

**APPLICATION OF INTERNET AS A GROWTH STRATEGY BY HOTEL
INDUSTRY AT THE KENYAN COAST**

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DECLARATION

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

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This research proposal has been submitted for examination with my approval as the candidate's university supervisor.

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DEDICATION

This research project is dedicated to my father who inspired me to attain my academic potential and also to my mother for her patience and encouragement throughout the period of my research writing and Mr. Samuel Munyao for continued patience and support to get me achieve my dreams (thank you sir). Lastly to my son Emmanuel Nzai who gave me a reason to wake up in the morning. For this I say thank you all and God bless.

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ABSTRACT

Tourism is one of the six key pillars for growth under Kenya's vision 2030 and hence, this sector may be a primary means of realizing the goal of economic development of undeveloped regions. Hotel sector has a dramatic influence on tourism volumes, but can still significantly affect the path of development by putting a new area or type of product on the map. It is vital for the hotels to remain competitive and the application of internet has been found to improve business growth with internet providing the opportunities for firms to compete on equal terms. In spite of the internet's potential businesses therefore firms engage in growth and expansion strategies that will enable them to respond to the environmental challenges in order to gain competitive advantage over their competitors, increase market share and for continued survival in the market. This study adopted a descriptive design with main focus on quantitative data. The study population focused on senior management staff at the hotels because they are mainly involved in strategy formulation this include the operations managers, the human resource managers, Customer relations manager and the information technology managers. The study utilized primary data. The researcher used closed ended questionnaires to collect information. A total of 44 usable questionnaires were obtained. The aim of this study was to examine the application of internet as a growth strategy and determine factors influencing application of internet as a growth strategy by the hotel industry at the Kenya coast. The study found out that hotels use internet to a great extent to enhance communication between their organization and stakeholders in exploring and approaching new markets .The main application being on Market development and Product development growth strategies. Internet supports hotels by taking advantage of low cost advertising, bringing new services to the market, quick and efficient expansion entry into new geographical markets. They have focused a lot on regional and international advertising but not much on establishing new distribution channels. The finding support past research that whereas firms perceive use of internet as important they do not use the internet to its full advantage for growth. The study recommends that the hotels comes up with product differentiation strategies by segmenting the customers based on their needs, size and type of business and designing products.

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LIST OF ABBREVIATIONS

EO	Entrepreneurial Orientation
GDP	Gross Domestic Product
HRA	Hotel and Restaurant Association
ICT	Information Communication Technology
ISP	Internet service provider
ITs	Information Technologies
KAHC	Kenya Association of Hotel and Caterers
KTB	Kenya Tourism Board
KHC	Kenya Hotel and Caterers
SBU	Strategic Business Units
UNWTO	United Nations World Tourism Organizations
US	United States
WTOBC	World Tourism Organization Business Council

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The need for survival of many business enterprises in the competitive business environment has triggered the need for growth, this is because profitable growth is considered to be a key driver of shareholder value, organizational vitality and competitive sustainability. Corporate growth is also important for the national economy as it is a key determinant of job creation and the general prosperity of a nation. In addition, increased size has been associated with visibility, prestige and the ability to withstand environmental shocks (Hannan 2000). For these reasons, growth is often viewed as an important organizational outcome, and firms have a number of motivations to expand (Penrose 1980).

Ansoff model presents a strategic grid that can assist firms identify their future strategic growth direction and is used when firms are planning for growth (Ansoff 2000). The matrix itemizes four basic ways in which a firm can develop its portfolio of products and markets. It also emphasizes the degree of risk of the approach. To present alternative cooperative growth strategies, Ansoff presented a matrix that focused on the firm's present and potential products and market (consumers). In this model, potential areas where competencies and generic strategies can be deployed are depicted in four broad alternatives; market penetration, market development, product development and diversification.

While hotel is one of the world's largest industries, coastal hotel sector is the fastest growing form of tourism, with a marked increase over the last decade. The economic importance of coastal hotel tourism is unquestionable. It represents one of the main

sources of revenue for many countries and regions. Meanwhile, many developing countries are planning for tourism to be the backbone of their future development prospects KTB (2011). However, a desire for economic profit from the tourism industry, to be achieved at any cost and in the shortest possible time, leads to a constant, albeit very often uncontrollable growth of tourism activity. In this context bringing tourism growth to a sustainable level, at the same time, enhancing the tourism product, attracting diversified clientele and upgrading the quality of the offer and services, are seen as priorities allowing for tourism development to satisfy both visitors and those who make living out of it (UNWTO).

1.1.1 Growth Strategy

A pioneering researcher (Chandler, 1962) on this subject defines strategy as “the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”. Similarly, another early scholar (Ansoff, 1965) views ‘strategy’ as “decision rules and guidelines” required by a firm for its “orderly and profitable growth”. However, apart from this “design view of strategy”, more recent works on strategy recognize that a strategy can be more than an explicit, formal planning (Johnson & Scholes, 2002). In other words, not only can a strategy be a plan, but also a ploy, a pattern, a position, or a perspective (Mintzberg, 1987), depending on the context of discussion.

For many organizations, especially for those who engage in multiple industries or businesses, a distinction can be made between a strategy at the corporate level and at the business level (Mullins, & Larreche, 2003). At the corporate level, a strategy should focus on the selection of a set of businesses and on the resource deployment between

them. At the business level however, a strategy is to deal with the question of “how to compete in a particular industry” (Hofer 1978). As noted in Johnson (2002), the business strategy of a firm is primarily concerned about “how advantage over competitors can be achieved; what new opportunities can be identified or created in markets; which products or services should be developed in which markets; and the extent to which these meet customer needs in such a way as to achieve the objectives of the organization”. Those questions are of this paper’s interest.

Among the influential strategy typologies are Porter’s (1980) typology, Abell’s (1980) typology and the Miles and Snow typology (Miles et al., 1978). Porter’s (1980) typology claims that a company can follow only three generic strategies that is a cost leadership strategy, a differentiation strategy and a focus strategy. Built on the dimensions of a business’ scope and the segment differentiation, Abell (1980)’s classification also suggests three possible generic strategies, namely differentiated, undifferentiated and focus strategy.

It has been widely recognized that the internet and the hotel industry are highly compatible. The nature of service distribution revolves around the notion of intangibility and perishability rendering the manner in which information is communicated highly important hence application of the internet fulfils this role by virtue of its instantaneousness, increasing availability/accessibility, and its ability to provide the equivalent information at a much lower cost than traditional methods and channels (O’Connor and Frew, 2000). According to Law (2000), the internet is defined as a global

computer network, a 'network of networks' that links millions of computers all around the world, although, Law and Wai (2001) state, it is also a huge repository of information. More than that, it is also a marketing and distribution tool enabling travel suppliers to communicate directly with customers and facilitating equal competition (Williams and Palmer, 1999; Law and Wai, 2001). Intrinsic to the phenomenon of the internet is its tremendous growth and inherent value. According to Nortel networks, the value of the internet economy was forecasted to reach \$2.8bn in 2003, representing 7 per cent of global GDP (Alford, 2000).

