## THE EXTENT TO WHICH E-COMMERCE ENHANCES COMPETITIVE ADVANTAGE IN KENYAN TOURISM MARKETING FIRMS

BY:

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## **DECLARATION**

This management research study is my original work and has not been presented in any other university for examination.

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D61/72785/2009

This management research study has been presented for examination with my approval as the university supervisor.

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**SUPERVISOR** 

## DEDICATION

I dedicate this piece of work to my beloved parents Mr. & Mrs. Bernard Njeru for believing in my potential and supporting my educational dream, and my dearest fiance Jecintah Kanzi for being a source of inspiration ,love and her assurance throughout the tough times while working on this project. May God bless you all.

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#### ABSTRACT

Tourism marketing firms play an important role in marketing Kenyan tourism attractions in the world. Tourism is a major foreign exchange earner and contributor to the Kenyan economy. Tourism also plays an important role in the attainment of vision 2030.kenyan tourism firms are established with the aim of offering potential tourists a better lengthier exposure of Kenya. There is a total of 51 registered tourism marketing firms in Kenya. The most common marketing firms utilized by these firms are namely: telephone invitations, marketing events, news channels, off-line press release distribution specialized press advertisements, strategically placed banner ads on key relevant websites and direct email campaigns.

This study sought to find out the extent to which e-commerce enhances competitive advantage of Kenyan tourism marketing firms.E-commerce refers to a wide range of online business activities for products and services. It includes any process that a business conducts over a computer mediated network or over the internet. Competitive advantage is the position of a business to have a strong lead in the market share in a specific sector.

This study used primary data to carry out its survey. The primary data was collected using questionnaires and interview method. Random and purposive sampling methods were used to come up with the respondents. In the questionnaires a number of 86 respondents were used .interviews were conducted with 5 respondents .data was presented in the form of frequency tables and charts. The results of the study showed that there were specific benefits of e-commerce in marketing Kenyan tourism. mainly; reaches a large number of clients across the world, it reaches clients instantly, low labor costs and high returns rates and facilitates acquisition of new and mass markets,

The following recommendations were made to various relevant stakeholders concerning the extent to which e-commerce enhances competitive advantage with specific reference to Kenyan tourism marketing firms: tourism marketing firms management should invest more in e-commerce, encourage customers to embrace e-commerce and address the security issues in e-commerce.the government through the ministry of information and communication should come up with policies that are geared towards creation of a favorable environment foe e-commerce not only in the tourism marketing but also in other sectors of the economy.

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#### CHAPTER ONE

#### INTRODUCTION

#### 1.1 Background to the Study

Tourism is one of the most significant parts of Kenya's economy. According to Rotich (1996) the exotic wildlife, colorful people and the vibrant culture of Kenya are the main reasons behind the booming tourism industry in Kenya. Beaches in Kenya and the activities centered on it are also major attractions to the tourists worldwide. The well preserved natural resources by the ways of national parks are the main reason behind the success of the Kenyan tourism. Further, Ndamwe (1998) asserts that apart from the usual wildlife safari the other kinds of safari which are a part of tourism industry of Kenya are beach safari, scenic safari, sport safari, cultural safari and adventure safari.

Tourism forms a vital foundation for the country's economy. Today, the tourist industry is by far the largest single export earner in Kenya. This sector together with services associated to it is the largest contributor to Kenya's GDP. It accounts for approximately 62.3% of the annual GDP volume (as per 2009 data). Agriculture contributes almost 21% to the country's GDP, although the sector engages more than 75% of the working population. The industrial sector accounts for only 16% of the country's GDP (Economy Watch, 2010).

According to Economy Watch (2010) majority of tourists visiting Kenya are from Germany and the United Kingdom. The outlined prolific Kenyan tourist attractions bring about 780,000 foreign visitors to Kenya annually. Tourism generates an estimated US\$500 million per year in hard currency earnings, making this sector the country's single largest source of foreign exchange.

The tourism industry has also displayed remarkable growth in the last decade; steady foreign exchange returns escalation have been noted in this industry more than in any other local sector (The Kenyan Economic Survey, 2010).

Yahya (2009) points out that the growth in the sector is chiefly attributed to successful tourism promotion and marketing by international tourism firms. The key channels of promotion and marketing utilized by these firms is principally the use of brochures, promotional videos, catalogues, marketing campaigns, advertising in news channels, offline press release distribution, social media outreach, specialized press ads and strategically placed banner ads.

It is indeed marveling how the international tourism marketing firms have achieved tremendous success using relatively traditional promotional channels. Kenyan tourism promotion and marketing firms can take advantage of the recent advancements in ICT to upgrade their already astounding promotional efforts. In other words application of ecommerce marketing approaches will ensure a higher competitive edge for Kenyan international tourism promotion and marketing firms in the global tourism market. Ecommerce oriented marketing schemes pose countless advantages to Kenyan tourism marketing firms. According to Rozga (2006) the general advantages of applying ecommerce marketing approaches in the tourism industry pertain to providing the firms with the opportunity to: acquire market intelligence; develop new contacts; enter new markets; meet new and existing links; and showcase their packages and offers. Furthermore e-marketing is perfectly applicable to tourism marketing firms; this is partly

because of the intangible nature of the product (tourism) and the fact that the customer can only sample the product through the promotional media.

The tourism sector has exhibited steady growth in most years since independence and by the late 1980s had become the country's principal source of foreign exchange. However in the late 1990s, tourism relinquished this position to tea exports, because of terrorism related downturn. The downturn followed the 1998 bombing of the U.S Embassy in Nairobi and later negative travel advisories from Western governments (Wanyonyi, 2000).

All in all, in the past decade, careful planning and proactive leadership have maximized the tourism potential as Kenya has continually to outpace its East African neighbors. A solid infrastructure coupled with a devotion to wildlife conservation has propelled Kenya to the forefront of the regional tourism industry.

#### **1.1.1 Competitive Advantage**

Competitive advantage is defined by Rozga (2006) as the position to have a strong lead in the market share in a specific sector. In the emerging global economy, e-commerce and ebusiness have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals in their quest to achieve a competitive advantage in diverse fields. According to Romulo & Akhtar (2000) specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs. With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. With rapid development of ecommerce, firms are called upon to strategically position themselves in order to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment. With its effect of leveling the playing field, e-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses.

According to Walters and Hanrahan (2000) the application of information technology in business fosters process integration, such as vertical integration in the supply chain of retailers. Further, Verdi (2001) argues that the increasing use of technology has enabled companies to make more efficient use of their workforce for example through sales force automation and therefore increase sales/employee figures.

Development of ICT and E-business has enabled developing countries to have an increased access to the global marketplace, where they compete with and complement the more developed economies. Most, if not all, developing countries are already participating in e-commerce, either as sellers or buyers. Kenya is among the developing countries that have witnessed a rapid growth in ICT thus facilitating the development of e-commerce within its influential tourism industry.

Despite all the benefits brought about by e-commerce, there are security issues that cannot be overlooked. According to Khusial & McKegney (2005), security has three main concepts: confidentiality, integrity, and availability. Confidentiality allows only authorized parties to read protected information. Integrity ensures data remains as is from the sender to the receiver. Availability ensures one has access and are authorized to resources.

While security features do not guarantee a secure system, they are necessary to build a secure system. According to Khusial & McKegney, security features have four categories:

Authentication: Verifies who you say you are. It enforces that you are the only one allowed to logon to your Internet account.

Authorization: Allows only you to manipulate your resources in specific ways. This prevents you from increasing the balance of your account or deleting a bill.

Encryption: Deals with information hiding. It ensures you cannot spy on others during Internet transactions.

Auditing: Keeps a record of operations. Attendants use auditing to prove that you bought a specific merchandise (for instance tickets).

There are a number of international tourism marketing firms that employ by e-commerce in their transactions to promote their packages.

#### 1:1:2 E-commerce

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact." E-commerce is usually associated with buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network. E-business, on the other hand, is used to enhance one's business. It includes any process that a business organization conducts over a computer-mediated network. In this study the terms are used interchangeably.

There are different types of e-commerce. According to Romulo & Akhtar (2000) the major ones are: business-to-business (B2B); business-to-consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

B2B e-commerce is e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B e-commerce will continue to grow faster than the B2C segment. Most B2B applications are in the areas of supplier management (especially purchase order processing), inventory management (i.e., managing order-ship-bill cycles), distribution management (especially in the transmission of shipping documents), channel management (i.e., information dissemination on changes in operational conditions), and payment management (e.g., electronic payment systems or EPS).

Business-to-consumer e-commerce, or commerce between companies and consumers,

involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network. It is the second largest and the earliest form of ecommerce. Its origins can be traced to online retailing (or e-tailing). Thus, the more common B2C business models are the online retailing companies such as Amazon.com, Drugstore.com, Beyond.com, Barnes and Noble and ToysRus. Other B2C examples involving information goods are E-Trade and Travelocity.

