

# **BENEFIT'S FOR SMALL MEDIUM AND MICRO ENTERPRISES (SMME'S) IN THE WESTERN CAPE IN THE TOURISM INDUSTRY FOR ADOPTING ELECTRONIC COMMERCE**

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## **ABSTRACT**

The World Wide Web (Web) and related technologies are impacting the way organisations operate and becoming important business tools and a communication medium. Despite well-publicised dot com failures, the Web provides new opportunities to companies of all sizes to expand their markets, create specialised businesses and improve the quality and speed of processes, e.g. buying and selling. Electronic Commerce (e-Commerce) is borderless making size and location irrelevant opening access to the global market.

Tourism SMMEs should take advantage of the benefits e-Commerce offers by increased information flow and access to new markets. Very little information about tourism specifically related to e-Businesses in the Western Cape is available, although web sites do exist, often static and offering no e-Commerce facilities. President Thabo Mbeki, President of South Africa, signed the Electronic Commerce Transaction (ECT) Bill of South Africa on 31 July 2002 and received by the South African Internet community with mixed reactions. The aspects of the bill perceived necessary to establish sound legislative frameworks for the promotion of e-Commerce were generally welcomed. Since Small and Medium Enterprises (SMEs) play a vital role in many major economies throughout the world, their ability to successfully adopt and utilise the Internet and e-Commerce is of prime importance to ensure their survival including in a global world. As indicated by Harrower (2001), South African SMEs should also play an integral role in the development of the electronic marketplace (e-marketplace), by growing the economy and promoting Small, Medium and Micro Enterprises (SMMEs) growth. It is not clear if SMEs, SMMEs or both, should be singled out and targeted separately, but Web based trading will benefit both categories.

SMMEs are facing the effects of the hype following the recent dot com crash and investors, participants and entrepreneurs are still wary of committing themselves to ventures that have not proved successful. Many articles have appeared in the literature about e-Commerce and Internet technologies and the benefit offered to organizations, particularly true for SMEs as reported by Akkeren and Cavaye (1999) who state that e-Commerce improves an SME's ability to compete with larger organizations. These SME's are also able to operate on an International level given the e-Commerce leverage. They also propose that e-Commerce is a tool for providing cost effective ways for SMEs to market their businesses, launch new products, improve communications, gather information and identify potential business partners.

This paper will report on the state of e-Commerce adoption of SMMEs in the tourism industry in the Western Cape by analysing the responses received from a questionnaire distributed to a group of randomly selected tourist entrepreneurs. The paper will also highlight some of the benefits to SMMEs when adopting e-Commerce.

**Keywords**

e-Commerce, Tourism, SMMEs, e-Commerce Adoption, e-Commerce Benefits

**1. Definitions**

**SMED**

Small, Medium Enterprises Development Programme.

**Reference to SMME and SME**

Rogerson (1999) indicates that in mainstream International literature on small enterprise development, attention is generally focused on Micro and Small Enterprises (MSE) or either Small and Micro (SME) or Small and Medium Enterprises (SME) Mead (1998).

The South African Department of Labour uses the acronym (SMME) for Small, Micro and Medium Enterprises and (SME) as Small, Medium and Micro-sized Enterprises. In South Africa, however, the focus is on (SMME) Small, Medium and Micro enterprises, unlike the International trend.

**SMME**

The Department of Trade and Industry defines an SMME as a ‘privately and independently or co-operatively owned and managed business and must not form part of an enterprise which exceeds the quantitative criteria referred to in Table 1 below, but may have more than one branch where the entity must comply with any two of the listed criteria.

**e-Commerce**

According to the South African e-Commerce Green Paper, “Electronic commerce covers any form of business or administrative transaction or information exchange that is executed using any information and communications technology (ICT)”. e-Commerce comprises business conducted via computer networks with a view to improving efficiency and effectiveness of the market and business processes.

Size	Criteria		
	TOTAL ANNUAL TURNOVER (vat excluded)	TOTAL ASSET VALUE (fixed property excluded)	TOTAL NUMBER OF FULL-TIME EMPLOYEES
	Less than	Less than	Less than
Medium	R25.0 million	R5.0 million	51 – 200
Small	R5.0 million	R1.0 million	5 – 50
Micro	R1.25 million	R0.25 million	1 – 4

**Table 1: Quantitative Criteria for SMME’s**

## **Tourism**

The World Tourism Organisation (WTO) defines tourism as “The activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” [World Tourism Organisation, 2001 as cited in Saayman, 2000]. This definition includes tourist, attractions, accommodation and catering, entertainment, a host community, as well as the involvement of national, provincial, and local government.

The tourism industry encompasses a variety of economic activities and industries. George (2001) indicates that two main industries, tourism and hospitality make up the industry and Tourism is the term given to the activity that occurs when tourist travel. This includes everything from planning a trip, travel to the place, the stay itself, return and the reminiscence about it afterwards. Moreover it includes the activities the traveller undertakes as part of the trip, purchases made, and the interactions that occur when a visitor travels” Mill and Morrison (1992) as cited in Saayman (2000).

Hospitality includes those commercial activities, which offer consumers accommodation, meals and refreshments when they are away from home George (2001).

## **2. INTRODUCTION**

### **2.1 Background to Investigation**

The use of the Internet in tourism-related business is increasing and includes e-Commerce enabled functionality such as accommodation booking, wildlife online viewing and information about destinations prior to arrival. South African tourist organisations have identified this trend and are adapting their businesses to incorporate e-Commerce.

The use of online technologies to underpin e-Commerce activity in tourism is likely to continue as relationships between tour operators, intermediaries and consumers increase according to Nysveen and Lexhagen (2001). Tiessen, Wright and Turner (2001) likened the creation of an e-marketplace to Schumpeter’s (1961) ‘creative destruction’ whereby revolutionary combinations of technologies and markets disrupt economic equilibrium and contribute to growth. This process is occurring in a range of industry sectors Internationally, but is particularly prominent in the case of tourism where distribution is particularly suited to digitisation according to Weeks and Crouch (1999).

In overcoming locational disadvantages, such redefinition of the market place has the potential to have a significant impact on the rural small business sector, which constitutes a significant proportion of the tourism industry in many countries reported by Buhalis (2000).

Without appropriate regulation, it is almost certain that financially constrained potential users will be excluded from the benefits of e-Commerce. Users of e-Commerce require access to the infrastructure and funding to cover user charges and other service fees.

## 2.2 Value of this Research

This research attempts to assess the knowledge tourism SMMEs have about the benefits e-Commerce adoption offers them in their industry. The research findings will also assist SMMEs not using e-Commerce to understand what benefits e-Commerce adoption could offer their businesses in future.