An alternative forecast predicted that the internet would account for one in every four travel purchases in the main generating markets within the next five years (WTOBC,2001). The rapid growth of the hotel industry requires sophisticated information technologies (ITs) for managing the increasing volume and quality of tourism traffic. (Christian,2002;Lubetkin 1999,) the emergence of new tourism services and products, coupled with a rapid increase in tourism demand, have driven the wide scale application of ITs in general and in particular the internet as an electronic intermediary. In other words, the internet serves as a new communication and distribution channel for the hospitality industry this enabling tourism businesses to improve their competitiveness and performance.

1.1.2 Hotel Industry in Kenya

The hotel industry is one of the world's largest and most important industries. In the United States alone it directly and indirectly generates millions of jobs for Americans,

with billions of dollars in economic contributions, which benefit large segments of society, as well as the federal, state, and local governments (Goeldner and Ritchie 2009). Madanoglu, Morea and Leong (2003) also stressed that almost 90% of the U.S. labor force are employed in the service industries, many of whom work in the various hospitality sectors. Indeed, the view of the hospitality industry first and foremost as a vital element within the service sector, while focusing on the vocational, business and managerial dimensions of the industry, has been the dominant approach in the field of hospitality studies. On the other hand, for the most part, there have been relatively few attempts at conceptualizing the nature of hospitality and its various meanings and implications for society (Henning, Levy and Ritchie 2005).

Hospitality economic sector is a service-giving sector, which evolved in line with the coming of transportation industry and start of trading, Kamau and Waudu (2012). It is one of the oldest professions and is major economic activity all over the World. It is a popular generic name for hotel and restaurant industries. According to Ottenbacher, Harrington and Parsa (2009), it includes Lodging (Hotels, Motels) Foodservice (Restaurants, Caterings), Leisure (Vacations, Parks, Sightseeing, and Hiking), Conventions (Meetings, Trade Shows), Travel (pleasure, business) and attractions (fairs, gatherings, shows). Hospitality industry is labor intensive service giving economic sector and gives job opportunities for millions of people. Hotel is therefore part of hospitality sector and it is a commercial establishment providing lodges, meals, and guest services.

Hospitality industry in Kenya has evolved at the coast region for the first time. This was because of the coming of Arab traders and railway- line construction workers in the region. Their presence necessitated the building of the first catering establishment at the coast, which was known as the grand Hotel of Mombasa built at the present sit of Manor Hotel, Kamau and Waudu (2012).They also argued that following the construction of railway, there was a growing demand for catering and the Hospitality industry service. This led to the demand for trained personnel. In 1960, Hotels like Norfolk had reached international five star rating. Later in 1975, Hospitality training was also started at Kenya Utalii College with a limited capacity. The Hospitality service economy in Kenya is one of the major sectors generating more income and job opportunities in the country. It includes Hotels, Restaurants, and Pubs. The Hospitality industry gives services like food and beverages; lodge for any people who want the services. The business operation of Hospitality industry has direct relation with the business operation of Tourism industry. According to Wadongo, Odhuno, Kambona, and Othuon (2010), the Hospitality industry made a significant contribution for the economic development of the Country. It is also becoming source of job opportunities for many people. Wadogo (2010) argued that the World Travel and Tourism Council (2006) explained that Hospitality industry in Kenya contributed 509,000 jobs in 2007 and forecast that the industry will contribute 628,000 jobs in 2017.

This steady growth in the sector shows that it is contributing a lot for the general economic development of the Country. One of the industries in the Hospitality sector is Hotel industry. It is part of Hospitality sector which includes 5-star, 4-star, 3-star, 2-star,

1 star and other Hotels. Hotels in Kenya present diverse range of services to suit tastes of customers. Class, elegance, ambiance and quality services are the major distinguishing factors of the hotels. Hotels in the industry are operating in high competition. Despite the high quality and good facilities of Kenyan Hotels, Competition for resources and market share in the Hotel industry in Kenya is becoming extremely high. Companies operating in the Hotel industry are facing higher competition in the market for skilled labor in the Hospitality profession and for market share. Customers' expectation and preferences are also increasing from time to time. Because of these and other globalization factors, companies should revise their strategy and invest more amount of money in their premises to compete effectively. They should identify their core competences and unique resources to adopt positioning strategy to get competitive advantage in the high competitive market in the industry.

Hotel industry is all forms of business relating to the provision of accommodation in lodging, food and drinks and various types of other services that are interconnected and form intended for the public service, both of which use the lodging facilities or who simply use the services or the production of certain of the hotel. The hospitality industry has been eager to capitalize on the favorable tourism outlook and the hotel pipeline has more than doubled in the past year. KHC (2013), however, it is among the most visible and easily identifiable sub sector within the accommodation business, but there are a vast number of different types of hotels each catering for different needs and segments of the accommodation market, this include but not limited to business and conference hotels,

resorts, villas and serviced apartments among others, its mix of functions include bedrooms, restaurants, public and function rooms and leisure facilities.

1.1.3 Hotels in Coastal Region

While hotel is one of the world's largest industries, coastal hotel sector is the fastest growing form of tourism, with a marked increase over the last decade. The economic importance of coastal hotel tourism is unquestionable. It represents one of the main sources of revenue for many countries and regions. Meanwhile, many developing countries are planning for tourism to be the backbone of their future development prospects KTB (2011). However, a desire for economic profit from the tourism industry, to be achieved at any cost and in the shortest possible time, leads to a constant, albeit very often uncontrollable growth of tourism activity. In this context bringing tourism growth to a sustainable level, at the same time, enhancing the tourism product, attracting diversified clientele and upgrading the quality of the offer and services, are seen as priorities allowing for tourism development to satisfy both visitors and those who make living out of it (UNTWO, 2010).

The coast of Kenya forms an important and integral part of our nation's appeal as a world class tourism destination, the coast is a destination in its own right, but it can also be combined with wildlife safaris and other types of holidays elsewhere in Kenya and the wider East African region (KTB, 2014)

1.2 Research Problem

The ability of firms to grow is important because firms with low or negative growth rates are more likely to fail in essence growth tends to be considered a logical consequence of innovative, proactive and risk taking behavior on the part of the firm as these are also the dimensions which define an entrepreneurial orientation (EO). It is therefore prudent for organizations to ensure that all resources and conditions are available for firms successive growth though there are other variables that define firms growth at any given period of time dependent on the size of the firm, age of the firm, top management support and continual innovation rates Dollinger (2006). Growth is precondition for the survival of a business firm. An enterprise that does not grow may in course of time have to be closed down because of its obsolete products (Saxena, 2005).

