THE INFLUENCE OF E- MARKETING ON THE PERFORMANCE OF TOUR FIRMS IN KENYA

 \mathbf{BY}

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DECLARATION

I declare that this research study for the av	ward of degree of Master of Science in	
marketing in the University of Nairobi has not been presented for a degree in any other		
University or an examination body.		
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DEDICATION

This research project is dedicated to my mother Munisa Ahmed Mohamed, and to my fellow University of Nairobi students who may find it to be of help to them in their studies.

ACKNOWLEDGEMENT

First and foremost I thank the Almighty God, for granting me the strength, health and courage to complete this arduous task.

A special thank you to my supervisor Prof Munyoki for his guidance, insight and encouragement in the writing and compilation of this study. Your invaluable support and patience throughout this journey has been unreal and is appreciated from the bottom of my heart.

To my classmates and friends without whose interest and co-operation I could not have produced this study. I wish to thank them for supporting this initiative and affording me their time and sharing their experiences.

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ABSTRACT

Electronic marketing has become central to efficient operation of most industrialized nations in the past few years. Individuals use the Internet for several reasons including social interaction, obtaining information, and purchasing goods and services. Currently, seventy-eight percent of Internet users utilize the Internet to get information on products or services, and over fifty-four percent purchased products or services online. Given the high competition with the tour firms in Kenya, they offer comprehensive range of complementary services to support the adventurous holidaymakers that ensure they have a safe, enjoyable, and memorable experience. This study sought to establish the influence of e- marketing on the performance of the tour firms in Kenya. The study adopted a descriptive cross sectional design. The target population of this study consisted of consist of all the 116 firms operating in Nairobi. As sample size of 63 tour firms was taken using systematic sampling technique. Primary data was collected using questionnaires with both close-ended and open-ended questions. Respondents for this study were the marketing managers in the various Tour firms or their equivalents. Descriptive statistics were used to analyze the data collected from all the Respondents. The data collected was analyzed and presented in the form of, tables using frequencies, percentages, mean scores and standard deviation. The study found out that half of the tour firms in Nairobi have adopted e-marketing by offering e-product and that the level of consumer satisfaction in tour firms in Nairobi is good and thus e-product has been adopted in and few challenges were faced in adopting e-product in the tour firms. In addition the study established that e-product has great influence on profitability the organization. Moreover the study established that majority of the organizations consider customer satisfaction with on-line service delivery. The study also found out that E-marketing strategy has led to; increased profitability, increased market share, and expansion into new markets. The study concludes that tour firms conduct research before setting a fair price to consumers before placing it on-line and that e-pricing has a moderate effect on sales and that timely delivery of the product increases customer loyalty to a great extent. In addition, epromotion has great influence on profitability the tour firms as well as e-processing. The study recommended that tour firms in Nairobi ought to review their e-marketing strategies and bridge the existing gaps to gain a higher market share in the tourism industry in Kenya. The study also recommended that tour firms in Nairobi could adopt a hybrid of e-marketing activities in order to remain profitable and competitive. The study also recommends that tour firms in Nairobi could adopt a hybrid of e-marketing activities in order to remain profitable and competitive. Further, the management of tour firms in Nairobi should offer continuous training to the firm employees on e-marketing to equip them with skills that will help them in their mandates. This will assist the firms' human resource to work more efficiently and increase their productivity thus increase the firms' competitiveness.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The fast-paced growth in technology has allowed the development of the internet which has been geared towards creation of convenience for its users. The use of Internet has gained popularity in organizations globally; this has led to the creation of a new concept in marketing as "e-marketing" under relationship marketing. This has a philosophy to provide customers' needs as individual, creating value for customers and the development of communications network between the companies and individuals (Procter et al, 2013).

There are a number of indicators by which company performance may be judged. The balanced scorecard offers both qualitative and quantitative measures that acknowledge the expectations of different stakeholders and related an assessment of performance in choice of strategy. In this way, performance is linked both to short term outputs and process management (Johnson et al. 2006). An organization measurement system strongly affects the behaviour of managers and employees. Traditional financial accounting measures can give misleading signals for the continuous improvement and innovation required by today's competitive environment demands (Kaplan and Norton, 1992).

This study will be guided by hierarchy of effects model which suggests that here are six steps from viewing a product advertisement (advert) to product purchase. The job of the advertiser is to encourage the customer to go through the six steps and purchase the

product. This model is known as a "hierarchy" because the number of consumers moving from one stage to the next reduces, as you move through the model. There may be a lot of consumers that see the product advert but not everyone will make a purchase. It takes a lot of work to take a consumer from awareness to the final stage of purchase, so businesses need to ensure that they try their utmost to get customers from conviction to complete the final stage of purchase (Belch and Belch, 2003).

In spite of increased competition from other destinations, Kenya is still one of the foremost tourist destinations in Africa. Tourism in Kenya is mainly based on natural attractions, which include wildlife in its natural habitats as well as idyllic beaches. Approximately 10% of the country has been set aside for conservation of wildlife and biodiversity. Game viewing is a very popular pursuit. A Safari is such a popular product that has enabled the country to continue recording remarkable growth in the volume of visitors (KAWT, 2012).

The Kenya Association of Tour Operators (KATO) is a leading tourism trade association, representing the interests of over 300 of the most experienced tour operators in Kenya. It was founded in 1978 as a non-political member's organization with the following objectives: to promote Kenya as a prime destination in all trade markets worldwide; to ensure that a high standard of service is offered by the Kenya Travel Industry; to uphold the business ethics of the travel profession (Kenya Association of Tour Operators, 2014)

1.1.1 E-Marketing

E marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet (Ball and Duval, 2001). As the

Internet's technologies have advanced, businesses have adopted it as a sales and marketing medium. E-marketing is used by businesses to reduce transaction costs associated with conducting business, such as providing information about products and services. In addition, companies can use the worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting (Couclelis, 2004). E-marketing affects the traditional marketing, increasing efficiency and effectiveness in traditional marketing functions and also transforming the traditional marketing strategies. This transformation results in new business models that add value and/or increase company profitability (Strauss *et al*, 2008).

Kotler and Pfoertsch (2007) describe E marketing as a company's efforts to inform buyers, communicate, promote and sell its products and services over the Internet. If a company does its e-mail campaign right, not only will it build customer relationships but also reap additional profits. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. By such a definition, E-marketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity. Ball and Duval (2001) stated that the Internet and other technologies have been catalysts in propelling the world forward into new ways of doing business and in the process empowering the customer.

Mckintyrye (2012) noted that the use of e-marketing by organizations has allowed cheaper marketing of its products, a greater customer base and a more personal interaction in the marketing. This has enabled a better research of the customer needs and has allowed the provision for these needs easier at a reduced cost. The evolution of

internet marketing has led to better supply chain systems allowing the delivery of online goods to the customer allowing convenience to the customer while guaranteeing a sale for the firm. This system has allowed accountability to be more effective as compared to the traditional selling.

Tiessen and Wright (2011) confirm that internet marketing has allowed firms the access of new market niches as well increase opportunities beyond geographical boundaries curbing international entry barriers. Early adopters of internet marketing have gained a competitive advantage and established customer loyalty programs that have enabled them retain and gain new clients (Sparkes and Thomas, 2011)

1.1.2 Organizational performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. It involves the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Effective nonprofits are mission-driven, adaptable, customerfocused, entrepreneurial, outcomes oriented and sustainable. Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won't stand still (Pickton & Broderick, 2001).

Organizational performance encompasses accumulated results of all the organization's work processes and activities. Performance measures can be financial or non-financial. Both measures are used for competitive firms in the dynamic business environment. Financial measures of organizational performance include; return on assets, return on sales, return on equity, return on investment, return on capital employed and sales

growth. Non-financial organizational performance measures include; web-performance track variations in traffic page views, advertising impressions served and unique users.

The foundation of long-term performance is lifetime customer value; the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them. Web marketing strategy using the 4w's will result in an increase in efficiency within established marketing functions (Goldsmith & Lafferty, 2002). The technology of e-marketing transforms many marketing strategies resulting in new business models that add customer value or increase company profitability. Focusing on web performance many e-commerce companies collect data related to cost and usage of their websites, few of them understand, in detail, how well such information measures their sites' performance or how this performance compares with that of competing sites (Adam, Mulye, Deans & Palihawadana, 2002).

