DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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DEDICATION

To my loving mum by whom all this has been possible - God bless you.

To my dear brothers and sisters—Wanjiru, Muriu, Wangeci, Muthanga, Muguku, Wanjau
for their support and all my little nieces and nephews for the joy they bring to our lives,
that is you Joy, Jimmy, Gerald, Nyambura, Lucy Muthoni, Eric and Lucy Kabura.
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LIST OF ABBREVIATIONS

CCOAK – Cyber café Owners Association of Kenya

ISP – Internet Service Provider

TESPOK – Telecommunication Service Provider Association of Kenya

USA – United States of America

UK – United Kingdom

KPTC – Kenya Posts & Telecommunications Corporation

NGO - Non-governmental Organization

IT – Information Technology

CD – Computer Disc

EU – European Union

GDP – Gross Domestic Product

ARCC – African Regional Center for computing

AT&T – American Telephone and Telegraph

TCP – Transmission Control Protocol

IP – Internet Protocol

FTP – File Transfer Protocol

WWW – World Wide Web

E-mail – Electronic mail
LIST OF TERMS

Cyber café – A coffee shop that offers computer terminals for customers to browse the Internet while sipping coffee.

Internet – International network of networks that are both commercial and publicly owned.

Internet service provider – A commercial organization with a permanent connection to the Internet that sells temporary connections to subscribers.

Graphical user interfaces – The part of an operating system users interact with that uses graphic icons and the computer mouse to issue commands and make selections.

Database – A collection of data organized to service many applications at the same time by storing and managing data so that they appear to be in one location.

World Wide Web – A system with universally accepted standards for storing retrieving, formatting, and displaying information in a networked environment.

Website – All of the World Wide Web pages maintained by an organization or an individual.

Servers – Computer specifically optimized to provide software and other resources to other computers over a network.

E-mail – The computer-to-computer exchange of messages.

Usenet newsgroups – Discussion groups on electronic bulletin boards.

LISTSERV – Discussion groups using e-mail mailing list servers.

Chatting – Interactive conversations.

Telnet – Log on to one computer and do work on another.

File transfer protocol – Transfer files from one computer to another.
Gophers – Locate information using a hierarchy of menus.

Bandwidth – The transmission capacity of a communications channel as measured by the difference between the highest and lowest frequencies that can be transmitted by that channel.
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ABSTRACT

The service industry is one of the fastest growing areas in the world today. It forms the
dominant part of many national economies and is also seen to have taken a more
competitive nature. The cyber café businesses are a service industry. They are some of
the major upcoming businesses in town and form a good source of revenue for the
government, employment and fun for many Kenyans. It is therefore important to study
the challenges facing cyber cafes in Kenya today and the strategies to use to cope with
them so as to enable these businesses be more established.

The study aimed at investigating the challenges facing the cyber café business in Nairobi,
the strategies they are using to cope with these challenges and whether these strategies
lead to business success or not. Data was collected from the cyber café operators and
clients within the Nairobi City Center. Respondents were selected using convenient
sampling technique; data collected using both primary and secondary data where a self-
administered questionnaire was used, interviews conducted and observations made. The
data collected was then analysed using the Statistical Package for Social Sciences (SPSS)
Software where descriptive statistics that is frequency tables, percentages and cross
tabulation were used.

The study established that the challenges the cyber café businesses were facing include
stiff competition, pricing, connection, legislation, costs in running the business, illiteracy
and general ignorance of clients. It was also noted that the clients of the cyber cafes have
issues related to speed of the machines, congestion and a general lack of facilities within
the cafes. Drawing from the research findings, it was suggested that the government should liberalize the sector and allow more access service providers so as to give Jambonet competition and hence improve the quality of service lines, price regulations should be set, computer education should be encouraged in our schools to reduce computer illiteracy and the cyber cafes should try and increase floor space to ease congestion as they bring more efficient machines.
CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Cyber cafes are becoming some of the most popular places for people to go to in the world, Kenya inclusive. These places where one goes to send e-mails or cyber chat are an essential feature of major cities in the world today. Cyber cafes are fun and usually cheap. They are great places to meet people and make new friends. Where else can one make a more reliable pen pal than in these modern salons where the crowd comes just for that pen paling? They are thus becoming a good business venture for many of the organizations out there ready to make some money. This has led to the mushrooming of many cyber cafes in major cities in the world today that form a part of the service industry.

1.1.1 DEFINITION AND IMPORTANCE OF SERVICES

No common definition and boundaries have been developed to delimit the field of services. The American Marketing Association has defined services as “activities, benefits, or satisfaction, which are offered for sale, or are provided in connection with the sale of goods.” Peter, Donnelly and Tarpey (1982) define services, as “separately identifiable, intangible activities which provide want satisfaction, and which are not necessarily tied to the sale of a product or another service.” This definition includes such services as insurance, entertainment, airlines and banking but does not include such services as wrapping and delivery, because these services exist only in connection with the sale of a product or another service. According to Baker (1999), economists now recognize that tangible products may not exist at all without a series of services being performed in order to produce them and make them available to consumers.
Today, there’s little doubt that the services sector has become a dominant force in developed economies, accounting for about three quarters of all employment in the USA, UK, Canada and Australia. Between 1980 and 1992, it is reported that the EU created almost 1.3 million new jobs per year in the services sectors, twice the average for the rest of the economy. There appears to be a close relation between the level of economic development in an economy (as expressed by its GDP per capita) and the strength of its service sector, although whether a strong service sector leads to economic growth or results from it is debatable (Baker 1999). Baker continues to say that services have had a major impact on national economies and many service industries have facilitated improved productivity elsewhere in the manufacturing and agricultural sectors.

Taking an example of the US, Stanton et al (1994), says that the country has moved beyond the economic stage where good producing is the main activity to the point where it has become the world’s first service economy. They continue to say that more than three-fourths of the non-farm labor force is employed in service industries, and over two-thirds of the nation’s gross national product is accounted for by services. The US Department of Labor is to have predicted that over 21 million new jobs would be created between 1986 and 2000, with about 90 percent of them in service industries.

1.1.2 INTERNET SERVICE IN KENYA

The Internet first became available in Kenya to a small group of technical enthusiasts in 1993. The only means of accessing the Internet then was through a service known as Gopher that offered access to text based information. The African Regional Center for Computing (ARCC),
an NGO based in Nairobi, Kenya, became the first provider of web-based Internet service. This they did by providing their subscribers with the first-ever web browser software-Mosaic. The connection to the global Internet backbone was via an analogue leased line (Mweu, 2000).

The first commercial ISP, Formnet began operating in 1995. Soon competition increased with the entry of three other ISPs. All the ISPs would lease analogue or digital data lines from Kenya to the US to access the Internet backbone. As the number of ISPs grew so did the pressure for bandwidth. At this point the Kenya Posts & Telecommunications Corporation (KPTC) realized that there was a need for an Internet access backbone in the country. This would also bring down the cost of access to the Internet for ISPs, since the backbone would be accessed locally. The backbone, EAFIX, was launched in December 1999, and together with it Jambonet, an access service for ISPs. The cost of Jambonet was about one quarter of the cost of leasing an international digital data line. The result was the entry of more ISPs in the market, which led to even more competition for customers (Mweu, 2000).

According to a report written by Francisca Mweu of Telkom Kenya, there are currently more than 50,000 Internet users in Kenya, with an estimated monthly growth of 300 each month. The main users of the Internet in Kenya are Multinational corporations, international organizations and NGOs, together making more than 50% of all subscribers. The government and educational institutions make less than 5% of all subscribers, due to the relatively high cost of the service (Mweu, 2000).
Regardless of the fact that the cyber cafes have grown in number, it is important to note that the cafes are a service industry. They merely resell the Bandwidth from Jambonet (an access service provided by Internet Service Providers) through the respective Service Providers (Balancing Act, 2002). Due to this, the type of customer service is very crucial. It is the kind of touch one gets in a particular cyber cafe that makes them to stick on to a particular cyber cafe. Besides the fact that cafes are the cheapest places to find, most cyber cafes now open up to late, hence attracting those who might not have used the office busy time to indulge in browsing. The evolution cyber cafes have has been phenomenal. They have come up swiftly, and diversely.

Today a cyber cafe is not just a point where people send mails, even though this remains the largest activity, but places for human interaction. Learning computers used to be an end, but the Internet has given it a whole new meaning. Activities range from scanning documents and e-mailing them, to interactive distance learning. Many cafes also offer their customers coffee or other beverages, telephone and video conferencing facilities, fax via computers, IT training, CD writing, and computer games (Balancing Act, 2002).

