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KENYATTA UNIVERSITY
SCHOOL OF BUSINESS
BUSINESS ADMINISTRATION DEPARTMENT

**E-Commerce: Business opportunities and impact
on the religious publishing sector in Nairobi, Kenya**

By

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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

I dedicate this research project to my son Alvin and my wife Joyce for their sacrifice of precious family time throughout the entire study.

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ABBREVIATIONS

| | |
|-----------------|---|
| EC | - Electronic Commerce |
| EFT | - Electronic Funds transfer |
| IOS | - Interorganizational System |
| EDI | - Electronic Data Interchange |
| VAN | - Value Added Networks |
| LAN | - Local area network |
| UNCTAD | - United Nations Conference on Trade and Development |
| OECD | - Organization for Economic Cooperation and Development |
| ISP | - Internet Service Providers |
| B2C | - Business to Consumer |
| ICTs | - Information Communication Technology |
| VSATs | - Very Small Aperture Terminal |
| CCK | - Communications Commission of Kenya |
| NGOs | - Non Governmental Organisations |
| UNCITRAL | - United Nations Commission on International Trade Law |
| WTO | - World Trade Organization |

TERMS

- Bartering** - The exchange of goods and services.
- Connectivity** - The nature of the connection between a user's computer and another computer, such as a server or a host computer on the Internet or a network. This may describe the quality of the circuit or telephone line, the degree of freedom from noise, or the bandwidth of the communications devices. 2. The ability of hardware devices and/or software packages to transmit data between other hardware devices and/or software packages. 3. The ability of hardware devices, software packages, or a computer itself to work with network devices or work with other hardware devices, software packages, or a computer over a network connection.
- Customization** - Creation of a product or service according to the buyer's specifications.
- Digital Economy-** An economy that is based on digital technologies, including digital communication networks, computers, software and other related information technologies; also called the internet economy, new economy, or the web economy.
- E-auctions** - Auctions conducted online.
- E-business** - A broader definition of EC, which includes not just the buying and selling of goods and services, but also servicing customers, collaborating with business partners, and conducting electronic transactions within an organization.

Electronic Commerce(EC)- The process of buying, selling, or exchanging products, services and information via computer networks.

Electronic Market – An online market place where buyers and sellers meet to exchange goods, services, money or information.

E-strategies - A broad-based formula for how a business is going to compete, what its goals should be, and what plans and policies will be needed to carry out those goals electronically.

Globalisation - Globalization is the tendency of businesses, technologies, or philosophies to spread throughout the world, or the process of making this happen.

Group Purchasing- The aggregation of orders from several buyers into volume purchases so that better prices can be negotiated.

Internet - A public, global communications network that provides direct connectivity to anyone over a LAN via an ISP or directly via an ISP.

Internet - A public, global communications network that provides direct connectivity to anyone over a Local Area Network (LAN) via an ISP or directly via an ISP.

M-business - The broadest definition of mobile commerce, in which e-business is conducted in a wireless environment.

Viral Marketing- Word-of-mouth marketing by which customers promote a product or service by telling others about it.

ABSTRACT

The world has experienced enormous changes in technology since the 1970's. This was greatly enhanced by the development of computer time-sharing and personal computers. Through the computer network technology enhanced by telecommunications, the concept of electronic commerce has emerged and is radically changing the way in which business is conducted.

E-commerce has opened an array of opportunities ranging from communication to business transactions on line but with it also brings the challenges of its adoption and use. Although the innovation brings with it abundant benefits, there are however, legal, ethical, societal, economic and organizational issues that need to be clearly understood and dealt with. The growth of e-commerce has great potential to expand markets, productivity and competitiveness for the religious publishers in Kenya.

This study highlights the business opportunities available and their impact to the business as a result of adopting e-commerce in Kenya; a case of the religious publishing industry. The study was based on a stratified sample of the religious publishers in Nairobi. E-commerce being a recent innovation, the study does not only concern the religious publishers, but everyone who is enthusiastic on the direction of future business under the electronic superhighway.

Even though the usage of internet is relatively low and there are many challenges of e-commerce development in Kenya such as poor connectivity and limited access to telephone and electricity, the need to adopt e-commerce is clearly evident as the challenges and costs are outweighed by the benefits accrued as a result of its adoption.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The move to an internet based society is one of the significant changes in the third millennium. The revolutionary development of the internet has resulted in such a great leap forward in the manner and speed of conducting business as well as communication, that it can be considered to be comparable by significance with Gutenberg's invention of the movable type printing press in the 15th century. Electronic commerce (EC), also known as e-business has been described as *the process of buying, selling, transferring, or exchanging products, services, and / or information via computer networks, including the internet.* (Turban, 2004)

EC applications were first developed in the early 1970s with innovations such as the *electronic funds transfer* (EFT) in which funds could be routed electronically from one organization to another. Then came *electronic data interchange* (EDI), a technology used to electronically transfer routine documents, which expanded electronic transfers from financial transactions to other types of transaction processing. More advanced EC applications followed, ranging from travel reservation systems to stock trading. Such systems were called *interorganizational system* (IOS) applications, and their strategic value to business has been widely recognized. (Turban, 2004)

The internet began life as an experiment by the U.S. government in 1969, and its initial users were a largely technical audience of government agencies and academic researchers and scientists. When the Internet commercialized, and users began flocking to participate in the World Wide Web in the early 1990s, the term *electronic commerce* was coined. EC applications rapidly expanded. (Turban, 2004)

It is important to note that EC include commercial transactions on the internet but their scope is much wider than this. They can be classified by application type. Electronic Markets have their principle function as facilitating the search for the required product or service. The Electronic Data Interchange

(EDI) provides for the efficient transaction of the recurrent trade exchanges between commercial organisations. On the other hand, in internet commerce, the internet (and similar network facilities) can be used for advertising goods and services and make one-off sales of a wide range of goods and services. Internet commerce has application for both business to business and business to consumer transactions. It is the commercialization and popularization of the internet that has put e-commerce towards the top of the public and political agenda but e-commerce using electronic markets and EDI have been an established part of the business scene for at least a decade prior to the 'internet era'. Most EC is done over the internet, but EC can also be conducted on private networks, such as Value-added networks (VANs, networks that add communications services to existing common carriers), on Local Area Networks (LANs), or even on a single computerized machine. (Whiteley, 2000).

The U.S. Department of Commerce reported that in January 2002 more than 55 percent of all Americans (141 million) surfed the internet. More interesting is the fact that over 90 percent of people 5 to 17 years old surf the internet on a regular basis. It is clear that this percentage continues to increase. Similar trends exist in most other countries. The number of internet users worldwide is predicted to reach 750 million by 2008. Experts predict that as many as 50 percent of all internet users will shop online by that time. (Turban, 2004)

The future of e-commerce is bright and its value cannot be overstated. The benefits accrue to both the consumer as well as the organizations. EC will become increasingly important method of reaching customers, providing services, and improving operations of the organizations. To the customer, it offers ubiquity, variety of and cheaper products and services, instant delivery, information exchange with other customers as well as instant information availability.

Publishing is a large industry present in all countries of the world. In this research project, publishing refers to the production and distribution of printed or written literary works or documents such as books, newspapers, journals and other types of publications. It excludes information delivered by radio, television and cinema. (UNCTAD, 2002)

According to the UNCTAD E-Commerce and Development report 2002, “Publishing is one of the most important channels for disseminating knowledge. The value of the publishing industry to society, cannot however, be fully assessed from trade figures, the number of publications or similar indicators alone. Vast unquantifiable spillover benefits accrue to users of published materials in the form of education, transfer of technology, advances in science and industry, the creation of new types of employment, and improvements in social services and indeed in the overall economic growth of countries. Major improvements in publishing resulting from the application of Information technology and e-commerce technologies can be expected to augment these benefits.

The development of publishing in Africa has been very slow and has largely been influenced by various political, economic, social technological and educational changes. Few of these changes can be said to have had a positive impact on the development of publishing. It was through missionaries that publishing first started in Africa. According to Ruth and Lily in their book “Publishing and Book Trade in Kenya”, the history of publishing in Kenya goes back to 1887 when Christian missionaries set up printing presses to supplement evangelistic reading materials. They were spearheaded by the Church Missionary Society, which is reported to have printed the first Kenyan book in 1894. It is from this backdrop that Christian publishers emerged. From the time of publishing literature for free distribution, Christian publishing has evolved with time to emerge as an industry of its own with own socio-economic impact in Kenya.

In the late 1940s, the missionaries joined forces to form what could be regarded as the first ever locally based educational publishing firm, the Ndia Kuu Press. Most literature produced by this press was meant to cater for the increasing demand for quality education by Africans. The press produced Christian Literature, adult literacy material, school texts and fiction.

According to Henry Chakava (the Chairman, East African Educational Publishers), religious books constitute the second-largest category of book published in Kenya. The publications are mainly translations of the Bible, the hymn book, and other liturgy and Bible stories from English into Kiswahili and other local languages. The books have remained cheaply priced as a result of subsidies

from the mother churches, a trend that is fast changing. A common feature with most religious publishers is that they would print, publish and distribute their own books.

E-Commerce represents a major transformation in publishing methods and business models, and it introduces new products and capabilities into the publishing industry. However, it must be admitted that due to low levels of Internet and connectivity, developing countries have lagged behind developed ones in E-commerce.

This study suggested the many business opportunities available to the religious publisher in Nairobi for E-commerce as the way of conducting business in the short run. As Turbman (2004) puts it, few innovations in human history encompass as many benefits as EC does. Through the variety of possibilities for its use, EC provides an opportunity to reach hundreds of millions of people, its interactive nature and the resourcefulness and rapid growth of its supporting infrastructures, especially the Web, result in many potential benefits to organizations, individuals and society.

This study assumed that unless the local religious publishers adopt E-commerce as a marketing strategy, their future survival look bleak. This study therefore identified, analyzed and highlighted both the business opportunities available to and their impact on the religious publishing industry in Nairobi, Kenya.

1.2 Statement of the Problem

The lack of knowledge on the business opportunities as well as the benefits of electronic commerce available to the religious publishers in Nairobi seems to be a major challenge hence the slow adoption of EC in this industry. In His article entitled 'The Next 40 years: Challenges and Opportunities' appearing in the Interlit, an international magazine of Christian Publishing, Peter Cunliffe states that we live in a world where electronic technology impacts our lives more and more. He continues to ask 'how will the growing presence of electronic technology affect publishers of Christian literature? Will we survive?' Sam Hine seems to answer the questions when he says that fortunately, communications

technologies provide new opportunities to spread that message to previously unreachable audiences – and at a much lower cost. (Interlit, September, 2002).

Given the nature of technology, EC will undoubtedly continue to shift and change. The task facing each organization is how to put together the components that will enable the organization to transform itself to the digital economy and gain competitive advantage by using EC.

According to the UNCTD E-Commerce and Development report (2002), the effects of the internet-induced changes in the global economy and their implications for the developing countries will depend to a significant extent on the factors that policy makers, business players and other stakeholders can influence. Policies must be designed, articulated in coherent e-strategies and implemented in partnership with all the relevant players to ensure that new opportunities for creating, transforming, applying and exchange information and value are used to improve the productivity of developing economies and their enterprises.

The Organization for Economic Cooperation and Development (OECD, 1997) report contend that because of its many new and unanticipated features, government and business officials from numerous countries have begun to raise a variety of concerns about impact of, and also the impediments to, widespread penetration of international commerce, and internet based e-commerce in particular. The most important among all the emerging trends in this area is the globalisation of the economic activity. Where exchange of services, information, and payments can be instantaneous and impervious to distance and national borders, the ultimate model of free trade can prevail.

Despite the advantages posed by the implementation of EC such as the ability of an organization to transact business any time, anywhere and a reasonable cost, few organizations in the developing world have embraced this technology. The implementation of EC translates into increased efficiency not only at the level of the firm, but also at the level of the business sector and the economy as a whole. It is evident, therefore, that little is known of the opportunities and impacts of EC. This could probably be as a result of EC's newness, perceived risks such as legal, ethical and societal impacts.

The UNCTD E-Commerce and Development report (2002) states that for many companies in developing and transition economies to fully benefit from the new technologies and integrate them into every day business requires a technological infrastructure and a level of workforce expertise that are beyond the reach of the majority of small and medium sized enterprises in developing countries.

Nevertheless, it is important to note that the limitations notwithstanding, the EC is developing as a predominant commercial medium, through which an organization can accrue many benefits. The religious publishers should not be an exception.

This study viewed poor marketing strategies as a major drawback in the religious publishing in Nairobi, and Kenya as a whole. Chakava highlights this fact when he says that the religious books are distributed throughout the country, by means of church networks that include bona fide church bookshops in key towns. This means that the books only get to limited regions within the country, thus not providing enough of the potential market to ever get to know these products compared to the EC strategy which has a great potential in the marketing of the books.