1.1.3 Tourism Industry in Kenya

Tourism sector currently accounts for about 10% of Kenya's Gross Domestic Product (GDP), making it the third largest contributor to the GDP after agriculture and manufacturing. It is also Kenya's leading foreign exchange earner generating about Ksh. 65.4 billion in 2007 up from 21.7 in 2002. The tourism sector is also a major source of employment. During the period between 2003 and 2007, the sector's contribution to employment generation grew at rate of 3 per cent annually, while earnings per employee rose by 18 per cent (GoK, 2012).

Tourism products in Kenya have been broken down into seven, namely: Beach; Wildlife; Cultural; Sports; Scenic; Adventure; and Specialized tourism, which includes educational

tourism, slum tourism, etc. Tourism's social, economic and environmental impacts are immense and complex, not least because tourism concentrates on vulnerable natural and cultural sites (GoK, 2012).

Kenya is ranked the fifth leading international tourist destination in Africa, receiving 1.575 million international tourist arrivals in 2008 (KNBS 2010). Wildlife-based tourism currently accounts for about 70% of tourism earnings, 25% of gross domestic product and more than 10% of total formal sector employment in the country (KNBS 2010). Conservation policies, related collaborative schemes, and tourism programmes play a crucial role in developing intervention measures to protect these nationally and internationally significant resources (Bulte et al. 2008). A widespread protected area system is in place with over 10% of its land area currently gazetted as national parks, national reserves or forest reserves: the system to date is comprised of 23 national parks, 28 national reserves, 4 marine national parks, 5 marine national reserves and 4 national sanctuaries Kenya Wildlife Service (KWS) 2010). These critical biodiversity areas are the backbone of a flourishing tourism sector; one out of two international visitors to Kenya is anticipated to have at least one wildlife appreciative/viewing opportunity during their stay (Odunga and Maingi, 2011).

1.1.4 Tour Firms in Kenya

The Kenya Association of Tour Operators (KATO) is a leading tourism trade association, representing the interests of over 300 of the most experienced tour operators in Kenya. It was founded in 1978 as a non-political member's organization with the following objectives: to promote Kenya as a prime destination in all trade markets worldwide; to

ensure that a high standard of service is offered by the Kenya Travel Industry; to uphold the business ethics of the travel profession (Kenya Association of Tour Operators, 2014)

The Kenya Association of Tour Operators (KATO) is Kenya's foremost tourism trade association, representing the interests of over 250 of the leading and most experienced professional tour operators in Kenya. The members offer a wide range of services that can be broadly divided into the following: Air safaris, Incentive travel group safaris, Custom safaris for individual travelers, Camping safaris (luxury & budget), Indian Ocean & Coast holidays, Cultural & Community Safaris, Golf Safaris, Agro Safaris, Special interest safaris (e.g. mountaineering, deep sea fishing, horse riding) (http://www.katokenya.org/). Tour operators in Kenya are supposed to ensure that Kenya is a sustainable tourist destination.

All members of the Kenya Association of Tour Operators are bound by the rigid rules of their own code of conduct. Intending safari visitors to Kenya are advised to arrange their holidays through one of our members whose addresses and telephone numbers are contained in the directory. This code of conduct is designed to ensure that all members of the Kenya Association of Tour Operators trade honestly which is the only ethical method of trading. The code covers trading in its widest sense between members of KATO, and overseas agents and principals and between members of KATO and their clients. Members of the association are required to signify their agreement to observe strictly the Ethics and Standards incorporated in the code of conduct and to abide by judgments reached by the ethics and standards sub-committee and the executive committee in any case in which the conditions of the code of conduct are considered to have been breached.

1.2 Research Problem

According to Holmes (2012), electronic marketing has become central to efficient operation of most industrialized nations in the past few years. He further asserts that the tourism industry cannot function efficiently without appropriate implementation of electronic marketing, due to the changing internal and external threats and opportunities facing the tourism industry. Computer technologies have drastically changed society and business in recent years (Baer and Brown, 2007). Individuals use the Internet for several reasons including social interaction, obtaining information, and purchasing goods and services. Currently, seventy-eight percent of Internet users utilize the Internet to get information on products or services, and over fifty-four percent purchased products or services online (Day et al, 2005). As the Internet's technologies have advanced, businesses have also adopted it as a sales and marketing medium. One of the benefits that accrue to businesses that adopt e-marketing is reduction of transaction costs associated with conducting business, such as providing information about products and services. In addition, other companies use worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting (Couclelis, 2004).

Given the high competition with the tour firms in Kenya, they offer comprehensive range of complementary services to support the adventurous holidaymakers that ensure they have a safe, enjoyable, and memorable experience. These services will include: where to get accommodation, both personal and effects to carry; pre- and post-holiday briefing packs including video of Kenya culture and game animals; a directory of advice and information services covering destination site and adventure activity (Sindiga, 1996).

A study carried out by Kiprotich (2012) on the relationship of e-commerce practices and performance of microfinance institutions in Kenya, found that e-commerce is the most effective and efficient marketing strategy of modern firms regardless its challenges of adoption in the organization. Also a study by Ondati (2011) on the influence of technology on the performance of manufacturing in Kenya found that technology is the only strategy companies can use to enter global markets and outsmart their competitors. Nyaanga (2007) studied ecommerce adoption and business process management in commercial banks in Kenya. Wataku (2007) studied on the extent to which the adoption of ecommerce has facilitated business clearing and forwarding firms in Nairobi. Kiyeng (2003) made a survey of the impact and challenges of business ecommerce in Kenya, and focused on e-sokoni. It is also not known of any other research that has been carried out on e-marketing and the performance of the tour firms in Kenya. Hence there exists a gap that the proposed research sought to bridge which was guided by the following research question: How does e-marketing influence the performance of the tour firms in Kenya?

1.3 Research Objective

The study sought to establish the influence of e- marketing on the performance of the tour firms in Kenya.

1.4 Value of the Study

The study findings are expected to be of great importance to various academic scholars and researchers. The documented report of this study will be readily available in the library and it will equip the learners with more knowledge and skills on effects of emarketing. The study will thus be useful as a basis for future empirical and conceptual

research, which would be helpful in refining and validating findings especially when a significant number of experiences is collected and studied.

The study will further be useful to the tour firms especially to decision makers involved in implementation of electronic services delivery strategies for their tour firms. Necessary improvements identified could be undertaken to enhance e-marketing usage in Kenya.

The findings of the study will provide policy makers with the challenges that organizations encounter in the process of adopting e-marketing hence enabling favorable conditions to comply with; and this will encourage growth and economical development. Additionally, the government, particularly ministries of trade, health and also science and technology will be provided with reliable information that will enhance the strategies to adopt in order to effectively improve the welfare of the public.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the theoretical framework and the empirical related literature. The conceptual framework and studies on green marketing approaches and marketing strategies have been covered.

2.2 Theoretical Foundations of the Study

The research study was guided by hierarchy of effects model

2.2.1 Hierarchy of Effects Model

The Hierarchy of Effects Model was created in 1961 by Lavidge and Gary. This marketing communication model, suggests that there are six steps from viewing a product advertisement (advert) to product purchase. The job of the advertiser is to encourage the customer to go through the six steps and purchase the product which include; awareness, knowledge, liking, preference and purchase. Customers see many adverts each day but will only remember the brand of a tiny fraction of products. Knowledge of the customer begins when the product is advertised using various communication channels which include; the internet, retail advisors and product packaging. In today's digital world this step has become more important as consumers expect to gather product knowledge at the click of a button. Consumers will quickly move to competitor brands if they do not get the information they want. The advertiser's job is to ensure product information is easily available (Belch and Belch, 2003).

Liking of the product involves customer willingness to buy a product after information search in the market concerning the product on offer. Preference involves consumers being loyal to a particular brand compared to competitor brands. At this stage advertisers will want the consumer to disconnect from rival products and focus on their particular product. Advertisers will want to highlight their brand's benefits and unique selling points so that the consumer can differentiate it from competitor brands. Conviction to a product is a stage of creating the customer's desire to purchase the product in the market. Advertisers may encourage conviction by allowing consumers to test or sample the product (Buzzell, 2004). Purchase involves is the final stage that consumers experience in the buying process. The advertiser may want the customer to purchase their product by emphasizing on the benefits of the product to the consumer (Belch and Belch, 2003). This stage needs to be simple and easy, otherwise the customer will get fed up and walk away without a purchase. For example a variety of payment options encourages purchase whilst a complicated and slow website discourages purchases. Companies should identify new ways of increasing purchase habits among consumers. Modern technologies like online purchase and mobile phone technologies should drive competitive companies thus minimizing costs of operation (Alexander and Schouten, 2002).

