

**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS AND ECONOMICS
MBA PROGRAM**

**INTERNET FOR MARKETING PRODUCTS/ SERVICES:
CASE OF STAR-RATED HOTELS IN ADDIS ABABA**

A PROJECT SUBMITTED TO THE SCHOOL OF GRADUATES STUDIES OF ADDIS ABABA UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIRMENTS OF THE DEGREE OF MASTERS OF BUSINESS ADMINSTRATION

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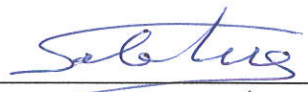
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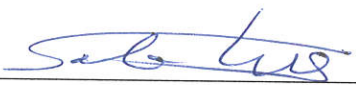
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Statement of Approval

This is to certify that Ato Yidnekachew Melaku has completed a research paper entitled “**Internet for marketing Products/Services: Case of Star-rated Hotels in Addis Ababa**” under my guidance. I also approve that his work is appropriate enough to be submitted in partial fulfillment of the degree of Masters of Business Administration.


Salehu Anteneh (Dr.)
23/7/08



Declaration

I hear by assert that the study entitled “**Internet for marketing Products/Services: Case of Star-rated hotels in Addis Ababa**” is my own original work and has not been presented by anybody; for any degree or diploma in any other university or institution and all the materials used for the project work have been duly acknowledged.

Yidnekachew Melaku
Name of Candidate


Signature

23/07/08
Date

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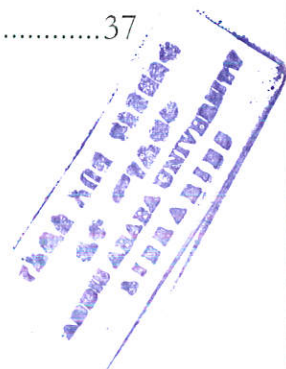
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Abstract

The Internet has increasingly become a popular medium for marketing. This paper attempted to assess and investigate the level of the use of Internet, the potentials of the Internet for marketing Ethiopian hotels products/services and the constraints on the full realization of such potential. The study used both primary and secondary data to gather information from key Informants in the Hotel Industry. An observation of the websites of the selected hotels on the study is also used as another means of data gathering.

The study then analyzed the data gathered to provide a meaningful interpretation and to come up with practical applications of use of the Internet for marketing Products/services and also to help marketing managers in such organizations to devise their strategy in accordance with the findings.

The paper also provides an insight on the level of the Internet usage in the Ethiopian hotel Industry and concludes by recommending suggestions on how to efficiently and effectively utilize the Internet under the constraints.

Chapter One

Introduction

1.1. Background of the study

As one of the oldest nations in the world with beautiful scenic environments, several national parks with interesting and unique wildlife, outstanding archeological and historic sites and such cultural diversity, Ethiopia has much potential for attracting tourists and other guests to the country. However, the country has largely remained unknown as a tourist destination.

It was not until 1914 that the country's first hotel was opened. The name of the hotel that was opened first in the country was the Hotel Taitu (www.travelintelligence.com). Since then there are plenty of hotels opened all over the country. The Ethiopian Hotel Industry, though has currently enjoys 5-star rated hotels like Sheraton Addis and Hilton Addis Ababa, there are plenty of hotels in the country that are very small in nature and also confined to provide their service to the Local clients.

Ethiopia having been among one of the countries in the world that has a potential to attract tourists, there is a need to organize all the organizations that comprises the Tourism Industry. And, as the hotel Industry is among one of the stakeholders in the Industry, it can play its role in fulfilling the industry's objective, which is primarily increasing the number of tourists and ensuring their satisfaction. The hotel industry is not currently contributing to its full potential in achieving such an objective. Different reasons can be forwarded for that, but one is sure to be its low use of Information Technology, particularly the Internet, for doing its business operation. Most organizations in Ethiopia have a poor record in accepting Information Technology to their business use. This same trend has also been seen in the Hotels Industry. The hotel industry is not fully utilizing the potentials that can be obtained from using Information technology to performing their business need.



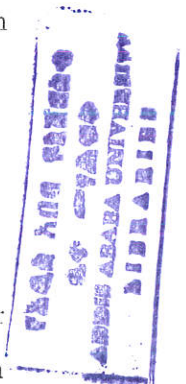
The Internet dominance in the world of business is seen in different aspects. The Internet is currently providing plenty of advantages to business owners as well as individuals. The use of the Internet, specifically for marketing products/services is currently increasing worldwide. Thus, using the Internet for marketing products is becoming a hot issue which no organization ignores. Organizations must try to adopt Internet as a marketing tool in their marketing strategy in order to be competitive in the market. The unique characteristics of the hotel industry forces companies in the industry to be competitive in a big picture. If a hotel fails to promote itself for the world in order to attract more customers, it will become very difficult for one to be effective in doing its business. As a result, there is a need to make a research in this specific area in the context of the Hotel Industry of Ethiopia.

This paper thus attempts to assess the level of the use of the Internet by the Hotel Industry and also identifies the potentials and constraints with regard to using this technology in marketing their products/services.

1.2. Statement of the problem

Hotels in Ethiopia have been there for a while but most of them do not have reached their full potential in attracting new customers and retaining them. Hotels have been stagnant in their use of the Information Technology for performing their day to day operation. Since the Internet has become the largest and most important marketing and distribution channel in hospitality, according to Starkov and Jason (2008), the Ethiopian hotels use of the Internet for marketing their products/services is considered to be an issue.

The use of the Internet in the hotel industry all over the world is increasing. Hotel Internet marketing has leveled the playing field for hotels large and small, independent or franchised. Online, your hotel competes against all hotels with an online presence. The Internet is producing huge numbers of reservations for hotels, today, and continues to grow in astounding numbers. The Internet remains the best marketing value, in terms of return-on-investment, ever created, to capture new and repeat room business. Your hotel's web site,



and how you market it, can make the difference between mediocre results and success. A hotel web site needs to perform two separate functions: Search and Sales (www.HotelMarketingCoach.com).

This project, therefore, generally tries to assess the level and effect of Information Technology particularly the Internet for marketing the hotel products/services in the Ethiopian context. Thus, the study proposes to address the following issues:

- ✦ Assessing the level of use of Internet by the hotel Industry in the Ethiopian Context and its use in their marketing strategies.
- ✦ What potential the Internet provides for marketing products/services in the Ethiopian hotel Industry?
- ✦ What constraints exist in utilizing the Internet for marketing the Ethiopian hotel products/services?

1.3. Objective of the study

The main objective of this project is to assess and investigate the use of Internet as a marketing tool for marketing products/services of the Ethiopian hotel Industry. This paper also assesses and identifies potentials and constraints of Internet marketing with respect the hotel industry and recommend on how to realize the potentials under the constraints. The objectives, thus, are:

- ✦ To identify at what level the use of the Internet is in the hotel industry of Ethiopia.
- ✦ To identify potentials in using the Internet for marketing products/services in the hotel industry of Ethiopia.

- ✦ To identify constraints of marketing products/services using the Internet in the hotel industry of Ethiopia.

1.4. Methodology

Since the study is an explorative nature, qualitative methods were used for data collection and analysis.

A) Information Sources and Data Collection Methods

I) Sources of Data

The data needed for the study was collected from both the primary and secondary sources. Observation was also used as a source of data.

- Primary Data-** The primary data was collected from the selected hotels under study using the questionnaire prepared. There was also a primary data collected from key Informants of some of the selected hotels in the study. The method used for collecting the data from the selected hotels for the study was an in-depth interview.
- Secondary Data-** The secondary data was obtained from different organizations relevant to the study like Ministry of Culture and Tourism, Addis Ababa Chamber of Commerce and also from reports retrieved from different books and journals, newspapers and magazines. The Internet was also used to gather information.
- Observation-** Data was also gathered by observing the websites of the hotels that participate on the study. Such a data was collected in order to supplement the information gathered using a questionnaire. Such data is collected from the website to validate the responses provided by the respondents on the questionnaires.

II) Data Source Selection

Target Population

Though there are a very large number of hotels in Addis Ababa, the study considers the star-rated hotels that reside in Addis Ababa. And, since there exist 36 star-rated hotels in Addis Ababa (refer to Appendix III), the total population is considered to be those 36 star-rated hotels in Addis Ababa.

Sample

A sample of 18 hotels (50% of the total population) was considered to participate on the study. The sample units were selected using simple random sampling method. In addition to this there was a sample of 2 hotels that were selected using a purposive sampling to consider for the interview.

III) Analysis of Data

The data collected from both the primary and the secondary sources were analyzed using the descriptions of findings and are also presented in a clear and appropriate manner with the help of using statistical tools like MS-Excel. The data obtained from the websites observed were also used to administer (or evaluate the validity of) the questionnaire.

1.5. Scope and Limitation of the Study

The project particularly emphasizes on the use of the Internet for marketing hotel products/services. Due to time and cost limitations the project focuses only on the hotels in Addis Ababa. In addition, the project also considers only the star-rated hotels that reside in Addis Ababa. This is due to the fact that the effect of the Internet can basically be seen in those hotels and since they have been assumed to have access to the Internet. The focus of this project is also in the business to consumer (B2C) arena of marketing products/services via the Internet. It only considers the hotels marketing of their products/services to their clients (excluding B2B arena where hotels can do business with other institutions).

The limitation of the project includes:

- ✚ Shortage of time for completing the study.

- ✚ Accuracy of data by the Informants.
- ✚ Lack of extensive researches on such issues in the Ethiopian case.

1.6. Significance of the study

Hotels can play their own vital role in increasing the number of visitors that came to the city. This is due to the fact that people can be interested to come here when they are sure to know that there is a place where they can stay safe and comfortable. And, since hotels are one part of the Ethiopian Tourism Industry, they can also contribute to the efficient and effective utilization of the potentials that resides in the tourism sector. Thus, identifying the potential that the hotels can exploit the Internet for marketing their products/services under the constraints will allow Hoteliers to efficiently and effectively use it for increasing their performance. As this paper examines the role an Internet plays in the hotel Industry of Ethiopia, it will aid in providing directions on how to realize the potential that may arise by using such a technology. Therefore, the final output of the project is expected to help the hotels in knowing the potentials that resides in using the Internet (under the proposed constraints) and aid them in taking effective and efficient measures in their marketing strategies using the Internet. It will also provide an insight for further researches that relates to Internet marketing for tourism products/services or any kind of general studies regarding marketing over the Internet in the country.

1.7. Organization of the paper

This project is organized in four chapters.

First chapter: Introduction

Second Chapter: Literature Review

Third Chapter: Data presentation, Analysis and Interpretation

Fourth Chapter: Summary of Findings, Conclusions and Recommendations.

Chapter Two

Literature Review

2.1. Overview

The hotel Industry can use the different potentials that arise with the Internet due to its unique characteristics. This use of technology particularly the internet is helpful in marketing the hotel products or services. Marketing products using the Internet also allows those companies to be competitive in the world market creating a competitive advantage over those who are not yet using the Internet. Internet marketing is defined as the marketing of products or services over the Internet (www.wikipedia.org).

An internet is an ideal way of marketing products. Millions of people worldwide can utilize the web's affordable and easy access to view product, service and information offerings from an unknown number of potential entrepreneurs (Aldridge, Forcht and Pierson, 1997: p.161). Estimate say that the business side of the Internet is small today, but with untold billions in potential sales looming ahead.

Some studies suggest that it is virtually impossible for tourism organizations to overlook the internet in their marketing mixes due to its advantages, which include global accessibility, convenience in updating, real-time information service, interactive communications features and unique customization capabilities (Castaneda, Frias and Rodriguez, 2007:p.402). The World Tourism Organization declared that the key to internet success lies in the swift identification of customer needs and the establishment of direct contact with consumers, offering them comprehensive, personalized and up-to-date information. (Vich-i-martosell, 2003, cited in, Castaneda, Frias and Rodriguez, 2007:p.403).

More and more tourists are also utilizing the Internet and online resources for their information needs (Gursoy and McCleary, 2004, cited in, Castaneda, Frias and Rodriguez,



2007:p.403). Such an idea provides an insight in the need of using the Internet for one's business success. According to (Buhalis, 1998, cited in, Castaneda, Frias and Rodriguez, 2007:p.403), the rapid development of the internet provides unprecedented and affordable opportunities for the global representation and marketing of tourism.

Even though studies are undertaken on the Business use of Internet; most studies are conducted from the developed countries perspective (Adam, Mulye, R. Deans, and Palihawadana (2002:p.243)). Some studies also suggest that after some year's business and governments start using the internet, they have struggled to accommodate this new interactive medium in their integrated marketing communications (Hofacker and Murphy, 1998, cited in, Adam, 2002). Benefits of internet for business are grouped as productivity based and revenue – growth based, according to Hanson 2000, cited in, (Adam, Mulye, R. Deans, and Palihawadana (2002:p.244)). It is also stated that Five of top six business functions performed via the Internet relate to communication: namely, company information (50 percent), customer communication (49%), supplier communication (45%), marketing (42%), customer service (34%) and public relations/advertising (31%) and few are using the Internet for transactional services such as order taking, procurement, product delivery and payment (KPMG Australia (1998, P.5)).

