



ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF DEVELOPMENT STUDIES

E-marketing for Tourism Business Development in Ethiopia: Its Practice, Challenges and Implications on Performance of Tour Operating Firms

A Thesis Submitted to School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirement for the Degree of Master of Arts in Tourism Development and Management

By

Yemane Reda

June, 2018

Addis Ababa, Ethiopia

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF DEVELOPMENT STUDIES

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Advisor

Name: Shiferaw Muleta (Ph.D)

Signature: _____

Date: June, 2018

Examiners

Name Title signature

Date

_____ Internal Examiner _____

_____ External Examiner _____

Chair of Department Examining or Graduate Program Coordinator

Declaration

I, the undersigned, declare that this study entitled, E-marketing for Tourism Business Development in Ethiopia: Its Practice, Challenges and Implications on Performance of Tour Operating Firms is my own work. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. This study has not been submitted for award of any degree or diploma program in this or any other institution and, I have fully cited, acknowledged and referenced all material and results that are not original to this work.

Researchers' Name: Yemane Reda Bezabh

Signature: _____

Date: _____

Acknowledgements

A long journey, with many twists and turns, has now ended. The successful completion of any survey study of this kind is only possible through the invaluable support and guidance of a number of individuals. Therefore, I would like to express my heartfelt gratitude and appreciation to each and every person who enriched this journey of intellectual pursuit; in particular I would like to acknowledge:

My most sincere and heartfelt thanks goes for Dr. ShiferawMuleta, my thesis advisor, for his unreserved and timely support in checking, commenting and giving constructive advice all along my thesis work. He is truly an eminent intellectual to his profession.

I also would like, to thank my respondents from sample tour operating firms who were willing to devote their time to fill the survey questionnaire. Moreover, I want to extend my gratitude to Mr. KirosMehari, Manager of Ethiopian tour operators association, who helped me materially and morally during my study, Addis Ababa tour operating association members for their helpful treatment of the survey questionnaire, MoCT for providing all the necessary documents needed to prepare this thesis.

Furthermore, my sincere gratitude should also go to my family for their mercy, moral and encouragement to pursue my study at higher education. Very special thanks to my brother MuluReda ; words cant't express my gratitude.

Last but not least, I'm greatly indebted to my friends Mr. Ayene Belay, Mrs. Niemak.,Mr. SeifuDesalegn, Mr. Helebo Elias, Mr. Tadesse (Senait tour).

Thank you,

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List of Acronyms and Abbreviations

AU	African Union
B2B	Business-to-Business
B2C	Business-to-Customer
E-banking	Electronic banking
E-business	Electronic business
E-commerce	Electronic commerce
E-market	Electronic market
E-mail	Electronic mail
EMM	Electronic marketing mix model
E- Payments	Electronic Payments
E-promotion	Electronic Promotion
E-Price	Electronic Price
E-service	Electronic Service
E-privacy	Electronic Privacy
E-Interface	Electronic Interface
ETA	Ethiopian Telecommunication Authority
ETC	Ethiopian Telecommunication Corporation
ETC	Ethiopian Tourism Council
ETOA	Ethiopian Tour Operators Association
ETO	Ethiopian Tourism Organization
FDRE	Federal Democratic Republic of Ethiopia
ICT	Information and Communications Technology
IDT	Innovation Diffusion Theory
IDI	Information Development Index
IT	Information Technology
ITU	International Telecommunications Union
ISA	Internet Society of Africa
LDC	Least developing countries
MoCT	Ministry of Culture and Tourism

MOTI	Ministry of Trade and Industry
NTO	National Tour Organization
STOAA	Society of Tour Operators in Addis Ababa
TAM	Technology Adoption Model
Telecom	Telecommunications
TO	Tour Operators
WB	World Bank
WIE	World Information Economy
UNECA	United Nations Economic Commission for Africa

Abstract

Advances in information technology have created great opportunities in various business sectors, especially in the tourism industry. Among others, tour operating firms often apply various marketing activities. However, there is hardly any study conducted on the practice of E-marketing among Ethiopian tour operating firms. This study fills in this research gap. The main aim of this study is, therefore, to investigate the association of E-marketing for Tourism Business Development in Ethiopia by focusing on its practice, challenges and implications on performance of tour operating firms. A quantitative research approach is employed in this study. Data (n=132) are collected from purposely selected owner-managers of tour operating firms, which have applied E-marketing in their business by using a survey questionnaire and the collected data is analyzed by SPSS version 20. A two stage Exploratory Factor Analyses is employed to validate the items used to measure E-marketing, followed by a reliability test using Cronbach's Alpha test. In this study, five dimensions of E-marketing, namely e-promotion, e-price, e-service/product, e-privacy, and e-payment, are validated for the first time in the tourism sector of Ethiopia. Hierarchical regression analyses is employed to predict implications of E-marketing on firm performance as measured by size changes in annual sales, employment, profit and total assets. Besides, the main challenges tour operating firms face while applying E-marketing in their business are identified and presented in their level in a rank-order. The empirical findings show that, tour operating firms use ICT tools in their business since internet marketing plays a vital role for the business of the tour operating firms by providing access to global consumer markets as well as growing their market share. Although, tour operators use internet for their business it's significantly influenced by tremendous factors like low and intermittent internet connection, licensing issues of internet to e-marketing, less perceived value of Internet marketing, low accessibility of banks to e-payment, internet privacy and e-marketing is highly dependent on political decision. Regression analyses results also reveal that some of the dimensions of E-marketing mix have positive association on performance of tour operating firms. Nonetheless, not all of the dimensions of E-marketing have effects on firm performance. The use of E-privacy and E-service are positively associated with an increase in sales, E-payment is negatively associated with employment but E-privacy is positively associated with employment, E-pricing and E-privacy are positively associated with profit and E-promotion, E-pricing and E-privacy are positively associated with asset of the tour operating firms. Whereas the use of E-place is not associated with any of the four firm performance measures. It is, therefore, recommended that the concerned governmental bodies should do their utmost efforts in promoting E-marketing in Ethiopia for a successful tourism business development in Ethiopia.

Keywords: *E-marketing, Ethiopia, firm performance, scale validation, Tourism Business, Tour operating firms*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The fastest growth and advancement of Information Communication Technologies (here after referred as ICT) have volcanized and are stimulating the world economy. Moreover, it is highly engulfing the traditional marketing system and drudged into its way. The advanced countries have the lion share on the digital marketing, also called Internet economy, in these countries, the digital marketing have a threefold faster than the traditional marketing scenario in effectiveness and efficiency .Nonetheless, the developing countries remained in patient toward the Internet economy, according to the recent report of World Information Economy (WIE,2017).

According to Internet Society of Africa (ISA),many African countries are in progress focusing on broadband availability and enriching online marketing platforms to come out with the opportunity of internet economy to their citizens and small and medium enterprises (ISA, 2017). Notwithstanding this progress, Africa still needs a secure and reliable internet infrastructure that users trust in order to bringing large and small businesses online, along with governments and other social services. E-marketing is simply the use of electronic data and applications for planning and executing the conception, distribution, promotion and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational objectives (Gohary, 2007).

Like in other business, online marketing has brought about changes in the behavior of consumers and revolutionized the tourism industry (Buhalis& Law, 2008). Due to these changes in user behavior, tourism firms across the globe are now compelled to use new tools, such as; social media, to facilitate a two-way communication with their customers (Lim, 2010). Digital marketing can have a vivid impact to the global business in general and to sustainable tourism business development by greatly reducing information costs, as well as economic and social costs of firms, individuals, and organizations so as to drastically promote innovation when

transaction costs fall to zero. This boosts efficiency as existing activities become cheaper, quicker and convenient (World Bank, 2016).

According to Arjinder and Gurveen (2017), the major challenges of digital marketing in developing countries compared to that of developed countries are: low speed internet connections, cyber-crime: many consumers are hesitant to purchase items over the internet, digital marketing education is still generally low in developing countries, high cost of production, over regulations of business by government, high illiteracy to digital marketing application. The same is true to Ethiopia.

E-commerce readiness in Ethiopia is not still measured at a macro level which is identified with major constraints like absence of E-banking with foreign banks, lack of appropriate legal frameworks of E-commerce and internet cost expensiveness (Ayalewet *al.*, 2010). According to World ICT indicators data base for 2017, the internet penetration of Ethiopia is 15.4 almost fourfold less than that of Morocco 58.4 and threefold less than that of South Africa which is 54.0. Moreover, technological readiness index of Ethiopia is 2.4, which is twofold less than that of South Africa with an index of 4.8. Despite such low figure, Ethiopia currently accommodated around 60 million cellular phone subscribers which embrace a great opportunity for small tourismfirm's online marketing.

According to the Ministry of Culture and Tourism(2017),there are 480 tour operating firms get the competency certificate and license, which are currently 99% stationed in the capital city Addis Ababa, nonetheless, they are highly facing in ICT infrastructure to effectively conduct marketing communications, even though,ICT is an important tool to their business (Esmat,2017)since tour operating firms highly rely on technology to promote and market their tour products & services, and to survive in the market with a strong competition. Moreover, there are challenges that hinder these firms in adopting E-marketing elements(e.g., E-price, E-promotion, E-interface, E-privacy, and E-product/service, E-payment, E-precision andthe pull and push marketing forces). Even though, tour operating firms have a great contribution on the global market and to the sustainable tourism business development but on the Ethiopian case these firms are highly challenged to join the global market easily. This necessitates a studyon the

E-marketing practices of Ethiopian tour operators and the challenges they face in the market. This study was an attempt in this regard.

1.2 Statement of the problem

Tourism industry has become one of the engines for world economy in general. The industry could also be considered as a valuable development vehicle for Ethiopia and can spur economic growth and development of the country. Moreover, tourism can provide work opportunities; support the establishment of small and medium tourism firms; lead to skills development in tourism and support services; contribute to rural development; improve infrastructure; and ultimately contribute to the government's coffers (Robinson & Jonker, 2016). The country launched a ten year tourism master plan with vigorous objectives for the years 2015-2020 (MoCT 2014). Tourism marketing, branding and promotion is one of the strategic pillars stipulated in this master plan, which aims to be among the top five tourist destination in Africa in 2025. But, there are some challenges in achieving this objective, among others, related with the marketing practice of small tourism firms.

Tour operating firms play an important role in the tourism sector of Ethiopia by providing tour packages (hotel services, accommodation services, transportation, safari tours, adventure tours, and etc.), mainly to international clientele. Tour operating firms basically communicate with their clients through telephone, e-mail, internet, and postal services, to deal about the features of destinations, pricing of products, brands, mode of payments. Even though a thorough investigation on their marketing practices in general is important, in this study, E-marketing were singled out to study its practices, challenges and implications on performance of tour operating firms. To the best knowledge of the researcher, to date, there is no any study conducted on this subject among small tourism firms in Ethiopia. Even in an African context, there are few studies conducted on the E-marketing practice among small tourism firms (Nobukhosi and Manillal 2013, Ghobakhloo *et al.*, 2011, Saffuet *et al.*, 2008).

For instance, Nobukhosi and Manillal (2013) studied E-marketing (among Wanjau *et al.*, 2012, Rosemary *et al.*, 2016, Alex and Lwuagwu, 2015, In Kenya, South Africa, Nigeria). In this study, the major drivers of E-marketing among small and medium enterprise are: perceived area of use, external pressure, resource availability and compatibility were significant drivers of E-

marketing adoption. In another study conducted in small and medium enterprises in Spain, Internet marketing offers a new frontier for small and medium firms to understand E-marketing adoption and plan to attract consumers to their products and service, thus enables them to gain a greater representation in the global niche market (Ghobakhloo *et al.*, 2011). In some African countries, such as South Africa, Egypt, Nigeria and Kenya, small business has some knowledge of acceptance of E-marketing to their business. But, still E-marketing application is in its infancy stage and its acceptance level by the SMEs firms still limited (Saffuet *et al.*, 2008). This have had necessitate the need for investigating the challenges and implications to firm performance of E-marketing in another African country like Ethiopia.

There are few studies conducted on ICT application in Ethiopia; such as, influence of E-learning on academic performance (Kassahun, 2014), Technology adoption of Ethiopian leather and textile manufacturing firms (Kumlachew, 2014). There are also similar studies conducted in Ethiopia on factors affecting the adoption of Internet banking services by customers (Bisrat, 2015), success factors for implementation of enterprise resource planning system at Ethiopian Airline (Sintayehu, 2014), ICT adoption in UPAREZ business PLC (Mengistu, 2016).

In tourism and hospitality sector, there is hardly any research that has focused on the application of E-marketing and its implication on the performance of small tourism firms like tour operators in Ethiopia. To the best knowledge of the researcher, there is only the study of Wegene and Anthony (2012) conducted a research on researching the adoption of ICT a case study of small hotels in Addis Ababa. Moreover, other researchers also conducted their study on factors affecting the adoption of information and communication technologies with particular reference of small hotels and tour operators in Addis Ababa (Wegene *et al.*, 2016). Moreover, the researcher strongly argued that prior researches on Ethiopian tour operators have focused on their entrepreneurial behavior (Shiferaw *et al.*, 2017), their human resource management challenges (Edelawit, 2017), and factors affecting the adoption and use of electronic marketing by destination management organizations/bureaus (DMOs) in Ethiopia (Fekadu, 2017). The researcher highly acknowledged to the researchers mentioned above for their contribution to the industry.

To date, there is hardly any study on E-marketing practices, challenges and implications on performance of tour operating firms in Ethiopia. This study, therefore, fills in these research gaps in the existing literature. By doing so, this study provided answers to those basic questions such as: to what extent tour operating firms are aware the impact of Electronic marketing here after (E-marketing) to their business sustainability and tourism development?etc. The good aspect of this study is that it is the first in its kind conducted among tour operating firms in Ethiopia focusing on the theme of E-marketing. This study would have both theoretical and practical implications since tour operating business is highly driven by demand from customers and influenced by ICT infrastructure more than any other sectors. E-marketing for tour operating firms are not a luxury rather it is a necessity to survive the competition of business rivalries and to retouch massive consumers throughout the World.

1.3. Objectives of the study

1.3.1. General objective

The main aim of this study is to investigate the association of E-marketing for sustainable tourism business development in Ethiopia by providing empirical evidences from tour operating firms situated in Addis Ababa on its practice, challenges and implications on firm performance.

1.3.2 Specific objectives

The specific objectives of this study are:

To describe current practices of tour operating firms to E-marketing.

To identify the challenges that influence E-marketing effectiveness to tour firms.

To examine the implications of E-marketing on tour operating firms performance.

1.4 Research hypothesis

One of the premises of this study is that the use of E-marketing has an implication on firm performance. Hence, the main hypothesis of this study is that *"the use of E-marketing among tour operating firms is positively associated with a higher firm performance"*. Based on this main

hypothesis, four sub-hypothesis are formulated for the four measures of firm performance used in this study (see in section 4.4 below).

Hypothesis 1 (S-H1): The use of E-marketing among tour operating firms is positively associated with an increase in annual sales size.

Hypothesis 2 (S-H2): The use of E-marketing among tour operating firms is positively associated with an increase in employment size.

Hypothesis 3 (S-H3): The use of E-marketing among tour operating firms is positively associated with an increase in profit size.

Hypothesis 4 (S-H4): The use of E-marketing among tour operating firms is positively associated with an increase in total assets size.

1.5. Significance of the study

Nowadays, Internet marketing takes its place from traditional marketing systems. Electronic marketing have tremendous impacts for business performances especially for small and medium enterprises. This study is first in kind on the E-marketing practices, challenges & it's implication to performance of tour operators stationed in Addis Ababa. So, this paper gives insightful information to other researchers, scholars and academicians who are interested to study about Electronic market for other firms and sectors in Ethiopia. Moreover, highly helpful for practitioners and policy makers in the industry as well as for business operators in the tourism and hospitality in the country. Generally, this study can help to address the major challenges for the effectiveness of E-marketing from the grass root stage and to recommend for policy makers for their further investigation and inclusion of these findings in policy development and in implementation of plans and strategies.

