

**A SURVEY OF THE EXTENT TO WHICH TOUR OPERATORS IN
NAIROBI USE THE MARKETING MIX TO MANAGE DEMAND
FOR THEIR SERVICES //**

BY

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**A Management Research Project Submitted in Partial Fulfillment of
the Requirements for the Award of the Degree of Master of Business
Administration (MBA) of the University of Nairobi
School of Business**

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October, 2007

DECLARATION

This Management Research Project is my original work and has not been submitted for another degree qualification in this or any other University or institution of learning.

Signed:.......... Date:..... 20 Oct. 2007

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This Management Research Project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To all the Tour Operators in Kenya whose contribution will drive the Kenyan economy to the vision 2030.

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ABSTRACT

Tour Operators in Kenya are faced with a myriad of challenges which inter alia include the seasonal fluctuations of demand for tourist services and stiff competition from amongst members and other competing destinations. The objectives of this study were to determine the extent to which Tour Operators in Nairobi use the marketing mix to manage the demand for their services and also whether there were any challenges encountered. The combination of the marketing mix elements i.e product, price, promotion etc are central to the success of the marketing activities of any firm. The way the elements are combined will determine the effectiveness of the marketing efforts.

The population of interest in this study consisted of all tour operators in Nairobi who are members of the Kenya Association of Tour Operators (KATO). A sample size of 60 tour operators in Nairobi was studied. The primary data was collected using a structured questionnaire and analyzed using frequencies, percentages, mean scores and standard deviation.

The results of the survey show that Tour Operators use the marketing mix to manage demand for their services. The use of the variables varies from a small extent to a large extent depending on the season. The standard deviations had extremes-some were greater than the standard measure of 1.5 by a big margin and others were by far less than 1.5. This means therefore that there was homogeneity in the extent to which the marketing mix was used to manage demand and in some cases the firms were quite diverse.

The research area was quite sensitive in that a lot of classified information on these firms had to be given by the respondents. There were challenges of trust and confidentiality as the information gathered could be used by competitors to gain a competitive advantage. The response rate was not 100% as 15% of the respondents declined to fill in the questionnaires.

More research can be conducted to determine the extent to which the other tourism stakeholders (hotels and transport companies etc) use the marketing mix to generate demand for their services. If each and every sector is to get it right, then, the Tourism industry in its entirety can truly drive this country to the realization of the ambitious Vision 2030.

CHAPTER ONE

INTRODUCTION

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1.1 Background

Recent decades have seen rapid growth of the world economy. This growth has been driven in part by the even faster rise in international trade, which has been brought about by both liberalization and globalization. The rapid development of the information and communication technology (ICT) has also contributed to the way business is done locally and globally. Firms are faced with competition at the local and international level because of the pervasive or omnipresent nature of new business world order. Competition from imported products, franchised firms and e-commerce has created stiff competition for many firms that previously operated as monopolies for example Toyota (a Japanese firm) manufactures its Camry model in the United States and thus Toyota has taken competition to a country whose motor industry is synonymous with General Motors. (Peter and Donnelly, 1992).

The effect of competition has been felt by most organizations that have lost their market share and consequently reduced profitability. This situation has been aggravated further by the consumers who have access to a vast array of products and brand choices, prices and suppliers and thus the task of winning them is more daunting than never before. Due to the continuous changes taking place, the environment for most firms has become unstable adding to the complexity of corporate management (Mountinho, 2002).

Due to the ever changing business environment, organizations must adjust to all sorts of changes to ensure a sustained inflow of resources and a continuing outward flow of services. In other words, firms have to rethink their objectives and strategies with a view to identifying the extent to which the current strengths and weaknesses are relevant to, and capable of, dealing with the threats or capitalizing on the opportunities in the business environment (Johnson and Scholes, 2002). In an attempt to overcome the challenges resulting from globalization and liberalization, companies have adopted a variety of strategies such as strategic alliances, mergers, acquisitions and joint ventures (Kibera and Waruinge, 1998). In Kenya, a few banks such as the Consolidated Bank, Fina Bank and Bank of India among others have come together under Pesa Point Automated Teller Machines to provide financial services at convenient points. In the airline industry, Kenya Airways went into code-sharing

partnership with KLM, the Royal Dutch Airlines in order to increase its network or market share. Strategic alliances, mergers, acquisitions and joint ventures have created competitive advantages for firms that have chosen them. The competitive advantages such as economies of scale, financial and technical competencies and a bigger market share have all contributed to the profitability of these firms.

1.1.1 Demand management

Dwivedi (2002) has defined demand as the desire for a commodity backed by the ability and preparedness to buy it. Demand exists at two levels namely the individual and market levels with market demand being the aggregate of individual demands for the product or service.

One major problem encountered by firms in the service and manufacturing sectors is that of fluctuating demand for their products and services. The imbalance between supply and demand play havoc with efficient use of productive capacity. The organization's capacity is stretched to the limit during times of excess demand while the capacity is under utilized during times of low demand. The cyclic nature of demand is therefore a challenge for many types of service organizations such as airlines, Tour Operators and hotels especially due to the perishability of the service product (Lovelock, Wirtz and Chatterjee, 2007). There are many causes of these cyclical variations in the demand of goods and services and may include seasonal changes in climate which can affect the patterns of travel by holiday makers, different wage and salary payment dates which increases the demand for goods and services at specific time periods, occurrence of school and religious holidays among many others.

Heskette et all (1990) have defined demand management as the critical analysis of the multiple factors in the environment that influence demand as well as the firm's internal capabilities to match the available resources to the demand which exists. Managing demand is the use of different approaches to manipulate the determinants of demand such that the firm is able to stimulate demand during periods of excess capacity and decreasing or shifting demand during periods of insufficient capacity (Lovelock, Wirtz and Chatterjee, 2007).

There are many strategies that firms can use to bring demand and supply into balance thus ensuring that capacity is utilized efficiently without sacrificing service delivery to the customer. Pricing strategy can be used to manage demand by charging high prices to ward off excess demand and low prices to attract/stimulate demand during times of reduced demand.

Other strategies include the use promotion/communications mix, product variation and manipulation of the distribution channels. These strategies can be used separately or in combination depending on the marketing objective (Lovelock, 1983).

1.1.2 The marketing Mix

Kotler (2003) has defined the marketing mix as the set of marketing tools the firm uses to pursue its marketing objectives in the target market. These tools have been classified into four broad groups that are called the four Ps of marketing: product, price, place and promotion. The four elements together with their variables are used to influence the trade channels as well as the final consumers (McCarthy, 1996). According to Payne (1993), the four Ps model is unnecessarily restrictive and recommends an expanded marketing mix which should include people, processes and the provision of customer service. The management an organization has to make decisions about each element of the mix and determine how people will respond to the strategies separately and in combination. The overall objective of the firm should be to ensure that the actions taken are in line with the individual's or organization's needs at a particular time and should create value that is perceived to be far superior to the cost of the service being offered (Wearne and Morrison (1996).

Unlike in the past when service firms were transaction-oriented, savvy firms have developed a customer-centered approach where service quality is given utmost attention. This has lead to relationship marketing becoming the pass word in service delivery. The birth of concepts such as total quality management and balanced score card is a clear testimony the responsibility of attracting and retaining the customers has become an organization-wide task and is no longer consigned to the marketing departments (Lovelock, Wirtz and Chatterjee, 2007).

The winners in today's highly competitive service markets are firms that are continually rethinking the way they do business and are coming up with innovative ways to win the customer to their turf. Firms have used the marketing mix as a strategy to position themselves by taking advantage of evident weaknesses among competitors and by doing so have gained competitive advantage over them while at the same time have avoided head –to- head competition with stronger firms (Anand, 2002).

1.1.3 The Tour Operators in Nairobi

Tour operators function as intermediaries in the tourism distribution system linking products and consumers to each other (Mountinho, 2000). Tour operators handle all the details of foreign travel, for example, air ticket purchase, accommodation arrangements, transfers to and from the airport and the itinerary, allowing the foreignness of the destination to be observed but not truly experienced. There is often confusion about the difference between tour operators (the subject of this study) and travel agents. The difference can be explained by referring to tour operators as wholesalers in the tourism distribution channel and to travel agents as travel retailers. Tour operators in the Kenyan context own their vehicles and have direct contact with clients when they take them on tours, hence a personal one-on-one relationship is established with clients.

The ability of tour operators to combine travel products and offer them to customers at prices generally lower than would normally be available to individuals, provides travel economy and convenience to a significant segment of tourists (Moutinho, 2000). To enhance the tourist experience, tour operators are able to arrange tourist guides to guide tourists through the country. These guides are well trained on fauna and flora, history and culture of Kenya among other key areas. Due to everything being pre-arranged for the clients, this is a healthy alternative to their venturing into a country alone (Van Der Merwe, 2003).

Tour operators provide services to a number of different types of tourists, namely business traveler and leisure travelers. They are able to accommodate the needs of various types of tourists by providing services to satisfy their needs in different ways. For example, if a business traveler visits an area for a conference, tour operators can transfer them to and from the conference venue, arrange their flights beforehand and arrange short tours and excursions. For a leisure tourist, they will take them to all the places set out on the itinerary and see to it that all their needs are met (Burkat & Medlik, 1975). As trade intermediaries between the various actors, tour operators have far greater power to influence and to direct demand than their counterparts in other industries do. Since they control demand, they also have increased bargaining power in their relations with suppliers of tourist services and are in a position to influence their pricing, their product policies and their promotional activities (Buhalis, 2000).

The tour operator trade is characterized by relative ease of entry, high velocity of cash flow, low return on sales and the potential for high return on equity (McIntosh et al, 1995).

Consequently, the investment necessary to start such a business is small, making it relatively easy for anyone to start a tour operating business. This is potentially dangerous as companies without the necessary permits and insurance operate countrywide and are hazardous to tourists and the tourism industry. Illegal tour operators have adversely affected Kenyan tourism industry and as result the market is becoming overtraded. According to the Kenya Association of Tour Operators (KATO), there are over 200 tour operators in Kenya offering services such as special interest safaris, air safaris, incentive travel group safaris, custom safaris for individual travelers, camping safaris (luxury and budget), Indian Ocean and coast holidays, golf safaris, agro safaris, conferences and filming. Some of the tour operators based in Nairobi have international affiliation.

1.2 Statement of the problem

Travel and tourism has become a global industry that is widely considered to be the fastest growing industry, the largest employer and the most significant contributor to gross domestic product (Jackson, 2001). Authors such as Golub (2003) have observed that travel and tourism growth rate is faster than other industries and that it doubles its economic contribution every 10 to 15 years. The tourism industry is a key sector in the Kenyan economy as it creates direct and indirect employment, is a leading source of foreign exchange and has the multiplier effect where tourist expenditures are recycled through the local economy which boosts overall income (Youell, 1998). Key players in this industry are the tour operators who are the intermediaries between other service providers such as hotels, lodges, airlines and transport companies.

Tour operators in Kenya are faced with a myriad of challenges which inter alia include the seasonal fluctuations of demand for tourist services. Consequently, the tour operators' revenue and profitability assume a cyclic trend. Youell (1998) has observed that the demand for tourist facilities and amenities is at its greatest during peak seasons and lowest during off-peak periods. Another challenge that the tour operators face is stiff competition from amongst members who number 200 (KATO, 2007). Competing destinations such as South Africa, Tunisia, Egypt and Tanzania have also contributed to the problems encountered by Kenyan tour operators (Muriuki, 2003). The cyclic nature of tourism and the stiff competition pose serious financial, personnel and operational problems all due to reduced market share and profitability.

An important way in which tour operators can manage the demand level is by designing an appropriate marketing mix which should be tailored to specific target markets. For example, they have to focus on good customer service, price their services competitively as well as have proper systems to address customer complaints.

