FACTORS INFLUENCING THE CONSUMPTION OF
MEETINGS, INCENTIVES, CONFERENCES, AND
EXHIBITIONS (MICE) PRODUCTS IN KENYA: A CASE OF
KENYATTA INTERNATIONAL CONFERENCE CENTER
(KICC)

BY

NJOROGE MARY WAITHIRA

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2014
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A Project Report Submitted to the Chandaria School of Business in partial fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2014
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University in Nairobi for academic credit.

Signed: __________________________ Date: __________________________

Mary Njoroge ID. No: 611703

This report has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________ Date: __________________________

Mulindi Patrick

Signed: __________________________ Date: __________________________

Dean, Chandaria School of Business
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ACKNOWLEDGEMENT

I would like to thank God Almighty for the gift of knowledge and intellect and for His generous providence in my academic and general life. Special thanks to my family for their undying love and support in all my academic ventures and for their constant challenge and encouragement towards this endeavor. My appreciation goes to my research lecturer and my Supervisor Mr. Patrick Mulindi for imparting ample skills unto me and for guiding me through the process of conducting this research and to the United States International University where I’ve garnered adequate knowledge and opportunity to develop mastery in my field. I would also like to thank the research and development department at KICC for providing the information I required to make this research a success. To all my friends and colleagues who made a significant contribution to this project, it was indeed a team effort! I am so grateful.
DEDICATION

I dedicate this project to my lovely daughter Inaya. You are a blessing and your smile lights up even my darkest of days. I hope that I am an inspiration to you and that you will aspire to surpass my achievements.
ABSTRACT

The general objective of this study was to investigate the factors that influence the consumption of MICE products in Kenya; a case of Kenya International Conference Center (KICC). The specific objectives of the study were to identify the influence of price on consumption of MICE products; to establish whether promotional activities influence consumption of MICE products; to investigate the influence of product attributes on the consumption of MICE products; and to find out whether place or distribution influences the consumption of MICE products.

The study adopted descriptive research design using a case study. A total of 399 corporates, political parties and other institutions situated in Nairobi that consume MICE products at the Kenyatta International Conference Centre (KICC) constituted the target population. A sample of 40 respondents was selected from this population using purposive sampling technique where these institutions were selected with a preference to repeat customers for the period 2010-2012. Data was collected using a questionnaire which adopted both open-ended and closed-ended questions. Data processing and analysis was done with the aid of Statistical Package for Social Sciences (SPSS). Tables and figures were used to present the analyzed data. Correlation analysis and regression analysis were used to show the relationship and the significance of the relationship between the variables.

The study found out that among the components of price factor influencing the choice of the MICE venue by consumers, the main components include organizations’ budget allocations, ongoing promotions, cost of the venue and flexible payment terms. The study found that business travellers are sensitive to price and before settling for a particular destination, they tend to consider a variety of competing destinations. Consumers are also more likely to purchase several products as a package as opposed to purchasing the individual products by themselves. This is because the consumer is more likely to be charged a lower rate when they buy the package. The study concluded that it is necessary for MICE venues ensure that they have competitive prices as compared to their competition to ensure that they succeed in attracting visitors to their venue or else they will be at a disadvantage.
The study revealed that MICE consumers carry out extensive research on venues before making their hire decision and they scrutinize the ‘product’ to the very detail to ensure that it matches or meets their specific and unique needs. Key product attributes that influenced these consumers’ choice of MICE venue included among others; one-stop-shop, venue accessibility, parking space, cleanliness and organization, and security and safety measures. Packages composed of all these elements were more appealing to consumers. It was also found necessary for MICE venues to have the equipment/ facilities that the consumer requires before the consumer decides to acquire their services.

The study revealed word-of-mouth as the most popular medium through which the MICE consumers learnt about the venues they hired. The study also revealed that among the promotional factors informing consumers’ choice of the venue, consumer awareness, communication about the quality of the venue, consumer’s tastes and preferences, renowned brands and advertising were primary. It is necessary for customers to be aware of the availability/ existence of a certain product in order for them to acquire it.

Direct channel was found to be the most popular channel of distribution among the consumers of MICE products. Consumers preferred to deal directly with the service providers as opposed to engaging through intermediaries/ agents. The study also revealed that contacts and negotiation agreements between the consumers and the venue proprietors are instrumental in influencing the MICE consumers’ choice of the venues. It was thus found necessary for MICE companies to ensure there is contact with customers in order to facilitate distribution.

Recommendations included more marketing and cultivating healthy and long term relationships between the service providers and the consumers. As service providers in MICE industry take advantage of price dynamism, they must ensure provision of quality services. They should also endeavor to design and package ‘products’ that not only meet the unique needs, tastes and preferences of these consumers but also exceed their expectations. They should also ensure that they avail as much information as possible to both the local and international markets.
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<tr>
<td>CVBs</td>
<td>Convention and Visitor Bureaus</td>
</tr>
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<td>DIS</td>
<td>Department of Investment Services</td>
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<td>DMOs</td>
<td>Destination Marketing Organizations</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoK</td>
<td>Government of Kenya</td>
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<td>ICCA</td>
<td>International Congress &amp; Convention Association</td>
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<td>International Association of Professional Congress Organizers</td>
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<td>MICE</td>
<td>Meetings, Incentives, Conferences and Exhibitions</td>
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<td>UNWTO</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Tourism, according to The United Nations World Tourism Organization; UNWTO (2007) refers to 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 not related to the exercise of an activity remunerated from within the place visited. Tourism is now widely recognized as the world’s largest and most diverse industry and plays a major role in the world economy (Girod, 2009).

In 2008, international tourist arrivals grew by 2%, to reach 924 million, 16 million more than in 2007 (UNWTO World Tourism Barometer, 2009). Moreover by 2020, the UNWTO forecasts up to 1.6 billion international tourist arrivals. It is one of the fastest growing industries and a primary source for employment and for generating foreign exchange (Page & Connell, 2006; Cooper, Fletcher, Fyall, Gilbert & Wanhill, 2008). Within the tourism industry, different travel purposes can be found (Cooper et al., 2008; Holloway, 2006; Boniface and Cooper, 2005). According to the UNWTO (2008) these travel purposes can be categorized as leisure and recreation; other tourism purpose, include visiting friends and relatives (VFR), religion, study and health tourism; and business and professional, including the Meeting, Incentive, Conference and Exhibition (MICE) activities.

The MICE industry has been recognized as a significant hospitality market segment over the past decades. In 2009, a total of 11,929 international meetings were held worldwide (Yang & Gu, 2011). The industry consists of multi-sectors of hospitality services, including lodging, food and beverage, catering, convention service, convention facility supply, transportation, tourism, retail, and entertainment and thus bears great importance for the local economy of a destination (Yang & Gu, 2011).

According to Braley (2008) the demand for MICE capacity is uncertain and highly seasonal and convention and exhibition facilities, like hotel rooms, are perishable. CEIR (2009) argues that the demand of the MICE industry is usually affected by seasons, holidays, and weather...
conditions. Further, fluctuations in the economy and competition from rivaling destinations always cause uncertain markets to a MICE destination (Astroff & Abbey, 2006; Fenich, 2008; Isler, 2008).

MICE industry—a service industry combining trade, transportation, finance, and travel—has been active in Europe and America for over a century. The industry is characterized by the ‘Three Highs’—high growth potential, high added-values, and highly beneficial innovations; the ‘Three Larges’—large output, large opportunities for employment, and large industry associations; and the ‘Three Advantages’—advantage over other industries in human resources, technological know-how, and the efficient utilization of assets (GIS, 2012).

International Congress & Convention Association (ICCA) statistics show, that a total of 400,000 conferences and exhibitions are held worldwide every year at the total outlay of US$280 billion. The Global Association of the Exhibition Industry (UFI) points out that as annual MICE industry output value has already reached US$1.16 trillion (including US$400 billion for conferences and US$760 billion for exhibitions), MICE could be counted on to bring enormous economic benefit to the countries and cities that host them (GIS, 2012).

Today, countries all over the world are putting their best foot forward to develop the MICE industry as a means to enliven national economic development (Yang & Gu, 2011). To the U.S. economy the industry contributes $263 billion in annual spending, provides $25.6 billion in tax revenue at the federal, state, and local levels, and creates 1.7 million jobs for the American workforce in local communities. For Singapore, which relies on MICE heavily for its tourism industry, MICE business contributes even more to the nation’s economy. Every dollar generated by the MICE industry adds another $12 to the national gross domestic product (Yang & Gu, 2011).

