in the model. Gender, which has received some recent attention, is also a key moderating influence; however, consistent with findings in the sociology and social psychology literature (Lubinski 2001); it appears to work in concert with age, a heretofore unexamined interaction. For example, prior research has suggested that effort expectancy is more salient for women (Venkatesh and Morris 2007). While this may be true, the model suggest this is particularly true for the older generation of workers and those with relatively little experience with a system. While existing studies have contributed to the understanding of gender and age influences independently, the present research illuminates the interplay of these two key demographic variables and adds richness to the current understanding of the phenomenon. One may interpret that as the younger cohort of employees in the workforce mature, gender differences in how each perceives information technology may disappear. This is a hopeful sign and suggests that gender differences in the use of information technology may be transitory, at least as they relate to a younger generation of workers raised and educated in the Digital Age.

At century's end, a combination of telecommunications and computer technologies had resulted in the creation of the Internet, a global network of computers that has



been growing at an exponential rate. Although the Internet/World Wide Web combination is widely hailed as a new, powerful engine of global social and economic change, there has been very little sociological theorizing and even less sociological research on the globalization of the Internet. Using classical macro social theories of development as a springboard, we hypothesize that the level of development, political openness/democracy, mass education, the presence of a sizeable tertiary/services sector, and interactions between some of these variables are drivers to Internet's growth and spread around the globe. In both developed and developing countries, the Internet capacity is not in fact a simple linear function of economic and political development, but rather has been driven by complex interactions that could aptly be termed post-industrialism. Uncovering some of these structural preconditions and determinants of Internet diffusion provides a first step toward providing a theoretical and empirical marketing of this third technological revolution.

### **2.3 Internet Marketing**

Internet marketing has been defined as the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both buyer and seller (Warshaw & Davis, 2008). This definition highlights the relationship building capabilities of the Internet as a marketing channel. Compared to the more traditional view of marketing, the focus in relationship marketing is not on service encounters or transactions, but rather, marketing is seen as a part of an ongoing sequence of episodes between the customer and the firm (Venkatesh et al. 2001). The concept of internet marketing is very similar to concepts like digital marketing, interactive marketing, and one-to-one marketing and e-marketing, although none of them are explicitly defined or commonly used in marketing literature (Thomas et al, 1998). Many of the journal articles that discuss marketing on the Internet commonly refer to it as internet advertising, a generalization that seems to be especially popular in the earlier writings on the subject.

The problem with the term is that it implies that advertising is all there is to internet marketing, when the reality is that marketing takes many different forms online. Advertising is often defined as a paid and mediated form of communication created by an identified sponsor with the intention of marketing products (American

Marketing Association, 1960, as cited by Taylor & Todd, 2009). With this logic, internet advertising would then only include paid advertisements, such as keyword, banner, and online video advertising, even though they only represent a segment of the range of marketing activities taking place online. Sathye (1998) defines internet advertising broadly as deliberate messages placed on third party websites, but even that definition lacks marketing activities on companies own web pages and campaign sites, as well as email and viral marketing. The concept of 'digital marketing, on the other hand, goes beyond the Internet in its use of promotional channels, which can include, for example, mobile, digital TV, and digital outdoor advertisements (Rogers et al, 1962).

## **2.4 Factors influencing Internet Marketing Adoption**

This section includes a literature review of the factors that are relevant to internet marketing adoption. They can be grouped into three main categories. External factors refer to the industry competition and the Government support. Individual characteristics relate to the work experience of the employee, their educational level, the top management support, attitude and personality, response to risk and the Chief Executive Officer (CEO) characteristics. The final category explains about the organization characteristics such as the size of the organization, age, type, market orientation, organization learning, marketing capabilities and (Information Technology) IT knowledge. These are explained in detail in the next section.

Competitive pressure has been found to have a positive influence of the decision to adopt internet marketing among the small firms (Chong and Pervan, 2007). As more competitors adopt the internet, small firms are more inclined to follow the trend in order to maintain their competitive positions. Government support refers to the government imitative taken to encourage adoption (Corbitt, 2000; Scupola, 2003). Work experience relates to the number of years an individual has spent in the job (Sultan & Chan, 2000; Wahid & Furuholt 2004). The education level reflects the number of years of formal education that the employee has had (Wahid & Furuholt 2004; Lera-Lopez 2007; Lyskey, 2007). Top management support is important for creating a supportive climate and providing the required resources (Premkumar & Roberts, 1999). Attitude and personality refers to the attitude of the decision makers towards change, their innovativeness and dynamism the internal personal

communication exposure they have and mass media exposure they have which may translate into new ideas (Corbitt, 2000). Response to risk refers to the attitude of the decision maker towards risk associated with the adoption (Sultan & Chan, 2000). The CEO characteristics on the other hand relate to the innovativeness and IT knowledge of the CEO which is thought to influence adoption. CEO characteristics are particularly relevant in small companies where they are more influential since they are the main decision makers (Teo and Ranganathan, 2004).