A study by Van Der Merwe (2003) on communication methods used by tour operators in Gauteng, South Africa concentrated on one aspect of the marketing mix. In Kenya, studies by Gakuru (1993), Makawiti (2000) and Muriuki (2003) on the marketing of domestic tourism, demand for domestic tourism and positioning strategies respectively have been exhaustive in their specific areas of study. It is however not known to what extent the Tour Operators Nairobi use the marketing mix to manage demand for their services and the challenges they encounter in the process.

The proposed study seeks responses to the following research questions-

- i. To what extent do Tour Operators in Nairobi use the Marketing Mix to manage demand for their services?
- ii. What challenges do Tour Operators encounter in the application of the marketing mix in managing demand for their services?

1.3 Objectives of the study

The objectives of this study are to determine;

- i. The extent to which Tour Operators in Nairobi use the marketing mix in order to manage demand for their services.
- ii. Whether there are challenges Tour Operators in Nairobi face in the application of marketing mix in managing demand for their services.

1.4 Importance of the study

- i. The Kenya Government will learn a lot from the findings of this research. It is one source of revenue that the government depends on in its annual estimates (budget). The Ministry of Tourism through the Kenya Tourist Board (KTB) is the principal marketer of Kenya as a tourist destination. The results can therefore be used to determine what collective efforts should be put in place in

order to use the marketing mix strategies to manage demand for tourist services.

- ii. Tourism and hospitality stakeholders will benefit from the findings. The tourism industry comprises of many stakeholders such as tour operators, travel agents, hotels, transporters and airlines. They will all benefit in that they will be able to evaluate their marketing strategies and their effectiveness based on the findings from this study. They could also come together to create synergy.
- iii. Potential investors in the industry will be given a snick preview of the challenges faced by tour operators in managing demand for their services. This research will offer them a blue print on the strategies to employ to penetrate markets and be able to survive.
- iv. Academia- the research cannot be exhaustive as there are many changes taking place in the macro-environment. As further research is conducted, this research can be used as a reference point.

CHAPTER TWO

LITERATURE REVIEW

2.1 Service marketing

Zeithamn and Parasuraman (1996) have defined services as deeds, processes and performances. Kotler (2000) defines a service as any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Service includes all economic activities whose output is not a physical product and is generally consumed at the time it is produced. Payne (1993) defines a service as an activity which has some element of intangibility associated with it, which involves some interaction with customers or with property in their possession, and does not result in a transfer of ownership.

Services have four main characteristics that distinguish them from physical goods. These characteristics have market implications. Berry (1980) has identified four characteristics namely intangibility, inseparability, perishability and heterogeneity. The most important characteristic is that of intangibility i.e services cannot be seen, felt, tasted or smelt before purchase and therefore service quality is not easy to evaluate. To reduce uncertainty and risks customers look for signs or evidence of service quality. Customers infer quality from interaction with personnel, equipment, communication materials and service environment. The second challenge is *inseparability*; services are produced and consumed at the same time. Customers are present during production and may also affect the production process. Customers may also interact with each other affecting each others' experience which restricts mass production.

The third characteristic is *perishability*; services cannot be produced in advance, saved, stored, resold, or returned. This poses a challenge in synchronizing demand. Demand forecasting and creative planning for capacity utilization are therefore important and challenging decision areas. The fourth characteristic is *heterogeneity*; services are performances, frequently produced by humans and no two services will be precisely alike. Service delivery and customer satisfaction depend on employee actions and the knowledge they have of the services being provided.

Kotler (2000) notes that well managed service companies have the same characteristics defined by a history of high quality management, high standard systems of monitoring service performance, customer complaints and an emphasis on employee satisfaction. Proper coordinated management of the service process can lead to customer satisfaction which in turn builds customer loyalty. It is on the basis of customer loyalty that firms are assured of continuous business and by extension their profitability.

Over the past 40 years, the services sector has come to dominate most of the world economies. This trend has been so strong that it has been described as the Second Industrial Revolution. The service sector worldwide has increased dramatically in importance over the last decade and accounts for more than two thirds of the economy by income and jobs in most countries. One of the biggest challenges faced by the service companies is on how to remain profitable in the face of growing competition, fluctuations in demand and the development of new technologies.

Research into the marketing of services is a recent phenomena compared to the attention given to other areas of marketing. Consumer goods companies were recognized in the 1950s as the most sophisticated marketers and were first to develop formal marketing plans, which lead to much academic effort being directed at analyzing and researching them. In the 1960s considerable attention was paid to industrial markets and marketing texts and journals dealing specifically with industrial markets started to appear. In the 1970s marketing in not-for-profit organizations and associated areas of public sector and societal marketing received attention. It was only in the 1980s that service marketing started to attract attention which is surprising considering the size and rapid growth of the services sector (Payne, 1993).

Many factors have contributed to the tremendous growth of the services sector: demographic changes, social-economic changes, globalization and internationalism. The demand for services such as leisure and travel, medical services, legal services and many other professional services have increased remarkably. Despite the recent emphasis on services marketing, there is still a misconception that effective marketing is purely concerned with selling and the pursuit of sales rather than customer satisfaction. Even amongst those service firms which have developed more sophisticated marketing approaches, few have capitalized on the full potential of marketing. They have failed to make it an organization-wide activity

where everyone in the organization is involved in focusing on the customer (Brassington and Pettitt, 1997).

2.2 Demand management

The term demand implies a 'desire' for a commodity backed by the ability and willingness to pay for it. The two components necessary for demand to be effective are adequate resources and the preparedness to spend these resources on the desired commodity. A meaningful statement regarding demand should include four dimensions namely the quantity demanded, the price at which the commodity is demanded, the period over which the commodity is demanded and the market area in which the commodity is demanded. Demand exists at two levels- at the individual and market levels. Market demand for a product is the aggregate of individual demands for that particular product (Dwivedi, 2002).

Firms that deal in goods or services may face a situation of excess demand, demand exceeding the optimal capacity, a balance between supply and demand and supply exceeding demand. All these situations (except where a balance exists between demand and supply) will play havoc with efficient use of productive capacity. Fluctuating demand is therefore a major challenge for many types of service organizations including restaurants, airlines and consulting firms. There are many causes of these cyclical variations in the demand of goods and services and may include seasonal changes in climate which can affect the patterns of travel by holiday makers, different wage and salary payment dates which increases the demand for goods and services at specific time periods. For example in Kenya there is an increased demand for household items and entertainment at the middle of the month and at the end of the month because consumers have money from advance payment and salaries respectively. Other factors that causes the cyclic nature of demand include occurrence of school and religious holidays when demand for travel and clothes is abnormally high (Lovelock, Wirtz and Chatterjee, 2007).

Demand management therefore plays an important role in the overall growth and profitability of the firm. Heskette et all (1990) have defined demand management as the critical analysis of the multiple factors in the environment that influences demand as well as the firm's internal capabilities with a view to matching the available resources to the demand which exists. Managing demand is the use of different approaches to manipulate the determinants of demand such that the firm is able to stimulate demand during periods of excess capacity

and decreasing or shifting demand during periods of insufficient capacity (Lovelock, Wirtz and Chatterjee, 2007).

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The main objective of demand management is to bring demand and supply into balance and thus ensuring that the firm's capacity is utilized efficiently without sacrificing service delivery to the customer. One of the strategies used by firm is the pricing strategy where consumers are charged more money to use a service during the peak-periods and the vice versa. Another strategy that can be used to manage demand is to change product elements for example resort hotels may focus on peripheral services such as dining, entertainment and sports to reflect customers' seasonal preferences. Promotion and education have been used to smooth demand by using signage, advertising, sales messages and publicity to educate customers about the timing of peak periods and to encourage them to avail themselves during the off peak periods when there will be fewer delays (Lovelock, 1983).

2.3 The marketing Mix

Kotler (2003) has defined the marketing mix as the set of marketing tools the firm uses to pursue its marketing objectives in the target market. McCarthy (1996) has classified these tools into four broad groups that he called the four Ps of marketing: product, price, place and promotion. The four elements and their variables are used to influence the trade channels as well as the final consumers. Payne (1993) describes the marketing mix as the internal elements or ingredients that make an organization's marketing programmes. However, he asserts that the four Ps model is unnecessarily restrictive and recommends an expanded marketing mix that should include people, processes and the provision of customer service. See figure 1 below for a visual representation of all the elements that constitute the marketing mix.

Wearne and Morrison (1996) have suggested that for the marketing objectives to be realized, a proper marketing mix is necessary. Management of an organization has to make decisions about each element of the mix and determine how people will respond to the strategies separately and in combination. Managers need to be concerned about giving good value to customers and treating them fairly in decisions involving all elements of the 7 Ps. The worth of the actions taken by the firm should resonate with the individual's or organization's needs at a particular time and furthermore the perceived value should outweigh the cost of purchasing that service or product.

A proper marketing mix can be used to attract and retain customers who are willing to keep purchasing a firm's goods or services at prices that collectively cover all costs and leave an appropriate margin for profits and needed reinvestment. This is also a basis on which market segmentation can be accomplished. In an environment characterized by stiff competition, marketing mix can be used by firms to position them or to take advantage of evident weaknesses among competitors or to avoid head-to-head competition with stronger organizations. Retaining customers in the face of competition is not an easy task and customer care or relationship marketing has emerged as the magic concept in the realization of customer loyalty. Unlike in the past when service firms were transaction oriented, savvy firms have developed a customer-centered approach where service quality is given utmost attention. Concepts such as total quality management and balanced score card have been introduced by firms where the responsibility of attracting and retaining the customers is an organization-wide task and is no longer consigned to the marketing departments (Lovelock, Wirtz and Chatterjee, 2007).

The winners in today's highly competitive service markets are the firms that are continually rethinking the way they do business and are coming up with innovative ways to win the customer to their turf. In this era of information and communication technology (ITC), service delivery can be taken a notch higher and at lower cost. The airline industry globally has adopted the on-line booking system where a traveler can book and pay for air travel from the comfort of their offices or homes. A country like India has on average 36 million internet shoppers per day (Anand, 2002).

When combined appropriately, the marketing mix can be used to manage demand for services. A hotel can use high prices during peak-seasons to manage excess demand or it can use discounts during off-season as a way of attracting the customers. Other firms may intensify their promotional campaigns during the off-peak periods by offering periphery services and give away to customers in order to generate demand. Price cannot be used in isolation and other components of the marketing mix need to be incorporated. Firms can choose to modify product elements or they may modify the place and time of delivery or they may use promotion and education to inform the consumers. All these activities are an attempt to even the cyclic nature of demand where there are seasonal fluctuations for demand which leads to under or over utilization of the firm's means of production. The marketing mix

therefore can be viewed as a marketing management tool which can give an organization a competitive advantage in more than one way (Cannon, 2005).

The marketing mix represents the organization's marketing offering and consists of the controllable variables that the organization puts together to satisfy the needs and desires of target market (Bennet, 2000). The target market is fairly homogenous group of consumers to whom the organization wishes to appeal and direct its market offering. The marketing mix for services is given in figure 1.

2.3.1 Product

Products or market offerings are the basis of any business which is why the product can be regarded as the reason for marketing. (Wells, Burnett and Moriarty, 2000) contends that if there were no products or services there would be nothing to sell. According to Kortler (1999), a company aims to make the product different and better in away that will cause the target market to favour it and even pay premium price for it.

Kotler (2001) defines a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organization and ideas. Major products offered by tour operators in Kenya include: passenger transport, accommodation, catering and entertainment. Perceived quality is the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives (Aaker, 1991). Consumers have a perception of the overall quality of a brand that is not necessarily based on knowledge of its detailed specifications. Perceived quality of the brands and the characteristics of a given product directly influences purchase decisions and brand loyalty especially when a buyer is not motivated or able to conduct a detailed analysis. It can also support a premium price, which in turn, can create profits that can be reinvested in brand equity. Furthermore, characteristics and the quality of the product can be the basis for a brand extension. If a brand is well regarded in one context, the assumption will be that it will have high quality in a related context (Aaker, 1991).