As nations around the world are optimistic about MICE industry development, exhibition space will continue to grow in the years ahead (UNWTO, 2008). In its October 2007 report—“World Map of Exhibition Venues”—UFI notes that in 2006, there were a total of 1,062 exhibition halls around the world with indoor exhibition space exceeding 5,000m2, meaning that there is approximately 53.1 million m2 in total indoor space primarily located in Europe, North America, and Asia. More specifically, exhibition halls in the U.S.,
Germany, China, Italy, and France assume 58% of the worldwide capacity (GIS, 2012). Total construction costs for 2007-2010 was estimated at a minimum of US$18.7 trillion for building and expansion and total of 1,104 exhibition halls with over 5,000 m2 in indoor exhibition space in 2010 (UNWTO, 2010).

In a nutshell, continental ranking of conference tourism puts Europe and Asia as the leaders while North America and Africa follow suit. Within Africa, South Africa has been the most popular in hosting meetings in Africa, followed by Egypt, Tunisia and Morocco. Kenya takes the 4th position. City wise, Nairobi ranks 5th after Cape Town, Durban, Cairo and Johannesburg (Odunga, Belsoy, Nthinga & Maingi, 2011).

While Africa has a relatively small share of the growing global convention and conference demand, Kenya has East Africa’s largest convention facility, which is able to support up to 5,000 attendees in its newly renovated facility. Bolstering this segment is the fact that Kenya is an international airline hub with direct access that far exceeds the capacity of any other country in East Africa (Zutt, 2010).

As the third highest contributor to Gross Domestic Product (GDP), Kenya’s tourism is being promoted by the government as a source of economic growth and poverty alleviation. It is also a cornerstone of the country’s Vision 2030 (GoK, 2012). The sector is among the leading foreign exchange earners generating about Ksh. 65.4 billion in 2007 up from 21.7 in 2002, is a major generator of employment, and contributes about 10% of Kenya’s GDP. The sector has linkages with other sectors of the economy thus facilitating growth in those sectors (GoK, 2012).

MICE, also known as business and conference travel, is Kenya’s third major tourism product line after Safari tourism and Coastal tourism (Odunga et al., 2011). Independent business travelers originate from domestic, intraregional, and international source markets and choose specific Kenyan destinations depending upon their business activities. In contrast, conference and meeting attendees are drawn to major meetings typically hosted at the Kenyatta International Convention Center (KICC) in Nairobi.
However, the current volume of business and conference tourism is eclipsed by the other major product lines. Systematically cultivated through the development of tailored products, the business and conference product line holds potential. Likely to have disposable income, business and conference travelers here can be tempted to stay longer and spend more, such as by taking a weekend on the coast or taking a safari package (Zutt, 2010).

The industry is a major source of government revenue in the form of taxes, duties, license fees, entry fees among others (GoK, 2012). It is also a significant employer in both formal and informal sectors (Zutt, 2010). Due to its linkage with other sectors, MICE industry has a very high multiplier effect which is highly felt by the multi-sectors of hospitality services and the economy as a whole (GoK, 2012).

According to Odunga et al. (2011), there are over 2000 meetings, incentive travel, conference and events/ exhibitions (M.I.C.E) facilities in form of hotels, lodges, learning institutions, Conference/Convention centers and Stadia all over the country concentrated in the major towns, along the coast and national parks, all with conference facilities of varying capacities. In addition to the above public learning institutions have by virtue of their core business constructed to provide venues of information and knowledge exchanges in form of lecture theatres and seminar rooms. These facilities have been used as secondary source of income for these institutions through hiring to the local market for conferences, meetings and seminars. On the other hand stadia have been able to cater for demands of huge crowds especially for political and religious functions (Rotich, Nthiga, Bor & Logola, 2012).

The Kenyatta International Conference Center, United Nations office in Nairobi, Gigiri, Safari Park Hotel in Nairobi and the Whitesands hotel and Sun-n-sand hotel in Mombasa have been and still are the strong forces behind development of conference tourism, coming out as the main host venues for most of the international events / conferences coming to Kenya (Odunga et al, 2011). In the recent past, a host of other hotels and institutions of higher learning in the country have been also instrumental in hosting meetings and events (Victoria Safaris, 2007).
KICC has been distinguished it as a premiere meeting venue all through the region, it has been the only facility of such stature in Eastern and Central Africa (Rotich et al., 2012). According to KICC (2013), the facility boasts of being the largest facility in conference tourism industry South of Sahara and the North of Limpopo and hence why most regional and international conferences have been held including conventions of the UN organizations. Located in the city center, KICC boasts of easy accessibility to and from most major hotels in Nairobi. KICC has the capacity to hold large and small events, both indoors and outdoors. Sound proof rooms with excellent ambiance, cleanliness and air conditioning compliment the indoor events while expansive grounds, well-manicured lawns and a helipad in the tower block compliment the outdoor events where dinners, galas, banquets cocktails can be held. The facility also has an ultra-modern amphitheatre that in itself manifests contemporary and tradition, which can host a capacity of 900 people a session. Technologically KICC has sophisticated simultaneous translation equipment and fast speed internet access. The facility also has various caucus rooms that conveniently serve as office space for secretariat co-ordination and business center Internet accessibility for online delegates and registration (KICC, 2013).

1.2 Statement of the Problem

Kenya’s MICE industry is characterized by low volume mix of domestic, intraregional, and international business travellers (GoK, 2012). The demand for Kenya’s tourism activities is characterized by fluctuations (Zutt, 2010). In 2008, after a very strong year in 2007, demand for these tourism activities recorded a significant drop. The Kenya Tourism Board reported that the 40.25 percent drop in visitor arrivals from 2007 to 2008 led to a 20% drop in revenues. According to the Kenya National Bureau of Statistics as quoted by Zutt (2010) self-reported visitor arrivals by purpose of visit for 2008 were holiday; 77.8 %, MICE; 9.0%, transit; 5.2%, and other; 8.0%.

The MICE industry is facing stiff competition which is expected to intensify with the international brands such as Marriott hotel, Rezidor among others, eying the Kenyan market (Sarova Hotels, 2011). These facilities will have their in house MICE facilities. The stand alone facilities will have to package their products better in order to remain relevant when the
competitors come on board. The competition is set to give consumers a variety of choices when it comes to the consumption of the MICE products. Thus it is important to know the factors that influence their choice when it comes to making a purchase/consumption of a particular product.

In 2010, conferences held in Nakuru town; one of the fastest growing towns in East Africa, rivaled both Nairobi and Mombasa in terms of number of visitors (Sarova Hotels 2012) this clearly depicts that consumers have begun sourcing for the MICE facilities out of major cities. Thus we ought to understand the basis behind choice of such a place.

According to GoK (2012) MICE as a product line of the Tourism industry continues to face a number of challenges which need to be addressed for the sector to attain its full potential. Severe shortage of accommodation facilities in most parts of Kenya has exposed a great weakness in this industry. Others include insecurity, untapped regional and domestic tourism, narrow product diversity, inadequate hotel/bed capacity, inadequate skilled human resource research and development, inadequate infrastructure support and environmental issues. Zutt (2010) argues that other annual fluctuations in arrivals reflect the impact of macro-events, such as political instability in the country and the global financial crisis.

There was little research on MICE products and the factors that drive the consumption of these products. Most empirical studies on MICE products had been carried out in Asia, Europe and the U.S with majority of these studies focusing on capacity issues for the already existing MICE facilities (Yang & Gu, 2011; Girod, 2009; Zhang & Ying, 2008; GDI, 2012). Other studies carried out in Kenya addressed other aspects of Tourism for example the Impact of promotional strategies on consumption of Domestic Tourism products (Adhiambo K, 2006). Therefore the purpose of this study sought to fill this existing knowledge gap with a specific focus on factors influencing consumption of MICE products in Kenya.
1.3 General Objective

The general objective of this study was to investigate the factors that influence the consumption of MICE products in Kenya, a case of KICC.

1.4 Specific Objectives

The study was guided by the following research objectives.

1.4.1 To identify the influence of price on consumption of MICE products.
1.4.2 To establish whether promotional activities influence consumption of MICE products.
1.4.3 To investigate the influence of product attributes on the consumption of MICE products.
1.4.4 To find out whether place influences the consumption of MICE products.

1.5 Justification of the Study

1.5.1 Entrepreneurs in Tourism and Hospitality Industry

Entrepreneurs will benefit from the information in this study in that it gives insight on the factors that influence the consumption of MICE products in the country; a key factor to consider while making investment decisions or decisions pertaining to sustainable growth of their ventures. They will be able to devise ways of making their ventures more profitable.