Based on the above problems, the main purpose of this study was to

1. Investigate the business opportunities available in the EC for the religious publisher in Nairobi and Kenya as a whole.
2. Analyse the potential impact of EC on the religious publishing sector in Nairobi, Kenya.

1.3 Objectives of the study

The main objective of the study was to investigate the Electronic Commerce business opportunities available for publishers and its impact on the religious publisher. In order to achieve this objective, the study specifically intended to:

1. Identify the religious publishers who have adopted EC as a marketing strategy.
2. Assess the status of EC amongst selected religious publishers.
3. Investigate the factors that determine the adoption of EC amongst selected religious publishers.
4. Identify the distinctive challenges of EC in Kenya.
5. To arrive at conclusions and make recommendations on EC in the religious publishing sector.

1.4 Research Questions

The achievement of the above stated objectives was aided by providing answers to the following research questions:

1. What E-commerce business opportunities are available for the religious publisher in Nairobi?
2. What impact does the adoption of Electronic Commerce strategy have on the religious publishers in Nairobi?
3. How is the innovation of Electronic Commerce perceived by the decision makers in the religious publishing in Nairobi?
4. What have been the contributing factors in the decision to adopt or reject the adoption of E-commerce strategy among religious publishers in Nairobi?
5. What are the challenges of adopting EC in Kenya?

1.5 Signification of the Study

This study was based on the religious publishing sector in Nairobi due to the following reasons:

- a) The study was a case of religious publishing sector. Despite the fact that religious publishing was the precursor of text books and other forms of publishing, current trend indicates that religious publishers have lagged behind in adopting the innovations relevant for modern publishing ventures. Given that religious books constitute the second-largest category of books published in Kenya according to Chakava (the former Managing Director, East Africa Educational Publishers, Currently the Chairman), and the current bleak performance of religious publishing the study was timely and relevant for the revitalization of the sector.
- b) The religious publishers continue to use traditional marketing strategies which seem to achieve little if any results. The study advocated for the opportunities available in EC for the religious publishers and their impact on the overall performance and competitiveness of the publishing firms.

By exposing the business opportunities available for the religious publisher and their impact on the sector, the findings of this study will help decision makers identify the opportunities they can adopt in order to revamp the sector, allowing their firms to achieve maximum potential..

The outcomes of this study will be important in various ways: According to Zwass (2000), the basic motivation for implementing EC is economy. It is certain that the cost of processing an electronic order is way below the cost of processing a paper order. EC decreases the cost of creating processing, distributing, storing and retrieving paper-based information. High printing and mailing costs are lowered or eliminated. Moreover, companies wishing to accrue more strategic benefits such as a compacted business cycle and strengthen business relations with partners will find EC valuable. Supply chain inefficiencies, such as excessive inventories and delivery delays, can be minimized with EC. Time-based competitive moves of quick-response retailing by “pulling in” demand products from the supply chain and just-in-time manufacturing with close-to-zero inventories are enabled by EDI. This study presents EC as a current business strategy, thus making the findings relevant to diverse organizations in Kenya.

EC innovation is generally changing the way business is conducted and therefore redefining the rules of trade. All commerce involves a number of legal, ethical and regulatory issues. It will be advantageous for the Kenyan government to adopt EC as this would enable it formulate national policies and guidelines concerning e-publishing in particular and EC in general.

The study will also be an academic contribution to the technological innovation as an emerging concept in the Marketing communications area. As EC continues to grow, more marketers are including on-line as well as direct and on-line marketing in their marketing plans. (Kotler, 2000)

1.6 Scope of the Study

This study examined the business opportunities available in EC and their impact on the religious publishers. To achieve this objective, the target population was made up of selected religious publishers in Nairobi, Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.0 General Review

2.1 Technology and Internet

Technology is the technical means people use to improve their surroundings. It is also a knowledge of using tools and machines to do tasks efficiently.

We use technology to control the world in which we live. Technology is people using knowledge, tools and systems to make their lives easier and better.

People use technology to improve ability and do work. Through technology, people communicate better. Technology allows them to make more of better products. Our buildings are better through the use of technology, we travel in more comfort and speed as a result of technology. Yes, technology is everywhere and can make life better. (www.bergen.org/technology/defin.htm/Accessed June28, 2004).

According to Turban et al, the internet is a public, global communications network that provides direct connectivity to anyone over a local area network (LAN) via the internet service provider (ISP) or directly via an ISP. The ISPs are connected to internet access providers, to network access providers, and eventually to the internet backbone. Because access to the internet is open to all, control and security are at a minimum.

The internet is an interesting phenomenon because nobody owns it. It is a pattern of usage of information and communications technologies that transcends any and all telecommunications infrastructure providers. The internet has, however, despite its simple planning and lack of formal control, evolved into a global network; possibly its 'success' is because of the absence of formal controls. (Whiteley, 2000).

2.2 Publishing in Religious Sector

According to the Dictionary of Printing and Publishing, Publishing is defined as the business of printing books or newspapers and selling or distributing them to the public. A publishing company or publishing house is a company which publishes books or magazines.

In this regard, a religious publisher is any organization which publishes books or magazines and sells or distributes them to the public.

2.3 Electronic Markets

2.3.1 Markets

McAfee & McMillan (1997) state that Market theory has a strong place in economic theory. The market economy has been the world's predominate economic model. The model is one of supply and demand. For a market to work effectively, there are three conditions.

- There are as many buyers and sellers and none of these buyers and sellers represent a significant fraction of total demand and supply;
- The goods or service to be transacted is homogeneous or standardized, that is does not have idiosyncratic or differentiated features across distinct units;
- Buyers and sellers are well informed about the quantity and characteristics of the goods as well as the transaction price.

Whiteley (2000) describes an electronic market as an attempt to use information and communication technologies to provide geographically dispersed traders with the information necessary for the fair operation of the market. The electronic market can bring together product, price and service information from many or most suppliers of a particular class of goods or in specific trade sector. Easy access to information on a range of competing product offerings reduces the search cost of finding the supplier that best meets the purchase requirement. An electronic market place can be defined as: ' An inter-organisational information system that allows participating buyers and sellers to exchange

information about price and product offerings'. The particular strength of an electronic market is that it facilitates the search phase of the trade cycle; it is about finding the best buy (on whatever criteria the customer may wish to apply). Having found an appropriate offering the electronic market will then, normally, include facilities for the execution and settlement of the transaction.

2.3.2 Components of and types of Electronic Markets

The major components and players of a market are customers, sellers, goods (physical or digital) infrastructure (includes hardware, software, networks and more), a front end (The infrastructure in the front end includes the seller's portal, electronic catalogs, a shopping cart, a search engine, and a payment gateway), a back end (All the activities that are related to order aggregation and fulfillment inventory management, purchasing, from suppliers, accounting and finance, payment processing, packaging and delivery), intermediaries (third party operating between buyers and sellers) and other business partners, and support services.

There are several types of e-markets. In B2C area, the major e-market places are storefronts and internet malls. In B2B we find private, public and consortia markets.

- I. Store Fronts – This refers to a single company's web site where products and services are sold. It is an electronic store. The storefront may belong to a manufacturer, to a retailer, to individuals selling from home, or to another type of business.
- II. Electronic Malls – This is an online shopping location where many stores are located. For example, Hawaii.com is an e-mall that aggregates Hawaiian products and stores. The types of stores include General stores, specialized stores, regional versus global stores and pure online organizations versus click-and-mortar stores.
- III. Private E-Markets – These are owned by a single company.
- IV. Public Markets – They are owned by a third party (not a seller or a buyer) and include markets with many sellers and many buyers. These markets are also known as exchanges.
- V. Consortia – A small group of major buyers may create an e-market to deal with suppliers, usually in their same industry. A group of sellers may also create an e-market to deal with industry buyers.

2.4.1 The Elements of Electronic Commerce and communication

The ability of the World Wide Web to facilitate communication has triggered the need for business to think about the ways of conducting their affairs (Herbig and Hale, 1997). Whiteley (2000) summarizes on how the facilities of the internet can be used for e-commerce transactions. The basic elements of e-commerce are an e-shop on a server, a user with a web browser and an internet connection between the two. The additional issues to be tackled include;

- **Visibility** – This involves getting noticed and the online customers visiting the store. The ways of advertising a web presence and getting customers in through the door include a site name that should be sensible and simple for guess by users and might easily be remembered. Conventional advertising of internet addresses as well as the portal, the place from which to access the facilities of the internet increases visibility. In addition, the internet malls, the use of search engines are additional ways of creating visibility. Links can be a very good way of getting customers (particularly given the rather it and miss nature of searching) together with personal recommendations of satisfied customers.
- **Ease to use:** Once the customers arrives at the site they have to be able to find what they want with the minimum of hassle. An e-commerce site must ai to appeal to the experienced user and to be readily accessible to the novice.
- **Order processing:** Online orders have to be processed. Logically, electronic orders are linked into computerized back-office systems, which are activities that support the fulfilment of orders, such as accounting, inventory management, and shipping. According to Turbman (2004), the process starts with the receipt of the order. Several activities take place, some of which can be done simultaneously; others must be done in sequence. These activities include the following:
 - Making sure the customer will pay. Depending on the payment method and prior arrangements, the validity of each payment must be determined.
 - Checking for in-stock availability. Regardless of whether the vendor is a manufacturer or a retailer, as soon as the order is received, an inquiry needs to be made regarding stock availability.

- Arranging shipments – If the product is available, it can be shipped to the customer.
- Returns – In some cases, customers may want to exchange or return items.

Order fulfilment process may vary, depending on the product and the vendor.

•**Online payments:** Goods bought online normally have to be paid for electronically. Turbman (2004) notes that electronic payment methods expedite payments online and reduce payment processing costs. However, such methods must be safe and trusted by users. The major methods that are in use include the following;

- Electronic payment cards (credit, debit, charge)
- Virtual credit cards
- E-wallets (or e-purses)
- Smart cards
- Electronic Cash
- Wireless payments
- Stored-value card payments
- Loyalty cards
- Person-to-person payment methods
- Payment made electronically at kiosks.

•**Delivery Systems:** With internet e-commerce there has to be a system of home delivery; the customer cannot take the goods home with them (although there are some products and services that can be delivered electronically). Whiteley (2000) notes that the delivery system for e-commerce purchases has to depend on the size of the product, its nature, urgency and the distance that packet will have to travel. Examples of delivery systems are post, packet (parcels), local delivery, collect your own, electronic delivery or no delivery for the intangibles for example insurance policy that can be confirmed online.

•**After-sales:** Queries and faults need to be processed online; the customers can no longer simply pop back to the shop. A good website can provide excellent product information and diagnostic support.

2.4.2 Typical Business Models in EC

Turban et al (2004) describes some of the most common or visible business models in Electronic Commerce as;

1. Online directing marketing: It is the most obvious model of selling online, from a manufacturer to a consumer (eliminating intermediaries), or from a retailer to consumers (making distribution more efficient).
2. Electronic Tendering System Model in which a buyer requests would-be-sellers to submit bids, and the lowest bidder wins.
3. Name-your-own-price model: The buyer sets the price he or she is willing to pay and invites sellers to supply the good or service at that price.
4. Find the best price 'Search engine model': A customer specifies his or her need and then an intermediate company matches the customer's need against a database, locates the best price and submits it to the consumer.
5. Affiliate Marketing: An arrangement whereby a marketing partner (a business, an organization, or even an individual) refers consumers to the selling company's web site.
6. Viral Marketing: Word of mouth marketing in which customers promote a product or service to friends or other people.
7. Group Purchasing: Quantity purchasing that enables groups of purchasers to obtain a discount price on the products purchased.
8. Online Auctions: Online shoppers make consecutive bids for various goods and services, and the highest bidders get the items auctioned.
9. Product and service customization: Creation of a product or service according to the buyer's specifications.
10. Electronic Marketplaces and exchanges:
11. Value chain integrators: This model offers complementary goods and services that aggregate information-rich products into a more complete package for customers thus adding value.
12. Value-chain service providers: These providers specialize in a supply chain function such as logistics (UPS.com) or payments(PayPal.com).
13. Information brokers: They provide privacy, trust, matching, search, content, and other services e.g. Google.com.

14. Bartering: Under this model, companies exchange surpluses they do not need for things that they do need. A market maker (e.g. BigVine.com) arranges such exchanges.
15. Deep Discounting: Companies offer products and services at deep discounts, such as 50 percent off the price.
16. Membership: A popular off-line model, in which only members get a discount, is also being offered online.
17. Supply Chain improvers: This is the creation of new models that change or improve supply chain management.