Marketers are increasingly finding themselves operating in categories with little or no differentiation among products. This may be particularly true with respect to mature product categories such as those associated with cigarettes. Given that the majority of the brands exist

at the maturity stage of the product life cycle, gaining an understanding of customer decision making under conditions of limited inter- brand differentiation would be seen to be an important prerequisite for devising marketing strategies aimed at enhancing the sales performance of parity products (Kotler and Armstrong, 2001).

The tourist product may comprise of a place, a service, tangible products or experiences. The tourism product can be thought of either as a total tourist product-the total holiday package consisting of accommodation at various hotels and different types of transport used (Bennett, 2000). The producer of a tourist product needs to think about the product at three levels namely the core product, the tangible product and augmented product

The core product is at the centre of the total product and can be described in terms of technical and physical qualities (Cronje et al, 2000). It is the essential benefit or need as perceived and sought by the customer. For example in terms of a holiday, the core product would be relaxation or entertainment; the physical product would be a five door sedan with electric windows and a five speed gearbox. The actual product is the tangible, formal product which may include specific features such as style, quality, brand and packaging. The augmented product surrounds the core and actual product. This symbolizes the availability of additional customer service and benefits such as after sales service or follow-up, warranties, installation and delivery. The augmented product expresses the idea of value added over and above the formal product offer. For a tourist service offering, the augmented product comprises the difference between the contractual essential of the formal product and the totality of all the product's benefits and services experienced by the customer from the moment of first contact to any follow up contact after service consumption.

Services pose some serious challenges to marketers. Consider the case of a tourist product-an intangible product that cannot be seen, felt, heard, tasted or smelt prior to purchase. Such a service offering cannot be inspected or tested in advance and cannot be brought to the customer (George, 2001) This increases the complexity for potential tourists as they have no prior knowledge of the product before acquiring it as is the case with products. Thus, tourism marketers have a task to promote the intangible benefits of tourism such as relaxation, entertainment and education as well as aim to make intangible aspects seem more tangible. This task is accomplished by the use of brochures showing hotel rooms and more recently by use of CD- ROMS.

For industrial products, they are first manufactured, sold and consumed over the years unlike tourism offering which are sold first and then produced and consumed simultaneously (George, 2001). Thus, in the tourism industry, customers will often be involved in the creation of the service (Pender, 1999) for example, a visitor asking his/her tour guide questions about the museum or national park being visited. Service delivery and presentation are very important because the service provider (staff) and the consumer are present when the service is being consumed. Service providers cannot hold stock of a service as there is a finite period during which the sale and consumption of a service can occur (Pender, 1999). When this period lapses, the revenue attached to that service is lost. Therefore, the providers of services will try to sell their services even if it means lowering the price in order to minimize on the loss. Airlines and hotels are known to give much discounted rates for last minute bookings to stimulate demand.

Figure 1: The marketing mix of services



Source: Burnett & Moriarty (1998), Introduction to Marketing Communication, an integrated approach, pg 211.

2.3.2 Price

Price is the value the seller and buyer assign to the product (Burnett and Moriarty, 1998). However, price has different meanings for sellers and buyers. To a seller it means a series of cost components and expected profit margin. The price a seller sets for a product is based not only on cost of making and marketing the product, but also the seller's expected profit level (Burnett and Moriarty, 2000). The price charged is based on what the market will bear, the economic well being of the consumer, the relative value of the product and on what the

competition is doing. For the buyer, it is a calculation of the price for comparable products, the expected price, perceived risk and the need for the product. Thus, the price at which a product is sold has to be a compromise between what the buyer is willing to pay and what the seller is willing to sell the product for.

According to Kotler (1986), companies apply a variety of price-adjustment strategies to account for differences in consumer segments and situations. One is geographical pricing where the company decides how to price to distant customers by choosing from such alternatives as uniform delivered pricing, zone pricing and absorption pricing. The International Air Transport Association (IATA) has classified airfares according to zones i.e Africa and Middle East as zone 2, Canada and USA as zone 1 and Europe as zone 3. All have different airfares. A second strategy is discount pricing and allowances where the company establishes cash discount, quantity discounts, functional discounts, seasonal discounts and allowances. A third strategy is discriminatory pricing where the company establishes different prices for different customers, product forms, places or times. A fourth strategy is psychological pricing where the company adjusts the price to better communicate a product's intended position.

George (1992) has observed that pricing strategies usually change as a product passes through its life cycle. In pricing innovative new products, the company can follow a skimming policy by setting prices high initially to skim the maximum amount of revenue from various segment of the market and can use penetration pricing by setting a low price to win a large market share. Gabor and Granger (1964), observes that consumers' response to psychological prices vary depending upon the kind of pricing strategies applied and not the extent to which consumers perceive prices correctly may relate to the stability and uniformity of prices. In the same way, consumers' judgment of quality by price may depend upon the way prices and quality normally are related and the frequency with which consumers project social values into products may be related to the kind of information marketers provide about the products.

Weaver and Oppermann (2000) suggest four main categories of pricing techniques namely profit oriented pricing, sales oriented pricing, competition oriented and cost oriented pricing. Profit oriented pricing is a pricing technique aimed at profit maximization and return on

investments. Sales oriented pricing focuses on consumer sales and can be divided into five subcategories namely market orientation, maximization of sales volume, market share gain, market penetration and prestige pricing. Competition oriented pricing uses competitor behaviour as the major criterion for setting prices and is to a large extent a reactive approach and may involve matching competitors' prices or maintaining price differentials at a level above or below that of competitors. Cost oriented pricing is based on actual cost of providing the goods or services where costs are first established and then an appropriate profit margin added and this pricing method is suitable when production costs are unpredictable and when price competition is severe (Rowley, 2001).

2.3.3 Place

Where and how you sell the products is the purpose of Place strategies. The people and institutions involved in moving products from producers to costumers make up the channel of distribution (Well et al). The channel accomplishes all the tasks necessary to effect a sale and to deliver products to the customer (Hutt and Speh, 1998). The tasks include making contact with potential buyers, negotiating, and contracting, transferring title, providing local inventory, transportation and storage. Before distributing the product to the consumer, it should first be decided where the marketer wants to make the product available. Pender (1999) has identified three main channel networks for the market coverage namely intensive, selective and exclusive distribution. Intensive distribution occurs when the principal uses a wide network of distributors to sell products. This type of distribution is suited to products with a broad market appeal and high volume sales. Selective distribution entails the use of a limited number of retailers or outlets and thus this type of distribution leads to economies of scale by concentrating on those intermediaries who achieve the best results for the principal. Exclusive distribution allows the marketer to restrict availability and accessibility for the purpose of image. This is crucial to the success of an exclusive distribution strategy. Such a distribution channel is suited to companies with highly specialized products and little competition.

Goods can be sold directly to consumers or may reach them indirectly through intermediaries, also known as middlemen (Kotler, 1999). Direct distribution takes place when the manufacturer sells directly to the client. The internet has made direct selling even easier for companies. In case of indirect distribution, the product is distributed through a channel structure that includes one or more resellers. This leads to a variety of channels as represented

by the classical example where goods move from a manufacturer to a wholesaler to retailer and finally to the customer. For a service industry such as tourism, tour operators can be equated to manufacturers because they may combine different elements for resale as a package, which closely resembles the role of the manufacturer. Tour operators could act as principals or as wholesalers (because they purchase individual elements of a package in bulk and sell them). In terms of distribution, the principal (e.g. hotel or restaurant) could sell their product directly to the consumer without any intermediaries. Alternatively, the principal could either eliminate only the wholesaler or only the retailer from the channel.

In tourism, intermediaries may be the tour operators and travel agents. Tour operators are wholesalers and travel agents are retailers. Tour operators or wholesalers break bulk, but unlike manufacturers, also add to the individual elements. Tour operators do not function as traditional wholesalers since they do not sell the elements of a package to travel agents and travel agents do not keep the elements in stock. Instead, it is the information about the created package that is distributed to retailers (travel agents), and finally to consumers. Tour Operators act as a form of wholesaler for principals, negotiating for different components of packages and assembling them and by doing so helps the principals distribute their products. Tour operators can sell their products through travel agents or directly to consumers.

Selling and distributing of tourism products can be complicated because the tourism product is a service. As earlier discussed, the characteristics of services such as inseparability, intangibility, perishability and ownership can pose a challenge to the service providers especially of tourist products (Pender, 1999). In tourism, the person distributing the product will not be an employee of the principal hence the need for good coordination. The consumer will see the activity of the distributor, and not the principal. A service channel relies on other resellers, which means that these related services have to be translated by the service provider into a benefit for the consumer. To ensure quality, the tour operator for example will provide a service by negotiating arrangements with each channel member and monitoring their delivery (Burnett & Moriarty, 1998).

To enhance a service offering, brochures or gifts representing an image that could be associated with the service are used. This is important due to the intangibility nature of services (Pender, 1999). Owing to the inability to store services for future sale, creating means to distribute unsold services at the last minute becomes vital and as for ownership,

services are only rented or consumed but are not owned by the consumer which creates a challenge for those responsible for taking the service to the consumers and making it accessible to them (Pender, 1998).

Another channel of distribution is referral from past customers/ clients. This is by word of mouth and if positive for the service provider it can be a cost effective way of distributing its services. However, it is dependent on the perception that past consumers have of the organization.

2.3.4 Promotions

Norman, Robert and Morton (1988) defines promotional strategy as the process of developing and maintaining a communications mix that utilizes the company resources to their full potential in a way that is competitively attractive to target markets while contributing to the company's short-run and long-run marketing and organizational goals. Promotion, often called marketing communication is also those means by which marketers communicate to the target market. In other words, the purpose of marketing communication is to inform, to persuade, or to remind.

Behavioral researchers view advertising as affecting sales through its effects on memory and attitude. Earlier research in this area suggested that recall of advertising message content is an important determinant of its persuasiveness which explains the origin and continued reliance by the industry on the day-after-recall measure. More recent research has questioned this assumption and focused more on the changes that occur in an individual's mental representation of a brand as an indicator of advertising effectiveness (Keller, 1998).

Three major streams of research in consumer behavior have important implications for the study and measurement of advertising effects. First, there has been a shift in the study of attitudinal effects of advertising. Instead of relying on how favorable or unfavorable people are toward brands, consumer researchers now study the strength of those attitudes. Strength is measured along multiple dimensions but the key dimensions are accessibility of attitude (how quickly it comes to mind), confidence in attitude, and commitment to attitude (Petty and Krosnick, 1995). Advertising (among other variables) is expected to affect these dimensions which are in turn expected to affect the relationship between attitude and behavior.

Advertisers have not actively included these advances in behavioral theory into their measurement.

Research by Miniard, Sirdeshmukh and Innis (1992) indicates that pictorial ad elements which do not convey performance information can influence consumer choice. In that study, subjects processed ads for three fictitious soft drink brands; some received an ad for the focal brand containing an attractive picture, while others were exposed to a focal brand ad that contained an unattractive picture. When subsequently confronted with ratings reflecting that the brand performed similarly on several product attributes, subjects were more likely to select the focal brand when it was paired with the attractive picture versus the unattractive picture. However, when the ratings identified a competitor as a dominant brand, choice was unaffected by whether the focal brand ad contained an attractive or unattractive picture. Along similar lines, Heath, McCarthy, and Mothersbaugh (1994) examined the impact of famous spokespersons and vivid copy elements on choice and found that subjects were more likely to choose products that were associated with these peripheral inputs under conditions of limited differentiation.