The more common applications of this type of e-commerce are in the areas of purchasing products and information, and personal finance management, which pertains to the management of personal investments and finances with the use of online banking tools.

#### 1:1:3 Tourism Marketing Firms in Kenya

Kenyan tourism marketing firms are established with the aim of offering potential tourists a better, lengthier exposure of Kenya, as a significant retreat destination. These tourism marketing firms develop strategic marketing and communications plans with partner advertising and media agencies worldwide. Once they determine the nature of each tourism area and its target audience, they promote the event via the most effective marketing channels available. The most common marketing channels utilized by these firms are namely: Telephone invitations; marketing events; news channels; off-line press release distribution; specialized press advertisements; strategically placed banner ads on key relevant websites; and direct email campaigns (Kemibaro, 2010).

In the wake of the digital era, Kenyan tourism marketing firms have embraced sophisticated digital technology. According to Kibicho (2004) the virtual trade exhibitions employed by these firms reflect the environment, experience and functionality of a conventional, 'physical' exhibition. Some firms have even set up multiuser environments allowing live group and individual interaction, making it easy for attendees to network with exhibitors. sponsors and other attendees 24 hours a day. The live events offered by these marketing firms feature fully customizable informative and interactive pavilions, an information centre, discussion forums and a virtual Helpdesk.

Contemporary trends embraced by Kenyan tourism marketing firms are of immense significance. Foremost, they are pivotal instruments for job creation and economic recovery. Further, with no need to travel, print promotional material, or dispose of or recycle a physical display, e-marketing channels generate zero carbon emissions.

On the side of prospective tourists, the advantages of using e-commerce in Kenyan tourism marketing firms are numerous. For example, potential distribution is increased; one can connect with the traveller at a point in which they are making a travel decision; costs are low since there are no printing costs; and data can be updated regularly. Furthermore in these contemporary times, tourists expect to find every bit of information online. They expect tourism firms to have websites that are modern, engaging and have current and correct data (Murphree, 2001).

There is a total of 51 registered tourism marketing firms in Kenya; these are namely: Kenya Professional Safari Guides Association; Lets Go Travel; Nature Expeditions

Africa Ltd; Njambi Tours; Kenya Tours operator (KATO) Kenia Tours & Safaris; Kenya Wildlife Trails; Magical Kenya; Ker & Downey Safaris Ltd; Ketty Tours & Safaris Ltd; Kibo Slopes Safaris Ltd; Kimbla Mantana Africa Safaris; Kinazini Funzi Dhow Safaris Ltd; Kobo Safaris Ltd; Kuldip's Touring Company; Lindberg Holidays & Safaris; LionKing Travellers Ltd; Maniago Travel & Cruises Ltd.; Mara Holdings - Fig Tree Camp; Marajani Tours Ltd.; Maridadi Safaris Ltd; Mathews Safaris; Motto Tours & Travel Ltd; Mountain Rock Safaris; Muthaiga Travel Ltd.; Nahdy Travel & Tours Ltd; Guide for Africa; Africa Travel Association (ATTA); Offbeat Safaris Ltd; Onsafari (K) Ltd; Origins Safaris; Ostrich Holidays Adventures; Outdoor Expeditions Safaris Ltd; Partners of Adventure Ltd; Paws Africa Safaris Ltd.; Perry Mason Safaris; Peter De Mello Safaris; Pollman's Tours and Safaris; Preps International Ltd; Private Safaris (E.A) Ltd; Pioneer Travels Ltd; Rajair Travel Group; Raydoll Tours & Travel Ltd.; Raylenne Tours & Safaris; Roin Hurt Safaris (K) ltd; Residents Travel Den Ltd; Rhino Safaris Ltd.; Richard Bonham Safaris; Rickshaw Travels Kenya Ltd.; Robin Hurt Safaris; Romantik Safaris & Travel Ltd.; Royal Host Tours & Safaris; Sopa Lodges; Genesis Expeditions Kenya (Magical Kenya, 2010).

#### 1:2 Statement of the Problem

The tourist industry is by far the largest single export earner in Kenya. Tourism forms a vital foundation for the country's economy and it highlights two of Kenya's most unique features: wildlife and beaches. For centuries Africa in general has captured the imagination of travellers, adventure-seekers and day dreamers throughout the world. It is an exciting continent of dramatic contrasts, which gives one an unforgettable, remarkable

experience whether it is the amazement of watching thousands of wild beast struggling across a rushing river in the world's premier wildlife spectacle, the breathtaking beauty of an acacia tree silhouetted against a blazing African sunset, or colorful tribal people still living in accordance with nature. Travel agencies lay their foundation in thriving tourism industry. With development of ICT, numerous firms have turned to e-commerce transactions. In an industry that is global in nature, e- commerce transactions have found their place. International tourism marketing firms have not been exceptional. However, serious concerns have continued to pose challenge to the firms that use the strategy especially in Africa where the e- commerce concept is still in its budding stage. Effectiveness of e-commerce application of in enhancing these firms' international competitive advantage is has not been comprehensively tackled.

E-commerce is a relatively new field in the intellectual circles; however, various studies have been conducted in this area. Bargh, et al (2002) conducted a study on Effectiveness of in E-commerce in Marketing Transactions. The paper summarized the main requirements in the setting of e- commerce marketing firms. Udo (2001) in his study entitled Privacy and security concerns as major barriers for e-commerce: a survey study, investigated the privacy and security concerns of IT users. Marchany & Tront (2002) on E-commerce in Marketing and the Security issues gave a brief description of a number of e-business attacks to demonstrate security issues in use of e-commerce in marketing procedures.

None of these studies looked into the extent to which e-commerce enhances competitive advantage, and the applications of e- commerce in enhancing competitive advantage of

Kenyan tourism marketing firms. Under this spotlight, the researcher conducted a study on the extent to which e-commerce enhances competitive advantage with specific reference to Kenyan tourism marketing firms

#### 1:3 Objective of the Study

This study was guided by the following research objective:

To determine the applications of e- commerce in enhancing competitive advantage of Kenyan tourism marketing firms.

#### 1:4 Significance of the Study

The findings obtained from this study would be of benefit to a number of stakeholders. Among the chief beneficiaries of the study include: The management of e- commerce oriented companies, employees of the companies, clients of the companies and the government. The study would also contribute to the knowledge base.

The management of e-business oriented companies: The findings of this study gave insights to the top management of these companies regarding the various applications, benefits and challenges associated with e- commerce. They would also get to know the steps they can take to counter e- commerce related challenges in their companies.

Employees of the tourism marketing firms: The employees of tourism marketing firms would benefit from the findings of the study in that they would gain a detailed clarification ways they can employ e- commerce to ascertain a higher competitive edge for their firms. The study would also equip the employees with ways of overcoming ecommerce related challenges in their respective firms and hence enable them to serve their clients with ease.

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To clients: Clients of these companies would benefit from the findings of this study. This is because inconveniences and complications that they used to encounter as a result use of traditional marketing would be eliminated as this study aims at promoting the application of e-commerce to enhance competitive advantage and delivery of tourism marketing firms.

The government: The findings of this study would be of great significance to the government through the ministry of tourism. The findings would assist the ministry to identify e- commerce as a viable tool to market Kenya as a worthwhile tourist destination. It would then be able come up with policies that are geared towards creation of a conducive environment for e- commerce as tourism marketing channel.

Contribution to the knowledge base: This study is set to contribute immensely to the existing knowledge base. Putting in mind that e- commerce is a field that has not been widely researched in the local context, then insights on the application of e-commerce to enhance competitive advantage, the benefits of application of e-commerce in the tourism marketing firms and the challenges facing these firms in application of e-commerce in their transactions will definitely be a vital contribution to the current knowledge base.

Contribution to Academics: This study will contribute tremendously to the academics sector as scholars in international business management will gain deep insights regarding developments in the Internet and Web-based technologies and acquire distinctions between traditional marketing techniques and the electronic marketing approaches.

# CHAPTER TWO

## LITERATURE REVIEW

#### **2.1 Introduction**

This chapter deals with review of literature on application of e-commerce to enhance competitive advantage. The chapter helps to show what other researchers have found out about application of e-commerce. These studies are geared towards helping the researcher to identify the knowledge gap and to justify the need to carry out a study on application of e-commerce to enhance competitive advantage with reference to Kenyan international tourism marketing firms. Sources of literature include: books, relevant professional education journals, and published and unpublished theses. The chapter is divided into the following sections: Introduction, theoretical review and review of related literature. Empirical studies on the general application and benefits of e-commerce have been reviewed in accordance with the research objectives.

#### 2:2 Definitions and Explanations of Major Concepts in E- commerce

E-commerce has grown into one of the most feasible ways to establish a market presence. For those already reining the market it's a channel for cheaper and more efficient distribution chain for products services.

