



**ANALYSIS OF INTERNET USAGE IN FOUR STAR HOTELS OF  
ADDIS ABABA**

**By**

**Roman Tafessework**

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Master of art in Marketing Management**

**Advisor: Yassin Ibrahim (PhD)**

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## DECLARATION

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions. The work was done under the guidance of Dr. Yassin Ibrahim, at Addis Ababa University School of Commerce, Addis Ababa.

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**Student:** Roman Tafessework

**Advisor:** Dr. Yassin Ibrahim

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**Board of Examiners**

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## LIST OF ACRONYMS

AHA	Addis Ababa Hotels Association
AU	Africa Union
CRO	Central Reservation Office
CRS	Central Reservation System
E-commerce	Electronic Commerce
E-Newsletter	Electronic Newsletter
ETO	Ethiopian Tourism Organization
GDS	Global Distribution System
ICT	Information Communication Technology
IT	Information Technology
NTDC	Nigeria Tourism Development Corporation
PMS	Property Management System
SMEs	Small and Medium-sized Enterprises
SPSS	Statistical Package for Social Sciences
TV	Television
UNECA	United Nations Economic Commission of Africa
WWW	World Wide Web

## ABSTRACT

*Internet marketing is viral and has the potential to spread brand awareness quickly and far and it is said to be able to develop link pulls, attention and massive amounts of traffic. The usage of Internet marketing in hotels has been growing rapidly in the tourism industry worldwide. Even though there is a large variation in the intensity of use of Internet marketing in the hospitality industry. However the Ethiopian Hospitality Industry, especially the hotel sector has not utilized this important tool to market them and find new niche. While the Internet usage varies across countries, even within a country there are large variations amongst hotels. These variations are mainly due to the impacts of several factors associated with the internal and external factors of the establishment. This study attempts to analyze the Internet marketing usage rate of four-star hotels in Addis Ababa. The facets are classified into three broad groups: the location of the hotel, internal facets of the hotel and technological facets. This study was conducted with 17 four-star hotels in Addis Ababa Ethiopia is used to assess the relationship of these facets. The gap seen here is that the market and marketing strategies implemented are in totally different directions. Hotels promote their facilities and services on local Media while their target market in most cases is foreign countries because there is no justification for Addis Ababa residents stay in hotel except in rare cases as witnessed in this research. Judgmental sampling technique was implemented while the methodology used is mainly descriptive research with some correlation analysis. Conclusions reached are four-star hotels in Addis Ababa are not utilizing Internet marketing to the fullest. The research has recommended on how to resolve internal, technological and location facets that hampered them from implementing this useful marketing tool, signifying the strongest relationship is seen between the internal facets followed by location and technological facets. It highlighted on how to best utilize websites, social media, search engines, training skills, web trafficking system and working on change of perception to do Internet marketing*

**Key words: Internet Marketing, Hotel, and Internet Usage Rate**

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## CHAPTER ONE

### 1. INTRODUCTION

#### 1.1 BACKGROUND OF THE STUDY

With increased globalization of the world economies for most enterprises, market opportunities seem to be endless these days. This in turn of course causes heightened competition among the players in order to achieve better performance. Consequently, departing from the traditional commercial strategies and tactics, innovative managers are looking for unique ways to compete more effectively on a local, regional and global basis. The information superhighway is what many business leaders say will make these visions a reality in every business (*Pallab, 1996: 27*).

The Internet promises to revolutionize the dynamics of international commerce and like the telephone and fax machine, may be a major force in the democratization of capitalism. Small companies will be able to compete more easily in the global marketplace, and consumers in emerging markets, in particular will benefit from the expanded range of products, services and information to which the internet will give them access (Quelch et al, 1996).

As cited by Dr. Peter Yannopoulos (2011), the Internet is revolutionizing the way business is conducted and its use is becoming increasingly critical to the success of business firms. The Internet is becoming such a pervasive tool that every company will be using it in some way or another in a few years. It is a powerful tool that a business can use to obtain a competitive advantage. It offers many opportunities for businesses to grow in sales and reduce costs. According to the American City Business Journal, small businesses that use the Internet have grown 46 percent faster than those that do not. Some of the major changes brought about by the Internet can be seen in the way we purchase products and services, obtain information, and conduct our banking. Customers can quickly find product and price information and obtain advice from a wide variety of sellers. Online visitors can check product availability, place an order, check the status of an order, and pay electronically.

The use of the Internet empowers customers because they can go on the Web and quickly find out where to get the lowest prices for a particular product or service.

Consumers benefit from the Internet because it reduces search costs for products and product-related information. E-tailing increases competition by pitting local against national and international competitors

As cited by Ghazi Saeedi M, Pitt F and Kamal S. (2007:125) For more than a decade the potential relationship of the Internet technologies on marketing has been a common topic of discussion in the academic and professional marketing and management literature. Many believe that we are in the midst of a revolution. Internet as “the most important innovation since the development of the printing press,” that may “radically transform not just the way individuals go about conducting their business with each other, but also the very essence of what it means to be a human being in society.” The last decade of the twentieth century will be remembered as a watershed for global communication and commerce. The Internet entered the lexicon of daily conversation and, almost overnight, became a dominant ubiquitous presence on the business landscape (Andrilic and Ruzic, 2010).

Andrilic and Ruzic also said that today, the Internet not only gives marvelous opportunities for marketers, it brings a new way of doing marketing and approaching consumer markets. In addition the Internet softens physical boundaries changing the fair-battle into Internet marketplace, where many companies are competing on universal basis because of the comprehensive nature of Internet trade (Andrilic and Ruzic, 2010).

Marketing as a concept includes three main goals: reference to the consumer, the development of integrated business applications and dedication to aims. It is based on determining the needs and desires of consumers, recognizing their differences, meeting the specific needs and desires, assessing long-term opportunities and threats to business operations and coordinated decision-making and control. Marketing in hospitality due to extremely complex environment becomes increasingly difficult without effective marketing considerations and planning strategies. Marketing strategy is a stable and consistent way of relationship between hospitality organization and its environment.

Despite unsafe conditions on certain world markets, it is expected that the world's social and economic situation will result in a large increase in tourism over the next twenty years.

Changing economic conditions and application of the new technology will cause growth of existing tourist markets and creation of the new ones. It is necessary to point out that technological progress is a key facet of modern world hospitality. Internet, as the most significant technological phenomenon today, provides some completely new competitive opportunities to the tourist firms, which is the idea of this paper. Therefore, marketing management in tourism and consumer behavior became a necessity in the struggle for a market and buyers, which resulted with continuous, work in this field. There is a general lack of information how these consumers use the Internet for information, booking and purchase travel products and services (Andrlic and Ruzic, 2010).

Internet marketing also referred to i-marketing, web marketing, online marketing, or e-Marketing, is the marketing of products or services over the Internet. The Internet has brought many unique benefits to marketing, one of which being lower costs for the distribution of information and media to a global audience. The interactive nature of Internet marketing, both in terms of providing instant response and eliciting responses make Internet marketing an industry where you can see fast results! Internet marketing ties together creative and technical aspects of the Internet, including design, development, advertising, and sales (The Shoe Money Extreme Marketing Program, 2001).

The Internet is promoted as a tool that will enable organizations to trade more efficiently. However, some commentators believe that the Internet will have a more significant relationship than others. Those who believe that the Internet will fundamentally transform business strategy argue that the Internet will redefine the relationships between customers and suppliers of goods and services, and provide competitive advantages for first movers. Opportunities afforded by the internet include: a new and lower cost channel to market; clicks and mortar synergies; scope for hyper mediation; buyer knowledge of consumer preferences; and scope for upstream backward integration (Rehan, 2002).

The purpose of this research is to analyze the usage rate of Internet marketing as marketing tool, for the four star hotels in Addis Ababa, and implicate strategies to better utilize this vital tool so as to get in touch with potential customers.

## 1.2 STATEMENT OF THE PROBLEM

Marketing in hospitality due to extremely complex environment becomes increasingly difficult without effective marketing considerations and planning strategies. Marketing strategy is a stable and consistent way of relationship between hospitality organization and its environment. Despite unsafe conditions on certain world markets, it is expected that the world's social and economic situation will result in a large increase in tourism (Andrlic and Ruzic, 2010). It is necessary to point out that technological progress is a key facet of modern world hospitality. Internet, as the most significant technological phenomenon today, provides some completely new competitive opportunities to the tourist firms

Globally, the hotel sector is exploiting the Internet potential to market and expand its borderlines. This is because Internet marketing offers hotels a distribution channel to display their services to potential customers. However most of the general managers and marketing managers in Ethiopia overlooked the benefit of internet marketing to develop new target markets and to divest strategy hence only few (or almost none) of the hotels have utilized the Internet to attract potential target market. Rather they preferred to clutter themselves with newspapers, TV, radio etc. According to 2013 report of MOCT, over 90% of the guests of hotels in Ethiopia are foreign tourists (Tourism Statistics Bulletin 2009-2012, 2013).

To increase company exposure and customer base, Internet marketing plays a vital role. Hotels exert high effort to build huge client basis and to realize this they use Internet marketing as a tool. Nevertheless, in Addis Ababa most of the hotels are not promoting on Internet, which the researcher evidenced through Search Engine Optimization (SEO) technique/tool beside industrial observation during managerial meetings within the Addis Ababa Hotels Association also in different seminars that MoCT organized.

This is how, the student researcher working in this industry for the past 8 years, specifically in four-star hotels of Addis Ababa witnessed, being part and parcel of such professional associations. In fact this is what stimulated the student researcher to do this study because she was working in this industry and was a victim.

The student researcher has worked as the General Manager of two four star hotels and also as Director of New Business Development in one four-star resort.

In this process the student researcher has faced a stiff competition amongst other four star hotels because all of them targeted the same target market, which basically is locally based companies like AU, UNECA and other NGOs instead of searching for new markets

Globally researches have been made on various areas like use of internet as a relationship building tool (Gilbert et.al, 1999), hotel management and internet marketing (Murphy et.al, 1996), hotels internet marketing strategies (Sigala, 2003) the relationship of internet marketing on the revenue/profitability of hotels (Matikiti, 2011) and others. But not much is done specifically on Internets relationship on hotels new market development. Special in the case of Ethiopia the researcher could not find any other study that specifically addresses this title under discussion. Seeing these and other related limitations the researcher decided to work on this area so as to be a benchmark for further studies

Therefore the purpose of this study is to analyze Internet usage rate of hotels in Addis Ababa, specifically of the four star hotels to market themselves

### **1.3 BASIC RESEARCH QUESTIONS**

The research aims to answer the following questions:

1. What is the relationship of location of a hotel with the Internet marketing usage rate in Addis Ababa four-star hotels?
2. What is the relationship between internal facets and Internet marketing usage rate in Addis Ababa four-star hotels?
3. What is the relationship between technological facets and internet marketing usage in Addis Ababa four star hotels

### **1.4 RESEARCH OBJECTIVE**

#### **1.4.1 GENERAL OBJECTIVE**

The main objective of this research is to analyze Internet marketing usage of hotels, specifically of four-star hotels in Addis Ababa

#### **1.4.2 SPECIFIC OBJECTIVES**

- To analyze the relationship of the location of the hotel with Internet marketing usage rate in Addis Ababa four-star hotels
- To examine the relationship of internal facets of a hotel with Internet marketing usage rate in Addis Ababa four-star hotels
- To assess the relationship of technological facets and Internet marketing usage rate in Addis Ababa four-star hotels.

## 1.5 HYPOTHESIS

This research has put the following hypothesis based on the technology-organization-environment framework model of Tornatzky and Fleischer (1990). Because it provides a convincing theoretical rationale for considering the importance of adoption of e-commerce based on Internet technologies

### **Hypothesis 1**

**Ho:** The location of a hotel does not have a significant relationship with Internet marketing usage rate in Addis Ababa four-star hotels.

**Ha:** The location of a hotel has a significant relationship with Internet marketing usage rate in Addis Ababa four-star hotels.

### **Hypothesis 2**

**Ho:** The internal facets of a hotel do not significantly relate to Internet marketing usage in Addis Ababa four-star hotels.

**Ha:** The internal facets of a hotel do significantly relate to Internet marketing usage in Addis Ababa four-star hotels.

### **Hypothesis 3**

**Ho:** Technological facets do not significantly relate to Internet marketing usage rate in Addis Ababa four-star hotels.

**Ha3:** Technological facets significantly relate to Internet marketing usage rate in Addis Ababa four-star hotels.

## 1.6 DEFINITION OF KEY WORDS

### **Internet marketing**

Internet marketing, or online marketing, refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce, in addition to sales leads from Web sites or emails. Internet marketing and online advertising efforts are typically used in conjunction with traditional types of advertising like radio, television, newspapers and magazines (webopedia.com).

Internet marketing often called online marketing or e-Marketing – is essentially any marketing activity that is conducted online through the use of Internet technologies. It comprises not only of advertising that is shown on websites, but also other kinds of online activities like email and social networking.

Every aspect of Internet marketing is digital, meaning that it is electronic information that is transmitted on a computer or similar device, though naturally it can tie in with traditional offline advertising and sales too (Trengeve et al, 2011).

Internet marketing has three cornerstone principles:

**Immediacy:** The web changes at a blistering pace and online audiences, whose attention spans are short, expect on-the-minute updates and information.

To keep the favor and attention of this group, you must respond to online messages and interact with communities as quickly as possible.

**Personalization:** Customers online are no longer faceless members of a broad target audience – they are individuals who want to be addressed personally. Use the wealth of personal information available online to your benefit by targeting the relevant people precisely and personally.

**Relevance:** Communication online must be interesting and relevant to the reader; otherwise it will simply be ignored. With all the information that is competing for your audience's attention, you must find a way to stand out and engage readers. The best way to do this is by giving them exactly what they want, when they want it (Trengeve et al, 2011).

## **Hotel**

A hotel is an establishment that provides lodging paid on a short-term basis. Facilities provided may range from a basic bed and storage for clothing, to luxury features like en-suite bathroom. Larger hotels may provide additional guest facilities such as a swimming pool, business center, childcare, conference facilities and social function services. Hotel rooms are usually numbered (or named in some smaller hotels and B & Bs) to allow guests to identify their room. Some hotels offer meals as part of a room and board arrangement. In the United Kingdom, a hotel is required by law to serve food and drinks to all guests within certain stated hours. In Japan, capsule hotels provide a minimized amount of room space and shared facilities.