Early research in marketing strategy suggested that being first to the market with a differentiated brand possessing unique and important attributes was the only way to inoculate a brand from the eroding effects of later “me-too” entrants (Carpenter and Nakamoto 1989; Porter, 1985). In support of this notion, Carpenter and Nakamoto (1989) found that the perceived superiority of an established brand actually increased with the introduction of a “me-too” brand that was similar to the established brand. However, emerging research suggests that consumer’ beliefs about brand superiority in parity markets can be affected by adding product attributes that are irrelevant to the product’s overall performance. In a series of pioneering studies, Carpenter, Glazer, and Nakamoto (1994) demonstrated that meaningful brands can be created through “meaningless differentiation” on trivial and meaningless product attributes. An example of this strategy in a high-technology context includes Dell’s addition of “2X AGP” and “I-Link” features to its Dimension line of computers (Mukherjee and Hoyer, 2001). A “low-tech” example involves Procter and Gamble’s positioning of its Folgers instant coffee based on the product’s “flaked coffee crystals” which, although developed through a unique patented process, does not affect the product’s taste.

The impact of irrelevant features on choices was also investigated in a study on the effects of sales promotions and product features that have little or no perceived value (Simonson, Carmon, and O'Curry, 1994). The authors proposed that consumers who perceive a new feature or promotion as providing little or no value will be less likely to purchase the enhanced brand even when the added feature clearly does not diminish the value of the brand. The results of that study indicated that the addition of such a promotion or feature can decrease the attractiveness and choice probability of the promoted brand. For example, a Pillsbury cake mix was less popular relative to a competing brand when respondents were offered the opportunity to purchase a Pillsbury Doughboy Collector's Plate for \$6.19. That is, even though the offer to purchase the plate at a relatively high price could not have reduced the value of the Pillsbury cake mix, it decreased the product's choice share. Many of the respondents in that study explained their decision to choose the other brand by saying that they were not interested in the collector's plate. Thus, these results suggest that when consumers are uncertain about the values of products and about their preferences, premiums provide reasons against buying the promoted brands and are seen as susceptible to criticism.

In a study by Brown and Carpenter (2000), trivial attributes positively affected choice when consumer decisions involved three alternatives but negatively impacted decisions when only two choice options were present. The likelihood that adding a trivial attribute will create perceptions that the product offers additional benefits relative to the competition also depends on the complexity of the product. This positive effect is more likely for "low-tech" products that are familiar to consumers; conversely, provision of a novel, but unknown, attribute to high-technology products can exert a negative influence on choice because it creates additional learning costs and uncertainty (Mukherjee and Hoyer, 2001).

2.3.5 People

Services depend on people and the interaction between people, including the service provider's staff, the customer and other customers (Bennet, 2000). The customer is a participant in the creation and delivery of the service product and as such the service product quality, productivity and staff training are of great importance. The ability of staff to cope with customers to deliver the services reliably to the required standard and to represent an image consistent with what the organization would want (internal marketing) is a vital concern to the service provider. It is particularly important to focus on developing staff to deliver high levels of functional and service quality. The marketing department should work

closely with the other line managers to ensure that the right personnel are employed, inducted and trained to perform to the set standards. This should be matched appropriately with the pay package. 'Low wages and long hours do not improve morale, and a workforce with low morale is not likely to give a good service' (Brassington & Pettitt, 1997, pg 282). A people strategy requires you to choose the group of people (markets) that you decide to target. People strategies can be broadly classified as being undifferentiated (a mass-marketing approach), differentiated (when selective markets are chosen) and concentrated (when specialized markets are chosen).

Undifferentiated marketing approach is a strategy seldom chosen by large companies around the world. It is unimaginable to offer same products to the different groups of travelers. Differentiated marketing is more popular and occurs when a company produces a product with model and style differences to satisfy selected markets. A five star hotel, for example, aims at providing a service and experience mainly for a more affluent class of customers. A thorough understanding of the people who constitute a group is the most important aspect of successful marketing.

2.3.6 Customer service

According to Payne (1993), customer service is an important element to be included in the marketing mix. This is so due to an increased number of demanding customers requiring higher levels of service, the increased importance of customer service (in part due to competitors seeing service as a competitive weapon to differentiate themselves); and the need to build closer and more enduring relationships with customers. Customer service lies at the heart of modern service industries. Customers are likely to be loyal to organizations that serve them well - from the way a telephone query is handled to direct face-to-face interactions. Although the 'have a nice day' approach is a bit corny, it is certainly better than 'I couldn't care less' approach to customer relations. Call centre staff and customer interfacing personnel are the front line troops of any organization and therefore need to be thoroughly familiar with good customer relation's practice. Most service providers can offer more or less the same products and thus customer service is what sets one company apart from others.

2.3.7 Processes

Associated with customer service are a number of processes, mechanisms and routines by which a service is created and delivered to a customer, including policy decisions about some of the customer involvement and employee discretion. Some of these processes include handling customer complaints, processes for identifying customer needs and requirements and processes for handling inquiries etc. Process management is a key aspect of service quality improvement and can be used as a source of competitive advantage.

2.4 Summary

Marketing mix is both a management and strategic tool that can be used by organizations and more so the Kenyan tour operators who are faced by uneven demand for their services. The stiff competition faced by these firms can be countered by having a proper blend of the marketing mix. The marketing mix can be used to position a firm's services which will ultimately create a competitive advantage.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This was a descriptive survey intended to establish the extent to which tour operators in Nairobi use the marketing mix in managing demand for their services. Quee (1999) suggests that descriptive survey is appropriate when the purpose of the study is centered on providing accurate, statistically reliable data-how much, how many and how often. According to Donald and Pamela (1998), descriptive study is concerned with finding out who, what, which and how of a phenomenon. Gakuru (1993) used a descriptive survey in a related study.

3.2 The Population

The population of interest in this study consisted of all tour operators in Nairobi who are members of the Kenya Association of Tour Operators (KATO). Members of KATO were considered because they are more formal in their operations and operate under KATO's regulatory framework. According to KATO (2007), there are 200 registered tour operators in Kenya out of which 187 are based in Nairobi. The full list of tour operators is given in appendix 4.

3.3 Sample and Sampling Design

A sample size of 60 tour operators in Nairobi was studied. Due to their homogeneity in terms of the services they offer, a sample size of 60 Tour Operators was considered to be representative of the population. The sample was selected randomly from the list of bona fide KATO members which is to be found in appendix 4.

3.4 Data Collection Method

Primary data was collected using a structured questionnaire. The respondents were persons of the level of a marketing manager. In instances where such a position did not exist, the person who marketed the firm became the target respondent. Drop and pick later method which is a form of a mail questionnaire was used to collect the data. Follow-up was made via personal visits, telephone calls and e-mails to facilitate

responses. The questionnaire was divided into 3 parts. Part A contains questions on the information of the firms. Parts B contains questions aimed at determining the extent to which tour operators in Nairobi use the marketing mix in managing the demand for their services. Part C contains questions on challenges that Tour Operators face in using the marketing mix in managing the demand for their services.

3.5 Operationalizing the marketing mix variables

The dimensions of marketing mix as used by tour operators in Nairobi in managing the demand for their services are given in appendix 3. These dimensions include product, price, product and promotion to name but a few. Five point Likert scale was used to measure the extent to which marketing mix has been applied in this sector in managing demand for services. Open-ended questions were used to establish the challenges faced by Tour Operators in managing demand for their services.

3.4 Data Analysis Techniques

Descriptive statistics was used to analyze the data. Section A of the questionnaire was analyzed using frequency distribution and percentages. Section B of the questionnaire was analysed using mean score and standard deviation. The mean score was used to measure the central tendency while the standard deviation was to measure variability or dispersion of the data. The challenges faced by tour operators in Nairobi in using the marketing mix to manage the demand for their services were analyzed by using frequency distribution.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the results of the analysis of the data collected during the study survey. A total of 51 completed and useable questionnaires were obtained from the respondents. This represents 85% response rate. The chapter is divided into three sections: section 4.2 gives a summary of the respondents' data while section 4.3 and 4.4 results on the use of the marketing mix to manage demand and the challenges faced in the use of the marketing mix to manage demand respectively.

4.2 General Information

The general information on respondents' firms considered in this study included the ownership structure, duration of operation in Kenya, types of customers served, types of services offered, number of full time and part time employees, the firms main target market and the type of tour guides used.

4.2.1 Ownership Structure

The respondents were asked to indicate the ownership structure of their firms. The results are shown in Table 4.2.1 below.

Table 4.2.1: Ownership Structure of the Firms

Ownership Structure	Frequency	Percent
Both Local & International	35	68.63
Local	16	31.37
Total	51	100

A majority of the Tour firms studied are locally and internationally owned (68.63%) while a few are locally owned (31%).

4.2.2 Duration of Operation in Kenya

The respondents were asked to indicate how long their firms had been in operation in Kenya.

Table 4.2.2: Duration of Operation in Kenya

Duration of operation in Kenya	Frequency	Percent
Less than 5 years	16	31.37
5-10 years	7	13.73
11 - 15 years	15	29.41
16 - 20 years	7	13.73
Over 20 years	6	11.67
Total	51	100

The results as shown in Table 4.2.2 above shows that over 68% of the Tour Operators surveyed had been in operation for more than five years; 12% of the respondents have been in operation for more than 20 years, 14% between 16 and 20 years, 29% between 11 and 15, and 14% between 5 and 10 years. Some of the firms surveyed were quite young having been in operation for less than 5 years (31%).

4.2.3 Types of Customers Served

The respondents were asked to indicate whether their clients were domestic or foreign. This was aimed at determining the origin of the tourists. This is an important consideration as different markets require different marketing mix. The respondents were also required to classify their customers based on the nature of the service provided i.e. leisure or business.

Table 4.2.2: Types of Customers Served

Customer Type	Frequency	Percent
Domestic & Foreign	39	76.47
Foreign	5	9.80
Domestic	2	3.92
Non Response	5	9.80
Total	51	100

From the table above, 76% of the Tour Operators served both domestic and foreign tourists, 10% served foreign tourists and only 4% served domestic tourists.

4.2.3 Types of Services Offered

The respondents were asked to indicate the different types of services they offered their customers. The results are shown in Table 4.2.3.

Table 4.2.3: Types of Services Offered

Services offered	Frequency
Accommodation	48
Air safaris	46
Transportation	46
Beach holidays	37
Conferences & seminars	37
Camping safaris	34
Custom safaris for individual travelers	31
Incentive travel safaris	28
Filming	18
Golf safaris	9
Agro safaris	2

From the results, the services that were offered by the Tour operators surveyed included accommodation (94%), air safaris (90%), transportation (90%), beach holidays (73%), conferences & seminars (73%), camping safaris (67%), custom safaris for individual travelers (61%) and incentive travel safaris (55%). Filming was offered by 18 firms representing 35% of the firms surveyed while golf safaris accounted for 18% and agro safaris 4%. Tour firms in an attempt to diversify their offerings have started offering services such as filming, golf safaris and agro safaris which are all a recent development.

Table 4.2.4: Number of Employees

Number of employees	Full time employees		Part time employees	
	Frequency	Percent	Frequency	Percent
1 – 5	21	41.18	0	0
6 – 10	19	37.25	2	3.92
11 – 20	8	15.69	3	5.88
21 - 50	3	5.88	3	5.88
Non Response			43	84.31
Total	51	100	51	100.00

4.2.4 Number of Employees

In order to determine the size of the firms, the respondents were asked to indicate the number permanent and part time employees their firms had and the results are as presented in Table 4.2.4 above. From the above findings, 41% of the firms surveyed had between 1 and 5 full time employees, 37% had between 6 and 10 employees, 16% had between 11 and 20 employees, 6% had between 21 and 50 full time employees. However, a majority of the firms did not have part time employee (84%). The result suggests that most of the tour operator firms in Nairobi are medium size.

4.2.5 Main Target Market

The respondents were asked to indicate their main target markets; whether they targeted the tourists (end consumer), travel agents (intermediaries), or both. The source market determines the marketing strategies to be used especially the percentage mark up or commission to be charged.

