A SURVEY OF E-MARKETING PRACTICES IN THE TOURISM INDUSTRY IN KENYA: A CASE OF TOURIST FIRMS IN NAIROBI
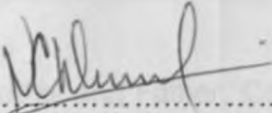
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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA).

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DECLARATION

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

Signed ...[signature]...   Date ...11 . 11 . 03...

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This project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my Daughter Mitchelle Wanjiku Mwangi who has endured and borne my absence since the start of this course

To my Husband, Moses Uugi Mwangi for his support and patience

To my Mother and Father, Cecilia and Humphrey Nyingi who gave almost all they had for the sake of my education and have always been there for me.

To my Sister, Mercy M. Wahome for her love and encouragement during tough times.

ACKNOWLEDGEMENTS

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ABSTRACT

The impact of the new technology is far reaching and its invention has revolutionalised the way companies are marketing their products and the tourism industry is no exception. This study was done with the objective of determining the extent to which use of internet marketing is being practiced in the tourism industry in Kenya and to establish the benefits and the problems experienced in using the internet as marketing tool. To this end, primary data was collected by means of survey questionnaire using both closed and open-ended questions and were given to the managers of Tour Operators in Nairobi who are in charge of marketing tourism. The response rate was 70% (42/60). The data was analyzed using descriptive statistics.

Analysis of the data revealed that all the firms were using the internet to market themselves especially because majority of the firms did not have offices abroad and were hence using foreign agents and the internet to market their products. The extent to which the internet is being used in marketing is to a moderate extent, though some of the marketing activities are done to a very large extent and a few others to no extent at all. The study revealed that internet is to a moderate extent used as a marketing information systems tool and as a target marketing tool. In the marketing mix, the internet is used to a large extent in that all firms communicate their products in a number of ways such as, product demonstrations using short previews on their websites and allowing tourists to select a tour package of their choice. Prices are also displayed and negotiations can be done online. However, advertising is only done to a small extent and the only promotional tool used to a large extent is the display of offers and discounts. The results also showed that all the tourist firms enjoy the benefits of internet as a marketing tool and only experience a few problems such as lack of government support and the inefficiencies of the internet service providers.

CHAPTER ONE

INTRODUCTION

1.1   Background

If there is one invention that revolutionalised the way business is conducted globally, it is the Internet.   The emergence of the internet has pushed many established companies to explore this new marketing channel which poses opportunities as well as threats – it can be performance enhancing as readily as it can be performance destroying for large and small enterprises alike (Inge et al, 2002).

Koenderman (1999) estimated that global traffic on the Internet was doubling every 100 days with e-commerce to reach $220 billion a year and the total number of Internet users to reach 300 million in the year 2001. Research carried by the Boston Consulting Group (BCG) had projected $65 billion in North America online sales for 2001. The Visa International survey estimates that the worldwide market for commercial e-commerce will exceed $1trillion by 2003. Further, research done by Forrestor projects that e-commerce will boom in the U.S. to more than $64 billion in 2003 and that World wide e-commerce is expected to reach $3trillion. The research also projects that e-business will reach $6.8 trillion world wide, with North America capturing $3.5 trillion of it in 2004 (Bloomberg, 2001)

With this in mind, it becomes quite clear that there are opportunities for companies to embrace E-commerce, which comprises four distinct segments: Business-to-Business (B2B), Business to Consumer (B2C), Consumer to Business (C2B) and Consumer-to-Consumer (C2C). This study focuses on the B2C segment, which according to Forrestor Research, the growth of potential

online consumer is rapidly increasing as compared to business-to-business (B2B) e-commerce. WTO (1999) predicated this growth as shown in the following diagram:
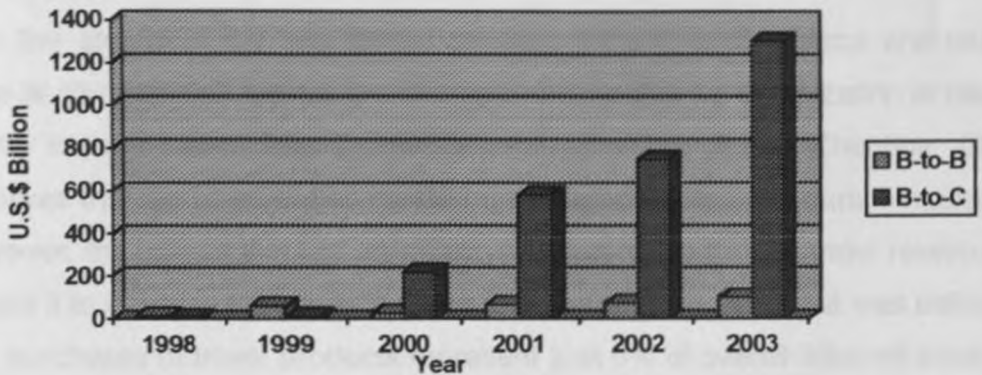
Source: WTO (1999), Internet

In Africa the Internet market and the E-commerce are yet to assume a full-blown status. According to Derby and Wayne (2001) South Africa's Internet market is one of the fastest growing in the world. Internet generated spending jumped from R6million in 1996 to R200 million in 1997. There is potential in Internet marketing in South Africa but is held back mainly due to poor delivery mechanisms, lack of tangibility and ongoing fears concerning secure payment methods.

In Kenya, the big businesses have shied away from the new technology as a core strategy for doing business even with their vast resources. E-commerce is still in its infancy but is growing very fast and is turning out to be popular within medium and small businesses in Kenya (Wanjoga, 2001). Mbuvi (2000) observes that among the medium and small Internet users are the tour operators who are the key players in marketing Kenya as a tourist destination. The tour operators were among the first organizations to embrace e-commerce. Wanjoga 2001) observes that by 2000, 40,000 Kenyans had ISP accounts and an estimated number of computers at 250,000 with about 600 registered websites

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and a total of 50 Internet Service Providers licensed to operate in the country and that Kenya has its share of Internet users with an estimated figure of 300,000 users.

With the growth of the two fastest growing sectors, e-commerce and tourism there is no doubt that there are new opportunities that no organization or country in the tourism sector can ignore, (Ekwulugo et al, 2002). Zhenhua, (2000) observes that the Internet has created great opportunities for tourism marketing. However, the current level of online travel sales is low though most researchers expect it to increase rapidly in the next few years. For example, it was estimated that purchases of travel products represent just 6% of overall Internet sales and 0.5% of all travel and tourism spending. In the US, Jupiter Communications forecasts that online travel bookings will grow from US$2.2 billion in 1998 to US$ 16.6 billion by 2003, representing a market share of total travel sales of 1.7% and 9.6% respectively. Forrestor research further predicts that the U.K. online travel market will grow in value to U.S$23.4 million by 2003. A report on Travelers' use of the Internet in the US, shows that 52.2 million people used the Internet for researching travel in 1999 but only 16.5 million (32%) actually made their travel reservations online (Zhenhua, 2000).

Kenya has a chance to gain from the growing online travel market and to compete internationally despite its limited capital resources. The U.S.A. and the U.K. are vitally important market for Kenya with a large number of online households that use the web to book travel arrangements.

1.2 Kenya's Tourism Industry

Brief History of Kenyan Tourism

During the period 1890 to 1938, tourists found the sea journey to East Africa too long and expensive and attractions were undeveloped. Tourism in Kenya was restricted to a number of adventures until the Second World War, and most of the tourist arrived by ship (Nkari, 1985).

The East African Publicity Association (EAPA) formed in 1938 was the first step at the formal development of tourism as an industry with marketable commodities in Kenya and East Africa as a whole. In 1948 after the Second World War, EAPA was reorganized and renamed East African Tourist Travel Association (EATTA) with offices in many parts of the world. In 1965 and after independence, the activities of EATTA in Kenya were taken over by the KTDC, which was then the official body, which was involved in the marketing and organization of the tourist industry in Kenya in conjunction with the then Ministry of Tourism and Wildlife (Nkari, 1985). After independence, the Kenya government realized the potential of the tourism industry and upgraded the infrastructure encouraged the local and foreign entrepreneurs to invest in the tourism and hospitality industries. The attractions included the sun, sand and Safari (Makawiti, 2000).

Makawiti (2000), observes that due to the great importance accorded to the tourism industry, the Kenya government has been involved in the activities and organizations of the industry both directly and indirectly. Indirectly through offering aid to those in the private sectors i.e. Hoteliers and Tour Operators. Directly through the Ministry of Tourism and the Government Bodies that regulate the tourism industry. They include: (i) Kenya Tourism Development Corporation, 1965 (KTDC) which oversees the development within the sector – lobbies with government on behalf of the players. (ii) Kenya Tourism Board, 1997 (KTB)

which oversees the marketing of Kenya's tourism abroad and locally. (iii) Kenya Tourism Federation, (KTF) which is a safety and communications center to oversee the tourist safety management, with a primary objective of uniting the seven associations under one umbrella. The seven associations are: Kenya Association of Tour Operators (KATO), Kenya Association of Hotel Keepers and Caterers (KAHKC), Mombasa and Coast Tourism Association (MCTA), Kenya Association of Air Operators (KAAO) Kenya Association of Travel Agents (KATA), Eco-tourism Society of Kenya (ESOK), and Kenya Budget Hotels Association (KBHA).

The tourists who visit Kenya can be classified into categories as follows:

Holiday visitors: They are pure pleasure seekers

Transit visitors: They visit on their way to other destination

Business visitors: They include shoppers, conference tours, fairs and shows

Performance in the Tourism Industry

Tourism sector in Kenya continues to play an important role in the country's economic development in terms of GDP accounting for 16% of GDP, 2000 (WTO, Travel Policy Review, Kenya 2000). According to the Economic Survey (2003) the tourism industry has been characterized by fluctuations in visitor arrivals over the last 38 years. (see Appendix 1).

Most of the tourist arrivals are from Europe as depicted in the table 1 below. Europe had the largest visitor arrivals in Kenya during the two years with majority of visitors being holidaymakers. From all over the world, the holiday visitors are the largest in comparison to business and transit visitors.

Table 1. 1 Visitor Arrivals by country of residence and purpose of visit 1997 and 1998 ('000)

Country of residence	Holiday		Business		Transit		Total ***	
	1997	1998	1997	1998	1997	1998	1997	1998
Europe	515.8	466.4	34.9	31.6	32.7	45.4	583.8	543.4
Africa	67.4	61.0	42.6	38.5	20.2	28.0	130.2	127.5
North America	56.5	51.1	6.7	6.0	4.3	6.0	67.5	63.1
Asia	39.9	35.5	7.5	6.8	4.5	6.3	51.3	48.6
Australia & New Zealand	13.3	12.0	1.5	1.4	1.2	1.7	16.0	15.1
All Other Countries	52.0	46.9	0.8	0.7	3.3	4.5	56.1	52.1
Total	744.3	672.9	94.0	85.0	66.2	91.9	904.5	849.8

*** total not including "other visitors
Source: WTO, Trade Policy Review, Kenya 2000 – page 84

In terms of earnings, the industry has faced fluctuations as shown below.

