

**INFLUENCE OF ONLINE DISTRIBUTION CHANNEL INTERMEDIARY
STRATEGY ON COMPETITIVE ADVANTAGE OF HOTELS AND RESTAURANTS
IN NAIROBI**

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DECLARATION

I declare that the detail information presented in this research project is my own original work and has not been previously submitted to any other University for any examination.

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Signed  Date 04.10.2021

This research Project has been submitted for examination with my authority as the University Supervisor.

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DEDICATION

To my family for the prayers and support they have always accorded me throughout this journey.

ABSTRACT

The complex nature of hotel and restaurant business necessitates the need for use of various strategies to achieve competitive advantage. This may be achieved by firms improving their efficiency and effectiveness while remaining agile. The purpose of this study was to determine the influence online distribution channel intermediary strategy has on competitive advantage by hotels and restaurants in Nairobi as well as establishing the most preferable form of online distribution channel intermediary strategy by hotels and restaurants in Nairobi. The study was founded on Dynamic capabilities and Network theories, which provides a conceptual and pragmatic guide upon which firms can match capabilities to opportunities within the environment and understand relationship-building frameworks, human behaviour and become innovative respectively, in order to achieve competitive advantage. A cross-sectional survey design was adopted based on a descriptive approach. The study employed a non proportional stratified random sampling technique in selecting respondents. The population for this study was hotels and restaurants in Nairobi. Nairobi has approximately 57 top star-rated hotels (2, 3, 4 and 5 star-rated) and 212 restaurants. (Tourism Regulatory Authority (TRA) Classification Register, 2020 and Tourism Regulatory Authority (TRA) Licensed restaurants Register (2018-2019). The total target population was 269 out of which a sample size of 80 was selected using a non proportional random stratified sampling technique. Stratification was based on nature of premises and offerings (either hotel or restaurant). 30% of each strata was then taken to represent the total sample size. The research tool used was a Questionnaire which was the researcher's main primary data collection instrument. Data was analysed using a descriptive and inferential statistics approach. The study findings revealed that social media sites are the most preferable form of online distribution channel intermediary strategy with a mean of 0.4 as illustrated in figure 4.1 of the studied hotels and restaurants usability. This implies that hotels and restaurants should focus more on their social media sites while intending to improve their competitive advantage through the intervention of online distribution intermediary strategy. Additionally, the study established that online distribution channel intermediary has a positive influence on the competitive advantage of hotels and restaurants in Nairobi. The findings from the study also established that all competitive advantage indicators have a mean above 3.5 meaning all the competitive advantage indicators have been impacted on by the use of online distribution intermediary strategy. The findings also suggested the existence of a positive and statistically significant relationship between online distribution channel intermediary Strategy and competitive advantage of hotels and restaurants in Nairobi with P values of 0.0000 each which is less than 0.05 as shown in table 4.7. The researcher recommends that hotels and restaurants in Nairobi consider implementing online distribution channel intermediary strategy in order to boost their chances of improving their entities' competitive advantage.

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ABBREVIATIONS AND ACRONYMS

ODCI	Online Distribution channel intermediary
TRA	Tourism regulatory Authority
OTAs	Online Travel Agencies
GDS	Global Distribution System
GDP	Gross Domestic Product
B2C	Business to Consumer
SEO	Search Engine optimization
DCT	Dynamic Capability Theory
NT	Network Theory

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Online distribution channel intermediaries are participants in the value chain of a company who specialize in physical distribution and marketing service and connect a company with the end user through digital means. E- Commerce, also known as Click and Mortar, is a business to consumer (B2C) channel that is rapidly growing as more people have embraced the use of internet for purchases of both goods and services. This business model reduces transaction costs, increases customer's access to information and allow them a chance to find most competitive prices to a product or service.(Source: Lumenlearning.com, 2020).Joshua & Grant (2011) hold the view that online distribution intermediaries are global companies that facilitate means of distribution through the internet. Claudia et al (2018) points out new forms of distributing and communicating online that include social media, online review sites and mobile channels that in turn play an important role for hoteliers.

The basis for achieving superior performance in the long run is by maintaining a sustainable competitive advantage. There are two basic types of this advantage: Low cost and differentiation. Cost leadership enables a firm to compete by offering lower prices compared to the competition. Differentiation on the other hand involves creating a service or product perceived to be unique industry wide through product design, superior brand image, quality, innovation or superior customer service (Porter, 2011).

The research was founded on Dynamic capabilities and Network theories, which provides a conceptual and pragmatic guide upon which firms can match capabilities to opportunities within the environment and understand relationship-building frameworks respectively, in order to achieve competitive advantage.

The Kenyan hotel and restaurant sector has the potential to impact Kenya's economic performance in my view, based on Kenya's blueprint: The Kenya Vision 2030, economic and macro pillar stipulations. According to the Kenya hospitality report 2018, hospitality industry is among top three lauded revenue earners among Kenya's economic sectors with earnings of 1.2 Billion dollars from tourism expenditures. Hotel bed-night occupancy rose between the period 2016-2017 by 11%, rising from 6.4 Million to 7.2 Million. The Kenya National Bureau of statistics report on villas terms the hospitality industry as that of economic significance to economy through revenue and employment contribution. It is estimated that hospitality industry contributes 10% to Kenya's GDP. This is according to a research by

Jumia Travel Agency, a major hospitality brand in Kenya. The world travel council also puts the estimate at 10% while the World Bank economic assessment of tourism in Kenya report 2016 puts the estimate at between 8% and 14%. Hotels are a major contributor to this performance according to the reports. It is also worth noting that start-ups naturally do not have the ability to ensure effective distribution of their output to consumers within the hotel industry. Due to unavailable documented information with regard to online channel distribution intermediary strategy on competitive advantage of hotels and restaurants in Kenya, the study was necessary for documenting facts for possible policy development as well as providing information for easier implementation of these market penetration strategies for start-ups and other industry players in pursuit of competitive advantage for their entities within the industry.

1.1.1 Online distribution channel intermediary strategy

A strategy is an organization's direction and scope over the long-term, which ideally matches firm resources to its changing environment and its target market to meet expectations by stakeholders (Johnsons & Scholes, 1993). Armstrong and Kotler (2009) define distribution channel intermediary as independent organisations that ensure consumers or business users have a product or service available for use. O'Connor and Frew (2002) similarly sees it as a way sufficient information is provided to the right people at the right time and in the right place to allow for decision making with regard to purchasing, reservation and payment for the required product and that it is vital for hotels to have effective distribution because of their perishable inventories. From these definitions, distribution channel intermediary is viewed as a process to have knowledge about a product to be shared with the user and invoke a buying decision. While this may be partly true, an online distribution channel intermediary may be considered something more to that given that it actually facilitates the actual buying decision by initiating order placement and processing for delivery as well by digital means.

Carrol and Sigauw (2005) posit that electronic distribution options constitute a complex web of choices through which suppliers and buyers of hospitality services must carefully navigate to ensure favourable financial results. Joshua and Grant (2011) hold the view that online distribution channel intermediaries are global companies that facilitate means of distribution through the internet while Baloglu et al. (2010) holds the view that gains and limitations for firm operations of all types and sizes across segments of hospitality and tourism are occasioned by the ever evolving technological advancements.