In order to succeed in the fast-moving market place, business and revenue models often must change with changing Market conditions.

2.5.0 Benefits of E-commerce

EC provides many benefits to the organization, consumer and society as a whole. Turban et al (2004) summarizes the benefits as follows:

The benefits of EC to organizations include the expansion of the market place to national and international markets (global reach) as well as decreasing the cost of creating, processing, distribution, storing and retrieving paper-based information as well as high printing and mailing costs. At the same time, supply chain inefficiencies such as excessive inventories and delivery delays can be minimized. Also, the business is always open on the web with no overtime or other extra costs. More so, pull type production (build-to-order) allows for inexpensive customization of products and services and provides a competitive advantage for companies who implement this strategy.

EC allows for many innovative business models that provide strategic advantages and / or increase profits. It allows for a high degree of specialization that is not economically feasible in the physical world and at the same time reduces the time between the inception of an idea and its commercialization (due to improved communication and collaboration). EC lowers telecommunication costs and at the same time enabling efficient e-procurement that can reduce administrative costs by 80 percent or more,

To the consumers, EC allows them to shop or perform other transactions year round, 24 hours a day, from almost any location (ubiquity). Also, EC provides consumers with more choices; they can select from many vendors and from more products as well as less expensive products and services by allowing them to shop in many places and conduct quick comparisons. In the cases of digitized products, EC allows for quick delivery. Consumers can locate relevant and detailed product information in seconds with multimedia support. EC makes it possible for consumers to participate in virtual auctions. These allow sellers to sell things quickly and buyers to locate collectors' items and bargains. EC allows customers to interact with other customers in electronic communities and exchange ideas as well as compare experiences. EC facilitates customization and personalization of products and services as well as exemption of sales tax on online business in many countries.

To the society, EC promotes telecommuting where more individuals work at home and do less traveling for work or shopping, resulting in less traffic on the roads and reduced air pollution. At the same time, some merchandise can be sold at lower prices, allowing less affluent people to buy more and increase their standard of living. Also, people in the third world countries and rural areas are able to enjoy products and services that were unavailable in the past such as learning skilled professions or earn a university degree. Moreover, public services, such as healthcare, education, and distribution of government social services, can be done at a reduced cost and/or improved quality.

2.5.1 Limitations and Barriers of EC

Turban et al (2004) classifies the limitations of EC as technological and non technological limitations.

In regard to technology, there is a lack of universally accepted standards for quality, security, and reliability. At the same time, the telecommunications bandwidth is insufficient especially for m-commerce. Also, software developing tools are still evolving and there are difficulties in integrating the Internet and EC software with some existing (especially legacy) applications and databases. Further, special web servers are needed in addition to the network servers and thus resulting in additional costs, notwithstanding the fact that internet accessibility is still expensive and/or inconvenient. Coupled with this is the fact that order fulfilment of large-scale B2C requires special automated warehouses.

On the side of non technological limitations, security and privacy concerns as well as lack of trust in EC and in unknown sellers deter customers from buying. Many legal and public policy issues, including taxation, are as yet unresolved, whereas national and international government regulations sometimes get in the way. Since there is a lack of mature measurement methodology, it is difficult to measure some benefits of EC, such as advertising. In addition, some customers like to feel and touch products whereas some are resistant to the change from a real to a virtual store. Also, people do not yet sufficiently trust paperless, faceless transactions and in most case, there is an insufficient number (critical mass) of sellers and buyers which are needed for profitable EC operations. To add to this, there is an increasing amount of fraud on the internet and it is difficult to obtain venture capital due to the dot-com disaster (failure of many dot-coms).

According to a 2000 study conducted by CommerceNet (commerce.net), the top ten barriers to EC in the United States by declining order of their importance are security, trust and risk, lack of qualified personnel, lack of business models, culture, user authentication and lack of public key infrastructure, organization, fraud, slow navigation on the internet, and legal issues. In global EC, culture, organization, B2B interfaces, international trade barriers, and lack of standards were placed at the top of the barriers list.

2.6.0 Impacts of EC – Legal and Ethical, Societal, Economic and organizational

All commerce involves a number of legal, ethical, and regulatory issues. Using the internet in general and EC in particular raises a number of legal and ethical issues. Theoretically, legal and ethical issues can be distinguished. According to Turban et al (2004), laws are enacted by governments and developed through case precedents (common law). Laws are strict legal rules governing the acts of all citizens within their jurisdictions. If someone breaks the law, they have done something illegal and can be held liable for punishment by the legal system. In contrast, ethics is a branch of philosophy that deals with what is considered right and wrong. Over the years, philosophers have proposed many ethical guidelines, yet what is unethical is not necessarily illegal. Ethics are supported by common agreement in a society as to what is right and wrong, but they are not subject to legal sanctions (except

when there is an overlap with activities that are also illegal). What is unethical in one culture may be perfectly acceptable in another.

The many ethical and legal issues include privacy which is rated as the first or second top concern for internet users in many countries. Privacy is the right to be left alone and the right to be free of unreasonable personal intrusions. The internet offers a number of opportunities to collect private information about individuals. Also, the rights to intellectual property are easy to violate on the internet, resulting in billions of dollars of losses to owners of the rights. At the same time, the issue of attempting to control offensive, illegal, and potentially dangerous information on the Net is controversial as it collides with rights of free speech. It is easy to reach millions on the internet and to conduct different types of EC-related fraud. The success of EC depends on the protection provided to consumers and merchants.

According to the OECD (1999) report, the rapid diffusion of electronic commerce and its growing importance in economic life can dramatically affect social relationships at many levels. Like all other technology-based change, significant social benefits will be counterbalanced by less positive effects brought about by externalities and various spill over effects. Computer and information technologies have begun to make significant contributions to strengthening the social infrastructure through improvements in education, health, and other aspects of human resource development including the sense of community. The technologies and applications associated with electronic commerce, such as “smart cards”, automated payment systems, and electronic information, can play an important role in the organisation and delivery of such services. These tools will increasingly be used by both the public and private sector as a means of improving and expanding services to the public.

A key reason why electronic commerce, especially the business-to-business segment is growing so quickly is its significant impact on business costs and productivity. Because many of these applications are relatively simple, they may be expected to be widely adopted and have a large economic impact. In general, it is less expensive to maintain a cyber-storefront than a physical one because it is always ‘open’, has a global market and has fewer variable costs. For exclusively e-commerce merchants who

maintain one “store” instead of many, duplicate inventory costs are eliminated. EC’s impact on costs ranges from the cost of owning and operating a physical establishment, to carrying an inventory, to conducting a sale, to placing an order, to customer support and after-sales service, to simple purchase orders and product distribution that is expected to fuel strong growth in the business-to-business segment of e-commerce. E-commerce has the potential to be the application that ushers in large productivity gains that prove the worth of ICTs.

However, as this segment of e-commerce grows and firms integrate their operations more closely, policy issues arise concerning security and potential anti-competitive effects. E-commerce is unlikely to eliminate intermediaries, although their role is likely to change. To date, e-commerce has not caused widespread price reductions, but lower costs associated with e-commerce should lead to lower prices as competition is felt, especially in services. However, various factors might have a negative impact on competition in electronic markets. Electronic commerce will change the structure, if not the level, of pricing and this will affect the ability to measure accurately changes in prices and inflation.

E-commerce is playing a catalytic role in transforming the marketplace. E-commerce favours flatter organisational forms and a flexible work force. E-commerce entails new ways competing in domestic and international markets and smaller companies can benefit disproportionately from the opportunities offered by information technologies and electronic commerce.

2.6.1 Future of Electronic Commerce

Generally speaking, the consensus regarding the future of EC is that it is bright.(Turban, 2004). EC will become an increasingly important method of reaching customers, providing services, and improving operations of organizations. Analysts differ in their predictions about the anticipated growth rate of EC and how long it will take for it to be substantial portion of the economy, as well as in the identification of industry segments that will grow the fastest.

The trend in EC technologies generally points toward significant cost reduction coupled with improvements in capabilities, ease of use, increased availability of software, ease of site development, and improved security and accessibility.

2.7 The current Situation of EC in Kenya

According to Country Commerce, a publication of the Economist intelligence Unit, internet usage in Kenya, though not widespread, is growing rapidly. Present infrastructure to support e-commerce is more advanced than in most other African countries. Trade has generally been restricted by the paucity of internationally accepted credit cards in Kenya and problems experienced with commercial banks or acceptance of local credit cards, cash and cheques.

James M. Kiiru, in his presentation at the World Trade Organisation's seminar on e-commerce in Geneva-22nd april, 2002 titled "Revenue implications of e-commerce for development" states that in Kenya the access to the Internet is exclusively controlled by Jambo net, which is a subsidiary of the state controlled TELKOM Kenya. Jambo net sells the bandwidth to various Internet services providers (ISP'S) which have to be licensed by Communications Commission of Kenya (C.C.K.). Similarly Telkom has the exclusive rights for the provision of international Very Small Aperture Terminal (VSAT) facilities.

The following statistics is an indication of the use of e-commerce in Kenya as presented at the WTO's seminar on e-commerce in Geneva, 22nd April 2004.

- Tele density is pegged at 4 and 0.16 lines per 100 people in Urban and Rural areas respectively.
- Currently there are 100 licensed ISP'S but only 30 are operational.
- Internet access is limited to about 200,000 people in a country whose population is around 30 million.
- E-mail accounts are about 50,000

- 50% of the users are multi-national corporations, international corporations and NGO'S.
- Government and educational institutions comprise of less than 5% of the users.
- The number of .ke domains was about 1,700 as at 2001.
- Most websites are run by exporters of products or services. I.e.

i) Tours & Travel 50%

iv) Agriculture 4%

ii) Hotels and Restaurants 20%

v) Manufacturing 1%

iii) Arts and Handicrafts 16%

vi) Shipping 1%

From the above information it is clear that the level of usage of the Internet is relatively low. The challenges of e-commerce development in Kenya include the lack of policy framework on e-commerce, the absence of legal framework though plans are underway to adapt the UNCITRAL model law and telecommunication infrastructure is relatively developed and mostly limited to urban areas since in rural areas access to electricity, telephone and financial services is limited. (Kiiru, WTO seminar on E-commerce, 2002)

2.8 Conceptual Framework

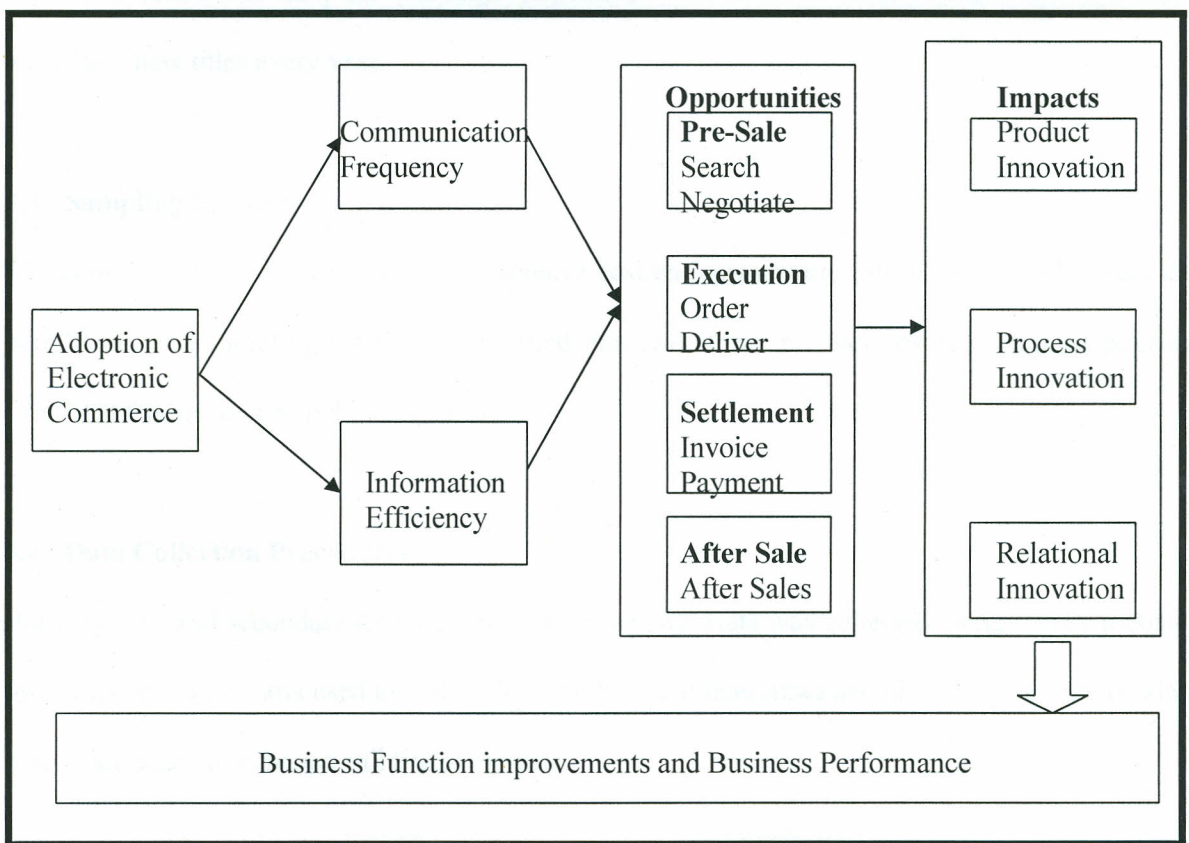
“Every business today competes in two worlds: a physical world of resources that managers can see and touch and a virtual world made of information. The latter has given rise to the world of electronic commerce”. (Rayport and Sviokla 1995). Duncan and Moriarty (1998) discuss the relationship between the notions of exchange, communication and technology setting the stage for more detailed investigation in the future. Larson, (1994) indicates that there is a strong relationship between information flow and business performance. When this work is held up beside the recent trend toward electronic commerce, it begs the question of the impact of WWW on communications. If increased communication sparks increased performance, then a communication revolution should revolutionise performance. Interestingly enough, there are also counter arguments to the likely impact of the WWW on performance.