Table 4.2.5: Main Target Market

Main target market	Frequency	Percent
Tourists & travel agents	47	92.16
Tourists (end customer)	4	7.84
Total	51	100

The results show that 92% of those surveyed targeted the tourists and travel agents for business while 8% considered tourists their main target market. This is not surprising as most the Tour Operators prefer to deal with travel agents who are mass producers but cannot ignore the direct customers who also constitute a sizeable number.

4.2.6 Types of Tour Guides used by Firms

The respondents were asked to indicate the type of tour guides they used. This was aimed at determining the number of permanent and part tour guides the firms use. The frequency ratings and percentages are as shown in Table 4.2.6 below.

The results show that 61% of the firms used both permanent and freelance tour guides, 14% used freelance tour guides, 16% used permanent tour guides while 10% did not use

any tour guides. Tour guides accompany clients on safari and a firm may choose to have permanent tourist guides and when the demand is high they employ freelance ones.

Table 4.2.6: Types of tour guides used by firms

Types of tour guides used by firms	Frequency	Percent
Permanent and freelance tourist guides	31	60.78
Freelance tourist guides	7	13.73
Permanent tourist guides	8	15.69
Company does not use tourist guides	5	9.80
Total	51	100

4.3 Use of the Marketing Mix in Demand Management

Respondents were asked to indicate the extent to which they used the various variables of the marketing mix to manage demand for their services during the low and high seasons; this was to be done on 5 point Likert scale where scores of **no extent** and **small extent** were represented by a mean score of 1 to 2.4 on the continuous 5 point Likert scale ($1 \leq S.E < 2.4$); The scores of **moderate extent** were represented by a mean score of 2.5 to 3.4 ($2.5 \leq M.E. < 3.4$), while the scores of both **large extent** and **very large extent** were represented by a mean score of 3.5 to 5.0 ($3.5 \leq L.E. < 5.0$). A standard deviation of >1.0 implied a significant variation in responses.

4.3.1 Use of the Marketing Mix during the High Season

The respondents were asked to indicate the extent to which their organizations use the marketing mix namely Product, Price, Place, Promotions, Process, People and Customer service to manage the increased demand during the high season. The results are summarized in Table 4.3.1a - 4.3.1g.

From the results in Table 4.3.1a below, during the high season firms to a moderate extent block book accommodation/rooms (3.10) and vehicles (2.51) and also increase the vehicle capacity (2.45). To a small extent, firms organize home stays as alternative to hotels and lodges (2.25), increase the personnel (2.18), result to mobile tented camps (2.14), promote coach tours (2.14), turn away low end customers (2.10), differentiate their products (1.51) and lay emphasis on the high end customers (1.49). The standard

deviations are greater than 1.0 meaning that there was significant difference in responses.

Table 4.3.1a: Use of Product during the High Season

Product	Mean Score	Std. Deviation
Block book rooms in hotels, camps & lodges	3.10	1.55
Block book vehicles	2.51	1.55
Increase vehicular capacity	2.45	1.14
Organize home stays	2.25	1.31
Increase the personnel capacity	2.18	1.37
Mobile tented camps for accommodation	2.14	1.25
Coach tours	2.10	1.25
Selective business- high end business only	1.51	1.32
Product differentiation targeted at high end Customers	1.49	1.03
Average	2.19	1.31

On the use of Price during the high season, the results in Table 4.3.1b indicate that to a large extent advance payment for services is needed (3.82) while to a small extent these firms offer services on credit (2.18), charge high prices for their services (2.06) and use discriminatory prices based on customers' origin (1.65). The standard deviation is greater than 1.0 meaning that there was a significant variation in responses on the extent to which the price is used during the high season.

Table 4.3.1b: Use of the Price during the High Season

Price	Mean Score	Std. Deviation
Advance payment for services required	3.82	1.20
No credit for services	2.18	1.23
Charge high prices for services	2.06	1.08
Discriminatory pricing	1.65	1.20
Average	2.43	1.18

Table 4.3.1c: Use of the Place during the High Season

Place	Mean Score	Std. Deviation
Reservation & information system	3.67	1.47
Internet	3.67	1.61
Travel agents	3.43	1.47
Tour wholesalers	2.14	1.46
Airlines	1.90	1.46
Toll-free line	1.55	1.39
Average	2.73	1.48

From the results presented in Table 4.3.1c above, firms have to a large extent a reservation & information system (3.67) and use the internet to get customers (3.67). To a moderate extent they use the travel agents to get customers (3.43). However, they use tour wholesalers to a small extent to get customers (2.14), airlines (1.9) and a toll-free line (1.55). The standard deviations suggest that a major difference existed between firms in the use of place to manage demand for services during the high season.

Table 4.3.1d: Use of the Promotions during the High Season

Promotion	Mean Score	Std. Deviation
Below the line communication i.e. internet, websites, magazines	3.98	1.50
Branding of services i.e. vehicles, personnel(uniform) and travel accessories	3.02	1.74
Non-involvement in corporate social responsibility events	2.49	1.35
No trade shows attended	2.10	1.64
Average	2.90	1.56

Based on the data in Table 4.3.1d, Tour Operators to a large extent ((3.98) use below the line communication during the high season and to a moderate extent brand vehicles, personnel and travel accessories (3.02) and seldom are they involved in corporate social responsibility events (2.49). They attend no trade shows (2.1). The standard deviations suggest a big variation in the way the responses were made on the use of promotion by the firms.

Table 4.3.1e: Use of Process during the High Season

Process	Mean Score	Std. Deviation
Convenient and timely service provision	4.57	0.98
Strict credit terms and conditions	4.45	0.90
Mechanism for customers to channel their complaints	3.69	1.58
Prompt response to customer complaints	3.67	1.73
Prompt compensation	3.14	1.23
24-hour shift	1.53	1.16
Average	3.51	1.26

During the high season Tour Operators to a large extent (4.57) provide services in a convenient and timely manner, have strict terms and conditions that govern service reservations (4.45), have an established system where customers can channel their complaints (3.69) and address customer complaints as soon as they are made (3.67). To a moderate extent, customers are compensated immediately (3.14) while to a small extent a 24-hour shift working system was in place (1.53). The firms surveyed were similar in offering convenient and timely services and in adhering to strict credit terms as represented by standard deviations of <1. However, there was a significant variation in responses on all the other variables of the Price (standard deviation >1).

The results as shown in Table 4.3.1f show that Tour Operators to a large extent (4.29) train their personnel with the relevant skills to handle the diverse needs of customers. Bonuses and overriding commissions (compensation) is done to a small extent (2.18) and the ratio of staff to customers is also increased to a small extent (1.82). Compensating staff determines whether they perform optimally or not. Bonuses and commissions are two of the incentives that can be used. The standard deviation indicates that the responses were diverse.

Table 4.3.1f: Use of People during the High Season

People	Mean Score	Std. Deviation
Train personnel with the relevant skills	4.29	1.19
Compensate staff by giving them bonuses and overriding commissions	2.18	1.35
Increase the ratio of staff to customers	1.82	1.13
Average	2.76	1.22

Table 4.3.1g: Use of Customer Service during the High Season

Customer Service	Mean Score	Std. Deviation
Training of customer care staff	4.35	1.05
Handling of customer complaints	3.90	1.32
After service follow up	3.88	1.29
Customer satisfaction survey to identify service gaps	3.75	1.47
Customer loyalty schemes	3.71	1.53
Quality control -strategic positioning of customer care agent at all service points	2.59	1.71
Overtime payment	1.98	1.38
Average	3.45	1.39

From the summary in Table 4.3.1g, it is evident that Tour Operators to a large extent train their customer care staff (4.35), have an elaborate system to handle customer complaints (3.90), makes after service follow up (3.88) and conducts customer satisfaction survey to identify service gaps (3.75) and have customer loyalty scheme (3.71). To a moderate extent, they deploy customer care agents to all service points to ensure consistent service quality (2.59) and to small extent pay overtime to their staff (1.98). While a variation is evident on the extent to which the firms have loyalty schemes and in how quality control is done, there seems to be variations between firms in the way the variables are used as represented by a standard deviation greater than 1.0.

4.3.2. Overall Use of the Marketing Mix during the High Season

	Mean Score	Std Deviation
Product	2.19	1.31
Price	2.43	1.18
Place	2.73	1.48
Promotions	2.9	1.56
Process	3.51	1.26
People	2.76	1.22
Customer Service	3.45	1.39

4.3.2 Use of the Marketing Mix during the Low Season

The low season is characterized by reduced business volume and a lot of idle capacity. The respondents were asked to indicate the extent to which their firms use the marketing mix to manage this situation. The results are shown in Table 4.3.2a-4.3.2g.

Table 4.3.2a: Product use during the low season

Product	Mean Score	Std. Deviation
Tailor-make services	3.59	1.47
Strict quality control systems	3.49	1.52
Uniform service products for all customers	3.27	1.60
Service products specifically for budget travelers, families and students	3.24	1.45
Ground vehicles for maintenance and improvement	3.10	1.64
Product bundling	2.90	1.60
Reduce vehicle capacity	2.14	1.04
No block bookings of accommodation facilities	1.98	1.25
Launch new service products	1.90	1.39
Reduce personnel capacity	1.76	0.90
Average	2.74	1.39

The results in Table 4.3.2a show that during the low season tour operators to a large extent tailor make services as per specific customer requests (3.59) and have strict quality control systems (3.49). To a moderate extent, the tour operators have uniform service products for all customers (3.27), have service products for budget travelers, families and students (3.24), ground some of the vehicles for maintenance and improvement (3.1), encourage product bundling (2.9), reduce vehicle capacity (2.14), do not block book accommodation (1.98), introduce new service products (1.9) and reduce the personnel capacity (1.76). There were variations amongst respondents on all the variables of Product (>1.0) apart from one-on the reduction of the personnel capacity where the responses were similar (<1.0).

Table 4.3.2b: Price use during the low season

Price	Mean Score	Std. Deviation
Negotiate for better prices with suppliers	3.73	1.47
Volume discount	3.00	1.54
Low prices	2.41	1.41
Cheapest price in the market	2.12	0.99
Price bundling	1.69	0.92
Discount based on the length of travel	1.61	0.98
Average	2.43	1.22

The figures in Table 4.3.2b show that during the low season Tour Operators to a large extent negotiate for better prices with suppliers in order to be competitive which in turn generates demand for their services (3.73). But to a moderate extent they give volume discounts (3.00). To a small extent they charge low prices for their services (2.41), charge lower rates compared to competitors (2.12), do price bundling (1.69) and give discount based on the length of travel (1.61) The responses showed significant variations on most of the variables except on three (cheapest price, price bundling and discounts based on length of stay) where the responses showed similarities.

Table 4.3.2c: Use of Place during the low season

Place	Mean Score	Std. Deviation
Reservation & information system	4.22	1.26
Travel agents	3.47	1.75
Referrals	3.43	1.55
Internet	3.37	1.63
Extensive branch network in the country	3.24	1.61
Extensive branch network in other countries/ a broad	2.84	1.42
Tour wholesalers	1.82	1.27
Airlines	1.80	1.37
Toll-free numbers	1.31	0.89
Average	2.83	1.42

The results as contained in Table 4.3.2c indicate that the firms surveyed are to a large extent have a reservation and information system (4.22) and use travel agents to get customers (3.47). To a moderate extent they use referrals to get customers (3.43), use the internet to get customers (3.37), utilize extensive branch network in the country

(3.24), utilize extensive branch network in other countries/ a broad (2.84). To a small extent they use tour wholesalers (1.82) and the airlines to get their customers (1.8). However, a majority of the firm had no toll-free number as represented by a mean score of 1.31. There were significant variations in responses on all the variables of Place except on the toll free number where the responses were similar (<1).

