

Assessment of Seasonality on Performance of Star-Rated Beach Resorts in the Coastal Region of Kenya

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Abstract: Hotel sector have bright vision for the growth of travel and tourism industry by providing the country's economic growth. Despite increased efforts by the beach resorts managers and Government of Kenya to make them a driving force in achieving the national economic growth, they have continued to suffer from annual seasonal fluctuations in the volume of business due to tourism seasonality each with different expectations and demands. This paper assessed seasonality and performance of star-rated beach resorts in the coastal region of Kenya. Mixed method approach was used to do a cross-sectional survey. Questionnaires and interview schedule were used to collect data. Target population comprised of managers (23) and guests (586). Managers were purposively selected while guests were randomly sampled. Descriptive and inferential statistic were used to analyse quantitative data while qualitative data was analysed thematically. Results revealed high Standard Deviation (1.27), observed in October-December and April-July (1.8) while low Standard Deviation (0.51) was observed in April Easter week and December-March (0.85). Thus, a homogeneity of the responses that April Easter week and December-March are actually peak seasons interpreting to good performance. A number of factors were perceived to cause seasonality; internationally, climatic changes and travel patterns while domestically, holidays, religious festivals, sports and trade fairs. The study recommended extensive assessment on causes, impacts and effective management strategies to smoothen performance.

Keywords: Seasonality, Performance, Star-Rated Beach Resorts, Coastal Regions

1. Introduction

Seasonality is the systematic, although not necessarily regular, intra year movement of people caused by changes in demand and supply factors [3]. Such factors include weather, climate, calendar of year activities, social and economic reasons, timing of decisions, directly or indirectly through the decisions made by the agents of the economy. Seasonality has broadly been considered as a crucial problem for tourism industry sectors and for hotel sector in particular [2]. [19] note that seasonality, conversely, has also been liable for Problems in gaining access to capital, in obtaining and holding full time staff, for low returns on investment causing subsequent high risk in operations and for problems relating to peaking and overuse of facilities.

Notably, various comprehensive researches to provide an overview of the seasonality and performance of hotels have

been carried out in many parts of the world, for example tourism seasonality causes and implications on hospitality industry; [8, 13, 15, 6] both studies seem to suggest that there is need for strategies to manage and prolong the tourism seasons at the destination level to sustain performance.

In East Africa, and Kenya in particular, seasonality is determined by travelling patterns of its visitors than by climatic conditions [1]. This implies that Kenya being one of the East African countries, seasonality is determined more by travelling patterns of its tourist than by climatic conditions. It is however, very important to note that seasonality remains one of the most distinctive features of hotel industry, especially in the coastal beaches of Kenya [5]. Thus, seasonality is categorized as low or off-peak, shoulder and high or peak with each season associated with different expectations and demands.

On the other hand, business performance comprises financial and non-financial means of an enterprise to achieve

its objectives [6, 7]. Financial performance includes such variables as profit growth, return on assets, return on sales and return on investment while non-financial performance includes increased market share, customer satisfaction, positive customer feedback, achievement of hotel goals and planning and employee retainers [18].

While hotel industry is considered to have bright visions for the growth of the travel and tourism industry, provision of country's infrastructure as well as providing the largest total employment in global terms. Seasonality of demands have been a major problem causing negative impact, such as, difficulties in gaining access to capital, low returns on investment and the inefficient use of resources [4]. In particular Beach Resorts at the coast of Kenya have continued to suffer from annual seasonal demand due to seasonality which affects their efficiency in performance [1].

1.1. Problem Statement

Despite increased efforts by Government of Kenya and stakeholders to make hotel sector a driving force in achieving the national economic growth and development, seasonality has continued to be a major challenge in the hospitality sectors [1]. In particular, beach resorts at the Kenyan coast region have continued to suffer from annual seasonal demand due to seasonality which affects their efficiency in performance [1]. Even with outstanding international source of tourism markets, reports have indicated that beach resorts at the coast region of Kenya have continued to experience same negative impact due to seasonality each year [11]. Notably, studies in Kenya on seasonality have been advanced [10, 8, 12] investigated on tourism product development, travel motivations, customer satisfaction, and loyalty without situating such reviews in the broader context of seasonality and hotel performance.