The size of the organization indirectly reflects the resources owned by the firm; financial and human. One of the most common measure of size is the number of employees (Kimberly and Evanisko, 1981). Other measures include fixed assets (Thong, 1999) and annual revenues (Hamill and Gregory, 1997). Age can be used interchangeably to refer to either the company or the staff. This is measured mainly by the number of years the organization has been in business (Malhotra and Singh, 2007; Goode and Stevens, 2000). Organization type refers to the industry in which the organization operates. Businesses in different sectors have different information processing needs and those in more information intensive sectors are more likely to adopt technological innovations than others in less information intensive sectors (Yap, 1990). Market orientation of the firm involves the activities of market information acquisition and dissemination and coordinated creation of customer value (Jimenez-Jimenez et al., 2008). Organizational learning refers to organization activities of creating and using knowledge to enhance competitive advantage (Calantone et al., 2002). Marketing capabilities refer to the integrative processes designed to apply the collective knowledge, resources and skills of the firm to market related needs of the business, enabling the firm to add value to its goods and services and to meet competitive demands (Day, 1994). IT knowledge refers to that of the manager or the employees (Goode and Stevens, 2000).

## **2.5 Internet Marketing Adoption and Organizational Performance**

There are three types of indicators that have generally been adopted in organizational performance theories including growth, profitability and market share expressed by either financial or non-financial indicators. Since financial indicators of performance measurement are even more thin, especially in the changing competitive environment,



non-financial performance should be considered in order to fill the gap in case of insufficient information (Dess and Robinson, 1984). Organizational performance is described as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival (Griffin, 2003). The assumption is that there is a positive correlation between the adoption of internet marketing and the organizational performance in terms of sales volume, profitability and revenue growth, customer database (Whitworth, 1999) and customer service. Market share for the current period shall also be considered.

Recent studies suggest that organizations can improve customer acquisition and retention by integrating IT into their marketing practices to foster rich interactions with their customers (Brodie, Winkilhofer, Coviello & Johnstone, 2007). According to Terence (1989) it's a way of ensuring that resources available are used in the most efficient and effective way. The essence is to provide for the organization the maximum return on the capital employed in the business. Performance by private firms is very important because managers need to know how well the firm is performing. There are two major reasons as to why tourism firms should have performance measurement (Johnson, 1997). The first one is to produce financial statements at the right time. He argues that information given that cannot give accurate picture of the organization financial position. Secondly financial statements should be analyzed to produce information about the performance of the scheme, which must be used to improve that performance.

Bourne, (2003) defines performance management as simply activities to ensure that goals are consistently being met in an effective and efficient manner. It can focus on performance of the organization, department, and processes to build a product or service, employees among others. Because today's organizations seem to change much more rapidly than in the past many scholars assert that no sooner is a measurement identified than the measurement becomes obsolete because the organization has changed substantially. It is the view of Bourne et al (2002) that performance management systems are a key element in the use and development of an organization's most vital resource, its employees. Performance management systems are used for a wide range of administrative purposes, such as making decisions about pay, promotion and retention. When people in the organization understand how their

work contributes to the success of the company, morale and productivity usually improve. Performance management is the key to making these links clear to everyone. The effective management of individual performance is the central requirement for the attainment of organizational goals. If line managers are to achieve strategic objectives, accurate information regarding the performance levels of their members is essential. This is the reason why most organizations insist on a formal and systematic process whereby such information may be gathered and recorded (Bennett, 1997).

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter presents the methodology that was used to carry out this study. It also explains the research design, data collection methods and data analysis.

#### 3.2 Research Design

A descriptive survey research design was used. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It was appropriate for this study because the researcher sought to understand the extent of adoption of internet marketing and the factors that influence this as well as the relationship between adoption and the organization performance.

#### 3.3 Population

The population of this study comprised all tour operators in Nairobi which are registered under the umbrella body KATO. There are 116 tour operators in Nairobi (Experience Kenya E-Tourism and Business Portal). The Tour Operators are divided into five categories as shown on the table below;

**Table 3.3: Categorization of KATO members**

CATEGORY	CRITERIA
A	Gross Annual Turnover exceeding KShs 120 Million
B	Gross Annual Turnover of exceeding KShs 80 Million but below KShs 120 Million
C	Gross Annual Turnover of exceeding KShs 40 Million but below KShs 80 Million
D	Gross Annual Turnover of exceeding KShs 10 Million but below KShs 40 Million
E	Gross Annual Turnover not exceeding KShs 10 Million

### 3.4 Sampling

The sample size of this study was 30 of the tour operators in Nairobi, selected through stratified random sampling, where 6 Tour Operators were selected from each of the categories as shown in the table below. The sampling unit is the person from whom relevant information is sought and thus toward whom the questionnaire is directed. For the purpose of this research, the three positions identified as part of the sampling unit were the owner or general manager, the business development manager or the marketing manager. The owner is the key decision maker and would be the best target for this research. The business development manager is well aware of the firm's strategies to enter new markets and is thus the next best suitable target. The marketing manager is also an influential position and is aware of the reasons behind the internet marketing adoption and how it relates to the firm's performance. They were selected using purposive sampling method because the researcher was very specific on whom to interview.

