GOVERNANCE AND REGULATION OF THE TOURISM INDUSTRY: AN INTERNET MARKETING PERSPECTIVE

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Abstract

The purpose of this qualitative study is to establish governance and regulation issues pertaining to Internet marketing approaches within the South African tourism sector. The study focuses on the norms and practices of Internet marketing among small-scale lodging establishments in Bushbuckridge – a small tourist town in northeast South Africa. In-depth interviews were collected from eight participating bed and breakfast (B&B) owners. Findings revealed that, while Internet awareness was quite high, only a few B&Bs utilised the Internet for marketing. Participants cited lack of clear industry guidelines on Internet marketing approaches as well as limited Internet experience, among others, as barriers to adoption. Implications and recommendations of the study are presented within the ambit of the existing literature.

Keywords: Adoption, Bed and Breakfast, Bushbuckridge, Governance, Internet Marketing, Regulation

1. INTRODUCTION

The role and impact of electronic marketing (e-Marketing) in terms of globalising small businesses has received considerable attention in existing literature (Lituchy & Rail, 2000; Sparkes & Thomas, 2001; Poon & Swatman, 1995; Su, 2002; Cloete, Courtney & Fintz 2002; Martins & Matlay, 2003; Galloway, Sanders & Deakins, 2011; Rodgers, Jen & Chou, 2002). Substantial research attention has also been directed at investigating the determinants of Internet adoption by small businesses in sectors such as tourism, manufacturing and agriculture (Weber & Kauffman, 2011; Simmons, Durkin, McGowan & Armstrong, 2007; Maswera, Dawson & Edwards 2008; Akkeren & Caveye, 1999; Jullien & Raymond 1994; Poon & Swatman, 1999; El-Gohary, 2012).

The adoption of the Internet by Bed and Breakfast (B&B) businesses as a marketing tool has received some attention in the international literature (Lituchy & Rail, 2000; Chen, Lin & Kuo, 2013; Hudson & Gilbert, 2006; Lee, Reynolds & Kennon, 2003; Jeong, 2004; Huang, 2008). For example, Lituchy and Rail (2000) investigated the impact of technology on globalising B&Bs and small inns in Canada and the USA, and Huang (2008) investigated B&Bs’ adoption of the Internet in Taiwan. However, there are limited studies investigating determinants of Internet adoption as a marketing tool by B&B operators in South Africa.

There are a number of accepted theoretical frameworks that have been used by researchers to investigate the adoption and diffusion of Information Technology (IT) in business. These include the Technology Acceptance Model (TAM) (Davis, 1989) and the Innovation Diffusion Theory (IDT) (Rogers, 1983). Alam, Khatibi, Ahmad & Ismail (2007); Wang, Wang, Lin and Tang (2003); El-Gohary (2012); Simmons et al. (2007); Bhattacharjee (2001); and Dimitriadis and Kyrezi (2011) are some of the researchers who have tested the adoption of the Internet using models of technology adoption. For example, Alam et al. (2007) used the IDT (Rogers, 1995) to investigate factors affecting e-commerce adoption in electronic manufacturing companies in Malaysia. Their study revealed that perceived characteristics of innovation – relative advantage, compatibility, complexity and observability – were useful predictors of technology adoption. El-Gohary (2012) used TAM (Davis, 1989) to investigate factors affecting e-Marketing adoption and implementation in Egyptian tourism firms. The findings demonstrated that internal factors such as compatibility and ease of use had a positive impact on the adoption of e-Marketing by firms.

However, e-Marketing is still a relatively new concept, particularly for organisations operating in developing countries that have limited resources, poor infrastructure, and strong competition and cannot afford to make unwise investments or bad decisions (El-Gohary, 2012). El-Gohary (2012) states that there is a need for a much clearer understanding of e-Marketing challenges as well as the opportunities it presents for such organisations, and how these technologies can be used to carry out marketing activities and processes in a more effective and efficient way compared to traditional marketing practices.