1.6. Scope of the study

This study focused its analysis on potential & prospects of E-marketing for sustainable tourism business development in Ethiopia by providing empirical evidences from tour operating firms, which are mainly stationed in Addis Ababa. Mainly focused on their awareness, practices and

challenges toward E-marketing usage and their business performances. This study confined in Addis Ababa by selecting some tour operating firms. So, the study does not capture the overall E-marketing aspects of tourism and hospitality industry rather it spots on the tour operating business. Thus, the result of this finding may not fully apply to the whole tourism and hospitality business in Ethiopia.

1.7. Limitation of the study

In the process of conducting this research, the researcher was encountered by different problems. Like, lack of well documented materials on the research area/topic, lack of up to date information on E-marketing on both written and non-written Medias. The other limitations were unavailability of empirical and theoretical literatures which were done with in the Country with indigenous knowledge on the area of E-marketing, for this, the researcher were forced to use literatures conducted and published outside Ethiopia to nourish and complete this study. In addition to that, some of tour operators are very reluctant to help the researcher might be the fear of business secret but for this the researcher were approached them through the recommendations of MoCT, (ETOA, STOA) associations to build some confidence on the purposes of the research otherwise it was very stiff to get information. Moreover, may face methodological limitations; because it's hardly difficult to find research articles on the application of E-marketing to small and medium tourism firms with in Ethiopian context.

1.8. Organization of the thesis

This research is organized in five chapters in a manner mentioned below to keep all the internal consistency and procedures of the study. So, the paper is organized as:

The first chapter the introduction part which is aimed at introducing the reader on the rational of the study, statement of the problem, objectives, significance and scope of the study, limitation of the study introduced. On the second chapter the researcher presented theoretical, empirical, conceptual related research articles which were conducted on the area of E-marketing practices, awareness, and challenges to their business and its significance to business performance specifically on the tour operating firms; here the researcher find it the research gap clearly this creates the room to develop researchers own frame work or tend to adopt existing model/conceptual framework to the research problem and objective. On the third chapter the

researcher determined on the approaches and methods to carry out the research i.e. research design, sample size, study area, data collection and analyzing process. The fourth chapter is all about data analysis, interpretation, discussion and result presentation. Finally, chapter five come up with final summary, conclusion, and recommendation based on the research findings. This is how the research work is organized.

1.9 Ethical consideration

During research study the researcher ensured participants confidentiality about the information they provided by establishing a good relationship, being sensitive to culture bounds. The researcher discussed with participants' about the intention of the study before the research study conducted. The researcher secured an introduction letter (Appendix 1) to introduce himself and request support from the participants' when conducted the research study.

1.10 Operational definitions

Internet marketing(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 websites or emails. (<https://www.encyclopedia.com>)

E-commerce- is the activity of buying or selling of products on online services or over the internet. Business-to-business buying and selling; Gathering and using demographic data through web contacts and social media. Business-to-business (B2B) electronic data interchange. (<http://en.wikipedia.org>)

CHAPTER TWO

LITRATURE REVIEW

This chapter focuses on the review of E-marketing related literatures which is pertained to tourism business specifically tour operating firms. Here, the researcher digs out theoretical, policy and strategic issues, and concepts in relation to the study area is highly synthesized and discussed. Moreover, empirical related literatures which are strongly associated with the philosophy of E-marketing principles and strategies are aggressively assessed.

2.1 Tourism industry in Ethiopia

Tourism is among the economic and social sectors that are registering rapid growth in the world, and nowadays it has been found to be making its contribution in supporting and accelerating national development. Tourism makes a tremendous contribution serving as a source of foreign exchange, promoting micro and small-scale enterprises, creating employment opportunities, and ensuring sustainable development. Nonetheless, despite the richness in natural and cultural resources it has it doesn't reaping the desired benefit from the industry when comparing with other African countries. Observing this, the government of Ethiopia is appreciating the role of tourism development for its contribution and prioritized among the key developmental activities. So far, strategic measures like the formulation of Tourism development policy, establishment of Ethiopian Tourism Organization (ETO) and formation of the Tourism Council are done to ensure its rapid and sustainable development. In addition to this, the role of tour operators in the business of tourism is very indispensable. That's why the researcher get focused in the application of E-marketing to the tourism business development.

2.2 Tour operating business

A tour operator (TO) is a company which negotiates with hotels, transportation companies, and other suppliers, and combines these vacation components into a package tour. This package tour, might a combination of components of a vacation, such as accommodation, transportation, entertainment, site seeing, adventure tour and meals is then sold to the final consumer as a single product and at a single price (Sheldon, 1986). TOs' enhance and facilitate tight coordination thus

reducing the costs of broken coordination in a market exchange. They also facilitate the search for information to tourists, regarding the characteristics of the several services that compose the package tour. TOs' do so by avoiding duplication of search effort by tourists and also by filtering information. This way, it eliminates the possibility of a market failure due to quality uncertainty, and it does so at a lower transaction cost than the alternative organizational arrangements whereby the tourist deals directly with all sellers through the internet about the goods and services they desire.

Tour operators are a critical link in the tourism supply chain and for long haul emerging destinations such as Ethiopia, tour operators based in source markets are the major driver of business. The link between international tour operators and the ground handlers they use (domestic tour operators) is particularly pertinent for Ethiopia. This feature has put ownership of the tourism product very much in the hands of international tour operators because they have the resources to market effectively in source markets.

2.2.1. Tour operating business in Ethiopia

The business of tour operation in Ethiopia is as hard as tourism business was. There is no exact day when tour operation was established in Ethiopia except the National Tour Organization (NTO) in 1983. It was during the imperial regime the tourism industry gained a focus in 1963, during that time tour operators which was stationed one in Asmara and the other in Kenya (United touring Company) which was a share company with Ethiopian Airline were the pioneers of tour operating business in Ethiopia. After the fall of imperial regime the state was under the socialism command economy by the dreg regime.

Unfortunately, that time was not encouraging for private investment in the country not only for the tourism sector but also for any private enterprise. That's why National Tour Organization was solely dominated the touring business until the fall down of the derg regime (source: MoCT archive). At present, the number of tour operating and travel firms with accreditation and license reached 480 in the country .Almost 99% of the tour firms stationed in the capital city, AA, Ethiopia. Tour operating firms play an important role in the tourism sector of Ethiopia by providing tour packages (hotel services, accommodation services, transportation, safari tours,

adventure tours, and etc), mainly to international clientele(source: MoCT archive and documentation).

According the Ministry of Culture and Tourism information (2018), which is presented in the following table shows the current number of tour operating firms and its historical progress.

Table 2.1 Number of accredited tour operators (1992-2017)

Year	Number of Accredited Tour operators	Growth rate of Tour operators
1992	4	-
1997	21	90.4
2002	63	66.6
2009	161	60.8
2010	300	46.3
2013	322	7.3
2015	414	22.2
2016	467	11.3
2017	480	2.7

Source: Ministry of Culture and Tourism Archive and Documentation (January, 2018)

2.2.2 Tour operating business requirement and qualification in Ethiopia

It is obvious that, tour operating firms get competency certificate and accreditation before involving in any tour operation activities/services in Ethiopian context. Then after, the Ministry of trade and industry give the license permission to the firms. Tour firms must fulfill the requirements that set by the Ministry of Culture and Tourism.

The primary requirement is getting the license from Ministry of trade and industry or from Ethiopian investment agency. The other requirement is vehicle that has at least 12 or above seats (minibus) or shuttle bus and 4WD field bus that has 8 seats. This must have insurance and safety provisions for the vehicle the tour firm uses. Any investor tend to involve in the business of tour operating business should have diploma or degree in tourism/travel and customer service field of study or else should hire one tourism expert, tour operators arranging overseas holidays will also

need to speak at least two or above foreign languages. The other requirement is also known location of the firm and the last requirement is camping packages/material, availability of communication medias/devices (like: ICT tools, websites which is the focus of this study). These are the prerequisites that should be fulfilled for any interested investors in the tour operating business (Source: MoCT archive and Documentation).

2.3. Internet an overview

Internet is the global 'network of networks" of interlinked computers operating on a standard protocol which allows data to be transferred between them. As an information exchange system, the most important aspect of the Internet is its connectivity, the ability to allow everyone to access the network (Young *et al*, 1999). To understand the role of E-marketing in the tour operating firms particularly and in tourism business generally, a theoretical review of ICT impact on the tourism business development is presented here below.

2.4. The role of ICT in tourism business development

However much attention has been paid to the possible use of ICTs in development strategies and of ICT in tourism, to sustainable tourism strategies and the concept of destination management, concrete methods to leverage ICTs in order to provide enterprises equal opportunity for achieving their sustainability goals within a destination context has received only little attention. According to Machoke (2014) states that, the adoption of ICT remained with a challenge even though have an opportunity in tourismbusiness with particular reference of tour operators.

Internet offers tourism business the potential to make information and booking facilities available to large numbers of tourists at relatively low cost and it also provides a tool for fast communication between tourism suppliers, intermediaries, as well as end-consumers. According to Iris (2012) technological innovations can be a source of competitive advantage for those travel agencies that take advantage of technological progress in their business strategy, while agencies that systematically ignore new technologies and their benefits necessarily lag behind competition.

According to Anand (2013) the integration of ICT in tourism would benefit both, service providers and customers bringing together other stakeholders as well, on a common platform. The selection of right information communications technology tool is crucial to match the customer requirements with service dimensions. The proliferation of technology throughout tourism distribution channels and professionals use the new tools in order to retrieve information, identify suitable products and perform reservations. ICTs integration provides a powerful tool that brings advantage in promoting and strengthening tourism industry.

Development of Information and Communication Technologies (ICT) has transformed the contemporary business environment. It has led to new information economy which is digital in nature. ICT is a broad terminology referring to multiple communication technologies which range from simple and complex namely Cell Phone applications (SMS), Digital Cameras, Internet, Wireless (WiFi and WiMAN), VOIP, GPS, GIS, Convergence (data, voice, media), Digital radio, These technologies are creating a new global market place, which is more competitive. With e-commerce and e-business the market has more opportunities and possibilities than ever before. The ability to reach a global audience, obtain instant market information and conduct electronic business transactions has increased economic efficiency and has opened markets for goods and services from the developing world (Alirezaet *al.*, 2013). So, ICT revolutionizes the economy and changing the traditional marketing system in to digital marketing (which is the focus of this research).

It is clear that, marketing is at the top of travel and tourism industry among others, tour operating firms use this system to promote their products and to win among their competitors. Before, few decades' tour operating firms were highly relied on traditional marketing systems, such as print media and television. But, this digital era/internet offered tour operators for direct marketing of their products to tourists. Here, below is e-marketing concepts and it's implication to small tourism business/tour firms.

2.5. E-marketing an overview

E-marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet. As the Internet revolution becomes advanced and running fast enterprise owners and managers apply to their point of sale and marketing medium. E-marketing now uses as a media of transaction so as to reduce costs and save time which is associated with business, such as providing information about the E- marketing mix(E-product/service, E-price, E-interactivity, E-payment, E-privacy, E- promotion, E-precision, and pull and push factors) and other related services. In addition to that, companies used World Wide Web to offer a wider variety of products and information to massive consumers at a lower price compared to physical traditional marketing system (Couclelis, 2004).According to kotler and Pfoertsch (2007), describe E-marketing as a company's efforts to inform and communicate buyers to sell its products and services over the Internet. If a company does its e-mail campaign right, not only will it build customer relationships but also reap additional profits which includes direct marketing responses and helps to connect businesses to their customers. This direct market effectiveness measured by the following marketing mix tool (which is the focus of this study) in Table 4.17 below.

2.6. Internet platforms/online marketing platforms

Tour operators are using internet synchronization and asked public IP address for its remote communication with its out lets. The telecommunications platforms are based the internet protocol (IP) protocol suite as a standard. They are provided by Ethio- telecom which is the only Internet service provider (ISP) in the country (FDRE-MCIT, 2009). The broad band internet connection is digital subscriber line.

Today, even a large firm does not have the staff, the skills, the budget, or the necessary experience to deploy and maintain the entire ICT infrastructure by them. Tour operators has also outsourced enterprise software applications like CNET Software Technology PLC, Network platform to Omicron Engineering PLC which is Cisco certified, and tourist link.com , package holiday.com , tripadvisor.com, Europage.com online marketing platform that is outsourced by tour operators in Ethiopia.

2.7. E-marketing mix components

E-marketing is traditional marketing using information technology but with increased efficiency in established marketing functions. Many E-marketing technologies exist including software and hardware used in customer relationship management and supply chain management. The E-marketing mix elements are; E-place/interface, E-promotion, E-privacy, E-price, E-payment, E-product/service, E-precision, pull and push factors. E-marketing mix elements and effectiveness challenges is discussed here below in the empirical review briefly.

2.8. Organizational performance

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

E-performance involves identification of current market position in the web is an essential issue. Although many e-commerce companies collect cost and usage data about their Web sites, few of them understand in any detail how well such information measures their sites' performance or how success in attracting, converting and retaining customers compares with that of competing sites. Most measures of e-performance track variations in traffic-page views, advertising impressions served, unique users, and so on. But the foundation of long-term performance is lifetime customer value: the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them. According to (Kemmler *et al.*, 2001) shows that while the performance of Internet retailers is improving, most media and content sites are going down. Thus, e-retailer sites are creating significantly more value than content sites.

2.9. Electronic marketing strategies and organizational performance

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

It is said that doing e-marketing is less expensive than doing traditional marketing. Because the new companies who want to do business over the Internet don't need to spend money to open new stores for selling products. In addition, both new and existing companies can reduce some costs for their firms such as the cost of printing the brochures, leaflets, or catalogue for introducing new products to the market (Darby, Jones &Madani, 2003). Moreover, most of services and communication are done over the Internet, so companies can decrease the number of staff in some departments, as the result they can lower the overhead costs. If companies can sell products directly to customers, they don't need the middle men and can save money for that.

Some companies can also cut the cost of warehouse and inventory, because they just need to make an order from the suppliers when there are customers who order the products from their websites (Jutla, Bodorik&Dhaliwal, 2002). The age of information technology enables people to access the websites if they have Internet connection, no matter where they live in the world. This feature becomes an advantage for companies who do business online and do e-marketing as such (Jutla, Bodorik&Dhaliwal, 2002). Through that the audience can know the information about companies, their products, making the purchase or creating the contact with one another, and so on. Companies can launch a marketing campaign over the Internet, people from everywhere can see it if they access to the website (Jutla, Bodorik&Dhaliwal, 2002).

E-marketing has the advantage that it has auto responders, email, and frequently asked question. It helps to save time for both customers who look for the answers in some common questions and time of the staff of companies. Companies □ staff instead can use the time intended for

answering the same questions for doing other things, so they can work more efficiently (Jutla, Bodorik&Dhaliwal, 2002). Companies have an unlimited space on the Internet to store information about their companies as well as the products and other necessary information, such as reports, video, and advertising banner, news, financial information and so on. The monthly money to host a website is cheap and companies can store as much information as they want (Jutla, Bodorik&Dhaliwal, 2002).

Marketing on the Internet can create more interactivity between companies and customers. People can give feedback about products and services by posting comment on the sites. They can ask questions and get the answers quickly or immediately from companies' staffs or from other visitors. Through a website people can focus on the specific information they want to see, rather than the general information from the television which advertises about companies and products. Companies can also conduct surveys on their websites to know more about their customers as well as the prospects (Jutla, Bodorik&Dhaliwal, 2002). Updating information in traditional marketing can be costly. However, in e-marketing information and transaction is efficient at low cost (which is the focus of this study). The above researchers mainly focused on the impact of E-marketing to small and medium enterprises in general business, but the researcher of this paper is with stand of examining the impact of E-marketing to tourism business specifically tour operating business in Ethiopia. Because, the prior researchers intensified on the importance of digital marketing to business. But, the researcher here, massively investigated on firm performance galvanized by technology.

2.10 Technological acceptance model /theory perspectives

In the review of theoretical concepts the researcher singled out three theories/models that mostly used by the research communities in the area of technology. These theories are Technology Adoption Model (TAM), Innovation Diffusion Theory (IDT) and the E-marketing mix model (EMM).The aim of reviewing these theories are to know the extent of variables and other circumstances in relation to the focuses of the study.