Table 4.3.2d: use of promotions during the low season

Promotion	Mean Score	Std. Deviation
Below the line communication i.e. internet, websites, magazines to market our services	4.39	0.91
Marketing partnership with other industry stakeholders	3.49	1.37
Branding of vehicles, personnel(uniform) and travel accessories	2.63	1.47
Trade shows and road shows	2.49	1.61
Customer loyalty schemes	2.39	1.24
Participation in corporate social responsibility activities	2.37	1.54
Mass media e.g. advertisement on TV and radio	1.69	1.10
Sponsor events	1.29	0.58
Average	2.59	1.23

The Tour Operators to a large extent use below the line communication such as the internet, websites, magazines (4.39) and partner with other key industry stakeholders such as hotels, lodges and camps to market their services while to a moderate extent they brand their services i. e vehicles, personnel and travel accessories (2.63), attend trade shows and road shows to market our services (2.49). Customer loyalty schemes to reward loyal customers is used to a small extent (2.39) together with participation in corporate social responsibility activities (2.37). The use of the mass media such as advertisement on TV and radio is done to a very small extent (1.69). Sponsorship of events such as golf tournaments, horse racing by these firms is non-existent (1.29). There were similarities among the respondents on the use of the below the line communications and on sponsorship. However, there were significant variations on all the other variables of the Promotion.

Table 4.3.2e: Use of Process during the Low Season

Process	Mean Score	Std. Deviation
Trained staff on customer care	4.75	0.67
Convenient and timely services	4.44	1.17
Tailor-make services	4.36	1.07
Prompt response to complaints	4.19	1.36
Complaint channel	4.04	1.46
Prompt compensation to customers	3.08	1.33
Average	4.14	1.18

The tour operators to a large extent have a staff that is trained on customer care (4.75), provide convenient and timely service (4.44), tailor make services to the customer's specifications (4.36), address customer complaints as soon as they happen (4.19), have an established system where customers can channel their complaints (4.04). To a moderate extent they compensate customers promptly (1.33). The only similarity is on training of customer care staff. A significant variation in responses on all the other variables was noticed.

Table 4.3.2f: Use of People during the Low Season

People	Mean Score	Std. Deviation
Refresher courses for staff	3.31	1.56
Sales targets set and basis for bonuses and overriding commissions	2.27	1.28
Leave for staff	2.10	1.37
Reduce the staff to customer ratio	1.58	1.23
Average	4.14	1.18

The results in Table 4.3.2f show that Tour Operators to a moderate extent do send their staff for refresher courses (3.31) but to small extent do they set sales targets on which basis bonuses and overriding commissions are given (2.27), send staff on leave (2.1) and to a very small extent do these firms reduce the staff to customer ratio (1.58). There were significant variations among the firms in the way the People element is used to manage demand during the low season.

Table 4.3.2g: Use of Customer Care during the Low Season

Customer Care	Mean Score	Std. Deviation
Handling of customer complaints	4.00	1.29
After service follow ups	3.98	1.30
Customer satisfaction survey to identify service gaps	3.44	1.60
Deployment of customer service agents selectively to areas needed	3.42	1.44
In-house training for our customer care staff	3.35	1.60
Rewarding loyal customers	2.46	1.34
Average	3.44	1.43

To a large extent tour operators have an elaborate system to handle customer complaints (4.00), make after service follow up (3.98), conduct customer satisfaction survey to identify service gaps (3.44), deploy customer service agents selectively to areas needed (3.42), have in-house training for our customer care staff (3.35) and reward their loyal customers. The responses were varied as represented by the standard deviations which are all greater than 1.

4.3.3 Overall use of the Marketing Mix during the Low Season

	Mean Score	Std Deviation
Product	2.74	1.39
Price	2.43	1.22
Place	2.83	1.42
Promotions	2.59	1.23
Process	4.14	1.18
People	2.32	1.36
Customer Care	3.44	1.43

4.4 Challenges faced by Tour Operators in using the Marketing Mix

The challenges the Tour Operators face in using the marketing mix to manage demand for their services during the high include lack of sufficient accommodation facilities which leads to overbooking in the available facilities. Some of the accommodation facilities are not of good standards. Furthermore, lack of enough personnel and erratic price hikes by suppliers of tourist products i.e hotels and transport companies are some

of the challenges that come with high season. The results are presented in Table 4.4.1 below.

Table 4.4.1: Challenges faced by the tour operators during the high season

Challenges-high season	Frequency	Percentage
Over bookings in hotels and lodges	48	94.12
Flight delays and Cancellation	31	60.78
Lack of quality accommodation	21	41.18
Inadequate staff	19	37.25
Price hiking	17	33.33
Unavailability of vehicles	15	29.41
International negative publicity	15	29.41
Lack of government support	13	25.49
Poor Infrastructure	11	21.57
Vehicle break down	11	21.57

During the low season, respondents cited the following as the challenges they encountered during the low season; stiff competition amongst the Tour Operators, lack of government support and low rates which did not bring them enough income. The results have been summarized in 4.4.2 below.

Table 4.4.2: Challenges faced by the tour operators during the low season

Challenges-low season	Frequency	Percentage
Competition from other firms	4	7.84
Pricing challenges/ low rates	16	31.37
High promotion expenses	8	15.69
Inadequate clients/ income	44	86.27
Lack of government support	4	7.84

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

After carefully analyzing the data, the following chapter contains discussion of the findings, conclusions and recommendations.

5.2 Discussion

The data analysis established that a majority of the firms were locally and internationally owned, have been in operation for more than five years and serve tourists from both the domestic and foreign markets. Most of these firms offer accommodation services, air safaris, transportation, beach holidays, conferences and seminars, camping safaris and custom safaris for individual travelers and incentive travel safaris. A few firms offered filming services, golf and agro safaris. Most of the Tour Operators had between 1 to 10 employees and did not employ part time employees. Most of the firms targeted both the tourists and travel agents and used the services of both permanent and freelance tour guides.

The first objective of this study was to establish the extent to which Tour Operators in Nairobi used the marketing mix to manage demand for their services. The seven variables of the marketing have been discussed below.

Products or market offerings are the basis of any business, which is why the product can be regarded as the reason for marketing (Wells Burnett and Moriarty, 2000). If there were no products or service, there would be no anything to sell. According to Kortler (1999), a company aims to make the product different and better in a way that will cause the target market to favour it and even pay premium price for it. From the study, it is evident that during the high season the firms to a moderate extent block book accommodation and vehicles and increase the vehicle capacity. The concept of block booking anticipates demand and allows Tour Operators to maximize on the demand while at the same time serving the needs of their customers. There is also evidence that

Tour Operators organize albeit to a small extent home stays for their customers, increased their personnel capacity and resulted to mobile tented camps. Although this has been done to a small extent, it alleviates the pressure created by excess demand during the high season. By promoting coach tours these firms are able to cater for more customers than they would if they used vehicles with smaller capacities. They are also able to offer competitive prices. The Tour Operators had a tendency to handle any business that came their way – they handled both high end and low end customers.

In the low season, Tour Operators tailor their services to specific customer requests and adhere to strict quality control systems. Flexibility during the low season can be used to attract more customers and can give a firm a competitive edge and especially when the demand is low and firms are competing against each other. This flexibility is further enhanced by having service products for specific target groups such as budget travelers, families and students which will enhance the appeal of these services to them. Furthermore, by encouraging product bundling; where service components are sold together, it becomes convenient and cheaper for the customers and can to a large extent attract customers. When the demand for vehicles is reduced, the firms ground them for maintenance which is important if quality is to be maintained.

Tour Operators seems to charge high prices but to a small extent for their services and use it discriminately such that customers are charged prices based on their source market. Customers are also requested to make advance payment for services. During the low season, tour operators to a large extent negotiate for better prices from the suppliers and give volume discounts based on the number of customers who are booking. The prices charged were low compared to their competitors, opted for price bundling and gave discounts based on clients' length of stay. According to Kotler (1986), companies apply a variety of price-adjustment strategies to account for differences in consumer segments and situations. Geographical pricing is one such strategy where the company decides how to price to distant customers by choosing from such alternatives as uniform delivered pricing, zone pricing and absorption pricing. Other strategies include discount pricing and allowances where a company establishes cash discount, quantity discounts,

functional discounts, seasonal discounts and allowances. Discriminatory pricing is also used where a company establishes different prices for different customers, product forms, places or times and finally there is psychological pricing where the company adjusts the price to better communicate a product's intended position.

The channel accomplishes all the tasks necessary to effect a sale and to deliver products to the customer (Hutt and Speh, 1998). During the high season, the Tour Operators use reservation and information systems and the internet to get customers. Pender (1999) has identified three main channel networks for the market coverage namely intensive, selective and exclusive distribution. Goods can be sold directly to consumers or may reach them indirectly through intermediaries, also known as middlemen (Kotler, 1999). The product is distributed through a channel structure that includes one or more resellers. To a moderate extent Tour Operators in Nairobi use the travel agents, tour wholesalers and airlines to get customers. Very few of them had a toll-free line.

Norman, Robert and Morton (1988) defines promotional strategy as the process of developing and maintaining a communications mix that utilizes the company resources to their full potential in a way that is competitively attractive to target markets while contributing to the company's short-run and long-run marketing and organizational goals. The study shows that during the high season, the Tour Operators use below the line communication to reach their target markets. Branding of the vehicles and involvement in corporate social responsibility events were the other activities cited by a majority of firms. However, little emphasis was placed on trade shows.

The Tour Operators are all keen on customer service during the high and low season. They provide services in a timely and convenient manner, have strict terms and conditions to make service reservations, have a system where customers can channel their complaints and address them immediately. Customers are compensated immediately. However, there seems to be very few companies with a 24 –hour shift working system. Associated with customer service are a number of processes, mechanisms and routines by which a service is created and delivered to a customer,

including policy decisions about some of the customer involvement and employee discretion. Some of these processes include handling customer complaints, processes for identifying customer needs and requirements and processes for handling inquiries etc. Process management is a key aspect of service quality improvement and can be used as a source for competitive advantage.

Tour Operators had well trained personnel with the skills to handle the diverse needs of customers during the high and low seasons. However, compensation of the staff in terms of overriding commissions and bonuses was done to a small extent and so was the increase of the ratio of staff to customers. Tour Operators to a moderate extent sent their personnel for refresher courses, set sales target, sent their staff on leave and reduced the ratio of staff to customers. The ability of staff to cope with customers to deliver the services reliably to the required standard and to represent an image consistent with what the organization would want (internal marketing) is a vital concern to the service provider. It is particularly important to focus on developing staff to deliver high levels of functional and service quality. This should be matched appropriately with the pay package. 'Low wages and long hours do not improve morale, and a workforce with low morale is not likely to give a good service' (Brassington & Pettitt, 1997, pg 282)

A majority of the Tour Operators encountered the same challenges during the high season namely; over bookings in hotels and lodges, flight delays and cancellations, lack of quality accommodation, inadequate staff, price hiking, unavailability of vehicles, international negative publicity, lack of government support and poor infrastructure. The main challenges faced by the tour operators during the low season included competition from rival local firms, price undercutting, high promotion expenses, fewer clients and lack of government support.

5.3 Conclusion

The study has shown that Tour Operators in Nairobi use the marketing mix to manage demand for their services. The extent to which the variables are used singly or in

combination vary from one company to the other. It is also evident that the way the variables are combined is inconsistent for example the use of marketing communication during the high season increases the demand for tourist services at a time when there is surplus. This is misdirecting the resources as such marketing activities should be done during the low season when the demand is low. Little is being done to cater for the high demand i.e few companies organize home stays and coach tours. Most companies handle both the low and high end business thereby increasing the pressure on capacity while at the same time failing to maximize their returns during the high season. Price can be used to attract customers especially during the low season. However, many companies do not give volume discounts and charge the same prices. Discounts can be used to attract customers competitively. The company will therefore make its returns on volumes.