1.2. Study Objective

To investigate the relationship between seasonality and performance of star rated beach resorts in the coastal region of Kenya.

2. Literature Review

Tourism scholars argue that impacts of seasonality vary considerably with the location of the destination consumer travel patterns and tourism enterprises within destinations. [15] concurred that many hotels and Beach Resorts in particular experience seasonality of demand on either weekly, monthly or annually basis based on their location and market segment. For example, peak season may place great pressure on tourism enterprises for employees while low seasons leads to seasonal employment, underutilization of hotel resources and economic crisis due to over dependence on tourism earnings [1]. [8] observed that seasonality may also affect both the supply and demand side and are categorized in three areas: economic impacts, ecological impacts and socio-cultural

impacts. Economic impact of seasonality relates mostly top problems in the off-peak period, particularly the loss of profits due to the inefficient use of resource and facilities, low profits, low return on sales, loss of jobs and business closure. Socio-cultural impacts include effects of seasonal variations on the host community. Ecological effects of seasonality relate to impacts on the host community. Such impacts include congestion, crowded streets, slower traffic, lack of parking, queues for basic services, significant increases in the costs of community services and strain on public infrastructure [14].

Seasonality introduces a number of issues that require special attention which affect the performance of hotel business [16]. For example, as already noted by Burugu, R. W. [1], peak seasons places great pressure on tourism enterprises for employees even though there is well organized business, appropriate staff and enterprises located in the most popular area. Off-peak seasons, leads to loss of profits due to the inefficient use of resource and facilities, low profits, low return on sales, loss of jobs and business closure [20]. [17] suggested that in order to even seasonality, beach resorts managers need to lengthen the main season by diversifying markets, modification and diversification of the destination product to meet consumer demand, using differential pricing and tax incentives on a temporal basis, encouraging the staggering on holidays, increasing demand outside peak season, encouraging domestic tourism in off-season, offering diversified products for selective demand in the off-season and providing off-season activities such as meetings and conferences.

3. Methodology

This study adopted a cross-sectional survey design with questionnaires and interview schedule as research instruments. Study population comprised of managers and guests in star- rated beach resorts. The study used both probability and non-probability sampling method. For managers, 23 managers from all star-rated beach resorts were purposively picked to participate in the study. 586 guests were randomly selected in all-star rated beach resorts in coastal region of Kenya, using sample frame from the Kenya Tourism Board statistics on hotel bed occupancy in 2016 calculated at 49%. Descriptive and inferential analytical procedures were used to analyse quantitative data, while qualitative data was analysed thematically.

4. Research Findings

4.1. Seasonality in the Beach Resorts

In order to understand the seasonality pattern in the Kenyan coast, the study adopted a five-point Likert scale measurement, from "1 = Strongly disagree" to "5 = Strongly agree. From the Likert scale four main seasons were identified as shown in Table 1.

Table 1. Description of Seasonality.

	Min	Max.	Mean	SD	Sk
Dec-March (peak season)	3	5	4.00	.85	.00
April Easter week (peak season)	4	5	4.52	.51	-.09
Oct-Dec (shoulder season)	1	5	3.57	1.27	-.38
April-July (low season)	2	5	4.09	1.08	-.89
Average			4.05	0.93	-.34

The findings indicate that a high rating, denoted as “Strongly agree,” was observed in April-Easter week with the least being October-December season. High standard deviation was observed in October-December season ($SD = 1.27$), while a low standard deviation was observed in April Easter week ($SD = 0.51$). This is an indication of homogeneity of the responses in agreeing that April Easter-week is actually a peak season. On skewness, only peak seasons had skewed responses, which were all negative ($Sk < 0$). This was an indication that, generally, the ratings tended towards “Most important.” Nevertheless, on average, the mean rating was 4.05 with a standard deviation of 0.93 and a skewness coefficient of -0.34.

4.2. Preferred Season of Visit

The question of preferred season of visit was directed to resort guests. The respondents were required to state whether they always or rarely or never visit beach resorts during the stated seasons. The responses were as shown in Table 2.

Table 2. Preferred Visit Season.