2. THEORETICAL PERSPECTIVE

Through the South African National Development Plan (NDP), tourism has been identified along with other key economic sectors such as manufacturing, mining, ICT and business services as important for stimulating the growth of small businesses and advancing the economy of post-apartheid South
Encouraged in part by the successful hosting of the FIFA 2010 Soccer World Cup, South Africa is increasingly becoming a tourism destination of choice, and its performance continues to grow well compared to other countries. A 2010 competitiveness study by South African Tourism compared its positioning and performance relative to those of key competitors, such as Australia, the United States, Kenya, Thailand, and Brazil, and found that the country has the highest contribution of the tourism sector to GDP at 12 percent. In 2013, the United Nations World Tourism Organisation (UNWTO) ranked South Africa second in African destinations, with over 9.5 million international arrivals. The sector reached 10 million international visitors in 2013 (StatsSA, 2014), an impressive growth compared to the 50,000 visitors recorded in the late 1980s at the height of sanctions against the country (Rogerson & Visser, 2004). In 2013, tourism's GDP contribution was R103.6 billion, an increase from R93.5 billion in 2012. In 2011, the tourism sector's contribution to employment was estimated at 1.2 million jobs, an increase from 567,378 jobs recorded in 2010. The World Travel and Tourism Council (WTTC) estimates that tourism and tourism in South Africa directly employed more people than many other key economic sectors such as the mining, communication services, automotive manufacturing and chemicals manufacturing sectors in 2013 (Tourism, SA 2013).

The most visited provinces in South Africa are Gauteng, the Western Cape and Mpumalanga (Tourism, SA, 2013). Providing an opportunity for B&Bs in the provinces to grow, and consequently for the sector to become highly competitive. It is therefore important to find new ways of helping South African organisations working in tourism, such as B&Bs, to conduct business in an effective and efficient way. Traditionally, as observed by Nuntasu, Tassopoulos and Haydam (2004), B&Bs hardly relied on intensive marketing efforts, as walk-in customers were enough to sustain their businesses. Today, however, B&B operators have to aggressively market their establishments to survive in an increasingly competitive environment, much like their counterparts in the hotel sector. As has been the case for the hotel sector, the Internet is increasingly being used as a tool through which B&Bs are marketed. With the advancements in technology, customers can now virtually tour B&B rooms and make reservations online, both of which were not possible before the Internet. Above all, the Internet facilitates the marketing of lodging establishments to a potentially global market.

Porter (2001) states that the Internet is the most powerful tool available today for enhancing operational effectiveness. It is advantageous in that consumer costs and time associated with obtaining information are greatly reduced. For instance, it is no longer necessary to travel to a lodge to make enquiries or place bookings. These services can be accessed anywhere, anytime, anywhere over the Internet. Fast interaction with customers from all over the world is difficult if not impossible without the Internet (Walle, 1996). Consequently, many lodging businesses are adopting and using the Internet to advertise their rooms and facilities. This, therefore, allows customers to compare and select among competitors virtually via the Internet. This provides faster and more efficient interactions with customers, which has become an industry norm (Gretzel, Fesenmaier & O’Leary, 2001). Gretzel et al. (2001) caution that without the Internet, sustaining an accommodation business is difficult.

Against this background, the purpose of this study is to investigate the adoption and usage patterns of the Internet as a competitive advantage marketing tool by B&B managers in Bushbuckridge, a tourism hub in Mpumalanga Province in South Africa. Although different authors have investigated the adoption of the Internet as a marketing tool (Lituchy & Rail, 2000; Sparks & Thomas, 2001; Poon & Swatman, 1995; Siu, 2002; Cloete, Courtney & Fintz 2002; Martins & Matlay, 2003; Galloway, Sanders & Deakens, 2011; Rodgers, Jen & Chou, 2002), few research studies have addressed the B&B industry (Edwards, 2008). Consequently, very little research has been published on B&B operators and their e-Marketing activities in South Africa.

Based on the above background, the research problem is as follows:

Despite many potential benefits of using the Internet to market their businesses, B&Bs in Bushbuckridge appear not to be embracing this new technology to build and sustain their businesses. As such, while tourism activity in the area is increasing, many Bushbuckridge B&Bs fail to attract a critical number of guests and are struggling under increasing competition.