2.3 E-Marketing strategies

E-marketing is traditional marketing using information technology but with increased efficiency in established marketing functions (Strauss et al, 2008). E-marketing is a company's efforts to inform buyers, communicate, promote and sell its products and services over the Internet (Kotler and Keller 2000). E-marketing reaches far beyond the web. Many e-marketing technologies exist including software and hardware used in

customer relationship management and supply chain management. The use of the Internet by businesses and consumers has grown very rapidly. Virtually all firms in the USA now have some type of Internet presence, which means that in order to do business with them, their customers and suppliers must also have access to the Internet (Stanton and Stone, 1994). The Internet provides individuals with convenient and continuous access to information and if information is power individuals and organizations have more power than ever before. For instance they compare product features and prices using online search engines, and read product reviews from other consumers at websites (Strauss et al, 2008).

Traditionally the marketing mix is coordinated so that efficient product, price, promotion and place strategies are developed for products purchased over the counter. The internet is changing the way organizations sell products and services. Consumers now use the Internet to research and purchase products and services online. Organizations now need online strategies to attract and retain such customers. The e-marketing mix considers the elements of presenting the marketing mix online. E-marketing encompasses: e-product, e-price, e-place and e-promotion, e-processes, e-people and e-physical evidence.

2.3.1 E-Product

To capitalize on e-marketing opportunities, marketers must make five general product decisions that comprise its bundle of benefits to meet customer needs: attribute, branding, support services, labeling and packaging (Strauss *et al*, 2008). Stanton *et al* (1994) state that a product is a set of attributes assembled in an identifiable form; each product is

identified by a commonly understood descriptive (or generic) name. However, consumers are not really buying a set of attributes, but rather the benefits that satisfy their needs. Seemingly minor product changes can be the key to success (or failure) in international markets. Since consumers want satisfaction in the form of the benefits they expect to receive from the products or services, to design effective marketing programs, organizations need to know what kinds of products and services they are offering consumers. The idea of 'product' as potential customer satisfaction or benefits is very important. Burke (2004) argues that the basic point about any product is that it is a bundle of attributes. These attributes have to be brought out with the result that greater emphasis is given to creating subjective differences between competitive products through service and promotional efforts.

Smith (2003) explains that the product has always remained the key component of marketing mix. Demand can be influenced by making the firm's e-product appropriate, attractive and easily available to target consumers. Kabiru (2004) argues that based on perception rather than reality, value is a trade-off between price that is the customer's investment and benefits that is what the customer gets. Customers will only buy a product if they determine that it's perceived value exceed the price they have to pay for it.

2.3.2 E-Pricing

Price is the amount of money and/or other items with utility needed to acquire a product or service. As an allocator of resources, price determines what will be produced and who will get the goods and services provided (Stanton, *et al*, 1994). Price affects a firm's competitive position and its market share hence has a considerable bearing on a company's revenues and net profits. Kabiru (2004) argues that price is a perception of

value, which is never constant. The challenge therefore is to always position the eproduct with the value going up i.e. firms can either lower price, or increase benefits
more than increasing price. Strauss *et al* posit that the Internet puts upward pressure on
prices due to added expensive software such as online customer service, where customers
expect firms to return e-mail promptly, provide thorough help on frequently asked
questions functions online, and give telephone and other contact information.

Traditionally, pricing was about finding and including costs, discovering how much consumers are willing to pay, taking into account competition pricing then setting price. The Internet has made pricing very competitive. Many costs i.e. store costs, staff cost have disappeared for complete online stores, placing price pressures on traditional retailers. The Internet gives consumers the power to shop around for the best deal at a click of a button. Websites such as www.kelkoo.com compare products from different websites informing consumers of where the best deal is. Such easy access to information helps to maintain prices within the online world. E-pricing can also easily reward loyal customers. Technology allows repeat visitors to be tracked, easily allowing loyalty incentives to be targeted towards them. Payment is also easy. Currently, in e-banking, payments made over the Internet are almost exclusively conducted through existing payment instruments and networks (Ongubo, 2003). PayPal, Pesapal, M-pesa or online credit cards use allows for easy payments. However, the downside to this is Internet fraud, which is growing rapidly around the world.

2.3.3 E-Place

Distributors' role within a marketing mix is getting the product to its target market (Stanton *et al*, 1994). The most important activity in getting a product to market is

arranging for its sale from producer to final customer. Other common activities are promoting the product, storing it and assuming some of the financial risk during the distribution process. A distributing channel consists of the interdependent set of people and firms involved in the transfer of title to a product as the product moves from the producer to the ultimate consumer or business user. A channel of distribution always includes both the producer and the final customer of the product in its present form as well as any middlemen such as retailers and wholesalers. The channel for a product extends only to the last person or organization that buys it without making any significant change in its form. Stanton *et al* (1994), observe that a company wants a distribution channel that not only meets customers' needs but also provides an edge on competition. Strauss *et al* (1994) state that the Internet has changed the way electronic data interchange is used to establish structural relationships between suppliers and buyers, online intermediaries including wholesalers, retailers, brokers and agents.

2.3.4 E-promotion

The Internet enhances promotional coordination among intermediaries. Promoting products and services online is concerned with a number of issues. Firms e-mail ads and other materials to each other, and all firms may view current promotions on a website at any time. Having a recognizable domain name is the first stage towards e-promotion. Organizations such as newegg.com have successfully positioned the brand in the online world as an online bank. It is through promotional activities that a firm communicates directly with potential customers. Stanton *et al* (1994), observes that promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a product and the organization selling it, in the hope of influencing the

recipients' feelings, beliefs or behavior. The five forms of promotion include personal selling, advertising, sales promotion, public relations and publicity.

Kotler (1997) explains that companies can run the same advertising and promotion campaigns used in the home market or change them for each local market i.e. communication adaptation. Ronoh (2002) argues that modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. He observes that companies must also communicate with present and potential stakeholder and the general public. Ferrell and Pride (1996) observe that promotion mixes are methods of communicating with target markets about the values contained in an offering. Promotion is used for a variety of purposes and its symbolization aspects make direct contribution to increasing the value of an offering.

2.3.5 E-Process

Process is another element of the 7Ps of services marketing mix. Process is referred to the procedures, mechanisms and flow of activities by which the service is delivered i.e. the service delivery and operating systems. According to Normann, (2001) services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. The combination of these steps constitutes a service process which is evaluated by the customers. Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times. Creating and managing effective service processes are essential tasks for service firms.

2.3.6 E-people

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it. In Booms and Bitner's 7Ps services marketing framework, people are all directly or indirectly involved in the service encounter, namely the firm's contact employees, personnel and other customers. Due to the inseparability of production and consumption for services, which involves the simultaneous production, and consumption of services, service firms depend heavily on the ability of contact employees to deliver the service. Contact employees contribute to service quality by creating a favorable image for the firm, and by providing better service than the competitions (Korkman, 2006). Service providers are involved in real time production of the service. They are the "service". Much of what makes a service special derives from the fact that it is a lived-through event.

Service firms must find ways in which they can effectively manage the contact employees to ensure that their attitudes and behaviors are conducive to the delivery of service quality. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality i.e. heterogeneity in the performance of services. The quality of a service can vary from service providers and customers among many other factors (Normann, 2001). This lack of homogeneity in services creates difficulties for the service firms. As delivery of services occurs during interaction between contact employees and customers, attitudes and behaviors of the service providers can significantly affect customers' perceptions of the service. This is

important, because customers' perceptions of service quality and its value can influence customer satisfaction, and in turn, purchase intentions.

2.4 Organizational performance

A key concern of this study is related with the conceptualization and measurement of performance. Overall the literature suggests that it is required a multidimensional scale. One approach that is increasingly relied upon is the aggregation of various performance measures into a single measure of performance (Fillis, Johannson & Wagner, 2004). Firm performance is measured through sales volume, profitability and market share for the current period and perceived satisfaction with these measures when considering the previous year performance (Flavián & Guinalíu, 2006).

E-Performance involves identification of current market position in the web is an essential issue. Although many e-commerce companies collect cost and usage data about their Web sites, few of them understand in any detail how well such information measures their sites' performance or how success in attracting, converting and retaining customers compares with that of competing sites. However, since year 2000 investors have been insisting, if not on profits, at least on objective measures of a site's success in attracting, converting and retaining customers (Fillis, Johannson & Wagner, 2004).