## 3. LITERATURE REVIEW

### 3.1 Problem to be addressed

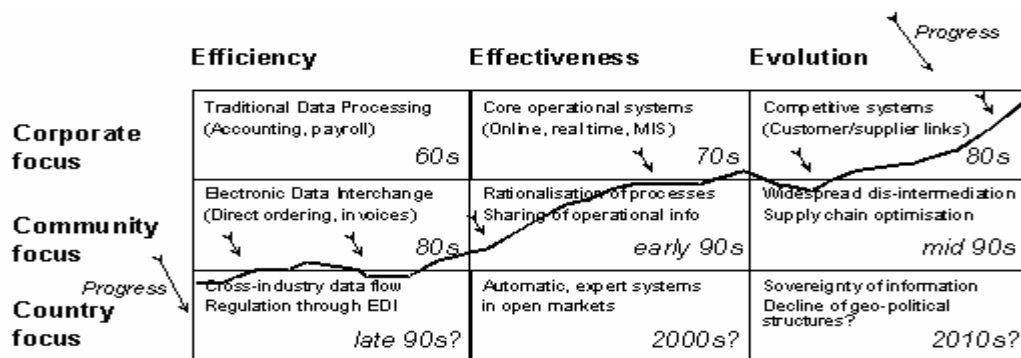
Many small tourism business operators in the Western Cape are not aware of the benefits e-Commerce adoption could offer their operations. This research explores the attitudes and perceptions towards the use and adoption of e-Commerce. Alpplebee (2000) states that the Internet is used to access international markets and therefore also e-Commerce as an element of destination marketing and evaluates the factors constraining development thereof. The research includes a grounded critique of small business responses to e-Commerce and identifies practical and strategic challenges for these organisations where integrating technology benefits from technological applications according to Snelson and Zanon, (2000), Evans, Bohrer and Richards (2000). In addition, Tiessen, Wright and Turner (2001) find that adoption of technology occurs most quickly where new technologies are perceived as being useful and likely to solve problems where previous experience with technology has been positive.

Morrison and King (2002) indicate that the opportunity to maintain, strengthen and develop new customer relationships through access to global markets, strengthens supply chain management and improved communication with stakeholders KPMG (2000), King and Slavik (2001). The competitive environment is changing due to the Web diminishing the advantages traditionally enjoyed by large multinationals over smaller organisations.

The Western Cape Tourism Board (2003) indicates that the number of SMMEs tourism enterprises sponsored to attend the annual Tourism Indaba since 1999 has more than tripled, indicating a large increase in Tourism SMMEs. These SMMEs are sceptical about adopting e-Commerce due to a negative connotation of e-Commerce. Based on this research, the following are perceived by SMMEs as the main benefiting factors adopting e-Commerce: **Cost, Access to global markets, Infrastructure, Security, Competition, Freedom and Flexibility, Communication and Regulations.**

### 3.2 Current Trend

Research done by Bytheway and Goussard (2003) examines the benefits of e-Commerce for companies of all sizes, drawing on surveys and case studies from the United Kingdom in particular. They present a benefit matrix given in Figure 1 below, that is directly applicable to business in South Africa's business sector.



**Figure 1: A framework of the evolution of scope and benefits**

As the contents in the figure suggests, progress is on two fronts – increasing in scope and increasing in benefits, progress both at the same time.

In a survey by The Asia Foundation (2003) examining the way SMEs are engaging in e-Commerce, the following can be stated:

- Communication with customers is the driving force behind adoption of e-Commerce.
- Businesses targeting International customers appear to experience increased incentives for moving online.
- SME's are willing to pay for the Internet if they see immediate relevance to their business.
- Infrastructure and access speed remain serious barriers for small businesses, particularly outside of urban areas.
- Security concerns and banking regulations limit adoption of online payments/transactions.
- Regulatory and legal changes that will be important in expanding adoption of e-Commerce.

According to Middleton and Clarke (2001), 'the Internet empowers the leading edge of micro-businesses to make the most of their individuality and enterprise. It offers access to markets and to a supply of the lowest cost business necessities that was previously unthinkable.'

e-Commerce offers several advantages over local traditional businesses, based on a study by Steinfield (1999a; 1999b), access to a wider potential market, lower sunk cost because a building or rented space in each market is not required, operating with less or no inventory, better economies of scale arising from a larger customer base, consequent volume discounts on inputs, ability to set up facilities near important factors of production which would not be available to an "offline" physical business in a given community.

The white paper on the development and promotion of tourism in South Africa states the following; "While the potential for the development of tourism in South Africa is great, the tourism industry represents a vastly under-utilised opportunity ...unless tourism is viewed and developed as a strategically important industry the greatest engine of growth for South African economy – the true wealth-creating potential of the tourism sector will never be realised."

#### **4. Research Questionnaire**

A questionnaire was compiled (Appendix B) and sent via email or facsimile under a covering letter (Appendix A) to a randomly selected group of SMMEs tour operators in the Western Cape.

The questionnaire consists of four sections, Form A, B, C and D.

##### **Form A – Completed by all respondents**

These questions gathered general demographic information.

##### **Form B – Completed by current Internet or Email users.**

Based on a five point Likert scale, the first group of questions were used to determine if respondents were of the opinion that Internet or email did benefit the business, and the second group of questions were used to determine what factors influenced the business to adopt Internet or email.

##### **Form C – Completed by currently non-Internet or Email users.**

Based on a five point Likert scale, the first group of questions were to determine if respondents were of the opinion that Internet or email did not benefit the business.

The second group of questions were to determine what factors influenced the business not to adopt Internet or email.

##### **Form D – Completed by all for future Internet or Email use.**

Based on a five point Likert scale, the questions were to determine if respondents had opinions about the future use of Internet, email as well as other factors. Comments could also be given.

#### **5. Analysis of e-commerce benefits**

##### **5.1 Cost**

The Asia foundation (2003) found that non-internet users cited cost as a prohibitive factor for Internet access. These non-internet users believe that the Internet is not a relevant medium to satisfying customers or achieving business growth, however if there were no cost involved those non-internet users would probably have had a different view. As cost is a prohibited factor it is suggested that businesses that are in a position to benefit from e-Commerce will plan for Information Technology (IT) investment as they would for other business expansion plans.

There are Internet service providers operating with various associated cost. These costs can be reduced by splitting e-Commerce requirements into smaller operational parts e.g., utilising the free email facilities at one of the SmartCape projects. More details on the SmartCape project are covered in the paper.

Our survey indicates in Table 1 that “The cost of the Internet tends to outweigh benefits” was strongly disagreed by the respondents (see table and graph 4 in appendix c). This is an indication

that those SMMEs that do have Internet, find it far more beneficial than the cost involved utilising e-Commerce. Further investigation highlights that the cost factors having Internet access can be broken down in different segments to save on cost. Further investigation indicates that email is a main source of communication, it is assumed for this research that a major cost factor could be attributed to email. As an alternative to overcome this cost factor, SmartCape is providing free access to email and Web site links. With free access to email and Internet, access to global markets can also be considered free.