The precursor to the modern hotel was the inn of medieval Europe. For a period of about 200 years from the mid-17th century, coaching inns served as a place for lodging for coach travelers. Inns began to cater for richer clients in the mid-18th century. One of the first hotels in a modern sense was opened in Exeter in 1768.

Hotels proliferated throughout Western Europe and North America in the 19th century, and luxury hotels began to spring up in the later part of the century.

Hotel operations vary in size, function, and cost. Most hotels and major hospitality companies have set industry standards to classify hotel types. An upscale full-service hotel facility offers luxury amenities, full service accommodations, on-site full service restaurant(s), and the highest level of personalized service. Full service hotels often contain upscale full-service facilities with a large volume of full service accommodations, on-site full service restaurant(s), and a variety of on-site amenities. Boutique hotels are smaller independent non-branded hotels that often contain upscale facilities. Small to medium-sized hotel establishments offer a limited amount of on-site amenities. Economy hotels are small to medium-sized hotel establishments that offer basic accommodations with little to no services. Extended stay hotels are small to medium-sized hotels that offer longer-term full service accommodations compared to a traditional hotel.

Timeshare and Destination club share a form of property ownership involving ownership of an individual unit of accommodation for seasonal usage.

A motel is a small-sized low-rise lodging with direct access to individual rooms from the car park. Boutique hotels are typically hotels with a unique environment or intimate setting. A number of hotels have entered the public consciousness through popular culture, such as the Ritz Hotel in London. Some hotels are built specifically as a destination in itself, for example at casinos and holiday resorts (Wikipedia.com).

Most hotel establishments consist of a General Manager who serves as the head executive (often referred to as the "Hotel Manager"), department heads who oversee various departments within a hotel, middle managers, administrative staff, and line-level supervisors. The organizational chart and volume of job positions and hierarchy varies by hotel size, function, and is often determined by hotel ownership and managing companies (wikipedia.com).

Hotels can be both chain and independent/stand alone. While no straightforward definition could be attributed to such a vital and ostensibly buoyant hospitality sector, amalgamating both the semantic and evidential approach to defining independent hotels

could identify some salient and consistent characteristics of an independent hotel. To encapsulate, independent hotels are therefore typically, individual and personable small medium sized establishments providing accommodation and meals, whose management is free from outside control and are flexible. (Lim, 2007).

## **1.7 SIGNIFICANCE OF THE STUDY**

Internet is a highly commendable instrument to achieve calculated returns in investment. Researches show that numerous franchised and star-rated hotels have done their level best to capture the growth potential of the Internet, by generating their own websites and consuming the Internet for different reasons like sales and marketing tool. Therefore globally, the hotel sector is exploiting the Internet potential to market and expand its borderlines. This is because Internet marketing offers hotels a distribution channel to show their products and services. However when we come to Ethiopia's situation, the student researcher, as participant of the industry noticed that only few international brands of hotels in Ethiopia have utilized the Internet to gain competitive advantage.

The aim of this thesis is to analyze the relationship of using the Internet marketing strategies among hotels in Ethiopia, specifically of four-star hotels in Addis Ababa. The researcher expected the thesis to show whether four-star hotels in Addis Ababa are over, under or properly utilizing the potential of the Internet. Accordingly based on the findings of the research for those hotels which are not utilizing the potential, the thesis suggests they should engage the services of internet marketing with professionals to develop a comprehensive internet marketing strategy so as to take full advantage of the benefits associated with internet marketing.

As mentioned earlier the relationship of Internet marketing has been researched all over the world, case in point the literatures reviewed in this research on various aspects like performance, profitability, and customer retention etc. This study does however contribute a lot specifically in utilizing Internet marketing strategy of Ethiopian hotel sector and helps future researchers to use it as a stepping-stone for related studies. Moreover the student researcher believes that Hotel owners, investors and policy makers will be benefited from this study as well,

## **1.8 DELIMITATION/SCOPE OF THE STUDY**

Geographically this research is carried out in Addis Ababa, specifically four-star hotels that are most concentrated in and around Bole and Kirkos Sub-cities.

This is done through judgmental sampling method, as most of the target populations with visible reality for anyone are located in these areas. The reason behind them being located in these two vicinities is because of the location of direct and indirect target markets like:

- The Addis Ababa Airport
- Embassies & residences of Ambassadors
- Diplomatic missions
- Non-Governmental Organizations
- Well-known shopping malls (which target customers require)
- Millennium hall
- Fitness centers (which target customers require)
- United Nations Economic Commission of Africa

The student researcher followed qualitative research and used mainly descriptive data analysis methodology while to some extent correlation.

## **1.9 ORGANIZATION OF THE STUDY**

The study is organized in to five major Chapters. The first chapter is an introductory part, which contains background of the study, research problem, research questions, and objective of the study and significance of the study, Scope of the study, limitation of the study and organization of the study.

The second chapter includes literature reviews that include major theoretical discussions, review of research on similar topics and all the materials conferred.

The third chapter describes the research methodology in detail. Chapter four is concerned with results and discussions. Finally, chapter five brings an end of this study with summary of the research findings, conclusion and possible suggestion or recommendations.

## CHAPTER TWO

### 2. ITERATURE REVIEW

#### 2.1 CHAPTER OVERVIEW

This chapter will have six sections of theoretical frameworks namely, Internet, Internet marketing, market development, location facets, technological facets and internal facets

#### *2.1 The Internet*

The Internet provides firms with an unprecedented ability to communicate directly with customers. With the relatively widespread adoption of the Internet, businesses of all sizes have the opportunity to build competitive advantage. But regardless of any technological opportunities, competitive advantage still rests on a business opportunity to provide outstanding customer service. The real opportunities for sustainable advantage lie with those who recognize the importance of using information technology to improve service in all phases of the customers' involvement with the firms' product or services (Lages, 2002).

The Internet is assumed to be an important channel for marketing and distribution of products and services. This is, among other things, due to the cost effectiveness of the Internet and the convenience for customers. With the Internet marketers can reach out to a broad customer base, locate target customers, identify their needs and communicate with them at a relatively low cost. The Internet provides an opportunity for market testing and optimization. Increasing digitalization will make it progressively easier to experimentally alter particular aspects of a business and quickly observe how customers respond. As of February 2002, 544 million people had Internet access (Lages, 2002).

Since the Web allows access to a plethora of information on different products, the organization must encourage the potential consumer to use the Web site as both an information tool as well as a purchase option (Lages, 2002).

This combination of information search and purchase process is an advantage over traditional retailing as online consumers have stated that personalized targeting is a reason they shop online. When consumers are more involved in the buying process it significantly improves brand recognition and recall.

According to Bontis and De Castro, the best customer-retailer Internet system possesses four characteristics: full product/service descriptions, customer purchase history, community information and facilitation of target marketing (Lages, 2002).

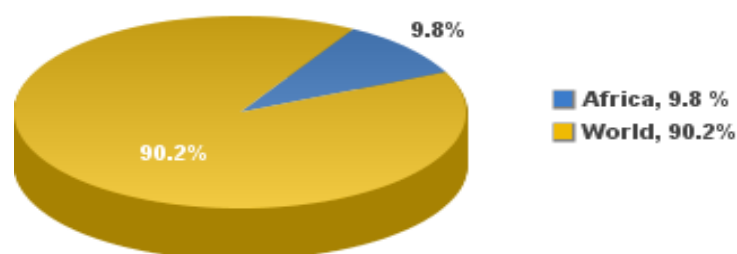
The main advantages that the internet provides as a marketing medium for travel and tourism sector are: (i) the global market reach, (ii) the customers who access the web-sites are much more interested rather than in a conventional marketing communication where, the message is targeted indiscriminately, (iii) the web-sites are not affected by capacity constraints, and (iv) the possibility of two-way communication offered by the internet (Hoontrakul and Sahadev; 2005).

## 2.2 Internet Penetration in Africa

Internet penetration in Africa is the lowest of all other continents. This can be measured by level of subscription of Internet Service Provider (ISP) and Internet Exchange Point (IXP). The following data from Internet World Stat clearly shows this fact:

Chart 1 Internet Usage rate in Africa

### Internet Users in Africa 2014 - Q2



Source: Internet World Stats - [www.internetworldstats.com](http://www.internetworldstats.com)  
297,885,898 estimated Internet users in Africa for 2014Q2  
Copyright © 2014, Miniwatts Marketing Group

Table 1 INTERNET USERS AND POPULATION STATISTICS FOR AFRICA

AFRICA REGION	Population (2014 Est.)	Pop. % of World	Internet Users, 30-Jun-2014	Penetration (% Population)	Internet % Users	Facebook 31-Dec-2012
<b>Total for Africa</b>	1,125,721,038	15.7 %	<b>297,885,898</b>	26.5 %	9.8 %	51,612,460
<b>Rest of World</b>	6,056,685,527	84.3 %	<b>2,737,863,442</b>	45.2 %	90.2 %	924,331,500
<b>WORLD TOTAL</b>	<b>7,182,406,565</b>	<b>100.0 %</b>	<b>3,035,749,340</b>	<b>42.3 %</b>	<b>100.0 %</b>	<b>975,943,960</b>

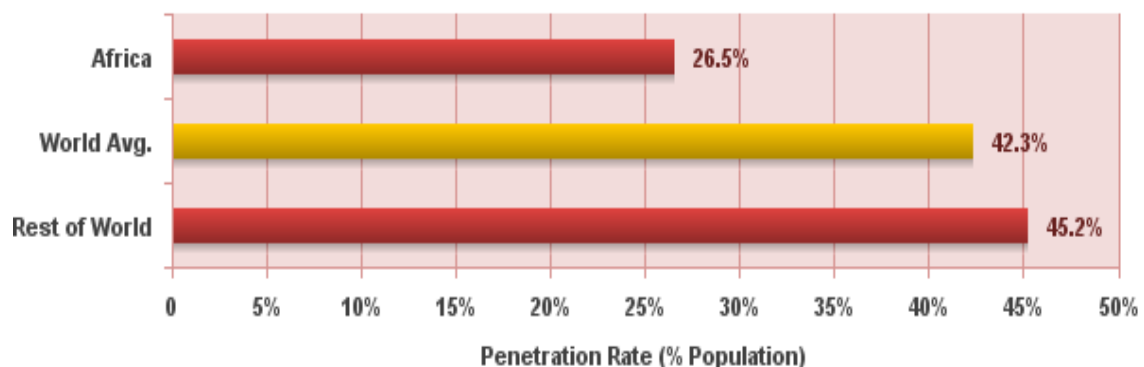
Table 2 AFRICA 2014 POPULATION AND INTERNET USERS STATISTICS FOR 2014 Q2

AFRICA	Population (2014 Est.)	Internet Users 31-Dec-2000	Internet Users 30-Jun-2014	Penetration (% Population)	Internet % Africa	Facebook 31-Dec-2012
Algeria	38,813,722	50,000	6,669,927	17.2 %	2.2 %	4,111,320
Angola	19,088,106	30,000	4,286,821	22.5 %	1.4 %	645,460
Benin	10,160,556	15,000	497,867	4.9 %	0.2 %	171,780
Botswana	2,155,784	15,000	323,368	15.0 %	0.1 %	294,000
Burkina Faso	18,365,123	10,000	808,065	4.4 %	0.3 %	141,740
Burundi	10,395,931	3,000	405,441	3.9 %	0.1 %	41,900
Cameroon	23,130,708	20,000	1,486,815	6.4 %	0.5 %	562,480
Cabo Verde	538,535	8,000	201,950	37.5 %	0.1 %	107,340
Central African Rep.	5,277,959	1,500	184,729	3.5 %	0.1 %	163,780
Chad	11,412,107	1,000	317,197	2.8 %	0.1 %	43,120
Comoros	766,865	1,500	49,846	6.5 %	0.0 %	19,940
Congo	4,662,446	500	307,721	6.6 %	0.1 %	107,640
Congo, Dem. Rep.	77,433,744	500	1,703,542	2.2 %	0.6 %	903,020
Cote d'Ivoire	22,848,945	40,000	968,000	4.2 %	0.3 %	n/a
Djibouti	810,179	1,400	80,378	9.9 %	0.0 %	50,140
Egypt	86,895,099	450,000	46,200,000	53.2 %	15.5 %	12,173,540
Equatorial Guinea	722,254	500	124,035	17.2 %	0.0 %	32,980
Eritrea	6,380,803	5,000	377,363	5.9 %	0.1 %	20,940
Ethiopia	96,633,458	10,000	1,836,035	1.9 %	0.6 %	902,440
Gabon	1,672,597	15,000	657,928	39.3 %	0.2 %	132,000
Gambia	1,925,527	4,000	271,711	14.1 %	0.1 %	97,280
Ghana	25,758,108	30,000	5,171,993	20.1 %	1.7 %	1,630,420
Guinea	11,474,383	8,000	205,194	1.8 %	0.1 %	68,780
Guinea-Bissau	1,693,398	1,500	57,764	3.4 %	0.0 %	n/a
Kenya	45,010,056	200,000	21,273,738	47.3 %	7.1 %	2,045,900
Lesotho	1,942,008	4,000	110,065	5.7 %	0.0 %	51,440
Liberia	4,092,310	500	188,246	4.6 %	0.1 %	n/a
Libya	6,244,174	10,000	1,362,604	21.8 %	0.5 %	781,700
Madagascar	23,201,926	30,000	17,321,756	74.7 %	5.8 %	282,880
Malawi	17,241,754	15,000	12,150,362	70.5 %	4.1 %	203,840
Mali	16,455,903	18,800	11,862,559	72.1 %	4.0 %	212,020
Mauritania	3,516,806	5,000	455,553	13.0 %	0.2 %	106,200
Mauritius	1,331,155	87,000	519,150	39.0 %	0.2 %	367,900
Mayotte (FR)	217,909	n/a	107,940	49.5 %	0.0 %	19,500
Morocco	32,987,206	100,000	20,207,154	61.3 %	6.8 %	5,091,760
Mozambique	24,692,144	30,000	1,467,687	5.9 %	0.5 %	362,560
Namibia	2,198,406	30,000	347,414	15.8 %	0.1 %	231,340