2.10.1. Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is an information systems theory. Davis (1989) explains perceived usefulness as the degree to which a person believes that using a particular system will benefit them in their job performance. In addition, perceived ease of use is the degree to which the use of the system would be free from effort. The advantage of this measure is its simplicity. The technology can have a multitude of capabilities; this is useful only if the users perceive that it is useful for their job.

However, TAM is criticized as having limited explanatory ability. It is not possible to predict using TAM if potential adopters will adopt a system based on perceived usefulness and ease of use (Chuttur 2009). Chuttur argues that TAM lacks any practical value. Furthermore, adopters of technology are influenced by many factors; some of these factors include their ability to use the technology, its affordability and its compatibility with their value and culture.

Any review of the literature and research on Information Communication Technology acceptance and usage will indicate that TAM as one of the most significant models in the study area. Thus, have a sound theoretical contribution to the study of e-marketing adoption. Nevertheless, the model ignores the effectiveness of e-marketing mix component and the external pressure to the business of small tourism firms like tour operators. So, when accepting this model it should be expanded to include some other external factors that affect e-marketing mix effectiveness and should consider the e-marketing mix components. The other theory will present below;

2.10.2. Rogers' diffusion of innovation theory

According to Rogers' (2003) diffusion of innovation theory is a social process whereby new innovations, ideas or practices are communicated through certain communication channels to a particular social group through time and as a result the innovation is adopted/ rejected by individuals or organizations. The main four concepts of the theory are the innovation itself, the communication channel, time and the social system. The innovation characteristics that determine the rate of diffusion of adoption are its relative advantage, compatibility, complexity, trial ability, and observe ability. New innovations are everywhere, aimed at replacing the old or

introduced as new in society, while some are accepted and diffused in society, others are rejected altogether and some are adopted and later replaced or rejected before being fully diffused in society.

According to Rogers (2003, p.11), an innovation is an idea, a practice or object perceived as new by an individual. Furthermore, one of the reasons for a higher rate of adoption of an innovation is positive perception, in terms of ease of use and usefulness of the innovation, towards the innovation by potential adopters. Compatibility refers to the degree to which an innovation fits into the existing value and experience of a potential adopter, its compatibility to a particular social group (Rogers 2003); if an innovation is not compatible with the existing values of a potential adopter, then the innovation will not be adopted as rapidly as an innovation that is compatible, or it will completely fail to be adopted. Complexity refers to the degree to which an innovation is perceived as difficult to use and understand (Rogers 2003). According to Rogers (2003) trialability of an innovation allows the user to test the innovation in the unique circumstances of the user's situation. Observability is the level of the result of an innovation or the innovation itself to be visible to a potential adopter (Rogers 2003). Re-invention occurs after the innovation is adopted and the adopter's use the innovation for a different purpose than what it was designed for (Rogers 2003, p. 17). These mentioned above points are the most important in explaining in the rate of the adoption.

The diffusion of new technology is usually slow process which happens over time from Rogers(2003) definition of innovation decision process for adoption of e-marketing for small tourism firms and it's effectiveness to business performance may be slow similar as the other adoption process(the focus of this study). The stages/process of adoption will present below;

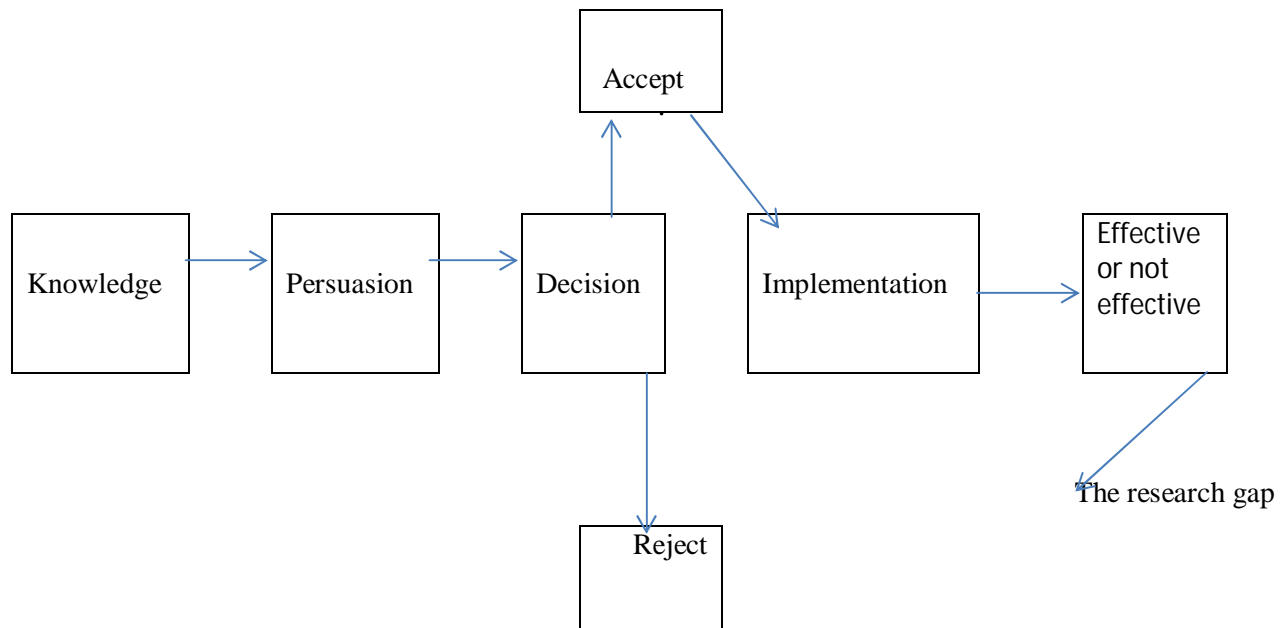


Figure 2.1 Rogers' five stages decision innovation adoption processes (Roger's, 2003)

2.10.2.1 The innovation decision process

The innovation decision process, as shown in Figure 1 above, has five stages. The first is the knowledge stage, this is the stage where a potential adopter is aware of the new innovation and has acquired some level of knowledge about it. The second stage is the persuasion stage; in this stage, the potential adopter is persuaded to adopt or reject the innovation. The third stage is the decision stage where the potential adopter makes a decision to adopt or reject the innovation. The fourth stage, the implementation stage, is where the innovation is put to use. Thus, the focus of this study is measuring effectiveness and performance of tour firms after implementing the technology.

Even though, IDT becomes an important factor to explain the diffusion of new technologies like TAM both ignores the external and internal factors that influence for effectiveness of e-marketing mix in small business(tourism business; focus of the study) with the major elements of the market. To use this model for e-marketing challenges and effectiveness; the model needs another component/factor to expand. So, the researchers were finding out other model specifically developed for e-marketing mix (E-marketing mix model) which was developed by

Chen (2006) presented below on the conceptual framework and its impact on tour firm performance.

2.11. Empirical review on e-marketing challenges & effectiveness to business

According to (Strauss *et al.*, 2008, Stanton *et al.*, 1994, Korkman *et al.*, 2010) conducted their research on the role and contribution of E-marketing mix tools(E-product/service, E-price, E-place, E-promotion, E-privacy/personalization, E-precision, E-payment).Even though, the contribution of E-marketing component studied by the above mentioned researchers, but, the researcher argued to attest each of E-marketing mix considered as a major variable to measure the effectiveness of E-marketing on the performance of tour firms on their sale, profit, employment and asset. Under, the major E-marketing application challenges mentioned below:

E-marketing in developing countries are highly dependent on various differences of Internet access, availability, affordability and other measures as the ‘Internet haves’ and ‘Internet have not’(Wilson, 1987). According to ITU (2013) E-marketing in developing and developed countries is influenced by ICT readiness (infrastructure, access), use intensity and ICT skills. The E-commerce practice and challenges in Ethiopian context presented below;

According to Assefa and Wubalem, (2007) ICT can be an extremely powerful enabler in efforts to bring positive and sustainable socio-economic and political development to countries around the globe. Conducting old businesses in new ways and embracing new business opportunities has now become part of any economic transformation. Nonetheless,

Ethiopia, traced as the low in network readiness index and in Internet users/internet penetration in the continent. But, the government’s effort to improve the ICT infrastructure is encouraging. According to Belaynew (2012) E-commerce in Ethiopia is still characterized by a low penetration and high cost of Internet services, lack of suitable legal and regulatory framework for E-commerce, monopoly of gov’t on the telecom sector are the main impediments to adopt E-business in the country. Some of these challenges are discussed below.

The Ethiopian government established ICT policy (FDRE, 2016); nevertheless, the adoption of ICT and E-commerce in Ethiopia remains low in comparison with regional and global peers (FDRE, 2016). According to Mulat and tadesse (2002) the major challenges of ICT in the country is that low per capita income, prevalence of disease, high population growth, poor ICT infrastructure, and fledging regulation toward governance. All These constraints present challenges, but also opportunities for effective business transaction (which is the central study of this research).E-marketing mix tools are highly relying on telecom and E-banking services.

Hence, researchers like (Lishan, 2009/10;&Wondwossen, 2005)conducted their studies on the challenges of telecommunications to the productivity of public and private enterprises and on the roles of banking sector in E-marketing and E-commerce in Ethiopia respectively. The researchers forwarded the following challenges: Low level of internet penetration and poorly developed telecommunication infrastructure, Internet and online payments impede smooth development and improvements in E-commerce in Ethiopia.Lack of suitable legal and regulatory framework for E-commerce and E-payment. Political instabilities in neighboring countries: Political and economic instabilities. Compared to the developed countries, there are higher costs of entry into the E-commerce market in Ethiopia. The Ethiopian gov.t current laws do not accommodate electronic contracts and signatures. But, the influence of these challenges is not examined on the effectiveness of e-marketing mix elements (which is the focus of this research).

This is why, the researcher focused to examine the extent and implications of these challenges on the effectiveness of E-marketing tools (E-promotion, E-price, E-product/service, E-privacy, E-precision, E-payment, E-interface, and pull and push factors) toward the performance of tour firms to current market position in the web is an essential issue. Although many E-marketing companies collect cost and usage data about their Web sites, few of them understand in any detail how well such information measures their sites' performance or how success in attracting, converting and retaining customers compares with that of competing sites and on their business performance and tourism development. Concepts and frameworks of this study is presented here under2.12 below;

In the review of theoretical and empirical concepts the researcher singled out the E-marketing mix model (EMM) that is mostly used by the research communities in the area of applying technology to marketing. The aim of reviewing these theories and empirical studies are to know the extent of variables and other circumstances (like: technology infrastructure, socio-cultural factor, environmental factor, economic factor, political factor, and legal framework) combined with the other challenges and its influence on E-marketing performance of tour operating business. And to show the relation with the previous researches on the field. At the top of reviewing this model and theories greatly helped in establishing a conceptual framework presented here below:

2.12. Conceptual framework

From the above different contexts that are the theoretical and empirical literature there are different factors evident to the technological challenges and its influence to effectiveness of e-marketing in small tourism firm performance. But, these models and theories ignored the role of e-marketing on the performance of small tourism business. Studies conducted in the area of e-marketing highly dependent on the e-marketing mix model (EMM) but the e-marketing mix components are not mostly extended and studied. Among these, the study of (Ahmad, 2014) role of e-marketing on the development of internet user's attitude toward tourist site in Saudi Arabia; to measure the attitudes of the users the researcher were used the seven e-marketing mix (electronic service, price, promotion, website, the accuracy of the information, payment, and personalization) on the attitudes of Internet users (knowledge, feelings, and practice). Which is examined using exploratory factor analysis and a survey questionnaire. Nonetheless, this study is not in a position to examine the performance of tourism business (tour operators) derived by E-marketing.

Even though Ahmad studied on the role of e-marketing to tourist's attitude toward tourist site and opened a possibility to use the e-marketing mix component to small tourism business like tour operators but the e-marketing mix model(EMM) which was developed by Chen(2006), tried to examine the structural differences of E-marketing from traditional marketing and the effectiveness of the 8ps under the intervening challenges/constraints (like: economic environment, political environment, socio-cultural environment, legal environment, technology

environment) this become suitable for the study at hand in Ethiopian context i.e.E-marketing for tourism business development in Ethiopia: Empirical evidence from tour operating firms situated in Addis Ababa. Based on this the conceptual framework presented in figure 2.2 below have served as a reference for the study.

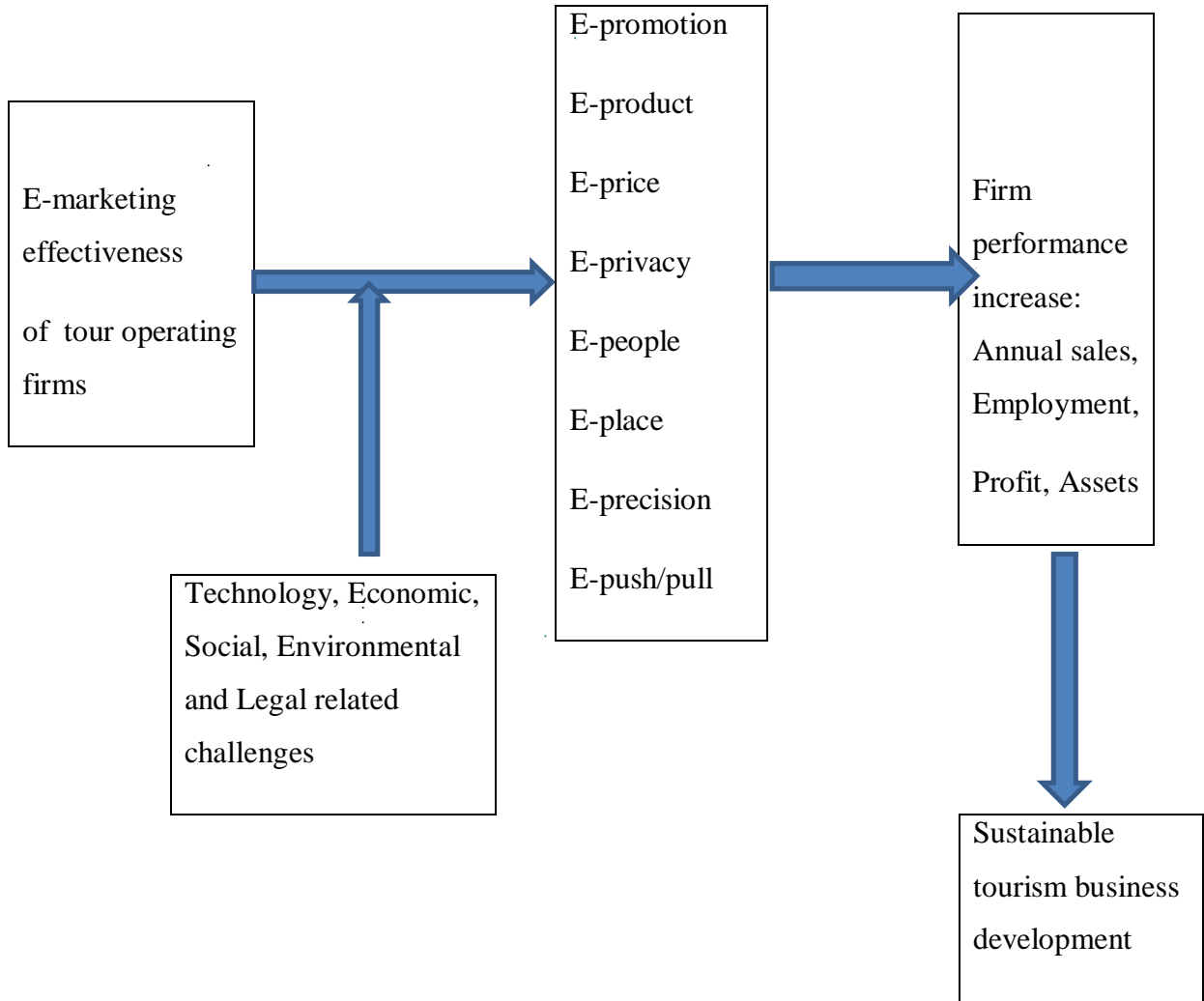


Figure 2. 2 Conceptual framework; E-marketing for tourism business development: Its practices, challenges and implications to tour operating firms. (Researchers own frame work)

CHAPTER THREE

METHODOLOGY

As introduced at the organization of the study this chapter is presented with a brief description of methodological procedures that are selected in the study. It introduces the area that the research carried out, the research approach, sampling technique, data collection instruments, data refining and treatment finally data presentation.