### Internet and Email Users

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Internet has no relevance to my business	87.50	12.50	0	6.25	0
E-commerce is really just a fashion	43.75	31.25	25	0	6.25
The Cost of the Internet tends to outweighs benefits	37.50	50	0	6.25	12.50
The Internet poses security threats to my business	6.25	18.75	18.75	160.25	0
There is an element of fear surrounding the Internet	6.25	12.50	37.50	43.75	0
The Internet is mainly for young business	50	31.25	6.25	12.50	6.25
Our employees will waste time using the Internet	31.25	18.75	37.50	0	18.75
Our customers increasingly, expect us to trade on line	31.25	6.25	12.50	50	25
The internet is a valuable business tool	6.25	0	0	56.25	43.75
Developing new products and service is vital for the success of our business	12.50	0	12.50	56.25	31.25
Our ability to tap into markets across a wide geographical area is vital for success	12.50	0	0	43.75	43.75
Small companies stand to gain more from using the Internet than their larger competitors	25	12.50	56.25	12.50	0

**Table 1 Internet Cost**

## 5.2 Global Exposure

e-Commerce use highlights the ability of SMMEs to access new markets across the globe, enabling activities that might not be otherwise supported by the local market. This could be particularly beneficial for those SMMEs located in low population areas. e-Commerce tools can provide SMMEs with access to marketing, research, banking, training and information on business opportunities far more cheaply and easily than previously. The Internet is also “colour-blind”, and able to cut through many social and language barriers, which restricts or distorts growth.

With the opening of the Cape Town International Convention Centre (CCTCC) in the Western Cape, Sitonga, (2002) predicts that tourism will provide highways to emerging international markets linked via the Web. This research indicates that to exploit new markets (table 4 Internet and Email Users in appendix) it is of paramount importance to provide e-Commerce, having access to global markets, has the edge over competitors.

## 5.3 Infrastructure

Stavrou (2000) finds that South Africa may consider assigning e-mail addresses to each post box address in the country, thereby providing e-mail to about 8.2 million households. Public Internet terminals could be installed in all Post Offices using an encoded card with a personal ID number, whereby users will be able to send, retrieve and print e-mail messages. Stavrou (2000) concludes that there are important projects in South Africa to provide universal access to these technologies, such as telecentres, Dot ZA centres and libraries (SmartCape), but unlikely to enable or benefit the disadvantaged sector of society to use e-Commerce.

The ECT Bill (2002) stipulates that the Ministry may facilitate the establishing of electronic communication centres for SMMEs, facilitating the development of web site portals to enable SMMEs to transact electronically and to obtain information about markets, products and technical assistance. Furthermore, the provision of such professional and expert assistance and advice to SMMEs could be facilitated to utilise electronic transacting efficiently for their development.

The Department of Economic Development and Tourism (DEDT) provides a resource centre with free internet access and a portal, allowing anyone with internet access to interact with government through a web site.

As SmartCape has six pilot projects within the Western Cape providing e-mail, Internet surfing and electronic banking with a current limit of 3 mega bytes free per user account. The criteria to register as a user is to be a member of the Cape Town City library. This is done free of charge. The e-mail account will be available from any Internet linked Personal Computer by using a web interface.

With these structures in place a small portion of the cost could be incurred to obtain the flexibility and freedom to work from your location of choice, as most SMMEs indicated.

#### **5.4 Freedom and Flexibility**

Most SMMEs in the tourism industry indicated that they started their business on their own. SMMEs in this industry indicate that they want the freedom and flexibility to be their own 'boss' and to enjoy the out-door and travel. SMMEs have more flexibility and freedom to operate their business from anywhere and everywhere using e-Commerce. To achieve anywhere everywhere access, a link to an Internet connection is required. For this, Internet cafés, web portals and expansion of the SmartCape access points at various locations are provided throughout the Western Cape.

#### **5.5 Security**

Table 2 (see below) indicates that SMMEs respond that "The Internet poses security threats to my business" as vulnerable. With this in mind, and assuming that this would include be transferring of funds, alternative solutions should be applied. Selling of crafts, which is a great tourism market, to urban or foreign markets has a great potential, and could be done through national organisations to find markets and take the risk of transactions, and pass the opportunity onto craftspeople linked to community centres. It would probably be a waste of money and effort for all these entrepreneurs to become ICT literate, but a telecentre could be a good intermediary to exploit these opportunities. Other transactions could be outsourced to specialist in the field.

To this end, the benefit would by all probability outweigh the cost (Admin, infrastructure, service fee, transfer to and fro from institution cost).

### Internet and Email Users

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Internet poses security threats to my business	6.25	18.75	18.75	160.25	0
There is an element of fear surrounding the Internet	6.25	12.50	37.50	43.75	0

**Table 2 Taken from Appendix C Table 4: Internet and Email Users**

### 5.6 Competition

As indicated by the respondents, Table 3 below reflects, to gain an edge over competitors where e-Commerce is essential. It also points to the fact that it is competitive across all these factors listed. e-Commerce can be regarded as a major aid becoming competitive. It allows, to a certain degree, for SMMEs to compete against big organisations as it allows access to global markets.

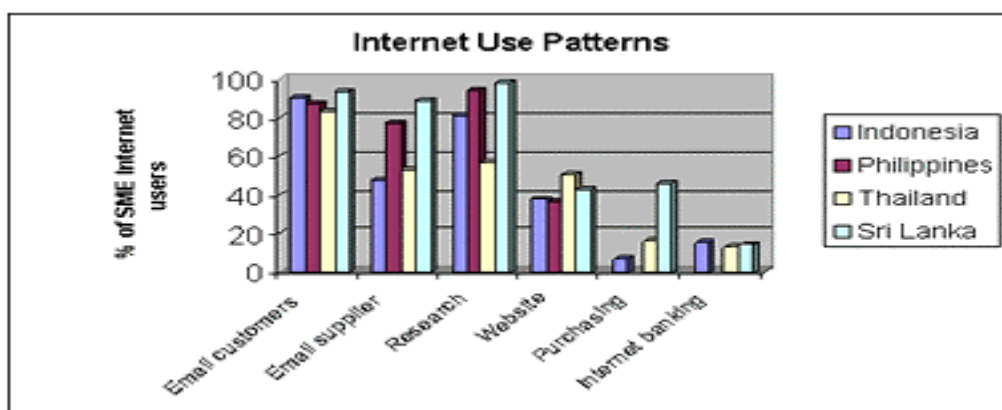
**How important were the following issues in influencing your decision to use the Internet and/or e-mail for your business at the present time**

	Not Important	Less Important	Marginal Important	Important	Very Important
To gain an edge over the competitors	0	6.25	25	50	12.50
To attract new new customers	0	0	12.50	37.50	43.75
To exploit new markets	0	6.25	6.25	43.75	50
To communicate with suppliers	12.50	18.75	6.25	43.75	18.75
To search for new tourist suppliers	6.25	18.75	25	18.75	31.25
To improve internal and external communications	0	12.50	0	43.75	37.50
To streamline operations	6.25	12.50	12.50	43.75	25
To research the industry and markets	0	6.25	18.75	37.50	37.50
To assess its potential benefits	0	1	25	43.75	25
To keep up with the competition	0	0	18.75	56.25	25
Access to International Markets	6.25	0	0	56.25	37.50

**Table 3: Competition**

### 5.7 Communication

The Asia Foundation (2003) listed in their key findings that “communication with customers is the driving force behind adoption of e-Commerce. Figure 3 below indicates that email is the most commonly used Internet application.



