



Contribution of Internet towards the growth of Small Scale Tourism Enterprises: Case of Tanzania

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Abstract

Tourism is one of the world's largest industries, and it is a natural partner for the Internet, where it is also the world's largest on-line industry. Tourism is growing fastest in the developing countries; it is also a major component of most economies. Small Scale Tourism has been shown to foster local development in developing countries. At the same time, Information and Communication Technologies are being deployed within Small Scale tourism enterprises in developing countries and are beginning to demonstrate their potential for inducing local development. As tourism industry and small companies are of big importance for Tanzania's economy, this Study examines the Contribution of Internet towards the growth of SME's tourism. A two month long field study was made in Bagamoyo, Dar es Salaam and Zanzibar. The Internet level was found to be relatively high for a developing country but low when considering the opportunities in Tanzania. The factors with a positive effect on the Internet awareness level were the national economic and technological development trends and the positive attitude towards Internet. The negative factors were the lack of education within the companies, bureaucracy, physical infrastructure problems and the cultural and social norms.

Keywords: *Internet, Small Scale Tourism, SME's Tourism, eTourism*

1.0 Introduction

Tourism is one of the world's leading industries, and it is a natural partner for the Internet, where it is also the world's largest on-line industry. Tourism is growing fastest in Tanzania, where it is a major component of her economy. Small scale tourism has been shown to foster local development in Tanzania.

According to Ministry of Natural Resources and Tourism, tourism became the fastest growing industry in Tanzania in the 1990s (Tourism Statistical Bulletin, 1999). Foreign earnings from tourism increased from US\$20m in 1986 to US\$824m in 2005. Indeed, the annual growth rate of tourism since 1985 has been over 30 percent (Tourism Statistics, 2008). However, the tourism industry in Tanzania is constrained by poor infrastructure. Inadequacies exist in accommodation facilities, communication infrastructure, air and road transport, and the security of water and power supplies (National Tourism Policy, 1999).

Internet has developed very fast in recent years. There were 14, 200, 000 people going to Internet in 2000, 19, 600, 000 in 2002, and 50, 200, 000 in 2010. It was estimated that there will be more than 12 billion network users in 2016, and market scale will reach 2, 000 billion dollars. The income generating from Internet has increased from \$ 8,000,000 in 1994 to 12340 billion in 2004 and the increasing rate was 90% from 2003 to 2004, and 72% from 2004 to 20052 (Freedom on the Net, 2018). This rapid development of Internet has impacts on almost every industry, Tourism industry is one of most promising ones among them. Tourism is growing very fast in integrating with Internet e.g. Tourism E-commerce sale is 270 billion dollars in 1997, and 670 billion in 2007. Global tourism E-commerce increased by 350% in continuous 5 years (UNCTAD Annual Report, 2005).

Moreover, as Information and communication Technologies (ICT's) are beginning to be deployed in Tanzania for the purpose of fostering local development, communities are able to implement Internet in support of their Small

Scale Tourism operations. Furthermore, Internet is not only a natural partner for tourism, it is also a natural partner for the market segment that Small Scale Tourism should target.

The dramatic growth of the use of the Internet has been explicitly obvious over the last few years. In 1991, the Internet had less than 3 million users around the world. By 1999, an estimated 250 million users accessed the Internet and approximately one quarter of them made purchases on-line from electronic commerce sites, worth approximately \$110 billion.

In the context of Tanzania, there is lack of current information on the impact of the internet technologies on the performance of small scale tourism and the challenges that these firms face in their efforts to tap the benefits of it. It is therefore the primary aim of this study to make a contribution in that area.

2.0 Literature Review

2.1 Overview of the Internet in Tanzania

Full Internet services were available for the first time in Tanzania starting in January, 1996. Via a leased circuit to Uninet (South Africa), the leased circuit will have 9.6 Kbps of capacity. The University of Dar es Salaam was the first institution to offer Internet services in Tanzania. The progression to the information era and the convergence of information and communications technologies mean that the Internet will continue to play an important role in communications, the transfer of information and knowledge and electronic commerce in the future. As we move into the next millennium, the Internet will play an increasingly important role in facilitating Tanzania's transition to an information-age society.

Recognizing this trend, the Tanzania Communications Commission (TCC) as provided for in the Communications Act No.18 of 1993 and the National Telecommunications Policy of 1997, has further liberalized the provision of public Internet access services in Tanzania.

Electronic mail services are at their infancy in Tanzania with less than 10 nodes connected to the FIDONET network. The largest number of E-mail users is at the University of Dar es Salaam whose FIDONET node supports about 120 points and daily international traffic is 200 KB. The Computing centre at The University, which operates the e-mail system, also operates terminals where the public can send and receive e-mail messages.

2.2 A Small and Micro-Sized Tourism Enterprise

There is no universally accepted definition of SME's. Different countries have their own definitions and generally such definitions are based on such criteria as number of employees, annual turnover, value of assets or investment and profit generated.

The SME's nomenclature is used to mean micro, small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SME. Different countries use various measures of size depending on their level of development. The commonly used yardsticks are total number of employees, total investment and sales turnover. In the context of Tanzania, micro enterprises are those engaging up to 4 people, in most cases family members or employing capital amounting up to Tshs.5.0 million (SME Development Policy, 2002). The majority of micro enterprises fall under the informal sector. Small enterprises are mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from Tshs.5 million to Tshs.200 million. Medium enterprises employ between 50 and 99 people or use capital investment from Tshs.200 million to Tshs.800 million, This is illustrated in the table 1 below.

Table 1: Categories of SME definition as per the SME Policy 2002

Types of Business (Category)	Employees	Capital Investment in Tsh
Micro business	1 – 4	Up to 5 million
Small business	5 – 49	Above 5 million to 200 million
Medium business	50 – 99	Above 200 million to 800 million
Large business	100+	Above 800million

Source: SME Development Policy, 2002.

For the purposes of this study, SME's is defined as tourism enterprises with fewer than 30 rooms and with a maximum nightly rate of US\$ 80 for single-room accommodation. For some operators (mostly on the beaches) rates included meals and accommodation, while others charged persons for accommodation only.