1.1.3 DEFINITION OF THE CYBER CAFÉ

The Oxford Learners Dictionary defines cyber as “a prefix referring to anything related to computers or networking”. It continues to say that a cyber café is “a coffee shop that offers computer terminals for customers to browse the Internet while sipping coffee”.

In Bombay, India, the Division Bench of the High Court, presided over by the Learned Chief Justice passed an order appointing a Committee to find out the issues facing cyber cafes (Naavi, 2002). In their research they came up with a definition of cyber café.
The Definition of Cyber Cafe as recommended by the Committee is:

A Cyber Café means and includes any establishment by whatever name called, the object of the business of which is to make available to the general public, either for a fee or gratis or as part of rendering or supply of any other goods or services, access to and use of the Internet (in any of its forms or protocols, whether now in existence or yet to be implemented) for any purpose, including but not limited to, recreation and amusement, but does not include any place used purely as a residence or as an office or a place where access to the Internet is restricted to employees, staff or similarly authorised personnel; and a Cyber Café shall be deemed to be a place of public amusement under Section 2(9) of the Bombay Police Act, 1951.

The above is a very broad definition that would cover all "Public Kiosks" that are planned and would be planned for various Citizen-Government interfaces as well as commercial establishments. The idea of identifying a Cyber Cafe as a "Place of Amusement" throws open the question why Cyber Cafe cannot be considered a "Library", "Education Institution" or a "Shopping Mall", since these centers would be not only giving access to the Information Super highway but also will carry Tele Education and E-Commerce. Considering that 75 % of people use Internet for E-Mail purposes, it is also possible to consider that Cyber Cafe's are "Digital Post Offices". Ignoring all these alternate uses of the Cyber Cafe, declaring it as an "Amusement
Place" shows a total lack of understanding of the Internet usage by the Committee (Naavi, 2002).

1.1.4 THE DEVELOPMENT OF CYBER CAFES

The first Internet café was set up in London by an enterprising group of British entrepreneurs in 1994. The cafe known as ‘cyberia’ later expanded to other major cities in Europe and America. In America, as a result of extensive press coverage and media attention, the cyber cafes spread all over the United States, Canada and other parts of the western hemisphere. Filtering into the suburban and rural communities, cyber cafes later moved from big cities to smaller cities and towns throughout the world. (Angelone, 1996). Perhaps the greatest reason for their rapid expansion is the public’s need to communicate.

1.1.5 CYBER CAFE BUSINESS IN KENYA

Statistics available at the Cyber café Operators Association of Kenya and provided by ‘Study Helps Center’ indicate that 75-80 per cent of users access the web through cyber cafes. Less than 20 per cent of such users access the web through companies, institutions, or schools (Balancing Act, 2002). The reason why cyber cafes attract a large percentage is due to their easy availability and the cost element. According to a report given by Ishmael Tinega (chairman CCOAK) in the East African Standard (2002), cyber cafes of late are offering the cheapest communication rates in Kenya including international telephone calls for as low as Sh. 10 per minute and international faxes for as little as Sh. 30 per page.
Users who access the web from their offices still find more reason to visit the cyber cafes. The level of conjecture and meeting ground for many Kenyans in the cyber cafes has risen up tremendously. There are some who sit in a cyber cafe enjoying the chatting euphoria now quite synonymous to many browsers (East African Standard, 2002). Besides the fact that cafes are the cheapest places to find, most cyber cafes now open up to late, hence attracting those who might not have used the office busy time to indulge in browsing.

Cyber café owners came together to form the Cyber Café Owners Association of Kenya (CCOAK) to address their concerns. This was largely in response to pressures brought by the uncertain legal environment in which they had to operate, and the absence of a level playing field because of safety nets granted to the state owned Telco (Tinega, 2002). The CCOAK came together to argue for better standards of customer care and to lobby the government for computer lessons in schools. It is also hoping to address bandwidth and connection issues and pricing in a crowded market. The CCOAK hopes to cooperate with all the stakeholders and other partners to bring about efficient service in the cyber business, reduce hacking, maintain security and discourage cyber piracy. It is imperative that this organization will need a lot of support and cooperation from all the stakeholders be it the business community, the government, or the ordinary customer. This is according to the convener of the CCOAK Mr. Ishmael Tinega (Tinega, 2002).
1.2 Statement of the problem

The evolution of cyber cafes in Kenya has been phenomenal. They have come up swiftly and diversely. However, the existence of cyber cafes in Kenya started to be felt when the return on investment in this industry started to kindle. Like in any other new industry, price wars took lead and quality of services came next (Tinega, 2002). According to Mburu, a reporter with the East African standard (2002), a price war in the public Internet access category has severely eroded profit margins, and several operators have shut down their cyber cafes after making huge losses. Cyber cafes today face enormous challenges due to this.

We see that the high cost of computers has deterred many from subscribing directly to the Internet. However, cyber cafes have come to the rescue, providing access to e-mail and the Internet to those who cannot afford phone lines and computers. According to Mweu (2000), there were more than 100 cyber cafes in Nairobi in the year 2000 and the number grows rapidly each month. This in addition to the increase in Internet Service Providers (ISPs) led to the increase in Internet users leaving Kenya with an excess of 50,000 Internet users.

The cyber café business is also popular because Internet use at home is for many users a nightmare. To start with most people in Kenya are not necessarily computer literate. This means that to talk of Internet usage, you are talking of a secondary need to many people. This is especially so for the rural elites. These people first need to learn how to handle and probably maintain a computer before starting to make use of it in the learning world. But even if
computer literacy were widespread, the issue of Internet cost in Kenya still remains an unresolved issue to date. For most homes therefore, to think of spending say Sh 32,000 a year, on the Internet alone, is not a viable option. Kenyans are still looking for a cheaper and viable way of using computers and the Internet. Cyber cafes have thus come in to provide Internet services to Kenyans at very reasonable prices, where we see that Internet access charges have come down to as low as Sh 1 per minute.

However, the Internet business in Kenya is still very much underutilized. This little used service may die before it ever gets to grow, unless more effort is put to make computer usage more accessible to the people of Kenya. Tinega (2001) identifies some reasons for less use of computers in the country as ranging from bureaucracy, illiteracy, poverty, to mention but a few. He continues to say that, sadly, a lack of professionalism in our business sector also plays its part. These presumed reasons for less use of computers can be assumed to cause some challenges that the cyber cafe business is facing and the researcher decided to find out if this was true or not.

In conclusion, we see that Kenyans being a humble and curious society find the Internet fun. They wish to learn, play and spend on things that bring happiness to them through the Internet. Cyber cafes are providing the service to them. It would be very unfortunate if this business would come to an 'early death' or 'fail to deliver' the services and in order to avoid this, the researcher found it necessary to carry out the research on the challenges cyber cafes are facing and the strategies they use to cope with them.
1.3 Objectives of the study

The main objective of the study was to investigate the cyber cafe business in Kenya. From the main objective the specific objectives were:

1. To identify the challenges that the cyber café business is facing.
2. To identify the strategies they are using to cope with these challenges.
3. To find out if these strategies can contribute to business success.

1.4 Research questions

1. What are the challenges that the cyber cafes are facing?
2. What strategies are being carried out to cope with these challenges?
3. Are these challenges and strategies common across a range of cyber-cafes?
4. What customer service devices are used to attract and maintain customers?
5. Do customers change from one provider to another, if yes how often?
6. What problems are encountered while dealing with customers?

1.5 Significance of the study

This study looked into the service industry and specifically in the business of cyber cafes. More specifically, it will be useful in:

1. Understanding the set up and running of a cyber café better.
2. Help cyber café owners better understand the challenges they face and the best strategies to use in dealing with them.
3. To help in giving insight to interested parties (e.g. government, members, academics) who have the ability to minimize these challenges and how they can do it.
4. Aiding the researcher in enhancing her skills in the area of the service industry.
5. Contributing to the general body of knowledge.
1.6 Scope and Limitations of the study

The study was limited to cyber cafes located in Nairobi. This was because of the limited time, which made the researcher not carry out the research in other towns. Other cities or towns can either have similar or different challenges, but the data collected from these cyber cafes was deemed adequate for the desired findings. Nairobi was selected because it is seen to have a diversity of business ideas and opportunities.

Cost of the study was assumed to be very high which forced the researcher to come up with a workable sample size and also limit the study to Nairobi City Centre.