<b>Niger</b>	17,466,172	5,000	<b>298,310</b>	1.7 %	0.1 %	63,500
<b>Nigeria</b>	177,155,754	200,000	<b>70,300,000</b>	39.7 %	23.6 %	6,630,200
<b>Reunion (FR)</b>	867,687	130,000	<b>300,000</b>	34.6 %	0.1 %	240,040
<b>Rwanda</b>	12,337,138	5,000	<b>1,110,043</b>	9.0 %	0.4 %	188,800
<b>Saint Helena (UK)</b>	4,255	n/a	<b>1,600</b>	37.6 %	0.0 %	n/a
<b>Sao Tome &amp; Principe</b>	190,428	6,500	<b>48,806</b>	25.6 %	0.0 %	6,940
<b>Senegal</b>	13,635,927	40,000	<b>3,194,190</b>	23.4 %	1.1 %	675,820
<b>Seychelles</b>	91,650	6,000	<b>50,220</b>	54.8 %	0.0 %	27,600
<b>Sierra Leone</b>	5,743,725	5,000	<b>97,643</b>	1.7 %	0.0 %	76,880
<b>Somalia</b>	10,428,043	200	<b>163,185</b>	1.6 %	0.1 %	123,480
<b>South Africa</b>	48,375,645	2,400,000	<b>24,909,854</b>	51.5 %	8.4 %	6,269,600
<b>South Sudan</b>	11,562,695	n/a	<b>100</b>	0.0 %	0.0 %	n/a
<b>Sudan</b>	35,482,233	30,000	<b>9,307,189</b>	26.2 %	3.1 %	n/a
<b>Swaziland</b>	1,419,623	10,000	<b>350,647</b>	24.7 %	0.1 %	89,500
<b>Tanzania</b>	49,639,138	115,000	<b>7,590,794</b>	15.3 %	2.5 %	705,460
<b>Togo</b>	7,351,374	100,000	<b>356,300</b>	4.8 %	0.1 %	117,420
<b>Tunisia</b>	10,937,521	100,000	<b>5,053,704</b>	46.2 %	1.7 %	3,328,300
<b>Uganda</b>	35,918,915	40,000	<b>6,523,949</b>	18.2 %	2.2 %	562,240
<b>Western Sahara</b>	554,795	n/a	n/a	n/a	0.0 %	n/a
<b>Zambia</b>	14,638,505	20,000	<b>2,313,013</b>	15.8 %	0.8 %	327,600
<b>Zimbabwe</b>	13,771,721	50,000	<b>5,348,433</b>	38.8 %	1.8 %	n/a
<b>TOTAL AFRICA</b>	<b>1,125,721,038</b>	<b>4,514,400</b>	<b>297,885,898</b>	<b>26.5 %</b>	<b>100.0 %</b>	<b>51,612,460</b>

Chart 2 Internet Penetration in Africa

## Internet Penetration in Africa 2014 Q2



Source: Internet World Stats - [www.internetworldstats.com/stats1.htm](http://www.internetworldstats.com/stats1.htm)

297,885,898 estimated Internet users in Africa for June 30, 2014

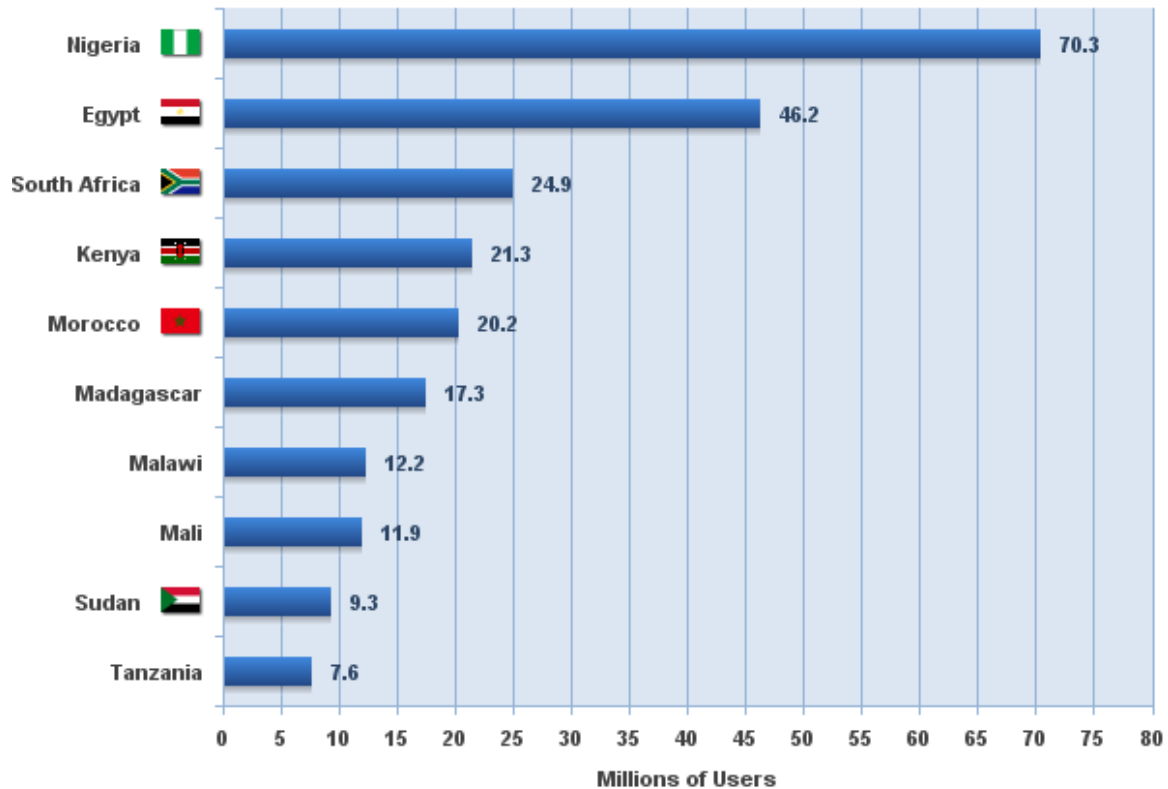
3,035,749,340 Internet users in the World on June 30, 2014

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Moreover the below table indicates even among other African nations, penetration of internet usage Percentage is the lowest

Chart 3 Africa Top 10 Internet Countries

### Africa Top 10 Internet Countries 2014 Q2



Source: Internet World Stats - [www.internetworldstats.com/stats1.htm](http://www.internetworldstats.com/stats1.htm)  
297,885,898 Internet Users in Africa estimated for June 30, 2014  
Copyright © 2014, Miniwatts Marketing Group

### 2.3 Internet marketing

Some of the major changes brought about by the Internet can be seen in the way we purchase products and services, obtain information, and conduct our banking. Customers can quickly find product and price information and obtain advice from a wide variety of sellers. Online visitors can check product availability, place an order, check the status of an order, and pay electronically. The use of the Internet empowers customers because they can go on the Web and quickly find out where to get the lowest prices for a particular product or service (Dou, 2003; 289-304).

The internet has profoundly changed the composition of consumers' needs as buyers move into an increasingly "digital lifestyle" customers in virtually every corner of the globe may experience needs that cannot or are unlikely to be satisfactorily met without the internet.

For example a consumer seeking a personalized experience when shopping for a specific book title or a specific author is virtually guaranteed such treatment each and every time she/he logs onto amazon.com. Unfortunately due to a variety of facets, such as heavy customer traffic, lack of customer specific information, and overworked sales clerks, the same shopping excursion at a brick and mortar bookstore might not result in the same personalized attention (Dou, 2003; 289-304).

The staggering size of the potential global market strongly suggests tremendous demographic, psychographic and behavioral heterogeneity in the Internet user base. On the other hand the Internet is also extremely effective in aggregating widely scattered potential customers with similar needs, wants and desires. This has been repeatedly shown in the popularity of so called "community" web sites such as geocities.com where even a small interest group (eg. People who are interested in Atlantis mystery) may find an audience set from all over the globe (Dou, 2003).

#### ***2.4 Market development***

It is apparent that Internet development and its application in tourism have attracted the attention of many researchers in both developed and developing nations. Many efforts have been devoted to establish the relationship between Internet application and business performance. However, researchers have not yet reached a general conclusion on the relationship of e-commerce or Internet applications on business performance (Matikiti, 2012:181-197).

As cited by Dr. Peter Yannopoulos (2011:1), the Internet is revolutionizing the way business is conducted and its use is becoming increasingly critical to the success of business firms. The Internet is becoming such a pervasive tool that every company will be using it in some way or another in a few years. It is a powerful tool that a business can use to obtain a competitive advantage. It offers many opportunities for businesses to grow in sales and reduce costs. According to the American City Business Journal, small businesses that use the Internet have grown 46 percent faster than those that do not.

The hotel sectors, have been less enthusiastic, but are gradually waking up to the benefits which electronic distribution can bring.

However, given the way in which ICT is reshaping the basic structure of both commerce and society in general, and consumers' increased demand for information, its importance to the success of a tourism enterprise can only grow in the future. As a result, tourism enterprises need to understand, incorporate and utilize ICT strategically in order to serve their target markets, improve their efficiency, maximize profitability, enhance services and maintain long-term profitability (Nwakanma et al; 2014).

In the past, an individual can write or telephone the hotel directly, or approach a travel agent to make hotel room reservation. However, with current development in technology, the above methods are considered slow and costly, Writing to the hotel takes time as with olden days 'Snail mail'. The improvement of ICT has introduced room reservation; now an individual can make room reservation online anywhere anytime so long as there is an electronic device with Internet access, thanks to the development of ICT. Moreover, using the online to make hotel room reservation has brought about a number of benefits. First, an individual can book room from home by using online security to protect their privacy and financial information. Unlike the past where personal information may be given to a middle party (Travel Agent), where there is risk of our information leaked out or sold to others, However there is no 100% guarantee that using online security can 100% protect our privacy as technology improves more security measures are taken to protect our privacy. Secondly, individuals can use services provided by the online travel agents to compare prices and facilities at different hotels. Online hotel reservations are helpful for making last minute travel arrangements (Nwakanma et al; 2014).

On another note Lim mentioned that it must be emphasized it is not testified as to if a drop in occupancy percentage could be a result of independent hotels joining affiliations or representation firms (e.g. Best Western) to gain access to new distribution channels or being franchised to a brand or sold on to a chain. One reason for this ambiguity could stem from a lack of common definitive understanding of independent hotels. This is an important consideration because while such affiliations are subscribed to not unlike a membership, independent hotels, which do so remain independent since the form of ownership and management control, remain in the same hands.

What becomes different when a hotel becomes affiliated is – it has simply added another marketing or sales channel to the hotel’s portfolio.

It can easily be misconstrued to think that every added membership to Best Western (for instance) amount to an equivalent drop in the number of independent hotels (Lim, 2007).

Despite intense dispute amongst researchers on the direction of influence between ecommerce adoption, and hotel industry growth, clear understanding is not yet settled. Most of the studies in this perspective suffer from methodological problems of missing variables, conceptual vagueness, and some provide mixed result. (Azizan et al; 2013).

Many practitioners and academics have claimed during the internet explosion of the 90s that the internet was predicted to ‘level playing fields’, i.e. providing smaller players with a more even platform to compete, however this leveling did not seem to have taken off. Instead, advancement within the internet encouraged ‘tech savvy’ entrepreneurs to find themselves niche areas where they could sit comfortably as the new middlemen of the ‘internet trade’, providing services from the basics of web page design and maintenance, sale of domain names to website optimization services. With new middlemen, it is inevitable that the costs of availing to their services increase proportionately to the level of provision provided, and was only to be a matter of time before some of these costs becomes rather preventative for smaller and independent enterprises (Lim, 2007).

### ***2.5 Internet Usage Rate***

The use of the Internet in businesses is now the norm rather than the exception. When we consider the concepts of internet and hotels together, we can think of various ways in which the internet is being employed by hotels, ranging from the most basic hotel web pages describing facilities and services, to one that has an advanced online transaction facility bolted on to the hotel’s property management system (P.M.S.).

The latter type of Internet use seems to be more widespread amongst larger hotel chains, such as the Hiltons, the Radissons, the Holiday Inns and the likes (Lim, 2007).

However, such chain hotels are not the largest sector nor are they representative of the UK hotel industry in terms of total hotel numbers.

There is another sector of the hotel industry a sector that represents a vast majority of all hotel accommodation in the UK but hardly discussed, studied nor explored whether within industrial or academic circles (Lim, 2007).

Consumers benefit from the Internet because it reduces search costs for products and product-related information. E tailing increases competition by pitting local against national and international competitors (Dou, 2003; 289-304).

SMEs in developing countries generally have not capitalized on the power of the Internet to extend their business beyond traditional borders except in the application of simple technologies such as electronic mail Some of the reasons put forward from the literature include; cost of acquiring and operating ICT, lack of ICT and e-commerce knowledge, owner/manager low literacy levels, inability to perceive e-commerce benefits, unfriendly regulatory policy and requirements, cultural issues and dependence on customer or supplier preferences. Little is known of how these situations emerge in developing country SMEs as previous studies have leaned on making decisions based on exploratory surveys (University of Salford UK, 2012).

The Internet may also be responsible for newly discovered consumer needs that have no equivalents in the traditional world. For instance prior to the advent of the internet, a consumer wishing to compare two or more different brands of compact disc players would, in all likelihood, need to travel either to a library or to several retail outlets in order to obtain the information necessary. As long as ICT developments are dynamic, it follows that e-commerce issues in organizations would also draw on this characteristic, thus requiring more reason to establish patterns of e-commerce development and its application in organizations (Shemi, 2012).

There are few studies represented in developing countries especially in Southern Africa that have applied theoretical approaches in e-commerce adoption. Furthermore, a majority of previous studies have concentrated on the positivist tradition inclined to methodological approaches that are distant from the research participants. (University of Salford UK, 2012).

The application of ICT and electronic commerce (e-commerce) in the SME sector is a crucial area whose positive relationship can add social and economic value to Botswana.

As in other developing countries, the deployment of ICT in Botswana SMEs has been challenging because of several reasons such as; the lack of ICT infrastructure, security reasons (University of Salford UK, 2012).

Despite the increasing popularity of computers, they are still limited to those with the skill to use them. In hotels, computers are used in Accounting for guest, data management, forecasting guest demand for reservations, and management of guest services, revenue and reservation management and yield management. These functions could be performed with the aid of management software .The delivery of business today is exposed to information and communication technologies either directly or indirectly. Hotels being a subset of the hospitality industry traditionally practice manual system of operation in their front offices, as from occupancy of the guest rooms, recording of guest expenditure through to the eventual departure of the guest. Today, these operations are done using the electronic system. The use of information in the front office operation of the hospitality industry is fast growing, thus making work easier. Computerization is becoming very important for the efficient and effective operations of the front office (Nwakanma et al; 2014).

