

**EXPORT MARKETING IN THE INTERNET:
THE CASE OF THE FLORICULTURE INDUSTRY IN
KENYA**

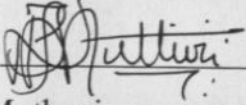
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**A Management Research Project submitted in partial fulfillment of the
requirements for The Masters in Business and Administration Degree,
Faculty of Commerce, University of Nairobi**

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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

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DEDICATION

To my parents *Cypriano Muthuri* and *Cecilia Muthuri*,
siblings *Dolly, Rose, Bill* and *Purity*
of whom without their valuable support this would not have been.

Special dedication to my late brother *Lawrence Mugambi* whose death
taught me patience and perseverance.

To God be the Glory, for his blessings are bountiful.

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ABSTRACT

The floriculture industry is increasingly becoming an important exchange earner for Kenya. As at 1989, Kenya was the world's fourth largest flower exporter, currently exporting approximately fifty two flower varieties. Export marketing is geared more on the international market with the main flower markets being Holland, Switzerland, and United Kingdom. African and Asian countries account for the least export sales. The use of the Internet as a vehicle for promotion, information and export revenue enhancement is key to the industry.

The literature reviewed showed that the Internet and the World Wide Web are in their infancy. In this regard, Internet could be seen as an innovation hereby referring to any good, service, or idea that is perceived by someone as new. The Internet has facilitated electronic trade and possesses the fundamental characteristics of openness, informality, and interactivity. It is an information and promotion tool that enhances the automation of firms' exporting functions.

The study's objectives were: firstly, to identify demographic factors that explain who among the flower exporters was likely to market through the Internet; secondly, to find out whether flower exporters were satisfied with the Internet as a marketing tool; thirdly, to identify the aspects of the Internet that contributed to the satisfaction or dissatisfaction with the Internet as a marketing tool; and fourthly, to determine factors that were hindering flower exporters from using the Internet as a marketing tool.

Many flower firms adopted the Internet with various reasons with the major one being for information dissemination purposes. Flower exporters identified with the benefits of the Internet as a marketing tool, majority stating it creates a firms competitive edge. Widening customer reach, penetrating new markets, and enhancing communication between firms and customers were other key perceived benefits.

The findings reveal that respondents were satisfied with the Internet as a marketing tool. They were very satisfied with the Internet linking them with business partners, and also as an efficient information dissemination tool. However, they were apprehensive about online payments options, security issues, and consumer protection.

Export marketing through the Internet has enhanced sales. All respondents recognized that the Internet enhanced export marketing as an information dissemination tool. Important is that none of the firms used the Internet for finance and billing matters.

The research findings show that the Internet is yet to be fully adopted and exploited by the flower exporters. Computer illiteracy, lack of facilities like computers, fear of change by top managers, and negative attitude towards new technology are key factors that have contributed to this.

CHAPTER ONE INTRODUCTION

1.1 BACKGROUND

Kenya has since independence relied heavily on the agricultural sector as the base for its economic growth, employment creation, and foreign exchange generation. The sector is also a major source of the country's food security and a stimulant to growth of off-farm employment, both of which are of primary concern to the government (National Development Plan, 1997-2001). The major agricultural activities in Kenya are crop production, horticulture, dairy and livestock farming. The export base of the sector has remained largely on coffee, tea, and horticulture. Previously, the floriculture industry has been subsumed under the horticulture sector.

However, the agricultural contribution has been declining over the past few years and has decelerated from 1.5 % in 1998 to 1.2 % in 1999. Overall, output also declined from K£ 8,154.3 million recorded in 1998 to K£ 7,778.9 million recorded in 1999 (Economic Survey, 2000).

On the contrary, the horticulture sector has continued to perform well since the early 1990's to date. The volume of horticultural exports rose by 26.4 % from 78.4 thousand tonnes in 1998 to 99.1 thousand tonnes in 1999. Its export value rose by 48.8 % from K£ 486.5 million in 1998 to K£ 723.7 million in 1999 (Economic Survey, 2000).

Currently, horticulture sector is the third valued export in Kenya (see table 1). Notably, the total value of sales of the horticulture sector recorded in 1999 were K£ 370.6 million for cut flowers, K£ 62.9 million for fruits and K£ 290.2 million for vegetables (Economic Survey, 2000). It is worth noting that of the top 20 exporters in Kenya, nine are flower exporters (FlowerTech, 2000).

Table 1: Proportion of exports in Kenya

Proportions of exports 1995 - 1999 %					
ITEM	1995	1996	1997	1998	1999
Tourism	20.44	17.53	15.92	12.62	14.89
Tea	14.70	15.55	16.84	23.78	22.85
Horticulture	8.69	9.33	9.60	10.77	12.29
Coffee	11.81	11.25	11.77	9.24	8.34
Petroleum Products	3.58	4.81	5.00	6.58	6.36
Cement	1.32	1.74	1.60	1.04	0.87
Pyrethrum Extract	1.09	1.10	0.96	0.52	0.46
Soda Ash	0.84	0.79	0.93	0.89	0.91
Sisal	0.48	0.56	0.50	0.50	0.44
Fluorspar	0.21	0.25	0.26	0.15	0.36
Wattle Extract	0.18	0.20	0.22	0.16	0.19
Wood Carvings	0.18	0.16	0.18	0.27	0.23
Hides and Skins	0.24	0.16	0.12	0.09	0.22
Metal Scrap	0.14	0.12	0.14	0.08	0.10
Meat & Meat Products	0.07	0.08	0.08	0.09	0.12
Animal Feeds	0.04	0.01	0.01	0.01	0.01
All Other*	36.01	36.37	35.89	33.21	31.37
%	100.00	100.00	100.00	100.00	100.00

(Source: Economic Survey, 2000)

* Mainly manufactured goods such as textiles, margarine, cleansing materials, plastics, confectionery and breakfast cereals, stationery, pharmaceuticals, beverages (beer & spirits), edible oils, construction and building materials, body care products, industrial chemicals, engineering products (e.g. metal frames and bus bodies)

The horticulture has had steady growth over the last five years unlike other sectors where fluctuations have been experienced. According to European import statistics, Kenya is

the fifth largest supplier of Fresh Produce and the second largest supplier to the Dutch Flower Auctions (FlowerTech, 2000). Within fresh horticulture, the biggest change has been the expansion of fresh flower exports. Floral exports increased from 3,500 metric tons in 1990 to 11,300 metric tons in 1989. Between 1985 and 1989 alone, the value of floral exports more than tripled (Economic Review, 2000). The value of sales recorded on cut flowers has been skyrocketing (Table 2).

The cut flowers were almost non-existent as recent as 1974 while by 1989, Kenya was the World's fourth largest exporter of cut flowers (World Bank, 1989).

Table 2: Kenya Trade Statistics

Year	Export Description	Unit	Quantity	Value in Kshs.
1995	Fresh cut flowers, other cut flowers and flower buds	KG	28,370,378	3,341,363,848
1996	Fresh cut flowers, other cut flowers and flower buds	KG	33,246,429	4,127,408,107
1997	Fresh cut flowers, other cut flowers and flower buds	KG	34,312,315	4,553,442,937
1998	Fresh cut flowers, other cut flowers and flower buds	KG	34,144,652	5,180,650,470
1999	Fresh cut flowers, other cut flowers and flower buds	KG	32,746,437	5,214,843,773

Source: Center for Business Information in Kenya (2001)

* KG refers to Kilogram.

The Floriculture industry offers a wide range of flower and foliage types virtually all the year round. There are approximately fifty two (52) varieties of flowers grown in Kenya and include Roses, Eryngium, Carthamus, Strelitzia, Alstromeria, Ammi Majus, Anthuriums, Arabicum, Carnations, Statice Limonium, Solidago, Solidaster, Heliconia, Chrysanthemums, Lissianthus, to name but a few.

The industry operates under two umbrella organizations, namely, The Fresh Produce Exporters Association of Kenya (thereafter referred as FPEAK) and Horticultural Crop Development Authority (thereafter referred as HCDA). FPEAK is an association of exporters whose mission is to support and expand exports of horticultural produce. It empowers members in areas such as market intelligence, export promotion, technical support, and training services for exporters. It has about 190 active members.

The Government is represented through the HCDA, which licenses exporters and propagators, monitors production and exports, and provides (limited) training and extension services. There are some 400 exporters registered with HCDA of whom about 280 are flower exporters – though less than half of these can be said to be active (FlowerTech, 2000).

The market of the horticultural exports is mainly to the industrial countries particularly the United Kingdom and Germany. The Netherlands accounts for 10 per cent of the value of Kenya's horticultural exports primarily fresh cut flowers for re-export under the Dutch labels. Others include Italy, Belgium, Canada, Finland, Sweden and the United States of America (thereafter referred as U.S.A). In addition, to these traditional markets, new markets are opening up in Southern Europe and Middle East (World Bank, 1993).

Export marketing of the cut flowers is geared more on the international market. The key players FPEAK and HCDA have made deliberate moves to market the cut flowers. This has been (and not limited to) Trade Fairs, use of the Internet and the World-Wide Web, the flower auctions, among others. Supermarket chains particularly in the United Kingdom have become a major outlet for the Kenyan Flowers. Exporting has increasingly become vital for the achievement of corporate prosperity and long-term commercial viability (Katsikeas, 1994). Exporting will herewith be referring to the act of selling of goods and services to foreign markets (Albaum, 1998).

A World Bank (1993) report predicted that Kenyan exports, especially horticulture would face an increasing competition from both the developed and developing countries. Flower marketing is currently facing extreme stiff competition from the Netherlands. Aggressive marketing strategies therefore need to be established to open-up direct sales especially in the developed countries.

Flowers by their nature are a package of love and leisure. It has been argued that flower market is fashion-conscious; the marketing mix should therefore focus to a real-time marketing strategy. Kenya floriculture is becoming increasingly important to the national economy. The success in the floriculture industry can only be achieved through continuous learning, interaction and sharing. This is the essence of Electronic Commerce (e-commerce).

E-commerce entails the electronic transfer of goods and services. E-commerce helps foreign buyers and producers get whatever goods and services they want with all the business transactions being electronic. The Internet is therefore used as a vehicle that accommodates the process of conducting export business or a tool deployed for promotion, information, and/or export revenue advancement. The Internet can make the exporter more effective and efficient in performing its routine business functions.

The emergence of electronic communications and the Internet is rapidly changing traditional marketing methods (Hoffman and Novak, 1996). Practically every type of organization is found on the Internet today. Internet marketing is essentially creating a visibility of, or a web site on the Internet whereby that presence can increase interest in the site's products or services resulting in potential for new sales and entry into new markets ([Http://www.maximum-internet-marketing.com](http://www.maximum-internet-marketing.com)).

The Internet provides real-time trading systems, industry specific information and electronic communication in centralized online centers. Internet trading sites examples include the Floraplex based in Florida, U.S.A with offices in South America and Europe. Majority of these sites are based in America and Europe.

In response to the quick adoption of electronic communication, marketers are exploring methods that exploit the many diverse opportunities existing on the Internet. Marketing is therefore turning electronic and the Internet is increasingly becoming the ultimate international marketing medium. On this basis, the Kenya's floriculture exporters must position themselves in order to create a competitive advantage for their produce abroad and avoid being laggards. This is because the floriculture markets are international and most of the international competitors have embraced e-commerce in their transactions.

Information is a powerful tool in the floriculture business. Its benefits are better realized when information is timely and relevant. Therefore, Kenyan flower exporters ought to continuously develop their business infrastructure and look to the future with optimism.

1.2 THE RESEARCH PROBLEM

Attention on the role of the Internet has continued to intensify as evidenced by the growing volume of information and transactions through the Internet. Academic inquiry has led to an increasing contribution on the role of Internet in marketing. Researchers are continuously seeking new paradigms that appropriately incorporate the Internet in marketing theory (Samiee, 1998).

Most researches undertaken in Kenya are on export in general. Horticultural sector has been the main focus of study in the past with a mention of cut flowers (floriculture) as a leading horticulture exporter. Ikiara (1992) undertook a study on the determinants of export performance of the Kenyan Horticultural industry. Kimani (1998) in her study sought to determine the horticultural marketing problems facing small-scale farmers of Ndia Division Kirinyaga District. Several studies that have been undertaken on the

floriculture sector have mainly focused on production, pests and diseases (FPEAK magazine, 2000).

Interest in the Internet is unprecedented, and its use in marketing is increasing exponentially (Peterson, Balasubramanian, and Bronnenburg, 1997). For example, the adoption of e-commerce saw the World Commerce Online launch the first e-commerce trading system for the Floral Industry in January 1999. It is known as Floraplex. Using E-Plex technology, Floraplex links growers, wholesalers and floral retailers worldwide, merging secure communications, information and commerce on the Internet. The implication of marketing via the net saw more than 25 million stems of cut flowers sold worldwide via the Floraplex system in the year 2000. "More and more customers are using the Internet to find florists, compare services and place orders. A lot of these customers are venturing onto the Internet. The Internet is therefore creating a bulk of trade in the industry." (<http://www.floraplex.com>).

Previous studies that have been carried out on the Internet deals with a general overview of pertinent issues regarding it. Samiee (1998) study on exporting and the Internet offered a conceptual perspective, which provides the six axioms that constitute the foundation and the guiding principles by which the Internet might be applied to exporting situations. Kantor and Neuborth (1996) studied on the Socio-demographic characteristics of Internet users. While Zugelder, Flaherty, and Johnson (2000) undertook a study on the legal issues associated with International Internet Marketing. Most studies have been undertaken in the developed countries.

Other researches have focused on the general use of the Internet. However, there is a deliberate attempt to analyze industry specific use of the Internet. For example, Napoli, Ewing, and Pitt (2000) researched on the factors affecting the adoption of the Internet in the Public Sector. This was to acknowledge the growing number of public sector organizations that have an Internet presence. Mbuvi (2000) studied on the potential for adoption of e-commerce by Tour Operators: A case of the Kenya Association for Tour Operators (KATO) members.

Despite much publicity about the Internet, empirical research regarding the role and the impact of the Internet in business and exporting is quite scanty. Research is urgently needed to address various issues (Samiee, 1998). Mbuvi (2000) and Napoli, Ewing, and Pitt (2000) acknowledge that previous studies have mainly attempted to detail advances of Information Technology (thereafter referred as IT) and the Internet as a marketing medium in general. Furthermore, Internet's effectiveness as a marketing tool has yet to be fully evaluated (Napoli, Ewing, and Pitt, 2000).