SMEs in the tourism sector are viewed as catering for backpackers or budget travelers. The MOT¹ (2003) report indicates that the backpacker² market is important to LCD, in Tanzania plays a vital role in the country's economic development. It is one of the major sources of foreign exchange. The industry is also credited for being one that offers employment opportunities either directly or indirectly through its multiplier effect. The sector directly accounts for about 16% of the GDP and nearly 25% of total export earnings. It directly supports the estimated 156,050 jobs (2000). Foreign exchange receipts from tourism grew from US\$ 259.44 million in 1995 to \$ 729.06 million in 2001. These receipts were generated by tourists' arrivals in the stated years, which have shown a steady growth from 295,312 in 1995 to 525,000 in 2001. With an average growth rate of 20%, we hope to reach the target of one million tourists by the year 2011. The sector also plays a major role in enhancement of national and international peace and understanding. The report also states that 62% of backpackers stayed in budget accommodation and 25% stayed in hostel accommodation. Backpackers are usually young (75% in the 20–29 age group); typically from Europe (57% from the UK, 16% from Europe, 17% from North America); and on the whole, well-traveled.

According to a study undertaken by Richards (2005), young travelers tend to be information intensive, consulting a wide range of information sources before they embark on their travels. The Internet is the main form of information gathering, outstripping family and friends. The Lonely Planet is the most frequently used travel guidebook, and backpackers are far more likely to use it than are other travelers. Backpackers are also more likely to ask SMEs and fellow travelers for information on future accommodation possibilities. In terms of accommodation, it was found that very few backpackers booked in advance. If experiences of other backpacker destinations hold, websites and email are probably used to cement bookings when decision making and choices have been made on the basis of word of mouth reports (Doorne & Ateljevic, 2000). The Internet is also being used as part of this word of mouth information gathering, through emails, websites, discussion boards, on-line chats and so on, as with the general backpacker trend worldwide, the Internet assumed far more importance to backpackers (27%) than to non-backpackers (15%) for seeking information prior to the visit. Backpackers stay longer and travel widely, and consequently are likely to disperse income at travel destinations outside main tourist areas (Tourism Australia Act, 2004). According to the National Tourism Body of Tanzania report (2003), 27% of backpackers stated that they obtained information about the country from the Internet. Comparatively, only 15% of non-backpackers did the same.

2.3 Performance of Tourism Sector in Tanzania

Tourism in Tanzania plays a vital role in the country's economic development. It is one of the major sources of foreign exchange. The industry is also credited for being one that offers employment opportunities either directly or indirectly through its multiplier effect.

The sector directly accounts for about 16% of the GDP and nearly 25% of total export earnings. It directly supports the estimated 156,050 jobs (2000). Foreign exchange receipts from tourism grew from US\$ 259.44 million in 1995 to \$ 729.06 million in 2001. These receipts were generated by tourists' arrivals in the stated years, which have shown a steady growth from 295,312 in 1995 to 525,000 in 2001. With an average growth rate of 20%, we hope to reach the target of one million tourists by the year 2011 (Yusuf, 2017). The sector also plays a major role in enhancement of national and international peace and understanding.

2.4 Implications of Internet Utilization by SME's

Readiness of the telecommunication infrastructure is one of the crucial factors to influence utilization of the Internet for marketing. If infrastructure is reasonable, universal and stable, people, even amongst the smallest businesses, can use it for their own operation. Our target group of small and micro sized enterprises (SMEs) is already faced with constraints such as limited finance and relatively remote island location. Therefore, universal access is critical. When owners of SMEs target guests from developed countries who have broadband access to the Internet and efficient business approach, the guests expect a prompt response to their enquiries. Stable telecommunications services are

¹ MOT-Tanzanian Ministry of Tourism

² backpacker is a person who travels or camps while carrying their clothes and other things that they need in a backpack (FreeSearch, 2019)

necessary to sustain the interest of guests. Of course, infrastructure such as power is also important for utilizing the Internet.

3.0 Methodology

3.1 Research Strategies

A research design is the arrangement of conditions for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Claire et al., 1962).

In This study mixed method approach was employed, which is a research approach that involves collecting, analyzing and interpreting both qualitative and quantitative data in a single study (Leech & Onwuegbuzie, 2006). The initial and obvious benefits of this are to allow the researcher to see things from different perspectives and to understand the topic in a more complete fashion than would be the case had the data been drawn from just one method. Besides, to generate information that has both depth and breadth on how Business owners and managers experience this kind of Technology. In this study, this approach is employed to understand experiences and challenges of internet in SME.

Specifically, the study is a Descriptive design (Cohen, 1987) which was used to obtain information from owner/Directors and managers of various SME. This approach help the investigator to get individual and collective views, and to understand the lived experiences. Further, obtained information on the underlying structure or essence of challenges that SME facing. Qualitative methodology allows for the use of multiple methods and strategies of analysis (Creswell, 2008), thus thorough description of the process. It is concerned with meanings, which the informants attribute to social interactions and situations. As such, in-depth interviews, focus group discussions, and questionnaires is used as methods of gathering information.

3.2 Selection of the Study area and Justification

A case study design of this research was from Bagamoyo, Dar es Salaam and Zanzibar. Information to be collected was used to generalize other parts of Tanzania. The study was based on documentary / secondary information and field survey/ Primary information; this means the combination of two.

3.3 Design of the Study

This study was based on the quantitative approach which uses cross sectional survey. Different respondents has been examine at different points in time, it was selected because the data has been collected from different people at once, it also quick to conduct, cheap to administer and the participation of respondents is almost maximized.

3.4 Sample Size and Sampling Techniques

3.4.1 Sample Size

The target population for this study was Small Scale Tourism Enterprises from Bagamoyo, Dar es Salaam and Zanzibar. Sample size was constitute several number of Small Scale Tourism whereas from each Small Scale Tourism only managers/ Directors or Owners has selected for interviews.

3.4.2 Sampling Techniques

Sampling is a process during which decisions are made on what and how to sample. A non-probability purposeful sampling used to obtain a sample of informants that will help obtain rich information based on their experiences. The researchers use several sampling techniques, First, the number of companies (In total 98) operators were interviewed (from Dar es Salaam, 53; Bagamoyo, 24; and Zanzibar, 21) from 30th May up to and 30th June 2011.

3.5 Method of data collection

Data was collected, by using both primary and secondary sources.