E-commerce mainly helps in the generation of leads, presenting information about the tourism product to the customers, and facilitating the transaction process electronically mainly using the World Wide Web. Thus the travel and tourism based enterprises are expected to achieve significant benefits by way of growth in sales and profits through the increasing utilization of the Internet. Both external and internal factors affect the utility of the Internet in providing these benefits in the hotel industry.

A hotel's actual usage of the Internet therefore varies on the basis of the Internet's ability to help the hotel in connecting to more customers and thereby increasing the sales and profits (Sahadev, 2005).

Due to various reasons, if the Internet cannot contribute significantly in this direction, the hotel would rely more on other sources like travel agents or telephone enquiries for attracting customers. For instance, the viability of the Internet as a medium for marketing is severely affected by the extent of use of the Internet by the hotel's target customers. Therefore if the hotel mainly caters to a population where the Internet penetration is very low, its dependence on e-commerce is also expected to be low.

Other contextual factors relating to the competitive environment and the organization would also affect a hotel's intensity of usage of e-commerce (Sahadev; 2005).

## ***2.6 Location Facets***

In the hotel industry, the geographic location of a hotel has a major relationship on its operations and profitability. The geographical location of a hotel would greatly determine the profile of its visitors, the size of its market and the level of competition that it has to face. These three variables have a strong relationship on the ICT adoption propensity of a hotel also. This is because the ICT adoption propensity of a hotel can be linked mainly to its expectations about the value addition that the ICTs can provide to its customers, as well as the belief about the expansion of its target market through ICTs. A hotel will therefore be more inclined to adopt ICTs if it expects the ICT based facilities to either provide greater competitive advantage or to blunt the advantage enjoyed by its competitors considering the characteristics of its customer profile, its market size and the intensity of competition that it has to face. Thus based on the profile of a hotel's visitors, the size of the market, or the intensity of competition, hotels may differ in their levels of ICT adoption propensity (Nwakanma et al; 2014).

Environmental factors like the level of competition between existing players; organizational factors like the scope of the activities in which the hotel is involved in etc. are also expected to relationship a hotel's usage of the Internet (Hoontrakul, and Sahadev; 2005).

The competition level among the hotels in a location can also influence the adoption propensity of a hotel. The general occupancy rate in the location is an indicator of the competitive intensity among the hotels in a location. High levels of occupancy rate at a location imply that the competition is low, and the hotels can expect to get their rooms filled with relative ease while low levels of occupancy point towards higher levels of competition to attract customers between the hotels in the location. High levels of competition may prompt the hotels to aggressively use ICT based technologies both for attracting customers as well as to increase the efficiency of its operations.

## *2.7 Internal Facets*

By examining individual hotel WebPages, it is possible to gauge the hotel's level of internet use and at the same time to ascertain some basic characteristics of the hotel such as star ratings, number of rooms, facilities etc.

This latter information can be useful when attempting to correlate such endogenous factors with internet marketing patterns adopted by the hotels. Therefore the interview primarily discovered how key personnel within hotels perceive the internet, their awareness of the various internet distribution modes, and the factors that drove them towards adopting the internet in the first place and to determine if different levels of internet adoption are triggered by a separate set of antecedents (Lim, 2007).

The firm related factors in regards to usage of Internet marketing are:

- I. The size of the hotel in terms of the number of Rooms,
- II. The scope of activities of the hotel in terms of Activities that the hotel was engaged in.
- III. The grade of the hotel
- IV. The age of the hotel (Nwakanma et al; 2014).

For hotels that are part of a chain or franchise group there may be a Central Reservation System (CRS). This allows on booking between 10 hotels as well as the acceptance of direct bookings from a Central Reservation Office (CRO).

These systems commonly have direct access into the PMS and update automatically so the hotel front desk and Central Reservations Office have the same view of the hotel's available room inventory. Outside of hotels exists the Global Distribution Systems (GDS) such as Sabre and Galileo.

These systems include not only hotels but also airlines; car rental and other travel resources and are commonly used by professional travel agents. In many cases these are allocated a block of rooms within the hotels PMS systems but bookings from the GDS do not automatically update the PMS and must be entered manually. Bookings from the Internet can enter the system through any of these marketing channels, either via an on-line travel agent or directly from the customer (Nwakanma et al; 2014).

E-commerce is an efficient tool for sustainable economic growth however; its primary processes such as the production processes which include procurement, processing of payments ordering and replenishment of stocks; customer focused processes including

promotion, sales over the internet, processing of purchase order for customers, payments and customer support. Internal management processes such as employee services; training and recruiting,

Video-conferencing and internal information sharing could be enhanced through the initiation of appropriate e-commerce based (Azizan et al; 2013; 978-967).

## ***2.9 Technological Facets***

Electronic Commerce or e-commerce has received much attention from governments, businesses and regional organizations or institutions. This importance has been attributed to a few converging factors. These factors include: first, the development of the use of the Internet as a means by which information is disseminated and through which communication and connectivity is enabled. Second, the affordability of personal computers had increased their computing capability, and the wide use of open standards in the computer software applications. (Azizan et al, 2013; 978-967)

Technological interference has a lot to do not only on Internet marketing, but also plays a major role in assuring guests security while staying in hotels.

Tourism, like any economic activity has arguably produced detrimental security treats; the increasing rate of criminal activities within the hospitality centers in Nigeria is a challenge which tourism professions continue to grapple with. The recent killing of Cynthia Osokogu Udoka, the only daughter of a retired General, in Cosmilla Hotel, Lakeview Estate, Amuwo Odofin, Festac Town, Lagos, has brought to the fore the issue of security in hotels. The Lagos State Commissioner of Police, Umar Abubakar Manko told journalists that the detectives arrested the suspects using the close circuit television at the hotel where the crime was committed to identify them. Before now, the regulatory body in charge of tourism in the country, Nigeria Tourism Development Corporation (NTDC) had mounted a campaign calling for tighter security in Nigerian hotels in order to check the increasing wave of criminal activities in the industry (Nwakanma et al; 2014).

A hotel has to keep up with the technology pace in order to create well functioning business processes among customers and suppliers via the Internet. This requires the reconstruction of information architectures and IT infrastructures. As referred by Azizan et al (2013), there are five basic problems that stand in the way of implementing these new changes:

Loss of management control: The end users are becoming more independent, capable of collecting, storing and handle software. This occurs due to the lack of a single, central point where the need of management can occur.

Connectivity and application integration: A hotel needs to upgrade its IT infrastructure in order to have compatible networks and standards and eliminate connectivity problems.

Organizational change requirements: The old organization structure has to be changed to be compatible with the new IT infrastructure in order to be more effective and uniform. Hidden costs of enterprise computing: Some unexpected costs and expected savings that did not occur are generating problems. These costs are generated from hardware and software installations, maintenance costs, labor costs etc.

Scalability, reliability, and security: The increased load of data transactions and storage as well as the traffic of applications such as audio, streaming video and graphics, drive managers to develop strategies to manage those issues (Azizan et al; 2013; 978-967).

The introduction of an array of new technologies has brought about new interests in ICT adoption of hotels. These interests have regularly been discussed from two angles, one, for the betterment of in house service (such as having in-room internet access or speedy check-ins etc) and second, a new channel for hotels, electronic business. It is with the latter that we are concerned with (Lim, 2007).

As the tourism industry expands globally, the need for expanding the communication networks to connect the customers and the service providers has increased. The World Wide Web has been utilized as a means for communication widely over the past decade in the travel and tourism industry. It has been instrumental in helping the tourism sector to expand its markets across the continents and has played a major role in helping the growth of the industry. The World Wide Web is a cost effective means for enterprises in the travel and tourism sector to directly market their offerings to a large customer population across the globe. It is also a very convenient means for the customers to gather information and compare between alternatives in an interactive manner (Hoontrakul and Sahadev; 2005).

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 Chapter Overview**

This chapter contains the research design employed, the population sampling technique, research methodology, source of data collection, and instrument of data collection and method of data analysis

#### **3.2 RESEARCH DESIGN**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (Kothari, 2004)

Research can be done in three ways of designs namely descriptive, exploratory and causal designs. The research decided to go with the descriptive research design because the overall content study will analyze the relationship between the dependent and independent variables. The purpose of this study was to analyze the Internet marketing usage rate of hotels, specifically four-star hotels in Addis Ababa. To do so the student researcher preferred to go with the descriptive research design because this research design uses a set of scientific methods and procedures to collect raw data and create data structures that describe the existing characteristics of a defined target population or market structure (Hair et al., 2006:38). Moreover descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group, whereas diagnostic research studies determine the frequency with which something occurs or its association with something else (Kothari, 2004).

#### **3.3 POPULATION AND SAMPLING TECHNIQUES**

The target populations of this study are hotels, specifically four-star hotels of Addis Ababa. There are 34 hotels in Addis Ababa claiming four-star based on the research made by Addis Ababa Hotels Association (AHA). Even though there was not an active and well organized hotel grading system set by Ministry of Culture & Tourism of Ethiopia (MOCT) thus far, the only way hotels got their rating was based on a minimal set of

standards (MOCT, 1998), now thanks to the Addis Ababa Hotels Association (AHA) and MoCT a proper rating is being conducted at this very moment. But for the sake of this study the research used the report of AHA, of which fifty percent (50%) of the total population is selected via judgmental sampling technique based on a magnitude of 95% confidence level. Out of the 17 hotels included 13 has returned the questionnaire while 4 of them did not. Number of contacted managers from the 17 hotels is 51 and 39 of them responded. This put the response rate at 76.47%. The contacted professionals of each hotel were

- General managers/owners
- Marketing managers and
- Front office managers

This is because the use of Internet marketing is basically the decision of the general manager/owner, while the most utilizes of this decision and implementation are marketing managers and front office managers.

### **3.4 RESEARCH METHODOLOGY**

There are two methodologies for carrying out research; qualitative and quantitative methodologies. Qualitative deals more with theoretical analysis of data, but does not pay more attention to the quantities of samples and data. On the other hand, the quantitative methodology lays more emphasis on sample variables and their relationship on the overall performance. The research here mainly used qualitative data analysis methodology. The student researcher used both primary and secondary data gathering techniques.

### **3.5 SOURCES OF DATA COLLECTION**

Here the research used both primary and secondary data collection instruments. A questionnaire is used for collecting primary data from the target population.

### **3.6 INSTRUMENT OF DATA COLLECTION**

Data was gathered using a survey questionnaire distributed to hoteliers of four-star hotels in Addis Ababa. The questionnaires were to the most part tested and used by the articles reviewed by this research and hence are tested only some are added based on the context of the country. The questionnaire had open-ended questions, self-administered questionnaires based on Likert Scale. Moreover the questionnaire has five parts, the demography, internal facets, technological facets, location facets, management perception and customers' feedback

### 3.7 METHODS OF DATA ANALYSIS

Statistical Package for Social Sciences (SPSS) version 20 is used for data analysis because of its capacity to analyze quantitative/numerical data, which the research incorporated

The student researcher used correlation analysis because correlation is primarily concerned with finding out whether a relationship exists and with determining its magnitude and direction. When two variables vary together, such as loneliness and depression, they are said to be correlated. Accordingly, correlation studies are attempts to find the extent to which two or more variables are related. Typically, in a correlation study, no variables are manipulated as in an experiment the researcher measures naturally occurring events, behaviors, or personality characteristics and then determines if the measured scores vary (Ho, 2006). Therefore this is the best way to analyze the relationship of the dependent and independent variables.

Correlation is used to analyze the cause and effect relationship between independent and dependent variables and is used to see the relationship between the facets and the end result and vice-versa which in this scenario are internet marketing hotels market development respectively.

#### 3.7.1 Correlation Analysis

Correlation analysis measures the relationship between two items, for example, a security's price and an indicator. The resulting value (called the "correlation coefficient") shows if changes in one item (e.g., an indicator) will result in changes in the other item (e.g., the security's price). [www.metastock.com](http://www.metastock.com)

The simplest correlation study involves obtaining a pair of observations or measures on two different variables from a number of individuals. The paired measures are then statistically analyzed to determine if any relationship exists between them. For example, behavioral scientists have explored the relationship between variables such as anxiety level and self-esteem, attendance at classes in school and course grades, university performance and career success, and body weight and self-esteem.

To quantitatively express the extent to which two variables are related, it is necessary to calculate a correlation coefficient (Ho, 2006).

Correlation and regression analysis are related in the sense that both deal with relationships among variables. The correlation coefficient is a measure of linear association between two variables. Values of the correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. For simple linear regression, the sample correlation coefficient is the square root of the coefficient of determination, with the sign of the correlation coefficient being the same as the sign of  $b_1$ , the coefficient of  $x_1$  in the estimated regression equation.

Neither regression nor correlation analyses can be interpreted as establishing cause-and-effect relationships. They can indicate only how or to what extent variables are associated with each other. The correlation coefficient measures only the degree of linear association between two variables. Any conclusions about a cause-and-effect relationship must be based on the judgment of the analyst ([www.encyclopedia Britannica.com](http://www.encyclopedia Britannica.com)).

### **3.7.2 Interpretation of Correlation Analysis**

When comparing the correlation between two items, one item is called the "dependent" item and the other the "independent" item. The goal is to see if a change in the independent item (which is usually an indicator) will result in a change in the dependent item (usually a security's price). This information helps you understand an indicator's predictive abilities.

The correlation coefficient can range between  $\pm 1.0$  (plus or minus one). A coefficient of +1.0, a "perfect positive correlation," means that changes in the independent item will result in an identical change in the dependent item (e.g., a change in the indicator will result in an identical change in the security's price). A coefficient of -1.0, a "perfect negative correlation," means that changes in the independent item will result in an identical change in the dependent item, but the change will be in the opposite direction. A coefficient of zero means there is no relationship between the two items and that a change in the independent item will have no effect in the dependent item.

A low correlation coefficient (e.g., less than  $\pm 0.10$ ) suggests that the relationship between two items is weak or non-existent.

A high correlation coefficient (i.e., closer to plus or minus one) indicates that the dependent variable (e.g., the security's price) will usually change when the independent variable (e.g., an indicator) changes.

The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable.

One can use correlation analysis in two basic ways: to determine the predictive ability of an indicator and to determine the correlation between two securities.

When comparing the correlation between an indicator and a security's price, a high positive coefficient (e.g., move then +0.70) tells you that a change in the indicator will usually predict a change in the security's price. A high negative correlation (e.g., less than -0.70) tells you that when the indicator changes, the security's price will usually move in the opposite direction. Remember, a low (e.g., close to zero) coefficient indicates that the relationship between the security's price and the indicator is not significant.