**Table 3.4: Sampling**

<b>CATEGORY</b>	<b>TOTAL NUMBER OF TOs</b>	<b>TOTAL SAMPLE</b>
<b>A</b>	10	6
<b>B</b>	30	6
<b>C</b>	35	6
<b>D</b>	22	6
<b>E</b>	19	6

### 3.5 Data Collection

Primary data was collected for the purpose of this study. This was done using a self-administered, semi-structured questionnaire available in the appendix. The questionnaire was divided into two parts. The objective of the first part was to get the demographic information of the tour operators. The second part of the questionnaire

was used to examine the factors that influence adoption of Internet marketing. The data was collected over a period of two weeks.

### **3.6 Data Analysis**

The data collected was edited for accuracy, consistency and completeness before coding and tabulation was done. The data collected was then analyzed using descriptive statistics and presented through the use of means, percentages, standard deviation and tabulations. Mean scores and standard deviations were evaluated and ranked to give the relative importance of the various variables of this study.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on internet marketing adoption and the performance of tour operators in Nairobi. The data was gathered exclusively using the questionnaire as the research instrument, which was designed in line with the objectives of the study.

#### 4.2 Response rate

In data collection, the study targeted 30 respondents with regard. There was a 100% response rate. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires.

#### 4.3 Background Information of the Respondent

This section describes the characteristics of the respondent in terms of their gender and the position they hold in the organization.

##### 4.3.1 Gender Profile

The study sought to find out the gender of the respondents and the findings revealed that 73% of the respondents were female while only 27% of the respondents were male. This depicts the situations seen in the tourism industry in Kenya. The table below illustrates this finding.

**Table 4.3.1: Gender of the respondents**

	Frequency	Percent	Cumulative Percent
Male	8	26.7	26.7
Female	22	73.3	100.0
Total	30	100.0	

### 4.3.2 Position held by the respondent

The study sought to find out the positions held by the respondents. According to the findings, 70% of the respondents were business developers, while 16.7% of the respondents were the owners, while only 13.3% of the respondents were marketing managers. This finding is supported by the fact that the business development manager has the mandate to increase the volume of business to his firm and in so doing, has to tap into any opportunities that present themselves. Internet marketing is one great opportunity to take up.

**Table4.3.2: Position held by the respondent**

	Frequency	Percent	Cumulative Percent
Owner/Manager	5	16.7	16.7
Business Development Manager	21	70.0	86.7
Marketing Manager	4	13.3	100.0
Total	30	100.0	

## 4.4 Background Information of the Organization

This section describes the characteristics of the tour firm in terms of their target customers and the management of the firm.

### 4.4.1 Company's target customers

The study sought to find out the firm's target customers. As shown in the table below, 63.3% of the firm's target customers are both local and foreign. A further 30% of the firm's target customers are foreign, while only 6.7% of the of the firm's target customers are local. This finding concurs with the Kenya National Bureau of Statistics (KNBS) 2011 economic survey results that showed 63% of all bed nights in the country being taken up by international tourists, and Kenyans taking 37%.

**Table 4.4.1: Firms' target customers**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Foreign</b>	9	30.0	30.0
<b>Local</b>	2	6.7	36.7
<b>Both</b>	19	63.3	100.0
<b>Total</b>	30	100.0	

#### **4.4.2 Management of the firm**

The study further sought to find out the respondents' description of the management of the firm. From the findings, 50% of the respondents indicated that the firm had both indigenous and foreign management, 26.7% that the firm had an indigenous management system while 23.3% said that the firm had a foreign management system.

**Table 4.4.2: Management of the firm**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Indigenous</b>	8	26.7	26.7
<b>Foreign</b>	7	23.3	50.0
<b>Both</b>	15	50.0	100.0
<b>Total</b>	30	100.0	

#### **4.5 Internet Marketing Adoption**

This section seeks to explain the internet marketing adoption practices that the researchers investigated. There are many ways in which internet marketing can be applied in our firms. The most basic of these is the availability and development of a website followed by selling of the firm products over the internet. These are illustrated below.



### 4.5.1 Whether the firm has a website

From the findings, 97% of the respondents indicated that the firm has a website while only 3% of them indicated that the firms did not have a website. With the advent of internet, most companies have at least developed a website.