Most measures of e-performance track variations in traffic-page views, advertising impressions served, unique users, and so on. But the foundation of long-term performance is lifetime customer value: the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them. A recent McKinsey study (Kemmler et al., 2001) shows that while the performance of Internet retailers is

improving, most media and content sites are going down. Thus, e-retailer sites are creating significantly more value than content sites.

2.5 Electronic Marketing Strategies and Organizational Performance

Electronic marketing strategies are the world's least expensive and most efficient marketing tool and help companies of all sizes to perform well. It helps them to disseminate sales and marketing messages, create one-to-one relationships, educate prospects, and support existing customers on a worldwide scale". Application of electronic marketing strategies, companies can have many benefits based on those features that the environment of Internet provides; following are the typical benefits for doing e-marketing to both companies and customers (Darby, Jones & Madani, 2003).

It is said that doing e-marketing is less expensive than doing traditional marketing. Because the new companies who want to do business over the Internet don't need to spend money to open new stores for selling products. In addition, both new and existing companies can reduce some costs for their firms such as the cost of printing the brochures, leaflets, or catalogue for introducing new products to the market (Darby, Jones & Madani, 2003). Moreover, most of services and communication are done over the Internet, so companies can decrease the number of staff in some departments, as the result they can lower the overhead costs. If companies can sell products directly to customers, they don't need the middle men and can save money for that. Some companies can also cut the cost of warehouse and inventory, because they just need to make an order from the suppliers when there are customers who order the products from their websites (Jutla, Bodorik & Dhaliwal, 2002). The age of information technology enables people to access the websites if they have Internet connection, no matter where

they live in the world. This feature becomes an advantage for companies who do business online and do e-marketing as such (Jutla, Bodorik & Dhaliwal, 2002). Through that the audience can know the information about companies, their products, making the purchase or creating the contact with one another, and so on. Companies can launch a marketing campaign over the Internet, people from everywhere can see it if they access to the website (Jutla, Bodorik & Dhaliwal, 2002).

E-marketing has the advantage that it has auto responders, email, and frequently asked question (FAQ). It helps to save time for both customers who look for the answers in some common questions and time of the staff of companies. Companies' staff instead can use the time intended for answering the same questions for doing other things, so they can work more efficiently (Jutla, Bodorik & Dhaliwal, 2002). Companies have an unlimited space on the Internet to store information about their companies as well as the products and other necessary information, such as reports, video, and advertising banner, news, financial information and so on. The monthly money to host a website is cheap and companies can store as much information as they want (Jutla, Bodorik & Dhaliwal, 2002).

Marketing on the Internet can create more interactivity between companies and customers. People can give feedback about products and services by posting comment on the sites. They can ask questions and get the answers quickly or immediately from companies' staffs or from other visitors. Through a website people can focus on the specific information they want to see, rather than the general information from the television which advertises about companies and products. Companies can also conduct surveys on their websites to know more about their customers as well as the prospects

(Jutla, Bodorik & Dhaliwal, 2002). Updating information in traditional marketing can be costly. However, in e-marketing information can be updated frequently as much as companies want without any cost.

2.6 Summary of Literature Review

The revolution in computer science, the Internet, information technology (IT), media and communications has changed the ways of conducting business today. In the last two decades, growing numbers of companies and enterprises have been using the Internet and other electronic communications to conduct marketing efforts and activities, giving the chance for E-marketing. It is one aspect of organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Technological changes, continuous reduction in hardware, improvement in data storage capabilities and advances in software have made computing more accessible, easier to use and more exciting. Organizations have started to look towards technology to drive down costs, improve performance and revolutionize traditional systems of production. Global competition, pressures of customization and restructured market places led to companies turning to Internet to help them differentiate, be more flexible and create niches (April and Cradock, 2000).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1Introduction

This chapter outlines the research design, target population, sample size and sampling method, data collection. It further discusses how the data was processed and tools that was used in data analysis and presentation.

3.2 Research Design

The research design to be adopted is descriptive cross sectional survey design. According to Cooper and Schindler (2000), a descriptive research design is concerned with finding out the; who, what, where, when and how much. Furthermore, a research design is structured, has investigative questions and part of formal studies. The design is appropriate because the main interest is to explore the viable relationship and describe how the factors support matters under investigation.

A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. This kind of study was used as it enabled the researcher to have an insight of the influence of e- marketing on the performance of the Tour Firms in Kenya. Descriptive design method provides quantitative data from cross section of the chosen population. This design provided further insight into research problem by describing the variables of interest.

3.3 Target Population

The population of the study consisted of all the tour firms operating in Nairobi. According to the Kenya Association of Tour Operators (2014) there are 116 tour firms operating in Nairobi. The selection of the tour operators was necessitated by the fact that all the organizations have their headquarters in Nairobi and thus it was easy to collect adequate data by the researcher.

3.4 Sampling Design

The study adopted systematic sampling. It is a method of selecting sample members from a larger population according to a random starting point and a fixed, periodic interval. Typically, every "nth" member is selected from the total population for inclusion in the sample population. The advantage of systematic sample is that it is really fast and easy to convenient when already a list of the units in the population is there. The researcher obtained the list of the population and then took a sample in which every 4th event was picked for the research and this resulted in 63 tour firms being selected for the study.

3.5 Data Collection

Primary Data was utilized in this study. It was collected by use of a questionnaire which will be semi structured. The semi structured questions were intended to capture data on the extent to which certain methods of marketing are considered effective. The questionnaires were administered through drop and pick later technique. The respondents for this study were the marketing managers in the various Tour firms or their equivalents.

Secondary data was collected from the marketing materials obtained from the firms and

from their websites.

3.6 Data Analysis

The study generated both qualitative data through open-ended questions and quantitative

data through close-ended questions. Quantitative data was coded and entered into

Statistical Packages for Social Scientists and be analyzed using descriptive statistics.

Qualitative data was analyzed based on the content matter of the responses. Responses

with common themes or patterns will be grouped together into coherent categories.

Descriptive statistics involved the use of absolute and relative (percentages) frequencies,

measures of central tendency and dispersion (mean and standard deviation respectively).

Quantitative data was presented in tables and graphs while the explanation to the same

will be presented in prose. Multiple linear regression analysis was used to examine the

magnitude of influence of the independent variable on the respective dependent variables.

3.6.1 Analytical Model

The regression function that included the dependent variable and independent variables

was written as:

 $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_{5+} \beta_6 X_{6+} \epsilon$

Where; Y= performance as dependent variable

β0 - Constant/Y intercept

 X_1 = E-product

25

 $X_2 = E$ -pricing

X₃=E-place

 X_4 = E-promotion

 X_5 – E-process

 X_6 – E-people

ε=Error term

The independent variables X_1 , X_2 , X_3 , X_4 , X_5 , X_6 represented the E-Marketing strategies used for this study.

3.6.2 Test of Significance

F-test was used to test the joint significance of all coefficients and t-test for the test significance of individual coefficients. The significance of the regression model was determined at 95% confidence interval and 5% level of significance.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis of the data on the influence of e- marketing on the performance of the tour firms in Kenya. This chapter presents the findings of the study and discussion of the findings. The findings are intended to answering the study's research question. Data collected was collated and reports produced in form of tables and figures and qualitative analysis.

4.2 Response Rate

The study targeted 63 respondents from 63 tour firms operating in Nairobi. However, 50 respondents completely filled and returned the questionnaires contributing to 79.4%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent.

This response rate can be attributed to the data collection procedure, where the researcher engaged research assistants to administer questionnaires and wait for respondents to fill in. The research assistants kept reminding the respondents to fill in the questionnaires through frequent phone call and picked the questionnaires once fully filled. The 20.6% questionnaires that were not returned were due to reasons such as, the respondents not being available to fill them in at that time and with persistent follow-ups there was no

positive response from them. The response rate demonstrates a willingness of the respondents' to participate in the survey that the study sought.

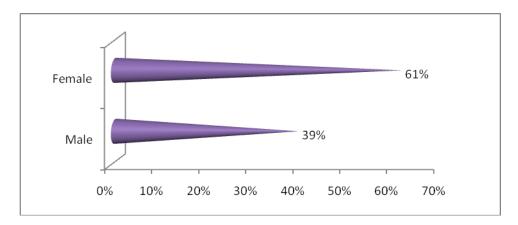
4.3 General Information

The study found it crucial to ascertain broad information regarding the respondents. The analysis relied on this information of the respondents so as to classify the different results according to their knowledge and responses.