The researcher also encountered problems in data collection where respondents were too busy serving the customers or browsing, to answer the questions.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 IMPORTANT CHARACTERISTICS OF SERVICES

Peter, Donnelly, and Tarpey (1982) found that services possess several unique characteristics that often have a significant impact on marketing programs development. These special features of services may cause unique problems and often result in marketing mix decisions that are substantially different from those found in connection with the marketing of goods. Some of these characteristics are intangibility, inseparability, perishability and fluctuating demand, highly differentiated marketing systems and a client relationship.

Intangibility

The obvious basic difference between goods and services is the intangibility of services, and many of the problems encountered in the marketing of services are due to this intangible nature. These problems are unique to service marketing. The fact that many services cannot appeal to a buyer’s sense of touch, taste, smell, sight, or hearing before purchase places a burden on the marketing organization. Obviously, it’s most heavily felt in a firm’s promotional program, but may affect other areas as well. Depending on the type of service, the intangibility factor may dictate direct channels of distribution because of the need for personal contact between the buyer and seller. Since a service firm is actually selling an idea, not a product, it must tell the buyer what the service will do, since its often unable to illustrate, demonstrate, or display the service in use. Such a situation obviously makes promotion difficult.

Inseparability

In many cases a service cannot be separated from the person of the seller. In other words, the service must often be created and marketed simultaneously. Because of the simultaneous
production and marketing of most services, the main concern of the marketer is usually the creation of time and place utility.

The implications of inseparability for the selection of channels of distribution are important. Inseparable services cannot be inventoried and thus direct sale is the only feasible channel of distribution.

**Perishability and Fluctuating Demand**

Services are perishable, and the markets for most services fluctuate by seasons and for many, even by day or week. The combination of perishability and fluctuating demand has created many problems for marketers of services. Specifically in the area of distribution, channels must be found in order to have the service available for peak periods and new channels must be developed to make use of the service during slack periods.

**Highly differentiated Marketing Systems**

Although the marketer of a tangible product is not compelled to use an established marketing system, such systems are often available and may be the most efficient. If an established system is not available, the marketer can at least obtain guidelines from the systems used for similar products. In the case of services however, there may be little similarity between the marketing system needed and those used for other services. For example the marketing of banking and other financial services bears little resemblance to the marketing of computer services or labor services. The entire area of service marketing therefore demands greater creativity and ingenuity on the part of marketing management.
Client Relationship

In the marketing of a great many services a client relationship exists between the buyer and seller as opposed to a customer relationship. The buyer abides by the suggestions or advice provided by the seller and the relationships may be of an outgoing nature.

**Some implications of the characteristics of services and some means of overcoming them**

Baker (1999) identified some implications of the characteristics of services and means of overcoming them. These can also be taken as some challenges that the service industry faces (cyber café business being a service industry) and the means of overcoming them as some strategies that they can use.

<table>
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<th>Characteristic</th>
<th>Challenge</th>
<th>Strategy</th>
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| Intangibility  | -Consumers may have difficulty evaluating an intangible service.  
-Sampling a service difficult. Producer -client relationship important.  
-Difficult to judge price/value. | -Make the offering more tangible e.g. use of cues like uniforms.  
-Focus on benefits of service.  
-Need to manage the relationship and process to lessen the effect of intangibility.  
-Develop price ‘reputation’:  
-Reinforce value during and after service; ‘explain’ price.  
-Customer contact personnel key and requires careful selection, training, support for ‘service’ encounters. |
-Opportunities for continuous and immediate feedback from consumers.

-Exploit presence of consumers to monitor service process and quality

-Perishability Services cannot be stored.

-‘Manage’ supply and demand through peak/off peak pricing; reservation systems.

-Create flexible excess capacity e.g. part time employees.

-Promote off-peak use.

-Offer alternative uses of unused facilities.

2.2 PRICING

Mburu (2002) in his research found out that a price war in the public Internet access category has severely eroded profit margins, and several operators are at the risk of shutting down their cyber cafes if making huge losses. Cyber café charges in Nairobi plummeted from Ksh 10 per minute in 1999 to Ksh 7 in early 2000 before easing to Ksh 5 in December 2000. As a number of new entrants hit the market last year, average charges per minute fell below Ksh 3. This year, most cafes are charging Ksh 1 per minute, while a few offering Ksh 0.50 per minute, turning the market upside down. Industry analysts say the current cyber café rates are unrealistic and a reasonable price should be at most Ksh 5 per minute and the least Ksh 3 per minute. They claim many people are opening cyber cafes and they don’t know how to run them. There is also fierce competition that does not make any business sense.
In London, the largest chain of cyber cafes, EasyAnywhere, with millions of customers and cheap bandwidth is charging £2 per hour (Ksh 3.6 per minute). In Uganda, cyber cafes have formed an association to stem losses after cut-throat competition. The association has established a code of conduct to set industry standards. While in Kenya, the CCOAK aims at helping the government to protect people from threats as seen with Internet-hacking, piracy, pornography and computer viruses.

2.3 THE INTERNET

The Internet is perhaps the most well known, and the largest, implementation of internetworking, linking hundreds of thousands of individuals' networks all over the world. The Internet began as a US Department of Defense network to link scientists and university professors around the world. Even today individuals cannot connect directly to the Net although anyone with a computer, a modem, and the willingness to pay a small monthly usage fee can access it through an Internet Service Provider. An Internet Service Provider (ISP) is a commercial organization with a permanent connection to the Internet that sells temporary connections to subscribers. Individuals also can access the Internet through such popular line services as Prodigy and America Online and through networks established by such giants as Microsoft and AT &T. (Laundon and Laundon, 1996).

One of the most puzzling aspects of the Internet is that no one owns it and it has no formal management organization. As a creation of the Defense Department for sharing research data, this lack of centralization was purposeful, to make it less vulnerable to wartime or terrorist attacks. To join the Internet, an existing network needs only to pay a small registration fee and agree to certain standards based on the TCP/IP (Transmission Control Protocol/Internet
Protocol) reference model. Costs are low because the Internet owns nothing and so has no costs to offset. Each organization, of course pays for its own networks and its own telephone bills, but those costs usually exist independent of the Internet. Regional Internet companies have been established to which member networks forward all transmissions. These Internet companies route and forward all traffic, and the cost is still only that of a local telephone call. The result is that the costs of e-mail and other Internet connections tend to be far lower than equivalent voice, postal, or overnight delivery, making the Net a very inexpensive communications medium. It is also a very fast method of communication, with messages arriving anywhere in the world in a matter of seconds or a minute or two at most (Laundon and Laundon, 1996)

2.3.1 INTERNET TECHNOLOGY AND CAPABILITIES

According to Laundon and Laundon (1998), the Internet is based on client/server technology. Individuals using the Net control what they do through client applications, using graphical user interfaces or character-based products that control all functions. All the data including e-mail messages, databases and Websites, are stored on servers. Servers dedicated to the Internet or even to specific Internet functions are the hearts of the information on the Net. The most important Internet capabilities include e-mail, Usenet newsgroups, LISTSERVs, chatting, Telnet, FTP, gophers, and the World Wide Web. They can be used to retrieve and offer information.

2.3.1.1 Internet Tools for Communication

Laundon and Laundon (1998), identify the following Internet tools for communication:

Electronic Mail (E-Mail): The Net has become the most important e-mail system in the world because it connects so many people worldwide, creating a productivity gain. Organizations use
it to facilitate communication between employees and offices, and to communicate with customers and suppliers. Researchers use this facility to share ideas, information, even documents. E-mail over the Net also has made it possible for many collaborative research and writing projects, even though the participants are thousands of miles apart.

**Usenet Newsgroups (Forums):** Usenet newsgroups are worldwide discussion groups in which people share information and ideas on a defined topic. Discussion takes place in large electronic bulletin boards where anyone can post messages for others to read, discussing almost all conceivable topics (Laundon and Laundon, 1996). Each Usenet site is financed and administered independently.

**LISTSERV:** A second type of public forum. LISTSERV allows discussions to be conducted through predefined groups but uses e-mail mailing list servers instead of bulletin boards for communications. If you find a LISTSERV topic you are interested in, you may subscribe. From then on, through your e-mail, you will receive all messages sent by others concerning that topic. You can in turn send a message to your LISTSERV and it will automatically be broadcast to the other subscribers. Tens of thousands of LISTSERV groups exist.

**Chatting:** Chatting allows two or more people who are simultaneously connected to the Internet to hold live, interactive conversations. Internet Relay Chat (IRC) is a general chat program for the Internet. Chat groups are divided into channels, and each is assigned its own topic of conversation. Most chat tools today are for written conversations in which participants type their remarks using their keyboard and read responses on their computer screen.