Some firms have thought that internet medium has presented commercial potential for their business (Hackney and Griffiths, 2002; Pandya and Arenyeka-Diamond -Diamond, 2002, cited in, Harridge-March (2004:p.297.)), while others have believed that its use was complimentary to their company activities (Nicholson et al, 2002, cited in, Harridge (2004:p.297.)).

According to Robins 2000, cited in, Harridge (2004:p.298.), providers of service (e.g. financial services, hotels, and travel and property sales) as well as providers of physical goods also found the internet to be invaluable to their success. Whatever the potential of the channel for completing transactions, it's clear that there are many marketing functions with which the internet can assist and perhaps, also help to establish competitive advantage. Whiteley (2000), cited in, Harridge (2004:p.298), suggests that because the internet is

interactive, it can assist with all phases of be “trade- cycle” – pre –sale, execution, settlement and after sale.

These days’ companies must use internet not to be left out of the market. According to Egan and Pollack (1995:p.81.) , there is not a business in the world that shouldn’t feel threatened by the Internet, but companies willing to become engaged should find big opportunities.

Other aspects that have been studied include internet used as an advertising media. According to Herbig and Hale (1997:p.95), Internet has been called the most effective promotional tool. The increased use of personal computers and the decrease in prices, the online services will be attracting more people since they can be applied to just about any product or service.

Having realized the astonishing growth and importance of the internet, marketers are challenged with its effective interaction into their marketing communication mix. Even though there are plenty of advantages to be obtained by using the Internet as suggested by the studies above, there are also some problems in using the Internet for electronic commerce in a broader view. The problems include customers may selectively look at advertisements (Boroughs, 1995, cited in, Mathur, 1998:p,335), lack of perfect security in the Internet (Verity and Hof, 1995, cited in, Mathur, 1998:p,335) and few procedures availability for evaluating either Internet usage or the effectiveness of marketing activities on it (Cleland, 1995a, cited in, Mathur, 1998, p.335).

Because of the newness of the internet, only a few empirical studies thus far have examined its use for marketing purposes. The effect of the internet on marketing strategies has been seen on a study by Murray (1991). He states that the information search may influence the purchase decision process for service at on early stage. The internet may provide customers with the ability to reduce the risk in the consumption of services by adding value to the information search.

Studies also suggest that as the internet is becoming a distribution channel, the tasks of the traditional intermediaries, travel agents and tour operators, are changing (Vrana and



Zafirpoulous, 2006:p.601.).Tourism- related services have emerged as a leading product category to be promoted and distributed to consumer markets through the internet (Conndly et.at, 1998, cited in, palmer and MC Cole, 2000;p.34.).

2.2. The Internet

2.1.1. Definition of the Internet

The Internet, defined by Hamill (1997:p.302), is a network of interlinked computers throughout the world operating on a standard protocol which allows data to be transferred between otherwise incompatible machines. The word itself simply means a “network of networks”. Participants on the Net include individuals, companies, governments, universities, research establishments and many others.

For Heinen (1996:p.7),The Internet (the Net) will be more than simply a marketplace for conducting transactions; it is evolving into a new medium for communicating and interacting with customers and thus will affect the roles that marketing professionals play in their businesses. According to Coupey (2001:p.46), the Internet is simply a means of communication between consumers, marketers, and millions of other organizations. The internet enables people to tailor the way they communicate whether with just one person or with on entire target market, quickly and easily. The ready accessibility of one-to-many communication and once only available through television, radio, or print media, creates marketing opportunities that did not exist with traditional media for all types and sizes of business.

2.1.2. The internet history

The internet is a network of computer networks. Internet is a contradiction of the words international and network; networks of computers around the world are connected to each other, enabling rapid transmission of data from point to point. The computers in a single network are each linked to a server, which is a large computer that manages the communications for a network. The internet is primarily a network of these servers, in which

communication is accomplished by fiber optic cables, satellite transmissions, phone lines, microwave, and Ethernet lines (Coupey, 2001:p.234).

Developed under the sponsorship of the Defense Department's Advanced Research Project Agency (ARPA), the Internet was envisioned as a decentralized network of computers, with some duplication, or redundancy, between computers. The logic was straightforward. In the aftermath of the World War II, including the development of the atomic bomb and the increasing tensions of the cold war, the government becomes concerned about the vulnerability of a single, centralized computer system.

In 1969, the network, then called ARPAnet, becomes a reality when two nodes were linked. A node is a computer connected to a network. The nodes can communicate by exchanging packets of information, in which chunks of information are forwarded across computers to the network address on the packets. These packets, which may take different network paths to reach address, are assembled at the destination computer.

By 1989, the national Science Foundation has replaced the Defense Department as the chief source of support for the network of networks, renamed NSFnet. This new network, designed to link together five server computers, served as the backbone of what is now known as the Internet. Originally intended to facilitate research and communication within the scientific community, the internet has grown to include networks and users across a wide variety of backgrounds and interests. This growth can be attributed in large part to the rapid increase in astounding increase in the population of personal computers.

According to Aldridge, Forcht and Pierson (1997:p.161), this explosive growth of the Internet, including commercial networks and services, has to be accompanied by an astounding increase in the population of Internet users. The huge potential of customers and consumers has businesses scrambling to get onto the web, with its low cost and broad reach. Millions of people world wide can utilize the web's affordable and easy access to view product, services and information offerings from an unknown number of potential entrepreneurs.

2.1.3. Application uses of the Internet

The internet has many services at its bay. This service has given it the potential to be a useful tool to do businesses. Ellsworth and Ellsworth (1995; 1996), cited in, Hamill (1997:p.303), list ten main business uses of the Internet, namely; communications (internal and external) using e-mail; corporate logistics where tools such as MUDDS (Multi-User Dialog) and MOOS (MUD Object Oriented), IRC (Internet Relay Chat) etc. are used to achieve “real time” communications across distances; globalization and a leveling of the corporate playing field with SMEs (small and medium sized enterprises) using the Internet to achieve more rapid internationalization; the use of the Internet to achieve competitive advantage, for example, by creating new product opportunities, erecting barriers to entry etc.; cost savings, from the use of online communications; online support of inter-firm collaboration, especially in R&D; the use of the Internet as an information search and retrieval tool; the establishment of company Web sites for marketing and sales promotion; and the transmission of any type of data including manuscripts, financial information.

According to Palumbo and herbig (1998:p.254), the internet provides many services. Among these services are:

↓ E-mail

It is an electronic mailbox where one can send and receive messages; can reduce mailing costs, increase delivering speed, improve customer relations, and do much more. E-mail is also considered as the latest paradigm in communication that facilitates message transfer with each other computers independent of the Internet (Herbig and Hale, 1997:p.97).

↓ Mailing list

Mailing lists are a great tool for communicating to members or potential customers by e-mail. A mailing list is a group of people with a common interest such as membership in a credit union, who receive e-mail messages by subscribing to the list. The goal here is to provide members with the ability to receive new information directly and automatically.



✚ Newsgroup

Usenet newsgroups are an application on the Internet where individuals post messages for public view and which can be used to do market research or to promote a business. Usenet, which started in the 1980s, is a huge conferencing or bulletin board messaging system with over 13,000 different newsgroups today, organized by topic. One must be careful about how to use newsgroups because there are some highly sensitive and sophisticated users on the Internet who can bring an on-line business to a crashing halt if one provokes them with unwanted e-mail (i.e. SPAM). Newsgroups are similar to mailing lists in content and purpose, but unlike mailing lists the information is not delivered directly to your mail box. When a message is sent to the group, rather than generating a mail message to every one who subscribes to the group, the message are sent to your network or service providers server and are read by users via news reader software (Herbig and Hale,1997:p.97).

✚ World Wide Web (WWW/Web page)

The World Wide Web is a hypertext based information service. It provides access to multimedia complex documents and databases (Herbig and Hale, 1997:p.96).One of the hottest concepts for on-line marketing is the WWW. It offers companies an easy, inexpensive, fast, and technologically sophisticated tool for advertising goods and services, taking and placing orders, promoting their philosophy and policy, and communicating with their customers all over the world. In the Web environment, a company can deliver a full presentation with sound, pictures and video to millions of potential consumers.

✚ Cybermall

Even shopping malls have gone on-line. These “virtual” marketplaces consist of individual Web sites linked under a general site – the” cybermall,” which is run much like the mall in a neighborhood.

2.1.4. Nature of business on the Net

The Internet has a different nature to o business. The nature of the marketing environment enabled by the internet means that the scope and nature of marketing activities are more flexible for example with the internet as the tool for communication physical boundaries become less important in the execution of a transition than they are for other more traditional forms of marketing exchange (Coupey, 2001;p.123).

The net has its own characteristics on which a business is undertaken. According to Liu (2000), Internet services fall into two broad categories: communication services and information services. Communication services such as e-mail, and e-mail-based discussion lists and net news, allow the direct exchange of information between Internet users. Information services, including Telnet, Gopher and anonymous FTP (the File Transfer Protocol), allow users to access data that has been made available by other users. Since 1993, the Internet has been transformed completely by its newest component the World Wide Web (WWW or the Web).

The WWW not only integrates other file transfer protocols like Gopher and FTP, but also allows the user to access hosts through Telnet, read newsgroups and use e-mail. Through an Internet browser, a user can link to any web sites and may explore the Internet resource in an unprecedented way for both leisure and commercial purposes. Moreover, the Web's capability to blend text, pictures, sounds and video clips into multimedia documents played the key role in popularizing the Internet beyond its traditionally academic boundaries and become an effective communication means in business and everyday life. Indeed, the WWW has been so successful that it changed the appearance of the Internet and for many it even become synonymous with the Internet itself (Kehoe, 1996 and Poon and Jevons, 1997, cited in, Eid and Trueman: p.57).

Although the commercial market of the Internet might be small today, it is likely to grow tremendously in the future. Millions of people all over the world can view the contents of the world-wide Internet. It has become affordable and easy to get access to the Internet and most potential customers like to see companies represent themselves there. Customers can search the products of a company and can ask questions directly without having the inconvenience of leaving

home. However, a business's traditional strategies are not likely to be appropriate, and thus directly transferable, to electronic commerce. As businesses scramble to jump on the train before it leaves the station, they may ignore the new rules that apply and make costly mistakes: Businesses need to live with the Internet or risk being overwhelmed by it...Some companies are laying the groundwork for entirely new ways of doing business. According to, Hof and Verity (1994:p.81.), the Internet is undeniably the new competition. The new breed of Internet commerce is fragmenting time-honored business methods. Successful Internet marketers will need to recognize the Net's peculiarities and embrace them with strategies custom-made for this new medium.

The nature of Internet commerce is likely to take shape around several key factors, including:

- The consumer market is different.
- Net users want control.
- Marketer accessibility is key.
- Communication is direct.
- Authenticity is a must.
- Competition is open.
- Security is a concern.

Becoming engaged with the Internet, for marketers, means an understanding of the unique nature of the Internet market and using that understanding to execute dynamic strategies.

With the growing size of the Internet, it has become increasingly interesting for companies to offer information on the Web and to attract old and, more importantly, new customers to the company (Forcht and Wex, 1996:p.4).

The internet has also plays a big role in the Hospitality environment. According to Starkov, Max and Price, Jason (2008), in 2007 over 35 % of hotel bookings were generated via the Internet. Approximately 62% of those (21.7% from total bookings) were done via hotel branded websites (i.e. Direct Online Channel). For the first time in 2007 the major hotel brand website bookings surpassed the brand GDS (Global distribution system) bookings (33.7% vs. 33.5%),



One thing that must be known is that it is not necessary to understand how the internet works in order to make use of it as a marketing tool.

2.2. The Internet and Hotel Marketing

The “promise” of the Internet is now within sight. Its popularity continues to grow exponentially. If there is any remaining skepticism about the viability of electronic marketing, it lies among those few with their heads still in the sand (Salerno, April-2005).

The internet has become the largest and most important marketing and distribution channel in hospitality. Starkov and Price (2008), states that the hoteliers are currently realizing that there are many missed opportunities and that the direct Online Channel Website is their most cost-effective revenue generating channel. The internet marketing in hospitality requires a very well defined and focused skill set, according to Starkov and Price (2006). Business is rapidly adopting the Internet as the means through which it can efficiently and economically conduct marketing, research and support. This process is being facilitated by the proliferation of software that is more user-friendly and makes information easily accessible to the users (Paul, 1996:p.28).

The internet network is a marketing channel that is presently being used as an avenue for advertisers, marketers, and society by and large to find the right combination of marketing mix utilities that best suit the customer’s needs (Herbig and Hale, 1997:p.97.). They also state that access to the web is a key to the future success of many companies. Without this access, competitors gain a competitive edge against those who are hesitant of getting on the internet. Some also identifies that there is no other segment in your marketing plan has more potential business than the Internet (Neil Salerno, 2007).