Hotel industry in the Country has significant contribution for the gross domestic product (GDP) of the Country. The Hotel sector economy has the following contribution for the years 2006-2010. The contribution in the form of percentage from the total GDP (GDP%: IN 2006: 1.5, IN 2007: 1.6, IN 2008: 1.1, IN 2009: 1.7 and IN 2010: 1.7) and job opportunities for many people in the country. Currently, the Hotel industry is operating under high competitive business environment. The competition for market share among Hotels and Restaurants in the sector is increasing from time to time. Customers' preferences for products and services are increasing faster than ever. They also give more value for money and seeking alternative services instead of having one supplier. Like any other economic sectors, hotel and tourism industry is facing the challenges of globalization. Due to such increasing rate of competition, the hotels have to use effective

strategies such as application of internet to gain competitive growth advantage in the industry.

Related studies have been done on growth strategy, these studies were however organizational and industry specific, Wan (2002) on the web sites of international tourist hotels and tour wholesalers in Taiwan examined the use of the web sites as an interface of internet and indicated that the use of the internet in Taiwan's tourism/hospitality industry is primarily for advertising. Thomson (2000) on a contingency model of internet adoption in Singapore examined that aggressive technology policies, top management support, potential relative advantage and compatibility of the internet with organization culture/infrastructure are significant in influencing the adoption of the internet. (Njoroge 2003) on a study on the application of diversification strategy on the Nation Media group, indicated a related form of diversification as a widely applied growth strategy. (Wanyande 2006) in her study to determine the extent on which Ansoff's growth strategy is applied by internet service providers (ISPs) found that Ansoff's growth strategy is widely applied for the achievement of growth. Her study also concurred with (Engel, 2002; McCarthy 2000) both who had argued on the achievement and growth of organization using Ansoff's growth strategy is eminent and players in the industry define and focus on how to achieve growth. Whilst the issue of growth in the hotel industry, the literature on growth is sparse and therefore a need to explore the hotel industry in Kenya. This study will seek to answer the research question: Is application of internet a growth strategy in the hotel industry at the Kenyan Coast?

1.3 Research Objectives

The research objectives of this study are;

- i. To examine the application of Internet as a growth strategy in the hotel industry at the Kenyan Coast.
- ii. To determine factors influencing application of internet as a growth strategy in the hotel industry at the Kenyan Coast.

1.4 Value of the Study

This study will be of value to various stakeholders, it will be useful to hotel firms in Kenya and elsewhere in the world as it will add knowledge on alternatives application strategy of the internet in the hotel industry as technology is revolutionizing and how updated version of the same will lead to competitive advantage for the firms. It will also benefit by assessing, evaluating and reviewing their strategic internet application as a tool for competitiveness in the face of the changing business environment. Further, the study will be useful to scholars and academic as it will form a basis for further research into the area on internet application by hotel firms.

The report will be of great value to the investors in the industry. It help them understand the various growth strategies in the industry and the factors that determine the strategies to be applied. The report will also act as a motivation to the industry players to adopt specific business models to strategically position themselves in the competitive business environment.

The academic fraternity will find the report important in helping them understand one of the fastest growing sectors of the economy. In effect it will open up research and study opportunities in areas not adequately covered in the report

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses relevant literature information on the study topic and in line with the research objectives. The chapter begins with the theoretical foundation of the study and concluding empirical review of the literature and summary of the study.

2.2 Theoretical Foundation of the Study

An understanding of the new firm's growth process is useful in demonstrating how and where time is a relevant concern for new firms (Slevin and Covin, 1997; Macpherson, 2005). Growth may be achieved quickly, slowly, or not at all, depending on the strength of the growth aspirations and growth enabling factors such as management capability, market opportunities and organizational resources (Chrisman and McMullan, 2004). Growth strategies refer to a strategic plan formulated and implemented for expanding firms businesses. They focus resources on seizing opportunities for profitable growth, alter company's goals and business process to challenge conventional wisdom, identify emerging trends and build businesses. The reason driving enterprises towards growth are valid from enterprise to enterprise including need for survival in the competitive business environment. Other factors precipitating from growth include development of modern technologies; prestige and power associated with big enterprises and need for self sufficiency in terms of marketing of products therefore in view of this the following are the theories in this context.

2.2.1 Forms of Growth

Business growth takes place in many ways and can be divided into two broad categories, organic and inorganic growth. Organic growth can also be termed as internal growth. It is growth from within. It is planned and slow increase in the size and resources of the firm. A firm can grow internally by ploughing back of its profits into the business every year leading to the growth of production and sales turnover of the business, increase in the sales of existing products or by adding new products, asset replication, exploitation of technology, better customer relations, innovation of new technology and products to fill gaps in the market place (Brunner, 2004). Internal growth is slow and involves comparatively little change in the existing organization structure. The ways used by the management for internal growth include intensification, diversification and modernization. Inorganic growth strategies refer to external growth and involve a merger of two or more business firm. A firm may acquire another firm or firms may combine together to improve their competitive strength. External growth has been attempted by the business houses through mergers, acquisitions and joint venture. It is fast and allows immediate utilization of acquired asset. Brunner (2004), says it is less risky as it does not result in expansion in capacity. Firms that choose to grow inorganically can gain access to new markets and fresh ideas that become available through successful mergers and acquisitions (Domadaran, 2002).

2.3 Ansoff Growth Model

The model presents strategic grids that can assist firms identify their future strategic growth direction and is used when firms are planning for growth. The matrix itemizes four basic ways in which a firm can develop its portfolio of products and markets. It also emphasizes the degree of risk of the approach. To present alternative cooperative growth strategies, Ansoff presented a matrix that focused on the firm's present and potential products and market (consumers). In this model, potential areas where competencies and generic strategies can be deployed are depicted in four broad alternatives; market penetration, market development, product development and diversification.

2.3.1 Market Penetration

The company is trying to expand its sales in the existing market. Existing products are sold to existing customers. This strategy is used by companies in order to increase sales without drifting from the original product-market strategy (Ansoff 1957). This means expanding sales based on existing markets. (Kotler 2000) explains this as a case where products remain unchanged and no new segments are pursued. Instead, the firm concentrates on enhancing its existing internal competencies as well as building new ones which would enable it push further into existing markets. (Lancaster 2000) confers that market penetration means trying to increase sales of a firm's present produce in its present markets through a more aggressive marketing mix. The firm may try to increase the customer's rate of use or attract competitor's customers or current non users. In this strategy all competitors can grow and the perceived level of rivalry is low. At the mature and decline stages of product development however, continued growth comes through taking a share from competitors.