**Table 4.5.1: How website was developed**

	Frequency	Percent	Cumulative Percent
<b>Yes</b>	29	96.7	96.7
<b>No</b>	1	3.3	100.0
<b>Total</b>	30	100.0	

### 4.5.2 Website Development

The Researcher further sought to find out how the website was developed. As the table below illustrates, 50% of the respondents indicated that the website was developed through an in-house arrangement, 43.3% of the respondents indicated that the website was developed both through an in-house arrangement and an external consultant, while only 6.7% of the respondents indicated that the website was developed by an external consultant.

**Table 4.5.2: How website was developed**

	Frequency	Percent	Cumulative Percent
<b>In-house</b>	15	50.0	50.0
<b>External consultant</b>	2	6.7	56.7
<b>Both</b>	13	43.3	100.0
<b>Total</b>	30	100.0	

### 4.5.3 Sale of Services over the Internet

The second application of internet marketing that was investigated is the sale of the firm's services over the internet. From the findings, 67% of the respondents indicated that the company does not sell its travel services over the internet while only 33% of the respondents indicated that the firm sells its travel services over the internet. The findings are consistent with Research carried out by the Kenya Tourist Board (KTB) that revealed that most customers will search for information online, but will not actually buy the holiday online. There is still preference for the travel agent, especially where the area to be visited is unfamiliar to the tourist.

**Table 4.5.3: Whether the company sells its travel services over the internet**

	Frequency	Percent	Cumulative Percent
Yes	10	33.3	33.3
No	20	66.7	100.0
Total	30	100.0	

## 4.6 Determinants of Internet Marketing

This section deals with the factors that determine internet marketing adoption by the tour operators. They are grouped into three namely; organization characteristics, individual characteristics and industry competition.

### 4.6.1 Organization Characteristics

These are factors that relate to the tour firm directly. From the findings as shown in the table below, there are an increasing number of customers who are seeking travel information from the firms' websites. This means that the firm is likely to adopt internet marketing in order to increase web traffic to their website. This is based on the average of 3.6 out of 5. Initial cost of developing the website is also another factor that would influence adoption or non-adoption. Cost is a barrier to adoption. The higher the cost of designing the website the lower the likelihood of the tour firm will adopt internet marketing. The average of 4.4 out of 5 shows the high level of correlation between the cost and adoption. Maintenance cost is also a very important factor that comes to play 70% of the respondents agree that this will greatly influence

whether or not they shall adopt internet marketing. Profitability is another factor that is considered when deciding on whether to adopt or not to. 67% of the respondents are of the view that adoption of internet marketing will increase the profitability of the business, thus showing the likelihood of adoption. Market share growth through promotional activities on the web is a factor that will determine adoption. A mean score of 3.8 shows that the tour firms are more likely to adopt internet marketing in order to gain market share. The firms' policy to support internet marketing adoption is also a factor that influences with a mean score of 3.9.

**Table 4.6.1: Organization Characteristics**

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>	<b>Std dev</b>
<b>Organization Characteristics</b>							
<b>Whether there is an increasing number of customers who visit web to search for travel packages</b>	3.3	6.7	23.3	56.7	10.0	3.6	0.9
<b>If internet marketing adoption will allow respondents to communicate with international customers</b>	3.3	26.7	40.0	26.7	3.3	3	0.9
<b>Enable tour firm to serve many customers</b>	3.3	10.0	40.0	36.7	10.0	3.4	0.9
<b>Initial cost of developing website is too high for your company</b>	3.3	13.3	20.0	23.1	41.0	4.4	0.9
<b>Cost of maintaining website and updating information is too high for your company</b>	3.3	6.7	20.0	53.3	16.7	3.7	0.9
<b>Will increase profitability of the business</b>	3.3	13.3	16.7	46.7	20.0	3.7	1

<b>Promotional activities over the web are effective in gaining market share</b>	.0	16.7	23.3	26.7	33.3	3.8	1.1
<b>Organization has supported adoption of internet marketing</b>	3.3	6.7	20.0	36.7	33.3	3.9	1.1

#### 4.6.2 Individual Characteristics

The study sought to find out the respondents' level of agreement with attributes of the individuals working in the tour firms. As the table below shows, most of the factors showed a positive correlation with adoption of internet marketing. 63% of the respondents agree that they are interested to hear about new developments in internet marketing. This is a positive attribute as it shows staff willingness to learn new methods of marketing the firms' products. A score of 4.0 on the attribute of computer literacy for all staff is also positive in that they have the basic requirement for internet marketing adoption. The fact that internet marketing fits in well with the way employees like to work is more likely to result into adoption in order to maintain consistency. This has a mean score of 3.9. Learning to operate internet marketing system is easy and hence the agreement by the respondents that it's a factor that would influence adoption. The fact that 60% of the respondents thought that employees find it difficult to use internet marketing to market the firm is a negative influence.