3. Research Design and Methodology

3.1. Research Design

The research adopts a case study design. The purpose of a case study is to understand something that is unique to groups or individuals by collecting rich data (Creswell, 1994 cited in Leedy, 1997:157). The case study enables researchers to learn about participants' views regarding the research problem within their context and build an understanding of the phenomenon under investigation (De Vos, Strydom, Fouche & Delport, 2011; Yin, 2003). Since the research problem concerns B&Bs situated in Bushbuckridge, it was imperative to understand the specific issues that these businesses face.

A qualitative methodological approach was followed in the study which was exploratory in nature. Saunders, Lewis and Thornhill (2012) posit that an exploratory approach is valuable to gain insights about a particular topic of interest under study as it provides the researchers with flexibility and freedom needed to ask open ended questions and explore phenomena where literature is lacking and thus, help to uncover important variables. Furthermore, it often focuses on how individuals and groups view and understand the world and construct meaning out of their experiences.

3.2. Population and Sampling

The study was conducted in various B&Bs in the Mpumalanga province of South Africa. A purposive sampling method was employed to select participants who possess relevant experience, knowledge and attributes that serve the purpose of the study (Creswell, 2012:206). This sample...
consisted of B&B managers currently using the Internet and those not using the Internet. Such a technique enables conducting within-case and cross-case analyses. In total, eight (8) B&B managers (n=4 adopters, and n=4 non-adopters) were interviewed.

3.3. Data collection and analysis

Data was collected through interviews and observations. Voice recorders (for interviews) and video recorders (for observations) were used as tools to collect data. Researchers personally visited and interviewed each selected participant in the eight B&Bs in Bushbuckridge, Mpumalanga province. Collected data was analysed using discourse and content analyses, in which within-case and cross-case analyses were utilised. Four cases of B&Bs using the Internet to market their businesses were compared and analysed with four of those B&Bs not using the Internet to market their businesses. ATLAS.ti 7 qualitative data analysis software was used for data analysis.

4. FINDINGS AND DISCUSSION

In total, eight cases from the Bushbuckridge area were included in the study. These included four B&B businesses that use the Internet as a marketing tool, and four B&Bs that have not adopted the Internet as a marketing tool. The cases are grouped into two categories of cases: Category 1 represents those B&B operators that have adopted the Internet as a marketing tool, and Category 2 represents B&B operators that have not adopted the use of Internet for marketing the business.

4.1. Category 1: Adopters’ profiles

4.1.1. B&B 1

The B&B is registered and has been operating since 2011. The business has adopted the Internet as a marketing tool; it has a fully functioning website, uses emails and management refer to the Internet as their primary marketing and communication tool. The B&B has 25 rooms and offers breakfast, lunch and dinner on request. The staff organisational structure consists of the managing owner, receptionist, handyman, and cleaners. The business has applied for grading with the Tourism Grading Council of South Africa (TGCSA) and is waiting for a response.

4.1.2. B&B 2

The B&B is registered and established in 2009. It has 5 bedrooms and offers breakfast as part of the package, lunch and dinner on request. It has adopted the Internet as a marketing tool for the business. The staff organisational structure consists of the managing owner, assisted by her partner, and has a part-time receptionist who is responsible for bookings and overall management in the absence of the owner.

4.1.3. B&B 3

The B&B is registered and has been successfully graded as a 2 stars B&B. There are 34 bedrooms.

Fourteen of these are used by B&B clients, and 20 are used permanently for renting. It is the biggest B&B in Bushbuckridge in terms of number of bedrooms offered. It offers breakfast, and lunch and dinner on request, and has 40 staff members including housekeeping, office admin and catering. The establishment is accessible online with a fully functioning website; it has fully adopted the Internet as a marketing tool and identify that the majority of the B&B’s customers originate from the Internet.