5.4 Recommendations

Despite the use of the marketing mix by Tour Operators to manage the demand for their services, a lot remains to be done. In order to manage the increased demand during the low season, companies should consider introducing coach tours which will be cheaper for the customers and the firms can therefore rely on volumes. Problems associated with accommodation can be alleviated by the use of mobile tented camps. These are temporary structures and can be moved from one area to another. When done professionally, they can give customers the same level of luxury as they would in the mainstream lodges and camps.

Airlines, tour wholesalers and travel agents are a big source of tourists. They are likely to come into contact with many clients compared to what the Tour Operators can. They are also economical in that it will not cost much to deal with them apart from educational familiarization trips that have to be conducted once in a while. In particular, airlines can display brochures and leaflets in their in-flight magazines and this sort of publicity can reach hundreds of people.

Tour Operators should be innovative. They should come up with different service products that will appeal to a wide audience. The research has shown that very few companies introduce new products and as such many companies have the same offerings. Companies should consider price bundling where the cost for many services is lower than that of one service component for example transport, accommodation, insurance and flights should be sold as a package and in fact this is what most customers desire. On innovativeness, Tour Operators can introduce cultural safaris and agricultural safaris which have become popular with many.

Rewarding of the personnel by giving them bonuses and overriding commissions can increase their morale and performance. The research findings indicate that none of the two is done and this can impact on employees' output. The employees are an integral part of the whole chain of service delivery and good customer service. They need to feel part of the process and the only way to accomplish this is by giving them incentives. Furthermore, they should be given performance targets which will make them aim high and in the process the company will benefit.

Loyal customers should benefit from the loyalty schemes. Airlines have perfected this through the popular Sky-ward Loyalty schemes. Tour Operators can introduce such a scheme to reward customers who patronize them. This way, the customers will give the firm a lot of publicity at no cost. Referrals are also likely to result from such publicity. Also as part of the customer service, a 24 hour working system is ideal at this time and age. Customers come from many parts of the world with different time zones. A quick turn around with information can give a firm competitive advantage. Customers can also be facilitated if these firms would have a toll free number where customers can make collect calls.

LIMITATIONS OF THE STUDY

The study touched on very sensitive management issues that are always confidential to these organizations. A majority of the respondents were cautious of the answers they

gave. Some of the respondents (15%) refused to fill in the questionnaires. If they had done so, the results might have been different.

SUGGESTIONS FOR FURTHER RESEARCH

This research was on the extent to which the Tour Operators in Nairobi use the marketing mix to manage demand for their services. More research can be conducted to determine the extent to which the other tourism stakeholders (hotels, transport companies etc) use the marketing mix to generate demand for their services.

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APPENDIX 1 – LETTER OF INTRODUCTION

University of Nairobi
Faculty of Commerce
School of Business
P. O. BOX 30197
NAIROBI

21 July 2007

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, at the Faculty of Commerce. In order to fulfil the degree requirement, I am undertaking a management research project on the use of marketing mix in the. The study is entitled: *“The Extent to which tour operators in Nairobi use the marketing mix in managing the demand for their services”*

You have been selected to form part of this study. This is to kindly request you to assist me collect the data by filling out the accompanying questionnaire. I will collect it from your premises.

The information data you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidence. At no time will you or your organization’s name appear in my report.

Your cooperation will be highly appreciated.

Thank you in advance.

Yours faithfully,

Peter Mwangi

Student

M.Ombok

Lecturer\Supervisor

APPENDIX 2-QUESTIONNAIRE

Introduction

The marketing mix is a set of marketing tools that the firm uses to pursue its marketing objectives in the target market. The tools have been classified into seven broad groups: product, price, place and promotion, process, customer service and people. The seven elements and their variables are used to influence the trade channels as well as the final consumers.

PART A-GENERAL INFORMATION

Please answer the following questions in the spaces provided.

1) Your name (optional):

2) Your position in the firm:

3) Name of your firm
(optional)

4) What is the ownership structure of your firm? Please tick as appropriate?

- i. Local ()
- ii. International ()
- iii. Both Local & International ()

5) For how long has your firm been operational?

Less than 5 years	
5-10 years	
11-15 years	
16-20 years	
Above 20 years	

6) What type of customers does your organization serve?

Customer type/Source	Type	
	Business	Leisure
Domestic		
Foreign		
Domestic and Foreign		

7) Which type of services does your organization offer?

Air Safaris	
Incentive travel safaris	
Custom Safaris for individual travelers	
Camping Safaris	
Beach Holidays	
Golf Safaris	
Agro Safaris	
Conferences & seminars	
Filming	
Transportation	
Accommodation Facilities i.e lodges, hotels, camps	

Others (Please specify)

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8) How many employees does your firm have?

Number of Employees	Full Time	Part Time
1- 5		
6 – 10		
11 – 20		
21 – 50		
Over 51		

9) Indicate your main target market

Tourists (End Customer)	
Travel Agents (Intermediary)	
Both tourists & Travel Agents	

10) What type of tour guides does your company make use of?

Company does not use tourist guides	
Permanent tourist guides (own Personnel)	
Freelance tourist guides	
Both permanent and freelance tourist guides	

PART B-USE OF THE MARKETING MIX

11) Does your organization experience high and low seasons or fluctuations in business?

Yes () No ()

12) HIGH SEASON

During the high season, the demand for tourist services is higher than the available capacity within your firm. Kindly indicate to what extent your organization uses the marketing mix to manage the increased demand where 5 is to a very large extent, 4 is to a large extent, 3 is moderate extent, 2 is small extent and 1 is no extent.

Marketing Mix Elements		Very large extent	Large extent	Moderate extent	Small extent	No extent
		5	4	3	2	1
1	PRODUCT					
i	Increase the personnel capacity					
ii	Increase the vehicle capacity					
iii	Differentiate products and lays emphasis on the high end customers					
iv	Turn away low end customers					
v	Block book rooms/accommodation					
vi	Organise home stays					
vii	Mobile tented camps					
viii	Block book vehicles					
ix	Promote coach tours					
2	PRICE					
i	Charge high prices					
ii	Discriminatory pricing based on customers origin					
iii	No credit offered					
iv	Advance payment					
3	PLACE					
i	Toll-free line					
ii	Reservation & information system					
iii	Travel agents					
iv	Tour wholesalers					
v	Airlines					
vi	Internet					
4	PROMOTIONS					
i	Below the line communication i.e. internet, websites, magazines to market our services					
ii	Do not participate in corporate social responsibility events					
iii	Do not attend any trade shows					
iv	Brand vehicles, personnel(uniforms) and travel accessories					
5	PROCESS					
i	Convenient and timely services					
ii	Strict terms and conditions govern service reservations					

iii	Complaint handling mechanism					
iv	Prompt response to customer complaints					
iv	Prompt compensation of customers					
v	24-hour shift					
6	PEOPLE					
i	Train personnel with the relevant skills					
ii	Bonuses and overriding commissions used to compensate staff					
iii	Increase the ratio of staff to customers					
iv	Pay overtime to staff					
7	CUSTOMER SERVICE					
i	Train customer care staff					
ii	Conduct customer satisfaction survey to identify service gaps					
iii	Deployment of customer care agents to all service points					
iv	Handling of customer complaints					
v	After service follow ups					
vi	Customer loyalty scheme					

13) LOW SEASON

The low season is characterized by reduced business volume and a lot of idle capacity. The challenge faced by many firms including your firm is on how to manage the low demand and to stay afloat. Please indicate to what extent your firm use the marketing mix to manage this situation where 5 is to a very large extent, 4 is to a large extent, 3 is moderate extent, 2 is small extent and 1 is no extent.

	Marketing Mix Elements	Very large extent	Large extent	Some extent	Small extent	No extent
		5	4	3	2	1
1	PRODUCT					
i	Reduce personnel					
ii	Reduce vehicle capacity					
iii	Homogeneous service products					

iv	Product bundling					
v	Service products for budget travellers, families and students					
vi	Tailor-make services					
vii	No block bookings					
viii	Launch new service products					
ix	Strict quality control systems					
x	Ground some of the vehicles for maintenance and improvement					
2	PRICE					
i	Charge low prices					
ii	Price bundling					
iii	Volume discounts					
iv	Discounts based on the length of travel					
v	Lower rates compared to competitors					
vii	Negotiate for better prices with suppliers					
3	PLACE					
i	Extensive branch network in the country					
ii	Extensive branch network in other countries/ a broad					
iii	Reservation & information system					
iv	Travel agents					
v	Tour wholesalers					
vi	Airlines					
vii	Referrals					
viii	Internet					
ix	Toll-free numbers					
4	PROMOTIONS					
i	The mass media e.g. advertisement on TV and radio to market our services					
ii	Below the line communication i.e. internet, websites, magazines to market our services					
iii	Participate in corporate social responsibility activities					
iv	Sponsor events					
v	Partner with other stakeholders in marketing					
vi	Customer loyalty scheme					

vi	Brand vehicles, personnel(uniform) and travel accessories					
vii	Trade shows and road shows					
5	PROCESS					
i	Convenient and timely services					
ii	Tailor make services					
iii	Complaint handling mechanism					
ii	Trained customer care staff					
iii	Prompt address of customer complaints					
iv	Prompt compensation of customers					
6	PEOPLE					
i	Refresher courses for staff					
ii	Sales targets on which bonuses and overriding commissions are given					
iii	Reduce the staff to customer ratio					
iv	Staff go on leave					
7	CUSTOMER SERVICE					
i	In-house training for customer care staff					
ii	Conduct customer satisfaction survey to identify service gaps					
iii	Deploy customer service agents selectively					
iv	Complaint handling mechanism					
vi	After service follow ups					
vii	Loyal customer reward programme					

PART C-CHALLENGES FACED

14)What challenges do you face while using the marketing mix in managing the demand for your services during the **high season**?

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15)What challenges do you face while using the marketing mix in managing the demand for your services during the **low season**?

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Thank you for taking time to complete this questionnaire.

APPENDIX 3: Operational Dimensions of Marketing Mix

DIMENSIONS OF MARKETING MIX	ELEMENTS OF THE MARKETING MIX	RELEVANT ISSUES FOR TOUR OPERATORS
PRODUCT	Features	<ul style="list-style-type: none"> ▪ Does the firm offer differentiated service products ▪ Is the firm's products superior than the competitors' ▪ Does the firm deliver what it promises its customers
	Innovation	<ul style="list-style-type: none"> ▪ Does the firm invent new packages in line with the demands of the modern day customers ▪ Does the firm add value to the service product by customizing all travel documents, personalized meet and greet services etc ▪ Does the firm bench mark its services with the best in the industry
	Reliability	<ul style="list-style-type: none"> ▪ Is the service product readily available ▪ Is the service product consistent during high and low seasons
PROMOTIONS	Media Communication	<ul style="list-style-type: none"> ▪ Does the management use mass media or below the line communication to create awareness e.g. Advertisements on T.V., Radio & Magazines, internet, websites
	Symbols	<ul style="list-style-type: none"> ▪ Does the firm have symbols that communicate its identity i.e. logos, ▪ Has the firm branded its materials such as stationery, staff uniforms, vehicles and premises
	Events and Sponsorship	<ul style="list-style-type: none"> ▪ Does the firm participate in trade fairs, road-shows locally and abroad ▪ Does the firm sponsor social events such as tournaments ▪ Is the firm involved in corporate social responsibility (CSR)
PRICE	Skimming	<ul style="list-style-type: none"> ▪ Does your firm charge high prices