3.5.1 In-depth interview with SME's Companies

The semi-structured interview technique (Kvale, 1996) was carried out with various SME's companies. The semi structured interview technique based on a per-prepared topic was guide data collection. In this interview Directors and Managers before and after introducing internet in their business was narrate their understandings, feelings about doing it, its attitudes towards and its challenges affecting business. The method is helping in gathering information

about Internet from the perspectives of culture, social and economic situation. All interviews will be conducted in English.

3.5.2 Focus group discussions

Focus group discussions (Morgan, 1996) were conducted to elicit information from Managers and business owners on social experiences, psychosocial challenges, and reintegration needs. In addition, the perception of their clients on e-commerce business was explored with special focus on their experience on it. The interview also was explore the personal, social, and economic plight of e-commerce on their lives, and the measures was taken to alleviate the problem which associate with it.

3.5.3 Questionnaire

A questionnaire consists of a number of questions printed or typed in a definite order and mailed to respondents who are expected to read, understand and respond (Kothari, 1990). In this study, a number of questionnaires was sent to business owners or Directors, Managers and IT specialist (if any). A Questionnaire was important to supplement missed information from interview and focus group discussion and has conveniently reached those who do not have time for interviews.

3.5.4 Secondary data

The researcher used different books, reports other documents from the offices and library which address the problem in question. The researcher was evaluate the various sources and discriminate them in terms of amount of credibility that is afforded to them and the reliance that is placed upon them. Besides, the researcher use Internet to get information. However, the authorship, creditability and authenticity of Internet documents are relatively difficult to establish, but the researcher has taken special care.

3.6 Data Processing, Analysis and Presentation

3.6.1 Data Processing

Data which was collected has been processed using manually and computer machine. The processing of the data has involve editing, coding, classification, graph representation and tabulation of the collected data.

3.6.2 Data Analysis

All filled responses were edited to ensure accuracy and consistency in capturing information from the field. Using statistical Package for Social Sciences Software (SPSS), Data which entered was analyzed to produce frequency tables and histograms. From frequency tables and histogram interpretations has been done according to the research questions and objectives.

Findings from in-depth interviews and focus group discussions regarding a firm's experience of deploying Internet on business, challenges, and perception was complemented by questionnaire using a quantitative approach. Both qualitative and qualitative data was used so as to help the researcher to realize and appreciate the experience that a SME who are using an Internet on their business.

3.6.3 Data presentation

After being processed and analyzed to present the real situation of the study various tables and graphs was used to generalized and summarized of the study from the field or observation and descriptive model As a supplement to the field study, a study of literature was done in order to cover the important aspects of theoretical framework, in which it was not able to obtain through the interviews or the questionnaires. The literature study was made by using GEM (Manimala et al., 2002) as a main theoretical framework. The GEM was analyzed by the means of a literature study and interviews, combined with observations where possible. The results was provide an overall picture of the political and cultural aspects that was influence the decisions made by businesses when adopting Internet. These aspects was demonstrate the environmental factors that serve as a background to the issue, and made it possible to trace down the causes of the current level of an Internet awareness in the tourism industry.

3.6.4 Research Limitations

Some of the smallest businesses keep very limited business records and do not systematically record the nationality, age, gender and other details of their guests, or keep a guest book to record guests' experience. As in many small

businesses in Tanzania, tourism SME's planning and marketing activities are basic. Some businesses do not have a written marketing strategy, marketing plan or defined marketing budget. Some persons interviewed found it difficult to answer questions in the survey that required detailed record keeping. In these cases, particularly where percentages were required, they gave only an estimate based on their knowledge.

The study also acknowledges that interviewing guests could have provided more accurate responses than did interviews with operators, particularly on the questions relevant to guests. However, the main focus of the study was to obtain information on opportunities and challenges of using the Internet for marketing by the small scale tourism. The focus on guests was minimal.

4.0 Results

4.1 Introduction

The research data were mainly obtained from operators of small and micro tourism enterprises from Dar es Salaam, Zanzibar and Bagamoyo. These enterprises were characteristically small in size and catered mainly for the backpacker market although as it has pointed out in the discussion of definitions, some of the operators interviewed did not fit the terms of definition exactly. Data were collected with the intention of building up an understanding of the used of Internet experiences of enterprises, and the factors that have influenced their decision to adopt it, as well as to analyze the impact of Internet activities on the revenue of the enterprises. Data on the operation covered such aspects as owner and guest characteristics, occupancy rates, advertising, utilization of the Internet, and training needs. For more qualitative data, as a body, this information is intended to help understand the characteristics of the SME's, how they operate, to what extent they utilize the Internet for marketing, and the constraints faced by SMEs in the tourism sector.

4.2 Section 1: Baseline Data

4.2.1 Size of operation

One-third of operations are relatively new, as 43 of the 98 were established between 2010 and 2020. Only 3 of them were established between 1990 and 1999, all of them are family run operations that are now being managed by descendants of the original owners. The emergence of increasing numbers of SMEs in recent years is possibly a result of the increasing scale of the backpacker industry. This is also reflected in the world trend as Mintel International Group Ltd (2010) report that according to World Tourism Organization, 2010 (WTO) estimates; that proportion of all international tourism trips undertaken by young travelers categorized as backpackers grew from 14.6% in 2000 to 20% in 2017, and the share is forecast to reach 25% by 2025. Table 2 illustrates the size of the resorts in terms of the number of beds available. There is a wide variation in size, with only a small number having fewer than ten beds, while at the top end, there were a few resorts with more than fifty beds. Forty-eight per cent of the operators had 1 - 20 beds, but 50% of the operations are in the range of 11 – 30 beds in size.

Table 2: Number of Beds

No of beds	No. of Operators (%)
1 - 10	19 (19%)
11 – 20	28 (28%)
21 – 30	21 (21%)
31 – 40	13 (13%)
41 – 50	11 (11%)
51	4 (4%)
No response	2 (2%)

Source: Field Data (2021)

4.2.2 Origin and educational attainment of owner

The study found that the owners of these operations came from a wide variety of backgrounds. As depicted in Table 3, 37 owners were local Tanzanian, while 29 foreign owners come from other countries such India, South African, Kenya and Europe, and a few from the Philippines. Many of the indigenous owned businesses are family owned and

operated. Several members of the family work in the business, providing services to guests. Fifty-four per cent of all the operators had completed some form of tertiary education, and interestingly, 48% of the local owners have tertiary level education, a high rate considering the tertiary enrolment rate Tanzania is not so high (13.5% in Bagamoyo, as indicated by the (World Bank, 2009). The corresponding rate for the foreign owners is 69% with tertiary level education. It is usually found that people with higher education are more receptive to the idea of implementing technological changes.