Table 1.2   Tourism Earnings 1964 – 2000 (in million Kenyan Pounds)

YEAR	EARNINGS	YEAR	EARNINGS	YEAR	EARNINGS
1964	9.4	1976	42.9	1988	349
1965	109	1977	53.5	1989	432
1966	14.4	1978	64.5	1990	533
1967	14.7	1979	65.1	1991	595
1968	17.3	1980	88.5	1992	713
1969	16.7	1981	96.2	1993	1,222
1970	18.5	1982	122.9	1994	1,405
1971	23.9	1983	130.0	1995	1,250
1972	27.3	1984	152.0	1996	1,280
1973	24.3	1985	209.0	1997	1,132
1974	27.0	1986	250.0	1998	875
1975	33.4	1987	292	1999	1,068
				2000	980

Source: Statistical Abstract (2002); National Development Plan, 2002-2008) page 50

The industry grew in earnings from 9.4 million Kenya pounds in 1964 to a peak of 1,405 million Kenyan pounds in 1994. These earnings have continued to decline and by the year 2000, it stood at 980 million Kenya pounds.

In comparison to other African countries, Kenya is low with an untapped potential of over one million international visitors relative to other tourist destinations such as Egypt (4.48 million), Zimbabwe (2.32 million) and South Africa (6.08 million) (Poverty Reduction Strategy Paper, 2001-2004, September, 2001). This sector has been constrained by the following: increased competition from other emerging tourist destinations; insecurity (terrorist bombings in 1998 and 2002; undiversified tourist products and markets; declining standards mainly in the hotel Industry; poor and inadequate infrastructure; inadequate promotion and marketing; environmental degradation of parks and beaches (Economic Survey, 2003; Poverty Reduction Paper, 2001-2004; and Economic Recovery Strategy Paper for Wealth and Employment, 2003-2007).

Marketing Efforts to Improve Tourism Performance
The Kenya Tourism Board (KTB) under the Ministry of Tourism and Wildlife, is mandated to coordinate tourism promotion activities and to incorporate both the private and public sector representatives to plan and implement the marketing of Kenya as a local and international tourism destination in the most effective and efficient manner. At the International level, this is achieved through the activities of the tourism offices located in the major tourism-generating countries namely, France, Germany, Italy, South Africa, Switzerland, Sweden, United States and the United Kingdom. The private sector (Tour Operators) promotes tourism with special emphasis on their establishments (WTO, Trade Policy Review, Kenya 2000). The government is projecting annual growth rate of 8% during the plan period. Consequently international arrivals will rise from 1,209,000 in 2002 to 1,918,500 in 2000, during the 2002 – 2008 plan period are shown on table 1.3

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Table 1.3   Projected Tourist Arrivals and Earnings (2002 – 2008)

YEAR	PROJECTED VISITOR ARRIVALS (000)	PROJECTED TOURISM EARNINGS (KSHS. MILLION)
2002	1,209.0	22,745
2003	1,305.7	24,565
2004	1,410.1	26,530
2005	1,523.0	28,652
2006	1,644.8	30,944
2007	1,776.4	33,420
2008	1,918.5	36,094

Source: National Development Plan 2002-2008 page 50

To revitalize tourism and meet the projections, efforts by the government and the concerned bodies are as follows:

First, KTB is to ensure production of promotional materials for the small operators, which it will use to market their products. Re-launching Kenya as a global tourism destination especially now that Kenya is being perceived as an insecure destination. Second, promotion of domestic tourism through participation in various local and regional trade shows, advertisements in print media and electronic media, and hosting of public workshops. Third, promotion of new products such as conference tourism, sports tourism, retirement tourism and eco-tourism. Fourth, product diversification through opening up of new tourist circuits new tourism offices in abroad. Fifth, review taxation policies by reducing airport tax in-order to make Kenya a more relatively cheaper destination. Sixth, Tourism product improvement by encouraging the refurbishment of hotel and other accommodation, training of tour operators and management staff of the Ministry of tourism and the tourist bodies, at the Kenya Utalii College.

1.3   Statement of the Problem

The fast growth of the Internet and the accompanying shift in the Internet user demographics has created an exciting new commerce channel (Wanjogu, 2002). The Internet as a marketing media can be of great benefit to virtually all areas of marketing, from marketing research, through market segmentation, targeting and positioning, to the effective use of the marketing mix (Zhenhua, 2000). It can be enhancing as well as performance destroying (Inge et al, 2002). With regard to the future of Internet tourism marketing, there appears to be little question that the Internet will permeate into every aspect of tourism business and every area of marketing activities (Zhenhua, 2000).

• WTOBC (1999) indicates that the Internet has had a greater impact on marketing of tourism than any technology since the invention of television. Mbuvi (2000) observes that this trend shows that the Internet will definitely have considerable impact on the Kenyan tourism sector which is a major foreign earner for the country, since a large proportion of the tourist traffic in Kenya is international, most of it coming from countries already embracing e-commerce.

Research carried out in South Africa on Internet marketing by Debbie and Wayne (2001) observed that the critical issues affecting the success of Internet marketing are security of payments and lack of distribution support, yet neither of these problems would hold up the fast growth of the Internet as a marketing tool.

A few studies have been done in Kenya on the use of the internet, Wanjoga (2002) observed that Kenyan consumers are aware of internet as an advertising tool through their encounter with online adverts as they use the internet, but this study focused on advertising which is just one marketing variable and was not focused on industry.   Mbuvi (2000) observed in her study that 71% of the surveyed Tour Operators were connected to the Internet, which they use as a

business tool. This study was too broad and was focused on e-commerce. Muthuri (2001) observed that 81% of the surveyed flower exporting companies preferred marketing on the internet than opening a foreign office since they believed it was more cost effective and has a wider customer reach. Ekwulugo et al. (2002) observed that the KTB website is the main source of holiday information. These studies have not focused on marketing activities carried on the internet.

This research envisages e-marketing as the ideal tool for marketing Kenya as a tourism destination in order to reach its 8% growth target projected for the year 2002-2008. However, there appears to be very little study done on Internet as a marketing tool and no study has been done on the extent of use of e-marketing practices and its benefits in Kenya. Thus this research proposal seeks to bridge the gap by addressing the following questions:

i) To what extent is the Internet being used as a marketing tool and which marketing activities are being practiced in the tourism industry in Kenya?

ii) Are there any problems being experienced in the use of Internet as a marketing tool in the tourism industry in Kenya?

iii) What are the benefits of using the Internet as a marketing tool in the tourism industry in Kenya?

1.4 Objectives of the Study

The objectives of this study are:

i) To determine the extent to which internet marketing is being used in Kenya's tourism sector

ii) To establish the benefits of using the internet as a marketing tool in the tourism industry

iii) To establish problems being experienced in the use of Internet as a marketing tool by companies in the tourism industry.

1.5 Importance of the Study

This Study will be of importance to the following:

i) All the Tourism firms both in the private and public sector especially the government, which relies heavily on the tourisms industry for foreign exchange and as way to reduce poverty in the country.

ii) Scholars and Researchers who may be interested in making similar studies in other government or business sectors in issues related to e-marketing.

iii) Marketing Bodies (MSK), Marketing Firms & Institutions can use the findings to design an Internet marketing program for use either in business (marketing strategy) or for educational purpose.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews the various literatures on the concept of e-marketing, the characteristics of internet as a marketing tool, how it is carried out, challenging issues, benefits and problems associated with e-marketing.

2.1   Meaning of Electronic Marketing (E-Marketing)

A firm marketing its products and services through the internet is, by definition, a global firm because consumers worldwide can access it with no time constraints: time zones have no meaning in internet marketing and thus appears to be suitable for reaching thin markets (niche markets) in which buyers and sellers are small and geographically dispersed, and the products and services are specialized or unique (Peterson et al. (1997).

Bloomberg (2001) observes that the terms Internet marketing, online marketing, electronic marketing, web-based marketing and interactive marketing refer to the use of the Internet and related technologies to achieve the marketing goals and objectives. The main goal is to drive traffic to your site, which is done through external means such as banner ads, sponsorships, and e-mail campaigns.

Bickerton (1998) defines Internet marketing as basically the activities of traditional marketing done on the Internet. Bickerton (1998) further demonstrates how the traditional methods of doing marketing and marketing research, advertising, segmentation, and selling are changing dramatically because of the use of information technology.

According to Kotler (2001) an **electronic market** is a sponsored website that describe the products and services offered by sellers and allows buyers to search for information, identify what they need and place orders using a credit card. The benefits of e-marketing or Internet marketing are two fold, i.e. to the buyers and to the sellers. Kotler (2001) further indicates that, the most recent channels for direct marketing are the electronic channels which are described as electronic platforms, such as the sending of purchase orders to suppliers via electronic data interchange (EDI); the use of fax and e-mail to conduct transactions; the use of ATM's and smart cards to facilitate the payment and obtain digital cash ; and the use of the internet and online services.

Like traditional marketing, successful online marketing requires persistence and commitment to a long-term strategy. Unfortunately, even with innovative technology, Internet marketing cannot be done with a click of a mouse. The Internet marketing mantra is building a stronger relationship between the customer and the brand. It has become the most powerful marketing tool (Bloomberg, 2003).

Ekwulugo et al (2001) observes that although several of the advantages of the Internet as a marketing tool are quite obvious, not all companies or countries have made serious efforts to exploit its capabilities thoroughly. This has been due to the uncertainty and confusion surrounding the medium itself. He continues to suggest that without an effective use of IT, relationship marketing is not an effective strategy.

The emergence of the internet has pushed many established companies to explore this new marketing channel which poses opportunities as well as threats – it can be performance enhancing as readily as it can be performance destroying (Inge et al, 2002). Companies are thus realizing that web-based

techniques and strategies must be approached as they would with any traditional marketing activity. Fundamental questions must still be answered: Who are our customers? What is the competition doing? What are the channel dynamics? Which marketing mix strategies are most effective? Are our business models realistic? How and when we will make a return on investment?

Through experience, new business, pricing, distribution and advertising models for use in the Internet are emerging (Bloomberg, 2003).

2.2   Internet tourism marketing (E-tourism)

Tourism marketing is the process of identifying the product , evaluating its quality and market potential and linking this product assessment (the supply) to specifically targeted segments of the market (demand).   The product is augmented to include attractions, amenities and services (Nkari, 1985).

Zhenhua, (2000) observes that the Internet has created great opportunities for tourism marketing. However, the current level of online travel sales is low though most researchers expect it to increase rapidly in the next few years. For example, it was estimated that purchases of travel products represent just 6% of overall Internet sales and 0.5% of all travel and tourism spending.

In the US, Jupiter Communications forecasts that online travel bookings will grow from US$2.2 billion in 1998 to US$ 16.6 billion by 2003, representing a market share of total travel sales of 1.7% and 9.6% respectively. Forrestor research further predicts that the U.K. online travel market will grow in value to U.S$23.4 million by 2003.