Correlation analysis is also valuable in gauging the relationship between two securities. Often, one security's price "leads" or predicts the price of another security. For example, the correlation coefficient of gold versus the dollar shows a strong negative relationship. This means that an increase in the dollar usually predicts a decrease in the price of gold. (www.metastock.com)

### **3.7.3 PILOT TESTING**

Pre-testing is the process of conducting a simulated administration of a design questionnaire to a small representative group of respondents. It is an important step in the development of a questionnaire because it sheds light on possible improvement of the questionnaire's wording, structure and format (Hair et al; 2006). On this research pre-testing was done amongst 3 four-star hotels. From the pre-test survey it was noted that rephrasing of some words was necessary and was done accordingly.

**Table 3 Reliability Test**

No	Item	Cronbach's Alpha <sup>a</sup>	N of Items
1	Location facets	.666	3
2	Internal facets	.711	6
3	Technological facets	.542	9
4	Customers' feedback	.738	6
5	Management Perception	.671	4
	Over all	.784	38

Source: Own Survey data March 2015

### **3.2 Measurement of Reliability**

The scale of the model used were tested and found to be acceptable. That is reliable scale was found for cronbach alpha of constructs greater than 0.6 revealing satisfactory as all items are developed based on theories and literatures .

### **3.3 VALIDITY TEST**

The student researcher has used content validity test. The content validity was assessed through pre-testing of the questionnaire, collecting comments and suggestions from professionals.

## CHAPTER FOUR

### 4. RESULT AND DISCUSSION

#### 4.1 Chapter Overview

The previous chapter explained the methodology, which was followed by the study to collect data. The purpose of this chapter is to present the empirical findings of the current study. The first finding reports the results of findings in regards to the location facets (on the basis of local competition and place of origin of the hotel guests). This is then followed by the findings of the internal facets, which basically show, on training of personnel and budget allocation. The last analysis and finding shows the usage rate of technological facets by the hotels.

#### 4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

Below is the demographic profile of respondents

**Table 4 Hotel Mangers Profile**

		Frequency	Percent
Where are you located?	Bole	27	69.23
	Cazanchise	12	30.76
	Total	39	100.0
What kind of management arrangement does your hotel operate under?	Independent	38	97.43
	Chain	1	2.54
	Total	39	100.0

Source: Own Survey data March 2015

**Table 5 Various**

		Frequency	Percent
How many rooms does your hotel have?	1-25	1	2.5
	26-50	10	25.6
	51-100	18	46.1
	Above 100	10	25.6
	Total	39	100.0
Your age	20-30	16	41.0
	31-45	18	46.1
	46-60	4	10.2
	Total	39	100.0
What's the age of your hotel?	1-5 years	20	51.2
	6-10 years	11	28.2
	11-20 years	3	7.6
	Above 21 years	5	12.8
	Total	39	100.0
Your status in the hotel	Marketing Manager	13	33.3
	General Manager	13	33.3
	Front office Manager	13	33.3
	Total	39	100.0

Source: Own Survey data March 2015

**Table 6 Customers profile (Used for Triangulation)**

		Frequency	Percent
Your age	20-30	4	28.6
	31-45	2	14.3
	46-60	6	42.9
	Above 60	2	14.3
	Total	14	100.0
How often do you come to this hotel	Almost all the time	5	35.7
	Very often	6	42.9
	Once in a while	3	21.4
	Total	14	100.0

Source: Own Survey data March 2015

### 4.3 LOCATION FACET RELATIONSHIPS

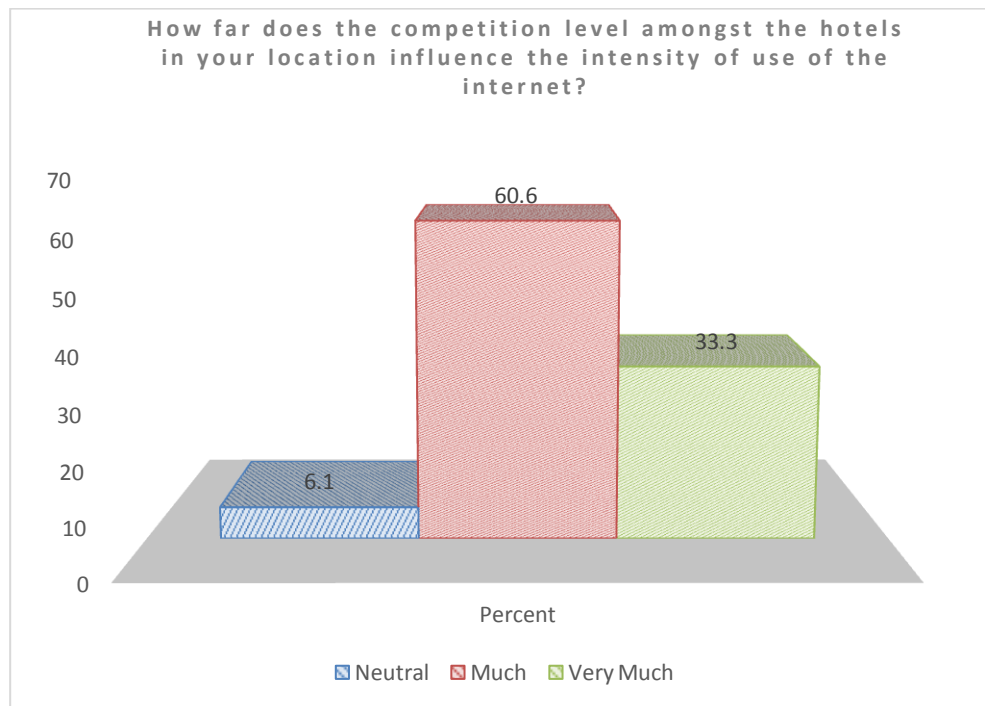
The term location in this paper refers to two distinctive facets, which are anticipated to have relationship to the level of Internet marketing usage among four-star hotels in Addis Ababa:

1. Location of the hotel relative to other hotels with similar status or the number of competitor hotels in the surrounding area
2. Location or country of origin of foreign customers of the hotels

In view of the relationships of density of hotels in a given surrounding with internet marketing usage, the hotel managers/marketing and sales managers and front office managers were asked their personal opinion on how far the level of local competition could affect the use of Internet marketing. Accordingly, 33% of the respondents informed that the local competition has a very strong effect, about 61% replied it has a strong effect while the rest 6% answered it has no effect. In other words, about 94% of the interview participants believe that the level of local competition is strongly correlated with the extent of utilizing Internet marketing. This could be considered as a positive result in view of awareness about the importance of Internet marketing as one of the tools of competition.

However, the nature of competition in such big hotels is unfortunately not confined to local level but also international or global level as well. Hence, it is advisable to consider at least the level of utilization in developing countries of Asia and Africa in order to survive in today's globalized world. Strong industry associations of hotels like AHA and ETO could also be considered as one of the means to enhance the level of utilization of Internet marketing among the local hotels. This kind of associations could address policy issues, infrastructural problems as well as financial and skill gaps, which could be difficult at private or individuals level. These finding is similar to that of Hoontrakul and Sahadev (2005) that amongst the location related factors it is seen that the internet penetration among the target market have a positive relationship with internet marketing usage which implies a hotel's intensity of use of e-commerce increases in direct proportion to the internet penetration in the target markets served by the hotel.

**Chart 4 Relationship of competition on the level of Internet utilization**

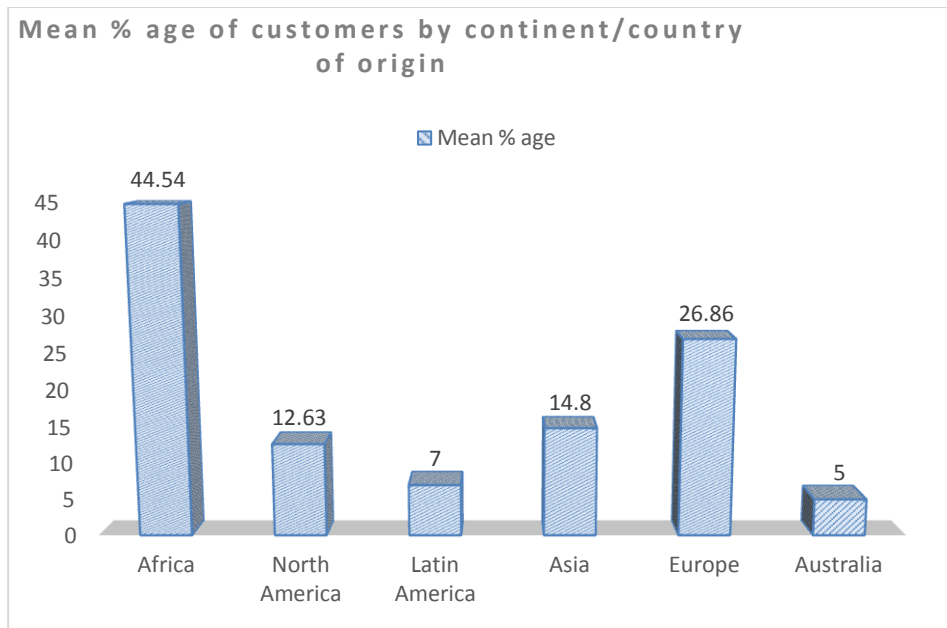


**Source:** Source: Own Survey data March 2015

Related to the country of origin of foreign customers of the hotels, this research hypothesized that the intensity of Internet utilization in customers' country of origin could affect the hotels utilization of Internet marketing. The research result proofed the hypothesis by showing that more than 45% of foreign customers of the hotels are from African Countries.

This could be owing to the fact that Addis Ababa is a location for African Union (AU) head quarter as well as other international institutions like UNECA with frequent workshops and seminars whose booking is usually made usually via the institutions without the need of much of internet interventions because local bookings can also be easily done via telephone or in person. Indeed the level of Internet utilization in most of African countries is by far below as shown in chapter two

This is believed to be one of the discouraging facets for most of the four star hotels in Addis Ababa to give due attention and invest on Internet marketing.



**Chart 5 Mean % ages of Customers by continent/country of origin**

**Source:** *Survey questionnaire, March 2015*

#### 4.4 INTERNAL FACETS RELATIONSHIPS

The internal facets of the hotels in the context of this research mainly focuses on the awareness, knowledge and skills of relevant personnel about the internet marketing, availability of continuous personnel capacity building (mainly through trainings) and allocation of sufficient budgets for training and other facilities. Thus, interview participants were asked whether they believe that they have special skills related to the Internet marketing shown in table below:

**Table 7 Training personnel on Internet marketing**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	33.3	33.3	33.3
	No	26	66.7	66.7	100.0
	Total	39	100.0	100.0	

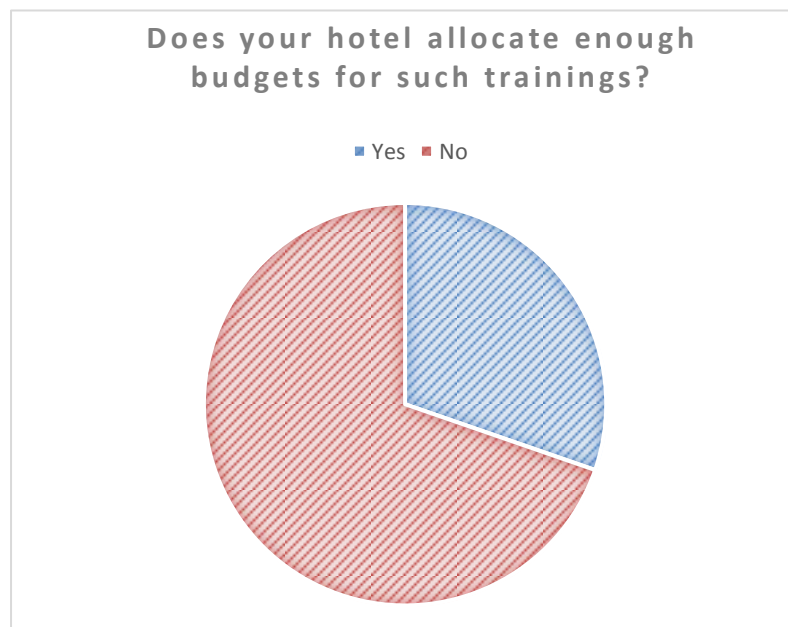
**Source:** *Survey questionnaire, March 2015*

Similarly, participants were asked if the hotel train relevant personnel of Internet marketing and about 67% replied no trainings is provided. This is a clear indication of the level of awareness about the importance and benefits of Internet marketing as one of the most important tools of competition in such era of information technologies and fast globalization.

Given the dynamism and rate of technological advancement in today's ICT world, continuous capacity building and familiarity with up to date technological features could play a vital role not only to make the best use of the technologies but also to cope up with ever expanding stiff competition.

Likewise, the interview participants were asked their opinion if the hotel allocate sufficient budget for trainings of relevant staffs. Accordingly, about 70% of the respondents implied that no sufficient budgets are allocated for such kinds of activities. These findings are consistent with the findings of Dlodlo and Dhurup (2010) that emphasized lack of training, and inadequate number of staff, knowledge and information gap have direct relationship with the usage of internet marketing in hotels.

**Chart 6 Budget allocations**



**Source:** Own survey data

## Correlation Analysis

The following correlation analysis is processed in order to test whether there is a meaningful relationship between the three variables and the internet usage rate.

**Table 8 Correlation between independent and dependent variables**

Correlations		internet usage rate	Internal factor	Technology	Location
Internet usage rate	Pearson Correlation	1	.538**	.410*	.526**
	Sig. (2-tailed)		,002	,022	,002
	N	31	31	31	31
Internal factor	Pearson Correlation	.538**	1	.793**	.564**
	Sig. (2-tailed)	,002		,000	,001
	N	31	33	33	33
Technology	Pearson Correlation	.410*	.793**	1	.510**
	Sig. (2-tailed)	,022	,000		,002
	N	31	33	33	33
Location	Pearson Correlation	.526**	.564**	.510**	1
	Sig. (2-tailed)	,002	,001	,002	
	N	31	33	33	33
** . Correlation is significant at the 0.01 level (2-tailed).					
* . Correlation is significant at the 0.05 level (2-tailed).					

Source: Own Survey data March 2015

This study employs the correlation analysis, which investigates the strength of relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005). General guidelines correlations of 0.10 to 0.30 are considered small, correlations of 0.30 to 0.70 are considered moderate correlations of 0.70 to 0.90 are considered large, and correlations of 0.90 to 1.00 are considered very large.