**Telnet:** Telnet allows someone to be on one computer system while doing work on another. Telnet is the protocol that establishes an error-free, rapid link between the two computers,
allowing you, for example, to log on to your business computer from a remote computer when you are on the road or working from your home.

2.3.1.2 Information Retrieval on the Internet

Information retrieval is a second basic Internet function. Users are able to search many thousands of databases that have been opened to the public by corporations, governments, and non-profit organizations. Individuals can gather information on almost any conceivable topic stored in the databases. Many use the Internet to locate and download some of the free, quality computer software that has been made available by developers on computers all over the world (Laundon and Laundon, 1996).

The internet is a voluntary, decentralized effort with no central listing or participants or sites, much less a listing of the data located at those sites, so a major problem is finding what you need from among the storehouses of data found in databases and libraries. O'Brien (1993) identifies three methods of accessing computers and locating files.

**FTP:** File transfer protocol (FTP) is used to access a remote computer and retrieve files from it. FTP is a quick and easy method if you know the remote computer site where the file is stored. After you have logged on to the remote computer, you can move around directories that have been made accessible for FTP to search for the file(s) you want to retrieve. Once located, FTP makes transfer of the file to your own computer very easy.

**Gophers:** Most files and digital information that are accessible through FTP also are available through gophers. A gopher is a computer client tool that enables the user to locate information stored on Internet gopher servers through a series of easy-to-use, hierarchical menus. The Internet has thousands of gopher server sites throughout the world. Each gopher site contains
its own system of menus listing subject-matter topics, local files, and other relevant gopher sites. One gopher site might have as many as several thousand listings within its menus. When you use gopher software to search a specific topic and select a related item from a menu, the server will automatically transfer you to the appropriate file on that server or to the selected server wherever its located. Once on that server, the process continues: you are presented with more menus of files and other gopher site servers that might interest you. You can move from site to site, narrowing your search as you go, locating information anywhere in the world. With descriptive menu listings linked to other gopher sites, you do not need to know in advance where relevant files are stored or the exact FTP address of a specific computer.

The World Wide Web (the Web) is at the heart of the explosion in the business use of the Net (Zwass, 1998). The Web is a system with universally accepted standards for storing, retrieving, formatting, and displaying information using client/server architecture. It was developed to allow collaborators in remote sites to share their ideas on all aspects of a common project. If the Web was used for two independent projects and later relationships were found between the projects, information could flow smoothly between the projects without making major change (Parker and Case, 1998). Those who offer information through the Web must establish a home page – a text and graphical screen display that usually welcomes the user and explains the organization that has established the page. For most organizations, the home page will lead the user to other pages, with all the pages of a company being known as a Web site. For a corporation to establish a presence on the Web, therefore, it must set up a Web site of one or more pages. Most Web pages offer a way to contact the organization or individual. The person in charge of an organization's Web site is called a Webmaster.
2.4 INTERNET SERVICE PROVIDERS (ISPs)

As earlier mentioned, the Internet industry began in Kenya in 1995 with the registration of African Regional Center for Computing (ARCC). Since then, the industry has been growing steadily (Mbaya, 2001). In the year 2000, there were only 22 licensed players in the industry but as at 2001, there were 40 registered ISPs. This is according to information obtained from the ISPs Association of Kenya and the Computer Association of Kenya. These two associations define an Internet Service Provider as a company giving access to the Internet. The ISPs Association estimate that the number of Internet users as at January 2000 was between 50,000 – 70,000 and this was expected to reach the 100,000 persons before the end of the year.

2.5 CUSTOMER SERVICE AND CUSTOMER CARE

Baker (1997) says that customer service may be thought of as the summation of all those activities that enable customer satisfaction actually to be delivered and according to Thomas (1995), customer service is often considered to apply only to service industries that have higher levels of customer contact and personal involvement. This usually means greater emphasis on what constitutes customer service. The characteristics of service marketing such as intangibility, inseparability, heterogeneity and perishability and the direct contact and social interaction in services mean a higher profile for customer care in the service sector. Recognition of individual customers (bespoke rather than mass-marketing), of expert help when needed, prior, during, and following the purchase and efficiency in execution of the product (delivery) or service (moment of truth).
Customer service and customer care mean the same and represent seller – initiated effort which has value for the buyer thus increasing customer satisfaction and encouraging patronage and loyalty to a supplier (Thomas, 1995).

Benefits of customer service

Thomas (1995) identifies the following benefits of customer service:

1. Higher levels of customer satisfaction. This becomes a highly practical reason since greater satisfaction leads to customer loyalty commensurate with greater sales stability, more effective planning and lower levels of uncertainty.

2. Employee satisfaction and loyalty, enhancing job satisfaction and reducing employee turnover.

3. Provides a competitive advantage not always easily imitated, usually highly cost effective.

4. Effective customer care results in positive word of mouth communication from existing to potential customers. This is a most potent means of advertising, which contributes greatly to a companies improved image and reflects itself in improved sales and enhanced profitability.

2.5.1 TYPES OF CUSTOMERS

Kotler (2001) identifies the following kinds of customers found under customer service:

Suspects – This is everyone who might conceivably buy the product or service. The company looks hard at the suspects to determine who are the most likely prospects.

Prospects – The people who have a strong potential interest in the product and the ability to pay for it.
Disqualified prospects – Those the company rejects because they have poor credit or would be unprofitable.

Qualified prospects – The company hopes to convert many of its qualified prospects into first time customers.

Repeat customers – The company converts first time customers to repeat customers. Both first time and repeat customers may continue to buy from competitors as well. The company then acts to convert repeat customers into clients.

Clients – People whom the company treats very specially and knowledgeably. The next challenge is to turn clients into members, by starting a membership program that offers a whole set of benefits to customers who join. Hopefully the, the members will turn into advocates, i.e. customers who enthusiastically recommend the company and its products and services to others. The ultimate challenge is to turn advocates into partners, where the customer and the company work together actively.

2.5.2 THE STAFF-CUSTOMER INTERFACE

Thomas (1995) states that the staff should be aware and understand the customer needs and expectations on an individual basis. Customers will assess the company’s service on the basis of the staff they come into contact with. The staffs are the ambassadors of the company and should reflect the ‘managed image’. As such they need to display a high degree of skill. This includes a professional approach, good interpersonal skills, ability to communicate, a positive attitude, good product knowledge and an ability to sustain this image even under pressure.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research design
The type of research design adopted for the study was descriptive research. The study aimed at identifying the challenges that cyber cafes face.

3.2 Study population
The study population consisted of the cyber cafes established in Nairobi. Nairobi was selected because it was noted that many cyber cafes are being established within the city. The number of respondents was therefore seen to form a good representative of the population.

3.3 Sampling design
3.3.1 Sampling size
The population under investigation included all cyber cafes located within Nairobi City Centre. However, due to time and resource constraints, the scope of the study was limited to only 100 respondents who included both the cyber café operators and the clients i.e. the users of the service.

3.3.2 Sampling technique
The respondents in this population were selected using convenient sampling technique. In this case, the researcher with the help of an assistant visited several cyber cafes from major streets in town.
3.4 Data collection methods

The study used both primary and secondary data. The primary data was collected using observations, interviews and self-administered questionnaires. The instrument was structured and contained both close-ended questions for quantitative analysis and open-ended questions for qualitative data. In order to increase response rate, a larger number than 100 questionnaires were sent out. The questionnaire was first pre-tested through a pilot study in order to make the necessary modifications to enable it achieve the set objectives.

Observations were carried out at various cyber cafes while interviews were carried out with the cyber café operators and customers. The secondary data was collected from the Internet, library and other relevant publications.

3.5 Data analysis and presentation

The data collected from the research was edited, coded, and tabulated. The data was then analyzed using the Statistical Package for Social Sciences (SPSS) Software. Descriptive statistics that is frequency tables, percentages and cross tabulation were used.

3.5.1 Model

The determinants of the challenges facing cyber cafes were obtained using a simple linear relationship. The assumption was that challenges are a function of competition, pricing, customer service, promotion, connection, legislation, illiteracy and business hours.
Expressed as an equation this becomes:

\[ C = f( C_p, P, C_s, P_r, C_n, L_n, I, B_r ) \]

Where:
- \( C \) represents challenges
- \( C_p \) competition
- \( P \) pricing
- \( C_s \) customer service
- \( P_r \) promotion
- \( C_n \) connection
- \( L_n \) legislation
- \( I \) Illiteracy
- \( B_r \) business hours

It was thus expected:

1. An additional in business hours and improved customer service would attract more customers.
2. High connection and legislation fee would hinder new entrants into the market.
3. High level of illiteracy would hinder population from this mode of communication.
4. High expenditures on promotion would attract more customers to the cyber thus making it more competitive.
5. High charges would lead to customers withdrawing to look for cheaper places.
CHAPTER FOUR

4.0 RESULTS OF THE FINDINGS

4.1 INTRODUCTION

This chapter contains the findings of the research. Simple tables were used to explain the research objectives of the study. The results were divided into two parts where part one contains findings from the cyber café operators while part two contains findings from the cyber café customers.