The requirements for effective adoption of E-marketing can be summarized as follows (Sailewu, 2001 and Muthuri , 2001):

i)   Adequate financial resources

ii)   Technical infrastructure (computers and network communications)

iii)   Database management system and related software

iv)   Financial infrastructure (to facilitate payment using credit cards).

v)   Telecommunication infrastructure

vi)   Transportation and distribution network

vii)   Accessible and reliable electric power

viii)   Skilled marketing staff

ix)   Staff training and development

x)   Marketing objectives

xi)   A good website designer

2.3   Characteristics of the Internet as a Marketing Tool

The Internet population is younger, more affluent, better educated, and more male than the general population, yet 45 percent of users are 40 years old and use the Internet for investment and other serious matters. In E-marketing, the consumer, not the marketer, gives permission and controls the interaction (Kotler, 2001).

According to Peterson et al. (1997), as a marketing tool, the Internet has both unique characteristics and characteristics that are shared with other marketing channels. These characteristics include: The ability to inexpensively store vast amounts of information at different virtual locations; The availability of powerful and inexpensive means of searching, organizing, and disseminating such information; Interactivity and the ability to provide information on demand; The ability to provide perceptual experiences that are so far superior to a printed

catalog, although not as rich as personal inspection; The ability to serve as a transaction medium; The ability to serve as physical distribution medium for certain goods (e.g. software); Relatively low entry and establishment costs for sellers

2.4   Conducting E-Marketing

According to Kotler (2001) Marketers can do online marketing by creating an electronic presence on the internet; placing advertisements online; participating forums, newsgroups, bulletin boards, and Web Communities and using e-mail and Webcasting.

Electronic Presence

A company can establish a presence in the Internet by building a website which offers a wide variety of services. This can be done in two ways:

i)   Buying a location or a site on a commercial online service. For example, the American Online or the African Online.

ii)   Alternatively a company can create its own Website, typically aided by a professional web designer or design agency. The site can take two basic forms: *Corporate site* (about the company's profile, current events, job opportunities); *Marketing Web* (designed to bring prospective customers closer to a purchase or other marketing outcome).

Advertising Online

According to Kotler (2001), Companies can advertise online in various ways. They can place classified ads in special sections offered by the major commercial online services, in certain Internet newsgroups, pay for an online ad that pop up while the subscribers are surfing online. They can use banner ads, pop-up windows, "tickers" (banners that move across the screen), and

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"roadblocks" (full screen ads that users must click through to get to other screens or move on with their previous work)

Sponsorships in Forums, Newsgroups, Bulletin Boards and Web Communities

Companies may decide to participate in or sponsor Internet forums, newsgroups and bulletin boards that appeal to special interest groups. Forums are discussion groups located on commercial online services. Newsgroups are the Internet versions of forums. Bulletin board systems are specialized online services that center on a specific topic or group. Web communities are commercially sponsored websites where members congregate online and exchange views on issues of common interest.

E-mail and Webcasting

Companies can also sign on with any number of Webcasting services, which automatically downloads information to the recipients e-mail addresses. However in using e-mail as a direct marketing vehicle, companies must be careful not to develop a reputation as a "spammer" (the term used for unsolicited e-mail). Still, most marketers are racing to take advantage of the potential of e-mail marketing even though he may be considered as a spammer.

2.5   Application of the Internet in Marketing

The Internet as a marketing media can be of great benefit to virtually all areas of marketing, from marketing research, through market segmentation, targeting and positioning, to the effective use of the marketing mix, and marketing organization and control (Zhenhua , 2000). The core concepts of marketing as described by Kotler (2001) can also be applied on the Internet. Each of these is described below as follows:

2.5.1 Marketing Information System

A marketing information system is an integrated combination of information, information processing and analysis equipment, software, and information specialists that serve the various analysis, planning, and control needs of marketing decision makers (Cravens et al., 1996). The information is developed through internal company records, marketing intelligence activities, marketing research, and marketing decision support system (Kotler, 2001). The Internet is applicable in the following way:

Internal Records System

The heart of any IRS is the *order-to-payment cycle*, which starts from the time of order to the delivery and billing of those goods. This process goes through various departments (Kotler, 2001). With the use of the Internet, companies are now able to carry out these activities much faster, efficiently and effectively. Companies can receive orders via the Internet, transmit orders to the departments, invoice customers online, send the shipment bills online, track sales levels, and obtain inventory reports. It is easy to gather systematic data about all users who visited the company's web site. This information can be used to identify prospects, understand customer needs and customize resources to give greater levels of service to customers (Helnen 1996).

Marketing Intelligence System

MIS is a set of procedures and sources used by managers to obtain everyday information about developments in the marketing environment (Kotler, 2001) The Internet does more than automating online business transaction, it can "informate" in that it provides a vast amount of information which was previously unavailable (Zhenhua, 2000). Most marketers collect marketing intelligence by reading books and publications or by purchasing information from suppliers or

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purchasing competitors goods (Kotler, 2001). Most of the required information can be obtained by logging into various websites in the internet and spot new developments and information about market demand, supply, competition and economic, demographic, legislation and technological changes in the domestic and international markets (Zhenhua, 2000).

Marketing Research System

Market research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company (Kotler, 2001). One of the aspects of the Internet that has attracted attention is its potential in the marketing research arena (Peterson et al., 1997). Kotler (2001) indicates that one of the most affordable ways of collecting considerable amounts of information is by using the Internet. This can be done by examining competitors' website, monitoring chart rooms, and accessing published data online. Various Scholars have demonstrated the feasibility of using the Internet in various research situations especially in the context of virtual stores and new product development. This can be done by offering internet-based focus groups and surveys (Peterson et al, 1997).

Marketing Decision Support System

MDSS is a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action (Kotler, 2001). Most of these modeling software tools can be downloaded from the Internet.

2.5.2 Competition

Competition includes all the actual and potential rival offerings and substitutes that a buyer might consider (Kotler, 2001). The most effective way to remain

competitive and achieve competitive advantage is by operating at a lower cost, commanding a premium price and strategic positioning (doing differently from other companies) by using the Internet to obtain this objective. Companies are displaying their products on the websites with the necessary information that may be accessed any time by the online customer thus improving their corporate image (Porter, 2001).

2.5.3 Target Marketing

Target marketing requires marketers to take three steps major steps: market segmentation; market targeting; and market positioning. A marketer can rarely satisfy everyone in a market, since not everyone likes the same product offered (Kotler, 2001). The Internet is applicable in the following way:

The traditional approach to *market segmentation* is often based simplistically on geographical, demographic and economic variables while the psycho, behavioral or lifestyle data is costly to collect and difficult to measure and compare. In Internet marketing, it is easier to collect these data from potentially each and every user of the company web site, through tangible rewards such as free prize draws and free memberships, are often needed to attract users to fill in web forms. It is even a great deal simpler and more effective in *market targeting* as the email messages and even tailor-made web-pages can reach the intended receiver with little cost (Zhenhua, 2000).

It is possible to set up 'virtual" or cyber-communities for each target market niche as an effective way of *market positioning* in the form of news-groups through which consumers with similar interest and behavior patterns can be sent with relevant product offering and other information from the marketer. Members of

such Internet communities can regularly exchange information between them and strengthen a sense of belonging (Zhenhua, 2000).

2.5.4 Marketing Mix

Marketers use numerous tools to elicit desired responses from their target markets. These tools constitute the marketing mix. Kotler (2001) defines marketing mix as:

> "...the set of marketing tools that the firm uses to pursue
> its marketing objectives in the target market."

The marketing tools have been classified into four broad groups that are referred to as the four P's of marketing: Product, Price, Promotion and Place. These variables must be consistent with one another, and ideally, they complement one another for a synergistic result (Cravens et al., 1996). The Internet affects all the four marketing P's in a distinct way as follows:

Product

The suitability of the Internet for marketing to consumers depends to a large extent on the characteristic of the products and services being marketed. E-marketing is particularly well suited to certain types of intangible or service-related goods (Peterson et al., 1997). The tourist product (which includes the attractions, amenities and the services offered) is intangible and can be easily marketed on the Internet (Zhenhua, 2000). The Internet is applicable in the following way:

Develop new products: Tourists can provide individual preferences for or specifications of holiday packages through feedback in the forms of web forms, email messages or simply the 'clicking' patterns, which the tourism marketer can use to develop new products or tailor-make existing products to suit the needs of particular consumer(s)

Product Packaging: Provided with choices, a tourist can now assemble his own product according to the specifications desired. This is especially useful in the production and marketing of package holidays Tour operators, for example, can offer modular products or services, such as flights, rooms, tours, car hire and performances on their web sites, and allow the user to participate in the development of the specific holiday packages using a menu of options, i.e., 'pick and mix" his own package.

Product Demonstrations: The Internet can be used to show previews of Kenya tourist attractions such as the current wildlife migration at the Masaai Mara or the safari rally (Taylor and Ran, 1995).

Price

The role of the Internet in pricing is based on its ability in processing and exchanging large amount of data instantaneously with a great number of people (Zhenhua, 2000). This enables a company to analyze and set prices effectively and quickly. Pricing on the Internet can be done as follows:

Price Setting: By comparing with the competitors price offerings, a company can match its offerings with the customers' needs and set fixed prices.

Price Adjustments: A Tour operator who wishes to adjust holidays prices knows it is a costly and cumbersome process as new price panels have to be printed and distributed through brochures. A tour operator can make real-time adjustment to its thousands of holiday prices at a touch of a button in response to competition moves and demand changes.

Price bidding: many web-based businesses allow customers to bid for product on their sites. Customers commit to the sale if the price is agreed upon. The bidding locks in customers to the sale and the committed price.

Price discrimination: In Internet marketing, the potential for price discrimination is diminished given the enhanced capability of consumers to identity the least

expensive source, regardless of supplier or location and the "perfect knowledge" of market prices.

Place

The Internet offers new sales channel for national and international markets especially for small companies and businesses that are a significant part of the tourism industry. The ability of the Internet to create a direct link between the producer and the customer poses a direct threat to distribution channel (Debbie and Wayne, 2001). The Internet is applicable in one way and that is the ability to make *online bookings & reservations*. Unfortunately the Internet does not favor the middleman. For the producer, the Web enables it to have direct links with consumers at a low cost therefore provides it with the opportunity of "disintermediation". According to Kotler, (2001), the retailer will be *disintermediated* by online services and new online intermediaries called *informediaries* will come in to help consumers shop more easily and obtain low prices. For the wholesaler, web-based business means it can bypass retailers while at the same time risk being bypassed by the producers (Zhenhua, 2000).

Promotion

Arguably, the component of the marketing mix being most quickly transformed as a result of Internet usage is promotion, which combines mass media's reach with the personalization inherent in two-way dialogue -previously only possible in personal selling, (Zhenhua, 2000). The Internet is applicable in following ways:

Advertising: The most common of the promotional tools is the advertising, which is referred to as online advertising and the most common advertising uses of the Internet appear to be the home pages and interactive brochures (Peterson et al., 1997). According to Zhenhua, (2000), there are three main issues in the application of the Internet to advertising namely: First, present the promotional

information on the company's web site, which enables more information to be transmitted to (potentially) more people cheaply, instantly and with multimedia effect. The key to achieve these benefits is a well-designed and maintained web site, which is attractive, informative and interactive. Second, promote the web site itself to increase its exposure and visitation since a company's web site has to compete in the clutter of thousands of other web sites selling similar products and services. This can be achieved through a number of ways such as advertising in other websites and traditional media. Third, use the company's web site as a platform for advertising sites or products of other businesses. Through "banners" and banner linked web pages, a company's web site can also generate revenues by becoming an advertising medium for other organizations.