Despite the fact that the Internet is increasingly becoming the ultimate international marketing medium, it is relatively a new phenomenon in Kenya. Internet is still in its infancy and information on industry specific use of Internet in export marketing is lacking. Therefore there is a need to study various aspects of the Internet focusing on specific industries. In order to fill the knowledge gap, the researcher focused on the Floriculture Industry. This was because the industry is 98% export oriented (FlowerTech, 2000), and by whose use of the Internet as a marketing tool adds to the exporters' competitive advantage.

This study sought to determine the reasons why some Kenyan flower exporters had taken a fast mover advantage in export marketing in the Internet by answering the following questions:

- Who among the flower exporting companies is likely to market in the Internet?
- Are the flower exporters satisfied with the Internet as a marketing tool?
- What aspects of the Internet have contributed to both the satisfaction and dissatisfaction of Internet as a marketing tool?
- What factors hinder firms not to use the Internet as a marketing tool?

1.3 OBJECTIVES OF THE STUDY

The objectives of the study were:

- i. To identify demographic factors that explain who among the flower exporters is likely to market through the Internet.
- ii. To find out whether flower exporters are satisfied with the Internet as a marketing tool.
- iii. To identify the aspects of the Internet that contributes to the satisfaction or dissatisfaction with the Internet a marketing tool.
- iv. To determine factors that are hindering flower exporters from using the Internet as a marketing tool.

1.4 IMPORTANCE OF THE STUDY

While this study may be of value to any person interested in export marketing in the Internet, it is hoped its findings will specifically benefit the following:

- i. The Fresh Produce Exporters Association of Kenya in gaining an understanding of the extent of the Internet use among its member organizations. This would help the organization in developing advocacy materials on the importance of e-commerce in flower exporting. The information would also help the association to lobby the government on developing policies and structures that enhance maximum exploitation of e-commerce for export marketing. FPEAK would also initiate relevant training programs for their members on the optimal use of the Internet as a marketing tool.
- ii. The Internet Service Providers (ISPs) for use in understanding their current and potential clients. The study gives them information that would assist them when developing their marketing strategies and in the provision of better services to their clientele.

- iii. To the scholars, the study adds value in line with usage as background material in further researches in this area. As e-commerce and the Internet are still in their infancy in Kenya, the findings generated in the study would contribute knowledge in the field.
- iv. Any firm intending to undertake export marketing and have to choose on the various emerging technologies. The study provides some insight on the use of the Internet and World Wide Web in the exporting and marketing functions of firms.
- v. To the donors who are interested in the Kenyan floriculture industry. The study would form a better understanding of the flower exporters especially when developing programmes and organizations appraisal for financial support.

1.5 OVERVIEW OF THE PROPOSED RESEARCH REPORT

THE CONCEPTUAL FRAMEWORK

The research report consists of five chapters.

Chapter One is the introductory chapter and gives some background information on the subject matter of the study, the research problem, the objectives of the study, and the importance of the study.

The review of the literature on the conceptual framework of the study is made in Chapter Two.

The Research Methodology is dealt with in Chapter Three specifying the population of study, the data collection and analysis methods.

Chapter Four contains the data analysis and interpretation.

Lastly, Chapter Five contains the summary and conclusions that are drawn from the study results. Suggestions for further research, the limitations of the study, and the implications for policy and practice are made at the end of the chapter.

CHAPTER TWO

LITERATURE REVIEW

The Internet being a new concept in Kenya, meaning no adequate documentation of similar studies has been done locally, herewith, export marketing in the Internet literature was mostly cited from the developing world. However, concerns regarding the Internet and e-commerce are gaining momentum in Kenya.

In this chapter, the researcher explores export marketing in the Internet and the conceptual framework. A brief history of the Internet and the World Wide Web is provided to detail certain aspects that relate to export marketing. This history also serves as a frame of reference for the discussions thereafter. Concepts of the Internet, and the World Wide Web (WWW) are defined in this chapter.

2.1 THE CONCEPTUAL FRAMEWORK

2.1.1 The Adoption Process

An innovation refers to any good, service, or idea that is perceived by someone as a new idea. The idea may have a long history, but it is an innovation to the person who sees it as new (Kotler, 1998). The Internet being like any other innovation undergoes the adoption process.

Rogers (1983) defines innovativeness as “the degree to which an individual is relatively earlier in adopting new ideas than the other members of his social systems.” People differ in their readiness to try new products or services. There will be innovators, early adopters, late majority, and laggards in the adoption process. He further suggests that early adopters tend to be younger in age, have higher social status and a more favorable financial position; they also utilize a greater number of more cosmopolitan information sources. Personal influence, which is the effect a person has on another’s attitude and purchase probability also plays a large role in the adoption of new products or services.

Napoli, Ewing, and Pitt. (2000) in their study of “Factors affecting the adoption of the Internet in the Public Sector”, noted that:

“It is widely accepted that not all people will adopt an innovation at the same time and on this basis, most models describe five categories of adopters. “Innovator” and “early adopters” tend to be the risk takers or opinion leaders and are generally the first to adopt new products. They tend to “make” (or “break”) the innovation. The “early and late majority” consumers are more cautious and only adopt new innovations after they have proven to be successful or as a response to social pressures..... “Laggards” on the other hand, adopt innovations with reluctance.....When compared to non-adopters, innovators generally have a higher income level and occupational status, are better educated and are often younger.....Non-users also perceive the Internet to be expensive and complicated to use, and feel a degree of discomfort with using the computers. It appears that the users of the Internet have a more positive perception of this medium than non-users...” (pp. 80)

Generally, the rate of adoption is influenced by the innovation’s perceived relative advantage, compatibility with the needs, practices, experiences, values and objectives, perceived innovation’s complexity, observability or communicability of an innovation, fulfillment of felt need, marketing effort involved and perceived risk in trying innovation (Lawson, et. al., 1996).

The product characteristics of an innovation therefore can help determine the extent of a consumer’s acceptance or resistance to an innovation. For example, the resistance increases when perceived relative advantages, perceived compatibility, trialability, and communicability are low and perceived complexity is high (Schiffman, 2000). The issue of complexity is especially important when attempting to gain market acceptance for high technology consumer products. Four predominant types of technological fear include:

- i. Fear of technical complexity.
- ii. Fear of rapid obsolescence.
- iii. Fear of social rejection.
- iv. Fear of physical harm.

The model of innovation resistance (appendix - figure 2) provides further insights into the adoption and diffusion processes. The model captures the reasons why some innovations are almost an instant success while others struggle to achieve consumer acceptance.

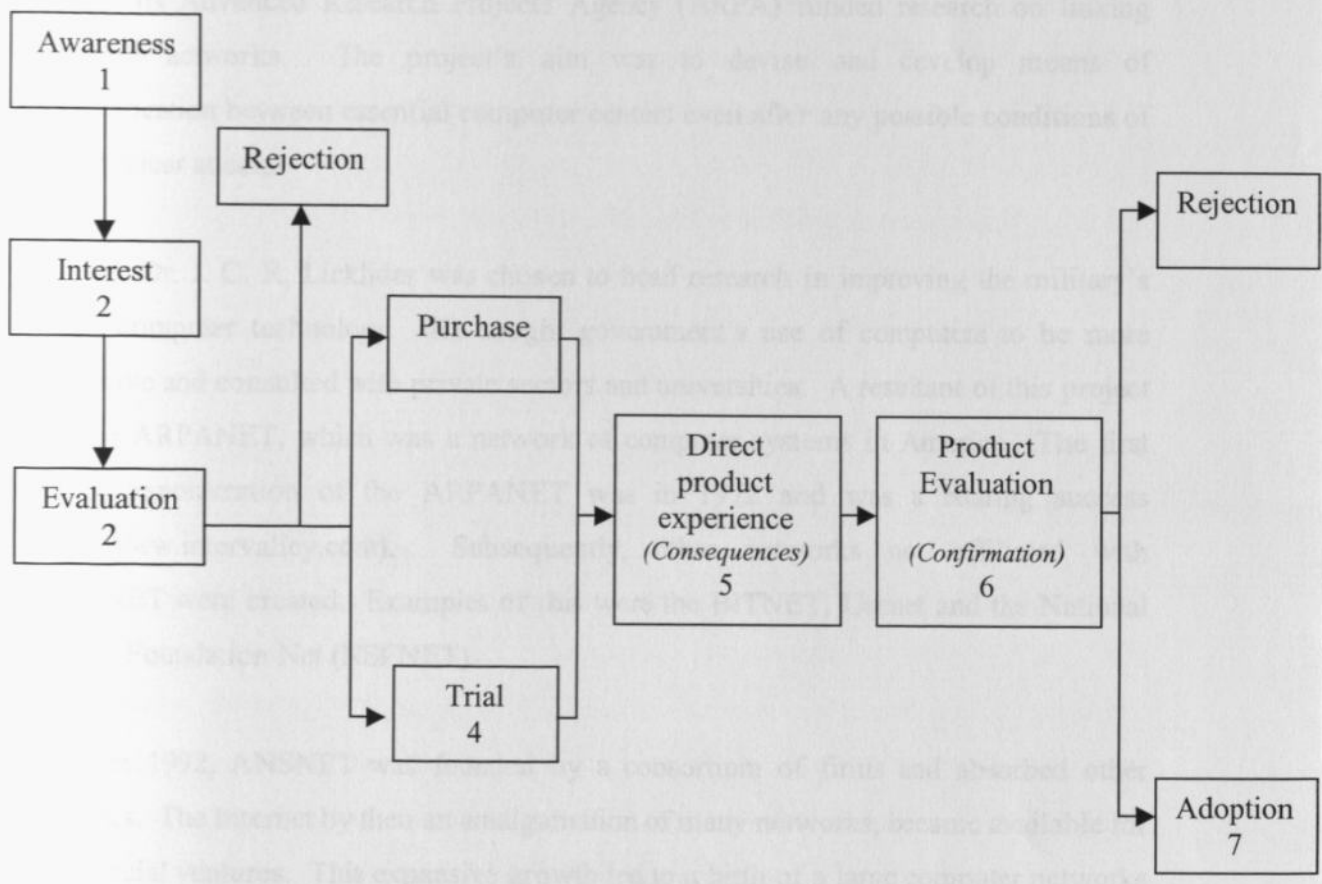
Although the Internet is spreading at a phenomenal rate, there are still some organizations that have had limited exposure to the technology and have yet to incorporate it as their marketing tool. Other organizations have established “on-line store fronts” for customers or have provided them with information-based sites (Hoffman, Novak and Chatterjee, 1995).

In summary, Rogers (1983) defines the innovation diffusion process as “the spread of a new idea from its source of invention or creation to its ultimate users or adopter”. The adopters of new products or services have been observed to move through the following five stages:

- i. Awareness – consumers become aware of the innovation that is they are exposed to the innovation but lack information about it. In deed this exposure is neutral because they are not yet sufficiently interested enough to search for additional information regarding the innovation.
- ii. Interest – the consumer is stimulated to seek information about the innovation and how they can benefit from it.
- iii. Evaluation – based on the information collected, the consumer can draw conclusions about the innovation or determine whether further information is necessary. The evaluation represents a kind of “mental trials” where the innovation could be accepted or rejected.
- iv. Trial – the consumer tries the innovation on a limited basis to improve his or her estimate of its value.
- v. Adoption (or rejection)– the consumer decides to make full and regular use of the innovation or no use at all.

The following model is a proposed modification to the Adoption process.

Figure 1: Modification of the adoption process model



2.2 HISTORY OF THE INTERNET AND THE WORLD WIDE WEB

2.2.1 The Internet

The Internet originated in the 1960s when the Department of Defense in America, through its Advanced Research Projects Agency (ARPA) funded research on linking computer networks. The project's aim was to devise and develop means of communication between essential computer centers even after any possible conditions of say a nuclear attack.

In 1962, Dr. J. C. R. Licklider was chosen to head research in improving the military's use of computer technology. He sought government's use of computers to be more interactive and consulted with private sectors and universities. A resultant of this project was the ARPANET, which was a network of computer systems in America. The first public demonstration of the ARPANET was in 1972 and was a roaring success (<http://www.intervalley.com>). Subsequently, other networks not affiliated with ARPANET were created. Examples of this were the BITNET, Usenet and the National Science Foundation Net (NSFNET).

Later, in 1992, ANSNET was founded by a consortium of firms and absorbed other networks. The Internet by then an amalgamation of many networks, became available for commercial ventures. This expansive growth led to a birth of a large computer networks of what now is called the Internet. The Internet is a coined word from "interconnection" and "networks".

The Internet is a global network of computer networks linking together millions of computers. The Internet often referred to as "the Net" is the largest computer network that is made possible by use of public telecommunication channels. Any computers connected to this network can exchange information easily as if they were linked together directly. For the user, this means that one can send messages, retrieve files, visit other internet sites and inspect the information they hold anywhere in the world.

Computers on the Internet are able to communicate and understand each other by use of the Standard protocols known as the Transmission Control Protocol/Internet Protocol (TCP/IP). Every computer that hooks to the Internet understands these two protocols and uses them to send and receive data from the next computer along the Network.

The number of host computers linked to the Internet is estimated to have risen from 1.3 million in 1993 to 16.1 million in 1997, with a prediction that 120 million machines would have been connected by the year 2000 (Bournellis, 1995). Kantor and Neubarth (1996) noted dramatic rises in the use of the Net among U.S.A small businesses for international marketing and communication, with 200 to 300 new firms joining the Net daily!

Export marketing in the Internet seems to be limitless.

2.2.2 The World Wide Web

The World Wide Web (commonly referred to as the web or WWW) is an Internet service that organizes information using hypermedia (Peterson, Balasubramanian, and Bronnenburg, 1997). It is a global interactive dynamic platform and a graphical hypertext information system that runs on the Internet and is transmitted in digital form through the computer network infrastructure known as the Internet. The WWW is perhaps the most popular and most attractive of all the Internet's technology.

The WWW was created at the 'Conseil European de Recherché Nucleaire – (CERN) today referred to as the 'European Laboratory for particles physics'. It was invented in 1989 by Tim Berners-Lee. The aim was to find a "platform-independent" method of document exchange. That is a way to disseminate information specifically research papers and scientific publications over their network with minimal requirements like having special word processing software loaded in their computers.