4.2 CYBER CAFÉ OPERATORS

4.2.1 GENERAL BACKGROUND OF THE CYBER CAFÉ BUSINESS

Table 1: Businesses with and without branches

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>With branches</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Without branches</td>
<td>36</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows the total number of cyber cafe businesses interviewed and out of all, those who had other branches and those without. The researcher interviewed 50 cyber café owners from all over the city center. Among those interviewed, 72% did not have other branches elsewhere while 28% had other branches either within the same area, elsewhere in town, outside the city center and in other towns in the country as well. This would be attributed to the fact that the cyber cafe business is one of the most upcoming in the country and many people are opting to go into this area of the service industry making new businesses more common than old established ones. These new businesses were attributed to the increasing number of customers who are ready and willing to use the services that the cyber cafes are offering.
Table 2: Duration of operation

<table>
<thead>
<tr>
<th>Duration (years)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>1-2</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>3-4</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>4-5</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The table above shows the number of years that the businesses interviewed had been operating. According to the research, 36% of the cyber cafes had been operating for between 1 – 2 years, 28% between 3 – 4 years, 22% between 4 – 5 years and the other 14% below 1 year. We therefore see that most of the cyber cafes are not old businesses and have sprung up rapidly in the recent past.

Table 3: Employees level of education

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tertiary</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The table above shows the level of education of the employees in the cyber cafes. It was observed that most of the businesses had between two to eight employees, majority of them working in the customer service area. Management had only one or two people and in the technical department, one or two people and in some cases none since the role was filled according to the needs of the business. Most of the employees working in the cyber cafes (96%) have college education. Only 4% have not attained this and in this case, most of them have attained secondary education. This was attributed to the fact that the employees need to have knowledge of computer use in order to assist customers. A good knowledge of work is required in this area since customers need to feel confident in the person assisting them.
4.2.2 PRICING

Pricing is a very important issue in the cyber cafe industry. Price wars are common among cyber cafe operators and therefore it is good to know how these businesses determine the prices to charge for their services.

Table 4: Pricing methods employed.

<table>
<thead>
<tr>
<th>Method of pricing</th>
<th>No F</th>
<th>%</th>
<th>Yes F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors' pricing</td>
<td>27</td>
<td>54</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>Cost plus profit</td>
<td>12</td>
<td>24</td>
<td>38</td>
<td>76</td>
</tr>
<tr>
<td>Market regulations</td>
<td>29</td>
<td>58</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
<td><strong>136</strong></td>
<td><strong>82</strong></td>
<td><strong>164</strong></td>
</tr>
</tbody>
</table>

The most commonly used pricing method is through market regulations. 58% of the respondents use this to determine their prices while 42% of the respondents do not use it. 54% of the respondents use competitors’ pricing as a way of determining prices while 46% of them do not. Finally, 24% of the respondents use cost plus profit as a way of determining prices while 76% of the respondents did not.

4.2.3 COMPETITION

The competition in the cyber cafe industry is very stiff. Many businesses are being established very close to one another and offering the same service while competing for the same customers.
Table 5: Level of importance attached to various aspects of competition

<table>
<thead>
<tr>
<th></th>
<th>Most important</th>
<th>Slightly quite important</th>
<th>Quite important</th>
<th>Important</th>
<th>Slightly less important</th>
<th>Less Important</th>
<th>Least important</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of competitors</td>
<td>70%</td>
<td>20%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8%</td>
<td>100</td>
</tr>
<tr>
<td>New entrants</td>
<td>18%</td>
<td>54%</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>100</td>
</tr>
<tr>
<td>Current strategies used by competitors</td>
<td>8%</td>
<td>8%</td>
<td>42%</td>
<td>30%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>100</td>
</tr>
<tr>
<td>Financial strength of competitors</td>
<td>-</td>
<td>12%</td>
<td>8%</td>
<td>10%</td>
<td>46%</td>
<td>24%</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Marketing practices</td>
<td>4%</td>
<td>8%</td>
<td>38%</td>
<td>36%</td>
<td>6%</td>
<td>8%</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Physical &amp; human resources of competitors</td>
<td>-</td>
<td>4%</td>
<td>12%</td>
<td>8%</td>
<td>24%</td>
<td>52%</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Goals of competitors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12%</td>
<td>4%</td>
<td>4%</td>
<td>80%</td>
<td>100</td>
</tr>
<tr>
<td>Total (%)</td>
<td>100</td>
<td>106</td>
<td>106</td>
<td>104</td>
<td>92</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

According to the research, the most important aspect of competition is the number of competitors in the market. This was said by 70% of the respondents. Possible new entrants was the second being slightly most important and this was said by 54% of the respondents. 42% said current strategies used by competitors was quite important, important was the marketing practices with 36%, slightly less important was financial strength of the competitors with 46%, less important was physical and human resources of the competitors with 52% and the least important was the goals of the competitors with 80%.
4.2.4 BUSINESS HOURS

Table 6: Determination of business hours

<table>
<thead>
<tr>
<th>Determinants</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of customers</td>
<td>44%</td>
<td>56%</td>
<td>100</td>
</tr>
<tr>
<td>Competitors’ business hours</td>
<td>82%</td>
<td>18%</td>
<td>100</td>
</tr>
<tr>
<td>Business location</td>
<td>35%</td>
<td>65%</td>
<td>100</td>
</tr>
<tr>
<td>Business policy</td>
<td>70%</td>
<td>30%</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>231%</td>
<td>169%</td>
<td>400</td>
</tr>
</tbody>
</table>

From the table above, 65% of the cyber cafe operators determine business hours by the business location. 56% of the cyber cafes determine business hours by the number of customers while 44% don’t, 30% consider business policy while 70% do not and only 18% consider the competitors’ business hours. It was also observed that, most of the businesses opened their businesses at 7 am during week-days, 8 am during weekends and 9 am during public holidays, for those who open. Closing time is mostly 7pm during weed-days and some even go up to 8 pm, 6 pm during weekends and public holidays.

4.2.5 INTERNET SERVICE PROVIDER

Table 7: Plans of changing ISP

<table>
<thead>
<tr>
<th>ISP</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not to change ISP</td>
<td>42</td>
<td>84</td>
</tr>
<tr>
<td>To change ISP</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Of the total respondents interviewed, 84% said that they did not plan to change their ISPs soon while only 16% said they would change. This would be attributed to the fact that the ISPs provide almost the same kind of service and it would not make much of a difference changing from one to another. Most of the businesses have been with the same ISP since the start of the business. For those who planned to change the ISP, reasons given included poor services and cost. This could be due to the fact that most of the ISPs have taken in too many clients, which
results in congestion. The ISPs also don’t seem to be disseminating the necessary technical information to the clients. There was also a complaint on the cost of getting connected to the ISP, which was one of the major challenges that the cyber cafe operators face while establishing the businesses.

4.2.6 CUSTOMER SERVICE

Table 8: Special services offered to customers while in the premises

<table>
<thead>
<tr>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverages</td>
<td>Comfortable seats</td>
<td>Entertainment</td>
</tr>
<tr>
<td>No</td>
<td>66%</td>
<td>22%</td>
</tr>
<tr>
<td>Yes</td>
<td>34%</td>
<td>78%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Most of the customer service techniques used by cyber cafés include entertainment, which is usually in the form of music. Music tends to attract a certain group of people to a cyber café and also creates a relaxing atmosphere in which people can do their work. That is why 84% of the respondents said that they use entertainment, as a way of customer service while 16% did not. 78% capitalize on providing comfortable seats while 22% did not. 34% use other forms of customer service like providing beverages to customers while in the premises and most of these beverages were observed to be black coffee and soda. Other forms of customer service included: TV watching, extra friendly staffs who are willing to assist customers in every way and generally providing good service.
4.2.7 PROMOTION

Table 9: Promotional activities undertaken

<table>
<thead>
<tr>
<th></th>
<th>Advertising</th>
<th>Sales promotion</th>
<th>Publicity</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>30%</td>
<td>82%</td>
<td>34%</td>
<td>92%</td>
<td>238</td>
</tr>
<tr>
<td>Yes</td>
<td>70%</td>
<td>18%</td>
<td>66%</td>
<td>8%</td>
<td>162</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>400</td>
</tr>
</tbody>
</table>

70% of the respondents interviewed used advertising as a method of promotion while 30% did not. 66% used publicity while 34% did not, 18% used sales promotion while 82% did not and 8% used other methods like good customer service and word of mouth. In this case, it was observed that advertising and sales promotion methods were the most commonly used ways of promotion in this business whereby most respondents said they used mostly posters, free offers and special discounts to attract customers.