**Table 4.6.2: Individual Characteristics**

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>	<b>Std dev</b>
<b>Individual Characteristics</b>							
<b>Interested to hear about new developments in internet marketing</b>	3.3	3.3	30.0	50.0	13.3	3.7	0.9
<b>Using internet to market fits well with the way you like to</b>	6.7	3.3	16.7	40.0	33.3	3.9	1.1

<b>work</b>							
<b>Employees are all computer literate</b>	3.3	3.3	20.0	33.3	40.0	4	1
<b>Employees find it difficult to use internet to market the firm</b>	10.0	6.7	23.3	33.3	26.7	3.6	1.2
<b>Company has competent technical support staff</b>	.0	16.7	60.0	13.3	10.0	3.2	0.8
<b>learning to operate internet marketing system is easy</b>	3.3	3.3	16.7	70.0	6.7	3.7	0.8
<b>If senior management of the firm has been helpful in the use of internet marketing</b>	.0	13.3	23.3	36.7	26.7	3.8	1

### 4.6.3 Industry Competition

These are the external factors that come to play when determining whether or not the firm should adopt internet marketing. The fact that internet marketing adoption will provide access to global consumer markets is a positive attribute as shown below, by 73% of the respondents. Internet marketing adoption will cut the costs of traditional marketing, as shown by 63% of the respondents. This is a very important factor in that while internet marketing is seen as a technique to grow the market share, it will reduce the company's cost and therefore increase profitability. The fact that other tour operators are already marketing their products over the internet is not a very strong influence, as it scored a mean of 3.3 out of 5.

**Table 4.6.3: Industry Competition**

	Strongly disagree	Disagree	Indifferent	Agree	Strongly agree	Mean	Std dev
<b>Industry Competition</b>							
<b>Will provide access to global consumer markets</b>	3.3	10.0	13.3	40.0	33.3	3.9	1.1
<b>Other TOs are using internet to market their products</b>	10.0	6.7	30.0	46.7	6.7	3.3	1
<b>Will cut cost of traditional marketing methods</b>	6.7	6.7	23.3	33.3	30.0	3.7	1.2

## **4.7 Organization Performance**

The researcher sought to understand what the respondents take on various measures of Organization performance. The three aspects that were investigated are market share, sales, profitability and web traffic. These shall be discussed below.

### **4.7.1 Market share**

Market share is defined as the percentage of the total sales of a given type of product or service that are attributable to a given company. For the purposes of this study the researcher sought to understand, on average where the most of the companies lie with regard to market share. The table below illustrates that 20% of the firms' market share lie between 0-30%, 18% over 61% and the remaining 62% lie between 30-60%. This is especially so because of the stiff competition in the tourism industry and the undifferentiated product offering by the tour operators.

**Table 4.7.1: Market Share**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>0-30%</b>	6	20.0	20.0	20.0
<b>31 – 60%</b>	19	61.8	61.8	81.8
<b>+61%</b>	5	18.2	18.2	100.0
<b>Total</b>	30	100.0	100.0	

### **4.7.2 Increase in Sales**

This refers to the amount of money collected in exchange for services, in our case, tourism services. 50% of the respondents indicated that their sales volumes had grown by over 61% while 18% had grown by between 0-30% and the remaining 32% had grown by between 31-60%. This could be attributed to the period of the interviews, which coincided with the tourism high season in Kenya. The table below illustrates this clearly.

**Table 4.7.2: Increase in Sales**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>0-30%</b>	5	18.0	18.0	18.0
<b>31 – 60%</b>	10	32.0	32.0	50.0
<b>+61%</b>	15	50.0	50.0	100.0
<b>Total</b>	30	100.0	100.0	

### **4.7.3 Profitability**

Profitability is another measure of the firms' performance. The researcher sought to find out from the respondents whether or not their organizations' profitability had grown or declined in the past year. Most of the respondents affirmed that in deed their profits had not changed from the previous year. This was attributed to the high interest rates, high fuel costs and the fluctuation of the Kenya shilling to the dollar. These factors though macro, affect the profitability of the organization.

#### 4.7.4 Web Traffic

This refers to the number of people who access the firms' websites for reasons like information search, booking trips or payment for services. The researcher sought to find out whether the respondents agree or disagree about the increase in the number of customers searching for information about travel packages. As the table below illustrates, 73% of the respondents agree that there is an increase in web traffic for customers searching for information.

**Table 4.7.4: Increase in Sales**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>
<b>Increase in Web traffic</b>	3.3	3.2	20.0	43.8	29.7	4.4

### 4.8 Internet Marketing Adoption and the Organization Performance

This section seeks to find out whether there is any relationship, positive or negative, between internet marketing adoption and the organization performance. Correlation is used to determine if there is a significant relationship between two variables. Two variables are related if knowing the value of one variable allows you to know something about the value of the other variable. The researcher sought to establish the correlation with the two aspects of the firms internet marketing adoption namely existence of the website and the increase of sales over the internet.