4.3.1 Gender of respondents

The study sought to ascertain the information on the respondents involved in the study with regards to the gender. Results findings are as shown in Figure 4.1

Figure 4.1: Gender of respondents



The study established that majority (61%) of the respondents were female while 39% were male. This implies that majority of staffs at tour firms operating in Nairobi are females

4.3.2 Age of respondents

The study sought to ascertain the information on the respondents involved in the study with regards to their age. Results findings are as shown in Table 4.1

Table 4.1: Age of respondents

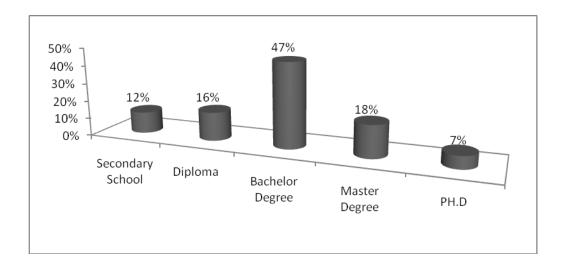
	Frequency	Percent
Below 18	1	2
18-25	4	8
26-35	8	16
36-45	21	42
46-55	10	20
55 and above	6	12
Total	50	100

From the findings shown in Table 4.1 most (42%) of the respondents' were within the age bracket of 36-45 years, 20% were aged between 46-55 years, 16% were between 26-35 years, 12% were within 55 and above years, 8% aged between 18-25 years while (2%) were aged below 18 years. This implies that most of the respondents were energetic and therefore could give reliable information.

4.3.3 Educational Background of respondents

Information on respondents 'education background was cross-figured to facilitate in analysis of respondents level of education as indicated in Figure 4.2

Figure 4.2: Educational Background

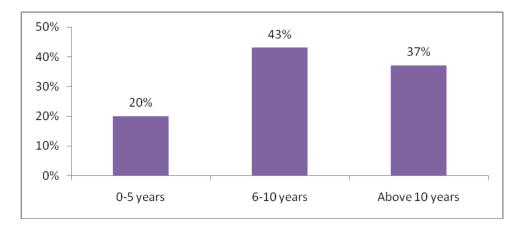


The findings revealed that majority (47%) of the respondents had Bachelor Degree, 18% had Master Degree, 16% had Diploma, 12% had Secondary School, while 7% had PH.D. This indicates that majority of staffs at tour firms operating in Nairobi were well trained thus higher chances of giving reliable information.

4.3.4 Working Experience

The study sought to ascertain the information on the respondents involved in the study with regards to the period they have served in their current station. Results findings are as shown in Figure 4.3

Figure 4.3: Working Experience



The findings revealed that majority (43%) of the respondents had worked in current station for 6-10 years, 37% indicated above 10 years, while 20% indicated 0-5 years.

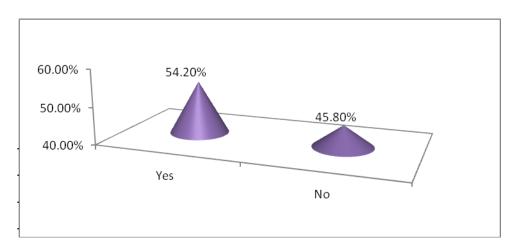
4.4 E-Marketing strategies

E-marketing is a company's efforts to inform buyers, communicate, promote and sell its products and services over the Internet. Many e-marketing technologies exist including software and hardware used in customer relationship management and supply chain management. The study sought to examine how various e-marketing strategies influence performance.

4.4.1 E-product Service

The study asked the respondents to indicate whether their respective organization offer eproducts in the businesses.

Figure 4.4: E-product Service



From the findings, 54.2% pointed out that they offer e-product while 11 (45.8%) were not offering e- product. This is an indication that more than half of the tour firms in Nairobi have adopted e-marketing by offering e-product.

4.4.2 Consumer Satisfaction

The study further sought to find out the level of satisfaction of the customers with eproducts. Finding of the study are as depicted in Table 4.2.

Table 4.2: Consumer Satisfaction

Consumer Satisfaction	Frequency	Percent	
Poor	2	4	
Fair	12	24	
Average	10	20	
Good	15	30	
Excellent	10	20	
Total	50	100	

From the findings, most of the respondents, fifteen (30%) described it as good, twelve (24%) as fair, ten (20%) as average and ten (20%) as excellent while two (4%) as poor. From these findings, the level of consumer satisfaction in tour firms in Nairobi is good and thus e-product has been adopted in and few challenges were faced in adopting e-product in the tour firms.

4.4.3 Influence of E-product on Organization Profitability

Figure 4.5 shows the study finding on the Influence of e-product on profitability the organization.

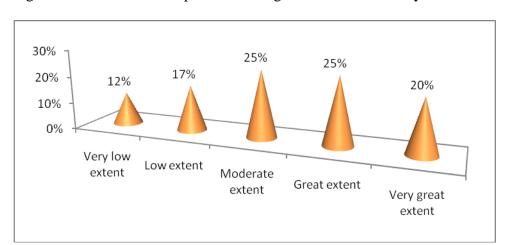


Figure 4.5: Influence of E-product on Organization Profitability

The study also sought to find out the Influence of e-product on profitability the organization. From the findings, most of the respondents, (25%) rated it as having influence to a great extent and to a moderate extent, with f (20.8%) rating to a low extent, (16.7%) to a very low extent while (12.5%) rated to a very great extent. This indicates that e-product has great influence on profitability the organization

4.4.4 Stating of Products Price on E-marketing

The study asked the respondents to indicate whether they stated the price of the products when practicing e-marketing. From the findings it shows there is equal proportions twenty five (50%) who state the price of the products when e-marketing.

4.4.5 Realization of Profitability Increase

The study sought to investigate whether the organization had realized profitability as a result of engaging price tag through e-pricing. The findings are as shown in Table 4.3.

Table 4.3: Realization of Profitability Increase

Realization of Profitability Increase	Frequency	Percent	
Yes	27	54	
No	23	46	
Total	50	100	

According to the findings, twenty seven (54%), of the businesses have increased in profitability since launching price tags, while 46% were on the contrary opinion. This shows that there is an advantage in stating prices of the products when practicing emarketing especially in tour firms.

4.4.6 Carrying out Research before setting On-line Price

Table 4.4 shows the study findings on whether sampled organization conduct research before setting online price.

Table 4.4: Carrying out Research before setting On-line Price

Carrying out Research before setting On-line Price	Frequency	Percent
Yes	29	58
No	21	42
Total	50	100

From the study, majority (58%) of the organizations conduct research before setting a fair price to consumers before placing it on-line. Since they consider fair prices to consumers, profitability has increased since launching of on-line prices.

4.4.7 Extent that E- pricing Increases Sales Volume

Figure 4.6 shows the extent to which e- pricing increases sales volume is sought in the study.

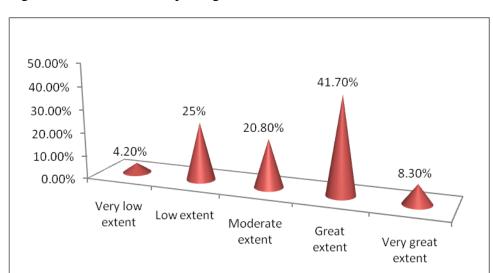


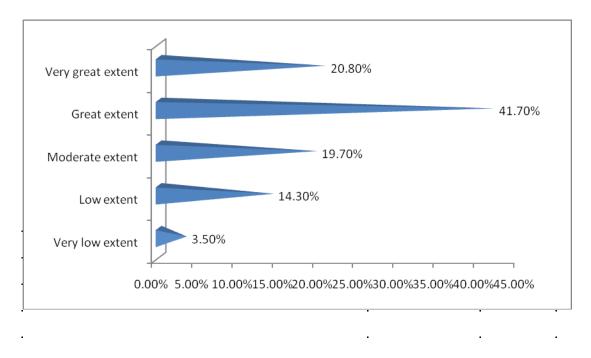
Figure 4.6: Extent that E- pricing Increases Sales Volume

According to the findings, most of the respondents, (41.7%) indicated that e-pricing increases sales volume to a great extent while (25%) felt that e-pricing increases sales to a low extent. Those who felt that e-pricing has a moderate effect on sales are (20.8%), followed by (8.3%) to a very low extent while (4.2%) felt that e-pricing increases sales to a very great extent. This indicates that e-pricing has a moderate effect on sales.