In order to analyze the most influencing facet in internet usage rate in Addis Ababa four-star hotels, relationship between all variables was determined through correlation analysis. Table 5 above depicts the r value for the relationship between independent variables (i.e. Internal facet, location facet, and technological facet) and dependent variable i.e. internet usage rate of Addis Ababa four-star hotels.

Accordingly, the result in the correlation analysis shows that all independent variables have a positive and significant relationship with the dependent variable. The relationship is not only seen between the dependent and independent variables but also amongst the variables themselves too. Furthermore, looking into each factor indicate that factors contributing to internet usage rate in Addis Ababa four star hotels can be described as very important factors to moderately important factor. I.e. internal factor and internet usage rate had a high correlation of ( $r=0.538$ ), Followed by location factor ( $r=0.526$ ), and Technological factor ( $r=0.410$ ).

This gives a very good indication that all the variables are highly important in internet usage rate. But especially the internal facet has shown a very strong relationship with internet usage rate. In this regard enhancing the internal facets like training employees that are working in Information Technology area plus allocating sufficient budget for the department will lead to meaningful internet usage rate since it has a very strong positive relationship with hotels internet usage rate. The correlation analysis also indicated that the other facet which is location has also a very strong and positive relationship in internet usage rate followed by technological factor which itself has strong relationship with internet usage rate. Therefore the hotels should concentrate in using internet to overcome location related competitions, both from the neighborhoods and origin of guests aspect.

Internal factors has the strongest positive relationship with Technological factor ( $r=0.793$ ).

Thus knowledgeable employees provided with updated technology will lead to more internet usage. Even if, the least correlation among the variables were observed between technological factors and location factors with r value ( $0.510$ ), there was still a moderate relationship among these variables. And the second important positive relationship was found between internal factor and location factor ( $0.564$ ). Moreover to show a simple correlation of cross tabulation of the major facets the following selected significant questions were taken and presented below:

**Table 9 Cross-Tabulation of correlation**

		To what degree do you use the Internet marketing to enable you to access target markets?	Does your hotel advertise on the Internet?	Does your hotel train personnel on Internet marketing?	Does your hotel allocate enough budgets for such trainings?
To what degree do you use the Internet marketing to enable you to access target markets?	Pearson Correlation Sig. (2-tailed) N	1 39			
Does your hotel advertise on the Internet?	Pearson Correlation Sig. (2-tailed) N	-.367* .036 39	1 39		
Does your hotel train personnel on Internet marketing?	Pearson Correlation Sig. (2-tailed) N	-.040 .823 39	.180 .317 39	1 39	
Does your hotel allocate enough budgets for such trainings?	Pearson Correlation Sig. (2-tailed) N	-.168 .350 39	.167 .352 39	.653** .000 39	1 39

**Source:** own survey data 2015

\*Correlation is significant at the 0.05 level (2-tailed).

\*\*Correlation is significant at the 0.01 level (2-tailed).

The above table shows a positive and relatively strong correlation (+0.65) between personnel training and budget allocation. This is expected and logical correlation. On the other hand, the degree of using Internet marketing and advertisement on Internet are negatively correlated which shows inconsistency or respondents biasness. This means, most of the respondents informed they use Internet marketing to a significant degree but they do not advertise on Internet, most of them do not train personnel and do not allocate sufficient budget as well.

These inconsistency and biasness's are clearly revealed in the negative correlation coefficients among these variables as shown in table 4.2 above.

Likewise, another correlation analysis is undertaken to enhance the fact that the response from the first group of respondents (hotel managers, marketing managers and front office managers) with respect to degree of utilization of Internet marketing is significantly biased. Thus, age of the hotels and the average annual occupancy rate is positively correlated.

This indicates two different scenarios. Those old hotels that have started operation before the Internet marketing is introduced in Ethiopia have stuck in the traditional marketing methods, which the student research as part of the industry personnel has also witnessed. This finding is similar to the findings of Nwakanma et al (2014) on his study that the age of the hotel and hotel resources is one of the factors affecting the adoption and use of ICT in the hotel sector in Owerri Imo State. At the same time Matikiti (2011) and Salwani et al (2009) has also found the same result. Technological competence and Internet marketing usage are positively correlated under the significance level of 10% at  $p < 0.1$  and indicates that Internet marketing usage has a significant relationship with technological competence. Thus the empirical results support that technological competence significantly explains the Internet marketing usage (Matikiti, 2011). The adoption and usage of information technologies such as the Internet are affected by the technological competence or information technology knowledge of the personnel (salwani et al, 2009).

The gradual increase of customers through words of mouth promotion rather than Internet marketing. In other words, if these hotels use internet marketing, the occupancy rate increase at an increasing rate during the first two or three years and decline after since the hotel could get older and people want to test other new hotels and new packages of services.

**Table 10 Cross-Tabulation between average annual occupancy rate and age of the hotels**

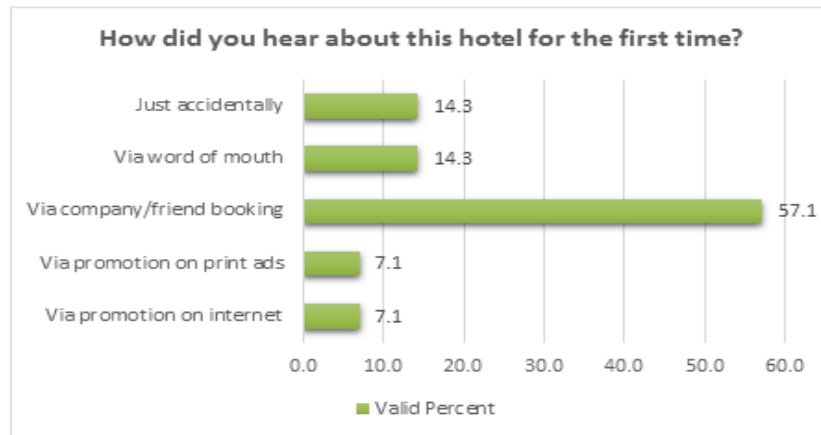
		What's the age of your hotel?	What is the average annual occupancy of your hotel?
What's the age of your hotel?	Pearson Correlation	1	.060
	Sig. (2-tailed)		.741
	N	39	39
What is the average annual occupancy of your hotel?	Pearson Correlation	.060	1
	Sig. (2-tailed)	.741	
	N	39	39

**Source:** own survey data

Cognizant of this biasness, the research adjusted the methodology in a manner that could ensure triangulation and validation of the data. Hence, the research collected additional data from a sample of foreigner hotel customers to check the degree of utilization of Internet marketing. Accordingly, sample customers were asked about the source of the first information about the hotel.

Only 7% of the respondents informed that they got first information about the hotel from Internet. Significant portion of respondents, 57% witnessed their first information is from friends/Companies booking and about 14% via word of mouth. This implies that friends and /or word of mouth are the first source of information for more than 71% of the hotels customers.

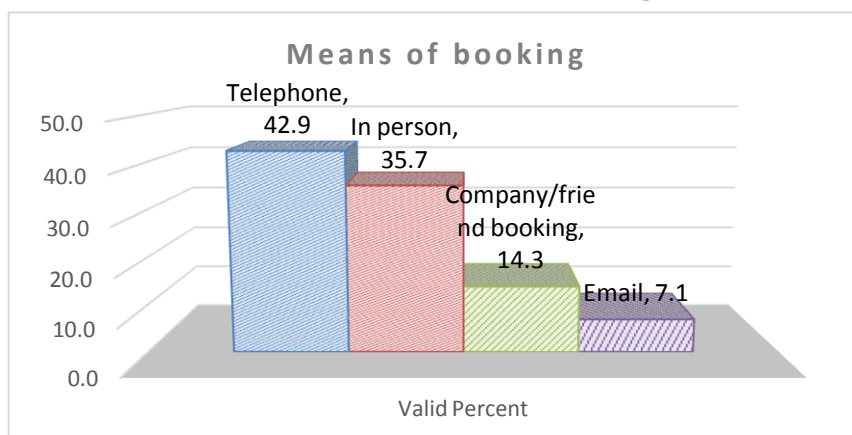
**Chart 7 Customers' first sources of information**



Source: Own Survey data 2015

Sample customers were also asked how they made bookings with the hotel and about 43% informed they used telephone. Other significant portion of respondents (about 36%) made the booking in person while only 7% through email booking. This could be a clear indication of the level of utilization of Internet marketing by sample four-star hotels in Addis Ababa.

**Chart 8 Customers' means of booking**



Source: Source: Own Survey data March 2015

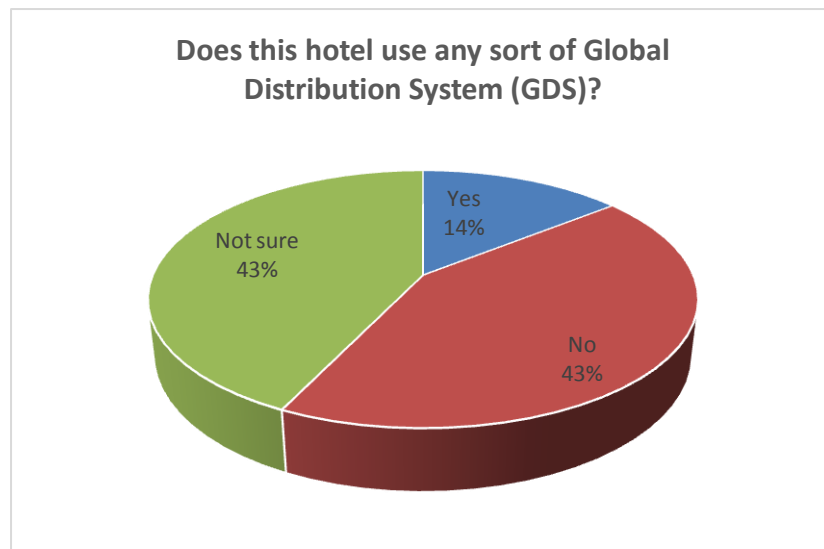
#### 4.5 TECHNOLOGICAL FACETS RELATIONSHIP

This section of the research deals with the relationships of knowledge and skills of internet-related resources and the intensity of use of the Internet based marketing by the hotel. In addition to the conventional websites and E-mails, a number of social Medias and online systems have been emerging in today's IT world. Among these, social Medias like face book, LinkedIn, YouTube and Twitter and the web based Global Distribution Systems (GDS) are worth mentioning. Specially GDS is crucial because **is a very good** reservation tool travel agents use when making an air, hotel, car or other travel service booking.

And not only do GDS power the content of 'traditional' travel agency platforms, but they also provide pricing, availability and reservation functionality to many online travel agencies; but this important tool is overlooked by Addis Ababa four star hotels. These Medias and systems have millions of visitors and users every day. Hence, ensuring continuous and proper use of these technological products could have tremendous positive impacts on profit and market development of the hotels. On the other hand, the return on investment for Internet marketing could be very minimal in the absence of proper utilization of up to date technological products/services.

Nonetheless, only 14% of the interviewed sample customers informed that the hotels use GDS system called Briel soft. On his work, Shemi (2012) has also reached to the same finding that technological factors such as the use of e-mail and Internet have affected e-commerce adoption in the firms. The lack of online order and payment functionalities on the website, and lack of e-commerce policy have acted as barriers to e-commerce adoption Shemi (2012). On another note these findings are similar to the findings of Nwakanma et al (2014) that It is absolutely glaring that the hotels center in Owerri are not utilizing the use of ICT facilities. The percentages of availability ICT facilities sampled fall below average except for intercoms presence.

**Chart 9 Usage of Global Distribution System**



**Source:** Source: Own Survey data March 2015

In addition, sample customers were also asked about the hotels usage level of social Medias. Accordingly, 57% of the respondents did not see the hotels on any of the social Medias. The rest 43% reported they have seen the hotel on social Media but also witnessed that the hotel is not active on Such Medias. Hence, it could be fairly concluded that significant majority of the four star hotels in Addis Ababa are not properly utilizing the opportunities of new ICTs

Moreover Shemi (2012) has also found out that of the three departments operating at a establishments researched, the use of computers is mainly in the shop; assisting with the point of sale system. This, however, is not connected to Internet. The companies has been using a DOS based system to run their point of sale system but there is desire to change to a Windows based system as there are problems of compatibility when storing information using the old storage devices

**Table 91 Usage of Social medias for promotion and advertisement**

<b>Do you see this hotel promote/advertise its services on Social Medias?</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No I didn't see it on social medias at all	8	57.1	57.1	57.1
	Yes I saw it but not active	6	42.9	42.9	100.0
	Total	14	100.0	100.0	

**Source:** own survey data

Moreover, sample customers were also asked to rate the level of Website information update, online payments, email enquiry reply, online services and discounts by the hotels by assigning values ranging from 1 to 5 (1 for very weak and 5 for very strong). Accordingly, the average rate for each of the service components is less than 2. This implies that in view of the hotel customers, the online service components of the hotels are very weak or nonexistent.

**Table 12 Level of hotels website information**

	N	Mean	Std. Deviation
Your rate the current status of Website Information update	14	1.86	1.099
Your rate the current status of Online Payments	14	1.79	1.251
Your rate the current status of Email Inquiries reply	14	1.71	.914
Your rate the current status of Online Service	14	1.64	.929
Your rate the current status of Online Discounts	14	1.50	1.092
Valid N (list wise)	14		

**Source:** own survey data

## **CHAPTER FIVE**

### **5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 CHAPTER OVERVIEW**

This chapter is comprised of the findings, conclusions and recommendations based on the findings on chapter four above. It also embraces future research areas/further areas of investigation for hospitality industry specifically hotel and also the limitations faced.

#### **5.2 Summary of finding**

The goal of this research was to expose what relationships Internet marketing usage rate has with hotels market development in Addis Ababa. In chapter two various Internet marketing issues for marketing on the Internet were examined through various literatures. The three facets were set on the basis of a model based on the technology-organization-environment framework of Tornatzky and Fleischer in order to investigate Internet marketing strategies of hotels in Addis Ababa. The model consisting of three main dimensions (location, internal and technological facets) were taken as the frame of reference

In methodology section, data collected from the survey via questionnaire were discussed and examined using mainly of descriptive analysis method and to a little extent correlation and cross-tabulation. The finding of the research showed that internal facet has a very strong relationship with Internet usage rate followed by location facet. The technological facet has also a strong relationship to Internet usage rate. This chapter will show particulars of the study's findings, conclusions, recommendations and further area of investigation.