#### 4.8.1 Existence of the Website and the Organization Performance

The analysis revealed that there is a direct relationship between the existence of the website and the increase in web traffic, market share and profitability. This means that the organization performance is a factor of these three attributes. However, Increase in sales is not positively related to the existence of the website. As shown earlier, it is



not always that a customer will access the tour operator's website in order to purchase a service. Rather, it would most likely be to search for information.

**Table 4.8.1: Website and the organization Performance**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>
<b>Increase in Web traffic</b>	3.3	3.3	30.0	43.3	20.0	3.7
<b>Market Share</b>	6.7	3.3	13.3	53.3	23.3	4.2
<b>Profitability</b>	3.3	13.3	13.3	26.7	43.3	3.9
<b>Increase in Sales</b>	3.3	20.0	50.0	20.0	6.7	3.1

#### **4.8.2 Sales over the Internet and the Organization Performance**

As the table below illustrates, 66% of the respondents are of the view that increase in web traffic has a positive correlation with sales over the internet. It is also observed that market share and profitability are related positively to sales over the internet. There is however, a weak link between sales over the internet and increase in sales. It is not necessarily true that because the tour firm is making sales over the internet, there will be increased sales volumes. The firm has to come up with strategies that will address pricing and the product being offered for sale in order to increase the volumes of sales.

**Table 4.8.2: Website and the organization Performance**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>
<b>Increase in Web traffic</b>	10.0	3.3	20.0	46.7	20.0	3.6
<b>Market Share</b>	6.7	16.7	16.7	33.3	26.7	3.6
<b>Profitability</b>	3.3	6.7	20.0	36.7	33.3	3.9
<b>Increase in Sales</b>	15.0	23.3	38.7	12.0	11.0	3.0

## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the findings, and provides the conclusions and recommendations of the study based on the objectives, that were to investigate the extent of internet marketing adoption, the factors affecting this and its contribution to the performance of tour operators in Nairobi, Kenya.

#### **5.2 Summary of the Findings**

As much as most of the tour operators have websites, very few of them sell their travel services over the internet. This goes to show that though there is high internet penetration (2.2 billion as at December 2011); people still prefer to book their holidays to Kenya through the travel agents or tour operators. Initial cost of developing the website and its maintenance are the main barriers to adoption of internet marketing. It is important to note that growth in market share through promotional activities on the website, as well as profitability, are the most important factors in adoption of internet marketing. The study therefore concludes that there is a positive relationship between internet marketing adoption and the performance of the organization.

Cost is the main determinant to internet marketing adoption. The expected impact that the website will have on the firm's profitability also plays a major role in adoption. Activities carried out on the websites like promotions that are aimed at increasing market share are also considered in adoption. Tour firms will therefore consider adoption of internet marketing based on the expected benefits.

Individuals are receptive to adoption as they are interested in uncovering new developments in internet marketing as it fits well with the way they like to work. As most employees are computer literate, learning how to market through the internet is easy especially because the senior management of the firm is very supportive. Internet

marketing adoption will help the company gain access to the global market, thus increasing the market share and cut costs associated with traditional advertising methods. The main determinants of internet marketing adoption are financial and technical resources, employee knowledge and willingness to adopt as well as the firm's future forecast on the benefits to be derived by adopting internet marketing.

### **5.3 Conclusion**

The study concludes that beside the fact that employees in the organisations were all computer literate the initial cost of developing website is too high for four companies. Internet marketing fits well with the way employees like to work and that the organization has supported adoption of internet marketing; that internet marketing adoption will provide access to global consumer markets; that senior management of the firm has been helpful in the use of internet marketing; that promotional activities over the web are effective in gaining market share; that internet marketing adoption will cut cost of traditional marketing methods; that learning to operate internet marketing system is easy; that internet marketing adoption will increase profitability of the business; that the cost of maintaining website and updating information is too high for the companies; that respondents were interested to hear about new developments in internet marketing; that there is an increasing number of customers who visit web to search for travel packages; that employees find it difficult to use internet to market the firm; that internet marketing adoption enables four firm to serve many customers; and that other TOs are using internet to market their products; that internet marketing adoption will allow respondents to communicate with international customers.

Four firms intend to adopt internet marketing in the next 12 months and that staff has the knowledge necessary to use internet. However, four firms felt apprehensive of using internet marketing; that the firms hesitate to use system for fear of making mistakes; that determinants of usage behaviour: firm has financial resources necessary to adopt internet marketing; that it scares the firm to think that four firms could lose a lot of information using internet marketing; that internet marketing is somewhat intimidating; that firms predict the use of internet in the next 12 months; that specific person(group) is available for assistance with system difficulties; that internet marketing system is not compatible with other systems in use. It was also concluded

that IT knowledge, senior management support, internet risk, perceived risk and organizational age prompted adoption of Internet marketing technology; that IT infrastructure, government support, competition and educational level prompted adoption of Internet marketing technology and that cost and employee attitude spontaneously influenced adoption of Internet marketing technology in four firms.