Table 3: Highest level of education of hotel owners

Level of Education	Local Owners	Foreign Owners	No response	Total
Tertiary	33 (48%)	20 (69%)	0	53 (54%)
Secondary	26 (39%)	5 (17%)	0	31 (32%)
Primary	4 (6%)		0	4 (4%)
No response	4 (6%)	4 (14%)	2	10 (10%)
Total	67 (100%)	29 (100%)	2	98 (100%)

Source: Field Data (2021)

Table 4 reports the career background of the resort owners, prior to managing the resort. A higher percentage of local than foreign owners had previously worked in tourism related industry. However, it should be noted that even within the tourism industry, persons came from diverse backgrounds such as manager in larger hotels, flight attendant, dive master, etc.

Particularly noticeable is that only one-third of the operators have experience in the accommodation industry or any professional training in tourism hospitality management. Many owners have had careers in unrelated industries before starting their budget accommodation business.

Table 4: Career background of owners by country

	Local Owners	Foreign Owners	No response	Total
Tourism Industry	26 (38%)	9 (38%)	0	35 (36%)
Others	38 (57%)	17 (57%)	0	55 (56%)
No response	4 (4%)	3 (4%)	2	8 (8%)
Total	67 (100%)	67 (100%)	2	98 (100%)

Source: Field Data (2021)

4.2.3 Guest characteristics

Five questions were asked to obtain information on the guest profile. The usual picture in the backpacker industry is that the guests are young, mostly from developed countries and use the Internet to search for information before and during their travels. Table 5 shows that 73% of the guests originated from developed countries with high utilization of ICT. Figure 1 shows that 76% of the operators had guests in their 30s and 70% had guests aged in their 40s. Collectively, the majority of the operators had guests aged from their 20s to their 40s. There was no significant difference in gender: most operators reported they get both genders equally.

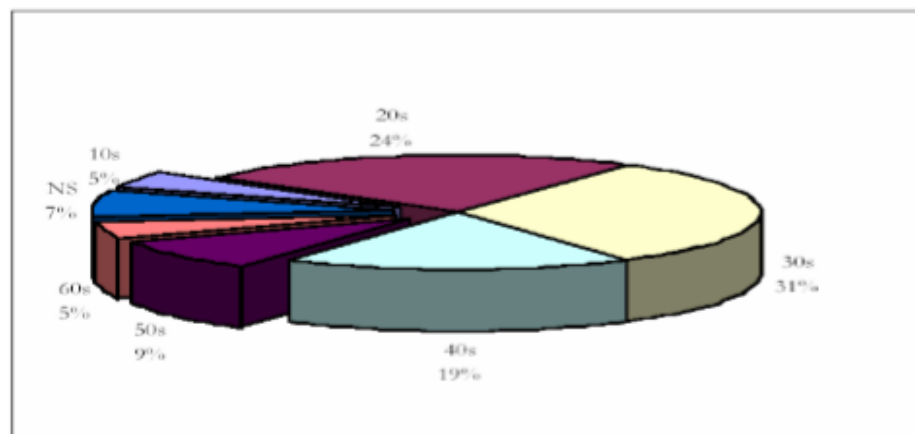
Table 5: Originating country of guests

Guest from Developed Countries	Foreign Owners
Europe	21.5 (22%)
USA	16.5 (17%)
Canada	16 (16%)
Australia	13 (13%)
New Zealand	5 (5%)

Asian Countries	5 (5%)
Local	16 (16%)
Other African Countries	2 (2%)
No response	4 (4%)

Source: Field data (2021)

Figure 1: Approximate age of guests



Source: Field data (2021)

4.3 Section 2: Utilization of the Internet and Website Marketing

Seventeen questions were asked regarding infrastructure and equipment. This was to assess the availability of computers; their maintenance; knowledge of computers; Internet connections; Internet charges; activities conducted on the Internet; and the provision of Internet access for guests. Data were also collected on infrastructure such as access to power and telephone lines in their area. To conduct Internet based activities, access to equipment of good condition and reasonably cheap infrastructure is vital.

4.3.1 Computer equipment – number, year installed, maintenance

In Table 6, show that 34 operators did not have any PC at all. Of these operators, 29% said that having a PC was too expensive, 21% felt they do not presently need it and 15% said that it was too expensive to maintain a PC. Some operators without their own PC and Internet access used the Internet cafés to check their emails.

Table 6: Reasons for not having a PC

Reason for not having a Computer	Numbers	Percentages
Too expensive to buy	10	29
Not necessary	7	21
Too expensive to maintain	5	15
Used it before but not now	4	12
Little knowledge of to use it	3	9
Other reasons	3	9
No response	2	6

Source: Field data (2021)