**Figure 3: Internet use Patterns**

As indicated in Table 4 that communication plays an important role in the Tourism industry for communicating (to arrange, organising, buying, scheduling bookings, etc.) with customers. To communicate in the global market Internet provides a vital link to various tourism opportunities. Communication here can be seen as emailing, e-commerce transactions, viewing of new products or market segments, insight into new destinations.

	Not Important	Less Important	Marginal Important	Important	Very Important
Information exchange with customers	0	0	18.75	37.50	43.75
Because it is expected in our industry	0	6.25	25	31.25	37.50
To communicate with existing customers	0	0	6.25	43.75	43.75
Customer require on-line access	0	0	12.25	56.25	31.25
Suppliers requested on-line access	6.25	31.25	18.75	31.25	12.25
My business advisers suggested it	25	25	18.75	25	0

**Table 4: Communication**

## 6. Conclusion

This research reveals factors that reflect the concerns of the respondents. Table 5 below indicates that there is an increase by SMMEs adopting the use of Internet. It also highlights those who do not have Internet at the time of conducting the research, but are in the process of obtaining it. It can be assumed that those are the SMMEs that still need to establish what the benefits of adopting to e-Commerce would have on their operations.

	Currently Using	Within a year	Within in 3 years	More than 3 years	Never
Has a web page	87.5	6.25	0	6.25	0
Schedule bookings via the Internet	75	6.25	6.25	6.25	6.25
Promotes services via the internet	93.75	0	0	6.25	0
Supplies tour information via the Internet	75	0	0	0	12.50
Bids for contracts via the Internet	50	0	6.25	0	37.50
Uses the internet to find out about the competitors	81.25	6.25	0	0	0
Uses the Internet to find out about our customers	62.50	12.50	0	0	25
Uses the Internet to find new	68.75	12.50	0	0	12.50

suppliers/ventures/tourist needs					
Uses the Internet to build business connection	87.50	12.50	0	0	0
Monitors the number of visitors (hits) to our site	68.75	25	0	0	0
Has a separate on-line subsidiary (service provider)	50	6.25	6.25	0	31.25
Have made staff changes to make use of the Internet	6.25	6.25	0	0	81.25

**Table 5: Company adoption of e-Commerce (Current and Future)**

The finding of this survey indicates that many SMME's indicated that there is a great need for adoption to e-Commerce. The Internet has been shown to be a disruptive technology that has influenced the business environment. Although respondents indicated that greater usage of the Internet would improve their business' competitiveness, cost of implementing and running e-commerce business are not perceived to be strong barriers to greater adoption by the Western Cape Tourism SMME's.

In summary it can be said that the following objectives were achieved from this research:

- A good indication of the level of e-Commerce adoption by Tourism SMME's in the Western Cape has been perceived.
- The current and future trend to the adoption, implementation and utilization of e-commerce by Western Cape Tourism SMME's has been highlighted.
- The benefits of e-commerce adoption by Western Cape Tourism SMME's have been pointed out.

The role of the Local and National Government in the adoption of e-Commerce cannot be understated. Important factors to grow SMMEs are communication costs, greater competition and global exposure. Extensions to the ECT bill may be required to enhance the adoption of e-Commerce to remove some barriers for South African SMMEs to be competitive in the global market.

## **7. Future**

Increased use of e-Commerce can only possible if SMMEs have sufficient finance, labour, production capacity and raw materials (Stavrou 2000). In short, e-Commerce has the potential to support local economic development, but only if issues of trust, support and business growth are encouraged. In Table 6 below, respondents indicated that in order for firms to adopt e-Commerce, Government should provide more incentives. They strongly agree that e-Commerce is a strong contributing factor to the tourism industry. From this research it can also be concluded that businesses are marginally prepared for e-Commerce adoption. Refer to Table 6 below.

**Using internet and email**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>No idea</b>
Are companies prepared for e-commerce			31.25	50	6.25	6.25
Should government give more incentives to help firms get onto the internet		6.25	6.25	60.25	18.75	
E-commerce will contribute to the future of tourism industry in the Western cape				50	43.75	

**Table 6: Future**

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## APPENDIX A

### Questionnaire Letter of Introduction

Dear Sir/Madam

As a BTech student at the Cape Technikon, I am conducting a research project titled "Benefits to SMME's adopting e-Commerce in the Western Cape in the Tourism Industry". The paper will be presented in Durban at the WWW2003 conference in September 2003. This paper is of great importance, as most SMME's perceive that there is no "benefits" in adopting e-Commerce.

My Study leader is Mr Stuart Warden, HOD: e-Business, Cape Technikon, [stuart@ctech.ac.za](mailto:stuart@ctech.ac.za), Tel (021) 464 1300, and is fully supportive of my research project.

You were randomly selected from a list of tour operators/tourism entrepreneurs published by Captour. You are hereby asked to please give your opinion on this issue. In order that the results will truly represent tour operators within the tourism industry, it is important that your questionnaire is completed and returned as soon as possible.

All the information you give will be totally confidential.

The results of this research will be used to in the Western Cape to encourage SMMEs in the tourism industry to consider the benefits for adopting to e-Commerce.

If you have any questions you wish to ask or there is anything you wish to discuss, please do not hesitate to email or phone me: (021) 400 4695 (w, o/h), (021) 697 0036 (h, a/h) or email me at [Ricky.Williams@CapeTown.gov.za](mailto:Ricky.Williams@CapeTown.gov.za) .

Alternatively you could contact our research assistant Christopher, Tel (021) 464 1315, [ebingc@ctech.ac.za](mailto:ebingc@ctech.ac.za) or Fax (021) 464 1371

Herewith attached a questionnaire. Your input and cooperation would and will be much appreciated.

Your Sincerely  
Ricky Williams  
Cape Technikon, BTech Student  
Student Number: 9350160

**APPENDIX B**

**Sample Questionnaire**

**PLEASE COMPLETE FORM A, B AND C OR D DEPENDING ON YOUR CHOICE AT THE  
END OF FORM B**  
*Business Demographics*

<b>Form A</b>
---------------

Company Name (optional): -----

Contact Details (optional): Ph:----- Fax:----- Email:-----

When did your business start?

- In the past 12 months       1-3 years ago       More than 3 years ago

How did you start the business?

- Started the business by yourself/ with partners       Bought going concern       Management buy-in / buy-out       Inherited the firm

Do you operate the business from:

- Your home       Separate business premises

Approximately what percentage of your business do you trade with?

	Western Cape	South Africa	Africa	National (UK wide)	European	Other overseas markets	World Wide
0% to 10%							
11% to 20%							
21% to 40%							
41% to 60%							
61% to 80%							
81% to 100%							
I don't know							

Which of the following would be a major objective for your business for the next three years?

- To reduce in size       Stay same size       Grow moderately       Grow substantially

How do you advertise yourselves to potential clients/e-marketplace participants?