Dawes, Lee and Dowling (1998) suggest that information will have an impact on performance only when there is a differential in the amount of information available. Lilien et al. (1998) suggest that any increase in information, and more importantly, information use, will result in a net gain of overall efficiency. Duncan and Moriarty (1998) suggest that technology based information improvements would help mainly transactional purchases. Research study into Internet as a medium for communication found that asynchronous communication overcoming time reach limitations and multimedia transmission in real time were important factors for business working in the electronic commerce environment (Poon and Swatman 1997). The authors found that most of the firms in their study saw the Internet as providing what telephone or fax services could not provide. Purchasers could view a product using the convenience and the flexibility of the Internet to locate and view product and its features from various organisations, examine the price request modifications to the product and order the product by completing the required formalities without having to leave the office. Bloch, Pigneur and Segev (1996) argue that electronic commerce provides information to customers through on-line electronic brochures or buying guides. This can be seen as an additional marketing channel, allowing for a global reach.

The advantages of electronic commerce as a way to deliver marketing mix information and its ability to be available in real time, anywhere provided the customer has the right infrastructure to access this information will have impact on business performance. As information is transacted electronically, ordering of good and services are made economically and easily. From the demand side the potential benefits from electronic commerce include the information on the procurement process, where the process can be streamlined and trading procedures can be standardised through computerisation (Adam and Yesha 1996). Bloch, et al. (1996) argues that a large source of the business value that electronic commerce can provide comes from changing the products themselves in addition to the way they are advertised, ordered or delivered. Database marketing techniques can then be used to analyse this information, in order to improve new product development and target specific offers to certain customers (Berry, 1994). This is mainly due to the potential of collecting information that

will be used to customise products. The electronic commerce environment allows economical interactive search to look for bargains at reduced cost. Mass customisation has been used for some time now (Pine, 1993); it endeavours to create specific products for each customer, based on his or her exact needs. Customization to create specific products for customers can now be possible for the information bank of electronic commerce. In the future, electronic commerce links between customers and suppliers will suppress the need for an infrastructure to gather customer data, and will allow customers to do it from home, their office or on the road. This direct link also allows the supplier to gather very detailed data on customer profiles, their needs, patterns of buying etc.

The model in the diagram below shows the links suggested between the adoption of electronic commerce, information flow, the business opportunities that arise as a result of the information flow, the potential outcomes of electronic commerce innovations and improvement in business function and business performance.



Conceptual model of business opportunities and impact of E-commerce

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The innovation studied is e-commerce. This section dealt with the proposed research design, population and sample, data collection procedures, data analysis and the expected output.

The proposed research design is the descriptive research design, which as the word suggests attempted to describe the status of EC innovation in Kenya among the religious publishers.

3.2 Target Population

The target population under study was made up of nineteen religious publishing firms situated within Nairobi province geographical area. They were obtained from the Christian Booksellers and Publishers Association as well as the Kenya Publishers Association. Since the sampling frame was small, the entire population was sampled. The target population were those Publishing Houses which publish at least three new titles every year.

3.3 Sampling Strategy

The choice of stratified sampling was to achieve desired representation from various subgroups in the population. The sampling frame was stratified into two strata: privately owned religious publishing firms and Church owned publishing firms.

3.4 Data Collection Procedures

Both primary and secondary data were used in this study. Data was collected using survey method. A formal questionnaire was used to collect the data. Personal interviews and observations were conducted where necessary to enhance validity of the data.

Secondary data was sought from Christian Booksellers and Publishers Association as well as the Kenya Publishers Association.

3.5 Data Processing and Analysis

The main purpose of this section is to present the results of the data analysis in a systematic way. Data collected from primary and secondary sources was processed and analyzed statistically to make generalizations on the population. The basic principle in data analysis is to give all evidence relevant to the research objectives and questions.

Standard statistical tools were used to summarize the data into descriptive statistics. The descriptive statistics describe the sample in summary form, which include frequencies and percentages. These statistics are presented in tables to make the document user-friendly.

3.6 Expected Output

This research is expected to create awareness of the business opportunities available in electronic commerce as well as their impact in the execution and settlement of the business process for the religious publishers. This will in turn result into more religious publishers adopting electronic commerce strategy, which will mean more business transactions.

It is also expected that this research will change the attitude of the decision makers towards electronic commerce by availing information to them.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.0 Introduction

The purpose of this study was to investigate the business opportunities available in Electronic Commerce for the religious publisher in Nairobi and to analyze the potential impact of EC on the religious publishing sector.

The target population was made up of nineteen religious publishing firms. A total of nineteen questionnaires were administered and seventeen of them responded which is 89.5% of the population sampled.

There were cases where interviews were conducted to verify the data gathered as well as visiting the websites for those organizations that confirmed to have one. The Christian Booksellers and Publishers Association as well as the Kenya Publishers Association provided vital information to validate or ascertain how true and valid gathered data was.

4.1 Data Analysis & Results

4.1.1 Firm's Background Information

Out of the population of 19 religious publishing firms, 17 questionnaires were analyzed. The respondents represent 89.5% of the target population and hence the conclusions made from this data should give an accurate view of the findings.

a. Ownership of the Organizations

The percentage of the religious publishing houses that fall under the private and church owned category is equal at 24% for each category. The local and foreign owned religious publishing houses are at 18% whereas the local-foreign owned is at 6%. The private local owned religious publishers account for 10% of the sampled population. For this study, privately owned meant that the religious

publishing House is a private enterprise owned and managed by either one or several directors as opposed to Church owned which is an enterprise arm of a particular church denomination. On the other hand, local owned described those organizations that are not owned by one denomination but are out to serve the interests of most religious denominations while the foreign owned organizations represented those organizations that have investments by people out of this country. The local-foreign represent a partnership between the locals and some foreigners whereas the private-local owned are religious publishing firms owned by Kenyan(s).

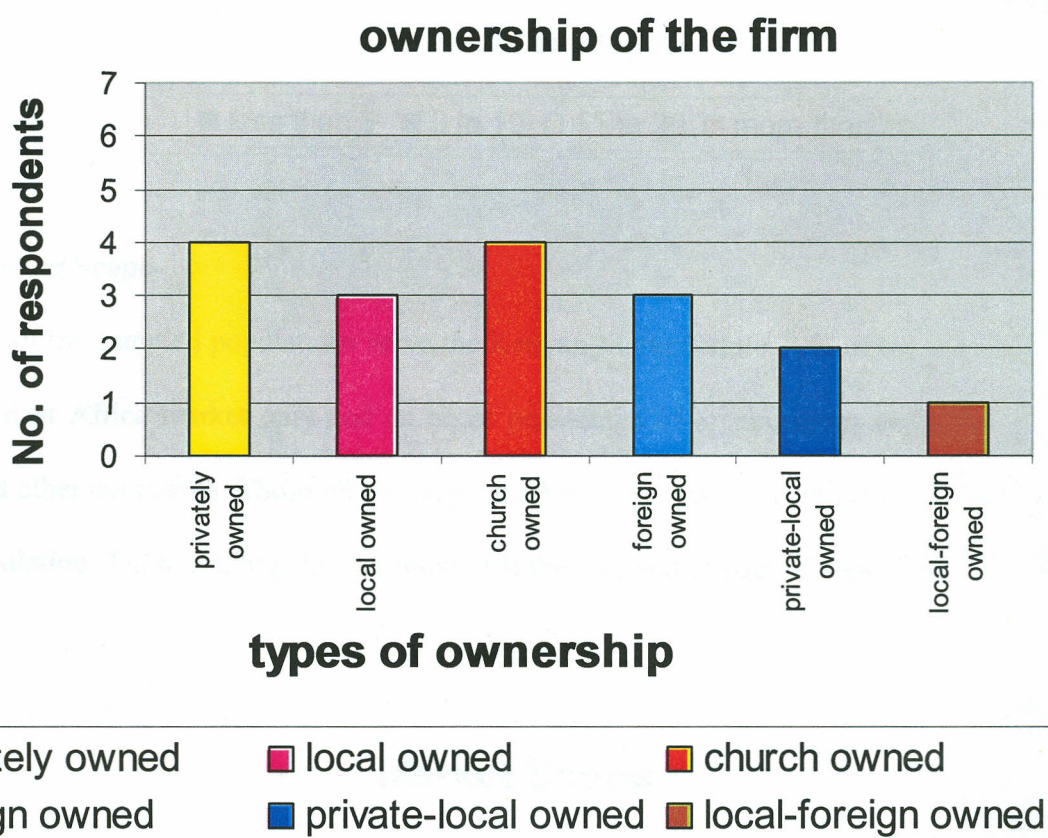


Fig. 1

b. Organizations' Size

The size of the organizations had a great variance with 18% having less than five employees while those that had 5 - 10 and 11 - 20 employees were 23.5% of the population sampled for each category. It was clearly evident that the majority of the organizations had more than twenty employees with a percentage of 35%. The size of the staff was a clear indication of the publishing efforts taking place in those firms.

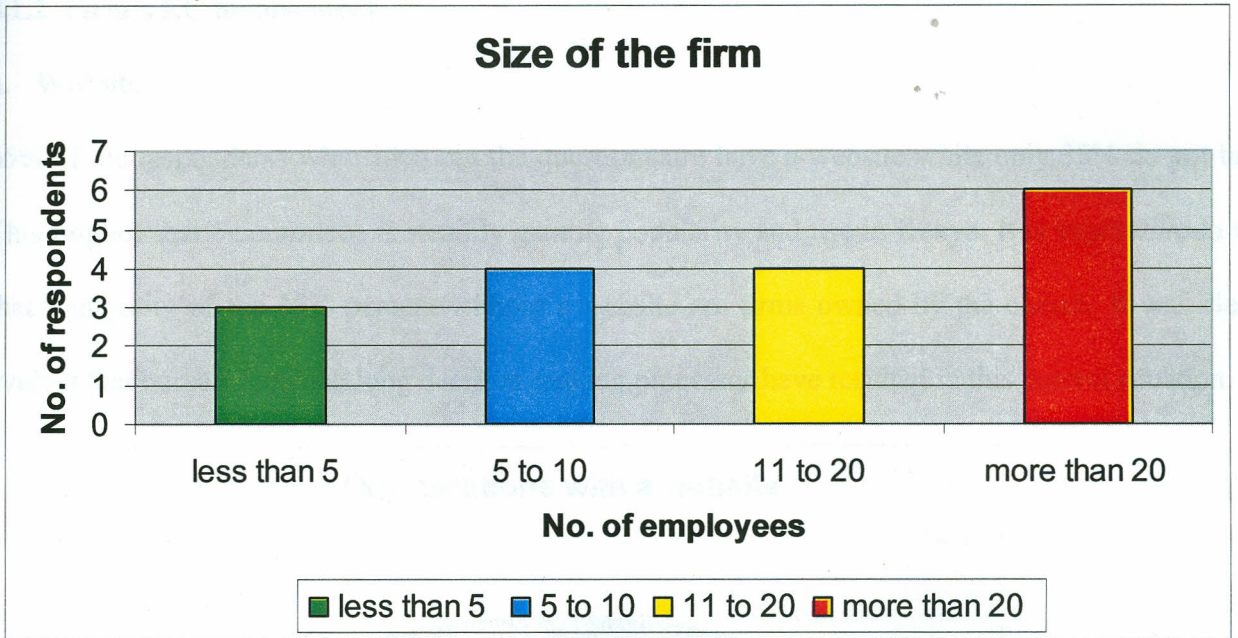


Fig. 2

c. Marketing Scope

Only 18% of the sampled populations serve the Kenyan Market while 29% of the population sampled serve the East Africa market only and an equal percentage of organizations endeavor to reach both Africa and other continents. Those whose target market is the African continent only account for 24% of the population. These findings further prove that the size and impact of these firms are wide and far reaching.

