Chapter 37

E-Business Adoption Framework in the Hospitality Industry:
The Case of Kenyan Coast

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ABSTRACT

While the hospitality industry in the Kenyan Coast has adopted Information and Communication Technology (ICT), application of the same is limited to internal operations and control. The industry's e-business adoption lags behind similar industries such as tours and travel. Earlier research in e-business adoption does not suggest intervention for improvement of Small and Medium Enterprises' (SMEs) status and lacks focus on any specific industries. The aim of this chapter is to address this gap by analyzing the Kenya Association of Hotelkeepers & Caterers' (KAHC) e-business readiness using a three-interrelated-level framework; namely, firm level, market and industry, and institutional and regulatory levels. This chapter presents results of an ongoing project that we are currently working on, related to one of the authors' graduate degree research program that began in 2008. In this research, we adopt a survey approach that is supplemented by case studies of other countries' implementations from literature. Findings show that the hospitality industry at the Kenyan coast is not ready for e-business adoption and we develop a framework to help facilitate readiness. The findings imply that as a competitive strategy, establishments which have been competitors need to become collaborators; and KAHC and its membership need to adopt e-business to not only remain competitive, but also to survive. The findings are beneficial to KAHC and the Kenyan government in evaluating the status of e-business readiness as well as adoption in similar industries. Other developing countries can also adopt the framework.

INTRODUCTION

The internet and, subsequently, e-business has redefined modern business competition, changing the way companies and consumers relate to each other. It has facilitated information flow between a number of players, making it possible for customers to decide on what, where, when, and how to shop. A service industry such as hospitality needs to know what services are required, how they should be supplied, and when to supply. A number of hitherto competitors have, of necessity, found themselves collaborating with each other for mutual gain, if not survival. Such collaboration can be found in the vehicle manufacturing industry and air transport aimed at attaining economies of scale and flight optimization respectively (Chaffy, 2002).

Although most hotels and restaurants have adopted ICT for internal operations and control, the concept of strategic collaboration/integration with each other, their suppliers and customers, is new in Kenya. This is in contrast to other sectors in the hospitality industry such as travel that have integrated strategically to share knowledge, cut down costs and generally achieve economies of scale.

Internet has removed barriers of distance and time between communicating parties, among others. The efficient communication and applications available have facilitated new business models such as integration both vertically and horizontally. Through collaboration, SMEs can attain economies of scale, enhance value for customers and position themselves strategically in a competitive environment. In e-business, a firm is considered part of a supply chain whose efficiency will affect the fortunes of all businesses involved in the chain. A number of governments, including Kenya (Ministry of Information and Communication, 2006) have recognized the importance of e-business and are in the process of facilitating it or have put in place plans for the same.

E-business, practiced by large hotel chains, facilitates choice of a package, booking and payment by the customer while s/he is still at home. Given the resource limitations of small hotels, collaboration offers the best competitive opportunity, given that it is global, knowledge based and networked (Damaskopoulos & Evgeniou, 2003). Advantages associated with e-business include: improvement on return-on-investment, better utilization of assets, inventory optimization, goods reaching the market faster, wider market reach through multiple channels and faster collection of revenue. In addition, customers will be happy through enhanced customer experience and order fulfillment, among others (Lightfoot & Harris, 2003).

The research goal is to investigate the feasibility of the hospitality industry adopting e-business at the Kenyan Coast and develop a framework for the same.

The objectives of the research are to:

- Research and evaluate current and emerging e-business technologies and approaches related to the hospitality area.
- Evaluate current operations of Kenya Association of Hotelkeepers & Caterers (KAHC) coast branch and establish its strategic business needs for attaining and maintaining competitive capacity in an environment driven by electronic commerce.
- Produce an e-business adoption framework for KAHC.

The researchers adopted a survey approach, which is supplemented by case studies of other countries' implementations from literature. Interviews and e-mail questionnaires were used to collect data from hospitality establishments along the Coast of Kenya covering a distance of approximately 400 kilometers. After analysis, the results were used to inform development of an e-business adoption framework for the hospitality industry at the Kenyan Coast.

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