- Presentations       Trade Fairs       Brochures       Magazine/Newspaper  
 Promotional       Packs Billboards       Web advertising/email       Other (Please Specify)

Other:

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Please indicate which of the following (if any) your firm uses:

- Personal computers       E-mail       The Internet  
 Company intranet       Other (e.g. LAN, EDI)       (Please specify)

## Electronic Commerce Perception

(For Internet or Email users)

<b>Form B</b>
---------------

Please indicate how much you agree with each of the following statements:

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Internet has no relevance to my business					
E-commerce is really just a fashion					
The cost of the Internet tends to outweigh benefits					
The Internet poses security threats to my business					
There is an element of fear surrounding the Internet					
The Internet is mainly for young businesses					
Our employees will waste time using the Internet					
Our customers increasingly, expect us to trade on-line					
The Internet is a valuable business tool					
Developing new products and service is vital for the success of our business					
Our ability to tap into markets across a wide geographical area is vital for success					
Small companies stand to gain more from using the Internet than their larger competitors					

**Think back, how important were the following issues in influencing your decision to use the Internet and/or e-mail for your business at the present time?**

	Not important	Less importance	Marginal importance	Important	Very important
To gain an edge over my competitors					
Because it is expected in our industry					
To communicate with existing customers					
Customers require on-line access					
To attract new customers					
To exploit new markets					
To communicate with suppliers					
Suppliers requested on-line access					
To search for new tourist suppliers					
To improve internal and external communications					
To streamline operations					
To research the industry and markets					
To assess its potential benefits					
My business advisers suggested it					
To keep up with the competition					
Access to International markets					
Information exchange with customers					

### Impact assessment

	Positive	Negative	None	I do not know
Internet as a tool for global trade?				
Internet impact on my business				
Email impact on my business				

Comments/Remarks

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:  
 Please complete form D if you are currently using email and / or Internet  
 Please complete form C if you are NOT using email and / or Internet

## Electronic Commerce Perception

(For NON Internet or Email users)

Form C

Please indicate how much you agree with each of the following statements:

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Internet has no relevance to my business					
E-commerce is really just a fashion					
The cost of the Internet tends to outweigh benefits					
The Internet poses security threats to my business					
There is an element of fear surrounding the Internet					
The Internet is mainly for young businesses					
Our employees will waste time using the Internet					
Our customers increasingly, expect us to trade on-line					
The Internet is a valuable business tool					
Developing new products and service is vital for the success of our business					
Our ability to tap into markets across a wide geographical area is vital for success					
Small companies stand to gain more from using the Internet than their larger competitors					

**Think back, how important were the following issues in influencing your decision NOT to use the Internet and/or e-mail for your business at the present time?**

	Not important	Marginal important	Some importance	Important	Very important
Too expensive					
Too complex					
Too slow and disorganised					
Not relevant to the business					
Too insecure					
Lack of time					
Lack of staff with IT skills					
No wish to expand further					
Few of my customers are on-line					
Few of my suppliers are on-line					
Few of my competitors are on-line					
Fear of being 'ripped off'					
Lack of knowledge about Internet					
Lack of advice and support from local authorities and public agencies					

*Please Comments/Remarks here on the above:*

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**The Future/Market Perception**  
(using internet and email)

In your view:

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		No idea
Are companies prepared for e-commerce												
Should government give more incentives to help firms get onto the internet												
E-commerce will contribute to the future of tourism industry in the Western Cape												

*Please comment/remark here on the above:*

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Are you aware of the Electronic Communication Transaction(ECT) Bill	Y	N
---	---	---

*Please comment/remark here on the above:*

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**Your Company's Adoption of Electronic Commerce (future or current)**

	Have it now		Within a year		Within 3 years		More than 3 years		Never
Has a web page									
Schedule bookings via the Internet									
Promote services via the Internet									
Supplies tour information via the Internet									
Bids for contracts via the Internet									
Uses the Internet to find out about our competitors									
Uses the Internet to find out about our customers									
Uses the Internet to find new suppliers/ventures/tourist needs									
Uses the Internet to build business connections									
Monitors the number of visitors (hits) to our site									
Has a separate on-line subsidiary(service provider)									
Have made staff changes to make use of the Internet									
Gives staff formal training on using Internet									
A company strategy for developing electronic commerce									
A computerised database of your company's									
A computerised database of your company's									
A computerised inventory of your company's products or services									
Company electronic mail (e-mail)									

Company access to the Internet on a dial-up line					
Company access to the Internet on a dedicated or Leased line					
A website demonstrating your company's products or services					
Customer orders received through your Internet Website					
Customer payment by credit card through the Internet					
Business payment by credit card through the Internet					
Customer services provided on the Internet					

*Please comment/remark here on the above or anything that you feel should be listed or is of a concern to you:*

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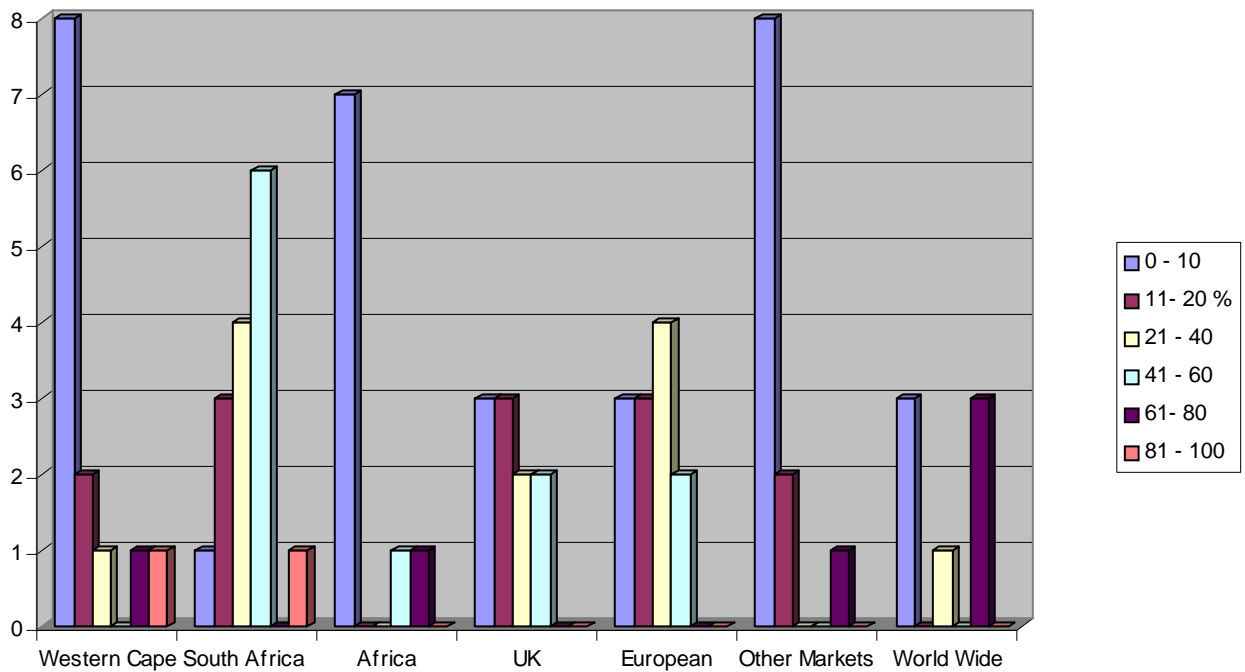
## APPENDIX C