In the process of finding an answer to this, Berners-Lee devised three technologies that are the pillars of today's WWW;

- i. The Hypertext Mark-up Language (HTML) – this is the standard by which all web-based documents must be encoded and is used in writing documents usually referred to as web pages.
- ii. Hypertext Transfer Protocol (HTTP) – this specifies how the web page is served on the Internet.
- iii. Web Browsers – these are client software that can display HTML documents and follow up links to linked Internet resources. The web browsers enable one to navigate through the contents of a web page and access to linked documents.

The web sites are “hosted” on a server with a large connection to the Internet. The size of the connection to the Internet determines how much information can pass from a computer to the Internet usually called the bandwidth. This is measured in bytes, kilobytes, megabytes, or gigabytes per second.

Berthon et. al. (1996) characterized the WWW as the combination of an electronic trade show and a community flea market:

“ As an electronic trade show, it resembles a giant international exhibition hall where potential buyers can enter at will and visit prospective sellers..... Some buyers might even become vigorously interactive in their search for information and want-satisfaction. They can talk to fellow attendees, actively seek the booths of particular exhibitors, carefully examine products and services, solicit richer information, and even engage in sales transactions with the exhibitor.....As a flea market, the web possesses the fundamental characteristics of openness, informality, and interactivity – a combination of a community and marketplace.” (pp. 25)

The Internet, therefore, is the global association of computers that carries data and makes the exchange of information possible while the WWW is a subset of the Internet. The Internet exists independently of the web, but the web cannot exist without the Internet.

2.2.3 Internet Characteristics as a marketing channel

Peterson, et.al. (1997) study on "Exploring the implications of the Internet for consumer marketing" analyzed the Internet as a marketing channel with unique characteristics and characteristics that are shared with other marketing channels.

They include the following:

- The ability to store large amounts of information at different virtual locations.
- The availability of powerful and inexpensive means of searching, organizing, and disseminating information.
- Interactivity and the ability to provide information on demand.
- The ability to provide perceptual experiences that are far superior to a print catalog, although not as rich as personal contact.
- The ability to serve as a transaction medium.
- The ability to serve as a physical distribution medium for certain goods (like, software).
- Relatively low entry and establishment costs for sellers.

They assert that no existing marketing channel possesses all these characteristics.

This emphasizes the importance of the Internet as a marketing tool.

2.3 EXPORT MARKETING IN THE INTERNET

The Kenyan horticulture industry (Floriculture inclusive) is widely thought by many industry players to be the Sub-Saharan African success story and holds important policy implications for other developing countries. In this regard the researcher presupposes that Kenya should be a leader thereafter in research and development, production, infrastructure, information sharing and e-commerce.

Export marketing researchers have emphasized the crucial role that marketing policy elements play in gaining a sound competitive position in exports markets for companies.

Competitive advantages of this type relate to the range and features of company production, competitive pricing, new product development, knowledge about foreign markets and operation, customer service, and promotional activities. Several of the competitive advantages that firms may possess are believed to stem from certain factors in the external environment and relate to cost of materials, access to external sources of finance, distribution system, and proximity to the market (Katsikeas, 1994). An exporting firm can therefore acquire competitive advantage through the skillful and proprietary ways in which the Internet and the Web site are employed.

Electronic marketing is an area that is eliciting a lot of interest. Samiee (1998) undertook a research on exporting and the Internet and offered a conceptual framework which provides the six axioms that constitute the foundation and the guiding principles by which the Internet might be applied to exporting situations. The study explored the suitability, the relevance and the potential use of the Internet in exporting. The axioms address the difficulty of acquiring a sustainable competitive advantage via the Internet, the necessity for export – specific structure, the “derived” nature of consumer demand, security concerns, the presence of structural impediments in using the Internet, and the transaction-versus process-based use of the Internet in exporting. Using this information, the appropriateness and the extent to which the exporter may successful use the Internet was assessed in light of its net incremental contribution to export profits.

In Kenya, Internet commerce is still in its infancy although there is much talk about it as more and more people go on-line. Internet initiatives and related technologies are unfolding and evolving at a rapid pace. The Internet is relatively an easy and cheap medium and by its very nature is an international communication medium. Despite the relative newness of the Internet, its unique capabilities and interactive nature have added a new dimension to the process of communication (Napoli, Ewing and Pitt, 2000).

The Internet creates a medium for Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Business (C2B), and Consumer-to-Consumer (C2C) transactions. For example, the flower industry consumers have been able to buy and send bouquets of flowers via the Internet for some time. Growers can also sell their produce electronically avoiding the need to sell via the traditional auctions as seen in Holland. Web sites are seen as something of a mix between direct selling and advertising (Berthon, Pitt and Watson, 1996).

The Internet can be viewed in two ways:

- Firstly, as a growing marketplace; and
- Secondly, as a forum for the exchange of variety of information,

As a growing marketplace, the Internet is a marketing tool with a vast potential to reach to all markets at low costs (Maddox and Mehta, 1997). It is a way for a consumer to gather information to make an educated purchasing decision. It offers an alternative to mass media communication (Hoffman, Novak and Chatterjee, 1995).

In traditional marketing target groups, customers have been defined on the basis of concepts like income, culture, age, and gender, among others. In the past it has become difficult to find the right people on the base of this criteria because consumer needs change in interests more often and are more influenced by international media such as advertising and commercials.

The web has however, a potential to capture a variety of customer types. Davenport's (1996) analysis of United States of America Internet purchasing behaviour reported that in 1995 about 21 % of purchases made via the Internet were impulse buys and 29 % specified planned purchases; 31 % were from standalone and 21 % from cybermall sites. The purchasing decisions of 52 % of respondents had been most heavily influenced by price, information and convenience of ordering. This proves the point that easy accessibility of information as everyone gets connected to the Internet is crucial in export marketing of flowers.

The Internet is available to all enterprises on an equal basis, regardless of age, gender or company size. According to Bournellis (1995) reported survey data indicated that 22 % of a sample of one hundred and ninety five (195) U.S.A based firms actively using the Internet for marketing had made significant amounts of money from it.

Export marketing in the Internet is deviating from the traditional export marketing trends of the supplier looking for the customer to involve the customer looking for the supplier. It is a “non-confrontational” market place where the consumers make purchasing decisions by educating and selling to themselves. Customers according to Maloff (1995) care little about the physical size or remoteness of a supplier, provided high quality products at fair prices are delivered.

The Internet can also be an excellent arena for firms to market themselves to potential customers. A Web site can be used to demonstrate and explain a product or a service. Instant reactions to a firms offer from distant markets can be obtained.

In previous researches undertaken on the socio-demographic characteristics of Internet users evidence suggested a convergence of the socio-demographic characteristics of Internet users with those of the population as a whole especially within the English speaking countries. Also more non-computer oriented people and employees in non-professional occupations were coming online, and the spread of the political affiliations of net users was widening (Kantor and Neuborth, 1996).

Nobody owns the Internet. It is “open” in that all specifications required to use it are publicly available, and anyone who observes certain protocols can access and traverse it. The Internet is the antithesis of the centrally organized and managed electronic sales channels and electronic markets. Internet represents an extremely efficient medium for accessing, organizing, and communicating information. As such, the Internet subsumes communication technologies ranging from the written and spoken word to visual images (Peterson, Balasubramanian, and Bronnenburg, 1997).

2.4 BENEFITS OF THE INTERNET AND THE WORLD WIDE WEB

2.4.1 Benefits of the Internet

Export marketing involves many macro and micro planning and management considerations including meeting local product standards, target market pricing, export currency and payment issues, customer support and service requirements, legal and regulatory considerations, among others. Samiee (1998) suggests that firms by virtue of having a presence on the Internet need not address any of these issues.

Information acquisition, market access, export promotion and the costs associated with these activities have been identified as critical impediments to export market entry and export volume growth for many firms (Czinkota and Johnstone, 1993, and Rabino, 1980).

Generally, other barriers that exporters face include; transport difficulties, lack of skilled personnel to undertake the export function, lack of exposure to foreign cultures, lack of staff time, tariff and non-tariff barriers, expectations of low export sales, distribution and foreign representation difficulties and absence of foreign contacts. The barriers can be generally categorized into four: operational, psychological, product/market and organization difficulties.

However, the Internet has been used as a vehicle that accommodates the process of conducting export business or a tool deployed for promotion, information, and/or automating exporting functions which are typically performed manually even if coordinated and well managed. Internet use can reduce these barriers considerably, and can make the exporter more effective and efficient in performing its routine business functions.

The use of Internet for global marketing and export marketing of flowers also enables firms to leap-frog the conventional stages of say internationalization (which promotes export marketing), as it removes all geographical constraints, permits the instant

establishment of virtual branches throughout the world, and allows direct and immediate foreign market entry even to the smallest of the flower exporting business. Maloff (1995) similarly asserts that the Internet enables small firms to grow without expanding physically or incurring relocation expenses, and allows them to advertise and promote themselves globally at minimal costs. This gives firms a lasting advantage in return on capital employed.

Katsikeas (1994) research findings on “export competitive advantage - the relevance of firms characteristics”, indicate a consensus that larger firms who possess more managerial and financial resources, have greater production capacity, attain higher levels of economies of scale, and tend to be associated with lower risks of exporting operations thus enjoying more competitive advantages in export markets, as contrasted with smaller organizations.

However, it has been suggested that the Internet has the potential of eroding some existing advantages of better-established firms and creating a level playing field by allowing almost any interested exporter to obtain a presence on the Internet (Hamill and Gregory, 1997; Hoffman and Novak, 1996). Others have suggested that the Internet will eliminate channel intermediaries and that a whole new marketing paradigm will emerge (Quelch and Klein, 1996).

Hamill and Gregory (1997) states that Internet connection can “substantially improve communications with existing foreign customers, suppliers, agents and distributors, identify new customers and distributors, and generate a wealth of information on market trends on the latest technology and research and technical developments”.

The Internet users can communicate freely and directly regardless of time and distance. Furthermore, there are no single-government regulation controls. The medium also enables mass customization, the projection of a favorable corporate image and the reaction of stronger brand identities (Hoffman, Novak and Chatterjee, 1995).

In export marketing “psychic distance” affects the nature and levels of firms’ export activities. Psychic distance concerns such matters as differences in language, business practices, culture, and levels of economic development between the exporter’s home nation and the relevant foreign country. Psychic distance might not be as relevant for an Internet user as for others because such a firm communicates with all the world’s markets simultaneously regardless of economic, cultural, and commercial differences. This indeed keeps a firm ahead of its competitors.

2.4.2 Benefits of the World Wide Web

The web supports electronic commerce, as discussed earlier, a web site can be used both to explain and demonstrate a product and to make direct sales. Web sites bring data and documents together with organizations information usually stored in a myriad of forms; audio, text, graphics, video, among others. It is also used as a convenient way of organizing and providing access to huge amounts of complex data (Moody, 1996). This problem of information diversity can greatly hinder easy collection and manipulation of data as basis of action.

Organizations can use the advantage of unlimited information space to say as much information about themselves as they wish. Instant reactions to export offers can be obtained from distant markets whilst it gives the small or big companies a vast potential reach penetrating the narrowest of niche markets among information seekers.

The day-to-day working of any organization consists of sets of activities like planning, marketing, electronic transfers, billing, among others. Computer networks provide a foundation for automation and are extremely effective both as a means of collecting information, transport, delivery and reporting to web users with a minimum of human intervention. It offers faster, cheaper, and better business processes. For example, business processes like bidding, purchasing, inventory management and order or shipping tracking have potential of being automated through the Internet in an international setting. In order to gain a competitive edge, an increasing number of businesses – like

freight forwarders and custom brokers are devising ways and corresponding software to enable exporters to fill out appropriate forms and keep track of shipments (Mongelluzzo, 1997).

The web technology protects a firm's network investment. The web technology is "open" meaning that it compels vendors to add other technologies to their proprietary products. The openness of Internet technology implies a degree of interchangeability between products. Not only do this offer greater freedom of consumers to shop for open systems based on price, they also get a safety net under proprietary systems they have in place. The web sites interactive and open atmosphere can perhaps be compared to international trade fairs.

The web also offers users the freedom to create their own paths through a document, and allows information providers to offer far more than conventional text. The Web sites' flexibility means that it can offer a very wide range of services to users. Internet users can visit, browse, explore in detail, and also interact 'on-line'.

Lastly, the web servers have built in Audit trail. This is possible by maintaining one or more running logs of key system events. The audit trail records requests for documents and server responses. Such data is valuable for export marketing research and capacity planning like anticipating upgrade needs of the firm's network.

In summary, the use of the Internet and its multimedia WWW has therefore the ability to meet the customer requirements and if used effectively than the competitors, can lead to improved export performance levels and creates a firm's competitive advantages.

Samiee (1998) warns that a total reliance on the Internet as the driving force behind a firm's exporting plan and strategy is unthinkable. As with other innovations, when and where appropriate, the Internet should be treated as a component of a firm's export marketing plan rather than a totally new phenomenon that replaces conventional methods of doing business.

2.5 BARRIERS OF THE INTERNET AND THE WORLD WIDE WEB

RESEARCH DESIGN

As more and more business establish Internet and Web site presence, searching for potential suppliers will become impossible without the aid of high quality directories, for example, electronic yellow pages to guide people towards relevant sites (Hymers, 1996).

Firms are reportedly rigid in the adoption of new technologies especially where competition is not rife. The developing countries lag behind in new technological innovations as compared to the developed nations. IT illiteracy and unfamiliarity with IT-based marketing systems could also reduce the adoption rate and lead to a firms' competitive disadvantage.

Notably, the absence of sophisticated online international payments systems, considering that open access to an unregulated Internet inevitably creates numerous opportunities of fraud (Maloff, 1995). Internet security, privacy issues and perceived risk associated with on-line credit card transactions also form a barrier to marketing on the Internet.

Other problems include evaluation of the effectiveness of Internet marketing efforts and the complexity involved in measuring the flow of web traffic and exposure patterns. The Internet is not an intrusive medium and requires the customer to be active in seeking out and viewing messages (Napoli, Ewing and Pitt, 2000).