The internet has grown into one of the most important tool for marketers due to its increasing potential for marketing products/services. Though there are plenty of advantages one might acquire by using the internet for marketing products/services, everything is not as easy as it seems. There exist challenges/constraints in fully utilizing the potential. The potentials and the constraints are briefly described below.

2.2.1. Potentials of the Internet for marketing products

According to Paul (1996:p.30), there are several pros and cons associated with using the Internet for marketing purposes. Some primary advantages to businesses using the Net include:

✚ Global opportunities

The Net access delivers a company with an opportunity to implement highly cost-effective vehicles not only for their own marketing and customer support needs, but also for positioning themselves globally. It is especially beneficial to smaller companies who want to expand their businesses globally, but do not have the capital and resources to do so.

✚ Accessibility

Companies who use the Internet, not only for advertising, but for e-mail and customer ordering, increase their hours of business on a global spectrum. Instead of a typical eight-hour day, businesses have increased their opportunities by providing 24-hour access for branch offices, business contacts, and shoppers – access that is important in conducting business across different time zones or internationally. Expanding access indeed increases the number and coverage of potential customers. Utility providing appropriate form, place and time utility (i.e. giving customers the opportunity to decide what they want, where and when) may result in a competitive advantage for the marketers. Especially, the Net furnishes product and service information to current and potential customers when they want it (instead of bombarding and annoying them with mass marketing, direct marketing or telemarketing), and hence increasing the chances of trial/purchase/repurchase.

✚ Advertisement effectiveness

Traditionally, advertising has been one of the major forms of communication between a firm and its clients. Wells et al. (1995), cited in, Aldridge, A., Forcht, K. and Pierson, J (1997), reported

eight basic types of advertising (brand, retail, political, directory, direct-response, business-to-business, institutional, and public service) designed to reach a diverse audience with varied objectives. In order to serve the desired role and function most effectively, advertisements may use many different types of media and vehicle for different target groups. With the advent of technology, the Internet posits itself as one of the very few media alternatives that can be used for almost all advertising purposes across all possible market segments. Businesses/government/individuals can create and transmit advertisements on the Internet that can be accessed by anybody with a computer equipped with appropriate software. Such a convenience and marketing efficiency, both for the advertiser and the target audience, is making the Net popular for marketing practices all over the world. The Internet opens up avenues, particularly for smaller firms, to reach their potential clients more cost-effectively (with a lower cost per million).

✚ Market research and analysis

Although marketing on the Net can benefit companies of all sizes, smaller organizations may have the maximum gain. Small- to medium-sized enterprises across Europe, the USA, and the Far East have rushed to connect to the Net and should be able to communicate within the “global village” as effectively as major transnational corporations. The Internet furnishes direct customer contact, combined with the appropriate market and technical reference material, which gives organizations greater ability to identify earlier shifts in product and customer trends and to test new value propositions in response. This enables managers to recognize product and market opportunities sooner and to adopt more effective product, price, distribution and further promotion strategies relative to the customers’ needs. Ultimately, this ensures increased company revenue through elimination of uncompetitive product offerings and launching of new products better suited for the marketplace. Heinen (1996:p.12), states that there is a wealth of market research information available on the Internet. According to the Laudon and Traver (2004:p.356), the internet can be used to augment traditional research techniques and even to replace them. Benefits that may be derived from using the internet for research are also listed there. The Internet is an efficient means of conducting market research world-wide (Anderson and Kingsley, 1998:p.304). Liu, 2000, also comments on the internet’s use in marketing research particularly for tourism organizations. According to Paul (1996:p.31), the Net has the capability to compile statistics regarding how many people viewed each advertisement on an hourly, daily, and monthly basis (reach), and for how long

each viewer actually looked at an advertisement (exposure time). This helps companies track down the effectiveness of their advertisements in terms of the number of direct purchases – a much more effective mechanism than the existing ones for magazine advertisements or television commercials.

Sterne (1995) also lists the following potential advantages of effective Internet marketing: improved corporate image; improved customer and investor relations; finding new prospects (customers); increased visibility; cost reduction; market expansion; and improved internal communications. He also states that while on the web, the consumer can provide instantaneous feedback to the marketer which in turn helps the marketer to use the information when targeting its customers. The internet is considered as a tool that offers substantial advantages over traditional means of communication, according to Liu, 2000. He states that the internet has the following advantages: reduced costs of information exchange; increased speed of information transfer and retrieval; increased customer involvement in and control of transactions; and greater flexibility of using the marketing mix. He also tries to show the advantages of the Internet with comparison to the conventional media in relevance to marketing using the internet features of addressability, interactivity, flexibility, accessibility, service improvements and cost savings.

Coupey (2001:p.28), also states the internet has an advantage in that the internet is a more interactive medium than many traditional marketing venues. This interactivity means you can communicate in real time with your customer through your website to provide specific, desired information. Such reciprocal, tailored communication may result in more efficient and satisfying transactions - characteristics that are important for developing long-term relationships with customers.

It has also been identified that the Internet plays a vital role in customer relationship management in the hospitality. According to Starkov and Jason (2007), the Internet has transformed Customer Relationship Management (CRM) in hospitality. A large majority of the hotel customers are planning and booking their hotel stay online. In fact more than two-thirds of them will do that this year (2008). How do you nurture, grow and retain your customer base when the competition is just a click away? How do you prepare for the future in this very dynamic and transparent online environment? How do you beat the competition for the most lucrative customer segments? By building a comprehensive eCRM (electronic customer relationship management) strategy and

creating interactive mutually beneficial relationships with your customer, any hotel company can ensure its survival in this new environment.

2.2.2. Constraints / challenges of the Internet for marketing products.

Although the internet can be marketer's dream come true, as it has all the potentials stated above, it can also be a nightmare for firms that are not aware of the challenges that the internet creates, according to Palumbo and herbig, 1998:p.253. He stated that the challenges that emphasis must be given include: Increase of competition, Means of Payment, Cultural differences, privacy, Security, Censorship, International law, Intellectual property, Telecommunication infrastructure, PC availability, credit cards use world wide.

The drawbacks Paul (1996:p.32.), mentioned include:

↓ Security

The Net has very little security and any company using the Net risks disclosure of proprietary information. The Internet was originally designed for a free flow of communications – regulation and security were not considered when it was conceived and developed. However, with its increasing use for marketing and advertising, there is ample concern for security in terms of copyrights and other proprietary information. Because millions of users access the Internet everyday, it is a hot spot for computer hackers, pranksters and viruses. Anyone can go into the Net and change, manipulate or discard information, including advertisements.

↓ Infringement protection

Companies are also warned to protect themselves and their products/services against infringement by others. A carefully worded copyright notice should appear on every screen and any logos and slogans should have Federal Trademark registration. Companies should also view e-mail, messages and documents as a postcard rather than a sealed envelope.

↓ Accessibility

Most modems, to date, are slow and deter users from using the Web efficiently. Also, multimedia features such as audio and video displays that make the Web so exciting, consume a tremendous amount of memory that most PCs do not have. Therefore it is sometimes, if not always, impossible for many users to download information to see it in its full color, graphics and sound.

⚡ Control

Advertisement over the Net reduces managers' control considerably. Users of the Internet are difficult to target. Although 50 percent of the users are 25 years or younger, there is still another 50 percent of users from ages 25 and up, according to Paul (1996, p.34.). It is possible to reach all age groups, yet targeting certain age groups may be difficult. First of all, it cannot be measured applying the conventional methods used for television or magazine advertisements. For example, television has the Nielsen ratings and magazines focus on specific interests of different segments. To date, the Net is so broad and unknown, a company cannot possibly determine easily who or where to advertise on the Net. Furthermore, there are so many resources on the Internet; it is probable that users will not see a company's advertisement at all unless they are prompted to search for certain products/services offered by that company. This may require a company to promote a product using the conventional tools that are more proactive (television, print, radio, direct mail etc.) even while using the Internet.

Even though online marketing offers great promise for the business environment, Kotler and Armstrong (2001:p.640.), states that there are some challenges an online marketers face which include: Limited consumer exposure, Skewed user demographics and psychographics, chaos and clutter, security and ethical concerns. He also states that despite these challenges, companies large and small are quickly integrating online marketing into their marketing mixes. An online marketing will prove to be powerful tool for building customer relationship, improving sales, communicating company and product information, and delivering products and services more efficiently and effectively.

Vrana and Zafirpoulos (2006:p.606.), states that the main barriers to marketing over the internet are security difficulties and the need for social interaction. But according to Liu (2000), many of the current constraints and problems of conducting web-based businesses are caused by the Web technology itself (technological factors). But he also tried to raise other problems and constraints

like the demand factors, organizational factors and government factors. The Internet is also reducing barriers to entry and making easy for organizations to enter into a new market. But, this has its own disadvantage since there will be international competition (Wymbs, 2000:p.463.).

Gilbert, Powell- Parry and Widijoso (1999:p.23.), mentioned about the potential problems and limitations that the hotel industry must address while developing a website for its use. The Butler Group suggests that effective Web applications are those that demonstrate an understanding of network limitations, demographics and culture (Butler Group, 1996, cited in, Gilbert, Powell- Parry and Widijoso (1999:p.23.)). The potential problems and limitations the hotel industry must consider are stated below:

⬇ Network limitations

The visual impact of the Web site is important, but raises conflicts. Graphics and multimedia attributes require that the customer (client) end has access to a high specification personal computer (PC). Also, the inevitable slowing down of the data transfer can result in customer frustration and even the premature termination of the session.

⬇ Demographics

Successful Web applications should demonstrate relevance to the customer base. Web sites can be structured so that pages are targeted to specific online customer groups. These pages must be dynamic enough to keep pace with the ever-changing interests of such groups. The challenge here is to monitor the interests and to be flexible in responding to them.

⬇ Culture

It is important that the customer is comfortable with electronic shopping if people are going to book hotel rooms via the Internet. The commercial success of the Internet technology depends upon not only connectivity but also the fundamental question of social acceptance.

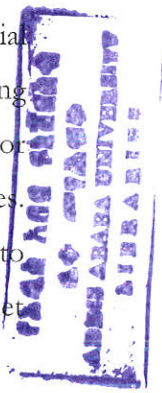
2.3. The Internet and the Marketing Mix

The evolution of the Internet for marketing products/services in the business environment makes marketing managers of organization to consider using it in defining their marketing mixes. The different changes the internet poses in the marketing mixes of an organization are briefly discussed below:

Organizations may use the Internet as Web-only Company, which offers goods and services exclusively and only through the virtual distribution channel by the Internet, or as Bricks and Clicks, offering both a physical retail outlet and the opportunity to buy from an online facility, and or at last those that use it for supporting their activities, i.e. don't do business over the Internet (No Web presence) (Harridge-March, 2004:p.305.).

As a marketer, you can provide information about your product more efficiently to your customer than you could if you had to create a hard copy brochure or catalog. It means that you can react to competitive forces, adapting flexible elements of your marketing mix to stay ahead of the competitions, according to, Coupey (2001:p.320).

Heinen, 1998:p.8, states that one key to integrated marketing communications is developing and building the database of customer information and transactions. There is growing recognition that the lifetime value of a customer can be particularly large in business-to-business sales, so it is important that every potential customer receive proper care and feeding from the first contact onwards. He also mentioned that there is growing recognition that the lifetime value of a customer can be particularly large in business-to-business sales, so it is important that every potential customer receive proper care and feeding from the first contact. An added benefit of tracking visitors is that often many can be persuaded to register in a guest book for more information or for special offers. Recently organizations are giving emphasis to the Internet marketing strategies. And, there must also be some consideration given to the amount of budget needed while trying to have an internet marketing strategies. According to Starkov and price (2008), the Internet



marketing budgets of the hoteliers have increased since 2006. The effects of the Internet on the marketing mixes are briefly discussed below.

2.3.1. Promotion

Promotion refers to all the various ways an organization undertakes to communicate its products' merits and to persuade target customers to buy from them (Kotler and Armstrong, 2001:p.422).The internet use for promoting organizations products is always increasing and apparently becoming successful.

Liu (2000), states that promotion is the component of the marketing mix that most quickly transformed as a result of Internet usage. He also suggested that there are three main issues in the application of the Internet to tourism promotion. They are: present the promotional information on the company's web site, promote the web site itself to increase its exposure and visitation since a company's web site has to compete in the clutter of thousands of other web sites selling similar products and services, and use the company's web site as a platform for advertising sites or products of other businesses.

Through "banners" and banner linked web pages, a company's web site can also generate revenues by becoming an advertising medium for other organizations. The internet offers marketers several benefits that are not available with traditional vehicles for marketing. The internet enables marketers to create flexible information displays, to provide a greater range and depth of information with interactive technology and to combine the modalities of television, print, and radio into a single presentation of video, text and sound (Coupey, 2001:p.230).

