

**FACTORS INFLUENCING SEASONALITY IN HOTELS: *THE APPLICABILITY
OF BLUE OCEAN STRATEGIES FOR COUNTERING SEASONALITY IN DIANI
BEACH, SOUTH COAST, KENYA***

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**A THESIS SUBMITTED IN THE PARTIAL FULFILLMENT OF THE
REQUIREMENTS OF THE DOCTOR OF PHILOSOPHY IN TOURISM
MANAGEMENT, SCHOOL OF TOURISM, HOSPITALITY AND EVENTS
MANAGEMENT, MOI UNIVERSITY.**

2014

DECLARATION

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DEDICATION

To my adorable parents, Joseph and Joyce Burugu:

Dad, you have been amazing since I made my first step; your outstanding and unconditional: love; support; care, has seen me into my later life. Thank you for your constant assurance that God works for good for all those who trust in Him.

Mum, your kindness and humility has taught me to stand firm in believing in who I am.

Your prayers, concern and heartened reassurances, I can compare to none.

Simon, your confidence in me, steadfast support throughout this journey and utmost faith - that all things are possible through God, has seen me this far.

I thank my Lord for family; for supporting me entirely. I love you.

Above all, to my Almighty God, because You have: continued to watch over me; journeyed with me; been my source of energy and inspiration; made all things possible.

Indeed Your grace has been sufficient.

ABSTRACT

An almost intractable challenge characterizing the hotel industry (HI) worldwide has been its seasonality and a major concern for researchers, policy-makers and HI managers. The accommodation sector in Kenya, for example, is typified by a two-peak seasonality pattern brought about by tourist seasons (one between June and September; the other in December); two shoulder seasons from January to March and again in October; two low seasons – one from April to May and a second in November. The low, high or peak seasons, are attributed to changes in the macro-environment, the micro-environment and various push and pull factors. The impact, scale and duration of the season is often measured based on: tourist traffic in and out of hotels and other tourism enterprises; the number of workers laid-off or employed; the hotel's ability to profitably maintain business operations all-year round. Often, these impacts have either led to under-utilisation and or over-utilisation of fixed assets, human and physical resources in the hotels, causing low and high seasons respectively. Due to the consistency and predictability of seasonality patterns, hotel managers have continuously responded to the phenomenon by either coping or capitulating, depending on the impact, scale or recurrence of its changes. The majority of hotels in Kenya's South coast are highly dependent on international tourists and are forced to either close partly or wholly for undefined durations, until the season peaks again. Despite the extensive awareness of the problem, hotel managers' ability to formulate suitable strategies for countering the phenomenon is marred by extreme rivalry and competition for already existing and known market-space; since many hotels aim for 100% occupancy, by offering, very low-priced and undifferentiated packages. Although various numerous studies have recommended a plethora of ways of shoring up visitor numbers during the low season, very few studies have examined the potential for increasing demand through exploiting existing but unexplored market-space. Thus, this study aims to explore the factors influencing seasonality in hotels on Kenya's south coast and how hotel managers might address seasonality through value-innovation techniques (differentiation and low-cost structures). The study area, i.e. Diani beach, Kenya, was purposively selected due to the extreme seasonality in hotels in the region. This qualitative research employed a multiple case study design and collected data from twelve hotel managers representing 88% of the total population and four key informants who were purposively selected on the basis of their experience of the phenomenon being studied, particularly in relation to the study area. This study was conducted in one phase, for duration of six months, with data being corroborated from three sources of data, comprising: 16 in-depth interviews; review of archival data base (of tourist statistics visiting hotels in Kenya between 2002-2011); varied documents and publications. The findings summarised in the strategic integrated model, showed that although seasonality in hotels was a long-standing phenomenon, there was a potential for a new and viable shift of the problem in the future, by investors and hotel managers being more receptive to creativity and investment in unrivalled products and services through value-innovation. This process was however challenged by the lack of innovation skills, customer engagement and supportive leadership from the key executives. This study strongly supports the application of blue ocean strategies which advocates for a low-cost structure and differentiation whilst countering seasonality. Hence, in each of the established shift, the study recommends the adoption of a hotel managers' toolkit, which provides possible tactics to be adopted, for creatively managing seasonality in hotels.

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LIST OF ABBREVIATIONS & ACRONYMS

BOS – Blue Ocean Strategy(s)

DEEPLIST - Demographic, Economic, Environmental, Political, Legal, Informational, Social and Technological

ERRC – Eliminate, Reduce, Raise, Create

FITs – Free Independent Travelers

GOK - Government of Kenya

HA - Hospitality Accommodation

HI – Hospitality Industry

HMs – Hotel Managers

HMC1 – Hotel Manager Case One

HMC2 - Hotel Manager Case Two

HMC3- Hotel Manager Case Three

HMC4 - Hotel Manager Case Four

HMC5 - Hotel Manager Case Five

HMC6 - Hotel Manager Case Six

HMC7 - Hotel Manager Case Seven

HO (s) – Hotel Occupancies

HTEs – Hotel and Tourism Enterprise (s)

HTI – Hotel and Tourism Industry

ITs – International Tourists

JKIA – Jomo Kenyatta International Airport

KAHC – Kenya Association of Hotelkeepers and Caterers

KATO – Kenya Association of Tour Operators

KIs – Key Informants

KNBS – Kenya National Bureau of Statistics

KSHs – Kenya Shillings

KTB - Kenya Tourist Board

MCTA - Mombasa and Coast Tourism Association

MoT – Ministry of Tourism

PPFs - Push and Pull Factors

SIHs – Seasonality in Hotels

SPIH – Seasonality Patterns in Hotels

SMEs - Small and Medium Size Enterprises

TI – Tourism Industry

DEFINITION AND OPERATIONALIZATION OF TERMS

Blue Ocean: A metaphor, used to describe in this research, hotels operating within an extensive, integral capacity of explored market-space (based on Kim and Mauborgne, 2005).

Blue Ocean Strategy: Strategy based on the ‘blue ocean concept’. It is used in this research to refer to strategies, hotel managers would use to create uncontested market-space, by systematically maximizing opportunities in their extensive and integral capacity, while simultaneously minimizing risks involved when formulating and executing strategy. The process is devoid of cut-throat rivalry (based on Kim and Mauborgne, 2005).

Hotel: Commercial (profit making) or institutional (non-profit) enterprise, ranging from service flats, service apartments, beach hotels/cottages, holiday Cottages, game lodges, *safari* camps, banda’s and holiday villas, clubs and resorts and spas, that provide meals and other services for travelers, tourists or to any person who calls in and appears able and willing to pay a reasonable sum for the services and facilities, which are provided by the night and this person must be in a fit state to be received.

Innovation “*the initial commercialization of invention (which is the creation of new products or processes through the development of new knowledge or from new combinations of knowledge) by producing and selling a new product, service, or process...it is turning ideas into profits*” (Pearce & Robinson, 2007: 402).

Red Oceans: Refers to known, well-defined market - spaces with acknowledged competitive rules of the game. Red oceans relate to managers (HMs) creating strategies by analyzing underlying economic structures of the hospitality and tourism industry and choosing strategic positions based on low-prices, differentiation or focus (based on Porter, 1998; Kim and Mauborgne, 2005).

Seasonality in Hotels: is a distinct pattern of demand of hospitality and tourism products and services, which could be systematic or unsystematic as related to different time periods in a year. It could be caused by changes in the macro and micro-environment, push/ pull factors and or supply-side and demand-side factors. These causes vary in scale and pattern triggering positive and or negative influences on HA operations and occupancy.

Small and Medium Sized Enterprises: Hotels typified by size, particularly the number of rooms, are highly labor-intensive and operating in a very turbulent environment (base on Espinet *et al.*, 2012).

Tourism destination: Refers to a loose connection of hotel and tourism enterprises, organizations and groups which work together in a semi-organized, partly co-operative fashion, but largely driven by their own self-interest (based on Ritchie and Crouch, 2003).

Value-innovation: The simultaneous pursuit of differentiation and low-cost, adds value for both buyers and the company; since value to buyers is derived from the offering's utility minus its price, and company value is generated from the offering's price minus its cost, value-innovation is achieved only when the whole system of utility, price, and cost is aligned (Kim and Mauborgne, 2005).

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ACKNOWLEDGEMENTS

It would be impossible to thank all those who have seen me through this thesis writing. I sincerely appreciate the intellectual support from my supervisor, Prof. Eleri Jones. She has been extremely instrumental in the development of this thesis and especially her commitment, patience and academic support has been enlightening. Prof. Eleri is highly regarded; with whom, such profound writing was achieved. I also appreciate the assistance from members of staff at Moi University, including: my internal supervisors - Prof. Bob Wishitemi and Dr. Nehemiah Kiprutto; the training and development team; members in management, who have supported me throughout this research. Moi University's staff development initiatives, recommendation and continued support, is sincerely appreciated; it played an enabling role to the award of the Commonwealth Scholarship. My utmost credit goes to the Commonwealth Scholarship Commission team; the commission in cooperation with the Association of Commonwealth Universities (through the Cardiff Metropolitan University), funded this insightful educational, research and international experience in Cardiff, Wales, United Kingdom. The Commission played a vital role in facilitation and support of my studies as well as welfare while in the United Kingdom; the award is highly valued. I also appreciate the support from the whole Cardiff Metropolitan University fraternity: specifically the international office team, members of staff at the research center and PhD students who always provided guidance and support when sought for. Last but not least, I appreciate the overwhelming support I received from all the research participants (both HMs and KIs), for their voluntary consent and contributions towards this research. I sincerely appreciate my very supportive brothers and sisters; Watson, Titus, Grace, Priscilla and Esther, who entirely stood by me; I am very humbled by their earnest backing.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Seasonality in the Hospitality and Tourism Industry (HTI) has universally and widely been regarded a distinctive feature of the HTI (BarOn, 1975; Sutcliffe and Sinclair, 1980; O'Driscoll, 1985; Hartmann, 1986; Soesilo and Mings, 1987; Snepenger *et al.*, 1990; Baum and Hagen, 1999; Butler, 2001; Koenig and Bischoff, 2005; Chung, 2009; Koenig and Bischoff, 2010; De Cantis *et al.*, 2011; Espinet *et al.*, 2012). Particularly, Bonilla *et al.* (2007) argued that Seasonality in Hotels (SIHs) is a multifaceted phenomenon characterised by variations in hotel occupancy (HO), resulting in Seasonal Patterns in Hotels (SPIH). SPIH have been extensively linked to natural or institutional causes (Butler, 2001; Chung, 2009) or macro and micro-environmental influences within destinations (Ritchie and Crouch, 2003). In the long-term, these SPIH have led to over-use or under-utilisation of fixed assets; physical and/ or human resources causing negative and / or positive effects (Koenig and Bischoff, 2003; Espinet *et al.*, 2012).

Butler and Mao (1997) studied SPIH in peripheral destinations within Europe and North America and identified four patterns, namely: single peak; two-peaks; non-peak; multiple peaks. These SPIH were established as a result of analysing travel trends in remotely-located destinations, with natural resources as the predominant attraction. However, based on Sindiga's (1994) and Okech's (2010) assertions, Africa too experiences SIHs, due to over-reliance on international tourists (ITs), who primarily travel to Africa during the northern hemisphere winter.

Okech (2010) further emphasised these findings, stating that Tunisia, The Gambia and Kenya experienced SPIH, of varying scale as a result of uncertainty of ITs. Specifically, Kenya has in the recent past experienced a decrease in tourist numbers as a result of continuing political instability and insecurity linked to attacks by varied militant groups (Manono and Rotich, 2013). This trend has affected the country's image and customers' confidence of their safety in the destination, thus affecting tourist inflow.

Against all odds, Kenya's HTI revenue earnings have gradually increased, with the year 2011 recording Kenya Shillings (Kshs.) 97.9 billion, over Kshs 52.7 billion in 2008 (GOK, 2012b). The relative increase in HTI earnings resulted from a 13.3 per cent increase in ITs, from 1.6 million in 2010 to 1.8 million in 2011(GOK, 2012b). As a result, the Kenya Tourist Board (KTB) was optimistic that if the escalating trend continued (GOK, 2012a), Kenya's vision of 2 million ITs by the year 2012 (GOK, 2007) would be achieved, which could relatively reduce SIH if appropriately managed.

It is noteworthy, that despite Kenya's HTI experiencing local and global challenges linked to: political instability; insecurity; overdependence on ITs (Ikiara, 2003; Manono and Rotich, 2013); the HTI has maintained a 5% growth rate (GOK, 2012b). This steady growth, against all odds, was believed to be as a result of Kenya's: global recognition; popularity as a tourist destination; rich wildlife and natural resources (Sindiga, 1999); the wildebeest migration listed amongst the seven natural wonders of Africa (<http://sevensnaturalwonders.org/africa/>); UNESCO world natural and cultural heritage sites (UNESCO, 2013); beach tourism along the Indian Ocean (Kareithi, 2003).

Kenya is divided into seven main tourism circuits and eight minor or shorter circuits. The major circuits include: the South-Eastern, Tana basin, Far-North, Mid-North, South-Western, Western and the Coastal circuits (GOK, 2012a). The circuits originate from the incredible diversity of Kenya's attractions, which include but not limited to its: beaches; landscapes; wildlife; flora and fauna; people; culture (GOK, 2012a) (see Table, 1.1)

Table 1.1 Kenya's Major and Recommended Travel 'Safari' Circuits

MAJOR CIRCUITS	
SOUTH-EASTERN CIRCUIT Nairobi, Amboseli, Chyulu Hills, Tsavo West, Tsavo East, Malindi, Mombasa, Kisite, Mpunguti.	TANA BASIN CIRCUIT Samburu, Buffalo Springs, Shaba, Meru, Bisanadi, Rahole, Kora, Nth. Kitui, Arewale, tana River, Boni, Dodori, Kiunga.
FAR NORTH CIRCUIT Maralal, South Island, Central Island, Sibiloi, Marsabit, Losai, Samburu.	MID-NORTHERN CIRCUIT Maralal, Samburu, Buffalo Springs, Shaba, Meru, Bisanadi, Mt. Kenya, Aberdare Ranges.
SOUTH-WESTERN CIRCUIT Nairobi, Mt. Longonot Hell's Gate, Lake Nakuru, Ruma, Ndere Island, Kisumu, Impala Sanctuary, Maasai Mara The Circuit also incorporates destinations that include: Lakes Naivasha, Magadi, Victoria & Elementaita; Mau Forest, Ngurumans, Loita Hills & Suswa.	WESTERN CIRCUIT Kakamega Forest, Mt. Elgon, Saiwa Swamp, Nasalot, Sth. Turkana, Kamnarok, Kerio Valley, Lake Bogoria, Maasai Mara.
COASTLINE CIRCUIT Mombasa, Diani/Chale, Kisite, Mpunguti, Watamu, & Malindi, Marine Parks, Shimba Hills, Arabuko Sokoke Forest, Dodori, Boni, Tana River Primates, Arewale, Kiunga.	

(Source: adopted from <http://safariweb.com/kwild/kwsafari.htm>)

The government of Kenya, has been keen to promote travel to these circuits, so as to: capitalize on Kenya's diverse attractions; distribute tourist flows in the country; avoid over-utilisation of specific circuits, such as the Mara and the Coastline. The campaign to maximise equal tourist distribution and travel to all circuits continues to be fronted by the: KTB; Brand Kenya Board (GOK, 2012b); Ministry of Tourism (MoT). It is evident that the, Kenyan government recognises the importance of the HTI and envisages it as a key pillar of the country's development blue-print - Vision 2030 (Government of Kenya-GOK, 2007) as in:

'Tourism will be a leading sector in achieving the goals of the vision. Kenya aims to be among the top 10 long-haul tourist destinations in the world offering a high-end, diverse and distinctive visitor experience that few of her competitors can (GOK, 2007:Page.10).

Despite the government's aim, steady economic growth through the once vibrant HTI has been in vain. This predicament has been attributed to factors not limited to: unpredictable variations in HOs; over-reliance on ITs in the wider Tourism Industry (TI) causing influxes in foreign exchange earnings (Ondicho, 2000), (Akama, 2002) and (Manono and Rotich, 2013); ineffective national strategies (Kareithi, 2003) which impact on the country's economic growth (GOK, 2012b).

According to Kenya's tourist arrivals data GOK (2006) and GOK (2012), Hotel and Tourism Enterprises (HTEs) in Kenya experience two-peak seasonality. The two-peak is brought about by: two-peak seasons (one between June and September; the other in December; shoulder seasons from January to March and again in October; a slump between April and May (cold and wet seasons in the Coastline circuit) and in November (GOK, 2012a). and in November (see Figure 1.1, Page 5).

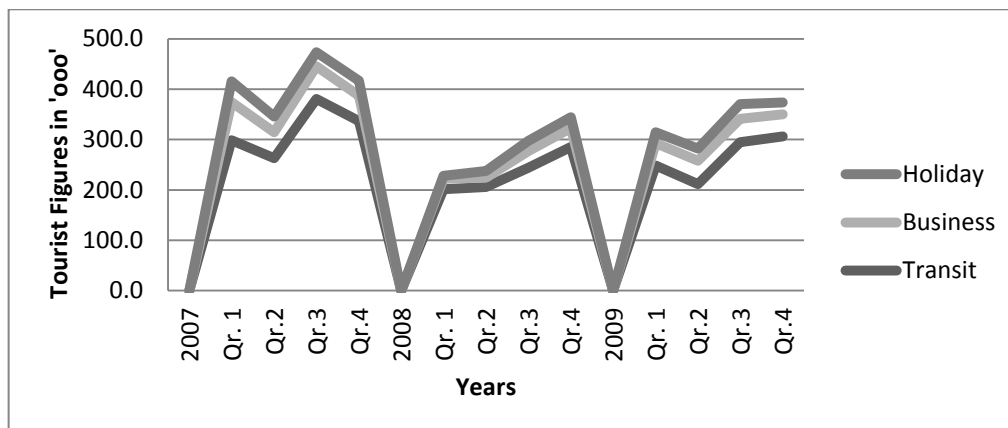


Figure 1.1 Summary of Quarterly Tourist Arrivals to Kenya in year 2009

(Source: GOK, 2012a)

A comparison of tourist arrival data across Kenya's major tourism zones, showed that variations in tourism demand: is experienced in the majority of tourism zones; is dominant in the Coastline circuit, which comparatively records higher HOs in overall; applies to all forms of travel, whether for leisure, business or transit (see Figure 1.2).

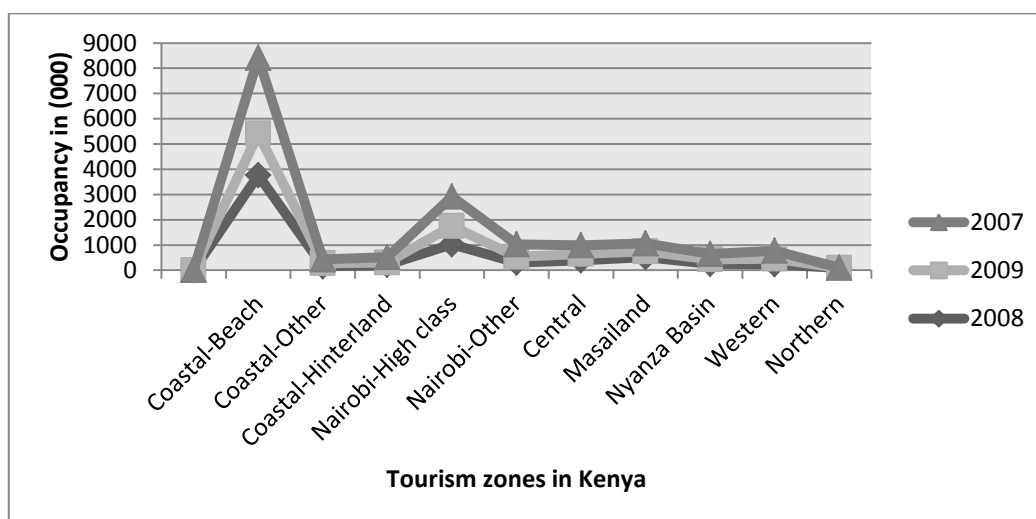


Figure 1.2 Distribution of International Tourist Bed Occupancies in selected Hotels in Kenya's Tourist Circuits 2007-2008

(Source: GOK, 2012a)

In conclusion, despite widespread awareness of SIHs and its trends over time, Kenya's Coastline circuit and specifically Diani beach, located in the South Coast, Kwale County, continues to experience extreme cases of SIHs. As a result, Hotel Managers (HMs) are forced to: close down yearly during the low seasons (MCTA, 2012); embrace SIHs by using cut-throat promotional strategies, such as reducing prices in order to increase sales (Sindiga, 1996); be sceptical about investing in marketing, and mainly relying on national marketing initiatives to remain in operation (MCTA, 2012).

1.2 Statement of the Problem

SIHs has become an increasingly major problem globally (Capo Parilla *et al.*, 2007). It is of primary concern to a diverse range of stakeholders including: policy-makers; tourism and hotel managers; other stakeholders (Espinet *et al.*, 2012) who consistently monitor its yearly trends in a time series (GOK, 2012a). Kenya's SPIH has particularly been linked to over-reliance on ITs (Ondicho, 2000; Akama, 2002; Manono and Rotich, 2013), who predominantly travel for recreation and beach tourism to evade the northern hemisphere winter in tourist-originating destinations (Okech, 2010).

The SPIH have increased over or under development; under-utilisation and /or over-use crises of: human resources; natural resources; physical and capital assets (Sutcliffe and Sinclair, 1980; McEnnif, 1992; Ikiara, 2001; Espinet *et al.*, 2012). Relatively, Chung (2009), argues that increased HTI foreign exchange earnings, often overshadows the fact that extreme variances in visitation do not support quality business operations throughout a business cycle. The variations in travel trends were attributed to inadequate reflection, consultation and planning when the Kenyan government's strategy to focus on the mass market was formulated.

For instance, Ikiara (2001) claimed SIHs in Kenya has remained rampant, not only due to the promotion of mass tourism in 1965–1994 which led to substantial increases in tourist numbers but also a drastic falls in: per capita tourist expenditure; length of stay; HO; hotel room rates; service quality. These *ad-hoc* strategies lacked consistency, continuity, or long-term focus (Ikiara, 2001), leading to an influx in ITs numbers and foreign currency (GOK, 2012b).

As a result, features of SIHs have been recognised as key and relevant issues in the HTI, because its effects substantially contribute to: huge losses attributable to the relatively high involvement of fixed costs (Sigala, 2004); negative impacts on tourism growth and development (Akama, 2002); investors and financiers denoting HTI investments as non-viable (Baum and Lundtorp, 2001; Lundtorp *et al.*, 1999); the majority of the HMs opting to close down, shrink or sell hotel businesses rather than to challenge or cope with the phenomenon (Koenig and Bischoff, 2010; GOK, 2012a).

Notably, in spite of extensive documentation on SIHs, its causes, measurement and HMs responses in academic, policy-making and management researches (Capo Parilla *et al.*, 2007), several authors [Joliffe and Farnsworth (2003), Getz and Nilsson (2004) and Koenig and Bischoff (2010)], still limit strategies for countering SIHs to cost, focus and / or differentiation approaches (Porter, 1990; Ritchie and Crouch, 2003; GOK, 2012a). These strategies comprise cut-throat, short-term approaches, which underestimate investors' capacities to consistently create new or unique products (Ikiara, 2001; Kim and Mauborgne, 2005).

Duval (2004) and Ikiara (2001) contended that a holistic empirical research on this problem and particularly a wider geographical context, was not only missing but also obscure - an important knowledge gap to be filled. The study therefore sought to develop an integrated model of applicable strategies for countering SIHs - a strategy formulation process, which was guided by the so-called Blue Ocean Strategies (BOS) in answering the objectives in the following section.

1.3 Aim and Objectives of the Study

1.3.1 Aim

The aim of this research was to explore the factors influencing SIHs, through a case study of hotels located in Diani Beach, South Coast, Kenya, and develop an integrated theoretical model of applicable strategies and a manager's toolkit for countering seasonality, based on the model and the experiences of HMs in Diani Beach, Kenya.

1.3.2 Specific Objectives

- 1 To critically review relevant literature related to seasonality in the hospitality industry, its influences, measures and responses by hotel managers in order to develop a conceptual framework for the study;
- 2 To examine how HMs perceive seasonality in hotels at Diani beach, South Coast, Kenya;
- 3 To investigate how HMs' in Diani beach hotels, Kenya respond to factors influencing SIHs
- 4 Develop an integrated- strategic model for countering seasonality in hotels in Diani Beach, Kenya
- 5 Develop a manager's toolkit for managing seasonality in hotels, in Kenya.

1.3.3 Research Questions

1. How do HMs perceive seasonality in hotels located in the Diani Beach, South Coast, Kenya?
2. How do HMs in Diani Beach, South Coast of Kenya, respond to factors influencing seasonality compared to theoretical perspectives?
3. How can HMs develop an integrated model for countering seasonality in Diani Beach, South Coast, Kenya?
4. How can HMs apply blue ocean strategies to manage seasonality in hotels in Kenya?

1.4 Justification of the Study

Factors influencing SIHs have persistently become a fundamental issue, gradually drawing the attention of HTI stakeholders' worldwide (Butler and Mao, 1997; Okech, 2010; Espinet *et al.*, 2012; GOK, 2012a). As earlier noted, the HTI has not only been a key contributor to foreign exchange earnings and a vital pillar for growth and development (GOK, 2007), but also a major employer (GOK, 2012b).

In Kenya hotels engage a myriad of human resources, with the total number of HTI employees being estimated at 130,000 formal and 360,000 informal jobs (GOK, 2006) - a valuable economic indicator that cannot be ignored (MCTA, 2012). Thus, in order to ensure a sustainable future for the HTI, various researches for solutions to SIHs have been conducted, though largely based on commercial research (GOK, 2012a). As a result, the proposed and adopted strategies for countering SIHs have progressively increased competition between hotels, as HMs aim at achieving 100% occupancy targets (Mbaji, 2012; MCTA, 2012).

Moreover, it has been difficult for HMs to maintain high occupancies throughout business cycles, since extensive rivalry between hotels has not allowed HMs to exploit existing avenues of increasing demand. Instead, HMs incessantly compete for the existing market share, comprising tourists (particularly ITs) from similar originating destinations and / or target markets (MTCA, 2012).

Besides hotel rivalry, there have been raising concerns related to the Kenyan government underfunding key Ministries, fronting the country's vision for economic development through tourism. The inadequate support has challenged the maintenance of previous levels of expenditure and marketing in the HTI. Additionally, if the economic recession persisted, it was projected that ITs would equally decrease their spending power, greatly affecting visitation patterns (Ikiara, 2001; GOK, 2006; Akama, 2002).

Specifically, SPIH have been persistent in the South Coast due to delays at the Likoni channel, which resulted into delays on scheduled itineraries, which led to disappointed and / or dissatisfied tourists (when they either missed their flights or experienced interruptions of promised experiences) (MCTA, 2012). Furthermore, insecurity caused by: political instability; the uncertainty of peaceful election years (Kareithi, 2003); the dramatic acts of terror by the Al-Shabaab militia based in Somalia and their affiliates (Ikiara, 2001; MCTA, 2012), have also become a major influence of SIHs. Each time there is a terrorist attack, the Kenya Tourism Federation issues security updates identifying the locations on the Kenyan map where the incident took place.

To avoid generalization of insecurity to the whole country, the Kenya Tourism Federation often informs the public of security alerts, through advertisements and other forms of media. The aim is often to reassure tourists of their safety and that the country as well as the destinations' was safe to visit (MCTA, 2012). However, a number of Western European and North American nations, who form Kenya's core tourism source markets (GOK, 2006), have continued to issue travel advisories. These travel advisories warn specific citizens against "non-vital" travel to Kenya, due to the uncertainty of the occurrence of such chance events (Porter, 1990). Indeed, the accompanying travel advisories continue to disrupt visits to the country (GOK, 2012; MTCA, 2012).

In conclusion, due to the unpredictable and extremely varied inter-relationships of the macro and micro-environmental factors, HMs are unable to explore new options for countering SIH with certainty. Thus, HMs need to be aware of the very volatile, complex and dynamic nature of the HI, so as to comprehensively understand factors influencing SIH. Moreover, there is need for HMs to adopt a strategic shift from fierce competition whilst modelling strategies for countering SIH.

To achieve these goals, the rules of the game would have to change the nature of management in hotels, including customers, who are increasingly knowledgeable of the products and its value for money. Finding suitable strategies for countering SIHs would ensure future sustainable development and viability of sectorial, national and regional HI investments.

1.5 Significance of the Study

The importance of this study cannot be over-emphasised. This exploratory research sought to find out long-term strategies for countering SIHs. Additionally, the results thereof seek to elevate strategies from the very traditional competitive platform to a new integrated perspective. The integrated perspective, informs all key players in the HTI on how to create new viable offerings from existing unexplored phenomena, so as to counter SIHs. Instead of competition being based on undifferentiated products and similar target markets, this study will explore new viable alternatives to either significantly reduce or eliminate the problem. The significance of this research was achieved from two perspectives: first a theoretical perspective and second a practical perspective.

Firstly, the theoretical importance was linked to the research's essential objective of combining new ideas to the seasonality literature in the HTI. Thus, a holistic and in-depth understanding of the factors influencing SIHs and how HMs might solve this prevailing problem by creating un-contested market space as depicted in the study's conceptual framework will be achieved (see Page 81). The theoretical knowledge and strategic-integrated model derived, will build on existing theory on SIHs.

Secondly, the practical significance relates to the development of the integrated model, which informs HMs on the applicability of BOSs for countering SIH in a Kenyan context. The model is further supported by a HMs' toolkit, which not only communicates how to create new viable ideas but also, an essentially effective and efficient guide for HMs and related HTI stakeholders in achieving three objectives:

first- how to effectively and progressively explore and understand the potential causes, measures and nature of seasonality; second- enable creation of alternative innovative strategies whilst guaranteeing balanced tourism demand in a business cycle; third- ensure long-term profitable operations because of efficient and full-utilisation of physical assets, human capital and fixed assets; improved quality service and product delivery. The implementation of the toolkit's outcomes would ease the innovation process, since its guidelines would ensure generation of new, viable, uncontested and long-term strategies for countering SIHs in the very uncertain and volatile HTI.

1.6 Scope of the Study

To achieve the objectives of this research, the study proposed a census of all hotels located on Diani Beach, Kenya. The GOK (1986) generally categorises all hotels as part of a wider group of tourism economic activities. Hotels are said to have existed to serve travellers with food, drink and shelter away from home (Knowles *et al.*, 2004), whereas hospitality, is associated with acts of kindness in welcoming and looking after the basic needs of guests or strangers, mainly in relation to food, drink and accommodation (Mullins, 2001).

So far, the term hospitality has become popular as an all-embracing nomenclature for a larger grouping of organizations, including hotels (Mullins, 2001). Hotels are classified by and not limited to: the number of rooms (Yang *et al.*, 2009); size; location; market segment and rating (Mullins, 2001). According to Akama (2002), the HI is characterised by Small and Medium - Sized Enterprises (SMEs), and are highly labour intensive enterprises (Bernini and Guizzardi, 2012).

It is noteworthy, that beyond Mullins (2001) categorisation, hotels have varied forms of management and are rated according to various regulatory requirements (GOK, 1986). The classification could either be based on structural development, quality of service and product delivery standards (GOK, 1986; Ritchie and Crouch, 2003). The hotels selected for this study are all commercial enterprises, ranging in function, from beach resorts, clubs and health spas. They provide meals and other services for travelers, tourists or other persons who: call in or often in need of their hotel products and services: are able and willing to pay a reasonable sum for the services and facilities provided by the night; must be in a fit state to be received.

Diani beach (being the most developed beach in the South Coast- see Figure 1.5: Page, 17), has been rated as the most expensive. It is known to offer a diverse range of activities, including: water sports; day trips to the Mombasa - Fort Jesus and sacred Mijikenda Kaya Forests (inscribed on the UNESCO cultural World Heritage Sites in 2011 and 2008 respectively) (UNESCO, 2014), other beaches, the Kisite Mpunguti Marine National Park and / or other National Parks in the country for *safari*; a renowned golf course. Diani has been able to provide these activities, through hotels and other HTEs in the destination, which pre-plan visits for the tourists.

Indeed, Diani is a major beach resort on the Indian Ocean coast of Kenya, in Eastern Africa. Kenya's coast line at the Indian Ocean, borders Somalia in the East and Tanzania to the South. Overall, Kenya experiences a tropical climate- hot and humid especially on the coast; almost equal length of day and nights, due to its location on the equator (see Figure 1.3; Page 15 - Kenya's coast line on the map of Africa).



Figure 1.3 Map of Africa, Locating Kenya's Coastline

(Source: Authors own generation Map, based on Google maps 2014)

The South Coast coast-line is adorned with nine pristine white sandy beaches including: Likoni beach (commonly known as Shelley beach); Tiwi; Diani; Galu; Chale; Msambweni; Funzi; Kisite Mpunguiti; Shimoni (see Figure 1.4: Page. 16). According to Williams (2011), Kenya's South Coast beaches are some of the finest in the world and are accessible by road and air, through the Likoni channel and domestic flights, landing at Ukunda airstrip, Malindi and Mombasa airports.

Diani beach is located 40 Kilometres (Kms) (1 hour 48 minutes by road), south of Mombasa in Kwale county. Diani beach is about 10 Kms in length, but the series of HTEs extend up to a distance of- 20 Kms, from the Kongo river in the North to Galu beach in the South. Shimoni, is further South of the Coastline, about 106 kilometres away from Diani beach, bordering Tanzania (see Figure 1.4: Page 16).

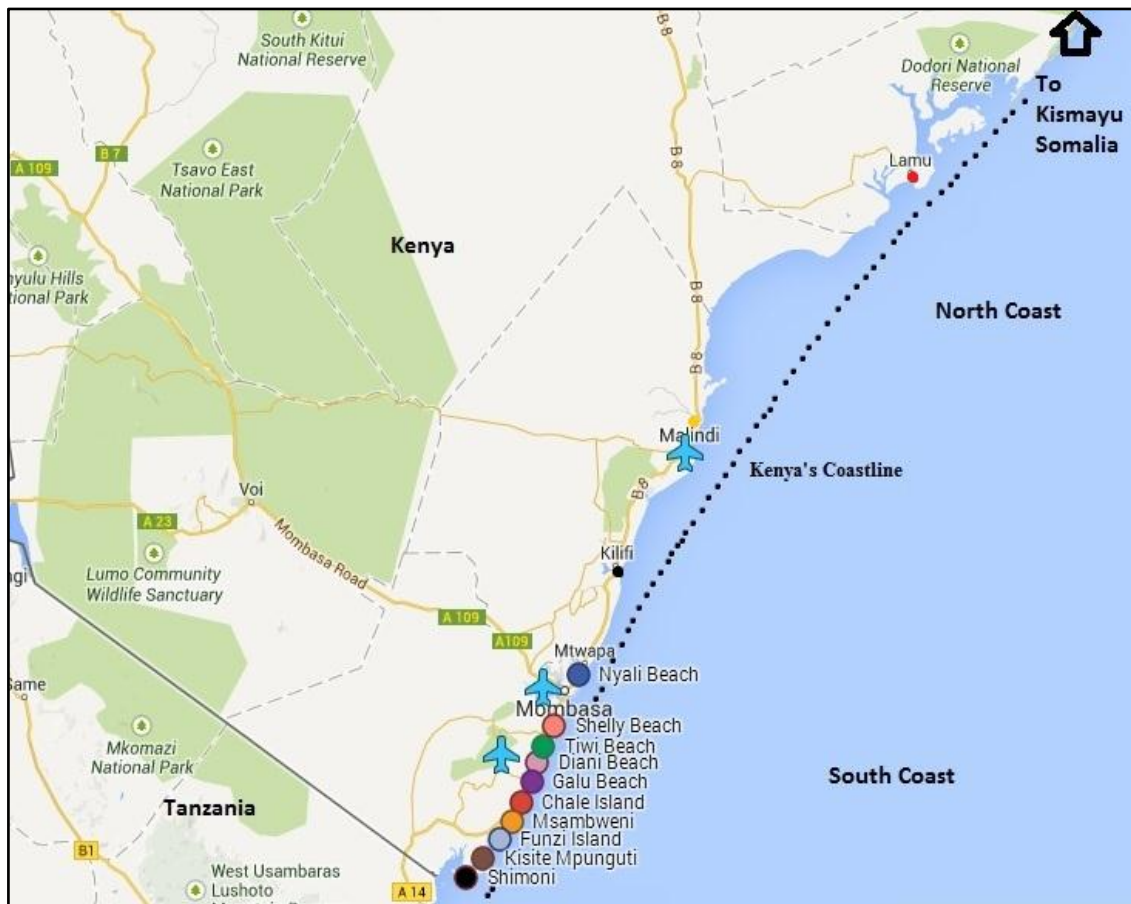


Figure 1.4 Map of the Kenyan Coast-line: specific feature of the Study area - The South Coastline

(Source: Authors own generation Map based on Google maps 2014)

Despite the underdevelopment of the South Coast as compared to the well - renowned beaches on the North Coast, i.e Nyali, Kilifi, Malindi and Lamu (see Figure 1.4 above), Diani has few well-built areas, and is recognised for its design and development. Diani is the longest commercial beach nationally and is also known for its: shallow beach, with a clear view of the sandy and coral bottom - affiliated to the Diani Marine National Park; closely located Shimba Hills National Reserve which is inland from the beach and known for its colobus monkeys and the adjacent Mwaluganje elephant sanctuary; extensive vegetation and palm trees which cover most of the coastal areas.

To get to Diani by road, it is accessed through Mombasa via the Likoni channel, with most public service vehicles (*matatus*) operating in this route. The A14 (see Figure 1.5) – the main road from Kenya to Tanzania is used and has clear signage, with a T-junction turn-off to a smaller road at Ukunda, leading to Diani Beach (Williams, 2011). The smaller road to Diani beach, has a T-junction from where, the hotels and other HTEs are located off the Diani beach road -North and South of Diani Beach (see Figure 1.5).

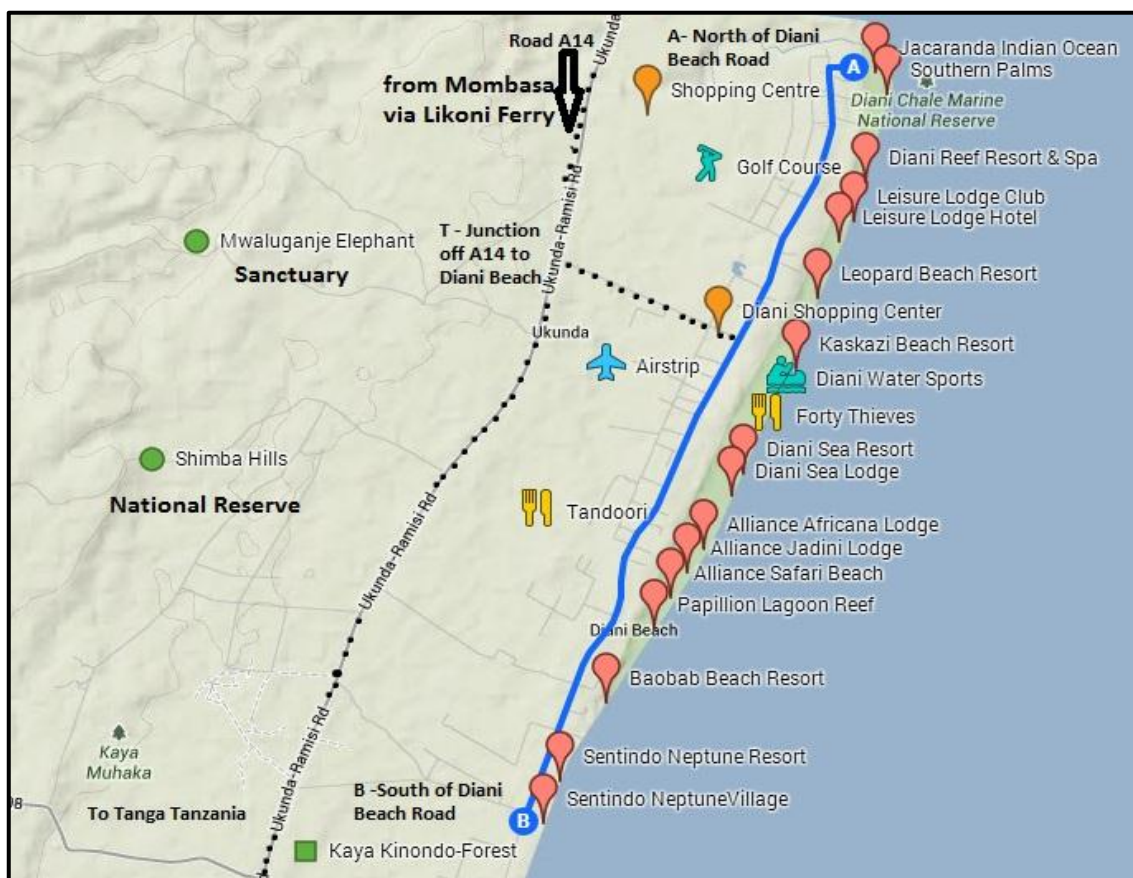


Figure 1.5 Map of Hospitality and Tourism Enterprises on Diani Beach South Coast, Kenya

(Source: Authors own Generation based on Google maps 2014)

Regardless of Diani's remote location, it is a popular destination – a geographically distinct entity with loose connection of HTEs, organisations and groups who work together in a semi-organised, partly co-operative fashion and are largely driven by organisations self-interest (Ritchie and Crouch, 2003). Indeed, Kenya's South Coast fits Ritchie and Crouch's (2003) definition of a destination, since it has: a diverse range of attractions; Marine Park; green coastal rain forests; variety of wildlife and habitat; travel and tour facilities; culture and historic sites; infrastructure.

These features make Diani beach emphasizes its popularity for tourist visitation, with the hotels hosting up to 450,000 tourists mainly from Europe and North America, especially during the high season (GOK, 2012a). In spite of the widespread acknowledgement of these destination attributes, there is a scarcity of information on factors influencing SIH in Kenya. Especially, there is no certainty of the long-term effectiveness of strategies used by HMs, without necessarily seeking to outdo competitors.

Often, HMs opt for discounted rates even below 30% of the rack rates but even so, do not meet the 100% occupancy from such strategies set to counter SIHs (MCTA, 2012). Such competitive responses are in line with previous studies, where the majority of HMs have extensively been biased on commercial/ cut-throat strategies as they sought to excel through recording highest occupancy levels. Therefore, it is not clear whether there is an un-reclaimed market for the off-season and factors influencing their visit.

Therefore, this research seeks to find out the factors influencing SIHs which include the macro-environment, micro-environment and push and pull factors (PPFs) as discussed in the following chapter. (Push and Pull Factors will be shown as PPFs in this research).Figure 1.6, illustrates the structure of this thesis.

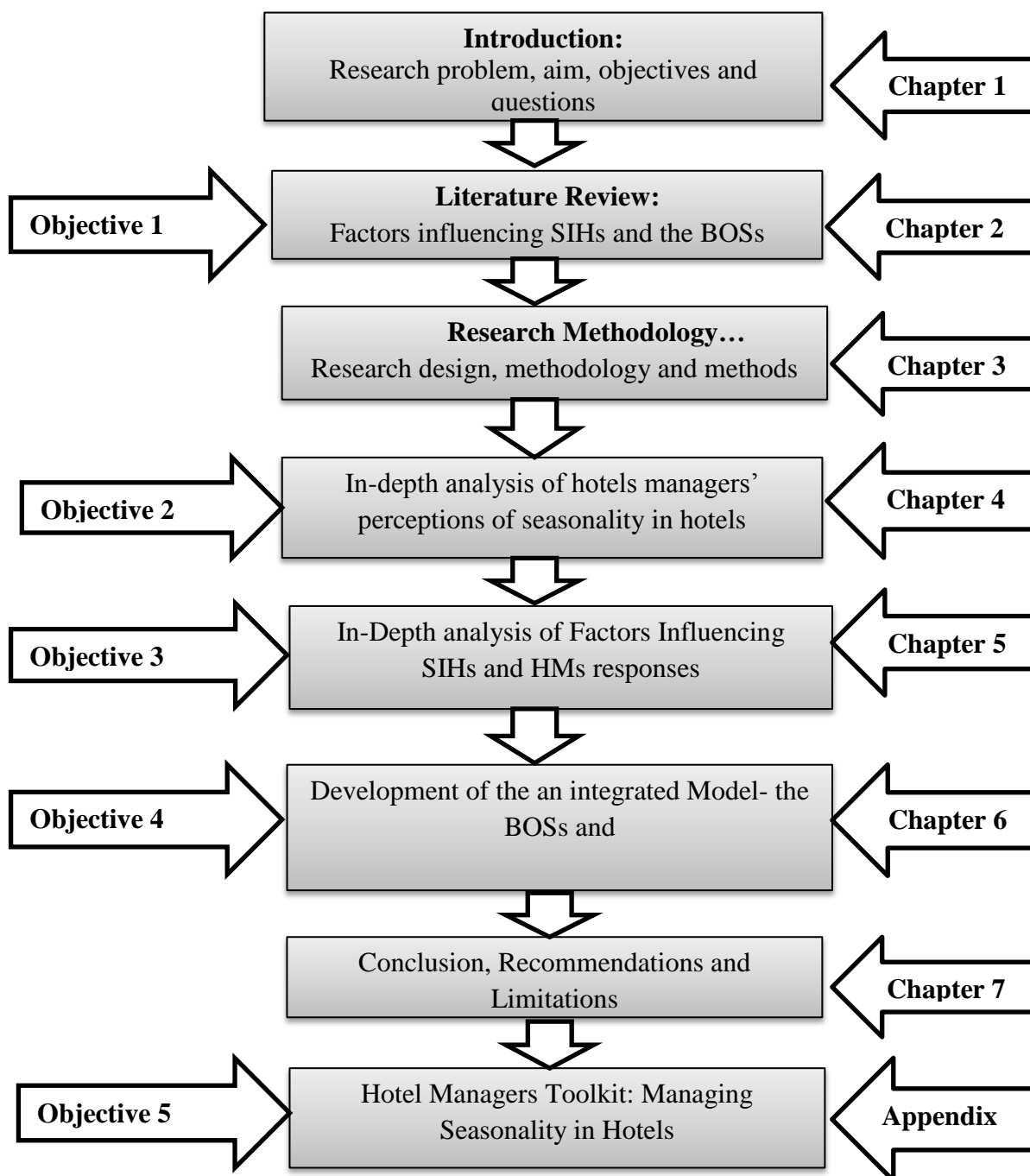


Figure 1.6 Structure of Thesis

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a summary of literature review for this research and is divided into nine sections in which: Section 2.1 introduces the concept of seasonality and particularly as defined in the HTI; Section 2.2 and 2.3 discuss the causes and impacts of SIHs respectively; Section 2.4 and 2.5 examines the measurement of SPIH and how HMs have monitored and responded to it in the past; Section 2.6 discusses the factors influencing SIHs which includes the macro and micro-environment and the PPF; Section 2.7 discusses the application of the BOS, will be used in this research and expressed as – BOS in all the discussions. Lastly section 2.8 illustrates the conceptual framework followed by a summary of the literature review in section 2.9.

2.1 Defining Seasonality

2.1.1 Global Conceptualization of Seasonality

Baum and Hagen (1999) identify seasonality as one of the most predominant characteristic applied within a wide range of disciplines not limited to consumer behaviour, agriculture, manufacturing in addition to the HTI. This generalisation results from the abstract definition of seasonality by (BarOn, 1975) - a pioneer of seasonality research. BarOn (1975) defines seasonality as the incomplete or unbalanced utilisation of the means at the disposal of an economy, which causes businesses to either overheat or achieve their full potential at different phases of the cycle.

Moore (1989) later defines seasonality as relates to the randomness of the temporal patterns which move in a time series during particular times in a year. Notably, seasonality has universally been attributed to temporal variations in natural or institutional phenomenon (Kuznets, 1933), (Butler, 1994), (Bonilla *et al.*, 2007) which partly or entirely affect business cycles (BarOn, 1975).

2.1.2 Understanding Seasonality in the Hospitality Industry

On the basis of BarOn (1975) research and other predominant researches on seasonality, (Butler, 1994:332) analyses and summarises tourism seasonality as referring to *'temporal balance in the phenomenon of tourism, which may be expressed in terms of dimensions of such elements as number of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment and admissions to attractions'*. Owing to the fact that the HI forms part of wider tourism activities, (Bonilla *et al.*, 2007) argue that this phenomenon similarly manifests in varied ways in the HTI.

According to Koenig and Bischoff (2010), (Butlers', 1994) definition has conceivably been the most cited, until its advancement by (Butler and Mao, 1997), who linked seasonality in the HTI to physical and socio-cultural factors in tourist - generating and receiving areas. As a result, SIHs is largely linked to a myriad of its causes emanating from tourist - generating and receiving areas (Baum, 1998; Lundtorp *et al.*, 1999; Frechtling, 2001; Hinch *et al.*, 2001; Koenig and Bischoff, 2005). Relatively, SPIH are either systematic (Holloway, 1994), (Kennedy and Deegan, 1999), (Lundberg *et al.*, 1995), (Higham and Hinch, 2002) or unsystematic (BarOn, 1975; Moore, 1989).

Further, Holloway (1994) asserts that SPIH are detected from demand variations occurring within a year, month, week or days, leading to seasons. The analysis of its patterns have since advanced, and are widely categorised into four; single-peak, two-peaks, non-peak and multiple-peaks (Butler and Mao, 1997). In reference to these definitions, the causes of SIHs are diverse but extensively interlinked with no sharp differentiation whilst attempting to categorise them. These causes relate to features within and not limited to; the natural and institutional phenomenon, demand-side effects, supply-side effects and PPFs (Kuznets, 1933; Moore, 1989; Butler, 1994; Baum and Hagen, 1999; Frechtling, 2001; Chung, 2009).

In summary, from the point of view of these authors, the definitions of seasonality reflect three features characterising SIHs: temporal imbalance of Hospitality and Tourism (HT) phenomenon and activity in tourist - generating and receiving destinations; demand patterns which systematically or unsystematically vary over time causing distinct seasons of tourist visitation and in business cycles and its variations in magnitude. The diversity of seasonality literature underpins the importance of the HMs familiarisation with the phenomenon and related activities in the HTI. However, there is no unique and clear cut definition of SIHs and has continually been related to its causes and symptoms (Koenig and Bischoff, 2005).

This research counters this insufficiency by holistically defining SIHs as ‘a distinct pattern of HT demand, caused by changes in the macro and micro-environment, PPFs and / or supply-side and demand-side factors’. The impacts of these causes vary in scale and pattern, triggering systematic or unsystematic influences in different time periods of HTE business cycles.

2.2 Causes of Seasonality in Hospitality

Numerous studies on the Causes of Seasonality (COS) either focus on the demand-side (Kennedy and Deegan, 2001), (Lim and McAleer, 2001), (Lundtorp *et al.*, 1999), (Koenig and Bischoff, 2003), (Rosselló Nadal *et al.*, 2004) or the supply-side (Krakover, 2000; Flognfeldt, 2001; Jeffrey and Barden, 2001; Capó Parrilla *et al.*, 2007). These causes are said to significantly influence tourist needs and desire to travel over time, creating trends of peaks and off-peaks which shape HTI seasons.

The peak and low seasons refer to high and low periods of tourism demand respectively. Few case studies examine the causes of SIHs based on European and North American settings (BarOn, 1975; Hylleberg 1992; Butler 1994; Hinch *et.al.* 2001; Koenig and Bischoff, 2005). This inclination reveals the inadequacy in understanding causes of SIHs in other geographical contexts. Nevertheless it can be argued that the patterns of seasonality in hotels results from the interaction of natural and institutional causes in generating and receiving areas and as customised by actions of the public and private sector ((BarOn, 1975; Hartmann, 1986; Butler, 2001). The natural or institutional causes are discussed in the succeeding sub-sections.

2.2.1 Natural Causes of Seasonality

Natural seasonality in the HI is caused by factors characterised by regular cyclical patterns in temperature, rainfall, snowfall, sunlight and daylight (Butler, 2001; Koenig and Bischoff, 2005; Capo Parilla *et al.*, 2007; Chung, 2009). Unlike daily weather fluctuations, climatic variations causing SIHs: consistently recur; tend to increase with distance from the equator; variably impact on human activity at changing degrees (Butler, 2001).

As a result, the consistent patterns of natural phenomenon's experienced at different periods of the year (Capo Parilla *et al.*, 2007), a steady pattern of true seasons of the year have been created (Butler and Mao, 1997; Butler, 2001). However, climate change is in the midst of causing foreseen shifts in destination attractiveness, since the traditional regard of natural phenomena being permanent and beyond human control is becoming less certain and unpredictable amid continued global climate change. The potential impacts will be witnessed through changes in nature, including: raising sea levels; lack of sand on beaches; disappearance of wet lands; loss of ecological diversity; flooding; changed migration patterns of birds and wild animals (Ritchie and Crouch, 2003). Notably, natural factors are not only vital attractions, but also significant impediments for future development.

Particularly, beach resorts and other hotels, predominantly dependent on natural factors so as to offer a myriad of outdoor activities, would have a higher likelihood of experiencing pronounced variations in demand or even closure (Smith, 1990; Grant *et al.*, 1997; Finlay, 2000). However, with increasingly knowledgeable tourists who have specific preferences, HMs must distinguish and predetermine between different purposes of travel (Capo Parilla *et al.*, 2007) so as to reduce significant variations in demand.

2.2.2 Institutional Causes of Seasonality

In contrast with natural causes of SIHs, institutional causes vary widely with much less regularity of pattern. Institutional causes lead to temporal variations in demand through changes in: human actions, policies and legislation (Chung, 2009); social-cultural factors; policies regarding specific customs and legislated holidays (BarOn, 1975;

Janiskee, 1996; Butler, 2004; Capo Parilla *et al.*, 2007). It is exemplified in school schedules, industrial and public holidays, festivals (religious and cultural) and other events that up to date are based on historical conventions (Capo Parilla *et al.*, 2007). Butler (2001) includes social pressure, fashion, sporting season, inertia and or tradition as institutional causes. See Figure 2.1 for a summary of the causes of SIHs.

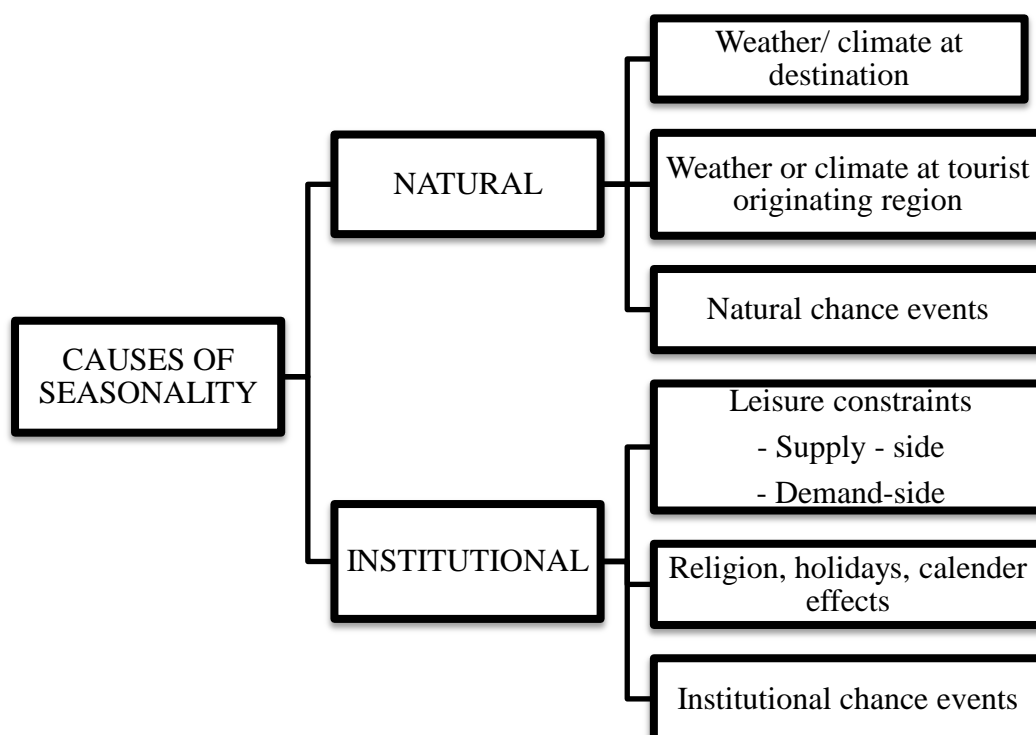


Figure 2.1 Causes of Seasonality in the Hospitality and Tourism Industry

(Source; based on Porter, 1990; Butler, 1994; Baum and Hagen, 1999; Lundtorp et al., 1999; Frechtling, 2001; Hinch et al., 2001; Koenig and Bischoff, 2005)

Despite these causes and uncertainty of SPIHs, Butler (2001) cites that setting precise dates for commencement and termination of institutional events could increase predictability of the patterns. For example, pre-determined dates for Easter, school or public/industrial holidays, Thanks-giving day in America, Golden week in Japan, October national holiday in China and Eid holidays (Chung, 2009), could increase

certainty of SPIH. The legislation of summer school holidays in Europe (Netherlands, 1991) is an example of a predominant influence on holiday patterns and its influence on SIHs has since been dubbed a 'western concept' (Hartmann, 1986).

2.3 Impacts of Seasonality

SIHs and the wider TI, causes negative and positive impacts (Koenig and Bischoff, 2005; Chung, 2009). In comparison to the latter, negative impacts have insistently become long-term problems of concern (Bonilla *et al.*, 2007). Consequently, HT experts world-wide, have joined in exploring ways of countering its effects, with a majority arguing that, the magnitude and wider nature of seasonality impacts are based on HTI activities (Butler, 2001).

2.3.1 Negative Impacts of Seasonality

Negative impacts of SIHs have largely been associated to: short or long periods of business operation: HTE closure due to reduced tourism demand and level of operation; under-utilisation human, natural and capital assets (Sutcliffe and Sinclair, 1980); over-utilisation of public goods and services such as infrastructure, public safety, public health (Murphy, 1985; Baum and Lundtorp, 1999); overexploitation of natural resources (Manning and Powers, 1984) and all operation processes. The negative influences particularly lead to congestion, over-booking and or saturation at HTE and other related facilities (Capo Parilla *et al.*, 2007). These effects increasingly affect HMs ability to sustain quality in product and / or service delivery (Lundtorp, 2001) and tourist satisfaction (Capo Parilla *et al.*, 2007).

In circumstances where there is under-utilisation of HTE capacity, HMs are obliged to generate a full-year revenue within short operating seasons, to profitably service yearly fixed costs, maintain supply chains and gain sustained support and commitment from transport providers who may be reluctant to invest in highly seasonal operations (Duval, 2004).

Butler (1994) emphasises that seasonality is a difficult problem to overcome arguing that despite efforts to reduce peaks and troughs, monthly SPIH have continually increased, due to over-development in some destinations. As a result of the negative impacts, it is difficult for investors to accept HTEs as viable investments (Butler, 2001), with majority of the authors, studying the phenomenon so as to identify coping strategies – a topical and re-current issue of concern, studied in public and private arena (Baum and Lundtorp, 2001; Koenig and Bischoff, 2004).

2.3.2 Positive Impacts of Seasonality

By contrast, Murphy (1985) observes that seasonality is not necessarily harmful in all contexts, since human, cultural, social and environmental aspects derive great benefits. Koenig and Bischoff (2005) and Chung (2009) reiterate that the phenomenon presents opportunities to certain destinations, particularly where the economy balances tourism with other economic activities like hospitality, fishing, forestry and agriculture. HTEs in such destinations would undergo direct ‘recuperation’ benefits for both natural and socio-cultural environment. Alternatively, some HMs view it as a welcome reprieve that releases both management and employees from the pressure, stress and workloads experienced throughout the year (Koenig and Bischoff, 2005).

In conclusion, despite negative impacts being vastly investigated, its effects have been largely been linked to economic perspectives, since the majority of stakeholders are often in quest of maximum and efficient utilisation of HTE and destination resources (Butler, 2001). Nonetheless, both negative and positive impacts persist, are extensive and cannot be overemphasised. Thus, private and public stakeholders have to put substantial efforts to research and recommend measurements of SIHs with an attempt of countering its effects.

2.4 Measurement of Seasonality

Seasonality measurement has been explored academically in both operational and economic perspectives endeavouring to explain repeat patterns of visitor's arrivals (Duval, 2004). Sutcliffe and Sinclair (1980), Koenig and Bischoff (2010) and Espinet *et al.*, (2012) identified varied methods of measuring seasonality in the HTI. These methods ranged from relatively simple scalar measures to more sophisticated statistical techniques (BarOn, 1975; Lundtorp, 2001; Koenig and Bischoff, 2003). The methods include and not limited to the: Gini-coefficient; seasonality indicator; Maximal Utilisation Constrained by seasonality; Seasonality Under-utilisation Factor; applied investment theory (BarOn, 1975; Jang, 2004; Lundtorp, 2001; Rosello'-Nadal *et al.*, 2004).

It was noteworthy, that the scalar methods of measuring seasonality had become increasingly crucial and predominant especially in an industry (HTI) dominated by SMEs - characterised by number of rooms, highly labour-intensive and operate in a very turbulent environment (Espinet *et al.*, 2012).

Thus, HMs and other related stakeholders, mainly analysed SIHs by investigating: patterns in occupancy performance data; change components; direction or amplitude of pattern change over time (DeCantis *et al.*, 2011). The results were mainly applied across national, regional or sectorial policy formulation processes to reduce the risk of investment (Duval, 2004; Getz and Nilsson, 2004).

In contrast, Koenig and Bischoff (2010) argued that such highly aggregated and scalar perspectives had major shortcomings, since the data: on current and individual HTE data on tourist's arrivals, in-house hotel guests and departures were: rarely available; was often generated for convenient reasons (Lundtorp, 2001); was inclined to measuring seasonality's critical economic importance, thus mainly related to: pricing influence (high prices in high season versus discount rates in low season). Overall, the results of the scalar measures were mainly based on its: impact on season extension; effective use in tourism forecasting; impact on trends of seasonality's stability or instability (Lundtorp, 2001).

In consequence, Koenig and Bischoff 's (2010) and Bonilla *et al.*(2007), recommend the use of more qualitative methods for measuring the influence of seasonality claiming inadequacy of scalar measures in attempt to holistically address SIHs. Bonilla *et al.*(2007) introduced alternative methods for measuring SIHs by using it trends, cycles and magnitude of fluctuations, with a majority of developed frameworks proposing the improvement of marketing strategies (Jeffrey *et al.*, 2002; Koenig and Bischoff, 2004).

Despite ensuing recommendations, this research contended that there was still a major shortcoming, arguing that HTI stakeholders still failed to adequately take into account the potential importance of seasonality impacts in individual HTEs (Duval, 2004), (Getz and Nilsson, 2004). Particularly, the usual strategy formulation was essentially formulated to counter the very competitive environment (Yang, 2012).

2.5 Responses to Seasonality by Hotel Managers

Various authors have identified specific responses to SIHs whilst attempting to respond to its impacts. Duval (2004) argues that selected HMs require sufficient support from tourism bodies to effectively respond to the phenomenon. Firstly, Joliffe and Farnsworth (2003) proposed a model differentiating between HMs who decide to either embrace or challenge SIHs. “Embracers” generally accept the seasonal nature of HTEs and HMs/owners are delighted to welcome the reprieve from the busier peak seasons, whereas “challengers” try to extend the season.