Statistics Tables and Graphs drawn from the questionnaire

Table C1: Market sector

	Western Cape	South Africa	Africa	UK	European	Other Markets	World Wide
0 - 10	50	6.25	43.75	18.75	18.75	50	18.75
11 - 20 %	12.5	18.75	0	18.75	18.75	12.50	0
21 - 40	6.25	25	0	12.50	25	0	6.25
41 - 60	0	37.5	6.25	12.50	12.50	0	0
61 - 80	6.25	0	6.25	0	0	6.25	18.75
81 - 100	6.25	6.25	0	0	0	0	0
I don't know	0	0	0	0	0	0	0

Graph C1: Market Sector



## Table C2: Advertising Media

	Presentation	Promotional	Trade Fairs	Brochures	Web Advertising/Email	Magazine/Newspaper	Other
How do you advertise your business	81.25	75	62.50	100	100	100	18.75

## Table C3: What do companies use at present

	Personal computer	E-mail	The Internet	Company intranet	Other
Please indicate which of the following your firms uses	93.75	100	100	12.50	6.25

## Table C4: Internet and E-mail users

### Internet and Email Users

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The Internet has no relevance to my business	87.50	12.50	0	6.25	0
E-commerce is really just a fashion	43.75	31.25	25	0	6.25
The Cost of the Internet tends to outweighs benefits	37.50	50	0	6.25	12.50
The Internet poses security threats to my business	6.25	18.75	18.75	160.25	0
There is an element of fear surrounding the Internet	6.25	12.50	37.50	43.75	0
The Internet is mainly for young business	50	31.25	6.25	12.50	6.25
Our employees will waste time using the Internet	31.25	18.75	37.50	0	18.75
Our customers increasingly, expect us to trade on line	31.25	6.25	12.50	50	25
The internet is a valuable business tool	6.25	0	0	56.25	43.75
Developing new products and service is vital for the success of our business	12.50	0	12.50	56.25	31.25
Our ability to tap into markets across a wide geographical area is vital for success	12.50	0	0	43.75	43.75
Small companies stand to gain more from using the Internet than their larger competitors	25	12.50	56.25	12.50	0

Graph C4: Internet and Email users

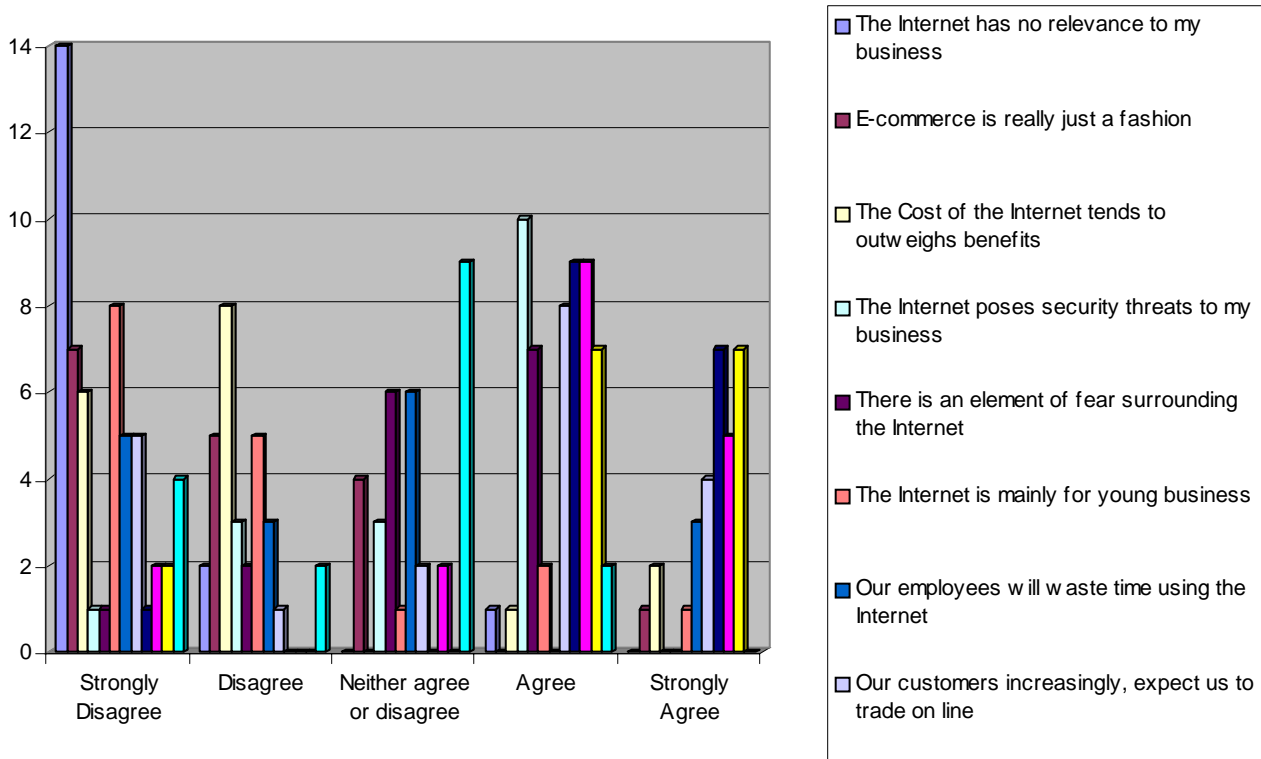
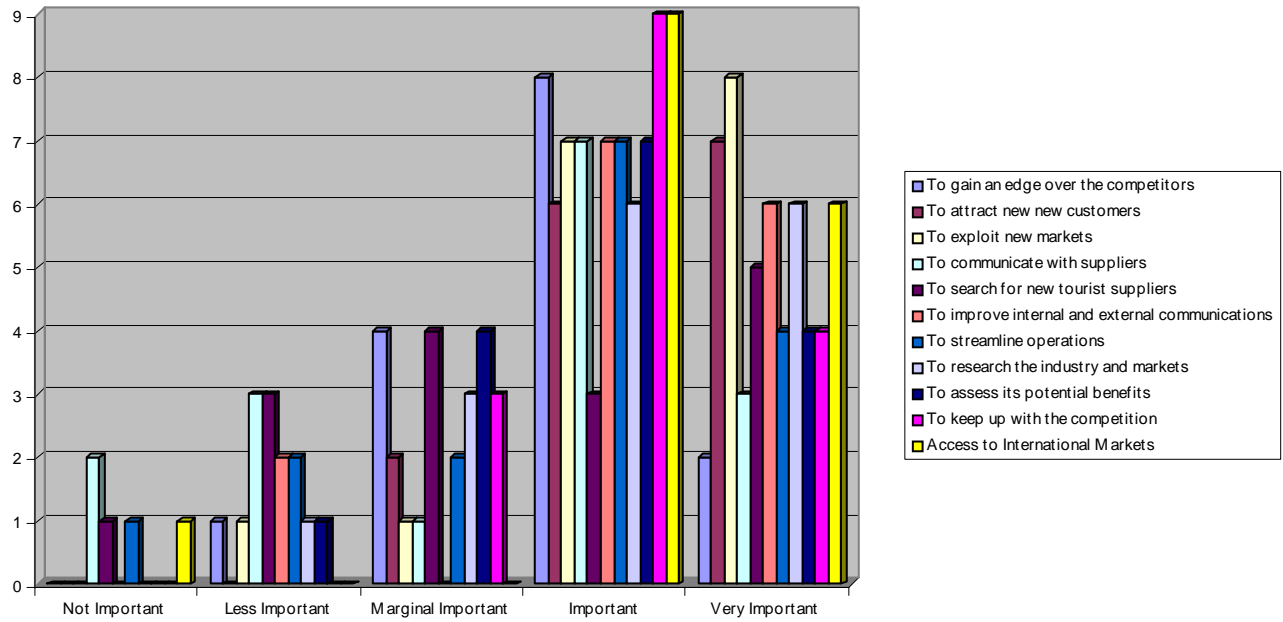