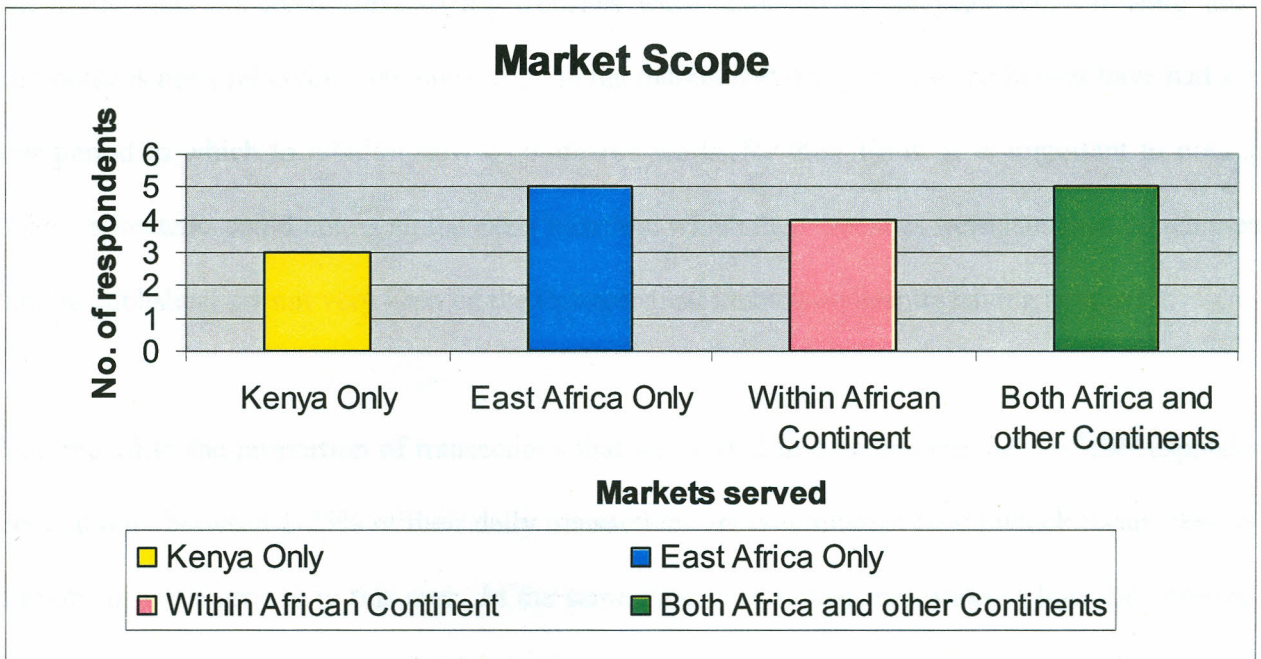


Fig. 3

4.1.2 Firm's EC involvement

a. Website

65% of the respondents who filled out the questionnaire have a website while only 35% do not have. This implies that e-commerce is steadily gaining popularity and use in Kenya. It is imperative to note that a majority of the 35% percent without a website are firms owned by the church. It was clearly evident that bureaucracy and long decision making processes have resulted in this current situation.

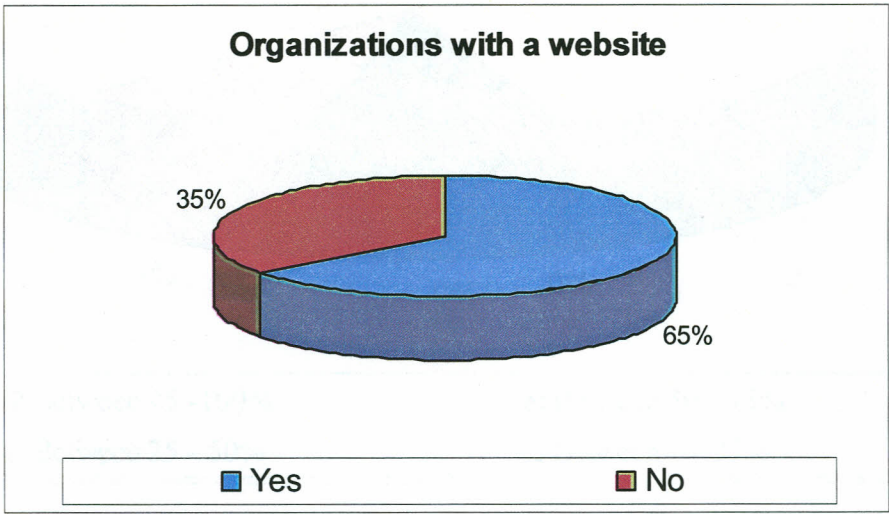


Fig 4

Out of the data collected, 36% of the websites were launched in the year 2002 showing that e-commerce is not a relatively new innovation in the market and many publishing houses have had a two year period in which to monitor how e-commerce works for their firms. It is important to note that many respondents could not recall the exact month in which their websites were launched which means that the publishers are not very keen on the technological innovation despite having adopted it.

With regard to the proportion of transactions that are related to e-commerce, 82% of the respondents feel that only between 1-25% of their daily transactions are e-commerce based which means that there is room for more growth in this area. At the same time, it is a clear indication of how the technology has been under utilized, despite its adoption. A mere 9% can account for transactions of between 25 – 50% and a similar percentage for transactions of between 50 – 75%. There was none of the

organizations that could account for transactions ranging between 75 – 100%, a clear indication that there is more that needs to be done apart from having a website in the internet.

proportion of transactions related to e-commerce

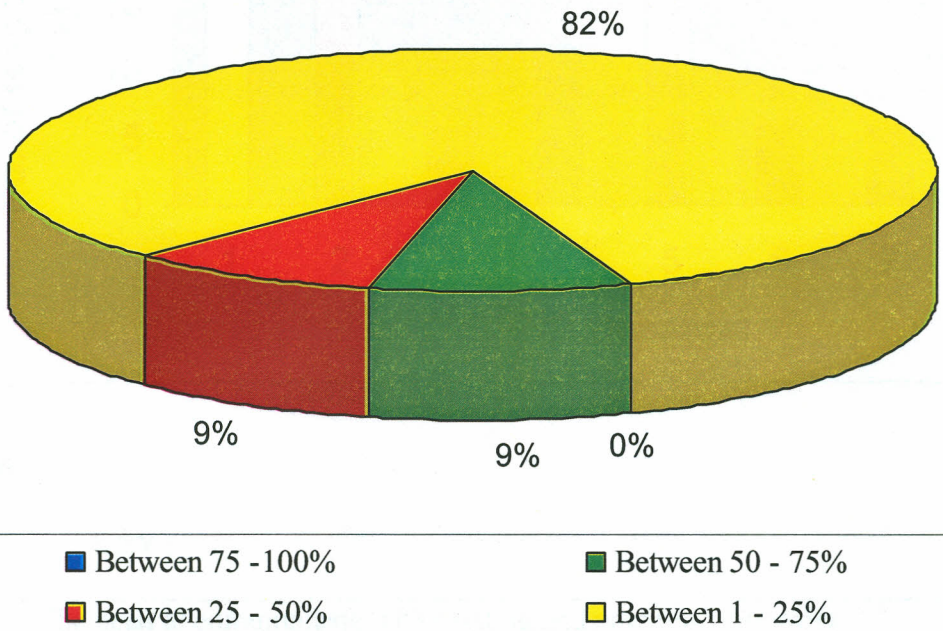


Fig. 5

b. Reasons for implementing a website

The most popular reason for influencing the religious publishers to obtain a website was mainly to pass on information, followed by the ability to reach the overseas markets easily. Other reasons that were advanced for the implementation of the websites for those firms that have one included the need to communicate with existing and potential customers, wider reach with minimum expense, getting in tune with modern marketing trends and an attempt to boost sales. Also, the website provides an accessible and easy way for donations to be made as well as marketing of company products and the usefulness of the internet as an advertising tool.

Reasons influencing the decision to implement a website

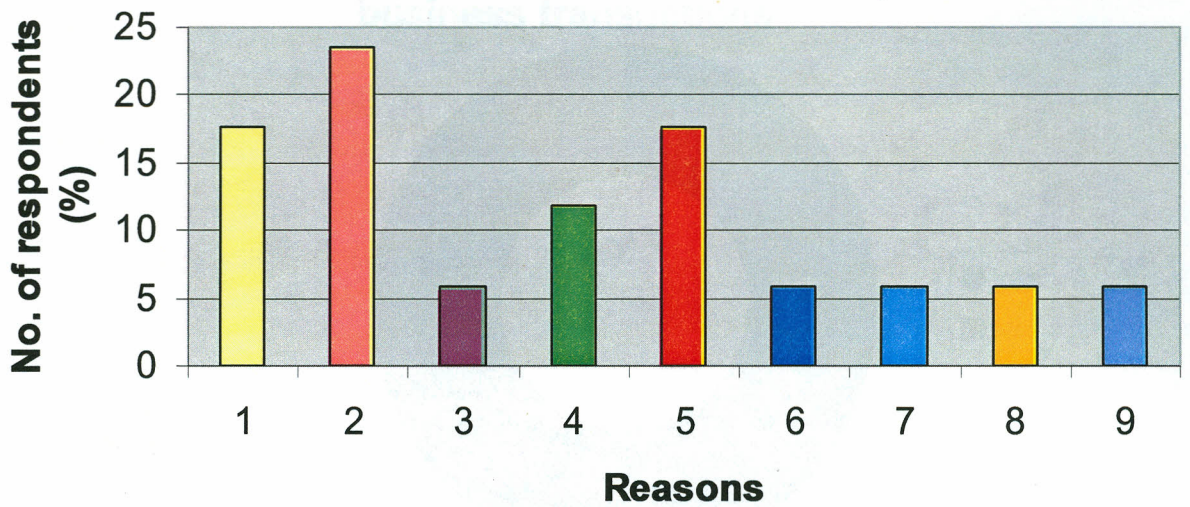


Fig. 6

KEY :

| | |
|---|---|
| 1 | The need to communicate with existing and potential customers |
| 2 | To pass on information |
| 3 | Wider reach with minimum expense |
| 4 | Getting in tune with modern marketing trends |
| 5 | Ability to reach the overseas markets easily |
| 6 | Accessible and easy way for donations to be made |
| 7 | Boosts sales |
| 8 | Marketing of company products |
| 9 | Useful as an advertising tool |

It is worth noting that 91% of the respondents do agree that websites have contributed to the enhancement of their business transactions. Right from the placing of the order that can be done via email through the process of negotiation and delivery, communication has been enhanced and therefore a variety of other related transactions including customer care and service among other post sale transactions.

contribution of website to the enhancement of business transactions

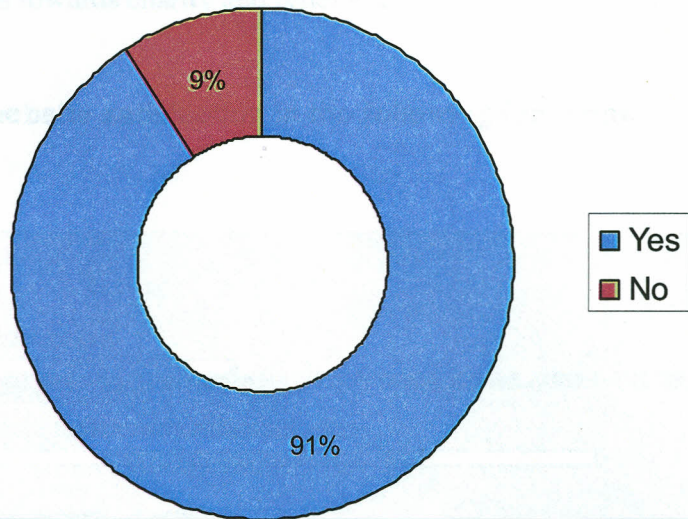
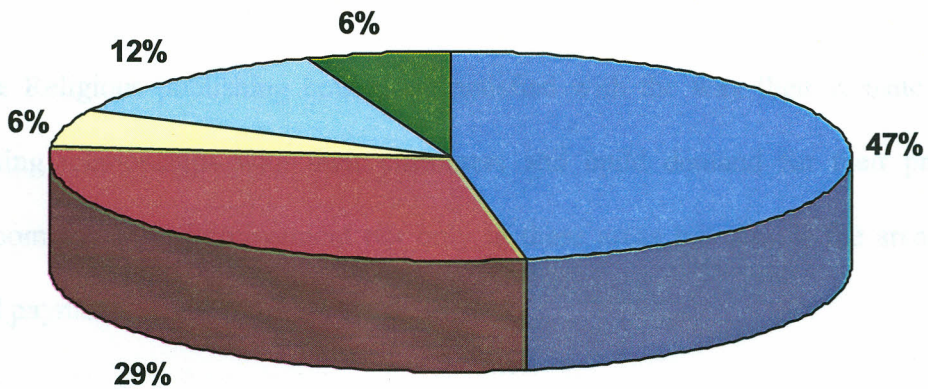