While it is important to adopt online distribution channel intermediary strategies due to the highly influential nature of digital storefronts, easy access to global markets and cheaper running costs, there are challenges that managers ought to be alive to. Firstly, managers should ensure adequate management of channel member expectations, development and maintenance of successful business relationships, ensure no leadership issues and human element of the channel distribution is properly taken care of to enhance cooperation among partners and offering training and motivating participants in the online channel distribution intermediary process to sell the firm's products. Consequently, monitoring and evaluating the performance of the channel over time and adjusting it to enhance performance is also necessary for organizations seeking to achieve competitive advantage. Additionally, firms could use promotional tactics such as special deals, improved profit margins, competitive premiums for display and advertising on social platforms can help in motivating channel intermediaries. Strategic managers should seek to have a skill set of how online market places work and how to maintain and build presence in this current digital age while looking at channel strategy.

Claudia et al (2018) points out that hoteliers should consider the important role played by online review sites, social media and mobile channels as the new online communication and distribution forms.

For purposes of the study, online distribution channel intermediaries was taken to mean participants in the downstream process of the value chain of a company who specialize in physical distribution and marketing service and connect a company with the end user through digital means. They may be global or local and are available online so that users navigate through the internet and select amongst the available platforms depending on perceived motivator, be it financial (cost reduction and profit making depending on the user) as well as customer satisfaction and control. The following forms of online intermediary distribution channels were considered: Online Travel Agencies (OTAs), Delivery Platforms, Mobile Multi category lifestyle Apps, Online Market Places, Hotel and Restaurant's own website (SEO), Global distribution systems & Social Media Sites.

1.1.2 Competitive advantage

Competitive advantage is that which a company does to be ahead of competition by attracting, retaining and giving value and satisfaction to customers and defensively responding to competitive forces in the environment. According to Barney (1996) industry and characteristics of national and international economies as well as organizational sources that

include: firm assets, capabilities information, and knowledge, competencies and reputation possessed and controlled by the firm enhance and maintain competitive advantage and this consequently makes it possible for the firm to conceptualize and implement strategies that ensure improved efficiency and effectiveness.

Additionally, Porter (2011) holds the view that by company doing certain activities better than its competitors thereby creating superior value for its customers ensures achievement of competitive advantage which is a basis by which an organization attracts its customers. Johnson and Whittington (2006) also argues that organizations achieve competitive advantage by providing their customers with what they want or need better than their competitors. Consequently, according to Thompson and Strickland (2007), a firm is perceived to have a sustainable competitive advantage when it has an edge over its rivals in attracting customers and defending against competitive forces.

Cost leadership strategy, differentiation strategy and focus strategy are identified by Porter (2011) as the three generic strategies upon which a firm can base its competitive advantage over its competitors. Cost leadership enables a firm to compete by offering lower prices compared to the competition. This may be achieved by reducing costs within the value chain process. On the other hand, differentiation strategy involves creating a service or product perceived to be unique industry wide through product design, superior brand image, quality, innovation or superior customer service. While focus strategy involves focusing on a narrow segment, could either be a product or market, and servicing it better than competitors whose approach is broader. Porter (2011) further points out that strategy formulation's goal is to cope with competition which in turn determines how appropriate a firm's activities can contribute to firm's performance.

In order to stay ahead of competition and achieve efficiency and effectiveness within their business entities, managers are expected to make strategic choices at corporate, functional and business level for them to achieve firm goals. Various strategies can be adopted to achieve competitive advantage and they include and not limited to strategic alliances and partnerships, mergers and acquisitions, vertical integration, horizontal integration among others. According to Tsai H et al. (2009), Competitiveness in the hotel and restaurant industry could be in terms of: Hotel Marketing and Brand, Customer satisfaction, service quality and Pricing and lastly Technology and Innovation. In this study, our concern will be online channel distribution intermediary strategy which is a function of strategic alliances and partnerships. Therefore, for

a firm to stay ahead of competition, it has to collaborate and partner with other firms to ensure competitiveness within its value chain activities.

For purposes of this study, competitive advantage was taken to mean as that which a company does to be ahead of competition by attracting, retaining and giving value and satisfaction to customers and defensively responding to competitive forces in the environment. To achieve competitive advantage, one has to consider either cost leadership, differentiation & focus strategy. Various levels of strategy formulation that include corporate, functional and business level determine the strategic choice by a firm for a firm's efficiency and effectiveness and consequently competitive advantage. Online distribution channel intermediary strategy was investigated in this study on how it influences competitive advantage by Hotels and Restaurants in Nairobi.

1.1.3 Hotel and Restaurants in Nairobi

According to Hotel and Restaurant act of 1972, a hotel is a premise on which accommodation is supplied or is available for supply with or without food or services in exchange for money or money's worth. While a restaurant is any premise on which is carried on the business of supplying for reward any food or drink. The hotel and restaurant sector is that which deals with all types of guest accommodation and provision of food, drinks, services and shelter according to Revfine.com, 2020, a knowledge platform for hotel, hospitality and travel industry and that it is different from hospitality Industry in that as the name suggests, Hotel industry is all about the hotel while hospitality industry is broader and covers all sectors such as night clubs, Casinos, restaurants, transportation and even hotels. Kamau and Waudu (2012) posits that hotel and restaurant industry in Kenya evolved at the coast due to Arab traders and the railway line construction workers which necessitated building of the first catering establishment at coast known as the grand hotel of Mombasa currently manor house site. Railway line construction progressions to Uganda led to more catering units being established along the line for the workers.

According to Tourism Regulatory Authority (TRA) Classification Register, 2020, Nairobi has approximately 57 star rated hotels. The Tourism Regulatory Authority also puts the number of 2018-2019 registered licensed restaurants at 212. Cytton Nairobi's Hospitality Sector report, 2017 had put the estimate at approximately 33 top rated Hotels (3,4 and 5 Stars) while Global Agricultural Information Network (GAIN) report, 2012 talks of Over 500 licensed hotels(1-5 star) and 70,000 restaurants cafes and coffee and tea houses in Kenya as a whole. Similarly,

Kenyaspace.com 2020, a knowledge platform for Kenyan tours and safaris, holds that Kenya has an estimate of over 500 licensed hotel outlets.

According to PWC's African insights Hotel outlook: 2017-2021 report, Kenyan Hotels stock is set to grow over the next five years with 13 new hotels. That the new properties will add to 2400 guestrooms while expanding Kenya's hotel capacity by 13%. That in 2021, Kenyan hotels are forecasted to gain 4.4 million guest nights, a 4.1 % compound annual increase from 3.6 million in 2016.

Consequently, from the above details concerning the hotel and restaurant sector, conducting the study was expected to help in espousing information necessary for building on already existing data on sector competitiveness, shape policy making and implementation by stakeholders within the industry especially with regard to achievement of vision 2030 through the economic pillar. It is also worth noting that start-ups in this industry do not have the ability to ensure effective distribution of their offerings to consumers. This study is useful to them as well for it is expected to provide plausible information on choice of most preferable form of online distribution channel intermediary strategy as well as decision making with regard to meeting their business competitive advantage needs.