Secondly, Getz and Nilsson (2004) identified three HMs responses to SIHs: coping; combating; capitulating. Coping strategies refer to HMs ability to adapt to SIHs and hotels may be closed for part of the year or otherwise alternative forms of income sought to counter seasonality effects during low seasons. Combating strategies were believed to be driven by HMs attitudes and actions, wherein, substitute measures, often based on the manager’s perceptions for increasing business were adopted. Capitulating strategies referred to HMs decisions to shrink, sell or terminate the hospitality business partly or wholly (Getz and Nilsson, 2004).

Thirdly, Koenig and Bischoff (2010) advanced research on these responses by analysing seasonal, top and poor performers against HMs attitudes. Three types of HMs were identified, based on the responses, including: ‘free riders’-who took no action to attract visitors outside the peak season because they prefer having a quiet period used for decorating, renovation, resting and going for holidays; lifestyle entrepreneurs-are inactive and seem to have adequate demand already hence do not to have any breaks; doubters - queried the effectiveness of any actions, and could not afford to risk additional advertising or promotions; they were simply not certain of actions to take, thus entirely depended on someone else’s action to counter SIHs (Koenig and Bischoff, 2010).

Indeed, these HMs responses stage a clear variance in the solutions thought viable to counter SIHs. Therefore, it is essential for HMs to understand the factors influencing response strategies and streamline them to a range of HTE activities, phenomenon and attitudes. Such a robust understanding will reduce the inefficiencies associated with broad-brush strategies, and especially the danger of what has been referred to in literature as “the blunting of initiatives” (Thomas, 2000:p. 351; Vameer, 2008).

These results reveal that: there is a heightened awareness on the measures that may inform the development of holistic and effective HMs responses (Flognfeldt, 2001); SIHs is not a surprise for many HMs (Lundtorp *et al.*, 1999); SIHs is to some extent very predicable; despite random fluctuations each season, the overall SPIH is said to be tough to change (Flognfeldt, 2001). With such an understanding, the resracher adopted Schumpeter (1942) and Keeley *et al.* (2013) propositions could be develop shifts, without necessarily shifting the problem to other destinations (Duval, 2004).

In conclusion, the problem within the context of these responses is that the features exemplified in the responses, fails to integrate the wider HTI environment whose particular characteristics may significantly influence seasonality in business operations (Duval, 2004). (see Figure 2.2 for a summary of the HMs responses).

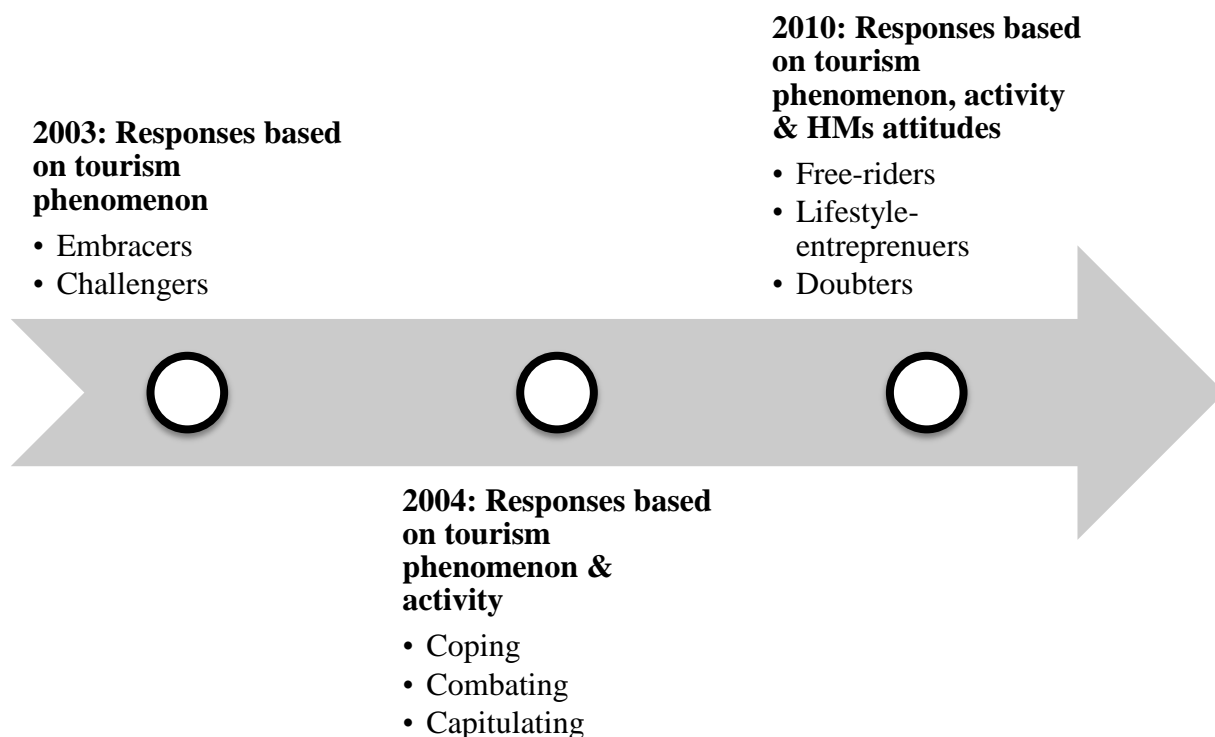


Figure 2.2 Trend of Seasonality Response Strategies by Hotel Managers 2003-2010

(Source: Based on Joliffe and Farnsworth, 2003; Getz and Nilsson, 2004; Koenig and Bischoff, 2010)

Therefore, this research sought to establish solutions to problems encountered by HMs through: improving creativity and innovativeness; improving and create variations in the attractions, products and services; opening new markets; and review supply (Schumpeter, 1942) and (Keeley *et al.*, 2013).

However, Caution must be taken since introducing new services and facilities may lead to exceeding destination capacity instigating further over-use and under-utilisation of resources in high and low seasons respectively (Espinete *et al.*, 2012). Thus, the researcher argued that the overarching solution may be to explore holistically, factors influencing SIHs. Such an investigation would inform HMs on the gaps of innovation and their ability to effectively monitor, evaluate and draw viable and long-term strategies for countering SIHs. The factors influencing SIHs are discussed in the subsequent section and sub-sections.

2.6 Factors influencing Seasonality in Hotels

2.6.1 Introduction

This section examines possible factors influencing SIHs, comprising the: macro-environment; micro-environment; PPFs. These factors are not constrained to the causes highlighted in the myriad definitions (BarOn, 1975), (Butler, 1994), (Butler and Mao, 1997) and (Chung, 2009), since wider interrelationships are explored within the environmental context (Duval, 2004).

The extremely global and dynamic nature of variables in each factor may complicate the ability to understand foundational influences of SIHs (Ritchie and Crouch, 2003). Due to the unstable and complex shift in the HTI environment (Mehmetoglu and Alitnay, 2011) and the need to provide an intricate link to tourist demand variations, this research proposed an examination of these factors, with the aim of formulating viable and long-term innovative strategies centered on the unique experiences of each HMs. Figure 2.3: Page. 34 summarises the factors influencing SIHs discussed in the subsequent sub-sections.

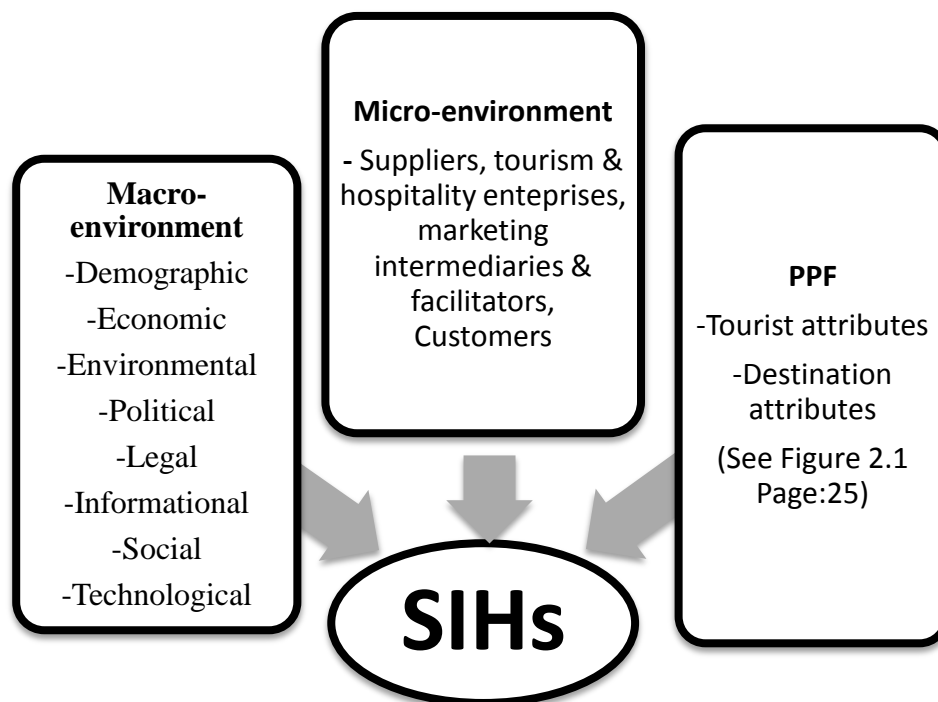


Figure 2.3 Factors Influencing Seasonality in Hotels

(Source: based on Ritchie and Crouch, 2003; Finlay, 2000; Chung, 2009)

2.6.2 The Macro-environment

2.6.2.1 Introduction

The macro-environment is global in scope and highly influenced by radical and persistent changes in society. Finlay (2000) refers to it as the ‘remote’ environment which is a model of those elements that create uncertain environments for organizations to operate and execute functions whilst serving its customers. The elements in the macro-environment do not directly influence the short-run activities of an organisation but can and often do influence long-run strategic decisions (West *et al.*, 2010).

Macro-environment elements are extensive and can be clustered in varied ways in environmental scanning, as HMs purpose to analyze business strategies and performance trends (Johnson *et al.*, 2006). According to West *et al.*, (2010) organizations use these frameworks to anticipate changes in the short, medium and long-term, so as to effectively prepare and adapt to their business activities. Kotler's *et al.*, (1997) PEST analysis (Political, Economic, Social and Technological), has been extensively used and recognized as a strategic tool for understanding the macro-environment.

Additionally, West *et al.*, (2010) indicates that analysts have since added **L**egal and rearranged the acronym to SLEPT. Later **E**nvironmental factors were inserted expanding the model to PESTEL or PESTLE (Political, Economic, Socio-cultural, Technological, Legal and Environment). Kew and Stredwick (2010) further appreciates the model extension to STEEPLE and STEEPLED, adding **E**thical and **D**emographic factors. Finlay's (2000) DEEPLIST incorporates **E**nvironmental, **I**nformation and **S**ocial factors, respectively.

Despite extensive variations in these frameworks the elements in each are highly interrelated and some features could sensibly be included in more than one category (Finlay, 2000; Johnson *et al.*, 2006). Hence, these elements should not be observed as independent (Finlay, 2000). In fact, any variations within the frameworks adopted must provide an added advantage whilst preparing strategic plans (Cooper *et al.*, 1993).

Conversely, Johnson and Scholes (1993) believe that extra variables should only be built-in if they are likely to influence the firms' supply and demand. The challenge is pegged on an organisations' ability to collect relevant information on which to base its decisions (West *et al.*, 2010). Therefore, this study adopts Finlay's (2000) DEEPLIST since it is a useful strategic tool to guide a comprehensive understanding, of the macro-environment factors influencing SIHs. According to Ritchie and Crouch (2003) the DEEPLIST combination may not be conclusive but states that it inspires a suitable preliminary platform for HMs to precisely determine, the factors influencing SIHs. The Demographic, Economic, Environmental/climatic, Political, Legal, Informational, Social and Technological factors are discussed in the following sub-sections.

2.6.2.2 Demographic Influences on Seasonality

Finlay (2000) defines the demographic environment as concerned with mapping the qualities of human populations with factors such as distribution of gender, ages and income distributions and labor force compositions.

2.7.2.2.1 Gender

West *et al.*, (2010) assert that gender in this case is a complex term as it does not only address the physical sexual make up of a consumer, but also the psychological component. Previously, some organizations have tried the female/male differentiation to influence demand for products and services, it has become increasingly difficult in the present (West *et al.*, 2010). Thus, HMs must be keen in assessing gender influence, since until recently, ones feeling of masculinity or femininity affiliation are considered more appropriate in influencing organizational strategic decisions (West *et al.*, 2010).

2.7.2.2.2 Age and Income Distributions

West *et al.*, (2010) asserts that age involves the concept of ‘cohort of society’, and that there are six cohorts, including: GI generation born between 1901-1924; silent generation born between 1925-1945; Baby boomers born between 1946-1964; Generation X born between 1961-1981; Generation Y, a sub-set of generation X, born between 1961-1982 and lastly the Millennial born between 1982 and 2002. According to West *et al.* (2010), these cohorts may have unique attributes, but share many similarities in life experiences. For instance, the GI generation is conservative and civic concerned, whereas, silent generations conform, raise families at an early age and are concerned with youth fullness and vitality;

The baby boomers believe in the importance of personal acquisitions, have high levels of disposable incomes, concerned with value and do not want to be perceived as older (Mullins, 2001). Generation X is considered quite cynical, have great economic power and feel lost and alienated, whereas, generation Y have an urban lifestyle, like outdoor activities and enjoy retro-style products.

Lastly the Millennial are multicultural, interested in high-tech products, well-educated and used to violence and sex as a part of life (West *et al.*, 2010). Additionally, there is an increasing size of the ageing population in developed countries (Finlay, 2000) which poses a threat for many less-developed countries still dependent on tourists from these countries (Akama, 2002). In the wake of centuries of relative stability, the world is currently undergoing fundamental massive shifts in customer needs and preferences (West *et al.*, 2010). If this trend persists, there is foreseen massive change in travel patterns (Finlay, 2000).

Ritchie and Crouch (2003) contend that to avoid costly errors, HMs and related HTI stakeholders must understand the rapid changes in tourist's: needs; expectations; tastes and preferences; trends evolving over time; desire for unique experiences which may not be replicable globally.

2.6.2.2.3 Labour Force Composition

According to Finlay (2000) the labor force composition, standards of training and education are classified amongst demographic factors. Bernini and Guizzardi (2012) argued that SIHs plays a central role in conditioning the composition of human resources, training and education levels. However, due to the seasonal nature of employment, it is difficult to recruit and retain full-time staff (Yacoumis, 1980). Particularly, the seasonal employment trend, challenges HMs when structuring, organising and managing people in hotel operations.

Murphy (1985) reiterated that seasonal employment makes it difficult to maintain product and quality standards in hotels, due to resource management challenges (Baum, 1999). However, La Porta (2008) argues that despite the fact that enterprises managed by trained employees and expertise tend to engage to use more capital and external finance, they tend to get long-term benefits, through the implementation of innovative practices and use of technology which attracts different types of tourists. Therefore, training and the level of expertise, impacts on the innovativeness and quality of service delivery which highly influences a myriad of short, medium and long-term management decisions in the HTI or societal changes (Finlay, 2000). In summary, demographic influences of SIHs, including and not limited to: gender; age; labor force composition, must be equally put into consideration as HMs and other HTI stakeholders, seek to

counter SIHs. Especially, with the uncertainty of the ever changing environment and tourists' tastes and preferences, consistent monitoring and shifts must be applied.

2.6.2.3 Economic Influences on Seasonality

The economic environment involves features such as tax and monetary regimes (Finlay, 2000). National and international governments employ these regimes as reflected in measures not limited to: price and consumption levels; capital availability; currency exchange; interest rates; and credit accessibility (Finlay, 2000). These factors are discussed below.

2.7.2.3.1 Price and Consumption Levels

Price is a crucial variable in hotels, since it determines the marketing mix and brings together supply and demand (Shy, 2008). Many authors including Koenig and Bischoff (2003) note that price tends to fluctuate throughout the year, which results in HMs facing a trade-off (Espinet *et al.*, 2012). Lower prices may mean higher revenue for firms due to higher consumption levels by price sensitive consumers (Espinet *et al.*, 2012).

In contrast, other luxurious and or well-off tourists perceive low prices as loss of quality, hence the hotel product, services and destination at large is regarded less valuable (Espinet *et al.*, 2012). In effect, the brand image of the hotel or destination may also be seriously damaged putting at risk the firm's future revenue and profits, hence SIHs. Alternatively, if rival firms counter SIHs by increasing quality and or reducing price, then profits may fall as firms compete for a share of a pie (Espinet *et al.*, 2012).

On the other hand, taxation, home and overseas economic trends may also influence tourist travel behaviours (Ritchie and Crouch, 2003) as it makes the travel arrangements from originating destination a process marred with administrative and visa processing costs increasing the cost of travel. Such factors influence the whole tourism experience across the continent (Williams and Shaw, 1991).

2.6.2.3.2 Capital Availability

Thompson (2002) identifies capital availability as an economic feature which directly or indirectly affects efficient use of resources and facilities (Sutcliffe and Sinclair, 1980; Manning and Powers, 1984; William and Shaw, 1991). According to Bernini and Guizzardi (2012) the number of days a hotel is in operation is strongly expected to amortize the capital despite seasonality effects. In this relation Capo Parilla *et al.* (2007) asserts that specialised resorts may be more vulnerable in uncertain economic periods while hotels with higher ratings remain open doing business for longer (Espinet *et al.*, 2012). Nevertheless, as long as capital is available and the cost of improving quality, innovation and marketing is not so high, rated or non-rated hotels have an equal chance of recording an increase in profits (Espinet *et al.*, 2012). The increase in quality is viewed as a promising way to reduce SIHs, since products and services will maintain high prices in both peak and low seasons (Espinet *et al.*, 2012).

2.6.2.3.3 Currency Exchange and Interest Rates

Currency exchange rates are also an economic feature influencing SIHs, since they lead to variations in the cost of tourism products and services from time to time (Porter, 1990; Ritchie and Crouch, 2003).

Exchange rates may either ease or hinder the capacity of HMs to invest in the hotel product. Challenges ensue when fluctuations in exchange rates increase the difficulty of attracting tourists to a hotel, since it significantly raises the cost of operation and travel across the continent (Williams and Shaw, 1991). Ritchie and Crouch (2003) argue that, these effects can either be controlled by HMs through developing different travel circuits to meet the needs of different market segment, or alternatively, HMs may use affordable distribution trends and customer drivers to counter the effects of exchange and interest rates (Ritchie and Crouch, 2003).

2.6.2.3.4 Credit Accessibility

Credit accessibility is a challenge for the majority of hotels, since they are either privately owned SMEs and or don't guarantee long-term socio economic viability (Akama, 2002) especially in the low seasons. Projected seasonal fluctuations often leads to low returns on capital (Koenig and Bischoff, 2005) making it increasingly difficult for HMs to attract funding. Actually, investors or lenders from the private sectors, render hotels a high risk venture (Mathieson and Wall, 1982). Consequently, only public funding is largely available which at times is affected by government decisions. This poses opportunities or threats whilst attempting to increase tourism demand (Ritchie and Crouch, 2003).

In summary, economic influences apply equally to all destinations and particularly in hotels, setting hurdles for successful implementation of strategies for countering SIHs. These influences may cause shifts in the: market economy; international exchange rates; buoyancy of the world economy (Finlay, 2000); the existence and structure of the world trading blocs; customer savings for travel; access to financial and tax incentives; and

provision of soft loans which are vital and recognised to attract investment (Espinet *et al.*, 2012). If effectively and efficiently monitored, HMs would identify and seize opportunities well in advance (Ritchie and Crouch, 2003). Consequently, they will ensure development of strategies for countering SIHs. However, stakeholders need to commendably scan, monitor, get well versed with the economic environment in anticipation of any uncertain eventualities.

2.6.2.4 Environmental and Climatic Influences on Seasonality

The environment and climatic influences on SIHs are often interlinked, leading to similar effects associated with the concentration of visitors in peak seasons in a destination and particularly in hotels (Koenig and Bischoff, 2005). Ritchie and Crouch (2003) differentiate between environmental and climatic factors stating the distinctness in type and challenges they present. A majority of HMs are acquainted with SPIH caused by environmental and climatic patterns (Koenig and Bischoff, 2005), due to the recurrent occurrence of the environmental and climatic features.

2.7.2.4.1 Environmental Influences

Environmental influences are those on or below the ground and include species diversity, wildlife and habitat protection, water quality and aquatic biodiversity to name but a few (Ritchie and Crouch, 2003). Grant *et al.* (1997) emphasises the strain HT activities causes to the environment is due to over-utilisation which leads to congested rural lanes, physical erosion of footpaths and litter problems. In addition, Porters' (1990) natural chance events such as out breaks of deadly diseases and environmental catastrophe like earthquakes or tsunamis create uncertain seasonal variations in tourism demand.

HMs are faced with the challenge of understanding the extent to which SIHs is caused by changes in the environment. The changes have become quite uncertain due global warming (Finlay, 2000), posing a danger of massive change in tourist travel patterns, which would lead to over-use and under-utilisation of destination resources in very short or long time periods respectively (Craik, 1991). Particularly, over-use of destination and hotel resources may lead to significant negative or positive influences to both residents and the local environment (Koenig and Bischoff, 2005; Chung, 2009).

2.6.2.4.2 Climate Change

On the other hand, climatic features represent what happens above the ground or landscapes. The climate is characterised by predictable variations in temperature, amount of rainfall and the lengths of daylight. Climatic patterns, particularly in warmer tropical sea-side destinations have been stable and predictable (Pearce and Smith, 1990). Hence warmer destinations are preferred by certain types of tourists compared to other colder destinations (Ritchie and Crouch, 2003). Climatic features are a major motivator for travel and especially depended on for certain tourist activities to take place in some destinations (Koenig and Bischoff, 2005).

However, climate change alarms and its future unpredictability (Craik, 1991), requires HMs to have clearly thought through strategies, to effectively counter SIHs. Otherwise, some traditional tropical destinations will be the net losers while colder regions benefiting from global warming (Ritchie and Crouch, 2003). Alternatively, HTEs in either cold or warmer destinations will need to offer quality and memorable experiences, to guarantee that the majority of tourists hopefully attach value to the visit hence increasing the chances of repeat visits (Espinet *et al.*, 2012).

In summary, climatic and environmental trends reveal the reality that these changes are societal concerns. Their protection is imperative for sustaining long-term tourism demand. Additionally, with the raging scientific debate on saving the planet (Pearce and Smith, 1990), environmental and climatic influences must be constantly monitored whilst attempting to develop strategies for countering SIHs.

2.6.2.5 Political Influences on Seasonality

Finlay (2000) defines the political environment as the arena within which varied interest groups compete for attention and resources to advance their own values, interest and goals. Ritchie and Crouch (2003) argues political influence is a rapidly shifting global force in a tourism destination which results into economic, environmental and immigration modifications (Finlay, 2000). The changes trade and policy regulations, social policies and government stability immensely impact on SPIH in hotels through (Johnson *et al.*, 2006).

2.7.2.5.1 Trade and Policy Regulations

In the past, governments have played a less active role in destination management (Ritchie and Crouch, 2003). However, Akama (2002) states that less-developed countries are an exception, since governments have predominantly been involved in tourism development owing to the HTIs' uniqueness. Over the past two decades, there have been significant developments through the pluralism of political groupings that have found in expression of policies in varied levels (Finlay, 2000). Despite governments having been intricately involved, various challenges ensue.

These challenges manifest in diverse ways and at different levels, as HMs seek to: promote; regulate; present; plan; monitor; maintain; coordinate; enhance; organize resources at destinations. There have been an increasing number of government policies on visa processing, tax fees and tax policies for both tourists and / or business operations/investors. These policies may enhance or undermine the appeal of a destination increasing SIHs, since neighbouring destinations with limited restrictions will be preferred (Koenig and Bischoff, 2005).

2.6.2.5.2 Social Policies

Social policies are created either for associations, varied interest groups and or residents on the desired tourism benefits. These policies vary widely and are often shaped by political influences (Finlay, 2000). However, the challenge is to ensure SIHs is effectively managed by ensuring involved decision-makers are all well versed or educated on the benefits of tourism to the community, sectorial, national and regional economy (Ritchie and Crouch, 2003). Whether in high or low ranks, decision-makers should have the capacity to keenly take into consideration involvement of policy-makers. Otherwise, there would be uncontrollable and widespread negative effects on tourism and especially HA development initiatives (Akama, 2002).

2.6.2.5.3 Government Stability

The majority of governments are increasingly being involved in some countries through; the regional, national or local tourist offices and promotional campaigns. The influences thereof create a direct impact on the HTI which have either encouraged or discouraged SIHs.

For example, government instability which may be instigated by political imbalances signifies destination's insecurity, leading to restriction of visits due to travel advisories (MCTA, 2012). In conclusion, despite the highly uncertain influences of the political environment, the very fragmented nature of the HTI requires suitable socio-political environment for the diverse socio-economic environment (Gunn, 1988), (Hughes, 1994), (Akama, 1997) to excel. Additionally, HMs and related stakeholders must be in a position to effectively link with government officials in all levels, so that they may have a control of the policies directly or indirectly influencing SIHs (Ritchie and Crouch, 2003).

2.6.2.6 Legal Influences on Seasonality

Finlay (2000) defines the legal environment as consisting of body of laws and regulations that affect enterprises that administer and enforce them. Legal forces are widespread and include all regulatory requirements from employment, health and safety, competition, product and information disclosure (Finlay, 2000; Ritchie and Crouch, 2003). Governance has indeed become a core issue, especially on how hotels could control operations internally, and account responsibly to bodies demanding the legitimate accountability as pertains to organisational regulatory requirements (Johnson *et al.*, 2006).

However regulatory bodies are subject to: government policies; government term or change; trading policies; funding and grant initiatives; home market lobbying/ pressure groups; and international pressure groups. These bodies and changes may hinder the process of finding long-term solutions for countering SIHs (Ritchie and Crouch, 2003).

Some regulatory measures have in fact led to incidences which have either directed tourists from one destination to the other (Lundtorp, 2001). Such policies often abruptly position certain destinations out of tourist limits causing adverse influences on demand in tourism destinations and particularly in specific hotels. Despite national destinations having established national tourist offices (Duval, 2004) inadequate cooperation amongst these bodies with regional states and provinces will directly or indirectly influence tourism destinations positively or negatively (Akama, 1997) leading to SIHs.

2.6.2.7 Informational Influence on Seasonality

Information is data perceived by any business enterprise or employee, to be of use or potential use in their job (Finlay, 2000). Duval (2004) argues that destination marketing organisations and governmental bodies tasked with managing and over-seeing tourism development, would be better informed if policies related to increasing demand may take into consideration the stakeholders perceptions of SIHs. Especially, HMs challenges, measures, responses and trends over time whilst attempting to counter the phenomenon.

2.6.2.8 Social Influences on Seasonality

Contrary to the demographic environment which is largely related to the structure of populations, the social environment concerns peoples' needs, wants and aspirations (Finlay, 2000). Koenig and Bischoff (2005) cite that, social influences SIHs affect both the host community and visitors.

For example, local people cope with: congestion; crowded streets; slower traffic; lack of parking; long queues for services; significant increase in cost of community services hence a strain on regular infrastructure and services (Murphy, 1985). Additionally, in the past decades, there has been a trend of increased refinement of consumer requirements (Finlay, 2000) which has led to sophisticated and massive changes in: lifestyle trends; consumer attitudes and opinions; and media views. Thus, customer needs and wants have indeed become very vital when discussing the social environment and its influence on SIHs.

2.6.2.8.1 Changing Customer Needs and Wants

The influences of customer changing needs and wants on SIHs can be related to the following factors: company brands; consumer buying patterns; fashion and role models; major events; buying access; ethnic and religious factors; advertising and publicity; and ethical issues (Butler, 2001). This is in addition to other stable forces including: value systems; language used; and food preparation which also appear to be altering (Ritchie and Crouch, 2003). However, these factors cannot be thought of in exclusion. Finlay (2000) asserts that influences on customer changing tastes and preferences not only affect demand variations but are extensive. Therefore, any changes on these features should not be taken for granted. Despite centuries of relative stability, the world is currently undergoing fundamental massive shifts in the social and cultural foundations (West *et al.*, 2010). Otherwise, it would result into extensive influences on SIHs.

2.6.2.8.2 Social Environment

According to Finlay (2000), there is a shift in the social environment, probably brought about by: changes in equality where women are currently pushing for change all over

the world; erosion of traditions which may lead to counter-blasts from fundamentalists both religious and lay; and the wide spread shift to a 24/7 hour society, where people are working and shopping any hour of the day and night. This has led to 24 hour access to many supermarkets and malls which are opened regularly in these hours. Manning and Powers (1984) notes that these social environmental changes will require extra facilities like sanitation to maintain quality due to destinations carrying capacity being exceeded particularly during the peak seasons.

Additionally, the increase in population will possibly require measures to reduce increase in recorded crime (Mathieson and Wall, 1982) and increased risks of accidents (Fitzpatrick Associates, 1993). Thus, it is paramount for involved stakeholders, to understand market implications of a 24 hour economy (Finlay, 2005). Particularly, HMs must comprehend changes in tourist profiles and attributes in order to provide excellent experiences (Espinet *et al.*, 2012). Ritchie and Crouch (2003) argues that if social influences are effectively managed there is a possibility of reducing trivial fluctuations in demand in a tourism destination and in hotels too. Ritchie and Crouch (2003) further recommends that research has to be conducted to understand whether socio-cultural influences are truly substantial or simply transitory as refers to variations in tourist demand.

2.6.2.9 Technological Influences on Seasonality

Ritchie and Crouch (2003) refers the task of defining technological forces to be very vague since it could have various meanings to an audience. According to Finlay (2000) technology is the most visible and pervasive form of change in society, since it brings in new products, processes and materials.

For example, it could imply the narrow scope focussing on specific areas like computers and biotechnology or a wider scope including technology management. No matter how technology is defined, this force increasingly impacts on SIHs. Bernini and Guizzardi (2012) contend that possible influences of technology in hotels include: variations in tourist demand; type of hotel; size; quality of products and services; and management styles. However, the accommodation sector being highly characterised by SMEs (Akama, 2002), this economic sector would predictably operate under higher constrained financial conditions (Cabral and Mata, 2003). Hence, their technology investment and innovation budgets would be minimised compared to large hotels (Bernini and Guizzardi, 2012).

Yang *et al.*, (2009) asserts that unlike large hotels which tend to be more capital intensive, SMEs are highly characterised by labour-intensive technologies. Particularly, heterogeneity being a central theme in HTI (Bernini and Guizzardi, 2012), it characterises it by more than one unique productive process, which may be very difficult to compute. Thus, tourism firm's heterogeneity would converge as best practices as technologies get diffused and are imitated.

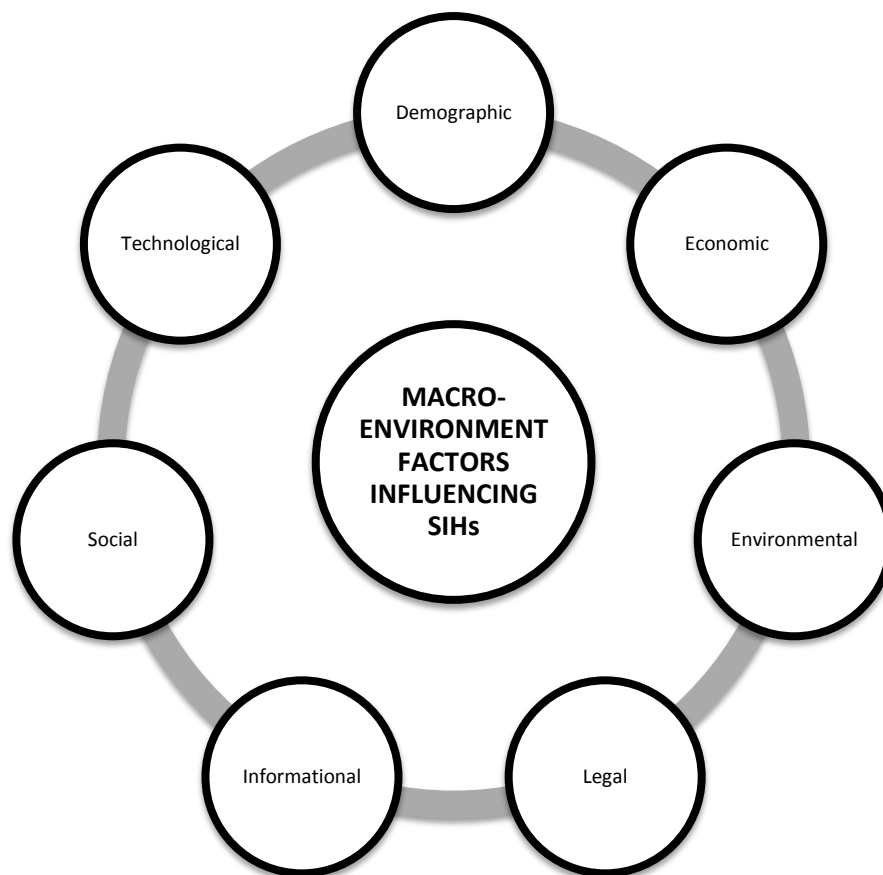
Ritchie and Crouch (2003) explains that the introduction of technology has particularly seen the transformation of tourism superstructure, research, consumer buying mechanisms and global communications and travel and reservation improving overall tourism experience and sales. Technological developments have further led to emergence of convention and visitor bureaus which have almost re-designed the power structure of planning and decision-making at regional, national and municipal levels.

Additionally, technological advancements in modes of transport have squashed distances between destinations across the globe making the world a global village (Finlay, 2000). Technology has influenced development of new forms of tourism like space tourism. However, since technological forces rapidly change, the critical challenge facing stakeholders in the accommodation sector is to ensure, they are aware of up to date technological influences on managing hotels and match them to the changing consumer trends and wants. Otherwise, any strategies haphazardly made to counter variations in demand, caused by technological forces may be in vain, whilst attempting to counter SIHs.

2.6.2.10 Summary of Macro-environment Influences

To sum-up, the macro-environment is dynamic and in constant state of evolution. It is quite challenging for some HMs to note the significance of macro-environment influences SIHs. Either because the DEEPLIST influences on SIHs and as discussed in this section, occur gradually and can only be comprehended fully in the long-term. As a result, these factors do not produce substantial incremental changes on a day to day basis, hence their indirect effects and vagueness of the root cause (Ritchie and Crouch, 2003). If the *status quo* remains, HMs cannot clearly determine macro-environmental influences on SIHs. Therefore, it is a requisite for all HMs and related stakeholders to be vigilant in conducting environmental scanning to enable them comprehend the bigger picture whilst attempting to develop effective strategies for countering SIHs (see Figure 2.4, Page 52).

Figure 2.4 Macro-Environmental Factors Influencing Seasonality in Hotels



(Source: based on Porter, 1990; Finlay, 2000; Ritchie and Crouch, 2003)

The succeeding section will discuss the micro-environment as a factor influencing SIHs since the establishments operate within the context of the macro-environment.

2.6.3 The Micro-environment

2.6.3.1 Introduction

The micro-environment is considered in the context of an individual firm or organisation and plays a critical part in decision-making (Ritchie and Crouch, 2003).

As referred in this research, the micro-environment includes; the firm - hotel (its internal environment), its competitors, suppliers, customers, publics, marketing intermediaries, facilitators and customers (Finlay, 2000; Ritchie and Crouch, 2003).

2.6.3.2 Suppliers Influences on Seasonality

Suppliers are referred to as firms providing the hotels with a myriad of basic factor inputs. These inputs include: labour (could be through education and training); energy; equipment and materials for various use; land/real estate; primary produce and its wholesalers; recreational automobile producers; and manufacturers of recreational/entertainment equipment and aircrafts (Ritchie and Crouch, 2003). Suppliers influence changes in the cost of hotel products and services. The effects are changes in the consumer price index (Ritchie and Crouch, 2003) and consequent tourist demand (Espinet *et al.*, 2012).

SIHs makes it challenging for HMs to maintain supply chains (Duval, 2004), since low projections of revenue may not sustainably run business operations in the long-term (Duval, 2004). Moreover, because of the perishability of the HT products and services, it is not possible to stock pile a hotel room, flight seat or theatre ticket (Cooper *et al.*, 1993). Unpredictability of seasonal patterns is a great challenge for HMs seeking to ensure viability of hotels remaining in operation and maintaining supply chains especially during the low peaks (Espinet *et al.*, 2012). Thus, HMs have to decide on either to extend tourism seasons or close down during low seasons, to remain profitable and break even (Koenig and Bischoff, 2005). Alternatively, since variations in demand, render it impractical for hotel's to sustain all year supplies, managers are often compelled to moderate supplies (Allcock, 1994).

The moderation effect helps in effectively and efficiently managing hotel operations. Intriguingly, despite the supplies (endowments) and suppliers (deployments) being a foundation of developing suitable strategies for countering SIHs, the fundamental tourism resources (like national parks, other public lands, facilities and infrastructure), are under the governments control (Ritchie and Crouch, 2003) and not the HMs. This poses a greater challenge in ensuring standards of quality are maintained.

In summary, suppliers are a vital influence on SIHs since their efficiency determines the costs of inputs and in the long-run the tourists desire to travel (leisure constraint). In addition, supplies may be a major source of innovation, new technology, new materials, ideas and processes that may lead to improving the hotel products, services and overall attractiveness (Ritchie and Crouch, 2003) of the destination. Therefore, HMs must keenly analyse suppliers influence in order to make suitable strategies for countering SIHs. This is with due consideration, that since travel and tourism is internationally tradable, suppliers in any destination could compete in other markets and in a completely relaxed and established environment (Espinet *et al.*, 2012), hence trade-offs for HMs.

2.6.3.3 Hospitality and Tourism Enterprises Influences on Seasonality

HTEs include firms that actively produce core commercial services consumed by tourists visiting a destination (Ritchie and Crouch, 2003). These HTEs could be very large for instance airlines, hotel corporations and food service firms or SMEs (Bier man, 2003). As earlier noted, SMEs form the larger part of the industry and are widely spread within a destinations' geographical boundary and vastly represent the grassroots of the industry (Akama, 2002).

Gradually, the expansion of HTE through franchising and management contracts has largely left SMEs experiencing changes in ownership and management. Unlike other commercial enterprises within the micro-environment, HTEs' produce and offer products and services primarily for tourist markets. Thus they have a higher level of interaction with tourists (Ritchie and Crouch, 2003). Additionally, HTEs share many destination resources for service delivery which comes with severe rivalry persisting between them. As a result, positive effects like innovativeness, investor adaptability, increased customer responsiveness, ability to exploit new market opportunities, advancement in technology and efficiency in operations may ensue (Porter, 1998).

These influences either enhance opportunities or threats for improving overall destination attractiveness (Porter, 1998; Ritchie and Crouch, 2003). However, there are occurrences where HTEs' have not been able to double their market share either in a short-term or long-term operating period. This is either due to a closed natured system of competition which ensured gains in specific firms with losses in the other (Espinet *et al.*, 2012).

Equally, since HTEs' compete for similar market share within the destination, they could only enlarge it at the expense of the others (Ritchie and Crouch, 2003). In this case, many stakeholders have no power to address these effects. Consequently, critics question the single minded pursuit of demand through aggressive competition (Ritchie and Crouch, 2003; Kim and Mauborgne, 2005). According to Krugman (1994), as firms compete, bad policy development may arise (Akama, 2002) or other potential causes of SIHs may go unnoticed in the process.

Alternatively, stakeholders tend not to maximise use of combined factor conditions at their disposal such as labour or infrastructure (Ritchie and Crouch, 2003). Factor conditions are particularly necessary to complete the TI and explain the nature of home-market demand (Porter, 1990).

In summary HTEs' could link up with related industries (such as leisure and recreation or retailing and entertainment industries) and supporting industries (for example, food services, arts and crafts and construction) which are more attractive. Sharing of such activities and service delivery would complement the HI and particularly in the accommodation sector (Ritchie and Crouch, 2003). This situation will not only ignite innovativeness in firm's strategies, rivalry and structure within a destination but also discourage stagnation (Schumpeter, 1942). Stakeholders and in particular HMs will be able to establish the foundation for industry investors to increase domestic demand. Consequently it would create an environment for booming domestic as well as foreign demand which less-developed countries are currently largely dependent on (Akama, 2002).

2.6.3.4 Marketing Intermediaries and Facilitators Influences on Seasonality

Ritchie and Crouch (2003) explains marketing intermediaries and facilitators as bodies providing a system of contacts, interconnection and accessibility between operators and customers, enabling hotels to access suitable markets for their products and services. The difference between the intermediaries and facilitators lies in the level of involvement in the delivery of service (Johnson and Thomas, 1992).

2.6.3.4.1 Marketing Intermediaries

Intermediaries play a direct role in the transfer of information and reservations between the operator and the customer; thus an intermediary (Ritchie and Crouch, 2003). They include: travel agents; tour packagers and wholesalers; travel shows; and speciality channels (like meeting and convention planners, tourist information centres, global distribution systems and computer reservation systems) (Johnson and Thomas, 1992).

Market intermediaries function as points of sale and convenient customer access instantly or in advance. They distribute information through brochures or other means on product information, find display and selling of opportunities (Ritchie and Crouch, 2003). In addition, they facilitate ticketing and travel documentation, receive and transmit sales revenue, manage ancillary service provision, serve as market intelligence consultants and manage customer complaints (Kozak, 2002). Indeed, such a profile makes this body o significantly influence tourist demand patterns in a destination (Kolb, 2006) and most especially the hotels. They significantly influence the choice of a tourist destination or hotel thereof.

2.6.3.4.2 Marketing Facilitators

In contrast to intermediaries, marketing facilitators perform in-direct functions which assist or facilitate the activities of the travel trade. These functions are performed through: financial institutions (for example credit card, travellers' cheques, currency exchange); insurance companies; advertising agencies; market research consultants; and embassies/ consulates (Ritchie and Crouch, 2003). Through these functions, marketing facilitators provide a well organised system, enabling customers to access tourism and hotel products and services throughout the world.

Summing up, it implies therefore that marketing intermediaries and facilitators link customers to HTEs' (Ritchie and Crouch, 2003). Thus, there is need for investors and especially HMs to be extremely selective in their choice of channel options and strategies while focussing on increasing tourism demand and maximum utilisation of its resources. This will ensure HMs make informed decisions and gain maximum benefits from PPF or direct marketing strategies (like internet and toll free telephone numbers). In addition, HMs may make use of both international and domestic tourism marketing channels which will enhance countering of SIHs.

2.6.3.5 Customers Influences on Seasonality

Customers are a key determinant of the decisions made at any hotel since their needs are core in managerial strategic decision-making as HMs plan on countering SIHs (Koenig and Bischoff, 2005). With few exceptions, the majority of customers in tourism destinations are from domestic and not international markets (Butler, 2004). Particularly, industrial and developed markets pride in high domestic tourism demand compared to the developing nations (Akama, 2002). Developed nations are often insulated from foreign disturbances and invest in rapid development levels.

The robust governments plans within developed countries, lead to increased tourism development structures which are well planned, developed, and nurtured (Butler, 2001). This trend has promoted vast development of tourism amenities, facilities, attractions and services substantially increasing demand from locals, which would otherwise not be the case (Ritchie and Crouch, 2003). Often, developed countries governments increase funding and support through taxation enhancing public services development, which the private sector would not provide.

Essentially, foreign tourists have the pleasure of enjoying these services and facilities as well. Notably, the nature and character of the HI not only shapes local demand but also influences improvements and innovations (Duval, 2004). This leads to changes in customer needs and wants owing to sophistication of market segments (Finlay, 2000). The effects leads to competitiveness between hotels as HMs seek to develop products and services that suit customer preferences.

In other instances, market ties (Porter, 1990) and not competition influences domestic tourists to travel to other destinations (Ritchie and Crouch, 2003). Nonetheless, foreign customers represent a strategically important market that is not captive thus freer to choose alternative destinations and especially hotels which may positively brand and promote destinations attractiveness (Ritchie and Crouch, 2003). In diverse tourism studies, SIHs has been revealed to be mainly dependent on the type of market segments (Jeffrey and Barden, 2001).

In such instances, changes in the composition of the tourists profile will visibly and directly be reflected in the monthly patterns traced in the tourism seasons (Butler, 2004). Seemingly, it is advocated that HTEs should consider making the penetration of those market segments as they are likely to increase occupancies during low seasons (Jeffrey and Barden, 2001). However, the challenge for various authors has been the use and dependence of data sources such as international arrivals in various points of entry or facilities (Lundtorp, 2001). Such databases summarise specific data on tourist's entry and use of various tourist facilities and airports in specific time durations and in specific destinations. Sometimes, these statistics are based on estimates generated from international visitor surveys (Commons and Page, 2001).

However, it is clear that dependence on such data and especially the fact that precise data on the current tourists is a major impediment in tourism research (Lundtorp, 2001), has remained a challenge in the HI. Additionally, despite massive dependence on the international statistics databases, the impacts of local demand on managing SIHs cannot be overemphasised. Therefore, in order to make successful strategic choices whilst attempting to counter SIHs, there is dire need for HMs to understand the changes in customers' needs and preferences (Finlay, 2000) internationally and locally.

2.6.3.6 Summary of the Micro-environment

In conclusion, hotels could either be very large enterprises or SMEs, interacting with its: internal environment; competitors; suppliers; customers; publics; marketing intermediaries; marketing facilitators; customers (Ritchie and Crouch, 2003). These players influence tourist demand in numerous ways even beyond geographical boundaries.

Despite dynamic influences from the macro-environment (Finlay, 2000), the collective action and founded agreement between the players within the micro-environment would create the greatest impact in an attempt to counter SIHs. Such a coordinated framework enhances development of mutual relationships and a precise strategic direction that would counter rivalry. Additionally, special interest groups such as environmental organisations, community organisations, consumer groups and recreational facilities (Ritchie and Crouch, 2003) could also play observant role. Such bodies would offer their views which directly or indirectly influence seasonality patterns. (see Figure 2.5 Page 61 for a summary of the relationship of micro-environmental factors influencing SIHs).



Figure 2.5 Micro-Environmental Factors Influencing Seasonality in Hotels

(*Source*; Ritchie and Crouch, 2003)

However, the macro and micro-environment cannot be effective in countering seasonality exclusively, since HMs audit or inventory of resources and market ties is linked to the PPF which influence attraction of tourists to a destinations and particularly the hotel's. The PPF are discusses in the following section The PPF are discussed in the next section.

2.6.4 Push and Pull Factors

2.6.4.1 Introduction

Baloglu and Uysal, 1996 define PPF as a concept involving the theory that people are pushed (motivational factors) into making a travel decision and pulled (attracted) by the destination area which includes both HT activities and services.

PPF are used to describe the motivations related to a tourist choice of a holiday destination (Dann, 1977; Crompton, 1979; Epperson, 1983; McIntosh and Geoldner, 1990; Prayag and Ryan, 2011). The initial classification of PPF was by (Gary, 1970) who defined two types of tourists: wanderlust (Push) and sun lust (pull). Dann (1977) further categorised the motivational factors as transcending the feeling of isolation and ego-enhancement-derived from the need of recognition. Crompton (1979) advanced the categorisation of PPF by identifying nine motivations by use of sociological (escape from perceived mundane environment, exploration and evaluation of self, relaxation, prestige and facilitation of social interaction) and cultural elements (which referred to novelty or education).

The trend of advancement has continued into the recent past, where (Kim *et al.*, 2003) categorised PPF into natural and institutional factors influencing tourist travel motivation. Given the complexity of these constructs, PPF have either been studied separately (Dann, 1977), (Fodness, 1994) or as related constructs (Baloglu and Uysal, 1996), (Kozak, 2002) as influencing tourist choice of HT products and services.

2.6.4.2 Push Factors Influences on Seasonality

BarOn (1975), You *et al.*, (2000), Butler (2004) and Chung (2009) identify push factors as being amongst core causes of SIHs since they significantly influence tourist choice of vacation destination. Push factors are majorly intrinsic and intangible desires. They include socio-psychological elements like; desire for relaxation, health and fitness, adventure, prestige and social interaction (Baloglu and Uysal, 1996). These features relate to motivational factors or needs arising from the disequilibrium in the motivational system as founded in Maslow's hierarchy (Mayo and Jarvis, 1981).

Prayag and Ryan (2011) links push factors to tourists attributes which explain their attraction to a destination as compared to the experiences and activities sought (Ryan, 1991). Consequently, push factors are valuable in explaining tourists demand and decision-making process on the type of accommodation before travel. It is vital therefore, that HMs' comprehend and have the appropriate knowledge of tourist's desires. This will enable them increase their probability to comprehend tourist's perception and destination choice. This would raise the probability of HMs attracting tourists in larger numbers (Baloglu and Uysal, 1996).

However, HMs' have to realise that tourist motivation to travel is multidimensional (Baloglu and Uysal, 1996) and the demand process is extensively influenced by multiple distinct attributes and not a single factor (Finlay, 2000; Ritchie and Crouch, 2003). As a result, hotels' may not have a perfect fit of the tourist's needs, wants and characteristics for the myriad of market segments targeted. Therefore, the diversity in tourist originating countries and attributes must be independently examined and carefully taken into account (You *et al.*, 2000). In conclusion, understanding push factors may not only ease market segmentation in entirety but may specify lucrative combinations for countering SIHs, in addition to the pull factors. The following section, explains the pull factor.

2.6.4.3 Pull Factors influences on Seasonality

Unlike push factors, pull factors relate to destination attributes and are linked to the supply process. By contrast, pull factors refer to the natural and geographical phenomenon representing a places' perception (Ritchie and Crouch, 2003).

The natural and geographical features have traditionally been considered significant in explaining actual destination choice (Baloglu and Uysal, 1996). Pull factors include and not limited to: beaches; recreation facilities; historic resources; travellers' perception and expectations; and marketed image of the destination (Baloglu and Uysal, 1996). Additionally, pull elements are linked to factor conditions highlighted in (Porter, 1990), wherein, tourism is characterized as highly dependent on climate and geography.

Pike and Ryan (2004) further identify three components influencing the destination and particularly the hotel image, notably; cognitive (the tourist knowledge of and belief), affective (the individual feelings towards the destination or hotel) and conative (the intended behaviour as a result of the previous components). These entire destination and hotel image stimuli are dominant ways of evaluating pull tourist attributes (Baloglu and Uysal, 1996).

Therefore, the decision to visit is expected to culminate into eventual customer satisfaction and tourist experience. Due to the disparate elements in pull factors, it is considerably difficult for HMs to produce and manage the tourist experience in comparison to other tangible products. Hence the HMs are often forced to attract tourists by differentiating the product they have to offer (West *et al.*, 2010). However, if several hotels' have similar attraction attributes, tourists are likely to give preference to destinations or the HA perceived to possess the best match between the pull and push factors (Baloglu and Uysal, 1996). According to (Ritchie and Crouch, 2003:19), *'the tourism product incorporates the entire destination experience, which is an amalgam of many tourist services, such as hotel, transportation, attractions, entertainment, recreation and food services'*.

In conclusion, the important relation between PPFs implies that it is possible for a hotel to get a good and useful strategy in segmenting the market, designing promotional programmes and decision-making about supply of HA products, services and development for tourist satisfaction. Sets of PPF have to be synchronous, since neither market demand; destination attractiveness; capacity; nor is future demand static.

Most importantly, independent sets of PPF cannot be holistically applied to all international markets (Finlay, 2000). Thus, it is vital for HI stakeholders to understand the match between the PPF and mainly their influence on SIHs and in turn come up with suitable strategies for countering the phenomenon. HMs would further be required to understand tourists changing demand and perception so as to be in a position to gain competitive advantage against substitute destinations and or hotel. This will lead to creation of superior tourism products for a memorable tourism experience sought by the tourist whilst increasing the potential for countering SIHs (see Figure 2.6).

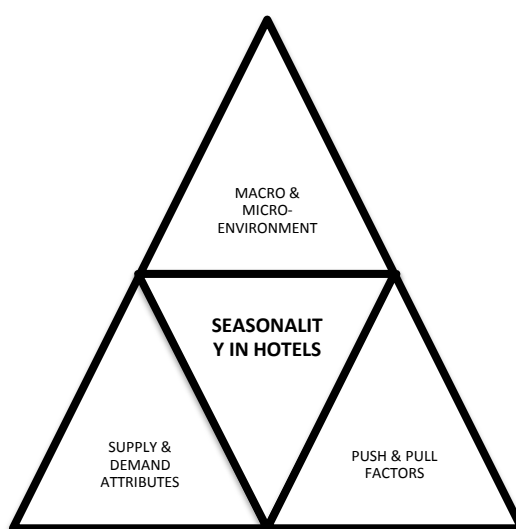


Figure 2.6 Push and Pull Factors Influencing Seasonality in Hotels

(Source: You et al., 2000; Butler, 2001; Chung, 2009; Koenig and Bischoff, 2010)

As a result of the empirical review of the factors influencing SIHs in the previous sections and subsections - the macro-environment, micro-environment and the PPFs, section 2.7, seeks to understand the strategy development process the researcher used in this study. The strategy aims at aiding HMs and other HTEs, on how to identify new viable strategies for SIHs, based on the factors influencing demand. The identification of these factors, will lead to development of an integrated strategic model for countering seasonality in the hotels. This strategy formulation process seeks to draw HMs away from the very competitive strategies by using the so called blue ocean principles (Kim and Mauborgne, 2005).

2.7 Blue Ocean Strategy

2.7.1 Introduction

The BOS was developed as a result of a review of (Porters', 1990) generic strategies by (Treacy and Wiersma, 1993). Porter (1990) stated that successful businesses are either low-cost providers or niche players. Treacy and Wiersma (1993) critics (Porter, 1990) and modifies his work to include value-innovation. Notably, the focus on strategy over the past decades has been on finding new ways to cut costs and grow revenue by taking away market share from the competition (Porter, 1990; Ansoff, 1991).

Such competitive strategies have not significantly emphasised value-innovation and customer value elements which must not only focus on long-term value, but also support goals in cost-effectiveness for potential results in commercial success and economics of scale (Vermeer, 2008). As a result, (Kim and Mauborgne, 2005) advanced (Treacy and Wiersma, 1993) contributions; arguing for a strategic shift from competitive driven strategies.

The 'blue ocean' is a metaphor used to describe enterprises operating within extensive, integral capacity of explored market - space (Kim and Mauborgne, 2005). The enterprise as is used in this research refers to the hotel. Porter (1990) acknowledges aspects in this move, as he recommends the need for a new theory which must reflect a rich conception of competition. However the proposition still incorporates segmented markets, differentiated products, technology differences and economies of scale. Porter (1990) further emphasizes that quality features and new product innovation are central in advanced industries and market segments.

Kim and Mauborgne (2005) assert that despite the term 'blue oceans' seems new, their existent is not. However, blue oceans have been largely unexplored today. Over the past years, competition based red ocean strategies have been used. Particularly, the current hospitality accommodation sector is marred by competition (Koenig and Bischoff, 2010). This has resulted in the majority of HMs having a fair understanding of how to compete skilfully in red waters by analysing underlying economic structure of the industry, choosing strategic positions of low-cost or differentiation or focus, to benchmarking the competition (Porter, 1998).

However, there is need for the hotel to systematically maximise the opportunities while simultaneously minimising risks involved when formulating and executing the strategy (Kim and Mauborgne, 2005). Contrary to 'Blue Oceans', 'Red oceans' are known, well-defined market - spaces with acknowledged competitive rules of the game (Kim and Mauborgne, 2005). According to Kim and Mauborgne (2005) such traditional competition-based strategies are at presently not sufficient to sustain destination development, thus, recommending a strategic shift to 'blue oceans' principles, away

from 'red oceans'. Such competitive environments are as a result of hotel not maximizing their potential. This could either be due to a limited mind-set and or manager's inability to treat this as a strategic and integral part of business (Vermeer, 2008). There being very little practical guidance on how to create blue oceans; the succeeding section discusses the BOS principles guiding the path to the creation of blue oceans in this research. (see Table 2.1, blue vs red ocean strategy principles).

Table 2.1 Comparison of 'Red Ocean' versus 'Blue Ocean' Strategy Principles

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market - space	Create uncontested market - space
Beat the competition	Make the competition irrelevant
Exploit the existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low-cost	Align the whole system of a firm's activities in pursuit of differentiation and low-cost

(Source: Kim and Mauborgne, 2005:18)

2.7.2 Blue Ocean Strategy Principles

2.7.2.1 Reconstruct the Market Boundaries–Search the Risks involved

The first principle in the creation of BOSs is to re-construct market boundaries (Kim and Mauborgne, 2005). This principle relates the risks many HMs would struggle with whilst identifying the myriad of existing possibilities, compelling opportunities to create uncontested market - space (Kim and Mauborgne, 2005).

This principle challenges the fundamental assumptions considered in strategy formulation in many companies including those in the HI. Similar to the assertion by (Kim and Mauborgne, 2005) and the empirical review of factors influencing SIHs, many HMs embed building of strategies on cut-throat strategies by: defining their establishments similarly while focussing on being the best; gauge the industry by benchmarking with generally accepted strategic groups; focus on the same buyer group; define the scope of their product similarly; accept the industry's functional and emotional orientation; and focus on the same point in time especially as refers to the tourism seasons and use current competitive threats to formulate strategy.

To break out of this red ocean, there is need for HMs to identify ways of breaking out of this accepted boundaries and that fact that they particularly define how they compete. Kim and Mauborgne (2005) identified six basic approaches which will guide the achievement of this first principle. Consequently, HMs will need to look across alternative industries, across strategic groups, across buyer groups, across complementary products and service offerings, across the functional-emotional orientation of the accommodation sector and even across time. Reconstructing market boundaries will enable HMs to re-construct market realities thus opening up opportunities for creating BOSs.

This principle ensures that HMs fundamentally shift the strategy canvas of an industry by reorienting their strategic focus: from competitors to alternatives; from existing strategic groups, to understanding customers trade-offs; from customers to noncustomers; from defined products and services to hidden untapped value of complementary offerings; changing approach to appeal customers; from projecting

trends to building business insights into the trends that customer value. This process will involve HMs ability to search the risks involved by re-evaluating the premises that form hospitality industry's assumptions in shaping the company's business model. The strategy canvas will be achieved by HMs strategically examining key industry's competitive drivers such as customer preferences, product qualities, price and industry standards (Kim and Mauborgne, 2005). This will be a platform for triggering the diversion from red oceans to blue oceans.

2.7.2.2 Focus on the Bigger Picture and Not Numbers – Counter Planning Risks

This second principle ensures that planning risks in creation of the BOSs are taken into consideration well in advance (Kim and Mauborgne, 2005). Additionally, managers in this case will have to keep an eye on the overall view and not get lost in the statistics (Vermeer, 2008). Drawn from the first principle, the HMs would come up with a compelling, divergent strategy canvas since they would not want to gamble into a random blueprint of a strategy. The strategy canvas will not only be a graphic representation of the firms' current strategic position but will also help chart future strategies for countering SIHs. It will help HMs to focus on the bigger picture rather than be immersed in numbers and jargon or being caught up in operational details (Kim and Mauborgne, 2005).

2.7.2.2.1 Shifting the Strategy Canvas

Often, many strategists get bogged down in data such that, time and again, they miss where they – and their competition – are headed (West *et al.*, 2010). To maintain their sense of direction, HMs will use the *Strategy Canvas*; a graphic representation of the

competitor's products, prices and industry position, to make clear possible prospects for creating increasing demand as they plan to focus on the bigger picture. Shifting of the strategy canvas helps in three ways, it : shows the strategic profile by clearly depicting the current and future factors influencing competition amongst industry players; shows strategic profile of current and potential competitors; and reveals the hotel's Value Curve, which clarifies possible opportunities (Kim and Mauborgne, 2005; Vameer, 2008).

If HMs would effectively use the strategy canvas, it can blunt the risk of investing time and effort in the wrong direction, which results into avoiding inefficiencies associated with broad-brush strategies (Thomas, 2000). On generating the strategy canvas, the ERRC grid which is an analytical tool will be used to systematically develop actionable strategies for countering SIHs. The strategy canvas and the Eliminate-Reduce-Raise-Create grid or framework (denoted as ERRC grid in this thesis), fill the void in the field of strategy where Red Oceans dominate (Kim and Mauborgne, 2005).

2.7.2.2.2 Application of Eliminate-Reduce-Raise-Create Analytical Framework

The ERRC grid is an analytical tool created by (Kim and Mauborgne, 2005) to enable a systematic and actionable strategy formulation process. This framework enables risk minimisation by using four key questions to challenge the industries strategic logic and business. The ERRC grid focusses on four questions which act as a supplementary analytic tool for the four action framework when creating BOSs (Kim and Mauborgne, 2005). The eliminate questions compels managers to consider disregarding factors that have long been competed on and undervalued.

Hence little is done to act or perceive change; reduce questions powers a manager to determine whether products or services have been overdesigned in a bid to match and or surpass competition, which unnecessarily raises cost structures; raise questions assist managers eliminate compromises customers have been forced to undertake; Lastly, create questions push managers to discover totally new sources of value for buyers hence create new demand (Kim and Mauborgne, 2005). Summing up, respondents will not only be expected to exclusively use the four action framework and ERRC grid but also robustly examine these questions in connection to the influences of the macro and micro-environment and PPFs on SIHs. This process will unearth the range of implicit assumptions HMs unconsciously make whilst attempting to counter the phenomenon within red oceans. (see Figure 2.7).

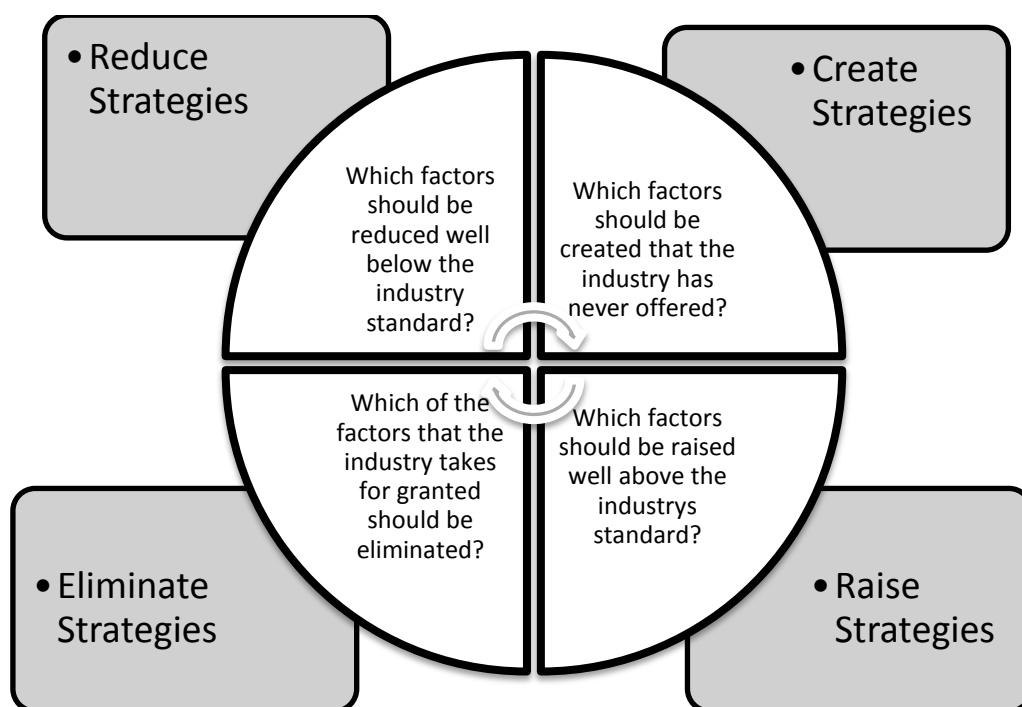


Figure 2.7 Summary of the Link between Eliminate-Reduce-Raise-Create grid and the Four Action Framework

(Source: Based on Kim and Mauborgne, 2005)

The outcome of applying this framework is that HMs and related stakeholders may focus on the bigger picture and not numbers. They will either choose to create, eliminate, reduce or improve specific elements in their current strategic profile while developing appropriate strategies for countering SIHs.