1.5.2 Government Agencies

Government agencies particularly the Ministry of Tourism will benefit in that they will not only gain insight into the drivers of consumption of MICE products but also gain insight on the challenges facing this sector. This will enable them to formulate informed policies that address the obstacles facing the MICE sector and make decisions that are geared towards the development of the sector and Tourism industry at large as envisaged in the country’s economic blueprint; The Vision 2030.

1.5.3 Academic Scholars

Scholars will also benefit extensively from the information provided by this study and will have a basis from which to build further arguments in the same field of study. The study will enable researchers in Tourism field to identify the existing research gaps in the current MICE
sector and undertake further research in order to add and enrich the existing empirical information on the subject area.

1.6 Scope of the study

The study targeted corporate companies as well as institutions and bodies in politics and governance in Nairobi County who regularly consumed MICE products at KICC in the period of 2010-2012. Those who recorded as repeat customers with three and above times within the said period were selected for study. This came to a total of 399 consumers out of which 40 were studied. The study was then carried out between March 2012 to August 2012. One of the limitations was time frame and the sample was limited to Nairobi County. Another challenge was in reaching some of the respondents, while some claimed the questionnaire was a bit lengthy, thus with some respondents the research assistants had to know the questions and had to ask the questions in an interview format as they filled out the questionnaire. Conclusions of this study are based on the research conducted for the KICCs’ clients; therefore they cannot be generalized to all MICE venues. However KICC is an interesting case which can provide insight for future studies.

1.7 Definition of Terms

1.7.1 Meeting

It is a general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity. The frequency can be on an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc (Rogers, 2003; WTO, 2006).

1.7.2 Incentives

Incentive refers to a meeting event as part of a programme which is offered to its participants to reward a previous performance (Wood & Brotherton, 2008).

1.7.3 Conferences

A conference refers to a participatory meeting designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in
scale and more select in character - features which tend to facilitate the exchange of information. The term "conference" carries no special connotation as to frequency. Though not inherently limited in time, conferences are usually of limited duration with specific objectives (Rogers, 2003; Odunga, Besloy, Nthinga, & Maingi, 2011).

1.7.4 Exhibition

Exhibitions refer to large-scale showcasing of products and services. Exhibitions can be trade only, where attendees have to work in whatever industry is being showcased or can be consumer or public, where anyone can attend (WTO, 2006).

1.8 Chapter Summary

This chapter presented the background of consumption of MICE products as informed by the study’s general objective. It also details the problem statement in the Kenyan context and outlines the general purpose or objective of the study as well as the specific objectives guiding the study. Justification of the study is also presented specifically detailing the beneficiaries of the study. The scope of the study is also presented as well as a definition of operational terms used in the study.

Chapter two reviews past studies and literature as guided by the study’s specific objectives. It discusses to detail the factors influencing the consumption of MICE products. Specifically, it looks into how price, product attributes, promotional activities, and place or distribution as the independent variables influence the consumption of MICE products; the dependent variable. Chapter three looks into the research methodology adopted by the study in meeting the research objectives. Chapter four presents the finding of the study with analyzed data presented in charts and tables. Chapter five; the last chapter presents a discussion of the study, the conclusion and the recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter explores past studies and literature on consumption of Meeting, Incentives, Conferences, and Exhibitions (MICE) products and factors that influence the consumption of these products. Specifically, the chapter discusses the influence of price, product attributes, promotional activities and place or distribution on consumption of MICE products. The chapter closes with a summary of the discussions.

2.2 Influence of Price on Consumption of MICE Products

2.2.1 Pricing

Of the four “P’s” of marketing (product, place, promotion, price), pricing holds a unique attribution to a seller’s profitability. Therefore, the strategic importance of pricing cannot be overrated. Not only have companies been striving to seek effective pricing strategies, but researchers have also been investigating buyers’ reactions to sellers’ pricing strategies including their perceptions of price fairness (Herrmann, Xia, Monroe, & Huber, 2007; Xia, Martin-Consuegra, Molina & Esteban, 2007).

Price is the term used to describe what customers actually pay in exchange for the benefits accruing from a product or service (Dai, 2010). It is the value consumers place on the event experience and are prepared to pay (Hudson, 2008). Pricing is the manual or automatic method where prices are applied to sales and purchase orders. It is based on factors which include, among others, the fixed amount on the commodity, specific vendor quote, quantity break, price prevailing on entry, promotion or sales campaign, combination of several orders or lines and the shipment or invoice date (Senguttuvan 2009).

Among the various pricing strategies, dynamic pricing has become a commonly practiced price discrimination strategy used by sellers to maximize profits by charging different prices for very similar or essentially the same products or services according to the amount of money individual customer is willing to pay (Dai, 2010). Although dynamic pricing
advocates are optimistic about the opportunities brought to sellers through such individual-level price discrimination (Garbarino & Lee, 2003) dynamic pricing may lead to negative emotional and behavioral reactions among customers (Xia et al., 2004).

According to Dai (2010), past research shows that consumers may perceive price differences as unfair when they discover the difference is to their disadvantage (i.e., paying a higher price than other customers or compared to past experience with the same seller).

Another common pricing strategy is the cost-plus pricing technique. This entails an increased mark-up amount or percentage to the overall cost (Jones, 2007). Suggested retail pricing is another widespread technique when it comes to pricing. This involves simply charging the amount suggested by the manufacturer which is usually printed on the product or commodity by the manufacturer (Jones, 2007).

Price is also used by the seller as a profit lever as it has proven to be the most effective for this. According to Kotler et al. (2010), pricing is approached at three levels: the market, industry, and transaction level. At the industry level, pricing focuses on the overall economics of the industry which include consumer demand changes and supplier price changes. This explains the common practice in various tourism destinations to set price based on season for instance charging low prices when it is off peak season and there is less likely to be a lot of visitors in order to attract more visitors. It also entails increase or decrease in price as a result of increase or decrease of cost of raw materials/ supplier price. At the market level, pricing is focused on the competitive position of the price in comparison to the value differential of the product to that of comparative competing products. At the transaction level, pricing focused on managing implementation of discounts away from the reference, or list price. This occurs both on and off the receipt or invoice for customers (Kotler et al., 2010).

The significance of price in choice of destination varies according to several factors such as the definition of price, the number of explanatory variables, and the form of the demand model used, exchange rate changes, the origin and destination location, and whether the cost of transportation is included in the definition (Toth & David 2010). In their choice of
destination, travelers consider price in terms of cost of living at the host destination comparative to the costs of living at the origin and substitute destinations and regardless of the quality of attractions on offer at the destinations.

Zang, Leung & Qu (2007) argue that international travellers are sensitive to price and before settling for a particular destination, tourists tend to consider a variety of competing destinations. The impact of destinations competing for customers has influence on the demand for international tourism; this means that an increase in price in one destination increase visitor numbers to alternate destinations. Price competitiveness according to Dwyer & Forsyth (2008) is a fundamental factor in the overall tourism competitiveness of a nation or a destination. It is also widely acknowledged that price is one of the most important aspects of decisions on whether, and where, to undertake trips and therefore, imperative to pay attention to the price competitiveness of a nation’s tourism industry, in comparison to that of its competitors.

In the market, prices play a pertinent role in consumer decision making as they influence where, when, what and how much consumers buy (Alba, Mela, Shimp & Urbany, 2009). Kokkomaki, Laukkanen & Komppula (2009) argue that price continues to be a determining aspect of consumers’ choice. Consumer price knowledge and expertise of an industry’s prices, add to the ease at which consumers choose products (Hudson, 2008). They are informed on the product assortment of a particular organization as well as discounted prices on products through promotions and marketing.

Before settling for a particular destination, tourists tend to consider a variety of competing destinations with price as a major factor (Dwyer & Forsyth, 2008). The impact of destinations competing for customers has an influence on the demand for international tourism; this means that an increase in price in one destination has been seen to increase visitor numbers to alternate destinations (Lim 2006). This shows customer preference for a cheaper location over a more expensive option.

According to Dwyer & Forsyth (2008), price competitiveness is a fundamental factor in the overall tourism competitiveness of a nation or a destination and that there is widely
acknowledged evidence that price is one of the most important aspects in decisions on whether, and where, to undertake trips. It is therefore imperative to pay attention to the price competitiveness of a nation’s tourism industry, as compared to that of its competitors, if the industry is to prosper (Dwyer & Forsyth, 2008). It is imperative that locations ensure their prices are competitive as compared to their competitors as price has shown to be a factor in influencing potential customers’ choice in the location they visit or travel to. Some organizations have been seen to cope well with increase in competition while others have been unable to do so according to Crouch & Ritchie (1998).