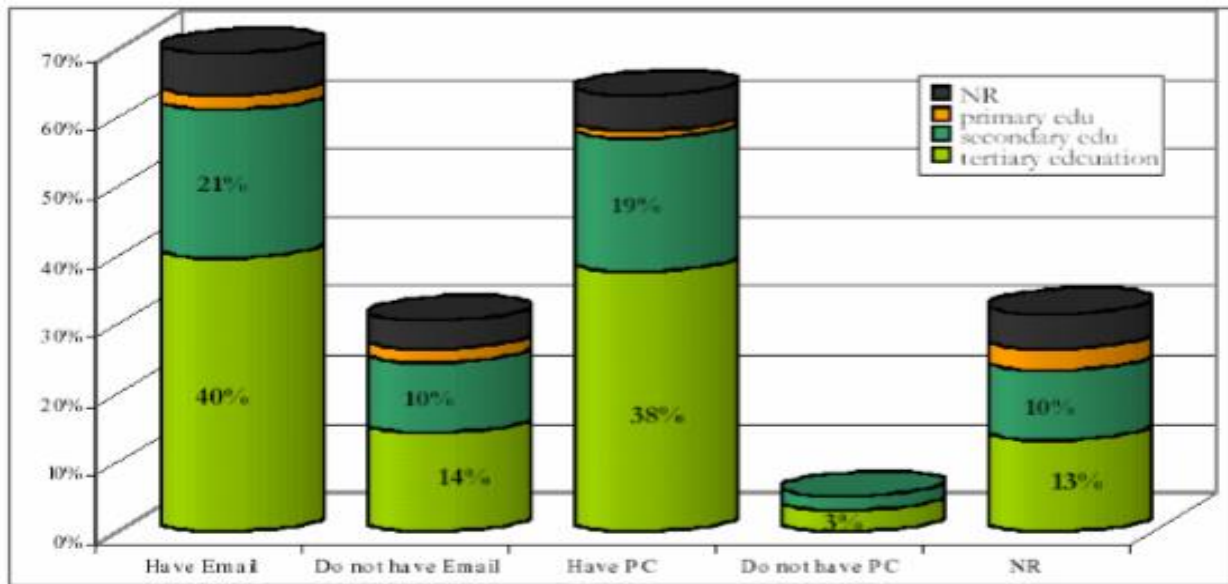
4.3.2 Operations with Internet

As an OECD report points out (2007), ICT seems to facilitate productivity enhancing changes in a firm, in both new and traditional industries, but only when accompanied with greater skills and changes in the organization of work. This finding is also reflected in Figure 2: amongst the operators surveyed, having a tertiary level education almost doubles the percentage of operators with their own computer and access to email. This suggests greater willingness

among managers with higher levels of education to accept new technologies and to implement technological changes in their work environment.

It is interesting to note that only 17% of all Dar es Salaam operators had no Internet access (Table 7), while 32% of the operators who are located in Zanzibar and 43% of operators reside in Bagamoyo area also had no Internet and/or email facilities. Figure 3; show that Dar es Salaam’s operators had higher access to the Internet and email than Zanzibar and Bagamoyo operators.

Figure 2: Owners’ level of education by ownership of PC and access to email



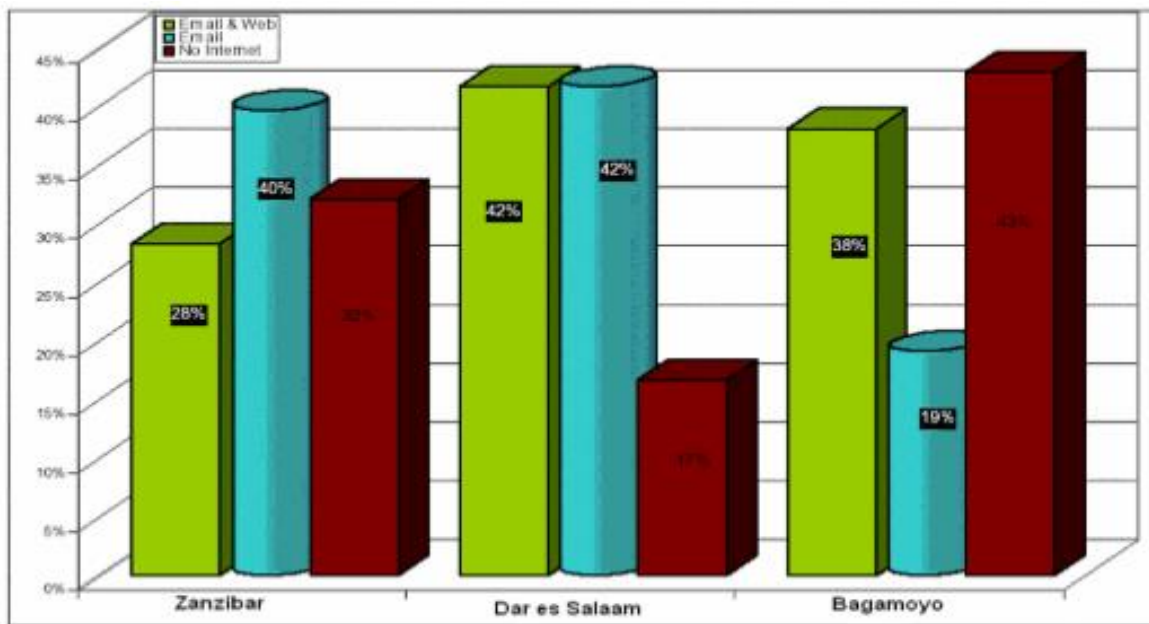
Source: Field data (2021)

Table 7: Operators’ access to Internet by type of access

	Email and Website	Only Email	No Internet	Total
Zanzibar	15 (28%)	21 (40%)	17 (32%)	53 (100%)
Bagamoyo	8 (38%)	4 (19%)	9 (43%)	21 (100%)
Dar es Salaam	10 (42%)	10 (42%)	4 (17%)	24 (100%)
Total	33 (34%)	35 (36%)	30 (31%)	98 (100%)

Source: Field data (2021)

Figure 3: Operators with Email and own Website.



Source: Field data (2021)

Table 8: Average spent on initial website by operators with own website

Total No, of Operators with own Website	33
Mean	\$ 662.14
Standard error of Mean	\$ 151.50
Range	\$ 0 - 3000

Source: Field data (2021)

Table 9: Amount spent on initial website by operators with own website

Amount Spent on Advertising	Frequency	Percent
0	7	21
\$ 1- 500	10	30
\$ 401 – 1000	5	15
\$ 1001 – 1500	3	9
\$ 1501 - 2000	1	3
\$ 2001 – 3000	2	6
No response	5	15

Source: Field data (2021)

Sixty five operators did not own a website of their own. As seen in Table 10. 25% of the operators claimed that it was too expensive to have one, while 20% stated they did not have the required technical knowledge and support to create a website.