A market can be penetrated through adoption of a superior marketing mix (Salmon 2001). To adapt to the opportunities and limitations imposed by the environment requires the use of certain variables including price, place, promotion and product. These variables present the working tools needed to penetrate a market. The overall objective is to unite these tools into an organized and integrated program (Engel 2010) and the goal is to maximize long run return on company investment. Each of these variables contributes in a unique fashion to the overall objective of market penetration. According to (Stonehouse et al 2007) firms should come up with product policies whose purposes are to adapt to the target market through design of products which successfully aims to satisfy the need, desires, attitudes and other influences which will motivate the target buyers,(Porter, 1980) also stresses that the product must be created and marketed with full awareness of competing brands, legal restrictions and probability estimates that economic circumstances will facilitate an adequate level of demand to provide a profit over the product life cycle.

The appropriate marketing mix will be dictated by the target market. Firms should therefore explore the ways of identifying the attractive market opportunities and developing appropriate strategies (Wanyande 2006).Information communication and technology hotel industry can use the strategy by striving to sell more of the same product or service in the current market and aim at trying to change incidental clients and regular clients into heavy clients. They can achieve this by improving on their quality and service delivery.Campbell (2002) assents that competence development may be centered

on improving efficiency so as to ward competitors. Pursuance of efficiency can be done through streamlined designs and reduction in overheads. Stonhouse et al (2002) explained that declining markets are more difficult to penetrate than those still in the growth stage. The hotel industry should strive to penetrate the market through efforts like repositioning the brands, launch of new promotions and advertising.

2.3.2 Product Development

This occurs when a company develops new products catering to the same market. It refers to significant new product development and not minor changes in an existing product of the firm. The reasons that justify the use of this strategy include one or more of the following: to utilize of excess production capacity, counter competitive entry, maintain the company's reputation as a product innovator, exploit new technology, and to protect overall market share. Often one such strategy moves the company into markets and towards customers that are currently not being catered for.

Although high growth firms are significantly more likely to possess products which managers judge to be innovative in some way than other firms, it may seem surprising that product innovation is not a more consistent characteristic of all high growth companies. The main reason is that the importance of product innovation to a firm's competitiveness varies considerably between industrial sectors. To Employ this strategy and all other firms is a long term viability of any business organization hence enables the firm to grow and improve market share.

For high growth firms, competitive tactics based on a combination of product differentiation and market focus are typical, with cost control as a necessary but not

sufficient condition for growth. In some sectors, active product development is a prerequisite for high growth. According to Koech and Evans (2000) innovation is the first commercial application production of a new process or product. It is the whole process from invention through to commercial use. Technological innovation is the transformation of an idea into a new or improved saleable product or operational process in industry or commerce. Innovation is must for technology – based firms, not just to survive but to grow.

2.3.3 Market Development

Growth oriented firms respond to new market opportunities. It includes new products or services to offer existing customers, obtaining new customers for existing products or possible diversification into other activities. Willingness and ability to respond to new market opportunities are a vital part of successful business development over an extended period of time.

However, developing new markets does not necessarily involve geographic market extension (Koech and Evans, 1998; Smallbone, 1995).The extent to which this is necessary varies between locations, and also between industrial sectors, differences in the extent of local market opportunities (Smallbone, 1995). Within identified niches, the innovative capacity of these organization means that they can constantly develop new products, services or processes (Koech and Evans, 1998).Growing firms in local locations remain active in extending their markets geographically, which is a reflection of their limited local market opportunities. Significant geographic extension of market at an early stage in the development of business can produce other demands on the company's

resource base which those concerned with either running or advising small firms to address. At the same time, growth oriented firms are more likely to be involved in export markets. High growth firms are able to increase the breadth of customer base. These firms tend to have lower level of dependence on largest customers (Smallbone 1995).

2.3.4 Diversification

This is a strategy that involves a firm to move into totally different lines of business perhaps to entirely unfamiliar products, markets or even levels in the production marketing system. It is the most risky of the four strategies since it requires both product and market development and may be outside the core competencies of the firm (Doyle 2000). Pursuing this strategy will depend on the market situation, the financial reserves and skills of staff to take on new product lines. The various reasons firms pursue this strategy includes risk reduction, earnings stability, synergy, growth, adapting to customer needs and use of spare resources (Whiteley 2007). Also according to (Thomson and Strickland , 2008) diversification becomes an attractive strategy when a company runs out of profitable growth opportunities in its present business.

Mostly where firms have diversified many times. These moves are the result of acquisitions rather than new product program. There are two approaches to diversification strategy namely: related and unrelated diversification. Unrelated diversification involves acquiring or generating internally a business that is unrelated to the core business of a firm. Occasionally, firms acquire a business that represents the most promising investment opportunity available with the sole principle being the profit pattern of the acquired business in the hotel industry this could be outsourcing of cleaning services. The main concern is usually to create a financial synergy rather than creating a product a product-market venture.

This type of diversification is based principally on profit consideration. On the other hand, related diversification involves acquisition of businesses that are related to the acquiring firm in terms of technology, markets or products example include resorts or apartments. The new business selected usually possesses a high degree of compatibility with the firm's current business. The ideal related diversification occurs when the combined company profits increase strengths and opportunities and decreases weaknesses and exposure to risk.

2.4 Empirical Evidence of Internet as growth strategy

Emmanuel and Lloyd, (2003) studies focused on how application of internet leads to operations efficiency of the firm and stressed the immense capacity of the internet to revolutionize the functioning of the organizations and it is commonly claimed that the internet has significant potential to transform not only the ways in which business compete (Boyer, 2001) but also the manner in which organizational members interact with each other and with their external environments (Kickul and Gundry, 2001).

Berthon, (2001) assert that the internet is radically transforming the ways in which businesses compete. In this regard, it is asserted that the internet makes it easier for consumers to generate significant competitive information and to undertake a range of comparative analyses at relatively low transaction costs (Hardaker and Graham, 2001). Other researchers have noted that the internet has the potential to make the objective of "just-in-time" systems more realizable in some business sectors, thereby increasing the efficiency of the supply chain (Bellman, 2001).

Saeed Sammie (1998) The Internet can also be deployed as a vehicle for revenue enhancement, for example, direct sales, promotion, and as a communications tool. These applications are currently more common and their popularity is growing rapidly. Revenue generation activities differ from the business process use of the Internet in that they can involve any qualified individual wishing to purchase a company's goods and virtually any firm can acquire the internal capability to promote its goods and take orders online.