Table C5: Business opportunities and Customer Relations

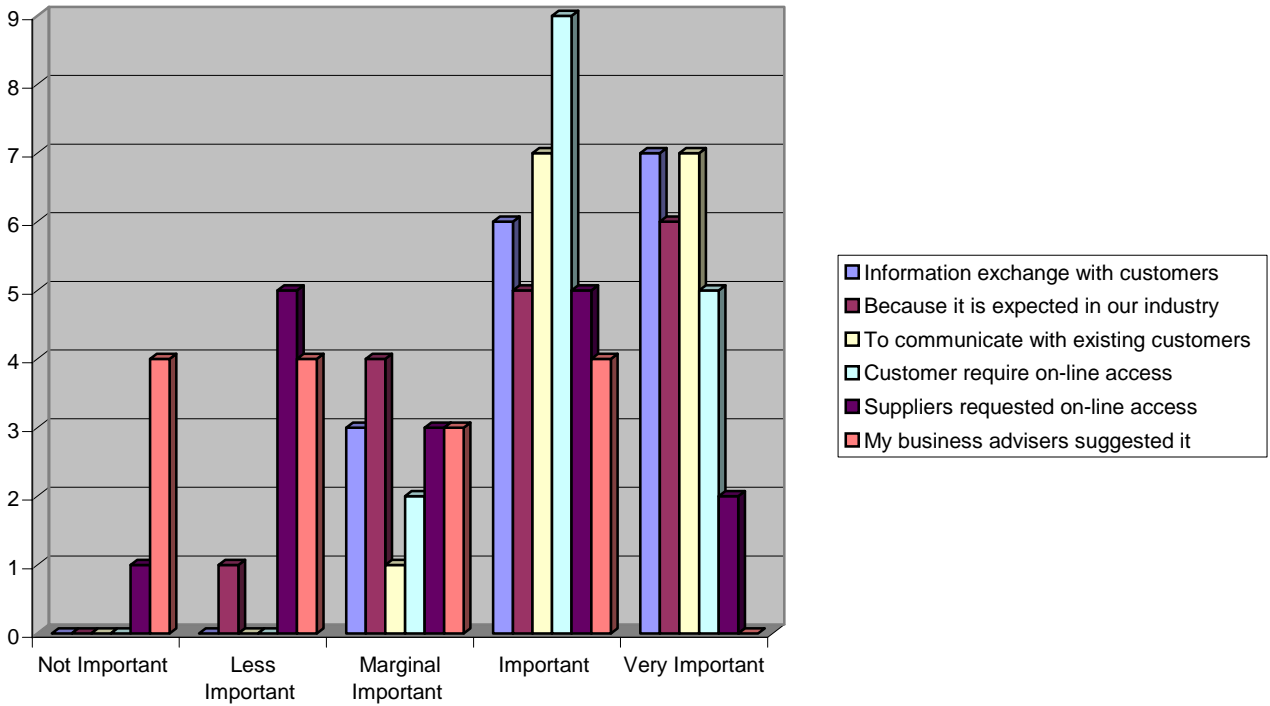
How important were the following issues in influencing your decision to use the Internet and/or e-mail for your business at the present time

	Not Important	Less Important	Marginal Important	Important	Very Important
To gain an edge over the competitors	0	6.25	25	50	12.50
To attract new new customers	0	0	12.50	37.50	43.75
To exploit new markets	0	6.25	6.25	43.75	50
To communicate with suppliers	12.50	18.75	6.25	43.75	18.75
To search for new tourist suppliers	6.25	18.75	25	18.75	31.25
To improve internal and external communications	0	12.50	0	43.75	37.50
To streamline operations	6.25	12.50	12.50	43.75	25
To research the industry and markets	0	6.25	18.75	37.50	37.50
To assess its potential benefits	0	1	25	43.75	25
To keep up with the competition	0	0	18.75	56.25	25
Access to International Markets	6.25	0	0	56.25	37.50
	Not Important	Less Important	Marginal Important	Important	Very Important
Information exchange with customers	0	0	18.75	37.50	43.75
Because it is expected in our industry	0	6.25	25	31.25	37.50
To communicate with existing customers	0	0	6.25	43.75	43.75
Customer require on-line access	0	0	12.25	56.25	31.25
Suppliers requested on-line access	6.25	31.25	18.75	31.25	12.25
My business advisers suggested it	25	25	18.75	25	0

Graph: C5.1: Business Opportunities



Graph 5.2: Customer Relationship



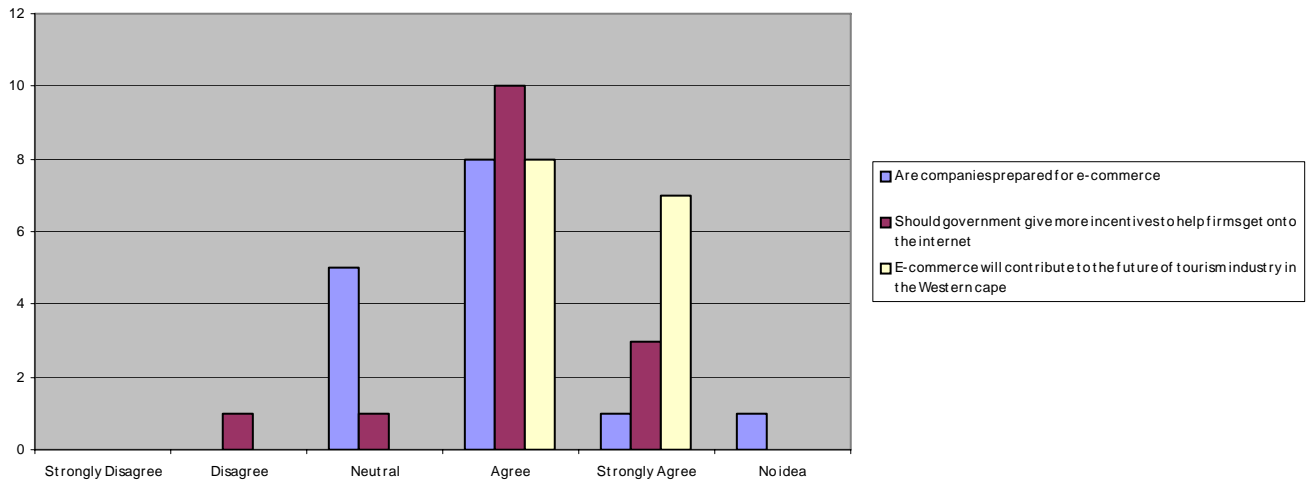
**Table C6: Users perceptions**

**Using internet and email**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No idea
Are companies prepared for e-commerce			31.25	50	6.25	6.25
Should government give more incentives to help firms get onto the internet		6.25	6.25	60.25	18.75	
E-commerce will contribute to the future of tourism industry in the Western cape				50	43.75	