4.4.8 Extent that Timely Product Delivery Increases Customer Loyalty

The researcher further investigated the extent to which timely delivery of the products to customers increased customer loyalty. Finding of the study are as shown in Figure 4.7.





From the findings, (41.7%) of the respondents were of the opinion that timely delivery of the product increases customer loyalty to a great extent, (20.8%) to a very great extent, four (19.7%) to a moderate extent, (14.3%) to a low extent while 3.5% was of the opinion that timely delivery of product increases customer loyalty a very low extent. This indicates that timely delivery of the product increases customer loyalty to a great extent.

4.4.9 Influence of E-promotion on Organization Profitability

Figure 4.8 shows the study finding on the Influence of e-promotion on profitability the organization.

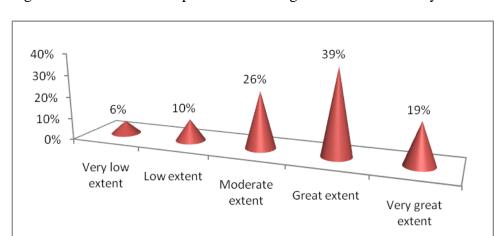


Figure 4.8: Influence of E-promotion on Organization Profitability

The study also sought to find out the Influence of e-promotion on profitability the organization. From the findings, most of the respondents, (39%) rated it as having influence to a great extent and (26%) to a moderate extent, with (19%) rating to a very great extent, (10%) to a low extent while (12.5%) rated to a very low extent. This indicates that e-promotion has great influence on profitability the organization

4.4.10 Effect of E-marketing on Service Delivery

The study sought to find out whether adoption of E-marketing eases service delivery and operating systems within the organizations. Majority of the respondents, 63% agreed that adoption of E-marketing did ease service delivery and operating systems within the organization while 37% disagreed. This indicates that organizations have adopted E-marketing to ease service delivery.

4.4.11 Extent to which E-processing Influences Firm's performance

The study sought to find out the extent to which e-processing influences the firm's performance

Table 4.5: Extent to which E-processing Influences Firm's performance

	Frequency	Percent	
Very low extent	4	8	
Low extent	4	8	
Moderate extent	8	16	
Great extent	28	56	
Very great extent	6	12	
Total	50	100	

Majority of the respondents (twenty eight) indicated that e- processing influences firm's performance to a great extent while eight felt it influences adoption of performance to a moderate extent. This indicates that e-processing has a great influence on the firm's performance.

4.4.12 Consideration of Customer Satisfaction with On-line Service Delivery

The study also sought to find out on how the firms consider customer satisfaction with on-line service delivery. Findings are as shown in Table 4.6.

Table 4.6: Consideration of Customer Satisfaction with On-line Service Delivery

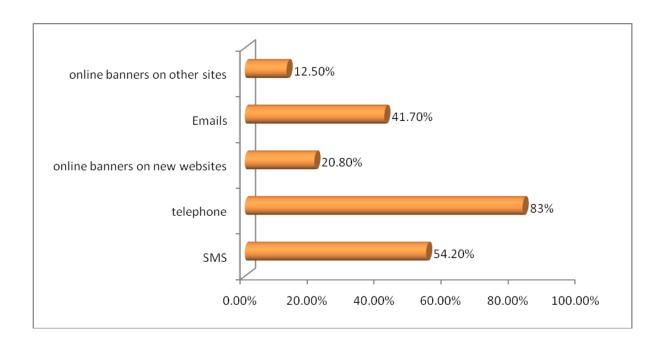
Consideration of Customer Satisfaction with On-line	Frequency	Percent
Yes	14	58
No	10	42
Total	24	100

From the findings, 58% of the respondents agreed that firms consider customer satisfaction with on-line service delivery while 42% disagreed. This indicates that majority of the organizations consider customer satisfaction with on-line service delivery.

4.4.13 Means of Communicating with Consumers

The study also sought to find out on how organizations reach their consumers. The response of the study findings are as depicted in Figure 4.9.

Figure 4.9: Means of Communicating with Consumers



From the findings in Figure 4.9 83% of the organization use telephone, 54.2% uses SMS, 41.7% uses Emails, and 20.8% uses online banners on new websites while 12.5% use online banners on other sites. This shows that telephone is the most used medium of communication by the organizations to reach customers.

4.5 Organization Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. It involves the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results.

4.5.1 Influence of E-marketing strategies on Organization Performance

The study sought to determine the extent to which E-marketing strategies influence the Organization Performance. The respondents were asked to indicate the extent to which they agreed with statements in relation to this. The responses were placed on the five Likert scale where 1= No Extent, 2= Little Extent, 3= Moderate Extent, 4= Great Extent and 5 is Very Great Extent. The results are as presented in Table 4.7.

Table 4.7: Influence of E-marketing strategies on Organization Performance

	Mean	Standard deviation
Increased market share	4.12	0.7643
Increased profitability	4.31	0.2643
Reduced costs of production	3.71	0.9836
Increased customer satisfaction	3.81	0.2937
Introduction of new products	3.93	0.4621
Improved employee performance	3.47	0.7421
Expansion into new markets	4.01	0.2364
ICT integration in customer service delivery	3.76	0.3412
Increased return on investments	3.87	0.2641
Increased Job Satisfaction	3.36	0.4213

From the findings in Table 4.8, respondents indicated to a very great extent that E-marketing strategies has led to; increased profitability (mean= 4.3124), increased market share (mean= 4.1231), and expansion into new markets (mean= 4.0123). In addition respondents indicated to a great extent that E-marketing strategies has led to; Introduction of new products (mean= 3.9361), Increased return on investments (mean= 3.8778), increased customer satisfaction (mean= 3.8142), ICT integration in customer service delivery (mean= 3.7621), Reduced costs of production (mean= 3.7124), Improved employee performance (mean= 3.4712), and Increased Job Satisfaction (mean= 3.3641). This implies that E-marketing strategies has led to; increased profitability, increased market share, and expansion into new markets

4.6 Inferential Statistics

The study further applied general Linear Model to determine the predictive power of the influence of e-marketing on the performance of the tour firms in Kenya. This included regression analysis, the Model, Analysis of Variance and coefficient of determination.

4.6.1 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the influence of e-marketing on the performance of the tour firms in Kenya. The researcher applied the statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of the tour firms) that is explained by all the three independent variables: (E-product, E-pricing, E-place, E-promotion, E-process, and E-people).

4.6.2 Model Summary

Model summary' table, provides information about the regression line's ability to account for the total variation in the dependent variable

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Squa	re Std. Error of the Estimate
1	0.89314 ^a	0.7976	0.77	0.759411

a. Predictors: E-product, E-pricing, E-place, E-promotion, E-process, E-people

Source: Author (2015)

The six independent variables that were studied, explain only 79.76% on the influence of e-marketing on the performance of the tour firms in Kenya as represented by the R². This therefore means that other factors not studied in this research contribute 20.24% of the performance of the tour firms in Kenya. Therefore, further research should be conducted to investigate the other factors (19.3%) that affect performance of the tour firms in Kenya.

4.6.3 ANOVA Results

Analysis of variance (ANOVA) is a collection of statistical models used to analyze the differences among group means and their associated procedures (such as "variation" among and between groups)

Table 4.9: ANOVA Results

Model	Sum of S		res Df	Mean Square F		Sig.	
1	Regression	46.7412	6	7.7902	7.69	0.00	
	Residual	92.876	44	2.110818			
	Total	139.6172	50				

Source: Author (2015)

The significance value is 0.00 which is less than 0.05 thus the model is statistically significant in predicting how E-product, E-pricing, E-place, E-promotion, E-process, and E-people affect performance of the tour firms in Kenya. The F critical at 5% level of significance was 2.25. Since F calculated is greater than the F critical (value = 3.69), this shows that the overall model was significant.

4.6.4 Coefficient of Correlation

Multiple regression analysis was conducted as to determine the relationship between the performance of the tour firms and the six variables.