Unlike television advertising, internet advertisers pay only when a user clicks through to their website, gaining a reliable measurement of customer acquisition costs (Court, 2005; Laffey, 2007). In addition, a large amount of computer readable data on marketing performance is now becoming available via search engines and other information technology tools (Economist, 2007a; Epstein, 2007; Varian, 2006). This allows firms to use data on revealed preferences rather than intentions, and sampling is no longer necessary when you have the whole population available (Gupta, Hanssens, Hardie, & Kahn, 2006).

Poel and Leunis (1999) believe that the Internet is an important channel of distribution for consumers. According to recent studies, the Internet is the most effective when used as an advertising and marketing tool (Hoof, Hubert, Collins, Combrink, & Verbeeten, 1995; Kasavana, Knuston, & Polonowski, 1997; Walle, 1996). It can be contended that the Internet is changing the daily lives of individuals, companies and organizations and the way they seek information. In addition, the validity of the Internet as an advertising and marketing tool has been proven (Kasavana et al., 1997).

As previously proposed, the application of the Internet plays a very important role within the development of information technology (IT). Walle (1996) has indicated that there is an increasingly available supply of travel and tourism resources on the Internet encompassing a broader base of users and potential users. In general, the Internet can be used in two distinct (but not mutually exclusive) ways: first, as a source of data by which the user accesses resources purely to get information; and second, as a means of marketing and facilitating business transactions. The Internet is changing the ways in which the hospitality industry plans, controls, operates, and integrates a majority of its business activities, including its marketing activities (Kasavana,1997).

2.5 Summary of Literature Review

As information is a source of power in negotiations with partners, the application of internet often redefines the power balance between partners, and changes their bargaining relationships. Perhaps, the hotel industry gain more advantages by using internet, as bargaining power is gradually relocated from institutional buyers and wholesalers to suppliers, due to the more effective and interactive communication they can achieve with their target markets. In addition, internet in combination with innovation and effective networking enables the firm in the industry to develop “virtual size” and empowers their competitiveness, hence they can develop and deliver the right product, to the right customer, at the right price and place, without over depending on intermediaries.

Hence, internet offers new management and business opportunities and can be applied strategically in atleast four different ways: gain a competitive advantage; improve

productivity and performance; facilitate new ways of managing and organizing; and develop new businesses.

Increasingly, internet or application of the internet enable travelers to access reliable and accurate information as well as to undertake reservations in a fraction of time, cost and inconvenience required by conventional methods. Internet improves the service quality and contributes to higher guest/traveler satisfaction. This is because the gap between consumers' expectations and perceived experiences is smaller and thus, unpleasant surprises from the destination or principals are minimized.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the methodology that was employed in the research project. It detailed the research design, population under study, sampling technique used, the data collected and data analysis method.

3.2 Research Design

A cross sectional survey was adopted in carrying out the study, this was to determine the application of internet as a growth strategy in the Kenyan Coast. This study was descriptive as its focus was on finding out what, when and how much of phenomena.

It also assisted in describing the variables in the study and to come up with a conclusive analysis on the research at hand. It pointed out that either the entire population or a subset was selected, from these individuals, data was collected to assist answer research questions of interest.

3.3 Population of the study

In this study the target population comprised all hotels operating in the Kenyan Coast which are classified by the Kenya Hotel and Association keepers 2013, an association approved by the Kenya Tourist Board in connection to the classification of major hotels and tourists destinations , there are 52 classified as star rated hotels in the Kenyan coast 2013 (Appendix 2).

The last grading and classification exercise of Kenyan hotels and restaurants was done in 2002. These hotels are spread in the region and are classified as town hotels, vocational

hotels, lodges and restaurants. Their sizes are in terms of bed capacity. In addition, hotels are key stakeholders that determine the performance of the tourism industry since they are the suppliers of accommodation and leisure services to tourists in this country.

3.4 Sampling Design

The sample size was 52 but the respondents was (44) of the hotels giving a response rate of 85%, with a mean of 4.318 and standard deviation of (0.83), the respondents were the human resource managers, operational managers and customer relationship managers (concierge), these hotels have met the guidelines and procedural policies to be classified as among the star rated hotel at the Kenyan coast and have obtained the ISO standards in the grading of the hotels respectively in the region.

The technique used was census survey as it is practical and can yield more comprehensive information, the survey makes possible the use of much larger and much more varied populations than would be possible for the same expenditure if one were making a complete enumeration.

3.5 Data collection

The researcher used primary data with closed ended questionnaire to collect the information. Target respondents were the Human Resource Manager, Information Technology Manager, Customer relationship Manager (Conceirge) and the Operations Manager. Statements were measured by five point Likert Scale.

In order to improve the response rate and quality of data gathered, the researcher administered the questionnaires personally and picked the questionnaires once completed.

3.6 Data Analysis

After data collection, the questionnaires were edited and coded for completeness and accuracy to avoid errors. Descriptive statistics tools of analysis that was used includes Tables, Frequencies, Mean and Standard Deviations, to represent the response rate and information on the variables under study.

In analyzing the data it was to determining factors influencing application of internet and examine the application of internet as a growth strategy in the hotel industry at the Kenyan coast. The analysis was done using SPSS.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings. The purpose of the study was to examine application of the internet as a growth strategy by the hotel industry at the Kenyan Coast. The objectives of this study were to examine the application of internet and determine factors influencing application of internet as a growth strategy in the hotel industry at the Kenya Coast. A five point likert scale was used to interpret the findings. The researcher made use of frequency tables, mean and standard deviation to present data. The researcher targeted a sample of 52 hotel firms out of which 44 responses were obtained.

4.2 Profile of Respondents

This study aimed to find out the general information of the hotels, ownership of the hotels including a category of locally or foreign owned being the first one, it was established that most hotels are foreign owned frequency 22 (50%) followed by locally owned frequency 10 (22.3%) while the rest is either both local and foreign owned frequency 12 (27.3%). From the findings most firms have been in operation for a period of ten years frequency 30 (68.2%) while ten years and above both have a frequency of 7(15.9%).

This study also sought to find out the branch network most firms have upto five branches frequency 38 (86.3%) followed by over six branches 4 (9%) and over twenty branches frequency 2(4.5%). While on a hundred percent rate all hotels were in unison that they are using internet for most of the activities in the hotels and it plays a great part in ensuring that the firm is growing in the market.

4.3 Application of Internet as a growth strategy

This study sought to find out how internet was used in the hotels, the findings under discussion is by use of the Ansoff growth strategies, the variables are measured by the use of the five point Likert scale to determine the appropriateness of the study.

4.3.1 Application of Internet to Product Development (New Product Present Market)

The researcher sought to find out application of Internet to Product development this is to determine how the internet enables the firms to be innovative and come up with new products in the existing market, a five point Likert scale was used to collect the data with 1 representing strongly disagree and 5 representing strongly agree. The likert scale measured the extent to which the respondent agreed on the use of internet to come up with new products in the existing market. The findings are as shown in Table 4.3.1.

