

Mediating Effect of Management Strategies on Seasonality, Consumer Travel Behaviour and 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 and consumer travel behaviour, each with different expectations and demands. This paper assessed mediating effect of management strategies on seasonality, consumer travel behaviour 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. Specific strategies used to manage seasonality that were identified included price differentiation, product and market diversifications, product and policy mixing, promotional campaigns, seeking government assistance and forming partnerships with other stakeholders, among others. The study revealed that generally, all the strategies were important in managing seasonality. This observation was because in all the strategies, the mean rating was more than 3.0. Nevertheless, top three ratings were observed in market diversification (mean = 4.78), improved service quality (mean = 4.74) and product diversification (mean = 4.70). The study recommended that beach resort managers should perfect on the three effective marketing strategies such as market diversification, price differentiation, improved service quality and product diversification to manage impacts of seasonality on the performance of star-rated beach resorts.

Keywords: Management Strategies, Performance, Star-Rated Beach Resorts, Coastal Regions

1. Introduction

Management strategy is a large scale, future oriented plans, equipment and facilities for interacting with the competitive environment to optimize achievement of an organizations' objectives [4]. Lancaster, G. & Massingham, L. concluded that a business that operates without any planned strategy for its operational functions is doomed to fail [9]. This implies that every business should plan for developing each of its operations function and ensure that strategies are consistent within the organisation's objectives. The relationship between seasonality, consumer travel behaviour and

performance of star-rated beach resorts requires effective mediation of management strategies. Such strategies include lengthening peak-seasons by diversifying markets, price differentiation, modification and diversification of destination product to meet consumer demand, using differential pricing and tax incentives on a temporal basis [5]. Other strategies include encouraging staggering of 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 [13].

On the other hand, business performance is a set of

financial and non-financial indicators that offer information on the level of accomplishment of objectives and results [20]. Asih, I., Purba, H. and Sitorus, T. confirm that performance management is based on measurement systems by which a company monitors its routine operations and evaluates whether it is achieving its objectives [1]. They further note that a series of indicators that properly reflect company performance are categorised as quantifiable or unquantifiable (financial or nonfinancial). For example, an indicator such as return on sales, profit and capital are quantifiable or financial measure, whereas the degree of customer satisfaction and increased market share is categorised as an unquantifiable (or nonfinancial) measure.

Comprehensive researches have been carried out in many parts of the world to provide an overview of the seasonality, consumer travel behaviour and their impacts on the performance of hospitality establishments at the destination levels [10, 12, 18]. All these studies suggest that there is need for strategies to manage problems associated with seasonality to prolong the tourism seasons at the destination level. Such impacts include low returns on investment, seasonal employment, business closures, underutilisation of resorts resources due to unpredictable consumer travel behaviour and seasonality nature of the industry [3].

While hotel industry is considered to have bright visions for the growth of travel and tourism industry, provision of a suitable infrastructure characterised by large total employment, in global terms, seasonality of demands still remains a major problem. In this scenario, negative impacts caused by seasonality and consumer travel behaviour include difficulties in gaining access to capital, low returns on investment and the inefficient use of resources [6]. In particular, beach resorts at the coast of Kenya have continued to suffer from annual seasonal demand associated with seasonality and consumer travelling behaviour which affects their efficiency in performance.

1.1. Problem Statement

Hotel sector has bright visions for the growth of the travel and tourism industry by providing avenues for developing infrastructure within a country. The sector is also very key in job creation and, thus, is one of the largest employers in the country [7]. Despite increased efforts by the Government of Kenya and stakeholders to make the hotel sector a driving force in achieving the national economic growth and development, seasonality and consumer travel behaviour have continued to be a major challenge [3]. In particular, beach resorts at the coast of Kenya have continued to suffer from annual seasonal demand associated with seasonality and consumer travelling behaviour in the tourism sector. This in turn has a devastating effect on the performance of these resorts. Even with outstanding international source of tourism markets and a considerable growth in domestic tourism, reports have indicated that beach resorts at the coastal region of Kenya have continued to experience same negative performance impacts due to seasonality and consumer travel behaviour each year [15]. Notably, researches in Kenya on

seasonality and consumers in tourism; Njagi, C., Ndivo, R., & Manyara, G., Mwamburi, S. and Omare, M.) have explored tourism product development, causes and effects of seasonality, influences and effects of travel motivations, determinants of customer loyalty, and satisfaction. [14, 12, 16]. These studies, however, have not comprehensively addressed issues pertaining to mediating effect of management strategies on seasonality, consumer travel behaviour and their impacts on the performance of star-rated beach resorts in the coastal region of Kenya.