In addition, they will have adequate knowledge to make informed choices on strategies for countering SIHs, since they will comprehend fully the nature of existing macro and micro-environment and PPFs (Ritchie and Crouch, 2003). The strategies will be expected to be: focussed; linked to the enterprises strategic profile; divergent-differentiating value curves from that of the industry's average profile; have a clear-cut and compelling tagline that is truthful to win customers trust and employee commitment (Kim and Mauborgne, 2005).

2.7.2.3 Reach beyond Existing Demand

This third principle guides managers on extent to which they would maximise the size of the blue ocean. It is a key component of achieving value-innovation by aggregating the highest demand for a new offering. Therefore, HMs will have to ensure that they defy the following: focussing on the existing customers and the drive for finer segmentation to accommodate buyer differences (Kim and Mauborgne, 2005). This process invariably leads to greater market segmentation analysis. However, real growth lies beyond existing demand, thus HMs need to be informed of the viable scale risks to be taken in the process. To get to the open water, managers have to focus on potential future customers; these would be non-customers to ensure sustainability of demand in the very dynamic and turbulent HTI (Espinet *et al.*, 2012).

In addition, HMs will need to focus on customer differences since they need to build on powerful commonalities in what buyers' value. There are three types of non-customers: soon to be who are on the edge of the market waiting to jump ship, refusing customers who consciously choose against the market and unexplored customers who are in markets distant from yours (Kim and Mauborgne, 2005). Therefore, HMs will have to know where exactly their locus of attention is to enable them capture a greater share of the customers.

2.7.2.4 Get the Strategic Sequence Right

Fourthly, after HMs are able to look across paths to get the possible opportunities for creating BOSs, build and comprehend the constructed strategy canvas that clearly articulates the future and defined the strategies for getting the mass buyers, this principle reckons the need to build a business model. This challenges the ability for managers to ensure a profitable blue ocean idea is implemented. Getting the strategic sequence right will help the get the HMs get the strategic sequence right and particularly ensure that the risks taken in the strategic business model would be viable in the long-term (Kim and Mauborgne, 2005).

It is a precondition for BOSs to be executed sequentially so as to achieve desired value-innovation (Schumpeter, 1942). Therefore, managers need to know whether the strategies will unlock exceptional utility and have a compelling reason for mass buyers to go for the specific hotel products and services. If not, they may have to rethink since there would be no blue ocean in the model (Kim and Mauborgne, 2005).

2.7.2.5 Overcome Key Organisational Hurdles

Fifthly, this principle compels HMs to work towards overcoming key organizational hurdles (Kim and Mauborgne, 2005). Successful execution of the BOS demands that a hotel must resolve internal departmental differences (Vameer, 2008) and organisational risks involved (Kim and Mauborgne, 2005). The majority of hotels may feel significant unease upon entering a blue ocean market and even fret about: why significant change is needed; what problems will arise from reallocating resources; whether new practices will function properly and how this transition will upset the existing social hierarchy (Vameer, 2008).

However, to effectively implement change with minimal disruption, there is need to use the *Tipping point leadership* where certain actions have a disproportionate influence if they happen at exactly the right time. The key is using resources when they are most powerful; tipping point leadership shows managers how to mobilise and avoid risks that organisations may be using, whether cognitive, resource, motivational and political hurdles in spite limited time and resources (Kim and Mauborgne, 2005).

2.7.2.6 Build Execution into Strategy

According to Kim and Mauborgne (2005) BOSs would not be successful without the adherence to this 6th principle. HMs will have to build execution into strategy and at the same time work towards reducing management risk (Kim and Mauborgne, 2005). Accordingly, while incorporating BOSs implementation into their company's on-going processes, HMs will also have to deal with people's behaviours and attitudes (Koenig and Bischoff, 2010). Owing to the uncertainty and risk involved whilst building a BOS, creating trust among all participants is essential.

Involvement of staff will motivate people to act in a sustained way and deeply into the establishment (Kim and Mauborgne, 2005). A successful BOSs launch requires extra effort from a unified crew. It should be a fair process that links the three E's—engagement, explanation and expectation – with the actual process of developing the strategy and acting upon it at all levels of your organization (Vameer, 2008). Notably, the process is neither used to predict or pre-empt industry trends nor a trial and error process of implementing wild new business ideas traversing managers minds (Kim and Mauborgne, 2005).

In addition, it requires no special vision or foresight (Kim and Mauborgne, 2005) but seeks to challenge fundamental competitive assumptions companies blindly approve in strategy formulation (Porter, 1990). Adoption of this strategy in the hospitality accommodation sector will engaged a new and structured process for re-ordering market realities in a fundamentally new way. It will free HMs and hotels' of head to head competition which dominates in red oceans.

In conclusion, it's a reality that all industries are subject to external and internal trends that affect their businesses over time. This is realised in the accommodation sector as reflected in the empirical review. The resulting outcome will be enable HMs to innovatively envision new market - space grounded on familiar data as discussed in each principle and especially the blue ocean creation frameworks (Kim and Mauborgne, 2005) (see Figure 2.8: Page 77).

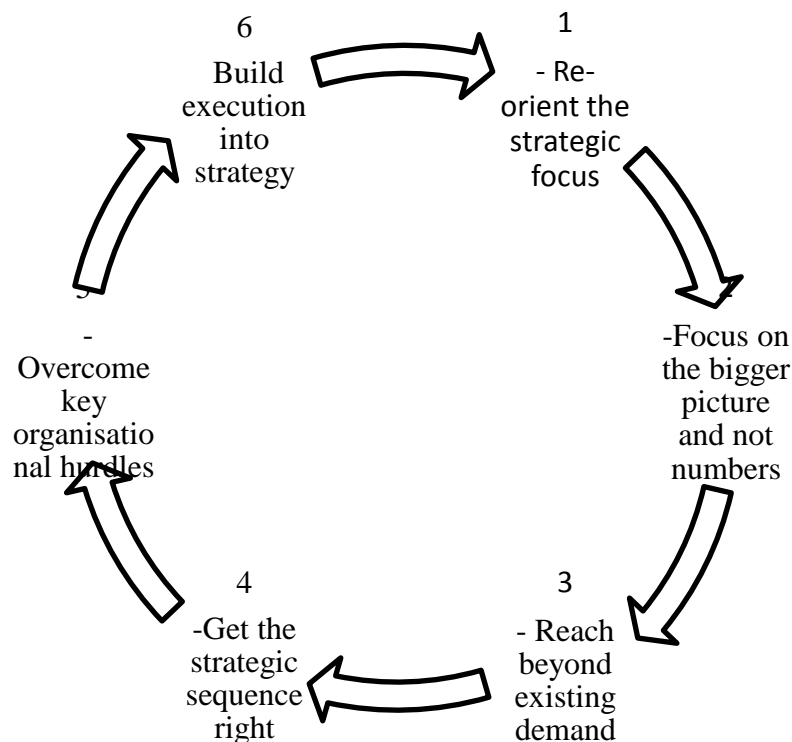


Figure 2.8 Summary of the Blue Ocean Strategy Principles

(Source: Kim and Mauborgne, 2005)

2.7.3 Justification of application of Blue Ocean Strategy

Lundtorp (2001) cites that despite extensive research on various aspects of seasonality, there is no precise scientific theory on tourism seasonality. Several authors have linked seasonality in the HTI to the structure of competition between companies as discussed in the micro-environment and the macro-environment. This is due to some resemblance with (Porter's, 1998) diamond and economies that industries are made of. However, Porters' (1998) diamond may not be entirely relevant for this study since its determinants are more generic and less specific to a tourism destination and especially the hotel (Ritchie and Crouch, 2003). Undoubtedly Porter (1998) contains a number of acumens to be noted when evaluating seasonality of a destination and its enterprises (Ritchie and Crouch, 2003).

Similarly, Ansoffs' (1991) market driven perspective, (Mintzbergs', 1990) incremental and emergent approach and (Witt *et al.*, 1991) strategy for changing the product mix, market diversification, differential pricing and encouragement or facilitation by the state argument may all have been suitable for this study. However, their ideas largely advocate for the thinking first strategy from a market driven perspective which provides a competitive market strategy by necessity (West *et al.*, 2010).

In conclusion, these elements principally depict rival competition confined to red oceans rather than reaching out to capture the uncontested market - space. Therefore, BOS creation process by (Kim and Mauborgne, 2005) remains the only desirable option proposed for this study. The following section explains the development of the conceptual framework used in this study to enable development of strategies for countering seasonality in hotels.

2.8 Conceptual Framework adopted for the Study

This conceptual framework is an illustration of the strategy formulation process for countering seasonality in tourism destinations. The seasonality concept, factors influencing seasonality and the BOS are as discussed in the literature review.

2.8.1 The Feedback Loop

The feed-back loop on right, explains how the results obtained from each research question will be useful in informing the implementation process. The loop represents a rational model of active, highly-alert decision-making, diagnosing of problems, objectives and the need for a great deal of information by knowledgeable persons on possible solutions.

HM will be required to understand the process by which decisions have to be made or otherwise (Butler, *et al.*, 1993). However, for the feedback loop to be successful there is need to ensure effective decision-making and implementation. Often, decision-making is marred with scarcity of information and lack of the ability to determine all possible outcomes; and in this condition, decision-makers tend to 'satisfice' by using simple rules of thumb or other heuristic devices (Butler *et al.*, 1993). Satisficing is the process whereby decision-makers select the first satisfactory solution to a problem. Nevertheless, what is satisfactory is determined by setting certain minimum performance criteria rather than trying to maximise (Butler *et al.*, 1993).

Vermeer (2008) notes that it would be vital if those who are in managerial positions bear the responsibility to choose the best course of action and proceed to authorise and implement. Promising value-innovations, developed either by the hotels themselves or presented by a third party, are often not embraced and/or implemented. This is often not a matter of budget, but more of cultural circumstances and management capacity (Vermeer, 2008). In addition, there may be uncertainties of the ends desired, means to achieve the ends, effectiveness of the solutions thereof and the fact that decisions may not be made by one individual person.

Thus, the feed-back loop will guide HMs search for all possible options to compare and evaluate them and choose the optimal decisions (Butler *et al.*, 1993) for countering seasonality in the future. The outcomes of the feedback loop, will guide development and application of a managers toolkit. The toolkit will be developed with the aim of enhancing the implementation process and further inform future distinct routines or stages of decision-making in SIHs.

The toolkit will represent the predominant view of how decisions ought to be made to counter seasonality as will be found out in the study. The toolkit will in the long-term be improved as seasonality trends, influences and strategy implementation processes evolve in the future.

2.9 Summary

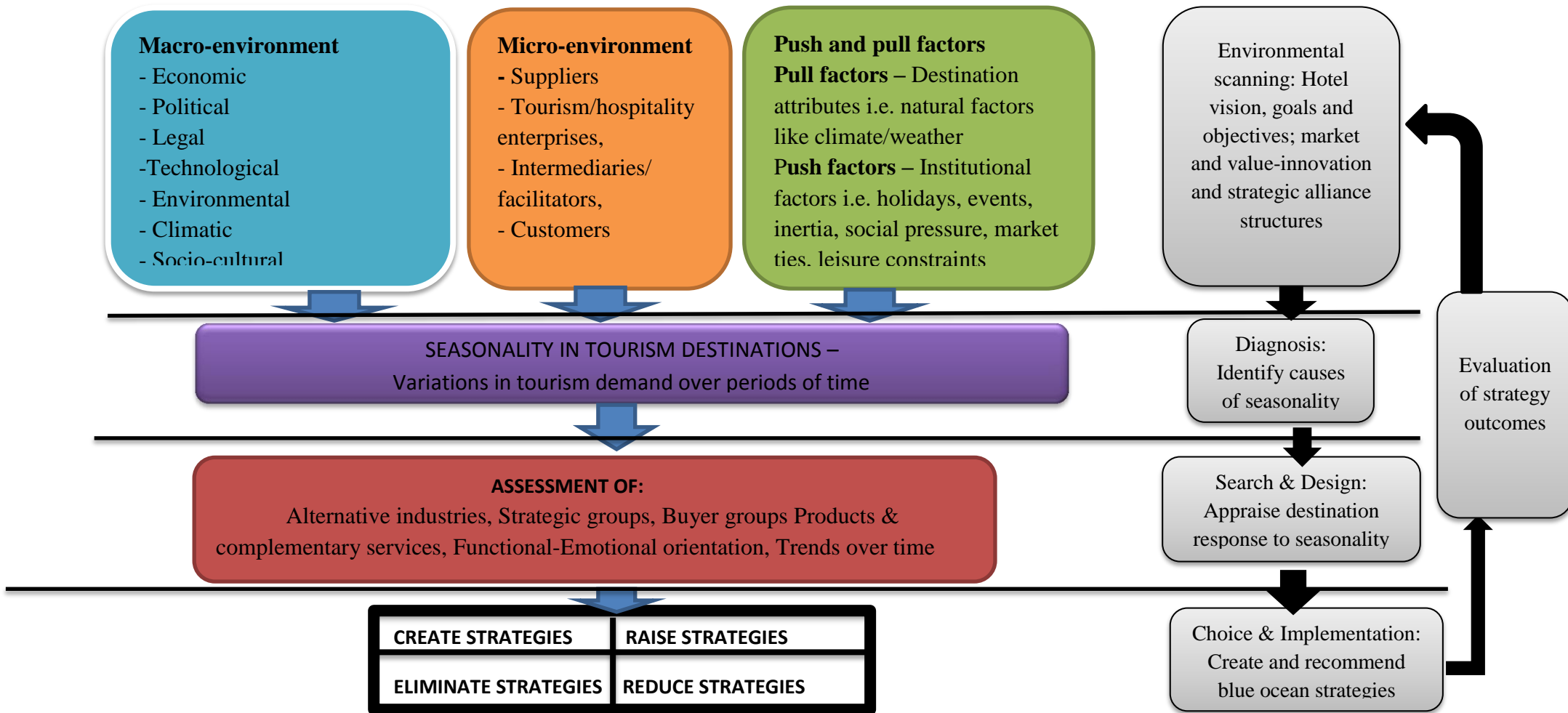
This chapter aimed to achieve the first objective of this study which is to critically review relevant literature related to factors influencing SIH, measures of seasonality and responses by HMs and the proposed strategic model, so as to develop the conceptual framework for the study.

Firstly, the empirical review of literature on strategies used to counter seasonality by HT stakeholders globally was carried out. The empirical review further discusses their responses and challenges encountered whilst managing seasonal patterns for efficient and effective use of resources in hotels.

Secondly, the chapter discusses factors influencing SIHs which comprise: the macro and micro-environments and PPF. This section also explores areas where seasonality in tourism destinations has been empirically researched and strategies used in relation to managing the phenomenon.

Thirdly, the chapter discusses the BOS as a significant pathway for creating uncontested market - space, to sustainably ensure countering of seasonality. This section explores further the process of creating BOSs by use of the ERRC grid and four action framework. These frameworks underpin the study's strategy development model for countering seasonality as proposed by the researcher (see Figure 2.9, Page 81).

Figure 2.9 Strategy Formulation Process for Countering Seasonality in Hotels



(SOURCE: Authors review of literature based on Ritchie and Crouch, 2003; Kim and Mauborgne, 2005; Chung, 2009)

To sum up, the chapter concludes with the study's conceptual framework and importance of the feedback loop. The following chapter is concerned with discussing the research methodology of this study. It underscores the theoretical and practical approaches used by the researcher, to achieve the study's aim and objectives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The aim of this chapter is to present the epistemological and theoretical perspectives underpinning the research methodology. It justifies the choice and suitability of the methodology and methods used to achieve the research objectives. Firstly, section 3.1 draws attention to the research approach while section 3.2 covers epistemology and theoretical perspective of the research; re-constructionism and interpretivism (phenomenology).

Secondly, section 3.3 explains the methodology adopted; i.e. case study, the design of the multiple case study used in this study to explore the factors influencing SIHs with the aim of developing an integrated model and manager's toolkit for countering seasonality as covered in chapter 6 and Appendix V of this thesis. On the other hand, section 3.4 explains the methods of data collection namely: document analysis; semi-structured interviews; archival analysis.

Thirdly, section 3.5 discusses the data analysis techniques, sections 3.6-3.8 discusses the issues related to validity, reliability, triangulation, ethics and generalizability considered in this study. The outcomes of this research have been used to inform decision making and/or policy development on seasonality issues related to Kenya's HI as summarised in chapter seven of this thesis. Section 3.9 concludes with a chapter summary.

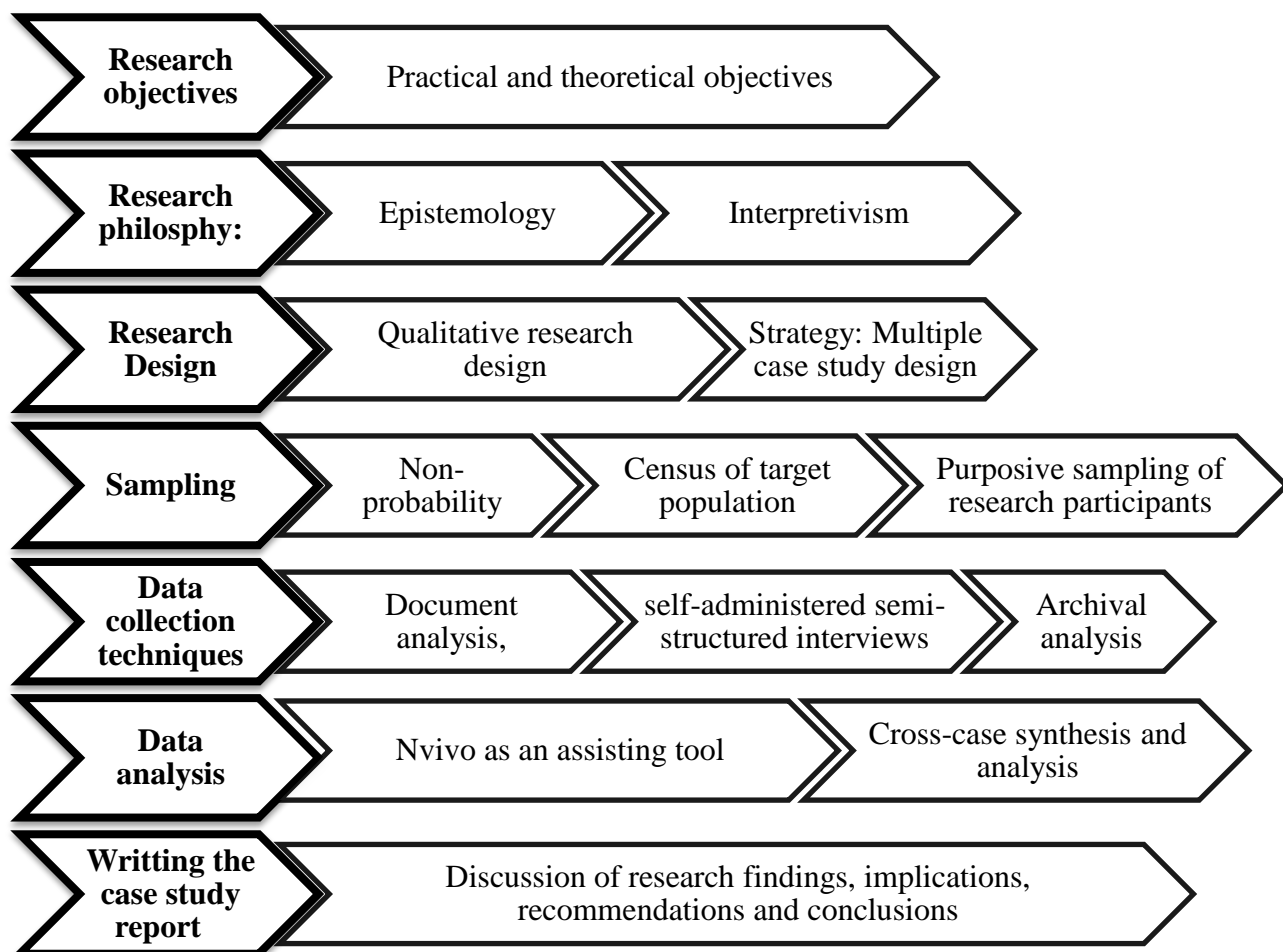


Figure 3.1 Research Methodology adopted for this Research

(Source: based on Yin, 2009; Creswell, 2009; Saunders et al., 2012)

3.1 Qualitative Research Design

Research designs are logical plans (Yin, 2009) and procedures for research that traverse decisions from broad assumptions to detailed methods of data collection and analysis (Creswell, 2009). This research adopted a qualitative research design associated with an interpretivist philosophy (Denzin and Lincoln, 2005). Qualitative research refers to intensive study of as many phenomena as possible, of one or a small number of events in their natural setting (Yin, 2009).

The aim of this research was to build and generate an in-depth understanding of individual or group perceptions or meanings (Berg, 2009) of the factors influencing SIHs rather than generality. Yin, (2009) refers to the natural setting in a qualitative investigation as entailing: person's lives; lived experiences; behaviour; emotions; feelings; organisational functioning. Similarly, Corbin and Strauss (2008) includes: social movements; cultural phenomena; and interactions between nations.

Accordingly, since the research explored the phenomenon in its natural setting, qualitative data was obtained. The process largely involved interpretation of non-mathematical raw data (Corbin and Strauss, 2008) collected from the semi-structured interviews. This qualitative research approach is linked to the interpretivist philosophy because it was essential for the researcher to make sense of the socially-constructed meanings expressed about the phenomenon (seasonality influences) within natural settings i.e. hotels in Kenya (Corbin and Strauss, 2008). Interpretivists must establish: trust; participation; access to meanings; in-depth understanding (Saunders *et al.*, 2012).

Contrary to the accuracy criticisms of qualitative research, especially in case studies, (Miller and Brewer, 2003) asserts that it is difficult to ascertain such claims, arguing that precision in all research types depends on the: skills of the researcher; the context; subject of analysis. Yin (2009) affirms that qualitative research has, and specifically case studies have produced interesting, challenging, exciting and inspiring research in the social sciences. Therefore, the choice of a qualitative research approach for this research was informed by the worldview assumptions brought by the researcher, including the procedures of enquiry, methods of data collection, analysis and

interpretation (Saunders *et al.*, 2012). In addition, the research design was based on the research's questions, units of analysis and logically linking the research questions (Yin, 2009) (See Figure 3.2 for the research process adopted for the qualitative research).

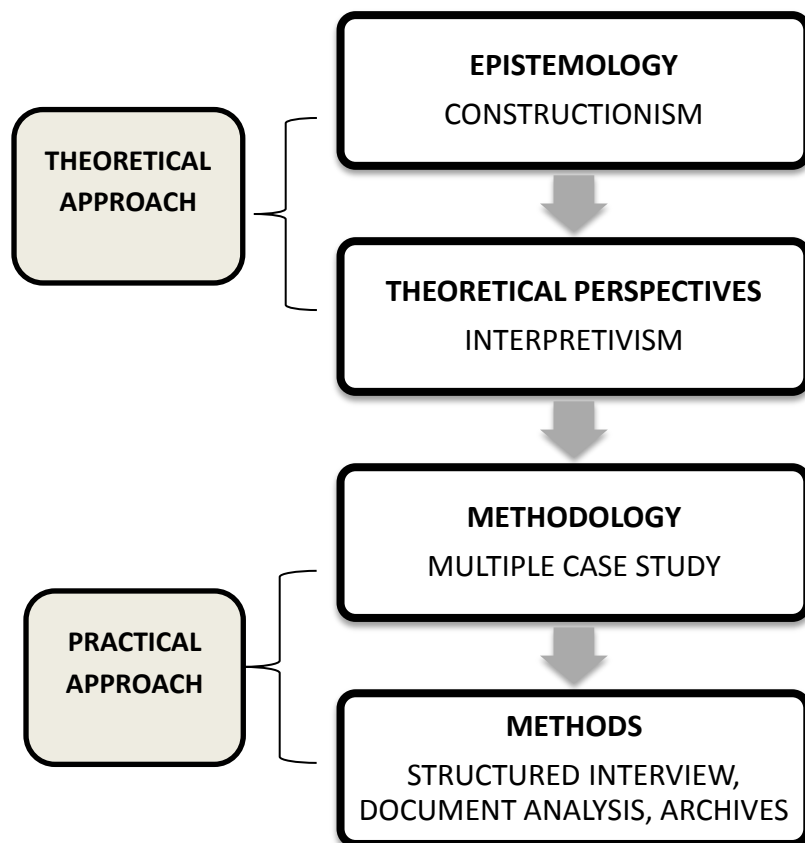


Figure 3.2 Research Process adopted for the Case Study Research

(Source: based on Crotty, 2003)

Crotty's (2003) overview of the research process, which divides the research into four phases: epistemology, theoretical perspective, methodology and methods, was adopted. The research process involved: development of questions and procedures; collection of data in the participants' settings; data analysis through interpretations of the data; building of general themes.

However, the researcher considered three major components in this qualitative research: the data obtained from the different methods; analytical procedures used for interpretation of the data; report writing (Yin, 2009).

3.2. Theoretical Approach

3.2.1 Research Epistemology Perspective – Constructionism

According to Saunders *et al.* (2012), epistemology constituted acceptable knowledge in a field of study. It is derived from the Greek words: ‘episteme’ which refers to knowledge; ‘logos’ meaning explanation (Miller and Brewer, 2003). It is a branch of philosophy which studies the nature, origin and scope of knowledge. Therefore, it can be argued that the epistemological perspective provides a philosophical platform for deciding what kinds of knowledge are suitable and particularly how they can be made sufficient and justified (Mynard, 1994) for a particular research.

Additionally, epistemology can be explained as the theory of knowledge embedded in the theoretical perspective. As a result it is used in methodology to understand and explain how we know, what we know (Crotty, 2003). Crotty (2003) identifies three types of epistemology: objectivism - used to discover objective ideas waiting to be discovered since truth is known by human knowledge; constructionism - where meaning is not discovered but constructed; subjectivism - which is close to believing that the nature and existence of every object depends on a researchers’ subjective awareness. Constructionism was adopted in this research to explore existing realities through qualitative approaches. It assumes that individuals seek understanding of the world in which they live and work (Creswell, 2009).

The natural enquiry, compliments the case study's enquiry of the phenomenon within its natural setting (Yin, 2009), where the researcher explored and interpreted the findings of the factors influencing SIHs as defined by the participants. Consequently, on analysis of the case evidence, the researcher inductively developed a strategic model for countering SIHs.

3.2.2 Research Theoretical Perspective – Interpretivism

Crotty (2003) argued that the theoretical perspective can be used interchangeably with the term 'paradigm'. Crotty explained it as a philosophical stance informing the methodology whilst providing the context for the process and basis for its logic and criteria. Accordingly, Crotty (2003) identified two types of theoretical perspectives: positivism and interpretivism.

Interpretivism was adopted in this research since it advocates the necessity for researchers' to understand the differences between humans in our roles as humans and more so social actors. It emphasises the difference between conducting research among people, rather than objects (Saunders *et al.*, 2012). The justification for this perspective is that this research was to take place in its natural setting (Yin, 2009) and relied as much as possible on the participants' view of the situation rather than narrowing meanings into a few categories (Creswell, 2009; Yin, 2009). Furthermore, the research involved interactions with the participants through the interviewees working in specific contexts. The researchers' background also shaped interpretation of the experiences through the research process (Creswell, 2009; Saunders *et al.*, 2012).

The preceding explanation confirms Nuemans' (2006) assertion that, interpretivism is a socially-meaningful action that involves a detailed observation of people in their natural settings in order to understand and interpret how they create and maintain their social worlds. Therefore, this research involved a phenomenological approach that focused on the participants' experiences and how they interpreted it, thus, justifying the use of interviews and not - participant observation (Patton, 2002). The in-depth interviews were conducted with HMs and key informants (KIs) believed to have an understanding of SIHs and its background by exploring how they: defined; measured; responded to factors influencing SIHs and its reoccurrence.

3.3 Practical Approach

3.3.1 Research Methodology

Knight (2006) defined methodology as a simple set of methods, referring to the rationale and philosophical assumptions underscored in a study. It includes not only the practical aspects of the research, like methods and action plans, but also the philosophical and theoretical perspectives of the researcher. Crotty (2003) defined methodology as a strategy or plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to desired outcomes. Methodologies are varied and not limited to: case study; survey research; experimental research; archival analysis (Yin, 2009).

This research adopted the case study research design to explore and understand the factors influencing SIH and HMs responses used to counter its effects. The case study is a methodological link between the research philosophy and subsequent choice of methods used to collect and analyse data for the study (Saunders *et al.*, 2012).

The following four research aim and objectives (see Table 3.1) framed this research and consistent with the theoretical framework. Case studies have the ability of answering ‘why’ and ‘how’ questions (Yin, 2009) such as those developed for this study and often used in exploratory research. The case study approach is discussed in the following section; the case study approach, Section 3.3.1.1.

Table 3.1 Summary of the Research's Practical Objectives

	PHASE ONE	PHASE 2
Aim of the study	To explore the factors influencing SIHs (macro environment, micro environment and PPFs), through a case study of hotels in the South Coast, Kenya and assist HMs develop a theoretical model of applicable strategies and tool-kit for countering the phenomenon	
Practical Objectives	1. To investigate how HMs perceived SIHs (define, patterns, impacts and measurement) and HMs responses to factors influencing SIHs compared to theoretical perspectives (See Chapter 4 of thesis) 2. To explore factors influencing SHAE compared to theoretical perspectives (See Chapter 5 of thesis)	3. Develop an integrated-strategic model for countering SIHs (See chapter) 4. Develop a managers tool-kit for managing seasonality in the accommodation sector (See Chapter)
Methods	Archival analysis Semi-structured interviews Documentation	Semi-structured interviews

(Source: based on section the aims and objectives in Page 8 of this research thesis)

3.3.1.1 Case Study Approach

According to Yin (2009: 18) a case study is an empirical enquiry that ‘*investigates a contemporary phenomenon in-depth and within its real life context, especially when the boundaries between phenomenon and context are not clearly evident*’. This definition justified the relevance of using a case study research design in this research. The case study sought an in-depth and richer understanding of the context (Yin, 2009; Saunders *et al.*, 2012) and the processes being enacted in the research. Yin (2009) identified that case studies can be: exploratory - considered an introduction in social research; explanatory - used to conduct general investigations; or descriptive - requires a theory

before conducting a research. This research adopted an exploratory multiple case study design developed to explore the factors influencing SIHs. According to Yin (2009), the case study was relevant for this research since it: did not require control of behavioural events; examined contemporary events with technically-distinctive situation; was expected to have more variables of interest than data points; relied on multiple sources of evidence; required data to converge in a triangulating fashion in its collection and analysis. The development of the case study comprised four phases (see Figure 3.3), the: first phase involved definition and designing of research questions and determination of the unit of analysis; second phase entailed the preparation of tools and actual data collection; third phase involved the analysis and reporting of data; fourth phase encompassed development of the case research report where discussions, conclusions, recommendations were drawn from the data (Yin, 2009).

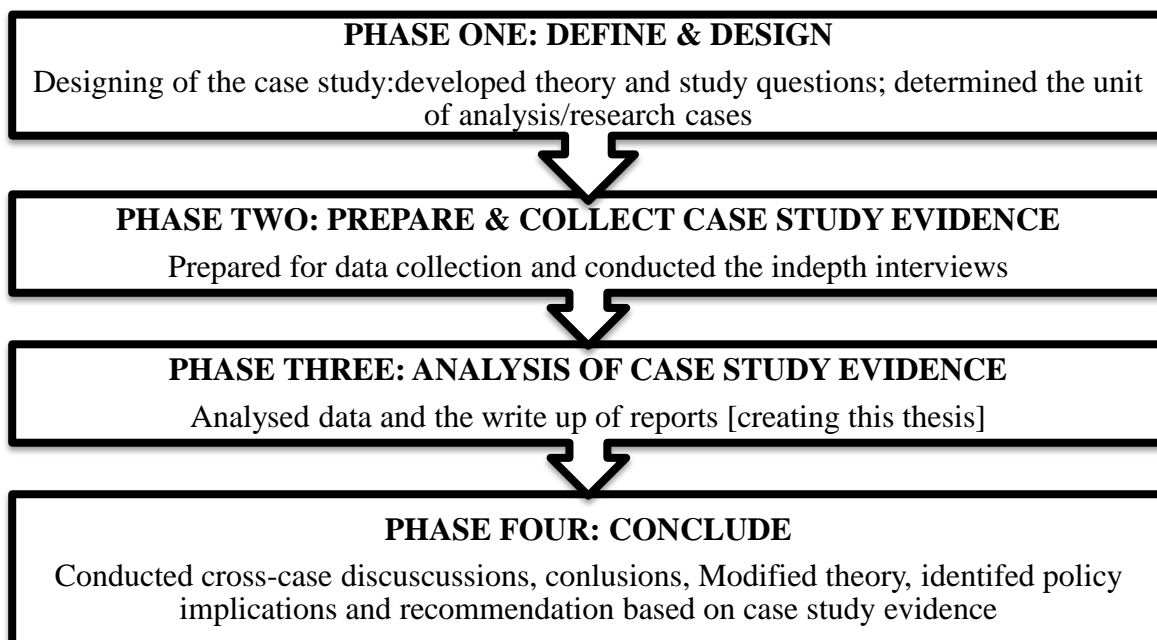


Figure 3.3 Summaries of the Case Study Research Cases

(Source: based on Yin, 2009)

3.3.1.2 Multiple Case Study Research Design

Case study methodology is based upon two discrete dimensions: single case versus multiple cases which can either be holistic or embedded cases. The distinction between embedded and holistic case studies depends on the type of phenomenon being studied and research questions (Yin, 2009). The rationale for adopting a multiple case study with a holistic (single unit of analysis) was on the fact that the phenomenon of interest (factors influencing seasonality) and its context (Kenya's Hotels') involved analysis of the global nature of each selected cases. In contrast, embedded single or multiple cases involve investigations on a set of independent units within the selected cases (Yin, 2009) and wouldn't have been sensible for this study. These cross-case comparisons and contrasts would provide a richer detail and insight regarding SIHs: (see Figure 3.4 for Basic Types of Design of Case Studies adopted for the Study).

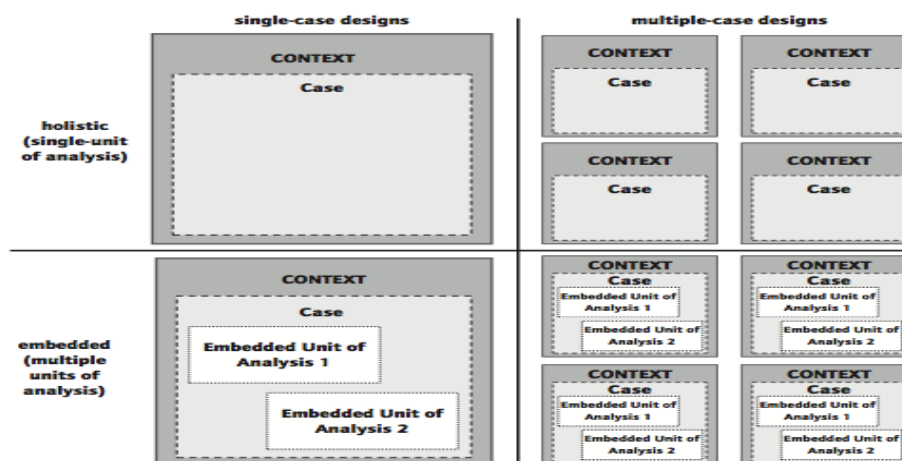


Figure 2.4 Basic Types of Designs for Case Studies
SOURCE: COSMOS Corporation.

Figure 3.4 Basic Types of Design of Case Studies adopted for the Study

(Source: adopted from <http://mjcoonkitt.files.wordpress.com/2013/01/screen-shot-2013-01-25-at-6-00-54-pm.png> accessed 17-03-2014:2100hrs)

The rationale for using multiple holistic cases was based on the researcher's understanding of direct replications (comparison of similarities in results) and theoretical replications (contrasting results). In fact, Gillham (2000b) and Saunders *et al.*, (2012) contended that such rigorous case studies involving multiple cases provide more robust insights in comparison to a single case study.

Additionally, the researcher observed patterns so as to identify the differences between one case and the other, revealing true relationships among the variables in the study (Kerlinger, 1986; Yin, 2009). Yin (2009) argued that the selection of the research cases will require prior knowledge of the outcomes with the multiple case enquiries focussing on why and how the exemplary outcomes might have occurred and hoping for literal or direct replications of these conditions from case to case.

3.3.2 Sampling Procedures

3.3.2.1 Proposed Sampling procedure for the Research Cases

According to Yin (2009) the unit of analysis in case study research can be an individual, small group, organisation, partnership, community, relationship, decisions and project level. In this research, the unit of analysis was the organisation and specifically the hotel. Unlike surveys, experiments and other research designs whose sampling criteria is quite specific (Gillham, 2000b) census sampling was adopted due to its robustness, to select the hotels. The multiple research cases provided a suitable platform for cross-case comparisons in the data analysis stage (Yin, 2009). Nevertheless, to ensure a richer detail and insight regarding SIHs it was essential to keep a minimum number of interviews for adequate representation.

The research cases comprised of a total of sixteen star-rated hotels; nine categorised as chain hotels whereas seven were independently owned. The reason for categorising the hotels based on the management structure and ownership was to establish any variances in HMs approach to SIHs. They ranged from beach resort and spas, beach clubs, lodge and hotels. All hotels selected had right to access as required in the Hotels and Restaurant Act (CAP 494: Section 6 [2]), therefore private properties like villas and apartments were eliminated; countering the possibility of restricted access to the selected research cases (see Figure 3.5).

“A hotel licence or restaurant licence shall state the precise name, location and extent of the premises to which it relates, shall be endorsed with every condition imposed by the Authority, and shall be displayed prominently on such premises in a part thereof to which the public have access, and where a licence is not so displayed the holder thereof shall be guilty of an offence” (Sec. 6 Part II of Hotels and Restaurants Act CAP494, 2009).(GOK,2009).

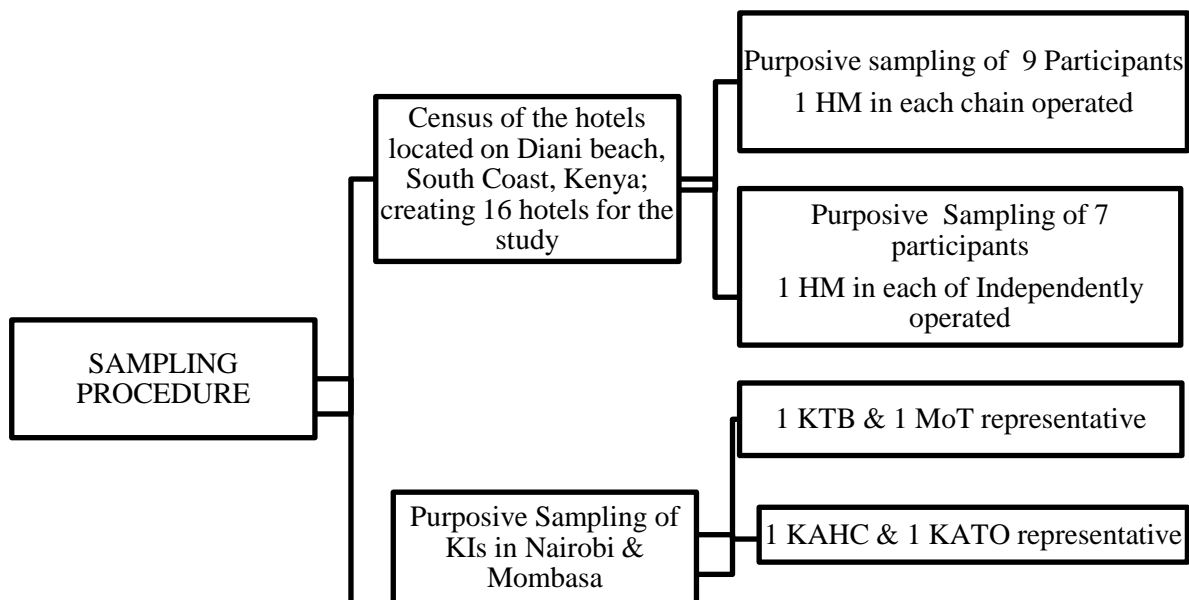


Figure 3.5 Summary of the proposed Sampling Procedure for the Research Participants

(Source: based on Hotel Websites, Accessed December 2012)

3.3.2.2 Actual Sample of the Research Cases and Participants

Sampling is a process which involves the selection of some but not all members of a larger population (Saunders *et al.*, 2012); it is a representation of the population. Purposive sampling was used to select the research participants who comprised of HMs from each of the 16 hotels (see Table 3.2).

Table 3.2 Actual Research Cases which participated in the Study

Abbreviation used in the thesis	No.	Hotels and Affiliation	Status during the Research	Star Rating	Size per no. of Rooms	Number of Research Participants
CHAIN HOTELS						
HMC1	1	Jacaranda Indian Ocean Beach Club	Closed for 1 year August 30th	3	100	1
HMC2	2	Alliance African Sea Lodge (sold out)	Sold out March 2013	4	154	2
	3	Alliance Jadini Beach Hotel	Closed	4	160	
	4	Alliance Safari Beach Hotel	Closed	3	163	
HMC3	5	Diani Sea Resort	Open	4	170	2
	6	Diani Sea Lodge	Open	3	162	
HMC4	7	Sentindo Neptune Palm Beach Resort	Open	3	60	1
	8	Sentindo Neptune Paradise Village	Closed	3	92	
	9	Neptune Village	Open	3	165	
INDEPENDENT HOTELS						
Declined participation	1	Southern Palms Beach Resort	Open	4	298	0
Declined participation	2	Diani Reef Beach Resort & Spa	Open	4	143	0
HMC5	3	Leisure Lodge Resort Hotel & Golf Club	Open	5	253	2
HMC6	4	Leopard Beach Resort & Spa	Open	4	158	2
HMC7	5	Kaskazi Beach Resort	Open	4	191	2
Declined participation	6	Papillion Lagoon Reef	Open	4	150	0
Declined participation	7	Baobab Beach Resort (Eco-tourism resort)	Open	4	323	0

(Source: based on actual research data on collection)

Specifically, HMs were drawn from the front office or operations department due to constant interaction with occupancy trends in the hotels.

In addition four KIs were interviewed: 1 Ministry of Tourism (MoT) and 1 KTB representative; South Coast representatives in the KAHC and the Kenya Association of Tour Operators (KATO). Purposive sampling also known as convenience sampling was used since it relied upon choosing participants who had both the experience of the phenomenon (i.e. SIHs) in addition to the ability to effectively communicate their experiences.

3.4 Data Collection Methods

According to Yin, 2009, a case study's unique strength is founded in its ease for researchers dealing with multiple sources of evidence. Multiple sources of data intensify the researcher's ability to maximise the range of data required for precision in explanations and results thereof (Stake, 1995). However, Stake (1995) argued that though case studies are designed to draw details from the view point of the respondents, data collection and analysis methods are known to hide some details.

To counter this flaw, (Yin, 2009) identified six data collection techniques, often used in combination, to increase the robustness of data. The methods included: documents; archival records; open-ended interviews; focus interviews; structured interviews; observations (direct participants). However, this research utilizes three methods of data collection which include: semi-structured interviews; document analysis; archival analysis which are shaded in red in Figure 3.6; Page 97. The unit of data collection were the HMs in addition to the four purposively selected KIs. The participants were the source of data; they were invited to discuss about seasonality in the unit of analysis which was the hotel.

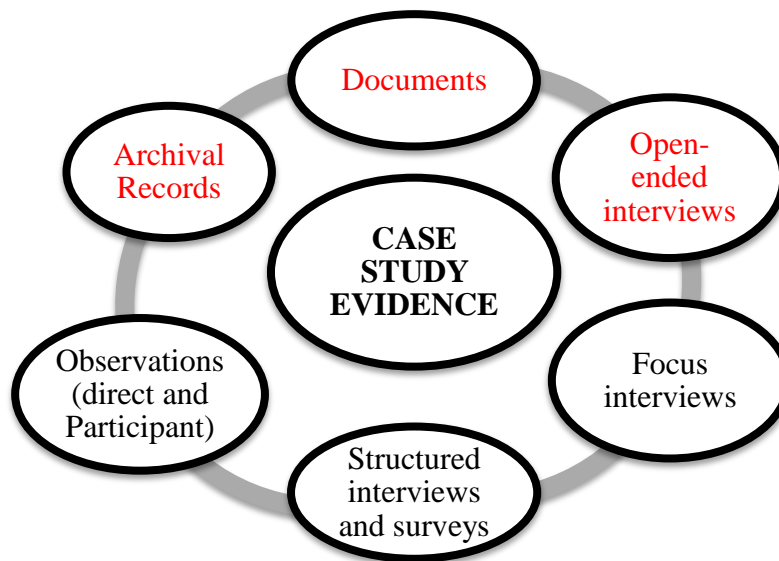


Figure 3.6 Summaries of Data Collection Methods Selected for the Research

(Source: based on Yin, 2009)

3.4.1 Document Analysis

Document analysis was used to collect data related to SIHs through: internet searches of hotel websites; administrative reports; government or hotel association reports; news clippings and / or articles (Yin, 2009). The documents were readily available and the analysis done in three stages including: before; during; after the interviews. Before the interviews, the documents were assessed to determine various influences of SIHs, HMs responses and general comments on the HI from various key organisations not limited to: the KTB; MoT; MCTA; KAHC; the Kenya National Bureau of Statistics (KNBS) statistical records on tourism and trends on bed occupancy. During the in-depth interviews, participants' were asked about their perceptions, level of familiarity and usefulness of the information on these documents to their hotel operations.

Lastly, after the interview a comparison was made to associate or identify dissonance between the documents and the actual responses received about SIHs. Yin (2009) argued that such documents are especially useful even though they are not always accurate and may not be lacking in bias. Therefore, the researcher carefully used these documents and ensured corroboration and augmentation with other sources of evidence (Yin, 2009), such as the semi-structured interviews and archival data.

3.4.2 Semi-Structured Interviews

May (2001) identifies four types of in-depth interviews namely: structured; semi-structured; unstructured; group interviews. Semi-structured interviews were used not only for its suitability in collecting qualitative data, but also its strengths. It enabled insightful focus on the case study topic, whilst providing causal inferences and explanations which enhanced the richness and vividness of data. Semi-structured interviews were preferred to structured questionnaires, since the latter tends to provide relatively thin data (Gillham, 2000a). Therefore, semi-structured interviews were highly recommended for this research to ensure in-depth understanding and exploration of the answers sought (Gillham, 2000b).

In addition, the interviews enabled the researcher to have a more abstract understanding of the data, unlike those directly derived from the statistical summaries, for instance archival and document analysis (Gillham, 2000b). However, Yin (2009) emphasized the need for the researcher to be able to: ask good questions; listen keenly; adapt and be flexible; be well-informed issues being studied (seasonality); eliminate bias from preconceived notions. Consequently, the researcher could adequately explore with certainty the factors influencing SIHs and how to counter the phenomenon.

3.4.2.1 The Research Interview Questions

The researcher was keen to develop the interview schedule based on distinct topics and questions suitable for the study as shown in Figure 3.7.

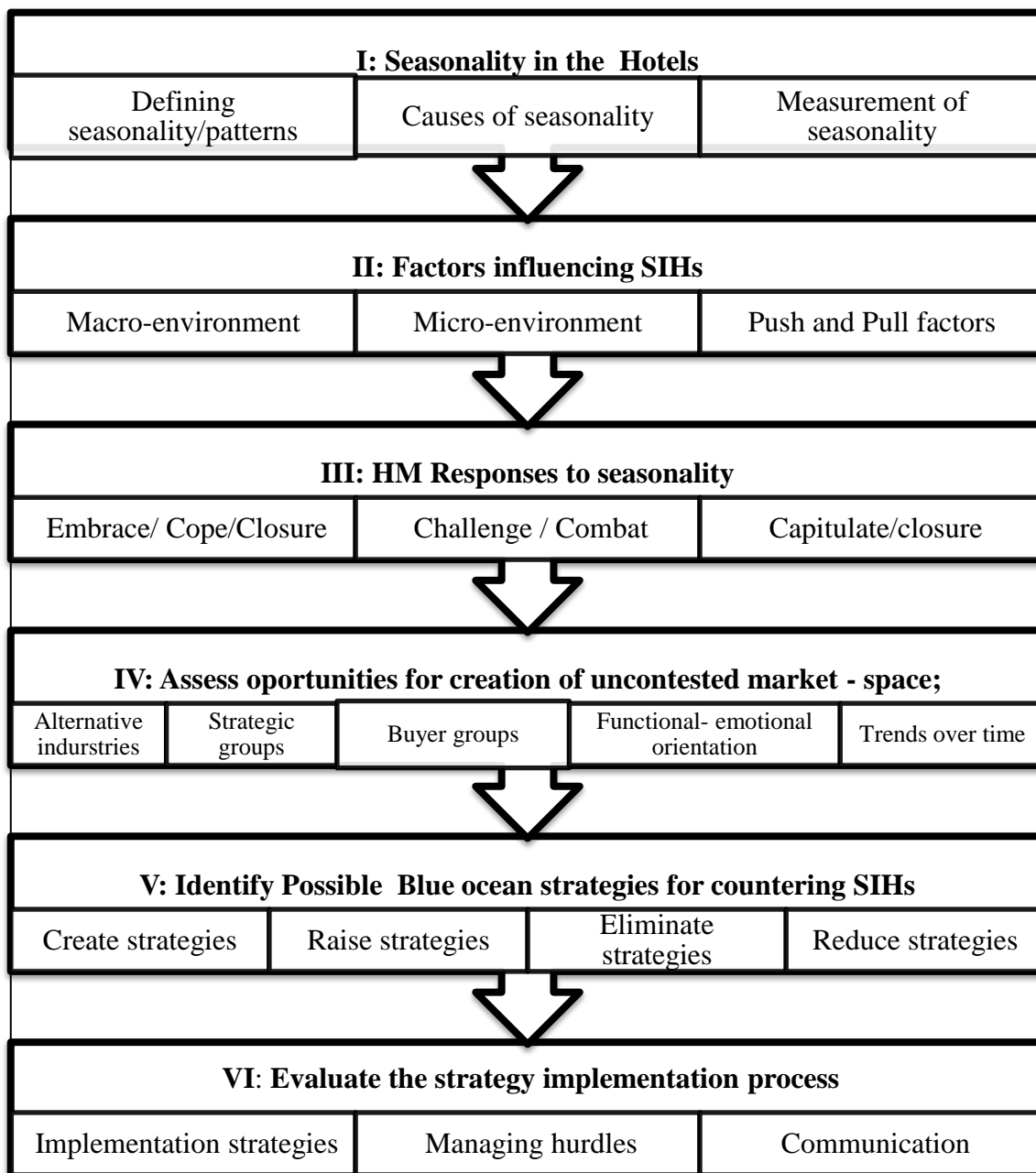


Figure 3.7 Summaries of Topic Guiding the Structure of Data Collection Tools and Model Development

(Source: based on research conceptual framework; see: Page. 83 of this thesis)

Semi-structured interviews involved asking specific questions to the interviewees; however, interviewees were encouraged to talk beyond the questions and refer to individual experiences, specifically regarding the research topic. The researcher conducted semi-structured interviews with the HMs as well as the four KIs. The aim was to find out: how HMs perceived SIHs; second, establish major causes of SIHs; third, how HMs measured seasonality effects, the magnitude of change in varied seasons and their responses; fourth, how BOSs would be created to counter SIHs.

3.4.2.2 Organising and Managing the Research Interview

Once the topics and questions were clarified and developed, they were inserted in an overall structure comprising three phases: first, introduction of the interview; second opening up phase which was the central core of the interview; third, summary and closure of the interview both socially and in terms of content so as to get the content into shape. Secondly, was the opening up phase where the researcher explained not only the purpose of the research but also how it was to be transcribed, analysed and how the confidentiality of data collected would be handled.

The researcher used probes and prompts to encourage the participants' involvement during the interviews while setting them in the right direction. Probes are supplementary questions used to clarify and extend the response, whereas prompts remind participants of points they have not mentioned (Gillham, 2000a). The semi-structured interview (See Appendix III: Page 297) was conducted with the HMs and the four selected KIs in durations ranging from forty five minutes to one and half hour.

During the interview, the researcher used copies of the open interview questions to easily and discreetly control the interview. The question order was displayed in some kind of logic and flexible sequence so as to offer an opportunity for the HMs in-depth exploration of some topics (Morgan and Symon, 2004). At the same time, the prompts and probes were used by the researcher to avoid omission of key details, points or topics when guiding and encouraging the interviewee to elaborate where necessary. Furthermore, probing was a vital measure to counter time inadequacy (Gillham, 2000a) which ensured all vital data was collected in the set time-frame.

Third was the closure phase, where the researcher pulled together the content, taking note of the social element and equally important for the research. To close the session, the researcher gave a summary and in most cases the interviewee's impression of the analysis was made as a closure statement. In summary, 16 interviews were conducted comprising the 12 HMs from the 7 research cases and the 4 KIs. The interviews were set at convenient times and locations for the participants, with most preferring their hotel or its offices (See Figure 3.8, summarising the interview steps).

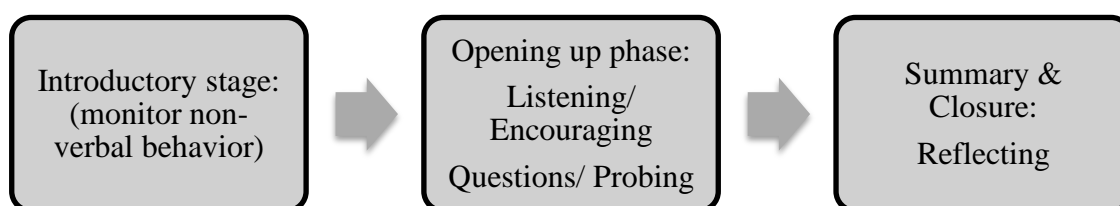


Figure 3.8 Summary of the Steps to be followed in Organising and Managing the Research Review

(Source: based on Gillham, 2000a)

3.4.2.3 Actual Data Collection Process of the Interviews

Firstly, according to Figure 3.5 (see Page 94 of this thesis), it summarises the proposed sampling procedure for the research cases and participants. The researcher expected to interview a total of 16 HMs from the census. However, during the actual data collection process, the researcher first established that hotels affiliated to the Alliance group had been: closed for renovations; under receivership; partly sold-out to an undisclosed buyer as of March 2013. Consequently, the researcher interviewed two of its HMs: one based in the Alliance *Safari Beach* hotel whereas the second participant was one of the hotel directors based in the chain's head office in Nairobi.

Second, four out of the seven independent hotels declined to consent, despite preliminary visits and requests for research participation, claiming its actual investors did not approve of such research. Besides the four independent hotels which declined participation, each of the remaining 11 hotels were represented by selected HMs as a shown in Figure 3.5; Page 94, twelve HMs participated, in addition to the four KIs, making 16 interviews in total. The twelve HMs are based on those who consented to participate in the study and their hotels were open during the time of the research. In this case, the Neptune paradise was closed, but was represented by the affiliated HMs in the Neptune group of hotels.

It is also noteworthy, that due to the central governance of the government bodies, the MoT and KTB representatives were based in Nairobi. The fact sheets of the actual research cases are presented in Table 4.1: Page, 115 summarises the research cases are categorised into seven; findings from chain hotels were merged to provide an overview

of SIHs in the chain hotels as well as the interviews conducted in the three independently owned properties. The merging was justified since the hotels experienced similar effects of SIHs.

3.4.3 Archival Analysis

Archival analysis was the third method of collecting data used for corroboration in this research. The archival records used had been produced for other purposes and sometimes were largely quantitative but precise. They included database records of: HO trends varying between 2001 -2011, made available in the KNBS and economic surveys statistical data; other government public files tracing HO trends over a similar or extended time period of time; maps and charts showing the distribution of seasonality in the Kenya's tourism circuits. The information collected largely related to market trends statistics and HO forecasts or trends that would confirm the interviews with the participants (see Figure 3.9 for summaries of the data collection methods).

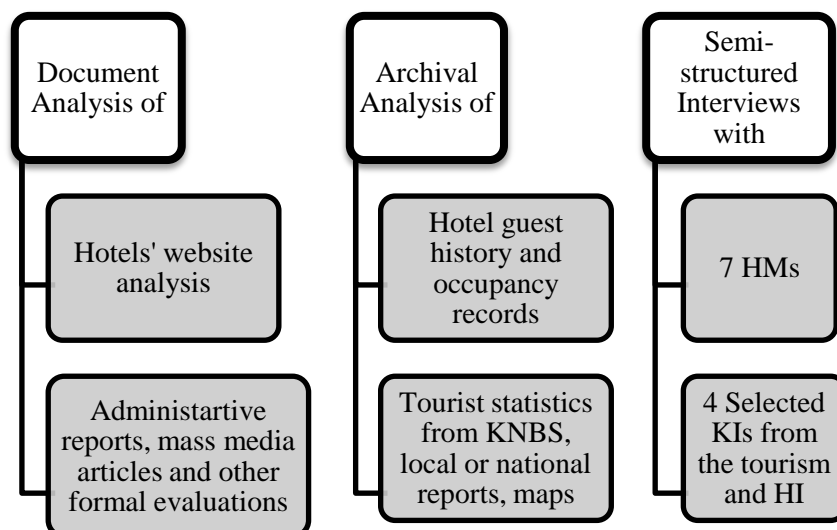


Figure 3.9 Summary of the Data Collection Methods and Application in the Research

(Source: based on Yin, 2009)

In conclusion, due to the fact the information being sought was privately owned and at the discretion of the hotels, it was a challenge either retrieving or accessing the records. The researcher experienced tendencies of biased selectivity from the HMs and in many instances deliberate with-holding. Besides the publicly-accessible data from the KNBS, the HMs were not willing to share most of the statistical data. Nevertheless, the results of this thesis link information from all the three reliable sources of data, in establishing the factors influencing SIHs, impacts, measures and responses as perceived by the HMs and KIs.

3.5 Data Analysis

Firstly, unlike statistical analysis of quantitative data, qualitative analysis is highly dependent on the researcher's own style of rigorous empirical thinking, along with sufficient presentation of evidence and careful consideration of alternative interpretations (Yin, 2009). As explained in the preceding sections, the multiple case study design approach was adopted to achieve the research aim and objective of the study (see Aims and Objectives of the study: Page 8 of the thesis)

As a result, the data from the three sources: archival analysis; document analysis; semi-structured interviews, were compiled in relevant forms, including graphs and charts, to ease data interpretations. The combination of data sought to ensure that all theoretical propositions' stemming from the how or why research questions were given equal attention (Yin, 2009). Secondly, there was need to ensure effective management of the large amounts of qualitative data transcribed from all audio recorded semi- structured interviews.

To effectively organise the data from all the sources, NVivo, a computer-assisted routine, packaged software was used to facilitate this process through coding and categorisation of large amounts of narratives collected from the semi-structured interviews, documents and archival data (Yin, 2009). The data was put into different arrays, such as: categories of matrices where related evidence was put together; using flow charts or other graphics to display and examine the data; tabulations of frequencies of different events so as to examine relationships and complexity; chronological ordering; or other temporal schemes.

This process completed the preliminary ordering of case study evidence (Yin, 2009) in readiness for the data analysis. Lastly, the researcher identified the procedure for analysing the data. According to Yin (2009) there are five techniques for analysing qualitative data in case studies, including; pattern matching, explanation building, time-series analysis, logic models and cross-case synthesis. This research adopted cross-case synthesis which treated each individual case as a separate study, through aggregation of findings across the cases.

3.5.1 Application of the Blue Ocean Strategy in Data Analysis

On organisation and presentation of the results, the researcher conducted a cross-case synthesis to identify its comparisons with literature so as to identify any gaps to build on the conceptual framework of the research. To achieve this task, the researcher completed chapters four and five which presented the results on the in-depth interviews with the participants against theoretical perspectives.

Chapter six sums up by providing the assessment of the application of the BOS principles as recommended by the HMs as possible solutions for creating BOSs. So as to gain a clearer picture of the desired principles, (Kim and Mauborgnes', 2005) BOS visualizer was used, creating possible alternatives of shifting HMs mind-sets from red to blue oceans. The visualizer is an application officially developed and authorised by (Kim and Mauborgne, 2005). It was applied to ease creation of graphic representations of the competitor's products, prices and industry position. This tool contains intuitive touch controls and clear interfaces consisting of a y and x axis, used to draw, edit and share strategic canvases (See Figure 3.10).

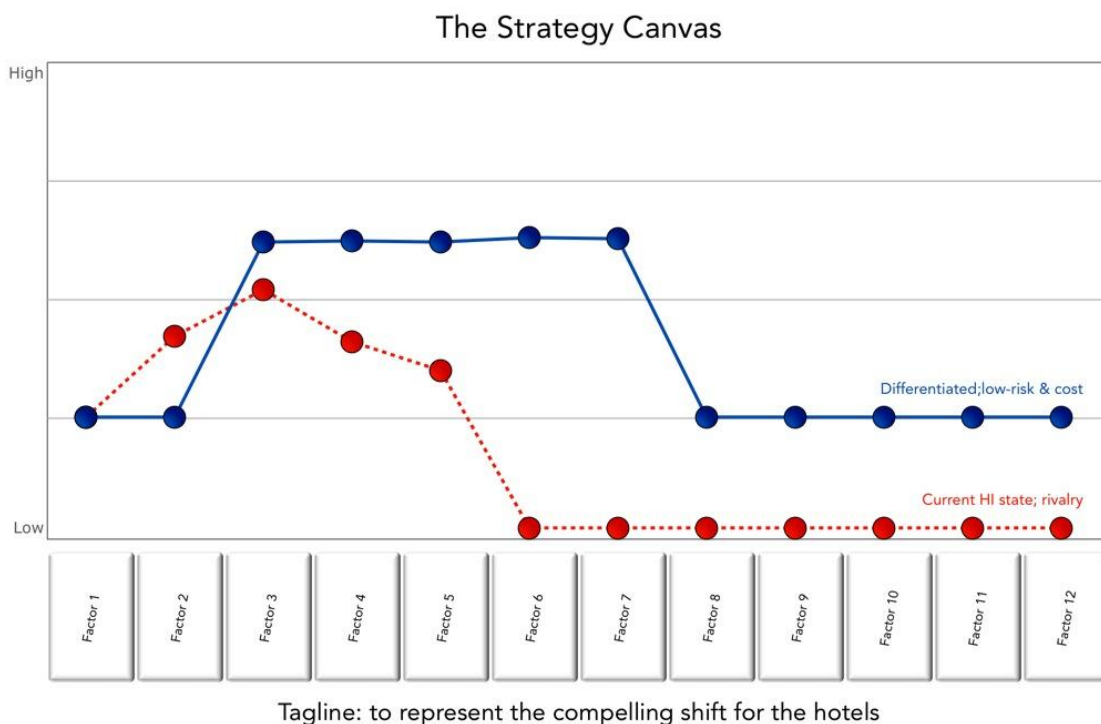


Figure 3.10 Strategic Canvas Interface used to represent the Value Curve Shift in creating Blue Ocean Strategies

(Source: Based on the Kim and Maugborgne, 2005)

The x-axis in the BOS visualizer was used to list key factors of competition as identified in the research cases, while the y-axis was used to plot and differentiate the levels at which each factor was prioritised by each case against its competitors. Secondly, on establishing each research's case position on the value curve against the competition, the researcher sought to establish the new value curve that would possibly differentiate and at the same time be of a low-cost in terms of its implementation.