There are a number of e- commerce oriented activities in the modern world. These activities are found in online locations known as sites. According to Schulze (1999) major categories of e- commerce sites are:

Auction sites: They auction items on the internet and make profits by taking some commission from the sales.

Affiliate sites which contain a link to a normal retailing site and are paid when a visitor from the affiliate site makes a visit to the retail site to make a purchase. The affiliate site will usually attract visitors by offering some information such as providing links to resources and tutorials on some specific topic or technology such as Java.

Bulk-buying sites where a site collects a number of users together all of whom want to buy some item; the site negotiates a discount with the supplier and takes a commission.

Shopping malls where a number of e-commerce sellers congregate together on the same website; often these sellers will be related to each other, for example they may all sell luxury goods. The mall owner takes a percentage of their profit.

Portals: Contain massive amounts of material on a particular topic, for example a portal devoted to fishing. Such sites will contain thousands of resource links, tutorials and indexes. They will also contain links to merchants who sell goods associated with the portal topic. There may be a number of ways that the portal owner would make money, for example they could be paid by a merchant for each visit from the portal or the merchant may pay a flat fee for being included in the portal.

Licensing sites: Make some software available to other sites, for example search engines which allow a visitor to the site to search for material more easily.

Community sites: These are like portals but involve the visitors more, for example a community site devoted to nurses might include a number of chat rooms which allow nurses to talk together in real time and swap advice. Money is made from such sites in the same way as with portals.

Name-your-price sites: Are websites where the buyer haggles with the retailer and names what price they will pay for a particular product. Such sites make profits in the same way as normal retail sites.

The current study aims at exploring e-commerce with respect to its application in marketing. There are two significant online sites that specifically major in marketing. These are namely:

Banner adverts. These adverts will contain links to the company doing the advertising; they will be displayed on a site and will result in some revenue being earned by the site owner when the banner advert is clicked.

Digital publishing sites: They are effective magazines on the web. They make profits in a number of ways including advertising and charging vendors for references to their website.

#### 2:3 Review of Major Pertinent Literature Explaining Particular Concepts

E-commerce has become a powerful channel for business marketing and communication, and for new business opportunities. This new virtual marketplace allows small companies competing with business giants by just having a better web presentation of their products/services. Under the same wave, online customers can enjoy a wider choice of products or services (Palmer, 1999).

Given the competition from powerful traditional marketing channels, a successful ecommerce oriented marketing approach can only occur if this business can satisfy its consumers' needs better than those traditional business approaches and provide

consumers with at least one of the following advantages: (a) lower price, (b) wider selection, (c) better choices. (d) superior services, and (e) more convenient (Vassos.1996).

Online tourism promotion has become one of a few good example services - which can be inquired, checked, and ordered easily while conveniently communicated and delivered online with the Internet. In fact, the use of internet information delivery and on-line document printing has provided the backbone for the current stream of e-commerce – as it can overcome many traditional business obstacles and operational barriers by delivering access to global market and providing new leverage with old large powerful marketers (Westerlund, 2000). In the current performance criteria for service operations, fast service delivery and prompt and reliable service have been identified as two key competitive priorities for the future Web-based service delivery operations (Verma and Young, 1997), while time-based competition through better customer service has been reemerging as a major tool of delivering high-quality services to customers through a total operation cycle – including planning, design, processing, marketing, and distribution (Sue Abdinnour-Helm, 2000).

The tourism industry has followed the trend of online marketing in recent years, and sometimes even gaining its own name of Internet application - called "e- tourism " referring to all travel related business transactions now completing through Internet applications.

According to Napier et al (2001), online tourism marketing sites mainly come in two forms: transactable and non-transactable. Transactable sites allow a tourism product to be selected, an enquiry can be placed, payment can be made and a coupon can be produced. Within this classification there are mainly five types of sites: 1) online travel aggregators like expedia.com or hostelworld.com; 2) destination e-marketplaces like worldhotellink.com (WHL); 3) online tour operators like responsibletravel.com; 4) individual hotel or corporate central reservations systems like marriot.com or hilton.com and 5) metasearch engines like kayak.com or sidestep.com. Non-transactable sites can come in variety of manners that focus on market niches, destinations, blogs and are produced by a huge variety of authors from national Tourism Boards to individual travelers.

Advantages of using e-commerce in tourism marketing versus creating off-line brochures are numerous. For example, potential distribution is increased; one can connect with the traveller at a point in which they are making a travel decision; costs are low since there are no printing costs; and data can be updated regularly. However, putting a database online is not a panacea for marketing and promotion, without proper marketing, utilization and management. Tourists expect websites to be modern, engaging and have current and correct data. The common misperception that: "if you build they will come." This not only applies to infrastructure, but also to websites (Eckenrode, 2002).

To build a database and post it online is not enough, because the data is static and therefore out of date quickly. Deegan (2003) points out that without necessary coding skills, one would have to pay a website developer to update the website every time there is a change to any one of the community-based tourism enterprises (CBTEs). Therefore,

by building the CBTE database on a Content Management System (CMS) many of these challenges are alleviated because any user with basic MSWord skills can update the database entries and the updates are automatically reflected on the public website.

Some key issues addressed in the recent literature about the application of e-commerce in tourism marketing include: customer acceptance and satisfaction, services rendered, value added for both the tourism businesses and consumers, privacy concerns, profitability, operational risks, and competition from traditionally non- tourism firms. Smaller tourism agencies, among others, are more interested in the application of Internet to gain certain competitive edges over their larger counterparts. As such, this study opts to base its initiative on the economic theory.

#### 2:3:1 Economic Theory

Economic theory holds up a theoretical model of a perfectly competitive market as the ideal of market efficiency. Development of IT and e-business has brought this market efficiency. For years the usual hindrance to markets approaching that ideal has had its roots in barriers to entry limiting the effective number of competing suppliers. In the real world, those barriers to entry often took the form of prohibitive costs (both time and resources required) of acquiring information on the existence and product prices of alternative suppliers. Today, for more and more products, the Internet allows businesses all over the world to directly advertise their existence in a medium that is literally just a click away from prospective clients. E-commerce can move real world markets closer to that hypothetical ideal of a perfectly competitive market. E commerce has brought fourth numerous benefits: reduction of many transaction costs, like e.g. reduction of paperwork,

faster procurement between firms, convenience of shopping online for consumers ; has made it possible to cut down greatly on the time and resources needed to carry out transactions, has minimized the obstacle of physical distance, it has blurred the geographical idea of a market, it can bring together buyers, sellers, and even resources on opposite sides of the world. (Lee, 2000) it has made the market competitive thus ideal.

#### 2.3.2 Criticism of the Theory

Despite the benefits that e-commerce has brought fourth, there are privacy and security issues that are prominent. Economic theory stresses more on ideal market without addressing issues that may hinder the attainment of this market. Privacy and security issues are imperative in e-commerce and can hinder proper transactions and attainment of market efficiency.

#### 2.4 Empirical Review

In this section, empirical studies related to the aim of the study are reviewed in accordance to the research objectives.

Yang and Flynn (2006) conducted a study entitled E-Commerce Application in Increasing Efficiency in the Hospitality Industry: A Case Study of Macon, Georgia. The study aimed at describing some recent development of e-commerce application in the hospitality industry (e.g., travel industry, and recreational entities) in Macon. The research objective is to investigate the trends and level of prevalence of application of ecommerce in the hospitality industry in Macon. The data collected was entirely qualitative, drawn primarily through semi- structured interviews, complemented by the extensive collection of documentary evidence. Thirteen (13) hospitality sector officials in

7 tourism districts in Macon were intentionally selected using a form of purposive sampling in which the aim was to ensure maximum variation. Findings from the study revealed that: application of e-commerce in the hospitality industry in Macon was identifiable through: online booking of hotel/motel rooms; downloading of airline tickets; advanced car rental services; and online promotion of their packages. Advantages of application of e-commerce in the hospitality industry in Macon were found to be: a better deal in room rates, a direct link to all airlines' websites, reservations are made directly into hotels' systems to climinate any potential snafus, and fast payments to hotels where rooms are booked online. And finally, the hotel/motel industry has realized the importance of flexibility and thus developed new programs to provide hotels with more flexible room offerings and pricing schedules on an available-as-needed-basis.