1.2 Research Problem

In the recent past, globalization and technology advancements have immensely contributed to the already existing competitive business environment in the hotel industry (Baloglu et al, 2010). Rapid changes in customer demands, tastes and preferences, increased competition, and a generally dynamic business operating environment clearly describe the composition of this environment. Market globalization and deregulation has intensified competitive rivalry and motivated producers to re-examine their current strategies and address current challenges and opportunities (Stern, 2006). For a business entity to gain and remain competitive and agile it is very essential to develop, adopt and implement strategies that are competitive in nature in order to sustain competitive advantage and ensure success and survival of your firm.

Hotel and Restaurant sector is engaged in the business of supplying accommodation with or without food and supplying food or drinks respectively in exchange for money. The researcher studied Nairobi which has approximately 57 star rated hotels and 212 restaurants in Nairobi. Being the capital City of Kenya, the researcher believed undertaking this research in this area would be beneficial to start ups, industry players and policy makers for it will espouse information necessary for positive progression in the industry.

Despite increasing global research focus on the broader hospitality industry as well as hotels with regard to online distribution channels for competitive advantage, there is no evidence of research known to the author with regard to online distribution channel intermediary strategy by Nairobi Hotels and Restaurant with regard to their competitive advantage. Most studies within the hotel and restaurant sector in Nairobi touch on different issues for example, Kamau and Waudu (2012) studied Hospitality Industry expectations of employees competences in Nairobi Hotels. While Wadongo et al. (2010) case study on key performance indicators: a managerial perspective. None of the studies in the Kenyan Context touched on the concept of online channel intermediary strategies.

There has however been a great deal of studies internationally on online distribution intermediaries. According to a study by Neirottin and Raguseo (2020) who researched on mitigating resource dependence on internet visibility providers: Exploring complimentary effects in the positioning of small hotels on online intermediaries in Italy, a unique panel data set of 276 small and medium sized hotels from a period from 2012 to 2014 was used and the findings indicate that a good online visibility is complimented by the existence of multiple internet portals, however in case of a negative reputation, this can consequently lead to diminishing returns. A longitudinal survey that enhanced prolonged assessment may not yield a representative determination in my view, due to changes that may have occurred within the three-year period.

Zhang (2016) in his study on optimising the utility of hotel online distribution channels, focused on revenue maximisation, which does not necessarily guarantee the competitiveness of the firm in my view. This study whose context was in United Kingdom, also focused on only two online distribution channels that are hotel's own website and Online Travel Agencies (OTAs) while there exist other forms of online channel intermediaries that require attention by researchers hence limiting the findings. The study used a qualitative approach by use of semi-structured interviews to hotel companies that later on refused to adhere to his call to a questionnaire survey in order to get a quantitative response to aid in comparison as well as exploration and observation of any differences in views to facilitate ease of generalisation. Additionally, the online questionnaire survey was distributed publicly through online social media over a long period of time and invitations to share survey link were also done in the same way. The respondents self selected the surveys they wished to participate in and this may have affected sampling.

Kimes (2011) also carried out a research on the current state of online food ordering in the US restaurants industry and found out that out of the 372 restaurant operators of all sizes, a quarter of them had adopted online ordering and it led to benefits such as savings in labour and order accuracy. The study's focus was in the United States and restaurants only and not other hotel food and service providers.

Harwood (2010) study on domestication of ICTs: the case of online practices of Scottish serviced accommodation focuses on the Scottish context. The study used a multi-method approach that provided users to view online practices from various lenses however; data was collected through various approaches that included documented sources, data base compilation and use of interviews to develop an understanding of individual online practices. The study lacked a quantitative approach by use of written questionnaire to enhance the value of study responses for effective generalization of findings.

Additionally, most of the focus has been put on the big hotels that offer accommodation while this study intends to also incorporate smaller to bigger hotels and restaurants in Nairobi whose focus may be food provision only and may not necessarily offer accommodation services. The researcher undertook a cross-sectional survey and use quantitative approach where written questionnaires were administered in order to easily generalize the findings. This study sought to address emerging conceptual, contextual and methodological gaps by answering the question: Does online channel distribution intermediaries affect competitive advantage of hotels and restaurants? The study objective was to determine the influence online channel distribution intermediaries has on competitive advantage by hotels and restaurants in Kenya ?

1.3 Research Objectives

- i. To establish the most preferable form of online distribution channel intermediary strategy by hotels and restaurants in Nairobi.
- ii. To determine the influence of online distribution channel intermediary strategy on competitive advantage of hotels and restaurants in Nairobi.

1.4 Value of the Study

The study contributes to theory in that scholars will gain an insight into the practical and conceptual nexus between online distribution channel intermediary strategy and competitive advantage of firms in general as it will add to already available information, knowledge and academia

In practice, hotel owners, managers and other stakeholders gain information on details about the various online channel distribution intermediary strategies as deployed in Kenya and their effect on the hotel`s competitive advantage. The information will also help start-ups as well as already existing entities to remain ahead of their competition and achieve success.

The government and other policy development actors also benefits following receipt of details about challenges experienced by implementers, areas of concern and improvement as well as any concerns with regard to policy formation espoused in the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is comprised of a review of the literature as follows: Firstly, the theoretical literature review that will comprise of two theories on competitive strategies, Dynamic Capability Theory and Network Theory. An empirical review of literature on the influence of online distribution channel intermediary strategy on competitive advantage shall then follow. Lastly, the chapter shall conclude by discussing the gaps in the literature.

2.2 Theoretical Literature Review

This study was anchored in two theories, namely Dynamic Capability Theory (DCT) and Network Theory (NT).

2.2.1 Dynamic Capability Theory

Dynamic Capability Theory was advanced by Pisano and Teece in 1994. The concept of dynamic capabilities is defined as “the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments” (Teece, Pisano, Shuen, 1997). This Theory was developed on the ideas of Resource based view theory, which holds that the source of firm’s competitive edge lies within its ability to manage its internal resources (Das and Teng, 2000).

The theory considers corporate agility as the most important focus of a firm. This is in the sense of organization’s capacity to detect and align opportunities and threats, take advantage of opportunities as well as maintain competitiveness by enhancing, combining, and when necessary, reconfiguring the business enterprise’s intangible and tangible assets (Teece, 2009). According to Pisano and Teece, 1994, dynamic capabilities involve the ability for a firm to achieve a competitive edge by being flexible and dealing with rapid changes in the business environment.

The theory holds the assumption that core competencies should be used to modify short-term competitive positions for competitive advantage. Also assumes that dynamic capabilities of a firm are built and not bought and that this creation and evolution is as a result of a firm’s asset position and adopted evolutionary paths. Also assumes just as resources in resource based view, dynamic capabilities are heterogeneous depending on the individual firm.

This theory elaborates on two issues; the ability to change competencies to adapt to changes in the internal and external business environment and the use of strategic management in matching the environmental requirements (Teece et al, 1997). Three factors are highlighted in this theory for deriving competitive advantage namely: process, position & future paths to strategic direction.

Justifications of the theory is in the sense that; just as firms compete in product markets, they also compete to create technological, operational & organizational capabilities that provide them competitive advantage. Therefore decisions on market entry, positioning & capability creation are interlinked. Dynamic capability theory provides conceptual & practical insight into these links. Online channel distribution strategies can help firms build and sustain competitive advantage.