4.1.4. B&B 4

The B&B is registered, currently belongs to the Tourism Enterprise Partnership (TEP) and the business is registered with the Mpumalanga Tourism Park’s Board. The Internet has been adopted with a fully functional website and the use of emails to communicate with customers. It is owned by one person with the help of a manager, booking assistant, cleaners and a handyman. It has 14 bedrooms; 8 permanently rented and 6 used as B&B facilities.

4.2. Category 2: Non-adopters’ profiles

4.2.1. B&B 5

The B&B is registered and has been operating since 2010. It has 30 bedrooms and does not offer breakfast or lunch. The business has never used the Internet and relies on walk-ins and referrals from friends and the community. The establishment is managed by an elderly owner with the help of his family members. It has 30 bedrooms and a conference space that can accommodate about 100 people.

4.2.2. B&B 6

This B&B is not registered, although it is in possession of a letter of consent from the municipality to operate a business at home. It has been operating since 2008. It is owned by a family, with the children assisting in the running of the business. It has 11 bedrooms and offers breakfast, and lunch and supper on request. It has never used the Internet and relies on walk-ins and referrals from community members. It belongs to the Mpumalanga TEP.

4.2.3. B&B 7

The B&B is not registered; however it is registered with the municipality to operate a business at home. It has been operating since 2010 and it is managed by the owner, 2 handymen, a cleaner and a receptionist. The business has 11 bedrooms and does not offer breakfast. It has never used the Internet and relies on walk-ins and referrals from community members.

4.2.4. B&B 8

The B&B started operating in 2012, is not registered but it is in a possession of a municipality consent letter to run a business from home. It has 4 bedrooms and is mostly used by touring families due to its size being small. The B&B has not fully adopted the Internet as a marketing and
communication tool, and relies on walk-ins and referrals. It is managed by partners who reside on the property.

4.3. Differences and similarities of cases

The cases were compared for similarities and differences on a number of themes, including customer type, telecommunication tools, marketing strategies, profit, survival, business growth, and operational challenges. The comparison of cases is illustrated in Table 1.

<p>| Table 1. Differences and similarities of cases |</p>
<table>
<thead>
<tr>
<th>Internet marketing adopters</th>
<th>Internet marketing non-adopters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer type</td>
<td>Diverse customers from walk-ins, referrals, Internet customers, touring families</td>
</tr>
<tr>
<td>Telecommunication tools</td>
<td>Business telephone, Emails, Bookings and comments from the websites</td>
</tr>
<tr>
<td>Marketing strategies</td>
<td>Websites promotional messages, emails, cell phone messages, flyers, notice boards, word of mouth, road signs directions to the B&amp;B and registering on online business directories</td>
</tr>
<tr>
<td>Profit, survival and business growth</td>
<td>Profits mostly positive, diverse marketing strategies and Internet marketing serves as competitive advantage, The use of Internet expands the business clientele and the business's growth</td>
</tr>
<tr>
<td>Operational challenges</td>
<td>Lack of mentors in the industry, training of staff, B&amp;B forums and organisations in the area.</td>
</tr>
<tr>
<td>Business views on Internet marketing</td>
<td>They view Internet marketing as a way of doing business in today's world. The businesses mentioned the Internet's ability to expand the business's clientele by reaching any part of the world, as their main reason to adopt.</td>
</tr>
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</table>

4.4. Use of the Internet by B&Bs

According to the Technology Acceptance Model (TAM), perceived ease of use (PEU) and perceived usefulness (PU) are important factors that influence the adoption of technology. Davis (1989) defines PEU as “the degree to which a person believes that using a particular system would be free from effort”. PU on the other hand refers to “the degree to which a person believes that using a particular system would enhance his or her job performance”.