Low cost doesn't refer to price of the products, but the cost-structure margins. Notably, so as to create the new value curve for creating the BOSs, Kim and Mauborgne (2005) advocated first looking at the bigger picture before looking at numbers. Therefore, the researcher generated a new curve with the potential of unlocking new market - spaces for countering SIHs through breaking free from competition and / or making competition irrelevant. This new curve represented 'the uncontested market - space'; it is the path intended to create the strategic shift for differentiation and low-cost but at the same time offering value for the customers and the hotels-making profit.

Thirdly, it is important to note that each BOS was assessed for its suitability in countering SIHs in each hotel and a value curve generated. However, since the BOS visualizer would only analyse up to three value curves at a time, the researcher chose to show the dissonance between hotels current competitive nature in red oceans vis a vis the BOSs on each strategy canvas. Thus, the researcher: first listed initial key factors HMs invested in and used to compete against each other along the x-axis; second, plotted blue and red ocean paths on the strategy canvas to enhance the effectiveness of the BOS in solving the SIHs through the cross-case synthesis.

Notably, in line with the BOS approach, the y-axis was used to draw the value curves which would eventually assist in choosing the preferred pathway from the six principles of BOS principles which include: reconstructing market boundaries to make clear possible prospects for expanding market share; focussing on the bigger picture rather than numbers; reaching beyond existing demand; getting the strategic sequence right; overcoming key hurdles and building execution into strategy (Kim and Mauborgne, 2005). Fourthly, on generating the strategic canvases, the research adopted the ERRC grid for each; it is a complimentary analytical tool for the strategic canvas by Kim and Mauborgne (2005).

It was used in this research to systematically develop actionable strategies for countering SIHs. In combination, the strategy canvas and the ERRC grid frameworks sought to fill the void in the field of strategy where red oceans dominate (Kim and Mauborgne, 2005). Thus, subject to the key factors identified in the collaborative value curve, the researcher used applicable pathways for BOS creation (the principles of BOS) to shift the old value curves into new ones by revealing possible opportunities for making competition irrelevant in the Kenyan HI and particularly the South Coast.

The move would further reveal the strategic profile by clearly depicting the current and future factors influencing competition amongst industry players in addition to the strategic profile of current and potential competitors as proposed by (Kim and Mauborgne, 2005). Finally, a compilation of the data analysis process would culminate into writing the research results and discussions informing the creative-innovative strategic model and toolkit development, conclusions and recommendations of the research.

3.6 Reliability, Validity and Triangulation

3.6.1 Reliability

To increase the reliability of this research, a case study database was maintained. A case study data-base refers to the organising and documenting of data collected for a study, consisting of data or an evidentiary base, originating from data collected, analysed and presented in reports (Yin, 2009). This was implemented through the generation of a formal, report, accessible as a thesis to other researchers who need to review it. In addition, the data-base was made sufficient so that any reader would be able to draw independent conclusions about the case study. To ensure accessibility of these materials, the researcher has provided case study interview transcriptions in chapter four of this thesis and additional appendices comprising assorted multiple of data collection materials in its mixed methodology.

3.6.2 Validity

To ensure validity, the researcher ensured that the semi-structured interviews were conducted carefully so that the scope clarified all the research questions. Use of probes in various instances helped explore meanings, responses and themes and increase validity of the data.

3.6.3 Triangulation

Patton (2002) identified four types of triangulation: data triangulation (of data sources); investigator triangulation (among different evaluators); theory triangulation (of perspectives to the same data set); and methodological triangulation (of methods).

This research adopted data triangulation which was achieved by use of mixed data collection) methods which increased the overall quality of the research findings. SThe study evidence met at a point of convergence, potentially addressing the problem of construct validity. Data triangulation permitted the researcher to address a broader range of issues which converged in the lines of inquiry- see Figure 3.11.

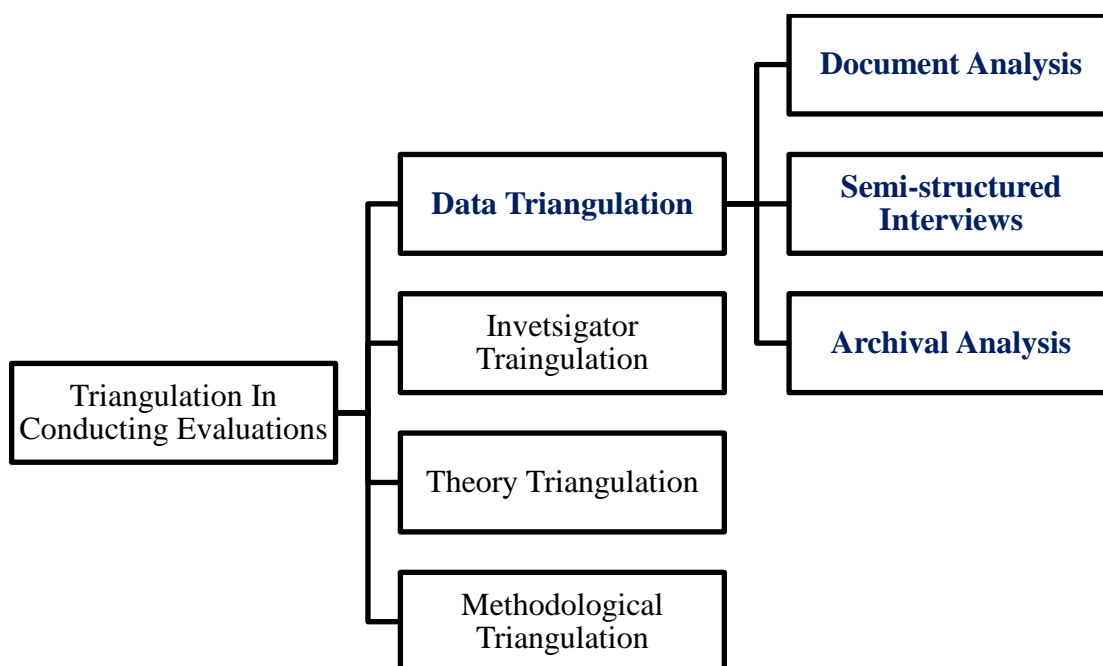


Figure 3.11 Summary of the application of the Data Triangulation in the Research

(Source: based on Patton, 2002)

The multiple sources of evidence adopted for the research included: documents; semi-structured interview transcriptions; archives. Hence, the findings and conclusions of the research were expected to have a higher likelihood of being conclusive and accurate, since it was based on different sources of information. The researcher however, was careful to ensure the adequacy of the data from each source. This ensured that the broad issues involved were addressed from a broader array of converging data.

3.7 Ethical Considerations

The sustained and intensive involvement with participants in qualitative research, introduces a range of ethical and personal issues to the research (Miller and Brewer, 2003). Saunders *et al.*, (2012) defined ethics in research as relating to the standards of behaviour guiding the researcher's conduct and is associated with those who become subjects of the work or are affected by it.

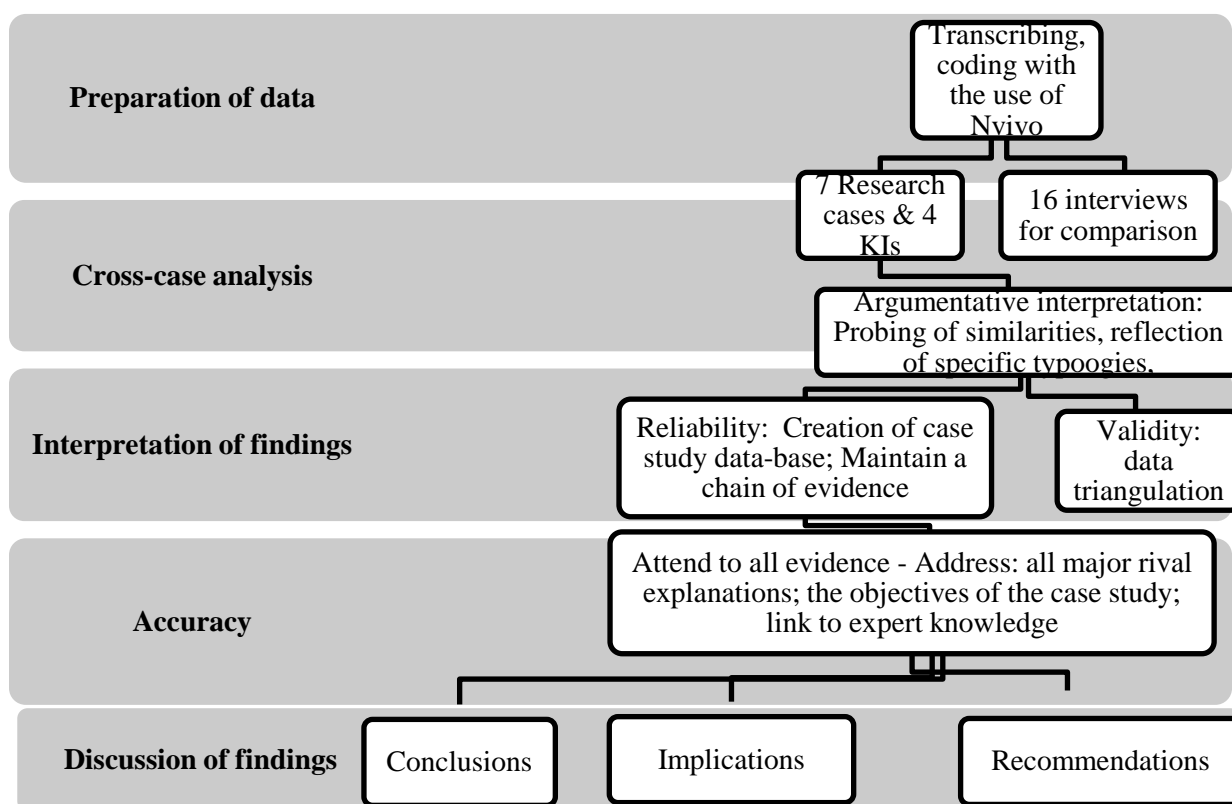


Figure 3.12 Summaries of the Data Analysis Procedure used in this research

These ethical concerns emerged in different ways, including: during the designing and planning stage; seeking access to the hotel or of participants; data collection; analysis; when managing and reporting the data. Consequently, the researcher used these ethical principles and tried to ensure that they were well considered, during the whole research process through: upholding integrity and objectivity by declaring the intention of the

research; respecting others by ensuring all participants were knowledgeable of the activities and that their permission was sought without coercion; the researcher avoided any situations that may have led to harm; ensured the privacy of those taking part; emphasised the voluntary nature of participation in the study and would have the right of participant's to withdraw; obtained an informed consent from those taking part (and accepted their intention to withdraw-which fortunately did not occur); ensured confidentiality of data and maintenance of anonymity of participant's; took responsibility in the analysis of data and reporting the findings; and finally the researcher has ensured compliance in the management of data.

3.8 Generalization of Results

According to Gillham (2000b) and Saunders *et al.*, (2012) there may be concerns surrounding the generalizability of qualitative research, because, generalizability of such studies that implement semi-structured questionnaires may not be used to make statistical generalisations about an entire population. However, as Bryman (2008) asserted, case studies include a number of settings which may not be restricted to one locality as in some surveys.

Thus a rigorous case study would more likely be useful in other contexts. Additionally, the researcher ensured the research's generalizability was associated with the theoretical propositions (Bryman, 2008). This theoretical link demonstrated that the findings had a broader theoretical significance than the cases which formed the research (Marshall and Rossman, 2006).

Therefore, the researcher sought to establish this relationship which has enabled a broader significance of the case study findings, in addition to testing the applicability of the existing theory and allowing it to be advanced in a way that it could be tested in another context as (Saunders *et al.*, 2012) asserted.

3.9 Summary

In conclusion, this chapter has presented the epistemological and theoretical perspectives adopted in this study. It has explained the methodology and data collection techniques used to achieve the objectives of the research. To achieve the aim of the research, constructionism was used followed by interpretivism; which formed the theoretical perspective. Case study methodology and specifically the multiple case study methodology was used to explore the factors influencing SIHs.

Three methods of data collection were used: document analysis, semi-structured interviews and archival analysis. The data collection methods are explained and especially their appropriateness for the research. The research process was conducted in one phase in a span of six months and later the case study evidence was transcribed with Nvivo being used as the tool to facilitate managing and processing of data before analysis. Cross-case synthesis was applied in the analysis stage, where data was corroborated and themes generated to create the modification in the proposed theoretical model. Discussions, conclusions and policy recommendations were drawn from the case study analysis of SIHs. The chapter ends with the ethical, reliability, validity and generalizability measures adopted by the researcher. This chapter aimed at being a guide to the development of a non-competitive based strategic-integrated model to counter SIHs in Kenya's HI.

CHAPTER FOUR

RESULTS ON HOTEL MANAGERS' PERCEPTIONS OF SEASONALITY IN HOTELS, KENYA

4.0 Introduction

This chapter presents the results for the second objective of this thesis, which was to find out why SIHs prevails in the South Coast of Kenya, based on the seven research cases and four KIs respectively, used for this multiple case study. This chapter answers the first research question for this thesis which was to find out how HMs perceive SIHs in Diani, South Coast of Kenya.

The hotels have been divided into two categories: chain hotels; independent hotels (see Table 4.1: Page. 115), since the researcher sought to establish whether there were any differences in the influence of SIHs on these two groups. All the research cases had been in operation for more than a decade, so provided a richer picture of SIHs. However, there was a wide variation in the duration of service of the HMs which ranged from 27 years to just below a year (see Table 4.1 Page 115).

The interviews with the HMs involved HMs in the: front office; guest relations; operations; reservations departments. The researcher believed the information provided was essential for achieving the objective highlighted earlier. The succeeding subsections cover specific topics so as to achieve the objective mentioned earlier (see Appendix III: Page. 297).

Table 4.1 Fact Sheet for Research Cases which participated in the Study

FACT SHEET FOR THE RESEARCH CASES													
	Chain Hotels / Groups									Independent Hotels			
	Case One	Case Two			Case Three		Case Four			Case Five	Case Six	Case Seven	
Group Hotels	Jacaranda Hotels	Alliance Hotels			Diani Sea Hotels		Neptune Hotels			Independent Hotel	Independent Hotel	Independent Hotel	Independent hotels
Hotel Name	Jacaranda Indian Ocean Beach Club	Jadini Beach Hotel	Alliance Safari Beach	Alliance Africana Sea lodge	Diani Sea Resort	Diani Sea Lodge	Neptune Paradise	Neptune Village	Neptune Palm Beach Resort	Leisure Lodge Beach and Golf Resort	Leopard Beach Resort and Spa	Kaskazi Beach	Hotel Name
Star Rating	3	4	4	3	4	3	3	3	3	5	4	3	Star Rating
Type	Resort	Resorts			Resort	Resort	Beach Resorts and Spa		Boutique, resort and spa	Business / Sport / Leisure resort	Luxury Resort	Resort	Hotel
Package	Non-All inclusive	All- Inclusive			All-Inclusive		All-Inclusive			Non- All-Inclusive	Non All-Inclusive	All-Inclusive	Package
Number of Rooms	100	160	163	154	170	162	92	165	60	20053	157;27	191	Number of Rooms
Type of rooms	Rooms	Rooms			Rooms	Cottages	Rooms	Rooms	Ensuite	Rooms / Villas	Rooms / Villas	Rooms	Type of rooms
Status of Operation	Closed as of October 2013 for renovation	Closed		Sold	All Year Round- Close partly after 2-3 years for renovation		Closed for renovation	Open but close in alterations each year		Open- But close every year for two months between April and June		Open	Status of Operation

(Source: Based on research data and participants' consent, 2013)

Section 4.1 explores how the HMs defined seasonality. Section 4.2 profiles seasonality patterns as experienced in the South Coast Hotels. Section 4.3 explores the major causes of SIHs. Section 4.4 explains how seasonality is measured and its impacts on the HI. Section 4.5 explores how HMs responded to the phenomenon (see Appendix III: Page 297; Questions 2-6). Last is the summary of the chapter.

4.1 Defining Seasonality

An overview of the definitions provided by the HMs and KIs uncovers widespread similarities. HMC4 argued that any divergence in the definitions provided, whether in description or pattern, was unlikely; hence similar views, experiences and trends in their definitions were drawn from comparable experiences of SIHs in South Coast.

Seasonality can be defined similarly for all hotels in the South Coast; the definition I give you, is the same you will find in Swahili Beach and every other hotel in Diani; It is a trend in tourism (HMC4).

The comparable terms used in the definitions, have been categorised in two; natural and institutional factors and summarised in Table 4.2, Page: 117. The following subsections, explain three types of seasonality definitions, based on three factors: natural; institutional; a combination of natural and institutional factors.

4.1.1 Seasonality as defined by Natural factors

Both HMs and KIs believed the first and major definition of SIHs was centred on the temporal imbalances of weather patterns at the tourist-generating countries as well as at the tourist destination – Diani, South Coast.

Table 4.2 Summary of terms used to define Seasonality by the Research**Participants**

RESEARCH CASES		Cases 1, 2, 3, 4	Cases 5, 6, 7	Government		KAHC
COMMON TERMS USED IN DEFINING SEASONALITY		Chain Hotels	Independent Hotels	KTB	Ministry of Tourism	
Natural Factors						
1	Changes in weather patterns in originating and tourist destination	✓	✓	✓	✓	✓
2	Destination features	✓	✓	✓	✓	✓
Institutional Factors						
1	Variations in hotel room occupancy	✓	✓	✓	✓	✓
2	border points; International airports; Parks	✗	✗	✓	✓	✗
3	Institutional events and calendar dates	✓	✓	✓	✓	✓
4	Similar target market	✓	✓	✓	✓	✓
5	Changes in economic patterns	✓	✗	✓	✓	✓
6	Political instability and influence	✗	✗	✓	✓	✓
7	A 'trend' in tourism	✓	✓	✓	✓	✓
8	Customer demands	✓	✓	✓	✓	✓
9	Influence of policy makers & service providers	✗	✗	✓	✓	✓
10	Un established causes	✗	✗	✗	✓	✓

(Source: Interview Transcriptions, 2013)

Key: ✗ = Not Mentioned ✓ = Mentioned

Defining seasonality is very simple; ideally when it is summer in the tropics, it is winter in the Western hemisphere and to some extent South African countries. Many tourists plan to travel to Kenya so as to avoid winter [from late September to late March every year] and back for summer, since the weather starts getting rainy and cooler [in South Coast] between May and July. Basically, the low and high season for the coastal properties is based on weather patterns and that's all (HMC5).

The HMs reckoned that both international and domestic tourists' were primarily attracted to the destination, for leisure and relaxation purposes. Thus, the destination's natural attributes created a link between tourists': choice of the destination; decision to travel; perceived satisfaction of their vacation; length of stay. As noted by HMC6, any variations in weather patterns were likely to affect the time spent on the beach and the tourist's desire to travel causing variations in travel patterns which caused SIHs.

There is a slight degree to which there is a relationship between weather and the travel plans of the tourists, especially as it relates to departure from the originating destination. As a result, they plan to travel at specific times of the year from their travel programs, especially during winter (HMC2).

The other issue with this concept [SIHs] is that, selling a beach destination, involves the: sun [warmth]; white sandy beaches; and [convenient weather for] swimming... Last week we experienced consecutive days of downpour. We got worried wondering what to tell the guests; they travel long distances for summer (sun), sand and the beach. Weather changes significantly lower international tourist numbers hence the variations in occupancies (HMC6).

In summary, all HMs and KIs agreed that the first and main definition of SIHs was mainly based on: climate changes in the tourist-generating destinations', which formed, globally-accepted climatic seasons: spring, winter, autumn and summer; variations in weather patterns as experienced at the South Coast; and resultant destination features. Thus, this first definition of SIHs reflects similarities with the definitions of seasonality by: Moore (1989) who believed it was caused by random temporal patterns moving in a time series; (Butler's, 2001) argument that consistency of these patterns and subsequent change of activities varied with the distance from the equator; Capo Parilla *et al*, (2007) belief that these trends created true tourism seasons, hence seasonality. However, according to KI3, SIHs was not entirely caused by natural factors and is explained in the succeeding section.

Seasonality refers to the cycle of variations in demand by tourists due to changing weather patterns. However, there are many other things which cause seasonality (KI3).

4.1.2 Seasonality as defined by Institutional Factors

The second definition of SIHs was based on HMs and KIs belief that institutional factors caused variations in demand (see Table 4.3, Page 124) due to changes in start and end dates of each season and further varied from one event to the other.

While some institutional events were predictable and systematic like those on set calendar dates, others such as political instability, economic changes and other established trends in tourism were not, as in:

Seasonality refers to variations caused by consistent and systematic change of events and repeating every year such as: Christmas, Ramadan and school holidays in April and August. We are often busy during these periods, variations in these events lead to high, low and festive seasons (HMC1).

Basically, seasonality is a phenomenon caused by variations in weather and economic patterns in originating destinations (HMC4).

Additionally, the participants' believed HMs' decisions and institutional factor's predictability, pattern, consistency, and time span affected the scale and variations in demand in any business cycle.

Seasonality in South Coast is also attributed to HMs inclination to specific target markets; the target market is primarily European. If Easter comes early we have a shorter season, and if it's late, we have a longer season (HMC2).

In summary, this second definition links with the arguments by Capo Parilla's *et al.*, (2007) and Butler's (1994) who believed seasonality in tourism was as a result of changes in: institutional events and activities; human actions, such as policies, legislation (Chung, 2009) in the South Coast of Kenya. Besides the natural and institutional factors, a further of the terms used to define SIHs in Table 4.2 [on page 117 in this thesis], revealed that SIHs was caused by a combination of natural and institutional factors, hence the third definition was derived and explained in the following section.

4.1.3 Seasonality as defined by both Natural and Institutional Factors

The third definition of SIHs was derived from the both HMs' and KIs' extensive use of a combination of natural, institutional and other unknown factors, in characterising SIHs. KI1 emphasised that seasonality was a creation of policy-makers and HMs, who were highly dependent on international target markets, particularly European countries, forming a consistent and systematic pattern of demand variation. However, due to the increased uncertainty of the global economy, politics and other institutional factors, SIHs remained a persistent feature of the HI.

Seasonality in tourism can be defined as relates to the: weather in tourist originating destination; tourists'; service providers; and policy-makers. To the operators, seasonality refers to the period which receives fewer tourists often referred to as the low season. However...seasonality [SIHs] is something we can do away with (K11).

Notably, both HMs and KIs believed SIHs was not only avoidable but also manageable countrywide. They argued that its persistence, especially in the South Coast was as a result of HMs tolerating the recurring patterns of the phenomenon, claiming it was: a national predicament; based on specific target markets; caused by well-known consistent natural and institutional causes; rivalry.

I refer to seasonality in the tourism industry as stupidity because I feel we still largely rely on international tourism, especially in our coastal city of Mombasa. I don't think we should be doing that.....I believe the role of climate on seasonality is a bit over hyped... What changes can you see? Climatic changes will always be there and they are not necessarily dependent on human activities... (HMC5).

These patterns are observable in the coastal region because of the number and flow of tourists from specific target market. It is obvious that seasons are also experienced in Nairobi, but is not easily noticed since its impact is on a lower scale. I believe we can deal with this problem [SIHs] not unless we want it remain a recurrent phenomenon in the coast (KI2).

In conclusion, these findings revealed that both HMs and KIs believed that: SIHs occurred in all hotel types, no matter its rating, size or location; that it was caused by natural and institutional factors which occurred in varying patterns and scale over time; that it was manageable or otherwise preventable due the predictability of some of its causes. Accordingly, SIH can be defined in South Coast as referring to temporal changes in hotel and tourism-related activities due to variations in natural and institutional factors, such as weather patterns, destination features, HOs, admission to attractions and border points, economic changes, tourist attributes, institutional chance events, policy-makers and service providers, causing yearly imbalances in business cycles.

Notably, it is comparable to Chung's (2009) definition and assertion that most seasonality definitions contain diverse though highly inter-connected features which are not limited to: natural features; institutional features; demand-side effects; supply-side effects and PPFs (See Figure 4.1: Page. 122 for a summary of the causes of SIHs). These factors influence: the image of the destination-Diani; tourists' decisions; patterns of travel causing SIHs. The following section, explores the patterns of SIHs as experienced by the HMs' and the KIs'.

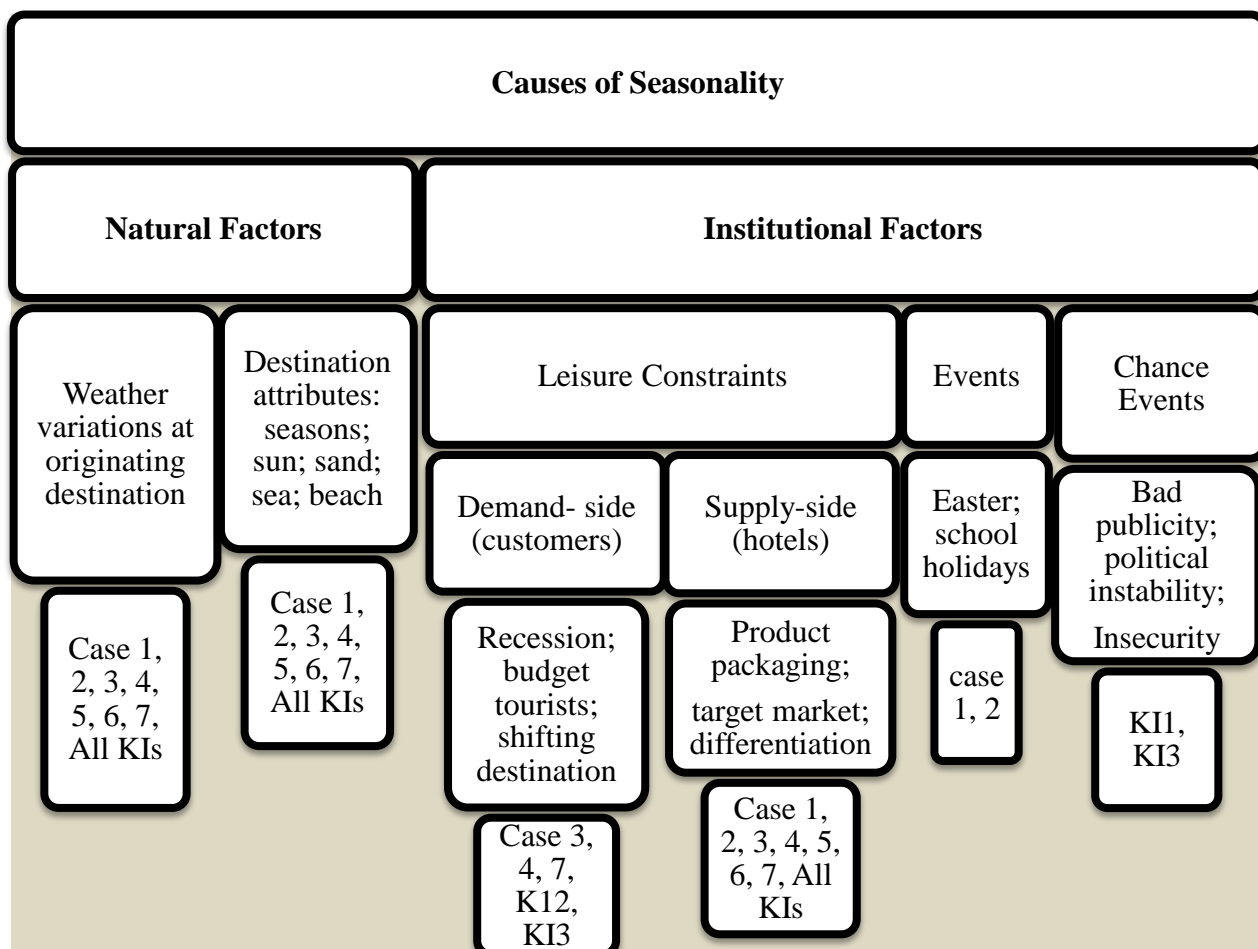


Figure 4.1 Summaries of the Causes of Seasonality in Hotels located in Diani, South Coast, Kenya

(Source: Interview Transcripts, 2013)

4.2 Patterns of Seasonality

This section presents findings on the consistency and structure of patterns in SIHs as experienced by HMs and KIs in Diani, South Coast (the questions used to understand seasonality patterns are included in the thesis in Appendix III: 2-4; Pages: 297).

4.2.1 Consistency and Systematic nature of the Seasonality Patterns

Both HMs and KIs acknowledged that the patterns of SIHs: occurred yearly: had systematic peaks and slumps: created four types of seasons: high; low; peak; mid-season or shoulder (see Table 4.3: Page, 124). The participants believed that the tourism seasons: formed the country's tourism pattern through established peaks and troughs; created an irregular pattern in the long-term; shaped the patterns of SIHs in the South Coast; were experienced in specific times or months of the year through the comparable start and end dates identified. Despite the fact that SIHs was experienced nationally, both KIs and HMs agreed that the coastal circuit and specifically peripheral destinations experienced steeper demand variations compared to the other regions.

They claimed these effects were attributed to the fact that the coastal circuit mainly: offered beach resorts and spa facilities to leisure tourists; targeted ITs looking out for a vacation in warmer destinations; targeted similar tourist-generating destinations between hotels hence saturation. These results were comparable to the KNBS statistics (see Figure 4.2: Page 125).

....Seasonality patterns are easily noticed in the coastal region because of the number of tourists and target market, but such seasons are also experienced in Nairobi but the margin difference could be lower... (K11)

Table 4.3 Comparisons of the research participants responses on the Types of Seasons, Duration and Consistency

Research Cases	Seasons Start and End Dates					Consistency of Patterns
	Low	High	Shoulder	Peak	Festive	
HMC1	... [Low season, is experienced during] <i>the low demand during the rainy season between May and June...</i>	<i>...Begins on 16th July and continues rising...High season begins from 16th July to 20th December</i>	...	<i>...the peak is realised as of 20th of December...</i>	...	<i>...These patterns are consistent and systematic; they come every year like in Christmas, Ramadan ...</i>
HMC2	<i>[Peak season] tapers down to Easter...</i>	<i>...Traditionally, the high season begins in July...</i>	...	<i>...the highest occupancies are in December ...which is the middle of winter in Europend</i>	...	<i>...this pattern has been consistent in our three hotels...</i>
HMC3	<i>...the low season starts from late May to 1st of July...</i>	<i>...The high season is between October and April...</i>	<i>...95 to 100% occupancy during the high season and 20-30% during the low season...</i>	<i>...It [seasonality] repeats every year...it is like it is definite;always going down, lower than the usual occupancy every year</i>
HMC5	<i>...Right now [June 2013] it is low season for coastal properties. It started in May and goes up to July...</i>	<i>...In August the high season will start picking for coastal properties...</i>	...	<i>...the peak [season] is in November through to December...</i>	...	<i>...these patterns are consistent and occur every year...</i>
KI1	<i>...low season is between April and June, where numbers [tourists'] are almost zero</i>	<i>...High season Picks from July to mid-October..so when you examine this, the picking of high season coincides with the end of summer in Europe</i>	<i>...upto end of November it is shoulder season...tourist numbers slightly drop...</i>	<i>...[High season] peaksin December through to March...</i>	...	<i>...this has become a trend and hotel managers have accepted it...</i>
KI2	<i>...in April, there is a bit of tourism since there are school holidays...It is obvious in Kenya, that May-June is low season...</i>	...	<i>...July to September is mid-season</i>	<i>...[high season] rises up till February, drops in March...</i>	...	<i>...it [seasonality] is not a straight pattern...</i>

(Source: Interview Transcriptions, 2013)

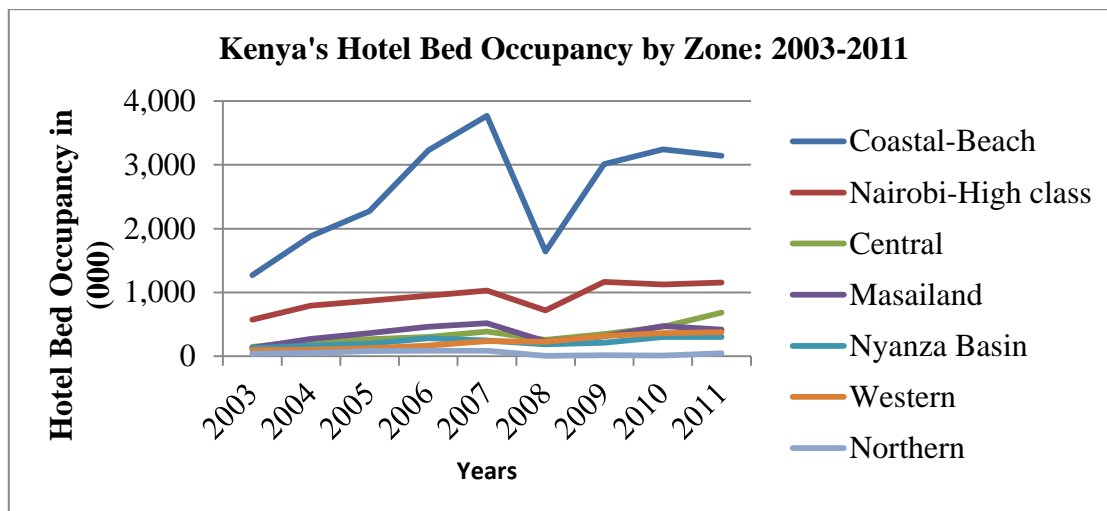


Figure 4.2 Kenya's Hotel Bed Occupancy by Zone: 2003-2011

(Source: KNBS, 2013)

Accordingly, all participants confirmed the occurrence of: low season, between April-June; high season, between mid-July-mid-October; shoulder or mid-season, between mid-October-end of November; and peak season, between December-January. The peaks and troughs varied in scale and duration over time, since they were determined by the unpredictable changes in natural and institutional phenomenon, see Figure 4.3: Page 126).

During various political imbalances, our domestic tourists help us a lot. Like in 2007, after the post-election violence, domestic tourist promoted us most. As at July 2012 we were at 91% but this year the same time we were at 76%. We do not have many international tourists so these figures are more of the domestic tourists. In August we had 85% and 40% being domestic. Even for other hotels that remain open in the low season, their occupancies are usually very low and we are looking at an average of 20-30%... You will not find a hotel whose occupancy is 40% in May and June (HMC6).

According to the HMs, high dependence of international tour operators and tourists was the core cause of SIHs and hotels were unable to maintain consistent demand throughout the business cycle.

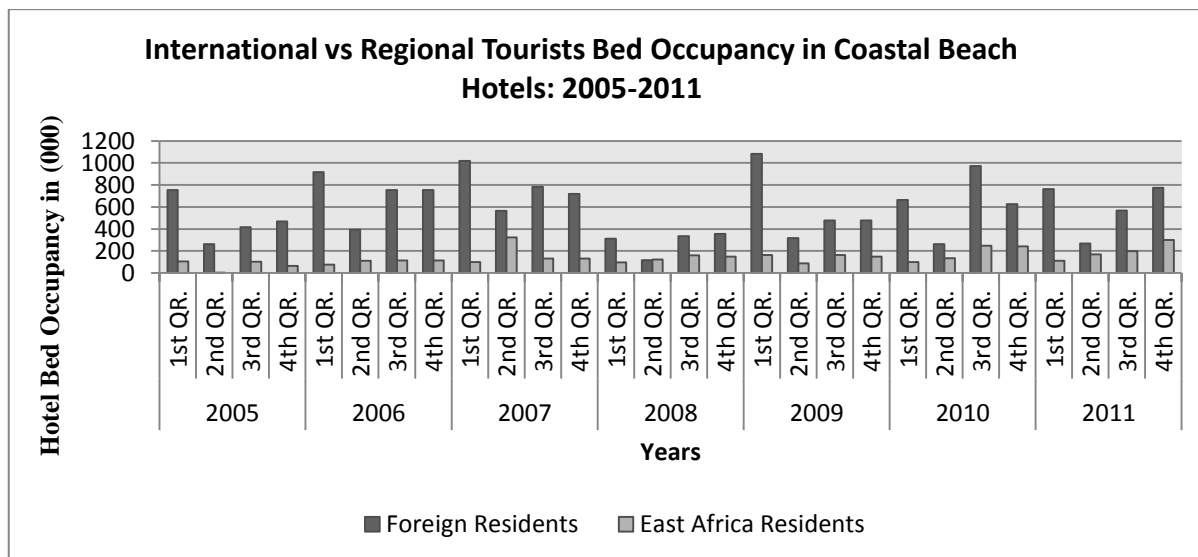


Figure 4.3 International versus Regional Tourists Bed Occupancy in Coastal Beach

Hotels: 2005-2011

(Source: KNBS, 2013)

Hotels experienced lows of 20-30% occupancies in the low season and highs of 91-100% occupancies in the peak seasons as HMC6 quoted. Never the less, both HMs and KIs believed, there was an increasing shift from international dependence to a combination or balance between domestic and regional tourists; a possible solution to countering SIHs in the long-term. However, the challenge was for HMs to find attractive packages to attract a larger market and sustain consistent travel patterns throughout the hotels business cycle.

4.2.2 The Two-Peak Pattern of Seasonality in South Coast Hotels

A comparative analysis of the interview transcriptions on the start and end dates of each season in Table 4.3: Page, 124, confirmed a two-peak pattern at the destination and consistent with Butler and Mao's (1997) conventional basic patterns.

The pattern was determined by the hotels’ two seasons of attractiveness: initial peak - in the first quarter; second peak-in 4th quarters and mainly attracted leisure tourists on holiday. Despite the fact that most ITs travelled in large numbers between the first and fourth quarters (see Figure 4.3; Page 126), the trends also indicated that the remaining months were either low, mid or shoulder seasons where demand either reduced or remained stable due to fewer institutional events and or chance events. For instance, election years 2007-2008, showed a sharp decline in the first quarter of year 2008.

...The period between January and February we have more foreign leisure tourists...but we now have more domestic tourists, especially the middle class who wish to take their families on holiday..... (HMC1).

....the highest season is in December which is in the middle of winter in Europe....in between it is quiet because the agents transfer tourists to another region. The source market is the same so our properties suffer similarly (KI2).

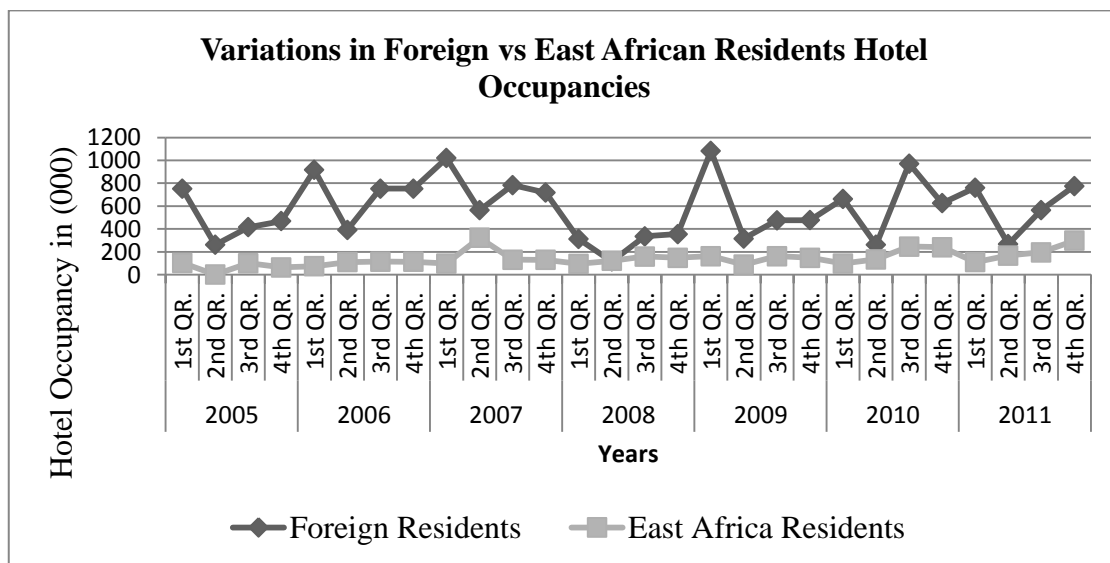


Figure 4.4 Variations between Foreign and East African Residents- Foreign Tourists Patterns form Distinct Two-peaks

(Source: KNBS, 2013)

As shown in Figure 4.4 - Page, 127, the inconsistency in some of the shifts made both HMs and KIs believe that there were more unidentified threats that would continuously, inconsistently and at varying scales, alter the consistent pattern of SIHs. Particularly, demand seemed to be reduce (looking at the peaks) in the long-term. Thus, the participants' belief that future shifts in seasonal patterns would be difficult to predict and / or maintain.

In conclusion, HMs and KIs first confirmed occurrence of a consistent and systematic pattern of SIHs in all hotels, no matter the size and rating. The only variation was in scale, which led to: low; high; peak; mid seasons. These findings were similar to assertions by: Bonilla's *et. al.* (2007) that, seasonality manifested itself similarly due to the HTI activities involved, whether in the demand-side (Koenig and Bischoff, 2003) or supply-side (Capo Parilla *et. al.*, 2007). Butler and Mao's (1997) asserted that variations occurred due to changing trends in tourists', destinations' and environments' attributes. Additionally the two-peak pattern was confirmed, with, a cycle of either high, low, peak, festive and shoulder or mid seasons.

These patterns varied in duration and scale due to the changes in various institutional (calendar events and dates, target market) and natural factors (weather and nature of the destination). (See Figure 4.5: Page 129, for a summary of the features of seasonality patterns). Because of these trends and especially its long-standing persistence in pattern, two out of the seven HMs confirmed having responded by either embracing or coping with SIHs, since it seemed beneficial to some extent despite the widely-identified negative influences.

Hence, the next sub-section presents the results on impacts of seasonality which indicated a shift in HMs responses to SIHs in the future.

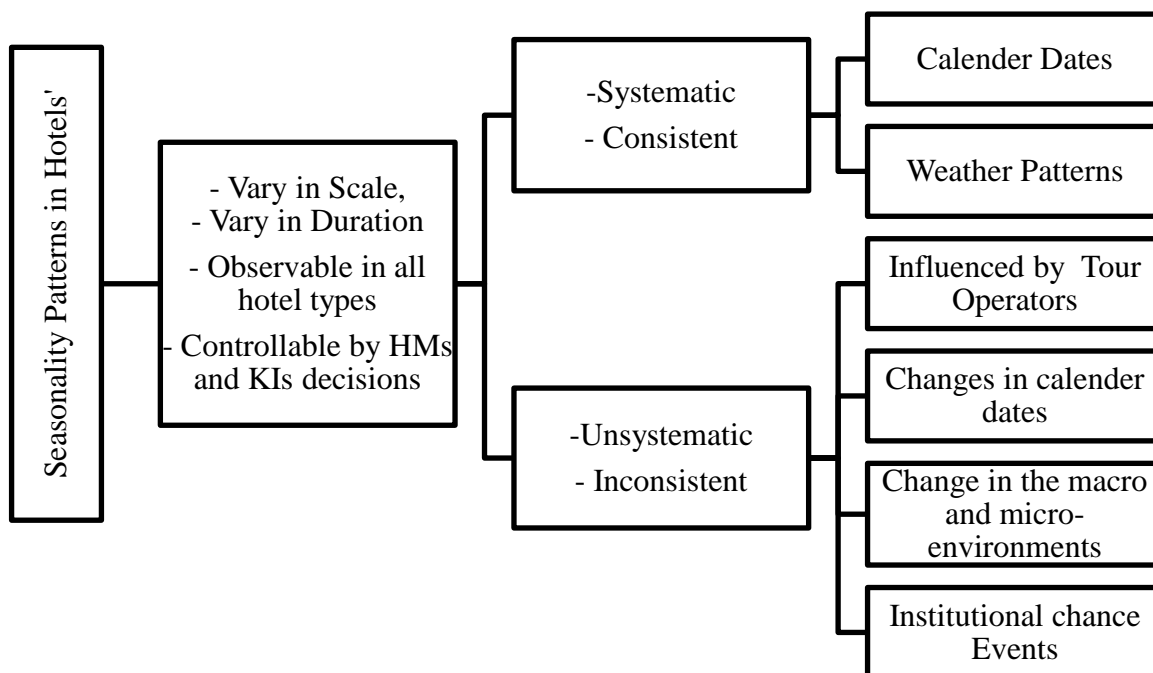


Figure 4.5 Summaries of the Features Characterising Patterns of Seasonality in Diani South Coast, Kenya

(Source: Interview Transcriptions, 2013)

4.3 Impacts of Seasonality on Hotels in South Coast

Both HMs and KIs agreed that SIHs triggered both negative and positive impacts. In comparison, positive impacts were rarely experienced due to the uncertain and uncontrollable causes of SIHs. The tenacity and impacts of SIHs were not only a concern to all HMs but also related stakeholders who believed it was linked to South Coasts': peripheral location; inability to attract more residents to use the facilities; reliance on ITs.

However, due to the holistic volatile nature of the HTI, HMs believed seasonality impacts similarly affected all hotels regardless of rating and size; hence a national problem, which possibly varied in scale from one destination to the other. These findings relate (Koenig and Bischoff, 2005) and (Chung, 2009) assertions that SIHs: triggered both positive and negative impacts; was centred on the HI activities and its ever changing environment (Butler, 2001). As a result, HMs endured longer intervals of low demand and loss of revenue, similar to the assertion by Bonilla *et al.* (2007) that SIHs resulted into longstanding set-backs to the HI.

I am not sure I see any positive effects of seasonality. We are not usually very busy since we are tied to what the market dictates, particularly travel by the European market. This trend applies to the majority of hotels (HMC2).

The impact of seasonality [SIHs] is experienced across all our facilities but South Coast is hardly hit compared to North Coast, because it is located far away from the urban area. Thus more tourists who come here [South Coast] want to relax away from the activities happening in the cities or wherever they work. Moreover, hotels located in the urban areas would explore more local target markets since many organisations or individuals may not want to travel so far so as to cut on costs (HMC4).

4.3.1 Negative Impacts of Seasonality

4.3.1.1 Under-utilisation of the Hotel and Destination Capacity

The first negative impact was revealed from the analysis of the figure used to illustrate the patterns of SIHs (see Figure 4.4: Page. 127) which revealed a two-peak seasonal pattern within a year's business cycle. This pattern impeded maximum utilisation of the highly-perishable hotel capacity. In consequence, HMs did not find business operations sustainable with some opting to close for at least two months during the low season, to avoid overheads linked to the capital intensive nature of the HI.

Both HMs and KIs believed SIHs caused under-utilisation of human and natural resources as well, since longer durations of low seasons forced HMs to respond by either coping or closure, to counter the phenomenon. Figure 4.6 Hotel Rooms available vs. Bed Occupied in Kenya's Coastal Beach Zone: 2002-2011, shows a summary of KNBS statistics on the under-utilisation of hotel capacity in Kenya's Coast beach hotels.

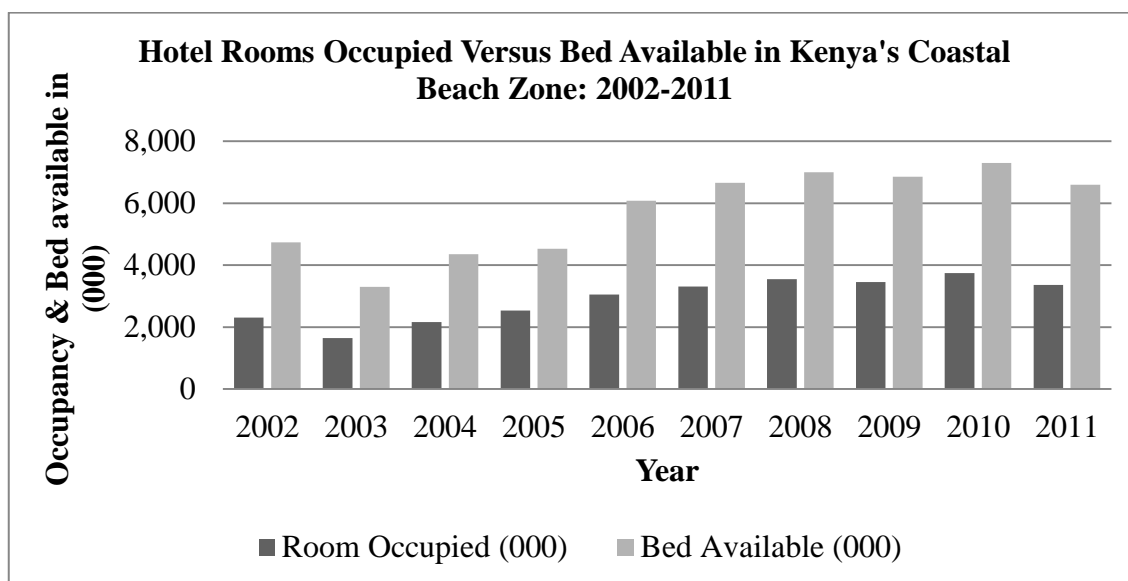


Figure 4.6 Hotel Rooms available vs. Bed Occupied in Kenya's Coastal Beach Zone: 2002-2011

(Source: KNBS, 2013)

Notably, three out of the seven research cases closed and continuously caused a pattern of service discontinuity well-known to all private or public stakeholders. In addition, tour operators (especially those of international orientation who managed chartered flights to the destination), signed long-term contracts with HMs, locking demand to specific tourist - generating destinations.

Relatively, due to the persistent variations in demand and inability of HMs to sustain supply chains throughout the business cycle, some intermediaries entirely shifted demand to neighbouring destinations. In contrast, the participants argued that besides the long periods of under-utilisation, hotels also experienced over-utilisation of human and natural capacity during the peak seasons. Similarly, as HMC4 noted, over-utilisation of hotels was experienced by its continuous intensive use throughout the short durations of peak seasons within the yearly business cycle, as shown in the following quote:

Seasonality also causes intensive use of the hotel for the whole year, especially when there are no breaks [and the hotel and destination exceeds its capacity in the short-peak seasons, in order to maximise its return on investment]. Extensive use causes over-use of the facility and destination, whose resources and facilities do not match the high population experienced in peak seasons hence the hotels always need some face lifting (HMC4).

4.3.1.2 Price-cuts

Secondly, KIs believed HMs were desperate to fill hotel rooms by gaining the largest market share, hence resolved to low-price strategies as a measure to survive and increase revenue during low seasons. HMs did not look at the bigger picture; they used short-term measures which basically increased their market share against competitors in the destination. As a result, HMs offered highly-subsidised rates and commissions to customers' and tour operators' respectively. The rates varied between extremely high and extremely low rates depending on the season, with the objective of remaining cost-effective over the year. HMs presumed applying price-cutting strategies during the short-peak seasons generated adequate revenue to profitably service their yearly: fixed costs; supply chains; support from other related facilitators throughout the business cycle.

Seasonality increases rivalry and competition; this is a trend that has been there and investors have dwelt on it...We offer discounted rates throughout the year, but they vary depending on the season. During low seasons we offer very low rates, while in high season they are much higher in comparison (HMC4).

However, HMC5 believed that prices could only be reduced up to certain percentages, otherwise, hotels risked: compromising on service quality which led to increased customer complaints; locking their growth potential to low-cost tour operators' contracts and budget tourists', due to assumption of its reliable supply and demand in high and low seasons; scarcely exploring other potential customers or markets; overstretching its resource capacity, yet the return on investment was not adequate for long-term sustainability. Nevertheless, HMs continued to reduce their prices below profit-margins, which not only increased competition, but also increased the use of unsustainable measures to retain contracts with intermediaries like tour operators and airlines, servicing charter flights to the destination.

During low seasons, there is usually a price-cut but I believe this amount cannot go below certain limits; the hotel can't make profits by the subsidised rates. In fact, HMs are unable to sustain their quality standards in services delivery due to such prices. You can imagine when we are selling our rooms for a conference on half-board at twelve thousand per person (p.p.) [Kshs.], an all-inclusive hotel is at 100% occupancy offering their rooms at 4,000 p.p. [Kshs.]How much are they making in a week? I have my 200 rooms full, are we making the same money? (HMC5).

4.3.1.3 Increased Seasonal Employment

Thirdly, both HMs and KIs agreed that seasonal employment had become a reality and a necessity in the HI, since SIHs led to: declined revenue or unprofitable operations hence unsustainability of annual employment costs; increased seasonal and contract employees in comparison to the permanent ones; the need to downsize in case of

reduced hotel activities and / or their services when either extra services were no longer needed or HMs basically needed to cut on operating costs. Consequently, due to consistent need to downsize due to SIHs, HMs: preferred less binding forms of employment; increased casual or seasonal workers who were easily laid-off; sign contracts with employees who were obliged to agree to work within specific start and end dates covering the peak season.

Due to seasons, the employer cannot sustain the large number of employees and incur the costs; laying-off of employees and temporary employment to cut on costs is a real issue (KI2).

Due to high costs of operations which include maintenance of staff during low seasons, our employers have made sure that the duration of all signed employee contracts end in April every year, since that's when the low season begins. Obviously, such contracts would not be renewed until the high season picks up again to counter the economic challenges involved. The hotel only maintains the permanent staff during the low season; only 70 employees remain from 120 (HMC7).

On the other hand, permanent employees were no exception; HMs sent them on compulsory leave, either paid or un-paid. According to KI2, HMs took advantage of seasonal employment, since: it was thought to be an effective hotel cost-cutting measure; employees had no choice but to oblige; some of the hotels closed entirely and employees had to take annual leave, whether or not they planned to conduct renovations as HMC1 quoted:

But this is Kenya [Lakini hii ni Kenya]. I am sorry to say, the employer will just inform you, that his or her assessment of the property indicates the need for renovation. The employer will basically inform employees of an intended duration of closure, often between 3-4 months for renovation. Some employers pay the employees during this period while others do not. Moreover, once an employer decides, employees have no choice but adhere to specified conditions (HMC1).

4.3.1.4 Hotel Closure

Fourthly, both HMs and KIs agreed that annual closure of hotels had become a norm for hotels. Despite claims by HMC5 that such closure was avoidable; investors insisted on implementing annual closure policies particularly during low seasons. Closure was said to be implemented despite awareness of profitable alternatives to counter SIHs.

HMs believed hotel closure negatively impacted the HI, since it: caused service discontinuity which was not only a rare practice in rated hotels globally, but also undermined hotel's rating rationale and criteria; caused customer dissatisfaction with most loyal customers cancelling planned visits to the destination, if hotels they frequented had closed; led to HMs cutting-off or reducing supplies which disrupted supply chains and deemed the destination unattractive to current and potential investors from various sectors as summarised by HMC5:

I have never heard it that hotels close due to seasons in other parts of the world, I have only seen it in the Coastal circuit. This is not ethical because such hotels may not also easily fall under any star-rating because there is no continuity in service delivery Some tourists don't come to the coast because their favourite hotels are closed; they would rather stay back home. Sometimes some compromises are made when guests are forced to check-out early since the hotel would be closing at a certain time during the low season. Customers leave disappointed because they have no alternative...Suppliers are also facing a predicament because they have to supply for a given period of time; there is no stability for them. If we get everything correct, we will not have to close and suppliers will not face the situations again (HMC5).

Despite experiencing the set-backs caused by SIHs, some of the HMs believed it resulted into positive impacts as discussed in the following sub-section.

4.3.2 Positive Impacts of Seasonality

While HMC2 thought there were no positive effects, the other participants believed SIHs was not entirely destructive since it derived benefits in social, cultural and environmental contexts. Firstly, HMC6 and HMC5 claimed they approved closure since it was customer-driven, hence the tendency of annual closure.

Secondly, SIHs enabled HMs to set records of exceptional performance every year due to consistent renovations and / or refurbishments conducted during closure. As a result, such refurbishments created: lasting impressions for customers; a positive image of the hotels; increased numbers of non-customers through word-of-mouth advertisement; retention or increased repeat visitors due to the improvement and creation of new products and attractiveness of the facility. As HMC6 precisely quoted, closure not only created better tourists' perceptions through renovations, but also HMs used the time off to create value for their products, hence increasing their hotel's competitiveness as in:

Low seasons have led to a trend of closure of our hotel. This has helped us in improving and creating better value for the hotel by adding more activities. Often, guest feedback informs the closure and proposals of desired types of renovations and refurbishments, thus, our customers always have something new to come back to. Considering that the hotel has been in operation for some time [since 1974], there has been need to keep re-painting and renovating, to create a good image and impression to tourists staying with us for the first time. This activity has helped us enhance guests stay and have since recorded 20% repeat guests. Seasonality has worked to our benefit, because we get our property in order. The last thing you would want is tourists complaining of things they cannot do, yet the core problem could've been avoided by preventive maintenance; closure [in low seasons] has worked well for us (HMC6).

There is more exclusivity during the low seasons, so we encourage travel since there is no congestion (KII).

Thirdly, HMC5 and all KIs agreed that SIHs provided time-out for recovery of both human and natural resources after intensive periods of over-utilisation. On the other hand, the destination would also have offered exclusivity during low seasons, for tourists who looked out for a destination that promised a new or different experience or product with no congestion. To sum up, the results of this section confirmed that both HMs and KIs believed SIHs had resulted into both negative and positive impacts. However, positive impacts of SIHs were outweighed by the widespread severity of the negative impacts (see Figure 4.7).

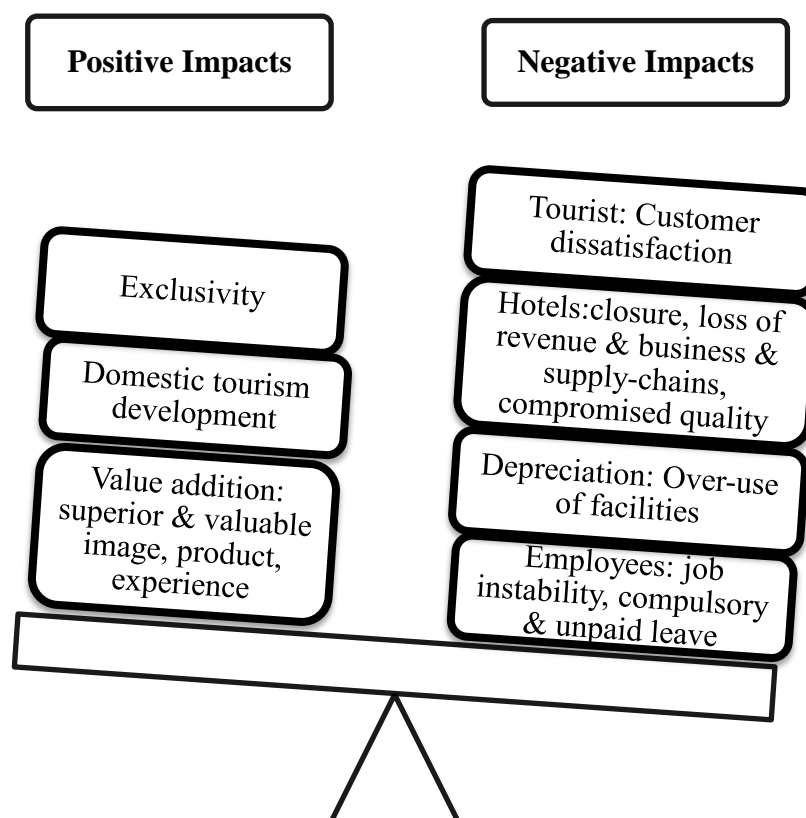


Figure 4.7 Summary of Negative and Positive Impacts of SIHs in South Coast

Kenya

(Source: Interview Transcripts, 2013)

Nevertheless, the HMs thought the positive impacts were a welcome reprieve that released both human and natural resources from the persistent pressures and workloads linked to the high seasons. These impacts cannot be overemphasised. The next section presents the results on how HMs and KIs approached measurement of SIHs.

4.4 Measurement of Seasonality in Hotels

4.4.1 Indicators of Seasonality in the Hotels

In this section, the researcher sought to understand how SIHs was measured, its indicators and reliability of the process (See Appendix III: 297-Questions. 4-5). Both HMs and KIs comparatively described the first two aspects of measuring SIHs; its indicators and measurement. Firstly, the participants' agreed that the indicators of SIHs included: variations in HOs; tourist travel patterns as influenced by tourism seasons; tourism revenue; increase of traffic into recreational facilities and parks, within a destination and across country border points.

Seasonality can be measured by looking at the number of months we experience winter in the originating destination (HMC5).

Seasonality is measured by numbers; we collect our own statistics at the point of entry to attractions, airports and border points (KI1).

Seasonality is measured by the indication of variation of the number of tourists and also the size of the area because the traffic could be higher (KI2).

4.4.2 Measuring Seasonality

The findings revealed that HMs used qualitative and simple statistical measures in order to examine changing trends. They used varied components such as: room occupancies; tourism seasons; traffic within the destination and at border points; scale of variations within a time series to monitor SIHs trends.

The participants noted that despite the predictability of some of these measures, SIHs patterns were increasingly changing. They claimed that, such changes would possibly be influenced by other unpredictable external factors such as policy and nature of the HI activity and tourists attributes.

We use our room occupancy to measure the variations in demand and regrettably when you look at our statistics this year as compared to last year, there is quite a huge decrease in occupancies. Some of the statistics partly help us to compare and understand how we are performing compared to hotels of the same rating in the destination (HMC6).

4.4.3 Process of Measuring SIHs, Management and Accuracy of the Data

Firstly, HMC6 explained the process of measuring SIHs as both an internal and external business process, conducted by the room's division, mainly, to compare hotels' performance as reflected in occupancy trends. The rooms division data-base, contained guest-histories', current and future occupancies, collectively used to derive reports used in the analysis of SIHs trends. HMC6 claimed that the process incorporated hotels' believed to fit within the hotel's rating.

We collect these statistics ourselves by conducting a weekly market analysis. I do it myself [Reservations Manager]; I contact selected hotels considered as our strategic partners...We have created a strong relationships with front office managers in the respective properties, with whom we share ideas Some of the statistics are part of our occupancies, to enable us understand our performance in comparison to the HMs willing to work with us, since some do not really bother [Not every hotel was involved]. Maybe they conduct their own internal analysis... (HMC6).

Secondly, HMC5 and KIs believed that process was quite robust, since seasonality data was collected and analysed by four nationally recognised bodies: the MoT; KTB, KNBS and KWS (Kenya Wildlife Service).

Seasonality is measured by numbers. Our statistics consist of international tourist arrivals summaries collected at [Kenya] border points and international airports. The statistics are similar to those provided by the KNBS who collect tourist data at the border points [and provide a comprehensive summary including KTB, KWS and any other relevant data]. We rely on the KNBS statistics on border point, since we are unable to do it; it would mean increasing our office yet our budget does not allow...So the total KNBS has is what we have; we consolidate the data which can be gotten from the research team (KII).

The, KIs argued that the triangulation and tallying process involved between the data collection bodies, made the data quite robust. However, their effectiveness was pegged on a national ministry budget, which was neither prioritised nor adequately funded to oversee the effectiveness of the whole process.

We cannot do it, considering the kind of budget we are operating with, it would be challenging. But we have KTB offices at JKIA [Nairobi] and Moi [Mombasa] International airports where we collect data on international arrivals and departures. We don't have international passenger flights landing in Eldoret, so we don't have an office there, but in case we have direct flights into Kisumu and Eldoret, we will have offices there (KII).

However, some of the participants questioned the reliability of the data because, firstly, both HMs and KIs thought its reliability was debatable, since most of the data: was primarily based on ITs' statistics; was predisposed on international target markets; overlooked domestic and diasporan tourists, who were believed to have a greater potential of shifting the persistent trend of SIHs. Secondly, HMC6 noted that there was the possibility of using inaccurate data since the measurement process was dependent on hotels' ability to provide and share accurate data. Thirdly, despite these set-backs, HMC5 commended institutions tendered by / and contracted to the MoT to conduct the process, thus enhancing the reliability of the data. However, the HMs questioned the impact of its outcomes to the respective HTI stakeholders.