2.2.2 Network Theory

The Network Theory was advanced by Forsgren in the year 1995. According to Forsgren (1995) Network theory studies relationships. These relationships could be between relationship-related business investments to create and enhance competitive advantage as well as relationships that are built from interactions between people through their patterns and motives. Networks in business investments may involve adaptation of products, processes and routines. Firms gradually adapt upon learning about each other's way of doing things. These firm's processes are often mutual while the business relationships are critical for the firm's business. For such investments to thrive, markets within which the firms operate are more or less stable networks of business relationships hence encouraging for firms make such investments. The framework that opens up possibilities for a firm while imposing constraints on a firm's business dealings is what we call the network (Forsgren and Johanson 1992). In the context of marketing, network theory suggests that one ought to understand human behaviour for them to be better placed in terms of connecting with them through content and building relationships.

Within the network-based theory, firms are seen as homogenous, where both customers and suppliers are active in negotiations with counterparts on similar goods and services. Firms perform activities and exchange resources with each other thereby directly and/or indirectly being connected. Such interactions lead to evolution of long-term relationships built on mutual adaptation, commitment and trust.

The network theory also assumes mutual trust among members i.e. all dealings are on utmost good faith basis. The network theory concept is context specific for each firm, while its cognitive understanding is varied depending on individual actors which consequently are translated into behavior (Snehota, 1990). The network perspective best applies in modern business models that largely focus and leverage on high level of technology and worldwide marketing that has consequently killed the world geographical distance (Overby and Min 2001).

This theory is justified in the sense that it provides merits such as trade credit terms, cost efficiency through virtual presence locally and globally, enhances synergies that lead to better efficiency i.e leveraging on each other's strengths among other benefits. According to Alt R., Fleishch E. and Werle O (2014), networkability is vital in logistics industry and activities that lead to design of an entity's networkability helps in reducing time and costs and specificity of investments while improving flexibility of existing investments and opportunities for establishing new market segments. That companies ought to be innovative for them to possess networkability that can contribute to their competitiveness by incorporating it in strategies by companies in order to achieve their objectives, develop project methods and control projects and transactions.

Online distribution channel intermediary strategy is a perfect example to network perspective to building relationships between organizations and people that in turn contribute to sustainable competitive advantage within firms.

2.3 Online Channel Distribution Intermediary Strategy and Competitive Advantage

Organizations must adequately set up distribution channels for their offerings to consumers. Werner, Mc Dermont and Rotzm (2004) posit that firms can grow to national prominence by successfully developing a distribution format. Factors such as buyer behaviour, buyer need for product (Chapman, 2006), and willingness of channel intermediaries, & intermediary cost (Pilai and Bagavanthin, 2007), influence choice of distribution of channel.

Various studies have been done to explore the relationship between online distribution channel intermediary and competitive advantage of a firm. Zhang, 2016 study on optimisation the utility of hotel distribution channels was aimed at investigating functions of hotel online distribution channels (hotel's own website and online Travel Agencies) and examining customer booking intentions. The study established six functions of the online distribution channels akin to revenue maximisation that include information, communication, promotion,

security, relationship building and payment. The study also established that having a good understanding of customer bookings intention relating to online distribution channels could lead to full exploitation of channel potential and formulation of effective distribution strategies that can lead to increased market share of online sales. The study concentrated on two forms of online distribution while there exist several others such as delivery platforms, transport mobile application among others that need consideration. The study and findings on functions of online channel distributions was based upon semi structured interview to hotel experts. A questionnaire survey would have been appropriate to facilitate getting quantitative responses and establish any differences in perceptions.

Harwood (2010) study on domestication of ICTs: The case of online practices of Scottish serviced accommodation investigated practises associated with the adoption and use of ICTs in the hotel industry. The study revealed three adoption strategies that included internalisation (learning by trying), adoption of offerings of online intermediaries (eg online booking facilities) & localisation where local groups form a local consortium that promotes the locality and benefits their businesses. A multi-method approach was used to analyse data so as to bring out the various perspectives that range from frog's eye to birds eye however, the researcher's primary data sourcing relied on interviews which provided qualitative data while he should have incorporated a quantitative study through administering written questionnaires and consequently enhance easy comparison of perceptions as well as generalization of findings.

Berritelly and Schegg (2016) in their study on maximising online bookings through a multichannel strategy found out that the number of channels and not the type of channel result into an estimated number of online bookings by the respondents in the hotels. Additionally, the study findings challenge opinion among practitioners that the multitude of distribution channels forces users to choose among single online channels and therefore drives the search for criteria to access channels or even to disregard them. The study is limited by the fact that in determining the benefit of a multichannel strategy, it put a lot of focus on booking volume per channel rather than the monetary sales volume or profit.

Jolanta (2010) study on the role of distribution in creating competitive advantage of companies in SME sector identifies the following five strategies: selective distribution, intense distribution, exclusive distribution, pushing and attracting strategies. It also reveals that distribution strategies depends on the business profile and size of the firm while choice of strategy should be adequate to needs that take into consideration of competitors, market

position and specific situation of target segment yet implementation depend on the concept of marketing management.

Paolo, & Elizabeth, (2020) study on mitigating dependence on internet visibility providers shows that presence of multiple internet portals are complementary conditions for profitability of a hotel, and that the number of internet portals on which firms are visible negatively impacts profitability in case of a poor reputation, and leads to diminishing marginal returns in the case of a positive reputation.

Dolasinski, Roberts, & Zheng, (2019) in their study on measuring hotel channel mix established support for the usefulness and need of a Data Envelopment Analysis-Balanced score card(DEA-BSC) Model to manage different booking channels to maximise revenue & measure efficiency distribution channel mix results respectively.

Brigitte, Alessandro & Roland (2015) in their study on hotel dependency on online intermediaries and their chosen distribution channel portfolios, a three country insight, revealed that Swiss and Germany hotel's dependency on Online Travel agency is higher than Australian's and that hoteliers choose from four distribution portfolio groups: Multichannel, electronic, real time, and traditional distributors. That OTAs dependency is higher in Germany & Switzerland than in Australia.

O'Connor & Frew, (2002) study on the future of hotel electronic distribution: expert and industry perspectives shows that most hotels use intermediaries such as travel agents, tour operators or incentive houses. While in their study on evaluation methodology for hotel electronic distribution a different set of factors is considered depending on adoption or continuation of a channel. For adoption, operational and technical issues are given primary consideration while in continuation, same issues are vital however financial aspects are found to be more important O'Connor & Frew, (2004).

2.4 Summary of Literature and Knowledge gaps

In the literature evaluation, it became apparent that there exist gaps in the literature. For instance, Irimu (2009) researched on the effects of distribution strategies employed by sewing machine industry in Kenya on channel members and found that location of service facility is vital due to lack of funds by customers for public transportation or may feel psychologically uncomfortable to visit distant outlets. Pius and Boaz (2015) study on the strategic role of distribution as a source of competitive advantage in Fast Moving Consumer goods in Kenya

revealed that distribution strategies ensure availability of products to the intended customer. And that intensive distribution ensures customer convenience products as source of competitive advantage and that intensive distribution affects competitive advantage to a moderate extent. The study's focus was on determining the most appropriate distribution system and not online channel distribution intermediary strategy. Most studies within the hotel industry in the Kenyan context touch on different issues for example, Kamau and Waudu (2012) studied Hospitality Industry expectations of employees competences in Nairobi Hotels. While Wadongo et al. (2010) case study on key performance indicators: a managerial perspective. None of the studies in the Kenyan Context touched on the concept of online distribution channel intermediary strategy.