### **5.3 Conclusion**

The study has aimed to analyze the Internet marketing usage rate of hotels, specifically of four-star hotels in Addis Ababa

The research has proved the entire hypotheses formulated (based on location, technology and internal facets) have a direct relationship with the usage of Internet marketing.

Regarding the location facet, the finding indicated that the level of local competition is strongly correlated with the extent of utilizing Internet marketing. Moreover location viewed as source of customers it is proofed that do their bookings and contacts with customers through traditional Media without the need of much of Internet interventions.

Therefore the research has concluded that location facets have direct relationship with Internet usage rate in hotels

On the other hand from the analysis relatively strong correlation between personnel training and budget allocation is proofed. This indicated that no sufficient training is being given and also no sufficient budget is allocated which concludes that internal facets have direct relationship with Internet marketing usage rate.

Last regarding on technology usage rate, respondents informed that GDS is not much used in their hotels. Moreover it is seen that the level of website information update, online payments, email enquiry reply, online services and discounts etc, implied that the hotels online presence is very low. Therefore the research concluded that the technological facets have direct relationship with Internet marketing usage rate

### **5.4 Recommendations**

The results of this study revealed that there is a positive relationship between Internet marketing usage and business development, especially after triangulation is done via direct victims (customers). It was also concluded that facets such as internal, technological and location facets significantly influence Internet marketing usage and hence market development. From these discoveries, the following recommendations are given to hospitality marketers and other stakeholders working in this sector.

From the research findings and literature, it was eminent that there are numerous benefits found by integrating Internet in marketing strategies.

These benefits encompasses the capacity to get an international niche which is the stand point of this research Cutback in promotion budgets, which by now is spent on irrelevant spots that target market does not have access to boost occupancy percentage and general market development plus performance. The research and also the extensive literature reviewed uncover that hotels that exploit many Internet-related promotional items for marketing, cultivate growth in occupancy percentage and new niches. Not only from the hotels, but also guests participated in this research clearly indicated that it would simplify things if hotels are internet-based marketers. Therefore, it is also advised that Ethiopian hospitality properties should utilize more Internet marketing methods and try to incorporate the Internet in all their marketing strategies in order to fully enjoy the benefits of Internet marketing. Since Internet coverage is increasing through the introduction of mobile Internet, marketing on the Internet becomes a critical facet concerning market development.

Again as per the finding respondents agree that location facet along with local competition amongst neighborhood and internationally have affected them a lot. Therefore beside the neighborhood to win international location facet, it is advisable to consider at least the level of utilization in developing countries of Asia and Africa in order to survive in today's globalized world. Strong industry associations of hotels like AHA and ETO could also be considered as one of the means to enhance the level of utilization of Internet marketing among the local hotels.

This kind of associations could address policy issues, infrastructural problems as well as financial and skill gaps, which could be difficult at private or individuals level.

On the other hand regarding trainings, it was observed that employees do not take trainings on how to use the Internet for marketing purposes. This undoubtedly makes it challenging for personnel to actually exploit internet features, as it was observed from the skipped questions on the collected questionnaire that some of the respondents were not even familiar with some of the features of the Internet like web-trafficking and GDS. Literatures reveal that hotels that have trained personnel tend to use more of Internet marketing methods as well as incorporating the Internet in most of their marketing strategies, as compared to those without trained personnel which also can be seen from the performances of international chains in Addis Ababa like Hilton Addis, Sheraton Addis and the Radisson blu hotels.

It is therefore recommended that hotels must invest in training activities to keep pace with the changes in internet features as well as equipping them with the necessary skills needed for internet marketing.

This research has also revealed that the positive perception and commitment of top management is crucial in using Internet as a major marketing tool. Hotels with high support from top management perceived that Internet marketing has positively influenced their business profitability. In this regard, it is recommended that for a property to fully realize the benefits of Internet marketing, top management should support the use of this tool.

Subsequent to the above conclusions reached this research suggest that hotels should concentrate their Internet marketing efforts as follows:

#### **Utmost Utilization of Website**

Hotels should use their website as part of their Internet marketing campaign. Some of the recommended features to include are:

- Online promotional materials/flyers/brochures that can be printed
- Online reservation system
- Online cancellation system
- Online payment system: - this in fact needs a collaborated effort of the Ethiopian banking sector, the tourism sector, hotels and the government as the problem is nationwide
- Multi-lingual website: - this is very important as it is known that every guest does not speak English
- Virtual tour of the property that can showcase the facilities and services the hotel offers
- Use tools that help to save personal data of guests who surf in the website so that they can reply personally, send promotional items, send wishes (birthday, anniversary, independence day), new services and products and so on. Applying an online registration cards can easily do this.
- E-Newsletters:- Electronic News Letters are very important to update and keep guests posted on what is going on. This will help them acquire both new markets and also retain the existing ones by making them part of a big family.

## **Search Engine Optimization**

Enhancing the status of the hotel and optimizing the ranking in different search engines. This research has found out that most of the hotels are neither on the first or second page of different search engines, which is also witnessed by the guests themselves. Some of the recommended and well-known search engines to register for can be;

Yahoo,	Ask
Google	WebCrawler
MSN	AOL and
Bing	My web search

## **Web-Trafficking**

As for web trafficking, several tracking methods through specified software programs can show where visitors may come from either on hit per page or click through real-time statistics. Tracking visitors would definitely present some valuable results since not only the number of hits a customer made is shown, but also whether these customers came from the hotel's campaigns and promotions. It becomes a necessity to identify these customers, the segment they belong into and their changing preferences. Several of these customers will simply pick up information regarding the provided services and some other customers may take more time until they make a final reservation with the hotel online or through another source, or even which of the visitors made no response at all (Cox & Koelzer, 2004).

One of the most successful companies in the US is currently the WebTrends.com that can assist a site to achieve high placements, identify which websites sales came from and eventually higher revenues. Other companies like the Search Facet.com provide free tips and knowledge and guidelines to search for both a hotel's or other company's search engine optimization and ranking (Cox & Koelzer, 2004).

## **Online Payment System**

From the research findings it is clear that hotels in Addis are not using an online payment system due to absence of infrastructure to do so. Therefore this research recommends that the Ethiopian Tourism Organization, the Addis Ababa Hotels Association and Ministry of Culture and Tourism (MOCT) must work in collaboration with government to network

with the banking sector and open up online payment systems so as to make it easy to attract potential clients

It should be clear to all parties listed above that with the recent invasion of global chains like Sheraton, Hilton, Radisson blu, Westin, Marriot & Golden Tulip into the country, stand-alone local hotels that accommodate the same niche market need to develop their internet marketing approaches so that they do not get swallowed by the international chains.

### **Training IT Personnel**

In order to solve the difficulty in relation to the lack of knowledge and wrong perceptions about e-marketing, it is necessary that informal on-the-job and formal off-the-job short term recurrent trainings and awareness creations be in place. This should be both at a national and company level.

### **Change of Perception**

From the study it is noticed that there is lack of support from top management and owners to apply internet marketing as most might think the what is more important is only to build and furnish the hotel. But it is actually the vice-versa from the researcher's point of view and from literatures as major challenges come-up after the hotel is operational due to stiff competition on existing markets like AU and UNECA instead of untapped new niches. In the absence of appropriate trainings and change of perception top-to-bottom starting from the owners and the management team and then the line employee practitioners, it is witnessed from literatures and guests of this research used to triangulate, merely applying E-marketing would hardly make a difference unless and otherwise firms and individuals are well-informed about the opportunities presented by the 21st century Internet-born technologies. Furthermore to push this to the next level it is tremendously suggested that government should establish Internet technology standards that every star-rated hotel must acquire before it goes operational.

Ministry of Culture and Tourism (MOCT) should also work towards bringing about wider acceptance of e-marketing to increase the number of tourists that comes in to the nation which by now is one of the lowest compared to other African Nations.

## **Social Media**

It is recommended that hotels apply *social Medias*; not only using but also *high presence is suggested*. One cannot deny these days how businesses are highly in relationship by Social Medias. These research findings demonstrate that some of the hotels are in fact in social media especially on Face book but they are not effectively using it as an Internet marketing campaign.

Whether liked or not, we can see from the findings of the triangulation report from guests traditional marketing has become less effective and consumers prefer information of a product from their handy. Some of the recommended social networking sites are:

- Facebook
- Twitter
- Linkedin
- Instagram and
- Flickr

Therefore instead of holding an account and doing not much, it is highly recommended for hotels to have the utmost visibility so that guests know they have social media accounts. Therefore it requires a very consistent update.

## **Properly Utilizing Global Distribution System (GDS)**

GDS or Global Distribution System refers to the reservation tool travel agents use when making an air, hotel, car or other travel service booking. And not only do GDSs power the content of 'traditional' travel agency platforms, but they also provide pricing, availability and reservation functionality to many online travel agencies.

The GDS network offers properties valuable marketing exposure on the various popular online travel websites and to over 600,000 travel agents worldwide (rezstream.com).

### **GDS Benefits to a Hotel:**

- Global coverage/publicity
- Business-to-business distribution
- Business-to-customers distribution
- GDS distribution is the entry door to corporate bookers
- Targeting all Travel Agencies independently of the GDS (distribution platform they may use).
- 24/7 travel agent access to room inventory.

### **List of recommended and renowned GDS**

- Galileo
- Amadeus
- Worldspan
- Sabre
- Booking.com
- Yelp
- Expedia
- Pegasus
- Briel Soft (locally available)
- Goozo (locally available)

It is therefore recommended that Addis Ababa four-star hotels should maximize utilization of this important internet/technological tool in order to make it easy for visibility and hence getting

### **5.5 Contribution**

This study stipulates verification for the relationship of Internet marketing usage and market development of Four-star hotels in Addis Ababa. This is because the student researcher as part of this industry understood that it is a major issue that has gotten little consideration in previous hotel-related studies, which in fact is almost nonexistent particularly in Ethiopia.

On top of that the study gives a high light on elements that can bring discrepancy in Internet marketing usage based on the technology-organization-environment framework of Tornatzky and Fleischer; which is a good dimension in the hospitality literature, especially in developing countries like Ethiopia.

Aside from Matikiti, (2011) which itself is on business profitability, the student researcher did not find any research, which has explained the relationship between Internet marketing and market development in hotel sector.

## **5.6 Limitations of the Study**

The major limitation of this study was that a more tendency to fabricated and insincere response thinking this might harm the reputation of their hotel regardless of the student researcher's explanation as to its importance. As the student researcher working in this industry for the past 8 years very well knowing the fact that Internet marketing usage in hotels is at the bottom of usage, the response received from the respondents was to some extent misleading.

This can be seen from the response received from the victims (customers) through triangulation that most of the hotels under research are not utilizing the Internet marketing strategies.

The other limitation emanates from the sole use of four-star hotels, without including other star levels specially those are five-star and those others below four while giving a five-star service that might be using Internet marketing. Moreover the research was confined only in Addis Ababa. This has a negative repercussion in the quest to generalize the findings of the research to the entire hospitality sector of Ethiopia. However, most four-star and above rated properties tend to utilize the Internet more than smaller three-star and less rated properties, in order to attract a wider market. Thus it was considered appropriate to concentrate on establishments that are four-star and above.

The other limitation is that some of the managers were not familiar with the terms of Internet marketing, due to the fact that they tended to provide answers without really knowing the actual meaning of the term. Thus, some respondents might have incorrectly misrepresented facts and this might have compromised the reliability of some of the responses.

Limited published literature on the adoption and relationship of Internet marketing on Ethiopian Hotel sector was the other challenge and hence resultantly most of the literature used in this study emanated from studies done in other countries like Egypt, Libya, South Africa, Ghana, Cyprus and so on. Last but not least, limited time resource as a full-time

working student who works in the vibrant tourism industry that has actually no fixed working hour was a big challenge.

However, despite these limitations, the research has managed to reach useful conclusions and the usefulness and significance of conducting the research still transcends the drawbacks posed by this setting. In many instances the research found support from previous studies across different countries and, therefore generalizability is not much of a concern.

### **5.7 Further Area of Investigation**

Future Internet marketing researchers should attempt to implement different methods of measuring the relationship of Internet marketing other than the ones used on this research on market development to avoid contradictory findings. From the student researcher's experience on the industry, it is suggested that future research could concentrate and examine the relationship of Internet marketing usage and market development in other star-rated hotels than four stars and also outside of Addis Ababa too. As there are many resorts already operational and being opened every year outside of the capital city, it is also suggested that same study to be done on such establishments including lodges.

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# **APPENDIX**

## Appendix 1

Research Questionnaire for Hotel General Managers, Marketing Managers and Front Office Managers

### Research QUESTIONNAIRE

Roman Tafessework

March 2015

Addis Ababa

Ethiopia

Tel: +251 911 453 603

Email: [rtafesseworkr@yahoo.com](mailto:rtafesseworkr@yahoo.com)

Position-----

Name of Hotel----- Address-----

Dear respondent

My name is Roman Tafessework working in Ethiopian Hospitality and Tourism Industry and a student at the University of Addis Ababa, Ethiopia.

As a partial fulfillment to Master's Degree on Marketing Management I am writing a thesis on **Analysis of Internet Usage In Four Star Hotels of Addis Ababa**. The study includes 30% of four-star hotels in Addis Ababa registered at the moment with the Ministry of Culture & Tourism (MOCT).

Your contribution and opinion is of utmost importance to me. So, please take few minutes to complete the questionnaire so that I can collect it back at the first week of April 2015. Only myself as the researcher and the people who will evaluate this study will have access to your individual response. Your answers will be treated with full confidentiality as the purpose of the study.

The results of the survey can be availed to you August 2015 onwards upon your request. The results of this survey will shed light into the betterment of Internet Marketing as an important promotional tool in Addis Ababa hotels. If you have any questions regarding this survey please do not hesitate to email me any time at the above address.

Best,

Roman Tafessework

## **QUESTIONNAIRE**

### **General/Demographic question**

Name of Hotel.....