A study conducted by Thombeni (2004) sought to gain insights on The Benefits of E-Commerce Marketing in the South African Tourism Industry. The study aimed at establishing the various benefits of e-marketing in the vast South African tourism market. Interviews were used as the main data collection instruments. Interviews were semistructured and typically between 1 hour and 2 hours' duration. Interviews were recorded digitally when permission was provided, and full transcripts were produced. Interview data was supported by documentary evidence. This paper also used the results of both a 3 year longitudinal study and research conducted on effectiveness of e-marketing South Africa as an ideal tourist destination. The study established the main benefits of emarketing in the South African tourism market to be: E-commerce reaches anyone in the world who has internet access thus allowing acquisition of new markets and compete globally for only a small investment; a properly planned and effectively targeted e-

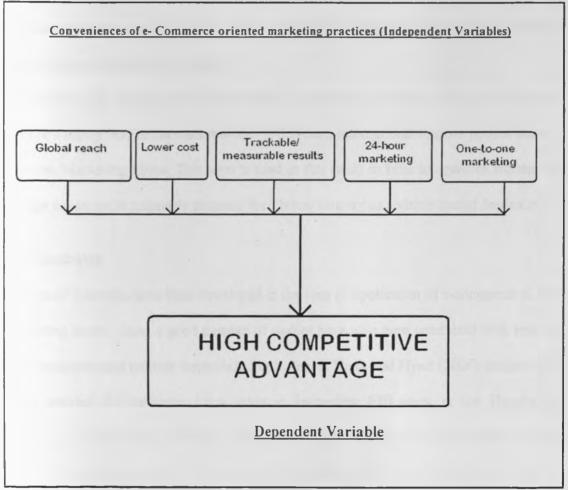
marketing campaign reaches the right customers at a much lower cost than traditional marketing methods; marketing by email or banner advertising makes it easier to establish how effective a campaign is; marketing firms can obtain detailed information about customers' responses to their advertising; e-commerce enables customers to find out about various packages even if the office is closed through a website; e- commerce lets a marketing firm reach people who want to know about certain products and services instantly.

A study conducted by Saif (2005) looked into The Convenience of E- Commerce in Marketing the Horn of Africa as a Retreat Destination. The study's prime concern was to determine the specific benefits of e- Commerce in Marketing the Horn of Africa as a viable retreat destination. Mail questionnaire technique was to collect data from relevant stakeholders in the randomly sampled Horn of Africa states. An in-depth interview with relevant officials in the hospitality sector was also conducted. Qualitative method was used to analyze qualitative data from the interviews. On the other hand quantitative data was analyzed with the help of an appropriate statistical package. The study established the main specific benefits of e- commerce in marketing this region as a viable retreat destination to be: lower cost; global reach: a level playing field with international market leaders; more interactive campaigns; convenience, that is, reaction to events much more quickly.

#### 2:5 Conceptual Framework

Figure 2.1 shows the interrelation between the upper hand of e- commerce oriented marketing and acquisition of a high competitive edge in the tourism marketing industry.

Figure 2.1 Relationship between Variables



Source: Author (2010)

Figure 2.2 shows the interrelation between the upper hand of e- commerce oriented marketing and acquisition of a high competitive edge in tourism marketing firms. Prevalence of certain e- commerce correlated conveniences practices- like an effective global reach, lower operational cost than traditional marketing methods, trackable and/or measurable results, 24-hour marketing, and one-to-one (targeted) marketing- will

ultimately yield a high competitive advantage in any given tourism marketing agency with an international scope.

#### 2.6 Explanation of Variables

E-commerce: For the purpose of this study, this term will is used to refer to any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.

Competitive Advantage: In the current study, this term will be taken to mean the position to have a strong lead in the market share- in this case, international tourism market share. Tourism Marketing Firms: This term is used in this study to refer to agencies situated in foreign countries to purposely promote their home country as a viable tourist destination.

#### 2:7 Conclusion

Dozens of literature have been developed in the area of application of e-commerce in the marketing sector. Quite a good number of studies have also been conducted with respect to e-commerce and tourism marketing. For instance: Yang and Flynn (2006) conducted a study entitled E-Commerce Application in Increasing Efficiency in the Hospitality Industry: A Case Study of Macon, Georgia; A study conducted by Saif (2005) looked into The Convenience of E- Commerce in Marketing the Horn of Africa as a Retreat Destination; A study conducted by Saif (2005) looked into The Convenience of E-Commerce and Saif (2005) looked into The Convenience of E-Commerce in Marketing the Horn of Africa as a Retreat Destination; A study conducted by Saif (2005) looked into The Convenience of E-Commerce in Marketing the Horn of Africa as a Retreat Destination; A study conducted by Saif (2005) looked into The Convenience of E-Commerce in Marketing the Horn of Africa as a Retreat Destination.

All the literature and studies reviewed only evaluated application and benefits of ecommerce on certain restricted angles. None of the study that has been reviewed

exhaustively tackled the extent to which e-commerce enhances competitive advantage with specific reference to Kenyan tourism marketing firms.

#### **CHAPTER THREE**

#### **RESEARCH METHODOLOGY**

#### 3.1 Research Design

This study used survey design. Survey studies are normally intended to describe and report the way things are. They are characterized by systematic collection of data from members of a given population through questionnaires and interviews. Thus this design was used in this study since it involved the procedures of collection and analysis of data from the members of a sample, in this case employees in two departments, namely IT and Marketing within 5 tourism firms in Nairobi.

#### **3.2 Target Population**

This study targeted all the fifty one (51) registered tourism marketing agencies in the republic of Kenya (see appendix 3). All these firms are registered by the Kenya tourism board, branded as magical Kenya under the ministry of tourism.

#### 3.3 Description of the Sample and Sampling Procedure

Both purposive and simple random sampling procedures were used to arrive at the sample of the companies and employee respectively. Twenty (20) employees were sampled from each of the five (5) tourism firms giving a total of 100 participants.

Five (5) tourism firms from Nairobi were randomly selected. There are a total of 51 registered tourism marketing firms in Kenya. The researcher obtained the list of these firms from The Kenya Tourism Board (Now Magical Kenya). He then noted down the names of all these firms, put them in a box and shuffled them. From there, he picked 5 names randomly. The rationale behind picking 5 names was based on the argument that

10% of the entire population is deemed to be representative. The names picked were: Nature Expeditions; Lion King Travelers; Kobo Safaris; Maridadi Safaris; Origins Safaris.

The sample of employees consisted of IT and Marketing Department employees in the five tourism firms. Simple random sampling procedure was used to arrive at the sample of employees. Twenty employees were randomly selected from the two departments in each firm, thus giving a total of 100 employees. The top managers (CEOs) were purposely selected to take part in the study. In total, there were a total of 5 CEOs- 1 from each firm.

#### 3.4 Description of Research Instruments

In this study, questionnaires and interview schedules were used.

The Questionnaires employees had a number of sub-sections that are sub-divided based on the research questions except the first sub-section (section A) that is meant to capture the demographic characteristics of the participants. Other sections included items that were meant to capture the objective of the study.

The interview schedule consisted of two sections, namely section A and section B. Section A covered some Demographic characteristics of the participants (CEOs) while section B covered the main research items on the extent to which e-commerce enhances competitive advantage in Kenyan tourism marketing firms.

#### 3.5 Data Collection Procedure

Prior to data collection, various documents that were deemed vital in carrying out the research were obtained from the relevant bodies. Having obtained all the documents required the researcher progressed with data collection. He first established contacts with the management of the five (5) tourism firms in Nairobi. Once this was done, the researcher made use of research assistants who helped in distributing the questionnaires to the employees of the various tourism firms. Interviews were also conducted during the timeframe of questionnaire filling. The researcher in person conducted the interviews with the managers from the 5 firms. The collected data was used for data analysis.

#### 3.6 Data Analysis Procedure

The data collected was be coded using SPSS (version 11.0). The researcher used descriptive analysis. The outcome of the quantitative data from the coded closed-ended questions was tabulated using tables, frequencies and percentages. Furthermore, the data was be interpreted in relation to the research objective. The interpretation and conclusions was be derived from the findings of the study. On the other hand, the qualitative data generated from open-ended questions and from interview schedules was analyzed and reported in a narrative form.

### CHAPTER FOUR

## DATA ANALYSIS AND PRESENTATION

# 4.1 Introduction

This chapter presents the data and discussion of the findings, which is presented in tables and figures. The first section presents the response rate and background characteristics of the respondents, that is, employees and managers of the sampled tourism firms. The chapter is divided thematically as following: Application of E-Commerce in Marketing in tourism marketing firms; and Benefits of E-Commerce in Marketing in tourism marketing firms.

#### 4.2 Response Rate

The researcher had dispatched a total of 100 questionnaires to the sampled respondents. However out of those, 86 of the respondents are the ones who managed to submit their questionnaires to the researcher. This gives an 86% response rate. This is shown on Figure 4.1

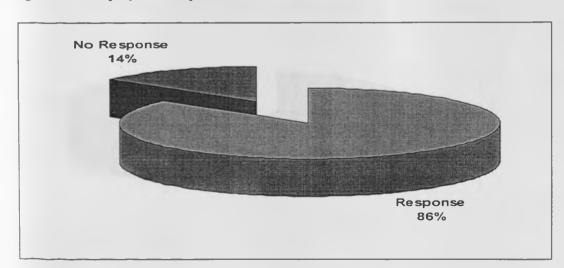


Figure 4.1: Employees' Response Rate

According to figure 4.1, majority of the employees in the study, 86% responded to the questionnaires offered to them by the researcher. Only 14 % failed to submit the questionnaires.