	Always	Rarely	Never
Dec-March (peak season)	57.9%	31.1%	11.0%
April Easter-week (peak season)	61.1%	28.8%	10.1%
Oct-Dec (shoulder season)	15.2%	56.1%	28.7%
April-July (low season)	28.7%	34.8%	36.6%

As shown in Table 2 there were responses each of the three response categories. To get a clear picture on the nature of seasonality or frequency of visit to beach resorts, the “Always” and “Rarely” categories were considered. In the “Always” category, high proportions were observed in April Easter-week (61.1%) and December-March season (57.9%), while the lowest was in October-December season (15.2%). In the “Rarely” column, the highest proportion was observed in the October-December season (56.1%), while the least proportion on the April Easter week (28.8%). These observations supported the perceptions of managers that high season is mostly observed during the April Easter-week and December-March while a low season is generally observed during the October-December season and April-July respectfully.

4.3. Causes of Seasonality

To further explore seasonality and its effects on performance of beach resorts, resort managers were asked about the perceived causes of seasonality. The respondents

were asked to rate how important the stated factors were in causing seasonality. A Five-Point scale of “1 = Not important” to “5 = Most important” was used. Among the factors that were perceived to cause seasonality included climatic changes, both international and domestic travel patterns, religious festivals, both school and public holidays, sports and trade fairs among others. Responses were summarized as shown in Table 3.

Table 3. Causes of Seasonality.

Causes of Seasonality	Min	Max.	Mean	SD
Climate	1	5	3.57	1.04
International tourist travel patterns	3	5	3.43	0.72
Domestic tourist travel patterns	2	5	4.14	0.71
Consumer travel behaviour	2	5	3.78	0.84
Religious festivals	1	5	2.78	1.13
Public holidays	2	5	3.91	0.85
School holidays	2	5	4.08	0.90
Sports	1	5	2.74	1.11
Trade fairs	1	4	3.61	1.00
Special events e.g. political gathering	1	4	2.39	1.04
Average			3.54	0.93

As shown in Table 3, the overall mean score of 3.54 indicates that, in general, respondents agreed that the identified possible causes of seasonality actually cause seasonality in the star-rated beach resorts. Using the mean ratings of each cause, it can be noted that domestic tourist travel patterns had the highest rating of 4.14, while special events such as political gatherings had the least rating of 2.39. This is an indication that existence or absence of special events is insignificant in causing seasonality in the star-rated beach resorts.

In terms of homogeneity of the ratings, which was presented using standard deviation, Table 3 shows that a high homogeneity was observed in domestic tourist travel patterns. It can, however, be seen that both domestic and international travel patterns and consumer travel behavior had a general low standard deviation compared to other identified causes. This observation implied that respondents generally agreed travel patterns are significant factors in influencing seasonality. On the other hand, a heterogeneity of the responses, shown by high standard deviation, was observed in religious festivals ($SD = 1.13$), followed by sports ($SD = 1.11$). A high standard deviation shows that the respondents were not unified in agreeing a factor in question is an important factor in causing seasonality in the star-rated beach resorts.

4.4. Impacts of Seasonality on Performance

Impacts of seasonality was perceived in terms of frequency of resort bookings, duration of stay, effects on operating environment, swings in seasonal demands and cash flow management. Similarly, a Five-Point scale of “1 = Not important” to “5 = Most important” was used. Summary of the responses was as shown in Table 4.

Table 4. Impacts of Seasonality on Performance.

	Min	Max.	Mean	SD
Resort Bookings Fluctuates with Time Annually	2	5	4.35	.77
Duration of stay depends on time of the year	1	5	3.39	1.37
Operating environment set by the government influences arrivals and departures	2	5	3.70	.82
Seasonality interferes with smooth management of cash flow and budget	2	5	4.26	.78
Our institution overcomes problems associated with large swings in seasonal demands	2	5	3.96	.92
Average			3.93	0.93

From Table 4 it can be observed that high ratings, or equivalently, most important impacts were in fluctuation in resort bookings (mean = 4.35) and disruptions in managing cash flows and budgeting (mean = 4.26). The least rating was observed in the changes in duration of stay (mean = 3.39), followed by operating environment set by the government, which in turn influences arrivals and departures.

Coincidentally, impacts with the highest mean ratings had the least standard deviation and vice versa for the impact with the least mean rating. This observation implied that the distribution of the ratings is homogeneous, an indication of unanimous perception on the most significant and immediate impact of seasonality. The overall mean rating was found to be 3.93 with a standard deviation of 0.93.