Table 4.10: Coefficient of Correlation

Model	Unstandardized Coefficients Standard			ardized Coe	rdized Coefficients	
		В	Std. Error	Beta	t	Sig.
1	(Constant)	3.77	0.451		8.359202	1.24E-10
	E-product	0.782	0.121	0.146	6.46281	7.04E-08
	E-pricing	0.463	0.079	0.126	5.860759	5.40E-07
	E-place	0.473	0.073	0.045	6.479452	6.65E-08
	E-promotion	0.532	0.073	0.142	7.287671	4.34E-09
	E-process	0.343	0.073	0.045	4.69863	2.59E-05
	E-people	0.246	0.073	0.142	3.369863	1.57E-03

As per the SPSS generated table above, regression equation

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_{3+} \beta_4 x_{4+} \beta_5 x_{5+} \beta_6 x_{6+} \ \epsilon$$

Where Y is the performance of the tour firms

B₀ is a constant

 β_1 to β_4 are the coefficient of the independent variables

 x_1 to x_4 are the independent variables where

 ε is the error term.

$$(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon)$$
 becomes:

$$(Y = 3.77 + 0.146X_1 + 0.126X_2 + 0.045X_3 + 0.142X_4 + 0.045X_5 + 0.142X_6 + \epsilon)$$

According to the regression equation established, taking all factors into account (E-product, E-pricing, E-place, E-promotion, E-process, and E-people) constant at zero, performance of the tour firms will be 3.77. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in E-product will lead to a 0.146 increase in performance of the tour firms; a unit increase in E-pricing will lead to a 0.126 increase in performance of the tour firms, a unit increase in E-place will lead to a 0.045 increase in performance of the tour firms, a unit increase in E-process will lead to a 0.142 increase in performance of the tour firms, while a unit increase in E-people will lead to a 0.142 increase in performance of the tour firms, while a unit increase in E-people will lead to a 0.142 increase in performance of the tour firms.

This infers that E-product contribute most to the performance of the tour firms followed by E-promotion. At 5% level of significance and 95% level of confidence, E-product, E-pricing, E-place, E-promotion, E-process, and E-people were all significant in performance of the tour firms.

4.7 Interpretation of Findings

The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in E-product will lead to a 0.146 increase in performance of the tour firms. Similar to the findings; Burke (2004) argues that the basic point about any product is that it is a bundle of attributes. These attributes have to be brought out with the result that

greater emphasis is given to creating subjective differences between competitive products through service and promotional efforts. Smith (2003) explains that the product has always remained the key component of marketing mix. Demand can be influenced by making the firm's e-product appropriate, attractive and easily available to target consumers. Kabiru (2004) argues that based on perception rather than reality, value is a trade-off between price that is the customer's investment and benefits that is what the customer gets. Customers will only buy a product if they determine that it's perceived value exceed the price they have to pay for it.

Also the findings indicated that a unit increase in E-pricing will lead to a 0.126 increase in performance of the tour firms. In line with these findings, Kabiru (2004) argues that price affects a firm's competitive position and its market share hence has a considerable bearing on a company's revenues and net profits. He further argues that price is a perception of value, which is never constant. The challenge therefore is to always position the e-product with the value going up i.e. firms can either lower price, or increase benefits more than increasing price

It was established that a unit increase in E-place will lead to a 0.045 increase in performance of the tour firms. In collaboration with these findings, Stanton *et al* (1994), observe that a company wants a distribution channel that not only meets customers' needs but also provides an edge on competition. Strauss *et al* (1994) state that the Internet has changed the way electronic data interchange is used to establish structural relationships between suppliers and buyers, online intermediaries including wholesalers, retailers, brokers and agents.

The study also revealed that a unit increase in E-promotion will lead to a 0.142 increase in performance of the tour firms. Similarly, Ronoh (2002) argues that modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. He observes that companies must also communicate with present and potential stakeholder and the general public. Ferrell and Pride (1996) observe that promotion mixes are methods of communicating with target markets about the values contained in an offering. Promotion is used for a variety of purposes and its symbolization aspects make direct contribution to increasing the value of an offering.

In addition, the study indicated that a unit increase in E-process will lead to a 0.045 increase in performance of the tour firms. Similarly, According to Normann, (2001) services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. The combination of these steps constitutes a service process which is evaluated by the customers. Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times. Creating and managing effective service processes are essential tasks for service firms.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of the data findings on the influence of e- marketing on the performance of the tour firms in Kenya, the conclusions and recommendations drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and suggestions for further research.

5.2 Summary of findings

From the study, it was summarized that more than half of the tour firms in Nairobi have adopted e-marketing by offering e-product and that the level of consumer satisfaction in tour firms in Nairobi is good and thus e-product has been adopted in and few challenges were faced in adopting e-product in the tour firms.

In addition the study established that e-product has great influence on profitability the organization and that there is equal proportions who state the price of the products when e-marketing. This shows that there is an advantage in stating prices of the products when practicing e- marketing especially in tour firms.

From the study, it was summarized that organizations conduct research before setting a fair price to consumers before placing it on-line. Also, the study established that e-pricing has a moderate effect on sales and that timely delivery of the product increases customer loyalty to a great extent. It was also deduced that that e-promotion has great influence on profitability the organization as well as e-processing.

Moreover the study established that majority of the organizations consider customer satisfaction with on-line service delivery and that firms considered customer satisfaction with on-line service delivery. The study also found out that organizations communicated with their consumers through telephone, SMS, emails, and online banners; with the telephone being the most used communication medium by the organizations to reach customers.

The study found out that E-marketing strategy has led to; increased profitability, increased market share, and expansion into new markets. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in E-product will lead to a 0.146 increase in performance of the tour firms; a unit increase in E-pricing will lead to a 0.126 increase in performance of the tour firms, a unit increase in E-place will lead to a 0.045 increase in performance of the tour firms, a unit increase in E-promotion will lead to a 0.142 increase in performance of the tour firms, a unit increase in E-process will lead to a 0.045 increase in performance of the tour firms, while a unit increase in E-people will lead to a 0.142 increase in performance of the tour firms.

5.3 Conclusion

Based on the findings, the study concludes that that more than half of the tour firms in Nairobi have adopted e-marketing by offering e-product and that the level of consumer satisfaction in tour firms in Nairobi is good and thus e-product has been adopted in and few challenges were faced in adopting e-product in the tour firms. In addition the study concludes that e-product has great influence on profitability the tour firms and that there

is an advantage in stating prices of the products when practicing e- marketing especially in tour firms.

Also the study concludes that tour firms conduct research before setting a fair price to consumers before placing it on-line and that e-pricing has a moderate effect on sales and that timely delivery of the product increases customer loyalty to a great extent. The study also concludes that e-promotion has great influence on profitability the tour firms as well as e-processing.

Moreover the study concludes that tour firms consider customer satisfaction with on-line service delivery and that firms considered customer satisfaction with on-line service delivery. The study also concludes that tour firms communicated with their consumers through telephone, SMS, emails, and online banners; with the telephone being the most used communication medium by the organizations to reach customers. The study also concludes that E-marketing strategies have led to; increased profitability, increased market share, and expansion into new markets.

5.4 Recommendations of the Study

This study found that more than half of the tour firms in Nairobi have adopted e-marketing by offering e-product and that the level of consumer satisfaction. However, there are some challenges faced in adopting the strategies. The study recommends that tour firms in Nairobi ought to review their e-marketing strategies and bridge the existing gaps to gain a higher market share in the tourism industry in Kenya.

The study also recommends that tour firms in Nairobi could adopt a hybrid of emarketing activities in order to remain profitable and competitive. The study also recommends that the management of tour firms in Nairobi should offer continuous training to the firm employees on e-marketing to equip them with skills that will help them in their mandates. This will assist the firms' human resource to work more efficiently and increase their productivity thus increase the firms' competitiveness.