They believed the system failed in its implementation, since outcomes were not holistically analysed, shared and / or explained to relevant institutions.

This data depends on the information we are provided with, so for the certainty of this data, we always have a disclaimer at the end of the report noting that the figures cannot be ascertained to be correct...Notably, you may not really be certain that these figures are correct; it is a fifty plus or minus one or two, but the figures gives us an idea of how we are performing (HMC6).

It is not enough to collect. You would rather collect synthesize and then give me. For instance, if Europe is number one; leading as Kenya's tourism target market, then what? It is not enough to collect and compare statistics, you have to give me the statistics and explain to me what to do. The Ministry of Tourism should advice and probably provide propositions on the way forward after collecting tourism statistics. In many cases, the statistics are usually spot-on, since the Ministry gets accredited companies to collect the data, but they should not only concentrate on specific destinations (HMC5).

To sum up, HMs and KIs used a myriad of comparable indicators in measuring SIHs including: the numbers or traffic of tourists at points of entry, such as borders and international airports; statistics at entry points for instance at specific attractions, like the national parks; HOs. However some of the participants believed the process was: biased towards international tourism statistics: partly quantitative and lacked rigor in implementation; not only shared amongst few bodies which found relevance in the data, but also, its outcomes were not presented and shared in a manner comprehensible by HMs.

Particularly, many HMs seemed not to find its outcomes valuable due to lack of rigour in explaining the trends and possible solutions to the problem. As a result, these drawbacks possibly explain the gaps within the process of measuring SIHs that de-link the vital role of government in solving the problem of countering SIHs in the HI.

Furthermore, the process of measuring SIHs, probably explains why HMs responded in the ways discussed in the following section; it seemed an annual procedural activity, whose outcomes would only benefit very few institutions, despite costs incurred and the valuable intended purpose to the industry, government and national vision. However, five HMs and KII believed there were better responses to SIHs despite its impacts on hotel operations and the destination's features.

4.5 Summary

The HMs perceptions of SIHs in this chapter have revealed extensive similarities across HMs experiences in both chain and independent hotels. The interview results established that, SIHs: could be defined as relates to its causes including natural, institutional and / or a combination of the two; was similarly defined and experienced in all hotels no matter the size; formed noticeable gradations in its pattern on analysis of changing trends in HOs, causing tourism seasons; varied in duration depending on the scale and nature its causes which seemed to inconsistently vary in trends over time. Nevertheless, HMs in Diani, believed SIHs was controlled more by human factors such as policy and management decisions rather than the climate patterns.

Despite the unwillingness of HMs to share most of their historical occupancy data, varied tourism statistics were examined in comparison to HMs responses to establish precise patterns of the SIHs. A comparison of KNBS and KTB statistics against HMs responses revealed that South Coast hotels experienced a two-peak seasonal pattern. The peaks were mainly experienced between the first and fourth quarters of the business cycle.

This means, highest occupancies were recorded either between December-February and July-September at 91% and sometimes overbooking. In contrast, the remaining quarters suffered very low occupancies between 20-30% and less, with the unlikelihood of attaining any profits or breaking-even. However, due to the inconsistency of the patterns, it was unlikely that the two-peak pattern would be experienced in similar time frame over time, due to the impacts of SIHs. As a result, some HMs closed their properties during the low seasons.

Alternatively, some compromised on the quality of service, price or type of tourists targeted with the aim of filling their rooms and maximise their revenue to sustaining related costs of hotel operations. It was notable that HMs and KIs identified both positive and negative impacts of SIHs in the HI. These impacts varied in scale and duration as well and were outstanding in peripheral destinations due to fewer alternatives in product offerings once the image of the destination was affected.

Under-utilisation of destination's and hotel's natural and human resources, price-cutting, seasonal employment and hotel closure were some of the negative impacts that HMs believed could not be overemphasised and needed to be countered if uncontested if sustainable solutions could be created through creating uncontested market - space. In contrast, despite the SIHs being outweighed by the positive impacts, HMs thought closure was a welcome reprieve, especially the time-out, to allow for restoration after short periods of intensive use. In fact, this practice was noticeable and practiced in the independent hotels.

Fifthly, it was observed that yearly measurement of SIHs was conducted especially by reputable institutions tendered by the government. However, it was noticeable there was gap between data collection, analysis and implementation of the outcomes of such a process. HMs perceived a shift was necessary in these process with a more qualitative analytical analysis conducted and shared to inform them of the shifts in trends and solutions of SIHs thereof. Nevertheless, stakeholders' receptivity and gap between research and practice had to be understood to ensure each played their role in attempt to countering SIHs in the long-term, using non-competitive strategies.

Lastly, this chapter indeed established HMs perceptions of SIHs unveiling assumptions of SIHs in practice and research. However, in order to explain the persistent nature of the phenomenon, the following chapter explains HMs responses to the factors influencing SIHs aiming to establish the solutions to this gap through its outcomes, which will inform the generation of suitable non-competitive measures for countering the SIHs in the HI.

CHAPTER FIVE

RESULTS ON FACTORS INFLUENCING SEASONALITY IN HOTELS AND MANAGERS' RESPONSES

5.0 Introduction

This chapter presents the results of the second objective of this thesis which was to investigate how HMs in Diani South Coast, Kenya, responded to factors influencing SIHs compared to theoretical objectives. The questions asked to achieve this objective can be found in Appendix III: Questions.2-5, Page. 297 in this thesis. Overall, this chapter answered the following research question; how do HMs respond to factors influencing SIHs compared to theoretical objectives?

Following the cross-case analysis of case study findings explained in chapter three of this thesis, chapter four analysed and discussed the in-depth interview findings on HMs perceptions of SIHs in relation to the study's theoretical frameworks. The researcher further categorised the variables into categories derived from the study's conceptual framework Page. 81: explaining HMs understanding of seasonality in relation to its: patterns; impacts; measurement in the hotels (see Chapter Four of this thesis).

On this footing, the succeeding subsections presents the findings and simultaneously analyses covered topics in comparison to theoretical perspectives in order to achieve the second research question of this research: Section 5.1 explores the macro-environmental factors influencing SIHs.

Section 5.2 explores the micro-environmental factors influencing SIHs; Section 5.3 explores the PPFs influencing SIHs; Section 5.4 examines HMs responses to SIHs. Last is the summary of the chapter.

5.1 Macro-Environmental factors Influencing SIHs

5.1.1 Demographic Influences on SIHs

The findings on the influence of demographics on SIHs revealed that most HI stakeholders had not exploited and understood its influence on demand. Particularly, HMs undermined the influence of the following factors, such as tourists': nationality; marital status; age; affiliation; level of travel and tourism education; labour composition believed to have caused the persistence of SIHs as discussed in the following sub-sections.

5.1.1.1 Nationality

Both HMs and KIs recognised that tourists' nationality and the characteristics of the tourist-generating regions/country equally influenced SIHs. Specifically, the influence of tourists' nationality on SIHs, was attributed to HMs over-reliance on international tour operators' and target markets, which limited their scope of demand to foreign mass budget tourists (see Table 5.1, Page 147 showing summaries of major nationalities). The researcher further compared HMs responses in Table 5.1 to KNBS statistics on tourists target market occupancies in coastal hotels 2002-2011, to establish any changes in a time series. Similarities were evident between data, where the international sources seemed dominate the market till 2007, whereby, the regional and domestic markets became more noticeable up until 2011.

Table 5.1 Summaries of Nationalities Targeted by Hotel Managers in the selected South Coast Hotels

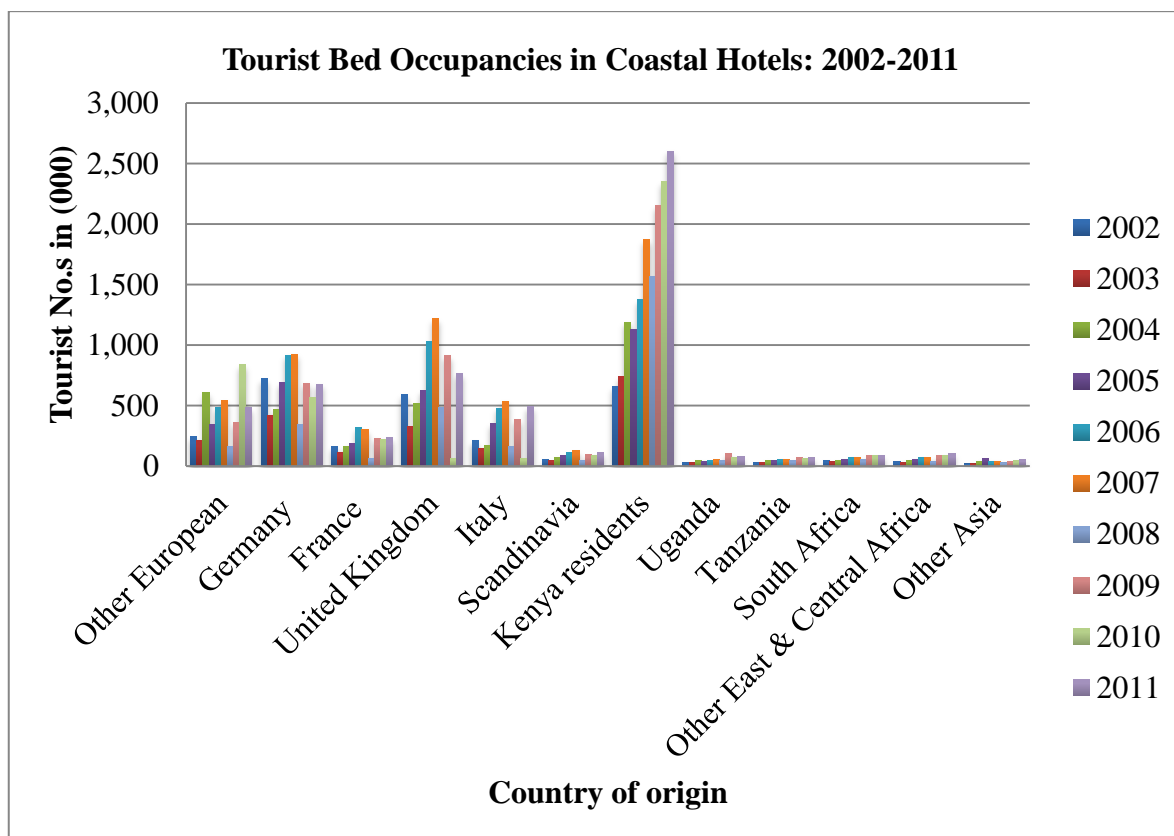
Nationality	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7
Other European	✗	✓	✗	✓	✓	✓	✗
Germans	✓	✓	✓	✓	✓	✓	✓
French	✓	✗	✓	✗	✗	✓	✓
British	✓	✗	✓	✗	✓	✓	✓
Italians	✗	✗	✓	✗	✗	✓	✓
East Africans	✗	✗	✗	✗	✗	✓	✓
Other Regional Markets	✗	✗	✗	✗	✓	✓	✗
Russians	✗	✗	✗	✗	✓	✓	✗
South East-Asians	✗	✗	✗	✗	✗	✓	✓
Belgians	✗	✗	✗	✗	✗	✗	✗
Polish	✗	✗	✗	✗	✗	✗	✓
Swedish	✗	✗	✗	✗	✗	✗	✓

Key: ✓ - Targeted ✗ - Not Targeted

(Source: Interview Transcriptions, 2013)

In contrast to Table 4.1 [see Page 115] in this thesis, Figure 5.1 on Page 148 shows comparisons of bed occupancies and the HO trends reveal a changing pattern in the dominance of ITs in the coastal bed occupancies. Relatively, most HMs thought it was necessary for HMs in the South Coast to become more adaptable to the domestic and regional sources of demand, in attempt to countering SIHs, since there was high number of bed occupancies was evident.

The European market is dwelt on so much because there has been a preconceived idea that they travel a lot. Initially, most of the managers [HMs] rushed to seize for themselves a larger target market from Europe in comparison to, other continents, since they travelled regularly...Back then, like ten years ago; travelling for holiday was a preserve for Europeans. It's only now that travel has been accepted by domestic tourists (HMC4).



**Figure 5.1 Comparisons of Tourists Bed Occupancies in Time Series 2002-2011;
Data-based on Tourists' Country of Origin**

(Source: KNBS, 2013)

So slowly, we have started a campaign to introduce a travel and holiday culture for our locals. But we have to look for a very enticing entry point, because you are telling a Kenyan to go for a holiday with a family for one week, and involves spending some money which would range between forty and one hundred thousand for a good holiday (KII).

Interestingly, HMs claimed variability of demand further relied on specific characteristic of the different nationalities such as their travel cultures. For instance, HMs believed Europeans were more reliable, compared to the domestic and regional markets, due to their established travel patterns. Nevertheless, HMC4 revealed that the trend was gradually shifting from high dependence on mass ITs to domestic tourists, since the latter demonstrated an increased need and potential to travel.

Hoteliers have to be adaptive to the local market...they are currently not in it... locking their customer service to the international market in comparison to the domestic market. Something has to be done here. We have tied ourselves to one operator market to fill all our rooms (HMC2).

5.1.1.2 Marital Status

According to the HMs, SIHs was mainly influenced by family travel patterns, which were mainly determined by school holidays, hence overlooked the needs of other tourists' based on the diverse marital status and related travel influences.

A quick analysis of demographics tells us that we primarily target families who travel during [school] holidays. What about the young married guys or the single guys? They can go anytime... (HMC5).

We have also wanted to create an edge with the property attracting families and last year we came up with a children club called 'little leopards'; an excellent animation facility for children between the ages of one to eight...This club has really given us an edge; many parents would come seeking a place where their children would be taken care of...they preferred us to the other hotels ... [which] did not have anything structured to show of the children facility... This product has given us an edge especially with the domestic tourists who travel with their children (HMC6).

Specifically, single FIT (Free Independent Travellers) travelling as individuals or in groups and young married couples were neglected yet they had: a relatively high potential to travel freely, whether planned or *ad-hoc* visits; more disposable income; a potential of engaging in less restricted packages and for different purposes; travelled at unspecified time periods. Accordingly, the participants believed it was paramount for HMs to understand the specific needs of tourists, taking note of the diverse marital status so as to capture new demand and expand their scope of demand in the future.

5.1.1.3 Age

The results revealed that tourists' ages ranged between one and sixty years, with the larger population of the target market comprising the latter - the elderly. Majority of the HMs claimed that the high number of elderly tourists was based on hotel's dependence on specific key target market such as Europe, which exhibited such characteristics. These findings related to Finlay's (2000) assertion, that there was an increased size of the ageing population, which posed a threat to destinations or countries dependent on such groups (Akama, 2002).

The ages varied between sixty and one year olds (HMC6).

Europe contributes to the increased number of the elderly travelling to the destination, but the strong ties we have with the rest of Europe and Market agencies in Dolche and German also plays a significant contribution to this numbers. We highly depend on the old folks, since; they stay for up to six weeks holiday. The older tourists [in comparison to the younger single and married couples] form most of our repeat clients and rarely change their minds. However, their rigidity has affected the quality of our products; because most of the elderly tourists want their rooms in their original design and ambience, hence our rooms remain old. This keeps coming up in trip advisor (HMC5).

In spite of the fears that the older generation posed a risk on demand, HMs continued to highly depend on this market, with the belief that: they visited for longer durations; they formed a wider percentage of repeat clients; they rarely changed their minds on planned itineraries hence highly reliable. Indeed, age is a vital component that determined travel and a good measure for HI stakeholders who wished to understand reasons for changing travel patterns. These results related Mullins (2000) and West *et. al.* (2010) tourist's cohorts, who explained varying tourists needs as relates to their age groups. Similarly, HMs believed they would avoid costly errors linked to loss of potential customers and revenue, if they understood tourists: unique attributes; shared similarities in life experiences; needs and changing preferences as they varied according to their ages.

5.1.1.4 Labour Force Composition

Both HMs and KIs acknowledged that the level of education of employees and tourists was rapidly increasing, due to the relative increase in institutions offering the programs as noted by (Akama, 2002) and customer awareness initiatives through marketing and promotion. However, due to the tenacity of SIHs and the increased need to cut operating costs, HMs preferred engaging unskilled labour through seasonal employment of the locals. HMs believed hiring casual employees within Diani would help them to not only reduce the high costs involved in recruiting and maintaining professionally trained workforce but also act as part of their corporate social responsibility initiatives. Nonetheless HMC3 thought that the latter compromised the quality of service leading to increased customer dissatisfaction. Arguably, HMs needed to be sensitized on the importance and impacts of investing in a professionally trained workforce in addition to approaches of giving back to the community besides the engagement of casual employment.

Despite the fact that management would wish to give back to the community, employees should be trained to enhance professionalism in the industry. Professionalism is lacking and it is pulling us down in terms of quality service delivery and customer's satisfaction. It would be of help if managers would find better ways of giving back to the community rather than having less qualified individuals on board...we may also continue providing in-house refresher courses to enhance creativity in service delivery (HMC3).

On the other hand, the researcher observed that both domestic and ITs were increasingly knowledgeable of their rights and especially expectations during travel, especially from the KTB 'Kenyans tour Kenya' campaigns. Despite the increased customer awareness campaigns, inequality in service provision prevailed, creating negative perceptions of service offered in HTEs, especially amongst the domestic tourists.

Domestic tourists believed the level varied between them and ITs 'whites', which explained, their preference and increase of international travel, for tourism or leisure purposes compared to their home country.

The solution to countering seasonality involves a process of educating people on travel. This has already begun and KTB is really encouraging Kenyans to travel within Kenya...On the other hand, hoteliers have to be adaptable to the local market because currently, they are not very much in it. Hoteliers have locked most of their customer service to international market and are not very good with the local market and their needs. There is indeed something to be done here (HMC2).

Indeed, both HMs and KIs reiterated the need for: recruiting from reliable sources to ensure professional and quality service delivery; consistent employee training to maintain product innovation and quality; educating tourists on travel in order to widen the scope of demand; adding value to products; HMs to be adaptable to the local market and provide better working conditions for employees, as they sought to counter SIHs. These findings relate to the labour composition challenges, that HMs faced a challenge, especially in structuring and organising human resources, since the HI not only involved an increased population of seasonal employees (Yacoumis, 1980) but also lacked the potential for maintaining quality standards. In summary, both HMs and KIs believed demographics including the tourists' nationality, marital status, age and labour force highly influenced SIHs.

However, due to the changing trends and HMs inability to explore the potential for growing their market share through demographics, SIHs persisted. Nevertheless, the participants agreed to the importance of: understanding and harmonising diverse tourist needs; packaging products to suit all groups; increasing value of the product whilst

educating both employees and tourists for better experiences. As a result, HMs believed understanding tourists demographics would result into: an increased market share; attracting and retaining current and potential demand; eliminating fears of consistent and extreme variations in demand caused by macro-environmental factors (such as economic changes); consistent and affordable travel for all, as will be discussed in the next section.

5.1.2 Economic Influences

Both HMs and KIs believed SIHs was influenced by economic factors such as: price; tourist consumption levels; exchange rates; capital availability; inflation due to the global economic crunch. These factors are discussed in the following sub-sections.

5.1.2.1 Price

Firstly, the findings revealed that consistent changes in the economy compelled HMs to use price as a crucial component in the HI, to shift demand and supply. SPIHs were believed to cause occupancy changes and the inability of HMs to manage operational costs. Hence, tourists as well as intermediaries experienced yearly fluctuations in hotel rates as HMs worked around different strategies to increase revenue. Depending on the severity of reduced revenue or occupancy in varied seasons, HMs faced trade-offs between offering: quality service; product variety; further reduction of prices in order to attract diverse and increased number of customers and so counter SIHs.

The economy has also influenced tourism where by, we find that, in the past, trying to go for a holiday was one of the most expensive things that

hindered people to travel. But now that we are trying to make holidays more affordable, it is easier to explore other markets (HMC4).

Additionally, South Coast targets more of middle class tourists, but in case something small happens in Europe and the economy goes down, tourists don't travel at this period. They are very price sensitive. Therefore, properties which have invested heavily, cannot afford to be picky and choosy and say we are not dropping our prices, we are going to fold out for this season and wait until things pick up so we don't end up dropping our prices and end up slightly empty (HMC2).

Secondly, to overcome the economic challenges that constrained travel, HMs created affordable all-inclusive packages to wider scope of the target market and not just the preserve for the middle classes. This idea was adopted from Caribbean destinations since it had flourished, despite its cheaper travel and destinations packages (albeit at the risk of cheapening the destination). In contrast, both HMs and KIs, believed that aping the Caribbean all-inclusive model, ruined the initial objective of creating an affordable destination in the South Coast. This model – the all-inclusive holiday plan, had led to: increased mass budget tourists whose revenue could not sustain ensuing economic challenges; increased undifferentiated products as HMs benchmarked against each other; increased unprofitable price-cuts to fill hotel rooms.

The government advocated for mass tourism but it is also affecting tourism; we have many tourists, rooms are full, but as hoteliers we end up cutting our profit margins to tourism by all-inclusive offers which are low quality...What is the cost of selling your room at the end of the day? I believe when selling your rooms, you should not go beyond 30%with expenses. All-inclusive will have a more rigorous plan and a strain on resources due to the number of tourists. Is it worth it? (HMC5).

We may not discriminate mass tourism because of budget tourists. Unlike niche tourism which benefits selected regions of the country mass tourism may enhance the use of funds within the economy. So long as we have a variety of activities, the tourist will have a choice. However, managers should let the revenue add value to the economy by re-investing. The cheap tourists though should not cheapen the destination; we should let tourists get value for their money and the hotel also reaps profits from the transaction (KI2).

Thirdly, due to the negative impacts of the all-inclusive packages, KI3 and HMC5 its effects were widespread i.e.: cheapening of the destination due to low-priced products and services; high-spending and luxurious tourists' avoided the destination; increased rivalry which led to price competition; HMs inability to expand market share from new sources; HMs overdependence on international tour operators who seemed to control demand; HMs being obliged to sign unalterable contract rates with international tour operators, despite economic influxes in the long-term as summarised by KI3:

All-inclusive packages are also very bad for the hotels because it has cheapened the destination with some of the tourists paying very low rates. Particularly, the budget tourist like the all-inclusive package caters for their flight, meal plan-full-board plus extra drinks and the room. On the contrary, this package is not suitable for the high-end tourists who would wish to travel and spend luxuriously on quality service (KI3).

These findings support Shy's (2008) assertion that price was a crucial attribute in the HI economics, which brings together demand and supply, causing stakeholders in the HI face a myriad of compromises (Espinet *et al.*, 2012). Due to the negative influences of all-inclusive package, HMs' were forced to reduce cost-structure margins by compromising the quality of products and services offered. As a result, HMs believed the all-inclusive approach basically cheapened the destination and simultaneously reduced consumption levels by high-spending tourists as discussed in the following section.

Since the all-inclusive package mainly targets budget tourists and with a one-off charge covering guests stay, many hotels tend to reduce cost structures by using cheap production processes. This has made our hotel product unattractive as international tour operators continue to put pressure on the Kenyan investor, by imposing their own classification and rates. I don't know how the tour operator negotiates with the tourist, because at the end, they bargain for the lowest rates so as to have larger margins for their profits... Interestingly, payment is often delayed, up to six months after guest's departure, making hoteliers dependent on the

all-inclusive market, face a lot of challenges during the variations in demand. Moreover, it is in the tour operators' interest to classify the establishment lower so that they may get lower rates. Such a plan [the all-inclusive package] is not very good, because: the quality of the service is low and hoteliers would not plan to exceed operating costs. (KI3).

5.1.2.2 Consumption Levels

Firstly, contrary to HMC5 and KI3 belief that price-cuts cheapened and reduced consumption levels in Diani, HMC4 claimed cheap packages had positive effects i.e.; increase of mass tourists as well as the market share; matched market needs especially the demand for low-cost travel, hence a favourable solution for countering SIHs as in:

I think lowering rates is a good strategy; it does not cheapen the destination... In Kenya, domestic tourists, and especially the rich, do not want to spend a lot, even in good and classy places; they want exceptional services and do not want to pay the price. Therefore, this does not make the destination cheap (HMC4).

Despite the low rates offered, particularly in low seasons and consistent economic changes, HMs reckoned that tourists' consumption levels were increasingly changing. As a result, domestic tourists' spending power could not sustain the high hotel operational costs, since their demand was not proportionate to the rates offered; the low budget tourists demanded relatively high quality compared to the low-price package. Additionally, ITs' travel was restricted, due to the economic recession in the tourist-generating countries, thus avoiding long-haul travel. Therefore, according to the HMs, hotels needed to create a balance between price and cost-structures, since price reduction did not entirely cheapen the destination, but also, met the needs of the tourists and the market economy. Notably, these findings related to Espinets' *et al.* (2012), who argued that, in order for HMs to avoid putting the hotel at risk, they had to implement profitable solutions and at the same time satisfy their customers whilst countering SIHs.

5.1.2.3 Currency Exchange and Interest Rates

Firstly, both HMs and KIs reiterated that variations in currency exchange and interest rates caused unpredictable inflation in the cost of products and services within a business cycle.

Economic factors have also influenced tourism seasonality, because, it is influenced by the market trends and raising prices of goods which may cause a ripple effect on product and services offered. This is an all-inclusive property and inflation impacts goes without saying. The room rates, food and beverage consumption costs, business centre and all other operational costs and overheads will be affected. As a result, the guest will be forced to pay a higher price than initially anticipated. In fact, time and again, tourists have been disappointed, since they incurred extra unbudgeted costs due to inflation (HMC3).

From this response, it was evident, that hotel rates affected hotel operating budgets as well tourists travel costs. In order to counter this challenge, HMC4 and KI1 revealed that HMs preferred settling bills in foreign currencies, to avoid the risk of losing revenue, caused by persistent inflation within a business cycle. HMs supported this system, claiming that a higher percentage of their visitors were ITs, who preferred customised pay plans to fit their needs. Thus HMs used this as a way of tactfully covering themselves from inflation and so achieves set profit margins and development initiatives. What's more, HMs did not receive any financial support from financial institutions, thus had to find solutions to cover changes related economic influxes.

The challenge is that we quote our prices in dollars, but when reservations are made we give the rate in Kenya Shillings which is a conversion of the amount usually in dollars. Even the special rates or packages are quoted in dollars. Therefore, when the shilling is weak, Kenyans will not travel a lot compared to when it is stronger. The other factor that determines the rates of the products and services is the dependency of international operators, most of which are owned by tour operators (HMC4).

Therefore, due to the use of foreign currency in the hotels, both international and domestic tourists had to cope with the variations currency and exchange rates in case of any drifts. However, domestic tourists were not pleased by such incidents and even so, it was still unclear to the domestic tourist why they had to transact in a foreign currency, hence had a negative perception of the HI.

We have recommended domestic tourism to investors in the tourism industry as an alternative to counter seasonality, because they are available throughout the year. But many stakeholders are reluctant to change their systems. In fact, some properties are designed to meet the specific needs of the foreign tourist. For example, the bills rates and prices are quoted in foreign currency in some of the establishments. As a Kenyan [domestic tourist] walking into these establishment's, what does it tell me? I am not welcome; I would feel more accommodated if the rates would be in Kenya shillings (KII).

Despite the disadvantages linked to the use of foreign currencies and the government intervening for the domestic tourist to settle their payments in the local currency, HMs were hesitant to change this trend. HMs claimed that they faced similar challenges on economic changes and did not received adequate financial support in case of a crisis, hence had to find their own solutions to economic challenges. Notably, the use of a foreign currency and inflation had both positive and negative influences. However, as Ritchie and Crouch (2003) and Porter (1990) reiterated, these features partly eased the impact of SIHs and had favourable economic solutions in entirety, for the profitability of the hotels. For the tourist, the trend has continued to create very negative impressions of the HI's value to the domestic tourists, who were to tour their own country and settle bills in a foreign currency, for the sake of the ITs.

These findings were similar to Williams and Shaw's (1991) assertions, that variations in both currency and exchange rates increased operating and travel costs globally. To counter the negative influences of inflation and a sustainable future of the HI, HMC3 recommended, that HMs had to find affordable cost distribution and market diversification alternatives, so as to retain customers and simultaneously, expand the market scope whilst making profits.

5.1.2.4 Capital Availability

Both HMs and KIs emphasised that credit accessibility was a challenge for privately-owned hotels, and that HMs faced difficulties in maintaining the highly-capital intensive nature of the HI throughout an annual business cycle. This finding supports Akama (2002), that consistency of SPIH threatened the long-term economic viability of hotels. Relatively, KI3 reiterated that most private and public funding institutions undermined the HI's value due to its instability. Hence, it was evident, that neither were HMs able to sufficiently support operational and development activities nor secure needed funds from financial institutions. These findings supported Akama (2002) assertions that due to the nature of the HTI, the economics of HTEs were neither understood nor prioritised for funding by private and government institutions as in:

The economics of the tourism industry in Kenya have not been understood by the government and policy-makers. This explains why, the Ministry of Tourism would be given four billion, merging with other three industries like commerce and the East African community. The funds are expected to support massive institutions, including: the East African Community which is fairly new and requires a lot of funding; the tourism industry which requires a lot of care because it is in the intensive care unit; commerce which is huge. Besides these, sectors, the funds are usually diverted if need be, to other ministries other than its intended purpose. This therefore implies the lack of an understanding of the importance of the tourism industry. I believe, the industry requires a policy that will be able to manage funds, and be able to support hotels

when they have not done well in the season, for instance, supporting their renovations and any improvement in the facilities... (KI3).

As hoteliers, we are also governed a little bit by the fact that hotels are such a capital investment and many borrow money to put into the investment (HMC2).

Therefore, with the continuous inadequate support from government and tourism related organisations, HMs risked long-term socio economic viability which increasingly made it difficult for investors to access funding. However, as KI3 noted, policy-makers, especially in the public sector, had the potential of creating policies that will ensure adequate allocation and ease of access of funding for development in the future.

The new tourism act creates the tourism fund which was originally Kenya Tourism Development Board (KTDC), which is envisaged to sustain the industry but we don't know how this will work yet. However, KTDC was also very much underfunded and couldn't match up to the needs; we need a funding body which will be able to provide good funds in loans to develop a better quality destination and which will possibly be paid back as loans. But accessibility of funds is not only caused by seasonality since other factors are indirectly linked to it (KI3).

In conclusion, both HMs and KIs believed economic factors caused significant shifts in: product pricing; customers' savings for travel; consumption levels; currency exchange and interest rates which were linked to the resilience of the world economy; access to financial support and policy in the HI. These findings are similar to Finlay's (2000) assertion, that all these factors hindering capital availability, were crucial for the effective and efficient operation in hotels, as well as achievement of set development goals for the HI. Similarly, HMs supported Espinet's *et al.* (2012) statement, that in order to achieve these objectives, all stakeholders were required to effectively comprehend HI economics, through consistent scanning, monitoring and evaluation of

the macro and micro-environment, so as to achieve the developmental goals, objectives, missions and vision in the long-term.

5.1.3 Environmental and Climatic Influences

Both HMs and KIs concerns of the environmental and climatic influences on SIHs could not be overemphasized. Based on the findings, most HMs understood: SPIH; its, trends; impacts over time. Despite a history of regular patterns in climatic patterns, all participants thought that SPIH were rapidly changing, which may lead to the persistence of SIHs. HMs believed that little could be done to alter the trend, as discussed in the following sub-sections.

5.1.3.1 Climatic Influences

Firstly, all the HMs and KIs reckoned that, climatic factors had significantly influenced SIHs due to continuous unpredictable weather patterns. Despite the fact that most ITs' preferred the tropical warm climate [the destination Diani], to winter in tourist-generating destinations, demand varied with the changing climate in both destinations. Similarly, the participants believed that climatic changes had created globally-accepted tourism seasons, which were experienced at different time periods in annual business cycles.

Seasonality depends on the ups and downs of what climatic season it is at the originating and tourist destination and the period of the year. But it is also tied to the rainy season in the South Coast, where hoteliers would probably get the largest number of complaints, since the tourists need the sun, sun and the sea (HMC2).

Weather may be a factor influencing seasonality, but it is tricky because there is what is internationally accepted as the trends for seasons. But climate in the source markets is a core cause (K11).

Similar to the arguments by Pearce and Smith (1990), the participants noted that climatic patterns and particularly its predictability made it: a major motivator for tourists (Koenig and Bischoff, 2005); possible for various activities to be consistently conducted or experienced. However, as noted by HMs noted and supported by Craik (1991), changing climatic alarms were apparent, leading to unpredictability of the weather patterns persisted. HMs believed, it was paramount for investors to innovate and create alternative strategies and activities in order to persistently attract tourists and for the sustainability of the HI (Ritchie and Crouch, 2003).

Equally, all participants echoed Espinets' *et al.*, (2012) viewpoints, that by offering quality, memorable and differentiated experiences, demand could be increased hence countering SIHs. In this drift, HMs would not only provide tourists with new experiences, but also expand their platform for creativity and increased opportunities for repeat visits as quoted in:

Weather changes definitely influence seasonality over time, and the only way to counter this feature is to differentiate our product within the hotel. If tourists cannot enjoy the sun, sand and the beach, we have to come up with so many alternatives that may make guests occupied within the hotel (HMC3).

Weather changes may be a probable cause of changes in demand in different tourism seasons. This has affected us where the sea moved into the land and some places moved further creating bare land. But seasonality also relates to the receptivity of the tourist to the destination in addition to the planning, marketing and diversity challenges (KI3).

5.1.3.2 Environmental Influences

Despite the fact that environmental influences did not seem to play a direct role in influencing SIHs, all HMs acknowledged that it was essential to protect the

environment, since: most tourists visiting the destination travelled for leisure purposes; tourists spent most of their time on the beach, on *safari* or visiting natural sites; most business tourist’s itineraries often combined *safaris* to natural sites and parks in other tourist circuits.

Besides protecting the environment, it was unfortunate that South Coast, which boasted of a diverse natural environment with natural attractions including: Diani Marine Parks; Shimba Hills National Reserve; an elephant sanctuary- Mwaluganje; sacred Kaya forest a cultural heritage site (UNESCO 2014); renowned beaches, they were rarely frequented, especially for the parks. HMs claimed (HMC2 quoted below), that the destination did not have much to offer within its environs and that most of the tourists preferred visiting other national parks as shown in Figure 5.2.

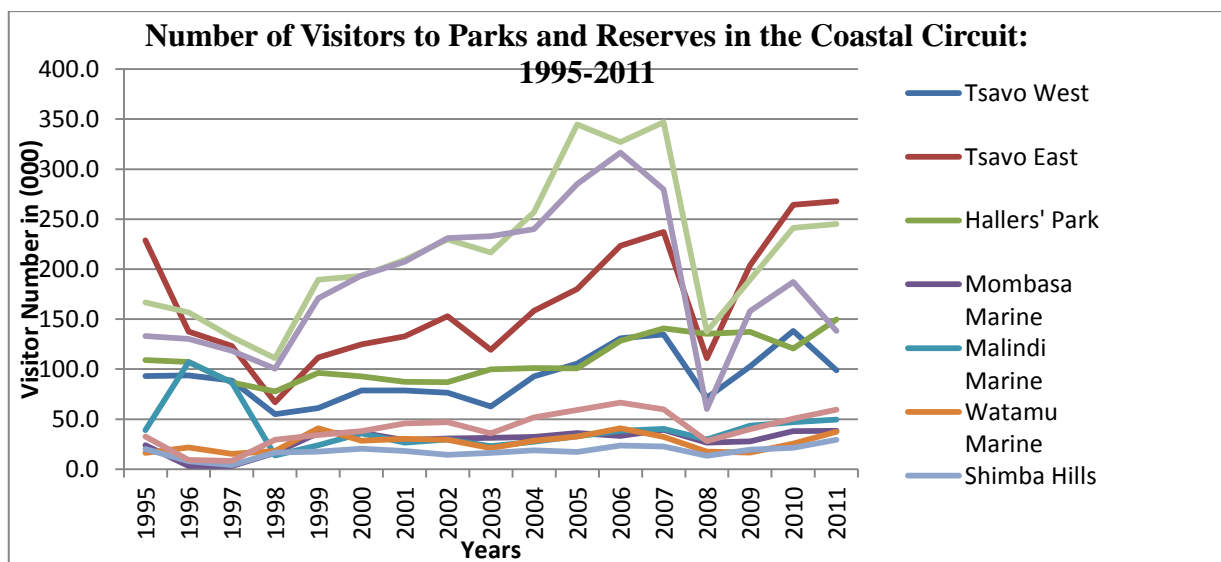


Figure 5.2 Number of Visitors to Parks and Reserves in the Coastal Circuit: 1995-2011

(Source: KNBS 2013)

As a result, over-congestion and over-utilisation of capacity particularly in peak seasons was experienced in other parks, which offered relatively similar experiences to the facilities in the South Coast. This finding was echoed by Craik's (1991), who stated that such over-utilisation of capacity was rampant and the need to protect this natural resource was imperative. According to both KI and HMC2, HMs were in a better position to create suitable packages by exploit available resources and mutual business relationships and or partnerships in Diani, South Coast, so as to increase their market scope.

South Coast has a little of Shimba Hills does not warrant enough traffic coming in...Marginally, I do not think climate should be the issue in this case; diversification of the product will make the difference. Because, when we are not relying on a tour operator, they will stop dictating where our business comes from (HMC2).

The value for the client, business and destination must be made known and we should all pull to the same direction. For example, the parks should know their carrying capacity and follow suit to avoid degradation. Treat your clients well so that they come tomorrow and stop doing a lot of sales which we are currently done through the tour operators. Let us build relationships: communicate the goal and let every parties involved beware and can see value for the money; return on investment to the investor; and as country business forth and an enabling environment (KII).

Lastly, besides the role of climate being highly publicised and Ritchie and Crouch's (2003) supporting its adverse impacts on travel, HMs believed that, SIHs was mainly founded on social factors. Nevertheless, as Pearce and Smith (1990) noted, neither natural nor social factors could be ignored. Thus, HTI stakeholders, needed to holistically analyse and understand the scope, influence and control of such factors, in order to balance demand and supply endowments in a destination.

Seasonality in the coastal properties is out of our hands... We may claim there is a climatic aspect behind it. But what affected us more? Is it climatic change or the human factors that included the global economic crunch? It is more of human factors that influence seasonality. But I believe a pricing strategy is wrong... it ends up being a selling point with tips being offered as commissions for sales deals... the important thing is to take care of the three Ps: People, Profit and Planet. (HMC5).

5.1.4 Political Influences

Both the HMs and KIs believed that the political environment was a force that influenced global, regional, national and local tourism activities. It created both positive and negative influences which impacted on tourism demand in Diani. However, despite the political environment being controlled by various public, private and special interest groups, it has continued to influence SIHs as discussed in the following sub-sections.

5.1.4.1 Recurrent Political Imbalances

Firstly, HMs agreed that Kenya's HTI had shaken over political uncertainty and continuously created a negative image for Diani and the country in general as a renowned tourist destination. The uncertainty and influence of political related chance events confirms Ritchie and Crouch's (2003) views, that it is a rapidly shifting force influencing tourism activities at any destination. Kenya's tourism demand (which is mainly composed of ITs) has not been an exception; it has been highly affected, making ITs' highly unreliable, in event of political instability, thus influencing SIHs.

Equally, all participants reiterated that, political instability, including: pre and post-election uncertainties; local and national politics; immigration modifications; border insecurity; unpredictable and increased terror and bomb attacks affected tourism demand, causing unpredictable shifts in demand in a time-series.

On the one hand, political imbalances have caused major tourist-generating countries to continuously issue travel advisories, restricting non-vital travel to the country by its citizens. On the other hand, international tour operators often bargain for further price-cuts, claiming that Kenya was a high risk area, hence insurers would increase related costs for travel. Therefore, in order to attract more number of tourists, a lower rate has to be issued to cover for the hike in insurance rates. Furthermore, due to the negative media publicity and trend of concurrent violence, tourists too have the perception that Kenya is insecure during election years or specific events within the destination as quoted in:

While Diani attracts more of a middle class market, it is affected big time by politics. In times of instability, tour operators seek for price - cuts so as to bring more tourists and this has put us in a trap. Because, when things are good prices do not go up; the latter doesn't work effectively. Thus, source markets will see the headlines on Mombasa Republican Council demonstrating or something else, and this kills your business for the next two months (HMC2).

Every time we are about to have an election, they do not sell Kenya one or two years to the election date (KI3).

Secondly, HMs noted how unfavourable an unstable environment was, especially for the ITs. HMs appreciated the support provided by domestic tourists and believed domestic tourists remained the only viable long-term solution for countering SIHs. It was evident, that, increase in domestic tourism, would probably help sustain HTEs not only during the slumps, but throughout a business cycle and before, during and after election years, closing the demand variation gap linked to these activities and seasons.

During various political imbalances, our domestic tourists help us a lot. Like in 2007, after the post-election violence, domestic tourist promoted us most. Some travel agents will tell international tourists to travel but at their own risk, especially when the country is unstable due to political or other security issues (HMC6).

Political issues are definitely factors influencing seasonality. Like in 2007, during the post-election violence, arrivals were inconsistent. When such things happen, causing political instability, definitely, tourists will not come. The other challenges has been the political cycle has been very bad such that we do three steps forward and three backwards every time we have a political instability (HMC3).

Thirdly, as a result of the series of insecurity incidents, Kenya's image has been likened to an insecure land, for its citizens as well as its foreigners, hence not safe for travel. As a result, tourists are sceptical about visiting the country. However, according to HMC5 political instability has been a persistent phenomenon and had led to changes in the type and perception of the tourists globally.

Hence, if the trend persisted, some adventurous tourists' would still travel despite the attacks, insecurity threats and subsequent government advisories. But, for this to be effective, HMs were required to work towards creating different products through creating value-innovation for the tourist, so as to increase their intent and desire to travel amidst these influence.

The South Coast is affected by local politics in terms of the fact that anything that happens in Kenya severely affects the destination. Often, very small indications of insecurity, leads to travel advisories being issued for non-vital travel to Kenya. If the governments' continue announcing the same, it is not easy to travel (HMC7).

I do not think travel advisories affect seasonality because not all these advisories may affect us. Countries like the United States of America (U.S.A) are not our major source markets, so why should their travel advisories affect us? In Europe, United Kingdom, Germany, and Russians on the other hand are the target market. In fact, the Russian government does not issue travel advisories. With, more and more boutique hotels coming up to cater for the Eastern Europeans, South East Asia is also coming up and they have a product which they are leveraging: Black tourism (HMC5).

Nonetheless, KI3 believed that HMs aim of re-packaging tourism products and diversifying the market in order to counter SIHs seemed futile, if political imbalances persisted. According to all KIs, SIHs was market driven and could be controlled, compared to political instability, which affected demand in the local, global and regional scene.

5.1.4.2 Government Support for HI development

Firstly, both HMs and KIs believed the government inadequately played its role of supporting development and growth initiatives for the HTI. KIs reckoned that, though the government envisaged increasing tourism demand and to be ranked amongst leading global long-haul destinations (GOK, 2006), the vision was farfetched. Particularly, KIs doubted the government's ability, dedication and readiness to build, invest and shift its: infrastructure; image; quality; capacity of its products, services and policies to match the needs of the market.

The government has not done enough either, because when you look at other leading destinations, respective governments really support the industry, not only in terms of their national carriers. They have gone ahead to adopt open skies policies, such that there are flights landing freely, with subsidized rates, in Kenya it is different. The land rates here are very expensive for the carriers because the government is trying to protect the life of Kenya Airways despite them being so exorbitant in price. We require a carrier that has guaranteed seats; that a flight will go to the UK and fly directly to the Coast (KI3).

Secondly, besides the inadequacy of the infrastructure, HMC2 stated that the existing resources required renovations, especially the Ukunda airstrip and Likoni ferry services (see Figure 5.3, Page 169), to enable easier, faster and direct access of the destination by road or air.

The HMs recommendation were based on the fact that ITs preferred fewer connections, as well as charter airlines directly accessing the South Coast. However, the lack of an infrastructural capacity to support this, caused loss of business from both the airlines and tourists. These findings emphasised the necessity for the government to increase support for direct connections to Diani, especially where long haul travel was concerned as in:

Unless and until we start getting more direct flights, particularly into Mombasa, we will still have a problem. We do not see the same level of seasonality affecting other parts of the country since they tend to be more year round and have direct in-coming traffic through Jomo Kenyatta International Airport. However, the direct flights can and not be done in South Coast, since there are two problems; the maximum capacity of the airstrip at Ukunda limits how many people you can accommodate at a certain time; the diversity of the product is not enough to...South Coast has really tried to shift demand from Europe or reach out to other destinations, but its access is the issue; there are very few direct access flights which is a great issue. As long as you do not have direct flights coming in (for example, if Asia is the originating destination you have to go through Nairobi to get to Mombasa) it remains a challenge. The times we have had direct flights were from South Africa. Despite it being a success, it did not last since it was a new market (HMC2).



Figure 5.3 Image of one of the Likoni Ferries; used to connect the Island to Kwale

(Source; Authors Gallery, 2013)

The government should play a big role on developing infrastructure like roads. For example, when tourists go on safari, the government receives a lot of money in forms of levies and tax, however, the roads remain very bad. A 30 minutes' drive distance, takes 1 1/2 hours or even more. The problem too with the ferry and road to the parks is unbearable. There have been proposals on building a bypass to reduce the ferry problem from the Moi International Airport to Ukunda, but this has not been implemented. Thus the tourist either takes 2-3 hours in the jam before getting to the ferry (HMC7).

The worst case scenario is if the guest is travelling from Germany and had a long connecting flight through other destinations (for example with Ethiopian airlines), by the time the tourist lands in to Mombasa and gets stuck in the ferry, we have to book them late dinner; this is usually a very bad experience. At the end of the stay, the tourist will say (and especially if it occurs on their first trip to this destination), that they would really wish to come back but because of the ferry they doubt if they can. (HMC7).

Besides infrastructural development, the participants reiterated the need for the government to enhance the destination's image through increasing its sanitation facilities, beautification and maintenance. KI3 believed that the jam-packed and dirt filled streets of Mombasa, neither matched international standards necessary to achieve the country's vision in becoming a long-haul destination nor commensurate to the leading destinations the country sort to compete with.

The government should also work on the infrastructure and other issues like cleaning the town. When you come into Mombasa, the town is very dirty and there is huge traffic (KI3).

Thirdly, it was evident from HMs responses that infrastructural challenges not only affected tourists by delays of itineraries causing first bad impressions, but also, uncertainty for suppliers and potential investors. These findings support several researches i.e. Finlay (2000), Akama (2002), Ritchie and Crouch (2003) who stated that potential investors and tourists did not intend to invest or return if the challenges of accessing the destination persisted.

Hence, both KIs and HMs emphasised the need for the government to re-invest profits earned or otherwise increase the budgetary allocations for remodelling the entry point's image and connection to the South Coast. KIs believed the government risked maintaining the SIHs trends in the destination if the poor infrastructure and consequent negative image of the destination prevailed. Fourthly, the participants thought the government was not effectively and creatively carrying out its role of ensuring policy creation and implementation. These findings related to Koenig and Bischoff's (2005) assertions, that governments undermined the importance of creating a suitable environment to improve the destination's potential for HTI development:

I do not think the Ministry of Tourism is helping; lethargy. They are in their plateau thinking; not thinking outside the box, they are just thinking within, just look at what South Africa is doing. The government advocated for mass tourism but it is also affecting tourism; yes you have many tourists, rooms are full, but as hoteliers we end up cutting your margins to tourism by all inclusive offers which are low quality. (HMC5).

There are so many taxes that the homestays are not paying and the apartment. They may be taking away business, but we hope the government will take it up and create a policy (KI3).

As a result of the government's ineffective HTI system, it failed in creating, implementing and sustaining set policies, and so could not control marauding lobby groups which took advantage of the gaps within the system. Moreover, the number of rogue operators was rising and did not deliver services as promised. KI1 stated that this trend was creating a negative image for the destination through the increased numbers of disappointed tourists, hence the tenacity of SIHs as they shifted to other neighbouring destinations.

5.1.4.3 Government's Transition, Appointments and Policy

Despite indications that the government had put in place deliberate efforts to revitalise the HI, both KIs and HMs believed key policies to enhance implementation of the desired changes were lacking. Equally, developed policies were not prioritised in varied reform agendas in order to meet HI needs as in:

There is also no policy to counter rogue operators. There is an act; the tourism act, but it is still not been operationalized because of the transition into the new government. When this policy was to be implemented, the new government came in and it has since restructured the office, leaving tourism to be managed under a small department within the regional ministry (KI2).

Political factors do affect influence seasonality and I do not think the government is doing enough. I think they should go an extra mile in trying to make Kenya a holiday destination. The only thing is see them do is lowering visa fees, but do not really engage themselves in showcasing what the industry really is (HMC4).

Moreover, the participants stated that implementation of proposed transformations in the HTI were always delayed due to: bureaucracies during transition processes from one government to another, slowing implementation of pending propositions; the government's diplomatic structure which interfered, delayed and reduced the effectiveness of tourism related functions (i.e. appointments of ineffective or unqualified public and private officers, incapable of managing and achieving set HI and tourism objectives and responsibilities); elimination of key Ministries in the national agenda when implementing changes in the HI. Subsequently, KI1 feared that if this trend continued, especially with the implementation of devolution, the lack of professionalism and ineffective role of government in countering SIHs, was probably leading to the HI and tourism downfall as in:

Politics should not be used to interfere with the recent structures put in place to manage some of the Ministry's activities in the counties. Some of the politicians are appointing individuals with no background in tourism to manage tourism offices in the counties. This will be a downfall for the industry in the future. Some of the people handpicked for appointments cannot perform tasks allocated to them; the counties should make a point of selecting the best in the region for these jobs...The Ministry of Tourism has to be engaged in the activities taking place in the counties because they have professionals who may advice on various challenges on the ground. Let not the Ministry's staff stay in the office; they will never reach out to the destination and understand their demands (KI2).

Thirdly, KI3 believed that, SIHs was also linked to the HI's: low operating standards; unstandardized products; less funding and its subsequent misappropriation; lack of a clear understanding of its functionality and role in supporting various pillars within the Ministry; stakeholders lacking the knowledge and understanding of the various policies governing their operations.

The lack of an implemented policy framework is our problem. Did you know since independence our tourism industry developed by default? We did not have a tourism policy. We have it now, as of February 2012, but we have not started implementing it. The lack of a legal framework has made us have very low operating standards. Unlike countries like Rwanda which have a policy, in our case, we wouldn't know what star rating should be sold at what rate and the type of package. Every stakeholder has their own standards of operating, but with such a policy framework, we would know. I believe it is possible to streamline this; we just require good will and everything will be done...We cannot be a Ministry whose budgeted funds are always re-allocated when tomorrow, other needs in other Ministries prompt the government to transfer tourism funds to solve other problems within the government, when we are doing so badly. I think the tourism industry is not understood, because some time back, we were leading and everyone was travelling to Kenya. Then, Rwanda was not there, Tanzania had not explored its tourism potential and Uganda was in wars and cues; Kenya was peaceful and everyone came, but nobody bothered to put in place a policy, and the lack of it has made people never to understand tourism. The industry requires heavy investment and its returns will be instant (KI3).

In summary, the political challenges discussed in this section were confirmed to be very uncertain, yet according to the participants, Hughes (1994) and Akama (1997), the very fragmented nature of the HI required a suitable socio-political environment. The government, had worked through various measures and further promised to ensure political stability, but KII doubted the success of its mission and vision, since the HTI remained very susceptible to slight political imbalances causing insecurity. As a result, the participants believed, the government had to increase its support, if it intended to achieve its set objectives for the country's second income earner and a pillar for achieving its Vision 2030 (GOK, 2007).

I don't know if the vision 2030 of becoming a long haul destination will be achieved. It is tricky because ... so many factors are beyond us. There is nothing we can do to Somalia. If they decide we won't be peaceful, we suffer. The other challenge is that the government says it's targeting this number of tourists, assuming they come in today; there is nowhere to keep them (K11).

Also as we talk about product development, we should be able to propose but also talk to the stakeholders on the possibility of fronting these ideas to be implemented since we need to retain tourists through variety (K12).

Additionally, the participants believed the government had to support its legal framework, which directs HI functions, growth and development. Relatively, the government was also expected to work together with related intermediaries to ensure sustenance of these transformations for the long-term attractiveness of destination through its legal framework.

5.1.5 Legal Influences

Firstly, both HMs and KIs were concerned about the classification criteria of hotels in Kenya's HI. All participants believed the government's role in creating a suitable legal framework for hotel classification had been overlooked and evident in KI3 quotation.

It was clear from the results, that though the criteria had finally been created, its implementation had been undermined by process of determining the classification criteria, standardisation and training of the respective players. Thus, the hotel rating criteria remained unclear making it difficult for the government to: establish the rating standards of most of the properties; evaluate and maintain desired standards on the basis of a current legal framework; ensure that HMs were up to date with the required information since they were not included in such programs. According to KI3, the lack of direction of which classification criteria to adopt was uncalled for, since, the immediate law would be applied in determination of hotel standards.

In Kenya, classification is the work of the state unlike other leading destinations, where you have the AA whereas other countries use the private sector as an agency that does the classification and is recognized by the players. Because of the political situation in Kenya, classification has been done by the government over the years. We have had what we call the Hotels and Restaurant Authority Act that stipulated that classification has to be done after every two years. The last one was done in 2002 and it was very controversial because the stakeholders did not own the process. Later, the Minister in 2006-2007 (when East Africa was coming together as a block to market the region as a destination) created the East African Criteria for Classification which is new and needs to be adopted; various stakeholders were trained on the criteria, we did a pilot and classification, but in the end, it was not conclusive because of the way it was being rolled out by government. Classification should be continuous process but this time it was done in stages and many properties did not participate, because some were actually closed because of low business and the results have never been released. So what is happening, if anyone is planning to be any star it is according to the 2002 rating. However, according to the current act, such rating is null and void because after two years, the standards were supposed to be redone. But the law says in absence of a new process of classification, the immediate classification takes precedence...So many times laws have been made that have been very counterproductive to the growth of the industry. So as to improve these laws, we have advocated for the rewording and restructuring of some of these. The problem is because of the lack of the act, linking it to the tourism industry (KI3).

Indeed, there was need for the policy to be restructured and linked to the tourism act towards creating an integrated framework for related intermediaries to holistically: solve the stalled creation of the hotel rating criteria; improve the levels of service; enhance standardisation of the hotel product, which had led to a negative image. Secondly, KI3 believed there was a need for government to implement the funding and grant policy in order to support the HI's internal and external functions.

The participants believed set policies barred HMs from easily accessing funds, operations and / or implement development initiatives. For instance, some of the laws enacted strained leisure activities and generation of revenue through: restrictions of times to sell and consume alcohol; high taxation of investors; HMs requirement to register and renew a range of licences; some of the lengthy procurement processes which not only slowed service delivery but sometimes led to losing tender applications; hoteliers being expected by law to engage permanent employees and pay a minimum wage despite the high costs of operation. With such a trend, HMs believed, HTI investors would not sustainably operate all year round, hence closing down to avoid making a loss.

The government should heighten their support for the investors because they have never been given a strong backing. The investors have thus gone ahead to find a way to survive by modifying their business models in order to survive, because the government is coming up with very prohibitive rules and regulations. For example, the alcohol act is a very good law, but how will you explain to a tourist who wants to come out and have fun, that they can only drink alcohol in specific hours, yet this does not happen in other destinations. The government should instead give incentives, because again we are highly taxed in the industry. While every other sector is charged 16% levy we are charged 18%, which is just too much taxation and still required to pay minimum wage with our variations in occupancies. This is why we have seasonal workers even if it is not recognized and who are now moving to work in other destinations; these are the cream of our society (KI3).

Thirdly, as HMC5 noted, legal issues posed negative challenges, which led to some of the hotels going into receivership and tour operators and potential investors shifting destinations. HMs believed that such properties had failed in their attempt to sustain operational costs as in:

Legal issues will always affect hotel operations. Case in point; Alliance has been on receivership, it partly sold out to Simba lodge in March 2013. There are also so many licenses and certificates a hotel is meant to get, which affects the rate at which we get our business permits renewed. Both the pre-qualification stage in getting any business permit and the number of documents needed to be presented delays the whole process and the pace at which certain activities are conducted in the hotel. How would international tour operators come to Kenya, if they are as well subjected to such regulations,? They will relocate to Tanzania and now Arusha has become the safari capital in Africa (HMC5).

To sum up, the findings on legal factors influencing SIHs reflect the views of various authors, who believed that governance, had indeed become a core challenge in the HI. HMs intended to entirely control their internal functions but at the same time accountable to bodies mandated to govern their regulatory requirements. According to Finlay (2000) and Ritchie and Crouch (2003), such is a complex issue, since legal frameworks were regulated by several structures in the government, policy, lobby and pressure groups, which hindered the long-term viability of solutions put in place. In addition Duvals', (2004) assertion was also confirmed, there was inadequate cooperation between tourism stakeholders and related bodies, nationally, regionally and globally, hence the tenacity of SIHs the HI. Therefore, it was paramount for the stakeholders to share information in order to counter SIHs as discussed in in the following section.

5.1.6 Informational Influences

As a result of the various gaps identified by the participants in relation to the role of the government in developing a suitable HI policy, overseeing tourism development and sharing of the outcomes, the participants believed the government was not doing enough. Thus, there was need for the information collected to be analysed and shared as in:

In many cases, the statistics collected is spot-on; but it is not enough to collect. You would rather collect synthesize and then give me. If Europe is number one; leading as Kenya's tourism target market, then what? It is not enough to collect and synthesize, you have to give it to me and tell me what to do. The Ministry of Tourism should advice and probably provide propositions on the way forward after collecting tourism statistics [the statistics should cover the whole country] (HMC5).

On the other hand, there was need for a clear, cohesive plan and layout of information, necessary to effectively communicate to the global market. According to Duval (2004) lack of an informed body of industry players posed challenges to creating suitable measures and responses to SIHs.

Many times tourists would use the internet to seek information about the country, but the internet sources have been very poor, they are never coordinated and our own media publicity has not made it any better. Many other leading destinations have invested in technology and have very good websites. In our case, KTB is currently working on one, which is expected to be a very good website, with information directing our clients on: what they would do or visit when in the country; what happens where? ; What rates are there? The current website is very poor. Additionally, our rates are not regularized; with hoteliers formulating their own rates. As a result, the publicity out there is negative; but when somebody comes to Kenya, they find very good things that do not reflect the negative image on the internet. Even so, travel agents and tour operators are not making any consideration of this (KI3).

Moreover, KII reiterated that there was need for a better platform for sharing information to ensure those tasked to manage and oversee HI activities had the correct knowledge to carry out the job and accountability thereof.

...The information provided [for instance in the websites] must have a clear plan. Balance education and policy, where there is education and there is the rule of diplomacy and of the town. Give information and let these stakeholders be aware of what is expected of them (KII).

5.1.7 Social Influences

First, according to both HMs and KIs, there was a shift in the social environment, caused by over-utilization of the destination's capacity in the short peak seasons. According to Koenig and Bischoff (2005), such over-utilisation not only strained regular activities, infrastructure and services but also increased the number of tourists' at the destination. Furthermore, the government and related stakeholders were expected to increase funding in order to achieve the intended expansion and reduce the negative implications on SIHs caused by over-utilisation of destination capacity.

Secondly, due to the increased traffic of tourists from diverse cultures, the findings confirmed Finlays' (2000) assertions, that changes in lifestyle were evident, as a result of increased interactions of locals with the tourists. Specifically, sex tourism was rampant and was, believed to have been initiated by the increased socio-cultural interactions and a relatively increasing number of unregulated privately-owned villas, apartments and homestays. Despite the acknowledged sex tourism benefits (increased revenue from repeat visits), HMs feared that its persistence would negatively impact on the image of the destination, through prostitution and degradation of culture.

Sex tourism is not a big threat, but it also paints us in a bad light since we are a family destination. It doesn't however happen in hotels but in villas, apartments and homestays. Because of the way these establishments are structured and operated, it is not easy for the government to know what is happening there, unlike the hotels that are open. However, this product can be capitalized and can be harnessed to increase occupancy (KI3).

In the context of the community living around South Coast, many of the residents here have had relationships with some of our repeat clients, who therefore are forced to return and visit their lovers. This issue though is really complicated. Since many of the locals here do not go to school, normally class 8 or 7 dropouts, they look out for the 'mzungu' (the whites). These relationships end up making the tourists keep coming back from their originating destinations. This practice has over time not only boosted tourism but has also had negative impacts. The negative aspect relates to the development of prostitution which has ensued and will soon create a very bad image of the destination (HMC3).

Thus, it was paramount that HMs and all stakeholders in the HI to understand tourist attributes and create a balance between socio-economic and socio-cultural factors. If effectively managed, they would probably reduce the risk of losing potential tourists and image of the destination, in the long-term.

5.1.8 Technological Influences

Firstly, technology was believed to have influenced positive effects for countering SIHs in the destination through marketing. Nonetheless, the HMs believed, there was still a gap that caused the persistence of SIHs and that all investors were required to improve their investment and innovation prospects. Additionally, all HMs needed to eliminate the fears that technology would be a source of increased rivalry rather than a solution; instead, they had to stretch their financial capacity by investing in such assets.

We are still capturing technology, but from my research, the whole of South Coast properties are still lagging behind, hence there is need to leverage e-commerce. It is not enough to say on expedia or trip advisor, about what you are doing. The question is whether you have the systems in your hotel that assures a seamless flow of information, for example, having a back-up of all guest history to track guests who are in-house and even after departure. With such a system, it is easier to retain clients than getting a new one (HMC5).

Secondly, both HMs and KIs believed that technology would enable them to create a theme of the destination and advertised through a common website, to enable reaching out to a wider market scope and assist in countering SIHs. The website will not only be a platform to sell the destination but also a worldwide link to all tourism stakeholders and particularly, the intermediaries who collectively sell the product and services.

...We may also need the creation of a website...however, currently, every investor seeks to show they are the best in comparison to its competitors ... but for this to be successful, hoteliers have to link up...create similar objectives from the collective needs of the properties within South Coast...and sell the destination as a package...(HMC1).

The challenge however, was believed to be caused by: the already existing negative image of the country due to increased proliferation of international and local media, which was mainly believed to air negative news of the destination and the country; the probability of increased imitation of the products since the website would serve all the hotels, hence there would be little / no differentiation and variability of the products: lack of accountability of the website use and information posted on its pages.

However, when you go to the international media, the kinds of advertisements are quite different. I cannot say this in parliament, but you will find guests calling on mobile or e-mailing asking if I may be able to go out of my house to work and how I am able to do it. Through these advertisements, guests have the belief that the country is so insecure that as employees we need security to go to work (HMC6).

We may also need the creation of a website to market our destination, since this seems to be an influence on seasonality. However, hoteliers would have to link up for this to work...As a result, managers need to sit together, create similar objectives as properties within South Coast and probably have a brochure that sells the destination as a package. A website may help, but it has to be guided by specific objectives which emanate from collective needs of the destination. Such that, when someone looks at the website and sees the plan, it may help reduce seasonality (HMC5).

Thirdly, technology was believed to be a cost-cutting measure for investors, given the high advertising costs for print media. Subject to incorporating technological changes, KII believed, it would not only improve attractiveness, but the destination would increase its market share, hence eliminating SIHs and the individualistic mind set of the HMs, since they would all be equally benefiting from the investment.