2.2.2 Packaged Pricing

Packaging relates to the way a product and price are offered in the market. Hudson (2008) posits that in the tourism and hospitality industry, packaging is the process of combining two or more related and complementary offerings into a single-price offering. A package according to him may include a wide variety of services, such as lodging, meals, entrance fees for attractions, entertainment, transportation costs, guide services, or other similar activities. Travel packages have become increasingly popular over the years (Kokkomaki, Laukkanen & Komppula, 2009). This is so because they benefit both the consumer and participating businesses by providing convenience and value to the consumer and added revenue for businesses. Packaging according to Hudson (2008) provides several customer benefits, including: easier budgeting for trips: the customer pays at one time and has a good idea of the trip’s total cost; increased convenience, which saves time and prevents aggravation; greater economy, as the cost to the customer is usually more economical than purchasing the package components individually; the opportunity to experience previously unfamiliar activities and attractions; and the opportunity to design components of a package for specialized interests.

2.2.3 Price Awareness or Knowledge

According to Aalto-Setala & Raijas (2003), price awareness or price knowledge is the ability of buyers to estimate prices of products or services accurately. It is the ability of buyers to estimate the price at which a seller/ sellers are selling a product or service. Garbarino & Lee (2003) affirm that price is always a significant attribute in consumer’s decision-making
process. Lovelock and Wirtz (2007) submit that customer satisfaction is directly influenced by price perceptions and indirectly influenced through the perception of price fairness. Thus, price fairness itself and the way it is fixed and offered have a great impact on satisfaction.

2.3 Influence of Product Attributes on Consumption of MICE Products

2.3.1 Product
A product is anything that can be offered to a market to satisfy a need or a want (Kotler, 2010). Products include physical goods, services, events, experiences, places, properties, persons, organizations, ideas, and information. Products have proven to be a key element in market offering and any company that wishes to be successful should be well aware of this. Consumers judge a seller’s products by three basic elements which are product features and quality, services mix and quality, and appropriateness of the price. It is thus necessary for sellers to think about these factors and the level of their products’ quality, features, and benefits. A product has to meet customers’ needs or wants. Sellers have to ensure that three elements, the product, services, and price are harnessed into an attractive offering for the consumer in order to be successful in the marketplace (Kotler, 2010).

Pichler (2010) posits that product attributes are the essential properties a product has in order to meet consumers’ needs. He adds that attributes that meet several needs are more important and should be prioritized. Product attributes include quality of the product i.e. the quality of performance of the product/ the ability of the product to perform its functions, consistency of the product in performing its functions i.e. being free of defects and being able to deliver a certain level of performance consistently. Other attributes include the features of the product i.e. the additions to the product that make it perform to a high level (Kotler, 2000).

Product attributes also include the brand, packaging, and the style and design of the product. Style and design entails the appearance which has no effect on performance. The brand, on the other hand, represents a unique name, symbol, or design that shows the seller of the product enabling consumers to differentiate a product from a competitors’. It could also lead to consumers identifying with a particular organization because of the product. Packaging
entails the container or wrapper of a product. Packaging is an important marketing tool as it attracts attention to store shelves e.g. a product packaged in an interesting way could attract a potential customers attention. Other product attributes include labeling and support services that are sold together with the product. Labeling is also a part of packaging and it identifies the product, describes things about the product, and it also includes active graphics that serve to promote the product (Kotler, 2000).

2.3.2 Capacity and Equipment
The effectiveness of planning the marketing mix depends as much on the ability to select the right target market as on the skill in devising a product which will generate high levels of satisfaction (Kotler, Kevin & Manceau, 2012). For a conference or meeting, the marketing team of the institution prospecting to hold the event must have a much deeper knowledge of the product/ venue at their fingertips (Baum et al. (2009). In terms of delegate capacity, a room will vary according to the different possible seating plans, and it is essential to know how many delegates can be comfortably seated in each variation of the seating plans ;theatre style, classroom, boardroom style, U-shape, banquet, reception (British Tourist Authority, 2008).

Some meetings or conferences may need an accompanying exhibition, either in the same or an adjacent room. They may have a particularly heavy piece of equipment to display, therefore issues such as the load-bearing strength of the flooring must be considered. Questions of great importance to the consumer of a MICE venue according to British Tourist Authority (2008) include: what is the shape of the room? How many doors are there? Are they lockable? How is the ceiling? How is the room lit? Where are the overhead lights? How many electrical, lighting, telephone and Integrated Service Digital Network (ISDN) outlets there are in the room and exactly where they are located? Is there a teleconferencing facility? Is the venue/ room accessible to the disabled? Where are the toilet facilities and wash basins in relation to the meeting room? How easy is it to evacuate the room, if there is an emergency?
Baum et al. (2009); Kokkomaki, Laukkanen & Komppula (2009) argue that conferencing attributes that influence the choice of a venue are good standard of décor and facilities, accessibility to road links, cleanliness of the facility, availability of a dining facility and convenient or free parking. Previous satisfactory experience is a relatively important attribute that guide the consumer in choice of the venue; and these attributes enhance the overall quality of experience. Accessibility, attractions and entertainment, destination image, affordability, availability of facilities, safety and security and quality of service are attributes commonly identified by past studies to influence the choice of a venue or destination (Lawrence & McCabe, 2001).

2.3.3 Product Availability
Kotler (2010) posits that product availability is a major factor when it comes to customers’ choice. This according to Conlon & Mortimer (2010) is due to the impact demand and cost considerations have in many markets, predominantly those for which storage costs or capacity constraints matter. Jones (2007) argues that MICE consumers prefer buying from organizations whose product availability is assured. According to him, complete run-outs cause inconveniences and lack of trust in loyal customers when they fail to get stocks of their requirements. In addition, product and service availability serve as a measure of supplier or retailer reliability.

2.3.4 Product Accessibility
According to Zang, Leung & Qu (2007) destination accessibility is essential and influences the preference of consumers of MICE products. Toth & David (2010) posit that in tourism, accessibility is a function of distance from centres of population which comprise of tourist markets and of external transport that enables one to reach the specific destination. It is measured in terms of distance traveled, cost involved and the time taken to reach the destination. For some business travelers however, the destination accessibility is less important in regard to incentives for travel. This is because a certain degree of difficulty in accessibility of a destination may give meetings a certain degree of originality and exclusivity that could help influence on the emotions and enthusiasm of participants (Toth & David, 2010).
2.3.5 Security
According to Opperman (2006) customer choice of MICE products is also influenced by the level of security available. Security as indicated by Zutt (2010) is the condition of being protected against danger or loss. It is a concept similar to safety; being protected from dangers that originate from outside and individuals or actions that encroach upon the condition of protection are responsible for the breach of security.

Mansfeld & Pizam (2006) argue that consumer's view of security is not always directly related to actual security. Sometimes, if it is perceived that there is security then there is an increase in actual security, even if the perception of security is mistaken. Occasionally due to posting of security signs by malicious persons, consumers are deterred by the notion that there actually is security. Usually when there is actual security present in an area, advertising this security increases its efficiency (Zutt, 2010). According to Mansfeld & Pizam (2006) different MICE locations pose different security concerns to consumers and concern for crime and safety, whether real or perceived, negatively affect tourism behavior, thus influencing choice of destination and experience satisfaction.

2.3.6 Brand Preference
A name, symbol, term or a design or a combination of them is referred to as a brand. These are all intended to enable prospective customers differentiate the commodities of one company from those of its competitors (Keller, 2003). A brand is a trademark which comes into the mind of the consumer and enables them to embrace specific appealing sets of values and attributes; both tangible and intangible (Kotler, 2010). With the growing realization that brands are one of a company's most valuable intangible assets, branding emerged as a top management priority in the last decade. Given its highly competitive nature, branding is especially important in the retailing industry as it influences customer perceptions, shopping destination choice as well as consumer loyalty (Ailawadi & Keller, 2004).

Kotler, (2010) argues that a good brand suggests something about the product's quality and characteristics. It should be easy to pronounce, recognize and remember; distinctive and not easy to confuse with others. It should not carry poor meaning in other countries causing
misinterpretations. Ailawadi & Keller (2004) submit that retail consumers prefer strong brands and it is common practice to find strong brand advertising on and within retail outlets. Similarly, most MICE products are well branded and MICE consumers tend to prefer strong brands (Boniface & Cooper, 2005).