It has been suggested that the internet has increased effectiveness and efficiency in communicating with customers. The other change seen as a result of the internet is that it is currently changing the old face of promoting ones company image and products/services. Forcht and Wex (1996:p.4), states that in contrast to other media, which are used to push information on the customer, the Net is more of a "pull" medium. A company cannot propel messages to masses in the hope that somebody will catch a glimpse while spending time on the Internet. The Web offers information to people who might be willing to reach in and pull information out. The internet allow sales

department to have an interactive communication with the customers (Eid and Trueman, 2002:p.57.).

Heinen (1998:p.9), states that advertising in traditional media – including print, radio, television and direct mail –inherently is a one-way medium where the best strategy is to encode message content in a way that complements the chosen media and then position it so that the target audience will receive the message with as much comprehension as possible. For any single advertising choice, the same message is broadcast to every audience member in the same way. Two problems encountered in traditional advertising approaches are- costly wasted exposures to inappropriate audiences; and noise, where a message is lost amid both distractions and conflicting attractions. The Internet addresses these two problems which makes it a very valuable tool for marketers.

According to Adam (2002), marketing communication in the present era is more likely to involve expenditure direct response marketing than involve the mass communication paradigm of old. The internet is one of a number of promotional tools; however, it may also be used for informational purposes. The internet is a global medium, and its graphical face- the World Wide Web-is an interactive medium. Arnott and Bridgewater (2002: p.87), argues that the internet creates the potential to interact with customers on a global scale. This interaction may, in turn, allow marketers to target their customers in a one-to-one basis.

With the growth in its user base and its ability to be constrained either by time or location, the internet has the potential for mass communication and advertising with negligible variable cost per customer (Deighton, 1997:p.335). An organization perceives the internet as a major communication tool in promoting corporations, their products and services as well as a means of building brand awareness (Melewar and Smith, 2003:p.364.). They also stated that the nature of the internet promotes a globally standardized approach to advertising and promotion, which enable firms to realize cost economies and establishes cohesive product positioning worldwide. Herbig and Hale (1997:p.98), also comments that advertising on the internet is a much more cost-effective way to do business than normal advertising through newspapers and magazines. Bennet (1997), cited in, Eid and Trueman (2002:p.57.), stated that advertising on Web pages other than the firm's

own is possible (and increasingly common), but might not be well received. Customers merely wish to be presented with the hard facts about the subject matter of the pages they read.

Online advertising set a new record of \$4.9 billion for the first quarter of 2007, an increase above the record breaking \$4.8 billion for the final quarter of 2006, according to the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers LLP (PwC), cited in, Starkov and Price (2006) . Advertising on the internet is started to be recognized as a branding medium, according to Meadows-klue, 2002, cited in, Harridge-March, 2004:p.299.

Though the Internet is widely used for the purpose of advertising, it can also be used as a tool in the other promotion tools, including Sales Promotion, publicity, etc. For instance, to see the effect of the Internet on sales promotion, the possibility of downloading and printing coupons is now common and is a measurable demonstration of a website's effectiveness (Harridge-March, 2004:p.299.). She also tries to point out that some organizations offer price incentives to promote web purchases instead of bricks and mortar visits in an attempt to convert customers to Internet shopping. Others may consider the use of integrated communications (e.g. telemarketing) to encourage take-up of promotional incentives offered via web pages or e-mail. Since the Internet is an excellent channel for communicating with customers on an individual basis because of its immediate and direct interaction capability, according to Harridge-March, 2004: p.300., it make direct marketing possible and the Internet is also considered as a tool that can have a positive or negative publicity on ones organization.

Though the Internet can be used to replace some of the activities offered by the sales person, there are some activities undertaken by the sales representative that the technology can't replace and the lack of personal interface also have an effect on making transactions (Harridge-March, 2004:p.301.).

2.3.2. Product

Product is defined as anything that can be offered to a market for attention, acquisition, use or consumption and that might satisfy a want or need (Kotler and Armstrong, 2001:p.340). A product goes beyond tangible ones. They also defined Services as a form of product that consists

of activities benefits or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.

The internet has affected a product aspect of the marketing mix in many ways. According to Liu (2000), the travel and tourism products are ideal for marketing on the Internet. This is as a result of tourism being an information intensive industry and the Internet is the most effective and efficient means in information exchange worldwide. He also states that Internet technologies can also contribute to the improvement of current products on offer or development of new products and services that redefine the company's strategic position. The Internet leads to faster discovery of customer needs, greater customization of the products to the customer needs, faster product testing, and shorter product life cycles (Avlonitis and Karayanni, 2000:p.445).

Harridge-March, 2004: p.301, states that one might argue that there are no products which are not suitable for Internet transactions. But, she also states that for high-involvement purchases, it may be that consumers are less willing to take the risk of buying an unseen product (e.g. a car). Similarly, it is impossible to undertake transactions for services where the physical proximity of the customer is necessary (e.g. dentistry or hairdressing). Nevertheless, a customer can commit interactively to consuming such services, for example by booking and paying for an appointment in advance.

The internet is also used to provide product information and to build brand identity (Adam, Mulye, Deans and Palihawadana, 2002:p.247.).The interactive nature of the internet also helps marketers to target their customers on a one to one basis and to build brand loyal relationships (Arnott and Bridgewater, 2002:p.87.).When using the internet to sell products/services to consumers, the marketer's responsibility is to reduce the uncertainty. According to the Laudon and Traver (2004:p.362), consumers prefer to make online purchases from companies with a familiar offline, or bricks-and-mortar, presence. Retailers with only an online presence were perceived to be less dependable and trustworthy. Companies with a combined online and offline presence are often described as clicks-and-mortar companies. This idea is supported by Morley (1998), which states that reputation brand names are seen to be very important online. According to Avilnitis and Karayanni, 2000, cited in, Eid and Trueman (2002:p.55.), the internet leads to faster discovery

of the customer needs, greater customization of the products to the customer needs, faster product testing, and shorter product life cycles.

According to Eid and Trueman (2002:p.57.), the new challenge facing companies is the management of a global brand and corporate logo. Consumers may become confused if a company and its subsidiaries have different Web sites each communicating a different format, image, message, and content. Therefore, a company should define clearly its policies about branding on the Internet.

2.3.3. Price

The internet has many influences on company's price strategy. According to Liu (2000), the role of the Internet in pricing is based on its ability in processing and exchanging large amount of data instantaneously with a great number of people. This information processing capacity enables a company to analyze relevant pricing data effectively and quickly. The information exchange capacity enables firms to set and change prices in real time and also facilitates online bidding and flexible pricing. Both of these qualities of the Net are extremely useful in tourism marketing.

Poon and Jevons (1997), cited in, Eid and Trueman (2002:p.56.) and Liu (2000), comment that the internet will lead to increasing standardization of prices across borders, or at least to narrowing the price differentials as customers become more aware of prices in different countries. Eid and Trueman (2002:p.56.), also states there is an issue of currency rate which is that currency conversion rates must be added as a link to the organizations website. Because the customer has become more empowered by being able to check, compare and negotiate prices in the shorter time scales enabled by the Internet, the issue of pricing in electronic markets has become a pressure point for e-marketers (Ancarani, 2002, cited in, Harridge-March, 2004:p.301.).

Marketers should not use price to construct market position for their product. As price can sometimes be perceived as the value that the customer puts on the product being made available, it is therefore essential that the customer perceives that they are getting value for money in what is being offered, which may include convenience, efficiency and excellence (Bevan and Murphy, 2001, cited in, Harridge-March, 2004:p.301).

2.3.4. Place (or physical distribution)

A Distribution Channel is a set of Interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user (Kotler and Armstrong, 2001:p.405).The Internet also affects the way company's products are distributed to the end users.

According to Liu (2000), the uniqueness of the Internet as a means of distribution is based on the fact that it exists in "cyberspace" thus physical phenomena such as location and distance are less significant or even irrelevant. For the producer, the Web enables it to have direct links with consumers at a low cost therefore provides it with the opportunity of "disintermediation". For the retailer, the Web threatens its livelihood and changes its critical success factor from location, location, location to access, access, and access. For the wholesaler, web-based business means it can bypass retailers while at the same time risk being bypassed by the producers. He also states that the biggest change to tourism distribution brought by the Web could, in the next 5 to 10 years, be the noticeable shrinking of the travel agent sector. But, for tour operators, the potential disintermediation has a dual effect. On the one hand, they can be bypassed by the producer as airlines and hotels that directly sell their products to the travel agencies and consumers; on the other, tour operators could benefit from its own direct sell operation by eliminating the travel retailers.

www.HotelMarketingCoach.com The use of the web site as a direct distribution channel is discussed by some authors. According to Starkov, Max and Price, Jason (1998), the hotel industry is embracing direct online distribution and this trend is also expected to become the norm over the years as hoteliers continue to increase their knowledge of Internet marketing and the benefits of making their customers their own from the first point of contact.

A notable implication for marketers is the potential to shift from a non-virtual marketplace to a market-space instead, incorporating virtual transaction/distribution spaces (Lockett and Blackman, 2001:p.52). The ability of a website to establish contact with and subsequently serve customers has been hailed by many as a cost-reducing way of distributing goods/services direct from the provider to the consumer (Harridge-March, 2004).

Edwards and Waelde (1997), cited in, Melewar and Smith (2003:p.364), comment that the Internet's relatively low entry barriers including the irrelevance of company size, enhance its attractiveness as a distribution channel. Eid and Trueman (2002:p.57.), suggest that the Internet, by connecting end-users and producers directly, will reduce the importance of traditional intermediaries in international marketing (i.e. agents and distributors). To survive such intermediaries need to begin offering a different range of services. Their value-added will no longer be principally in the physical distribution of goods but rather in the collection, collation, interpretation and dissemination of a vast amount of information (Poon and Jevons, 1997, cited in, Eid and Trueman, 2002:p.58.). This is to say that if intermediaries can perform a different mix of services, made possible by the internet, they will continue to play critical roles and extract value.

Undoubtedly, the Internet has reduced many distribution issues. According to Wilson and Abel (2002), cited in, Eid and Trueman (2002:p.58.), "the Internet is borderless and the opportunity to sell over the net in a standardized way eliminates many natural barriers to entry".

Though the Internet has many benefits, Marketers are challenged with its effective integration into their marketing communication mix (Hoey, 1998:p.31).

2.4. Contents of the Hotel Website

For an organization to effectively and efficiently promote itself and its products, a well designed and developed website is essential. The hotel website has become the first, often the only and in many cases – the last point of contact with hotel customers, Starkov and Price (2007). According to Starkov and Price (2008), the hotel industry reported that online business is coming from their own website more than third parties. Thus, this section will try to raise some issues regarding contents of a website and other related concepts.

According to a Salerno (October-2007), the a hotel web site must perform two functions; it must be designed to satisfy search engines so people can find the site and, once found, it must have the necessary content to demonstrate value and sell reservations; no small task. He also states that it is these two separate and distinct functions that make web site design different and more complex

than simply designing a brochure-type web site and well-managed web sites consistently undergo adjustments to stay current and relevant to changes in the marketplace. Take some time every week to explore your online marketplace.

According to Herbig and Hale (1997:p.97), the construction of home pages is vital for the success of any business in this day and age. They also comment that one of the important aspects of the homepage is that it must be short and simple in order to reduce the customer's time in making decisions. The company's homepage must also be kept up-to-date to make available the most recent information about the company. The web page must be clear and arranged in a logical order so that information can be easily attained and understood.

Having a web site, and not promoting it, is like buying a flashy new car and leaving it in your garage; great web site, but few people will ever see it. Some people still think that simply having a web site is enough to drive new business; wrong. The biggest problem with this thinking is that a web site needs to be "found" in order to be used by its visitors; and it needs to be structured to "sell" your hotel to get reservations (Salerno, march-2007). He also suggests that a hotel web site's visibility is largely dependent upon its generic search capabilities; its ability to be found by search engines. BUT FIRST, a web site needs to be compatible with search engine guidelines. Senseless flash elements, poor navigation schemes, lack of properly researched search tags, and poorly constructed text all contribute to poor search results.

As marketing on the internet is a very different process from traditional marketing, how to construct and utilize the internet as a marketing tool is becoming a crucial issue. Building a site and advertising it does not guarantee an audience, neither an effective revenue stream, nor a competitive advantage. Many web sites do not incorporate features that exploit promotional media and are rarely integrated with online marketing strategies (Vrana and Zafirpoulous 2006:p.602.). In order to have a great website, the organization that manages your website must understand hotel marketing (Salerno, October- 2007). And it must also be understand that a website is absolutely useless unless search engines can find it (Salerno, January-2007).

Several universal legal issues associated with operating websites have begun to emerge and will now be more specifically addressed, including issues of consumer protection, intellectual property

violations, and jurisdiction over web marketer practices (Zugelder, Flaherty and Johnson (2000:p.255.)).

Forcht and Wex (1996:p.4.), states that while creating a Web page, the company should not forget that the market segment of the people surfing the Net, and who might have an interest in the company's products, differs from the original market segment. Only exciting Web pages will be visited again, since the consumers have become experts in the Web and know from other sources what they can expect. It is not enough simply to offer information about a special product. A company should try to add value to its marketing efforts. The customer expects value and for this reason the company could, for example, develop discussion areas, a searchable index or could include links to other areas.