CHAPTER THREE

RESEARCH DESIGN

An exploratory survey was used in the study. The primary purpose of this study as earlier stated was:

- To identify demographic factors that explain who among the flower exporters is likely to market through the Internet;
- To find out whether flower exporters are satisfied with the Internet as a marketing tool;
- To identify the aspects of the Internet that contribute to the satisfaction or dissatisfaction with the Internet as a marketing tool; and,
- To determine factors that are hindering flower exporters from using the Internet as a marketing tool.

3.1 POPULATION OF THE STUDY

The population of the study consisted of Kenya flower exporting firms registered with The Fresh Produce Exporters Association of Kenya (FPEAK) and those with operational offices in Nairobi. FPEAK dates back to 1975 when the local horticultural industry (in extension the floriculture) was barely noticeable. Currently, membership is in the excess of 140 and is open to all active flower, fruits and vegetable exporters and other interested groups like the Agrochemical and Marketing companies.

The total numbers of flower exporting firms were 101, with 84 firms based in Nairobi. This is 83 % of all the exporting firms. A list of the registered members was obtained from FPEAK's website and a listing of their members in their newsletter.

3.2 THE SAMPLE SIZE

A disproportionate stratified random sampling method was used to select a sample of thirty (30) firms. The stratification of firms was into three categories:

- Category one: those possessing both the Internet and the WWW,
- Category two: those possessing the Internet only,
- Category three: those not possessing either the Internet or the WWW.

Telephone calls were made to the firms in order to appropriately place them in their respective categories. From the list, a sample size of ten firms per category was selected using the simple random sampling procedure.

3.3 DATA COLLECTION

The study used primary data collected by use of a questionnaire (appendix III) that contained both open and closed ended questions.

The researcher first developed the questionnaire from a review of available literature. Later, the questionnaire was administered and discussed with an Internet Service Provider specialist, and an export marketing and floriculture specialist from the Ministry of Agriculture to ensure that questions were appropriate and adequate to meet the studies objectives. Modifications were made on the basis of the discussions and the final amended questionnaire was developed.

The questionnaire was divided into three sections: Section A contained questions on demographic characteristics of the firms and was filled by all respondents; Section B was filled by firms possessing both the Internet and, or the Web site. The questions were focused on measuring exporters level of satisfaction with the Internet as a marketing tool and also determining aspects of the Internet or Web that contributed to the satisfaction or dissatisfaction. Lastly, the firms possessing neither the Internet nor the Web site filled Section C whose questions were based on factors that were hindering them from using the Net. A four-point Likert Scale was used extensively in this section.

The method of administering the questionnaire was the “drop and pick later” method. This method was appropriate in view of the inaccessibility of the flower firms based on “secrecy guarded” due to the high competition among the players. The explanation by players was that top secrecy was necessitated by high investments in the business and everything had to be done with caution. The researcher was assisted by an assistant to make follow-up calls to the respondents before the filled questionnaires were ready for collection.

The respondents were mostly the owners of the business who by large were the Managing Directors, where this was absent, the General Managers and Farm Managers filled the questionnaires. In cases where several firms were owned by the same person (questionnaire respondents) and fell in the same category, the researcher used the first firm visited and a further random sampling was done to select another firm in the sample. This was to reduce similarity of information and censorship by the flower firm owners.

The data was collected in the months of April to July 2001.

3.4 DATA ANALYSIS

Before processing the responses, the completed questionnaires were collated and information edited for completeness and consistency. Responses were coded to facilitate basic statistical analysis.

Descriptive analysis tools (such as frequency distributions tables, bar charts, and percentages) were used to identify the demographic factors that explain who among the flower exporting firms was likely to market through the Internet.

An average score was calculated from a five-point Likert scale to determine the extent to which flower exporters were satisfied with certain aspects of the Internet and, or the Web site. A total average score was then calculated to find out the overall level of satisfaction with the Internet.

To further achieve the study's objectives, factor analysis was used to cluster factors with the greatest extent that hindered flower exporters from using the Internet as a marketing tool.

INTRODUCTION

This was possible through the computer software package - The Statistical Package for the Social Sciences (SPSS).

Firms possessing both the Internet and the Web site

Firms possessing the Internet only

Firms not possessing both the Internet and the Web site

Two (72) firms responded to the questionnaire but only twenty (20) responses were usable as depicted in the table 3 below. The response rate was

Distribution of firms studied in categories

Category	N=20	
	NUMBER OF FIRMS	PERCENTAGE
Both the Web site and the Internet	5	25%
Internet only	6	30%
Neither the Web site nor the Internet	9	45%
Total	20	100%

Field data

The data gathered in the study was analyzed and presented in the form of tables, graphs, frequency distribution tables and descriptive analysis. Factor Analysis was used to cluster factors with greatest extent that hindered flower exporters from using the Internet as a marketing tool. An average score was calculated from a five-point Likert

scale measuring the flower exporters' level of satisfaction with the Internet as a marketing tool.

CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

A total of thirty (30) questionnaires were sent to the sampled firms comprising of ten firms from each of the following categories:

- i. Firms possessing both the Internet and the Web site.
- ii. Firms possessing the Internet only.
- iii. Firms not possessing both the Internet and the Web site.

Twenty two (22) firms responded to the questionnaires but only twenty (20) questionnaires were usable as depicted in the table 3 below. The response rate was 73.3%.

Table 3: Distribution of firms studied in categories

CATEGORY	NUMBER OF FIRMS	PERCENTAGE
Internet and the Web site	5	25.0
Internet only	6	30.0
No Internet and Web site	9	45.0
TOTAL	20	100.0

Source: Field data

The data gathered in the study was analyzed and presented in the form of tables, percentages, frequency distribution tables and descriptive analysis. Factor Analysis was used to cluster factors with greatest extent that hindered flower exporters from using the Internet as a marketing tool. An average score was calculated from a five-point Likert scale to determine the flower exporters level of satisfaction with the Internet as a marketing tool.

4.2 FIRMS DEMOGRAPHICS

In identifying reasons why some Kenyan flower exporters had taken a fast mover advantage in export marketing in the Internet, the demographic factors that explained who among them was likely to market through the Internet was undertaken. This objective is represented by data analyzed in Tables 4, 5, 6 and 7 below.

Table 4: Average number of years of operation versus firms' category

N=20

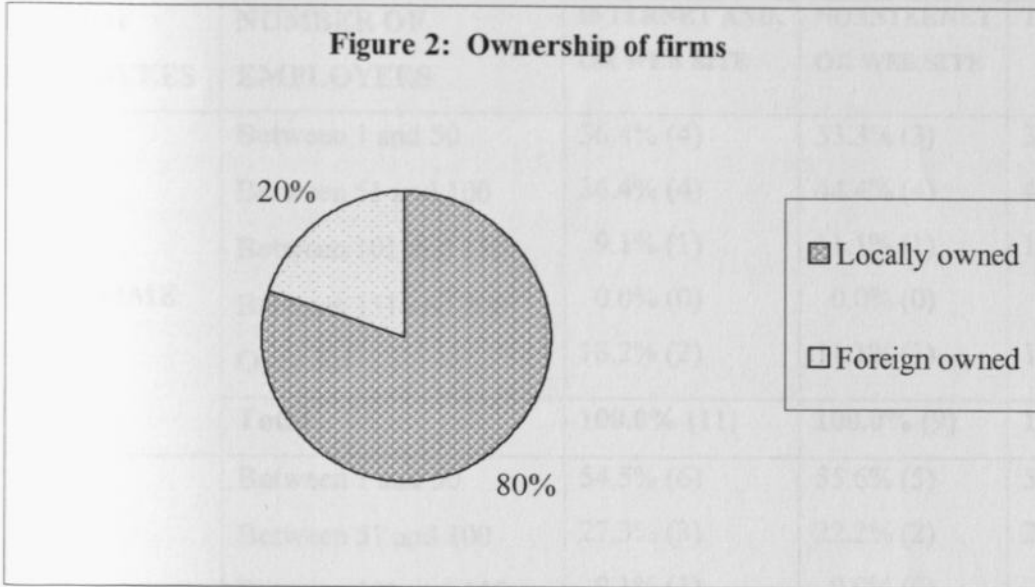
PERIOD IN OPERATION	FIRM CATEGORY		
	INTERNET AND, OR WEB SITE	NO INTERNET AND WEB SITE	TOTAL
Less than five years	9.1% (1)	0.0% (0)	5.0% (1)
Between five and ten years	36.4% (4)	100.0% (9)	65.0% (13)
Between ten and fifteen years	45.5% (5)	0.0% (0)	25.0% (5)
Between fifteen and twenty years	9.1% (1)	0.0% (0)	5.0% (1)
Over twenty years	0.0% (0)	0.0% (0)	0.0% (0)
TOTAL	100.0% (11)	100.0% (9)	100.0% (20)

Source: Field data

The table above shows the number of years the surveyed flower firms had existed in the industry. The results indicated that most of the firms joined the industry in the recent past with 95% of the surveyed firms being less than fifteen years old. This supports the fact that the floriculture industry is rapidly growing despite the fact that as recent as 1974, the cut flowers were almost non-existent in Kenya (World Bank, 1989). Most firms (91%) possessing the Internet and, or the Web site have been in existence for less than fifteen years meaning that the adoption of e-commerce is relatively slow.

In relation to the number of years of existence, no clear pattern emerged to identify the likelihood of a firm adopting the Internet and, or the Web site.

As shown in figure 2 below, of all the sampled firms, 80% are locally owned whilst 20% are purely foreign owned.



Source: Field data

Table 5: Ownership of firm versus firms' possession of Internet and, or Web site

N=20

OWNERSHIP	FIRM CATEGORY		
	INTERNET AND WEB SITE	INTERNET ONLY	NO INTERNET AND WEBSITE
Foreign owned	2 (33.0%)	1 (20.0%)	1 (88.0%)
Locally owned	4 (67.0%)	4 (80.0%)	8 (11.0%)
TOTAL	6 (100.0%)	5 (100.0%)	9 (100.0%)

Source: Field data

Although the sampled firms were 80% locally owned, a pattern emerges that majority of them (89.0%) tend not to have the Internet compared to the foreign owned firms who contributed only 11.0%.

Table 6: Profile on number and type of employees by firms

N=20

TYPE OF EMPLOYEES	NUMBER OF EMPLOYEES	FIRM CATEGORY		
		INTERNET AND, OR WEB SITE	NO INTERNET OR WEB SITE	TOTAL
FULL-TIME	Between 1 and 50	36.4% (4)	33.3% (3)	35.5% (7)
	Between 51 and 100	36.4% (4)	44.4% (4)	40.0% (8)
	Between 101 and 150	9.1% (1)	11.1% (1)	10.0% (2)
	Between 151 and 200	0.0% (0)	0.0% (0)	0.0% (0)
	Over 201	18.2% (2)	11.1% (1)	15.5% (3)
	Total		100.0% (11)	100.0% (9)
PART-TIME	Between 1 and 50	54.5% (6)	55.6% (5)	55.0% (11)
	Between 51 and 100	27.3% (3)	22.2% (2)	25.0% (5)
	Between 101 and 150	9.1% (1)	0.0% (0)	5.0% (1)
	Between 151 and 200	0.0% (0)	22.2% (2)	10.0% (2)
	Over 201	0.0% (0)	0.0% (0)	0.0% (0)
	Other (no part-time)	9.1% (1)	0.0% (0)	5.0% (1)
	Total		100.0% (11)	100.0% (9)

Source: Field data

The firms employ both full-time and part-time employees. Due to the nature of care and protection of the cut flowers, the industry employees very large labour force and contribute significantly to employment creation in the country. However, no clear pattern emerged to distinguish the different categories and the use of the demographic characteristic to identify firms that are likely to market products through the Internet.

Table 7: Levels of IT literacy among full-time employees

N=20

IT LITERACY LEVELS	FIRM CATEGORY		
	INTERNET AND, OR WEB SITE	NO INTERNET AND WEB SITE	TOTAL
Less than 10% of employees	45.5% (5)	88.9% (8)	65.0% (13)
Between 10% and 25% of employees	45.5% (5)	11.1% (1)	30.0% (6)
Between 25% and 50% of employees	0.0% (0)	0.0% (0)	0.0% (0)
Between 50% to 75% of employees	9.1% (1)	0.0% (0)	5.0% (1)
Over 75% of employees	0.0% (0)	0.0% (0)	0.0% (0)
TOTAL	100.0% (11)	100.0% (9)	100.0% (20)

Source: Field data

The data above reveals that firms with no Internet and Website had the lowest IT literacy levels with 88.9 % of full-time employees, compared to only 45.5% of the firms that possessed the Internet and, or the Web site. It is therefore likely that where firms have computer literate employees, the demand for the Internet and, or web site services are high.

4.3 EXPORT MARKETING

The floriculture industry in Kenya is 98 % export oriented (Flower Tech, 2000).

Respondents were asked questions focusing on the general aspects related to export marketing. The results are presented in tables 8, 9, and 10; and figures 5 and 6 as follows.

The respondents were asked to state in percentages the quantity of the total export in proportion to the firms' total output. Out of the twenty firms, only nineteen responded with one firm abstaining arguing the sensitivity of the information.

Table 8: Percentage of export as a proportion of the firms' total output

N=19

PROPORTION OF EXPORT TO TOTAL OUTPUT	NUMBER OF FIRMS	PERCENTAGE
Below 50%	2	11.0%
Between 50% and 75%	13	68.0%
Between 75% and 100%	3	16.0%
Does not export	1	5.0%
TOTAL	19	100.0%

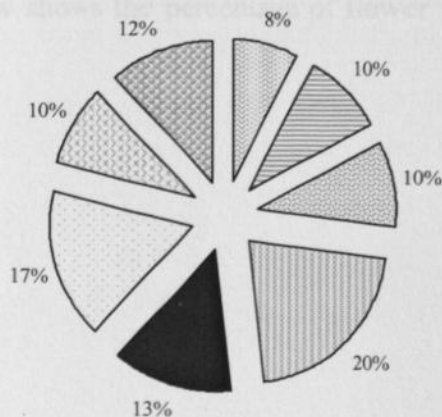
Source: Field data

As seen in the study, most firms (95%) grew flowers mainly for export with only a 5% that grew for local sale. 65% of the firms exported proportionately over 75% of the firm's total output. The cut flowers with defects were usually sold in the local market.