3.1 Study Area

Since this study was conducted among tour operating firms, which are stationed in the capital city, a brief description of Addis Ababa (mainly focusing on its business environment relevant for tour operating firms) is presented in this section. Addis Ababa is the capital city of the Federal Democratic Republic of Ethiopia and a political capital of Africa. It hosts Headquarters of both the African Union (AU) and the United Nations Economic Commission for Africa (UNECA) and other international organizations. Addis Ababa is also a seat for all Embassies and Diplomatic missions of foreign countries of the world in general and of Africa in particular. These peculiarities characterize the city to be one of the major continental and international conference centers both in Africa and the world. As a capital city of Ethiopia, Addis Ababa serves as a home for all Ethiopian Nations, Nationalities and peoples. Moreover, Addis Ababa has a pleasant weather and high altitude advantage which attracts world class athletes and tourists. Due to the reasons mentioned above the city attracts Domestic and International investors in selected investment areas'. Among this, hospitality and tourism sector is its priority. The government is very committed to flourish the tourist service sector by encouraging investing in star hotels, tourism services, and tour operating services by allowing importing duty free tourist amenities and arranging loan from banks. But, for the study purpose the researcher focused on the tour operating firms stationed in the city.

3.2 Research design/Setting

This study is an exploratory type of research focused on a cross-sectional/ a one-time survey conducted among tour operating firms in Ethiopia. In this research study quantitative research approach were solely employed. The rationale for selecting a quantitative study was that it allows testing of hypothesis as well as for replication of the research procedure thus enhancing validity of research findings.

3.2. Target population and sample size of the study

The subjects of this study were owner-managers of tour operating firms in Ethiopia. The owner-managers were selected for two reasons. First, they have formally established businesses in Ethiopia with a relatively large capital need, characteristics that are ideal for an empirical study. Second, many of these firms have flourished comparatively recently, following the downfall of the former socialist regime in 1991. The development of ICT for E-marketing services has also developed over this period. Hence, it was anticipated finding owner-managers who had employed E-marketing to run their tour-operating business. Those who have not utilized any form of E-marketing were not included in this study.

Accordingly, a sampling framework of 167 tour operating firms that have employed E-marketing was prepared based on the information gained from MoCT checklist on the technology they use in the company and the tour operating association recommendations. Moreover, those tour operators using the index of tourist link.com, Trip Advisor.com, Tour planer.com, Europage.com online marketing platform (B2B, B2C,) has a global tourist review in delivering tour packages. The owner-managers were contacted via telephone and asked to participate in the study. Those who replied positively were considered for the study. The researcher collected data between end of March 2018 up to early May 2018 from 132 tour operators whose firms existed for three or more years. This has resulted in a response rate of 79 %, which meets the threshold recommended to conduct an empirical study like the one at hand. Hair *et al* (2010) recommend a sample-to-variable ratio of 20: 1 for robust factor analysis. In this study with five variables (see below), this ratio is 26.4: 1, which exceeds the recommendation.

3.3. Sampling technique and data collection procedures

Purposive sampling technique was used in this study since the sample respondents were those who adopted online marketing in their business. As mentioned in the preceding section, a sampling framework of 167 was prepared. All of the 167 tour operating firms were first contacted via telephone to know their willingness to participate in the study. Besides, a support letter was distributed for those tour operating firms who are members of Ethiopian Tour Operators Association (ETOA) and Society of Addis Ababa Tour Operators (STOA) by their respective presidents. As a result, all of them were willing to participate in the study. After getting their willingness the researcher distributed the questionnaire for those who positively replied through both a hard copy and via e-mail depending on their preference. Finally, a total of 132 complete responses was obtained, which resulted in a response rate of 79%. The remaining 35 of the respondents were unable to fill in the questionnaire and return on time, perhaps due to their busy schedules or their travel to field. The analyses in this study is, therefore, based on the responses obtained from these 132 tour operators

3.4. Data sources and data collection instruments

A survey questionnaire, the main data-gathering tool of this study, was first prepared in English, before translation into Amharic, a widely spoken language in urban areas including the capital city, Addis Ababa, where almost all Ethiopian tour operators are based. The items used to measure the different dimensions of E-marketing were searched from existing literature. Out of the eight dimensions of E-marketing by Chen (2006), dimensions of Chen (2006) validated measurement scales were found for six of them, except for E-precision and pull and push digital marketing factors. This study is, therefore, based on these validated scales for measuring E-marketing through six dimensions, viz, E-promotion (5 items from François *et al.*, 2010), E-payment (5 items from Maqablehet *al*, 2015), E-place/interface (5 items from Yuping Liu, 2003), E-service (5 items from Swaid & Wigand, 2009), E-privacy (4 items from Chellappa & Sin, 2005), and E-pricing (5 items from Dhruv Grewal *et al.*, 2010). That is, a total of 29 items were developed to measure E-marketing with six dimensions. Hence, six independent variables were drawn from these different sources. The statements of these validated scales were adapted to fit the situation of small tourism firms in Ethiopia (i.e., tour-operating).

The questionnaire was piloted with 14 tour operators including the presidents of the Ethiopian Tour Operators Association (ETOA) and the Society of Tour Operators in Addis Ababa (STOA), who were asked to indicate any vagueness in the questionnaire. Only minor concerns were raised as they understood and were able to complete the questionnaire. The measurement utilized a 5-point Likert scale (1=strongly disagree, 2=disagree, 3=moderately agree/disagree, 4=agree and 5=strongly agree) to rate each of the twenty nine items.

3.5 Data analysis and presentation

First part were involved the personal data of the respondent, including sex, age, educational status and experience on E-marketing usage in the tour operating firms they own. The second part were involved measuring the current practices of E-marketing and effectiveness challenges to the business of tour firms, it was composed of item ratings based on its level of impact and importance to the tour operating firms. This was computed using descriptive statistics and rating scales according the nature of the questions. Third part were explained to measure the E-marketing implications for performances of tour operating firms toward the development of tourism business in Ethiopia; it is composed of 29 items distributed on the six dimensions (5 items for five dimension and 4 items for one dimension) the six dimensions are (electronic product/service, price, promotion, privacy/personalization, payment, place/interface.) And have examined the implication on the performance of tour operating firms (like: sale, profit, asset and employment) by comparing for the last three years. Then finally, Validations of the items were conducted by using exploratory factor analysis. Reliability of the items under each predictor was tested by using Cronbach's Alpha. Finally, detail results for this research presented in tables, figures and reaching at conclusions by evaluating the implications of the data.

CHAPTER FOUR

DATA PRESENTATION, RESULTS AND DISCUSSION

As presented under Chapter 3, a survey questionnaire was distributed to 167 purposely selected respondents and 132 complete responses were collected. Hence, the analyses in this chapter are based on the responses obtained from these 132 respondents.

4.1 Characteristics of Tour Operating Firms

4.1.1 Background of Respondents

Among the 132 owner managers of the sampled tour operating firms, 84.1% of them (n=111), were males, whereas 15.9% of them were females. This implies that male entrepreneurs dominate the tour operating firm in the Country, perhaps, related with the nature of the tour operating business itself, which demands frequent travel to tourist destinations with clients. Table 4.1 below also presents other characteristics of respondents including their educational background, entrepreneurial experience and work experience in the tour operating business before they have started their own business.

With regard to the educational background of the sampled respondents, 16.7% of them were diploma holders, 56.9% BA degree, 27.3% earned master's degree. In general, there is no below the educational background of diploma and no third degree holder from the sampled respondents in the business. To sum up, at least diploma and above educational background is needed to manage the tour operating firm. The managerial position is dominated by BA degree holders followed by master's degree and diploma. But, the major problems observed here is the profession of the managers is not strictly controlled with the right caliber of field of study. Even though the Ministry of Culture and Tourism working on it but still there are issues to be addressed aggressively. The industry should be operated by professionals of the sector.

Table 4. 1Description of respondents in terms of their educational, entrepreneurial and work experience

Dimension	Category	Frequency	Percentage
Education level	Diploma	22	16.7
	Bachelor	74	56.1
	Masters and Above	36	27.3
	Total	132	100.00
Entrepreneurial experience	yes	85	64.4
	No	47	35.6
	Total	132	100.00
Work experience in tour operating firms	no experience	14	10.6
	less than one year	5	3.8
	1-3 years	30	22.7
	4-5 years	42	31.1
	more than 5 years	41	31.8
	Total	132	100.00

Source: Field Survey (May, 2018)

Pertaining to their entrepreneurial knowledge and experience of the tour operating managers before establishing the current business 64.4% which accounts 85 respondents have a knowledge of entrepreneurship where as 35.6% are not involved in any business before. This indicates there is no barrier of entry to the tour operating business. As stated in chapter two of this study, tour operating business requirement is focused not in the experience they have, but, in the minimum knowledge of the industry owned by the stakeholder or hired by the company and the minimum requirement for the investment policy.

With regard to experience of managers before starting their own/ current tour operating business, 31.1% of the respondents have 4-5 years of working experience, 31.8% of sample respondents have more than five years of working experience, 22.7% of the respondents have 1-3 years of working experience, and 3.8% of the respondents have less than one year of experience in other established tour operating firms and finally 10.6% of the respondents have no experience before in any tour operating business. This indicates, most of the respondents have enough experience on the tour operating business in the country. From this the researcher can conclude that the entrepreneurial behaviors of sampled tour operators almost 88.9% are followed discovery theory

in their business orientation. Mean that 88.9% of the respondents have a good knowledge before establishing their new business.

4.1.3 Firm characteristics of sampled tour operators

According to the responses presented below in the (Table 4.2), among the sampled tour operating firms have a mean score of firm age (m=7.82), this mean score indicates there is an average age of 7.8 years among the tour operating firms. Hence, the median of firm age (m=7.00), indicates that almost half of tour operators established before seven years ago. The maximum age of the firm is 20 years and the minimum is 3 year.

Table 4.2 Descriptive statistics of the firm characteristics of the tour operators

Mean	Median	Mode	Range	Min	Max	
Firm Age	7.82	7.00	4	17	3	20
Firm Size	12.95	12.00	12	27	2	29
Website Year Designed	7.67	7.00	4	18	1	19

Source: Field survey (May, 2018)

Regarding the firm size, the average employment rate in the tour operating firm is 12.95. Having the median point with 12 employees per firm. The maximum number of employee is 29 and the min. number of employees is 2. This indicates there is a huge difference in terms of employee size in tour operators in Ethiopia. This also may have an impact on the annual sales, profit, and asset of the company's.

4.1.4 Awareness of owner- managers of the tour operating firms on usage of ICT tools

4.1.3.1. Awareness on usage of social media

According to the responses presented below in the (Table 4.3), among the sampled tour operating firms responded as 94.7% uses Facebook to communicate and promote their tour products, 73.5% firms used Viber, 78.8% firms used Twitter, and 65.2% firms used Whatsup, and 27.7% firms used other social media like Instagram, and trip advisor. This indicates that the awareness and using habit of social media among tour operating firms in the country is promising.

Table 4.3 Tour operating firm have or use the following social media

Category	Percentage %	
	yes	No
Facebook	94.7%	5.3%
Viber	73.5%	26.5%
Twitter	78.8%	21.2%
Whatsup	65.2%	34.8%
Other type	27.3%	72.7%

Source: Field survey (May, 2018)

With regard to tour operating firms communication methods with potential clientele is presented in (Table 4.4), among the sampled tour firms 94.7% conduct their communication with clients through Email which accounts 125 in number, 109 in number (82.6%) through website, 80 in number (60.6%) through telephone, 77 in number (58.3%) through social media, 25 in number (18.9%) through SMS, 6 in number (4.5%) through Postal service, and other medias account for 7.6% like Skype and B2B tradeshow. From this response the researcher can conclude that most of tour firms relies their marketing communication on technology. The traditional way of communication may soon ineffective to the sector. But, the cost of calling abroad is very high might be an intermittent factor to the industry. Moreover, the communication medium of tour operators is presented below;

Table 4. 4 Distribution of respondents in terms of their communication methods with potential clientele

Category	Frequency		Percentage %	
	yes	No	yes	No
Telephone conversation	80	52	60.6%	39.4%
SMS communications	25	107	18.9%	81.1%
Website/ internet	109	23	82.6%	17.4%
Email use	125	7	94.7%	5.3%
Postal service	6	126	4.5%	95.5%
Social media	77	55	58.3%	41.7%
Other way	10	122	7.6%	92.4%

Source: Field survey (May, 2018)

4.1.5 Methods tour operating firms use establishing relationship with potential clientele

According to the responses presented below in the (Table 4.5), among the sampled respondents 87.9% which accounts 116 number of tour operators create/establish relationship after clients search their website, word of mouth covers 84.8% which is 112 in number, through the suggestion of previous tourists 71.2%, clients contact by themselves 55.3%, and 32.6% relationship is established through participation in trade fairs in different countries. From this response simply understand that having online market platform and effective website is very imperative to the business of tour operating firms. Moreover, word of mouth marketing (WoM) is nowadays becoming an excellent marketing promotional tool.

Table 4.5 Distribution of respondents in terms of the method they use to establish relationship with potential clients

Category	Frequency	Percentage %	Frequency	Percentage %
		yes	No	
Clients contact first	73	55.3%	59	44.7%
Suggestion of clients	94	71.2%	38	28.8%
Word of mouth	112	84.8%	20	15.2%
Website visit	116	87.9%	16	12.1%
Other	43	32.6%	89	67.4%

Source: Field survey (May, 2018)

4.1.9 E-marketing Initiation among Ethiopian Tour operating firms

According to the responses presented in the (Table 4.6), among the selected sample tour operating firms 68.2% of respondents are heard about e-marketing from their business partners, 60.6% heard about e-marketing from social media, 47% heard from mass media, 35.6% heard from clients, 25% read from brochures 6.8% from formal and informal education and trainings. In this analysis it can be understood that business partner and social media is very imperative to the business of tour firms. That's why B2B/B2C marketing platform is increasing in the sector.

Table 4. 6Distribution of respondents in terms of E-marketing information

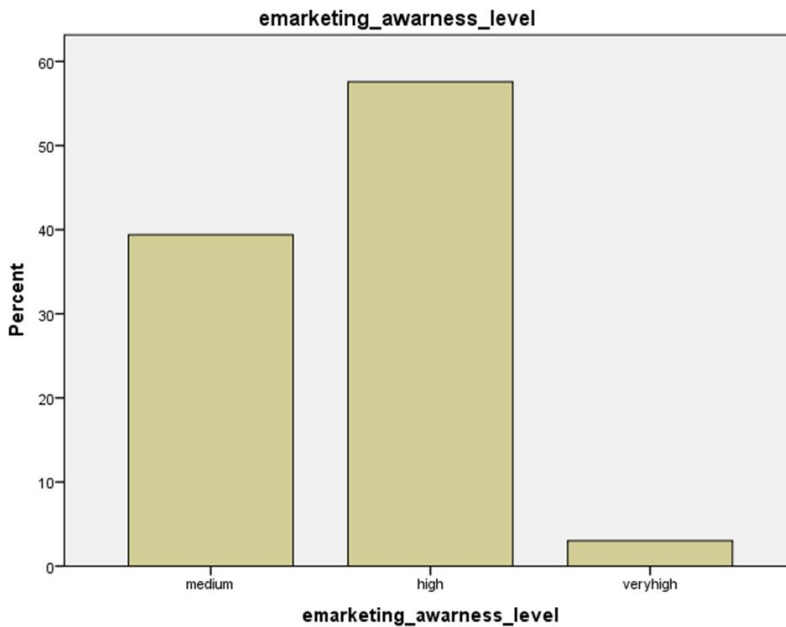
Category	Percentage %	
	Yes	No
heard from social Media	60.6%	39.4%
heard from mass media	47.0%	53.0%
read from brochures	25.0%	75.0%
heard from business partners	68.2%	31.8%
heard from clients	35.6%	64.4%
others	6.8%	93.2%

Source: Field survey (May, 2018)

4.1.10E-marketing awareness level of tour operators

It is obvious that, technology enables tour operators to join in the global market. To do this, having a brief awareness of technology is very important. Because nowadays traditional marketing system is replaced by digital marketing in most of business, especially tour operating business. Thus, Figure.4.1 indicates the awareness level of Ethiopian tour operators to E-marketing business.