## **4.3 Background Characteristics**

The researcher considered the background information of the employees and the CEOs who took part in the study.

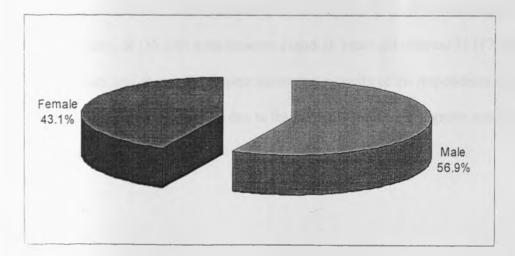
# 4.3.1 Background Characteristics of Employees

These background characteristics determined from employees included: Gender, age, working experience; and designation.

# 4.3.1.1Gender

Both female and male employees took part in the study. Their distribution is shown in

figure 4.2



## Figure 4.2: Gender of Employees

Figure 4.2 shows that a majority of the employees who took part in the study, 56.9 % were male, and the rest, 43.1 % were female. This may not imply that more male than female employees were sampled to take part in the study, it can be attributed to the response trend where more male employees responded to the questionnaires than their female counterparts.

### 4.3.1.2Age

Age of the employees was also determined in the study. Distribution of employees in terms of their age is shown in Table 4.1

## Table 4.1: Age of Employees

Age	Frequency	Percent
26-30 Years	45	52.4
21-25 Years	26	30.2
31 Years and above	15	17.4

According to Table 4.1, large number of the employees, 45 (52.4 %) were aged between 26 to 30 years; 26 (30.2%) were between 21 and 25 Years old whereas 15 (17.4%) were aged 31 years and above. This aspect shows that majority of the respondents were in their youthful years; this is apparently due to the fact that this is the age group most conversant with IT trends.

# 4.3.1.3 Working Experience

Working experience of the employees in the study was also established. This is shown in Table 4.2

Table 4.2:	Working	Experience of	f Employees
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Working Experience	Frequency	Percent
1-4 Years	53	61.6
5 Years and above	33	38.4

Table 4.3 shows that a majority of the respondents, 53 (61.6 %) had worked in their respective firms for 1 to 4 years, whereas the rest, 33 (38.4 %) had worked for 5 years and above. This brevity in years of experience could be attributed to relatively recentness of IT application in tourism marketing scenario.

# 4.3.2 Background Characteristics of CEOs

Gender, age, and working experience were the background characteristics determined from the heads of departments who participated in the study. Table 4.2 shows these characteristics

4	80
Ι	20
3	60
2	40
4	80
1	20
	2

#### Table 4.3: Background Characteristics of CEOs

Table 4.2 indicates the background characteristics of the CEOs who took part in the study. Pertaining to gender, a majority of the participants 4 (80 %) were male whilst the remainder, 1 (20 %) were female.

With regard to age, a large number of the participants, 3 (60 %) were 31 years and above, while 2 (40 %) were aged between 26 to 30 years.

In reference to working experience in their ranks, a majority of the managers, 4 (80 %) had worked for 5 Years and above whereas 1 (20 %) of them had worked for 1 to 4 years.

#### 4.4 Application of E-Commerce in Marketing in Tourism Marketing Firms

The study was interested in finding out the application of e-commerce in marketing in tourism marketing firms

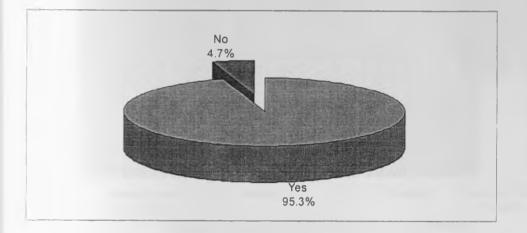
# 4.4.1 Employees Response on Application of E-Commerce in Marketing in Tourism

## **Marketing Firms**

The employees in the study were first asked to indicate whether they used e-commerce in

their companies. Their response is shown in figure 4.3

Figure 4.3: Whether Companies used E-commerce



According to figure 4.3, an overwhelming majority of the employees in the study (95.3%) indicated that they used e-commerce in their companies; 4.7% pointed out that they did not.

Employees who indicated that they used e-commerce in their companies were asked to point out in which areas of transactions they used e- commerce. Figure 4.4 shows their response

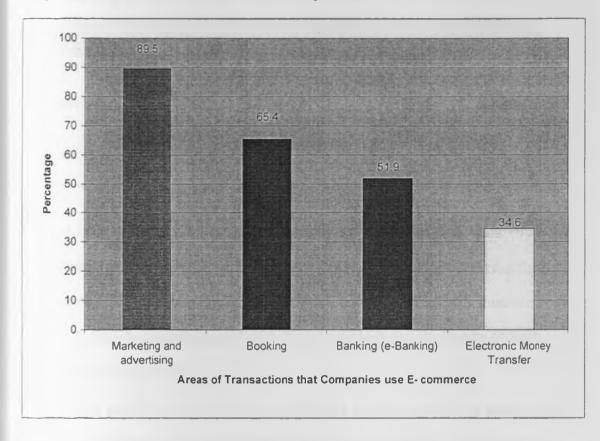


Figure 4.4: Areas of Transactions that Companies used E- commerce

Figure 4.2 shows that a majority of companies (89.5%) applied e-commerce in Marketing and advertising; 65.4% applied e-commerce in booking; 51.9% in banking (e-Banking); and 34.6% in electronic money transfer.

The employees were also asked to point out the type of e-commerce they deal with in their companies. Table 4.3 shows their response

Type of commerce	F	%
Business to consumers (B2C) transactions	79	91.8
Business with other organizations (B2B)	57	66.3
Mobile Commerce (M-commerce)	-	-

Table 4.3 shows the type of commerce that the various firms were involved in. An overwhelming majority of the employees in the study, 79 (91.8%) indicated that their firms dealt with Business to consumers (B2C) transactions; 57 (66.3%) pointed out Business with other organizations (B2B). There is no single firm that applied Mobile Commerce (M-commerce).

Participating employees were further provided with a number of perceived aspects of ecommerce and asked to indicate to what extent they employed them in their marketing transactions. Their response is shown in figure 4.5

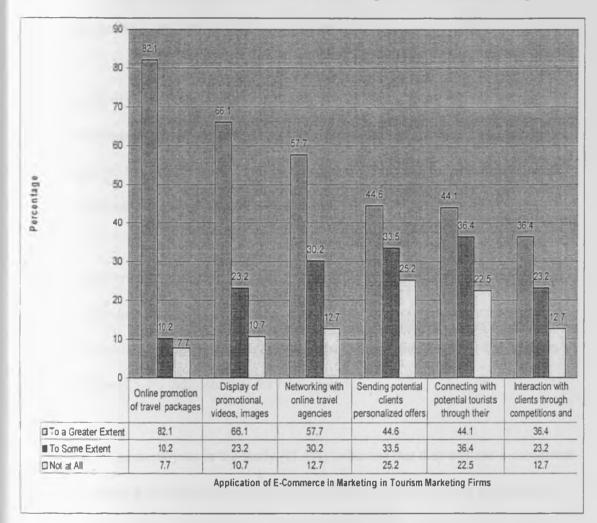


Figure 4.5: Application of E-Commerce in Marketing in Tourism Marketing Firms

Figure 4.5 shows that a majority of the employees in the study (82.1%) were of the view that they employed e-commerce in their marketing transactions through online promotion of travel packages, 10.2 % indicated that they did, to some extent, and 7.9% pointed out that they did not at all apply it.

A good number of the participating employees (66.1%) indicated that they employed ecommerce in their marketing transactions through display of promotional, videos, images and music to a greater extent, 23.2% pointed out that they did, to some extent whereas 10.7% were of the view that they did not at all apply it.

A close majority of the employees in the study (57.1%) were of the opinion that they employed e-commerce in their marketing transactions through networking with online travel agencies to a greater extent, 30.2% indicated that they did, to some extent whilst 12% pointed out that they did not at all employ it.

A good number of the participating employees (44.6%) pointed out that they applied ecommerce in their marketing transactions through Sending potential clients personalized offers via email, to a greater extent, 33.5% were of the opinion that they did, to some extent whereas 25.2% indicated that they did apply it.

A number of the employees in the study (41.1%) indicated that they utilized e-commerce in their marketing transactions through connecting with potential tourists through their favorite websites to a greater extent, 36.4% were of the opinion that they did, to some extent whereas 22.5% pointed out that they did not at all utilize it.

A section of the employees in the study (36.4%) were of the opinion that they used ecommerce in their marketing transactions via interaction with clients through competitions and games to a grater extent, 23.2% indicated that they did, to some extent, while 12.7% pointed out that they did not at all use it.