Table 4.3.1: Application of Internet to Product Development

Statement	Mean	Standard Deviation
Generating Ideas	4.454	0.504
Service Launch	4.363	0.471
Market Research	4.046	0.834
Business Analysis	4.137	0.786
Operational Performance	4.545	0.708
Information Sharing	4.408	0.761
Resource Sharing	4.908	0.471
Knowledge Sharing	4.818	0.390
Product Development	4.908	0.291
Product Pricing	4.863	0.347

Source: Research Data (2014)

From the above table hotels apply internet to Product development to a large extent (4.908 SD=0.291) Followed by Product pricing (4.863 SD=0.347), Knowledge sharing (4.818 SD=0.39) Service Launch (4.363 SD=0.471) Generating ideas (4.454 SD=0.504) Operational Performance (4.545 SD=0.708) Information Sharing 4.408 SD=0.761 Business Analysis (4.137 SD=0.786) and lastly Market Research (4.046 SD=0.834) in that order

4.3.2 Application of Internet to Market Development (Present Product New Market)

The researcher sought to find out the use of the internet in venturing into new markets with existing product as a growth strategy for the firm. A Five point likert scale was used with 1 indicating strongly disagree and 5 strongly agree. The findings are as shown in Table 4.3.2.

Table 4.3.2: Application of Internet to Market Development

Statement	Mean	Standard Deviation
Taking advantage of Low cost advertising	4.386	0.784
Expansion into new geographic markets	4.863	0.579
internal and external communication	4.590	0.583
understanding of the Market	4.363	0.693
New services to the market	4.750	0.438
Develop customized services	4.818	0.390
Faster Service Delivery	4.318	0.828
Competitiveness	4.681	0.695
Operation Processes	4.091	0.857

Source: Research Data (2014)

From the above findings internet is highly used to enter new geographic markets (4.863 SD=0.579) as it is ranked highest in the order followed by developing more customized services (4.818 SD=0.39), enhanced competitiveness (4.681 SD=0.695), bringing new services to the market (4.75 SD=0.438), internal and external communication (4.59 SD=0.583), taking advantage of low cost advertising (4.386 SD=0.784), better understanding of market (4.363 SD=0.693), faster service delivery (4.318 SD=0.828) and changed organization processes (4.091 SD=0.857).

4.3.3 Application of Internet to Market Penetration (Present Product and Market)

The researcher sought to find out the application of Internet to market penetration with the market and product being present, this is to determine the extent to which internet enables the firm to venture into new markets, a five point likert scale was used to determine the measurement with 1 indicting strongly disagree and 5 indicating strongly agree. The findings are as shown in Table 4.3.3.

Table 4.3.3: Application of Internet to Market Penetration

Statement	Mean	Standard Deviation
Deeper Markets	4.545	0.549
Increase of the firms share	4.727	0.450
Relationship Marketing	4.590	0.725

Source: Research Data (2014)

From the above internet enables the firm to increase existing share of products and market mean of (4.727 SD=0.45), followed by conducting relationship marketing to penetrate other markets (4.59 SD=0.725), penetrating deeper into markets to capture a

large share of the market (4.545 SD=0.549), this therefore indicates that consistency use of internet ensure increase in existing share of product and Market.

4.3.4 Application of Internet to Diversification

The researcher sought to find out how the hotels use internet in new markets with new products, this is to determine how the firms use internet to venture into a totally new market that is similar to the core business activities. A five point likert scale was used with 1 indicting strongly disagree and 5 indicating strongly agree. The findings are as shown in Table 4.3.4.

Table 4.3.4: Application of Internet to Diversification

Statement	Mean	Standard Deviation
Increase in Size	4.545	0.590
Develop new markets	4.818	0.390
Increase customer base	4.727	0.450
Focus wider markets	4.863	0.579

Source: Research Data (2014)

From the above data internet is highly used to focus on wider market as it has the highest mean of (4.863 SD 0.579) Followed by developing into new markets mean (4.818 SD 0.39), Increase customer base (4.727 SD 0.45) and last on the least increase in size mean(4.545 SD 0.590).

4.4 Factors Influencing application of internet to growth Strategy

The researcher sought to find out factors influencing firms to use internet to achieve growth in the firm, by examining the statements below. A Five point likert scale is used

with 1 indicating strongly disagree and 5 indicating strongly agree. The findings are as shown in Table 4.4.

Table 4.4: Factors Influencing application of internet to growth strategy

Statement	Mean	Standard Deviation
Competition	4.659	0.607
Build brand	4.637	0.479
Market Research	4.591	0.497
Reach Consumers	4.091	0.520
Low cost advertising	4.228	0.788

Source: Research Data (2014)

From the above findings it is clearly evident that the mean value of competition (4.659 SD 0.607) has been adopted to highest extent in use of the internet followed by building brand mean (4.637 SD 0.479), market research (4.591 SD 0.497) low cost advertising (4.228 SD 0.788) and lastly reach consumers mean (4.091 SD 0.520). This are the factors summarized to achieve growth in the hotels, the management ensures that internet is utilized effectively to achieve growth.

4.5 Discussion of Findings

This study sought to find out the how the hotels apply internet to achieve growth, and a discussion and findings of other studies in comparison.

Mutua (2013) On growth strategies and the competitive advantage of commercial banks in Kenya examined that growth strategies influence the competitiveness of Commercial Banks, respondents indicated that they agreed with the statements product development is

one of the growth strategies that their firm has adopted in its foreign SBU, 70.7% product development strategy has helped their firm to effectively pursue and achieve competitiveness in its foreign SBUs. They also agreed with the statements, market development strategy is one of the growth strategies that their firm has adopted in its regional SBUs and has led to growth in size of the firm, and has helped their firms to effectively pursue and achieve competitiveness in its foreign SBUs by increasing sales and market share and comprises expanding into new geographical regions of East Africa which has increased the banks' profits.

Respondents agreed of diversification strategy on the competitive advantage of the commercial Banks. Respondents rated highly all the variables under diversification strategy as they did strongly agree with the statements. These statements include; diversification strategy is one of the growth strategies that their firm has adopted in its regional SBU and has increased its size, has helped their firm to effectively pursue and achieve competitiveness in other regional countries in terms of profits and sales growth, diversification strategy of their firm comprises developing new products for newly created markets in East Africa therefore boosting the company's product line and market size, the strategy has influenced their firms growth in sales and profits in regional SBUs which led to growth in terms of the size of the firm. The study also established that an influence of market penetration on the competitiveness of the commercial Banks, respondents agreed with the statements that market penetration is one of the growth strategies that the firm adopts in its regional SBU and has led to competitiveness due to growth in the market share and size of the firm, market penetration strategy of firms comprises vibrant promotion, distributing and pricing of existing products in already existing regional SBUs in East Africa.