Figure 4.1 E-marketing awareness level of tour operators



Source: Field survey (May, 2018)

The chart (Figure 4.1) indicates that among the sampled respondents 57.6% of the firms know about e-marketing at high level, 39.4% at medium level, and 3% at very high level. So, in terms of awareness it seems promising but they have to devote to apply the platform for their business fully.

4.2 Purpose of ICT usage among Ethiopian tour operators

Information and communication technology (ICT) can be used for different purposes in different sectors. Among the different sectors, small tourism businesses like tour operators use Internet and ICT tools for their business communication. For instance, tour operators used Internet and ICT tools for information searching, product promotion and to simplify job activities and etc. As mentioned earlier, ICT is termed as a technological and structural enabler to any business sector particularly small tourism firms. Here, in the table 4.7, presents ICT usage of tour operating firms in Ethiopia and the way for what purposes applied.

Table 4. 7 Internet and ICT usage of Ethiopian tour operators

Category	Very Low		Low		Medium		High		Very High	
	N	%	N	%	N	%	N	%	N	%
I use internet and other ICT tools for searching relevant information.	0	0.0%	6	4.5%	9	6.8%	61	46.2%	56	42.4%
I use internet to promote the services or tour operating packages I sell to customers	0	0.0%	6	4.5%	11	8.3%	69	52.3%	46	34.8%
I use internet to increase the number of my customers	0	0.0%	0	0.0%	20	15.2%	78	59.1%	34	25.8%
I use internet and ICT tools to increase the competitiveness of my tour operating firm in the market	0	0.0%	3	2.3%	18	13.6%	66	50.0%	45	34.1%
I use Internet and ICT tools to minimize marketing and communication costs	0	0.0%	9	6.8%	23	17.4%	66	50.0%	34	25.8%
I use Internet and ICT tools to communicate with employees of my tour operating firm and evaluate their performance	0	0.0%	3	2.3%	34	25.8%	72	54.5%	23	17.4%

I use ICT application to simplify my business operation	0	0.0%	9	6.8%	26	19.7%	74	56.1%	23	17.4%
I use internet and ICT tools to provide a satisfactory customer service	0	0.0%	9	6.8%	21	15.9%	67	50.8%	35	26.5%
I use Internet and ICT tools for decision makings	4	3.0%	19	14.4%	33	25.0%	46	34.8%	30	22.7%
I use Internet and ICT tools for an effective leadership purposes in my firm	13	9.8%	21	15.9%	17	12.9%	62	47.0%	19	14.4%
I use Internet and ICT tools for follow-up financial activities	6	4.5%	18	13.6%	37	28.0%	59	44.7%	12	9.1%
I use internet for acquiring valuable information about customers or clients.	3	2.3%	2	1.5%	6	4.5%	55	41.7%	66	50.0%

Source: Field survey (May, 2018) N= Frequency, %= Percentage

Item1, of (table4.7) shows, the use of ICT application in tour operating firms for different purposes. Among the total respondents, 46.2% and 42.4% of the respondents are in a position of high and very high respectively focused that the tour operating firms use ICT for searching relevant information. Nearly (11.3%) of the respondents said medium and low habit of using ICT in terms of item 1. This depicts, almost 86.6% of the respondents are in a position of using internet.

Respondents for item2, depicts 52.3% high and 34.8% very high uses ICT for the purposes of promoting tour products the remained percent(12.9%) respondents are medium and low using habit of internet for this purpose. Under item3, the respondents said that 59.1% high, 25.8% very high 15.2% medium uses of ICT for the purposes of customer/tourist increments.

In item 4, 50.0% of respondents using ICT at high rate for market competitiveness of tour products and 34.1% very high 13.6% medium and2.3% low respectively responded for market competition. Tour operators use internet and ICT tools to minimize marketing and communication costs 50.0% high, 25.8% very high, 17.4% medium, 6.8% low respectively.

In item 6, 54.5% respondents use ICT highly to communicate and evaluate the performance of their employees and the remaining respondents 25.8% said very high, 17.4% said medium and 2.3% said low.

This indicates the using habit of ICT is promising in tour firms. The majority of respondents (73.3 %) (The sum of rating 4 and 5, 56.1% and 17.4% item 7) using ICT application to simplify business operation. The sum of rating 4 and 5, (77.3%) of item 8, depicts tour operators using ICT tools to satisfy their customers. Item 9 shows, the habit of decision making using ICT.

Among the total respondents, 57.5% (sum of rating 4 and 5) of the respondents are in a position using ICT for decision making. Nearly similar size of the respondents 42.5% (sum of 3, 2, 1 ratings) said ICT is not aggressively used for decision making. Among the respondents 61.4% which is the sum of 4 and 5 ratings explained that tour operators used ICT tools for an effective leadership purposes in the firm similarly 38.6% is still not applying for leadership purposes.

This deemed to improve ICT application for leadership purposes. In item 11, almost half of the respondents said ICT usage for follow-up of financial activities is not satisfactory. The last item 12, deemed that 91.7 % which is the sum of rating 4 and 5 (41.7%, 50.0%), tour operators used ICT for acquiring valuable information about customers or clients. To conclude, except decision making, leadership purposes, and follow-up of financial activities the habit of using ICT in the tour operating firm is rated as good.

4.2.1 Preference for E-marketing to other forms of traditional marketing among tour operating firms

Item 1, of (table 4.8) shows, the use of E-marketing among tour operating firms merging rating scales of 4 and 5 is 40.2% out of the total respondents. This indicates almost 60% of the respondents are moderately agree/disagree, disagree and strongly disagree for the e-marketing usage in the country. So, most of tour operating firms in the country are in a position of medium usage of ICT application for E-marketing. Under item 2, comparing E-marketing application in the firm with other form of traditional marketing rated as 55.3% by merging rates of 4 and 5 which is somehow promising the remaining 44.7% is on the opposite scenario.

Table 4.8 E-marketing practice of tour operators

Category	Strongly disagree		disagree		m. agree/ disagree		Agree		strongly agree	
	N	%	N	%	N	%	N	%	N	%
The use of E-marketing among tour operating firms is high	15	11.4%	28	21.2%	36	27.3%	45	34.1%	8	6.1%
Tour operators use e-marketing more than other forms of Marketing	14	10.6%	15	11.4%	30	22.7%	63	47.7%	10	7.6%
The cost of website design is expensive for tour operating firms	9	6.8%	16	12.1%	31	23.5%	47	35.6%	29	22.0%
Most tour operating employees find it difficult to use internet to market tour packages	3	2.3%	34	25.8%	32	24.2%	42	31.8%	21	15.9%
Most tour operating firms have employees specializing on E-marketing	11	8.3%	29	22.0%	28	21.2%	38	28.8%	26	19.7%
E-marketing enables tour operators to enter international marketing	1	0.8%	4	3.0%	11	8.3%	41	31.1%	75	56.8%

Source: Field survey (May, 2018) N= Frequency, %= Percentage

Under item 3, the cost of website design expensiveness for tour operating firm's establishment rated as 55.6% by merging rates of 4 and 5 which is somehow expensive to create a search engine domain and the software purchase is too much expensive according the opinion of respondents. The remaining 44.4% is responded as the cost is not that much hampering their business. Respondents for item 4, responded that 47.7% by merging ratings of 4 and 5 of tour operating employee get difficulty of using to market their tour products, the remained 52.3% by merging 1,2 3 ratings of the tour employees does not get difficulty in using internet for marketing purposes. This indicates, there has to be things to be done to improve on the technical

skills of employees. 48.5% percent (item 5) of respondents for the employees specialization on e-marketing rated as agree and strongly agree and not less than the above respondents (51.5%) responded the skill of tour operating employees not fully equipped with E-marketing skills. The final item 6, deemed that out of the total respondents 87.9% tour operators E-marketing helped them to join international market the remained 12.1% which is the rating scale of 1, 2, 3 together are not confident enough either e-marketing helped to their business or not.

4.2.2 Challenges that influence the use of E-marketing among tour operating firms

It is now a fact as evidenced by developments from other countries that ICT as a sector can contribute immensely to the national GDP of a nation and that ICT, acting as an enabler, can result in improved market competitiveness of a nation's products and services. ICTs can impact positively on trade and other sectors of the economy. In turn ICT can effectively assist international economic integration, improve living standards, narrow the digital divide, and improve consumer's information toward any new products.

Nonetheless, the use of ICT affected by tremendous challenges like: Inadequate communications and power infrastructure, Shortage of ICTs facilities and ICTs skills, inadequate institutional arrangements, Limited financial resources, Inadequate public private partnership, Limited data management capacity, Inadequate horizontal and vertical communication. Thus, those are an intermittent to the small tourism firms particularly tour operators in conducting E-marketing activities to their business. Table 4.9-13 briefly explains different challenges toward the E-marketing application/effectiveness among Ethiopian tour operators.

4.2.2.1 Technology related challenges

The technological factors discussed here are of the ICT itself. They constitute the nature and characteristics of the technology that the firm intends to work with or using. The level of internet availability in any developing country contributes to a great extent the readiness or delay in E-Marketing effectiveness. The slow speed of the internet even in the urban areas has only further deterred the effectiveness of ICT processes by most small and medium tourism firms. Furthermore, the available internet is slow and does not encourage E-Marketing. Moreover, one

of the factors that described as essential in the effectiveness of E-Marketing among small tourism firms is the complexity of the ICT. Some concerns about how data is managed between the old and the new ICT applications for instance have caused some organizations to be unconvinced about E-Marketing. Table 4.9, presents technology related challenges in Ethiopian context.

According the responses presented in the (Table 4.9), among the selected sample tour operating firms the first ranked technological challenges to their business is the speed of internet connection hampered greatly with a weighted sum of 253 this is the most serious challenge. The second challenge according the respondents is the intermittency of internet connection accounted 333 weighted sums. The third technological challenge is internet penetration of the society is very low with a sum of frequencies 362. Finally, the fourth challenge is the high cost of international telecom service which accounted 369.

Table 4. 9 Rank order of items showing technology related challenges on use of E-marketing among tour operators in Ethiopia

Items	Rank Frequency					Weighted sum	Rank order
	1	2	3	4	Total		
There is a low rate of internet penetration (e.g. Currently, only15% or 15million people) use Internet in Ethiopia	25	13	65	29	132	362	3 rd
The cost of International Telecom or Cost of Call to abroad is high	18	36	33	45	132	369	4 th
The speed of Internet connection is low	58	41	19	14	132	253	1 st
There is an intermittent internet connection most of the time	31	40	22	39	132	333	2 nd
Total	132	132	132	132			

Source: Field survey (May,2018)

4.2.2.2 Legal framework related challenges

The government can play a role in the development and effectiveness of E-Marketing by establishing various forms of interventions for small and medium tourism firms. These interventions can be in the form of facilitating policies for small and medium tourism firm activities in the country, providing financial and technological support by establishing and empowering institutions, improving internet structures and enacting favorable laws, and facilitating licensing and accreditation issues. According to literature, governments of developing countries can support e-market and e-business application at advanced levels by being proactive in providing the enabling environment for businesses to use ICT systems effectively. Unfortunately, this is not the case in almost all developing countries as their governments are for the most part concerned with issues of poverty, hunger etc. Table 4.10, shows legal framework challenges related in Ethiopian context:

According the responses presented in the (Table 4.10), among the selected sample tour operating firms the first ranked legal framework challenges is the monopoly of telecom service by the state is hampered greatly with the weighted sum of 296. The second challenge is the absence of adequate room for private telecommunication service providers which accounted 308. The licensing issue of Internet to e-marketing is very difficult with weighted sum of 333. And 390 of weighted sum belong to the custom rules impact on purchasing ICT tools to the business of tour firms.

Table 4.10 Rank order of items showing legal framework related challenges on use of E-marketing among tour operators in Ethiopia

Items	Rank Frequency					Weighted Sum	Rank Order
	1	2	3	4	Total		
The custom rules have an impact on purchasing ICT tools	13	27	45	47	132	390	4 th
There is no adequate room for private telecommunication service providers	34	47	24	27	132	308	2 nd
The telecom service is monopolized by the state	37	40	41	14	132	296	1 st
The licensing issues of Internet to e-marketing is very difficult	44	21	21	46	132	333	3 rd
Total	132	132	132	132			

Source: *Fieldsurvey(May,2018)*

4.2.2.3 Socio-cultural related challenges

African countries like most developing countries still depend on content developed and managed in the developed world and as a result substantial costs are incurred while trying to access content. One of the causes that discourage access to digital information is culture and language differences. Efforts should be made to make ICTs available in local languages if they are to be demystified, adopted and utilized by locals. Thus, in Ethiopian context, the researcher presented socio-cultural related factors that tour operators faced to apply E-marketing to their business. Table 4. 11 below present some of the major challenges:

According the responses presented in the (Table 4.11), among the selected sample tour operating firms the first ranked of socio-cultural factor is the less perceived value of Internet marketing in small tourism businesses to tour operating firms with the total weighted sum 285. the second ranked challenge of social-cultural factor is awareness level of tour operating firms in using internet to their business is very low which accounts 295. Moreover, Illiteracy and language barrier affects the use of internet for business purpose ranked as the third factor which accounts 339. Finally, the fourth factor that hampered the business of tour firms in the Country the culture of society in using internet is very low with a weighted sum of 395.

Table 4.11 Rank order of items showing socio-cultural related challenges on use of E-marketing among tour operators in Ethiopia

Items	Rank Frequency					Weighted Sum	Rank Order
	1	2	3	4	Total		
The culture of society in using internet is very low	15	25	38	54	132	395	4 th
The awareness of tour operating firms in using internet to their business is very low	41	42	26	23	132	295	2 nd
There is less perceived value of Internet marketing in small tourism businesses such as tour operating firms	44	40	31	17	132	285	1 st
Illiteracy and language barrier affects the use of internet for business purpose	34	25	37	36	132	339	3 rd
Total	132	132	132	132			

Source: Field survey (May, 2018)

4.2.2.4 Economic related challenges

In developing countries, macroeconomic policies are a mechanism for E-Marketing expansion and development asserts that during the initial stages of e-market development and implementation, public as well as other external institutions play significant roles to create favorable environments for the effectiveness and spread of E-Marketing. Table 4.12, indicates economic related challenges in Ethiopian context for the application and effectiveness of E-marketing.

According the responses presented in the (Table 4.12), among the selected sample tour operating firms the first ranked economic related challenge is the low use of E-marketing because it incurs additional costs with a total respondent of 289 said hampering the tour business, The accessibility of banks to e-payment is low; This ranked second by the respondents which accounted 295, and the third serious factor is the low market liberalization to adopt e-marketing to tour operating business easily affecting the business of tour operators. The last rank by the respondent is the per-capita income of users affects internet usage of respondents with a weighted sum 379. From this it can be understood the additional cost for purchasing online marketing platform/software seriously affects tour operating business.