**Chart C6: Users perceptions**

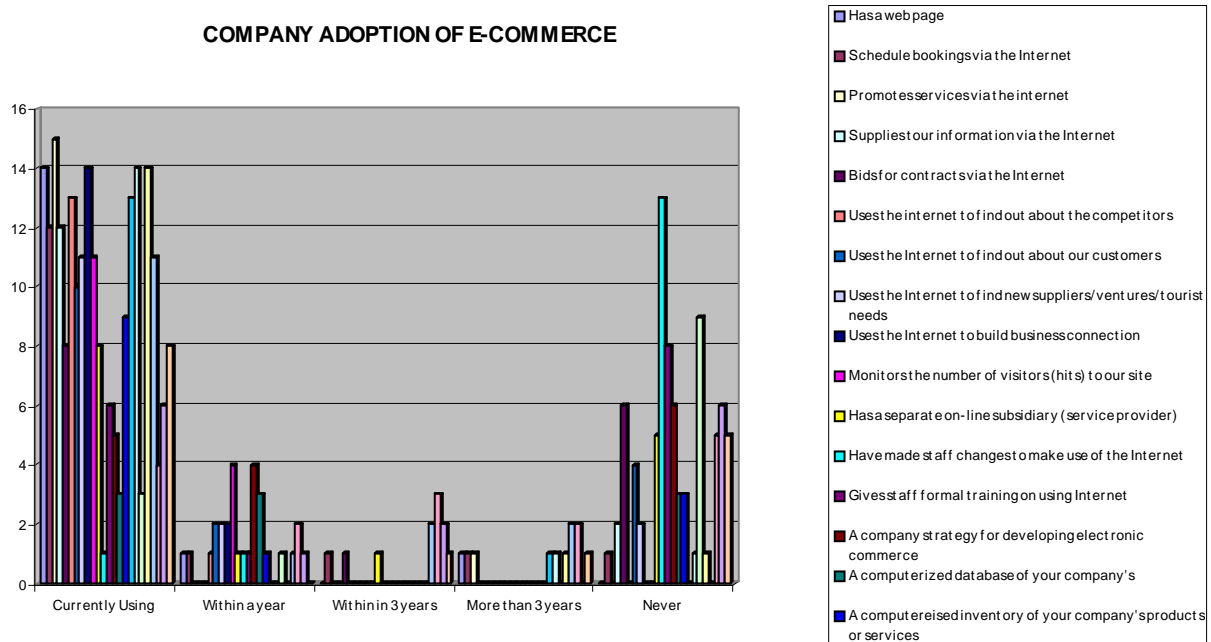
**USING INTERNET AND EMAIL**



**Table C7: Company adoption of e-commerce (Current and Future)**

	Currently Using	Within a year	Within in 3 years	More than 3 years	Never
Has a web page	87.5	6.25	0	6.25	0
Schedule bookings via the Internet	75	6.25	6.25	6.25	6.25
Promotes services via the internet	93.75	0	0	6.25	0
Supplies tour information via the Internet	75	0	0	0	12.50
Bids for contracts via the Internet	50	0	6.25	0	37.50
Uses the internet to find out about the competitors	81.25	6.25	0	0	0
Uses the Internet to find out about our customers	62.50	12.50	0	0	25
Uses the Internet to find new suppliers/ventures/tourist needs	68.75	12.50	0	0	12.50
Uses the Internet to build business connection	87.50	12.50	0	0	0
Monitors the number of visitors (hits) to our site	68.75	25	0	0	0
Has a separate on-line subsidiary (service provider)	50	6.25	6.25	0	31.25
Have made staff changes to make use of the Internet	6.25	6.25	0	0	81.25

**Graph C7: Company adoption of e-commerce (Current and Future)**

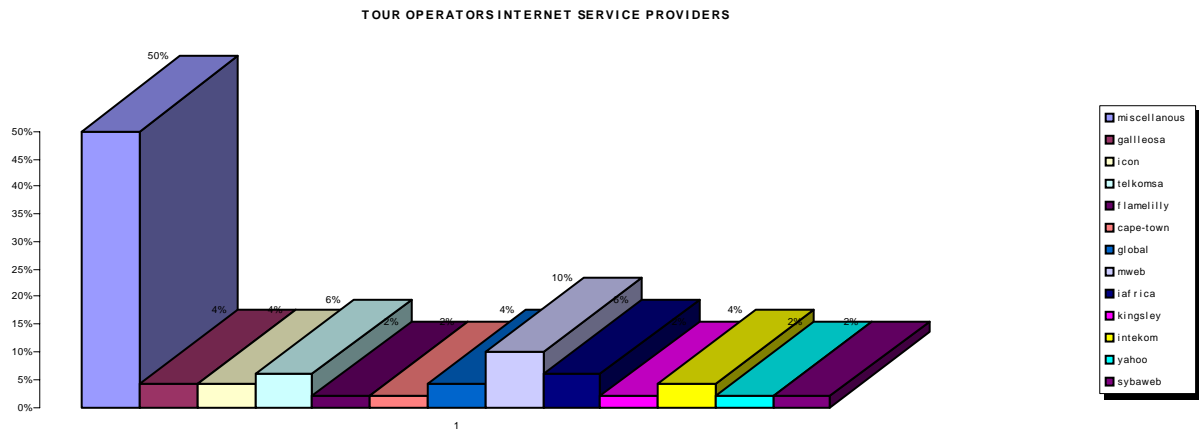


### Table C8: Tour Operators Internet Service Providers

Tour Operators Internet Service Providers

Miscellaneous	24	50%	
Galleosa	2	4%	8%
Icon	2	4%	8%
Telkomsa	3	6%	13%
Flamelilly	1	2%	4%
cape-town	1	2%	4%
Global	2	4%	8%
Mweb	5	10%	21%
lafrica	3	6%	13%
Kingsley	1	2%	4%
Intekom	2	4%	8%
Yahoo	1	2%	4%
Sybaweb	1	2%	4%
	48		
	24		

### Graph C8: Tour Operators Internet Service Providers



**INTERNET SERVICE PROVIDER WITHOUT MISCELLANEOUS**