Table 10: Reasons for not having own website by operators without own website

	Frequency	Percent
Lack of Technology knowledge and support	13	20
Too expensive	16	25
Lack of infrastructure	6	9
Little staff support	4	6
All the above	10	15

Business is good presently do don't need any Website	5	8
A guest was planning to put us web, but haven't heard anything since	2	3
Website setup require too much work	2	3
Had before but disconnected now	4	6
Don't know anything about, no one has approached to promote it	2	3
Don't have computer, so difficult to have a website	3	5
Don't have cash to have one now	1	2
Will have one soon	4	6
We just started business, so might have it later	2	3
No response	4	6

Source: Field data (2021)

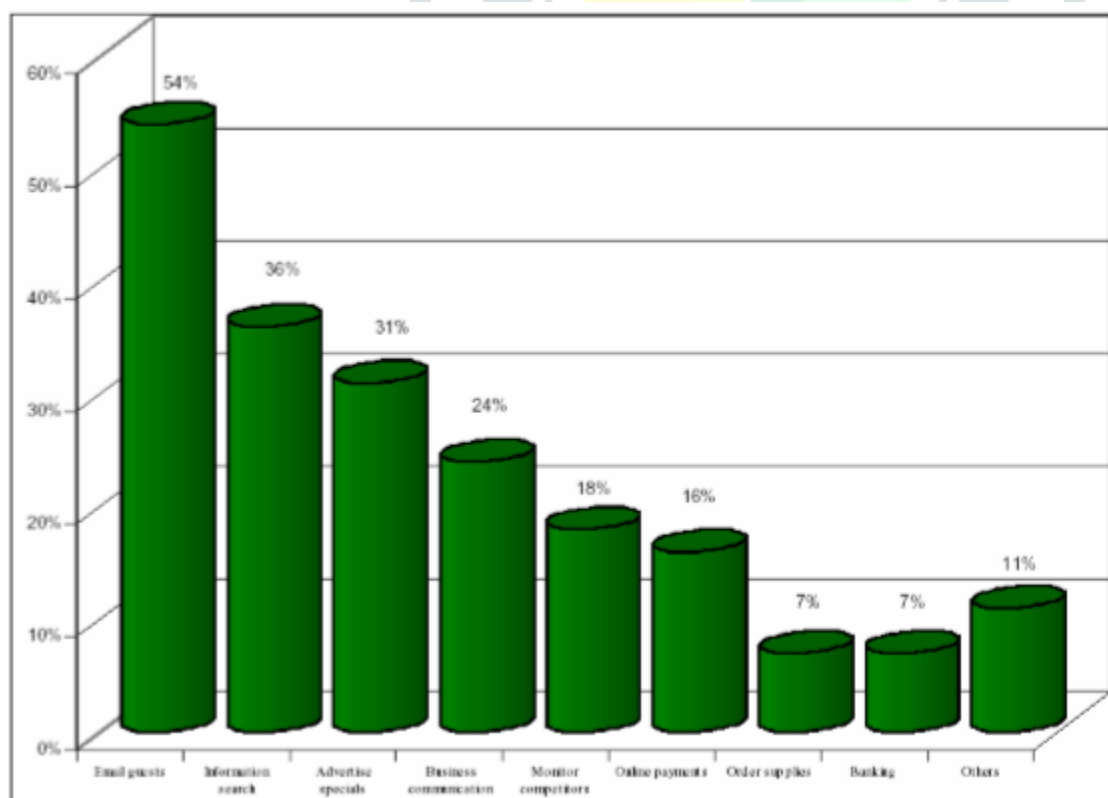
4.3.3 Activities conducted using the Internet.

Figure 4; shows that emailing the guests was the prime reason for operators to use the Internet, as 54% of the respondents, compared with 36% used it to search for information, 31% to advertise for specials, and 24% to communicate with other businesses. During the interviews, many of the foreign owners stated that they initially installed Internet to communicate with their family and friends overseas, but over time, less time is spent on this and more is devoted to answering guest enquiries. As one operator stated:

'Many local operators don't answer their emails straightaway and lose their customers. If you have an email account and have advertised it for business, then it should be checked every day. You can't treat email as normal mail and reply weeks after, as usually the guests are from overseas and they want quick response.' (Sunrise beach resort – Dar es Salaam)

Figure 3: Activities conducted using Internet.

NB: The total is more than 100% as operators identified more than one activity for using Internet.



Source: Field data (2021)

4.3.4 Booking methods

Analysis of data on guests' use of email and internet for making online bookings shows that Dar es Salaam records 67% of such booking, Zanzibar 63% and Bagamoyo 49%. Table 11 shows that Dar es Salaam has more heavy Internet users, as 9 (38%) operators stated that 60 to 100% of their guests booked via email, while only 4 of the operators in Bagamoyo recorded the same case. Seventeen of the Zanzibar operators stated that only 10 - 40% of their guest's book through email. Compared to Bagamoyo, Dar es Salaam operators could be considered to be using Internet more heavily. However, in total only four operators situated in Bagamoyo stated their guests booked directly online. This could indicate the lack of banking and credit card infrastructure in the Tanzania.

Table 11: Percentage of guests booking by email

Percentages of Guest booking via email	Bagamoyo	Zanzibar	Dar es Salaam	Total
5 - 10	5	2	2	9
11 - 20	3	2	0	5
21 - 30	7	0	5	12
31 - 40	2	2	1	5
51 - 60	1	0	0	1
61 - 70	1	1	3	5
71 - 80	1	4	1	6
81 - 90	1	1	2	4
91 - 100	1	3	0	4
Percentage of guest booking via online				
5 - 10	1	0	0	1
21 - 30	3	0	0	3
Percentage to total operator	26 (49%)	15(63%)	14(67%)	55(56%)

Source: Field data (2021)

4.3.5 The Internet and occupancy rate

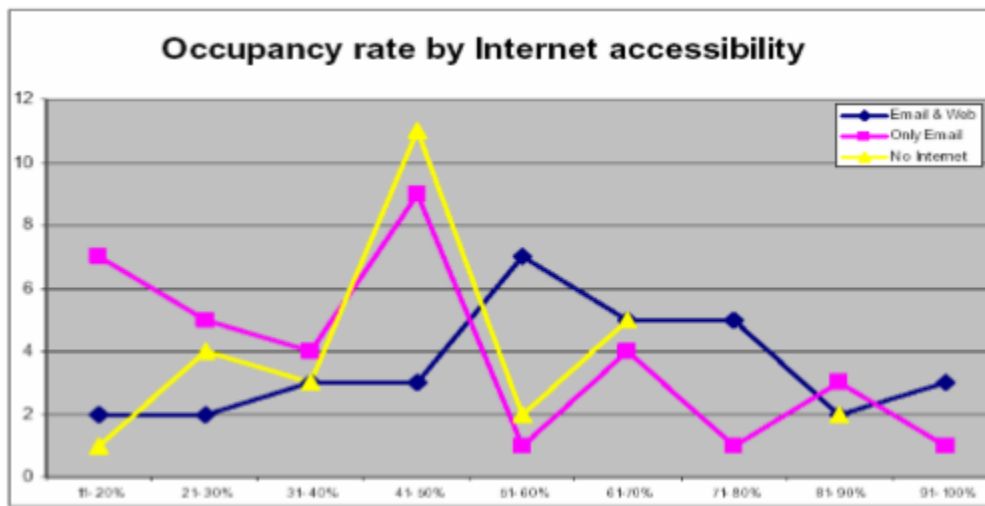
This report categorized operators into three groups:

- (c) Operators with email and their own webpage
- (d) Operators with email but no webpage, and
- (e) Operators with no Internet (Figure 4).