Table 4.12 Rank order of items showing economic related challenges on use of E-marketing among tour operators in Ethiopia

Items	Rank Frequency					Weighted Sum	Rank Order
	1	2	3	4	Total		
The accessibility of banks to e-payment is low	55	24	20	33	132	295	2 nd
The per-capita income of users affects internet usage	14	30	47	41	132	379	4 th
There is a low market liberalization to adopt e-marketing to tour operating business easily	17	47	36	32	132	347	3 rd
There is a low use of E-marketing because it incurs additional costs	50	33	23	26	132	289	1 st
Total	132	132	132	132			

Source: Field survey (May, 2018)

4.2.2.4 Political related challenges

Political instability does not provide the environment needed for the development of internet-based transactions such as E-Marketing. It prevents small and medium tourism firms (tour operators) from trading between them even on a regional level. Table 4.13 elaborates some of the political related challenges that affect tour operators for the online marketing.

According the responses presented in the (Table 4.13), among the selected sample tour operating firms the first ranked political related challenges tour operating business is internet privacy and e-marketing is highly dependent on political decision which accounts 275, Political conditions of the Country negatively affected the use of internet for E-marketing is ranked second by the respondents which accounts 314, The third challenging factor with a weighted sum of 346 is Protection of property Rights/business in the e-marketing is low according the response of the sampled respondents the fourth rank/factor is on the government effort to control fraud on Internet accounted 384. So, in this regard the most serious impact/challenge to the business of tour operators deemed to internet privacy in e-marketing is highly influenced by political decision in the Country.

Table 4. 13 Rank order of items showing political related challenges on use of E-marketing among tour operators in Ethiopia

Items	Rank Frequency					Weighted Sum	Rank Order
	1	2	3	4	Total		
The government is not effective to control fraud on Internet	23	25	22	62	132	387	4 th
Political conditions of the Country negatively affected the use of internet for E-marketing	44	17	48	23	132	314	2 nd
Protection of property Rights/business in the e-marketing is low	11	53	43	25	132	346	3 rd
Internet privacy and e-marketing is highly dependent on political decision	54	35	21	22	132	275	1 st
Total	132	132	132	132			

Source: Field survey (May, 2018)

4.3. Association of E-marketing with firm performance

This section is divided into four sub-sections. First, the scale validation by using factor analyses is presented first. Then, the measures and variables used for predicting effect of E-marketing on firm performance are presented, followed by presenting the statistical analyses and the regression results and discussions.

4.3.1. Scale validation procedures

As discussed before, 29 items were adapted to measure E-marketing in this study. These items were validated by using a two stage Exploratory Factor Analysis (EFA) with *SPSS* version 20, since data on E-marketing were collected for the first time in an Ethiopian context, particularly in the tourism sector. First, a convergent validity test for each of the six dimensions of E-marketing mix (E-payment, E-price, E-promotion, E-service/product, E-privacy, E-place/interface), was conducted to test whether the items measure the same concept. The items were extracted using principal component analysis based on Eigen values greater than one and the Varimax rotation method. The Kaiser-Meyer-Olkin (KMO) results, which are above the recommended 0.6 value (Hair *et al.*,2010) and the Bartlett's Test of Sphericity ($p < 0.001$ in all cases), prove the factorability of the items under each dimensions. Except for two items, all the items for each of the five dimensions fall under a single factor confirming convergent validity. These item failing convergent validity criteria were dropped.

Second, a discriminant validity test was conducted. The remaining 27 items of E-marketing mix were subjected to principal components analyses (EFA). Prior to performing EFA, the suitability of the data for factor analysis was assessed. The KMO value was 0.794, exceeding the

recommended value of 0.6 (Hair *et al.*, 2010) and Bartlett's test of Sphericity reached statistical significance ($X^2= 1161.86$, $df =153$, $p<0.001$), supporting the factorability of the 29 items. However, the items of E-place/interface (i.e. two way communication) were dropped due to cross-loadings, which violates criteria of discriminant validity test. The final EFA revealed the presence of five components with Eigen values exceeding 1. This five-component solution explained a total of 70.003%, with each component showing a number of strong loadings with dimensions of, E-promotion, E-payment, E-service, E-privacy and E-pricing respectively. There was no cross loading to affect discriminant validity as can be seen from Table 4.14 below.

Table 4. 14 Discriminant validity test results for the five dimensions of E-marketing among Ethiopian tour operators

Dimensions	Items	Component				
		1	2	3	4	5
E-promotion	7.1a. The use of website promotes the brand image of my tour operating firm.	-.118	.751	.127	.351	.243
	7.1b. The use of website increases the purchase intention of tourists from my tour operating firm.	.165	.695	.142	.070	.407
	7.1c. The use of website creates awareness on the tour packages we sell.	.194	.701	-.036	.013	.268
	7.1d. The use of website in my tour operating firm has an impact on advertisement	-.003	.794	.138	.066	-.069
	7.1f. The use of website in my tour operating firm increases promotion through word of mouth.	.212	.782	.123	.002	-.042
E-payment	7.2a. I believe that electronic payment systems are likely to be safe	.583	.037	.177	.202	.106
	7.2b. Electronic payment systems are likely to be reliable	.867	-	.015	.142	.095
	7.2c. I am confident that electronic payment system will be transparent	.814	.010	.024	-.003	.122
	7.2d. Many things may not go wrong with electronic payments using internet	.780	-	.003	-.221	.137
	7.2f. The website I use for electronic payment will promptly inform me if any problems occur with my transaction	.761	.278	.019	-.043	-.032
E-service	7.4a. All relevant order confirmation details are sent to my email within 24 hours	.016	.145	-.081	.808	-.023
	7.4b. Order cancellation and returns are confirmed within three days	.012	.033	.000	.817	.013
	7.4d. Order tracking details are available for my clients	-.150	.082	.130	.543	.341
E-privacy	7.5.1c. My tour operating firm is concerned about how personally un-identifiable information will be used by the firm	.163	.307	.088	-.012	.792
	7.5.1d. My tour operating firm is concerned about how personally identifiable information Will be used by the firm	.147	.044	.069	.080	.842
E-pricing	7.6c. I often sells my tour packages by giving their prices on the website of my tour operating firm.	.075	.070	.835	.042	.117
	7.6d. The website of my tour operating firm is designed in a way to display prices for the tour packages we sell.	.143	.028	.847	.093	.093
	7.6f. Online pricing provides strong communications with customers and provides updates at very low costs as compared with traditional payment systems	-.098	.321	.750	-.193	-.083

Source: Extracted by the researcher (May, 2018)

Moreover, the reliability of the items under each dimension was tested by using Cronbach's Alpha (Hair *et al.*, 2010). The Cronbach's Alpha value of the five dimensions of E-marketing are above the recommended value of 0.6 (Hair *et al.*, 2010), as shown below in Table. 4.15 Finally, the mean score of the items under each dimension was calculated.

Table 4. 15 Descriptive statistics and Cronbach's Alpha value of the independent variables

Dimension	No of Items	Mean	St. Dev	Cronbach's Alpha
E-promotion	5	4.1712	0.58539	0.844
E-payment	5	3.0076	0.78396	0.841
E-service	3	3.9571	0.57721	0.659
E-privacy	2	3.5417	0.85837	0.720
E-pricing	3	4.0455	0.77795	0.782

Source: Extracted by the researcher (May, 2018)

4.3.2. Measures and Variables used for predicting effect of E-marketing on firm performance

4.3.2.1. Dependent variables

The dependent variable in this study is firm performance, which is treated as a second-order construct (Jarvis *et al.*, 2003), composed of four distinct dimensions (size change in sales, employment, profit and assets). Firm performance is mainly measured as the difference between two points in time, in absolute or relative terms (Delmar, 2006). However, real figures of, e.g., sales and profit are not easily available in contexts such as sub-Saharan Africa (Freseet *al.*, 2007). Drogeet *al* (2004) recommended the use of subjective measures of firm performance, such as self-reported performance measures, in the absence of absolute measures. Previously conducted studies in the context of sub-Saharan Africa were based on self-reported measures of firm performance, such as changes in annual sales, number of employees; profit and total assets in a given time span (Krauss *et al.*, 2005, Freseet *al.*, 2007 & Cruzet *al.*,2012).

Accordingly, four self-reported measures of firm performance were created, using a more subjective approach to measure the performance of the Ethiopian tour operators over three years. The measures included items such as “How do you see the change in your sales size, within the last three years (January 2015-January 2018)?” Similar questions were asked for changes in employment, profit and assets. The measurement utilized a 5-point Likert scale including decreased dramatically (1), decreased somewhat (2), remained the same (3), increased somewhat (4) and increased dramatically (5). (See appendix 1.)

4.3.2.2. Independent variables

In this study, the independent variables are the five validated dimensions of E-marketing under section 4.3.1 above. These are E-promotion (5 items), E-payment (5 items), E-service (3 items), E-privacy (2 items) and E-pricing (3 items). The five dimensions of E-marketing are independent of each other, as evident from the discriminant validity test (see Table 4.14) and should be treated separately to define the concept of E-marketing.

4.3.2.3. Control variables

Scholars recommend the inclusion of personal and firm characteristics as control variables (Hmieleski & Baron, 2008; Hmieleski & Corbet 2008), to effectively measure the impact of the independent variable(s) over the dependent variable(s). Accordingly, four personal characteristics, namely respondent’s age (measured in number of years), education level (having a university degree or not), prior work experience (having an experience of three years and above) and entrepreneurial experience as control variables. With regard to firm characteristics, firm age and firm size were also included as control variables.

4.3.3. Statistical analysis and procedures

This section aimed at investigating the effect of E-marketing as main predictors of firm performance; and personal as well as firm characteristics as control variables. Hierarchical regression analysis was utilized as the main statistical procedure in this study since it adds terms to the regression model in stages and enables to see the additional term or terms that are added to the model and the change in R^2 (Pallant, 2010). The mean scores of each dimension were calculated to use in the hierarchical regression model.

Accordingly, four personal characteristics, namely age, education level, prior work experience and entrepreneurial experience were entered into step 1. Two firm characteristics (i.e., firm age and firm size) were entered in step 2. The five dimensions of E-marketing, viz., E-promotion, E-payment, E-service, E-privacy and E-pricing, were entered in step 3 as the main predictors of the change in sales, employment, profit and assets. *SPSS* version 20 was used to conduct the statistical analyses. Table 4.16, presents the descriptive statistics and bivariate correlation matrix of all the dimensions used in the analysis. There is no significant correlation within the independent variables and within the control variables as well as among the independent and the control variables to affect regression results, as can be seen from Table 4.16

In a nut shell, the correlation coefficients are not strong enough or high (e.g., $r > 0.9$) to introduce multi-collinearity as a problem (Pallant, 2010). On the other hand, there is a high degree of correlation among the dependent variables, confirming their measure of the same concept, viz., and firm performance. For instance, the relatively lowest correlation is between profit and sales ($r=.438$), whereas the highest correlation is between employment and sales ($r=.653$).

Table 4. 16 Descriptive statistics and correlation of the control variables, E-marketing dimensions and firm performance measures among Ethiopian tour operators

No	Dimensions	Mean	SD	1	2	3	4	5	6	7
1	Age	36.04	6.89	1.000						
2	Education level	5.11	.657	.180*	1.000					
3	Work experience	3.69	1.249	.0321**	.161	1.000				
4	Entrepreneurial experience	1.36	.481	.105	.219*	.182*	1.00			
5	Firm age	7.82	3.12	.211*	.010	.198*	.042	1.000		
6	Firm size	12.95	5.79	.268**	.116	.107	.267**	.452**	1.000	
7	E-promotion	4.17	0.58	-.067	.103	.097	-.113	-.333**	-.080	1.000
8	E-payment	3.00	0.78	-.182*	-.037	-.097	-.337**	-.164	-.109	.278**
9	E-service	3.95	0.57	-.175	-.045	.206*	.055	-.241**	-.116	.261**
10	E-privacy	3.54	0.85	-.085	.141	.010	.082	-.289**	-.160	.416**
11	E-pricing	4.04	0.77	-.024	.315**	.092	.289**	-.062	.226**	.287**
12	Sales	2.54	1.044	-.051	.296**	.221*	.026	-.115	-.187*	.177*
13	Employment	2.61	.739	-.009	.267**	.198*	.140	.004	-.047	.189*
14	Profit	2.67	.937	-.018	.200*	.100	.192*	-.182*	-.098	.226**
15	Assets	2.73	.811	-.156	.176*	-.032	-.101	-.221*	-.130	.470**

The Table continues on the next page.

No	Dimensions	8	9	10	11	12	13	14	15
8	Experimentation	1.00							
9	Affordable loss	.271**	1.000						

No	Dimensions	8	9	10	11	12	13	14	15
8	E-payment	1.00							
9	E-service	.070	1.000						
10	E-privacy	.323**	.173*	1.000					
11	E-pricing	.175*	.125	.193*	1.000				
12	Sales	.126	.308**	.302**	.162	1.000			
13	Employment	-.034	.189*	.221*	.385**	.653**	1.000		
14	Profit	.042	.172*	.372**	.339**	.438**	.486**	1.000	
15	Assets	.179*	.215*	.378**	.262**	.526**	.609**	.565**	1.000

Pearson Correlation Coefficients. ** P< 0.01 and * p< 0.05 level (2-tailed).

Table 4.18: Continued: Pearson's correlation matrix

4. 4. Results of regression analyses and discussion

Hierarchical regression analysis was used to assess the ability of E-marketing to predict firm performance (size changes in sales, employment, profit and assets) over three years, after controlling for the effects of personal characteristics and firm characteristics. Preliminary analyses were conducted to ensure there was no violation of the assumptions of normality, linearity, multi-collinearity and homoscedasticity. The data set (n=132) violates none of the above assumptions. For instance, there was no deviation from normality as proved from the normal probability plot of the standardized residuals and the variance inflation factors (VIF) were all below the recommended cut-off value of 10 (Hair *et al.*, 2010). Neither was multi collinearity a problem with the highest VIF being 1.268. The analysis was conducted four times for each of the dependent variables. The results of these hierarchical regression models are displayed in Table 4.17 and discussed below.

Table 4. 17 Association of E-marketing with firm performance of Ethiopian tour operators

Model	Dimensions	Firm performance measures			
		Sales	Employment	Profit	Assets
I	(Constant)	0.000	0.000	0.000	0.000
	Age	-0.176**	-0.119	-0.089	-0.189**
	Education level	0.304***	0.244***	0.171*	0.238***
	Work Experience	0.240***	0.185**	0.074	-0.016
	Entrepreneurial Experience	-0.066	0.065	0.150*	-0.136
	R ²	0.150	0.084	0.072	0.085
	F-value (R ²)	5.620	4.010	2.460	2.940
	P-value (R ²)	0.000	0.004	0.049	0.023
II	(Constant)	0.000	0.000	0.000	0.000
	Age	-0.121	-0.099	-0.039	-0.158*
	Education level	0.305***	0.248***	0.165*	0.228**
	Work Experience	0.245***	0.179*	0.096	0.045
	Entrepreneurial Experience	-0.021	0.091	0.173*	-0.137
	Firm age	-0.057	0.031	-0.161*	-0.195**
	Firm size	-0.0184*	-0.107	-0.090	0.006
	R ²	0.191	0.078	0.115	0.120
	R ² change	0.041	0.008	0.043	0.035
	F-value (R ²)	4.926	2.849	2.700	2.830
P-value (R ²)	0.000	0.012	0.017	0.013	
III	(Constant)	0.000	0.000	0.000	0.758
	Age	-0.045	-0.032	0.019	-0.086
	Education level	0.282***	0.142	0.061	0.133
	Work Experience	0.158*	0.103	0.041	-0.071
	Entrepreneurial Experience	-0.050	-0.042	0.071	-0.156*
	Firm age	0.059	0.156	-0.031	0.028
	Firm size	-0.189**	-0.183*	-0.137	-0.060
	E-promotion	-0.045	0.039	0.015	0.307***
	E-payment	0.037	-0.169*	-0.094	-0.082
	E-service	0.242***	0.115	0.061	0.098
	E-privacy	0.202**	0.164*	0.288***	0.216**
	E-pricing	0.055	0.365	0.274***	0.158*
	R ²	0.289	0.207	0.259	0.330
	R ² change	0.098	0.153	0.144	0.211
F-value (R ²)	4.438	4.105	3.808	5.376	
P-value (R ²)	0.000	0.000	0.000	0.000	

Standardized coefficients presented. *** $p < 0.01$, ** $p < 0.05$ and * $p < 0.1$ level

4.4.1 Association with annual sales change

Age, education level, previous work experience and entrepreneurial experience were entered at step1, explaining 15.0% of the variance in changes in sales. Only 4.1% was additionally explained by entering firm age and firm size at step 2. After entry of the main predictors (E-promotion, E-payment, E-service, E-privacy and E-pricing), the total variance explained by the model as a whole was 28.9% ($F(11, 120) = 4.438, p < 0.001$). These five predictors explained an additional 9.8% of the variance in sales after controlling for personal characteristics and firm characteristics. The full model is statistically significant at 0.01 level ($p = 0.000$), R^2 change = 0.098, F change ($5, 120$) = 3.307, $p < 0.001$). In the final model, only two of the main predictors, namely E-service ($\beta = 0.242, t(2.809), p = 0.006$) and E-privacy ($\beta = 0.202, t(2.191), p = 0.030$), were statistically significant at a significant level of 0.05. Hence, it can be said that the use of E-service and E-privacy increases the annual sales of Ethiopian tour operating firms, whereas the use of other forms of E-marketing, such as E-promotion, E-payment, and E-pricing do not have significant effect on their annual sales. Hence, the first sub-hypothesis (S-H1) is less accepted since only two dimensions of E-marketing are significant on sales. Among the control variables, education level ($\beta = 0.282, t(3.340), p = 0.001$) was positively associated with sales, whereas firm size ($\beta = -0.189, t(-1.976), p = 0.050$) was negatively associated with sales. Respondent's work experience ($\beta = 0.158, t(1.770), p = 0.079$) was statistically indicative of a positive change in sales.