#### **5.4 Recommendations**

Financial institutions should partner with four firms through extending credit facilities to them as the initial cost of developing and maintaining a website is too high; employees in the organisations should be trained on the use of computers to avoid computer illiteracy; firms should adopt internet marketing as it provides access to global consumer markets; Senior management of the firm should be helpful in the use of internet marketing, through allocation of funds during budgeting. Promotional activities over the web should be adopted so as to increase market share, cut cost of traditional marketing methods, penetrate new markets and increase profitability of the business. The firms should mobilise their technical resources to adopt internet marketing.

#### **5.5 Recommendations for further studies**

A comparative study is recommended on internet marketing adoption and the performance of the airline industry which is an important sector with regard to adoption of internet marketing.

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## APPENDICES

### Appendix II: Questionnaire

#### THE EFFECT OF INTERNET MARKETING ADOPTION ON ORGANIZATIONAL PERFORMANCE: THE CASE OF TOUR OPERATORS IN NAIROBI, KENYA

Please ensure that you complete all questions by ticking all that apply.

Completion of this questionnaire is voluntary and all responses will remain confidential.

#### Section A: Demographics

Name of the tour operator (Optional) \_\_\_\_\_

1. Does your firm have a website?

a) Yes  b) No

2. How was your website developed?

a) In-house  b) External consultant  c)Both

3. How can you describe the management of your tour firm \_\_\_\_\_

a) Indigenous  b) Foreign  c)Both

4. Does your company sell its travel services over the internet?

a) Yes  b) No

5. If 'Yes', what is the estimated percentage of travel business that is done over the internet?

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6. Company target customer

a) Foreign  b) Local  c)Both

7. Please tick as appropriate

Position Owner/ Manager  Business Development  Marketing

Manager

Gender Female  Male

Age 25-30 years  31-35  36-40  Over 40  
years

Statement	Strongly disagree	Disagree	Indifferent	Agree	Strongly Agree
Whether there is an increasing number of customers who visit web to search for travel packages	1	2	3	4	5
If internet marketing adoption will allow respondents to communicate with international customers	1	2	3	4	5
Enable tour firm to serve many customers	1	2	3	4	5
Interested to hear about new developments in internet marketing	1	2	3	4	5
Initial cost of developing website is too high for your company	1	2	3	4	5
Cost of maintaining website and updating information is too high for your company	1	2	3	4	5
Will increase profitability of the business	1	2	3	4	5
Using internet to market fits well with the way you like to work	1	2	3	4	5
Employees are all computer literate	1	2	3	4	5
Employees find it difficult to use internet to market the firm	1	2	3	4	5
Company has competent technical support staff	1	2	3	4	5

learning to operate internet marketing system is easy	1	2	3	4	5
Promotional activities over the web are effective in gaining market share	1	2	3	4	5
Will provide access to global consumer markets	1	2	3	4	5
other TOs are using internet to market their products	1	2	3	4	5
Will cut cost of traditional marketing methods	1	2	3	4	5
If senior management of the firm has been helpful in the use of internet marketing	1	2	3	4	5

8. Please indicate to what extent you agree or disagree with the following statement;

There is an increasing number of customers who visit the web to search for travel packages;

<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

## **Section B: Internet marketing Adoption and the Organization Performance**

1. To what extent do you agree with the following statements regarding internet marketing adoption and performance of the organization with regard to the existence of the website?
2. To what extent do you agree with the following statements regarding internet marketing adoption and performance of the organization with regard to sales over the internet?

Statement	Strongly Disagree	Disagree	Indifferen	Agree	Strongly Agree
<b>Existence of Website</b>					
Increase in Web traffic	1	2	3	4	5
Market share	1	2	3	4	5
Profitability	1	2	3	4	5
Increase in sales	1	2	3	4	5
<b>Sales Over the Internet</b>					
Increase in Web traffic	1	2	3	4	5
Market share	1	2	3	4	5
Profitability	1	2	3	4	5
Increase in sales	1	2	3	4	5

1. Could you please tell me, what is the range within which the following attributes lie?

<b>Market Share</b>	<b>0-30%</b>	<b>31-60%</b>	<b>+61%</b>
	<b>1</b>	<b>2</b>	<b>3</b>
<b>Sales</b>	<b>0-30%</b>	<b>31-60%</b>	<b>+61%</b>
	<b>1</b>	<b>2</b>	<b>3</b>

2. How would you rate the shareholder returns in the past year? Would you say that they have declined or grown?
3. If declined or grown, by how much? \_\_\_\_\_
4. What is the reason for the decline/growth?