2.4 Influence of Promotional Activities and Consumption of MICE Products

2.4.1 Promotion

Promotion is synonymous with marketing to many people; it is the visual face of marketing. However, promotion is simply one element of the marketing mix, fulfilling the function of making potential customers want to purchase a particular product (Hudson, 2008). Marketing a MICE venue does not differ in principle from the marketing of any other product or service: first, define what you have to offer, then identify your market segment and finally promote your product to potential customers (Baloglu & Love, 2005).

Promotion of MICE venues is concerned with reaching prospective visitors via expenditure on a promotional mix intended to achieve destination awareness and influence prospective customers’ attitudes and purchasing behavior (Getz, 2008). The promotional campaigns of most destination marketing organizations (DMOs) fall into three main categories: traditional image or brand-building campaigns, which aim to build or/and maintain awareness of the destination; strategic campaigns, aimed, for example, at attracting visitors in the shoulder season; and ‘damage control’ campaigns (Crouch & Louviere, 2004). Media investment in attracting tourists has grown rapidly in recent years, and most destination marketing organizations are involved in a range of promotional activities (Brassington, 2011).

2.4.1.1 Advertising

Chen (2006) submits that advertising is used to establish a basic awareness of the product or service in the minds of the potential customer and to build up knowledge about it. Kotler (2010) sees advertising as one of the four key tools organizations employ to direct persuasive communications so as to entice buyers and the public. Specifically, the objective of advertising is to enhance potential buyers’ responses to the organization and what it offers. It
seeks to provide information, by channeling desire, and by supplying reasons for a consumer to opt for a particular organization’s offer (Chen, 2006).

Kotler (2010) further argues that the primary purpose of advertising thus is to create awareness of the product or service and provide information that enables the consumer to decide on what to purchase and eventually develop brand loyalty. As a result, many organizations spend a large sum of money on advertising and brand management. Hudson (2008) submits that due to the challenge of limited budgets most destinations’ ads are placed in print media rather than on the more expensive, but more effective, medium of television. Most resort advertising for example is seasonal and takes place when it is thought potential visitors will be making their holiday decisions. Hudson (2008) further argues that the majority of ads seek to encourage potential consumers to request a copy of the destination’s brochure, although more recently ads have been created to drive the audience to a destination website or to combat tourism crises.

2.4.1.2 Press and Public Relations
According to Adhiambo (2006), Press and Public Relations play a significant role in marketing of destinations and influencing the consumer’s choice of the destination. Most destinations use familiarization trips, celebrity visits, press releases, product placement and television broadcasts to attract attention and improve their image with the general public (Boniface & Cooper, 2005). For agencies that have limited budgets (Zang, Leung & Qu, 2007) this low cost form of promotion is particularly attractive. Promotional videos are also often used as a sales tool by destinations.

2.4.1.3 Personal Selling
Hudson (2008) argues that relatively little personal selling is carried out by destination marketing agencies. However, some destinations find personal selling to be the most effective communication tool in promoting to key travel decision-makers and influencers in the travel trade, such as corporate travel managers, convention or meeting planners, tour operators and retail travel agents. According to Dai (2006), the purchasing power of these
groups is impressive, and there are relatively few of them, which justifies the added expense of personal selling.

In 2005 for example, the Kenya Tourist Board launched the Fall 2005 Roadshow in order to increase awareness of the destination across the US. Along with 20 tour operators from Kenya, members of the tourist board visited travel agents in Arizona, Florida, Los Angeles, New York and Texas, in order to educate them on the virtues of travelling to Kenya. At the same time, an extensive network of newly appointed global market representatives were employed in Kenya’s key markets in Europe, the US and Asia. Their role was to raise the profile of Kenya among trade representatives and consumers by emphasizing the quality and diversity of the country (Adhiambo, 2006).

2.4.1.4 Sales Promotion

Davidson (2007) argues that due to the lack of control over the destination product and pricing, sales promotions are used relatively little in destination marketing. However, ‘added value’ promotional offers may be made available, featuring elements of the destination product over which the destination marketing agency does have control. Many DMOs according to Hudson (2008) exhibit at travel trade shows, fairs, exhibitions or conventions. Generally these occasions bring all parts of the industry together exerting some high degree of consumer influence on choice of venues and destinations (Chen, 2006). Such events may be annual, or used as a short-term tactic to boost tourism interest. In October 2006 for instance, Zimbabwe opened an international tourism fair to promote its once booming resorts, largely deserted because of President Robert Mugabe’s controversial politics (Odunga, et al., 2011).

2.4.1.5 Customer Awareness

Page & Connell (2006) submit that customer awareness forms an essential part in improving knowledge of MICE products amongst customers. Marketers usually employ customer awareness programs to create consumer awareness. These usually are in the form of billboards, posters, brochures as well as direct marketing through the internet. Hudson (2008) posits that brochures are produced for both promotional and informational purposes, although
both functions may be served by a single brochure. As well as a general brochure covering the whole destination, a range of others may also be offered. These may cover smaller geographical entities within the overall region. Alternatively, they may be targeted at specific market segments (Hudson, 2008).

Pearlman (2008) argue that it is important for a marketing manager to consider using social networks as a marketing tool. The benefits of using social media are that they enable meeting planners expand networking and maintain relationships with participants and suppliers (Swarbrooke & Horner, 2007). Social media facilitate for a competitive edge for meeting planners who design educational programs as they are able to obtain instant feedback. More important, it enhances customer service and develops new business and sponsorship opportunities (Lovelock & Wirtz, 2007).

2.5 Influence of Place/ Distribution and Consumption of MICE Products

2.5.1 Distribution System

An organization’s distribution system is centered on the ‘place’ aspect of a company’s marketing mix. Its purpose is to provide an adequate framework for making a company’s product or service available to the consumer. In the tourism industry, distribution systems are often used to move the customer to the product (Hudson, 2008). Place or distribution is concerned with how business travelers or tourists actually purchase the products they need. There are two dimensions to this: one, customers can buy whole packages such as an incentive travel package or individual elements such as air tickets, venues and accommodation and two, customers can purchase products directly or make use of the services of specialist intermediaries (Kokkomaki, Laukkanen & Komppula, 2009).

2.5.2 Distribution Channels (Direct and Intermediaries)

According to Sa´nchez, Callarisa, Rodri´guez, & Moliner (2006), Lee & Back (2005) a set of attractive packages could be one reason to use the services of specialist intermediaries. Intermediary organizations, destination marketing organizations (DMOs) or convention and visitor bureaus (CVBs) create bundles of different services, which offer a total experience for
the person who attends a meeting at that certain destination. Usually the intermediary offers services in selecting hotels or a special theme for the meeting, organizing activity or transportation services for a meeting. When associations arrange a meeting they pay special attention to the availability and attractiveness of the venue (Fenich, 2005). Specialist intermediaries have an overall knowledge of the destination services, which is respected by the meeting planners.

According to Kotler & Armstrong (2000), organizations use intermediaries because they are more efficient at making goods available to target markets. Intermediaries are also used because of their experience, specialization, contacts, and because of the largeness in scale of an operation. Intermediaries connect producers’ products to satisfy consumers’ demand thus connecting the supply with demand. Intermediaries bundle up various producer products which are produced in large quantities and offer the products that a specific consumer requires thus matching supply with demand. Kotler & Armstrong (2000) posits that intermediaries are used because they are more efficient at making goods available to the target market. This is especially true for tangible products which need to be transported or physically moved from the producer to the consumer.

Distribution channel moves goods and services from producers to consumers (Kotler & Amstrong, 2000). A distribution channel performs the work of moving goods from producers to consumers, overcoming the time, place, and possession gaps that separate goods and services from those who need or want them (Kotler, 2010). Distribution channels help to complete transactions by gathering information and market research, carrying out promotion, getting contacts, matching a buyer’s needs to the products being offered by sellers, and negotiation of price and terms so that the transaction is completed. Distribution channels also help fulfill completed transactions by physical transportation of the goods from the buyer to the seller as well as assuming the risks of transferring the product. If producer does the channel work for themselves, they could add the cost to the price as a part of production, whereas if an intermediary carries out the channel work, they could add a markup to the product increasing the final price. They could also charge a fee for their service (Kotler & Armstrong, 2000).
Choice of distribution channel is one of the most critical for any organization according to Kotler (2010). One of the reasons for this is because they often involve long term commitment to other firms. The distribution channel chosen could also affect price of the product for example a direct web presence is much cheaper than using an intermediary to distribute a product. It is essential for organizations to choose the most efficient distribution channel to reduce distribution costs and a huge increase in the price of the product which the consumer pays (Kotler & Armstrong, 2000).