In the context of the application of the Internet in B&B marketing, there are numerous factors which, at least in theory, explain why businesses would adopt technological innovations. The ease of use, or PEU (Davis, 1989) of the Internet as a marketing tool includes the affordability of setting up a website. In South Africa, the government assists businesses to establish a website with free hosting for entrepreneurs. Others can choose to hire website developers who usually assist in maintaining the website. Marketing through the Internet is not complex: once you set up the website anyone can access it from where they are; the business and the customer both save the cost of disseminating and accessing information. Online directories can also be used to market a business. It reduces cost in additional marketing employees: You do not need to hire staff members specifically to operate the Internet; it is a tool that operates itself and the business's responsibility is to monitor it. The perceived usefulness, or PU (Davis, 1989) of B&B Internet marketing derives from the fact that it is cost effective, makes it possible to reach more customers, saves time and is user-friendly.

For the purposes of this study, it was important to ascertain the extent to which theory is applicable in real-life situations. Firstly, the researcher sought to establish how the respondents viewed e-Marketing in general and Internet marketing (IM) specifically, in their respective businesses.

4.5. How respondents view e-Marketing

4.5.1. B&B 1

The owner of this B&B considered Internet marketing as a “very powerful” tool that enables a business to reach people from all walks of life, both locally and abroad:

"...The Internet is part of our communication... we get people through the Internet using emails. We realised that the mouth-to-mouth doesn’t work sometime especially for people from far...I mean how do you communicate with someone from Cape Town..."
who wants to visit Bushbuckridge? Who will direct you from there...? The connection is also not that difficult, with few resources... a laptop and your 3g, it is that simple..."

This participant understood that the nature of tourism as an industry requires diverse marketing strategies, and strategies which will support the needs of tourists from any part of the country or the world. PEU (perceived ease of use) is captured by the owner’s statement of “it is that simple, a laptop and your 3g”; this also gives an indication that the less complicated a technology the greater the chances of adoption.

4.5.2. B&B 2

This B&B owner admitted that when the business started, Internet was considered to be significant and of value to bigger hospitality industry businesses like hotels; and B&B owners were not motivated to adopt the Internet because of the small size of the business and sufficient numbers of walk-in customers and referrals. Their perception changed when their B&B was not receiving customers or calls to enquire about bookings for a period of about a month. They had then to reconsider their initial perception of the need to use the Internet. This B&B now regards the Internet as an important medium to breach the gap between the business and customers, and, even although the B&B is small with only 5 rooms, they emphasize that a room without an occupant represents a constraint to the business and to profits.

"It (the Internet) was seen as a thing for big business, like your hotels, not for us with small rooms...again maybe it was fear that it (the Internet) is too complicated to use, like I will have to train my receptionist...you know things like that...".

This indicates that as an owner of a B&B, one cannot always depend on the local community for support; but people from distant areas are perceived as “key” customers with a greater potential for using the business. Therefore the Internet is crucial as a tool for targeting those potential customers outside of the local area.

4.5.3. B&B 3

The B&B owners stated that, moments after launching their website, they recognised the potential for this transforming their business to being profitable and marketable. Adopting technology in the business was noted by these respondents as a “life changing” moment for the growth of the business:

"... We are growing stronger and stronger daily, if I can say we go by days without customers I will be lying..., the beauty of this is that we no longer spend much resources on advertising; the website has done enough to sustain us in the market, ours is to update it; this is not for us only, also our customers benefit because they can go online and communicate to us without being present in the building...

They reported that marketing using the Internet has transformed their business and set them apart from their peers and positioned them as a threat to hotels in the nearby area. They ascribe their business success to adoption of Internet marketing and services.

4.5.4. B&B 4

The owner refers to the Internet as the modern way of accomplishing things. The owner reported that he adopted the Internet after discovering that multinational hotels are able to operate globally through the Internet.

"...I also had this attitude towards this new technology thing... when someone speaks of Internet you think of a huge technological tool that requires so much, until you meet the right people to help you connect, you realise that it’s actually easy to operate, it’s very useful because the benefit is that I don’t have to hire many people to go around and distribute flyers, advertise door to door; just a huge notice board with the website and details saves time. The most important thing in business is time...you don’t have time to go around and knock on people’s door, that I love Internet marketing. Although I’m not saying I will not advertise in other forms like flyers or newspapers; I will but not as frequent like before..."