The main flower markets included Holland, Switzerland, United Kingdom, United States of America, Germany, Canada, and other African countries ranked respectively. Other countries exported to included Finland, Italy, Japan and other Asian Countries.

N=20

Figure 3: Flower export markets



- African countries
- ▨ Canada
- ▩ Germany
- ▧ Holland
- United Kingdom
- Switzerland
- ▦ United States of America
- ▤ Other

Source: Field data

As seen in the figure 3 above, the major flower market was Holland followed by Switzerland and The United Kingdom. African and Asian countries were not very popular markets. The same data analysis is shown in table 9 below.

Table 9: Flower export markets

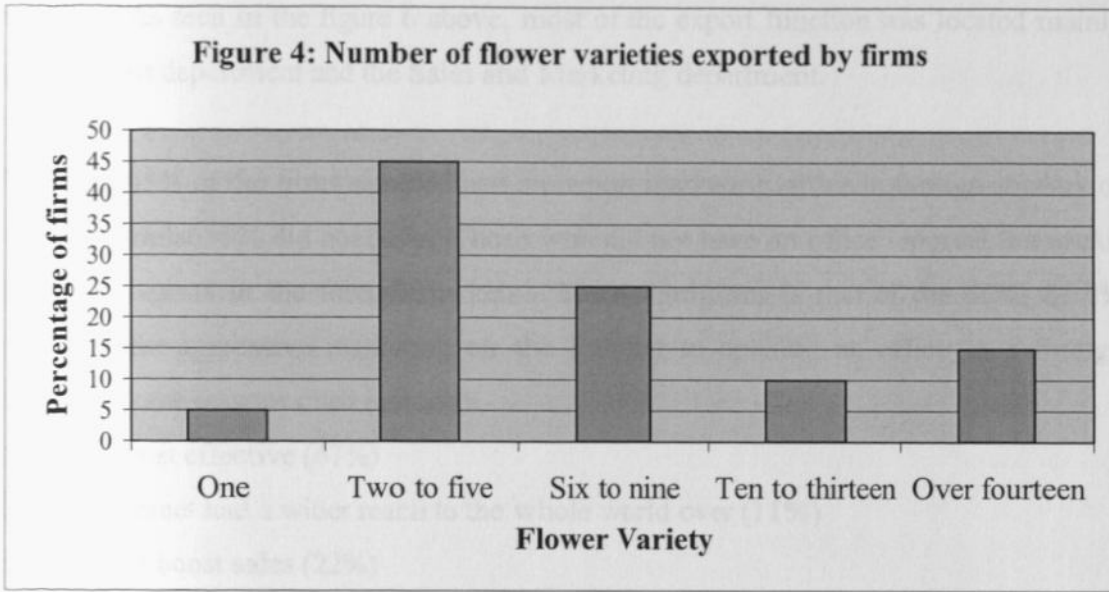
N=20

EXPORTS MARKETS	NUMBER OF FIRMS	PERCENTAGE
African countries	4	20.0%
Canada	5	25.0%
Germany	5	25.0%
Holland	11	55.0%
United Kingdom	7	35.0%
Switzerland	9	45.0%
United States of America	5	25.0%
Other	6	30.0%

Source: Field data

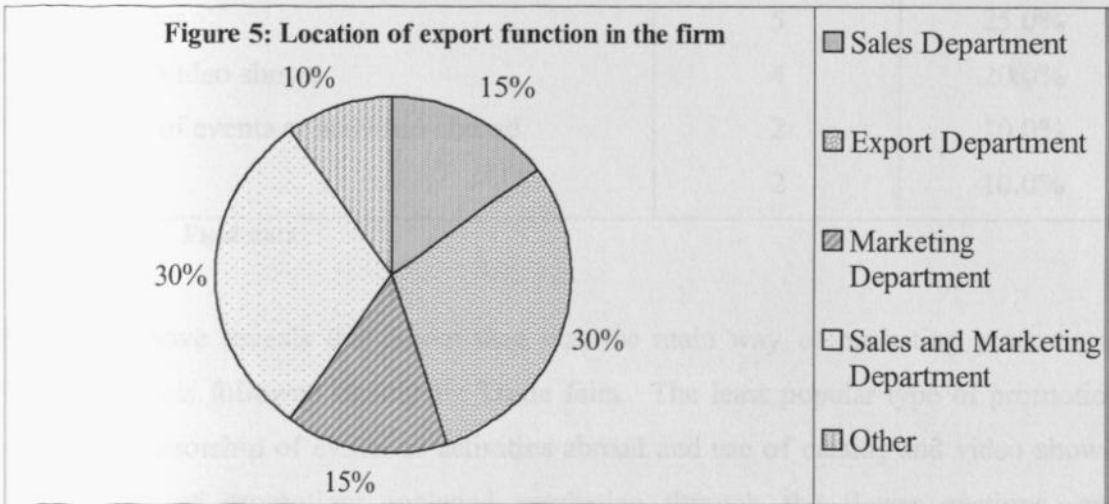
There are approximately fifty two (52) flower varieties grown in Kenya (Floricultural News, 2000). Figure 5 below shows the percentage of flower varieties exported by the sampled firms.





Source: Field data

Majority (95%) of the flower firms exported more than one flower variety. As seen above, a large number of firms (45%) exported two to five varieties, whereas 50% firms exported more than six flower varieties. The firms with one variety specialized only in roses.



Source: Field data

Different firms used different titles to identify the department that undertook the export function. As seen in the figure 6 above, most of the export function was located mainly in the export department and the Sales and Marketing department.

A total of 45% of the firms sampled had an export marketing office in foreign country or countries whilst 55% did not have. Those who did not have an office reported the use of marketing agents in the foreign markets. More significant is that of the 55%, 81.8% would prefer aggressive marketing on the Internet to opening an office in a foreign country. Some reasons cited included:

- ❑ It was cost effective (67%)
- ❑ The Internet had a wider reach to the whole world over (11%)
- ❑ It would boost sales (22%)

Table 10: Product promotion in foreign markets

N=20

PROMOTION TYPE	NUMBER OF FIRMS	PERCENTAGE
Advertising	11	55.0%
Trade fairs	10	50.0%
Trade missions	5	25.0%
Catalog and Video shows	4	20.0%
Sponsorship of events or activities abroad	2	10.0%
Other	2	10.0%

Source: Field data

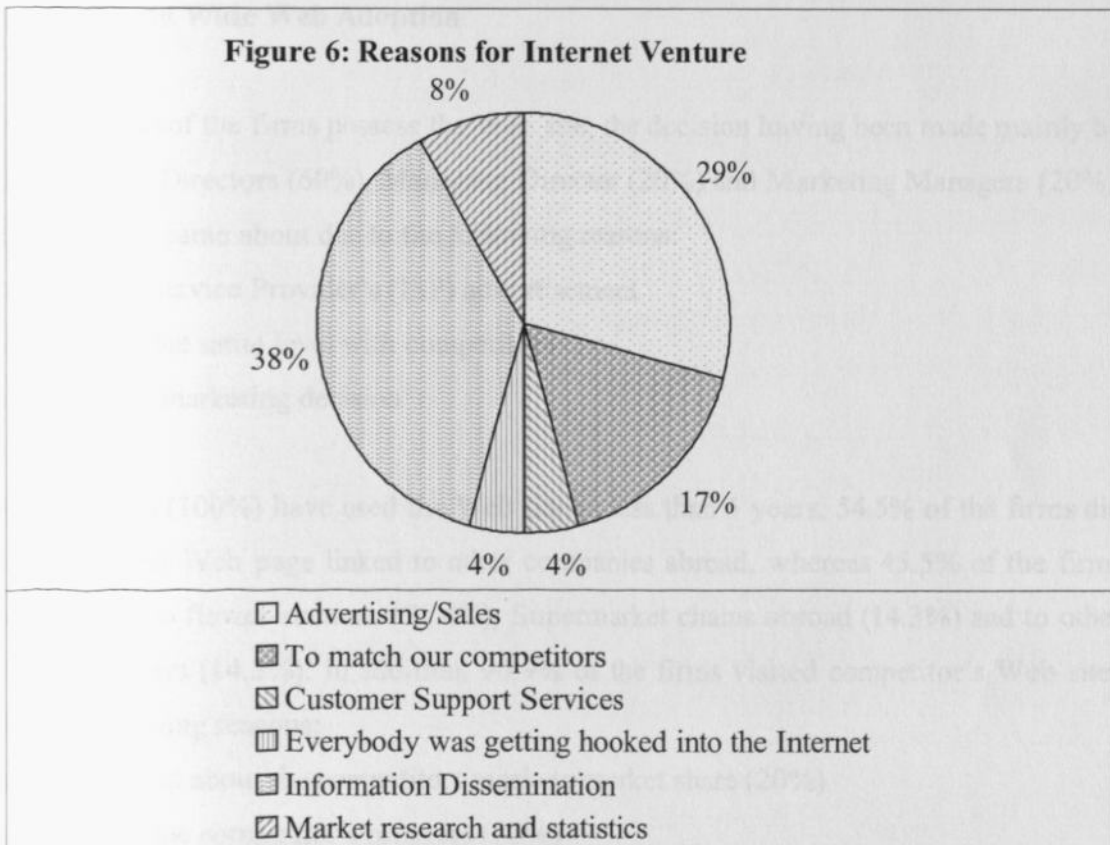
The table above reveals that advertising was the main way of marketing products in foreign markets followed closely by Trade fairs. The least popular type of promotion included sponsorship of events or activities abroad and use of catalog and video shows. Other kinds of promotions included marketing through the flower auctions, and promotions by sister companies abroad.

4.3.1 Internet Adoption

The study sought to determine the number of years firms had adopted the Internet and, or the Web site. This was not in response to a specific study objective but was for purposes of enriching the study. The results are as stated below.

The eleven firms in the categories of firms possessing the Internet and, or the Web site, 100% had Internet services, with 45.5% possessing the World Wide Web. Majority of the firms had ventured into the Internet less than five years. Only 27.3% of the firms had adopted the Internet over five years ago with the remaining 27.3%, 19.2% and 27.3% having connected in 1997, 1998 and 1999 respectively.

N=20



Source: Field data

Many firms adopted the Internet with various reasons. The figure above reveals that Information dissemination was the major reason for Internet adoption (38%), followed by advertisement/sales (29%). The least was for Customer Support Services.

Currently, the firms use the Internet mainly for Information Dissemination (41.7%), Advertising (29.2%), Marketing Research and Statistics (16.7%), and Customer Support Services (12.5%). Notably, all firms (0.0%) did not use the Internet for Finance and Billings.

When asked about their general level of Internet awareness, 100% of the firms reported that they were well informed on ways of fully utilizing the Internet for their benefit.

4.3.2 World Wide Web Adoption

Five (45.5%) of the firms possess the Web site, the decision having been made mainly by the Board of Directors (60%), Managing Director (20%) and Marketing Managers (20%). The decision came about due to the following reasons:

- Internet Service Provider's (ISP) advertisement
- To be at the same level with competitors
- Strategic marketing decision

All the firms (100%) have used the Web site in less than 5 years, 54.5% of the firms did not have their Web page linked to other companies abroad, whereas 45.5% of the firms were linked to flower auctions (71.4%), Supermarket chains abroad (14.3%) and to other flower growers (14.3%). In addition, 90.9% of the firms visited competitor's Web sites for the following reasons:

- To find out about the competitors markets/market share (20%)
- To view the competitor's progress (70%)
- To establish the competitors strategies and tactics (10%)

4.4 SIGNIFICANT ASPECTS OF INTERNET TO EXPORT MARKETING

The study further sought to identify the significant aspects of the Internet in regard to levels of awareness on benefits of the Internet services, and the Internet application services used. This is reflected in sub-sections 4.4.1 and 4.4.2 below.

The second and third objectives studied were that of finding out whether the flower exporters were satisfied with the Internet, and the specific aspects that contributed to the satisfaction or dissatisfaction as a marketing tool respectively, represented in sub-section 4.4.3 hereunder.

4.4.1 Level of firms awareness on benefits of the Internet and, or Web site use

Table 11: Impact of the Internet and, or the Web site on companies

N=11

BENEFIT OF THE INTERNET	SIGNIFICANT	INSIGNIFICANT	DO NOT KNOW
Increase foreign operations	91.1% (10)	9.0% (1)	0.0% (0)
Introduce new products	36.0% (4)	64.0% (7)	0.0% (0)
Penetrating unfamiliar markets	91.0% (10)	9.0% (1)	0.0% (0)
Expand export sales	91.0% (10)	9.0% (1)	0.0% (0)
Generating sales leads	64.0% (7)	36.0% (4)	0.0% (0)
Creating international awareness	82.0% (9)	18.0% (2)	0.0% (0)
Giving the firm a competitive edge	100.0% (11)	0.0% (0)	0.0% (0)
Leaf-frog the internationalization process	45.5% (5)	45.0% (5)	9.0% (1)
Market research information/statistics	73.0% (8)	9.0% (1)	18.0% (2)
Improve customer service	83.0% (9)	18.0% (2)	0.0% (0)

Source: Field data

When asked to rate the above points according to their perceived impact on companies, the most significant factor (100%) was the Internet gave the firm a competitive edge. Other significant factors (91%) included increase of foreign operations, penetrating

unfamiliar markets, and expand export sales. The most insignificant factor was the introduction of new products, and leap-frog the internationalization process.

Finally, 91% reported increased export sales through the use of the Internet and, or the Web site citing the following reasons: The Internet and, or the Web site has

- Enhanced communication and efficiency (30%)
- Led to a wider customer reach (40%)
- Opened new markets (30%)

One of the respondents reported an increase in export sales from 40% to 75% between the years 1997 and 2000. Only 9% (1) reported no increase in sales with no specific reason(s).

4.4.2 Level of Awareness on Internet or Web Site Services

The respondents were asked what marketing techniques they used to sell their products online. The results are as presented in table 12 below.

Table 12: Marketing techniques features applied in the Internet and Web site to facilitate export marketing

N=11

MARKETING TECHNIQUES FEATURES	NUMBER OF FIRMS	PERCENTAGE
Run special offers on the Web site	4	36.4%
Online competition	3	27.2%
Lotteries	0	0.0%
Discussion forums	0	0.0%
Others	2	18.2%
Not applicable	2	18.2%

Source: Field data

Firms mostly used the Internet or Web site to run special offers. They did not use other creative marketing techniques features like promoting through lotteries, or holding online discussion forums.