According to Kotler & Armstrong (2000) the different distribution channel levels in marketing are differentiated by the number of participants in the channel. There has to be at least two participants which are the producer and the consumer who both have to exist in order for a transaction to take place. B2C marketing channels are categorized into direct and indirect marketing channels. Direct marketing channel entails distribution from the producer directly to the consumer. Indirect marketing channels involve the presence of wholesalers or retailers as the product moves from the producer to the consumer. A B2B marketing channel involves the producer dealing with an appointed or an industrial distributor to get the product to the consumer.

According to Kokkomaki et al., (2009) the most often used intermediary services are destination information, referral services and lead services. Intermediaries have also made information search quite easy for customers because intermediaries web sites are a cost effective way to give updated information quickly and the information is available very easily for meeting planners (Fenich, 2005). However, Weber (2001) argues that many meeting planners prefer to deal directly with suppliers instead of using intermediaries. Sa’nchez, Callarisa, Rodri’guez, & Moliner (2006), state that the distribution decisions of the tourism package and professional personnel of the intermediary organization are essential: the skills of the personnel affect their functional value. Fenich (2005) argues that instead of organizing a meeting, an intermediary’s task is to help meeting planners to use the destination’s services and plan a suitable combination of these services. According to Kokkomaki, Laukkana & Komppula (2009) the intermediary’s role is also to work with
meeting planners and develop a destination’s image as an attractive destination for meetings. Buying a packaged service may save a customer cost, time and effort.

Kotler & Armstrong (2000) submits that one of the functions of a distribution channel is matching the buyer’s needs to the product being distributed. This involves shaping and fitting the offer to the buyer’s needs in activities such as assembling and packaging. Kotler & Armstrong (2000) also posits that a distribution channel is required to carry out promotion activities. That is developing and spreading information and communication that is persuasive to consumers about the products on offer.

Fenich (2005) stresses that companies usually do not use an intermediary to organize a meeting close to their location. They book conference facilities for example from a hotel or from an educational institution. But when a meeting gathers people from provinces or from the whole country, meeting planners more commonly use intermediary organizations, because the meeting requires organizing transportation, accommodation, conference facilities and some entertainment Sa´nchez et al., (2006).

**2.5.3 Contacts and Negotiation**

Hudson (2008) argues that in order for a company’s distribution system to operate effectively, members must perform the key functions one of which is contact; is important that the company establishes contact with its target market in order to be able to communicate effectively the benefits of its product. It is important that consumers are able to contact the organization in order for them to acquire the services/products they need. Two, negotiation; of high-quality arrangements and contracts is key to any business relationship - it is important to negotiate agreements with regard to price, operating procedures and other issues that may arise among the system’s participants. It is important that the seller and the consumer reach an agreement on price and other terms of the offer so that possession/ownership of the product can be transferred (Kotler & Armstrong 2010). Kotler; Kevin & Manceau (2012) submit that physical distribution is equally important and argue that a distribution system cannot be effective if there are no means of actually delivering the service
to the consumer- the service provider is responsible for ensuring the successful distribution of its product at this stage.

2.6 Chapter Summary

The chapter reviewed literature on factors influencing the consumption of MICE products. It explored at length the influence of price, product attributes, promotional activities and place or distribution on consumption of MICE products. The next chapter presents and discusses the research methodology adopted by the study.
3.0 RESEARCH METHODOLOGY

3.1 Introduction

The purpose of the research was to gain insight on the factors influencing consumption of MICE products in Kenya. In this chapter, the research design and methodology that the study adopted are described. Specifically, the chapter looks into the research design, the target population, geographical area, sampling procedure, pilot testing issues and data collection.

3.2 Research Design

The study adopted descriptive research design. This design was ideal for the study because the methods involved in descriptive research as described by Mugenda & Mugenda (2003) include survey, which describes the status quo, and correlation study which investigates the relationship between variables. Descriptive design also determines and reports the way things are and attempts to describe such things as possible behavior, attitudes, values and characteristics (Mugenda, 2008). The design also has enough provision for protection of bias and maximized reliability (Kothari, 2008).

Descriptive research design has also been used by Girod (2009) in analyzing the development of the MICE industry. Odunga et al., (2011) used descriptive research in their study of conference tourism in Kenya; in which they sought to determine and describe “the characteristics of the variables of interest”. In reference to consumption of MICE products, the study’s dependent variable was consumption of MICE products while the independent variables included: price, product attributes, promotional activities, and place.

3.3 Population and Sampling Design

3.3.1 Population

According to Kombo & Tromp (2006), a population includes all people, items or a set of elements having a common observable characteristic that the research focuses upon and to which the results obtained by testing the sample can be generalized. Kothari, (2004) posits that target population refers to the entire group of individuals or objects to which researchers
are interested in generalizing the conclusions. For this study, a total of 399 corporates, political parties and other institutions situated in Nairobi that consume MICE products at the Kenyatta International Conference Centre (KICC) constituted the target population.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

This is the list of ultimate sampling entities which may be people, households, organizations or other units of analysis (Mugenda, 2008). Kothari (2008) posits that a sampling frame is a physical representation of the target population and comprises all the units that are potential members of a sample. After defining the target and study populations, a sample is selected from the study population. To select a representative sample, a sampling frame is selected. In some situations, a sampling frame does not exist or it would require more time and resources to compile. The importance of the sampling frame is stressed by Bernard (2002) who observes that in many practical situations the sampling frame is a matter of choice to the survey planner, and sometimes a critical one. To meet the expectation of the sampling theory that all possible units in the target population be identified to enable probability for selecting a sample combination, KICC provided a ‘three-year’ list (2012, 2011, and 2010) of MICE products consumers particularly those located in Nairobi.

3.3.2.2 Sampling Technique

Sampling technique according to Kothari (2004) is the procedure a researcher uses to gather people, places or things to study. In this study therefore, 40 consumers of MICE products at KICC were sampled using purposive sampling technique. Purposive sampling method is a deliberate non-random method of sampling which aims at selecting a sample of people, settings or events with predetermined characteristics (Cooper & Schindler, 2003). Consumers of MICE products at KICC were selected with a preference to repeat customers for the period 2010-2012. Respondents refer to those who respond to the research instruments (Kothari, 2004). In this study, 40 consumers of MICE products at KICC were the respondents.
3.3.2.3 Sample size

When it is not feasible to study the entire population, sampling is appropriate. A sample is a part of the target or accessible population that has been procedurally selected to represent it (Cooper & Schindler, 2003). Kothari (2008) defines a sample size as the number of items to be selected from the universe or the population to constitute a sample. Mugenda & Mugenda (2003) states that for descriptive studies 10% of the accessible population is a representative sample. This implies that out of the target population of 399 institutions, 40 formed the sample size for this study.

3.4 Data Collection Methods

Primary data was collected from the respondents using the questionnaire which was administered by the researcher and trained assistants. The questionnaire adopted both open-ended and closed-ended questions. This is so because according to Burns & Grove (2005), a questionnaire with open-ended and closed-ended questions allows every possible question to have a response. The questionnaire was structured in six parts: general information, price, product attributes, promotional activities, place and consumption of MICE products.

The Likert scale was used to collect the psychometric responses (Mugenda, 2008) on factors behind the need for MICE products, choice of MICE venue, product attributes and the various factors influencing choice of product, influence of promotional factors, distribution issues and factors influencing choice of distribution channel as well as the status of Kenya’s MICE industry.

3.5 Research Procedure

A pilot study was carried out to test the effectiveness, validity and reliability issues of the research instrument. The objective of conducting a pilot test is to detect weakness in design and instrumentation and to provide alternative data for selection of a probability sample (Kothari, 2008). According to Mugenda & Mugenda (2003), the purpose of pre-testing is to ensure that items in the tool bear the same meaning to all respondents and to assess the average time that is required to administer the instrument. Pilot test ensures validity and reliability of the instrument (Kumar, 2005).
The questionnaire was administered to eight respondents and the responses checked against the research objectives. The results and recommendations of the pilot test were used to further develop the instrument. Mugenda & Mugenda (2003) posit that 1 -10% of the target population is subject to pilot study. As such 8 respondents; 2% of the target population was used in the pilot study.

Joppe (2000) argues that it is vital to determine whether the research truly measures that which it is intended to measure or determine the truthfulness of the results. This is basically achieved through the measure of validity and reliability of the research instrument. Mugenda (2008) describe validity as the accuracy and meaningfulness of inferences which are based on research results; the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. The usual procedure of assessing validity is to use professionals or experts in the particular field Mugenda (2008). To this end, validity in this study was determined by use of face validity expert judgment where the items in the instrument were discussed with the professionals and scholars in the field of tourism at United States International University (USIU). Specifically, the questionnaires were administered to 5 scholars (including the researcher’s supervisor). They indicated against each item in the questionnaire whether it measured what it is meant to measure or not. Content validity index of those that measured was then computed (0.72) where according to Liptak (2005) an index of above 0.5 implied that the instrument was valid.