Further, results from these studies cannot be compared due to differences in the research contexts based on tourist types or destinations, thereby hindering generalisation. The purpose of this study, therefore, was to assess the mediating effect of management strategies on the relationship between seasonality, consumer travel behaviour and performance of star-rated beach resorts in the coastal region of Kenya.

1.2. Study Objective

To assess the mediating effect of management strategies on the relationship between seasonality, consumer travel behaviour and performance of star-rated beach resorts in the coastal region of Kenya.

2. Literature Review

Management strategy is the process of structuring an action plan to achieve visions and set objectives of an organisation [19]. In other words, management strategies are series of techniques for controlling and directing business to achieve a set of predetermined goals [21]. This implies that strategies act as guides in the decision-making processes that aim at improving the company's financial stability in a competing market [8].

Hotel industry, and beach resorts in particular, is considered as one of the most fragile and vulnerable industries to countless types of challenges. Seasonality, visitor's socio-cultural influences, unfavorable economic conditions, political and technological fluctuations expose hotels to a widespread variety of threats [13]. Thus, hotels must be managed effectively with appropriate strategies to different situations, including emergencies and crises situations that might occur at any time [11].

Qiang, M. notes that seasonality and consumer travel behaviour in tourism industry introduce a number of issues which affect the number of tourists coming to the business region and consequently improving business viability of the region [17]. He further added that seasonality and consumer travel behaviour in particular places great pressure on hotels and beach resorts in particular, on employees during *peak* season and low business activities during *off-peak* season, leading to poor business performance. This implies that managers should anticipate many of its impacts and implement strategies to adjust to any negative effects. This is manageable due to the fact that there is an element of predictability associated with seasonality patterns.

Connell, J., Page, S. and Meyer, D. suggest that such

strategies include lengthening peak-seasons by diversifying markets, price differentiation, modification and diversification of destination product to meet consumer demand, using differential pricing and tax incentives on a temporal basis [5] Other strategies include encouraging staggering of 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. Fernández-Morales, A., Cisneros-Martínez, J. and McCabe, S. concluded that there is need to handle subsequent changes in guest volume and workload to keep things going regardless of the season or market segment [6].

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 no-

probability, 23 managers from all star-rated beach resorts were purposively picked to participate in the study. A total of 586 guests were randomly selected in all-star rated beach resorts in coastal region of Kenya. Descriptive and inferential analytical procedures were used to analyse quantitative data, while qualitative data was analysed thematically.

4. Research Findings

4.1. Mediating Strategies Used to Manage Seasonality and Consumer Travel Behaviour

Specific strategies used to manage seasonality and unpredictable consumer travel behaviour that were identified included price differentiation, product and market diversifications, product and policy mixing, promotional campaigns, seeking government assistance and forming partnerships with other stakeholders, among others. Using a Five-Point rating scale of 1= not important, 2=Less important, 3= important, 4=very important 5= most important, summary of the responses was as shown in Table 1.

Table 1. Mediating strategies used to manage seasonality and consumer travel behavior.

	Min	Max.	Mean	SD
Price differentiation	3	5	4.61	.58
Product diversification	3	5	4.70	.56
Market diversification	3	5	4.78	.52
Improved quality service	3	5	4.74	.54
Reducing workforce	1	5	3.83	.98
Seeking government support	2	5	3.48	1.04
Seeking stakeholders' support	2	5	3.48	.99
Promotional campaigns	2	5	4.22	.90
Product and policy mixing	3	5	4.22	.67
Partnership with tour operators and travel agents	3	5	4.30	.70
Group bookings and off-season offers	3	5	4.26	.81
Average			4.24	0.76

From Table 1, it can be observed that, generally, all the strategies were important in managing seasonality and unpredictable consumer travel behaviour. This observation was because in all the strategies, the mean rating was more than 3.0. Nevertheless, top three ratings were observed in market diversification (mean = 4.78), improved service quality (mean = 4.74) and product diversification (mean = 4.70). It is also worth noting that strategies with highest ratings had least standard deviations, an indication of how respondents unanimously agreed that the three strategies are suitable in managing seasonality and unpredictable travel behaviour.

Conversely, a different observation was made for strategies that had the least mean ratings. Specifically, least mean ratings, and corresponding standard deviations, were observed in seeking support from the government (mean = 3.48, SD = 1.04) and from stakeholders (mean = 3.48, SD = 0.99) and reducing workforce (mean = 3.83, SD = 0.98).

Clearly, this is an indication that there were varied opinions on whether these three factors are key in managing seasonality and unpredictable consumer travel behaviour.