The significant effect of E-service and E-privacy on annual sales increase among Ethiopian tour operating firms can be ascribed for two reasons. The selected sample tour operators have the experience of online marketing by outsourcing their products on different online marketing platforms this enables them to contact their customers regularly and give feedbacks as soon as possible. Due to this, fast response of E-service helped them to attract a lot of reviewers on line.

Thus, having a number of customer reviews on the online marketing platform can build an excellent trust on the service of tour operating packages. At the same time data protection and privacy laws typically address the collection, storage, and transfer of personal information. Thus, as data protection increases for their clients/reviewers trust can build by customers then the firm by default increase volume of sales. The results also revealed that having an education level of first degree and above as well as a prior work experience in tour operating firms contribute to an increase in sales. This is mainly because the use of E-marketing needs computer literacy (Isaac *et al.*, 2015). Besides, it seems that the tour operators have learned the weakness of traditional marketing activities while working in tour operating firms before. Hence, they have found E-marketing as an alternative way of marketing. On the other hand, the results showed that large firm size negatively affects annual sales. This implies for hiring qualified employees who have expertise on E-marketing for an effective marketing practice to improve annual sales than having more employees working on the usual marketing activities.

4.4.2 Association with employment change

Age, education level, previous work experience and entrepreneurial experience were entered at step1, explaining 8.4% of the variance in perceived changes in employment. An additional 0.8% only was explained by entering firm age and firm size at step 2. After entry of the main predictors (E-promotion, E-payment, E-service, E-privacy and E-pricing), the total variance explained by the model was 20.7% ($F(11, 120) = 4.105, p < 0.001$). These predictors therefore explain an additional 15.3% of the variance in the change of employment size over the three years after controlling for personal characteristics and firm characteristics. The full model is statistically significant ($p < 0.001$), R^2 change = 0.153, F change ($5, 120$) = 5.057, $p < 0.001$. In the final model, two of the main predictors, namely E-payment ($\beta = -0.169, t(-1.807), p = 0.073$) and E-privacy ($\beta = 0.164, t(1.759), p = 0.081$), were indicators of employment size change at a significant level of 0.05. Hence, it can be said that the use of E-payment negatively

affects employment size change, whereas E-privacy increases the number of employees among Ethiopian tour operating firms. On the other hand, the use of other forms of E-marketing, such as E-promotion, E-service, and E-pricing do not have significant association with employment size change. Hence, the second sub-hypothesis (S-H2) is fully rejected since none of the five dimensions of E-marketing was significantly associated with employment at a significant level of 0.05. Only two dimensions of E-marketing were indicative of changes on employment. Two among the control variables, only firm size ($\beta = -0.183$, $t = -1.899$), $p = 0.060$) was indicative of change in employment size (though negatively). The remaining five control variables do not have any significant association with employment size change.

It's obvious that, technology can save time, energy; it's a structural enabler. Due to this, have pros and cons on employees. Here, E-payment is negatively affected employees because of due to the replacement of labor force by different technology supported machines (like: ATM, PayPal, VISA card, Express Money etc.) and E-privacy can affect employment positively because all identifiable and unidentifiable information within the company are operated by the high tech skilled employees with in. So, entrusted employees are highly devoted to safeguard the company's and client's confidentiality. In general, E-marketing is not significantly associated with employment size change. Because, technology by its nature is not labor intensive rather needs high tech professionals to operate it. So, unlike traditional market that is engulfing labor could not work for the digital marketing settings. Thus, E-marketing can reduce the labor needs of company by providing efficient and effective services at the desired time and calculated budget. Moreover, firm size negatively affects employment in tour operating firms. This depicts as the firm becomes smaller and smaller the capacity to hire becomes low because the volume of production/customer service need and vice versa.

4.4.3 Association with profit change

As previously, age, education level, previous work experience and entrepreneurial experiences were entered at step 1, explaining 7.2% of the variance in perceived changes in profit. There was 4.3% additional explanation to the model by entering firm age and firm size at step 2. After entry of the main predictors (E-promotion, E-payment, E-service, E-privacy and E-pricing), the total variance explained by the model as a whole was 25.9% ($F(11, 120) = 3.808, p < 0.001$). These predictors explained an additional 14.4% of the variance in profit over three years, after controlling for personal characteristics and firm characteristics. The full model is statistically significant at 0.01 level ($p = 0.000$), $R^2 \text{ change} = 0.239$, $F \text{ change}(5, 120) = 4.663, p < 0.01$. In the final model, only two of the main predictors, namely E-privacy ($\beta = 0.288, t(3.060), p = 0.003$) and E-pricing ($\beta = 0.274, t(2.882), p = 0.005$), were statistically significant at a significant level of 0.05. Hence, it can be said that the use of E-privacy and E-pricing increases the profit of Ethiopian tour operating firms, whereas the use of other forms of E-marketing, such as E-promotion, E-payment, and E-service do not have significant effect on their profit. Hence, the third sub-hypothesis (S-H3) is less accepted since only two dimensions of E-marketing are significant on profit. Among the control variables, none of them was statistically significant for the change in profit among Ethiopian tour operators in the final model.

The concept of E-privacy is an individual's/organizations ability to control the terms by which their personal information is acquired and used in measuring the concern for information privacy. So, building a trust on customer's privacy is a vital for firms profit increment. Because, consumers always compare the information disclosed and the benefits gained from the company. Coming to the impact of E-pricing to profit of firms; E-pricing has benefits for both the

clients and organization. When the organization is displayed the prices of tour packages online/available all the time it overcomes with a chance of to be selected from other suppliers means that as visibility on the web increases there is a chance of purchase intention from customers. And on the customer side, it creates an opportunity to compare and contrast online posted prices of products, services about the destination by saving time and energy. As easily accessed price it increases the purchase intentions of customers. The controlled variables have not significant effect to the changes on profit of tour operating firms.

4.4.4 Association with total assets change

Age, education level, previous work experience and entrepreneurial experiences were entered at step 1, explaining 8.5% of the variance in perceived changes in assets. An additional 3.5% was explained by entering firm age and firm size at step 2. After entry of the main predictors (E-promotion, E-payment, E-service, E-privacy and E-pricing), the total variance explained by the model as a whole was 33.0% ($F(11, 120) = 5.376, p < 0.001$). These predictors explained an additional 21.1% of the variance in assets, after controlling for personal characteristics and firm characteristics. The full model is statistically significant at 0.01 level ($p = 0.000$), R^2 change = 0.211, F change (5, 120) = 7.542, $p < 0.01$. In the final model, two of the main predictors, namely E-promotion ($\beta = 0.307, t(3.314), p = 0.001$) and E-privacy ($\beta = 0.216, t(2.410), p = 0.017$), were statistically significant at a significant level of 0.05. Besides, E-pricing ($\beta = 0.158, t(1.747), p = 0.083$) was also indicative of the changes in total asset size. Hence, it can be said that the use of E-promotion, E-privacy and E-pricing increases the total asset of Ethiopian tour operating firms. Hence, the fourth sub-hypothesis (S-H4) is greatly accepted since three dimensions of E-marketing are either significant or indicative on assets. Among the control

variables, only entrepreneurial experience ($\beta = -0.156$, $t = (-1.678)$, $p = 0.096$) was indicative for the changes in assets among Ethiopian tour operators in the final model (though negatively).

It's clear that, advertising/ integrated promotional activities are the engine of firm's performance. the same is true E-promotion can create not only a one time selling activities rather companies are striving to build a brand image on the product/ destination. Thus, once created a brand the company can create a loyal customer this tends a sustainable business that is firms significantly progressed on their asset value. E-privacy, also strongly associated with the customer trust on the web information displayed. Once customers are out of dilemma for the company's web service the company become renowned for the customer care and privacy information. The other thing is E-pricing; in the digital age online pricing becomes the most popular throughout the world. Because it creates opportunity for entrepreneurs to enter and compete on the global market. Because of their visibility all the times on the online marketing platform. Having this opportunity small tourism firms can expand their asset, capacity, and out richness. So, E-pricing can motivate both customers and firms to compete freely throughout the globe for various products. From the indicative variable, entrepreneurial experience of tour operators negatively affects to the assets of tour firms. This revealed that having the knowledge of entrepreneurship helps to know your competitors, helps to build regular/loyal customers, easily knows the calculated risk in the business, simply enter to new extra business and business expansion. So, the assets simply divided/reduced to enrich new business/ expansion of new business that's why the amount of asset decreased.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

This chapter presents the conclusion and recommendations part based on the findings of the study. Information communication technology plays a vital role for the development of tourism industry throughout the World particularly to developing countries like Ethiopia. The nature of tour operating business is highly dependent on technology because these firms are expected as a bridge between the destination/host countries and the consumer/tourists. Thus, tour operators in Ethiopia uses internet to outreach the global consumers and market even though highly influenced by internet intermittency and e-payment systems. The aim of the study was to investigate the role of E-marketing for tour operating business performance which is one of the major segments of tourism industry. The specific objectives of the study are: 1) to describe the trends and current practices of tour firms to E-marketing 2) To identify the challenges that influence E-marketing effectiveness to tour firms 3)To examine the implications of E-marketing on tour operating firms performance 4) To suggest ways on the use of E-marketing to tour firms.

To this end, in order to answer research question of this thesis, the concept of e-marketing had been thoroughly explored, a review of the related literature, reports of different institution and statistical data, in addition to questioner, was carried out.

5.1 Conclusion

This empirical findings show that, certainly the technology plays a prominent role even though hampered by the slow growth of technology application. Thus, ICT and E-marketing practice in Ethiopia are underdeveloped. ICT and E-marketing development indicators reveal that Ethiopia is pitifully lagging behind the rest of the world. With the direction of the growth of electronic market accelerating growth and entering the world economy, as one of the most important features of the modern digital economy, tour operators in Ethiopia are still lagging behind on E-marketing of tour packages, despite the benefits it offers. Although tour operating firms perceived that, electronic marketing as a way of doing business has significant advantages; over

traditional business, but, the government is still not tend to encourage the industry (tour operators) through technology.

Most of tour operating firms in Ethiopia is managed by male with an educational level of above diploma and with a promising prior work experience on the field. This indicates, the position of females in the sector is still low, this indicates the business is dominated by males. Moreover, having prior experience also helped them to take a minimum risk on their business. In addition to this, most of the tour firms established with in this two decades especially from the Ethiopian millennium with an average hiring capacity of twelve employees per firm.

The awareness level of tour operators toward social media is very strong. Tour firms intensively used facebook, viber, tiweter, whatsapp, trip advisor.com, tourist link.com, holiday packages and in addition instagram and wechatto promote their products. Moreover, the firms establish relationships through website visit, and word of mouth at a very high level among the other mechanisms. Besides, like internet, e-mail, telephone and social media are their medium of communication to contact their customers. As mentioned earlier E-marketing enables to galvanize the business of small tourism firms; so, the initiation of using E-marketing among the firms emanated first from their business partners, social media as well as mass media and from their clients.

ICT usages of Ethiopian tour operators are very promising, except the way for what purposes they use according the results showed. Most of tour operators use ICT for searching relevant information, promoting their products, to attract tourists and increase, for market competitiveness, to minimize communication costs, to follow the performance of their business, to evaluate employees' performance at a high rate and have a low experience on the application of ICT for leadership purposes, follow-up of financial expenses, and decision making still at its infancy stage. Moreover, E-marketing usage among tour operators in the country rather than the traditional marketing system is rated as moderate usage. Besides, website design expensiveness for tour operating firm's establishment, almost half of the tour operators get difficulty of using/operating E-marketing to their business this associated with the specialization of the employees.

Applying E-marketing among tour operators in Ethiopia is affected by tremendous challenges. Inadequate communications and power infrastructure, Shortage of ICTs facilities and ICTs skills, inadequate institutional arrangements, Limited financial resources, Inadequate public private partnership, Limited data management capacity, Inadequate horizontal and vertical communication. Thus, those are an intermittent to the small tourism firms particularly tour operators in conducting E-marketing activities to their business. Among the major challenges, technology related constraints hampered significantly like the speed and intermittency of internet connection is the most serious challenge. Under the legal framework challenges the monopoly of telecom service by the state and absence of adequate room for private telecommunication service providers are hampered greatly to the effectiveness of tour operating business. The less perceived value of Internet marketing in small tourism businesses to tour operating firms is the socio-cultural factor. The additional cost that tour operating incurred also showed as an economic related challenge. Moreover, internet privacy and e-marketing is highly dependent on political decision in the Country.

According the findings of the research E-marketing significantly affects the business of tour operating firms. Among the E-marketing mix (predictors) the significant effect of E-service and E-privacy on annual sales increase among Ethiopian tour operating firms. The selected sample tour operators have the experience of online marketing by outsourcing their products on different online marketing platforms this enables them to contact their customers regularly and give feedbacks as soon as possible. Due to this, fast response of E-service helped them to attract a lot of reviewers on line. Thus, having a number of customer reviews on the online marketing platform can build an excellent trust on the service of tour operating packages. At the same time Data protection and privacy laws typically address the collection, storage, and transfer of personal information. As data protection increases for their clients/reviewers then trust may build by customers as well as sales of firms increase. The results also revealed that having an education level of first degree and above as well as a prior work experience in tour operating firms contribute to an increase in sales. This is mainly because the use of E-marketing needs computer literacy .Besides; it seems that the tour operators have learned the weakness of traditional marketing activities while working in tour operating firms before. Hence, they have

found E-marketing as an alternative way of marketing. On the other hand, the results showed that large firm size negatively affects annual sales. This implies for hiring qualified employees who have expertise on E-marketing for an effective marketing practice to improve annual sales than having more employees working on the usual marketing activities.

E-payment is negatively affected employees because of due to the replacement of labor force by different technology supported machines (like: ATM, PayPal, VISA card, Express Money etc.) and E-privacy can affect employment positively because all identifiable and unidentifiable information within the company are operated by high techprofessional employees with in. So, entrusted employees are highly devoted to safeguard the company's confidentiality. Moreover, firm size negatively affects employment in tour operating firms. This depicts as the firm becomes smaller and smaller the capacity to hire becomes low because the service request may be low due to the coverage of the market.

E-privacy and E-pricing affects significantly to the profit of tour operating firms. Building a trust on customer's privacy is a vital for firms profit increment in the digital marketing. E-pricing is positively associated with profit. When the organization is displayed the prices of tour packages online/ available all the time it overcome with a chance of to be selected from other suppliers mean that as visibility on the web increases there is a chance of purchase intention from customers because it creates an opportunity to compare and contrast online posted prices of products, services on destination by saving time and energy.