According to Neuman (2000); Mugenda (2008) reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability of a research instrument according to Coleman & Briggs (2002) is the probability that repeating a research procedure or method would produce identical or similar results. To test the reliability of the instrument to be used in this study, internal consistency technique was used where the internal consistency of data was determined from scores obtained from a single test administered by the researcher to a sample of subjects. Cronbach’s Coefficient Alpha was then computed (they were all greater that 0.7) to determine how the items correlated among themselves (Mugenda, 2008). An alpha of 0.6 to 0.7 indicates acceptable reliability while 0.8 or higher indicates good reliability (Cronbach, Lee, & Richard, 2004).
Before collection of the data, an introductory letter indicating the purpose of the study was presented to the management of the targeted respondents for their consent and approval to collect data on their institutions. Thereafter, the questionnaires were administered by the researcher and trained data collection assistants to the respondents in view of clarifications to the respondents if need be. Questionnaires were then left with the respondent to be collected at a later date/time. The questionnaire administrators however, worked towards collecting the questionnaires upon issue where possible so as save time. Each respondent received the same set of questions.

3.6 Data Analysis Methods

Descriptive statistics was used to analyze quantitative data. Descriptive statistics provides for meaningful distribution of scores using statistical measures of central tendencies, dispersion and distribution (Kothari, 2008). As such, percentages, and measures of dispersion were employed to allow for simpler interpretation of the data. The importance of using percentages is that they simplify data by reducing all the numbers to range between 0 and 100, and they translate the data into standard form with a base of 100 allowing for relative comparisons and easier interpretations of the data (Cooper & Schindler, 2008).

Statistical Package for Social Sciences (SPSS) was used to aid the processing and analysis of the data collected.Muijs (2004) describes SPSS to have capability of offering extensive data handling and numerous statistical analysis routines that can analyze small to very large data statistics. Cross- tabulation technique was employed where data was coded, interpreted and the frequencies determined. This technique is significant particularly in comparing two classification variables using tables with rows and columns that correspond to the level or values of each variable’s categories (Cooper & Schindler, 2003).

Inference Statistics was used. Regression analysis was used to show the relationship between variables i.e. to ascertain the causal effect of one variable upon another while Pearson product-moment correlation was used to show whether the relationship between the variables was significant thus generalise the results of analysis to the population. This is because the variables studied were measured at ratio or interval scales and were continuous (Muijs, 2004). The advantages associated with multiple regression analysis according to Lewis-Beck (1995) are that the process offers a more accurate explanation of the dependent variable in
that more variables are included in the analysis, and that the effect of a particular independent variable is made more certain, since the possibility of distorting influences from other independent variables is removed.

The following regression model guided the study.

\[ \text{CoMICE} = \beta_0 + \beta_1(P) + \beta_2(P\text{At}) + \beta_3(P\text{Ac}) + \beta_4(P) + e \]

Where

CoMICE is Consumption of MICE products (dependent variable)

P is Price

PAt is Product Attributes

PAc is Promotional Activities

P is Place

While e is the error of prediction

\( \beta_0 \) is a constant which is the value of dependent variable when all the independent variables are 0.

Qualitative analysis was made possible by use of likert-scale which according to Nordin (2009) helps to minimize subjectivity. The likert-scale as described by Mugenda & Mugenda (2003) is commonly used because of its capability to measure attitude, perception, values and behavior. These basically, are numbers and descriptions which are used to rank the subjective and intangible components in research (id). Frequency tables, graphs, bar and pie charts were used to present the analyzed data.

3.7 Chapter Summary

This chapter has presented the methodology employed by the study. It has discussed in detail descriptive research design and justification for its adoption, the geographical area and justification for the choice of the area, the target population (399) as the institutional clients of KICC for the period of 2010-2012, sampling frame; the list provided by KICC, the sample
size of 40 as the 10% recommended by Mugenda & Mugenda (2003) and the sampling technique; purposive. The chapter also looked into the data collection methods, details the pilot study as well as analysis and presentation of data. The next chapter presents the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the analysis and interpretation of the research findings. Descriptive statistics were used to analyze the data; presented in frequency tables, charts and graphs. Correlation and regression analysis was done to determine the relationships among the variables. The study sought factors influencing the consumption of MICE products in Kenya.

4.2 General Information

4.2.1 Category/Industry of Operation

The study sought to investigate the industry in which the MICE consumers operate. Majority (47.1%) of the respondents were in the Banking industry, those operating in Tourism and hospitality industry came in second with 32.4% while those operating in Housing and construction came in third with 8.8%. Few were in Medical and Politics and governance recording 1% each. The study therefore observes that the banking industry takes the lead in consumption of MICE products.

Table 4.1 Category/Industry of Operation

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>16</td>
<td>47.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td>Housing and Construction</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Medical</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td>Tourism and Hospitality</td>
<td>11</td>
<td>32.4</td>
</tr>
<tr>
<td>Politics and Governance</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.2.2 Events Commonly Held

The study sought to investigate the events commonly held by the respondents. Majority (44.1%) of the respondents held exhibitions, while 26.5% and 20.6% held conferences and meetings respectively. Few (3%) recorded incentives. The study therefore observes that exhibitions, conferences and meetings are the most consumed MICE products; ranked in that order.

Table 4.2 Events Commonly Held

<table>
<thead>
<tr>
<th>Event</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings</td>
<td>7</td>
<td>20.6</td>
</tr>
<tr>
<td>Incentives</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Conferences</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>Exhibitions</td>
<td>15</td>
<td>44.1</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.3 Reasons for Holding the Events

The study also sought to investigate the reasons why the respondents held the events. Majority (47.1%) held the events for the basic reason of complying with the law requirements while 20.4% held the events for the purposes of employee or member development. Few, 14.7% and 8.8% held the events for the purposes of launching new products and strategic reasons respectively. This study therefore, observes these three factors; legal and regulatory frameworks/ the need to comply with law requirements, new product launch, and employee/member development (the need to grow and expand a community of members, as key demand drivers to consumption of MICE products.
Table 4.3 Reasons for Holding Events

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is a requirement by law</td>
<td>16</td>
<td>47.1</td>
</tr>
<tr>
<td>Constantly launching new products</td>
<td>5</td>
<td>14.7</td>
</tr>
<tr>
<td>For strategic purposes</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Employee/member development</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.4 Venues Hired for Events

The study sought to investigate the venues where the respondents held the events. Majority (32.4%) of the respondents held their events at Sarit Center while 20.6% held their events at Safari Park Hotel. Few (17.6%) recorded KICC as the venue where they held their events while a few (8.8%) sought other venues such Intercontinental Hotel, Strathmore Business School, Panafric Hotel and other venues in the outcast of Nairobi. The study observes that Sarit Center, Safari Park Hotel, and KICC (ranked in that order) take the lead in hosting meetings, conferences and exhibitions. Other preferred venues include Intercontinental Hotel, Panafric Hotel and Strathmore Business School.

Table 4.4 Venues Hired for Events

<table>
<thead>
<tr>
<th>Venue</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>KICC</td>
<td>6</td>
<td>17.6</td>
</tr>
<tr>
<td>Bomas of Kenya</td>
<td>5</td>
<td>17.7</td>
</tr>
<tr>
<td>Safari Park Hotel</td>
<td>7</td>
<td>20.6</td>
</tr>
<tr>
<td>Sarit Center</td>
<td>11</td>
<td>32.4</td>
</tr>
<tr>
<td>KIA</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.3 Price and Influence on Consumption of MICE Products

4.3.1 Price Factors Influencing choice of Venue

The study sought to investigate how price factors influence the choice of venue. The findings are summarized in table 4.6 below. Majority of the respondents (47%) strongly agreed that the budget in place at the time of event greatly influences their choice of the venue in which to hold the event. Majority (55.9%) also agreed that the ongoing promotions on the available venues inform their choice of venue. Similarly, majority of the respondents (70.6%) strongly cited the cost of the venue; space and facilities provided as a strong influencer of their choice of venue. Majority (79.4%) however, went neutral on the ‘price factor’ that they receive discounts and these discounts influence their choices of the venue. Majority of the respondents (64.8%) and (50%) agreed that flexible payment terms and packages on offer respectively, informed their choice of venue. The study observes that budget allocations, ongoing promotions, cost of the venue and flexible payment terms are key components of price factor influencing the choice of the MICE venue.