Fig. 7

c. Types of e-business

types of web based e-business commonly used by organizations



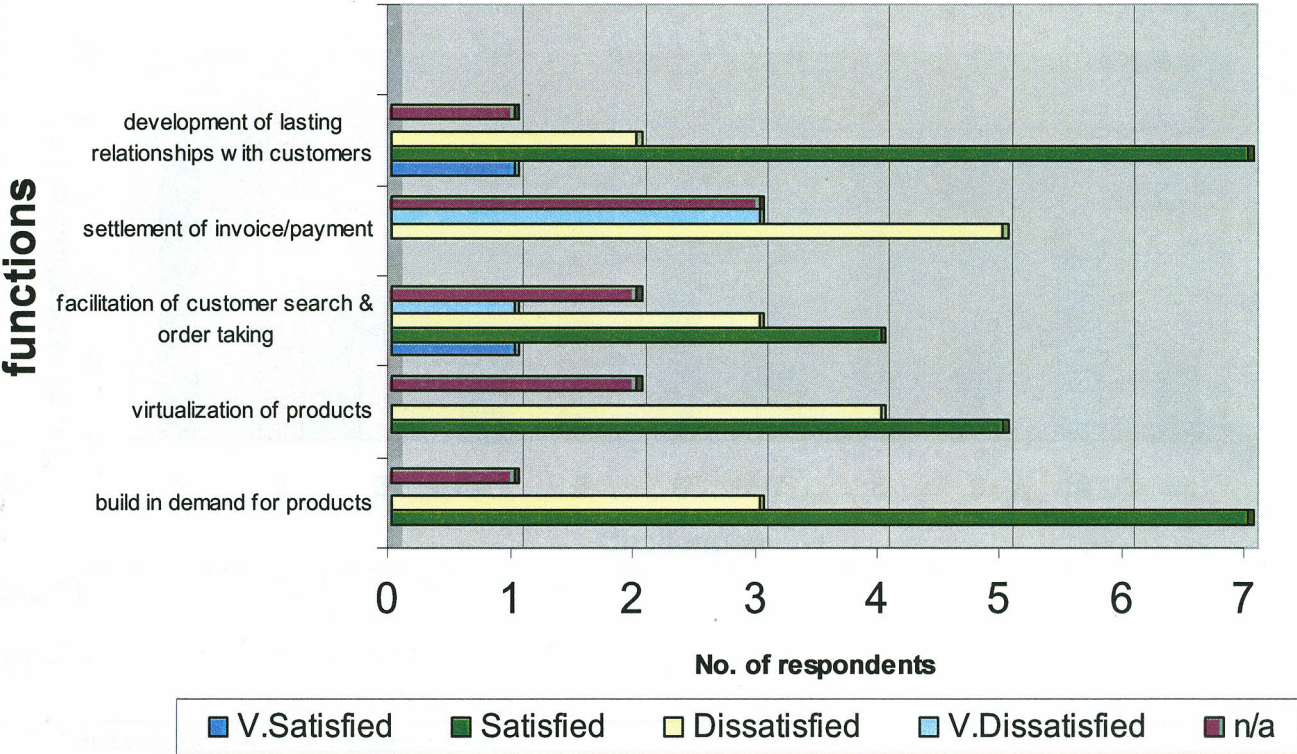
- on-line advertising
- on-line marketing
- on-line sales
- other: e-newsletters
- other: online donations towards charity and relief aid

47% of the religious publishers mainly use their website as an advertising and marketing tool.

Fig. 8

It is clearly evident from the above figure that most of the organizations, 47% are engaged in on-line advertising whereas 27% use it for on-line marketing. Only 6% use the website for online sales and 12% use the facility for communication via e-newsletter. Other uses which were identified accounting for 6% was the on-line donations towards charity and relief aid.

Rating of website satisfaction in the following functions



Many of the Religious publishing houses are satisfied with the way their website enables them to develop lasting relationships with their customers and build demand for their products. There is obviously room for more improvement not only in these areas but also in the area of settlement of invoices and payments where most are dissatisfied.

The major challenge faced by the Religious publishing houses when it comes to the adoption of e-commerce is the fact that their target market lacks the accessibility of the internet facility, more in most of the developing nations, which makes it difficult for them to transact business in this manner. Also the difficulty in getting seamless connections from the telecommunication providers as well as the high installation and maintenance costs makes adoption of e-commerce as a norm very difficult for most

publishers. In addition, the process of maintaining the website with up to date information is a major challenge as most organizations are not in a position to employ a full time staff to deal with the updates of the website and relying on the contracted ones may be expensive yet not efficient as they happen to serve a larger clientele.

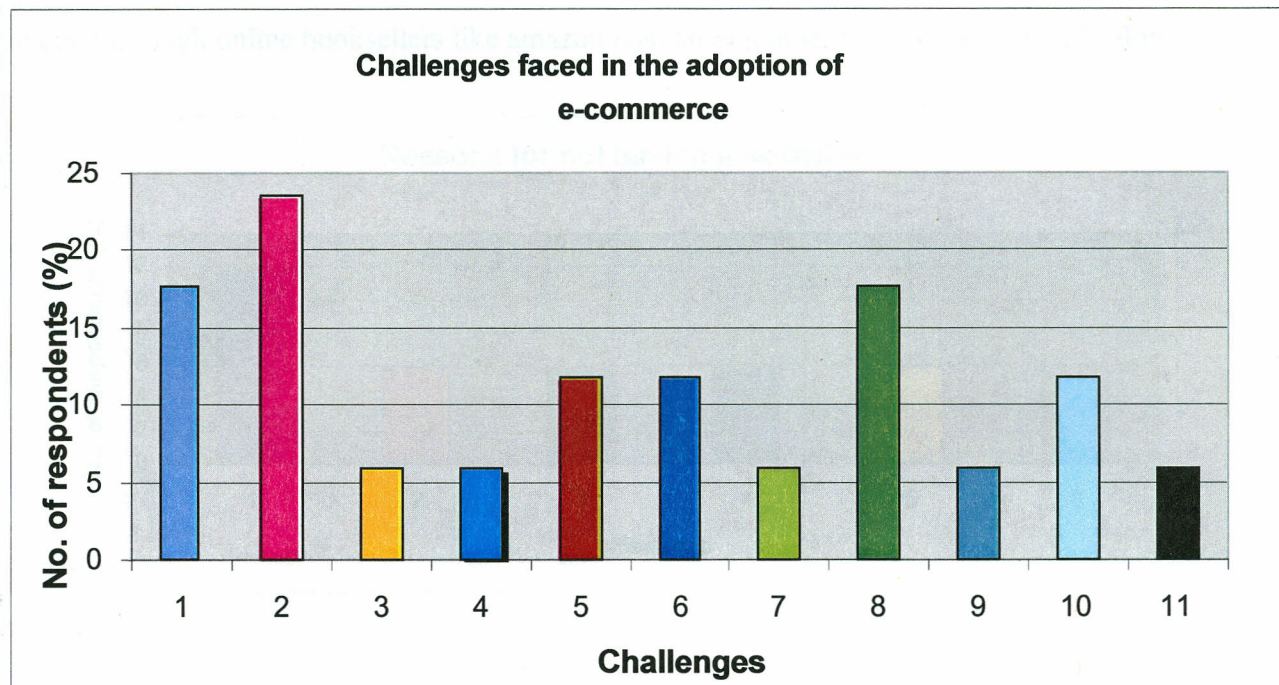


Fig 10.

KEY

| | |
|----|---|
| 1 | installation and maintenance costs |
| 2 | lack of accessibility of internet facility by the target market |
| 3 | website up-dating is not frequent and regular |
| 4 | e-commerce lacks the personal touch |
| 5 | limited use of credit cards |
| 6 | poor service infrastructure |
| 7 | high cost of technology |
| 8 | difficulty in getting seamless connections from telecomm providers |
| 9 | Fraud |
| 10 | tedious and expensive process when dealing with local banks over sales made |
| 11 | investing in IT appears to be uneconomical at the onset |

d. Reasons for not having a website

Many of the respondents who do not have a website are currently working on obtaining one. This means that they have realized the importance and benefit of making use of e-commerce in their daily activities. However, the reasons advanced for the delay in beginning to work on one included the high costs of set up and maintenance, the fact that some had other ways to get their resources availed in the internet through online booksellers like amazon.com among other factors summarized below.

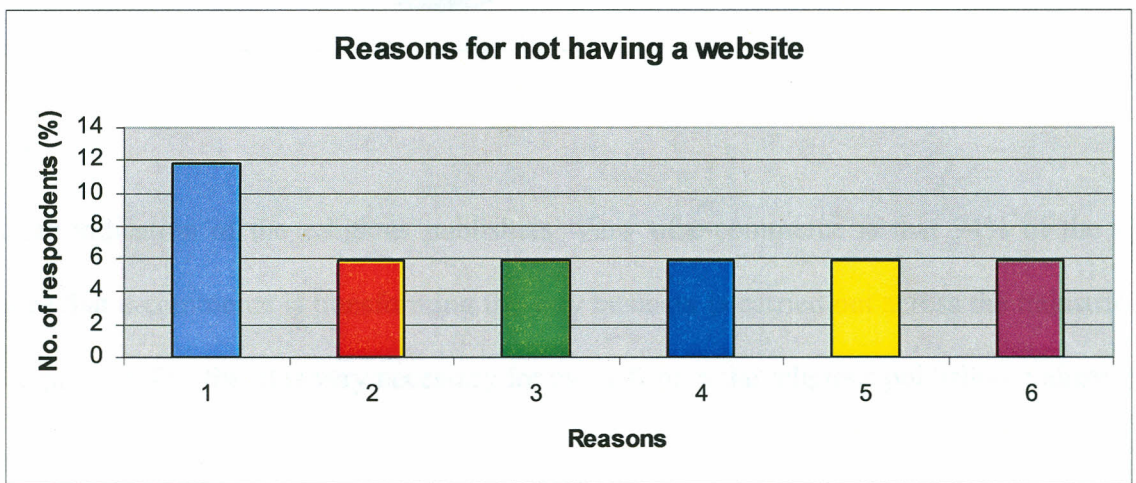


Fig.11

KEY

| | |
|---|--|
| 1 | We are currently working on it |
| 2 | we needed to stabilize the range of ministries we offer before broadcasting them |
| 3 | our book catalogue can be found in already existing sites like Amazon |
| 4 | high cost of set and maintaining (hosting) |
| 5 | illiterate target market |
| 6 | we simply lack the know how to go about having a website |

It is worth noting that most organizations, indeed 94% of all the respondents have computer networks in their organizations.

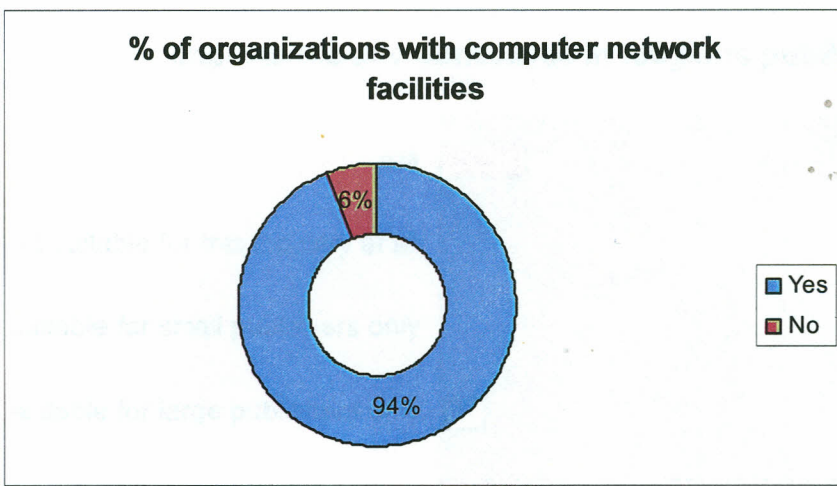


Fig. 12

A clear indication of the religious publishers' view of e-commerce is that 94% of the respondents believe that e-commerce is transforming the way business is carried out across the industries in Kenya and especially feel that it is very necessary for every firm in the religious publishing industry.