The participant admitted that, like the owner of B&B 2, the pressure from a decline in customers forced them to look for better ways of marketing the business. Because they have a long-term vision of growing the B&B, they view the Internet as a gateway to their business’s survival and growth. They view the Internet’s ease of use and usefulness as one of their reasons to adopt it.

4.6. Factors that prevent non-adopters use of Internet marketing

Despite the non-adopter B&Bs not employing Internet marketing, some of them indicated they had or still have an interest in utilising the Internet in their business. However they faced some barriers, which resulted in them not adopting Internet marketing in the long-run. These barriers are captured in the excerpts below:

“But we have been looking for someone who can assist with Internet connectivity but we have not received any reliable person” (Quote 5:2).

“Many people came to my business and promised to help me set up the Internet, but they always disappear, I do not have people to support me to connect to the Internet, I know many people rely on the Internet to get people but I have lost hope with so many promises that I have received but no action” (Quote 6:3).

Respondents B&B 5 and 6 expressed that they could not find someone reliable who could assist them with the installation of the Internet in their respective businesses.

“They want a share, they always want to cut off when you say R200, they will charge R500, and they want to also have a share. They come and promise so many things and they disappear and never come back, they promised to help me with Internet connectivity (but) nothing happened” (Quote 6:4).

Respondent B&B 6 expressed a sense of a barrier to adopting a new approach to business management, such as the use of Internet marketing, based on a perception of the lack of information and knowledge of the technology, and an absence of the means to overcome that lack of knowledge:

“local B&B owners operate in isolation, they are greedy and will not share information, unlike the taxi industry where there is associations and they have
meetings and work together but we do not meet. Some associations have a budget like when one owner is struggling or is sick they assist one, they refer customers when others do not have space, but here they will never do that, they think they will make you rich so they rather keep the customers to themselves” (Quote 6:8).

“We need to be like other industries like the taxis and remember to lift one another, to find common ground and as black people we need to start thinking like the whites and work together and stop fighting one another. But currently people are not willing to work together” (Quote 6:12).

Respondent B&B 6 indicated there was a lack of teamwork among local black B&B owners. Which could suggest some local black B&B owners that have adopted Internet marketing in their businesses do not want to share how they got Internet installed in their businesses with other entrepreneurs.

5. CONCLUSION

The purpose of this paper was to assess the factors that prevent B&Bs from using the Internet to market their establishments, using insights from B&B operators in Bushbuckridge. A review of the literature indicated that technology has significantly transformed the marketing of accommodation businesses. Businesses that use the Internet effectively are likely to become more innovative and responsive to environmental demands and are able to attain competitive advantage. The research findings indicated the negative impact experienced by B&Bs that have not adopted the Internet to advertise their businesses. For instance, some B&Bs that had not adopted Internet marketing experienced long-term vacuums due to a lack of customers, with impacts on profitability and personnel, whereas that was not the case with other B&Bs in the same area that have adopted Internet marketing. The owners of poorly performing establishments attributed this to lack of awareness of the existence of the business and an over-reliance on local customers and walk-ins. It was observed that those B&Bs that have adopted the Internet were able to reach more customers saving time and cost. Where Internet technology was not used, owners stated that this is not because of favour of traditional marketing strategies; but due to lack of adequate information, knowledge, and resources to introduce the Internet in their respective businesses. Understood in the conceptual framework of the factors that determine technology adoption, all B&B owners strongly perceive the usefulness of the technology (PU), but there exist barriers to the perceived ease of use (PEU) of the technology (Davis, 1989). These dynamics are unevenly distributed across the B&B sector in Bushbuckridge, such that some B&B establishments have successfully adopted Internet-based forms of marketing, with a significant positive impact on their business’s profitability, while others have not, with an equivalent negative impact on the business.

To further explore this topic the following areas are suggested for further research: (1) the relationship between B&B operators and marketing firms to assist in developing marketing packages that will enable businesses to be easily promoted via the Internet, and (2) the role of the government of South Africa, specifically the Department of Tourism, in supporting local B&Bs with access to funding in infrastructure development, information and knowledge training and development.

REFERENCES