In value creation, do not just give the basics but respond to the needs of your clients. Innovation, you should beware of the changes in trends, embrace technology in terms of making bookings payments and many more, but the industry is quite slow in embracing this (KII).

However, as KII noted, for sustainability of the technological investments, HMs needed to: be aware of the rapidly evolving technological trends; link all their operations to global HT systems standards, so as to create faster and efficient processes; create new products for variability, matching them to changing consumer trends and wants.

5.1.9 Summary

The macro-environment has explained some of the factors which have influenced SIHs for decades now. The responses indicated the need for a holistic contribution and link of the intermediaries so as to offer more attractive products whilst increasing the market share for the destination as well as hotels.

This relationship was expected not only to create long-term innovativeness but an attractive destination to non-customers, reduce rivalry and create a wider link and access of the global and local market, hence countering SIHs. The next section presents the results of the influences of the micro-environment on SIHs.

5.2 Micro-Environmental factors influencing SIHs

The key tourism stakeholders in this research were established as including: airlines offering charter flights to the destination; international and local tour operators; hotels; restaurants; and other food service outlets within the destination. According to all the participants, these stakeholders played a vital role in attracting and retaining customers while at the same time shaping the image of the destination. However, as explained by HMC2, HMs did not understand or have adequate comprehension of the concept of a destination, hence the lack of a coherent relationship amongst hotels and related intermediaries.

South Coast has never understood the concept of creating a destination as opposed to just hotels. A destination is a place where you can join and there is free movement of operations and facilities offering complementary activities. Tourists visit and there is something to keep them occupied and can freely move, regardless of their choice of establishment (HMC2).

5.2.1 Suppliers Influences

5.2.1.1 Quality of Supplies and Maintaining Supply Chains

Firstly, both HMs and KIs acknowledged that, suppliers provided key inputs, such as training and primary produce for their establishments. However, HMs could not sustain consistent supplies annually, due to the: high cost of hotel operations; anticipated low occupancies, yet HMs were expected to achieve hotel's targeted profit margins or at least break-even in addition to sustainably maintaining the supply chains and long-term operations; annual closures during the low seasons.

Similarly, HMs and KIs responses relate to several researches, for instance, Duval (2004); Espinet *et. al*, (2012) and Koenig and Bischoff (2005) asserted, that HMs often found it difficult to maintain supply chains due to low revenue projected in future forecasts.

The economic crunch too in the developing countries has led to hotel businesses experiencing difficulties... as a result, standards of operation are declining, suppliers are similarly challenged, since they only supply subject to demand of the product (KI3).

Suppliers are also facing a predicament because they have to supply for a given period of time; there is no stability for them. If we get everything correct we will not have to close and suppliers will not face such predicaments again (HMC5).

In summary, suppliers significantly influenced SIHs which supports the assertions by (Cooper *et al.*, 1993), that HMs failure to support suppliers due to unreliable demand and supply chains, risked: shifting dependable suppliers to other destinations; varying the quality of service due consistent changes of suppliers, raising consumption and production cost levels.

Subsequently, these findings also emphasized the need to enhance innovation and other technological roles by suppliers in order to improve the destinations': products; services; image; attractiveness. However, to ensure its effectiveness, a coherent link between stakeholders and government was required as will be discussed in the following section.

5.2.2 Hospitality and Tourism Enterprises Influences

5.2.2.1 Employee and Managers Training and Exposure

Despite labour being acknowledged as a vital factor in the HI, both HMs and KIs questioned the level of professionalism in service delivery and subsequent customer satisfaction which negatively impacted on the image and quality of hotel services. As a result, the participants emphasized the need for employees to consistently undertake refresher courses and / or training. However, due to increased seasonal employment and the challenge of sustaining a competent supply of labour, HMs found it unviable to invest in long-term training. Nonetheless, some HMs offered 'on-the-job' training to permanent staff, in attempt to maintain operating standards of various skills or alternatively, reduce the risk of losing their proficiency in the future.

On the other hand, the participants noted that most graduates in HT related field did not join mainstream operations in the HI. On the other hand, various affiliated lobby groups and associations, which were mandated with role of creating awareness and enhancing the image of the destination had failed.

These groups not only undermined the significance of their outcomes but also did not emphasise the need for: creativity; innovation; exposure; a clearer understanding for change, adaptable to new market trends and demand.

Managers require adequate exposure in tourism related management and operations management. If you have a manager working for you and he/she has never left South Coast, what does that mean for you? These managers must be exposed to national and international professional organizations to understand the contemporary issues influencing the tourism industry. I have been conducting the ASTA – American Association for Travel Agents and ATA- African Tourism Association. These are international bodies which offer advice on the current issues facing various sectors in the industry. I am also conducting the national Tourism Kenya Chapter but the stakeholders are not recording good attendance to this project, though it focuses on the American market. Therefore, if the managers are not exposed, how will they improve? Another undoing is the fact that some of the managers are appointed as long as they are able to effectively communicate in the language of the largest targeted market, for instance German. I had to start a campaign to enhance mobile training camps, for the managers to gain some training in hotel operations management since they were working with no foundational training and professionalism. Exchange programs may also work for officials and industry staff to learn from other operators (KI2).

5.2.2.2 Lack of Strategic and Symbiotic Relationships between the Enterprises

It was evident from the findings that hotels formed the largest part of the businesses in Diani. All the HMs were reluctant when asked about their interest in joining or supporting associations whose aims were to enhance development initiatives in the South Coast. HMs claimed that they feared exposing their longstanding brands and networks to a non-committal body whose future and management was obscure. Thus, the HMs advocated for specific basic features to be streamlined and strategic destination planning and management to be enhanced through an effective and reliable structure, before fronting the creation of a holistic link of the HTEs in the destination as in:

We do not have a formal association for the hotels but we have the 'South Coast Residence Association' where most of the members are senior HMs in the properties along Diani. However, there is need for such an association, but we would we probably need someone to push for it and ensure it achieves its objectives, since we don't benefit from its full functions. We will need to understand the fundamentals of its creation and its potential benefits (HMC6).

Moreover, due to extensive rivalry and fear of the HMs to engage in relationships to enhance equal opportunities for development and attractiveness of the destination, they segregated existing projects due to the lack of support and willingness. Furthermore, it was interesting to note that associations biased their representation and activities to subscribed members, claiming it offered free membership and would only support interested parties by lobbying for their specific needs. Looking at Figure 5.4, only registered members were represented and a warning was further provided in an adjacent board (see Figure 5.5 Page 188) - that no other bill board was expected to be created along-side, without the South Coast Residents Association consent.



Figure 5.4 Representation of the Properties Located South of Diani, South Coast, Kenya

(Source; Authors Gallery, 2013)

Membership of the associations is voluntary in Kenya, so the stakeholders are not obliged to join. But in case of challenges like security, we do not segregate but the association creates a platform for ease of performance and entirely funded by members of the organizations (KI3).



Figure 5.5 Representation of the properties Located North of Diani, South Coast, Kenya

(Source; Authors Gallery, 2013)

As earlier noted in Figures 5.4 and 5.5, such is an indication of non-cooperation between the stakeholders, which hinders a holistic growth of the destination, despite KI3 noting that HMs were neither segregated when seeking membership nor obliged to join. This finding supports Poter's (1998) assertion that positive effects such as increased innovativeness, customer responsiveness and ability to explore new market opportunities were unlikely, if only HMs took advantage of the fact that they shared most of the destinations' resources.

5.2.2.3 Increased Rivalry

As noted in the preceding section, both HMs and KIs believed investors were sceptical about the success of cooperation's between the HTEs, since some sought to expand their market share at the expense of others – an idea supported by (Ritchie and Crouch, 2003). On the other hand, rogue players and groups ruined the image of the destination through deceitful business deals and operators. However, K11 and K14 acknowledged a slow but growing recognition of alliances, and needed to be eliminated, if its objectives were to be achieved.

I think by all means strategic alliances would help tourism stakeholders to counter rivalry. But businesses in Kenya today cannot allow, they just think of me, myself and i. But slowly it is working and organizations are trying to put themselves together. The counties too would probably assist by profiling the product, sell and market their cultures too. However, alliances have to be controlled because they are dangerous. It is from alliances that we get cartels which exploit through fees and other forms. But this is where the regulation authority must come in. It's easy to manage a group since they would: not entertain briefcase operators working within them; control rates; share information and technology to market their services; enhance standardization, unlike working independently under extensive rivalry. Alliances will also involve, monitor and control other supporting facilities like taxi operators who charge exorbitant fares (K11).

These findings relate to the assertion by Espinet *et al.* (2012), that enterprises would not be able to double or increase their market share if rivalry persisted, since, HMs failed to look at the bigger picture or the future of the destinations' market demand. Additionally, HMs expressed doubt of the plan's success, especially if management structures which led to bad policies and supported by (Akama, 2002) would not be transformed. Nonetheless, HMC1 believed, that if associations would be streamlined, they would help reduce the single minded pursuits believed to hinder a suitable foundation for creating uncontested market - space.

Therefore, it was really important to ensure that hotels and their related alliances were reliable, unbiased, trustworthy and able to achieve set objectives without any forms of corruption or deceit. Otherwise, not only would the image of the destination be tainted, but also, rivalry, which limits growth of the market share to existing sources.

I have heard of a South Coast Tourism Association; it would help because there is always competition and rivalry. But through the association, hotels should come together to discuss the way forward in countering seasonality [SIHs] and grow the industry at large. The hotels will also work together in marketing the destination; reduce rivalry and share knowledge (HMC1).

5.2.3.4 High Dependence of International Tour Operators

It was evident from the results that hotels over relied on foreign demand. These findings are confirmed by the KNBS statistics on international arrivals and bed occupancies and are illustrated in Figure 5.6.

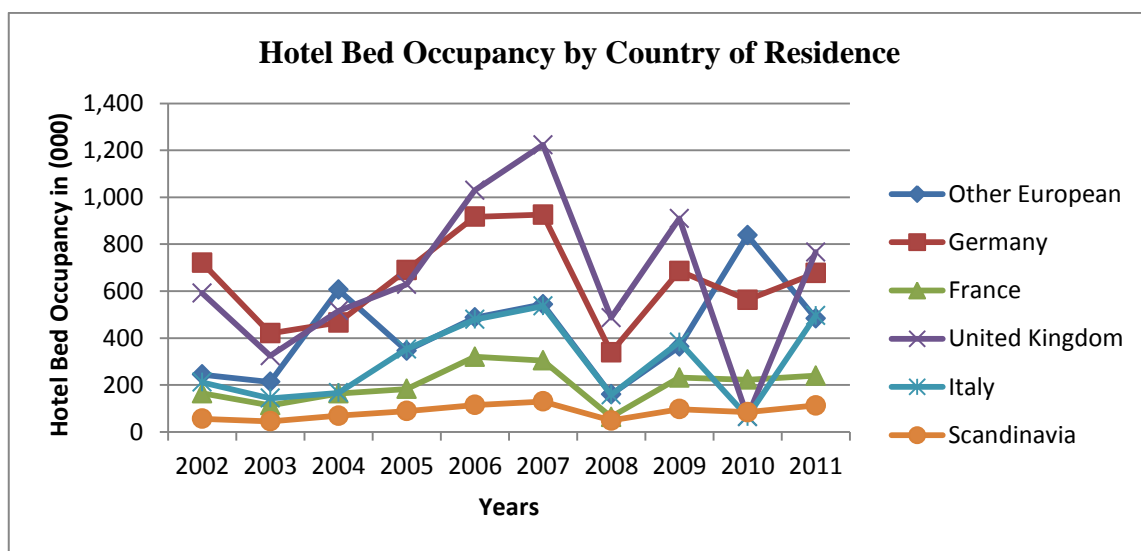


Figure 5.6 Comparison of Bed Occupancy by Country of Residence

(Source; KNBS, 2013)

Seasonality is also linked historically by the way contracting with the major tourism operators has been done. Since most of the demand is generated by operators who are bringing in charter airlines, the tour operators more or less dictate where they are going, because their seasons go according to the time of the year and the destination. For instance if a tourist originating destination is Germany, for a certain time of the year, the tour operators will be taking their safaris to the far east or the Caribbean. This is as long as long haul travel is concerned; where more than eight hours travel is concerned. So, the charters will come in to Kenya at a certain time and stops whenever the season ends. Thus, these have been the biggest causes of seasonality; that we are much dependent on these markets and at the mercy of the people operating the charters which come in and out of the country (HMC2).

Many hoteliers will not open up for many buyer groups because of the feeling that the cake is not enough for everyone. But it's more than enough, that's why the coast does not want an international conference centre. On the other hand, they have not exploited the potential of domestic tourism in countering seasonality [SIHs] (HMC5).

Despite over dependence on ITs, Figure 5.7, supports the fact that regional and domestic tourists (especially in Kenya), are indeed potential and viable long-term sources for countering SIHs, subject to understanding reasons for demand.

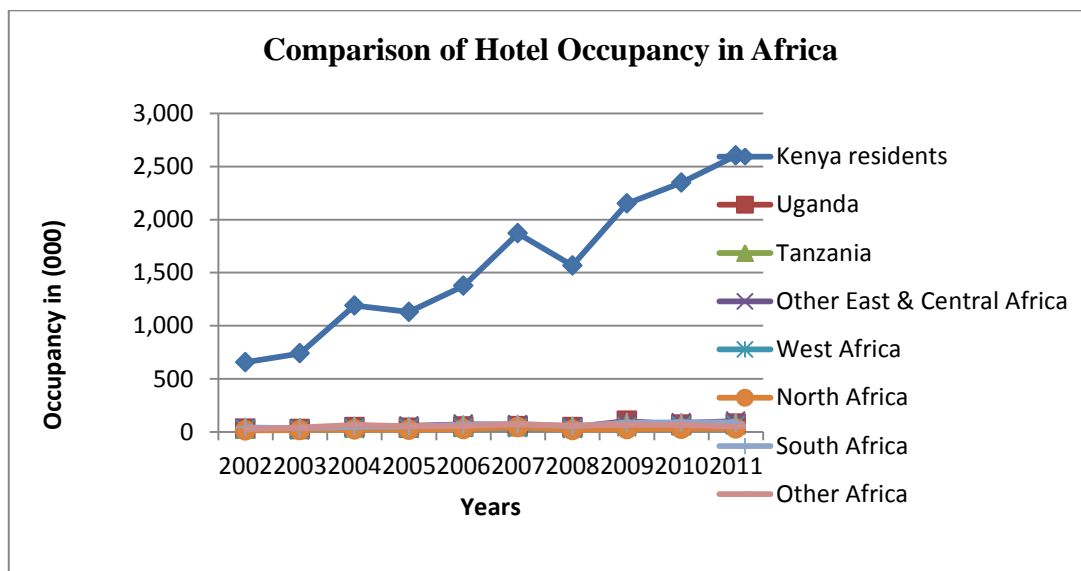


Figure 5.7 Comparison of Bed Occupancies from African Originating Destinations

(Source: KNBS, 2013)

5.2.2.5 Customisation of Hotel Product and Services

As a result of targeting specific niche and mass markets, most of the HMs resorted to customisation of their operational activities and services to meet specific market group's needs. KIs believed this was a downfall for the HI, since most HMs basically took advantage of the fact that tourist's would pay for the product offered. Subsequently, the customer retention rate was thought to have reduced while some never returned as in:

We have limited our marketing to specific tourist originating destinations. Even as we speak, some managers [HMs] and destinations will only target specific markets. As a result, these establishments have designed and tailored their products to fit the specific group's needs, thus, in case a different group visits, they leave dissatisfied. Most of these facilities are custom-made and are able to easily satisfy their niche, forgetting that all these tourists have different needs. It is very difficult to sufficiently accommodate everyone's needs because they vary, even if they are all from one region. Thus, if an hotel will decide to accommodate everyone, they have to create a balance between what they provide to ensure customer satisfaction (K11).

5.2.2.6 Product Packaging, Diversification and Differentiation

Based on KIs responses, HMs seemed to have failed in their role to creatively package products to suit different customer needs, since they focussed more on benchmarking to surpass the competition. Benchmarking limited how HMs packaged their products since they did not look at the bigger picture. HMs imitated ideas and in the process ignored simple but unexploited opportunities; they basically worked towards matching or exceeding competitors levels of service.

The problem with the coastal region ... is the fact that we have serious competitors. We have failed in selling ... safari and beach yet we can combine. Any new activities should be part of the web. These could include unique excursions, floating restaurants and bush dinners, some of which someone may think they are not important (K11).

KIs believed if HMs would revolutionize their strategies and create differentiated products and valuable experiences, they would be able to create lasting customer relations and retention of the tourists.

Second, KI3 argued that any changes on prices should be justified by hotels modifications and that any claim of a hike should be equivalent to value-innovation and not the decrease in market demand. As a result, value would be attached to a relative increase in price of the products and services as hotels seek to differentiate themselves. Moreover, KI2 believed that all hotel operations, activities, products and services should be: analysed against the changing tourist needs and attributes; standardised and matched with the rates; matched to the needs of different customers as they sought to counter SIHs.

Hotels should plan to ... maintain the quality standards of the hotels and avoid customer complaints that will make them not return to the destination...Hotels should not increase their rates every year if they have not added value to their products, so in order to do so, they have to improve the facility (KI3).

Price should not be a competing factor, but you have to determine the factors that are hindering value; once you differentiate yourself, you will have an edge and your price will no longer be the problem...Hoteliers need to increase product value as they seek to differentiate themselves, market and or promote the product. It would be in vain to add value by diversifying your product and not inform the tourists. Secondly, hotels should not only bank on the rooms but food too, since it can be a selling point for those who are not going to spend a night away from home. Thirdly, hoteliers may provide other complimentary services for families travelling together, like baby-sitting so that parents may have time to enjoy while on holiday knowing their babies are safe. Fourthly, there should be cultural events organized and they should be well planned and promoted to enhance the attendance of the target market (KI2).

Third, it is evident that a major undoing for the hotels, as related to the strategy and alternatives available and how they could be promoted to increase customers' awareness of the product. HMs believed, that tourist's had a negative perception of the destination which did not match actual experiences at the destination. Therefore, it was vital for the HMs to link up with other supporting intermediaries' and facilitators' as explained in the next section, to try and create better avenues for raising customers awareness and expectations so as to increase demand.

We need to expose our products because there are countries like Morocco which only sell their culture and our beauty is comparatively better, yet they get up to 9.8 million [Kshs.]. And we get 1.8 million [Kshs.]. Is it that we do not expose our products yet we have a number of them? (KI2).

What really makes these tourists incline to this establishment is that the website is custom made and that is why they were using it and could not easily think there was another option in the Mara. The owner and manager of this establishment are Japanese, so communication is vital. I will quote somebody who said 'I speak to you in English I speak to your mind; I speak to you in your mother tongue I speak to the heart'. Travel is about the heart, it is not about the profession. So that's why these properties customize to meet specific needs of the target customers and even include their practice in the package (KI1).

5.2.3 Marketing Intermediaries and Facilitators Influences

According to both HMs and KIs, the success of marketing intermediaries and facilitator's role of providing relevant systems for contacts, interconnection and accessibility of the product was hindered by a cycle of negative events that created a negative image of the destination as KI3 noted. Furthermore, HMs did not have control over the demand distribution, since they highly relied on source markets that were easily shifted to other neighbouring and similar regional destinations. Despite the fact that government bodies worked to reverse such situations, they were not adequately funded to support such marketing activities in the long-term.

Then again, the data used to determine the trends, were generalised to larger areas, not split into smaller and specific destinations, which made it difficult to achieve precise estimates of variations in demand and basically the tourist trends that influenced SIHs within smaller regions.

The tour agent has also been reluctant to sell this destination, particularly because of a cycle of violence. For instance, due to the elections we had in March 2013, the tour operators stopped selling the South Coast as a destination in 2012 ... KTB has tried to help the situation by having a marketing representative for each of these tourist originating destination but surely, people plan way in advance to travel, especially the foreigners. This is very serious because last year we were having thirty direct charter flights to Kenya, but now they have reduced to thirteen, this is serious in comparison to what we receive. The worst is that you find that charter flight lands of about three hundred tourists, fifty alight but the rest go to Kilimanjaro? Doesn't this tell you there is a problem? This could probably be due to post election issues, the bad publicity we are having and it is basically that, because we have good infrastructure and beaches. Not that our climate is different, no, it's just the perception of the tourist who will be at your destination. Our product is very good, our people are excellent but there is something that we are doing wrong which contributes a lot, because we do good business from July and close in April again. Some of the establishments close without doing renovations, because there is no money for the same (KI3).

This has further led to the inability of both policy-makers and the government to effectively monitor and determine accurately, long-term solutions for countering SIHs, leading to its continued persistence.

So as to counter seasonality, we are working closely with the Kenya Tourist Board, making sure that whenever there are marketing opportunities, we have a point person from our chain working closely with them, so as to get the share of it. Organizations involved in the tourism industry, cannot be able to work single handed. We have to as much as possible involve the government and other private organizations that do marketing, but do not have hotels but have this role to play at a certain fee. We also link up with other institutions which conduct marketing so as to promote our business. Tourism is actually like a show business, the better the property you have, they more the business you likely to get (HMC4).

5.2.4 Summary

In summary, these findings have revealed that it is vital for both intermediaries and facilitators to understand market demand whilst exploring the opportunities to work as teams. Such institutions cannot be able to work single handed. Therefore, whether private or public, there should be a coordinated framework and complementary partnerships between HTEs, with larger properties supporting mutual relationships' between the SME(s), so as to create a sustainable destination through an increased market share. Additionally, any lobby or special groups, should not only be evaluated, but also play a vital role in monitoring of the HTI, provide their advice where necessary for evaluation and implement change where deemed necessary, as regards to countering SIHs. However, all these surrounded the ultimate need to achieve customer needs and its influences on SIHs are discussed in the following sub-section.

5.3 Push and Pull Factors influencing SIHs

In line with the results presented in the preceding sections, it is noteworthy that the push factors related to the intangible factors influencing SIHs could not be overemphasised. The research participants stated valuable observations, implicitly and or explicitly, which explained PPFs influenced SIHs and particularly relating to tourists decision to travel and the choice of the destination and are discussed in the following sections.

5.3.1 Push Factors influencing SIHs

Based on the findings summarised in Table 5.2, Page 198, push factors comprised and not limited to, tourists: perceptions of the destination; culture; fear for travel; level of income. Push factors were triggered by multiple factors and created a perfect fit of attributes matching the needs of the tourists from the different market segments. The tourist's spending power emerged as a key factor which enhanced travel. However, since the major tourist-generating destinations experienced the economic crunch, the targeted tourists did not prioritise going on a holiday or alternatively travelled on cheaper budget plans and shorter circuits.

Equally, HMs believed the spending power between the foreign tourist and the domestic tourist varied significantly. As a result, foreign tourists were preferred to the latter. Push factors were believed to create a suitable platform for the hoteliers in the South Coast to understand the myriad of tourist's perceptions and as a result, consider viable expanding the range of target markets.

Thus, HMs would not only understand tourist's mind-sets in choosing the destination, but also easily create BOSs whilst increasing their market share, value and at reduced cost margins. Nevertheless, the participants believed this would be a challenging task due to the ever-changing trends which HMs must know how to cope with over time.

Table 5.2 Tourists Attributes influencing Seasonality in Hotels

Research Case	Tourists Attributes Influencing Seasonality
	Tourists Perceptions of the Destination
HMC1	<i>... We are a business that is affected by the perception of the tourist about the destination. for example, tourists have to understand the location and the use of the ferry....</i>
HMC2	<i>...Kenyans have to get the mind-set that they can travel anytime and don't have to be locked to holiday periods...South Coast targets more of middle class tourists ...who are very price sensitive...</i>
	Guests needs and expectations
HMC4	<i>...for one to say they were on holiday they must have been in a different town other than their permanent residential area...Many tourists visiting the South Coast rarely wish to stay in the North Coast since they are in search of a serene environment ...</i>
	Planning and cost of travel
HMC5	<i>... We do not have a saving culture [Kenyans prefer saving and investing in other assets rather than holidays] to go for holidays due to our perceptions. ...Kenyan would be fascinated to visit a new facility. For instance, Swahili beach is a new facility with no beach. But since it is new, it attracts more tourists...In addition, the tourists choice is important since the rating too seems to be important as well....It is iportant to provide guest feedback and be in a poistion to communicate with the guest so as to understand their experience....</i>
	Changing Trends
HMC6	<i>...Some tourists are daring to travel 'hard cores' since they believe it's not only Kenya but the whole world experiencing terrorism incidents and political challenges. Thus, if they [tourists'] do not travel now, where will they go?. For this reason, many tourists may not fear to travel with a few having the option of avoiding the risk...</i>
	Guest Feedback
HMC5	<i>...It is important to provide guest feedback and be in a poistion to communicate with the guest so as to understand their experience....How do you think South Coast hotels get the best of the year hotel awards?I can name six hotels, some do not bother. Then how will we create our image as a destination?How we respond to guest feedback, whether positive or negative will help us attract and retain customer. but in the contrary, our manager turns these comments down...</i>

(Source: Interview Transcriptions, 2013)

5.3.2 Pull Factors influencing SIHs

In keeping with the participants responses, the pull factors were not only highly linked to the supply process within the destinations, macro and micro-environment which related to the destination and the tourists desire to travel to influence seasonality.

In addition, the direct access to the destination especially by flight; use of the ferry and traffic encountered en-route to the South Coast did not guarantee to that itinerary time lines would be achieved. Particularly, the participants believed SIHs was as a result of: the size and carrying capacity of the Ukunda airstrip which could not allow direct access by international flights; the little variation in the product and maximisation of existing resources to create new products and demand; the peripheral location; the design and ambience of the hotels; packaging of the products and management of the operations; the leisure orientation of the destination which needed to be looked in to and improved for a lasting solution for countering SIHs.

Table 5.3 Pull Factors influencing Seasonality in Hotels

Research Case	Destination Attributes
	The Destination features
HMC4	<i>...The weather at the originating destination largely affects seasonality...</i>
HMC6	<i>...Our tourists travel for varied reasons: some know our flora and fauna; excursions; safari; and other places...they travel for varied reasons..</i>
	Destination Accessibility
HMC2	<i>...Unless we improve our ferry, tourists are not ready to tackle the form of transport...the airstrip must be developed to enable direct access of international flights to Ukunda. We could make a huge return by a larger aircraft landing. The largest now is a 45 seater...</i>
	Hotels' Ambience
HMC5	<i>...Kenyans would be fascinated to visit a new facility. For instance, Swahili beach is a new facility with no beach. But since it is new, it attracts more tourists...In addition, the tourists choice is important since the rating too seems to be important as well...</i>

(Source: Interview Transcriptions, 2013)

In summary, it is noteworthy that the HI involves a business that is affected by the tourist's perception and that varying tourists have an equal potential for travel. Despite the economic and other macro-environment challenges, especially related to peace and stability Diani and Kenya in overall, there was still a high potential for increasing tourism demand.

Moreover, despite the stakeholder's longstanding awareness of the PPFs and its impacts, HMs did not attempt to shift the *status quo*. Thus, both KIs and HMs deemed it necessary that all HTI stakeholders understood: the customer's orientation; the importance of professionalism and communication to tourists; the need to diversify the markets. In conclusion, there was need for a cohesive relationship between stakeholders and particularly a clear understanding of specific attributes of market demand and link to HMs responses. The next chapter explains HMs responses, the successes and drawbacks of each.

5.4 Hotel Managers Responses to Seasonality

This section sought to find out how HMs responded to seasonality (See Appendix III: 297) for the questions used to answer this section. Both HMs and KIs acknowledged that HMs responded by coping, combating and or capitulating. Each strategy's successes and drawbacks are explained in the following sub-sections.

5.4.1 Coping as a Response of countering SIHs

5.4.1.1 Closing of the Hotels

Three out of seven HMs believed closure of hotels was the best response to SIHs, arguing that hotel's high operational costs were unsustainable, especially during the low seasons. Coping strategies relate to the researches by Jolliffe and Farnsworth (2003) and Getz and Nilsson (2004), who believed HMs basically welcomed SPIH and did very little to counter the phenomenon. Similarly, three out of seven HMs claimed there was no better response other than closing; hence they adopted a policy to close wholly for a selected duration often between two to three months in the low season, without necessarily seeking alternative forms of income.

It is very hard to find any other solution to respond to seasonality [SIHs] besides closing. This comes down to the fact that it's such a capital intensive industry and we cannot keep a place open with full staff, whether with little or not enough business...Often, staffs are left with very few options. Trends in responding to seasonality [SIHs] may vary, because, if demand was enough for the 12 months, hotel managers wouldn't close, because they would sustain overheads in operation (HMC2).

We close yearly for two months during the low season because we would not break-even; our forecast would not match our operating costs. But our main reason for closure remains maintenance and refurbishment (HMC6).

On the other hand, the remaining five research cases implemented closure in three to five years. However, according to HMC5 and HMC6 closing entirely was mandatory, since it provided time-out for renovations and or relaxation for human resources whilst planning for the next season. Both HMs believed a renaissance period was a necessary requirement, that allowed time-out for the recovery of human, natural and other resources', because of the intensive high seasons covered in short periods. As a result, the hotels closed yearly for duration between two to three months within the low season. However, HMC6 claimed possible drifts from hotel closure trends, if hotels experienced increased and sustainable occupancies to cover hotel operational costs throughout a business cycle. However, such decisions were entirely dependent on the hotels senior management

5.4.1.2 Drawbacks of Coping Strategies

Firstly, HMs had a fixed mind-set about SIHs and believed closure was the best solution despite being advised by various unspecified researchers on viable strategies and alternatives. Hence, coping strategies resulted into :HMs maintaining full closure despite relative loss of business and revenue caused by under-utilisation of human, capital and natural resources; HMs used closure as a justification of sending employees'

on compulsory or unpaid leaves as part of cost-cutting measures; closure caused service discontinuity (HMC1).

We have received quite a number of scholars who advise us on alternative ways we would respond to seasonality [SIHs] other than closing, however, most of the hotels in Diani will close because they believe revenue generated within this period will not match their operational costs. Though, if we can remain open and get extra income during the low season, we may not have to close anymore (HMC6).

Some hotels close fully or partly during the low season but we don't. Some of the hotels do not conduct the renovations anyway, because it depends with how much money they have saved for this exercise. However, the hotel managers use closure as an excuse for their staff to go on annual or unpaid leaves... and there isn't enough revenue to sustain them (HMC1).

Secondly, coping strategies forced HMs to shift into a 'survival mode' in case of low occupancies, since they lacked a robust understanding of the influences of SIHs. This finding related to Vameer (2008) assertion that such inefficiencies would force HMs to apply broad-brush strategies oblivious of the bigger picture, hence unable to reach out to non-customers or otherwise seek better alternatives to increase hotel's market share (Kim and Mauborgne's,2005). As a result, KII reiterated the need for HMs to counter these inefficiencies which not only locked the HMs to intense rivalry but also shifted demand to other regional destinations, losing out on potential growth of demand.

The hotel chains are advised not to close all their properties; we advise them to close partly (leaving profitable units in operation). However, this remains advice, since managers [HMs] are not forced to oblige; unlike if they were under our full mandate where they would have no alternative. On the other hand, we have had incidences when specific independent hotels are fully booked in varied destinations and respective managers [HMs] creating an impression that, Kenya is fully booked and not the property... This is another reason why where we go wrong ... we are not able to see the bigger picture of Kenya ... we are not able to spread the tourists...It's a matter of a willing buyer and willing seller (KII).

We do not sell May and June in entirety since the hotel's closure is a planned initiative. We inform all contracted travel agents and tour operators who are always aware of the yearly closures; we would not like to inconvenience them as well. For instance, they are currently aware, next year [2014] in May we will be closing; we won't selling them rooms either, which is clearly reflected in our contracts. Whether the hotel is full or not, we have to close every year for two months in May and June for renovation. Last year though we had a fire incident, so we had to close the hotel for six months (HMC6).

Lastly, it was interesting to note that despite widespread efforts to create awareness and provide advice against the consequences of coping strategies (particularly, to do away with consistent annual hotel closure), its implementation and shifts away from the *status quo* appeared solely dependent on respective hotel directors. HMs seemed to have no control once closure decisions were made, with some infusing it into hotel policy.

We have this policy that we must close every year. It is compulsory to close every year and we end up losing business, particularly conferences. I don't know why we may not close partly. I am sorry because some of these decisions for closure are way beyond me (HMC5).

5.4.1.3 Successes of Coping Strategies

Despite claims by HMs and KIs of a myriad of disadvantages of coping strategies, HMC5, HMC6 and KI3 asserted that closure had positive outcomes. Firstly, HMs highly recommended closure since it allowed time-out for refurbishment and preventive maintenance. HMs believed that routine preventive maintenance and renovations were necessary, due to the salty water, humid nature of the destination and age of the property and influenced effective functioning of various facilities. Secondly, the time-out enabled: recovery of over-utilised natural resources; relaxation of human resources from fatigue, pressure and stress linked to short intensive peak-seasons within the tourism business cycle.

The nature of the industry today is that they need to keep improving their facility, because you are able to remain up market. Also, the kind of weather in the South Coast calls for renovations every year (KI3).

It is something that can be looked at in a positive perspective if companies are to do good business and they need time to refurbish, improve the facility, staff need to take a break since they have been busy throughout the year. Staffs too need the disconnect to be able to serve better in the next term since it's a labour intensive industry and when the season is high and the shits are tight (KI3).

Thirdly, HMC6 believed if coping was well planned and implemented, HMs would not only operate within profitable thresholds but also: reduce compromising on quality so as to break-even; maintain their staff during low seasons; offer the correct-price to the correct customer hence countering price-cutting strategies; for creativity through training and implementation of ideas suggested by customers to enable them remain sustainable on re-opening. Notably, this practice has not only led to, higher rates of customers' retention, but also created a globally reputable image of properties especially those who trained staff and increased marketing initiatives during the closures in preparation for the next season. However, as explained in the following section, combating strategies seemed more favourable in comparison to coping strategies.

5.4.2 Combating as a Response of countering SIHs

Six out of the seven HMs challenged SIHs, claiming 20% occupancy would be enough to sustain operational costs. Thus, the HMs opted to close after three to five years, taking full advantage of the fact, there were fewer hotels in operation hence tourists had limited alternatives to choose from. These strategies relate to Getz and Nilsson's (2004) assertions that combating strategies were triggered by HMs ability and actions to increase business as in:

We have not closed in a long time because of the variations in demand. The last time we closed was in 2004 and we closed for renovations of the restaurants at that time. We closed for two months (HMC3).

We rarely close during the low season as a way of responding to seasonality; in fact we have not closed for the last five years since we have created activities which support and boost our sales and keep us busy throughout the low season (HMC7).

5.4.2.1 Combating Strategies adopted by Research Participants

5.4.2.1.1 Reaching out to Potential Demand

Firstly, HMs acknowledged that they challenged SIHs by: enhancing sales and marketing initiatives through global, regional and national sources of non-customers or soon-to-be customers; increasingly creating a balance between international and domestic demand (believing that, the latter had the potential to raise the needed numbers to fill the hotels, maximise hotel revenue and improve the image of both the destination and the hotels). Nevertheless, the participants believed it was necessary to take caution so as to avoid transferring the problem (SIHs) to other destinations, through rivalry. According to Duval (2004), the potential to increase demand was achievable and not necessarily by shifting the problem to other destinations.

We market world-wide and base ourselves on local bookings to Kenya, Uganda, Tanzania, Rwanda and other regional markets. Our bosses in fact are just from China in the last one week and we go everywhere to market ourselves. We do not miss on the world travel expos hence make an initiative to attract and retain our customers. We try to ensure the international tourist occupancies remain high and at the same level with the domestic (HMC6).

Shifting of traffic to lesser congested destinations in the country will not necessarily shift our demand elsewhere or to another country. Many hotels have created the impression that some of the wildlife and flora would only be found in specific areas. It may be true to some extent, but it is a selfish gain strategy because the products offered in most of the destinations are similar except for the wild beast migration. Facilities in the Malindi will offer a more similar beach to the ones in the Shimoni (KII).

5.4.2.2 Drawbacks for Combating Strategies

5.4.2.2.1 Unreliability of the Domestic Market

Despite the potential of the domestic tourists to increase the market share HMs believed it was an unreliable solution in entirety for countering SIHs, since: the low seasons period coincided with schools re-opening times in Kenya hence very few, if any, domestic tourists would travel during this time; domestic tourists mainly travelled with families during the school holidays, set calendar and/or institutional holidays; domestic tourists preferred other destinations rather than their place of residence and or even international travel. Therefore, HMs faced a challenge, if they entirely depended on the domestic market to counter SIHs during the low seasons.

Notably, the flow of business from Europe is not long, it's usually between May and June and picks up in July. And we realize that this period, coincidentally, most children in Kenya have gone back to school and not many families can travel during this period. Therefore, as much as we would like to sell to the locals, to counter seasonality [SIHs] during the low season, we would not still get the magnitude of domestic tourists that we would wish, because such matters contribute or influence travel by families (HMC4).

The other challenge with tapping the local market is that, a large number of Kenyans who go on holiday, visit other international destinations; there is a group which goes to South Africa ... another group to Dubai but not as much, but such indicators remain that Kenyans prefer travelling abroad or internationally and not back home (KI2).

5.4.2.2.2 Inadequate Sensitization and Motivation of Domestic Tourists for Travel

The second obstacle to combating SIHs was that HMs: did not understand the motivating factors for domestic tourists; did not use suitable strategies for attracting a large number of domestic tourists'; HMs believed domestic tourists only travelled subject to being offered highly subsidised rates; believed domestic tourists were

uneconomical compared to targeting international budget tourists who paid much higher budget rates; focussed on international target market sources as HMC3 quoted:

I really do not know why our directors do not like opening up to the domestic tourists'. I believe we have enough space to accommodate them and opening for them to make reservations would be a solution to countering seasonality [SIHs]. However, the decision to penetrate this market has to come from the directors who are based in our head office in Germany... Many times, prices are lowered during the low season to attract the budget international tourist, reason why our directors do not encourage domestic tourist making reservations with us. This therefore means we target the budget tourists during the low season. We don't also have any other offices elsewhere to market our product but only in Germany where our directors are based (HMC3).

5.4.2.2.3 Unprofitable Cost and Price Structures

Thirdly, due to the intense rivalry during combating, HMs compromised on price of the products and services in order to maximise HOs. The prices were said to vary depending on the season and the tourist origin, with domestic tourists paying lower rates compared to ITs. The challenge remained that such tourists did not want the level of service compromised despite looking out for discounted rates; hence it was vital for HMs to understand the need to create alternative products that did not risk lowering the price and remained viable within their cost structures.

...We offer discounted rates to domestic tourists throughout the year. These rates vary depending on the season; during low seasons we offer very low rates, while in high season, despite the rates being discounted, they are much higher than those in low season Overall, the rates of the domestic tourists are quite low and it's used as a way of countering seasonality [SIHs] besides marketing. Lowering rates is a good strategy and it does not cheapen the destination especially from the perspective of the domestic tourist. In Kenya, the domestic tourist, especially the rich, do not want to spend a lot, even in exclusive hotels. They want quality services and do not want to pay the price; this does not make the destination cheap (HMC4).

The low budget tourists are often given rates that are low beyond the operating standards and often come from Germany. However, we also have low seasonal packages for the domestic tourist, but surprisingly, the foreign budget tourists pay much more than a domestic tourist who wishes to visit during the low seasons (HMC3).

5.4.2.2.4 Employee Downsizing

The fourth obstacle related to the HMs attempt to reduce operating costs in order to remain profitable. Notably, HMs used extremely competitive measures to increase demand such as increasing mass budget tourists (mass tourists) to fill the hotels. However, such strategies did not maximise revenue generation due to the high-operation costs involved, thus, HMs were forced to reduce the latter or risk making losses. HMs preferred the all-inclusive packages which would easily be sustained by compromising on the quality, thus, compromising on vital factors such as offering quality products, customer relationship management and support which would've been valuable in the long-term.

Due to seasons, the employer cannot sustain the large number of employees and incur the costs. So they have to reduce on some of the operating costs and employees (KI2).

5.4.2.3 Successes for Combating Strategies

5.4.2.3.1 Increased Travel for Exclusivity at Low-Cost

KI2 believed combating strategies were favourable for hotels and other supporting intermediaries at the destination, since they would create a myriad of favourable packages to which encouraged exceptional travel with no overcrowding at the destination.

On the other hand, KI2 thought it was also an opportunity for HMs to link with other destinations, in creating a different experience for the customers, while at the same time, re-directing traffic from highly congested destinations.

We do respond to seasonality by advising the various target markets of exclusivity and lesser congestion during low seasons in order to encourage travel. So SIH to us is more about the numbers because we have destinations that have been overstretched like Mara, Nakuru and Amboseli; we need decongest by re-directing traffic and advising tourists to visit other destinations (KI1).

5.4.3 Capitulating (selling out part or whole) Strategies for Responding to SIHs

From the responses, KI2 believed SIHs would lead to capitulation if HMs were not in a position to increase demand during low seasons and sustainably manage their overheads. As HMC5 notes, capitulation would also be as a result of other causes related to the micro and macro-environment of hotels. According to HMC2, SIHs threatened hotels termination, shrinking and even sell of part or whole of their properties. Despite the fact that most of the HMs preferred coping or combating strategies in response to SIH, capitulation was inevitable for properties which could not sustain the highly capital intensive and unpredictable nature of the HI. These findings related to Getz and Nilsson's (2004) assertion that HMs may decide to sell, shrink or sell part of their property as a way of countering SIHs. Nevertheless, HMs believed trends in time would assist in creating lasting impressions for tourists to be retained in addition to widening the current market scope.

Legal issues will always affect hotel operations. Case in point; Alliance has been on receivership, it partly sold out to in March 2013(HMC5).

Some hotels close partly, wholly or close completely. I would advise the hoteliers to close partly, but whatever the kind of response a hotel chooses, it is a catch twenty two situation. Taking an example of Lamu, properties have been forced to close the whole of May, because the weather is terrible since the tourists often complain. This is a natural thing and there is nothing we can do because both tourists and locals complain and you will hardly find enough rooms in Malindi in May (KI2).

5.5 Summary

The findings in this chapter have established that macro and micro environments and PPFs have become longstanding influences of SIHs. It is evident that a holistic contribution of stakeholders is required, so as to efficiently and effectively counter SIHs in the long-term. To counter the extensive rivalry, HTI stakeholders need to enhance innovativeness in management of hotel operations.

Consequently, HMs would not only eliminate the erroneous assumption that mass international tourism was the only prevailing solution , but also, HMs would be able to exploit ne viable solutions in increasing demand from the rapidly changing factors (related to customers' needs, the internal and external environment).

On the one hand, so as to achieve this shift, HMs and all related HTEs had to work together in a coordinated framework, to enhance constant evaluation of practices within the law and policy making so as to maintain mutual working relationships. On the other hand, keen consideration should be put on the perceptions of the tourists, their choice and reason to travel, which caused rapidly varying travel patterns over time. Therefore, hotels had to implement a reliable and effective management system within the destination, so that all types of tourists had an equal potential to travel.

In addition, factors related to the image of the destination, such as security, safety and economic factors, should be consistently monitored and suitable responses adopted. Suitable response strategies and possible successes and drawbacks of each of the response, were believed to be a suitable platform and essential to improve on HMs creativity and services as they reached out to new markets instead of rivalry. As a result, of these in-depth analyses,(chapter four and five of this thesis) the next chapter presents the results and an analysis of these factors and responses and identifies a strategic integrated model for countering SIHs.

CHAPTER SIX

THE DEVELOPMENT OF A STRATEGIC INTERGRATED MODEL FOR COUNTERING SEASONALITY IN HOTELS

6.0 Introduction

This chapter presents a cohesive analysis of the fourth and fifth objectives of this study. First, an integrated strategic model for countering SIHs in Diani, South Coast of Kenya is developed - thesis objective four. Second, a toolkit comprising practical guidelines for effective and efficient creation, implementation and evaluation of new products and services is developed- thesis objective five. The revised model (see Figure 6.7; Page 260) was carefully designed, based on the integrated analysis of various sources (see Figure 6.1: Page 213.). Hence the model is divided into four phases (with numbers being used to identify each item in the boxes in the model) in this chapter's discussion and analysis.

Section 6.1 discusses the first phase of the model, which comprises a cross-case examination of key factors influencing SIHs, the: macro-environment; micro-environment; PPFs. These factors have been linked to the in-depth interview findings and discussions in chapter four and five of this thesis. In addition, the first level summarises possible factors to consider in undertaking environmental scanning, ensuring effective interpretation and response to the impacts, trends, events and / or other changes influencing SIHs (see boxes 1A-E in the model). Section 6.2 presents the second phase of the model (see boxes 2A-D in Figure 6.7: Page 260).

It is divided into three parts in which: Section 6.2.1 examines how HMs’ responses and their assumptions about the HI contribute to the effective countering of SIHs; Section 6.2.2 discusses how to identify unexplored opportunities through market assessment; Section 6.2.3 explains the importance of measuring and matching hotel capabilities to the creation of new strategies. The third phase of the model - Section 6.3, explains the process of creating new feasible strategies through value-innovation. It identifies viable low-risk; low-cost structured and differentiated strategies for countering SIHs. The derived strategies (see 3A-D in the model; Figure 6.7, Page 260) are based on the research findings and (Kim and Mauborgne’s, 2005) ERRC grid.

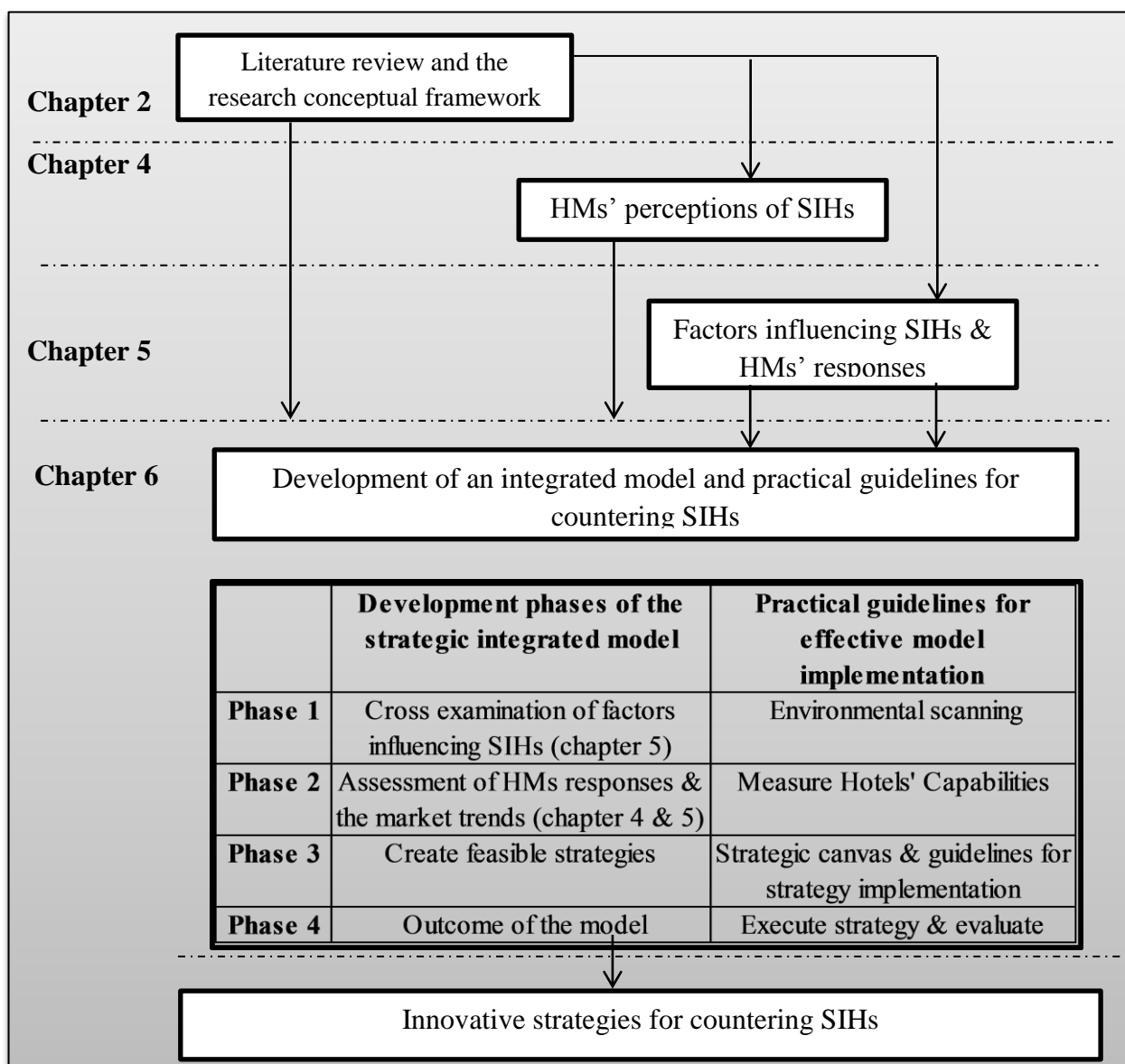


Figure 6.1 Development of the Integrated Model

To sum up section 6.3 (the strategy formulating process phase), the researcher provides: a strategy canvas to capture the current state and possible value-innovation shifts for countering SIHs; practical guidelines for effective strategy formulation and implementation process (see boxes 3A-I in Figure 6.7, Page 260). Section 6.4 explains the fourth phase of the model which discusses the expected outcomes of the strategies derived from the integrated strategic model. It further explains how to effectively execute strategy; the management hurdles in execution and evaluation so as to maintain the unrivalled market - space (see 4A and 4B in the model Figure 6.7, Page 260). The chapter concludes with a summary and the revised model.

6.1.0 The Four Phases of the Strategic Model

6.1 Phase one: Cross examination of the Factors Influencing SIHs

In chapter five of this thesis, the third objective of this research was explored. The in-depth interview results established that, the: macro-environment; micro-environment; PPFs, were significant factors influencing SIHs. These results were supported by several theoretical perspectives cited in Baum and Lundtorp (1999), Chung, (2009), (Butler) 2001 and Butler (2004), who believed that a combination of these factors led to changes in demand patterns in hotels.

The changes in SPIH in Diani were observable, consistent, and recurred every year; hence predictable. However, due to the severity of changes in the macro and micro-environment and the PPFs, both HMs and KIs feared that the trends in SPIH, were becoming increasingly unpredictable.

Thus, to counter SIHs [which was believed to be a national problem], it was essential that all stakeholders including: HMs; policy-makers; related stakeholders, worked together so as to understand and manage its effects through consistent environmental scanning. Figure 6.2 shows the first phase of the model, in which, the researcher shows the inter-relationships of the factors influencing SIHs and the importance of effective environmental scanning, in attempt to assess, manage and / or counter SIHs. The arrows show a relationship between all the factors in the model, represented by numbers-1A-1E (see Figure 6.2): 1A- HI; 1B- macro-environment; 1C-micro-environment; 1D-PPFs; 1E-environmental scanning. Each of these factors' relevance in the model is discussed in the following sub-sections.

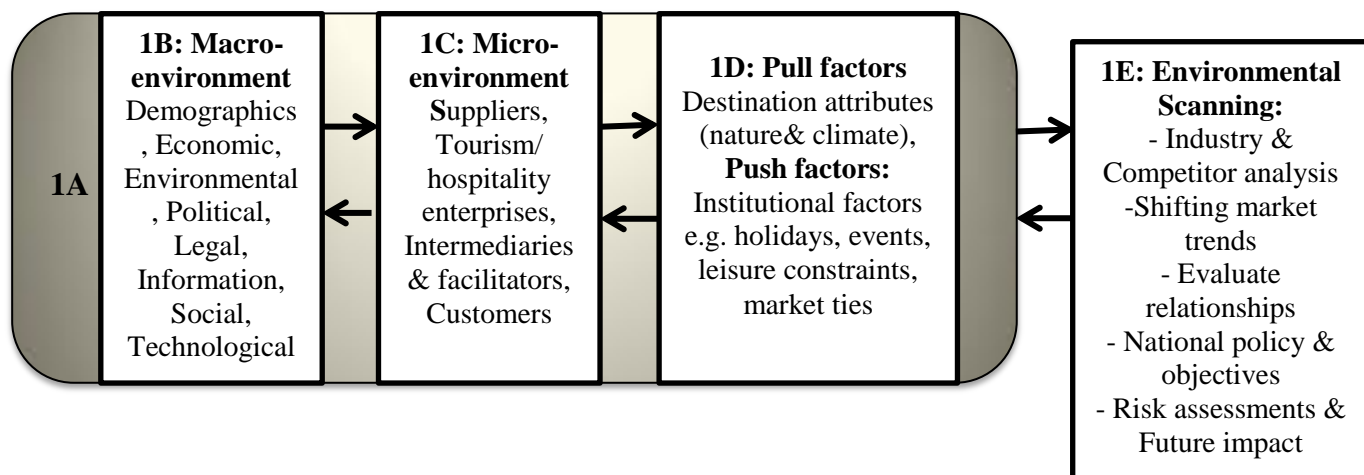


Figure 6.2 Phase one of the Integrated Model- Factors influencing SIHs

(Source: Authors review of literature based on Ritchie and Crouch, 2003; Kim and Maubrogne, 2005, Keeley et. al., 2013; Chung, 2009; Interview transcripts'; 2013)

6.1.1 Hospitality Industry

Box 1A (see Figure 6.2, Page 215), represents the HI; it captures the holistic and wider inter-relationships of the factors influencing SIHs. It was notable from the findings, that the factors influencing SIHs were not experienced in a vacuum. Particularly, the findings revealed an intricate relationship between 1B, 1C, 1D and 1E(refer to Figure 6.2), led to changes in demand and supply, which supports relatively erratic shifts in the HI cited in (Mehmetoglu and Alitnay, 2011).

Despite the fact that both HMs and KIs had a wide array of knowledge and awareness of the persistence of SPIHs, they neither worked under nor confirmed the existence of a clear structure of the law, policies, actions and management of the phenomenon. These findings support the assertions by several authors, including Ritchie and Crouch (2003), Baum and Hagen (1999) and Butler, (2001) that SIHs was a topic of concern to all HTI stakeholders. Consequently, there was a need to understand the complex and dynamic nature of the HTI system.

On the one hand, to effectively understand the concept of SIHs, HMs needed to evaluate a wider scope of the forces through, the inter-relationships and the possibility of creating viable solutions through environmental scanning. On the other hand, both HMs and KIs believed it was important to understand the interactions of each of the factors, which varied between hotels, since, HMs did not operate under unique circumstances; it would be easy to establish the main cause and viable responses. Hence, the findings supported those of Duval (2004) who believed that SIHs', could not be limited to a number of forces due to the intricate link between the forces surrounding it.

6.1.2 Macro-environment

Similar to the assertions by Finlay (2000) and West *et al.* (2010), the in-depth interview findings revealed that the macro-environment (1B- see Figure 6.2) was believed to be global in scope and its effects created uncertain effects for the hotels to operate in, whilst serving both customers and employees. Furthermore, it was established that factors within the macro-environment mainly influenced, long-term activities in both hotels and tourism activities within the destination.

However, as long as HMs and other key stakeholders undermined the value of the research, structures, management and matching organisations' ability anticipated change, and effective solution to SIHs was far-fetched. Specifically, the participants believed SIH was persistent because: HMs lacked an understanding of the tourists demographics; of the implications of the widespread and recurrent political instability nationally and regionally; of poor leadership in the destination, hence there was a lack of sufficient support for development initiatives; of changes in the weather patterns in both the tourist originating region (which featured cold and rainy weather, unsuitable for leisure and in the tourist-destination); of insufficient yield management knowledge to guide strategic control of inventory and provision of products and services to the right customers at the right price and time.

Despite widespread similarities of the factors causing SIHs, both HMs and KIs believed each research case experienced it differently; arguing that SIHs varied due to and not limited to: hotel services; brand image; influences from the channels of distribution.

Thus, it was paramount that, HMs collected relevant information and eliminated the use of intricate plans, devoid of new viable and exciting opportunities for tourists. This finding supports Ritchie and Crouch's (2003) assertion, that the use of extra variables was welcome, but dependent on its ability to add value to HMs' preparation and ability innovate and adapt new changes. Certainly, there was a strong relationship between the macro and micro-environments, which caused changes in SPIH. Hence, such integration was believed that it would result into creation of: new ideas: superior products; unique value-added experiences - BOS incomparable to similar world-renowned destinations.

6.1.3 Micro- environment

Based on the research findings, the micro-environment mainly explored the critical role of decision making and relationships amongst the key stakeholders associated with the hotels. According to Ritchie and Crouch's (2003), these factors related to those which, directly or indirectly influenced demand.

The findings confirmed claims that the HTEs comprised of SMEs and larger enterprises. However, it was interesting to note that, both large chains and smaller independent hotels, suffered similar consequences as a result of SIHs. In fact, one of the renowned chains of hotels in Diani, had been closed for four years (at the time of the research) and had also been recently sold out partly, due to the effects of SPIH. Relatively, two independent hotels closed annually due to the effects of SIHs. Despite the fact that other financial constraints led to the hotel's receivership, HMs believed, that no matter the size of the hotel, SIHs in Diani was similar across the HTEs.

However, despite the similarities in challenges faced, there was a disconnection between HTI stakeholders, in reference to understanding their roles in countering SIH through a holistic platform. Particularly, destination networking, collaborations, alliances, associations and supply chain integration were undermined, yet, both HMs and KIs believed them to be possible avenues that could have been used to create mutual relationships, reduce operating risks as well as costs.

These findings also confirm Finlay's (2005) assertion that the micro-environment's effects were beyond geographical boundaries and that collective action would create the greatest impacts in attempt to reduce rivalry and counter SIHs. The importance of including this factor – see part 1B Figure 6.2: Page. 215 in the model, is based on the participants' views, that if the stakeholders would cooperate, create new ideas and effectively manage relationships, failure, yearly closure, intense rivalry and sameness of the product across the properties would be reduced.

Nevertheless, both HMs and KIs believed that caution had to be observed, since the most of the private and public affiliated stakeholders did not understand the concept of creating a successful destination. The lack of understanding of the destination concept, was evident from the stakeholders' inability to support and continuously ensure holistic success. In fact, rivalry amongst HMs and tour operators kept them inclined to offering undifferentiated products to whilst targetting similar tourist-originating destinations and intermediaries.

Besides the dire need to shift from the HMs individualistic mind-sets, to more cohesive relations, so as to achieve the goals of creating BOSs as well as effective goals for the hotel and the destination, there was need for consistent and thorough evaluation and monitoring of the destination as well as PPFs. This move would help HMs to determine valuable shifts that would not only expand the scope of the target market, but also achieve it by reaching out to unexplored market - space as explained in the following section.

6.1.4 Push and Pull Factors

It was evident from the findings, that the desire of tourists to travel was influenced by both the hotels plans and integration of PPFs in addition to the macro and micro-environment. These factors could not be separated, due to the strong relationship between them and as relates to their influences on tourists demand for tourism products and services.

On the one hand, it was evident that as negative images of the destination prevailed, (whether due to instability or publicity through electronic or print media), then the aim of increasing demand was unlikely. But on the other hand, there was a dire need to understand how to diversify the product, since market demand varied over time. Therefore, the revised integrated model incorporated and emphasised the importance of creating: holistic and commercially-viable products and services; ideas that matched the expectations, perceptions and ever-changing needs of customers; new viable products through a simplification process, since products would be developed by basically understanding tourist satisfaction factors.

Indeed, as Finlay (2000) noted, PPFs cannot be holistically applied to all markets, but by aligning organisational values to the needs of the tourists, HTEs could attract a more diverse market. To ensure the effectiveness of this phase, HMs have to ensure that they are able to efficiently scan the environment and develop a suitable framework to guide their search for solution for countering SIHs. Consequently, through this phase, the first phase of the tool-kit (practical guidelines for HMs and KIs in the process of creating BOS for the HTI), is derived. The study recommends an effective environmental analysis which is discussed in the following section.

6.1.5 Environmental Scanning

The findings in this research have been based on HMs' and KIs' profound knowledge and experiences of SIHs, which support the findings of Lundtorp *et al.* (1999), that the phenomenon should be taken as a fact and not a problem. There seemed to be enough information, documented and traceable, specifically on SIHs: causes; impacts; patterns.

Nevertheless, it was apparent that despite the available information, HMs' decision process was still locked in persistent and incorrect assumptions about the HI. For example, each HM sought to be the best in the HI in Diani, whilst comparing their moves to rivals, who targeted similar buyer groups. They basically used well-known undifferentiated strategies (Kim and Maugborgne, 2005). As a result, extensive rivalry, forced HMs to use competitive measures to counter SIHs. Thus, this first step of the toolkit - environmental scanning, would not only help HMs and all HTI stakeholders to: assess the environment, anticipate; address unpredictable environmental changes.

Moreover, HMs would be able to respond accordingly over time, based on: past and future trends, risks and crises assessment; policy and destinations' objectives; relationships; shifting market trends; industry and competitor analysis. With the right tools for scanning, competent human resources or bodies mandated to conduct the analysis, information sources and an implementation plan, environmental scanning would ensure that HMs understood the factors influencing SIHs and the rapidly-evolving changes. As a result HMs would be able to create effective plans, monitor and evaluate trends and enhance their adaptability to changes in the global and micro-environment. Additionally, HMs would generate feasible and systematic innovative shifts which would: either reduce or eliminate potential threats whilst maximising on opportunities. The importance of effective scanning in understanding and knowing the right responses to countering SIHs cannot be overemphasised. The findings support Dalton's (2011) definition that:

“In rapidly changing environments, one rule of thumb applies: If you don't adapt, you don't endure. That's the core idea behind environmental scanning. Definitions of the term abound, but in essence it refers to the means by which organizations gather information on changing conditions and incorporate those observations into a process where necessary changes are made. The right information, combined with the right adaptations, can determine an organization's future viability”

However, in order to achieve effective outcomes from phase 1, it was essential that HMs' responses were linked to hotel capabilities and relative market assessment of unexplored opportunities which are discussed in the following section - the second phase of the model.

6.2 Phase Two: Linking HMs responses and Market Assessment to Hotels' Capabilities

The second phase of the model 2A (see) - emphasised the importance of creating a holistic and systematic analysis of the seasonality problem, with the aim of matching hotel capabilities whilst creating commercially-viable ideas. The focal point in the in-depth interview findings related to the challenges HMs faced in exploring untapped opportunities in the market - place in order to create differentiated, low-cost and low-risk strategies. This section therefore, is built into the model, to emphasise the importance of matching hotel capabilities and unexplored potentials, so as to find suitable BOS for countering SIHs (see Figure 6.3).