	Payment terms	<ul style="list-style-type: none"> ▪ Does your firm give services on credit
	Discriminatory Pricing	<ul style="list-style-type: none"> ▪ Different pricing for different customers, product forms, place and time
PLACE	Channel of distribution/intermediaries	<ul style="list-style-type: none"> ▪ Travel Agents ▪ Tour wholesalers ▪ Airlines ▪ Internet ▪ Reservations & information system
	Accessibility	
PROCESS	Handling customer complaints	<ul style="list-style-type: none"> ▪ Is there an established system of channeling customer complaints
	Identifying customer needs	<ul style="list-style-type: none"> ▪ Are the staff willing to help customers ▪ Do you have service level standards
	Handling Inquiries	<ul style="list-style-type: none"> ▪ Are there qualified and competent staff to handle customer inquiries
PEOPLE	Competence	<ul style="list-style-type: none"> ▪ Are staff able to understand customer needs and provide solutions ▪ Are they competent/do they have the necessary skills to handle responsibilities ▪ Are the staff able to respond to customers complaints
	Courtesy	<ul style="list-style-type: none"> ▪ Do the staff/front office show respect for customers
	Product Knowledge	<ul style="list-style-type: none"> ▪ Do the staff have product information ▪ Do you have product information brochures
	Credible	<ul style="list-style-type: none"> ▪ Do customers trust the employees to open up to them
	Communication	<ul style="list-style-type: none"> ▪ Do staff listen to customers ▪ Are customers given feed back ▪ Is there a follow up program for existing and lapsed customers
	Empathy	<ul style="list-style-type: none"> ▪ Do the employees identify with the customers ▪ Are customers given individualized attention

CUSTOMER SERVICE	Ordering	<ul style="list-style-type: none"> ▪ What are the procedures and documentations required for customer reservations ▪ How long does it take for a customer to get a reservation?
	Customer Consulting	<ul style="list-style-type: none"> ▪ Does the firm know what benefits customers value ▪ Does the firm conduct customer satisfaction survey to identify service gaps

APPENDIX 4

KATO MEMBERS-COUNTRYWIDE

Abercrombie & Kent Ltd
Acacia Holidays Ltd
Across Africa Safaris Ltd
Adventure Centre Ltd-Msa
African Expeditions Ltd
African Horizons Travel & Safaris Ltd
African Jacana Safaris
African Latitude (Kenya) Ltd
African Quest Safaris Ltd
African Road Safaris
African Safari Diani Adventures – Msa
African Secrets Ltd-Msa
African Servalcat Safaris & Tours
African Tropical Safaris Ltd
Africhoice Tours & Travel
Allamanda Safaris
Aloha Tours & Safaris
Amazing Tours & Travel Ltd
Anste Tours & Travel Limited
Apollo Tours & Travel
Archer Clark Enterprises Ltd
Archers Tours & Travel Ltd
As You Like It (Safaris) Ltd
Australken Tours & Travel Ltd
AV Tours and Safaris Ltd
Avenue Motors Ltd
Avenue Service Station
Balloon Safaris Ltd
Basecamp Travel Ltd
Bateleur Safaris Ltd
BCD Travel
Belken Adventure Safaris Ltd
Bernie Tours & Safaris Ltd
Best Camping Tours
Big Five Tours & Safaris Ltd
Bill Winter Safaris
Blue Wave Ltd

Bottger Productions & Tours Ltd
Bruce Safaris Ltd
Bush Homes of East Africa Ltd
Bushbuck Adventures Ltd
Call of Africa Safaris
Campfire Conservation Ltd
Catalyst Travels Ltd
Chameleon Tours
Charleston Travel Ltd
Cheli & Peacock Ltd
Chronicle Tours & Travel
CKC Tours & Travel
Concorde Car Hire & Safaris Ltd
Cottar Safaris Service
Cotts Travel & Tours Ltd
Dallago Tours & Safaris
David Penrose Safaris Ltd
Designer Tours & Travel
Destination (K) Ltd
Destination Link Services
Discover Kenya Safaris Ltd
Dodoworld (K) Ltd
Dominio Di Dorianio Ltd
East Africa Safari Ventures Ltd
East African Shuttles & Safaris
East African Wildlife Safaris
Eastern and Southern Safaris
El Molo Tours & Travel
Eurasian Tours & Safaris Ltd
Exotic Destinations Ltd-Msa
Express Travel Group
Feather Trails Tours & Travel
Ferrari Tours
Fin Razel Holidays
Flawless Links
Four By Four Safaris Ltd
Franz Lang Safaris
Fredlink Company Ltd-Msa
Furstenberg Safaris Ltd
Gametrackers (K) Ltd

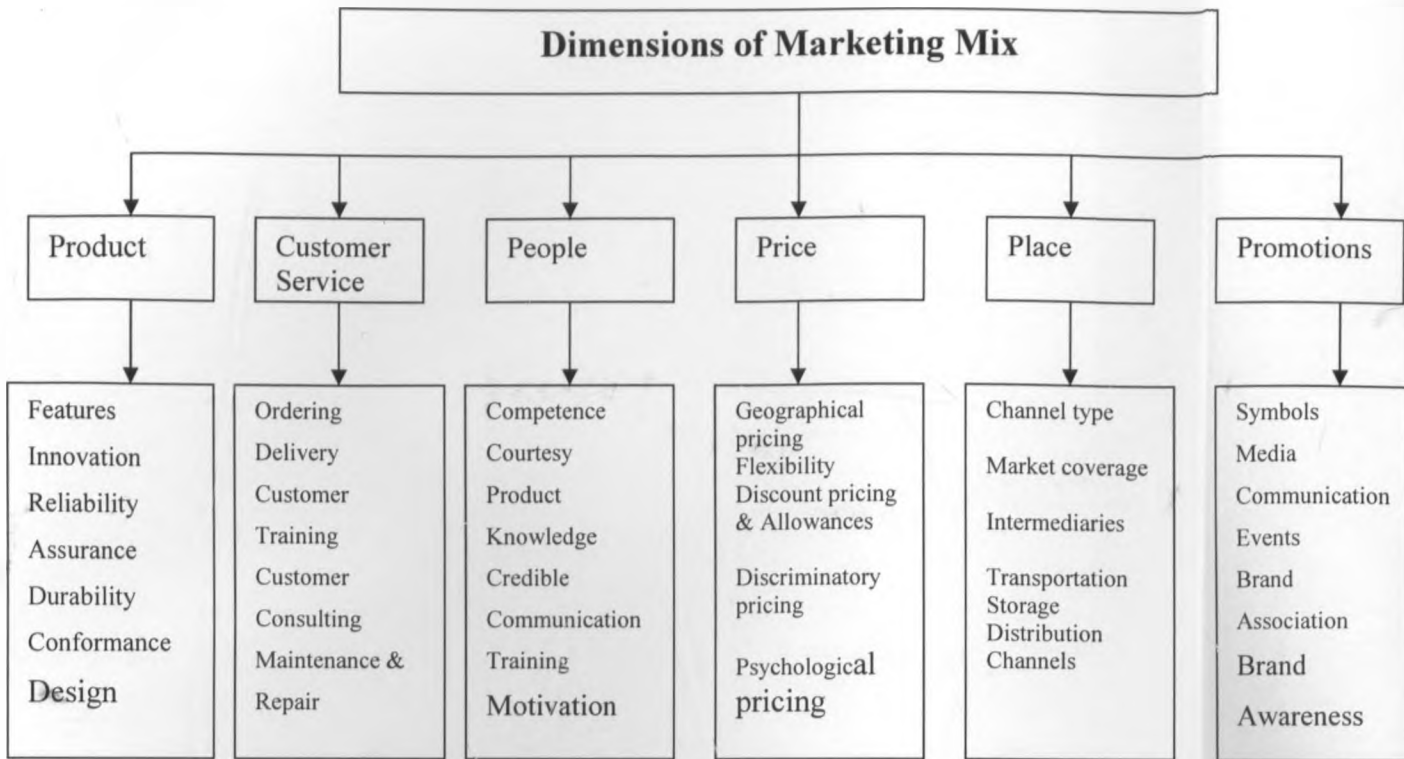
Gamewatchers Safaris Ltd
GAT Safaris
Geo Safaris Ltd
Go Africa Travel Co.Ltd
Going Places Ltd
Grand Edition Tours
Grant & Cameron Safaris Ltd
Guerba (K) Ltd
Habib's Tours & Travel
Hamerkop Safaris
Haya Safaris (A) & Travel Ltd-Msa
Holiday Bazaar Ltd
Hotel Adventure Travel Ltd
Ibis Tours and Travel Ltd
Imperial Air Services
Incentive Travel Ltd
IntoAfrica Eco-Travel Ltd
Intra Safaris Ltd-Msa
J.H.Safaris Ltd
Jade Sea Journeys Ltd
Jet Travel Ltd
JMAR Safaris Ltd
K.P.S.G.A
Karisia Limited
KATO Secretariat
Kenia Tours & Safaris
Kenya Beach Travel Ltd-Msa
Kenya Utalii College
Kenya Wildlife Trails Ltd
Ker & Downey Safaris Ltd
Ketty Tours Travel & Safaris Ltd
Kibo Slopes & Safaris Ltd
Kimbla Mantana (K) Ltd
Kinazini Funzi Dhow Safaris-Msa
Kisima Tours & Safaris
Kobo Safaris Ltd
Kuldips Touring Company-Msa
Leading Expeditions Safaris
Leboo Safari Tours Ltd
Let's Go Travel

Liberty Africa Safaris
Linderberg Holidays & Safaris
Long Ren Tours & Travel Ltd
Luca Safari Ltd.
Madukha Tours & Safaris Ltd
Maniago Safaris Ltd
Maridadi Safaris Ltd
Matembo Tours & Safaris
Mathews Safaris
Menengai Holidays Ltd
Mini Cabs Tours & Safaris
Mombasa Air Safaris Ltd-Msa
Motto Tours & Travel Ltd
Muthaiga Travel Ltd
Nahdy Travel & Tours
Naked Wilderness Africa
Nature Expeditions Africa
NatureTrek Adventure Safaris Ltd
New Kenya Travel & Tours Safaris Ltd
Noah's East African Trails Ltd
Nutty Safaris
Offbeat Safaris Ltd
On Safari (K) Ltd
Origin Safaris Ltd
Outdoor Expeditions Safaris
Palbina Travel & Tours
Partners of Adventures
PAWS Africa Safaris Ltd
Penfam Tours & Travel
Phoenix Safaris (K) Ltd
PioneerTravels Ltd
Pollman's Tours & Safaris Ltd-Msa
Preps Safaris International Ltd.
Private Safaris (EA) Ltd
Rajair Travel & Tours
Raydoll Tours & Travel
Raylenne Tours & Safaris
Rhino Safaris Ltd
Richard Bonham Safaris Ltd
Robin Hurt Safaris Ltd

Safari Line Africa
Safari Partners Kenya Ltd.
Safari Seekers (K) Ltd
Safari Travel Kenya Ltd
Safaris In Style
Safaris Unlimited (Africa) Ltd
Satguru Travel & Tours Services Ltd.
Scenic Wildlife Safaris Ltd
Selective Safaris
Sher Safari Services Ltd.
Shimoni Aqua Ventures
Shoor Travels & Tours
Silver Africa Tours & Travel
Silverbird Adventure Tours & Travel
Smile Tours & General Agencies
Somak Travel Ltd
Southern Cross Safaris Ltd
Southern Sky Safaris
Special Camping Safaris
Special Lofty Safaris-Msa
Speedbird Travel & Safaris
Sportsmen's Safaris & Tours
Spurwing Travel & Tours Ltd
Star Travel & Tours Ltd
Steenbok Safaris & Car Hire
Suntrek Tours & Travel Ltd
Sunworld Safaris Ltd
Taipan Vacations & Travel Ltd
Tamarind Management Ltd
Tamasha Africa Ltd
Tee Off Kenya
Tekko Tours & Travel
Texcal House Service Station
The Specialized Safaris Co.Ltd
Tobs Kenya Golf Safaris
Top Deck Travel & Tours
Tor Allan Safaris
Tour Africa Safaris
Transworld Safaris (K) Ltd.
Travel Affairs Ltd

APPENDIX 5: Summary of Marketing Mix

Fig 1 – Dimensions of Marketing Mix.



Source-Bennett, J.A (2000), Managing tourism services; a South African Perspective, 2nd edition, Pg 31-32.