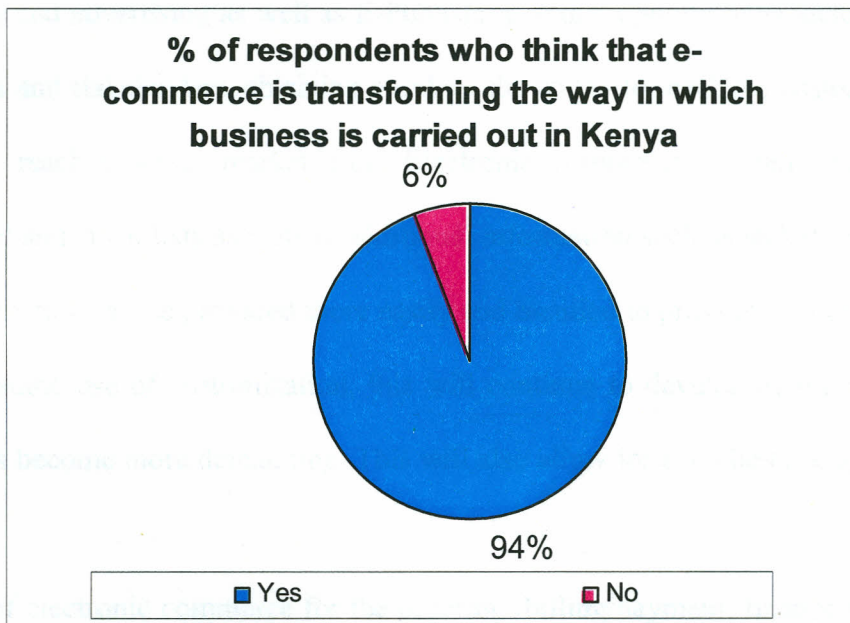


Fig. 13

An overwhelming 82% vouch for e-commerce as very necessary for every firm involved in religious publishing. Only a mere 6% believe that e-commerce is suitable for large publishers only and 12% were not sure and this may be attributed to lack of a clear understanding.

Importance of e-commerce in religious publishing

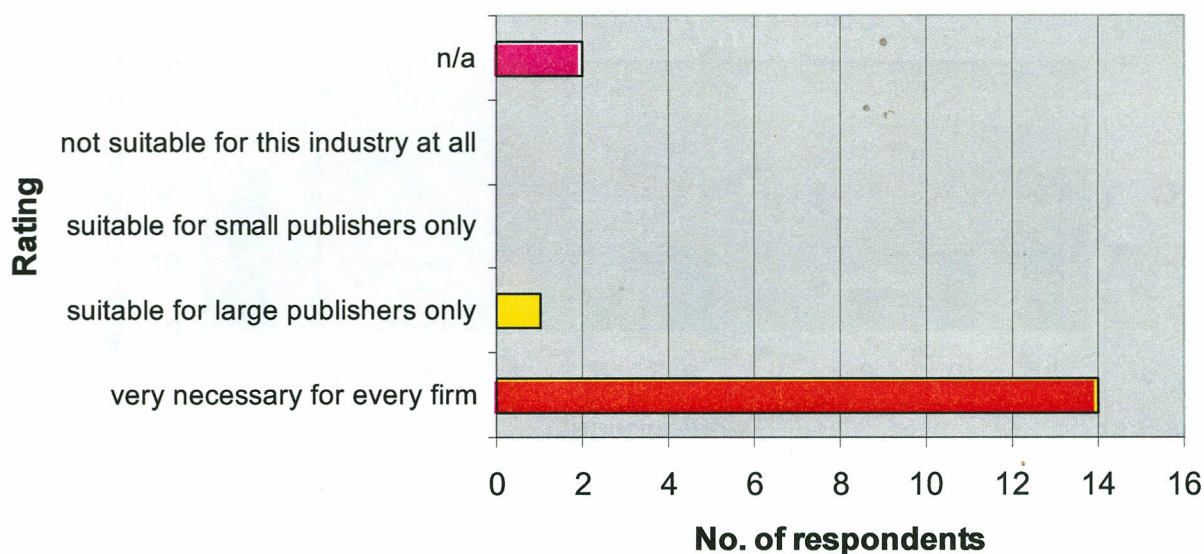


Fig. 14

e. Opportunities available through adoption of e-commerce

The opportunities available to religious publishers as a result of adopting e-commerce mainly include marketing and advertising as well as E-Publishing. Other opportunities include networking with other publishers and stakeholders, obtaining e-orders, the ability to reach the customer directly as well as the ability to reach a wider market area. Electronic commerce is well established for advertising, catalogues and stock lists as well as additional information such as jackets, sample chapters, reviews, etc. Information can be provided more easily and bundled to provide a more comprehensive service.

There is some use of customization, this will continue to develop as the technology improves and customers become more demanding. This will also allow for even better market segmentation.

The use of electronic commerce for the ordering, billing/payment, finance and delivery can be well-established and well-used by all. The ability to link between proprietary and interlinked systems ensures the widest take-up rate. The net result has been a reduction in costs for order processing and fewer errors, better tracking. Not only has this had a positive impact on logistics, but it also has improved co-ordination and integration as well as promoting a greater sense of trust.

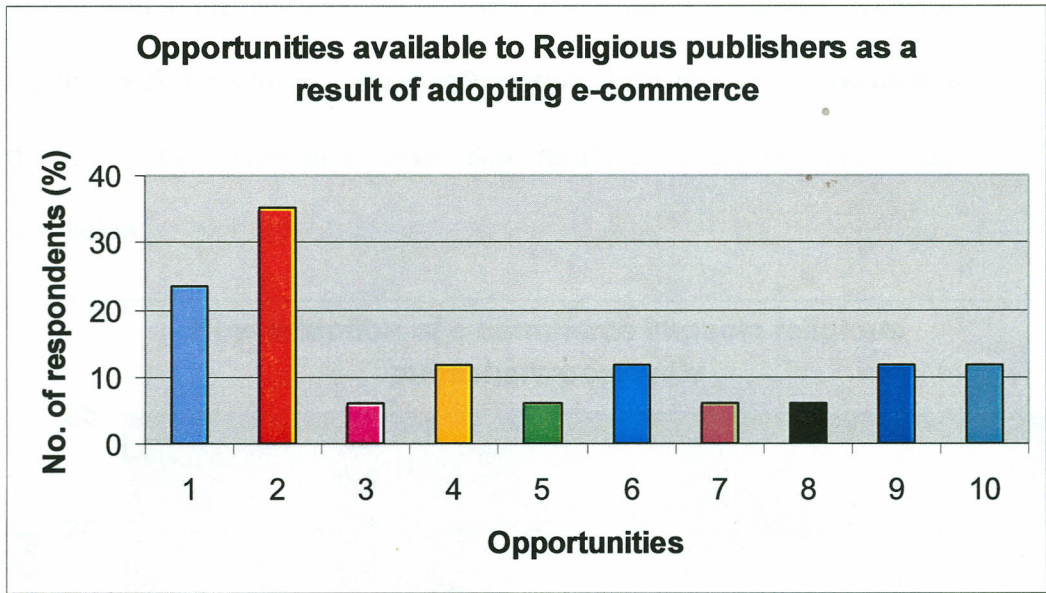


Fig.15.

KEY

| | |
|---|-----------------------------------|
| 1 | E-publishing |
| 2 | marketing and advertising |
| 3 | buying and selling of book rights |
| 4 | Networking |
| 5 | Training |
| 6 | e-orders |

| | |
|----|--|
| 7 | market surveys |
| 8 | lowered communication costs |
| 9 | ability to reach the customer directly |
| | ability to reach a wider market area |
| 10 | (global reach) |

It is clearly evident that all the respondents were convinced that the adoption of e-commerce impacts religious publishers positively. Most of the positive impacts were more or less related to the opportunities available after the adoption of e-commerce.

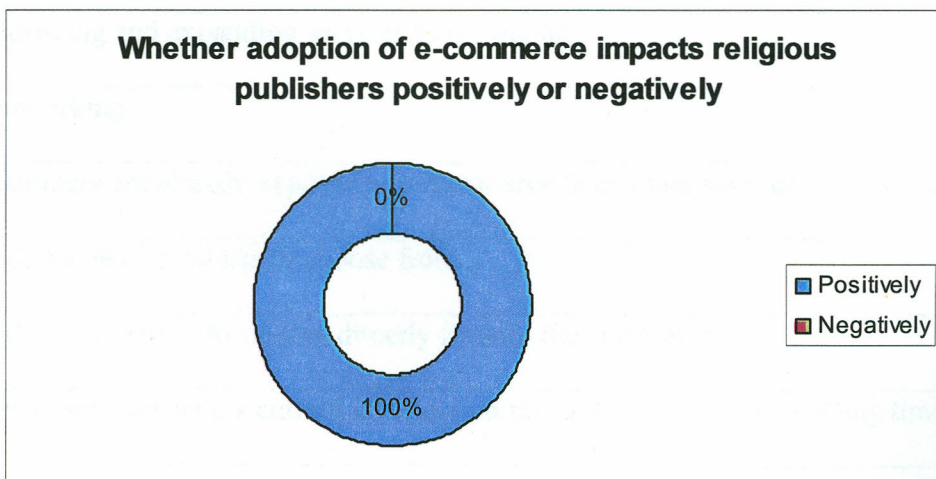


Fig. 16

The ways in which the adoption of e-commerce impacts religious publishers positively is by broadening the market horizons, making information about the firms accessible easily and faster and the shortening of the distribution chain thus resulting to cheaper books among other impacts summarized below.

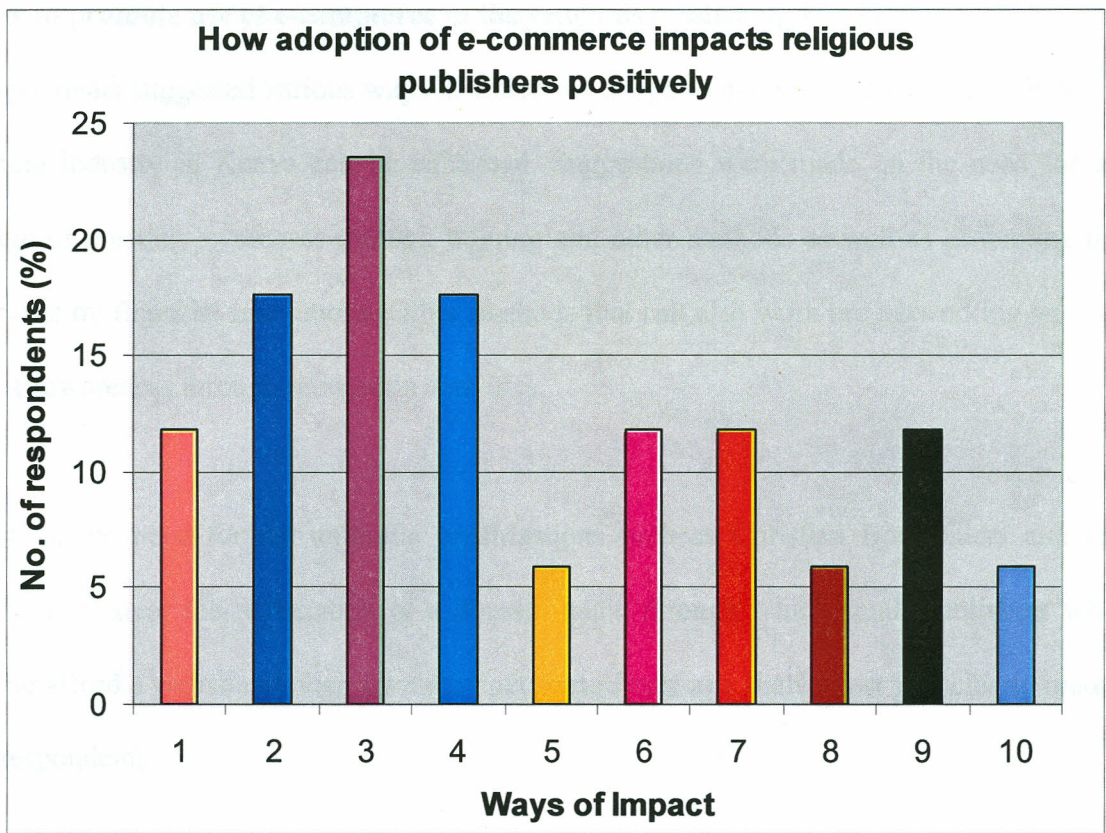


Fig 17

KEY

| | |
|----|---|
| 1 | broadens the market horizons |
| 2 | accessibility of information |
| 3 | Customers accessing various publishing houses and books at the touch of a button |
| 4 | reducing the chain of distribution thus cheaper products |
| 5 | improving and expanding services to the public |
| 6 | Networking |
| 7 | customers are already exposed to e-commerce from other sources not just religious |
| 8 | wide range of products to choose from |
| 9 | ability to obtain information directly from/to the consumer |
| 10 | consumers can access current information about the organizations at any time |

Adoption of e-commerce has mainly impacted religious publishers positively by giving them an opportunity to interact with customers directly without going through a second or third party which keeps costs of products sold relatively lower than if they did not transact through the internet.

f. How to promote use of e-commerce in the religious publishing in Kenya

The respondents suggested various ways in which the adoption and use of e-commerce in the religious publishing industry in Kenya can be enhanced. Suggestions were made on the need for a spirited campaign of creating awareness through training and other methods as well as promoting the use of credit cards by financial institutions. Other methods that can also work are networking and increasing consumer awareness through promotion activities.