4.2. Mediating Effect of Management Strategies on Seasonality, Consumer Travel Behaviour and Performance of Star-Rated Beach Resorts in the Coastal Region of Kenya

Mediating effect of management strategies was tested using a stepwise approach suggested by Baron, R., & Kenny, D. [2]. In this approach, existence of relationships among the variables are established and determined whether they are significance. Existence of a non-significant relationship is a probable indication of absence of mediation. For the four steps, the extracted coefficients and the corresponding p-values in the steps were summarised as shown in Table 2.

Table 2. Mediating effect of management strategies.

Steps		Seasonality & consumer travel behaviour	Management strategies	R^2
Step 1 (Base Model)	Coefficient	2.03	-	0.65
	P-value	0.04	-	
Step 2	Coefficient	0.78	-	0.44
	P-value	0.01	-	
Step 3	Coefficient	-	1.81	0.50
	P-value	-	0.03	
Step 4	Coefficient	1.40	0.62	0.72
	P-value	0.03	0.05	
Significance of change		P-value = 0.03, 2.031 > 1.40	P-value = 0.01, change significant at $\alpha = 0.05$	0.08 (0.72-0.65)

Source: Survey Data (2021).

Where the regression steps are as follows:

Step 1: Conducting a simple regression analysis of X predicting Y .

Step 2: Conducting a simple regression analysis with X predicting M

Step 3: Conducting a simple regression analysis with M predicting Y

Step 4: Conducting a multiple regression analysis with X and M predicting Y

In Table 2, the base model (Step 1) shows the regression of the performance of the star-rated beach resorts on the composite of seasonality and consumer travel behaviour. The model gave a regression of the dependent variables on the composite of the independent variables. For this model, regression coefficient for the composite independent variable was observed to be 2.03, which was positive, with a corresponding p – value of 0.04. This effect was significant at 5% level of significance since $0.04 < 0.05$. For this model, the explained variation was observed to be 64.6% ($R^2 = 0.6$).

Step 2 model gives the regression of management strategies on the composite of seasonality and consumer travel behaviour. This model explains how intensity of seasonality and unpredictable consumer travel behaviour results in development of strategies to manage the predictor variables. It can be observed that as seasonality and consumer travel behaviour is intense and unpredictable. Management in the beach resorts then increase or devise new ways of managing the same. This is due to the fact that the regression coefficient for this model was observed to 0.780, implying a positive effect. This effect was significant at 5% level of significance since the corresponding p – value was 0.01 (< 0.05).

Step 3 model examined how strategies devised to manage seasonality and consumer travel behaviour influence performance of the beach resorts. In this model, the coefficient was positive and significant at 5% ($\beta_1 = 1.807$, p – value = 0.025) and an explained variation of 50.3% ($R^2 = 0.503$). Step 4 model explains how the composite independent variables and management strategies influence performance of star-rated beach resorts. In this model, the respective regression coefficients were 1.398 and 0.624, which were both positive and significant at 5% significance level. In this multiple regression model, the

explained variation was found to be 72.1% ($R^2 = 0.72$).

5. Discussion

Specific strategies used to manage seasonality and unpredictable consumer travel behaviour that were presented included price differentiation, product and market diversifications, product and policy mixing, promotional campaigns, seeking government assistance and forming partnerships with other stakeholders, among others. Using a five-point scale, managers were asked to rate them in the order of 1= not important, 2=Less important, 3= important, 4=very important 5= most important.

The research found that generally, all the strategies were important in managing seasonality and unpredictable consumer travel behaviour. This observation was because in all the strategies, the mean rating was more than 3.0. Nevertheless, top three ratings were observed in market diversification (mean = 4.78), improved service quality (mean = 4.74) and product diversification (mean = 4.70). It is also worth noting that strategies with highest ratings had least standard deviations, an indication of how managers unanimously agreed that the three strategies were suitable in managing seasonality and unpredictable travel behaviour.

Conversely, a different observation was made for strategies that had the least mean ratings. Specifically, least mean ratings, and corresponding standard deviations, were observed in seeking support from the government (mean = 3.48, SD = 1.04) and from stakeholders (mean = 3.48, SD = 0.99) and reducing workforce (mean = 3.83, SD = 0.98). Clearly, this was an indication that there were varied opinions on whether these three factors are key in managing seasonality and unpredictable consumer travel behaviour. Despite this deleterious observation, the average mean rating (= 4.24), nevertheless, showed positive feedback that the strategies are important.

6. Conclusion

The study concluded that all management strategies were important in managing seasonality and unpredictable consumer travel behaviour. However, there were top three strategies that were ranked the highest by the managers. These were market diversification, improved service quality

and product diversification while support from the government and stakeholders and reduced workforce ranked the least.

7. Recommendation

Beach resort managers should perfect on the three effective marketing strategies such as market diversification, price differentiation, improved service quality and product diversification to manage impacts of seasonality and unpredictable consumer behaviour on the performance of star-rated beach resorts.

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