# 4.4.2 CEOs Response on Application of E-Commerce in Marketing in Tourism Marketing Firms

The CEOs in the study identified the following to be the application of e-commerce in marketing in tourism marketing firms: Online campaigns marketing Kenya as an ideal tourist destination; showcasing Kenyan rich heritage via online channels to draw attention to potential tourists; collaboration with giant online reservation agencies to facilitate affordable travel and accommodation rates; and hosting of eye-catching graphics pertaining wildlife, beaches, and ethnic diversity of the country.

Findings in this section show that that e-commerce was widely used in the tourism marketing firms mainly in terms of Marketing and advertising, booking. Other advanced applications of e-commerce like e-banking and electronic money transfer were not that widespread; this could be attributed to the relatively high level security prerequisites that these e-commerce transactions necessitate. Businesses to consumers (B2C) transactions are most prevalent in the tourism marketing firms-showing that the firms' central focus is client-based mode of promotion. Moreover, the chief application of e-commerce marketing transactions in the tourism marketing firms emerged to be online promotion of travel packages, online display of promotional, videos, images and music, and networking with online travel agencies. This symbolizes that the tourism marketing firms' primary concern pertained channels that would facilitate direct and firsthand access of persuasive facts pertaining Kenya as a tourist destination.

# 4.5 Benefits of E-Commerce in Marketing

The study was also interested in finding out the benefits of e-commerce in marketing in the Kenyan tourism marketing firms. Employees in the study were asked whether application of e-commerce brought about any significant benefits in their respective firms, in the first place. Their response is shown in figure 4.6

Figure 4.6: Whether Application of e-commerce brought about any Significant Benefits in the Tourism Marketing Firms

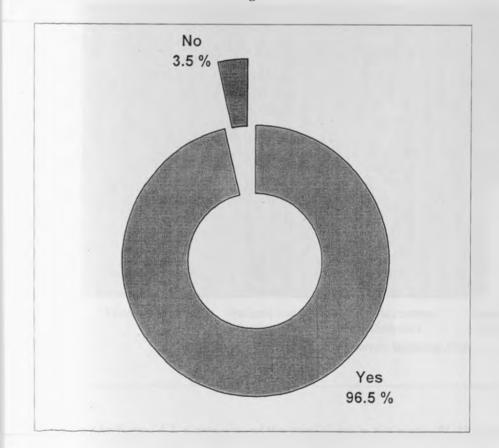
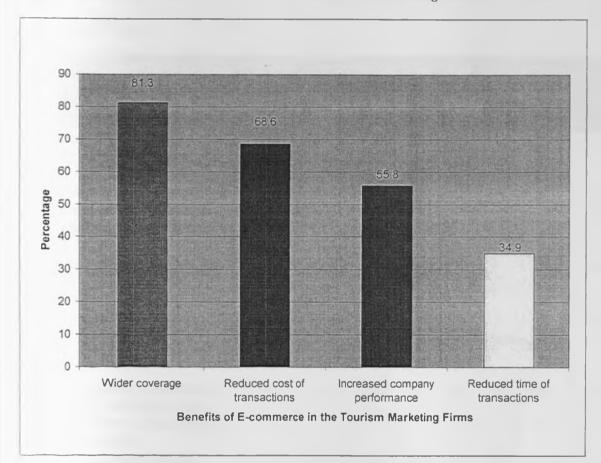
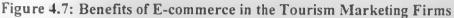


Figure 4.6 shows that a vast majority of the employees in the study (96.5%) indicated that application of e-commerce brought about significant benefits in their respective firms. Only 3.5% were of the view that it did not brought about any significant benefit.

Those employees who indicated that application of e-commerce brought about significant benefits in their respective firms were given a number of perceived general benefits of ecommerce and asked to indicate whether they were applicable in their companies. Figure 4.7 shows their response





According to figure 4.7, a majority of the employees in the study (81.2%) were of the opinion that the benefit brought about by e-commerce in the tourism marketing firms was in terms of wider coverage; 68.6% indicated that it was in terms of reduced cost of transactions; 55.8% indicated that it was in form of increased company performance; and 34.9% indicated reduced time of transactions.

The employees were further provided with a number of perceived benefits in their firm's

marketing transactions and asked to outline whether they strongly agreed (SA), agreed

(A), were undecided (UD), disagreed (D) or strongly disagreed (SD) with them. Table 4.4

shows their response

Table 4.4: Benefits of e-commerce in the Marketing Transactions of the Tourism

# **Marketing Firms**

Benefits	5	SA		A	ans.	U		D		SD
	F	%	F	%	F	%	F	%	F	%
E-commerce marketing reaches a large number of clients across the world	73	84.9	5	5.8	4	4.6	3	3.5	1	1.2
E- commerce lets a marketing firm reach people who want to know about certain products and services instantly	69	80.3	6	6.9	1	1.2	5	5.8	5	5.8
E-commerce oriented marketing facilitates acquisition of new markets	50	58.1	12	13.9	8	9.3	9	10.5	7	8.2
Marketing by email or banner advertising makes it easier to establish how effective a campaign is	42	48.8	11	12.8	4	4.6	13	15.1	16	18.7
E-commerce enables customers to find out about various packages through a website without going to the marketing office	39	45.3	10	11.6	7	8.2	13	15.1	7	19.8
E-commerce enables firms to compete globally for only a small investment	28	32.6	19	22.1	15	17.4	13	15.1	10	11.6
Through E-commerce, marketing firms can obtain detailed information about customers' responses to their advertising	21	24.4	20	23.3	17	19.8	16	18.7	16	18.7
A properly planned and effectively targeted e-marketing campaign reaches the right customers	19	22.1	18	20.9	16	18.7	13	15.1	20	23.3

Table 4.5 shows the responses of participating employees on the benefits of e-commerce in their firms' marketing transactions.

Majority of the employees, 73 (84.9%) strongly agreed with the view that e-commerce marketing reaches a large number of clients across the world, 5 (5.8%) simply agreed, 4 (4.6%) were undecided, 3 (3.5%) disagreed whereas 1 (1.2%) strongly disagreed with the view.

A majority of the employees 69 (80.3%) also strongly agreed with the opinion that ecommerce lets a marketing firm reach people who want to know about certain products and services instantly, 6 (6.9%) just agreed, 1 (1.2%) were undecided. There was a tie between those who simply disagreed and those who strongly disagreed, each with 5 (5.8%)

A close majority of the employees in the study, 50 (58.1%) strongly agreed with the opinion that e-commerce oriented marketing facilitates acquisition of new markets, 12 (13.9%) just agreed, 8 (9.3%) were undecided, 9 (10.5%) chose to disagree and 7 (8.2%) strongly disagreed.

A good number of the employees participating in the study, 42 (48.8%) strongly agreed with the view that marketing by email or banner advertising makes it easier to establish how effective a campaign is, 11 (12.8%) just agreed, 4 (4.6%) were undecided, 13 (15.1%) disagreed, whilst 16 (18.7%) strongly disagreed.

A number of the employees in the study, 39 (45.3%) strongly agreed that e-commerce enables customers to find out about various packages through a website without going to the marketing office, 10 (11.6%) simply agreed, 7 (8.2%) was undecided, 13 (15.1%) disagreed, whereas 7 (19.8%) chose to strongly disagree.

28 (32.6%) of the participating employees strongly agreed with the observation that ecommerce enables firms to compete globally for only a small investment, 19 (22.1%) just agreed, 15 (17.4%) were undecided, 13 (15.1%) disagreed while 10 (11.6%) strongly disagreed.

21 (24.4%) of the employees strongly agreed with the view that through e-commerce, marketing firms can obtain detailed information about customers' responses to their advertising 20 (23.3%) simply agreed, 17 (19.8%) were undecided, 16 (18.7%) disagreed whereas 16 (18.7%) strongly disagreed with the view.

19 (22.1%) of the employees participating in the study strongly agreed with the opinion that a properly planned and effectively targeted e-marketing campaign reaches the right customers, 18 (20.9%) just agreed, 16 (18.7%) were undecided, 13 (15.1%) chose to disagree and 20 (23.3%) strongly disagreed.

# 4.5.2 CEOs Response on Benefits of E-Commerce in Marketing in the Tourism Marketing Firms

The CEOs who participated in the study observed the following as the benefits of ecommerce in their respective firms: Effective relay of promotional messages to intercontinental clients in no time; facilitation of marketing channels that target a specific cluster of clientele; low labor costs and high returns rates; market interaction with global tourism marketing giants; portrayal of Kenya as a country that has embraced information technology (IT) in its key economic sectors.

Findings in this section show that general benefits of e-commerce in the tourism marketing firms are eminent chiefly in terms of wider coverage, reduced cost of transactions, and increased company performance. These three aspects have consequently impacted the firms' marketing transactions by enabling them reach a large number of clients across the world, reach people who want to know about certain products and services instantly, acquire new markets, and at same time portray Kenya as a country that has embraced information technology (IT) in its key economic sectors.