Sponsorships: Companies may decide to participate in or sponsor Internet forums, newsgroups and bulletin boards that appeal to special interest groups

Webcasting: Companies can also sign on with any number of Webcasting services, which automatically downloads information to the recipients e-mail addresses. This is also referred to as e-mail marketing (Kotler, 2001).

The Internet Advertising Bureau's research shows that online advertising revenue reached US$4.62 billion in 1999. It also finds that banner advertisements is the predominate type of advertising, accounting for 56%, sponsorships at 27%, interstitials at 4%, email at 2%, and other rounding out the category at 11% (IAB 2000).

2.6   Benefits of Internet the as a Marketing Tool

The Internet is widely recognized as an extremely valuable marketing tool. It is generally held that the Internet offers substantial advantages over traditional means of communication, (Cronin, 1996). According to Kotler (2001), the

benefits on the Internet as a marketing tool are two-fold; benefits to the marketer and benefits to the buyer (consumer). The benefits are explained as follows:

Benefits To The Marketer

Accessibility: As a communication medium, the area in which the Internet has overwhelming advantage over any other media is its permanent exposure and global market reach. With an effective web site, a company is on business on a global spectrum 24 hours a day, 365 days a year This extends greatly the place and time utility of companies which traditionally rely on distribution channel members to perform. The round the clock accessibility important especially in international trade where business is conducted across different time zones, (Zhenhua, 2000).

Addressability: The addressability of the Web provides the opportunity for marketing to create individual relationships, managing markets of one, and addressing each in terms of its stage of development. The Internet has the unique quality that, through its addressability, can transform the prominent marketing communication paradigm from one-to-many to one-to-one. The traditional media, such as print, radio and television, follow a passive one-to-many communication model (Zhenhua, 2000).

Interactivity: Another feature of the Net that distinguishes itself from traditional communication media is its ability to respond to user inputs, i.e. interactivity. Internet marketers can dialogue with consumers and learn from them (Kotler, 2001). This two-way dialogue forms an important component of relationship marketing, and is an important factor in building customer loyalty (Zhenhua, 2000).

Flexibility: An online advertisement is much flexible than a physical advertisement or catalogue. It can gather fresh and updated information based on the direct feedback received from consumers. According to Kotler (2001),

companies can make quick adjustments to market conditions e.g. add product to their offerings and change prices and descriptions.

Customer Service Improvements: The Internet helps companies to improve service quality at all stages of customer interaction - pre-sale, during sale and after - sale. De and Mathew (1999) identified that the Web provides four tangible improvements in customer service: *first*, larger accessible product options set for customer; *second*, faster payment processing for customers - through automatic processing of cyber-cash or credit card charges; *third,* reduced delivery time for many products such as online software and music distribution; and *fourth*, easier, faster and greater availability of support literature, and more detailed and particularized help.

Cost Savings: Internet marketers avoid the expense of maintaining a store and the costs or rent, insurance, and utilities. They can produce digital catalogues for much less tan the cost of printing and mailing paper catalogs, (Kotler, 2001).

The cost saving effect of the Internet derives mainly from five areas. First, the streamlining and electronic processing of booking and payments cuts down sales cost. Second, automation and the deskilling of tasks reduce the labor intensity and staff training cost. Third, by offering direct links between the producer and the consumer, the internet helps the producer to save huge distribution costs through the disintermediation process. Fourth, the ability of the Internet in electronic communication leads to substantial savings on promotion in both "above and below the line" costs. Finally, cost savings in the form of reduced office and sales space, furniture and decoration outlay, and administration overheads. (Zhenhua, 2000).

Sales and Revenue Increase: Peterson (1997) opined that the internet has a great potential to increasing revenue by selling more to existing customers and by attracting new customers on the net. This is possible because the internet is

not constrained by either location or time and the consumers can access it worldwide at any time.

Benefits to Buyer

According to Kotler (2001), there are three benefits to potential internet (online) buyer, namely a) Convenience since customers can order products 24 hours a day wherever they are. They do not have to sit in traffic, find a parking space or walk around the aisles in search of the products; b) Information: Customers can find reams comparative information about companies, products, competitors, and prices without leaving their office or home; c) Fewer Hassles: Customers do not have to face salespeople or open themselves up to persuasion and emotional factors.

2.7   Current Constraints on E-Marketing

The comparative advantages of using the Internet in marketing is compelling but it's full potential as a marketing tool will only be realized if a number of well-documented limitations are successfully addressed. The current constraints in the use of Internet marketing can be classified under, demand factors, technological factors, organizational factors and government factors. These are explained as follows:

Demand Factors

Low Internet Connections, the penetration rate of computer using and Internet connection is still low worldwide. In the main developed countries, about 30-50% of the adult population are Internet users while the global average is about 1-2%. (Zhenhua, 2000). Although people with Internet access tend to be more affluent, better educated and younger than the average consumer (Kotler, 2001), the

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small number of web-population does reveal that globally it is still a relatively small market.

High Accessibility Cost, the low frequency of web surfing is mainly caused by high access cost. Most consumers find it is an expensive hobby to surf the Web, especially when the search task is complicated by low speed and difficulties in locating the desired information.

Low interest, The vast majority of users access web sites for information or entertainment purposes rather than for online shopping. Among the Net resources, email is the most frequently used, news and sports sites attract more visitors than commercial sites.. A recent survey of 50,000 Internet users in the UK show that 80% used the Web to access email while less than a third had bought online (Fletcher Research 1999)

Privacy and Security, concerns over privacy, information abuse, web crime, payment security and undelivered or late delivery, are often cited as the main inhibitor to online shopping. A web user has to trust that he receives the product he orders as well as trust its quality to be as described and wants to be sure that his private information such as address and credit card numbers is handled sensitively (Ratnasingham 1998).

Safety and Security, consumers' anxiety over safety and security in online shopping is further exacerbated by frequent media reports about web security breaches and frauds, and insufficient knowledge of the matter itself. Most of the security worries are caused by people who are not sufficiently aware of the possible protection that exists (Zhenhua, 2000).

Technological Factors

Complexity of use: Web technologies consist of the hardware, software and networks, that enable individuals and organizations to connect with and interact with the World Wide Web and sometimes are complex to use.

Slow ISP's: The main causes for concern over the ability of the Web in implementing e-commerce are mainly the Web's slow speed, which is as a result of slow internet service providers (Juliussen and Juliussen 1998).

Organizational Factors

Many companies, even with recognition of the advantages of the Internet in marketing, failed to exploit its full potential due to the lack of management commitment, investment capital and the qualified technical skills.

Governmental Factors

Governments across the world have been slow in realizing the potential of the Internet for economic growth and even slower in providing the necessary regulatory framework appropriate for conducting Net-based business. The government can play an active role in e-commerce by providing the necessary infrastructure for conducting Internet business especially in the areas security, fraud, sabotage, and data and consumer protection. (Zhenhua , 2000) after all, the Internet was first started by Government - the US Department of Defence - in 1969 as ARPANet and only became commercialized in 1993 (Krol 1994).

SUMMARY

Internet marketing is basically those traditional activities of marketing done on the Internet, which requires persistence and commitment. Marketers must take advantage of this new channel to a large extent especially in the tourism industry. Although there are constraints in the use of Internet as a marketing tool, its benefits have led to its recognition as the most powerful and valuable marketing tool ever since the invention of the television.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Research Design

The research was a descriptive study aimed at determining the extent of use of the internet as a marketing tool (E-Marketing) in the Tourism Industry in Kenya. The design was selected because it provided a wider access to geographically dispersed samples at low cost and has been successfully used by other researchers such as Muthuri (2001).

3.2   The Population

The population of interest for this study comprised all those tourists firms that are concerned with the marketing of Kenya as a tourist destination. A pilot survey done by the researcher, revealed that only the Kenya Tourism Board (Public Sector) and the Tour Operators (Private Sector) were concerned with the marketing of the tourism. Other bodies were either concerned with the development or security within the tourism sector.

The geographical scope of the study was limited to Nairobi. All members of the Kenya Association of Tour Operators (KATO) in Nairobi formed the population since it is deemed to be a true representative of Tour Operators as its members handle over 75% of the country's tourists. Out of 226 KATO members, 196 were based in Nairobi.

3.3   Sample Frame

The Tour Operators were derived from a list of the KATO Directory of, 2003. The advantages of using this list was that KATO members were more readily

available to participate in the study than non-members and the list was the best record representing all the active Tour Operators. A total population size of 196 included all Tour Operators in Nairobi.

3.4   Sample and Sampling Design

A sample size of 60 Tour Operators was randomly selected. This was considered as a good representative of the population. Nkari (1985) did a study on the tourism sector with a sample of 20 Tour Operators and Muthuri (2001) did a study on export marketing on the Internet with a sample of 30 exporting firms in Nairobi and were successful.

3.5   Data Collection Methods

Primary data was collected using questionnaires that contain both open and closed ended questions. A "drop-and-pick-later " method was used. Questionnaires were given to the Managers of the 60 Tour Operators who were entrusted with the marketing activities of the firm.

The questionnaire were divided in to four parts as follows:

Part A consisted of open-ended questions aimed at obtaining general information on the companies.

Part B contained likert type of questions on the extent of use of the Internet as a marketing tool. The variables used were marketing activities or practices which included: marketing information system (internal records system, marketing intelligence system, marketing research and marketing decision system); target marketing (market segmentation, market targeting and market positioning); marketing mix (product, price, place and promotion)

Part C contained likert type of questions on the benefits enjoyed by companies using the Internet as marketing tool.

Part D contained questions focusing on the problems that may be experienced in the use of Internet as a marketing tool.

3.6   Data Analysis Techniques

Completed questionnaires were edited for completeness and consistency across respondents and to locate omissions. They were then coded and keyed into the computer to facilitate statistical analysis with the help of the SPSS computer package. The data collected was analyzed using descriptive statistics such as frequency tables, percentages, means and standard deviation.   To determine the extent of use of the internet as a marketing tool and the benefits of using the internet as a marketing tool in the tourism industry, mean scores were used which were calculated from a five-point Likert scale.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter contains summaries of data findings together with their possible interpretation. The chapter is divided into four sections, three of which are related to the objectives of the study. The first section analyses the tourist firms' general information. The second section analyses the extent of use of the internet as a marketing tool. The third section analyses the benefits of using the internet as a marketing tool and the fourth section analyses the problems experienced in the use of the internet in marketing.

4.1 Response Rate

A total of 60 questionnaires were distributed to the respondents of which 42 responded by completing and returning the questionnaires. 18 did not respond. All the respondents were members of the Kenya Association of Tour Operators (KATO) and were based in Nairobi, selected from the KATO Directory 2003. The data analyzed is based on these statistics. This gives a response rate of 70% and a non-response rate of 30%.