When further asked if they aggressively marketed their products online, only 36.4% responded in the affirmative whereas 63.6% did not. This concurs with the findings that the decision for Web site adoption by firms was not more of a strategic marketing ploy but impulse decision like – ISP’s advertisements and imitating competitors.

Table 13: Internet Application Services

N=11

RESPONSE	INTERNET APPLICATION SERVICES		
	EXCHANGE SERVICES	CONTENT SERVICES	DEMAND PLANNER SERVICES
YES	100.0% (11)	45.0% (5)	45.0% (5)
NO	0.0% (0)	55.5% (6)	55.5% (6)
TOTAL	100.0% (11)	100.0% (11)	100.0% (11)

Source: Field data

The respondents were also asked whether the firms used certain Internet or computer application services, (see table 13 above), the results indicated that 100% had exchange services allowing messaging and communication, e-mail and the ability to communicate with other e-commerce enablers.

Content services that can be linked to a business’ Web site to provide customers with the latest news and information was available among 45% of firms responded, whereas demand planner services enabling automated master planning, demand planning, demand fulfillment, distribution planning, harvest planning and merchandising and promotion plan was available in 45% mainly as computer application software. 60% of those who had demand planner application services were from the category with Internet services only with the remaining 40% from category with both the Web site and Internet. None of the firms from the category without both the Internet and the Web site had demand planner application services.

4.4.3 Level of satisfaction with the Internet and, or the Web site as marketing tool

One of the study objectives was firstly, to find out whether flower exporters were satisfied with the Internet as a marketing tool, and secondly to identify the aspects of the Internet that contributed to the satisfaction or dissatisfaction of the Internet as a marketing tool. A five-point Likert scale was used to give scores to measure levels of satisfaction to thirteen (13) statements represented in Question 35 of the questionnaire. The scores for each point were: Very dissatisfied (-2), Dissatisfied (-1), Neither dissatisfied nor satisfied (0), Satisfied (1) and Very Satisfied (2).

The average score was calculated for each aspect of the Internet. The results indicated the levels of satisfaction or dissatisfaction with each aspect. Thereafter, the average score of every aspect were added up and divided by the number of firms to provide the overall level of satisfaction with the Internet as a marketing tool as shown in the table 14 below.

Table 14: Aspects of the Internet and, or the Web site and their average satisfaction or dissatisfaction score

N=11

ASPECT OF THE INTERNET AND, OR WEB SITE	AVERAGE SCORE
Reach target audience	1.09
Expansion of exports sales	1.27
Linkage with business partners	1.64
Online payment options	0.45
Product delivery services	0.91
Efficient information dissemination	1.54
Speed of connection	1.36
Security	0.36
Consumer protection	0.27
Measurable impact of marketing campaigns (e.g. geographical location of customers)	0.64
Marketing and Statistical Information	0.73
Favorable public image	1.00
More informed buyers	1.18

Source: Field data

Overall, flower exporters were satisfied with the Internet as a marketing tool with an average score of 1.06. Table 14 above also reveals that they were particularly very satisfied with Internet providing a linkage with business partners (1.64), and efficient information dissemination (1.54). The results also indicate that the exporters were neither dissatisfied nor satisfied with online payment options (0.45), security (0.36) and consumer protection (0.27).

4.5 FACTORS HINDERING FIRMS FROM USING THE INTERNET

To accomplish its objectives, the study sought to determine the factors that were hindering flower exporters from using the Internet as a marketing tool. The responses were subjected to factor analysis and the results are outlined below.

4.5.1 Factor Analysis

The general purpose of factor analysis is to reduce the number of variables and to detect structure in the relationships between classified variables. Therefore, factor analysis is applied as a data reduction or structure detection method (Nachmias, 1996).

The reasons for not using the Internet and, or the Web site were listed and matched to their variables as shown below:

- V1: High costs
- V2: Resource availability
- V3: Excessive risks
- V4: Lack of IT knowledge
- V5: Lack of skills in designing a Web page
- V6: Lack of skills in Web page maintenance
- V7: Inefficient Internet Service Providers
- V8: Decision to possess the Internet has never been reached
- V9: Poor communication (like no telephone line services)
- V10: No interest
- V11: Lack of innovation

- V12: Fear of the unknown
- V13: Satisfied with the firms export performance
- V14: Unwillingness to change by the top managers
- V15: Internet is complex and difficult tool to use
- V16: Use of outdated software and computers
- V17: Belief in direct contacts with customers

Table 15: Communalities and Eigenvalues

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
V17	1.00000	*	1	5.22039	30.7	30.7
V8	1.00000	*	2	3.87191	22.8	53.5
V12	1.00000	*	3	2.85330	16.8	70.3
V3	1.00000	*	4	1.96142	11.5	81.8
V1	1.00000	*	5	.97190	5.7	87.5
V11	1.00000	*	6	.86861	5.1	92.6
V15	1.00000	*	7	.70160	4.1	96.8
V6	1.00000	*	8	.55089	3.2	100.0
V5	1.00000	*	9	.00000	.0	100.0
V4	1.00000	*	10	.00000	.0	100.0
V10	1.00000	*	11	.00000	.0	100.0
V9	1.00000	*	12	.00000	.0	100.0
V2	1.00000	*	13	.00000	.0	100.0
V13	1.00000	*	14	.00000	.0	100.0
V14	1.00000	*	15	.00000	.0	100.0
V16	1.00000	*	16	.00000	.0	100.0
V7	1.00000	*	17	.00000	.0	100.0

Source: Field Data

Statistics on the Eigenvalue was used to indicate how well each of the factors identified fitted the data from all the responses. As expected, the sum of the Eigenvalues was equal to the number of variables. As seen above, the highest Eigenvalue were from four principal factors, 1, 2, 3, and 4, with Factor 1 explaining 30.7% of the total variation. Factors 1, 2, and 3 explain 70.3% in terms of the cumulative percentage. In the initial statistics it can be deduced that each variable contributed significantly to the other.

Communality show the proportion of the variance of each factor shared with the other variables in the data, and from the table above, it can be deduced that each variable contributes fully to the other variables. The variables were then subjected to an initial factor matrix on four principal factors giving the variable loading on the four factors.

Table 16: The Final Varimax Rotated Factor Matrix

	Factor 1	Factor 2	Factor 3	Factor 4
V17	-.04948	.85944	.33848	.14880
V8	.45851	-.20194	-.78456	.20754
V12	.06673	.12428	.89355	-.05263
V3	-.48122	.28753	-.12301	.43042
V1	-.65283	.13764	.19655	.51727
V11	.84245	.07706	-.11783	-.34540
V15	.47462	.72705	.44875	.07025
V5	.76545	.36410	-.04349	-.11750
V6	.95424	.19078	-.07044	.08149
V4	.87756	.28614	.00705	.28992
V10	-.00717	-.09881	.79328	-.15667
V9	.02786	-.55825	.38826	.56054
V2	-.12346	.45022	-.02178	.84333
V13	-.01384	.14590	.16589	-.87891
V14	.26616	.90971	-.23045	.03769
V16	.23317	.90253	.09038	.01625
V7	.07837	-.04503	-.71588	-.22715

Source: **Field Data**

The table 16 above is produced after the initial factor matrix has been rotated using the Varimax procedure. This procedure helps to find a rotation that maximizes the variance on the new axes and therefore obtaining a pattern of loadings of each factor that is as diverse as possible, lending itself to easier interpretation. It gives the terminal solution. The coefficients in the matrix both represent regression weights and correlation coefficients.

The results indicate that variables 4, 5, 6, and 11 loaded heavily on Factor 1; Variables 14, 15, 16 and 17 loaded heavily on Factor 2; Variables 12 and 10 loaded heavily on Factor 3 and lastly, Variables 1 and 9 loaded heavily on Factor 4. They are ranked in order of significance hereunder.

- Factor 1:
 - i. Lack of skills in designing a Web page
 - ii. Lack of IT knowledge
 - iii. Lack of innovation
 - iv. Lack of skills in Web page maintenance

- Factor 2:
 - i. Unwillingness to change by the top managers
 - ii. Use of outdated software and computers
 - iii. Belief in direct contacts with customers
 - iv. Internet is complex and difficult tool to use

- Factor 3:
 - i. Fear of the unknown
 - ii. No interest

- Factor 4:
 - i. Resource availability
 - ii. High costs

CHAPTER FIVE

CONCLUSIONS

The Internet as seen earlier is increasingly becoming the ultimate international marketing medium. Trends especially in the developed countries show that the Internet is creating a new universal space for e-commerce with trade in the Net increasing yearly. It is being used as a vehicle that accommodates the process of conducting export business. E-commerce is indeed becoming the key to business opportunities for many organizations worldwide.

In this chapter, the summary, discussions and conclusions of study are made in line with its objectives. The limitations of the study and recommendations for future research are also presented. Lastly, the implication for policy and practice are discussed hereunder.

5.1 SUMMARY, DISCUSSIONS AND CONCLUSIONS

This study sought to determine the reasons why some Kenyan flower exporters had taken a fast mover advantage in export marketing in the Internet. The first objective of the study sought to identify demographic factors that explain who among the flower exporters was likely to market through the Internet.

The research findings show that 95.0% of flower firms had existed in the last fifteen years, of the 95.0%, 47.4% had no Internet or Web site while 52.6% had the Internet. As shown in table 6, 85.0% employed below 150 full-time employees, with those firms possessing no Internet and Web site contributing 47.0%, those with the Internet and, or Web site contributing 53.0%. In terms of part-time employees, 85.5% of the firms employed less than 150 part-time employees, 41.0% representing firms with no Internet and Web site and 59.0% representing firms possessing the Internet and, or Web site. Majority of the firms (88.9%) in the category with no Internet and Web site stated that less than 10.0% of employees were IT literate compared to 45.5% of those possessing the Internet and Web site.

The research findings show that the number of IT literate employees is a key factor in determining which firm is likely to market in the Internet. Confirming previous study findings that computer literacy is central to Internet knowledge and use, (Mbuvi, 2000). Factors like the size of employees and the average number of years of operation by firms did not correlate to a firm's likelihood to adopting the Internet.

Majority of the flower firms (80.0%) were locally owned whilst 20.0% were purely foreign owned. The findings thus show that firms with the Internet and, or the Web site tended to be foreign owned, or if local, with foreign partnerships. It can be deduced that firms owned by Kenyan nationals are slow at adopting the Internet.

The findings support the fact that the proliferation of the Internet as a tool for export business process is primary dependent on the absence of structural constraints which include computer literacy, access, ownership of computers, data flow, and related regulations, language and culture which influence the comprehensiveness and the efficacy of Internet-based exporting strategies (Mbuvi, 2000; Samiee, 1998).

Export marketing of flowers involves macro and micro planning and management. The study further explored the position of export marketing of flowers in terms of the flower market, product promotion, and Internet or Web site adoption. In view of the research findings in chapter four, several conclusions may be made.

Most firms (95.0%) grew flowers for export with 65.0% exporting proportionately over 75% of the firm's total output. Holland, Switzerland and United Kingdom were the major exports markets. Many firms (50.0%) exported more than six flower varieties, revealing that by diversification of products, flower exporters are attempting to cope with the worldwide industry competitiveness. Moreover, Kenyan flowers are on demand in various parts of the world.

The product promotion methods upheld by the firms were advertising (55.0%), followed by trade fairs (50.0%) and trade missions (25.0%). Flower firms also marketed their

produce through flower auctions. A total of 45.0% of the firms have an export marketing office in a foreign country whereas of the 55.0% without, a majority (81.8%) preferred aggressive marketing on the Internet to opening an office. They believed it is a cost effective initiative that would have a wider customer reach thereafter boosting sales.

The results assert the benefits accruing the Internet as a tool deployed for promotion, information dissemination and automating exporting functions that are typically performed manually. However, for competitiveness, the flower exporters ought to use a variety of methods to promote their products worldwide and encourage e-commerce.

The second and third objectives sought to firstly find out whether flower exporters are satisfied with the Internet, and secondly, to identify the aspects of the Internet that contribute to the satisfaction or dissatisfaction with the Internet as a marketing tool. Significant aspects of the Internet to export marketing including the levels of firms awareness on the benefits of the Internet and, or Web site were studied.

The findings reveal that majority of the firms have ventured into the Internet less than five years ago mostly for information dissemination, and advertising of products, confirming the Internet as “the information superhighway”. Notably, 100.0% did not use the Internet for finance and billings revealing e-business is minimal or non-existent in the industry.

All the firms with the Web sites (100.0%) have used it in less that five years with 54.5% linked to other companies abroad, 45.5% to flower auctions, 14.3% to supermarkets chains and 14.3% to other growers. 90.9% visited competitors’ web sites to find out about their market share, to view their progress and also to establish the competitor’s strategies and business tactics.

This supports the response by flower exporters that Internet is significant to giving the firm a competitive edge. The exporters did not think that the Internet was significant in helping firms leap-frog the internationalization process (45.5%) or new products

introduction (35.0%). The firms used basic services that limited the use of the technology; for example, use of the Internet in establishing virtual branches throughout the world thus leap-frogging the conventional stages of internationalization. However, despite the web sites interactive and open atmosphere that perhaps can be compared to international trade fairs, Kenyan flower firms are yet to maximally utilize the webs potential.

Majority of the firms (91.0%) reported increased export sales through the use of the Internet and the Web site due to the fact that the Internet enhanced communication between firms and customers, widened the customer reach and also penetrating and opening up new markets. However, despite this, the level of awareness on marketing techniques applied to facilitate export marketing is relatively low. Only 34.6% aggressively marketed their products online. Some of the Internet application services used included exchange services (100.0%) with messaging and communication and e-mail facilities. These are basic skills that all Internet or Web site users presume are the Internet's utmost functions.

Other "complex" Internet application services like Content Services and Demand Planner Services are not popularly used (45.0%) respectively. Despite the fact that 100.0% of the respondents reported that they are well informed on ways of fully utilizing the Internet for their benefit, the limited use of marketing techniques online is a clear indication that not many are fully informed on how to harness the Internet's full potential.

Flowers are highly perishable products. Exporting flowers must therefore be a well thought planned process starting from planting until post harvesting. World seasons and calendar days must be carefully analyzed and understood before sowing the flower seeds. Extensive planning typically precedes flower-growing processes; the Internet can therefore be used to make the exporter more effective and efficient in performing firm's routine and business functions.