5.5 Suggestions for further studies

The study suggests that further research be done on the factors hindering adoption of e-marketing within tour firms in order to give both negative and positive results that can be reliable. The study also suggested further research done on effects of adoption of e-marketing in tour firms on the financial performance in order to depict reliable information that illustrates the real situation in the tour firms in Kenya.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Section A: General information

Kindly indicate your Gender								
Male [] Female []								
2. What is your A	Age Cat	egory?						
Below 18 []	18-25	[]	26-35	[]	36-45	[]	46-55	[]
55 and above	[]							
3. What Education	onal bac	ckgroun	d do yo	u have?	•			
Primary school	[]	Second	dary Scl	nool	[]	Diplor	na	[]
Bachelor Degree	[]	Master	Degree	e	[]	PH.D	[]	
4. For how long	have yo	ou serve	d in the	current	station	?		
0-5 years	[]							
6-10 years []								
Above 10 years	[]							

Section B: E-Marketing strategies

5. Does	s your o	organization o	offer e-product	t?				
Yes	[]		No	[]				
If yes, how	satisfac	tory is the pro	oduct to consu	imers?				
Excellent		[]	F	air		[]		
Good		[]	P	oor		[]		
Average		[]						
If no, is ther	e a reas	son why the o	organization do	oesn't?				
6. Wha	t is the	strategy ador	oted by your o	rganization	in design	ing e-	produ	ıct?
							-	
7. To	what	extent does	s e-product	influence	profitab	ility	of	your
	anizatio		·		•	•	·	•
Very low ex	tent	[]	C	Great extent		[]		
Low extent		[]	V	ery great ex	xtent	[]		
Moderate ex	tent	[]						

8. Does your	organization s	tate the pri	ice of the products w	hen practicing e-
marketing	g?			
Yes []		No	[]	
If yes, is there inc	rease in profital	bility since	launching of online p	orice tag?
Yes []		No	[]	
If no, is there a re	ason why the or	ganization	doesn't?	
9. Does your	organization c	onduct res	earch to set a fair pri	ce to consumers
before pla	acing it on-line?	?		
Yes []		No	[]	
10. To what o	extent does e- p	ricing incre	eases sales volume?	
Very low extent	[]		Great extent	[]
Low extent	[]		Very great extent	[]
Moderate extent	[]			
11. To what	extent does time	ely deliver	y of the products to cu	ustomers increase
customer	loyalty?			
Very low extent	[]		Great extent	[]
Low extent	[]		Very great extent	[]

12. 10 Wildt	extent does	s e-promotion	influence pro	ofitability o
organizati	on?			
Very low extent	[]	Gre	eat extent	[]
Low extent	[]	Ve	ry great extent	[]
Moderate extent	[]			
13. Does ado	ption of E-	marketing ease	service deliv	ery and o
systems w	ithin your org	ganization?		
Yes []		No	[]	
14. To what extent	xtent does e-p	orocessing influe	ence the firm's peat extent	performance
	[]	Ve	ry great extent	[]
Low extent				
Low extent Moderate extent	[]			
		mer satisfaction	with on-line se	ervice delive
Moderate extent	eonsider custo	omer satisfaction No	with on-line se	ervice delive

15. How does your orga	anization reach	consumers?
Telephone to customers	[]	Online Banners on news websites
[]		
SMS to customers	[]	Online Banners on other sites
[]		
Emails to customers	[]	

Section C: Organization Performance

16. what extent are the following performance indicators influenced by E-marketing strategies in the tourist firms in Kenya?

Performance Measures	Very Great	Great	Moderate	Little	No
	Extent [5]	Extent	Extent [3]	Extent	Extent
		[4]		[2]	[1]
Increased market share					
Increased profitability					
Reduced costs of					
production					
Increased customer					
satisfaction					
Introduction of new					
products					
Improved employee					
performance					

Expansion into new			
markets			
ICT integration in			
customer service			
delivery			
Increased return on			
investments			
Increased Job			
Satisfaction			

APPENDIX II: LIST OF TOUR OPERATORS IN NAIROBI

- 1. Abercrombie & Kent
- 2. Africa Expeditions Ltd
- 3. African Eco-Safaris
- 4. African Horizons Travel & Safaris Ltd
- 5. African Quest Safaris Ltd
- 6. African Servalcat Safaris & Tours
- 7. Allamanda Safaris
- 8. Amazing Tours & Travel Ltd
- 9. Animal World Safaris Ltd
- 10. Apollo Tours & Travel Ltd
- 11. Archers Tours & Travel Ltd
- 12. Asili Adventure Safaris

- 13. Balloon Safaris Ltd
- 14. Basecamp Travel Ltd
- 15. Bellafric Expeditions Ltd.
- 16. Big Five Tours & Safaris Ltd
- 17. Boma Travel Services Ltd
- 18. Buena Vista Tours & Safaris
- 19. Bunson Travel Services Ltd
- 20. Bush & Beyond Ltd
- 21. Bushtroop Tours & Safaris
- 22. Call of Africa Ltd Safaris
- 23. Charleston Travel Ltd
- 24. Cheetah Tours Ltd
- 25. Cheli & Peacock Ltd
- 26. Chronicle Tours &
- 27. Coast Adventure Safaris
- 28. Concorde Car Hire & Safaris Ltd
- 29. Cotts Travel & Tours Ltd
- 30. Dallago Tours & Safaris
- 31. Destination (K) Ltd 45
- 32. Destination Connect Co. Ltd
- 33. Discover Kenya Safaris Ltd
- 34. Dotcom Safaris
- 35. Dream Kenya Safaris

- 36. East Africa Safari Ventures Ltd
- 37. East African Wildlife Safaris
- 38. Eastern and Southern Safaris
- 39. Eco Adventures Limited
- 40. El Molo Tours & Travel
- 41. Elite Travel Services Ltd
- 42. Elsa Ltd (Elsamere Conservation & Field Study Centre
- 43. Exclusive African Treasures
- 44. Expedition Africa Safaris
- 45. Exotic Golf Safaris Ltd
- 46. Eyes on Africa Adventure Safaris Ltd
- 47. Finch Travels Ltd
- 48. First Choice Tours & Travel Ltd
- 49. Flight & Safaris International Ltd
- 50. Game Viewers Adventures Limited
- 51. Gametrackers (K) Ltd
- 52. Gamewatchers Safaris Ltd
- 53. Go Africa Safaris and Travel
- 54. Helinas Safaris Ltd
- 55. HTT Holidays & Incentives Ltd
- 56. Ibis Tours and Travel Ltd
- 57. Impact Adventure Travel
- 58. Incentive Travel Ltd

- 59. Jade Sea Journeys Ltd
- 60. Jambo Travel House Limited
- 61. Jungle Beach Safaris Ltd
- 62. Kairi Tours & Safaris
- 63. Kenia Tours & Safaris
- 64. Kentan Safaris Ltd.
- 65. Ketty Tours Travel & Safaris Ltd
- 66. Kisima Tours & Safaris
- 67. Kobo Safaris Ltd
- 68. Leading Expeditions Safaris
- 69. Let's Go Travel
- 70. Liberty Africa Safaris
- 71. Maniago Safaris Ltd
- 72. Marble Travel
- 73. Masimba Hills Safaris
- 74. Menengai Holidays Ltd
- 75. Moige Tours & Travels
- 76. Muthaiga Travel Ltd
- 77. Naked Wilderness Africa
- 78. Napenda Africa Safaris
- 79. Nature Expeditions Africa
- 80. Ontdek Kenya Ltd
- 81. Ostrich Holidays Adventures

- 82. Out of Africa Collection Ltd
- 83. Pacific Blue Travel and Tours Ltd
- 84. PAWS Africa Safaris Ltd
- 85. Phoenix Safaris (K) Ltd
- 86. Pinnacle (K) Travel & Safaris Ltd
- 87. Private Safaris (EA) Ltd
- 88. Ramogi Tours & Travel Ltd
- 89. Raydoll Tours & Travel
- 90. Rhino Safaris Ltd
- 91. Safari Trails Limited
- 92. Safaris In Style
- 93. Scenic Treasures Ltd
- 94. Shades of Africa Tours & Safaris
- 95. Silverbird Adventure Tours & Travel
- 96. Somak Travel Ltd
- 97. Southern Cross Safaris Limited
- 98. Southern Sky Safaris
- 99. Speedbird Travel & Safaris
- 100. Suntrek Tours & Travel Ltd
- 101. Tekko Tours & Travel
- 102. Tour Africa Safaris
- 103. Trails of Africa Tours & Safaris
- 104. Travel 'n Style

- 105. Travel Connections Ltd
- 106. Tripple Tours & Travel Ltd
- 107. Twiga Car Hire & Tours Ltd
- 108. Uniglobe Northline Travel Ltd
- 109. Venture Africa Safaris & Travel
- 110. Vintage Africa Ltd
- 111. Wildlife Sun Safaris
- 112. Wild Trek Safaris Ltd
- 113. Woni Safaris Ltd
- 114. Xcellent Wildlife Paradise Holidays and Safaris
- 115. Zaruma Safaris Ltd
- 116. Zoar Tours and Safaris