Companies might have different reasons for investing in superior Web sites. They may want to improve their corporate image and customer service, find new prospects, increase visibility, perform transactions, expand their market, meet customer expectations, reduce costs and get up to speed before it is too late and competitors have taken over. The fierce competition forces companies to develop outstanding Web pages, since a company must be first in the industry, first with new technologies, or first with a unique service. Those companies which come up first unique services are sure to win the immediate skirmish as well as the war.

Since the customer service department within an organization takes care of customers and helps to keep them, it is important that this department is involved in the development of a company's Web page. According to Forcht and Wex (1996:p.4.), A Web page should contain a "frequently asked questions" section. It is also very important to pay close attention to the information that is stored on the Web pages and is therefore available to the customers.

Since the Net is a multidirectional communication medium, the company has to concentrate on three different aspects. Navigation, interaction and feedback are extremely important for a successful Web page. If Web surfers experience difficulties in surfing your page, or do not get enough audience participation, they will not come back to your page and the company does not get the feedback, which it would like to have. The longer a Web page is, the longer it takes to transmit. Since high speed telephone lines are not readily obtainable for every person, Web sites

must not be extremely large. High resolution pictures may also add to the discomfort of the users, as it takes too long to transmit them. If people have to wait too long, they are likely to leave and try their luck with another page/company. To make a page more user-friendly a company should consider putting decorative pictures and interesting videos on the site along with navigational elements and informative components. It is an extremely good idea to keep the page as simple as possible, as complex pages tend to confuse the user. Companies should develop forms on the Web page, where people can type in their information and comments.

Online travelers like to read and discuss what other said about the place they want to visit. This leads to an increase in Consumer Generated Media (CGM). According to Starkov and Price (2007), Consumer Generated Media (CGM) continues to grow in importance and popularity. Discussion boards and forums, blogs, social networks like MySpace and LinkedIn, customer review sites like TripAdvisor, and hotel-specific blogs like HotelChatter.com dominate the Internet today and have become an integral part of the travel planning process. In 2006, 28% of travel planners researched CGM sites vs. 4% in 2005.

In order to be a success story in marketing products/services over the Internet, there are some Internet related issues that an organization can utilize by adding to their websites; some of them, according to Heinen (1996: p.11), include:

↓ Customer support

A hallmark of smart marketing organization is that they make every department a marketing department responsive to customer needs. This is clearly a cultural issue rather than a technology issue, but the open network of the Internet can at least facilitate the communications channels between the firm and its customers. Sometimes the result is happily surprising.

↓ Get e-mail addresses for your staff

One of the resources that should be available on a company's Web site should be a list of electronic contact points.

↓ Load up the FAQs

One of the prime business uses of the Internet is customer support. Wherever there are customer enquiries, there are frequently asked questions or FAQs. Understanding the content and any



changes in the FAQs over time helps marketing professionals to understand how products might be modified or extended to meet customer needs better.

⬇ Give your customers access to useful data from your systems

The Internal information system can be made available to more customers without imposing requirements for specific hardware or software.

⬇ Develop A Blog in your hotel website

According to Starkov and Price (2007), Blogs are playing a vital role in hospitality. Having a blog on the hotels website will let customers share the important aspect of the industry, share their experiences. This will let as an advertisement tool if properly addressed.

Chapter Three

Data Presentation, Analysis and Interpretation

This section of the study is used for presenting the data gathered using the questionnaire (refer to Appendix I), the interview of the selected hotels (refer to Appendix II) and also the observation made on the hotels websites that participate on the study. It is also used to analyze and interprets the different data gathered and presented.

The data presentation, analysis and Interpretation are done by grouping the data collected into the following categories:

- ✦ General characteristics of the Respondents
- ✦ Hotels Access to the Internet and Level of its use
- ✦ Internet and the Marketing mix in the Hotels
- ✦ Hotel Websites and Marketing Aspects
- ✦ Use of the Internet features to increase the Hotels business performance
- ✦ Internet and its future use by the Hotels
- ✦ Internets potential and constraints for marketing Hotel products/services

3.1. General Characteristics of the Respondents

Hotels in Addis Ababa are very large in number but they are organized in Associations like Ethiopian Hotels and Restaurants Association. The hotels were also rated in accordance with their facility and performance level from the stars 1 to 5. Only 36 hotels are star-rated in Addis Ababa.

The study is conducted on the selected 18 sample units (50 % of the total population) of star-rated hotels in Addis Ababa. Of the samples identified, 2 of the hotels were inaccessible for responding the questionnaire while 1 of the questionnaire responded is incomplete thus can't be used for the study. Therefore, the data presentation and analysis will be undertaken considering the 15 hotels that completely fill the questionnaire.

Table 1: Hotels organized using their star-rate

	# OF HOTELS	% OF HOTELS
5-star	2	13%
4-star	4	27%
3-star	4	27%
2-star	2	13%
1-star	3	20%
Total	15	100%

As can be seen from the figure above, 13 % of the hotels covered by the study are 5-star, 27% hotels selected were 4-star which are as equal as that of the 3-stars. The 2- star hotels are the least number of hotels (covers only 13% of the total). The rest of the hotels are 1-star (20%) which was selected while the simple random sampling takes place.

The data gathered about the position of the individuals in the hotels that filled the questionnaire is organized in the following table below:

Table 2: Position of the individuals that filled the questionnaire

	# OF HOTELS	% OF HOTELS
Marketing Manager	7	46%
Marketing and Sales Manager	3	20%
Sales Promotion and Marketing Head	1	7%
Sales Manager	3	20%
Hotel Manager	1	7%
Total	15	100%

Marketing managers are identified to cover the large portion of the individuals in the hotels that respond to the questionnaire (46% of the total), while only 1 hotel Manager (7% of the total) filled the questionnaire.

Since most of the questionnaire is filled by the Marketing personnel's, the validity of the data can be considered as reliable which in turn can result in a good and meaningful research outputs. The Hotel Manger that responds to one of the questionnaire is also responsible to undertake the hotels marketing activities. Thus, the questionnaire can be said to be filled by the appropriate Informants.

3.2. Hotels Access to the Internet and Level of its use

This is a section where the hotels responses regarding their organization connection to the Internet, the level they use the Internet, the application they use, etc. in their day to day activities. The data gathered through the questionnaires is presented and analyzed below.

3.2.1. Hotels connection to the Internet

All of the hotels selected for the study are connected to the Internet. This indicates that the hoteliers have understood the need to connect to the Internet in order to grasp the different opportunities that arise as a result of using such a technology.

3.2.2. Level of Use of the Internet

Table 3: Responses to level of use of the Internet

	# OF HOTELS	% OF HOTELS
Very High	3	20%
High	1	7%
Moderate	3	20%
Very Low	5	33%
Low	3	20%
Total	15	100%

The figure above shows that 20% of the total hotels' level of use of the Internet is considered to be moderate while 33 % and 20% of the totals' level of use of the Internet is Low and Very Low, respectively. Only 3 (20% of the population) of the Hotels respond that their level of use of the Internet is Very High. The responses given by the respondents were under the consideration of the hotels level of use of the Internet in their respective hotels



Most of the hotels have introduced the use of the Internet to their organization in recent years and most don't yet use it for its full potential. Such Low level of use of the Internet is tied with the hotelier's lack of knowledge on the potentials that resides in using the Internet, according to the Marketing Manger of one of the hotels that participate on the study. He also mentioned that the Internet is highly used for communication purposes using e-mail to contact customers and he also states that only a small number of employees in the hotel have access to the Internet in their personal computers (usually those in higher positions). This indicates that though all of the hotels are connected to the Internet, Most of them apply it only for elementary purposes.

3.2.3. Main purpose of using the Internet

Table 4: Responses to hotels main purpose of using the Internet

	# OF HOTELS	% OF HOTELS
A] Communication	-	-
B] Retrieve Information	-	-
C] Supplement organizational activities	-	-
A and B	10	67%
A, B and C	5	33%
Other	-	-
Total	15	100%

As can be seen from the above table the hotels (67%) primary use of the Internet is for communication purpose (which includes the use of E-mail, promoting in the form of the website communicating with customers) and to retrieve information (using different search engines), the rest use it for supplementing organizational activities besides for using it for the stated purposes.

Though the main purpose of the Internet is communication and Information retrieval, hoteliers can utilize its potential by applying it to their day to day operation specifically speaking; it can be efficiently utilized to help the hotels in their activities of marketing their products/ services.

3.2.4. Applications of the Internet

Table 5: Internet applications mostly used by the Hotels

	# OF HOTELS	% OF HOTELS
E-mail	-	-
World Wide Web	-	-
Newsgroup	-	-
Chat	-	-
Mailing List	-	-
E-mail and World Wide Web	10	67%
E-mail, World wide web and Chat	5	33%
Total	15	100%

As can be seen from the above figure, the main Internet applications the hotels use are E-mail and World Wide Web (67% of the hotel) while 33% use it for the E-mail, WWW and chat. This data supports the above figure in table 5 where the hotels main purpose in having an Internet connection is communication and Information Retrieval.

A large portion of the hotels do not use applications like mailing list and newsgroup which has an advantage of facilitating work activities. The Hotel manager can send information's or documents to all of his colleagues or any of the people he wants by just including them in the mailing list. As newsgroups are an applications on the Internet where individuals post messages for public view and which can be used to do market research or to promote a business, having such application will be on the benefit of the hotels.

The hotels response to the question whether the Internet has affected the way they do their business is arranged in the following manner.

Table 6: Responses to whether the Internet highly affects the way they do their business

	# OF HOTELS	% OF HOTELS
Yes	6	40%
No	9	60%
Total	15	100%

The data summarized above shows that the evolvement of the Internet and adopting it affects 40% of the hotels in the way they do their business. But, the rest of them (60%) respond that they do not highly change the way they do business.

The Hotels that respond Yes mentioned they made the following changes which include: the need to have IT specialists in the organization, depending most of there reservation in the Online booking services they provide, communicating with their customers using E-mail rather than telephone and other traditional medias. This can mean that there are associated costs in using the Internet.

This implies that as hotels increase the level of use of the Internet in doing their day-to-day operation, they will tend to make significant changes in the way they operate their business. Most of the changes they make, according to the Marketing Manager interviewed, is to the benefit of the Hotel. He states that the some of the work activities in the hotels have been facilitated by the use of the Internet.

3.3. Internet and the Marketing Mix in the Hotels

This section of the data presentation and analysis will focus on presenting and analyzing the data gathered from respondents to questions that are related to the hotels use of the Internet for defining the hotels marketing mixes. The Hotels use of the Internet to apply for any kind of marketing activity regarding the four elements of the marketing mix will be presented and analyzed here.

According to the Responses given to the use of the Internet for defining marketing mix, all of the 15 hotels (100%) that undertake the study use the Internet one way or another for defining their marketing mixes. This indicates that there is the use of the Internet as part of defining the hotels marketing mix. The marketing manager interviewed replies that using the Internet for defining the hotels marketing mix is a new concept but it is a potential any hotelier can exploit.

The hotels also responded in the following manner to the question which kind of the elements of the marketing mixes you apply the Internet mostly. The result is shown below in the table.

Table 7: Responses to which element of the marketing mix the Internet is mostly Used by the hotels

	# OF HOTELS	% OF HOTELS
Product	0	0%
Price	0	0%
Promotion	12	80%
Place	0	0%
Product, promotion and place	3	20%
Total	15	100%

The above figure in the table shows that most of the hotels (80% of the total) in the study use the Internet for promoting their hotel and its products/services. The remaining 20% uses the Internet in defining their product strategy, promotion strategy as well as in the way they distribute their services (placement strategy).

The above figure indicates that though all of the organizations use the Internet to define their marketing mixes, they mostly incorporate it in only defining their promotion mix which is to use it for the purpose of promoting their products/services.

They incorporate it by developing the website to provide information about the hotels services and prices to the entire world. According to the responses obtained from the Marketing managers of the hotels interviewed, Hoteliers don't usually use the Internet for defining their marketing mix elements except that of the promotion.

The figure, thus, implies that the hotels use of the Internet in defining their marketing mix is very low. This is primarily attributed to, according to the Marketing Managers interviewed, lack of knowledge regarding such a potential by the hoteliers and the marketing managers of the hotels. Lack of organizational setup that can assist hoteliers in using the Internet's potential to define their marketing mixes can also be another factor. The third and most important one is that the whole concept of Internet marketing strategies is new to the country. The marketing Managers interviewed also indicates that there know-how regarding Internet marketing strategies and their use is very limited.

Of the 15 hotels that participate on the study, only 3 of them respond that they have used the Internet to develop new service packages in response to customers need while the rest never did .The data collected is organized as below:

Table 8: Responses to use of Internet for new product/service development

	# OF HOTELS	% OF HOTELS
Yes	3	20%
No	12	80%
Total	15	100%

The above figure indicates that the use of the Internet to develop new services on the hotels is low. Only a few have used the Internet's potential to receive inquiries of visitors through their website to develop services packages that customers particularly ask for. Such a potential will allow the hotels to attract new prospects while retaining the customers as it gives a flexible option to the visitor on creating any kind of services s/he wishes.