#### **Where are you located?**

- A. Bole
- B. Cazanchise

#### **What kind of management arrangement does your hotel operate under?**

- A. Independent
- B. Chain
- C. Franchise

#### **How many rooms does your hotel have?**

- A. 1-25
- B. 26-50
- C. 51-100
- D. Above 100

#### **Your age**

- A. 20-30
- B. 31-45
- C. 46-60
- D. Above 60

#### **What's the age of your hotel?**

- A. 1-5 years
- B. 6-10 years
- C. 11-20 years
- D. Above 21 years

**Your status in the hotel**

- A. Marketing Manager
- B. General Manager
- C. Front office Manager
- D. If any other please specify\_\_\_\_\_

**Do you have any specialization/trainings precisely on marketing or Internet technology? If yes please specify**

**Multiple options is possible**

Trainings/certificate in\_\_\_\_\_

Diploma in\_\_\_\_\_

Advanced Diploma in \_\_\_\_\_

Bachelor in\_\_\_\_\_

Masters in\_\_\_\_\_

Ph.D in\_\_\_\_\_

**I. Location facets**

**1. What is the average annual occupancy of your hotel?**

- A. Above 75%
- B. 65%-74%
- C. 50%-73%
- D. 35%-49%
- E. Below 35%

**2. How far does the competition level amongst the hotels in your location influence the intensity of use of the Internet? Or in another word how far does competitive pressure drive your hotel's usage of innovative Internet technologies.**

- A. Very Much (5 points)
- B. Much (4 points)
- C. Neutral (3 points)
- D. Little (2 points)
- E. Very little (1 point)

**3. From which continent do your customers come from? Please answer in percentage. Total should be 100%**

Africa\_\_\_\_\_%

North America\_\_\_\_\_%

Latin America\_\_\_\_\_%

Asia\_\_\_\_\_%

Europe\_\_\_\_\_%

Australia\_\_\_\_\_%

**4. To what degree do you use the Internet marketing to enable you to access target markets?**

- A. Very much (5 points)
- B. Much (4 points)
- C. Neutral (3 points)
- D. Little (2 points)
- E. Very little (1 point)

**II. Internal facets**

**5. Does your hotel advertise on the Internet?**

- A. Yes
- B. No

**6. Does your hotel use any sort of Global Distribution System (GDS)?**

- A. Yes
- B. No

**7. If your answer is “ yes” to question number 5 above which GDS system are you currently using**

- A. Booking.com
- B. Expedia
- C. Yelp
- D. Brielsoft
- E. Please specify if any other\_\_\_\_\_

**8. Who in your Hotel is responsible for online advertising as an additional promotional tool? Multiple option is possible**

- A. Hotel Owner/General Manager
- B. Assistant General Manager
- C. Sales and Marketing Manager
- D. Outsourcing
- E. If other please specify\_\_\_\_\_

**9. Does the person who performs Internet marketing have special skills or attain any form of training on how to best use the Internet?**

- A. Yes
- B. No

**10. Does your Hotel provide incentive such as discounted rates, bonus points...etc, for those guests who book online?**

- A. Yes
- B. No

**11. Does your hotel train personnel on Internet marketing?**

- A. Yes
- B. No

**12. If your answer to question number 10 is “yes” then how often do you give a refreshment/new training**

- A. Every month
- B. Every quarter
- C. Twice a year
- D. Once a year

**13. Does your hotel allocate enough budgets for such trainings?**

- A. Yes
- B. No

**III. Technological facets**

**14. How did most of your customers hear about you for the first time?**

- A. Via promotion on internet
- B. Via promotion on print ads
- C. Via promotion on mass medias
- D. If other please specify\_\_\_\_\_

**15. How do your customers make bookings with your business? Should add to 100%**

Telephone\_\_\_\_\_%

In person\_\_\_\_\_%

Business website\_\_\_\_\_%

Email\_\_\_\_\_%

GDS\_\_\_\_\_%

Website\_\_\_\_\_%

Other \_\_\_\_\_%

**16. What percentage of your total reservations is currently coming due to promotions/advertisements via:**

(Should add to 100%)

Internet\_\_\_\_\_ %  
SMS\_\_\_\_\_ %  
Newspaper\_\_\_\_\_ %  
Magazine ad\_\_\_\_\_ %  
TV ad\_\_\_\_\_ %  
Others\_\_\_\_\_ %

**17. What is the percentage of the people making reservations over the Internet in the following age range during the year 2014?**

- A. 20-30%
- B. 31-45%
- C. 46-60%
- D. Above 60%

**18. What is the main objective for your hotel of using Internet?**

- A. To expand the market globally
- B. To reduce advertising cost
- C. To reach new customers/develop market
- D. To keep pace with competition
- E. Other, please specify\_\_\_\_\_

**19. How often do you promote your organization on Internet?**

- A. Every day
- B. Every week
- C. Every month
- D. Yearly
- E. Not at all

**20. Does your Hotel use a Web traffic system to regularly tabulate visitors and customers who see your promotions via its site?**

- A. Yes
- B. No

**21. How would you rate the current status of your online-presence against each of the following attributes?**

(Answer according to the following):

Extremely strong(5)

Very strong (4)

Strong (3)

Weak (2)

Very weak (1)

Information 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Convenience 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Customization 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Savings 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Entertainment 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Service 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

**22. Does your hotel identify and track customers online with the aim of retaining them and get word of mouth promotion so as to develop customer base?**

A. Yes

B. No

**23. Does your hotel promote/advertise its services on Social Medias? If yes on which of the following. Multiple option is possible**

A. Facebook

B. Twitter

C. Hi5

D. Instagram

E. Specify if any other\_\_\_\_\_

**24. How often do you promote your hotel on social medias?**

- A. Every day
- B. Every week
- C. Every month
- D. Once in a while
- E. Almost none

**25. Has the amount of people making booking online increased when increasing your online promotion?**

- A. Yes
- B. No

**26. Generally has your organization benefitted from the online promotion and has a positive relationship on your customer base growth?**

- A. Yes
- B. No

**IV. Customers' feedback**

**27. Has your hotel created an online community for customers like on Facebook, twitter or related social networks?**

- A. Yes
- B. No

**28. According to the number of the reservations and personal concerns and comments coming through the Internet, how do your customers rate the current status of your online presence?**

(Answer according to the following):

Extremely strong (5)

Very strong (4)

Strong (3)

Weak (2)

Very weak (1)

A. Email Inquiries reply 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

B. Online Service 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

C. Online Payments 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

D. Website Information update 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

E. Online Discounts 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

V. **Management Perception**

**29. Our top management/owners regularly discusses competitors strength and weakness on internet marketing use**

- A. Strongly agree (5 points)
- B. Agree (4 points)
- C. Neutral (3 points)
- D. Disagree (2 points)
- E. Strongly Disagree (1 point)

**30. I believe our top management is not using the internet well for marketing purpose when compared to competitors**

- A. Strongly agree (5 points)
- B. Agree (4 points)
- C. Neutral (3 points)
- D. Disagree (2 points)
- E. Strongly disagree (1 point)

**31. Your property responds rapidly to competitors' action on internet marketing use**

- A. Strongly agree (5 points)
- B. Agree (4 points)
- C. Neutral (3 points)
- D. Disagree (2 points)
- E. Strongly Disagree (1 point)

**32. Your business utilizes the Internet more than other marketing communication tools to increase customer base**

- A. Strongly agree (5 points)
- B. Agree (4 points)
- C. Neutral (3 points)
- D. Disagree (2 points)
- E. Strongly disagree (1 point)

**33. Indicate the degree to which top management/owners Supports the use of internet marketing**

(Answer according to the following):

Very much (5) much (4) Neutral (3) little (2) Very little (1)

- A. Willing to provide resources necessary for implementing internet marketing\_\_\_\_\_
- B. Advice us to keep track with latest development in internet features\_\_\_\_\_
- C. Emphasize that the property must adapt to the internet-related market trends\_\_\_\_\_

**34. What in your opinion are the opportunities & challenges of applying internet marketing in your Hotel?**

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**35. In your opinion what do you think are the solutions for these challenges mentioned above?**

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I understand that by returning this questionnaire, I am giving my informed consent as a participating volunteer in this study. I understand the basic nature of the study and agree that any potential risks are exceedingly small. I also understand the potential benefits that might be realized from the successful completion of this study. I am aware that the information is being sought in a specific manner so that only minimal identifiers are necessary and so that confidentiality is guaranteed. I realize that I have the right to refuse to participate and that my right to withdraw from participation at any time during the study will be respected with no pressure or bias.

NOTE; Questions or concerns about the research study should be addressed to Roman Tafessework Tel: +251 911 453 603, the researcher or Dr. Yassin Ibrahim, +251 914 006 115 the research advisor.

## Appendix 2

Research Triangulation Questionnaire for Guests/customers

### Research QUESTIONNAIRE

Roman Tafessework

March 2015

Addis Ababa

Ethiopia

Tel: +251 911 453 603

Email: [rtafesseworkr@yahoo.com](mailto:rtafesseworkr@yahoo.com)

Name of Hotel-----

Dear respondent

My name is Roman Tafessework working in Ethiopian Hospitality and Tourism Industry and a student at the University Of Addis Ababa, Ethiopia.

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Your contribution and opinion is of utmost importance to me. So, please take few minutes to complete the questionnaire so that I can collect it back at the first week of April 2015. Only myself as the researcher and the people who will evaluate this study will have access to your individual response. Your answers will be treated with full confidentiality as the purpose of the study.

The results of this survey will shed light into the betterment of Internet Marketing as important promotional tool in Addis Ababa hotels. If you have any questions regarding this survey please do not hesitate to email me any time at the above address.

Best,

Roman Tafessework

## QUESTIONNAIRE

### General/Demographic question

Name of Hotel.....

#### **Your age**

- E. 20-30
- F. 31-45
- G. 46-60
- H. Above 60

#### **How often do you come to this hotel?**

- E. Almost all the time
- F. Very often
- G. Once in a while

#### **36. From which continent are you from?**

Africa\_\_\_\_\_

North America\_\_\_\_\_

Latin America\_\_\_\_\_

Asia\_\_\_\_\_

Europe\_\_\_\_\_

Australia\_\_\_\_\_

#### **37. To what degree do you use Internet to access hotels of your choice?**

- F. Very much (5 points)
- G. Much (4 points)
- H. Neutral (3 points)
- I. Little (2 points)
- J. Very little (1 point)

#### **38. Do you find this hotel advertising on the Internet as?**

- C. Yes very much
- D. No, not much
- E. Not at all

**39. Does this hotel use any sort of Global Distribution System (GDS)?**

- C. Yes
- D. No
- E. Not sure

**40. If your answer is “yes” to question number 5 above which GDS system is that you currently used?**

- F. Booking.com
- G. Expedia
- H. Yelp
- I. Brielsoft
- J. Please specify if any other \_\_\_\_\_

**41. Did this Hotel provide you incentives such as discounted rates, bonus points...etc, when you book online?**

- C. Yes
- D. No
- E. Not sure
- F. Does not see online booking engine of the hotel

**42. In your view does this hotel update information about new events often?**

- C. Yes very much
- D. Not much
- E. Not at all
- F. Not sure

**43. How did you hear about this hotel for the first time?**

- E. Via promotion on internet
- F. Via promotion on print ads
- G. Via company/friend booking

- H. Via word of mouth
- I. Just accidentally
- J. If other please specify\_\_\_\_\_

**44. How do you make bookings with this hotel? Multiple option is possible**

- A. Telephone\_\_\_\_\_
- B. In person\_\_\_\_\_
- C. Company/friend booking\_\_\_\_\_
- D. Business website\_\_\_\_\_
- E. Email\_\_\_\_\_
- F. GDS\_\_\_\_\_
- G. Website\_\_\_\_\_
- H. Other \_\_\_\_\_

**45. How often do you notice this hotel promote itself on Internet?**

- F. Almost all the time
- G. Every month
- H. May be once in a while
- I. Not sure
- J. Not at all

**46. How would you rate the current status of this hotel's online-presence against each of the following attributes?**

(Answer according to the following):

- Extremely strong (5)
- Very strong (4)
- Strong (3)
- Weak (2)
- Very weak (1)

Information 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Convenience 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Customization 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Savings 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Entertainment 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

Service 1\_\_\_\_ 2\_\_\_\_ 3\_\_\_\_ 4\_\_\_\_ 5\_\_\_\_

**47. Does this hotel somehow tried to identify and track you online with the aim of retaining you as loyal client?**

C. Yes

D. No

**48. Do you see this hotel promote/advertise its services on Social Medias?**

A. No I dint see it on social medias at all

B. Yes I saw it but not active

C. Not sure

**49. If yes on which of the following did you see it. Multiple option is possible**

F. Facebook

G. Twitter

H. Hi5

I. Instagram

J. Specify if any other \_\_\_\_\_

**50. How often do you see it promoting on social Media?**

F. Every day

G. Every week

H. Every month

I. Once in a while

J. Almost none

**51. Has this hotel created an online community for customers like on Facebook, twitter or related social networks?**

- C. Yes
- D. No
- E. Not sure

**52. How do you rate the current status of this hotel's online presence?**

(Answer according to the following):

Extremely strong (5)

Very strong (4)

Strong (3)

Weak (2)

Very weak (1)

F. Email Inquiries reply 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

G. Online Service 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

H. Online Payments 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

I. Website Information update 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

J. Online Discounts 5\_\_\_\_ 4\_\_\_\_ 3\_\_\_\_ 2\_\_\_\_ 1\_\_\_\_

**53. In your opinion what do you think are the solutions for these challenges mentioned**

above\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I understand that by returning this questionnaire, I am giving my informed consent as a participating volunteer in this study. I understand the basic nature of the study and agree that any potential risks are exceedingly small. I also understand the potential benefits that might be realized from the successful completion of this study. I am aware that the information is being sought in a specific manner so that only minimal identifiers are necessary and so that confidentiality is guaranteed. I realize that I have the right to refuse to participate and that my right to withdraw from participation at any time during the study will be respected with no pressure or bias.

NOTE; Questions or concerns about the research study should be addressed to Roman Tafessework Tel: +251 911 453 603, the researcher or Dr. Yassin Ibrahim, +251 914 006 115 the research advisor.

### Appendix 3 SPSS CORRELATION MATRIX OUTPUT

Correlations		internet usage rate	Internal factor	Technology	Location
Internet usage rate	Pearson Correlation	1	.538**	.410*	.526**
	Sig. (2-tailed)		,002	,022	,002
	N	39	39	39	39
Internal factor	Pearson Correlation	.538**	1	.793**	.564**
	Sig. (2-tailed)	,002		,000	,001
	N	39	33	33	33
Technology	Pearson Correlation	.410*	.793**	1	.510**
	Sig. (2-tailed)	,022	,000		,002
	N	31	33	33	33
Location	Pearson Correlation	.526**	.564**	.510**	1
	Sig. (2-tailed)	,002	,001	,002	
	N	31	33	33	33

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).