#### **CHAPTER FIVE**

## SUMMARY, CONCLUSIONS AND RECOMMENDATION

#### 5.1 Summary

The main purpose of this study was to investigate the extent to which e-commerce enhances competitive advantage with specific reference to Kenyan tourism marketing firms. The study was guided by the following research objective:

To determine the applications of e-commerce in enhancing competitive advantage of Kenyan tourism marketing firms.

This study used survey design. This design was used in this study since it involves the procedures of collection and analysis of data from the members of a sample. A mixture of two sampling techniques was used, namely simple random and purposive sampling technique. The simple random sampling procedure was used to arrive at the sample of employees, while purposive sampling was used to select the CEOs. The sample consisted of 100 employees and 5 CEOs.

The researcher used SPSS (Statistical Package for Social Sciences) version 11.0 for windows to process the collected data. Descriptive statistics such as frequencies and percentages were used to summarize the data. The analysis of the data enabled the researcher to come up with the following major findings: The study found the main areas of transactions that the tourism marketing firms used ecommerce were: marketing and advertising (89.5%); booking (65.4%); and e-Banking (51.9%).

The type of e-commerce that the tourism marketing firms dealt with were basically Business to consumers (B2C) transactions (91.8%) and Business with other organizations (B2B) (66.3%).

Overall, key applications of e-commerce in marketing in tourism marketing firms were found to be: online promotion of travel packages (82.1%); display of promotional, videos, images and music (66.1%); collaboration with giant online reservation agencies to facilitate affordable travel and accommodation rates; and networking with online travel agencies (57.1%).

General benefits of e-commerce in the tourism marketing firms were identified to be: wider coverage (81.2%); reduced cost of transactions (68.6%); increased company performance (55.8%).

The study found out that the specific benefits of e-commerce in the marketing transactions of the tourism marketing firms were mainly: e-commerce marketing reaches a large number of clients across the world (84.9%); e - commerce lets a marketing firm reach people who want to know about certain products and services instantly (80.3%); low labor costs and high returns rates; portrayal of Kenya as a country that has embraced information technology (IT) in its key economic sectors; and e-commerce oriented marketing facilitates acquisition of new markets (58.1%).

#### **5.2** Conclusions

The conclusions of the study were derived from the major findings and were based on the research objective:

Application of e-commerce in Kenyan tourism marketing firms' primary concern consists of channels that facilitate direct and firsthand access of persuasive facts pertaining Kenya as a tourist destination through client-based mode of promotions. Such client-based modes of promotion entail online promotion of travel packages and display of attractive promotional materials. This application has been vastly beneficial to these firms in terms of wider coverage, reduced cost of transactions, and increased company performance.

## **5.3 Recommendations**

The following recommendations were made to various relevant stakeholders concerning the extent to which e-commerce enhances competitive advantage with specific reference to Kenyan tourism marketing firms. These stakeholders are namely: tourism marketing firms' Management; employees of the firms; clients; the government

Tourism Marketing Firms' Management: The managements of tourism marketing firms should put more human resources in the IT department to keep up with the pace of growing e-commerce. It should also encourage the customers to embrace this technology through consistent e- marketing and advertising. They should also address the security issues surrounding the e-business.

Employees of the Firms: Employees of the firms should be willing to learn and discover more about this fast advancing field of e-commerce. They should adopt the spirit of research, open-mindedness and innovation to see that virtually every detail on e-transaction is accessible to them to enhance their performance.

Clients: Clients of tourism marketing firms and other potential tourists should drift way from the traditional channels of accessing information pertaining to tourism destinations in Africa and realize that the continent has embraced IT in its principal economic sectorstourism included. The clients should also take stern precautions before sealing travel deals with any online based e- commerce travel firm. They should therefore consult widely to ensure that the firm they choose to solicit the service from is known and legitimate.

The government: The government through the ministry of information and communication should come up with policies that are geared towards creation of a favorable environment for e- commerce not only in tourism marketing but also in other sectors of the economy. It should also ensure that these policies are able to regulate against excesses of e- commerce to ensure that clients' security and privacy rights are safeguarded.

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# INVERSITY OF NAIROB SCHOOL OF BUSINESS MBA PROGRAM - LOWER KABETE CAMPUS

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex: 22095 Varsity

P.O. Box 30197 Nairobi, Kenya

DATE 13/08/2010

# TO WHOM IT MAY CONCERN

The bearer of this letter LAWRENCE KITHINJI NJGRU Registration No: 06/172785 2009

is a Master of Business Administration (MBA) student of the University of Nairobi.

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

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

DR. W.N. IRAKI

UNIVERSITY C - NAIROBI SCHUOL OF BUSINESS MBA OFFICE P. O. Box 30197 CO-ORDINATOR, MBA PROGRAM

#### APPENDICES

### **APPENDIX 1: QUESTIONNAIRE FOR EMPLOYEES**

University of Nairobi

#### Dear Employees,

I am an MBA student from University of Nairobi. I am glad to inform you that you have been selected to participate in this study investigating the extent to which e-commerce enhances competitive advantage in Kenyan tourism marketing firms. Your responses will be used for research purpose only and your identity kept confidential. You are kindly requested to sincerely respond to the items on the questionnaire. Please read and answer the questions by putting a tick within the brackets in front of your response to the question, some questions require answers to be written down in the spaces provided.

### Section A: Background Information

1. Sex

- a) Male [\_\_\_\_]
- b) Female [\_\_\_]

2. Age

- a) 21-25 [\_\_\_]
- b) 26-30 [\_\_\_]
- c) 31-above [\_\_\_\_]

3. Working Experience in the firm

- a) 1-4 Years
- b) 5 Years and Above [\_\_\_\_]

4. Designation -----

# Section B: Application of E-Commerce in Marketing

5a. Do you use e-commerce in your company?

- a) Yes [\_\_\_]
- b) No [\_\_\_]

5b. If YES, in which areas of transactions do you use e- commerce?

No	Item	Yes	No
a)	Booking		
b)	Banking (e-Banking)		
c)	Marketing and advertising		
d)	Electronic Money Transfer		

Any other (Please specify)

# 5c. What type of e-commerce do you deal with in your company?

No	Item	Yes	No
a)	Business with other organizations (B2B Transactions)		
b)	Business to consumers (B2C Transactions)		
c)	Mobile Commerce (M-commerce)		

Any other (Please specify)

5d. Please indicate to what extent you employ the following aspects of e-commerce in your marketing transactions.

No	Statement	To a greater extent	To some extent	Not at all
a)	Online promotion of travel packages			
b)	connecting with potential tourists through their favorite websites			
c)	Interaction with clients through competitions and games			
d)	Networking with online travel agencies			
e)	Display of promotional, videos, images and music			
f)	Sending potential clients personalized offers via email			

# Any other (Please specify)

# Section C: Benefits of E-Commerce in Marketing

6a. Does the application of e-commerce bring about any significant benefits in your

# firm's transactions?

- a) Yes [\_\_\_]
- b) No [\_\_\_]

6b. If YES, please indicate whether the following are some of the general benefits that ecommerce has brought to you company?

No	Item	Yes	No
a)	Reduced cost of transactions		
b)	Reduced time of transactions		
c)	Wider coverage		
d)	Increased company performance		

6c. Indicate whether you either strongly agree (SA), agree (A), undecided (UD), disagree

(D) or strongly disagree (SD) with the following statements.

No.	Statement	SA	A	UD	D	SD
a)	E-commerce oriented marketing facilitates acquisition of new markets					
b)	Marketing by email or banner advertising makes it easier to establish how effective a campaign is					
c)	E-commerce enables firms to compete globally for only a small investment					
d)	A properly planned and effectively targeted e- marketing campaign reaches the right customers					
e)	E-commerce marketing reaches a large number of clients across the world					
f)	Through E-commerce, marketing firms can obtain detailed information about customers' responses to their advertising					
g)	e- commerce lets a marketing firm reach people who want to know about certain products and services instantly					
h)	E-commerce enables customers to find out about various packages through a website without going to the marketing office					

Any other (Please specify)

### **APPENDIX 2: INTERVIEW GUIDE FOR CEOs**

#### University of Nairobi

Section /	A:	Background	Information
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1. Sex

- a) Male [\_\_\_]
- b) Female [\_\_\_]

2. Age

- d) 21-25 [\_\_\_\_]
- e) 26-30 [\_\_\_]
- f) 31-above [\_\_\_]

3. Working Experience in the firm

- c) 1-4 Years [\_\_\_]
- d) 5 Years and Above [\_\_\_]

Section B: Application of E-Commerce to Enhance Competitive Advantage with Specific Reference to Kenyan International Tourism Marketing Firms

4. What are the various ways applications of e- commerce in your firm

5. What type of e-commerce do you deal with in your company?

6. What aspects of e-marketing do you apply in your marketing transactions?

7. What are the benefits of e- commerce in the marketing transactions in your firm?

8. What are the clients' perceptions about e- commerce transactions in your firm?



## LOCATION AND CONTACT INFORMATION OF REGISTERED TOURISM MARKETING COMPANIES

Kenia Tours & Safaris Jubilee Insurance House, Kaunda/Wabera Street, Box 19730, NAIROBI email: kenia@africaonline.co.ke website: http://www.gorp.com/kenia