4.2 Analysis of General Information

The general information considered in the study included, ownership of firm, number of years in existence, firms with offices abroad, marketing objectives, marketing channels used, main marketing activities and marketing promotional activities. The following tables depict the findings as follows:

Table 4.1   Distribution of Firms by Ownership

OWNERSHIP	NUMBER	PERCENTAGE (%)
Wholly Foreign	0	0
Wholly Local	32	76.2
Jointly Owned	10	23.8
TOTAL	42	100.0

The above table shows that non of the tour operating firms are foreign owned (0%). Majority of the firms are locally owned (76.2%) and only 23.8% are jointly owned. All 42 firms responded to this question.

Table 4.2   Distribution of Firms by Years of Existence

YEARS IN EXISTENCE	NUMBER	PERCENTAGE
0 – 5 years	6	14.3
5 – 10 years	16	38.1
10 – 15 years	6	14.3
15 – 20 years	10	23.8
20 – 25 years	4	9.5
TOTAL	42	100.0

The above table shows that most of the firms have been in existence for more than five years but less than 10 years (38.1%). Likewise, 38.1% of the firms have been in existence for more than 10 years but less than twenty years. Only 9.5% have existed for more than 20 years.

Table 4.3   Distribution of Firms with Offices Abroad

FIRMS WITH OFFICES ABROAD	NUMBER	PERCENTAGE (%)
Yes	10	23.8
No	32	76.2
TOTAL	42	100

Table 4.2.3 shows that majority of the firms (76.2%) do not have offices abroad. This is consistent with the fact that most of the firms are wholly locally owned. The rest (23.8%) have offices abroad mainly because they are jointly owned.

Table 4.4   Distribution of Firms' Level of Importance of Marketing Objectives

OBJECTIVS	Increase sales		Increase market share		Increase profits		Increase awareness		Provide information	
	F	%	F	%	F	%	F	%	F	%
Extremely Important	32	76.2	16	38.1	26	61.9	20	47.6	22	52.4
Very Important	10	23.8	18	42.9	14	33.3	14	33.3	10	23.8
Somewhat Important	0	0	6	14.3	2	4.8	6	14.3	4	9.5
Not very important	0	0	2	4.8	0	0	0	0	2	4.8
Not important	0	0	0	0	0	0	0	0	2	4.8
Total response		100		100		100		100		100
Mean score = 4.392	4.76		4.14		4.57		4.35		4.20	
Std deviation = .53	.43		.84		.59		.74		1.14	

Frequency = F, Percentage = %

The above table reveals that all firms rate the given marketing objectives as very important as shown by an average of 4.392 mean score and that, none of the firms (0%) rated any of the objectives as not important. Increase of sales and increase of profits were rated as extremely important objectives (76.2% and 61.9% respectively).

Table 4.5   Distribution of Firms' Marketing Channel Abroad

MARKETING CHANNEL ABROAD	NUMBER	PERCENTAGE (%)
Foreign Agents	28	66.7
Marketing Agents	2	4.8
Kenyan Embassy Abroad	0	0
Internet	12	28.6
TOTAL	42	100

The table above shows that majority of the firms (66.7%) use foreign agents to market Kenyan tourism abroad followed by the use of the internet at 28.6%. This is mainly because a majority of the firms (76.2%) are wholly locally owned and thus may require foreign agents to market themselves

Table 4.6   Distribution of Firms' Main Marketing Activities

MARKETING ACTIVITIES	NUMBER	PERCENTAGES (%)
Marketing Research	10	23.8
Market Segmentation	6	14.3
Information Dissemination	8	19.0
Promotions	18	42.9
TOTAL	42	100

The above table shows that the all tour operating firms carry out marketing activities. Promotions is the main marketing activity carried out by 42.9% of the firms.

4.3 Extent of Use of the Internet as a Marketing Tool

The first research objective was to determine the extent to which Internet marketing is being used in the tourism sector. The respondents were asked questions focused on the marketing activities, which can be done on the internet and were asked to rate their extent of use of the internet as a marketing tool on a five-point likert scale ranging from very large extent (5) to no extent (1).

The following tables show the findings on the extent of use of the Internet in marketing based on those marketing activities that can be done on the internet which include, marketing information system, target marketing and marketing mix.

4.3.1 Extent of use of the internet as a Marketing Information System

The researcher was interested in determining to what extent the internet is used as a marketing information systems tool. The variables to be measured were the internal records system, marketing intelligence system, marketing research and marketing support system. The respondents were asked to determine their use of the internet for this purpose using a five-point likert scale.

4.3.1(a) Use of the internet as an Internal Records System

The analysis was to find out whether the entire process of internal record system is done the Internet. This process includes; receive orders, transmit orders to departments, invoice customers, track sales level, create customer database and to identify prospects and their needs.

Table 4.7   Extent use of the internet as an Internal Records System

Extent of use	Receive orders	Transmit orders	Invoice customers	Track sales level	Create customer database	Identify prospects needs
	%	%	%	%	%	%
V.L.E.	47.6	4.8	33.3	19.0	19.0	23.8
L.E.	14.3	14.3	9.5	23.8	19.0	23.8
M.E.	19	23.8	9.5	9.5	19.0	14.3
S.E.	9.5	19.0	19.0	19.0	19.0	14.3
N.E.	9.5	28.6	23.8	23.8	14.3	14.3
Total response	100	90.5	95.0	95.0	90.5	90.5
Mean score = 3.11	3.81	2.42	3.10	2.95	3.11	3.32
Std deviation = 1.43	1.38	1.24	1.66	1.52	1.39	1.44

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

As an Internal records system tool, the internet is used to a moderate extent with a mean score of 3.11 and a standard deviation of 1.43.   47.6% of the firms use the internet to a very great extent to receive orders online and only 9.5% do not use the internet to receive orders. Transmission of orders to departments is only done to a small extent given that the mean score is 2.42. Invoicing of customers is done to moderate extent given a mean score of 3.10 with 33.3% using the internet to a very large extent to invoice customers while 23.8% do not use the internet at all for this purpose. Tracking of sales level is only done to a small extent with a mean score of 2.95 while 23.8% of the firms do not use the internet for this purpose.. Most of the firms use the internet to create customer database and to identify prospects needs to a moderate extent (3.11 and 3.32 respectively).

4.3.1(b)   Use of the Internet as a Marketing Intelligence System

The analysis was to find out the extent of use of the internet as a marketing intelligence system. The variables measured included; spot new developments, access information and to distribute information.

Table 4.8   Extent of use of the internet as a marketing intelligence system

Extent of Use	Spot new development	Access Information	Distribute Information
	%	%	%
V.L.E.	19	33.3	52.4
L.E.	42.9	28.6	28.6
M.E.	9.5	23.8	9.5
S.E.	4.8	4.8	4.8
N.E.	9.5	4.8	4.8
Total Response	85.7	95.2	95.0
Mean Score = 3.91	3.67	3.86	4.19
Std Deviation = 1.15	1.22	1.12	1.11

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

It is evident from the table above the internet is used as a marketing intelligence system to a large extent with a mean score of 3.91 and a standard deviation of 1.15. Majority of the firms (61.9%) use the internet to a large extent to spot new developments and only 9.5% do not use the internet at all for this purpose. Similarly to access information, 61.9% use the internet to a large extent while 23.8% use it to a moderate extent and only 4.8% do not use the internet at all for this purpose. Most firms use the internet to distribute information to a large extent (81%) and only 19% use it to a small extent.

4.3.1(c)   Use of the Internet in Marketing Research

The analysis was to determine the extent of use of the internet in marketing research by. To measure the extent, a five-point likert scale was used, and

respondents were asked to rate the following; determine customer needs, increase business, project on corporate image, determine customer source of customers, determine market share and to compare offerings with competitors.

Table 4.9   Use of the internet in marketing research

Extent of Use	Determine customer needs	Increase business	Project on corporate image	Determine source of customers	Determine market share	Compare offerings with competitors
	%	%	%	%	%	%
V.L.E.	57.1	28.6	19.0	42.9	14.3	38.1
L.E.	14.3	33.3	42.9	19.0	33.3	28.6
M.E.	14.3	23.8	9.5	19.0	14.3	19.0
S.E.	4.8	9.5	23.8	9.5	9.5	4.8
N.E.	9.5	4.8	4.8	9.5	19.0	4.8
Total Response	100	100	100	100	90.5	95.0
Mean score = 3.69	4.05	3.71	3.48	3.76	3.16	3.95
Std Dev. =1.26	1.34	1.13	1.19	1.36	1.41	1.13

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

It is evident from the table above that in marketing research, the internet is used to a moderate extent with a mean score of 3.7. Most of the firms (57.1%) use the internet to a very large extent to determine the needs of the customers with 33.4% using it to a moderate extent, only 9.5 % of the firms do not use the internet for this purpose. The use of the internet to increase business and to project on corporate image is done to a large extent by 61.9% of the firms with only 4.8% not using the internet at all for this purpose. To determine the source of customers, 42.9% use the internet to a very large extent, while 38% use the internet to a moderate extent and only 9.5% do not use the internet for this purpose. To determine market share, the internet is used to a moderate extent by 61.9% of the firms with 19% not using the internet at all for this purpose. The

internet is also used to compare offerings with other competitors by 85% of the firms to a large extent.

4.3.1 (d)   Use of the Internet as a Marketing Support System

The researcher was interested in determining the extent to which the internet is used as a marketing support system which includes purchase of hardware and software and downloading of software programs.

Table 4.10   Extent of use of the internet as a marketing support system

Extent of Use	Purchase hardware & software	Download software
	%	%
V.L.E.	4.8	9.5
L.E.	19.0	23.8
M.E.	23.8	9.5
S.E.	14.3	38.2
N.E.	28.6	28.6
Total Response	100	100
Mean scores = 2.48	2.38	2.57
Std. Deviation = 1.35	1.31	1.38

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent, S.E. = small extent, N.E. no extent

It is evident from the above table that the internet is only used to a small extent as a marketing support system with a mean score of 2.48. Only 47.6% use the internet to purchase hardware and software while 52.4% do not use the internet for this purpose.   42.8% use the internet to download software and 57.2% use the internet to a small extent or not at all for this purpose.

4.3.2 Extent of use of the Internet in Target Marketing

The researcher was interested in determining the extent of use of the internet in target marketing. The three stages of target marketing were measured using a five-point likert scale.

Table 4.11 use of the Internet in target marketing

MARKETING ACTIVITY	TARGET MARKETING ACTIVITIES					
	Market Segmentation		Market Targeting		Market Positioning	
	F	%	F	%	F	%
V.L.E.	10	23.8	8	19.0	20	47.6
L.E.	10	23.8	16	38.1	12	28.6
M.E.	12	28.6	8	19.0	2	4.8
S.E.	4	9.5	2	4.8	6	14.3
N.E.	6	14.3	8	19.0	2	4.8
Total Response	42	100	42	100	42	100
Mean scores = 3.55	3.33		3.33		4.00	
Standard Deviation = 1.31	1.34		1.34		1.25	

F = frequency, % = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent, S.E. = small extent, N.E. no extent

The table above shows that all firms use the internet as a target marketing tool, though to a moderate extent given the average mean score of 3.3. While 47.6% use the internet to a large extent to segment their market, 28.6% use it to a moderate extent and only 23.8% do not use the internet for this purpose. 47.6% of the firms position their products using the internet to a very large extent and 47.7% use it to a moderate extent. Only 4.8% do not use the internet to position their products in the target market.