Integrated promotional activities are the engine of firm's performance because E-promotion can have the power to build a brand image on the product/ destination. Thus, once created a brand the company can create a loyal customer this tends a sustainable business that is firms

significantly progressed on their asset value. E-privacy, also strongly associated with the customer trust on the web information displayed. Once customers are out of dilemma for the company's web service the company become renowned for the customer care and privacy information. The other thing is E-pricing; in the digital age online pricing becomes the most popular throughout the world. Because it creates opportunity for entrepreneurs to enter and compute on the global market. Because of their visibility all the times on the online marketing platform. And entrepreneurial experience of tour operators negatively affects to the assets of tour firms. This revealed that having the knowledge of entrepreneurship helps to simply inter to new business expansion. So, the assets simply liquidize to enrich new business that's why the amount of asset decreased.

To drop suggestions on the way how E-marketing be used by tour operators in Ethiopia; tour operators should have a strong policy on the usage of online marketing, high tech experts, and should have a strong ties with domestic and international peer industries (Like: Tour operators, Airlines, Hotels), should collaborate with Ministry of Culture and Tourism, Ministry of Information Technology, Ethiopian Tour Organizations as well as with Chamber of Commerce in Ethiopia to strengthen the online marketing platforms for their business environment are some of the suggestions forwarded by the researcher.

5.2 Recommendations

Based on the findings of the study, the following recommendations are forwarded for an effective use of E-marketing for tourism business development in Ethiopia.

5.2.1. Recommendations for policy makers, practitioners, academicians, and stakeholders

1. To able to alleviate the barriers associated with the effectiveness of e-marketing among small tourism firms business performance, it is necessary that formal education and means of awareness creation be introduced starting from national level so as to reduce the challenges that hinder the effectiveness of e-marketing. E-marketing can hardly be effective unless firms and individuals are educated about the opportunities that internet related technologies offer to businesses and customers as well. Access to computers and internet at the workplaces is important if e-marketing is to be enhanced but this is not enough without education and training in the effective use of these tools for marketing activities.
2. Players in the internet industry should also seek to strengthen the internet capacity of small tourism firms through the nurturing of e-marketing and the examination of the feasibility of a local/regional mechanism to promote information sharing and capacity building with the aim of enhancing and increasing the efficiency and competitiveness of the firms. Promotional activities over the web should be enhanced greatly; so as to increase market share, cut cost of traditional marketing methods, penetrate new markets and increase profitability of the business. The firms should mobilize their technical resources to internet marketing.
3. Stakeholders in the tourism business particularly tour operators should use E-marketing platform to their business so as to serve as a bridge between the destination and the customer/tourists. Thus, helps them greatly to maximize their profit, sales, and assets and employees.
4. The government should be devoted to strengthening the ICT facilities like the licensing issues of internet, on the increment speed of internet connection, improves the privacy issues, property protection issues, and the overall legal framework of ICT usage to digital marketing. And encourage developing E-marketing /online marketing platforms software developers with in the Country experts, otherwise, it's very costly to purchase from abroad.

5. The government should formulate digital marketing trade policies and incentives that attract both local and foreign investors in the tourism industry particularly tour operating firms. These incentives include reduced or even free customs and excise duties for ICT equipment's, software's, liberalization of the tourism sector for foreign investors. There are also needs for improvements in infrastructural facilities that will ginger the performance of marketing in these economies.

5.2.2 Suggestions for further studies

A comparative study is recommended on internet marketing effectiveness and the performance of hotels, and airline industry which is an important sector with regard to internet marketing.

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APPENDIX

Appendix.1



Addis Ababa University

School of Post Graduate Studies

College of Development Studies

Tourism Development and Management Program

(Questionnaire to sample tour operators)

Dear Respondent,

First of all, I would like to thank you for your willingness to participate in this study. The questionnaire is designed to collect the necessary information to undertake a research on the topic " E-marketing for Tourism Business Development in Ethiopia: Its Practice, Challenges and Implications on Performance of Tour Operating Firms" for the partial fulfillment of the requirements for the degree of Masters in Tourism Development and Management (MA) at Addis Ababa University. The main objective of this research is to assess E-marketing practices, challenges and implications to business performances of tour operating firms.

Please answer each question by making a tick mark (√) to the option that you choose inside the given box or write your answer on the blank space provided. Your genuine responses are quite vital for the success of this study. Finally, I would like to confirm you that all the information you provide in this questionnaire will be strictly confidential and will exclusively be used for this research purpose only.

NB. No need of writing your name. Thank you very much ahead for your cooperation!!!

Researchers' Name: Yemane Reda, MA student at AAU. Address: Cellphone: +251 910483494, e-mail: yoman.reda@yahoo.com or yemanewukro@gmail.com

Part- I. General Information of the Respondent

- a. Sex: 1. Male 2. Female
- b. Age: Years.
- c. What is the highest educational level you attained? 1. Elementary (Grade 1-8)
2. High School (Grade 9-12) 3. TVET Certified 4. Diploma
5. First Degree 6. Masters and above 7. Any other
- d. Before starting your current business, how long have you worked in tour operating business? 1. Have no experience 2. Less than One year
3. 1-3 Years 4. 4-5years 5. more than 5 years
- e. Before starting your tour operating business, have you ever established another business by yourself or with others? 1. Yes 2. No
- f. When was your tour operating firm established? (.. . . .Month/.....Year)
- g. How many employees does your firm have?Fulltime
.....part time

Part- II. Questions on Internet use and Awareness to E-marketing/Internet marketing

Q1.1. Does your tour operating firm have it's own web site? 1. Yes 2. No

If your answer for Q1.1 is "Yes", when have been the webpage designed?month.....year

Q1.2. Does your tour operating firm have or use the following social media?

- 1. Face book page: Yes No
- 2. Twitter: Yes No
- 3. Viber: Yes No
- 4. Whatsup: Yes No
- 5. Any other use of social media.....

Q1.3. How do you establish relationship or contact with your potential clients?(**NB: more than one answer is possible**)

1. Clients contact us first yes No
2. we contact clients as suggested by regular clients yes No
3. Clients contact us after they heard about us from other clients yes No
4. Clients contact us after visiting our website/Internet yes No
5. If there is other way of establishing relationship, Please specify.....

Q2. How does your tour operating firm establish relationship with potential clientele once you establish contact with them? (**NB: more than one answer is possible**)

1. Telephone conversation yes No
2. SMS communications yes No
3. Online/websites/Internet yes No
4. Emails yes No
5. Postal service yes No
6. Social Medias (face book, messenger, Viber) yes No
7. Others (please specify.....)

Q3. Have you ever heard about E-marketing business Activity before? 1. Yes 2. No

If your answer for Q.3 is "No", go to question four (4) directly.

Q3.1. If your answer for Q.3 is yes, how have you heard about E-marketing first? (**NB. More than one answer is possible**)

1. I heard from social Media yes No

2. I heard from mass media yes No

3. I read from brochures yes No

4. I heard from business partners yes No

5. I heard from clients yes No

6. Others (please specify.....)

Q3.2. If your answer for Q.3 is yes, how do you rate your level of awareness and knowledge about the concept of E-Marketing?

1. Very low

2. Low

3. Medium

4. High

5. Very high

Q4. The following questions focus on the purpose of the overall use of internet and ICT tools, such as lap top, smart phone, desk top, cell phone, telephone, Wi fi, broad band connection and electronic medias by your tour operating firm. You are kindly requested to rate each of the statements in the table below by using the following ratings. 1= Very low 2=Low 3=Medium 4=High 5=Very high

No.	Using Internet and ICT tools	Rating Scale				
		1	2	3	4	5
4.1	I use internet and other ICT tools for searching relevant information.					
4.2	I use internet to promote the services or tour operating packages I sell to customers					
4.3	I use internet to increase the number of my customers					
4.4	I use internet and ICT tools to increase the competitiveness of my tour operating firm in the market					

4.5	I use Internet and ICT tools to minimize marketing and communication costs					
4.6	I use Internet and ICT tools to communicate with employees of my tour operating firm and evaluate their performance					
4.7	I use ICT application to simplify my business operation (eg. Like management of customer desire, to answer frequently asked questions to the service that my tour firm offer, to manage the financial expenditure and income of my tour firm					
4.8	I use internet and ICT tools to provide a satisfactory customer service					
4.9	I use Internet and ICT tools for decision makings(e.g. collecting feedback through questionnaire)					
4.10	I use Internet and ICT tools for an effective leadership purposes in my firm(e.g Follow-up employees like drivers, tour guides while they are in tourist destinations with customers					
4.11	I use Internet and ICT tools for follow-up financial activities (e.g purchasing, accounting control, salary payment and etc.)					
4.12	I use internet for acquiring valuable information about customers or clients.					

Q5. How do you compare the usage of E-marketing among Ethiopian tour operators in general as compared with other forms of marketing? Please rate the following statements by using the following scale: 1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=strongly agree

No.	E-marketing utilization among Ethiopian tour operators	Rating Scale				
		1	2	3	4	5
5.1	The use of E-marketing among tour operating firms is high					
5.2	Tour operators use e- marketing more than other forms of marketing					
5.3	The cost of website design is expensive for tour operating firms					
5.4	Most tour operating employees find it difficult to use internet to market tour packages					
5.5	Most tour operating firms have employees specializing on E-marketing					
5.6	E-marketing enables tour operators to enter international market					

Part- III. Factors that influence the use of E-marketing in tour operating firms

Q6. The questions under this section focus on the challenges tour operators face in their usage of internet and ICT tools such as smart phone, desk top/lap top, wifi, broad band connection and etc. The questions are presented under five sub-headings. That is challenges related with the technology, legal frame work, economic, socio-cultural and political environments.

Under each of the factors, four statements are presented. In your opinion, which item is the most important challenges under each of the factors? Please read all the four items under each factors first and rate the most important challenges as 1, the second challenge as 2, the third challenge as 3, and the fourth challenge as 4

No.	Technology related challenges	Rank Order
6.1	There is a low rate of internet penetration (e.g. Currently, only15% or 15million people) use Internet in Ethiopia	
	The cost of International Telecom or Cost of Call to abroad is high	
	The speed of Internet connection is low	
	There is an intermittent internet connection most of the time	

No.	Legal framework related challenges	Rank Order
6.2	The custom rules have an impact on purchasing ICT tools	
	There is no adequate room for private telecommunication service providers	
	The telecom service is monopolized by the state	
	The licensing issues of Internet to e-marketing is very difficult	

No.	Socio-cultural related challenges	Rank Order
6.3	The culture of society in using internet is very low	
	The awareness of tour operating firms in using internet to their business is very low	
	There is less perceived value of Internet marketing in small tourism businesses such as tour operating firms	
	Illiteracy and language barrier affects the use of internet for business purpose	

No.	Economic related challenges	Rank Order
6.4	The accessibility of banks to e-payment is low	
	The per-capita income of users affects internet usage	
	There is a low market liberalization to adopt e-marketing to tour operating business easily	
	There is a low use of E-marketing because it incurs additional costs	

No.	Political related challenges	Rank Order
6.5	The government is not effective to control fraud on Internet	
	Political conditions of the Country negatively affected the use of internet for E-marketing	
	Protection of property Rights/business in the e-marketing is low	
	Internet privacy and e-marketing is highly dependent on political decision	

Part- VI. The practice of E-marketing among Ethiopian Tour Operating Firms

Q.7.1 To what extent do you agree that internet contributes to promote your tour operating business? Please rate the following statements with the following ratings: 1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=strongly agree

Items/ Constructs	Rating Scale				
	1	2	3	4	5
The use of website promotes the brand image of my tour operating firm.					
The use of website increases the purchase intention of tourists from my tour operating firm.					
The use of website creates awareness on the tour packages we sell.					
The use of website in my tour operating firm has an impact on advertisement					
The use of website in my tour operating firm increases promotion through word of mouth.					

Q.7.2 To what extent do you agree that internet contributes to payment system of your tour operating business? Please rate each of the statements by using a rating scale of 1 - 5.

1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=Strongly agree

Items/constructs	Rating Scale				
	1	2	3	4	5
I believe that electronic payment systems are likely to be safe					
Electronic payment systems are likely to be reliable					
I am confident that electronic payment system will be transparent					
Many things may not go wrong with electronic payments using internet					
The website I use for electronic payment will promptly inform me if any problems occur with my transaction					

7.3. The following questions focus on the importance of website for two-way communications between your tour operating firm and visitors. To what extent do you agree with the statements below? Please rate each of the statements by using a rating scale of 1 - 5.

1= Strongly disagree 2= Agree 3= moderately agree/ disagree 4=Agree 5=Strongly agree

The website we use in my tour operating firm:

Items/constructs	Rating Scale				
	1	2	3	4	5
is effective in gathering visitor's feedback about the services we provide					
facilitates two-way communication between the visitors and our firm					
makes me feel it wants to listen to its visitors					
does not at all encourage visitors to talk back					
gives visitors the opportunity to talk back					

Q.7.4 To what extent do you agree that internet contributes to offering services/tour packages of your tour operating business?Please rate each of the statements by using a rating scale of 1 - 5.

1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=Strongly agree

Items/constructs	Rating Scale				
	1	2	3	4	5
All relevant order confirmation details are sent to my email within 24 hours					
Order cancellation and returns are confirmed within three days					
The website service performs the service right the first time					
Order tracking details are available for my clients					
The website of my tour operating firm is available all the time					

Q.7.5.a. To what extent do you agree that internet contributes to personalization of your tour operating business and customers?Please rate each of the statements by using a rating scale of 1 - 5.

1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=Strongly agree

Items/constructs	Rating Scales				
	1	2	3	4	5
My tour operating firm value Web pages that are personalized for the device (e.g. computer, mobile phone etc.), browser (e.g. Internet explorer) and operating system (e.g. Windows) that I use					
My tour operating firm value Web sites that are personalized for usage experience preferences					
My tour operating firm value Web sites that acquire personal preferences and personalize the services and products themselves					
My tour operating firm value goods and services that are personalized based on information that is collected automatically (such as IP address, pages viewed, and access time).					
My tour operating firm value goods and services that are personalized on information voluntarily given out and can identify as an individual					

7.5. b To what extent do you agree that internet contributes to privacy of your tour operating business and customers? Please rate each of the statements by using a rating scale of 1 - 5.

1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=Strongly agree

Items/constructs	Rating Scales				
	1	2	3	4	5
My tour operating firm is sensitive about giving out information regarding tour preferences					
My tour operating firm is concerned about unspecified information					
My tour operating firm is concerned about how personally un-identifiable information will be used by the firm					
My tour operating firm is concerned about how personally identifiable information Will be used by the firm					

Q.7.6 To what extent do you agree that internet contributes to pricing system/price competition of your tour operating business? Please rate each of the statements by using a rating scale of 1 - 5.

1= strongly disagree 2=Disagree 3= moderately agree/ disagree 4= Agree 5=Strongly agree

Items/constructs	Rating Scales				
	1	2	3	4	5
I believe online pricing build my customer base					
An Increasing price competition with Internet affects my tour operating business					
I often sell my tour packages by giving their prices on the website of my tour operating firm.					
The website of my tour operating firm is designed in a way to display prices for the tour packages we sell.					
Online pricing provides strong communications with customers and provides updates at very low costs as compared with traditional payment systems					

Part V) Questions on performance of tour operating firms as rated by respondents

8.1. How do you see the changes in your firm's annual sales within the last three years (January 2015- December 2017) as compared to the previous fiscal year 2014?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat

5. Increased dramatically

8.2. How do you see the changes in your firm's number of employees within the last three years (January 2015- December 2017) as compared to the previous fiscal year 2014?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat

5. Increased dramatically

8.3. How do you see the changes in your firm's profit within the last three years (January 2015- December 2017) as compared to the previous fiscal year 2014?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat

5. Increased dramatically

8.4. How do you see the changes in your firm's total assets within the last three years (January 2015- December 2017) as compared to the previous fiscal year 2014?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat

5. Increased dramatically

Thank you!