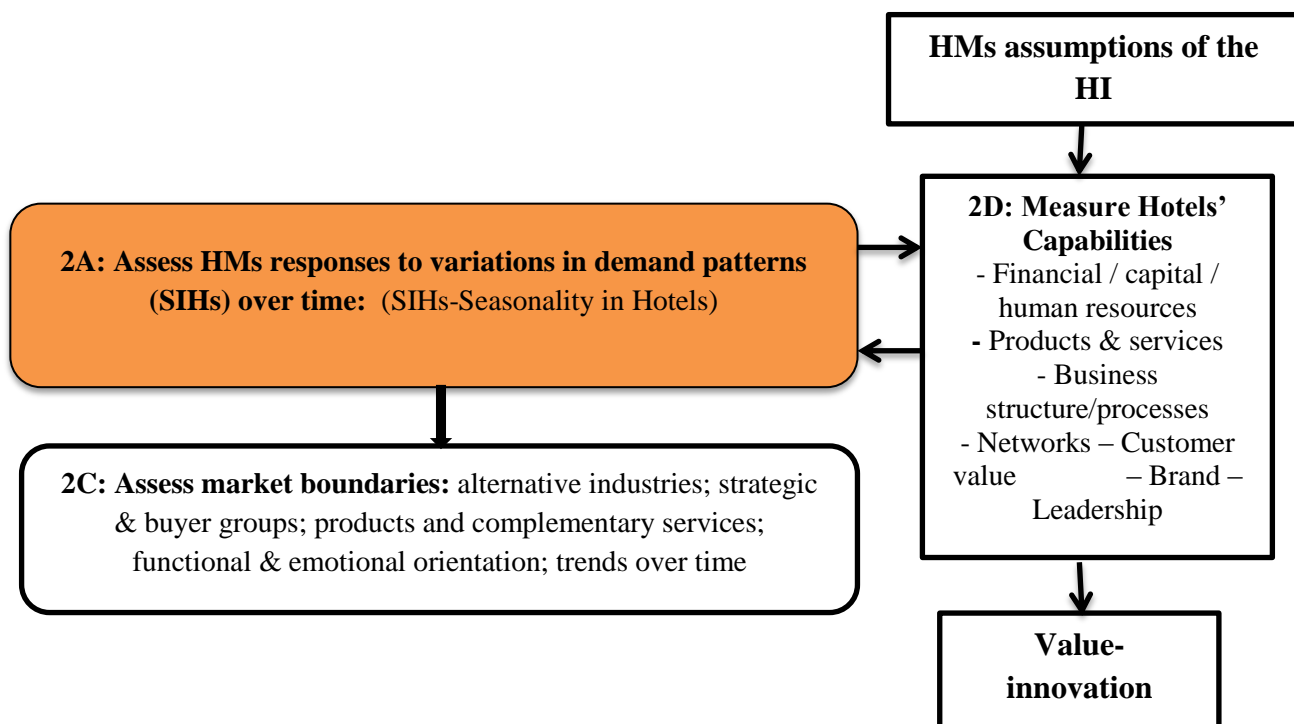


Figure 6.3 Phase two of the Integrated Model: Integration of HMs responses and Market Assessment with Hotels' Capabilities

(Source: Authors review of literature based on; Kim and Maubrogne, 2005, Keeley et. al., 2013; Interview transcripts; 2013)

6.2.1 Assess HMs responses to variations in Demand Patterns (SIHs) over time

The assessments of HMs perceptions and responses to SIHs have been included in the model, because, the findings (see chapters four and five of this thesis, respectively) revealed that most HMs viewed SIHs as a permanent problem; hence, they did not reassess their responses to it. Despite the fact that HMs understood the impacts of SIHs and possible viable solutions, they failed to effectively counter the trend, since their creativity was limited to a series of brainstorming activities. Moreover, HMs received inadequate support from the government if any and other related HTEs, which led to continuous closure of various hotels every year. Closure was seen as a survival tactic for the projected low seasons), whilst other HTEs challenged SIHs with the hope of filling their rooms.

Similar to Keeleys' *et al.* (2013) assertions, many innovators [including Diani-based HMs] limited their creativity to closed-door analysis of current activities, processes and structures. HMs undermined the process of creating new ideas and were willing to tolerate the competitive nature of the HI.

Therefore, in order to effectively shift the *status quo*, this model recommends that HMs should: first obtain a breadth of (how to innovate) knowledge, that would enable them to look at the bigger picture and not basically aim at filling the hotel rooms; second, understand the nature of the problem, hence choose the best responses thereof. These findings support the assertions of Keeley, *et al.*(2013) and Kim and Mauborgne (2005), that in order to achieve sustainable breakthroughs, HMs should: identify the most difficult and unexplored challenges; be ready to face ambiguity in their proposed

solutions; create simple and commercially-viable alternatives, instead of complex transformations which were difficult to implement. In order to achieve this shift, the following section, discusses the applicability of Kim and Mauborgne's (2005) assessment of market boundaries, which would go a long way in assisting HMs to create successful BOS in response to SIHs.

6.2.2 Assessment of Market Boundaries

In chapter two of this study (see Section 2.7 Blue Ocean Strategy: Page. 66), the research proposed that Kim and Mauborgne's (2005) BOS principles would provide a basis for the creation of the strategies for countering SIHs in Diani. Particularly, the assessment of market boundaries, which is the first BOS principle, challenges the myriad of existing possibilities to create uncontested market - space, including, defining the HI similarly and focussing on similar buyer groups. In order to break away from these HMs' assumptions of the HI, the researcher believed the ideologies proposed by Keeley's *et al.*(2013) on innovation, were as well an integral part of this revised model.

Keeley's *et al.*'s (2013) model superseded propositions by Kim and Mauborgne (2005), since, it reckoned that all answers to the problem [SIHs] had to be uncovered, in order to discover variable innovations. Unlike the BOS, the ten innovations by Keeley's *et al.* (2013), did not entirely rely on countering trade-offs as the cornerstone for value-innovation, but emphasised the importance of spotting errors of omission whilst creating new ideas. Thus, the revised model simultaneously uses these ideas to enhance clarity in the process.

Accordingly, Keeley *et al.* (2013) believed innovation was not a one-off process and HMs would need to gradually learn the iterations involved in identifying potential innovation shifts. Furthermore, the iterative innovation process would enable HMs to constantly: reassess business systems and offerings; retain a flexible and reliable innovation processes; have a guarantee that their competitors could not match their standards. Therefore, by reconstructing market boundaries, HMs would be able to open up opportunities for creating BOSs using low-cost structures, low-risk and differentiation.

The revised model, recommends the importance of HMs strategically examining key HI drivers, such as: price; networks; customer preferences; product quality; branding; channels of distribution; product performance; processes; services (Kim and Mauborgne, 2005; Keeley *et al.*, 2013) for new viable alternatives. However, this would only be achievable and sustainable in the long-term, if the process involved a systematic matching of the choice of innovation shifts to organisation capabilities, as discussed in the following section.

6.2.3 Measure Hotel's (Innovation) Capabilities

This research recommends measuring of the hotels' innovation capabilities whilst assessing HMs responses to SIHs, in addition to market boundaries. Lawson and Samson (2001:Page. 4) defined innovation capabilities as:

'the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the firm and its stakeholders. Innovation capability is not just an ability to be successful at running a business new-stream, or to manage mainstream capabilities. Innovation capability is about synthesising these two operating paradigms'.

On one hand, this definition outlines the essential role of innovation, which provides HMs and related HTEs, with practical guidelines for identifying key dimensions for matching their capabilities to viable innovative shifts. On the other hand, the process underscores the importance of effective and efficient management of mainstream capabilities, as well as, integrating innovation to continuous creation of new ideas. However, for continuous and incremental innovation to take place, Balan and Lindsay (2010) emphasised, that businesses [hotels], must incorporate current systems and adequate, trained and competent staff and management, for proficient and smooth operations.

Notably, according to the research findings, (especially as relates to the creation of differentiated, low-cost and low-risk packages), HMs and KIs lacked a deeper understanding of how to explore, integrate and maximise existing capabilities through innovation. Therefore, integrating the measuring of hotel innovation capabilities to the assessment of HMs' responses and market boundaries would create a good platform for creation of sustainable BOSs for the hotels. Relatively, this finding is supported by Lawson and Samson (2001:Page. 4) who stated that:

...the stronger the innovation capability possessed by a firm [hotel], the more effective will be their innovation performance. The literature also indicates a positive relationship between innovation performance and enhanced firm performance...

Therefore, in order to achieve feasible outcomes from the assessment of the problem-SIHs, the second phase of the revised model (see : Page. 223) recommended solutions and practical guidelines in four parts: first - after an effective assessment of factors influencing SIHs HMs, should be able to assess their responses over time, and have a bigger picture of possible viable shifts; second, whilst assessing the responses to SIHs, HMs should bear in mind their assumptions of the HI that which had kept them competing in the known market - space (box 2A and 2B in Figure 6.2; Page 215).

Third, the model integrates Kim and Mauborgne's (2005) BOS attributes- which guides HMs on how to explore new shifts through assessment of known but untapped opportunities within the market boundaries (see box 2C-assess the market); fourth- in order to ensure effective and efficient incremental and/ or continuous transformation of their strategies, the model integrates practical guidelines for HMs and KIs, which supports (Keeley's *et. al.*, 2013) innovation types.

Since innovation is not a one-off process, HMs have to: remain creative to sustain viable BOSs; adopt a systematic and holistic analysis of innovation capabilities; remain realistic maintain high standards of operation so as to meet desired objectives. These findings support Kim and Mauborgne's (2005) and Keeley's (2013) assertions, that differentiation was not easily attainable and businesses [hotels and all HTEs] required consistent reassessment and creativity to remain on top of the market. It is noteworthy, that Kim and Mauborgne's (2005) BOSs and Keeley's *et. al.* (2013) innovation tactics were essential factors in the building up of the revised model.

Indeed, these two approaches were used to inform HMs on how to create new and viable BOSs for countering SIHs, by restructuring: cost-structure margins; networks; hotels business structures; channels of distribution; product and service offerings; image; approach to customer support. The BOS creation is discussed in the following section.

6.3 Phase Three: Creating New Feasible Strategies

This section discusses the third phase of the model, which explains: first- how to create new feasible strategies; second- ERRC strategies proposed by HMs and KIs for countering SIHs; third - guidelines for HI and tourism stakeholders should be put into consideration when formulating strategy (see 3A, 3C, 3D, 3E, 3F in Figure 6.4; Page 230).

6.3.1 Value-innovation

Kim and Mauborgne's (2005: Page. 16) definition of value-innovation (see Figure 6.4 Page 230-3B), has been emphasised in this research and especially the fact that it is the cornerstone for the creation of viable BOSs; it is more than innovation and embraces all system of a company:

Value-innovation is created in the region where a company's [hotels] actions favourably affect both its cost structure and its value proposition to buyers. Cost savings are made by eliminating or reducing the factors that an industry competes on [for example, design and redundant renovations]. Buyer value is lifted by raising and creating elements the industry [HI] has never offered. Over time, costs are reduced further as scale economies kick in due to the high sales volumes that superior value generates.

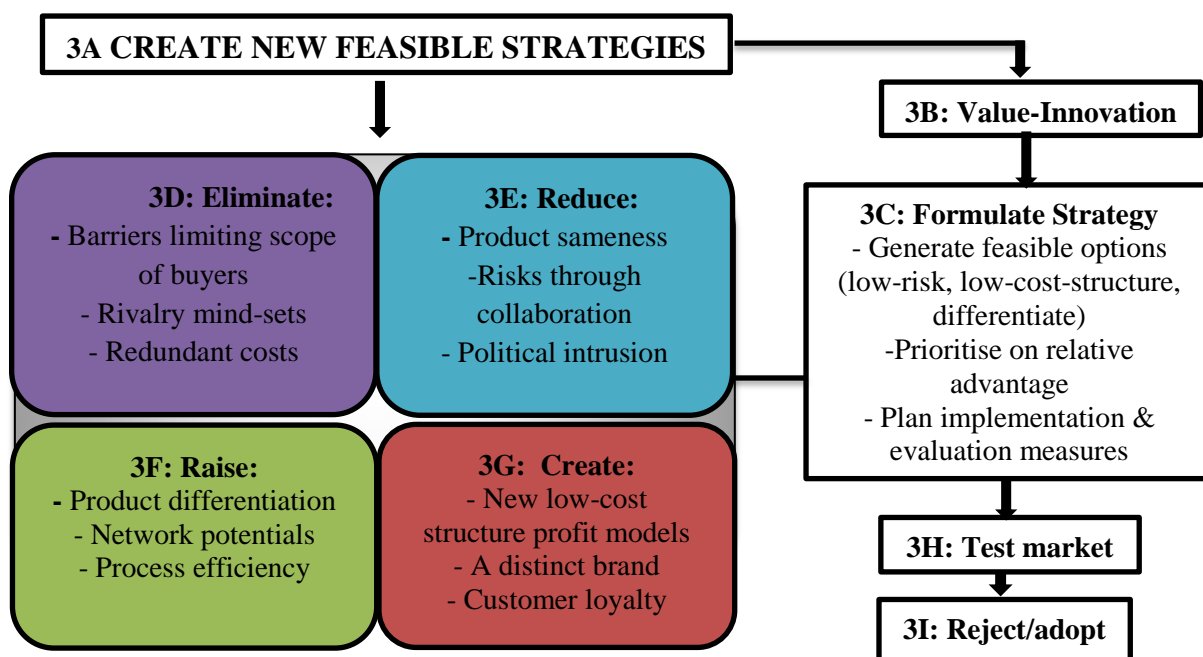


Figure 6.4 Phase three of the Integrated Model: Creation of Feasible Strategies for countering SIHs

(Source: Authors review of literature based on; Kim and Mauborgne, 2005, Keeley et. al., 2013; Interview transcripts; 2013)

This research discusses value-innovation, based on an integration of research findings and the understanding of creation of BOS by (Kim and Mauborgne's, 2005). Value-innovation basically involves the alignment of value to the offering and HMs' ability to identify: low-cost structure margins that would reduce hotel costs; increase value for buyers; maximise hotels' return on investment. Besides the BOS, Keeley's (2013) innovation tactics were applied, and where possible, viable shifts proposed. The BOSs are discussed and summarised in the following, section based on Kim and Mauborgne's (2005) ERRC grid.

6.3.2 Formulating the Strategies

The discussions in the first and second phases of the model (see sections 6.1 and 6.2 in this chapter) provide the foundation for creation of new ideas, hence a justification for the inclusion of this section the third phase of the revised model (see Figure 6.4, Page 230, box 3C). According to Keeley (2013), creation of new ideas was considered an urgent need to keep organizations [hotels] abreast of varying trends, as well as continuous transformation of business processes, in order to match the ever-changing needs of the market. It was obvious from the results that both HMs and KIs understood the importance of change and especially, the shift from rivalry to creation of sustainable strategies for countering SIHs. KIs acknowledged that HTEs had the solutions at hand, and basically needed to look at the bigger picture whilst assessing their experiences of SIHs, HMs responses and hotels' innovation capabilities to create new viable ideas as quoted in:

We have a big potential as Kenya to counter seasonality because of the dynamics and understanding of what is on the international scene. The challenge is that we have not explored the potentials we have (KI3).

Malindi and South Coast share the coastline, but they have to differentiate what they offer. They could include unique excursions, floating restaurants and bush dinners; these are small activities that someone may think they are unimportant (KI2).

These findings confirmed Kim and Mauborgne's (2005:Page.48) statement, that "*none of the paths required a special vision or foresight about the future [and HMs, KIs, HTEs or innovators] needed to, look at familiar data from a new perspective*". Similarly, Keeley *et. al.* (2013), reiterated, that innovation was not necessarily new to the world and could mostly be derived from previous initiatives.

Therefore, the strategic model explores how to create effective and efficient strategies, and emphasises the importance of innovators [HMs and related stakeholders]: linking their transformations to previous advances; ensuring that they have a better understanding of changing customer needs; establishing complementary or mutual partnerships in implementation of their ideas; understanding the relative return on investment for each idea; adopting simple and self-sustainable innovations; generating a range of viable options and implemented based on priority; planned implementation and evaluation measures to ensure continuous and incremental innovation, hence avoiding challenges from their competitors.

6.3.3 ERRC Strategies for countering SIHs

The following sections explore the proposed strategic shifts using the ERRC strategies presented in the third phase of the revised model (see Figure 6.4, 3D-3G, Page 230). These BOS are based on research findings. To sum up the section, a strategic canvas is provided, proposing a new shift from the current HI rivalry to innovation.

6.3.3.1 Eliminate Strategies

Eliminate strategies include cost reduction measures or investment in HI factors which had long been taken granted by HMs (see Figure 6.4-3D, Page 230). HMs would achieve this strategy by removing: barriers which limited the scope of buyers; individualistic business structures; redundant costs, as discussed in the following section.

6.3.3.1.1 Remove Barriers Limiting the Scope of Buyers

Based on the research findings it was evident that HMs limited their scope of buyers to specific target markets (specifically Europeans), in spite of: Diani hotels and the wider HTEs in the destination, having the potential to exploit existing opportunities to create new ideas; a diverse unexplored non-customers (particularly the rising number of domestic tourists); the unreliability of IT.

...The challenge lies on how we have packaged our products, operations and inclined to the needs of the 'mzungu' [the 'whites'; the foreign tourist] who is our major target market... We have tried to shift this trend...we need to promote Kenya to Kenyans and ensure a standard service is delivered no matter the background of the tourist...But we have a weakness; our service providers can provide anything to anyone and end up serving everyone equally, this is wrong. We have to understand our target markets, study them and decide on what to offer. Create engaging activities rather than spreading too broad, leading to sub-standard service; we need to focus on what is important... (KII).

Consequently, most hotels offered undifferentiated products with no consideration of the different needs of different travel groups. Out of the seven research cases, only three tried to incorporate a varied concept in service and products. Thus, it was evident, that HMs needed to: first, shift their attitudes and mind-sets from the prevailing 'one-fits-all' (one product for all) mentality; second, reduce the cost of over-investing in ITs by spreading their investment costs in attracting non-customers; third, differentiate their product, hence, creating new and valuable products and services; standardise their offering. Eventually, hotels would not only record increased market share, but also would have created uncontested market space. However, whilst eliminating the barriers limiting the scope of buyers, caution should be taken so that HMs do not create unviable niches or other avenues that may not provide a differentiated product, capable to serve a wider scope of customers.

6.3.3.1.2 Remove Individualistic Business Structures

The integration of the study findings revealed that the extensive rivalry between hotels in Diani, had led to most HMs managing their properties under very individualistic structures, with limited if any: networks; proficiency; complementary partnerships; mutual relationships.

The *status quo* prevailed, since: HMs were sceptical of the effectiveness of strategic alliances in countering SIHs; the widespread rivalry amongst HTEs paused an obvious lack of cooperation; HMs feared the ease of duplication of the product offerings on exposure of their tactics; HMs managing established brands, believed that their image would be tainted, if they partnered with investors who neither practised nor shared similar values; some hotels were not innovative and continued to basically survive on good rapport with their neighbours, particularly during the low seasons, thus using such opportunity to maximise sales, when some of the hotels closed for renovation.

To some extent I do not think strategic alliances will work. Sorry to say, but most hotels in Mombasa are operated by individuals, who are not hoteliers but basically have the money to invest in the hotel business. Unlike Nairobi where hotels would accept to share projected occupancy forecasts and accept the group competition, it is never the case in the South Coast. The individual operators would not accept such strategic alliances. Moreover, marketing it can't be possible. Most of the managers [HMs] co-operate mostly when they are fully booked; that's the only time we work together. In this case, a chain of hotels will benefit more than an independent hotel, because they boost each other's occupancies and share ideas. But if you are in an independent hotel, whom do you share ideas with? (HMC5).

Despite the fact that networking relationships were recognised as vital platforms for: achieving the destinations and individual hotels' goals; creating awareness and providing necessary advice to the stakeholders on the changing market trends; improving the overall image and attractiveness of the destination, HMs believed that the extensive rivalry did not permit fair cooperation between the hotels, whether in marketing or other destination development initiatives, that would enhance its overall attraction.

As a result, hotels risked increasing their costs of business structures, since they independently funded most of their development activities. Despite KIs providing their advice, policy and / or new ideas, they had no control over HMs and other related operators' activities; hotels operated in a free market, comprising willing buyers and sellers, free to trade in whatever they pleased as in:

...We need to create more activities, give our tourists a treat and be known for something unique...But this is just advice, of which, HM can take or leave, they are not obliged to abide at the end of the day..(KII).

By eliminating individualistic business structures, HMs would be able to: create a cohesive management of demand and minimise risks through HMs mutual benefits; expand their market share; appreciate the value of sharing advice on changing trends, whether internally or externally; improve their product performance and structures, since their product offering would align to their values and those of the destination as well as the nation; ensure effective supply-chain integration across different parts of the value-chain.

6.3.3.1.3 Remove Redundant Costs

According to the HMs, most of Diani hotels invested in non-essential or non-viable costs such as ongoing renovation and upgrading of hotel designs and / or renovation, yet there were other fundamental areas which lacked funding. Particularly, HMC2 believed that since constant upgrading of designs basically increased cost-structures and did not match the cost of investment, for most HTEs, HMs needed to invest in durable non-corrosive materials which would only require continuous preventive maintenance over time.

We put a lot of concentration on hotel designs yet the infrastructure surrounding it needs to be developed to an equivalent upgrade or raised a step higher (HMC2).

On elimination of redundant costs, HMs would be able to channel extra revenue to: re-designing the overall destination; increasing or improving tourist activities, sanitation and other facilities so as to ensure the destination matched the carrying capacity and avoided the prevailing over-utilisation during high seasons; improving the overall image and attractiveness of the destination; improving its infrastructure and accessibility in order to match its standards to those of the country's national vision of becoming a top ten long-haul destination (GOK, 2006). Nevertheless, further developments should be carried out cautiously to avoid over-investment, which could lead to redundancy of capital assets in the future (especially if the decreasing demand patterns prevailed). It is evident from this assessment that the removal of redundant costs would allow for better investment and planning initiatives, thus improving the overall image of the destination.

6.3.3.2 Reduce Strategies

Similar to the eliminate strategies in the preceding section, reduce strategies aim at lowering hotels' cost-structure margins, by decreasing the factors that HMs had over-invested in or competed on. These factors could vary in form, and included all features of the studied hotels. Specifically, this study recommended three BOS through HMs considering: reduction of product sameness and risks through collaborations as discussed in the following sections.

6.3.3.2.1 Reduce Product Sameness

It was evident from the findings that, there were extensive similarities in all product and services offered in the hotels, with very little distinctions in meal plans, hotel layout and design and / or in house activities. Five out of the seven HMs acknowledged that differentiation was far-fetched, since the majority of the hotels: targeted similar markets; invested in products that did no longer seem to add value to either the hotels or the customer (whose experiences did not warrant repeat visits).

In comparison, once a guest experiences a game drive, coming back for it is difficult. But if it's an event, there is some aspect of creativity and action which encourages repeat visitation (KII).

Therefore, it was evident that HMs needed to reduce product sameness and invest in a wider range of tourism and leisure activities, besides the all-inclusive packages, marine and water sport activities. For example, hotels should consider re-packaging exciting experiences which would keep customers anticipating the venture by varied events, which could include and not limited to: car rallies, sports; food or cultural festivals.

Events will work best for Africa, there is potential for East Africa as well, but the target market determines the kind of product packaging... (KII).

Despite the fact that our chain of hotels do not exceedingly vary, we have tried not to offer similar products, so as to diversify and reach out to different target markets...Our unique selling point is that our guests are not limited to using one facility; they are free to enjoy the facilities offered in either of the establishments and they end up getting more than they actually paid for. The meal plans are all-inclusive (HMC4).

6.3.3.2.2 Reduce risks through collaboration

According to Kim and Mauborgne (2005), risk minimisation was a key factor in the creation of viable products and services. In order to share risks, HMs and related HTEs needed to address the selfish and capitalistic nature which had developed. This relates to the individualistic business structures discussed earlier (see Section 6.3.3.1.2 in this chapter). Keeley *et al.* (2013) recommended the minimisation of risks through complementary partnering, which would not only save costs, but also, help HMs integrate hotel structures, processes and products.

On one hand, collaboration would lead to the creation of new product offerings that would shift the business from its *status quo*. On the other hand, HMs would be able to save costs in developing, testing, or marketing the new product, since investors will jointly improve the destinations offering, by sharing and / or maximising on complementary assets. However, collaborations would only be able to reduce risks and remain beneficial in the long-term if HMs: created and respected mutual relationships with other hotels whilst partnering to create new products offerings; had a clear vision that would help them reduce cost-structure margins, reduce risk and raise value for both

the customer and the hotels; challenged the *status quo*, and avoided the survival tactics which confined them to short-term solutions for countering SIH; embraced a holistic organisational and destination design, which would enable a combination of resources, practices and expertise in supporting all functions across the hotels and Diani as a destination.

The strategic groups would be beneficial in terms of countering seasonality, but its results will depend on how hoteliers handle each other and supporting organizations offering complementary services (HMC4).

It is obvious, that a. such a platform, would not only enhance creativity, but also enhance knowledge sharing and training for all HTEs employees, who will better understand company-specific values, skills and competencies, hence maximise the uniqueness, leadership and other opportunities for creating uncontested market-space.

6.3.3.3 Raise Strategies

Kim and Mauborgne (2005) argued that organisations [hotels] rarely took time to analyse the decisions customers made before purchasing a product. As a result, many organisations did not understand the specific needs of their customers, forcing them to compromise on consumption and product choice and / or decisions. In order to offer value to the customer as well as for the hotels, raise strategies seek to counter this gap, and help HMs establish possible BOS. The research identified three factors that could be raised, which included: product differentiation; network capabilities and process efficiency and are discussed in the following sections (see Figure 6.4: 3F; Page 230).

6.3.3.3.1 Enhance Product Differentiation

Product differentiation is a concept that comprises a set of many possible strategies, for example: innovation and marketing (Miller, 1986; Lee and Miller, 1999); quality, design, support, image, price, and undifferentiated products (Mintzberg, 1990); vertical and horizontal differentiation by (Ethiraj and Zhu, 2008; Makadok, 2010, 2011). These attributes influence customer's choices and selection decisions for products or services in hotels; HMs may choose from either of these features to differentiate their offerings.

However, according to Manuel *et al.*, (2012), since hotels characteristics vary in value from one customer to the other, HMs have to identify unique set of features so as to increase their market share and “*further limit the degree of substitutability by other competitors*” (Makadok, 2010: in Manuel, 2012: Page.72). Accordingly, the research findings revealed that in order to create effective and sustainable BOS, HMs had to understand: customer's perceptions which led to varying preferences for products and services; the competition; how to cope with pressures of price reduction as the seasons peaked. The importance of differentiation was noted in KII's statement that:

In our current strategy, we have realized that we have to respond to the needs of our target market. A tourist from the United States of America will prefer safari to the beach... UK originating tourists will come for both safari and beach, but more of safari at 90%. Germans and French also like the beach...Indians prefer the low season because they know we offer lower rates between April and June every year (KII).

Based on the findings, differentiation was linked to higher prices, hence, posed a challenge for HMs to maintain low-cost structures with differentiation. However, according to Manuel *et. al.* (2012) and the results in chapter five of this thesis, if HMs maximised the positive effects of differentiation, HTEs should be able to provide an

equivalent drop in price for specific customers. Moreover, based on the myriad features which characterised differentiation, (such as, innovation, brand image, undifferentiated products, support, price and quality); HMs had critical choices to make, so as to identify unique features for different demographic sets. As a result HMs need to re-examine tourists' reasons for trade-offs, in order to explore viable retention and expansion BOS strategies through differentiation and cost minimisation.

6.3.3.3.2 Exploit Network Capabilities

Despite the extensive variation in hotels and marked opportunities for expanding the market scope through new products and service offerings, HMs were neither creative nor proactive enough to exploit the existing and unexplored potentials. What's more, HMs focussed on competition and their strengths, without exploiting the capabilities and strengths of others. It was clear from the research findings, that hotels lacked an integrated framework for linking their objectives and activities to those of the destinations and the nations: tourism demand; image; structures; leadership. In fact, the prevalent similarities in the features were believed to have influenced comparable strategic moves and responses to SIHs. Nevertheless, their competition was not necessarily confined to other hotels due to their variation in form and function.

This paradigm shift [harnessing of opportunities through collaborations and networking] won't happen soon, because there is no co-opetition-where stakeholders are competing whilst still co-operating. Managers [HMs] are still undercutting each other, do not use differentiation strategies, have no co-opetition spirit and are very individualistic and capitalistic. I do not think we may go so far with pricing strategies (HMC5).

To expand our market as a destination, we will need corporation from all stakeholders, the alliances and neighbours since we co-operate in some way Moreover, despite the fact that we do compete, we currently target the same market and offer comparable products and packages (HMC3).

The revised model recommends raising of networks capabilities since, as stated by Keeley *et al.* (2013), no business can prosper by working independently in today's hyper-connected world. HMs should be able to take advantage of their collaborator's or definite competitor's technologies, offerings, channels and brands. By combining and or sharing these features hotels would be able to: create new products, services; improve destination image and attractiveness; share risks; jointly fund programs given the cost intensive nature of the HI; understand the reasons for customer trade-offs; link and expand travel circuits to improve the uniqueness of the product; ensure effective and efficient implementation, since they would not necessarily work to outdo each other, but harness their capabilities to achieve set goals and objectives.

6.3.3.3.3 Increase Process Efficiency

The study findings revealed that most of the HMs believed, achieving higher star-ratings and standardisation differentiated their products, hence widening their scope of demand. HMs also extensively used benchmarks, which led to extensive copying of ideas, hence similarities in hotels offerings, overall hotel capabilities and responses to SIHs. Keeley *et al.* (2013) challenged these types of structures, claiming that standardisation did not yield any advantage for firms which needed to innovate.

Furthermore Keeley *et al.* (2013) argued that, once an organisation's [i.e a hotel's] processes, products and service offerings were standardised, they ceased being innovations- they were no longer compelling and incomparable offerings. Relatively, Diani hotels failed to create superior and unmatched processes, because HMs:

essentially aimed at achieving higher levels of standardisation, thinking this would help increase their market share; could not identify with a variety of unique skills or competencies in delivering their products and services; did not aim at reducing variable costs in attempt to create solutions for countering SIHs. Thus, it was a challenge for HMs to elevate hotels capabilities to superior forms that would not be easily duplicated.

This hotel started as a three-star and we are now a four-star and rated among the best 100 hotels in the world in the last five years... The owners are not hoteliers and have employed professionals, with years of experience in the hospitality industry to manage the hotel's sales and marketing operations. The owners do not interfere with the management of the [mainstream] operations ... Hotels should look for something unique. This will reduce rivalry. Why should you copy what others are doing? For example, many hotels will have their employees dressed in suits but we are in t-shirts; this is something unique to us (HMC6).

The revised model therefore, uses the raising of process efficiency, as a BOS strategy, to emphasize the importance of HMs creating: unique and adaptable processes; efficient and effective shifts; leading designs that expand market boundaries. As a result, if HMs would achieve advantage that will span over decades, due to its unmatched processes in addition to operating beyond usual operating standards across its products, services and platforms. To remain sustainable, Keeley *et. al.* (2013) emphasized the importance of using common procedures within the hotels, which may minimise costs, risks, complexity and predictive analytics.

6.3.3.4 Create Strategies

The fourth set of strategies would help HMs discover entirely new sources of value, which would help shift HMs strategic moves in response to SIHs in addition to creating new demand.

HMs may establish factors within the HI, which have never been considered in attempt to counter SIHs. Therefore, this study identified three new shifts that HMs may consider adopting including: low-cost and innovative structures, probably through creating new profit models; rising or restructuring the brand image; creating new channels of distribution. HMs and KIs believed that exploring shifts linked to these three factors would be able the creation of new viable shifts for expanding the scope of demand as discussed in the following sections.

6.3.3.4.1 Low-cost Structures

According to the research findings, both HMs and KIs believed that the creation of BOSs faced an outstanding obstacle, due to the cost-intensive nature of the HI. As a result, the participants claimed that creation of new, unique, viable and valuable offerings would be too expensive, hence, a challenge to implement specific shifts in new product creation.

The cost of keeping the hotel open is too high. Unless you find a way to fill the rooms in that season, the choice is yours, and that is the time to do renovations and allow staff to take their leave day (HMC2).

Despite the concerns of the cost intensive nature of the HI, some of the HMs had identified unique and low-cost strategies from within existing sources. For instance, HMC6 believed that there were attainable low-cost structures, if only the HMs could consider exploring diverse, unique and new commercially-viable projects, which would end the unprofitable concepts and HMs assumptions HI (basically used for survival during low-seasons) causing the persistence of SIHs.

Our product is unique, it is natural. You can walk from the gate and realise that we maintain nature... Hotels should look for something unique. This will reduce rivalry. Why should you copy what others are doing? For example, many hotels will have their employees dressed in suits but we are in t-shirts; this is something unique to us (HMC6).

Accordingly, Keeley *et. al.* (2013) supported this perception, by asserting that innovators[HMs] could create profitable and low-cost margin profit models, by: making money from ways incomparable to those of its competitors or the HI (which could be in form of a service or product); keeping low variable and fixed costs in comparison to the competitors; creating multiple revenue streams besides the rooms or specific variations in meal plans; creating ways to earn the money before offering the product so that hotels could capitalise on the revenue and invest or attain further profits on the earned revenue (this especially related to the all-inclusive package, where HMs had to offer services and receive their payment, up to six months after guests departure), as in:

The majority of hotels rely on binding contracts with tour operators, for the provision of hotel product and services over a given period of time...Such plans have not been very good because: the quality of the service is often lowered, because hoteliers often minimise operating costs. In fact, many hotel managers felt that such plans involved the most awkward pay plans, because often, the hotel had to be paid six months after guest's departure, because they sit on they probably would not like to release the funds. In fact many of the hotels, relying on the all-inclusive market, face a lot of challenges when business doesn't stabilize...because they do not receive their pay on time (KI3).

6.3.3.4.2 Raise Brand Imaging

According to Van (2007), a brand is created by continuously creating brand relationships which emanate from the analysis of: that which is framed by the marketers (the brand identity); the image of the customers that distinguishes or differentiates one hotel to the other (brand image).

It was notable from the findings that both HMs and KIs believed raising hotel's and destination's brand image would enhance the expansion of the market - space through the differentiated offering to the customers. KI1 claimed that, Kenya's HTI brand image had been unquestionable through its identity in the past. In fact, the government had initiated a branding board (BKI), whose role was to brand the country, with the expectation that a positive image would further be enhanced - a pathway for a: distinctive; authentic; reputable initiative for attracting tourists. KI1 further noted that, the brand image of the country already existed through sports, but it was fading, due to other challenges related to: negative publicity caused by re-current political instability, insecurity; negative publicity through print media; poor infrastructure which caused inaccessibility of the destination; high levels of insecurity; inadequate support from the government.

People know Kenya; awareness creation is not an issue for us. Sports has done it for us [in Tourism], because, anywhere you go and mention "safari"-[travel], the first thing that comes into people's minds is Kenya, and the tourists know. But our security cancels everything, with tourists asking the travel agents of alternatives... (KI1).

Politics is also destroying our image; we really had to work hard to pick up from the effects of the 2007-2008 post-election violence. When everything in the industry [HTI] was failing, who were taking the excursions? Tanzania. Our minister of tourism also seemed affected since he didn't take time to reassure the tourists, he didn't call a press conference to re-assure the travel market that we were peaceful, yet Tanzanians were doing it. It has taken us ten years to recover. Ten years. As we were just recovering, we were went into another election which was also uncertain (KI4).

Keeley *et. al.* (2013) supported these findings by stating that, brand innovations, would help users have a higher preference to a hotel's offerings to that of its competitor. HMs could establish a strong brand identity and create brand innovations by exceeding their customers' perceptions, expectations and needs.

For example, HMs would: examine and create a distinct identity which would differentiate them from their competitors; allow the brand to be used by other stakeholders such as customers, suppliers and even competitors, which could be achieved through various complementary partnerships or by examining various factors within their properties [hotels], including: communications; advertising; service interactions; *“channel environments; employee and business partner contacts so as to exceed customers’ expectations whilst creating lasting impressions”*

Keeley *et. al.* (2013:50), by enhancing brand imaging and consequent marketing, sufficient training and talent management, the participants believed that they would be able to counter SIHs. Alongside brand imaging, the findings also revealed an urgent need for restructuring the brand, since tourists holiday preferences were rapidly changing from the all-inclusive package to more exclusive self-catered holidays. These services were mostly offered in apartments and villas, while some tourists had built second homes to use as Diani was their holiday destination.

The other interesting thing about South Coast is that it is becoming very much a residential destination. People own homes which is actually the fastest growth segment in the last five years. This trend is not really a disadvantage; it is a complementary activity in actual fact. It targets a different market. On the other hand, some people have come to see South Coast as a good place to live and have thought they would have a second home and retire to. It is actually a complementary product (HMC2).

We face a challenge since many potential customers, including repeat guests, have since built their homes in South Coast. They claim they are family homes yet in reality, they host other tourists ranging from 15-20 each season, which affects occupancy in our hotels. I have also seen and met some of our repeat guests during their visits to these homes and they claimed to be residents or used their homes for own use as a holiday destination...this trend is failing us as hotels... (HMC6).

It was evident that brand imaging would not only maximise the opportunities for widening the scope of demand, but also assist HMs in understanding reasons for customer trade-offs and avenues for increasing a positive image of the destination. An exceptional brand image, would improve customer loyalty and confidence of the product; they would rant and rave about the brand, since it would become part of their lives. However, to achieve this status, HMs had to ensure that hotels maintained a unique identity, status and sense of recognition to their users (Keeley *et al.*, 2013).

6.3.3.4.3 Create New Channels of Distribution

It was noteworthy from the research findings, that international channels of distribution controlled the inflow of ITs to Diani. However, this trend was also influenced by hotels high dependency on ITs. Nonetheless, both KIs and HMs believed that there was need to shift control of the market from the international intermediaries, which would allow for direct marketing, reservations and communication with the tourists:

...I believe, even if we marketed our product, our lack of control of the hotel product would remain a problem. The hoteliers and the government should consider re-investing its profits in tourism to facilitate the achievement of desired change and outcomes (KI3).

Reducing over dependency of international tour operators who will create awareness of the products offered. Most domestic tourists are neither aware of these services nor the offers. Managers [HMs] would also easily negotiate with the tour operators and the airlines to facilitate direct travel to the destinations. It is a matter of strategizing and changing the way you package and promote the product to enhance return visits. This type of sensitization can make people travel if we implement it alongside ... Treating our clients well so that they come tomorrow ...and not necessarily through the tour operators (KII).

Thus, by shifting control of the destinations demand flow from international to local operators, HMs would be able to: enhance direct access and control of the reservations globally, regionally and nationally; conduct consistent and accurate interpretations of tourists changing needs due to the accessibility of information from the direct guest contacts created; ensure enhanced customer relationship management; reduce losses attached to cancellations of block bookings as a result of tour operators withdrawing long-term contracts; deliver its products and services in ways that challenge the norms in the HI, that they could only be dependent to the international market; platforms for allowing customers to interact and inform others of their experiences, since they would have a better and intense interaction with the customer during the complete guest cycle; a cohesive link between all stakeholders in selling the product, hence a suitable opportunity to reach out to wider group of non-customers. To sum up these strategies, the following section presents the strategy canvas for the hotels, which summarises the possible strategic shifts to be undertaken.

6.3.4 Summary of possible Strategic shifts for countering SIHs – the Strategy Canvas

On completion of the strategy formulation process, the researcher summarised HMs ideas of possible strategies shifts and developed a new path which contain feasible options and prioritised based on the relative advantages in creating uncontested market - space. Kim and Mauborgne's (2005) strategy canvas was used help visualise the HI's current state and factors of competition (HMs assumptions of the HI) that led to the persistence of SIHs. The strategy canvas contains two axes in which the horizontal axes, represents the factors that HMs compete on; the vertical axes captures the level of offering of each key factor across the hotels.

Particularly, the canvas draws attention to the possible reasons why customers traded across the hotels in the destination causing the persistence of SIHs hence drawing the ERRC strategies (discussed in section 6.3.3- the ERRC strategies). To differentiate between the higher and low scores in the graph, Kim and Mauborgne's (2005) explained that the higher the score means the HMs offers and invests more in the factor. Based on the integrated analysis of viable ERRC strategies, the canvas basically visualizes the alternative differentiated and low-cost structure paths for creating uncontested market - space in Diani hotels.

In order to apply this canvas to individual hotels, HMs would be required to adopt more flexible and adaptable changes so as to discover stronger and viable ideas for countering SIHs and at the same time remain relevant and distinct from their competitors (see Page 250).

6.4 Phase Four: Implementation

6.4.1 Testing the market and implementation

According to *Keeley et. al.* (2013), many ideas fail even before they are implemented because of the lack of measure put in place to test the market, before diffusing developed strategies into the market. This research emphasises the importance of testing the innovation shifts, before any heavy investment is committed in the potential change and / or an idea diffused in large scale for commercialisation. The importance of testing the innovation is to ensure that HMs get the idea right and de-risk the BOS development and implementation process.

Figure 6.5 Strategy Canvas showing the Blue Ocean Path for countering SIHs in Diani

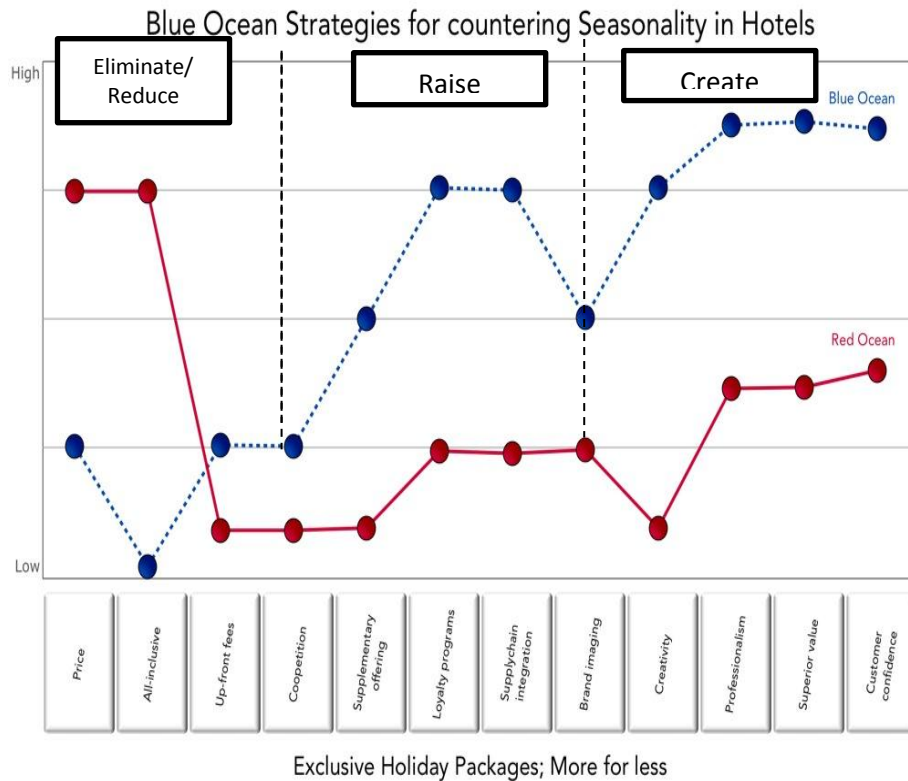
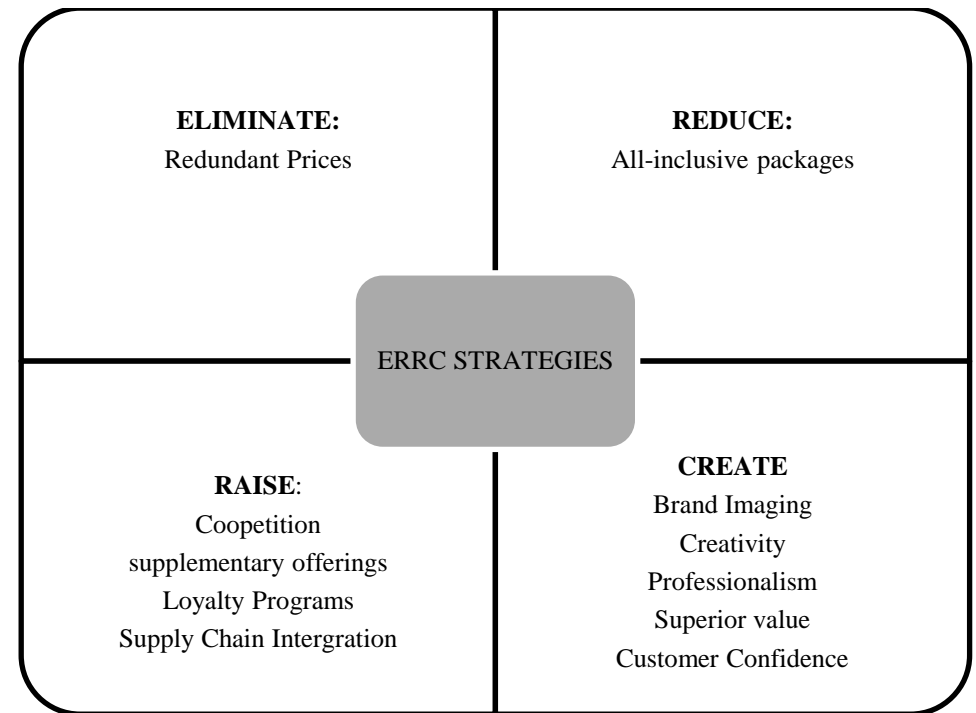


Figure 6.6 Proposed ERRC grid derived from strategy Canvas



(Based on Kim and Maugborgne, 2005 and Interview transcripts, 2013)

Hence the new creation will not only meet the customer needs, but will also ensure a low-cost investment structure, devoid of unnecessary expenses. Particularly, the hotels could achieve this by asking themselves a myriad of questions, linked to the viability of the new product or service offering. For instance, HMs would have to: identify which parts of the business structures or processes would lead to the greatest profitability of the new creation; determine what they are exchanging for value, between hotels and the wider HTEs; establish how the new creation connects to other products within existing offerings; identify the unviable features that could be left out in the process; establish the best way to engage the customers, the best channels of distribution, the core promise and how to achieve it. Indeed, as HMC6 stated, it was essential that whatever was promised is provided to as to build customer confidence in the future.

We have also ensured we deliver what we promise; we do not promise gold and sell rocks, considering we put our customers first, because they are the ones who rant and rave about us. Probably we have a lot of business is generated through referrals and we don't know about because of this trend. But from our statistic, word-of-mouth is 35% and also those from tour operators and that is why we take our guest feedback critically, especially now (HMC6).

Regulation of the stakeholders involved in tourism related activities could be achieved through implementation of the tourism act. Firstly... it should ensure that the service they [hotels] promise is delivered. It is good to note that making and delivering the promise are two different things. Unfortunately, we make high promises, but when it comes to its delivery, it is slow, creating a disconnection between customer expectation and satisfaction after consumption of the service or product. But if hotels are well regulated, we will all benefit, since tourists good experiences, will result into word-of-mouth selling of the destination ...We should stop looking at the moment but the future we have for tourism (K11).

6.4.2 How to effectively execute the Blue Ocean Strategies

In order to remain sustainable and execute BOS effectively, HMs must be able to: first, innovate with objectives and guidelines in place and work towards achieving them; second, the process should as much as possible involve the end user and all relevant stakeholders such as intermediaries and suppliers in the process, so as to get the reality of the viability of the outcome; third, use guest feedback to improve on their services (to increase number of guest feedback, guests could be offered s at a discount or basic surveys and exhibitions); fourth, HMs should establish-reasons for trade-offs and accept as much criticism as possible during the market testing, so as to allow for enough modifications before the final launch or adoption of the new product.

If this process is effectively carried out, it was expected that there would be enough support from all HTI stakeholders and management. The management teams would empower staff to anticipate the changes, hence easing the change process. Furthermore, effective communication would allow for the objectives to match those of the national agenda, hence creating an enabling environment for continuous growth and development through co-operation in the country's tourism: private and public sector; national and regional sectors; individual or chain operated HTEs.

The strategies have to be part of the overall vision of national development. It's already in vision 2030 and that's a step in the right direction. This process will however need that amount of effort. If you look around the world at major destinations that have been very successful, where major initiative has been undertaken to make it work like Disney land, the government puts in the infrastructure and everyone has been supporting it to make it what it is. The other reason why government support is important is we end up having hotels financing for things they cannot afford in the long-term, like roads and they shouldn't really. Already hotel overheads are too high and they are not getting support to do the roads so that side has to come out. It has to be a much bigger picture: the local county leadership has to be committed to a bigger region for the place to be unified as a destination and not a bunch of hotels situated in a location and everyone works together (HMC2).

Let us build relationships: communicate the goal and let every party involved beware and can see value for the money; return on investment to the investor; and as country business forth and an enabling environment (KII).

6.4.3 Managing Execution Hurdles

On one hand, HMs awareness of the ever-changing environment and SIHs, was thought to be a positive influence in the implementation of BOS during the execution process. But on the other hand, it was evident in the research that the effectiveness of the outcomes was full of unprecedented execution hurdles. First, the connection between executing bodies was flawed with majority of the participants noting inadequate government support in: countering SIHs; engaging professionals to conduct some of its research activities and consultations. Moreover, HTI employees' were neither empowered nor given the opportunity to reach out to these destinations so as to have a better understanding of the nature of the HI, market demand and factors influencing SIHs.

As a result of unexposed staff to the HTI realities, there was no creativity in the strategy formulation process, despite the increasing number of training institutions and graduates. What's more, some of the employees in HTEs did not possess foundational knowledge or experience of the sector, since most of the graduates preferred joining other industries besides mainstream HI practice. Relatively, the lack of proficiently-documented and easily-retrievable data, led to a lack of efficient and coherent data-base. The data was neither comprehensive (did not include all HTEs statistics nor linked to relative past trends), which was a challenge to both the government and investors whilst attempting to draw correct solutions about the future.

Therefore, to ensure reliability of the strategy execution process, both HMs and KIs believed, it was essential that all HMs and KIs: first, closed all the prevailing gaps between research and practice; second, created and adopted a consistent consultation and research process to understand changing trends in the HTI; third, equally engaged all stakeholders and asked the correct questions during the data collection process, so as to create a robust, effective and current data-base for cross referencing; fourth, front ideas for implementation; fifth, increase support and communication of these ideas instead of shelving them for the next season. If these challenges would not be countered in the execution process, the participants believed countering SIHs would remain a challenge.

The Ministry of Tourism has to be engaged in the activities taking place in the counties because they have professionals who may advice on various challenges on the ground. Let not the ministry staffs stay in the office because they will not reach out to the destination and understand their demands. Also as we talk about product development, we should be able to propose but also talk to the stakeholders on the possibility of fronting these ideas to be implemented since we need to retain tourists through variety. Seasonality can be done away with because it is not unique to our country (KI2).

Research is about answering questions, hence, if hoteliers are not able to consume the research agenda, which is partly caused by the failure of the Kenya at large since in the past forty years we did not have a tourism act. However, the right questions have to be asked for it to be useful, for a research program to be effective. But now, the act is developing a tourism research sector, which will able to help streamline some of the problems we have had. However, retrieving some data in the past will be very difficult, since this will require a lot of ground work because even bed occupancies data are not easily available. The government has the capacity to collect the data, but it is incomplete and a challenge to access it if it is collected (KI3).

Thus, it was essential that HMs, evaluated the process of execution and strategies, and ensured that: they maintained a business culture that advocated value for customers; all stakeholders within the public and private sector worked towards a common goal during

the transition process (through effective communication and observance of guidelines, policies or regulations, since it was obvious that there was no sufficient communication of the rules and policies) which undermined the role government in creating a fair business environment and more so the innovation process.

For a swift implementation, inform everyone how you will manage change. The people in Mombasa have to understand change and how you can manage that. The moment the investors understand that, it can be given a time line and everyone will have observed this change. Implementation is no problem, only that patience should be practiced, since change is inevitable but will take quite some time. In addition, before any implementation, you have to train your people, informing them of change the specific change and desired results, especially to the organization and the employee (HMC5).

It was evident that the HTI system lacked adequate control of: rogue operators who were increasingly penetrating the market and did not create a good image for the destination as well as the anticipated change in the hotels; effective surveillance and security systems which impacted negatively on the safety and confidence of the customers; funding, development and planning systems, which failed in channelling adequate and necessary resources to solve problems related to SIHs. Therefore, it was essential that there was creation of a better and regulated market-place, that would not only standardise the product but ensure that the a renowned image was created and sustained of the destination through coherence of the law to innovation initiatives.

We need to ensure that the tourism regulation authority is established, to ensure prosecution takes place. And once we have the authority as a board (KTB), we may pass by-laws; for instance we may pass that you can only operate in tourism-related businesses if you are a member of a related and recognised organization like KATO (KII).

According to Keeley *et. al.* (2013), innovators have found it challenging to provide value or a superior product, at low-cost or in different varieties for the customers. Relatively, KI3 noted that, HMs must be patient to in the development, testing, and executing of strategies. Thus, in order to create successful innovations, they must be able to not only ensure creation of holistic analysis of the problem and patient, to avoid partiality in their solutions, which makes complete solving of the problem a challenge. BOS formulation process should be a continuous and incremental process so that modifications are made from time and again to meet the needs of the customers.

6.5 Summary and the Revised Model

The revised strategic-integrated model was formulated from synthesising all the research findings considered to be applicable to creating uncontested market-space in hotels. The model was based on the summaries on the objectives of the study, which sought to understand the factors influencing SIHs in Kenya's HI. Special attention was paid to the key findings from the interviews with the KIs and HMs in Diani South Coast of Kenya and the innovative strategic shifts necessary for countering SIHs.

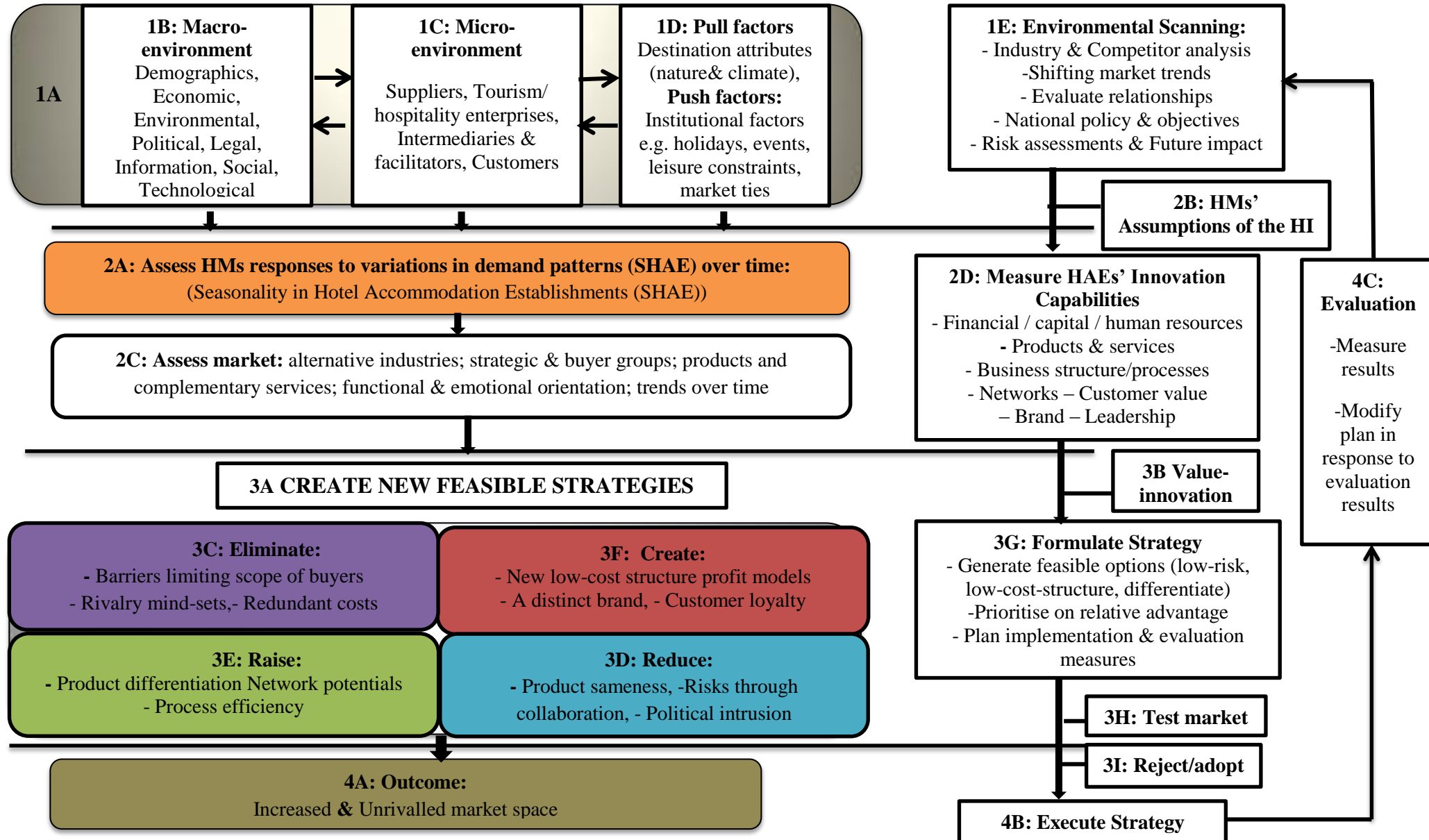
Specifically, the strategic shifts explained in section 6.1 have been used to derive transformations in HMs and KIs knowledge of factors influencing SIHs in Kenya's HI, with the aim of shifting from the known market boundaries to the unknown so as to counter SIHs. The revised model (Figure 6.7: Page, 260) identified ERRC innovative strategies, which could be used to transform seasonality patterns at low-cost structures and differentiated transformation from the ERRC strategies.

These forms of transformation in revised model are relevant to all HI and tourism stakeholders including: customers, HMs, government and related HI stakeholders. BOS can further be applied in hotels in Kenya in order to break-through seasonality patterns but HMs would need to consistently create holistic differentiation and low-cost structures in their strategies so as to remain relevant in the future. Additionally, since shifting the hotels strategic canvases from the current competitive and undifferentiated environment of the HI, into the revised model, requires creativity and a lot of innovations, the model is complemented by a toolkit (explained in detail in each section of the chapter).

The toolkit guides the HMs innovative process of environmental scanning, creating new ideas, implementing and evaluating the outcomes. The toolkit was essential because of the daunting process involved in creating innovative strategies and adopting changes. Particularly, the toolkit would help HMs and related stakeholders in the HTI, to understand the process involved in creating new ideas that will differentiate their offers and business structures.

Each of these factors used in building up the revised model are discussed in the following sub-sections. The following Figure 6.7, Page 260, illustrates the revised model, which shows the integrated strategic relationship of the factors surrounding SIHs in the Kenyan context, with particular reference to the South Coast. Each level of these factors has been discussed in isolation in the following sections in this chapter. (*Source: Authors review of literature based on Ritchie and Crouch, 2003; Kim and Maubrogne, 2005, Keeley et. al., 2013; Chung, 2009; Interview transcripts; 2013*).

Figure 6.7 Revised Strategic Integrated Model for countering SIHs in Kenya



CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

7.0 Introduction

This chapter concludes this research on the factors influencing SIHs in Kenya's HI. The chapter is divided into six sections wherein: Section 7.1 reviews the five objectives of this research (see Section 1.3, pages 8-9 in chapter one of this thesis), citing the research's major findings; Sections 7.2 and 7.3 outline the major recommendations and contributions of the study to theory and practice respectively; Section 7.4 highlights the limitations of the research; Section 7.5 identifies the opportunities for further research. The last section, - Section 7.6 - provides the final thoughts and personal reflections of the researcher.

7.1 Review of Objectives and Major Findings

7.1.1 Objective One

To undertake a critical review of relevant literature related to seasonality in the hospitality industry, its influences, measures and responses by hotel managers in order to develop a conceptual framework for the study;

This objective was achieved in chapter two of this thesis, where relevant literature related to seasonality was reviewed in relation to the HTI. The chapter critically examined seasonality in the HI, its influences, and measurement and HMs' responses to the phenomenon. Particular emphasis was however linked to its influence on hotels.

The chapter first defined seasonality and provided a conceptualisation of the phenomenon in varied contexts: global, regionally and nationally- (the Kenyan context). Through the widespread definitions, the evolution of the phenomenon was traced, which explained the causes of spatial variations in the long-term. On establishing the patterns of SIHs, the causes of seasonality were discussed and were split into two categories (natural and institutional), which were believed to cause extensive changes in HO patterns. Further, the causes led into a discussion of the positive and negative impacts of SIHs.

The impacts (especially negative impacts, such as insecurity and economic and political instability) were believed to be erratic and out of control, if specific causes persisted in the future. In order to understand the recurrent SPIH and suitable techniques for analysing SIHs, the discussion on its measurement followed.

The arguments of the relevance and importance of specific seasonality measurement models were explained as related to the use of specific data, change components and scale to analyse SIHs. Nevertheless, various authors argued that these measures were mainly quantitative and based on data related to the numbers of ITs in Kenya, so failed to adequately provide relevant outcomes for HTEs. As a result, HMs and related HTI stakeholders' responses over time were based on individual interpretations of the data, hence, informed the need for a shift in management practices and preference of the measures of SIHs, as research and assessment of SIHs impacts evolved over time. It was clear from the arguments, that if measurement of SIHs was effectively conducted, the information derived would effectively predict its future trends and provide suitable responses to the phenomenon for HMs.

Following the assessment of measurement and HMs' responses, the factors influencing SIHs with regard to the macro-environment, micro-environment and the PPFs were discussed. On one hand, particular emphasis was put on the tenacity of the factors influencing SIHs and possible strategies for countering SIHs (particularly, strategies which had been implemented and failed); in addition to the implementation hurdles faced by HMs. With such a detailed review of literature on seasonality in the HTI, it is evident there was an extensive and obvious knowledge of seasonality from the literature.

On the other hand, the research question mainly established: the understanding of SIHs in Kenya as relates to the wider HTI research; the link between seasonality and its impacts on HTEs; HMs responses to the persistent influences of SIHs; the continuing unpredictability of SIHs due to the ever-changing trends that have been experienced in specific destinations over time; similarities in the challenges faced by HMs, customers, policy-makers and researchers in varied destinations, in attempt to cope with seasonality influences. The majority of published literature was based on research carried out in Europe and America, where climatic conditions and the nature of the destinations varied considerably in terms of the product offering.

Due to the tenacity of SPIH and the evident challenge to maintain regular HO patterns as well as revenue, HMs were forced to mainly adopt or recommend cut-throat, short-term strategies for countering the phenomenon, which underestimated HMs' capacity to: create new or unique products; effectively respond to the variations in demand; create value for the HTEs, by maximising the use of highly-perishable products and services linked to the HTI.

Therefore, what was lacking in the literature was: first, an effective analysis of SIHs literature as relates to tourism destinations in Africa, despite the observable, persistence and comparable features of the phenomenon especially in Kenya; second, exploration of possible non-competitive strategies for responding to SIHs by HMs and related HTI stakeholders (which would lead to the creation of uncontested market-space and a relative increase of demand, create value for both hotels and customers at low-cost and differentiated tactics); third, there were evident challenges, faced by HMs when creating and implementing new ideas, hence the researcher also aimed to provide suitable practical guidelines for the innovation process. Therefore, this research focussed on these concerns.

The conceptual model see Figure 2.9, Page 81 (in chapter two of this thesis), was developed to provide an integrated model for creating strategies for countering SIHs. The model included: the factors influencing SIHs; the strategy formulation process; how HMs would ensure effective and efficient implementation of the model outcomes.

As mentioned earlier, very little had been published on the creation of uncontested market-space as a solution for countering SIHs. In fact, several studies which attempted to address alternative measures for countering SIHs did not consider innovation (through low-cost structure margins and differentiation), as a means for solving the problem (despite the wider context in which the problem was discussed in the HTI). Thus, to achieve this objective, the researcher used key-word searches and extensive use of the electronic and paper-based resources, such as books, journals, as well as conference documents and legislation to create this review.

All the critical and in-depth arguments drawn from the research were used to develop the conceptual model of the thesis on the strategy formulation process for countering SIHs (see Figure 2.9, Page 81, in Chapter two of this thesis).