In conclusion, despite increasing global research focus on the broader hospitality industry as well as hotels with regard to online distribution channel intermediary for competitive advantage, there is no evidence of research known to the author with regard to online distribution channel intermediary strategy in relation to competitive advantage by hotels and restaurants in Nairobi. Additionally, most of the focus had been put on the big hotels and restaurants that offer accommodation while the study incorporated hotels and restaurants (small and medium sized) in Nairobi whose focus may be food provision only and may not necessarily offer accommodation services. This study adopted use of semi structured quantitative approach by use of questionnaires for ease of generalization of findings. The study also sought to establish most preferable form of online distribution channel intermediary strategy so as to give users an insight into the best choice for optimum outcome in the hotel and restaurant sector as well as determining the influence online channel intermediary strategy has on competitive advantage of hotels and restaurants in Nairobi.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology with which the study was carried out. The following subsections were highlighted and described: Research design, Population of the study, Sample design, Data collection techniques and Data analysis.

3.2 Research Design

Research design gives a plan of where data for research question investigation is obtained and explains how the research will be conducted (Welman, Kruger & Mithel, 2006). A cross-sectional survey design was adopted because of its deductive approach that in turn helps to explain causal relationships and outcome generalizations to a bigger population represented by the sample population. The study took a descriptive approach due to its ability to offer a comprehensive description and analysis of the study topic with no restrictions to the scope of the study (Collis & Hussey (2003).

3.3 Population of the Study

According to Mugenda and Mugenda (2003), a population is a set of individuals whose observable characteristics are common. The population for this study was hotels and restaurants in Nairobi. These include star-rated hotels as well as restaurants. Study location was limited to Nairobi, a capital city to country Kenya due to time and financial constraints. Nairobi has approximately 57 top star-rated hotels (2, 3, 4 and 5 star-rated) and 212 restaurants. Total Target population is 269.(Tourism Regulatory Authority (TRA) Classification Register, 2020 and Tourism Regulatory Authority (TRA) Licensed restaurants Register (2018-2019).

3.4 Sample Design

The study employed a stratified random sampling technique in selecting respondents because of its ability to enable the researcher to control the sample size, and increased statistical efficiency(Mugenda and Mugenda 2003). According to Mugenda and Mugenda (2003), when the study population is less than 10,000, a sample size of between 10% and 30% is a good representation of the target population. The Stratification was based on nature of premises and offerings (either hotel or restaurant). Therefore, the population was divided in two non-proportional samples of star rated hotels as per Tourism Regulatory Authority (TRA) Classification Register, 2020, Nairobi and restaurants as per Tourism Regulatory Authority

2018-2019 licensed restaurants register. The sample size consisted of 30% of the star rated hotels (57) and 30% of the licensed restaurants (212). This came to a sample size of 80 respondents.

3.5 Data Collection

The study entailed use of primary data collection method which included use of semi-structured questionnaires. For the questionnaire, Section A covered general profile questions, Section B covered main forms of online channel distribution intermediaries adopted while section C covered questions regarding the influence of these online channel distribution intermediaries on the Competitive advantage of the hotels and restaurants. A “drop” and “pick” later technique to administer the questionnaire was adopted as well as Google forms survey administration software within a period of three weeks allowance. The respondents were top management staff or middle level manager or owners depending on their availability since they possessed required management information of interest.

3.6 Data Analysis

A descriptive and inferential statistics approach was adopted so to ensure simplicity and accuracy while enhancing understanding and interpretation by users of the data presented and measure the relationship between the independent and dependent variables respectively. Numerical values were assigned to the responses, categorized as interpreted and connected to consistent numerical codes. This included Mean, Frequency, Standard deviation and Regression analysis. The depended variable was competitive advantage while the independent variable is online distribution channel intermediary strategy as operationalized by the following forms/dimensions:online travel agencies, delivery platforms, own websites/search engine optimization, global distribution systems, social media sites, mobile multi category lifestyle apps and onljne market places. The multilinear regression model was as follows:

$$Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon$$

Where:

α = the Y intercept when x is zero or the constant

β_{ij} = Regression Coefficients

X_1 = Online Travel Agencies

X_2 = Delivery Platfoms

X₃= Own Websites/Search Engine Optimization

X₄= Global Distribution Systems

X₅=Social Media sites

X₆= Mobile Multi Category Lifestyle Apps

X₇=Online Market Places

ε = the error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents findings from data analysis. It also presents a detailed discussion of the findings. The study determined the influence of online Channel distribution intermediary strategy on competitive advantage of Hotels and restaurants in Nairobi. The findings were based on the responses from questionnaires. The research objectives were to establish most preferable form of online distribution channel intermediary strategy by hotels and restaurants in Nairobi as well as determining the influence of online distribution channel intermediary strategy on competitive advantage of hotels and restaurants in Nairobi. The data has been shown on frequency tables and bar graphs.

4.1.1. Response Rate

The sample study was 80 hotels and restaurants from Tourism Regulatory Authority (TRA) Classification Register, 2020 and Tourism Regulatory Authority (TRA) Licensed restaurants Register (2018-2019, of which 60 voluntarily took part in the study and filled in the questionnaire recording a 75% response rate. According to Babbi (2010), a 70% and above response rate is good and adequate for a study to proceed. The impressive response is attributed to the use of Google forms, a digital platform that facilitates carrying out surveys as well as the researchers physical follow ups on respondents in the drop and pick technique to facilitate timely response to questionnaires.

4.2 Demographic Information

The study intended to have knowledge of the basic background information of the respondents working at the various Hotels and Restaurants in Nairobi. The study gathered data on the aspect of respondent's Position in various Hotels and Restaurants in Nairobi in order to evaluate the level at which ODCI has been deployed in Hotels and Restaurants in Nairobi

4.2.1 Respondents Position

The researcher focused on the position of respondents in the various entities. The respondents were requested to indicate their position in the Hotels and restaurants. The outcome is as follows:

48 of the respondents were managers while 12 were owners. This implies that 80% of the respondents were managers while 20% were owners.

4.2.2 Years of Operation

The study examined the number of years the hotels and restaurants have been in operation. 24 of the respondents indicated that their entities had been in operation for less than 10 years, another 24 also indicated their entities had been operating for between 10 to 15 years while only 12 respondents indicated that their entities had been operating for between 16 and 20 and above years.

Table 4.1 Years of Operation analysis

	No. of hotels and restaurants	Mean
Less than 10 years	24	0.4
10-15 years	24	0.4
16-20 years and above	12	0.2
Total	60	

According to the study findings, hotels and restaurants in Nairobi who have been in operation for less than 10 years and between 10 and 15 years are a majority consisting of a mean grade of 0.4 respectively. Hotels whose years of operation is between 16 and 20 year and above are the least majority with a mean grade of 0.2.