Numbers in each group turned out to be fairly uniform: 33, 35 and 30 respectively. Regarding the difference of occupancy rate, there are slight peak differences among three groups (Table 12). Operators with email and own webpage peaked at a little higher occupancy rate of 51 - 60%, compared to other groups with only email and no Internet at all. However, it is acknowledged that other factors may significantly affect the occupancy rates. For instance, operators having own webpage and email access could also be spending more time and resources to utilize other approaches to advertisement. Total advertising costs, however, suggest little difference amongst the three groups (figure 4). This will be discussed in more detail later in this report.

Some operators did not have any Internet connection but recorded high occupancy rates. Reasons for high occupancy rates are categorized into two: first, the relationship with travel agents and secondly, the specific local target. Three operators based in the Kigamboni, which is considered a popular destination for tourists in Dar es Salaam, either had travel agents in the International Airport and/or had a good relationship with other tourism and transport companies. Two operators located in non-traditional tourist sites targeted locals specifically, one targeting guests for religious retreats and the other aiming for local salespersons and civil servants.

Figure 4: Occupancy rate by Internet accessibility



Source: Field data (2021)

Table 12: Occupancy rate by accessibility to Internet

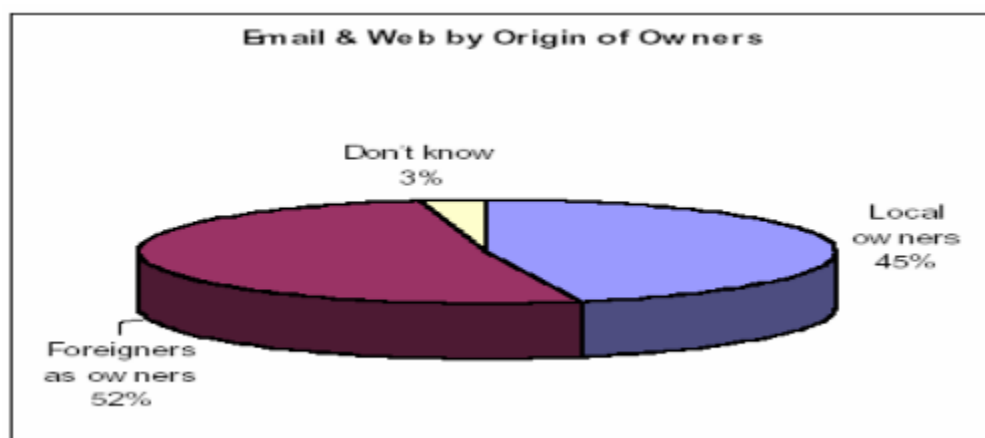
Occupancy rate	Email and Own Website	Only Email	No Internet	Total
11 – 20 %	2	7	1	10
21 – 30 %	2	5	4	11
31 – 40 %	3	4	3	10
41 – 50 %	3	9	11	23
51 – 60 %	7	1	2	10
61 – 70 %	5	4	5	14
71 – 80 %	5	1	0	6
81 – 90 %	2	3	2	7
91 – 100 %	3	1	0	4
Don't know	1	0	2	3
Total	33	35	30	98

Source: Field data (2021)

4.3.6 Internet and operators

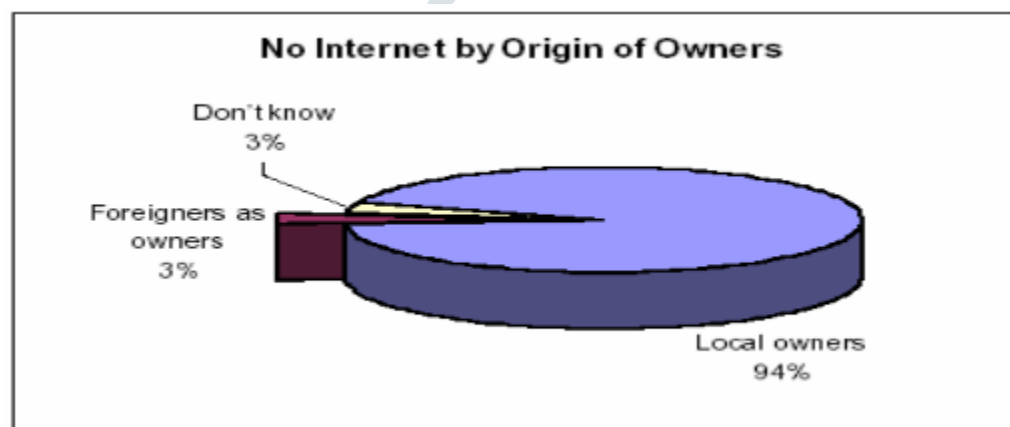
Some trends are apparent in the origin of operators and Internet usage. Local operators accounted for 93% of the total number of operators without Internet access for business. Foreign operators made much greater use of the Internet than did local operators. In terms of prior career experience, foreign owners were not significantly different from locals, as only a quarter of the foreign owners had close experience of tourism related work. This would seem to indicate that Internet utilization might differ because of differences in ICT literacy rates arising from the owners' country of origin. It was apparent that most of the local indigenous owners have only limited knowledge of and exposure to ICT; a much higher level of ICT skills and experience existed among the expatriate owners of the budget accommodation businesses. Under the others category in Figure 5, the majority of the expatriate owners had worked in managerial positions overseas, which had exposed them to an ICT work environment; being accustomed to communicating via the Internet for personal and business purposes distinguished them from local owners.