4.2.8 CHALLENGES

Table 10: Challenges while setting up the business

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Most serious</th>
<th>Quite serious</th>
<th>Serious</th>
<th>Less serious</th>
<th>Least serious</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connection</td>
<td>42%</td>
<td>22%</td>
<td>16%</td>
<td>20%</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Legislation</td>
<td>16%</td>
<td>50%</td>
<td>16%</td>
<td>4%</td>
<td>14%</td>
<td>100</td>
</tr>
<tr>
<td>Entry into the market</td>
<td>14%</td>
<td>22%</td>
<td>32%</td>
<td>28%</td>
<td>4%</td>
<td>100</td>
</tr>
<tr>
<td>Costs</td>
<td>28%</td>
<td>4%</td>
<td>24%</td>
<td>40%</td>
<td>4%</td>
<td>100</td>
</tr>
<tr>
<td>Time</td>
<td>-</td>
<td>2%</td>
<td>12%</td>
<td>8%</td>
<td>78%</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>500</td>
</tr>
</tbody>
</table>

While setting up the business, 42% of the respondents faced challenges of connection. This was deemed to be the most serious challenge. 50% of the respondents said legislation was quite a serious challenge, 32% said that entry into the market was a serious challenge, 40% of the respondents said that costs involved was a less serious challenge and finally time involved was the least important challenge.
84% of the respondents admitted that customers do have a problem with computer literacy whereby the employees literally have to aid some of them in the operations of the computer. This includes helping them open e-mail addresses, send and receive mail and browsing too. 16% claimed that they really did not have computer illiteracy as a challenge. 56% agreed to the idea that customer ignorance was a challenge. Ignorance could be indicated by the lack of interest in studying computer, lack of knowledge of the services that cyber cafes offer and the knowledge that cyber cafes offer a faster way of communication worldwide. 50% said that customer stubbornness was also a challenge that they experienced whereby customers are not humble enough to follow instructions and are not patient when the systems go off line for a while.

**4.2.9 SUGGESTED STRATEGIES TO CURB CHALLENGES**

The following are some of the suggestions the respondents gave as ways in which the challenges that the cyber cafe operators are facing can be solved.

- Most importantly, there should be liberalization of the market whereby Jambonet should not be allowed to be the only access service for ISPs. This would increase competition in this area hence help in providing quality and efficient service and also reduce the cost of getting connected to an ISP.
- There should be set standard prices for the services.
- Computer education should be promoted in the country making computer illiteracy a non-issue.
4.3 CYBER CAFÉ CUSTOMERS

4.3.1 SAMPLE POPULATION AND GENERAL CHARACTERISTICS OF RESPONDENTS

Table 12: Characteristics of customers visiting cyber cafes

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>33</td>
<td>66</td>
</tr>
<tr>
<td>Female</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 - 32</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Self employed</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Clerical</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Technical</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Professional</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 10,000</td>
<td>31</td>
<td>62</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>20,001-30,000</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>30,001-40,000</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>40,001 and above</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>University</td>
<td>41</td>
<td>852</td>
</tr>
<tr>
<td>Frequency of visits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Once</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>Twice</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Thrice</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Monthly</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Time of visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morning</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Afternoon</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Evening</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>

The total number of respondents interviewed was 50. 66% of them were male while 34% of them were females. 50% or half of the respondents were aged between 18 – 32 years. This also indicated that a majority of the customers visiting cyber cafes fall in this age category. 52% of the respondents were students, 32% professionals, and the other 16% fell in the levels of clerical, technical and self-employed people. This indicated that a majority of the people who visit cyber cafes are students and professionals. 62% of the respondents interviewed
earned below 10,000, which was attributed to the fact that most of them are students. The higher income earners were assumed not to be visiting cyber cafes due to the fact that they either had the facilities in the office or have a computer with Internet facilities at home. 82% of the sample population had attained university education while 18% had college education. 44% of the respondents mostly visited the cyber café once a week, 18% twice a week, 16% thrice a week, 12% daily and 10% monthly. 52% visited the cyber café during the afternoon, 26% during the evening and 22% during the morning. This could be due to the fact that the afternoon would be a good time to relax after a morning of reading for the students and the evening is suitable for those coming from work and the few who visit in the mornings can be assumed to be early risers.

4.3.2 FACILITIES

Table 13: Facilities used in the cyber cafes

<table>
<thead>
<tr>
<th></th>
<th>Most frequently used</th>
<th>Slightly more frequently used</th>
<th>More frequently used</th>
<th>Frequently used</th>
<th>Slightly less frequently used</th>
<th>Less frequently used</th>
<th>Least frequently used</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Browsing</td>
<td>40%</td>
<td>58%</td>
<td>25%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>E-mail</td>
<td>56%</td>
<td>42%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Fax</td>
<td>-</td>
<td>-</td>
<td>10%</td>
<td>22%</td>
<td>26%</td>
<td>42%</td>
<td>10%</td>
<td>100</td>
</tr>
<tr>
<td>Telephone</td>
<td>2%</td>
<td>-</td>
<td>26%</td>
<td>40%</td>
<td>24%</td>
<td>6%</td>
<td>2%</td>
<td>100</td>
</tr>
<tr>
<td>Scanning</td>
<td>-</td>
<td>-</td>
<td>8%</td>
<td>20%</td>
<td>32%</td>
<td>30%</td>
<td>10%</td>
<td>100</td>
</tr>
<tr>
<td>CDwriting</td>
<td>-</td>
<td>-</td>
<td>4%</td>
<td>4%</td>
<td>22%</td>
<td>38%</td>
<td>32%</td>
<td>100</td>
</tr>
<tr>
<td>Printing</td>
<td>2%</td>
<td>-</td>
<td>50%</td>
<td>34%</td>
<td>-</td>
<td>14%</td>
<td>10%</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>700</td>
<td></td>
</tr>
</tbody>
</table>

The most frequently used facility in the cyber café is the e-mail (56%), slightly more frequently used is browsing (58%), more frequently used is printing (50%), frequently used is the telephone (26%), slightly less frequently used is scanning (32%), less frequently used is CDwriting (38%), and the least used is fax (42%).
### 4.3.3 CHOICE OF CYBER CAFÉ

Table 14: Factors influencing choice of cyber café

<table>
<thead>
<tr>
<th></th>
<th>Most important</th>
<th>Slightly more important</th>
<th>More important</th>
<th>Important</th>
<th>Less important</th>
<th>Least important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>16%</td>
<td>8%</td>
<td>52%</td>
<td>14%</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>Speed</td>
<td>32%</td>
<td>56%</td>
<td>10%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost</td>
<td>48%</td>
<td>34%</td>
<td>14%</td>
<td>4%</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td>Security</td>
<td>-</td>
<td>-</td>
<td>4%</td>
<td>20%</td>
<td>38%</td>
<td>4%</td>
</tr>
<tr>
<td>Location</td>
<td>-</td>
<td>2%</td>
<td>16%</td>
<td>38%</td>
<td>38%</td>
<td>4%</td>
</tr>
<tr>
<td>Business effects</td>
<td>4%</td>
<td>-</td>
<td>4%</td>
<td>22%</td>
<td>12%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Most customers visit the cyber café that they do mostly because of cost (48%). A slightly more important factor is speed of the computers (56%), more important is the customer service offered (52%), important is location (38%), less important is security (40%), and the least important is business effects like seats, beverages, music, ventilation etc (58%).