7.1.2 Objective Two

To examine how HMs' perceive HMs perceive seasonality in hotels at Diani Beach, South Coast, Kenya

This objective was linked to the research question: '**How do HMs perceive seasonality in hotels located in, Diani Beach, South Coast Kenya?**' In order to effectively answer this research question, chapter three of this thesis, was used to set up the research methodology steps to be undertaken. Through the research methodology, the study proposed for a census (of all the sixteen hotels in Diani, South Coast) to be conducted. The hotels were categorized into chain and independent hotels, with the aim of developing an enhancing an understanding of any differences in the HMs' experiences of SIHs and the hotel's affiliation.

However, only 12 HMs participated, who represented seven research cases adopted in this study: four chain and three independent hotels. In addition, four KIs were included, since they: played a significant role in overseeing tourism sustainability; envisage the HTI as a key economic pillar for national development; provided a richer understanding of their approach to SIHs. In total, sixteen in-depth semi-structured interviews were conducted to analyze the HMs experiences of SIHs. In addition, archival analysis of KNBS was used to corroborate the data and establish the trends in visitation patterns.

The data obtained from the interviews was managed through Nvivo and a cross-case analysis was conducted to critically analyze and discuss HMs' perceptions of SIHs across the hotels. The research established that: HMs defined SIHs based on natural and/or institutional causes; SPIHs formed a two-peak pattern; SIHs was not only a feature that had defined spatial variations in demand in Kenya's South Coast, but was evident in other Kenyan destinations. The consistent and systematic pattern of SIHs was claimed to be a national problem since it was an observable feature in varying destinations countrywide. The only difference was that the scale, duration and controllability varied due to the types of target market and nature of business in each of the destinations that experienced SIHs.

Specifically, the two-peak pattern featured two high seasons of attractions between the first and fourth quarter of the business cycle. The rest of the months were either low or remained stable- mid or shoulder seasons. According to the HMs, the SPIH had become increasingly unpredictable due to the continuing insecurity and lack of customer confidence in the destination.

It was also established that there were positive and negative impacts of SIH. However, negative impacts out-weighed positive impacts and led to: customer dissatisfaction due to yearly closures and service discontinuity; over-utilization of capacity; employment instability. HMs asserted that major positive impact related to exclusivity during the low season, as a result of less traffic and congestion in the destination. Nevertheless, HMs found it difficult to control SIHs, since the process of measuring SIHs, accuracy of measurement and the indicators used were not reliable.

HMs claimed the unreliability of the seasonality statistics was caused by the extensive feature of ITs and it did not reflect a true picture of the possibility of a shift from the *status quo*. Additionally, consultancy and publishing of the outcomes were not efficiently done so as to reach out to the relevant parties.

Hence, there was redundancy of the process despite the use of renowned and reliable bodies conducting the analysis. Relatively, since most of the data used to measure SIHs was quantitative, the majority of the HMs believed there was a dire need for interpretation and sharing of the possible solutions based on the documented data on seasonality trends. The participants believed that effective and timely interpretation of the statistics and sharing the outcomes with the relevant HTEs and stakeholders, would lead to a better understanding of SIHs, accurate determination of the trends in SIHs and adoption of suitable response, hence effectively and efficiently countering the phenomenon in the long-term.

7.1.3 Objective Three

To investigate how HMs' in Diani beach hotels, Kenya respond to factors influencing SIHs

This objective was achieved by conducting in-depth interviews with the twelve HMs and four Key informants, who responded to the research question: **How do HMs in Diani Beach, South Coast of Kenya, respond to factors influencing seasonality?** In chapter five of this thesis, this research question was achieved in three levels: first, the interviewees were requested to explore the factors influencing SIHs, which were explained not limited to how the macro-environment, micro-environment and PPFs

influenced the phenomenon; second, the research question explored HMs responses to SIHs; third, compared HMs response to past SIHs experiences. The key findings from this section revealed that SIHs was increasingly becoming an acceptable/inevitable trend amongst HTI stakeholders, who seemed oblivious of potential mutual relationships that could be leveraged to assist in countering it. The macro-environment, micro-environment and PPFs were consistently changing and the erratic nature of the influences had caused HMs to prefer more competitive measures to increase demand with the fear of losing already tapped markets and brand image.

It was interesting to note that there were extensive similarities in the sources of demand with few of the HMs enthusiastic about the recommended changes (i.e. the creation of new valuable products and services). Nevertheless, all the HMs believed that SIHs was more than understanding the needs of the customers and revealed that, in order to effectively counter SIHs, they needed to integrate and enhance their understanding of customer expectations, changing trends, yield management, leadership, training and management support which influence HTEs development, legal and security sustainable value innovation in the long-term.

As a result, these factors would lead to a holistic understanding of SIHs, leading to the effective and efficient: building of the image of the destination; understanding the concept of managing the destination; mutual relationships amongst HTEs; talent management; meeting and exceeding customer expectations through new product and service development. Whereas the HMs believed most HMs appreciated the existence of the low seasons and used this opportunity to cut-down the overheads, HMs acknowledged that both positive and negative effects of SIHs had its successes and

drawbacks. Notably, some hotels had closed and were in receivership while some still argued that combating seasonality was the best solution. Nevertheless, as long as rivalry persisted, combating would not necessarily be a solution for countering SIHs but that of basically filling rooms during the low season which would not add value to the customer experience nor to the hotels through the revenue earned.

7.1.4 Objective Four

To develop an integrated- strategic model for countering SIHs in Diani Beach, South Coast, Kenya

This objective is linked with answering research question four: **How can HMs develop an integrated model for countering seasonality in Diani Beach, South Coast, Kenya?** In chapter six of this thesis, the results of the interviews with the twelve HMs and four KIs (based on the seven research cases in this study) were consolidated and the conceptual model which was developed (see Figure 2.9, in chapter two of this thesis) was amended, and a revised model was developed (see Figure 6.7, in chapter six of this thesis).

The revised model was based on the research findings derived from the interviews with the twelve HMs and four KIs whose integrated assessment of the: factors influencing SIHs; the impact, scale, pattern and duration of SIHs; HMs responses to SIHs; how BOSs by Kim and Maugborgne (2005) and innovation tactics by Keeley *et al.* (2013) were summarized into four phases.

Thus, the revised model comprised four levels, which provided HMs and related HTI stakeholders with an integrated set the factors mentioned earlier, which led to the understanding of: SIHs as experienced by HMs in Diani beach hotels; the factors influencing SIHs; how to apply BOS principles in assessing market boundaries (so as to create uncontested market space through value-innovation); how to ensure effective implementation and execution of the strategies developed, thus countering SIHs in the long-term. This model was linked to practical objectives that this research proposed to HMs to ensure the applicability of the results in the HTI in Kenya.

7.1.5 Objective Five

Develop a toolkit for HMs to enhance management of seasonality in Kenya's HI.

This objective is linked with research question four: **How can HMs apply blue ocean strategies to counter seasonality in hotels in Kenya?** In Appendix V of this thesis, a toolkit for HMs and related HTI stakeholders to enhance management of SIHs amongst was developed. The development of the toolkit was based upon: the literature review on the factors influencing SIHs in the HI; in-depth interviews with twelve HMs based in Diani South Coast of Kenya; in-depth interviews with four KIs from the government and key private associations.

Both the integrated model for countering SIHs and the toolkit suggested a number of recommendations, which if applied, would enhance the management of SIHs, and in turn positively impact on the creation of new ideas by HMs. As discussed in chapter six of the thesis, all hotels: experienced similar challenges in countering SIHs; anticipated several hurdles in the execution of the BOS; required a holistic approach in the management of SIHs; required support from all HTI-related stakeholders; needed to

apply creativity in the implementation process; had to maintain a consistent review of the BOS to remain relevant by offering un-matched products and services. Thus, based on these results, the researcher discussed the applicability of the BOS in chapter seven of this research thesis.

Due to the extensive similarities in the factors that influenced SIHs, the recommendations in the toolkit were summarized into four sub-sections: first, recommendations to the Kenyan government, which were concerned with legislation and management of SIHs; second, recommendations to HMs and related HTEs (as summarized from the strategic integrated model and toolkit); third, recommendations to academics and private associations affiliated to the HTI which have a role to play in enhancing the applicability of BOS in countering SIHs in Kenya's HI.

7.2 Recommendations

7.2.1 Recommendations for the Kenyan Government

First, the Kenyan government has to take responsibility and prioritize the implementation of up-to-date legislation in relation to making Kenya a valuable and attractive long-haul destination. This could be achieved by, the government: supporting the creation of a transitional authority, which would be mandated to: enhancing the implementation of the tourism act in (GOK,2011); informing HTI stakeholders of up-to-date legislation; dealing with rogue operators and other challenges, which have continued to create a negative image of the country's HTI through regularisation and prosecution.

Second, the government should ensure constant accreditation of HTEs (both new and old properties) so as to maintain quality standards across the properties. This accreditation should be based on continuous review and consistent restructuring to match international tourism destination standards. Notably, as the Kenyan government emphasises the creation of a wider link with the East African community for economic integration and development, it should equally support and create a platform for renewing its HTI products and services to enhance tourist experiences and security.

Third, on one hand the government should also adequately fund infrastructural and human resource development. This could be achieved by ensuring that a hotel employee's job security is guaranteed, since SIHs has forced many HTEs to downsize, retrench and recruit based on their financial capability to sustain human capital. On the other hand, employee training should be prioritised with a particular focus on creativity and talent management for key skills/roles. This could be achieved through linking with various intermediaries, for instance universities, education institutes, local associations and professional bodies who, by working together through training workshops, consultancy, integration and research, might enable a holistic interaction of HTEs with HTI stakeholders hence achieving the national agenda for the HTI.

7.2.2 Recommendations for Hotel Managers

Consistently analyse the SIH trends and apply suitable shifts in the product and service offerings, so as to remain relevant in the market place whilst increasing market demand. This can be achieved by considering a more diverse target market and the needs, perceptions and expectations of specific market segments to ensure that all the needs are

met within the capabilities of the hotels. This can be done by creating and maintaining customer relationship programs. Discuss with employees potential areas for skills training, proficiency and product diversification so as to maintain quality in service delivery. Create a platform for employees to explore uncontested market space and apply BOS strategies from skills learnt. This can be achieved through, offering appropriate training on creativity and awarding employees for creating viable new successful ventures. However, all BOS should be tested before its diffusion for commercialisation to mitigate the risks associated with the implementation process.

Whilst responding to SIH, consider investing in alternative forms of income-generating activities so as to provide contract and seasonal employees with guaranteed income employment during the low seasons. In addition, consider complementary partnerships with HTEs, so as to maximise on existing opportunities within the capacity of the destination and HTEs. For example, have a common vision for the destination; respect mutual relationships whilst sharing resources and implementing common advertising platforms.

Consider engraining BOS in day-to-day operations, so as to eliminate factors that have either been over-invested in and need to be eliminated or reduced. Then again, assess unexplored factors (perhaps through simplifying aspects of the innovation process) so as to raise the value of products and to differentiate the product offering beyond the current HI standards. To remain unmatched, HMs must practice and embed continuous incremental improvement of innovation tactics.

7.2.3 Recommendations for Private Associations

Combine consultancy, meetings and knowledge sharing so as to ensure that the common vision of the institutions, country and HTEs are met, towards improving the image of the destination and consistent creation of new viable products and services. To be aware of the legal rights of HTEs and advice appropriately in relation to management of: seasonal employees; creating viable partnerships; seeking funding for infrastructural and hotel development within the destination.

Integrate and communicate with other training and education institutions and ensure that created objectives of the association are creativity. These bodies should also work towards countering rogue operators or operations within the system and their own management.

7.3 Contributions of the thesis

This section presents and discusses the contribution that this research made to theory and practice as discussed in the following sections.

7.3.1 Contribution to Theory

This study makes a contribution to the understanding of how seasonality can be countered using BOS in the HTI in Kenya, specifically in relation to the hotels located in Diani beach, South Coast of Kenya. A review of literature to date has shown that very little has been published about SIHs in Africa and especially its causes, patterns and impacts, HMs' responses to SIHs and creation of unique solutions. This was confirmed through the several researches referenced (see thesis references) and mentioned in the chapter one of this thesis.

Since very little has been published about SIHs and possible integrated models for countering the phenomenon in the HI, this study has filled this gap through extensive data collection and analysis which has enable it to make a contribution to the wider literature in relation to the management of SIHs.

The study revealed that despite HMs having vast knowledge of SIHs, there was a lack of understanding about how it could be managed, due to persistent rivalry and HMs' erroneous assumptions of the influences of SIHs and possible solutions for countering the phenomenon. Such erroneous assumptions hindered HMs from unlocking existing but unexplored potential to counter the phenomenon. Besides some of the HMs viewed SIHs as an uncontrollable phenomenon, hence they adopted survival tactics that saw them through the low seasons.

It was evident from this finding that such HMs were not proactive and lacked the creativity and innovativeness that would have enabled them to create new viable offerings. However, this could only be achieved if the HTI stakeholders understood market trends and viable options that could lead to differentiation through low-cost initiatives, instead of using very competitive tactics which have continued to persist in the HTI in Diani. Indeed, such a lack of understanding by HMs and related stakeholders on the understanding of SIHs and how to manage it in relation to creating differentiated offerings at low-cost showed a neglected area in hospitality research and a potential gap that has been filled by this study. The study started by developing a conceptual model (see Figure 2.9 in chapter two of this thesis- Page 81), which was based on a critical review of literature on SIHs and the application of BOS.

The conceptual model was revised based on the key interview findings with twelve HMs and four KIs who participated in the study. The model identified four levels which reflect an integrated approach to considering BOS for countering SIHs in Kenya. In summary, this research addresses a gap in knowledge in relation to the management of SIHs, through the creation of BOS, since very little has been published about this issue.

Accordingly, HMs must understand that the tactics for the creation of new viable and differentiated products and services could be achieved through simple, unique and unexplored aspects of the HI. Besides, this should not be a cost intensive affair but an opportunity for HMs and all related HTI stakeholders to develop a deeper understanding of how to consistently innovate and retain customers through the creation of new, exciting and valuable experiences and or packages through their offerings.

7.3.2 Contribution to Practice

First, the study contributes to practice by introducing an integrated strategic model for countering SIHs by HMs in Kenya. This model aims to enhance the creativity by HMs whilst developing strategies for countering SIHs and was developed based on the key findings with HMs and KIs in the HTI. Second, from the study findings, the study also developed a toolkit to guide HMs and related HTEs in implementing and managing SIHs in Kenya. The toolkit is essential because it connects research and practice, which has been revealed as an evident gap, since it not only provides strategies, but also explains how HMs would manage anticipated or arising problems whilst managing SIHs.

7.4 Limitations of the Study

This study mainly focussed on factors influencing SIHs in Diani, South Coast of Kenya. The study area was chosen because of the extreme seasonality and its extreme and negative impacts on HTEs, which led to high rate of underutilisation of human, natural and capital resources annually.

The specific focus on one study area limits the possibility of a direct replication of some of the study findings in other destinations in Kenya or in other regional destinations. Through the application of the proposed toolkit for managing SIHs by HMs, some aspects of research could be applicable with modifications to suit the varied contexts that do not match that of Diani. Nevertheless, there are a number of opportunities for further research as will be discussed in the following section.

7.5 Opportunities for further research

First, more research could be conducted to understand the factors influencing SIHs based on a different research area within the country. This would enable the generalising of the model.

Second, although this research created an integrated model for countering SIHs, further research could be conducted to seek HMs' consensus on the toolkit, by using a number of expert panels of practitioners around the whole of Kenya, through a Delphi technique.

Third, more research is needed on how to enhance creativity amongst HMs whilst creating strategies for countering SIHs. The majority of HTI stakeholders were still sceptical about exploring unexplored market-space. This would be a good avenue for improving the image of the destination and maintenance of a sustainable HTI in the long-term.

Fourth, studying the domestic tourist backgrounds, demands, perceptions, expectations and interaction with the HTEs would also be a different background view for this study, so as to understand how to develop this potential yet neglected solution for countering SIHs.

7.6 Final Thoughts and personal reflections

This thesis is a final conclusion of a three-year study which attempted to explore the factors influencing SIHs, with regard to the exploration of new viable ideas for increasing demand (instead of using persistent rivalry to counter severe slumps that continue to characterise the HTI). My intention was to help HMs and other stakeholders in the wider HTI, to better understand SIH and how to eliminate the evident HI assumptions, which had led HMs to continuously compete, in their attempts to expand their market share from already existing target markets. I hope that the integrated model and toolkit provided in this thesis will be accessed by the managers of hotels and related HTEs, and will become an essential management guide to improve future assessment and countering of SIHs through value-innovation. I also hope that the data provided would be a rich and essential resource for those intending to undertake further research in relation to SIHs in the wider HTI.

The topic of this research was settled on after nine months of analysing data on seasonality in the HTI. Several studies have been conducted on SIHs, but none have been able to directly pursue the problem of countering the phenomenon of seasonality in Diani. This was interesting for me, because, having worked in Kenyan-based hotels, as an intern and fulltime employee for a total of up to one and half years, I realised how low seasons in hotel businesses impact on: hotel revenue; employee productivity; service and product offerings. During my work experience in mainstream hotel operations, some of the HMs basically adopted routine patterns of managing the HO, which did not maximise the potential of the destination's and hotel's: human; natural; physical, resources and capabilities.

It was evident, that, most of the HMs were very comfortable with the demand they attracted (since it was entirely based on benchmarking), with very little being done to explore new creative ideas, so as to refresh the tourist's experience (especially for repeat guests, who returned to find very minimal changes in the product). Basically, most of the work involved: routine processes and procedures; employees working under extreme uncertainty about their job security, hence affecting their motivation and productivity).

These concerns led to the first topic of my PhD research, where I explored the impact of SIHs on employees' productivity in Kenyan hotels. However, on further analysis of the several studies on: SPIH; the ever-changing global and operating environments; the varying demand trends and expectations of the tourists, I restructured the problem for the study.

Similarly, drawn from my HI experience, very few HMs seemed bothered to establish how they would attract new customers or non-customers, without necessarily thinking of their competitor's or the existing status of the HI in relation to demand. Thus, as a result of the in-depth analysis of literature, I thought that some of the treasured and long-standing products believed to create a brand image in some of our renowned hotels would soon be unviable and invaluable in the light of ever-changing market trends. This problem was current and not limited to the rampant political and insecurity-related issues.

I believed, if we could find a solution to create valuable, differentiated products (by maximising on the unexploited opportunities in Kenya), both domestic and ITs would travel amidst all odds (especially now when terrorism has led to extreme under-utilisation of the growing number of HTEs). Moreover, the HI would be a more exciting place to work, since creativity would improve the tourist's experience, as well as the hotels' return on investment. Despite my excitement about the topic and four months of continuous analysis of several studies relating to my first topic, I realised that very little was published about countering seasonality, using differentiated and low-cost approaches, as a potential avenue for creating a lasting solution and guidelines for effective management of the SIH in the future.

I further envisioned, if the slumps could be countered or regularised (such that hotels experienced consistent demand patterns annually), it would be possible to solve some of the problems faced by HI employees. Therefore, I decided to modify my old topic and to study factors influencing SIHs, but specifically analysing the applicability of BOS, which advocated for value-innovation.

I found my multiple case study strategy an appropriate methodology to study the research problem and decided to conduct an in-depth analysis of the problem through a census of the sixteen hotels located on Diani beach, South Coast Kenya. In the end, 16 in-depth interviews were conducted (with twelve HMs and four KIs), since some of the hotels declined participation (claiming commercial sensitivity). The results of the in-depth interviews informed development of the revised integrated model and the toolkit. Hopefully, the results of this research will be essential in countering seasonality in Kenya's HTI.

Besides its academic impacts, this research had fundamentally impacted positively on my career, cultural exposure and my overall approach to thinking and relating with others. I believe I am: able to keenly listen to others' opinions; open to new ideas; able to work systematically; able to analyse data, write and share knowledge in a more profound manner.

I acknowledge that this experience has been challenging but very enjoyable, especially working under an experienced and dedicated Professor, whose approach to training has challenged me every single day that I worked with her. Through my research work, I have also created networks with Cardiff Metropolitan University staff and research students, HMs and professionals working in Kenya's HTI. I also attended workshops and gained research writing skills that will be essential in my career and in enhancing my future research. I believe my work will be published and shared amongst my colleagues, students, fellow researchers and professionals in the HTI when I return to my position as a member of staff in the Hotel and Hospitality Department, in the School of Tourism Hospitality and Events Management at Moi University in Kenya.

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APPENDICES

APPENDIX I: PARTICIPANT INFORMATION SHEET

Factors Influencing Seasonality in Hotels (A Case of Hotels Located in Diani Beach, South Coast, Kenya)

Research Summary:

The purpose of this research is to explore factors influencing seasonality hotels. Your participation will enable the collection of data which will form part of a study being undertaken at Cardiff Metropolitan University in Wales, UK, in collaboration with Moi University, Kenya.

Why have you been asked to participate?

You have been asked to participate because you fit the profile of the population being studied; that is you are a manager working within the hospitality establishment context; you have the experience of seasonality trends in the accommodation sector and the strategies used to counter the phenomenon in the past. The data collection process involves the use of interviews, where you will be asked about: your understanding of seasonality; COS; how seasonality it is measured; responses; factors influencing seasonality in your particular establishment; possible strategies for countering the phenomenon, without necessarily using competitive measures; and lastly how these strategies would be effectively implemented to ensure monitoring and countering of the phenomenon in the long-term.

Your participation is entirely voluntary and you may withdraw at any time.

Project Risks

This research involves conducting semi-structured interviews which will be recorded for analysis. The study also seeks to collect archival data on the hotels' guest histories to depict seasonal trends in bed occupancies and guest attributes. This data will only be used to determine the extent to which the variations in demand occur, and the possible causes of seasonal patterns. We do not think there will be any significant risks associated with this research. However, if you feel that any of the topics will be inappropriate, you can change your mind and withdraw from the study at any time- we will completely respect your decision.

How do we protect your privacy?

All the information you provide will be held in confidence. We have taken full measures to make sure that you cannot be directly identified from the interview schedule and there is no information that can identify you. Your personal details in the consent form will be kept in secure locations by the research team. When we will have finished the research and analysed all the information, the archival data, documentation and interviews used to gather the information will be held in a secure and confidential environment.

YOU WILL BE OFFERED A COPY OF THIS INFORMATION SHEET TO KEEP

If you require any further information about this project then please contact:
Rose Burugu, Cardiff Metropolitan University, Tel: +254 750849526
E-mail: roseburugu@mu.ac.ke

APPENDIX II: PARTICIPANT CONSENT FORM

Reference Number:

Study ID Number: ST 20030930

Title of Project: Factors Influencing Seasonality in Hotels (The case of Diani Beach, South Coast, Kenya)

Name of Researcher: Rose Wairimu Burugu

Participant to complete this section:
box.

Please initial each

1. I confirm that I have read and understood the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to the semi-structured interviews being audio recorded

4. I agree to the use of anonymised quotes in publications

5. I agree to take part in the above study.

Signature of Participant

Date

Name of person taking consent

Date

Signature of person taking consent

APPENDIX III: SEMI-STRUCTURED INTERVIEW SCHEDULE

SEMI-STRUCTURED INTERVIEW SCHEDULE

Aim of the study: The aim of this study is to explore the factors influencing seasonality in hotels, through a case study of South Coast, Kenya and develop a model of applicable BOSs for countering the phenomenon in addition to a HMs' toolkit.

Introductory Phase:

1. Background questions:
 - a. Name of the organization
 - b. Respondents' position
 - c. Years of experience in the establishment and particularly in the South Coast region of Kenya
 - d. The participants highest level of study
 - e. To establish whether the establishment experiences seasonality

Discussion Phase:

Defining seasonality, patterns, measurement, factors influencing seasonality, the effects and responses to seasonality

1. How do you define the phenomenon of seasonality as experienced by the hotels?
 - a. How would you describe the patterns of seasonality experienced in your hotel?
 - b. How consistent are these patterns every year?
 - c. How do you measure seasonality? (Changes in variations of demand?)
2. Which factors influence seasonality in your establishment?
 - a. Which ones are most outstanding and recurrent factors?

- b. Are these unique to your establishment or region?
 - c. How do these factors impact the hotels?
3. How do you respond to counter seasonality in the various seasons?
- a. Why do you respond in these ways?
 - b. Would you consider your responses being unique or similar to those of competitors in this region?
 - c. Do you invest in value creation, innovation or both to counter or respond to seasonality?
 - d. What types of risks are involved in these responses?
 - e. Would you consider your strategies as those that maximize or minimize risks in the process of countering seasonality?

Red versus Blue oceans:

- 4. Would you categorize your establishment as one that is visionary and competitive as relates to managing seasonality? Why?
- 5. Which creative strategies have you been able to adopt in strategy development amid the process of countering the effects of seasonality?

Reconstructing Market Boundaries:

- 6. What factors do you compete on so as to counter seasonality?
 - a. Which buyer groups do you focus on?
 - b. How would you unlock customer value if you were to shift the buyer group?
 - c. Why do you think customers trade across these alternative industries?

- d. How would you incorporate alternative industries (offer different forms of products and services but similar functionality or utility) in the operations of the establishment to counter seasonality?
- e. How would you use the strategic groups (that have similar strategies) within this industry to counter seasonality?
- f. Why are there trade-offs between the higher and lower strategic groups?
- g. How would you use complementary products and service offering to create sustainable strategies for countering seasonality?
- h. How would compare the effectiveness of functional and emotional appeal as strategies for countering seasonality?
- i. Which trends are evolving at a clear trajectory and have a higher probability of impacting seasonality?

Creating the Blue Ocean Strategic Profile:

7. What would you consider as alternative factors you have taken for granted (that would differentiate your product and at low-cost) that would re-orient your strategic focus?
8. The four action framework
 - a. Reduce / Eliminate strategy:
 - i. Which factors have you competed on for so long that if eliminated would open up opportunities for you differentiating your product -eliminate
 - ii. Which factors have you over invested in either by overdesigning to match or beat competition need to reduced -reduce
 - b. Create / Raise strategy:

- i. What kind of compromises have you forced the customers to make?-factors should be raised well above the HI's standard - raise
- ii. Which factors would be possible discoveries would be of new value to buyers? -create

Implementation and challenges:

9. How would you incorporate strategic alliances to counter seasonality?
10. Do you think there would be any challenges on implementation of these strategies?
11. How would we manage the hurdles to ensure effective and efficient implementation of strategies in an attempt to counter seasonality?
12. How would we ensure sustainability of these strategies in the long-term?
13. Would you categorize your establishment as one that is visionary and or an excellent establishment to date as relates to managing seasonality?
14. How do you differentiate the creativity of this establishment in the attempt to remain excellent or visionary amid the process of countering the effects of seasonality?
15. How do you use the following to counter seasonality for the establishment?
 - a. Value creation
 - b. Innovation
 - c. Value-innovation
16. How would you use value-innovation to reach out to reach out beyond existing demand?
17. Do you have any additional comments?

Closure Phase: Request for a summary of the participant's view of the research problem and discussion. Closure of the interview and appreciation for participation

APPENDIX IV: LETTER TO THE ORGANISATION

Dear

Address.....

.....

I am currently a PhD student in my second year of study pursuing a degree in Tourism Management. For the completion of my study, I am required to complete a research thesis as part of an obligatory requirement in the program. The research thesis involves collection of data to aid in analysis. The data collected will entail vital information that will lead to answering the problem of the study and particularly contribute to practical and theoretical knowledge in the field of study.

This research I am undertaking aims to explore the factors influencing seasonality in the accommodation sector, through a case study of hotels in Diani beach, South Coast, Kenya. The outcome will lead to development of a theoretical model of applicable strategies and a manager's toolkit for countering seasonality in the long-term. As you are affiliated with a currently functioning hotel, it would be of great value to get in contact and conduct an interview, review specific organisational archival data and documents that depict seasonal trends.

The areas of interest include: the causes of seasonality; the measures of seasonality; managerial responses to seasonality; the opportunities to create uncontested market - space to deviate strategies from competition; and how to avoid management hurdles, implement and communicate the strategies.

All information collected from these data sources will be kept entirely confidential with methods advised by the university being strictly adhered to. I look forward to your response.

Thank You,

Rose Burugu Wairimu,

Student at Cardiff Metropolitan University, Cardiff, Wales, in collaboration with Moi University, Kenya

Tel.: +254 750 849536

Email: roseburugu@mu.ac.ke

APPENDIX V: SEASONALITY MANAGEMENT TOOLKIT

SECTION A

I.I Introduction

As discussed in the previous sections (see Chapters Four, Five and Six of this thesis), there is a lack of understanding of creative uncontested solutions for countering SIHs by HMs and HTI stakeholders. This inefficiency equally relates to the management of both SMEs and larger enterprises in the HTI. This toolkit guides HTI stakeholders on how to counter SIHs through value-innovation (creating new viable ideas through differentiation and low cost structures. The toolkit emphasises the significance of creating and applying an integrated model for managing SIHs, such as the one discussed in chapter six of this thesis. It is noteworthy, that this toolkit is generated based on the strategic integrated model, so as to provide a user friendly tool for HMs to implement the recommendations drawn in this thesis.

As established in the thesis discussions, innovation was a dire need for both larger and smaller enterprises. Thus, the developed toolkit was believed to be relevant to all HMs in Kenya's HI, whether in large and/or SMEs. Despite the fact that the study was mainly based on hotels located in Diani beach South Coast of Kenya, the guidelines for the applicability of the innovation tactics would also be appropriate for HTEs in the wider HTI. Therefore, to widen the scope of the toolkit's applicability in the wider HTI, this chapter basically evaluates the outcomes of the strategic integrated model to provide possible guidelines potential users.

The toolkit, informs HMs of how to: establish viable new creations; initiate the process; sustainably engrain and manage value-innovation; how to install and create a strong foundations in each proposed shift; to consistently develop differentiated and low-cost structures; apply the change holistically, so as to effectively and efficiently counter SIHs. Figure A below illustrates the combination of the basic sources used in the development of the toolkit.

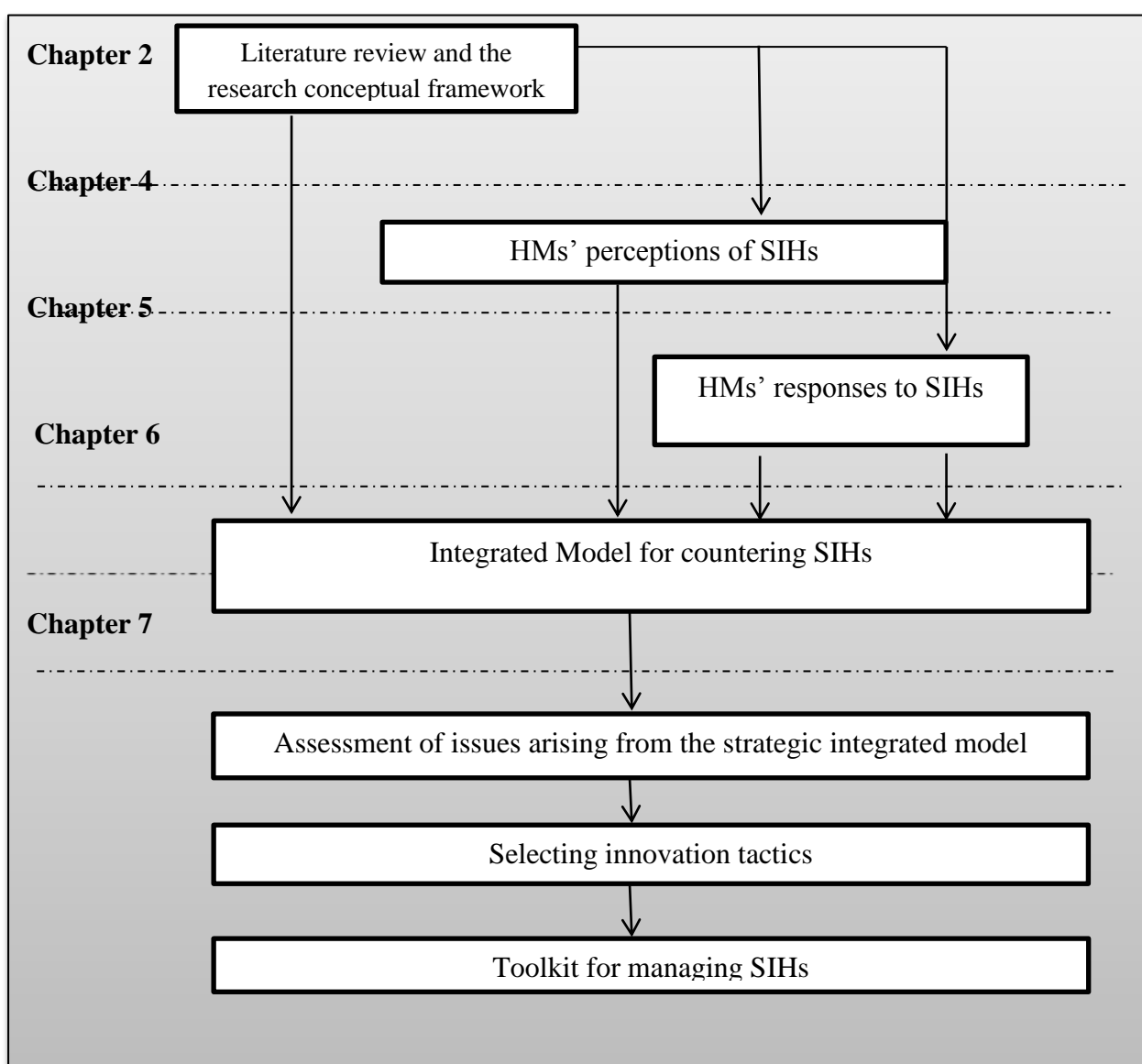


Figure A: Information leading to the Development of the Toolkit

The toolkit contains four factors as shown in the Figure B, and each is discussed in the following sub-sections:

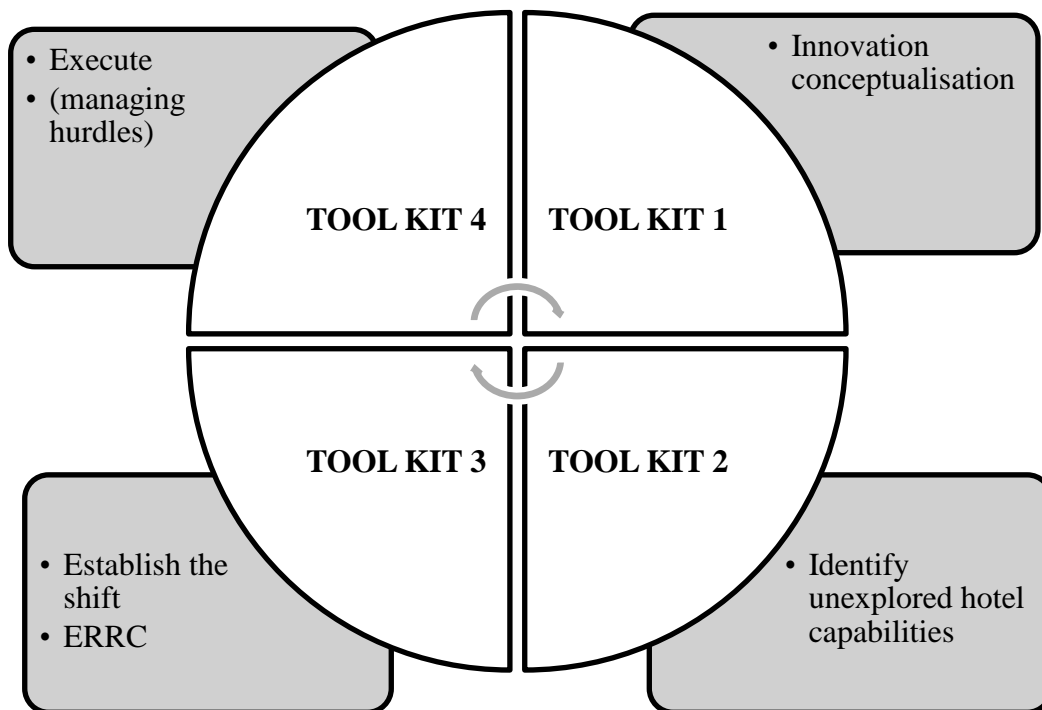


Figure B: The Seasonality Management Toolkit

SECTION C

TOOLKIT I: INNOVATION CONCEPTUALISATION PHASE

Based on the study findings, it was evident that majority of the HMs were not aware of how to initiate the innovation process. This section highlights three key questions that may help in the process of innovation as shown in Figure C.

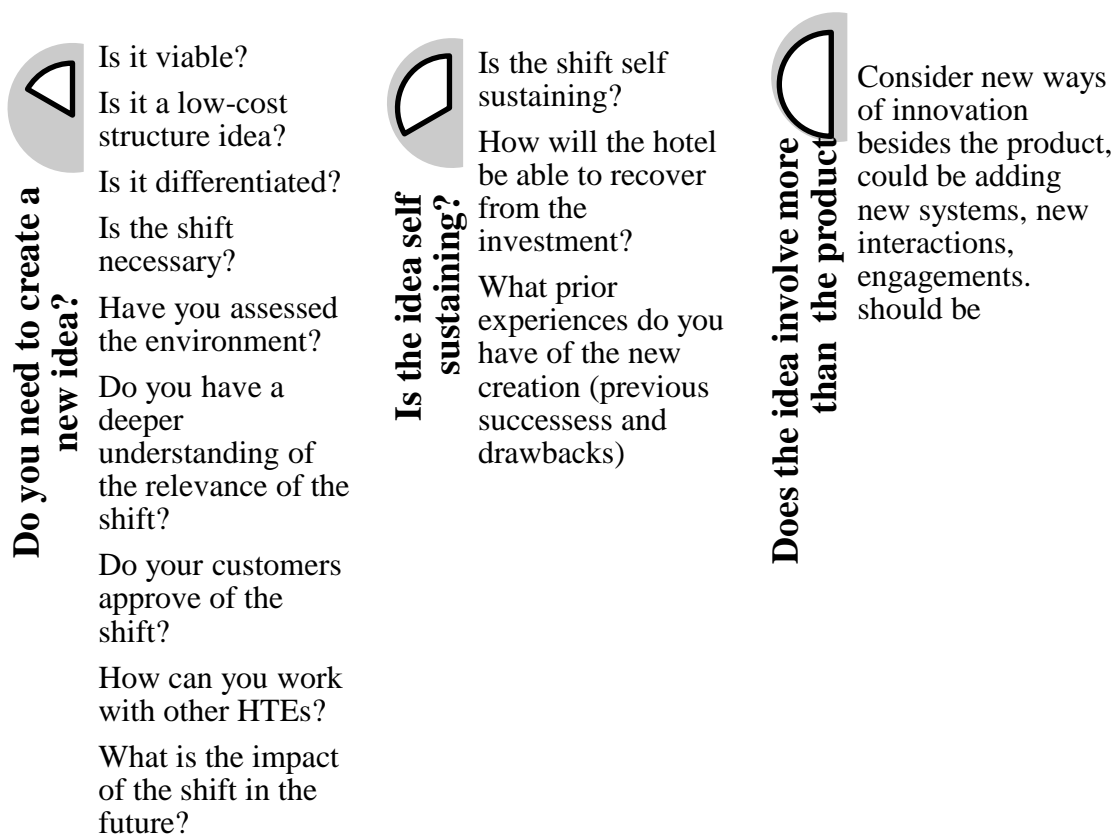


Figure C: Knowing how, where and when to Innovate

SECTION D

TOOLKIT II: IDENTIFY UNEXPLORED OPPORTUNITIES

How do you identify opportunities to exploit?

Since many issues in the thesis related to the difficulty of analysing and exploiting opportunities from already existing capabilities, this section addresses, how HMs could identify new ideas that new opportunities. There are four basic steps are discussed as shown in Figure C. HMs have to: identify the best possible solutions from the existing unexplored opportunities; understand the value and nature of the item to the shift, so that its application would lead to viable outcomes; look at the bigger picture and not necessarily the compromises that customers make when choosing the product or

service; avoid complex processes, though ensure that a holistic integration of the issues is applied. In order to choose the right innovation, innovators (HMs or related HTEs investors), have to examine the current state of the HTI, but make sure to focus on the expanding demand through low-cost structures and differentiation. The shift should not only be simple, but deliver a new promise through the innovators' conviction and courage; being bold enough to make the new step. It would need a deeper understanding of the problem, and HMs should take time to assess these factors. The following set of questions, would help HMs sharpen their instincts of the innovation.

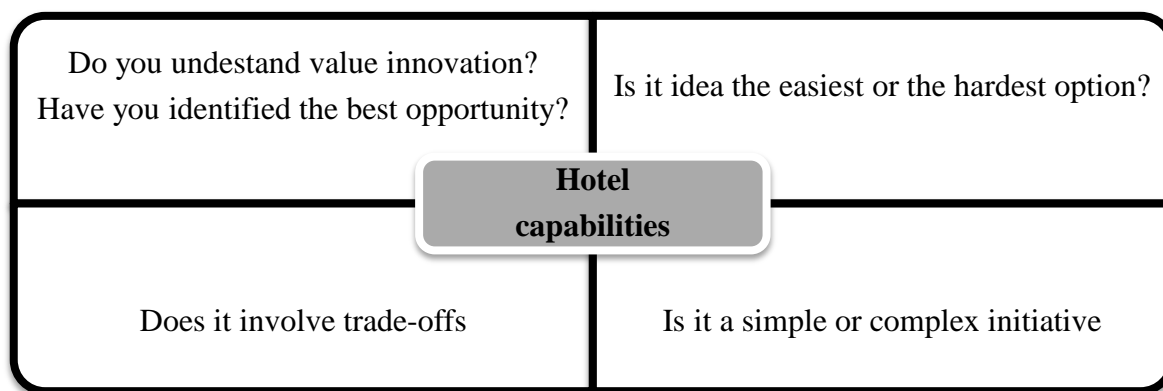


Figure D: How HMs would establish the best idea match hotel capabilities

SECTION E

TOOLKIT III: ESTABLISHING ERRC STRATEGIES

How do you establish the Shift and Scale to adopt?

In order to avoid the tendency of being overly ambitious (scaling the shift higher than the hotel's or HTEs' capabilities), the innovators would need to de-risk the process of innovation. The innovation process would need to involve specific part of the establishment, such as assessing: the business model - involving capabilities and how to make money differently in the value chain; product offering, where the HMs would

combine various factors within the existing platforms; customer experiences (an incremental process). By analysing and adopting the viable shifts, HMs would possibly have a better focus of the viable option.

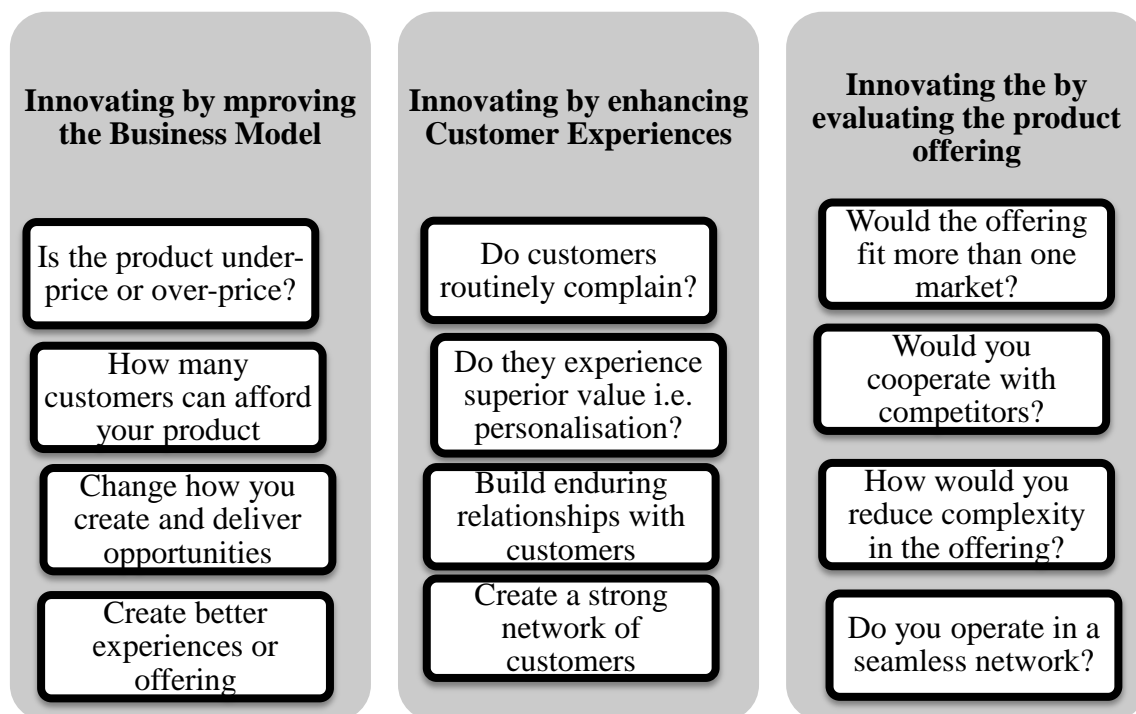


Figure E: How to establish the Scale and Shift to adopt

Once the HMs have established the type and scale of the shift, they proceed to identify suitable tactics to apply in each. This research provides several tactics in chapter six whilst exploring the ERRC strategies. Specific questions are explained in the following sections, which would help HMs achieve the correct shifts.

a. Profit Models

In order to create low-cost structures, HMs and HTI stakeholders intending to create value-innovation, must find renewed ways of converting the value of the hotel product and service into cash. HMs must be able to establish a deeper understanding of the

customers' needs and expectations and link these to the pricing opportunities. Customers should find it easy to access and use the product as well as easing the costs within the supply chain. This shift would be able to challenge HMs assumptions of the HTI about what to offer, how much to charge and how to collect the revenues. The Figure F below provides questions, which may guide viable ERRC strategy creation by renewing the HTEs profit model.

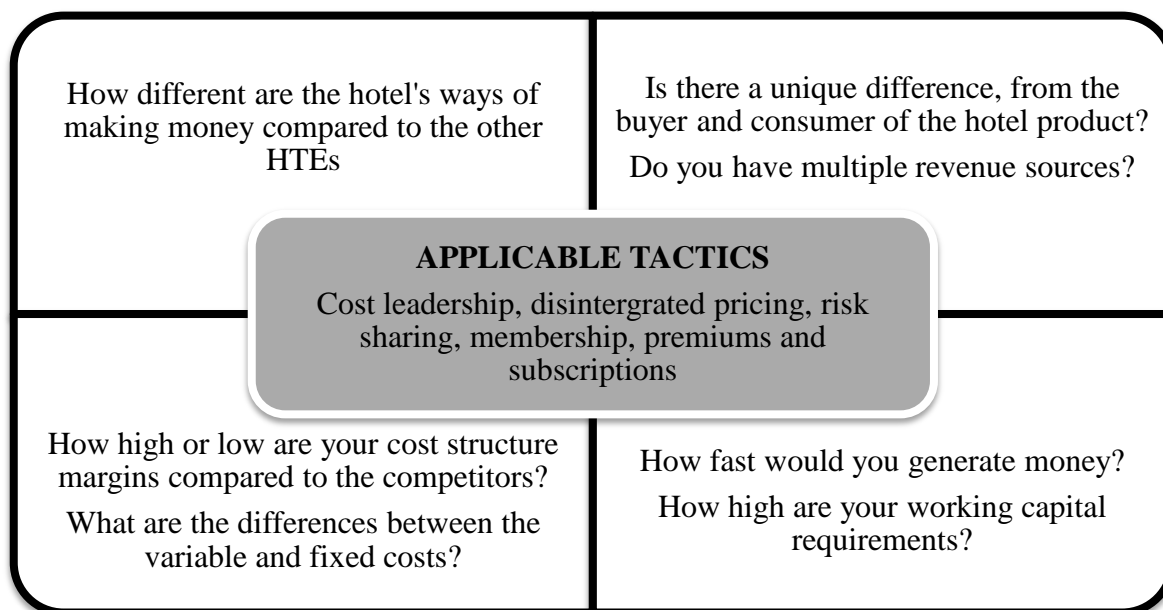


Figure F: How to evaluate and determine low-cost structures but profitable shifts

b. Network Potentials

Despite the interconnectivity of the HTEs nationally and globally, the findings of this study revealed that rivalry amongst the HMs in Diani, had forced some of the properties to operate as standalone, which undermined the concept of operating as a destination within the destination.

This shift, recommends the creation of networks, between hotels (whether competitors or strategic partners), who by complementing their processes and structures, would take advantage of their shared and unexploited capabilities, including and not limited to: operation processes; channels of distribution; offerings; technologies. As a result of capitalising on these strengths, HMs would be able to share risks [in the short or long-term], which may involve the creation of new ideas, from its inception, testing, execution and evaluation. The following questions guide the strategy creation process (especially what to ERRC) the creation of viable network shifts and tactics to be applied (see Figure G).

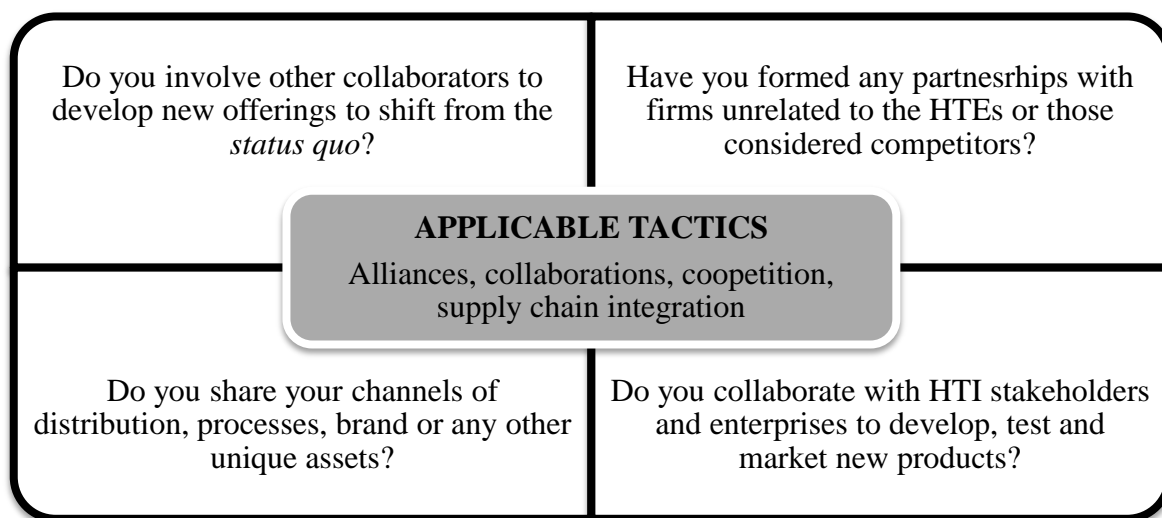


Figure G: How to create viable shifts by exploiting Network Capabilities

c. Management Approach or Structure

It was notable from the findings, that, besides making profits through low-cost structures, networking and other product and service related shifts, in order to create viable BOS and equivalent viable shifts, HMs have to align their values to those of the organisations and of the national agenda.

In addition, the participants believed that they needed to enhance a superior talent amongst their employees so as to minimise on the costs of mainstream operations (since employees would be aware of organisational changes or how to profitably manage operations with little waste) emphasise on the achievement of set goals; this would be achieved through continuous training. As a result of creating a unique structure and aligning the hotels' vision to value-innovation, HMs would be able to establish: their own unique platform; an incomparable asset to the competitors; ways of attracting top talent that may enhance professionalism and standardisation in service delivery, hence a unique style of service delivery (see Figure H).



Figure H: Aligning Hotels Structure to Value-innovation

d. Product Value

It was evident from the results that HMs did not adequately address innovation through improving the product, claiming that the nature of the HI product, allowed for easy duplication despite efforts to differentiate and create value unique to specific establishments.

To guide this process, four basic questions are asked (see Figure I, which guide HMs on how to establish new viable ways, of creating products that are not only eco-friendly, but also meet a wider range of individual customer expectations. If appropriately established, the HMs would be able to expand their market share by retaining existing customers and or attracting more non-customers.

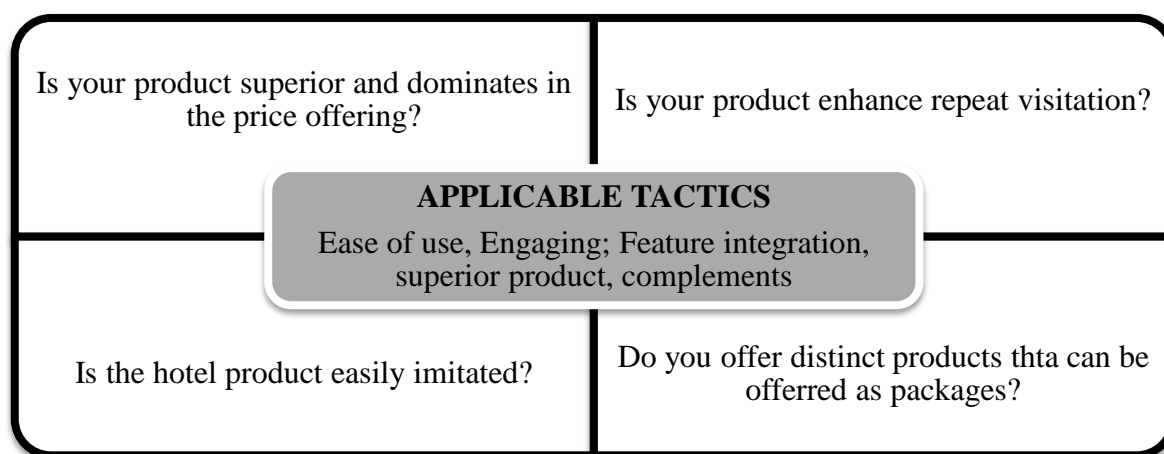


Figure I: How to expand your Market Share by distinguishing Hotel Product Features

e. Customer Service

Based on the subsequent shifts, it is evident that the HI product and service is highly dependent on the customer needs and expectations. Therefore, HMs and all potential innovators in the HTI have to continuously enhance customer engagements and experiences. This could be achieved by HMs exploring strategies in development of their structures, which may lead to memorable and fulfilling experiences, through interactive and mutual relationships between the hotel and consumer. To enhance achievement of this strategy, HMs need to create strong brands, so that customers can be locked to your product, since they are: guaranteed of a valuable and superior

offering; always remember the valuable experience, hence prefer it to shifting to any other. However, since, innovation is not a one-off process; HMs can renew and extend their offering, but make sure that each new addition is made known to the consumer. To enable the HMs hone their achievement of new viable shifts, they would be able to use the question in Figure J to consistently determine whether a new channel could be used to provide a service or brand, hence locking customers to your product offering.



Figure J: Create New Value innovations through compelling Customer Interactions

SECTION F

TOOLKIT I: EXECUTING THE STRATEGY

How do you ensure effective execution, evaluation and hurdles management?

In order to ensure a successful innovation process, HMs must be able to manage basic essential qualities that surround the effectiveness of the process.

Particularly, it is evident that the sceptical nature of the participants towards change, would not easily allow for change. However, with practical objectives and ambition whilst embracing the need for change would be a vital component to allow for change. HMs have to continuously practice the skills of creating new ideas and allow for the drive to be internally (by the organisation and individuals), and not external forces. This will help resolve any tensions arising, since the commitment to problem, tool and methods to be used and appreciation of the process would be set out from the on-set.

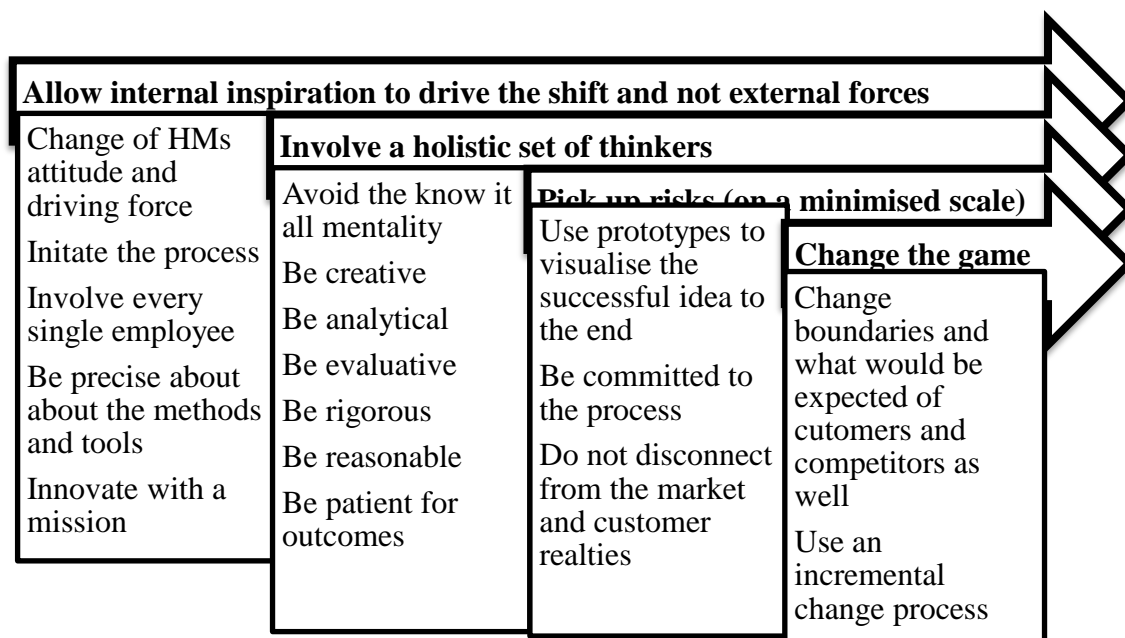


Figure K: How to ensure an effective Execution Process

Besides the basic structures involved, HMs must also ensure that an equal opportunity is given to all employees. Through managing a talent and creating a continuing training program to align value to the outcomes, HMs would be able to: articulate and inspire innovation, since leadership plays a crucial role to supporting successful innovations; encourage commitment and ownership of the process from the initiation of the thought to innovate.; put trust in the talent which will be able to tackle the challenges and help

look out for every opportunity to de-risk the process; find the simplest ways to deliver the most challenging bits of the innovation process; pursue the mission with rigor.

SECTION G

I. Limitations of the Toolkit

The challenges involved in the value-innovation process, have persistently emerged while discussing the toolkit in this chapter and cannot be overemphasised. HMs face several foreseen challenges; mainly linked to the fear of change and investing in an uncertain shift - project, with unknown outcomes. In summary, due to the need to ensure an incremental transformation process, HMs have the role to ensure that they put a central focus on a viable business model and feasible offering and customer experience by ensuring that HMs have the ability to: firstly, de-risk the process and that there is a guarantee to be successful through every new idea conceptualised, tested and implemented (whether in large or small scale); secondly, reduce the feared uncertainties (that the ideas would be successful); thirdly, explore the ideas and first counter the most difficult challenges instead of the easier ways out (which could eventually cause commercial disasters when diffusing the innovation in large scale); fourthly, continuously use iterations to master their innovation skills.

II. A critique of the Strategic integrated Model for countering SIHs

It is noteworthy from this research's findings, that HMs were not only sceptical of incorporation of BOS strategies in the management of SIHs, but also lacked a creative and proactive mind-set to achieve this shift.

Besides the uncertainty of the impact of the BOS outcomes on SIHs, the integrated model also revealed that the nature of the HTI (its products, services and relationships amongst HTEs and its stakeholders) also played a vital role in enhancement of the achievement of the strategies. Particularly, HMs supported Jones (2002) assertions, that the hospitality business offers its customers a product that has both tangible and intangible features, which influence the adoption of creative solutions for countering the phenomenon.

Relatively Knowles *et al.* (2004), identified seven dimensions of the HI product, including: intangibility; perishability; simultaneous production and consumption; ease of duplication; heterogeneity; variability of output; difficulty of comparison, which HMs strongly believed, had complicated HMs ability to sustainably innovate and differentiate their product. It was referred to as a farfetched concept with HMs consistently surviving through low seasons through benchmarking, targeting similar markets and duplication products.

To challenge this notion and further ease the application of the BOS in Kenya hotels, the researcher evaluates the wide-ranging issues arising from the integrated model (see Chapter six of this thesis) to develop a set of practical guidelines of assessing viable shifts and innovation tactics to ensure effective creation of BOS. The toolkit is expected to be applicable to both very large and SMEs in the HI. However, caution should be taken whilst applying these tactics, since its viability only depends on a consistent review of specific HTEs over time.

III. Issues arising from the Strategic Integrated Model

Based on Figure 6.7 (the revised integrated model for countering SIHs in Chapter Six – Page 260 of this thesis), four key issues were strongly linked to the ERRC strategies, and recommended: first, the restructuring of the hotels profit models, network potentials and processes; second, creating new product offering; third, reviewing the product offering. Each of these issues were believed to be possible solutions, if well applied, would lead to the creation of blue oceans. The main challenge however, involved how to HMs would establish the correct shift to adopt and the possible tactic to use in implementation of each shift.

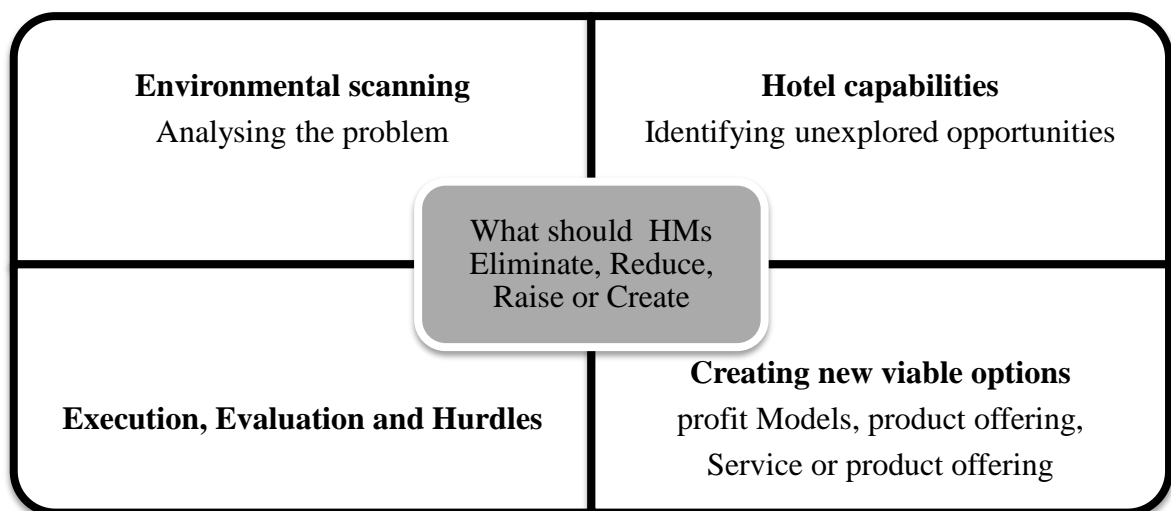


Figure L: Possible shifts to adopt in the creation of BOS for countering SIHs – the toolkit

Therefore, the following subsections evaluate the possible questions that HMs may use to identify the possible solution in each shift, enhancing the applicability of the model in the HTEs.

It is important to note that these shifts are not conclusive, and that HMs may continuously review and adopt suitable shifts during each reassessment of the operating and global environment. But to begin with, the toolkit starts off by asking key questions regarding the initiation of the innovation process.

Summary and Final draft of the toolkit

Despite the varied arguments in literature on the factors influencing SIHs and the best solutions for countering the phenomenon, this evidence that the toolkit provided in this chapter would be a vital practical guideline to help HMs and related stakeholders to counter SIHs. This toolkit has been developed based on the review of literature, in-depth interview analysis, and development of the integrated model and addresses possible innovation solutions for HMs and managers in the wider HTI facing similar challenges. The researcher hopes that this would be applicable to not only the HMs but also a wider group of professionals who are interested in applying innovation in diversifying their product offering at low-cost, and attain value-innovation.