In addition, the need for the umbrella organizations such as Christian Booksellers and Publishers Association to steer the registration of a domain name through which small publishers who cannot otherwise afford a website on their own may get some space at a shared cost was clearly made evident by the respondents.

Several other ways in which the use of e-commerce may be promoted in the religious publishing are summarized in the table below.

Ways to promote the use of e-commerce in the religious publishing industry in Kenya

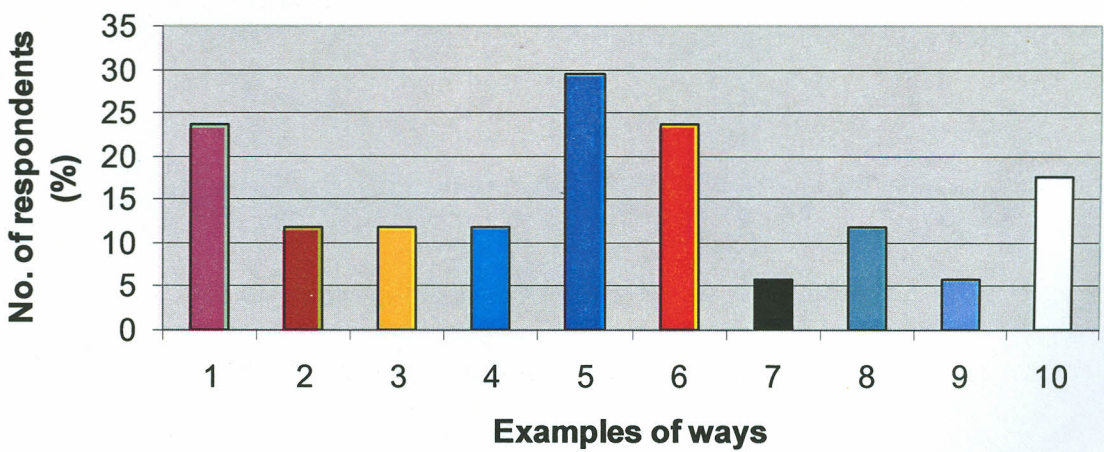


Fig. 18

KEY

| | |
|----|---|
| 1 | Networking |
| 2 | register a general domain where publishers can hook up at a cost |
| 3 | communal staff for updating and maintaining websites |
| 4 | reduce telecommunication costs |
| 5 | increase awareness of e-commerce via training and other methods |
| 6 | promotion of the use of credit cards by financial institutions |
| 7 | promote/increase use of VSAT technology |
| 8 | work on IT infrastructure to make it more accessible to a larger population |
| 9 | have a national book database which is accessible to all stakeholders |
| 10 | consumer awareness through promotions |

These suggestions clearly indicate that there is more that needs to be done as far as the adoption of e-commerce by religious publishers is concerned.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives the conclusions and recommendations arising from the study. This section focuses on the implications of e-commerce for the development of the publishing industry, its constituent sectors and their value chains. It draws together evidence from the questionnaire survey carried out across the religious publishing sector in Nairobi concerning take up of e-commerce.

5.1 Conclusions

This study endeavored to answer the research questions raised and in conclusion, the findings reveal that majority of the religious publishers have had a website for the last two years and those who haven't had one are working on it. It was a clear indication that majority of the publishers understand the basic purpose of being on the internet as communication and offering information easily and in an accessible manner for those who may be interested in it. However, it was also clear that there is lack of information on the vast opportunities available on the web for publishers.

Through the open ended questions and personal interviews conducted, the following factors emerged as determining factors in the adoption of e-commerce among selected religious publishers. They include:

- The lack of information regarding the technological innovation,
- The cost of the innovation being prohibitive to a number of organizations and more so in the prevailing economic hardships,
- Insecurity of web transactions as far as fraud is concerned and
- Poor connectivity as far as telecommunications infrastructure is concerned.

The publishing industry shows very strong awareness of the potential for e-commerce and e-business technologies in optimizing editorial and production processes and sales and marketing and ordering processes.

The primary motivations for engaging in e-commerce in most of the case study subjects concern the enhancement of the efficiency of existing processes in the form of:

- Reduced costs
- Improved service levels
- Reduced production times (magazines, newspapers, journals)
- Reduced time from order to destination (books)

5.2 Recommendations

E-commerce should be seen as a very effective means of improving business performance and commercial relationships, not as a mainly technological issue concerning only a few specialist staff. Top-level understanding and support for e-commerce is crucial if its potential is to be harnessed for business success. In this regard, education of the public on the ways in which e-commerce impacts the business and society would suffice.

Religious publishing organizations should look outwards to other sector companies and beyond in finding models for e-commerce adoption, and avoid reinventing the wheel. They should participate actively in online e-commerce in relation to accessibility and pricing. The Government's ICT promotional programmes should aim at benchmarking.

The Government of Kenya should first and foremost liberalize the telecommunications sector to promote efficiencies of ISP's providing information and support on Internet access, covering access options, price, installation and other factors, allowing users to evaluate the business benefits.

To Christian Booksellers and Publishers Association, it should develop and continue its activities in: Educating companies in e-commerce developments within their own sectors and across other publishing sectors by participating in the proposed implementation plan. Encouraging collaboration where competitive pressures or the small size of companies is inhibiting progress.

The ISP's should endeavor to educate the publishers and public at large through spirited campaigns on the various e-business solutions and tailor them to the various market and sectoral needs to take care of all organizations in terms of pricing and delivery are concerned.

5.3 Limitations of the Study

The major limitation of the study was the time allocated as well as the resources to carry out the research. Should there have been more time and resources, it would have been prudent to carry out the research on all the religious publishers in Kenya rather than Nairobi alone.

At the same time, secondary data regarding the Kenyan e-commerce context was not available in a scholarly form. This left me dependent on the internet and seminar presentations and other IT conference literature which is unpublished. The reliability of this kind of data is minimal as it can be changed to suit the interests of the author. Thus the additional task of having to take time to verify the position of the data gathered to increase reliability.

5.4 Recommendations for further research

There is need for continuous monitoring of the electronic marketplace. It is recommended that a case study be conducted to address the sectoral and market specificity of organizational impacts. Research on the evolving nature of the commercial environment will help policy makers on issues of commercial governance, which are critical to the development of electronic commerce.

A future research could also analyze the role of e-commerce players in different national contexts, as well as the scope for the governments to lead and encourage e-commerce solutions.

One of the concepts examined in this study has potential for development of future research. Of critical relevance is the issue of trust and confidence, privacy and consumer protection in the electronic marketplace and how it can be addressed.

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SECTION I - Firm's Background Information

Q1. Name of the Organization _____

Q2. How would you describe the ownership of your firm? (Select all that apply to your firm)

Privately Owned

Publicly Traded

Q3. What is the primary business of your firm?

Manufacturing

Distribution

Retail

Knowledge Intensive

Wholesale Distribution

SECTION II - Firm's EC Involvement

Q4. (Does your organization have an e-commerce strategy?)

Yes

No

Appendix 1

QUESTIONNAIRE

E-Commerce: Business opportunities and impact on the religious publishing sector in Nairobi, Kenya

Introduction

I am a student at Kenyatta University pursuing a Masters in Business Administration. As part of the course requirements, I need to carry out a research project and I have chosen your organization as part of sample for data collection.

I wish to assure you that all the responses in this questionnaire will be kept completely confidential and used for academic purposes only.

SECTION I – Firm’s Background Information

Q1. Name of the Organization _____

Q2. How would you describe the ownership of your firm? (*Tick the option(s) that applies to your firm*)

- | | |
|--|--|
| <input type="checkbox"/> Privately Owned | <input type="checkbox"/> Local Owned |
| <input type="checkbox"/> Church Owned | <input type="checkbox"/> Foreign Owned |

Q3. What is the size of your firm? (*Tick the option that describes your firm*)

- | | |
|--|---|
| <input type="checkbox"/> Less that 5 employees | <input type="checkbox"/> 5 – 10 Employees |
| <input type="checkbox"/> 11 – 20 Employees | <input type="checkbox"/> More that 20 Employees |

Q4. Which markets does your firm serve? (*Tick the option(s) that applies to your firm*)

- | | |
|---|---|
| <input type="checkbox"/> Kenya Only | <input type="checkbox"/> East Africa Only |
| <input type="checkbox"/> Within African Continent | <input type="checkbox"/> Both Africa and other Continents |

SECTION II – Firm’s EC involvement

Q5. (I) Does your organization have a website in the internet?

- Yes
 No

(If the answer to Q5 (I) is NO, please go to Q8)

(II) Which month and year did you launch the website?

Month _____

Year _____

(III) What proportion of transactions out of 100 percent would you rate to be related to e-commerce?

Between 75 – 100%

Between 50 – 75%

Between 25 – 50%

Between 1 – 25%

Q6. (I) What reasons influenced your decision in favour of implementing website?

(II) Based on your experience, do you think the website has contributed to the enhancement of your business transactions?

Yes

No

Q7. (I) Which web based e-business has your organization been engaged in? (Please tick that which applies to you.

On-line advertising

Online Marketing

On-line sales

Any Other (Please State) _____

II) How would you rate your satisfaction in regard to your website's fulfilment of the following functions? Please place an "X" against the option that describes your satisfaction level.

| FUNCTION | Very Satisfied | Satisfied | Dis-satisfied | Very Dis-satisfied |
|---|----------------|-----------|---------------|--------------------|
| Building demand for products / Services | | | | |

| | | | | |
|---|--|--|--|--|
| Virtualization of products | | | | |
| Facilitation of Customer search & order taking | | | | |
| Settlement of Invoice / Payment | | | | |
| Development of lasting relationships with customers | | | | |

III) What challenges have you faced in the adoption of e-commerce?

Q8. (I) What reasons does your organization have for not having a website?

(II) Does your organization have any computer networks?

Yes

No

Q9. Is electronic commerce in the process of transforming the way in which business is conducted across the industries in kenya?

Yes

No

Q10. How would you rate the importance of e-commerce in the religious publishing industry?

Very necessary for every firm

Suitable for Large publishers only

Suitable for small publishers only

Not Suitable for this industry at all

Q11. What are some of the opportunities that can be utilized by religious publishers as a result of adopting e-commerce?

Q12. Do you think adoption of e-commerce impacts on the religious publishers positively or negatively?

- Positive
- Negative

Please state how.

Q13. What do you think should be done to promote the use of e-commerce in the religious publishing in Kenya?

Thank you for taking your time to answer this questionnaire



PUBLISHERS LIST

| ORGANIZATION | TELEPHONE NO. | EMAIL ADDRESS | NAME |
|-----------------------------|--|--|------------------------|
| CLMC | 883816/882048 | director@clmc.or.ke | Clements Ouko |
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| Scripture Union-Kenya | 721675/727851 | sukenya@su-africa.org | Rev. David Gichungwa |
| MAP/ACWA | 728599/729497 | sgithinji@map.org | Mr. Sirima Githinji |
| Arba Publications | 310309 | arba@insightkenya.com | Mr. Martin Karanja |
| FOCUS | 862022/37 | gachora@focusctr.org.ke | Mr. Gachora Ngunjiri |
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| Focus on Family | 572101/575598 | lukwago@africaonline.co.ke | Mr. Lukwago Kirabo |
| Focus Publications Ltd | 600737/0722/776754 0722/835649/535503 0721449798/350426/310561 | | Joyce |
| Kenya Baptist Media | 802261/802276 | | Newton Ombete |
| International Bible Society | 711365/722919 | | Maureen |
| Scripture Mission | 891177 / 891420 | jaatun@bol.co.tz | Eivind Jatun |
| Acton Publishers | 608810 / 0722-753227 | jmugambi@iconnect@co.ke | Prof. J. N. K. Mugambi |
| Paulines Publications | 442097/442105 | | |
| Manna Publications | | | Maurice |
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