4.2.3 Number of Employees

The examined the number of employees employed in the hotels and restaurants in Nairobi. 6 respondents indicated that they had employed below 15 employees, 12 of the respondents had employed between 15 and 50 employees while 24 respondents had between 50 and 100 employees and only 18 respondents indicated having been employed above 100 employees.

Table 4.2 Number of employees employed by the 60 hotels and restaurants analysis

	No. of employed employees	Mean
Below 15	6	0.1
Between 15-50	12	0.2
Between 50-100	24	0.4
Above 100	18	0.3

According to the study findings, majority of the hotels have employed between 50 and 100 employees with a mean of 0.4 while hotels and restaurants who employ below 15 employee are the least majority with a mean grade of 0.1.

4.3 Online distribution channel intermediary strategy

The study examined the online distribution channel intermediary strategy using 5 point Likert scale questionnaire presented to the respondents. The respondents were to state to what extent their hotels and restaurants uses the listed forms of online channel distribution intermediaries: very great extent, great extent, moderate extent, and little extent and not at all. The responses were given different scores as follows, very great extent had a score of 5, great extent had a score of 4, moderate extent had a score of 3, little extent had a score of 2 and not at all had a score of 1. For each of the questions explored on the extent to which the forms of online distribution channel intermediaries were used, the scores of the responses were summed up and divided by the total number of respondents (60) to give a mean score of the response; a standard deviation of the responses were computed to give a standard error of the response. The highest mean implied form used to the greatest extent while lowest mean implied the form used to the least extend hierarchically.

Table 4.3 Online Distribution Channel Intermediary Strategy analysis

Forms of online distribution channel intermediary	mean	std dev
Social media sites eg facebook, twitter, whatsapp and telegram	4.5	0.50
Hotel's or Restaurant's own website (SEO)	4.1	1.23
Mobile multi category lifestyle apps eg Glovo]	3.5	1.42
Online market place eg Jumia foods	3.3	1.57
Delivery Platforms eg Uber-eats	2.8	1.48
Online Travel Agencies (OTAs)	2.6	1.44
Global distribution systems (GDS)	2.5	1.58

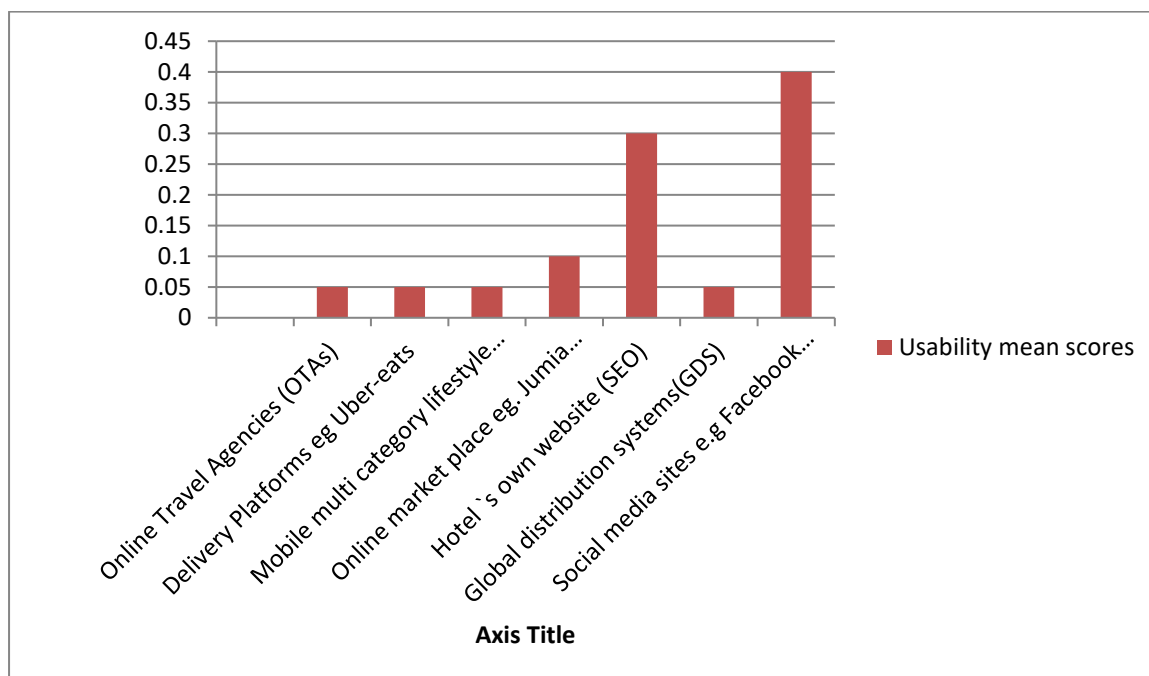
From the findings, social media sites had a mean of 4.5, Hotel's or Restaurant's Own website 4.1, Mobile Multi-category Lifestyle Apps 3.5, Online market Place 3.3, Delivery Platforms 2.8, Online Travel Agencies had a mean of 2.6 while Global distribution systems 2.5. This implied that social media sites were being used to the greatest extent compared to the rest of the forms/dimensions of online distribution channels intermediary studied with an average

score of 4.5 while Global distribution system was seen to be used to the least extend comparatively.

4.3.1 Most preferable form of Online Distribution Channel Intermediary strategy.

The study examined the most preferable form of online distribution channel intermediary strategy. 24 of the respondents preferred social media sites, while 18 preferred Hotels own website, 6 of the respondents preferred online market place apps such as Jumia foods, yet online travel agencies, delivery platforms such as Uber eats, Global distribution systems, and mobile multi category lifestyle apps such as Glovo were preferred by 3 respondents each.

Figure 4.1 Most preferable form of Online Distribution Channel Intermediary strategy analysis



Findings indicate that social media sites are the mostly preferred online distribution channels intermediary strategy form with a mean score of 0.4 followed by hotel's own websites at 0.3 Online Market Place was in third place at 0.1 while the rest of the forms were at 0.05 each.

4.4 Competitive Advantage

4.4.1 Competitive advantage indicators analysis

The study examined the influence of online distribution channel intermediary strategy on competitive advantage of hotels and restaurants in Nairobi using 5 point Likert scale questionnaire presented to the respondents. The respondents were to state to what extent the online channel intermediary strategy had assisted their company to achieve the set target goal

for the listed competitive advantage indicators: very great extent, great extent, moderate extent, and little extent and not at all. The response were given different scores as follows, very great extent had a score of 5, great extent had a score of 4, moderate extent had a score of 3, little extent had a score of 2 and not at all had a score of 1. For each of the questions explored on the extent the online distribution intermediary strategy had assisted the company to achieve set target goal for the listed competitive advantage indicators, the scores of the responses were summed up and divided by the total number of respondents (60) to give a mean score of the response; a standard deviation of the responses were computed. A mean score greater than 3.5 meant that Online distribution channel intermediary strategy had an impact on the Competitive advantage indicator while a mean score less than 2.5 meant that the indicator was not affected by employing online distribution channel intermediary strategy; on the other hand a mean score between 2.5 and 3.5 meant that the respondents were neutral on whether or not the indicator was impacted by employing the strategy.