4.3.3 Extent of use of the Internet in the Marketing Mix

The researcher was interested in determining the extent of use of the internet in the marketing mix.   The four p's of marketing mix namely product, price, promotion and place were measured using a five-point likert scale.

4.3.3 (a)   Use of the Internet in Product

The analysis was aimed at determining the extent of use of the internet to market firms' products. The main product marketing activities measured included; new product development, product demonstrations and development of product packages.

Table 4.12   Extent of use of the internet on Product

Extent of use	Develop new products	Product demonstration	Develop product packages
	%	%	%
V.L.E.	19.0	14.3	71.4
L.E.	28.6	9.5	14.3
M.E.	28.6	28.6	4.8
S.E.	4.8	4.8	0
N.E.	38.1	38.1	9.5
Total Response	95.2	95.2	100
Mean scores = 3.43	3.35	2.55	4.38
Std. deviation = 1.33	1.29	1.48	1.23

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

It is evident from the above table that the internet is used to a large extent to market products. 47.6% of the firms use the internet to a large extent to develop new products using tourists preferences and only 38.1% do not use the internet for this purpose.   Product demonstrations are also done on the internet to a moderate extent using live shows on the firms website but 38.1% of the firms do

not use the internet to demonstrate their products. Majority of the firms (71.4%) use the internet to a very large extent to develop product packages by allowing tourists to select tour packages of their own choice. Only 9.5% do not use the internet for this purpose.

4.3.3 (b)   Use of Internet in Pricing

This analysis was to determine the extent of use of the internet in pricing of products. Pricing activities used for this analysis include; setting of prices, price negotiations, price communication, price adjustments, and display of price offer and discounts.

Table 4.13   Use of internet in pricing

Extent of Use	Determine price	Price negotiation	Communicate price	Price adjustment	Price offers & discounts
	%	%	%	%	%
V.L.E.	19.0	9.5	57.1	42.9	42.9
L.E.	28.6	52.4	19.0	28.6	23.8
M.E.	28.6	19.0	9.5	14.3	9.5
S.E.	4.8	14.3	9.5	9.5	14.3
N.E.	14.3	4.8	4.8	4.8	9.5
Total Response	95.2	100	100	100	100
Mean scores = 3.85	3.90	3.48	4.14	3.95	3.76
Std Deviation = 1.23	1.32	1.02	1.22	1.19	1.39

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

It is evident from the above table that pricing is done on the internet to a large extent given the mean score of 3.9 and a standard deviation of 1.23. Price is determined on the internet to a large extent by 47.6% of the firms while 4.8% of the firms do not use the internet for this purpose. A majority of the firms (61.9%) allow price negotiations on the internet to a large extent and only 4.8% do not use the internet for this purpose. Prices are communicated through the internet

to a large extent by 76.1% of the firms and only 4.8% do not use the internet to communicate their prices. Price adjustments are also made on the internet to a very large extent by 42.9% of the firms while 28.6% use the internet to a moderate extent, only 4.8% of the firms do not adjust their prices using the internet. The table also shows that firms displays price discounts and offers on the internet. 42.9% do it to a very large extent, 23.8% do it to a large extent and only 9.5% do not use the internet to display price offers and discounts.

4.3.3(c)   Use of the Internet in Promotions
The analysis was done to determine the extent of use of the internet in the promotion of products. The various promotional activities that were used include; run of special offers and discounts online, products. The various promotional activities that were used include; run of special offers and discounts online, sponsoring newsgroups and forums, online competitions, Webcasting and online advertising.

Table 4.14   Use of the internet in promotions

Extent of Use	Run special offers	Sponsor newsgroups and forums	Online competitions	Webcasting	Advertising online
	%	%	%	%	%
V.L.E.	33.3	4.8	0	14.3	23.8
L.E.	19.0	0	0	0	4.8
M.E.	23.8	23.8	33.3	14.3	9.5
S.E.	9.5	23.8	9.5	19.0	19.0
N.E.	14.3	42.9	47.6	38.1	38.1
Total Response	100	95.2	100	85.7	95.2
Mean scores = 2.41	3.48	1.95	1.84	2.22	2.55
Std Deviation = 1.31	1.42	1.08	.95	1.46	1.65

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent, S.E. = small extent, N.E. no extent

The above table indicates that the internet is only used to a small extent to promote firms products given the mean score of 2.4. The only promotional activity used to a large extent is the display or running of special offers and discounts on the internet by 52.3% of the firms. Sponsorship of newsgroups and forums is done to almost small extent or no extent at all by a majority of the firms (66.7%). Online competition is only done by very few firms (33.3%) and is only done to a small extent. 66.7% do not use the internet for this purpose. Similarly majority of the firms (57.1%) do not use internet for Webcasting. Online advertising is only done to a moderate extent by 38.1% of the firms and 61.9% of the firms do not use the internet at all for this purpose.

4.3.3 (d)   Use of the internet in Place

The analysis was done to determine the use of the internet in direct online travel booking.

Table 4.15   use of the internet in travel booking

Extent of Use	Direct online booking
	%
Very large extent	28.6
Large extent	14.3
Moderate extent	14.3
Small extent	9.5
No extent	33.3
Total Response	100
Mean score	2.95
Std Dev.	1.67

% = percentage

It is evident that the internet is used for travel booking to a moderate extent given the mean score of 2.95 and a standard deviation of 1.67. 33.3% of the firms do not use the internet for this purpose.

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4.4   Benefits of using the Internet as a Marketing Tool

The researcher was interested in determining the benefits of using the internet using a five-point likert scale in order to establish the extent to which the benefits are enjoyed by this companies.

Table 4.16   Benefits enjoyed in using the internet

Extent	V.L.E.	L.E.	M.E.	S.E.	N.E	Total	Mean Scores	Std Dev.
	%	%	%	%	%	%		
Sales increase	42.9	9.5	33.3	4.8	9.5	100	3.71	1.33
Reduced cost	28.6	38.1	9.5	14.3	9.5	100	3.62	1.31
Increased sales leads	23.8	33.3	23.8	9.5	9.5	100	3.52	1.23
Improved customer service	42.9	19.0	33.3	0	4.8	100	3.95	1.10
Improved customer relationship	38.1	23.8	23.8	4.8	9.5	100	3.76	1.28
Increased int'l awareness	47.6	28.6	9.5	9.5	4.8	100	4.05	1.19
Easier interactivity	42.9	28.6	14.3	9.5	4.8	100	3.95	1.19
Flexible to quick adjustments	42.9	23.8	9.5	9.5	9.5	100	3.85	1.37
Easy and quick accessibility	57.1	9.	19.0	9.5	42	100	4.00	1.36

% = percentage, V.L.E = very large extent, L.E. = large extent, M.E. = moderate extent,
S.E. = small extent, N.E. no extent

The table above shows that at least (90%) of the tour operating firms enjoy the benefits of using the internet as a marketing tool. It is evident that these benefits are enjoyed to a large extent.   The benefits enjoyed to a very large extent included, sales increase (42.9%), improved customer service (42.9%), increased

international awareness (47.6%), easier interactivity (42.9%) and easy and quick adjustments (57.1%). Less than 10% of the firms did not enjoy the benefits of the internet as a marketing tool.

4.5   Problems Experienced in the use of the Internet

This section was aimed at establishing the problems experienced in the use of the internet as a marketing tool.

Table 4.17   problems of using the internet

PROBLEMS	PERCENTAGE (%)		
	Problem	No problem	Total
High accessibility cost	42.9	57.1	100
Lack of privacy	47.6	52.4	100
Insecurity (information)	71.4	28.6	100
Insecurity of payments	42.9	57.1	100
Low internet connections	42.9	57.1	100
Low interest from users	28.6	71.4	100
Complexity of use	5.0	95.0	100
Lack of skilled knowledge	38.1	61.9	100
Use of outdated software	38.1	61.9	100
Inefficiencies of ISP's	52.4	47.6	100
Lack of govt. support	76.2	23.8	100

It is evident that majority of the firms did not experience some of the above problems in the use of the internet as a marketing tool. The main problems experienced were low interest from users (71.4%), lack of government support (76.2%) and the inefficiencies of ISP's (52.4%) mainly Jambonet.   95% of the firms felt that complexity of use of the internet was not a problem at all, 57.1% felt that insecurity of payments was not a problem because no payments were made on the internet. Payments were done through money transfers at the bank.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

This chapter gives a summary of the findings as well as the conclusions gathered from the analysis of the data. The chapter incorporates the various suggestions and comments given by the respondents in the questionnaires. Findings have been summarized alongside the objectives of the study; conclusions have been drawn from the study and the recommendations for actions are also given.

5.1 Discussion

The aim of the study was to determine to what extent Internet marketing is being practiced in the tourism industry, as well as the benefits and problems experienced when using the Internet as a marketing tool. As indicated the use of the internet in marketing is growing rapidly thus creating opportunities especially for the tourism sector that no organization in this sector can ignore. Trends especially in the developed countries show that the Internet is increasingly being used for booking travel and arranging tours online.

From the results it was observed that tour operating firms are using the internet to market themselves abroad since 76.2% of the firms do not have offices abroad. Sales increase and increase in profits were cited to be extremely important objectives for this firms using the Internet to reach their target markets both locally and abroad. This confirms the studies made by Zhenhua (2000). The study also confirmed that the core concepts of marketing as described by Kotler (2001) can also be applied on the internet, mainly the marketing information systems, targeting marketing and the marketing mix.

It was established that the internet is used to a large extent in marketing information system. Over 60% of the tour operators are using the internet to

access information and to spot new developments This confirms the observations made by Helnen (1996) and Zhenhua (2000) that the internet provides a vast information which was previously unavailable. Most of the firms are using the internet to receive orders online, to carryout marketing research mainly for the purpose of determining their customer needs and to increase business. As a marketing support systems tool, the internet is only being used to a small extent.

Tour operators are also using the internet to large extent in target marketing which includes segmentation, targeting and positioning. Traditional approach to market segmentation is mainly based on geographical and demographic variables. This is much easily done on the internet by collecting data from every user of the company website (Zhenhua, 2000). 76% of the tour operators confirmed that they use the internet to a large extent to segment their market and target those markets. This confirms the observations made by Zhenhua (2000) Market positioning is done to a very large extent on the internet by the tourists firms by way of communicating the products to the target market and regularly exchanging information with the prospective customers.