The hotels that participate on the study also responded to the question, for which kind of the promotion mix does your hotel use the Internet mostly and the data gathered is organized as follows.

Table 9: Responses to kind of promotion the Internet is mostly used by the Hotels

	# OF HOTELS	% OF HOTELS
Advertisement	13	87%
Sales Promotion	0	0%
Publicity	0	0%
Advertisement and publicity	2	13%
Total	15	100%

As can be seen from the table above, the Internet in the hotels is used for only advertisement and publicity kinds of the promotion mix. 13 hotels (87% of the total population) use the Internet solely for advertisement purposes while the rest (13% of the population) use it for both advertisement and publicity purposes.

The above figure indicates that though the Internet is mainly used for the promotion purpose of the hotels, it is for advertisement need that most of the Hotels use it. The implication behind such a figure is that the Internet's potential for promoting products is only bound to Advertisement. Hotelier's use of the Internet for other type of the promotional mix is low. The other kinds of the promotion mix can also be utilized using the Internet's potential. Such a low involvement in using the Internet for promotional purposes

except for that of the Advertisement is basically tied to the lack of awareness in using such a potential by the hoteliers.

There are also responses received from the participant hotels regarding whether they use the Internet as the only media to advertise their hotels services. According to Respondent's responses to the Internet as the only medium used to advertise, all of the hotels that participate in the study respond that the Internet is not the only medium they used to advertise their products. Even though all of the Hotels use the Internet for the Advertisement type of promotion (refer Table: 9), they don't entirely rely on using it.

This implies that though the Internet can be used to advertise the hotels services, it is not a wise option to use the Internet solely. Finding the right mix of Medias to use for advertising the hotels products/services will be a challenge the marketing manager of the hotels face. The Marketing Managers interviewed said that they use other types of Medias like Newspapers and Television so as to attract customers that reside here in the city.

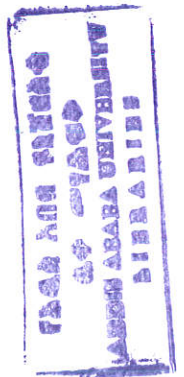
The data gathered from the respondents regarding whether the hotels use other websites to advertise their products/services is summarized as follows:

Table 10: Responses to using other websites to promote their products/services

	# OF HOTELS	% OF HOTELS
Yes	5	33%
No	10	67%
Total	15	100%

As can be seen from the figure above, large proportion (67% of the total) of the hotels have answered that they have never used other sites to advertise their products/services while the rest (33%) responded that they have used other websites for such a purpose.

The above figure implies that the use of other websites by the hotels to advertise their products/services is low. Those that use other site suggested that it has an advantage using other sites to advertise the products/ services. The advantages include increasing the number



of visitors in their website and the like. But, the most important issue here is not only to advertise on other sites rather how popular is the website you choose to advertise your services. If the website you choose to advertise your services is not popular, the responses you get might not be as you expected. The reason is that the number of people that visit the site is small, i.e. the number of people that see your advert will be small. This, in turn, results in low return to the advertisement you made.

The other aspect that data was gathered is to identify whether the adopting the Internet eradicates the need for having agents. The following response is obtained.

Table 11: Responses to whether Internet eradicates the need for agents

	# OF HOTELS	% OF HOTELS
Yes	3	20%
No	12	80%
Total	15	100%

The figure in table 6 show that 80% of the population (12 hotels) thinks that there is a need to have the agents (Intermediaries) despite the existence of the Internet. The rest (3 hotels) think that the Internet might eradicate the need for agents.

This indicates that agents still have a role to play in the hotel industry despite the Internet making easy to hoteliers directly communicate with their customers from the initial point of contact. Those hotels that use the Internet to receive customer's reservation and other inquires will reduce their need of agents which in other words mean cost reduction. The need for agents still exist for attracting customers since there are still plenty of customers that use agents to plan their stay, according to one of the Marketing manager of the hotels.

3.4. Hotel Websites and Marketing Aspects

A Hotel website is an important tool that any hotel marketers use to effectively and efficiently use the Internet. This section of the data presentation and analysis is to identify the hotels use of the websites for marketing their products/services and also issues that relates to the design, development and use of the hotels Website.

3.4.1. Access of Having a Website

According to the hotels responses to whether having a Website, all of the hotels replied that they have a website. All of the hotels that undertake the study have their own websites. Such a figure indicates that hotels have identified the need to have their own websites. Since hoteliers have clients that reside outside Ethiopia, the fastest and less costly way of making ones existence known is to create their own website where everyone can access from anywhere in an easy and less costly way. Having a Website, thus, can be a valuable tool for hoteliers.

3.4.2. Main Purpose of Having the Website

Table 12: Responses to main purpose of having a website

	# OF HOTELS	% OF HOTELS
A) Improve your corporate image and customer service	1	7%
B) Find new prospects and Expand your market	-	-
C) Increase visibility	2	13%
D) Perform transactions	-	-
E) Meet customer expectations	-	-
A and B	2	13%
A, B and C	6	40%
A and C	4	27%
Total	15	100%



The above figure in the table shows that 40 % of the hotels use the Internet for the purpose of improving corporate image and customer service in addition to finding new prospects and expand their market while none of them use it for performing transaction.

This implies that the focus of the hotels in developing the hotel website is primarily in increasing their hotels image and finding new prospects world wide. It is because they use their website mainly for promotion purposes rather than to use it as tool that can generate sales/revenue. The reason forwarded, by the marketing managers, for not using the Internet to perform transaction is that there is no system and infrastructure available in the country

3.4.3. Website design and development Issues

Table 13: Responses to who develops the hotels website

	# OF HOTELS	% OF HOTELS
Organizations IT department	2	13%
External Organization	13	87%
Individual Employees	-	0%
Others	-	0%
Total	15	100%

As can be seen from the above figure, a large proportion of the hotels outsourced their need for designing and developing a website to external organizations. Only 2 hotels (13% of the total population), develops their websites using their own IT department.

Of the above figure of 100% of the hotels that outsource their website development to external organizations, none has outsourced it to Organizations that has knowledge in hotel marketing. This figure is shown below:

Table 14: Responses regarding whether organizations or Departments that develops the website has a hotel marketing knowledge

	# OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%

The above figure shows responses regarding whether the external organization that develops the hotels website have a hotel marketing knowledge. 87% of the hotels (13 hotels) respond that the organizations that develop there website do not particularly have a hotel marketing knowledge except the two of the 15 hotels that participate in the study.

This indicates that hoteliers only outsource their need to have a website without considering emphasis to look for organizations that develops websites particularly for hotel industry. Since hotel marketing has its own characteristics, developing a hotel website must receive a huge consideration. Features that specifically needed for hotel marketing will be included in the website only if the organization that develops the hotels website possesses hotel marketing knowledge.

Hotels response to the question whether they have considered the important issues that a hotel website must incorporate is organized in the table below.

Table 15: Responses to whether hoteliers consider important issues in developing hotel websites

	# OF HOTELS	% OF HOTELS
A] Network limitations	8	33%
B] Demographics	-	-
C] Culture	-	-
A and B	-	-
B and C	-	-
A,B and C	2	13%
None	5	54%
Total	15	100%

As one can see from the above table, Most of the hotels (8 of the total) that participate on the study considered the issues of network limitation in their customers end while 5 of the hotels never consider the above issues while developing their website.

The above figure implies that only a few hotels give consideration to the important issues in developing a hotel website. Considering these issues in website development process is important because if you don't consider the network limitation for instance your customers might face and just develop your site by including a lot images, graphics and videos, [which needs a very fast Internet connection to download or view] your customer might lose his/her patience while downloading the page and this in turn might cost you losing a potential customer. Great consideration to the usage of words, pictures and videos that does not contrast to your target customer's culture is also important.

All of the hotels receive feedbacks from their website audiences and customers using their websites but only 2 of the hotels from the total have a customer support features (features like FAQ).

Table 16: Responses to receiving feedback using their websites

	# OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%

The above figure implies that the hotels website do not give much emphasis for questions that customers might ask and do not also incorporates features that gives support to the customers if there is anything they need. A need to have a customer support feature in a website is important because clients can shift to another site if they don't get a response to their questions easily which in other words means that you might lose a potential client just because you fail to incorporate such a feature.

The following responses have been received regarding how often the hotels update their websites. 60% of the hotels responded that they never updated their website, while 13% of the total population states that they always update their website usually at the time interval of 1-2 months.

Table 17: Responses regarding website updates

	# OF HOTELS	% OF HOTELS
Never been updated	9	60%
1-2 months	2	13%
2-5 months	1	7%
>6 months	3	20%
Total	15	100%

The figure above indicates that the hoteliers do not give the necessary emphasis regarding the need to update the website. A web site is an easily accessible tool by the customers and customers want to see all the things that happened in their favorite hotels. Such a need from the customers pushes the hoteliers to update their website every time through posting the necessary information and events happened in the hotels. The figure also indicates the hoteliers do not understand the fast changing behavior of the web and do not try to incorporate the new features the technology change provides. They develop a website and let it be there for a long time which also might create a negative image on customers that visit the hotels website for their need. All this negative results that might happen raises the need to develop a website and update it as frequent and needed as possible.



The following responses have been gathered to the questions regarding having a database in the hotels website and creating a blog on their websites. The table below shows that 87% of the hotels taken for the study do not have a database in their websites while 13 % of the hotels respond that they have a database as part of the website application.

Table 18: Responses regarding having a database as part of the website Application

	# OF HOTELS	% OF HOTELS
Yes	2	2
No	13	13
Total	15	100%

The indication behind such a figure is that there is no means of tracking customer's information and use for different purposes. This might also indicate that the hotelier's lack of interacting with the customers to send them information's when necessary. Having customer's information in the database allows the marketer to contact customers directly when needed, which provide him/her a chance to convince a client. This can also mean that those that have a database can have an advantage over those that do not have one.

Table 19: Responses to having a blog as part of their website Application

	# OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%

The above table shows that only 2 of the hotels (13 % of the total population) have a blog in their website while the rest do not.

Such a figure indicates that hotels use of blogs as a means to advertise the organization is yet to be used. Since the customers like to hear about others view and experience about the hotel they spend sometime (as experience is one of a major output of describing ones stay in the hotel), creating blogs will play a vital role in attracting new prospects. But, there is a negative issue regarding the use of such a tool, i.e. Negative publicity by other competitors might damage the hotels image. Thus, there is a need to have a professional's advice before creating a blog and also in maintaining one in the hotels website.

The data gathered to the question regarding whether their websites is well ranked in generic search engines is provided in the table below:



Table 20: Responses gathered to whether websites can be found on generic search engines

	# OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%

87% of the hotels respond that their websites can not be found in the first three pages of the generic search engines while the remaining 13% can be found easily through the generic search engines like Yahoo and Google. It has been observed that Most of the hotel websites didn't appear easily in the generic search engines stated above. The figure implies that most of the hotels can not be found by the generic websites like Yahoo and Google .And, since most of the clients or new prospects/ visitors that want to come to Ethiopia to find a place to stay usually use such a generic search engines, unavailability of the hotels websites in the search engines might cost the hotels potential customers. The other hotels that can easily be found in the generic search engines will have an advantage of being visited by new prospects and may be having new customers (if chosen by the new prospect) in the larger extent.

For the general question asked about how the hotels rate their own website standard, 47% of the hotels that participate in the study responded that their own website is poor while only 13% said that they have a very good website. (See pic-chart below)

Table 21: Responses to the general question regarding how the hotels rate their own website standard

	# OF HOTELS	% OF HOTELS
Very Good	9	13%
Good	2	13%
Moderate	1	20%
Poor	3	47%
Very Poor		7%
Total	15	100%

This indicates that there is a need to upgrade most of the Hotels websites in order to create a website that is more attractive. Customer's and prospects likely revisit of unattractive site is very low. And, since a website is used as one of the promotional tools that most of the hotels use to apply their promotion mix plans in the Internet, much emphasis must be given in designing and developing a website that can get a place in customers mind.

3.5. Use of the Internet features to increase business performance

The data gathered about the different features (or potentials) the Internet provides and their business importance to the hotels that participate on the study will be presented and analyzed in this section.

3.5.1. Using the Internet for Customer Relationship Management

Table 22: Responses to using the Internet for CRM

	# OF HOTELS	% OF HOTELS
Yes	3	20%
No	12	80%
Total	15	100%

As can be seen from the above pie-chart a large proportion (80% of the total population) of the hotels that undertakes the study do not use the Internet as a tool that aids in customer relationship management (CRM). The rest 20% has use it one way or another to interact with their customers. Of the 3 hotels that replied yes, 2 of them replied very good for the outcome they achieved by using it while 1 of them responded that the outcome found is moderate.