Kenya Professional Safari Guides Association KWS HQs, KTF Building,Box 24397, 00502-NAIROBI,NAIROBI email: kpsga@wananchi.com website: http://safariguides.org

Kenya Tourist Foundation ,Box 10711,00100-NAIROBI email:

Kenya Wildlife Trails 408, Othaya Road – Kileleshwa,Box 44687,00100 – NAIROBI email: kenyasales@wildlifetrails.com website: http://wildlifetrails.com

Kenya Wildlife Trails 408, Othaya Road – Kileleshwa, Box 44687,00100 – NAIROBI email: kenyasales@wildlifetrails.com website: http://wildlifetrails.com

Ker & Downey Safaris Ltd Langata,Langata South Road,Box 41822,00502-NAIROBI email: info@kerdowneysafaris.co.ke website: http://kerdowneysafaris.com

Ketty Tours & Safaris Ltd Diamond Trust House, Moi Avenue, Box 82391, MOMBASA email: kettytourssafaris@swiftmombasa.com website: htt<sup>1</sup>p://kenyasearch.com/users/ketty

Kibo Slopes Safaris Ltd. Off Lenana Road, opposite DOD,Box 58064,00200-NAIROBI email: info@kiboslopessafaris.com website: http://kiboslopessafaris.com

Kimbla Mantana Africa Safaris Hardy House, Ushirika Road, Box 40089,00100-NAIROBI. email: kimbla@kimbla-mantana.com website: http://kimbla-mantana.com

Kobo Safaris Ltd Mugoiri Road, Kileleshwa, Box 72763,00200 NAIROBI email: info@kobo-safaris.com website: http://kobo-safaris.com

Kuldip's Touring Company Mji Mpya Road, Box 82662, MOMBASA email: kuldipstr@form-net.com

Lets Go Travel ABC Place, 1st Floor, Waiyaki Way,Box 60342,00200 NAIROBI email: info@letsgosafari.com website: http://www.letsgosafari.com

Lindberg Holidays & Safaris Ramco Court, Apartment A11,Box 27604,NAIROBI email: karibu@lindbergsafaris.com website: http://lindbergsafaris.com

LionKing Travellers Ltd. Rhapta Road, Westlands, Box 42946, NAIROBI email: vayani@kenyaweb.com, website: http://lionkingtravellers.com

Maniago Travel & Cruises Ltd. ABC Place, Waiyaki Way,Box 43401,00100-NAIROBI email: info@maniagotrvl.com

Mara Holdings – Fig Tree Camp Kimathi Hse, Standard Street, Box 40683, NAIROBI email: sales@madahotels.com  $\int \int^2$ 

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Marajani Tours Ltd. KCB Treasury Square,Nkurumah Road,Box 86103,MOMBASA email: marajani@marajani.com website: http://marajani.com

Maridadi Safaris Ltd. Kampus Towers – 1st Floor, University Way,Box 46992,00100 NAIROBI email: info@maridadisafaris.co.ke website: http://maridadisafaris.co.ke

Market Service Station Ltd. Koinange Street, Box 49713, NAIROBI, email: market@wananchi.com website: http://kenyaweb.com/market-carhire/

Mathews Safaris Hardy Estate, Langata, Box 24302,00502 NAIROBI email: mathews@wananchi.com website: http://www.mathewssafaris.com

Motto Tours & Travel Ltd. Arrow Hse., Koinange Street – 4th floor, Box 70739, NAIROBI email: motto@form-net.com website: http://mottosafaris.com

Mountain Rock Safaris Jubilee Hse., – 2nd floor, Box 15796,00100-NAIROBI email: info@mountainrockkenya.com website: http://mountainrockkenya.com

Muthaiga Travel Ltd. Muthaiga Shopping Centre,Box 63220,NAIROBI email: info@supersafari.com/travelmuthaiga.co.ke/muthaiga@fairviewkenya.com website: http://supersafari.com

Nahdy Travel & Tours Ltd. Posta Sacco Plaza, 12th floor, University Way, Box 5368,00100-NAIROBI email: nahdy@todays.co.ke website: http://nahdytours.com

Nature Expeditions Africa Ltd Kiveni House, End of Gatundu Close,Off Gatundu Road, KILELESHWA,Box 30506,00100 NAIROBI. email: info@natureexpeditions.com website: http://www.natureexpeditions.com

www.magicalkenya.com

Njambi Tours Hotel Intercontinental, City Hall Way, Box 30618, NAIROBI GPO 00100 email: njambi-tours@kenyaweb.com website: http://njambisafaris.com

Offbeat Safaris Ltd c/o Bush Homes of EA, Argwings Kodheck, Box 56923, NAIROBI email: offbeat@africaonline.co.ke

Onsafari (K) Ltd. Langata Link Complex, Langata South Road, Box 42562, NAIROBI email: acheffs@kenyaweb.com website: http://onsafarikenya.com

Origins Safaris Fedha Towers, Standard Street, Box 48019, NAIROBI email: eaos@africaonline.co.ke website: http://www.savannahcamps.com

Ostrich Holidays Adventures Off Thika Road, On Kamiti Road, Box 10467,00100 – NAIROBI GPO email: safari@ostrichholidays.com website: http://ostrichholidays.com

Ostrich Holidays Adventures Off Thika Road, On Kamiti Road, Box 10467,00100 – NAIROBI GPO email: safari@ostrichholidays.com website: http://ostrichholidays.com

Outdoor Expeditions Safaris Ltd. Kaunda Street, Jubilee Exchange, 7th floor, Box 44406-GPO, NAIROBI email: info@outdoorexpeditionsafaris.com website: http://outdoorexpeditionsafaris.com

Partners of Adventure Ltd. Highview Estate, Mbagathi Way,Box 5242,00506-NAIROBI email: dknjenga@wananchi.com website: http://partners-of-adventure.com

Paws Africa Safaris Ltd. Jacaranda Avenue, Lavington, Box 66229, NAIROBI email: pawsafr@wananchi.com Perry Mason Safaris Karen.Box 49655, NAIROBI,NAIROBI email: permasaf@africaonline.co.ke website: http://kenya-direct.com/mason

Peter De Mello Safaris Kenyatta Road, Box 70, NANYUKI, email:

Pollman's Tours and Safaris Taveta/Shimanzi Road, Mombasa,Box 84198, Mombasa,MOMBASA email: pollmans@pollmans.co.ke website: http://www.pollmans.com

Preps International Ltd. Finance House, 7th Floor,Loita Street,Box 25146,00603-NAIROBI. email: prepsinternational@wananchi.com

Private Safaris (E.A) Ltd. Twinstar Building – 3rd floor, Mombasa Road, Box 45205, NAIROBI,00100-NAIROBI email: nairobi@privatesafaris.co.ke website: http://privatesafaris.co.ke

Pioneer Travels Ltd P.o.Box 47325-00100 Nairobi info@pioneersafari.com

Rajair Travel Group Rehema House, Ground floor Arcade, Kaunda Street, Box 45907, NAIROBI email: rajair@africaonline.co.ke website: http://africa-holidays.com

Raydoll Tours & Travel Ltd. Ambank House – Lower ground floor, University Way, Box 20731,00202 NAIROBI email: raydoll@africaonline.co.ke

Raylenne Tours & Safaris Ngara Road,Box 1229,00100-GPO email:

Roin Hurt Safaris (K) ltd P.O. Box 24988 Nairobi 00502 Kenya rhsk@swiftkenya.com Residents Travel Den Ltd Centro House, Ring Road, Westlands, Box 14960, NAIROBI, NAIROBI email: residentstravel@wananchi.com

Rhino Safaris Ltd. Ngong Road, opposite Baptist Church, Box 48023, NAIROBI. email: rhinosafarisnbo@kenyaweb.com

Richard Bonham Safaris Karen,Nairobi,Box 24133, NAIROBI,NAIROBI email: Bonham.Luke@swiftkenya.com website: http://richardbonhamsafaris.com

Rickshaw Travels Kenya Ltd. Salama House, 4th floor – Wabera street, Box 46536, NAIROBI,00100-NAIROBI email: admin@rickshawtravels.com website: http://rickshawtravels.com

Robin Hurt Safaris No. 76, Dagoretti Road – Karen, Box 24988,00502-NAIROBI. Email: rhsk@swiftkenya.com

Romantik Safaris & Travel Ltd. Standard/Wabera Street – City House, Box 9494,00300-NAIROBI email: romantiksafaris@hotmail.com

Royal Host Tours & Safaris Uhuru Highway – View Park Towers 2nd floor,Box 21996,NAIROBI email: royalhosttours@iconnect.com

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