Table 5. Influence of Seasonality on Performance of Star-rated Beach Resorts.

Model Summary					
R	R ²	Adjusted R ²	Std. Error	F Change	Sig.
.66	.44	.41	2.83	16.17	.00
Regression Coefficients					
	Beta	Std. Error	t-statistics	Sig.	
(Constant)	4.41	6.71	0.66	.55	
Seasonality	-11.30	2.25	-5.02	.02	
ANOVA					
	Sum of Squares	df	Mean Squares	F-statistic	Sig.
Regression	56.00	1	56.00	16.17	.00
Residual	72.74	21	3.46		
Total	128.74	22			
Dependent Variable: Performance of Star-rated Beach Resorts					
Predictor: (Constant), Seasonality					

Table 5 shows an explained variation of 44% (R-squared = 0.44) with an F-statistic of 16.17 and standard error of 2.83. This value of R^2 implies that 44% of the total variations in the performance of star-rated beach resorts is attributed to changes in seasonality. This observation shows that the remaining 56% of the total variations in the performance of star-rated beach resorts is explained by other factor(s) not included in the model. The explained variation was significant since the corresponding p-value was less than 0.05.

Regression coefficients show that the constant term and seasonality (independent variable) were 4.41 (SE = 6.71) and -11.30 (SE = 2.25, P = 0.02) with corresponding t-statistics and p-values as (0.66, 0.55) and (-5.02, 0.02). The negative coefficient for seasonality is an indication of the negative effect that seasonality has on performance of star-rated beach resorts. This influence is significant, as shown by the corresponding p-value (< 0.05). The ANOVA results (F = 16.17 and P-value = 0.00) shows that the overall model is significant and correctly fit the data. Since the model is a significant fit to the data, the regression model of performance of star-rated beach resorts on seasonality can be expressed as follows

$$\text{Performance} = 4.41 - 11.30 S \quad (1)$$

Where, S is seasonality.

5. Discussion

The study unearthed that seasonality at the coastal region of Kenya has vast negative impacts affecting beach resorts performance. In particular, the findings identified fluctuation in resort bookings, disruptions in managing cash flows and budgeting as the most important effects of seasonality on Beach Resorts performance. These are followed by changes in duration of stay, operating environment set by the government which in turn influences arrivals and departures.

The findings relate to the assumption by Burugu, R. W. [1] that hotel managers basically view seasonality from an economic position, whereby, its effects cause businesses to be incapable of efficiently utilizing human, physical and natural resources at a destination. Further the study found that seasonality at the coast of Kenya is caused by a chain of events or consistent pattern of events as a result of natural and institutionalized factors. Natural factors mainly are concerned with climatic conditions especially from the demand side while institutionalized factors include tourist travel patterns both international and domestic, public holidays and trade fares among others. Beach-resorts

managers agreed that high season is mostly observed during the April Easter-week and December-March while a low season is generally observed during the October-December and April-July season which leads to good and poor performance respectfully.

6. Conclusion

Based on the extensive similarities across beach resorts managers understanding and experiences of seasonality, this study concludes that defining causes of seasonality and creating strategies for managing its effects based on its natural and institutional phenomenon may not be adequate. Particularly, the beach resorts managers strategies to manage seasonality have continued to be inadequate. Very little has been done to even seasonality to sustain performance at the destination level. Instead, the stakeholders have majorly focused on maximizing economic gains through price-cutting, beach resorts closure and seasonal employment during low-seasons. Therefore, it is important for beach resorts managers, government of Kenya and other stake holders relying on the hotel sector and beach resorts in particular as a vehicle for economic development to extensively assess the causes, impacts and effective management strategies to provide a long-standing viable non-competitive solution to smoothen performance.

7. Recommendation

It is vital that beach resorts managers and other stakeholders combine their coordinated efforts to encourage creation of a strong domestic tourism sector. Beach resorts managers must understand the causes of seasonality so as to establish effective management strategies especially on domestic market to avoid overreliance on traditional international source markets. Beach resorts websites information should also be up to date and provide reliable information on the new products and services offered. Lastly the government of Kenya should ensure that there is peace in the country by equipping the security officers with up-to-date security systems.

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