### 4.3.4 PROBLEMS

Table 15: Problems experienced by customers while at cyber cafes

<table>
<thead>
<tr>
<th></th>
<th>Most important</th>
<th>Slightly more important</th>
<th>More important</th>
<th>Important</th>
<th>Less important</th>
<th>Least important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed</td>
<td>84%</td>
<td>12%</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
<td>-</td>
</tr>
<tr>
<td>Assistance</td>
<td>22%</td>
<td>16%</td>
<td>32%</td>
<td>34%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Congestion</td>
<td>8%</td>
<td>40%</td>
<td>20%</td>
<td>14%</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>Power interruptions</td>
<td>-</td>
<td>8%</td>
<td>10%</td>
<td>38%</td>
<td>16%</td>
<td>28%</td>
</tr>
<tr>
<td>Machines</td>
<td>8%</td>
<td>10%</td>
<td>46%</td>
<td>2%</td>
<td>18%</td>
<td>-</td>
</tr>
<tr>
<td>Knowledge</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
<td>18%</td>
<td>14%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Customers experience several problems while in the cyber cafes. The most important was slow speed of the machines (84%), slightly more important was congestion (40%), more important was lack of enough machines (46%), important was interruption due to power failure (38%),
less important was lack of assistance by staff (34%), and least important was lack of knowledge on use of the facilities.

4.3.5 CHANGES

Table 16: Changes seen to have taken place in cyber cafes over the years

<table>
<thead>
<tr>
<th></th>
<th>Customer service</th>
<th>Speed of services</th>
<th>Quality of services</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td>48%</td>
<td>60%</td>
<td>52%</td>
</tr>
<tr>
<td>Change</td>
<td>52%</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

52% of the customers said that they had seen changes in customer service in the cyber café business. 48% had not noted this change. 48% had noted change in the quality of services while 52% had not. 40% had noted changes in the speed of services while 60% had not. This goes to show that not much change had taken place in the speed and quality of service that the cyber cafes were offering.

4.4 SUCCESS OF STRATEGIES

Table 17: Promotion activities undertaken Vs Business expansion

<table>
<thead>
<tr>
<th></th>
<th>Expansion</th>
<th>Without expansion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No expansion</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>23</td>
<td>12</td>
<td>50</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>4</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Publicity</td>
<td>20</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>31</td>
<td>55</td>
</tr>
</tbody>
</table>

From the research, 23 and 20 out of the 50 respondents interviewed and had carried out advertising and publicity respectively had expanded.
Table 18: Special services offered Vs Business expansion

<table>
<thead>
<tr>
<th>Service</th>
<th>Expansion Yes</th>
<th>Expansion No</th>
<th>Without expansion Yes</th>
<th>Without expansion No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverages</td>
<td>8</td>
<td>9</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Comfortable seats</td>
<td>26</td>
<td>13</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Entertainment</td>
<td>25</td>
<td>17</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>5</td>
<td>19</td>
<td>14</td>
</tr>
</tbody>
</table>

Total 50

Of the respondents who experienced expansion over the years, 26 of them had been providing comfortable seats, 25 of them entertainment (music) and 20 others services like beverages and good customer service.

Table 19: Services offered Vs Business expansion

<table>
<thead>
<tr>
<th>Service</th>
<th>Expansion Yes</th>
<th>Expansion No</th>
<th>Without expansion Yes</th>
<th>Without expansion No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Browsing</td>
<td>31</td>
<td>19</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Fax</td>
<td>22</td>
<td>17</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Telephone</td>
<td>27</td>
<td>18</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Printing</td>
<td>31</td>
<td>15</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>Scanning</td>
<td>27</td>
<td>9</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Computer lessons/others</td>
<td>11</td>
<td>7</td>
<td>20</td>
<td>12</td>
</tr>
</tbody>
</table>

Most of the businesses that had expanded over time offered majority of the mostly used services, which included browsing, printing, telephone and scanning.

44.1 KEY SUCCESS FACTORS

The businesses that had experienced expansion over time claimed that this was so because of several factors, which included:

- Availability of both initial start up and running capital.
- Having a reliable ISP that provided speed and better service.
- Good location of the business.
- Having flexibility of pricing and working hours to suit customer needs.
- Having good customer service.
• Working innovations and general market trends.
• Offering a variety of services.
• Use of advertisements.

4.5 FUTURE OF THE BUSINESS

On interviewing the respondents of what they thought the future of the cyber cafe business was in Kenya, this was their response.

• With good management, it is a good and profitable business venture.

• There would be high competition and low business since with time, people would be having computers connected with the Internet in their homes.

• Not very bright since the overheads of running such businesses are very high.

• A good future could only be achieved through intense lobbying to the government with regard to policies affecting the sector and through mass education of the public with an endeavor to bridge the huge digital divide in Kenya.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The results of the study revealed that only a few of the cyber café operators had other branches either within or outside the city center or in other towns. This showed that it was mostly new comers who were establishing the many new upcoming businesses. It was also noted that most of these businesses were not very old and could still be called young businesses since they had been operating for the last one to two years, even though there is still a good number that had been operating for the last three to four years and above. Most of these establishments had between three to eight employees and it is in rare cases that the researcher found an establishment with more than ten employees. Most of these employees were noted to have attained tertiary education and that is college education. It is assumed that most had computer knowledge to be able to perform effectively. Most of them worked in the customer service area and management was either by the owner of the business or a supervisor.

Businesses that claim to have experienced expansion did so by opening up new branches, increasing the facilities i.e. computers, equipments etc, expanding their services, increased in rental space and increased security. The most outstanding factors stated as influencing this expansion were good customer service, promotion mostly by advertisement, and availability of funds due to increased customer base and a general motivation and need to see the business expand. For those who did not experience any expansion or had minimal expansion, hindrances given were poor economy, poor ISP service, low prices due to competition, and lack of funds.
Competition was deemed to be very stiff in this industry and the most noted aspect that bothered most cyber café operators was the number of competitors they had to compete with, and the emerging new entrants that act as a threat. Of moderate importance were the current strategies used by competitors, their financial strength and the marketing practices they used. The physical and human resources and goals of the competitors were noted as the least concerns for the cyber café operators.

With the cutthroat competition that exists in this industry, it was noted that most of the operators determine their prices following the market regulation. In this case, market price was noted to be very important in determining what prices the businesses charge for their services.

Business location stood out as the most influential factor in determining a businesses’ working hours. This was attributed to the security of the place and also the location depending on customer proximity. The other significant influencing factor noted was the number of customers.

To keep up with the competition, most businesses were noted to be trying to offer good customer service and facilities especially in terms of seats, entertainment and offering beverages. The businesses also carried out advertising especially though posters and attract customers by giving them special offers and discounts.
Most of the operators claimed to have experienced several challenges while establishing the business mostly in the area of connection and legislation. Of less importance were challenges to do with entry into the industry, costs and time involved. In the normal running of the business, challenges they had to cope with include dealing with literally guiding customers due to computer illiteracy and general ignorance of customers.

It was also noted that most people visiting cyber cafes are young adults mostly students and professionals, who go there to either browse or e-mail. Most of these visit the cyber café because of the cost, speed of facility and the customer service. Most have concern about the speed of the machines, congestion, and lack of machines. But at least most agreed that they had noted a change in the area of customer service in this industry.

5.2 CONCLUSION

In conclusion, we see that the cyber café business is a good business venture and source of income for the owners, revenue for government and entertainment and knowledge for the users. It is noted to have a good customer base and would even do much better than it is, if some issues like removal of monopoly of Jambonet were resolved, economy improved and price standards set among others stated. Competition is very stiff in this industry and this has prompted some businesses to really improve in the way they provide their services. One has to be among the best to survive in this business. We therefore see that the cyber café business has good prospects of growth in this country with a little more effort put into resolving the surrounding issues, in the industry.
5.3 RECOMMENDATIONS

Following the discussions of the research findings, the researcher recommends the following:

- The study revealed that the cyber café business experiences connection problems with Jambonet. The government should come forth and liberalize this sector and allow more access service providers so as to bring competition in this area that might at least ensure more quality and efficient service.

- The price wars that exist in this industry should be solved by the cyber café operators coming up with standard pricing which will at least allow a business to operate at minimal costs and gain optimal profits.

- The government should ensure that computer lessons are carried out in schools to reduce computer illiteracy in the community. With computer literacy, there is better utilization of time and resources in the cyber café. This is because the customer doesn’t waste time consulting the assistants and searching through the Internet.

- The business operators should try and ease congestion in the premises by increasing their floor space and also by increasing demands of the customer.

- The business should also try and avoid bringing in obsolete machines that are slow in speed and waste clients time. With high-speed computers, congestion would ease and customer retention is even guaranteed.

- The ISPs should make an effort and try to provide service lines to the cyber cafes that they can manage instead of overloading their system and giving poor services. They should also aim at educating their clients on necessary technical details that they need to know.
5.3.1 Recommendations for further research

The study focused on the challenges facing the service industry in Kenya: A study of cyber cafes in Nairobi. This study was exploratory in nature. A further study could be carried out based on a more detailed analysis of the challenges identified in this study.

It was also restricted in terms of the fact that it was only done in the Nairobi city center. Other studies could be done either outside the city center or in other towns in the country to establish if they share a common range of challenges.