Ayele (2012) on Positioning strategies adopted by five star hotels in Nairobi, Kenya examined that, five star hotels in Nairobi Kenya have adopted different positioning strategies based on different basis of positioning. Leadership positioning, extensive staff training and personal communication positioning strategies are the main strategies that all the six 5-star hotels have, an approach of highest extent where quality customer service positioning, physical attractiveness, information technology, safety and security, range of product offerings easy to do business, unique product features are the strategies for which five 5-star hotels have. Geographical coverage positioning strategy is the strategy where by hotels has less approach to the adoption of it. Two five star hotels have indicated that they have adopted positioning strategies based on corporate social responsibilities. This can lead to the conclusion that five star hotels in Nairobi, Kenya have adopted different positioning strategies that can help them to stay ahead in the stiff competitive market.

Nathan (2013) on Growth strategies and the competitive advantage of commercial banks in Kenya examined that in order to achieve competitiveness, firms need to come up with sound product development strategies which comprises of redesigning of its existing products that suit a wide range market and consequently will result to firms leading in terms of customer based and market expansion. Firms should also develop strategies that aim to increase the market share in a bid to achieve competitive advantage. This is because, market development strategy has been shown to lead to growth in size of firms, helped firms to effectively pursue and achieve competitiveness by increasing sales and

customer numbers and has enabled firms to expand into new geographical regions thus increasing their profits.

In our study majority of the businesses had developed a certain strategy for growth of their hotels. The study found that product development and market penetration strategy are mostly pursued followed by market development and diversification and on this in examining the application of internet as a growth strategy in the hotel industry at the Kenyan Coast, most hotels use internet to come up with personalized and customized services, and innovation is important to hotels growth as it improves services resulting into faster services. The study also established that most organizations closely monitor competitor behaviours and consumer activity to ensure that the profit margin used in markup pricing is one that maximizes net gains and avoids arbitrary decision making.

Businesses must see customers as their long term partners and need to make a commitment in maintaining the relationship through quality service and innovation, this is a good growth strategy. The finding of the study validates this literature as majority of the enterprises under survey were emphasizing on quality customer service through relationship management as a way of improving the turnover as well as business performance. Technology advances create new products and transform almost every stage of business.

On the second objective that is to determine the factors influencing application of internet, the study established that internet was mainly used to search information, sales transactions, interactive marketing as well as send emails, supply information, product and service development. In addition internet is used in generating new ideas from a wider range of sources, enhancing the effectiveness and efficiency of new service launch, market research in order to understand the market better and target it more effectively.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the purpose of the study which was to examine application of the internet as a growth strategy by hotel industry at the Kenya Coast. The objectives of this study were to examine the application of internet and determine factors influencing application of internet as a growth strategy by hotel industry at the Kenyan Coast.

5.2 Summary of Key Findings

The research study found out that majority of the companies had been in operation for over ten years. To address the first objective of the study, the researcher sought to find out the application of internet as a growth strategy by the hotel industry at the Kenya coast. The study established that most hotels use internet to enhance product development, market development and penetrate new markets. The study also found out that internet had enabled the hotels to come up with personalized and customized services. Innovation indeed was noted to be important in the growth of the hotels and this was practiced by coming up with new destinations and creative tourism products that are more flexible to customer requests. Also innovation was noted to improve services provided resulting into faster services and consequently higher profits. Internet again

rated second while meetings, conference, exhibitions and the ministry of tourism followed in their bid to continuously aim for new customers.

To address the second objective of the study that is, to determine the factors influencing application of internet as a growth strategy. The study established that mainly product and market development strategies were adopted. More emphasis though was placed on the role of internet in market development strategies. Internet was mainly used for sending emails, supply information, search information, e-brochures, sales transactions, interactive marketing and lastly product/service development. The respondents strongly agreed to five of the proposed reasons for use of internet in service development. They include generating new ideas from a wider range of sources, enhancing the effectiveness and efficiency of new service launch, market research in order to understand the market better and target it more effectively, business analysis, information sharing after collecting and categorizing it for use in service development.

The study found out that the role internet played in market development strategies were mainly to take advantage of low cost advertising, faster service delivery, enhanced competitiveness, enhanced communication between the organization and stakeholders, quick and efficient expansion into new geographical markets, better understanding of the market, bringing new services to the market, development of customized services and to make significant change in market processes all of which were rated highly by the respondents.

The study found out that internet had enhanced internal and external communication with the various stakeholders, improved their advertising channels by having quick and

effective expansion of geographical markets regionally and globally, increased their productivity, increased sales and distribution channel, increased profitability and improved their market position.

5.3 Conclusion

To address the issue on the specific growth strategies adopted which promotes business growth, the study concluded that in order to achieve growth, firms need to come up with sound product development strategies which comprises of redesigning of its existing products that suit a wide range market and consequently this will result to firms leading in terms of customer based and market expansion. Firms should also develop strategies that aim to increase the product in a bid to achieve growth. This is so because, product development strategy has been shown to lead to growth in size of firms, helped firms to effectively pursue and achieve growth by increasing sales and customer numbers and has enabled firms to expand into new geographical regions thus increasing their profits. Market penetration has been as the most aggressive strategy adopted by firms to gain a competitive edge as indicated by the respondents. It comprises of firms vibrant promotions, distributing and pricing of existing products in already existing market, helped firms to effectively pursue and achieve competitiveness in other regional countries and overall market penetration has influence growth in profits. Finally on the last growth strategy adopted by firms that is diversification strategy, it was noted that many firms had chosen to adopt this strategy. It enabled firms increase in size, helped them to effectively pursue and achieve growth in other regions in terms of profits and sales growth, developed new products for newly created markets, and enabled their firm increase the overall customer base. It was noted that firms choose to

diversify both in terms of products and markets so as to cover a wider market base and focus on increase on their sales.

Finally, the study concludes that internet enabled hotels to improve their overall efficiency especially in matters concerning internal and external communication, improved advertising channels, quick and efficient expansion into geographical markets regionally and globally, increased productivity, sales and profitability. On the same note the study concludes that internet was however, noted to have a strategic meaning for many companies and neither was it used actively to reach strategic aims.

5.4 Recommendations

Based on the above observations the study recommends that use of internet is of vital importance to hotels and should be taken into the overall strategy of the firm to enhance growth as a whole. High levels of internet integration should be applied to take significant benefit and successful of growth strategies adopted. The study also recommends that hotels should consider more use of internet in niche marketing, establishment of new distribution channels and to advertise in target markets and selected niches since it has a great potential to send personalized messages to well defined target groups.