The figure indicates that there is a very low use of the Internet as a tool that facilitates the hotels interaction with their customers. Since the Internet provides the hoteliers a capability to directly contact with their customers, it makes it easy to create a strong relationship with the customers. Creating a strong relationship with the customers will make them be loyal to your hotel which is what any hotelier wants its customers to be. There are different tools that hoteliers might use to adopt eCRM but they need to receive an advice from professionals to efficiently use such a feature. The implication behind one of the hotels responding the outcome of using the Internet for CRM as Moderate is that there is a need to have the Know-how in how to effectively and efficiently use it for such purposes. There is lack of organizations that expertise in the Internet marketing strategies, according to the marketing manager's interviewed.



3.5.2. Online-booking service by the Hotels

Table 23: Responses to having an online-booking service

	# OF HOTELS	% OF HOTELS
Yes	3	20%
No	12	80%
Total	15	100%

As can be seen from the table above, only 20% of the total population (3 hotels) applies online booking services to allow their customers to book from anywhere they are. But, the large proportion of the study (80% of the hotels) responds that they do not have an online booking services available to their customers.

The implication behind such a figure is that there is a very low level of use regarding online-booking service in the hotels. Since most hotels around the globe has connected to the Internet and provides an online-booking services and most people nowadays have access to the Internet, hotels must try to adopt such a service to their hotels so as to compete with the rest of the hotels.

Those that responded yes forwarded advantages like, maximizing the market share, increasing customer's satisfaction, having a competitive advantages over those hotels in the country, etc. Such an advantage obtained by having an online-booking service might lead others to start to use it.

3.5.3. Hotels to transact business over the Internet

Table 24: Responses to the hotels use of the Internet to transact business

	3 OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%

The above table shows that only a small proportion (13% of the total) of the hotels that participates on study uses the Internet to transact business while the rest (87% of the total) do not use it for such a purpose.

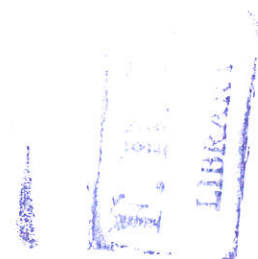
Those that respond no to whether they use the Internet to transact business forwarded their reason for not using such a feature. They state that there is lack of Infrastructure in the country to use the Internet for transacting businesses online. The reason the 2 hotels in the study responded yes is that they have parent hotels outside Ethiopia where they can exploit such a feature.

The indication here is most hotels can't currently use card payments like visa to transact online but they can allow their customers to book online in advance and make them pay when they arrive in the city.

3.5.4. Internet use in the hotels for market research

Table 25: Responses to use of the Internet to market research purposes

	# OF HOTELS	% OF HOTELS
Yes	2	13%
No	13	87%
Total	15	100%



The figure above shows that only a small proportion of the study (13% of the total population) uses the Internet for marketing research purposes. The rest (13 hotels) of the hotels has never used it for research purposes. Of the hotels that use the Internet for a research purpose, both of them replied that the outcome is very good.

This indicates that there is low level of awareness regarding the use of the Internet for the purpose of marketing research or any kind of research for that matter and it also implies that there is an advantage that can be acquired by the hoteliers using of the Internet for Research purposes. Since the Internet particularly the web provides a wide variety of Information that can be used for research purposes and there are also different tools that you can use to collect information's regarding different aspects of your customers, lack of utilizing such a

potential will affect the hotels in a negative way. They will lose the potential advantage a valuable research output provides them. The marketing manager mentioned that there is a need to have professionals that will provide help to hoteliers in exploiting the Internet's potential for research purposes.

3.6. The Internet and its future use in the hotels

The data gathered about the hotels with respect to their plan in using the Internet for their business in the future is presented, analyzed and interpreted here.

According to the respondent's responses to the hotels plan of the Internet use in the future, all (15 hotels) replied that they will increase their use of the Internet in facilitating their business operations.

This indicates that though the use of the Internet by most of the hotels currently is low, hoteliers are planning to increase their use of the Internet for their business in the future. This implies that hoteliers are ready to exploit the Internet's potential in the future by bearing the costs that are required to apply and use it. The costs might include training marketing managers of the Internet marketing strategy, employing IT professionals; selecting outstanding companies in this particular field (may be from outside the country), etc [As stated by one of the marketing manager interviewed].

3.7. Internet potentials and Constraints for marketing Products.

This section of the study is used to present, analyze and interpret the data gathered through the open ended-questions responded by the hotels about the different potentials they obtained by applying the use of the Internet in their businesses and the constraints they face while trying to use the Internet.

3.7.1. Potentials of the Internet Identified by the Hoteliers

The Internet involvement has affected the hotels in one way or another. As hoteliers try to adopt the Internet in their business, they will get the different advantages that it provides. The advantages (potentials) forwarded by the respondents include:

- ⬇ Ease of communication- The Internet makes it very easy and less costly in communicating with our customers.
- ⬇ Visibility to the world- Since anyone in the world can know our hotels presence and find its location from anywhere at the least possible cost using the Internet particularly the World Wide Web.
- ⬇ Using the Internet for defining the hotels marketing mix elements is considered as an advantage by the hotels. Since the Internet allows them to promote their hotels in the world at the smallest cost and also reduces the dependency on the traditional agents (which has reduced costs associated with the agents), it provides a vast advantage over the traditional ways of promoting to customers and getting new prospects. The Internet provides hoteliers an advantage that none of the traditional advertisement medias provide. Though this has been stated, the hotels use of the Internet for marketing purposes is not yet utilized. According to the marketing manager, the Internets potential for marketing purposes is mostly focused in promotion aspect of the marketing mix elements and there is a consideration on starting to use it for defining all the marketing mix elements.

- ✚ The Internet provides access to a wide variety of information regarding different issues including competitors information's about the services they provide, what prices they set for the services, what special things they own and offer, etc. This provides the marketing department important information with respect to the competitor's weaknesses and strengths.
- ✚ Some of the hotels state that they have used the Internet to create a strong relationship with their customers. This is possible due to the fact that you can personally email to your clients and interact with them to satisfy their needs.
- ✚ The Internet is also used by some of the hoteliers to make market research and other related issues like knowing the number of visitors of their site which helps in rating their website standard. Such a feature will tell you how many people visited your site in a particular period of time and this can aid you in decisions regarding the need to update or change your website design.

3.7.2. Constraints Hoteliers faced while using the Internet

There are associated constraints the hoteliers faced while they try to use the Internet potential in their advantage. Such constraints have limited the use of the Internet by the hoteliers. Some of the constraints forwarded by the hoteliers include:

- ✚ The most common constraint identified by the hoteliers relates to the setup and Infrastructure of the technology available in the country. The first is that the Internet connection is very poor so it sometimes takes a while to download customer's requests and send them back the required information. This lag in responding back to the customer may lead them to look for somewhere else since switching cost associated with it very low or almost none. Secondly, there is lack of online- payment where users can easily pay for their reservation. These constraints are at the

country level and can only be resolved by the high involvement of the government in this arena. Some improvements has been seen with respect to making the connection faster than it was before (adopting the broadband technology) but there is still a lot of room for improvement.

- ✚ There are no organizations (in their knowledge) in the country that have the knowledge of using the Internet specifically for marketing purposes. Since the use of the Internet for marketing purposes in the country is very low, it is difficult to get support from other organizations with the adequate skill required. The marketing managers interviewed on the study, responded that the low level of use of the Internet for marketing purposes is attributed to lack of awareness on such issues. In addition, marketing manager's lack of know-how on how to apply an Internet marketing strategy is identified as another constraint.
- ✚ Lack of the top management commitment in exploiting the potentials of the Internet was considered as one of the reasons for not utilizing the Internet's potential. According to the marketing managers interviewed, there is no budget allocated for specifically adopting Internet marketing strategies in the hotels marketing plan. Without top management's acceptance and understanding the advantage of the issue, the hotels can not possibly utilize the Internet's potential.
- ✚ The Internet provides ease of entry to the hotels in the international market creating competitors all over the world. Since there are a large number of hotels competing for same customers and most of them access them using the Internet, it is wise to appropriately set their Internet marketing strategies.

Chapter Four

Summary of Findings, Conclusion and Recommendation

This section of the paper will present the summary of Findings and conclusions of the study undertaken in the hotels. There are also recommendations forwarded by the researcher so as to give some insights on what must be done so as to utilize the Internet potentials for marketing products/services.

Summary of Findings:

- ✚ All of the hotels are connected to the Internet. But, 53% of the respondents have said that their level of use of the Internet is low and very low. Hotelier's lack of knowledge is the reason forwarded for such a low level use of the Internet. 67% of the respondents use the Internet for communication and Information Retrieval purposes.
- ✚ The Internet applications mostly used by the hoteliers are the combination of E-mail and World Wide Web (67% of the total) while 5 hotels use a chat application in addition to the mentioned applications.
- ✚ 40% of the hotels have been highly affected by their use of the Internet in doing their operation while the rest has not been affected by adopting and using the Internet. The changes made have benefited the hotels though there happens to be costs.

- ✚ All (100% of the hotels that undertakes the study) have used the Internet one way or another for defining their marketing mixes. 80% of them, though, respond that their use is only confined to promotion element of the marketing mix, the rest have used it for defining the combined marketing mix elements of promotion, product and place. Lack of knowledge in using the Internet for such purposes and also the concept being new to Ethiopia has been identified as factors that contribute to the low involvement of the hotels in using the Internet for defining their marketing mix. Only 3 of the hotels have used the Internet potential for the following purposes: Developing new service packages, eradicating the need for Intermediaries (agents).
- ✚ Most of the hotels (87% of the total) have used the Internet in performing their Advertisement kind of the promotion mix. In addition, 67% of the hotels have never used other websites for their advertisement needs.
- ✚ All of the hotels have a website. 40% of the hotels have developed a website in order to improve their corporate image and customer service, find new prospects and expand their market and increase visibility while 7%(1 hotel) respond that it is for improving their corporate image and customer service.
- ✚ Though 87% of the hotels have outsourced their website development need, none of them have outsourced it to an organization with a hotel marketing knowledge. Only 13% of the total has developed their website by people who has a hotel marketing knowledge. 54% of the hotels from the total consider the important issues of network limitation, culture and demographics.
- ✚ 13% of the total has never received feedback from their customers.60% of the hotels have never updated their websites.
- ✚ Only 2 hotels have a database and a blog as a part of their website application and have made their website easily accessible through the generic search engines, like Yahoo and Google. These same hotels and 1 another hotel have

also replied that they have used the Internet for the following purposes: CRM (Customer Relationship Management), to book online. Only 2 of the hotels used the Internet to transact business over the Internet as well as to do a market research. Most of the Internet potentials have been utilized by two of the 5-star hotels in Addis Ababa (Sheraton Addis and Hilton Addis Ababa).

- ✚ All of the hotels have planned to increase their use of the Internet in the future.

- ✚ It was also identified that the Internet provides potentials like ease of communication, visibility to the world, a tool that can assist marketing personnel in defining the hotel marketing mix, easily accessibility of wide variety of information, creating strong relationship with customers and market research.

- ✚ Constraints like the Infrastructure of the technology available in the country which includes lack of online-payment, Lack of organizations that expertise in hotel Internet marketing strategies or just Internet marketing strategies, Lack of the Know-how by the Marketing managers of the Hotels, Lack of top level management in the issue which is seen by the very small or no allocation of budget for Internet marketing strategy and higher competition were also identified by the hotels.

Conclusions:

- ✚ The hotels have done well in connecting to the Internet so as to use the advantages; but, their use of the Internet is mostly tied to performing elementary operations using applications like e-mail.
- ✚ The Ethiopian Hotel industry's use of the Internet for marketing products/ services can generally be considered as at its infant stage.
- ✚ There is also a trend which shows that the hotelier's use of the Internet for general purposes is increasing.
- ✚ Hoteliers are focusing the use of the Internet mainly for the promotion activities of the hotels. Though most of the hotels focus in using the internet when defining their promotion element of the marketing mix, it is not even efficiently and effectively used by the hoteliers. The other elements of the marketing mixes aren't utilized by the Internet potentials.
- ✚ All of the Hotels have their own website whose primary purpose is to promote the company's image and its products/services. The hoteliers have known and understood the use of having a website.
- ✚ Less consideration is given to the hotels website accessibility in the generic websites. Most of the hotels website can't be easily accessible through the generic search engines like Yahoo and Google. If a website can't be found, it is useless.
- ✚ Hotels use of other websites to promote their products/services is low. And those that use other websites don't properly select popular websites they just advertise.
- ✚ Hotels tend to outsource their need of website design and development to external organization. These organizations don't have the knowledge of hotel marketing.

These results in lack of incorporating sales features in the Website and other related issues that are needed to make a website a source of customer acquisition. The hotel websites lack Applications like database and blog which can be used for marketing research or customer interaction. There is also lack of applications of eCRM in the hotel websites which is lack of customer interaction using FAQ's (Frequently Asked Questions).