Further studies may also be done to find out the marketing strategies that they use to cope with competition.
BIBLIOGRAPHY

Booms, B. H. and Bither, M.J. (1981), Marketing Strategies and Organizational Structures for Service Firms, American Marketing Association, Chicago, USA.
Naavi (2002), http://www.naavi.org,


SPECIMEN LETTER TO RESPONDENTS

Dear Respondent,

I am a postgraduate student in the School of Humanities and Social Sciences, Institute of Business at Kenyatta University. I am carrying out a research on “Challenges facing the service industry in Kenya: A study of cyber cafes in Nairobi.” This questionnaire is aimed at eliciting information, which will be useful in obtaining results for the above-mentioned research.

You have been selected as one of the respondents in the study. The information supplied will be used strictly for academic purpose only and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

Thank you.

Teresa W Ndonga
INSTRUCTIONS: Please answer the following questions by placing a tick (✓) or write your answer in the space provided. For “others” please specify. There are no right or wrong answers to these questions.

CYBER CAFÉ OPERATORS

1. Name of the business ________________________________

2. Location of the business: Street/ Avenue ________________________________
   Building ________________________________
   Floor ________________________________

3. (a) Do you have other branches either within or outside the city center?
   Yes ( )
   No ( )

   (b) If yes, please indicate the number of branches and location(s)
   Number of branches ________________________________
   Location(s) ________________________________

4. For how long has this business been operating?
   Below one year ( )
   1 – 2 years ( )
   3 – 4 years ( )
   4 – 5 years ( )
   Over 5 years ( )
5. (a) How many employees are there in the business __________________________

(b) Please give the number of employees in the following areas:

Management _________________________________________________

Technical _________________________________________________

Customer service __________________________________________

(c) What level of education have most of your employees reached?

Primary (   )

Secondary (   )

College (   )

University (   )

Others (specify) ___________________________________________

6. What services does the business currently provide:

Browsing (   )

Fax (   )

Telephone (   )

Printing (   )

Scanning (   )

CD writing (   )

Computer lessons (   )

Others (specify) ___________________________________________
7. What Internet facilities do most of your clients use?
   E-mail ( )
   Forums ( )
   Chatting ( )
   Websites ( )
   Others (specify) ________________________________

8. (a) Have you experienced any expansion since the business was established?
   Yes ( )
   No ( )

   (b) If yes, in what ways have you expanded?
   ________________________________
   ________________________________
   ________________________________

   (c) What factors contributed to this growth and development?
   ________________________________
   ________________________________
   ________________________________

   (d) If no, what do you think are the hindrances?
   ________________________________
   ________________________________
   ________________________________

9. How would you rate the competition in the cyber café industry?
   Very stiff ( )
   Fairly stiff ( )
   Not stiff ( )
10. Please indicate the level of importance that your business attaches to the following aspects of competition. (1 = least important up to 7 = most important).

Number of your competitors ( )
Possible new entrants ( )
Current strategies used by competitors ( )
Financial strength of competitors ( )
Marketing practices ( )
Physical and human resources of competitors ( )
Goals of competitors ( )

11. What factors do you consider when determining prices for your services?

Competitors’ pricing ( )
Cost plus profit margins ( )
Market regulations ( )
Others (specify) ____________________________

12. (a) How do you determine your hours of business?

Number of customers ( )
Competitors’ business hours ( )
Business location ( )
Business policy ( )
Others (specify) ____________________________
(b) Which are your hours of business?

During week-days: Opening time __________________________
                  Closing time __________________________

During weekends: Opening time __________________________
                  Closing time __________________________

Public holidays: Opening time __________________________
                 Closing time __________________________

13. (a) Which is your ISP? __________________________________________

(b) For how long have you been with that ISP? __________________________

(c) Do you plan to change it soon? Yes ( )
                No ( )

(d) If yes, please give reasons ______________________________________

(e) What challenges do you experience while getting connected to an ISP?
    __________________________________________________________
    __________________________________________________________

14. What special services do you give to your customers while in the premises?

   Beverages ( )
   Comfortable seats ( )
   Entertainment (music) ( )
   Others (specify) __________________________________________
15. What promotional activities do you undertake to overcome competition?

- Advertising (  )
- Sales promotion (  )
- Publicity (  )
- Others (specify) ________________________________

16. Which challenges did you experience while setting up the business? (1 = least serious up to 5 = most serious)

- Connection (  )
- Legislation (  )
- Entry into the market (  )
- Costs (  )
- Time (  )
- Others (specify) ________________________________

17. What challenges do you experience while dealing with customers?

- Computer illiteracy (  )
- Stubbornness (  )
- Ignorance (  )
- Others (specify) ________________________________

18. What do you suggest should be done to solve the challenges that the cyber café business is facing?

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________
19. What are the key factors that determine success in this business?

20. What do you think is the future of this business in Kenya?

**CYBER CAFÉ CUSTOMERS**

1. **Gender:**
   - Male ( )
   - Female ( )

2. **Age:**
   - 18 years and below ( )
   - 19 – 32 years ( )
   - 33 – 39 years ( )
   - 40 and above ( )

3. **Occupation:**
   - Student ( )
   - Self-employed ( )
   - Clerical ( )
   - Technical ( )
   - Professional ( )

4. **Income:**
   - Below 10,000 ( )
   - 10,001 – 20,000 ( )
   - 20,001 – 30,000 ( )
   - 30,001 – 40,000 ( )
   - 40,001 above ( )
5. Level of education: Primary ( )
   Secondary ( )
   College ( )
   University ( )

6. How frequently do you visit the cyber café?
   Daily ( )
   Once a week ( )
   Twice a week ( )
   Thrice a week ( )
   Monthly ( )

7. At what time do you mostly visit the cyber café?
   Morning ( )
   Afternoon ( )
   Evening ( )

8. What facilities do you mostly use in the cyber café? State using 1 = most frequently used to 7 = least used.
   Browsing ( )
   E-mail ( )
   Fax ( )
   Telephone ( )
   Scanning ( )
   CD writing ( )
   Printing ( )

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9. What attracts you to a particular cyber café? State using 1 = most important to 6 = least important.

Customer service ( )
Speed of computers ( )
Cost ( )
Security ( )
Location ( )
Business effects (seats, beverages, music) ( )

10. What difficulties do you experience while in the cyber café? State using 1 = most important to 6 = least important.

Slow speed of computers ( )
Lack of assistance by staff ( )
Congestion ( )
 Interruption due to power failure ( )
Lack of enough machines ( )
Lack of knowledge on use of the facilities ( )

Others (specify) ________________________________

11. What changes have you seen take place in cyber cafes over the years?

Customer service ( )
Speed of services ( )
Quality of services ( )

Others (specify) ________________________________
12. What improvements do you think cyber cafes should effect to improve on their services?
## APPENDIX TWO: PLAN AND SCHEDULE OF ACTIVITIES

### PLAN OF ACTIVITIES

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pilot study and adjustments</td>
<td>One week</td>
</tr>
<tr>
<td>2. Data collection and coding</td>
<td>Three weeks</td>
</tr>
<tr>
<td>3. Data analysis</td>
<td>Four weeks</td>
</tr>
<tr>
<td>4. Compilation</td>
<td>Four weeks</td>
</tr>
<tr>
<td>5. Total</td>
<td>12 weeks</td>
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</tbody>
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### SCHEDULE OF ACTIVITIES

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>WEEKS</th>
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</thead>
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<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1. Pilot study</td>
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</tr>
<tr>
<td>2. Adjustments</td>
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<tr>
<td>3. Data collection</td>
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<tr>
<td>4. Data coding</td>
<td>✔</td>
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<tr>
<td>5. Data analysis</td>
<td>✔</td>
</tr>
<tr>
<td>6. Report compilation</td>
<td>✔</td>
</tr>
<tr>
<td>7. Report Submission</td>
<td>✔</td>
</tr>
<tr>
<td>ACTIVITY</td>
<td>AMOUNT (Kshs)</td>
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<tr>
<td>-----------------------------------------</td>
<td>---------------</td>
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<tr>
<td><strong>Proposal cost</strong></td>
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<tr>
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<tr>
<td>Photocopying</td>
<td>600</td>
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<tr>
<td>Binding</td>
<td>500</td>
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<tr>
<td>Traveling expenses</td>
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<tr>
<td>Miscellaneous expenses</td>
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<tr>
<td><strong>Cost of the project</strong></td>
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<tr>
<td>Traveling expenses</td>
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<td>Binding</td>
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