Table 4.4. Competitive advantage indicator analysis

Competitive advantage indicators	mean	std dev
Improved brand awareness	4.5	0.68
Improved market segmentation	4.3	0.79
Service quality and speed/turn-around time in delivery	4.3	0.65
Customer satisfaction	4.3	0.65
Competitive pricing	4.3	0.65
Technology responsiveness	3.9	0.71

Findings shows that all the indicators have a mean above 3.5 meaning all the competitive advantage indicators had been impacted on by the use of online distribution intermediary strategy. Improved brand awareness had the highest mean of 4.5, followed by Improved market segmentation, service quality and speed/turnaround time delivery, customer satisfaction, competitive pricing all at a mean of 4.3 while technology responsiveness had the least mean of 3.9, however all the mean scores were above 3.5 implying the great impact ODCI strategy had on competitive advantage of hotels and restaurant in Nairobi.

4.5 Relationship between Online Distribution Channel Intermediary Strategy and Competitive Advantage

The following table shows the explanatory power of the regression model.

Table 4.5. Model Summary on Competitive Advantage

<i>Regression Statistics</i>	
Multiple R	0.9545
R Square	0.9112
Adjusted R Square	0.8992
Standard Error	0.1673
Observations	60

- a. Dependent Variable: Competitive Advantage
- b. Predictors: Online Distribution Channel Intermediary Strategy. Dimensions: Online Travel Agencies, Delivery Platforms, Hotel/Restaurant's Own website/ Search Engine Optimization, Global Distribution System.

The study's second objective was to uncover the influence of online distribution intermediary strategy (through the various forms/dimensions) on competitive advantage of hotels in Nairobi. The research findings show in table 4.5 that R squared is 0.9112 implying that 91.1% variation in competitive advantage of hotels and restaurants in Nairobi can be explained by variations in ODCI strategy. There could be other variables that may also explain variations in competitive advantage; these variable(s) comprise the remaining 8.9% of the unexplained variation in the model.

Table 4.6 ANOVA Table on Competitive Advantage

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	7	14.943	2.134	76.236	0.0000
Residual	52	1.4561	0.028		
Total	59	16.4			

- a. Dependent Variable: Competitive Advantage
- b. Predictors: Online Distribution Channel Intermediary Strategy.
Forms/Dimensions: Online Travel Agencies, Delivery Platforms, Hotel/Restaurant's Own website/Search Engine Optimization, Global Distribution System

Table 4.6 gives results of whether the model was a good fit. As indicated in the table, the independent variable is good predictors of competitive advantage. This is evidenced by p-value $0.0000 < 0.05$ thus the overall model is statistically significant at 95% confidence level.

Multi Linear regression analysis

The study used multi-linear regression to establish this relationship and Table 4.7 summarizes the regression analysis below:

Table 4.7 Regression Coefficients on Competitive Advantage

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	2.895	0.306	9.439	0.0000
OTA	-0.450	0.035	-12.529	0.0000
DP	0.168	0.022	7.438	0.0000
SEO	-0.275	0.026	-10.474	0.0000
GDS	0.469	0.038	12.242	0.0000
SM	0.423	0.068	6.160	0.0000

- a. Dependent Variable: Competitive Advantage
- b. Predictors: Online Distribution Channel Intermediary Strategy. Dimensions: Online Travel Agencies, Delivery Platforms, Hotel/Restaurant's Own website/Search Engine Optimization, Global Distribution System

$$Y = 2.895 - 0.450 X_1 + 0.168 X_2 - 0.275 X_3 + 0.469 X_4 + 0.423 X_5$$

Where

X_1 = Online Travel Agencies

X_2 = Delivery Platforms

X_3 = Hotel/Restaurant's own website/Search Engine Optimization

X₄= Global Distribution Systems

X₅=Social Media

From the table above it can be seen that, all the forms of ODCI strategy are statistically significant (p value $0.0000 \leq 0.05$) however, online travel agencies and Restaurant's own website/search engine optimization can be negatively related to competitive advantage while delivery platforms, global distribution systems and social media platforms are positively related to competitive advantage. The beta value $\beta_1 = -0.450$; $\beta_3 = -0.275$ indicates that a unit increase in each of online travel agency and search engine optimization will result in 0.450 and 0.275 unit decrease in competitive advantage respectively while $\beta_2 = 0.168$ implies that an increase in delivery platforms by one unit will cause an increase in competitive advantage by 0.168 units. On the other hand, $\beta_4 = 0.469$ means that an increase in global distribution system by one unit will cause a change in competitive advantage by 0.469 units and lastly $\beta_5 = 0.423$ implies that any unit increase in social media platforms will bring about a relative increase in 0.423 unit in competitive advantage.

Mobile Multi Category Lifestyle Apps and Online Market Place was excluded from the model as they were found to be statistically insignificant at p -values 0.97 and 0.37 respectively.

4.6 Discussion of Results

The first objective of the study was to establish the online distribution channel intermediary strategy forms most preferred by hotels and restaurants in Nairobi. Findings indicate that social media sites are the most preferred online distribution channel intermediary strategy forms with a mean score of 0.4 followed by hotel/restaurant's own websites at 0.3 Online Market Place are in third place at 0.1 while the rest of the forms are at 0.05 each as indicated in figure 4.1. Additionally, findings on the extent to which the various forms of ODCI strategy were being used, social media sites had a mean of 4.5, Hotel's or Restaurant's Own website 4.1, Mobile Multi-category Lifestyle Apps 3.5, Online market Place 3.3, Delivery Platforms 2.8, Online Travel Agencies had a mean of 2.6 while Global distribution systems 2.5 implying that social media sites were being used to the greatest extent compared to the rest of the forms/dimensions of online distribution channels intermediary studied with an average score of 4.5 while Global distribution system was seen to be used to the least extent comparatively.

The second objective of the study was to determine the influence of online channel distribution intermediaries on competitive advantage of hotels and restaurants in

Nairobi. Findings shows that all the indicators have a mean above 3.5 meaning all the competitive advantage indicators have been impacted on by the use of online distribution intermediary strategy. Additionally, from the multi-linear regression analysis, there is a positive and statistically significant relationship between online distribution channel intermediary Strategy and competitive advantage of hotels and restaurants in Nairobi explained by p values of less than 0.5 for the studied forms/dimensions of ODCI strategy indicating a confidence level of over 95% making it statistically significant while the beta values $\beta_2 = 0.168$ implies that an increase in delivery platforms by one unit will cause an increase in competitive advantage by 0.168 units, $\beta_4 = 0.469$ means that an increase in global distribution system by one unit will cause a change in competitive advantage by 0.469 units, and lastly $\beta_5 = 0.423$ implies that any unit increase in social media platforms will bring about a relative increase in 0.423 unit in competitive advantage.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises findings, draws conclusions relevant to the research and makes recommendations on the same based on the two objectives of the study that include establishing the online channel distribution intermediaries mostly used by hotels and restaurants in Nairobi and determining the influence of online channel distribution intermediaries on competitive advantage of hotels and restaurants in Nairobi.