- ⬇ There is Lack of use of the tools and applications provided by the technology in most of the hotel websites that could facilitate and increase the hotels interaction with their customers.
- ⬇ Hotels do not use the Internet as the only media to advertise their products rather they integrate it with other media to undertake their advertisement plan. The Internet is used as one of the advertisement tools by the hoteliers rather than being used as a sole medium.
- ⬇ The Hotels use of the Internet for research purposes particularly research related to marketing is very low. And, there is a positive outcome seen by the hoteliers that use the internet for research purpose. This is attributed to lack of awareness in how to use such a potential.
- ⬇ The hotels level of use of the Internet features like online booking is low though it is possible to make it easily available on their Websites. But, no technological infrastructure is available in using the internet to transact business. Having such features have provided potentials for the hoteliers.
- ⬇ Hotelier's knowledge and commitment in using the full potential of the Internet for marketing products/services is very low. Budgets allocated for applying IT to most hotels is very low let alone a budget for Internet marketing strategy.



- ✚ Use of the Internet has an ability to eradicate the need for intermediaries, though most of the hotels have not yet reached to the level where they can entirely depend on the Internet for customer attraction.

- ✚ Adapting and increasing the use of the Internet can have an impact on the way the hoteliers do their business operation which leads them to make some appropriate changes.

- ✚ Though the hotels level of use of the Internet for general purposes as well as for marketing products/services is low, Hoteliers have planned to increase the use of the Internet in the future.

Recommendations:

- ✚ The general level of use of the Internet in the hotels can be increased by creating awareness in the potential of the Internet for performing various purposes. This can be done by concerned parties like Ethiopian Hotels and Restaurants Association, Ministry of Culture and Tourism, etc.
- ✚ The design and development of a website must start to receive huge consideration so as to make the hotels Website a tool that generates sales or revenues. The hotels must start to outsource their website development need to those organizations that knows hotel marketing. All the essential issues like network limitation, demographic and culture must be incorporated while the hotels develop website for their need.
- ✚ Websites must be able to be found in generic search engines so as to be easily accessible to the clients. This can be done by consulting IT professionals that can do a Website optimization to your Website (increase the rank of your site in the generic search engines).
- ✚ Internet applications that include blogs, eCRM (electronic customer relationship management), and databases must be incorporated in the Website development in order to increase hotels interaction with their customers and also to provide some other way of attracting new prospects to their hotels. Hoteliers must also give consideration on updating their websites at the necessary time to make customers get acquainted with new events and issues in the hotels. It is also recommendable to have a FAQ section that will allow customers to know about the hotels basic issues.
- ✚ In order to increase the use of the Internet for marketing products/services, the lack of awareness regarding the issue must be resolved. This can be done by providing trainings to the marketing managers or marketing personnel's of the hotels (if necessary going abroad to receive the training). But, this can only be achieved if the top managements involvement and commitment towards the issue is high. Creating

such an attitude will be a challenge to the marketing managers of the hotels since they are the one department that can be highly advantageous.

- ✚ The hotels must also start allocating a budget or increase the amount of budget they allocate to implement Internet Marketing strategies so as to receive a huge increase in their customer attraction.
- ✚ Integrated Marketing programs should combine elements of various media in order to maximize their effectiveness, and therefore despite the hype the Internet should not be used alone as a marketing tool.
- ✚ Hotels must increase their use of the Internet with respect to applying it in marketing or any other research needs.
- ✚ Since the Internet leads to higher competition, hoteliers must start to think differently and increase their involvement and level of use of the Internet for their day-to-day activities as well as any other potential.
- ✚ Hoteliers must incorporate tools that can make customers book online in their websites (which is what most people like to do these days) from anywhere they are so as not to lose potential customers. Developing a feature that enables to make the client's book online on the Hotels Website can be done by Website designers without a need to have a lot of effort and cost.
- ✚ The government (Since the Ethiopia telecommunication, the only company that controls the network in Ethiopia, is government owned) and other concerned parties are also responsible in applying the technology that allows hotels and for that matter other sectors that want to transact businesses online.

⬇ Since no organizations exist that specializes in the provision or consultation of organizations to adapt to Internet Marketing strategies, the evolvement of such organizations will be a positive step in creating and increasing the awareness of the use of having Internet marketing strategies.

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Appendix -I

Questionnaire prepared for the Selected Hotels

This questionnaire is designed to collect relevant data for senior paper in partial fulfillment of the requirements for the MBA program at Addis Ababa University. The research topic is **Internet for marketing products/services: Case of Star-rated Hotels in Addis Ababa**. Please take a few minutes of your time to complete this questionnaire. Your frank and honest response will have a positive contribution to the success of the research. I kindly request you to fill and return it as soon as possible. I thank you in advance for your cooperation.

Note: There is no need of writing a name

Your response will be kept strictly confidential

Do not hesitate to write any relevant information.

Items

General questions about the Hotels in their use of the Internet

1. Position of the person who filled this questionnaire?

_____.

2. What star is your organization rated as?

5-star

4-star

3-star

2-star

1-star

3. Is your organization connected to the Internet?

Yes

No

4. If your answer is yes for Item # 3, when does your organization start to use the Internet?

_____.

5. How do you rate the level of use of the Internet in your organization?

Very High

High

Moderate

Low

Very Low

6. What application does your organization use the Internet for? [**More than one answer is possible.**]

E-mail

Chat

World-Wide Web

Mailing List

Newsgroup

Other

7. What is the main purpose of using the Internet in your organization?

- Communication
- Retrieve Information
- Supplement organizational activities
- Other _____

8. Does the Internet highly affect the way you do business?

- Yes No

9. If the answer for item # 8 is yes, what changes did you do?

Hotel Websites and Marketing Aspects

10. Does your organization have a website?

- Yes
- No

11. If the answer for item # 10 is yes, what is your organization main purpose of designing and developing a Website (what factors pushes you to develop a Website)? **[More than one answer is Possible.]**

- Improve your corporate image and customer service
- Find new prospects
- Increase visibility
- Perform transactions
- Expand your market
- Meet customer expectations
- Other _____

12. Who is responsible to develop your hotel Website?

- Organization's IT department External organizations
 Individual Employees Others

13. Does the website developer have knowledge of Hotel Marketing?

- Yes
 No

14. Do you receive feedbacks from customers using your Website?

- Yes
 No

15. Who is responsible for updating the Organization's Website?

- The Organizations IT department
 Outside Organizations
 Other _____

16. How often is your website updated?

- Never been updated
 1-2 Months
 2-5 Months
 > 6 Months

17. Which one of the following issues have you considered while developing a website for your hotel (if you outsource it to external organization have they tackle such issues)? **[More than one answer is possible.]**

- Network limitations Demographics
 Culture None is considered

18. How do you rate your Websites standard?

- Very Good Good Moderate

Poor

Very Poor

19. Do you have a Database to store your customer information in the website?

Yes No

23. Do you have a Blog in your hotels website?

Yes No

24. Can you find you own website easily through the generic search engines available (Yahoo and Google)?

Yes No

Internet and the Marketing Mix in hotels

25. Do you use the Internet for defining your organizations marketing mix?

Yes No

26. If your answer for item # 25 is yes, how do you use it with respect to the following issues?

Services _____

Promotion _____

Price _____

Place _____



27. If your answer is yes to item # 25, for which one of the marketing mixes does your hotel mostly apply it? **[More than one answer is Possible]**

- | | |
|------------------------------------|--------------------------------|
| <input type="checkbox"/> Product | <input type="checkbox"/> Price |
| <input type="checkbox"/> Promotion | <input type="checkbox"/> Place |

28. Have you used the Internet for developing new products (e.g. changing service packages using the Internet after receiving customer requests)?

- Yes No

29. Do you use other websites to advertise your organizations products/services?

- Yes
 No

30. If your answer is yes to item # 29, what is your suggestion regarding the use of other websites for advertising ones products/services?

31. Have you used the Internet for promoting your products?

- Yes No

32. If the answer for item # 31 is yes, for what purpose is it mostly used?

- Advertisement
 Sales Promotion
 Publicity
 Direct Marketing
 Other _____

33. Is the Internet the only medium used to promote your products/services?

Yes No

34. If your answer for item # 33 is yes, how do you rate the result?

Very Good Good moderate
 Poor Very Poor

35. Do you interact with your customers using the Internet?

Yes No

36. Do you think the Internet eradicates the need for having intermediaries (agents)?

Yes
 No

Internet features and their business use

37. Have you used the internet for the purpose of market research?

Yes No

38. If your answer is yes to item # 37, how do you find the outcome?

Very good Good Moderate
 Poor Very Poor

39. Do you use the Internet for the purpose of customer-relationship management?

Yes No

40. Do you use the Internet to transact businesses (e.g. to be paid online)?

Yes No

41. If your answer for item # 40 is no, what is the reason for that?



42. Do you provide an online booking service?

Yes

No

43. If your answer for item# 42 is yes, can you state the advantages you obtained by using such a technology?

Internet and its future use by the Hotels

44. How does your organization plan to use the Internet in the future?

Increase its use

Same as current

Reduce its use

Potentials and constraints of using the Internet

45. What potentials do your organization obtained by using the Internet?



46. What constraints do your organization faced while trying to utilize the potentials of the Internet?

47. Please state anything you might think would be relevant for the study in the space provide below:

Thank you.

Appendix -II

Interview Questions

General questions that are related to the Organization

1. Organizational Profile

- What is the Star of your organization?
- What kind of services does it provides?

2. Technology Setup

- What is your organization's policy with regard to adopting new technologies?
- Do you have an IT department (or does your organization have its own Information System?)
- Does the department receive enough Budgets for its plans? Are there a budget allocated to Internet Marketing strategies?



Questions specific to the subject matter

1. Do your organization uses any kind of Internet Application? What are the applications used by your organization?
2. Is the Internet used in the organization as a supplementary medium to your business? Or is it used to implement marketing strategies?

3. How does your organization use the Internet in applying its marketing mix? Do you use the Internet for marketing products/services? What are the strategies used in accordance with the 4P's of the marketing mix?

⚡ Do you use it for promoting your products/services? Do you still use traditional advertisement Medias? Which one do you prefer? Why?

⚡ Do you use other websites for advertising your products/services? How do you rate your websites standard?

⚡ How do your organization uses the Internet with respect to the promotion mixes (Advertising, Sales promotion, etc.)

⚡ Do you use the Internet for price setting purposes? Do use the Internet for finding price information about competitors? Does your organization be affected by the standardization trend of prices across the internet for similar products/ services?

⚡ How does it affect your organization in terms of distribution channels? Does it completely eradicate the need for agents?

⚡ How does it affect your organization in developing new products/ services? Do you use it to develop brand awareness?

4. Does your organization have a Web site? For what purpose do did you develop your website (for information purposes, business transaction purposes, communication purposes or what)? Do you promote your organization on other Web Sites?

5. Can you state the potentials obtained by using the Internet (competitive advantage over competitors, ROI, etc)?



6. What kind of constraints have you faced while trying to fully realize the potential of the Internet?
7. Does the Constraints Internal or external to your organization?
8. Does your organization suffer as a result of these constraints?
9. Does your organization have seen a visible change after starting to use the Internet?
10. Is there any relationship management ability you are using out of the Internet? Do you use the Internet for customer-relationship management? If yes, how do you do that?
11. Do your organization uses a “push” or “pull” marketing strategies?
12. Do you use the Internet for marketing research or any other research purposes?
13. Do you have any plan in trying to utilize the full potential of the Internet in the future?

Appendix –III

Star-rated Hotels in Addis Ababa

S.N	Name of Hotels	Remarks
1	Ararat Hotel	3-Star
2	Atlas Hotel	2-Star
3	Awraris Hotel	2-Star
4	Axum Hotel	3-Star
5	2A3B Bete Abrham Hotel	1-Star
6	Bole International	-
7	Central Shewa Hotel	3-Star
8	King's Hotel	4-Star
9	Crown Hotel	3-Star
10	DE Leopol Hotel	4-Star
11	Desalegne Hotel No.2	3-Star
12	Ethiopia Hotel	3-Star
13	Extreme Hotel	2-Star
14	Filwoha Administration	2-Star
15	GG. Royal Hotel	1-Star
16	Global Hotel	4-Star
17	Ghion Hotel	4-Star
18	Hilton Addis Ababa	5-Star
19	Holiday Hotel	2-Star
20	Ibex Hotel	3-Star
21	Imperial Hotel	4-star
22	Jerusalem Hotel	2-Star
23	Jovanni Hotel	-
24	Lalibella Hotel	3-Star
25	Motera Hotel	-
26	Plaza Hotel	2-Star
27	Queen of Sheba Hotel	-
28	Ras Amba Hotel	3-Star
29	Ras Hotel	2-Star
30	Semien Hotel	3-Star
31	Sheraton Addis Hotel	5-Star
32	Wabi Shebelle Hotel	3-Star
33	Yordanos Hotel	3-Star
34	Mariot Hotel	-
35	Debre Damo Hotel	-
36	Yonas Hotel	1-Star

Source: Ministry of Culture and Tourism

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ADDIS ABABA UNIVERSITY
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