All respondents are on average (1.06) satisfied with the Internet as a marketing tool enabling them linkage with business partners (1.64) and efficient information dissemination (1.54). The level of Internet and Web site use by firms in doing business transactions is low. The flower exporters mainly use it for networking and information sharing. The users are neither dissatisfied nor satisfied with online payment options (0.45), consumer protection (0.27), security (0.36). This explains the reasons why flower firms did not use the Internet for finance and billings. It also reveals that security issues are critical if the Internet is to make any serious impact in exporting business.

The study results concur with Samiee (1998) who stated that, "competitive advantage cannot be solely derived from access to the Internet or developing a Web site. Competitive advantage is acquired through the skillful and proprietary ways in which this technology is deployed". This is a fact that the industry players ought to take cognizance of.

Lastly, the fourth objective sought to determine factors that are hindering flower exporters from using the Internet as a marketing tool. According to the summary statistics from factor analysis, the study reveals the four key factors that hindered them from using the Internet as presented below:

Factor One variables are related to inadequate capacity by flower exporters to adopt to the Internet. The variables included: lack of skills in designing a Web page, lack of IT knowledge, lack of innovation, lack of skills in Web page maintenance, and lack of skills in designing a web page.

Factor Two variables were related to resistance to change by top managers. The variables included: unwillingness to change by the top managers, use of outdated software and computers, belief in direct contacts with customers, and Internet is complex and difficult tool to use.

Factor Three variables are related to negative attitude towards the new technology. The variables included fear of the unknown, and no interest.

Factor Four variables are linked to economic reasons. The variables included resource availability, and high costs.

In summary, inadequate capacity building regarding skills by flower exporters, resistance to change by top managers, negative attitudes towards the new technology and economic factor were major reasons for not using the Internet.

The issue of technical complexity of consumer products contributed to innovation resistance. For firms to fully access and utilize the web site computerization of services is a prerequisite. In the analysis, 22.2% reported zero computerization of operations, whilst 77.8% had their operations computerized. However, 100% of the 22.2% had plans to get connected to the Internet in the next two years or less.

This concurs with Samiee (1998) findings that the penetration of computers in many countries is in its infancy and it will take many years before potential clients and importers are connected to the Internet.

When asked if the flower firms were to be given a free web site whether they would take up the offer, 100% indicated they would, citing the following reasons:

- Web site would reach more customers (44.4%)
- To try out for themselves (11.1%)
- To market products (22.2%)
- Information dissemination leading to increased sales (22.2%)

In taking a fast mover advantage in export marketing in the Internet, all respondents (100.0%) recognized that the Internet enhances export marketing as an information dissemination tool that can not only reach more customers but also penetrate new markets leading to increased sales. Internet can be deployed as a vehicle of revenue enhancement.

It enhances firms' competitiveness. However, a competitiveness posture in exporting is attained through a long-term commitment to exporting and development of an appropriate infrastructure within the firm.

In summary, Rogers (1993) defines innovation as "the degree to which an individual is relatively earlier in adopting new ideas than the other members of his social systems."

Acknowledging that the Internet originated in the 1960s and the Web site in 1989, the relative speed in which the technology has developed and spread through out the world puts Kenyan flower firms as late adopters to the innovation. The industry being a high capital investment venture firms are more cautious and only adopt after they have proven to be successful or as a response to social pressure.

However, relating Rogers (1983) innovation diffusion process to the Kenyan flower industry, firstly, majority of flower exporters are aware of the new technology but lack the information about it; secondly, the flower exporters are interested to seek information about the innovation and how they can benefit from it; thirdly, the exporters based on those who are using the Internet have made evaluation on the innovation; fourthly, the exporters are trying out the innovation on a limited basis as seen by use of limited Internet application services; fifthly, flower exporters are yet to fully adopt to innovations and utilize the Internet as a marketing tool.

This concurs with past researches done on other industries like Mbuvi (2000) who studied Tour operators revealing that though Internet adoption are slow, the tour operators are enthusiastic towards the adoption of the technology though no actual e-commerce was being conducted.

5.2 LIMITATIONS OF THE STUDY

The results from this study should be interpreted in the light of the following limitations.

The use of FPEAK members only cut out a large number of key players in the industry who have in the recent past joined the newly created Kenya Flower Council (KFC). At the time of the data collection, FPEAK was undergoing structural adjustments. Some noted implications to this were that data from their own Internet site seemed obsolete. For example, non-changed contact addresses of some members, and closure of some flower firms but who still continued to be listed as members of FPEAK. This is an example of firms that adopt the Internet but do not constantly update information in the Web site.

Administering of questionnaire in itself can create a bias due to non-response rate occasioned by "secrecy" guarding the industry. Many issues are regarded as confidential and very sensitive. As a result, the study suffered some degree of low response rate (26.7%). Moreover, collecting data in such a competitive business environment could easily have led to information moderation.

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH

E-commerce is in its infant stage in Kenya and so is the floriculture industry. The researcher acknowledges the fact that in the past infrastructure for e-commerce has been limiting. Technology has been moving along at a rapid pace, therefore, there is need for periodic studies on export marketing in the Internet with a focus of all flower exporters registered in Kenya irrespective of their affiliations to resolve the limitation as stated above. The appropriateness of the Internet for an exporter should be studied in terms of incremental revenue attributable to its use in exporting.

More studies need to be undertaken focusing on the significance of certain aspects of the Internet on export marketing in relation to the four marketing P's, that is, Product, Promotion, Place and Price, for example, the impact of the Internet on export marketing costs, or an analysis of the Internet as a channel intermediary.

5.4 IMPLICATIONS FOR POLICY AND PRACTICE

The findings of this study have several potential useful implications for the whole floriculture industry. They include:

Firstly, The Universities, Computer Society of Kenya, The Internet Service Providers (ISPs), The Fresh Produce Exporters Association of Kenya and computer firms should seek to provide adequate information regarding Internet and Web site use. They also ought to provide training to enhance the technologies utility. The bodies would work together to come up with effective flower exporting online marketing strategies.

Secondly, the ISPs should upgrade and market the use of e-commerce to match International competitiveness. This will give the flower firms a lasting advantage in return on capital employed.

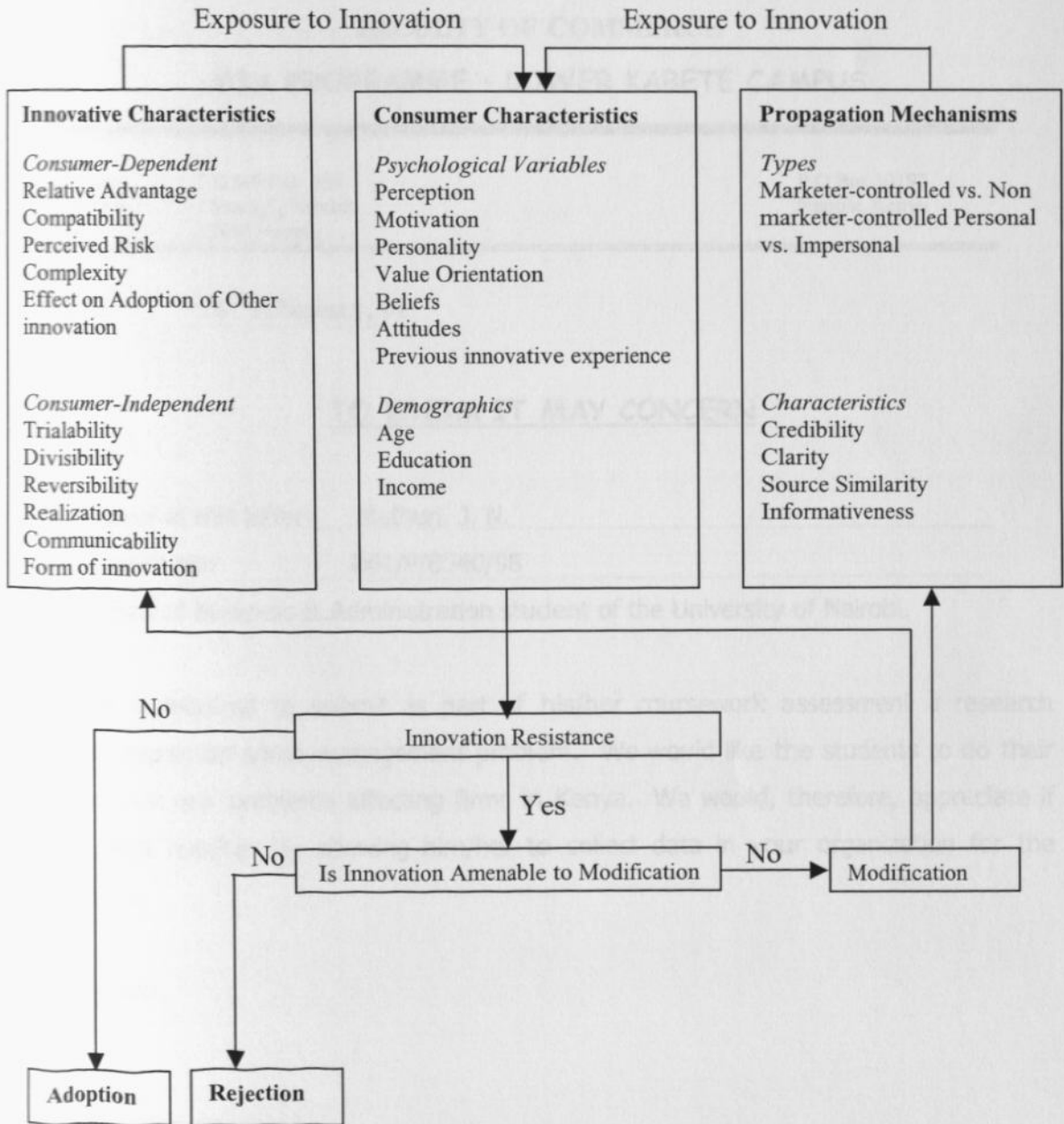
Thirdly, the industry players need to work together under one umbrella to garner force to challenge the stiff competition facing Kenyan flowers in International markets. They should also seek to harness the Internets' full potential as an export-marketing tool by linking up through computerized distribution systems to enhance networking.

Fifthly, The Government of Kenya should fully liberalize the communication sector and remove stringent regulations that impede access to and penetration of the Internet. The government should also develop policies to guide e-commerce practices. This will enable ISPs to provide cheap services to the consumers thus facilitate trading and reduce some barriers associated with e-commerce.

APPENDIX I:

FIGURES

Figure 7: A model of Innovation Resistance



Source: Ram, S. (1987), "A model of innovation resistance"

**APPENDIX II:
LETTER TO RESPONDENTS**

UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
MBA PROGRAMME - LOWER KABETE CAMPUS

Telephone:	732160 Ext. 208	P.O Box 30197
Telegrams:	"Varsity", Nairobi	Nairobi, Kenya
Telex:	22095 Varsity	

DATE: 26th February, 01

TO WHOM IT MAY CONCERN

The bearer of this letter: Muthuri, J. N.

Registration No: D61/P/8540/98

is a Master of Business & Administration student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

Thank you.

DR. MARTIN OGUTU
LECTURER & CO-ORDINATOR, MBA PROGRAMME

MO/ek

**APPENDIX III:
QUESTIONNAIRE**

SECTION A: TO BE FILLED BY ALL RESPONDENTS

(This part requires you to give general information regarding your firm.

Please tick in the appropriate box or fill in the blanks)

1. Name of your firm _____

2. Does the flower firm export flowers?

YES NO

3. In which markets does the firm export to?

- Holland
- United States of America
- Canada
- United Kingdom
- Switzerland
- African countries
- Germany

Others (Specify): _____

4. How long on average has the firm been in operation?

- Less than 5 years
- 5 - 10 years
- 11 - 15 years
- 16 - 20 years
- Over 21 years

5. How many full-time employees on average do you have?

- 1 – 50 employees
- 51 – 100 employees
- 101- 150 employees
- 151 - 200 employees
- Over 201 employees

6. How many part-time employees on average do you have?

- 1 – 50 employees
- 51 – 100 employees
- 101- 150 employees
- 151 - 200 employees
- Over 201 employees

7. Approximately how many varieties of flowers does your company export?

- Only one variety
- 2 – 5 varieties
- 6 – 9 varieties
- 10 – 13 varieties
- Over 14 varieties

8. How much do you export as a proportion of the firms' total output?

9. Where is the export function located in the company?

- Sales Department
- Export Department
- Marketing Department
- Sales and Marketing Department
- Other. (Specify) _____

10. Do you have an export marketing office in a foreign country or countries?

YES (Skip no 12) NO

11. If No, would you prefer aggressive marketing on the Internet to opening an office in a foreign country?

YES NO

Why? _____

12. How many full-time employees in your firm are IT literate?

- Less than 10% of employees
- 10% - 25% of employees
- 25% - 50% of employees
- 50% - 75% of employees
- Over 70% of employees

13. Which of the following does your firm use to promote its products in foreign markets? (Indicate by ticking the options that apply to you.)

- Advertising
- Trade fairs
- Trade mission
- Catalog and Video shows
- Sponsorship of events or activities abroad
- Other: _____

14. Which one of the following applies to your firm?

- Locally owned
- Foreign owned

SECTION B: TO BE FILLED BY FIRMS POSSESSING BOTH THE INTERNET AND, OR THE WEB SITE

15. Does your firm have Internet services?

YES

NO

(If YES, please continue filling this section, if no go to section C)

16. When did the firm get connected to the Internet? (Specify the year)

17. When you first ventured into the Internet, for what specific reasons did your firm make this move? (Tick where applicable)

Information dissemination

Customer Support Services (like logging on customer complaints)

Advertising/Sales

To match our competitors

Market research and statistics

Everybody was getting hooked into the Internet

Other: (Specify) _____

18. What was the initial investment into the Internet?

Kshs. 0 - Kshs. 100,000

Kshs. 101,000 - Kshs. 200,000

Kshs. 201,000 - Kshs. 300,000

Kshs. 301,000 - Kshs. 400,000

Kshs. 401,000 - Kshs. 500,000

Above Kshs. 501,000

19. What does your firm use the Internet for?

- Information dissemination
- Advertising
- Customer Support Services (like logging on customer complaints)
- Finance and Billing
- Market research and statistics
- Other: (Specify) _____

20. Do you think you are well informed as to how you can use the Internet to benefit you?

- YES NO

21. If NOT, at least do you know where to get information?

- YES NO

ABOUT THE WORLD WIDE WEB

22. Does the company possess a Web page?

- YES NO (Skip to No. 28)

23. If yes, who made the decision?

- The Managing Director
- The Marketing Manager
- The Farm Manager
- The Communications Manager
- Other: (Specify) _____

24. How did the decision come about?

- Internet Service Providers advertisement
- To be at the same level with our competitors
- Strategic Marketing decision
- Other: (Specify) _____

25. Approximately how many years has the company possessed the web page?

(Specify) _____

26. Does the web page have links with other companies abroad?

- YES NO

27. If yes, which kind of companies?

- Other flower growers
- Supermarket chains
- Flower auctions
- Financial institutions
- Other: (Specify) _____

28. Do you visit your competitor's web site?

- YES NO

Why? _____

29. Below are ten areas in which the Internet and, or the WWW has had an impact in companies. In your opinion, rate each point accordingly.