5.2 Summary

The purpose of this study was to seek to determine the influence online distribution channel intermediary strategy has on competitive advantage by hotels and restaurants in Nairobi as well as establish the most preferred form of online distribution channel intermediary strategy by hotels and restaurants in Nairobi. From the study, social media sites are the most preferred form of online distribution channel intermediary strategy with a mean score of 0.4 followed by hotel's own websites (SEO) at 0.3 Online Market Place are in third place at 0.1 while the rest of the forms are at 0.05 each..

The findings from the study also suggest that all competitive advantage indicators have a mean above 3.5 meaning all the competitive advantage indicators have been impacted on by the use of online distribution intermediary strategy.

From the study, findings suggest the existence of a positive and statistically significant relationship between Online distribution channel intermediary Strategy and competitive advantage of hotels and restaurants in Nairobi. P values of less than 0.5 for the studied forms/dimensions of ODCI strategy indicate a confidence level of over 95% making it statistically significant. Additionally, the beta values $\beta_2 = 0.168$ implies that an increase in delivery platforms by one unit will cause an increase in competitive advantage by 0.168 units, $\beta_4 = 0.469$ means that an increase in global distribution system by one unit will cause a change in competitive advantage by 0.469 units, and lastly $\beta_5 = 0.423$ implies that any unit increase in social media platforms will bring about a relative increase in 0.423 unit in competitive advantage.

5.3 Conclusions

The study revealed that social media sites are the most preferred form of online distribution channel intermediary strategy with a mean of 0.4 usability as illustrated in Figure 4.1, followed by hotel's own websites at 0.3. This therefore implies that hotels and restaurants should focus more on their social media sites while intending to improve their competitive advantage through the intervention on online distribution channel intermediary strategy since it is the most preferable for hotels and restaurants in Nairobi.

In addition, the study established that online distribution channel intermediary has a positive influence on the competitive advantage of hotels and restaurants in Nairobi. All competitive advantage indicators had a mean above 3.5 meaning they were all impacted on by the use of online distribution intermediary strategy. Findings also showed a positive and statistically significant relationship between online distribution channel intermediary strategy and competitive advantage of hotels and restaurants in Nairobi as indicated by P values of 0.0000 for all the studied forms/dimensions of ODCI strategy which is less than 0.5 pointing at a confidence level of over 95% making it statistically significant. Therefore, hotels and restaurants in Nairobi should consider implementing online distribution channel intermediary strategy in order to boost their competitive advantage.

5.4 Limitation of the Study

The study was a cross-sectional survey seeking to establish the influence of online distribution channel intermediary strategy on Competitive advantage of hotels and restaurants in Nairobi. The main limitation was that respondents response rate was slow requiring physical follow up and use of additional resources to ensure relevant data has been collected.

The occurrence of the Covid 19 pandemic also had a limit on interpersonal interactions hence one to one interviews could not be undertaken to strengthen collection of additional responses attributed to non-verbal cues.

5.5 Recommendations

The study findings indicate that all the competitive advantage indicators have been impacted on by the use of online distribution intermediary strategy. It is therefore recommended that hotels and restaurants in Nairobi adopt online distribution channel intermediary strategy to strengthen the competitiveness in the hotel and restaurant sector. In addition, hotels and restaurants should increase their use of social media sites as a form of online distribution

channel intermediary in their quest to increase their competitive advantage within the hotel and restaurant sector. The Government on the other hand to consider further participation in policy development and reduce cost of operationalization of this online distribution channel intermediary strategy to ensure its maximum utilisation.

5.6 Suggestion for further study

Based on the outcome that indicates the positive influence online distribution intermediary strategy has on competitive advantage of hotels and restaurants in Nairobi, the researcher suggests that the study be replicated in other industries to establish the influence online distribution channel intermediary strategy has on competitive advantage of their various industry players.

The researcher also suggests a customer perspective to the influence of online distribution channel intermediary strategy to competitiveness of hotels and restaurants in Nairobi study to be done in order to have a holistic approach to the influence of online distribution channel intermediary strategy on competitive advantage of hotels and restaurants in Nairobi.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

I am carrying out a study to establish the influence of online channel distribution intermediary strategy on competitive advantage by hotels and restaurants in Nairobi as part of my academic work for the Master of Business Administration. You have been identified as one of the respondents and I request you to fill this questionnaire using the guidelines given for each question. The information gathered from this questionnaire will be treated confidentially and will not be used for other purposes other than academic.

SECTION A: GENERAL PROFILE INFORMATION

- a. Name of your hotel/restaurant_____ (Optional)
- b. Your Position_____ (Optional)
- c. Using Categories below indicate how long your hotel/ restaurant has been in operation(Please tick One)
- Less than 10years
- 10-15years
- 16 -20
- Above 20years
- d. Please select the category that indicates the estimated number of employees in your hotel/restaurant (please tick one)
- below 15 employees
- between 15- 50 employees
- between 50-100 employees
- Above 100 employees

SECTION B: ONLINE DISTRIBUTION CHANNEL STRATEGIES

- e. Does your hotel/restaurant have a vision and mission statement? (please tick one)
- Yes No
- f. Does your hotel/Restaurant have a strategic plan?
- Yes No
- g. Please indicate by ticking in the relevant box the extent to which your hotel uses the following online channel distribution intermediaries

No.	Forms of online distribution intermediary channels	Very great extent (5)	Great extent (4)	Moderate extent (3)	Little extent (2)	Not at all (1)
	Online Travel Agencies (OTAs)					
	Delivery Platforms eg Uber-eats					

	Mobile multi category lifestyle Apps eg. Glovo					
	Online market place eg. Jumia foods					
	Hotel`s own website (SEO)					
	Global distribution systems(GDS)					
	Social media sites e.g Facebook & Twitter					

h. Which among the forms of online channel distribution intermediaries listed above are most preferable by your company and why?

i. To what extent does below factors influence your choice online distribution intermediaries? (Tick where applicable).

No .	Factors that can influence your choice of online distribution intermediaries	Very great extent (5)	Great extent (4)	Moderate extent (3)	Little extent (2)	Not at all (1)
	Financial factors <i>(Cost or revenue aspects of use, transaction and setup costs).</i>					
	marketing factors <i>(Potential to service existing and potential market segment)</i>					
	operational factors <i>(Technical ease of use and integration to existing databases)</i>					
	system provider issues <i>(Reputation of company, independence level & understanding of hotel sector)</i>					
	Technical issues <i>(Transaction & update Speed)</i>					
	Others					

SECTION C: COMPETITIVE ADVANTAGE

- j. To what extent has online channel intermediary strategy assisted your company to achieve the set target goal for each of the following:

No	Competitive advantage indicators	Very great extent (5)	Great extent (4)	Moderate extent (3)	Little extent (2)	Not at all (1)
	HOTEL MARKETING & BRAND					
i.	Improved brand awareness					
ii.	Improved market segmentation					
	CUSTOMER SATISFACTION, SERVICE QUALITY & PRICING					
i	Service quality and speed/turn around time in delivery					
ii	Customer satisfaction					
iii	Competitive pricing					
	TECHNOLOGY & INNOVATION					
i	Technology responsiveness					

Thank you for your participation and cooperation in completing this questionnaire!