The internet is quite suitable for marketing tourism products which are intangible. Through the internet, the firms are to a large extent able to develop new products using tourist preferences revealed from their visit on the firms website, and demonstrate those products using short live previews of what is expected in Kenya. Over 70% of the firms are using the internet to a large extent to allow tourists chose their own tour packages that will suit their needs. This concurs with the observations made by Taylor and Ran (1995). 50% of the firms are pricing their products using the internet mainly to determine their prices, communicating those prices and making adjustments when necessary. Tour operators are allowing tourists to negotiate prices online to a large extent. Travel

booking on the internet is not quite popular and is only being done to a moderate extent and this also is done by a few firms. Promotions have been transformed by the use of the internet (Zhenhua, 2000) and hence majority of the tour operators are using the internet to promote their products only to a small extent on the internet. The only promotional tool being used to a large extent is the running of special offers and discounts on the internet which is being done by 52% of the tour operators. Advertisements which are ainly used in traditional marketing, are only done on the internet to a very small extent. This did not confirm the research findings carried out by Internet Advertising Bureau (IAB 2000) that advertising is the most predominant in promoting any product on the internet followed by sponsorships.

The benefits of using the internet as a marketing tool are being enjoyed to a large extent by all tour operators in Kenya and most of the respondents feel that the internet offers substantial advantages over traditional means of communication as is according to Cronin (1996). 85% of the firms confirmed that there were increase in sales, improved customer service, increase in international awareness, easier interactivity and quick adjustments are made possible by the use of the internet. This confirms the observations made by Kotler (2001), Zhenhua (2000). However, there are a number of problems being experienced with the use of the internet. Over 70% tour operators felt that the main problems included low interest from users, lack of government support and inefficiencies of the ISP's (internet service providers) especially the Jambonet. Most firms felt that Jambonet should upgrade its systems in order to offer better services.

5.2   Conclusion

From this research, it is evident that tourist firms have embraced the Internet as a marketing tool especially now when the growth of this industry is declining rapidly mainly due to terrorism issues. All firms felt that the internet is one of the most

effective and cheapest ways to reach new markets and to improve awareness. Though the internet is not being used to a very large extent in the Kenyan tourism industry as compared to other companies in the western part of the world, it is worthwhile to conclude that the industry has appreciated this modern marketing tool as one that cannot be ignored. In general it can be concluded that the internet is being used to a moderate extent by the tour operators, who are enjoying the benefits to a large extent.

5.3 Recommendations

According to the results of this study, its is evident that the Tour Operators are using the internet to a moderate extent to market themselves abroad. However, this the companies in the tourism industry need to do more research on internet marketing from the tourists perspective in order to understand more about their needs and their preferences. This will enable the Tour operators to design a better internet marketing programs which would be more successful in reaching a larger number of online travelers.

Advertising online is one of the most effective ways of communicating and creating awareness and thus, tour operators should form a web-association where each member contributes towards advertisements which can be done jointly thereby reducing the cost of online advertising.

LIMITATIONS OF THE STUDY

The research was constraint by a number of factors that may have affected the results. A few of the firms declined to give their response citing confidentiality as a reason for not participating. Time was a major constraint making it difficult to follow up and obtain more responses by the time the analysis was being done. Being a tourist season, some firms claimed they were too busy to respond, but with persuasion majority were able to make their response with one or two days.

SUGGESTIONS FOR FURTHER RESEARCH

It would be worthwhile to carry out a similar study to include the public sector (Ministry of Tourism and the Kenya Tourism Board). There is need to replicate this study in other industries or sectors in Kenya e.g. Banking, Exports and Manufacturing industries. Similar studies can be carried out from the perspective of the consumer that is, the benefits of online purchase. Lastly, it would be interesting to study the future of internet marketing in Kenya.

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APPENDIX 1

Tourist arrivals by purpose of visit 1964 – 2002   (in '000)

YEAR	PURPOSE				TOTAL
	HOLIDAY	BUSINESS	TRANSIT	OTHERS	
1964	21.9	10.4	24.0	0.1	56.4
1965	32.3	11.1	30.0	-	73.4
1966	50.8	14.	38.2	-	103.6
1967	59.6	11.0	54.4	2.8	127.8
1968	150.8	35.1	74.4	1.7	262.0
1969	186.3	28.2	72.4	6.5	293.3
1970	231.7	28.5	76.3	7.0	343.5
1971	292.9	50.2	68.1	-	411.2
1972	328.1	50.6	65.6	-	444.3
1973	291.6	48.3	57.9	-	397.7
1974	276.7	53.9	56.9	-	387.5
1975	290.9	61.5	54.6	-	407.0q
1976	324.8	65.0	56.2	-	446.0
1977	261.1	39.7	45.7	-	346.5
1978	263.0	48.9	48.8	-	360.6
1979	278.9	51.6	52.6	-	383.1
1980	290.7	48.9	53.7	-	393.7
1981	273.9	51.6	43.3	-	365.2
1982	294.0	47.9	39.0	11.2	392.1
1983	284.3	45.0	35.7	6.3	372.3
1984	253.4	56.5	44.7	7.6	462.2
1985	413.2	64.3	52.3	11.1	540.6
1986	469.2	75.3	58.9	12.8	614.2
1987	529.1	78.8	62.4	12.1	661.3
1988	555.9	69.5	61.4	8.1	694.9
1989	642.1	53.8	34.5	4.3	734.7
1990	695.6	73.7	35.4	9.5	814.4
1991	673.3	77.6	38.8	15.4	804.6
1992	606.7	109.3	50.8	14.7	781.5
1993	679.2	97.6	46.8	2.0	826.2
1994	823.6	104.0	58.4	22.3	1008.3
1995	796.7	100.5	55.8	21.6	973.6
1996	804.8	103.7	56.2	22.3	1003.0
1997	804.8	101.7	72.3	21.8	1000.6
1998	686.9	86.8	101.9	18.7	894.3
1999	746.9	94.4	107.4	20.6	969.3
2000	778.2	98.3	138.5	21.5	1036.5
2001	728.8	92.1	152.6	20.1	993.6
2002*	732.6	86.6	163.3	19.0	1001.3

* provisional

Source: WTO, Trade Policy Review, Kenya 2000; Economic Survey, 2003; National Development Plan,   2002 – 2008;   Ministry of Trade & Industry Archives.

1.	Abercrombie & Kent .	37.	Cheli & Peacock
2.	Across Africa Safaris	38.	Concorde Car Hire and Safaris
3.	Adventure Centre Ltd	39.	Cottars Safari Service
4.	Africa Expeditions	40.	Cotts Travel & Tours Ltd
5.	African Horizons Travel & Safaris	41.	County Car Hire
6.	African Jacana Safaris	42.	Crossway Car Hire & Tours
7.	African Latitude (Kenya) Ltd.	43.	Crown Tours and Car Hire
8.	African Road Safaris & Kimbla	44.	Dallago Tours & Safaris Ltd.
9.	African Tropical Safaris Ltd.	45.	David Penrose Safaris Ltd
10.	Air Travel & Related Services Ltd.	46.	Destination Kenya
11.	Albatross Travel & Safaris .	47.	Destinations Link Services .
12.	Allicen Travel Ltd. .	48.	Discount Tours & Travel
13.	Aloha Tours & Safaris	49.	Discover Safaris Ltd. .
14.	Amazing Tours and Travel Ltd .	50.	Diving the Crav - Blue Wave
15.	Apollo Tours Tours & Travel .	51.	Dodoworld Limited
16.	Archers Tours & Travel Ltd.	52.	Dominio Di Doriano
17.	Arrow Travel Services	53.	E.A. Ornithological Safaris Ltd
18.	Art Safaris Ltd. .	54.	E.A. Wildlife Safaris Ltd.
19.	As You Like It (Safaris) Ltd.	55.	Eastern and Southern Safaris
20.	Australken Tours & Travel Ltd. .	56.	El-Molo Tours & Travel
21.	AV Tours & Safaris	57.	Explore Mara Ltd.
22.	Avenue Service Station (1977)	58.	Express Travel Group
23.	Awa Touring Company	59.	Feather Trail Tours
24.	Balloon Safaris .	60.	Ferrari Tours
25.	Bateleur Safaris Ltd.	61.	Five Continents Travel Ltd
26.	Bentley Travel Ltd.	62.	For You Proxy Ltd OBI
27.	Best Camping Tours .	63.	Four by Four Safaris Ltd .
28.	Big Five Tours & Safaris Ltd .	64.	Franz Lang Safaris Ltd .
29.	Bike Treks Ltd. .	65.	Freeway Tours & Travel .
30.	Bill Winter Safaris	66.	Fun Tours & Safaris Limited .
31.	Bottger Production Ltd.	67.	Furaha Travels Ltd. .
32.	Bush Homes of East Africa Ltd.	68.	Game World Ltd.
33.	Bushbuck Adventures Ltd	69.	Gametrackers [K] Ltd.
34.	Call of Africa Safaris	70.	Gamewatchers Safaris Ltd
35.	Carr-Hartley Safaris Ltd. .	71.	Gemkena Africa Safaris Ltd.
36.	Chameleon Tours	72.	General Tours & Travel

73.	Geo Safaris Ltd.	109.	Njambi Tours .
74.	Going Places Ltd.	110.	Nutty Safaris
75.	Grand Edition Tours	111.	Offbeat Safaris Ltd
76.	Guerba (K) Ltd	112.	Ostrich Holidays Adventures
77.	Habib's Tours & Travel	113.	Outdoor Expedition Safaris Ltd.
78.	Hamerkop Safaris 00100-	114.	Partners of Adventure Ltd.
79.	Holiday Bazaar Ltd.	115.	Paws Africa Safaris Ltd.
80.	Holiday Homes Ltd.	116.	Payless Car Hire .
81.	Hotel & Adventure Travel	117.	Perry Mason Safaris
82.	Imperial Air Services	118.	Pollman's Tours and Safaris
83.	Ivory Safaris Tours (1975) Ltd.	119.	Prep Safaris International Ltd. .
84.	J. H. Safaris Ltd. 00100-	120.	Private Safaris (E.A) Ltd.
85.	Ja de Sea Journeys Ltd.	121.	Rajair Air Travel
86.	Jet Travel Ltd	122.	Raydoll Tours & Travel Ltd.
87.	Kenia Tours & Safaris	123.	Residents Travel Den Ltd
88.	Kenya Wildlife Trails	124.	Rhino Safaris Ltd. .
89.	Ker & Downey Safaris Ltd	125.	Richard Bonham Safaris Ltd
90.	Ketty Tours & Safaris Ltd	126.	Rickshaw Travels Ltd.
91.	Kibo Slopes Safaris Limited	127.	Rita's Tour & Car Hire
92.	Kimbla Kenya Ltd.	128.	Robin Hurt Safaris .
93.	Kobo Safaris Ltd	129.	Romantik Safaris & Travel Ltd.
94.	Let's Go Travel	130.	Royal Host Tours and Safaris
95.	Lexinda Travels Ltd.	131.	Safari Camp Services
96.	Lindberg Holidays & Safaris Ltd.	132.	Safari Line Africa
97.	LionKing Travelers Ltd.	133.	Safari Partners Ltd.
98.	Maniago Travel and Cruises Ltd.	134.	Safari Seekers Ltd.
99.	Mara Fig Tree/Advent Aloft	135.	Safari Travel Ltd
100.	Maridadi Safaris Ltd.	136.	Safaris Unlimited (Africa) Ltd
101.	Market Service Station & Car Hire	137.	Sagawa Tours & Travel
102.	Mathews Safaris	138.	Sapieha Tours & Safaris
103.	Mini Cabs & Tours (MICATO) .	139.	Savage Paradise Ltd.
104.	Motto Tours & Travel Ltd. .	140.	Scenic Safaris
105.	Mountain Rock Safaris .	141.	Senator Travel Services Ltd.
106.	Muthaiga Travel Ltd.	142.	Serena Hotels
107.	Nahdy Travel & Tours Ltd.	143.	Sher Safari Services Ltd.
108.	Nature Expeditions Africa Ltd .	144.	Shoor Travel & Tours Ltd,