Figure 5: Email and own website by origin of owner



Source: Field data (2021)

Figure 6: No Internet by origin of owner



Source: Field data (2021)

5.0 Conclusion and Recommendations

5.1 Conclusion

From this study, it can be seen that typically, backpacker operations are small in size, recently established and two-thirds locally owned. A relatively high percentage of the local operators have tertiary level education and a third of all the operators were working in the tourism industry before starting their own business.

Seventy-three per cent of the guests were from developed countries, particularly Europe, Australia and New Zealand, the traditional markets of the Tanzania tourism industry. Guests were relatively young with 55% within the 20 - 30s age groups and another 19% up to 40 years. This confirms previous studies of the backpacker market age group and their high tendency to use the Internet for information searching before their travels.

Occupancy rates in the backpacker market fluctuate seasonally: the East Africa tend to attract more tourists during summer and the Northern Hemisphere winter. On average, 34 operators from the three case studies area had occupancy rates ranging from 41% to 60%. This indicates that there is potential of further growth in this sector. Operations run by expatriates showed slightly higher occupancy rates when compared to those run by local owners.

More than two-thirds of all the operators had at least one computer, and access to PCs was generally higher. High costs of equipment purchase and maintenance were indicated as the major inhibiting factors for not having a PC. Sixty-eight of all the 98 operators interviewed had access to email and of these 33 operators also had their own websites. Generally, operators with Internet access considered the charges to be too expensive, and this concern was voiced often during the interview. Internet is largely utilized to email guests, particularly in response to their queries. Online booking is still under-utilized as a booking system in the backpacker industry, as only a handful of operators

is using the system at present. Operators were interested to upgrade their computer related skills and identified email use, general computer use, webpage design and update and general Internet use as major need areas for training.

Also on this study we could not identify a particular factor which impacted to successful web marketing. However, it was noticed that compared to groups of operators without any Internet and only email, the occupancy rate peak was higher amongst the group with their own website and email. Occupancy rate is affected by a number of factors, and having own website is only one of these factors. Operators without own website and recording high occupancy rates indicated good working relations with travel agents and transport companies; specifically targeting local visitors. Generally it was noted that foreign operators utilized the Internet more than the local operators. There were some tendencies noted for successful and unsuccessful websites. More successful websites were owned by expatriates, who spent more for website design and were assessed as good design, established their website earlier and updated it more frequently compared to the other group. Of the 98 operators interviewed, 53 did not respond to questions on shared websites. This is interpreted as lack of awareness of shared websites. Of the 45 operators that responded, 35 operators were satisfied and 10 were dissatisfied with being listed on others such as the national visitor's bureau, regional SPTO and other websites. However, a few operators hoped to have their own website and anticipated that their occupancy.

5.2 Recommendations

The recommendations from this study are based on the findings of the research and are structured in three steps as follows:

1. Problems identified by research
2. Possible solutions
3. Recommendations and implementing authority

5.2.1 More utilization of Internet for marketing

Problems identified by research

Many tourism SMEs do not understand the value and importance of marketing and promotion of their business through the internet. They are not motivated to undertake basic marketing activities and do not know how to go about developing Internet marketing through establishing a website, arranging hosting of the site, linking it to other important websites, promoting and maintaining it.

Decision-makers also do not have enough data to understand the impact of Internet marketing and strategic promotion.

Possible solutions

Provide the appropriate information on the impact of Internet marketing, through various means such as awareness-raising campaigns, use of databases to give access to proper web developers, and basic technical training including promotion of WebPages.

Recommendations

Awareness-raising campaigns

Decision makers in the public sector should have baseline data regarding Internet marketing in tourism SMEs, to enable them to formulate and implement appropriate informative awareness-raising campaigns.

Implementing authority

Ministry of Tourism, Tertiary education institutes or consultancy companies could collect baseline data and implement/conduct awareness-raising campaigns.

5.2.2 Database to facilitate access to proper web-developers

Problems identified by research

An accessible database of reliable and affordable professional website designers and their average costs of services must be established. The database should contain information on hosting alternatives, and agencies that can arrange listing with the main search engines and provide promotional services.

Possible Solutions

An industry association, the national tourism authority, or even a profitable website design company. Basic technical training including promotion of webpage and self-help manual development

A regular series of workshops on business development should be conducted to assist operators develop a business plan, a marketing strategy and an ICT plan. A self-help training manual should also be prepared for use at the workshops and for distribution to operators. The training material could be made available on a tourism operator development website.

Recommendations

A combination of an industry association, aid donor(s) and the national tourism authority. Formation of an industry association In order to provide appropriate information on Internet marketing and follow up, formation of association will be helpful for especially sustainable self-help promotion among SMEs.

5.2.3 Overcoming the lack of infrastructure, financial and technical resources

Problems identified by research

The research shows that; lack of access to infrastructure and appropriate financial resources. Also he identify lack of technical skills and knowledge and suitable attitude to utilise the Internet for marketing. Some SME tourism businesses located in rural areas reported that they do not have access to Internet services. Financial constraints clearly make it difficult for most SMEs to use the new technology as well as develop ICT skill and knowledge. Attitudes to utilising ICT are also an issue. Some SME operators do not respond promptly to emails from guests seeking accommodation bookings and other information.

Possible solutions

Economies of scale, as discussed in the previous section, will be one solution. Sharing the hardware and especially Internet marketing with email contact will work for cost saving and technical difficulties.

Conducting appropriate workshops, focusing on the enhancement of skills, knowledge and attitude, to encourage greater use of more new technology to enhance income generation.

Recommendations

5.2.4 Contracting out of business functions.

SMEs in remote areas without access to Internet services could contract out these functions to firms or industry associations that are located in the well serviced urban areas, until the telecommunications sector extends Internet services to the rural areas and outer islands.

Sharing of technical resources such as hardware and software, Internet communication including websites could relieve the constraints of financial problems.

Implementing authority

Tourism SMEs

5.2.5 Appropriate workshops and seminars

These could be planned and implemented by various stakeholders. Participants in seminars conducted as part of this research requested courses appropriate for their needs, such as webpage updating or introduction of network security

for SMEs. They said that the current ICT courses provided by a few tertiary institutions or commercial IT service companies focus only on basic software usage and areas different from their needs.

Implementing authority

Combination of ICT education service companies, donor agencies and ministries Better utilisation of shared web

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