5.5 Suggestions for Further Research

More studies should be carried out on growth strategies and how they affect the organizations competitiveness in the market because of the dynamism of the market environment which is always changing in terms of opportunities and threats thus

necessitating the change in the strategic approach. This will lead to the identification formulation and implementation of growth strategies.

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QUESTIONNAIRE

Appendix 1: Questionnaire

PART A: General Information

Kindly answer the following questions. Your answers shall be treated with confidentiality and used for academic purpose only.

1) Name of the Hotel-----

2) Year Established-----

3) Respondent's position/Title-----

4) Indicate the ownership of the Hotel

Locally Owned []

Foreign Owned []

Both Local and Foreign []

5) Is there any government participation in the ownership of your hotel?

Yes []

No []

6) How long has the hotel been in operation in Kenya?

1-10 Years []

11-20 Years []

Over 20 Years []

7) How many branches does your hotel have in Kenya?

1-5 []

6-10 []

Over 10 []

8) Do you offer internet hotel services?

Yes []

No []

Part B: Internet as a Growth Strategy

The following statements are descriptive of internet and the effects of competitive forces please rank each statement in the scale provided according to the extent of applicability.

Use the scale below and tick appropriately.

1-Not at all; 2-To a less extent; 3-To a moderate extent; 4-To a large extent; 5-To a very large extent.

Statement	1	2	3	4	5
Internet enables firms to serve the market more effectively with more personalized services and greater attention to product details					
Internet enables firm to build reputation in its niche and charge premium prices					
Internet has contributed to the growth of the hotel industry					
With internet consumers have knowledge of the product differences offered by the different hotels					
By linking hotels to customers internet create rapid, low cost, ordering capability that discourages customers from seeking other sources of hospitability services					
Internet makes it easier and less expensive for hotels to reach consumers directly					
Internet enables hotels to reach end users directly without intermediaries					
Internet makes it possible for hotels to access more of their business customers at relatively lower cost.					

Part C. Indicate whether the use of internet has enabled your establishment in Development of New Products and services in the below instances circle appropriately.

Strongly disagree 1 Disagree 2 Neutral 3 Agree 4 Strongly agree 5

Statement

Generating ideas	1	2	3	4	5
Service launch	1	2	3	4	5
Market research	1	2	3	4	5
Business analysis	1	2	3	4	5
Enhanced operational performance	1	2	3	4	5
Information sharing	1	2	3	4	5
Resource sharing	1	2	3	4	5
Knowledge sharing	1	2	3	4	5
Product development	1	2	3	4	5
Product pricing	1	2	3	4	5

Part D. How does the internet support your organization in Market Development

Strongly disagree 1 Disagree 2 Neutral 3 Agree 4

Strongly agree 5

Taking advantage of low cost advertising	1	2	3	4	5
Quick and efficient expansion into new geographical markets	1	2	3	4	5
Enhancement of internal and external communication	1	2	3	4	5
Better understanding of the market	1	2	3	4	5
Bringing new services to the market	1	2	3	4	5
Develop more customized services	1	2	3	4	5
Faster service delivery	1	2	3	4	5
Enhanced competitiveness	1	2	3	4	5
The internet has changed organization processes significantly	1	2	3	4	5

Part E: Market Penetration as a growth strategy in the firms.

Strongly disagree 1 Disagree 2 Neutral 3 Agree 4 Strongly agree 5

Statement	1	2	3	4	5
With internet our firm has penetrated deeper into the markets to capture a larger share of the market					
Use of internet has increased the firms existing share of products and markets as a way of penetration strategy					
With internet our firm has penetrated deeper into the markets to capture a larger share of the market					
Application of internet has expanded our products and services to various market segments					
Do you think internet enables the firm to conduct relationship marketing to penetrate other markets					

Part F. Application of Internet to Diversification

Strongly disagree 1 Disagree 2 Neutral 3 Agree 3 Strongly agree 5

Internet enables the firm to Increase in Size	1	2	3	4	5
The organization uses to develop new markets	1	2	3	4	5
Do you think internet enables the firm to increase customer base	1	2	3	4	5
Does application of internet enable the firm to focus on wider markets	1	2	3	4	5

Thank you for your time and co-operation

Appendix 2: List of Classified Hotels at the Kenyan Coast

- 1) AMANI TIWI BEACH RESORT
- 2) BAHARI BEACH HOTEL
- 3) BAOBAB SEA LODGE
- 4) BAMBURI BEACH HOTEL
- 5) BAMBURI BEACH RESORT
- 6) BEST WESTERN PLUS CREEKSIDE HOTEL
- 7) CASTLE ROYAL HOTEL
- 8) COASTGATE HOTEL
- 9) DIANI REEF BEACH RESORT
- 10) DIANI SEA RESORT
- 11) FLAMINGO BEACH RESORT
- 12) HILLPARK HOTEL – TIWI
- 13) INDIANA BEACH APARTMENT AND HOTEL
- 14) KENYA BAY BEACH HOTEL
- 15) KENYA SAFARI LODGES AND HOTELS
- 16) KILIFI BEACH BAY HOTEL
- 17) LEISURE LODGE BEACH AND GOLF RESORT
- 18) LEOPARD BEACH RESORT AND SPA
- 19) LOTUS HOTEL
- 20) MANSON HOTEL
- 21) MILELE BEACH HOTEL
- 22) MIDVIEW CENTRAL HOTEL
- 23) MNARANI CLUB
- 24) MONALISA HOTEL
- 25) NEPTUNE HOTELS
- 26) NEW PALM TREE HOTEL
- 27) NYALI INTERNATIONAL BEACH HOTEL
- 28) NORTH COAST HOTEL
- 29) ORA RESORT WATAMU BAY
- 30) PANGONI BEACH RESORT
- 31) PAVILLION HOLIDAY RESORT
- 32) PRIDEINN HOTEL
- 33) PINWOOD BEACH RESORT AND SPA
- 34) PLAZA BEACH HOTEL
- 35) ROYAL PALACE HOTEL

- 36) REEF HOTEL
- 37) ROYAL COURT HOTEL
- 38) SAI ROSE HOTEL
- 39) SAI ROCK HOTEL
- 40) SAROVA WHITESANDS BEACH RESORT AND SPA
- 41) SAFARI BEACH HOTEL
- 42) SENTIDO PALM BEACH
- 43) SERENA BEACH RESORT AND SPA
- 44) SEVERIN SEA LODGE
- 45) SHESHE BAHARINI BEACH RESORT
- 46) SUMMERLINK HOTEL
- 47) SUNLODGES
- 48) SUNRISE RESORT
- 49) SUN AND SAND BEACH RESORT
- 50) SOUTHERN PALMS HOTEL
- 51) TRAVELLERS BEACH HOTEL
- 52) VOYAGER BEACH RESORT