\_\_\_\_\_

\_\_\_\_\_

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5. Has the firm profitability grown or declined in the past year?

a) Yes  b) No

6. If so, by how much? \_\_\_\_\_

7. What would you associate with this growth/decline?

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**THANK YOU VERY MUCH FOR YOUR CO-OPERATION!**

## **Appendix II: List of Tour Operators in Nairobi**

1. Abercrombie & Kent
2. Africa Expeditions Ltd
3. African Eco-Safaris
4. African Horizons Travel & Safaris Ltd
5. African Quest Safaris Ltd
6. African Servalcat Safaris & Tours
7. Allamanda Safaris
8. Amazing Tours & Travel Ltd
9. Animal World Safaris Ltd
10. Apollo Tours & Travel Ltd
11. Archers Tours & Travel Ltd
12. Asili Adventure Safaris
13. Balloon Safaris Ltd
14. Basecamp Travel Ltd
15. Bellafric Expeditions Ltd.
16. Big Five Tours & Safaris Ltd
17. Boma Travel Services Ltd
18. Buena Vista Tours & Safaris
19. Bunson Travel Services Ltd
20. Bush & Beyond Ltd
21. Bushtroop Tours & Safaris
22. Call of Africa Ltd Safaris
23. Charleston Travel Ltd
24. Cheetah Tours Ltd
25. Cheli & Peacock Ltd
26. Chronicle Tours & Travel
27. Coast Adventure Safaris
28. Concorde Car Hire & Safaris Ltd
29. Cotts Travel & Tours Ltd
30. Dallago Tours & Safaris
31. Destination (K) Ltd

32. Destination Connect Co. Ltd
33. Discover Kenya Safaris Ltd
34. Dotcom Safaris
35. Dream Kenya Safaris
36. East Africa Safari Ventures Ltd
37. East African Wildlife Safaris
38. Eastern and Southern Safaris
39. Eco Adventures Limited
40. El Molo Tours & Travel
41. Elite Travel Services Ltd
42. Elsa Ltd (Elsamere Conservation & Field Study Centre)
43. Exclusive African Treasures
44. Expedition Africa Safaris
45. Exotic Golf Safaris Ltd
46. Eyes on Africa Adventure Safaris Ltd
47. Finch Travels Ltd
48. First Choice Tours & Travel Ltd
49. Flight & Safaris International Ltd
50. Game Viewers Adventures Limited
51. Gametrackers (K) Ltd
52. Gamewatchers Safaris Ltd
53. Go Africa Safaris and Travel
54. Helinas Safaris Ltd
55. HTT Holidays & Incentives Ltd
56. Ibis Tours and Travel Ltd
57. Impact Adventure Travel
58. Incentive Travel Ltd
59. Jade Sea Journeys Ltd
60. Jambo Travel House Limited
61. Jungle Beach Safaris Ltd
62. Kairi Tours & Safaris
63. Kenia Tours & Safaris
64. Kentan Safaris Ltd.
65. Kitty Tours Travel & Safaris Ltd

66. Kisima Tours & Safaris
67. Kobo Safaris Ltd
68. Leading Expeditions Safaris
69. Let's Go Travel
70. Liberty Africa Safaris
71. Maniago Safaris Ltd
72. Marble Travel
73. Masimba Hills Safaris
74. Menengai Holidays Ltd
75. Moige Tours & Travels
76. Muthaiga Travel Ltd
77. Naked Wilderness Africa
78. Napenda Africa Safaris
79. Nature Expeditions Africa
80. Ontdek Kenya Ltd
81. Ostrich Holidays Adventures
82. Out of Africa Collection Ltd
83. Pacific Blue Travel and Tours Ltd
84. PAWS Africa Safaris Ltd
85. Phoenix Safaris (K) Ltd
86. Pinnacle (K) Travel & Safaris Ltd
87. Private Safaris (EA) Ltd
88. Ramogi Tours & Travel Ltd
89. Raydoll Tours & Travel
90. Rhino Safaris Ltd
91. Safari Trails Limited
92. Safaris In Style
93. Scenic Treasures Ltd
94. Shades of Africa Tours & Safaris
95. Silverbird Adventure Tours & Travel
96. Somak Travel Ltd
97. Southern Cross Safaris Limited
98. Southern Sky Safaris
99. Speedbird Travel & Safaris



100. Suntrek Tours & Travel Ltd
101. Tekko Tours & Travel
102. Tour Africa Safaris
103. Trails of Africa Tours & Safaris
104. Travel 'n Style
105. Travel Connections Ltd
106. Tripple Tours & Travel Ltd
107. Twiga Car Hire & Tours Ltd
108. Uniglobe Northline Travel Ltd
109. Venture Africa Safaris & Travel
110. Vintage Africa Ltd
111. Wildlife Sun Safaris
112. Wild Trek Safaris Ltd
113. Woni Safaris Ltd
114. Xcellent Wildlife Paradise - Holidays and Safaris
115. Zaruma Safaris Ltd
116. Zoar Tours and Safaris