	Significant	Insignificant	Do not know
i. Increase foreign operations	()	()	()
ii. Introduce new products	()	()	()
iii. Penetrating unfamiliar markets	()	()	()
iv. Expand export sales	()	()	()
v. Generating sales leads	()	()	()
vi. Creating international awareness	()	()	()
vii. Giving the firm a competitive edge	()	()	()
viii. Leaf-frog the internationalization process	()	()	()
ix. Market research information/statistics	()	()	()
x. Improve customer service	()	()	()

30. What marketing techniques do you use to sell your product online?

- Run special offers on the web site
- Online competition
- Lotteries
- Discussion forums
- Other. _____

31. Do you aggressively market your products on the web?

- YES NO

How? _____

32. Has the Internet and the web contributed to increased export sales by your firm?

- YES NO

Please explain: _____

33. What are your experiences of operating a web site for your exports operations?

- | | | | |
|--------------------------|----------------|--------------------------|-------------------|
| <input type="checkbox"/> | Very exciting | <input type="checkbox"/> | Not very exciting |
| <input type="checkbox"/> | Quite exciting | <input type="checkbox"/> | Disappointing |
| <input type="checkbox"/> | I don't know | | |

34. Does your firm have any of the following application services? (Please tick where applicable)

- | | Yes | No |
|--|-----|-----|
| i. Exchange services (allowing messaging and communication, e-mail and the ability to communicate with other e-commerce enablers. | () | () |
| ii. Catalog services providing web-enabled electronic catalogue management | () | () |
| iii. Content services that can be linked to a business' web site to provide customers with the latest news and information | () | () |
| iv. Demand planner services enabling automated master planning, demand planning, demand fulfillment, distribution planning, harvest planning and merchandising and promotion plan. | () | () |
| v. Others. (Specify) _____ | | |

NOTE: THIS SECTION IS APPLICABLE TO THOSE FIRMS NOT POSSESSING THE INTERNET OR THE WEB SITE.

Are your firm's operations computerized?

- YES NO

35. To what extent are you satisfied with the following aspects of the Internet and WWW as a marketing tool?

	Very Dissatisfied	Dissatisfied	Neither Dissatisfied nor Satisfied	Satisfied	Very Satisfied
Reach target audience					
Expansion of exports sales					
Linkage with business partners					
Online payment options					
Product delivery services					
Efficient information dissemination					
Speed of connection					
Security					
Consumer protection					
Measurable impact of marketing campaigns (e.g. geographical location of customers)					
Marketing and Statistical Information					
Favorable public image					
More informed buyers					

SECTION C: THIS SECTION IS APPLICABLE TO THOSE FIRMS NOT POSSESSING THE INTERNET OR THE WEB SITE

36. Are your firms' operations computerized?

YES

NO

37. To what extent is each of the following the reasons as to why your firm is not using the Internet? (Please rate them accordingly)

Rate: 1 = Great Extent
 2 = To some extent
 3 = Very little extent
 4 = Not at all

	1	2	3	4
i. High costs	()	()	()	()
ii. Resource availability	()	()	()	()
iii. Excessive risks	()	()	()	()
iv. Lack of IT knowledge	()	()	()	()
v. Lack of skills in designing a web page	()	()	()	()
vi. Lack of skills in web page maintenance	()	()	()	()
vii. Inefficient Internet Service Providers	()	()	()	()
viii. Decision to possess the Internet has never been reached	()	()	()	()
ix. Poor communication (like no telephone line services)	()	()	()	()
x. No interest	()	()	()	()
xi. Lack of innovation	()	()	()	()
xii. Fear of the unknown	()	()	()	()
xiii. Satisfied with the firms export performance	()	()	()	()
xiv. Unwillingness to change by the top managers	()	()	()	()
xv. Internet is complex and difficult tool to use	()	()	()	()
xvi. Use of outdated software and computers	()	()	()	()
xvii. Belief in direct contacts with customers	()	()	()	()

APPENDIX IV:

38. Do you have plans to get connected to the Internet?

YES

NO

If Yes, how soon _____

If No, Why? _____

39. If your company were to be given a free web page, would you take up the offer?

YES

NO

Why? _____

THANK YOU FOR YOUR TIME, COOPERATION AND CONTRIBUTION.

APPENDIX IV:

CURRENT MEMBERS OF THE FRESH PRODUCE EXPORTERS
ASSOCIATION OF KENYA WITH OPERATIONS IN NAIROBI AS AT
22ND FEBRUARY 2001

1.	A Touch of Velvet	-	Nairobi
2.	Agricultural Integrated Industries	-	Nairobi
3.	Bawan Roses Ltd.	-	Nairobi
4.	Bekya Floriculture Ltd.	-	Nairobi
5.	Beverly Flowers	-	Nairobi
6.	Bolmar Flowers Ltd.	-	Nairobi
7.	Bud of Paradise Ltd.	-	Nairobi
8.	Farm Fresh Commodities.	-	Nairobi
9.	Floricult Kenya Ltd.	-	Nairobi
10.	Fly Flowers (K) Ltd.	-	Nairobi
11.	Forest Edge Flowers Investment Ltd.	-	Nairobi
12.	Gaesen Enterprises Ltd.	-	Nairobi
13.	Gatoka Ltd.	-	Nairobi
14.	Global Flora Ltd.	-	Nairobi
15.	Gould Flowers	-	Nairobi
16.	Hezekial Gitata Farm	-	Nairobi
17.	Highview Farm Ltd.	-	Nairobi
18.	Idyll Flora C. Ltd.	-	Nairobi
19.	Inner Circle Ltd.	-	Nairobi
20.	Jambo Horticultural Exporters	-	Nairobi
21.	Jonella (K) Ltd.	-	Nairobi
22.	Kanorero River Farm Ltd.	-	Nairobi
23.	Karen Roses Ltd.	-	Nairobi
24.	Karia Roses Ltd.	-	Nairobi
25.	Kenia Exporters Ltd.	-	Nairobi
26.	Kentmere Flora Ltd.	-	Nairobi

27.	Kenya Flowerklink Ltd.	-	Nairobi
28.	Kenya Highland Nurseries Ltd.	-	Nairobi
29.	Kihingo Roses	-	Nairobi
30.	Kirin Agribio Kenya Ltd.	-	Nairobi
31.	Kitengela Blooms Ltd.	-	Nairobi
32.	Kithanu Flora	-	Nairobi
33.	Longonot Horticulture Ltd.	-	Nairobi
34.	Lotec Exporters	-	Nairobi
35.	Lukenya Flowers Ltd.	-	Nairobi
36.	Mac Ltd.	-	Nairobi
37.	Magana Flowers Ltd.	-	Nairobi
38.	Mbugua Enterprises Ltd.	-	Nairobi
39.	Model Farm Ltd.	-	Nairobi
40.	Mt. Aberdare Flowers	-	Nairobi
41.	Mt. Elgon Orchards Ltd.	-	Nairobi
42.	Mt. Kenya Roses	-	Nairobi
43.	Mweiga Blooms	-	Nairobi
44.	Nairobi Flower Village	-	Nairobi
45.	Nelleon Dev. Co. Ltd.	-	Nairobi
46.	North Lake Nurseries Ltd.	-	Nairobi
47.	Nyanjugu Investments	-	Nairobi
48.	Octa Flora Co. (Ngonyo Ltd.)	-	Nairobi
49.	Orchids Kenya Ltd.	-	Nairobi
50.	P J Dave	-	Nairobi
51.	Pearl Flowers Ltd.	-	Nairobi
52.	Pemi Cultural Afrique	-	Nairobi
53.	Penta Flowers	-	Nairobi
54.	Redhill Blooms Ltd.	-	Nairobi
55.	Redhill Flowers (K) Ltd.	-	Nairobi
56.	Redhill Gardens Ltd.	-	Nairobi
57.	Riverfarm Blooms Ltd.	-	Nairobi

58.	Samawati Ltd.	-	Nairobi
59.	Sawa Flora Ltd.	-	Nairobi
60.	Seed General Ltd.	-	Nairobi
61.	Sian Agriflora Limited	-	Nairobi
62.	Sinclair Flowers	-	Nairobi
63.	Stoni-Athi Limited	-	Nairobi
64.	Suera Flowers Ltd.	-	Nairobi
65.	Sunrays Garden Ltd.	-	Nairobi
66.	Super Veg. Ltd.	-	Nairobi
67.	Supersonic Caterers Co.	-	Nairobi
68.	Tanu Roses (K) Limited	-	Nairobi
69.	Tena Fresh Flowers	-	Nairobi
70.	Thika Nurseries	-	Nairobi
71.	The Eustoma (K) Ltd.	-	Nairobi
72.	Torito Roses Ltd.	-	Nairobi
73.	Tropiflora Limited	-	Nairobi
74.	Tropiroma Ltd.	-	Nairobi
75.	Turasha Windsong Farm	-	Nairobi
76.	Tyro Enterprises Ltd.	-	Nairobi
77.	Valentine Growers	-	Nairobi
78.	Vegpro (K) Ltd.	-	Nairobi
79.	Wam Flowers	-	Nairobi
80.	Wanjao Estate Ltd.	-	Nairobi
81.	Wet Farm Ltd.	-	Nairobi
82.	Wilfay Investments Ltd.	-	Nairobi
83.	Wilmar Agro Ltd.	-	Nairobi
84.	Zena Roses Limited	-	Nairobi

**APPENDIX V:
FACTOR ANALYSIS COMPUTATIONS FOR QUESTION 37**

- Analysis number 1 Listwise deletion of cases with missing values

Extraction 1 for analysis 1, Principal Components Analysis (PC)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
V17	1.00000	*	1	5.22039	30.7	30.7
V8	1.00000	*	2	3.87191	22.8	53.5
V12	1.00000	*	3	2.85330	16.8	70.3
V3	1.00000	*	4	1.96142	11.5	81.8
V1	1.00000	*	5	.97190	5.7	87.5
V11	1.00000	*	6	.86861	5.1	92.6
V15	1.00000	*	7	.70160	4.1	96.8
V6	1.00000	*	8	.55089	3.2	100.0
V5	1.00000	*	9	.00000	.0	100.0
V4	1.00000	*	10	.00000	.0	100.0
V10	1.00000	*	11	.00000	.0	100.0
V9	1.00000	*	12	.00000	.0	100.0
V2	1.00000	*	13	.00000	.0	100.0
V13	1.00000	*	14	.00000	.0	100.0
V14	1.00000	*	15	.00000	.0	100.0
V16	1.00000	*	16	.00000	.0	100.0
V7	1.00000	*	17	.00000	.0	100.0

PC extracted 4 factors.

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4
V17	.47584	.76601	.09647	-.23514
V8	.23955	-.72298	.54340	.18506
V12	.10379	.60699	-.61996	.23990
V3	-.22322	.41442	.52451	-.13400
V1	-.46750	.63635	.35682	.02263
V11	.73279	-.47750	-.27188	.09967
V15	.80227	.53790	-.15121	.06587
V6	.83217	-.16040	-.08391	.09431
V5	.85572	-.27423	-.00735	.38865
V4	.83697	-.06774	.11682	.46619
V10	-.08153	.40968	-.66610	.21324
V9	-.38395	.13485	-.03295	.78146
V2	.12049	.58135	.71487	.25709
V13	.14350	-.11952	-.66259	-.58955
V14	.77983	.26324	.36766	-.37461
V16	.74073	.47337	.13967	-.29173
V7	.07426	-.60233	.30803	-.33024

Final Statistics:

Variable	Communality *	Factor	Eigenvalue	Pct of Var	Cum Pct
V17	.87779 *	1	5.22039	30.7	30.7
V8	.90961 *	2	3.87191	22.8	53.5
V12	.82111 *	3	2.85330	16.8	70.3
V3	.51464 *	4	1.96142	11.5	81.8
V1	.75134 *				
V11	.84885 *				
V15	.96017 *				
V6	.73418 *				
V5	.95856 *				
V4	.93609 *				
V10	.66365 *				
V9	.77737 *				
V2	.92961 *				
V13	.82148 *				
V14	.95294 *				
V16	.87737 *				
V7	.57226 *				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 11 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4
V17	-.04948	.85944	.33848	.14880
V8	.45851	-.20194	-.78456	.20754
V12	.06673	.12428	.89355	-.05263
V3	-.48122	.28753	-.12301	.43042
V1	-.65283	.13764	.19655	.51727
V11	.84245	.07706	-.11783	-.34540
V15	.47462	.72705	.44875	.07025
V6	.76545	.36410	-.04349	-.11750
V5	.95424	.19078	-.07044	.08149
V4	.87756	.28614	.00705	.28992
V10	-.00717	-.09881	.79328	-.15667
V9	.02786	-.55825	.38826	.56054
V2	-.12346	.45022	-.02178	.84333
V13	-.01384	.14590	.16589	-.87891
V14	.26616	.90971	-.23045	.03769
V16	.23317	.90253	.09038	.01625
V7	.07837	-.04503	-.71588	-.22715

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4
Factor 1	.77602	.62498	-.03332	-.07804
Factor 2	-.37984	.55091	.65203	.35648
Factor 3	-.16561	.25328	-.67717	.67072
Factor 4	.47550	-.49168	.33939	.64573

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