145.	Sights of Africa Safaris	180.	Twin Travel & Tours Ltd.
146.	Smile Tours & General Agencies	181.	Ulf Aschan Safaris Ltd. .
147.	Somak Travel Limited	182.	United Touring Company
148.	Southern Cross Safaris	183.	Utalii Tours and Safaris
149.	Sportsmen's Safaris & Tours Ltd. .	184.	Venture Africa Safaris & Travel
150.	Spurwing Travel & Tours Ltd.	185.	Vintage Africa Ltd.
151.	Star Travel & Tours Ltd	186.	Visit Africa Ltd. .
152.	Suntrek Tours & Travel	187.	Wago Wago Safaris .
153.	Sunworld Safaris	188.	Waku Waku Safaris Ltd.
154.	Supersonic Travel & Tours OBI	189.	Gemkena Africa Safaris Ltd.
155.	Taipan Vacations & Travel Ltd.		Wanderlust
156.	Tekko Tours & Travel	190.	Westerveld Safaris Ltd.
157.	Texcal Safaris & Tours	191.	Westminister Safaris Ltd.
158.	The Specialised Safari Co. Ltd.	192.	Wild Destinations Ltd.
159.	The Travel Mart	193.	Wildlife Safari Ltd.
160.	Thorn Tree Safaris & Travel	194.	Wildtrek Safaris Ltd.
161.	Tobs Golf Safaris .	195.	Yare Safaris Ltd.
162.	Tor Allan Safaris .	196.	Zirkuli Expeditions Ltd.
163.	Tour Africa Safaris		
164.	Trans Safaris		
165.	Transworld Safaris () Ltd		
166.	Travel 'N Style Ltd		
167.	Travel Affairs Ltd		
168.	Travel Creations Ltd.		
169.	Travel News		
170.	Travel Plaza Ltd .		
171.	Travel Scene Services Ltd.		
172.	Travelcare Ltd		
173.	Travelour Ltd		
174.	Tropiafric Safaris		
175.	Tropical Breaks Ltd.		
176.	Tropical Ice Ltd. .		
177.	Tropical Nature and Cultural Safaris Ltd.		
178.	Tulip Travel Limited		
179.	Twiga Tours		

APPENDIX 3

Introduction Letter to the Respondents

University of Nairobi
Faculty of Commerce
Department of Business Administration
P.O. Box 30197
NAIROBI

14th September, 2003

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, at the faculty of Commerce. In order to fulfill the degree requirement, I am undertaking a management research project on the use of the Internet as a marketing tool. You have been selected to form part of this study. The study is entitled:

" A Survey of E-marketing practices in the tourism industry in Kenya: A case of tourist firms in Nairobi."

This is to kindly request you to assist me collect the data by filling out the accompanying questionnaire, which I will collect.

My Supervisor and I assure you that the information provided will be treated with strict confidence and will be used exclusively for academic purposes. At no time shall your company name appear on the report. Findings of this research can be availed to you upon completion.

Your cooperation will be highly appreciated.

Thank you in advance.

Yours faithfully,

Charity W. Nyingi
Student

M. Ombok
Supervisor

E-MARKETING PRACTICES

SECTION A: GENERAL INFORMATION
(This section requires you to give general information regarding your firm. Please tick (√) or fill in where appropriate).

PART I

1.   Name of your organization
_____

2.   How would you classify your organisation in regard to ownership?

     Wholly foreign   [   ]

     Wholly Local   [   ]

     Jointly Owned   [   ]

3.   How long has your firm been in existence? _____

4.   Do you have offices Abroad?   YES   [   ]   NO   [   ]

     If "yes" please indicate where: _____

5.   How would you rate the following as your marketing objectives in terms of importance to your organization on scale of 5 to 1:

     5 = extremely important
     4 = very important
     3 = somewhat important
     2 = not very important
     1 = not important

	5	4	3	2	1
Increase Sales volume	[ ]	[ ]	[ ]	[ ]	[ ]
Increase Market share	[ ]	[ ]	[ ]	[ ]	[ ]
Increase profits	[ ]	[ ]	[ ]	[ ]	[ ]
Increase Awareness	[ ]	[ ]	[ ]	[ ]	[ ]
Provide information	[ ]	[ ]	[ ]	[ ]	[ ]
Other (Specify)					
_____	[ ]	[ ]	[ ]	[ ]	[ ]
_____	[ ]	[ ]	[ ]	[ ]	[ ]
_____	[ ]	[ ]	[ ]	[ ]	[ ]

6.   In countries where you do not have any marketing offices abroad, how do
      you carry out your marketing activities?

      a. Foreign Agents   [ ]
      b. Marketing Agents   [ ]
      c. Kenyan Embassy Abroad   [ ]
      d. Internet   [ ]
      e. None of the above   [ ]
          specify: _____

7.   What are the main marketing activities carried out by your organization
      i.   Marketing Research   [ ]
      ii. Market Segmentation   [ ]
      iii. Information Dissemination   [ ]
      iv. Promotions   [ ]
      v.   Other (specify) _____
           _____
           _____

SECTION B: EXTENT OF USE ON INTERNET AS A MARKETING TOOL

The following are the marketing activities that can be done on the internet. On a scale of 5 to 1, please indicate to what extent you are using the internet as a marketing tool.

5 = Very large extent;   4 = Large extent; 3 = Moderate extent
2 = Small extent;   1 = No extent

i) MARKETING INFORMATION SYSTEM

	5	4	3	2	1
Internal records system					
Receive orders online	[ ]	[ ]	[ ]	[ ]	[ ]
Transmit orders to department	[ ]	[ ]	[ ]	[ ]	[ ]
Invoice customers	[ ]	[ ]	[ ]	[ ]	[ ]
Track sales level	[ ]	[ ]	[ ]	[ ]	[ ]
Create customer database	[ ]	[ ]	[ ]	[ ]	[ ]
Identify prospects and their needs	[ ]	[ ]	[ ]	[ ]	[ ]
Marketing Intelligence System	5	4	3	2	1
Spot new developments	[ ]	[ ]	[ ]	[ ]	[ ]
Access information needs	[ ]	[ ]	[ ]	[ ]	[ ]
Distribute information	[ ]	[ ]	[ ]	[ ]	[ ]
Marketing Research	5	4	3	2	1
Determine what customers want	[ ]	[ ]	[ ]	[ ]	[ ]
How to increase our business	[ ]	[ ]	[ ]	[ ]	[ ]
Project on corporate image	[ ]	[ ]	[ ]	[ ]	[ ]
Determine source of customers	[ ]	[ ]	[ ]	[ ]	[ ]
Determine market share	[ ]	[ ]	[ ]	[ ]	[ ]
Compare offerings with competitors	[ ]	[ ]	[ ]	[ ]	[ ]
Marketing Decision Support System	5	4	3	2	1
Purchase hardware and software tools	[ ]	[ ]	[ ]	[ ]	[ ]
Download software programs	[ ]	[ ]	[ ]	[ ]	[ ]

ii) TARGET MARKET SEGMENTS

	5	4	3	2	1
Profile distinct tourist groups; Geographically or demographically	[ ]	[ ]	[ ]	[ ]	[ ]
Select one or more groups in terms of their needs, size or profitablity	[ ]	[ ]	[ ]	[ ]	[ ]
Communicate and establish attractions to the selected tourist group/s	[ ]	[ ]	[ ]	[ ]	[ ]

iii) MARKETING MIX

Product	5	4	3	2	1
Develop new attractions using tourist preferences e.g. sports tourism	[ ]	[ ]	[ ]	[ ]	[ ]
Demonstrate tourist attractions using live shows on the company's website	[ ]	[ ]	[ ]	[ ]	[ ]
Allow tourists to select tour packages of their choice	[ ]	[ ]	[ ]	[ ]	[ ]

Pricing	5	4	3	2	1
Determine (set) prices	[ ]	[ ]	[ ]	[ ]	[ ]
Allow price negotiations	[ ]	[ ]	[ ]	[ ]	[ ]
Communicate new prices	[ ]	[ ]	[ ]	[ ]	[ ]
Adjust prices when necessary	[ ]	[ ]	[ ]	[ ]	[ ]
Display price offers and discounts	[ ]	[ ]	[ ]	[ ]	[ ]

Promotions	5	4	3	2	1
Run special offers/discounts online	[ ]	[ ]	[ ]	[ ]	[ ]
Sponsor on Newsgroups and Forums	[ ]	[ ]	[ ]	[ ]	[ ]
Online competition	[ ]	[ ]	[ ]	[ ]	[ ]
Webcasting	[ ]	[ ]	[ ]	[ ]	[ ]
Advertising online on other websites using banners, pop-up-ads, tickers, static ads	[ ]	[ ]	[ ]	[ ]	[ ]

Place	5	4	3	2	1
Direct online travel booking	[ ]	[ ]	[ ]	[ ]	[ ]

SECTION C: BENEFITS OF USING THE INTERNET AS A MAKRETING TOOL

Below are some of the significant benefits of using the internet as a marketing tool. Indicate the extent to which your company enjoys these benefits.

NB: 5 = Very large extent; 4 = Large extent; 3 = Moderate extent;
     2 = Small extent;   1 = No extent

	5	4	3	2	1
Sales Increase	[ ]	[ ]	[ ]	[ ]	[ ]
Reduced Cost	[ ]	[ ]	[ ]	[ ]	[ ]
Increased sales leads	[ ]	[ ]	[ ]	[ ]	[ ]
Improved Customer service	[ ]	[ ]	[ ]	[ ]	[ ]
Improved customer relationships	[ ]	[ ]	[ ]	[ ]	[ ]
Increased International awareness	[ ]	[ ]	[ ]	[ ]	[ ]
Easier Interactivity	[ ]	[ ]	[ ]	[ ]	[ ]
Flexible to quick adjustments	[ ]	[ ]	[ ]	[ ]	[ ]
Easy & quick Accessibility	[ ]	[ ]	[ ]	[ ]	[ ]

SECTION D: PROBLEMS EXPERIENCED IN THE USE OF INTERNET AS A MARKETING TOOL.

What problems are being experienced in the use of the internet as a marketing tool?

High Accessibility cost   [ ]
Lack of Privacy   [ ]
Insecurity (information abuse)   [ ]
Insecurity (payments)   [ ]
Low internet connections   [ ]
Low interest from users   [ ]
Complexity of use   [ ]
Lack of skilled knowledge   [ ]
Use of outdated software & computers   [ ]
Inefficiencies of ISP's   [ ]
Lack of government support   [ ]
Others:_____

_____
_____
_____
_____

THANK FOR YOUR CO-OPERATION