Table 4.5 Price Factors Influencing choice of Venue

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget in place</td>
<td>0 (0%)</td>
<td>4 (11.8%)</td>
<td>2 (5.9%)</td>
<td>12 (35.3%)</td>
<td>16 (47 %)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Ongoing promotions</td>
<td>3 (8.8%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>19 (55.9%)</td>
<td>11 (32.4%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Cost: space and facilities</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>9 (26.5%)</td>
<td>24 (70.6%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Discounts are offered</td>
<td>2 (5.9%)</td>
<td>0 (0%)</td>
<td>27 (79.4%)</td>
<td>3 (8.8%)</td>
<td>2 (5.9%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Flexible payment terms</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>22 (64.8%)</td>
<td>10 (29.4%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Packages on offer</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>5 (14.7%)</td>
<td>17 (50%)</td>
<td>11 (32.4%)</td>
<td>34 (100%)</td>
</tr>
</tbody>
</table>
4.3.2 Compare Prices before Making hire Decision
The study sought to find out whether the MICE products consumers under study compared prices offered by different venues before making the decision to hire. Figure 4.1 below represents the findings of the study. Majority (80%) of the respondents agreed that they compare prices offered by different MICE venues before making their decision to hire. From the findings, the study observes that the consumers of MICE products tend to compare the prices offered by various service providers before making hire decisions.

Figure 4.1 Compare Prices Before Making hire Decision

4.3.3 Find the Prices of the MICE venues Dynamic
Figure 4.2 below represent the study’s findings on whether the MICE products consumers under study find the prices of the venues dynamic. Majority (87%) were in agreement that the prices of MICE venues are indeed dynamic while only 13% disagreed to the same. Majority of those in agreement related the price dynamism to quality of service, location of the venue and space particularly parking space. This implies price dynamism in the sector; a factor that defines the sector’s demand and supply principles.

Figure 4.2 Find the Prices of the MICE Venues Dynamic
4.4 Product Attributes and Influence on Consumption of MICE Products

4.4.1 Carry out Research on MICE venue before making the hire Decision

The study set out to investigate whether the respondents carry our research on the preferred MICE venue before making the hire decision. Figure 4.3 below presents these findings. Majority of the respondents (93%) said ‘yes’ to the statement that they carry out research on the MICE venue before making the hire commitments. Few, (7%) do not carry out this research. Those who carry out the research do so for reasons of efficiency and effectiveness in regard to service delivery. The study therefore, makes an observation that MICE consumers are very keen on the ‘product’ on offer and will scrutinize the product to detail to ensure that it matches or meets their needs.

![Figure 4.3: Carry out Research on MICE Venue Before Making the hire Decision](image)

4.4.2 Extent of Influence of Product Attributes on choice of MICE venue

The study also sought to investigate the extent to which product (venue) attributes influence the MICE products consumers’ choice of venue. Table 4.7 below presents the findings. Majority of the respondents were in agreement that to a very large extent, attributes of the venue inform their choice and decision to hire. Majority (50%) on renowned brand; 76.5% on accessibility of the venue; 70.6% on parking space; 61.7% on friendly staff; 70.6% on security measures; 94.2% on one-stop shop; and 70.6% on cleanliness and organization of the venue; pointed these attributes to influence their choice of venue to a very large extent.
This study therefore presents the observation that one-stop-shop, venue accessibility, parking space, cleanliness and organization, and security and safety measures are key attributes of a venue that inform the choice and decision of MICE consumers.

Table 4.6 Extent of Influence of Product Attributes on choice of MICE venue

<table>
<thead>
<tr>
<th>Attribute</th>
<th>To a very large extent</th>
<th>To a large extent</th>
<th>To some extent</th>
<th>To a little extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renowned brand</td>
<td>17 (50%)</td>
<td>9 (26.5%)</td>
<td>6 (17.6%)</td>
<td>2 (5.9%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Accessibility of the venue</td>
<td>26 (76.5%)</td>
<td>6 (17.6%)</td>
<td>2 (5.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Parking Space</td>
<td>24 (70.6%)</td>
<td>9 (26.5%)</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Friendly Staff</td>
<td>21 (61.7%)</td>
<td>8 (23.6%)</td>
<td>5 (14.7%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Security and safety measures</td>
<td>29 (70.6%)</td>
<td>4 (11.8%)</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Operating hours</td>
<td>11 (32.4%)</td>
<td>21 (61.7%)</td>
<td>2 (5.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>One Stop Shop</td>
<td>32 (94.2%)</td>
<td>1 (2.9%)</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Cleanliness and organization</td>
<td>24 (70.6%)</td>
<td>10 (29.4%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
</tbody>
</table>
4.4.3 Buy MICE Products as a Package or as Individual Elements

The study sought to investigate whether the respondents prefer to buy the MICE products (hire the venues) as a package or buy/hire individual elements. Figure 4.4 below presents the findings. Majority (86%) prefer to buy as a package while few (14%) prefer to buy individual elements. The observation made here is that MICE consumers have a preference to packaged ‘products ‘over individual elements.

![Figure 4.4 Buy MICE Products as a Package or as Individual Elements](image)

4.4.4 Concern About Availability of MICE Venue

The study sought to investigate the whether the respondents are always concerned about the availability of MICE venues requiring them to do bookings months before the event. Majority (92%) agreed that they do bookings months before the day of the event to ensure availability of the venue. Only 7% disagreed to the same. This shows that MICE consumers will do the venue bookings months before the event for reasons of demand and cost considerations.
Figure 4.5 Concern about Availability of MICE venue

4.5 Promotional Activities and Influence on Consumption of MICE Products

4.5.1 Source of Information About MICE Venue (KICC)

Table 4.8 presents the sources of information; how the respondents who hired MICE venues came to learn about the venues. Majority (38.2%) got to learn about venue through word of mouth while 29.4% learnt through public relations. Few, 11.8% and 8.8% learnt through advertising and sales promotion respectively. The study observes word-of-mouth to be the most popular medium through which the MICE consumers learnt about the venues they hired.

Table 4.7 Source of Information About MICE venue

<table>
<thead>
<tr>
<th>Source of Information</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth</td>
<td>13</td>
<td>38.2</td>
</tr>
<tr>
<td>Advertising</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Magazines</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td>Public Relations</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>Personal selling</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5.2 Promotion Factors Influencing choice of MICE Venue

The study sought to investigate the promotional factors that inform the respondents’ choice of MICE venue. Majority were in agreement that advertising (50%), brand awareness (55.9%), customer awareness (76.5%), quality venue (88.2%), and taste and preferences (79.5%) influence their choice of venue. This implies that among the promotional factors informing consumers’ choice of the venue, communication about the quality of the venue, consumer’s tastes and preferences, consumer awareness, renowned brands and advertising are observed to primarily influence these choices.

Table 4.8 Promotion Factors Influencing choice of Venue

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>17 (50%)</td>
<td>16 (47.1%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>19 (55.9%)</td>
<td>11 (32.4%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Customer Awareness</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>26 (76.5%)</td>
<td>7 (20.6%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Quality venue</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>30 (88.2%)</td>
<td>3 (8.8%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Taste and preference</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>27 (79.5%)</td>
<td>6 (17.6%)</td>
<td>34 (100%)</td>
</tr>
</tbody>
</table>

4.5.3 Learning about upcoming Conferences and Exhibitions of Interest

Table 4.10 below presents the sources of information about upcoming conferences and exhibitions. Majority (35.3%) of the respondents learn about these events through press and public relations while 29.4% learn through visiting websites. Marketing agencies rank third with 20.6%. Few, (2% and 3%) learn through brochures and personal selling respectively.
The study observes the popularity of press/public relations and websites in reaching out to and informing MICE consumers about up-coming conferences and exhibitions.

Table 4.9 Learning about upcoming Conferences and Exhibitions of Interest

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Websites</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>Marketing Agencies</td>
<td>7</td>
<td>20.6</td>
</tr>
<tr>
<td>Brochures</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td>Press and Public Relations</td>
<td>12</td>
<td>35.3</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>
4.6 Place/Distribution and Influence on Consumption of MICE Products

4.6.1 Channel of Distribution

The study also sought to investigate the channels used by the respondents in hiring the MICE venues. Majority (87%) contacted the venue proprietors directly while few (13%) opted for agencies/intermediaries to carry out the transactions on their behalf. The study therefore observes the popularity of the ‘Consumer→Service provider’ or direct channel of distribution in the MICE market.

![Figure 4.6 Channel of Distribution](image)

4.6.2 Distribution Factors Influencing Choice of MICE Venue

The study sought to investigate the distribution factors influencing the choice of MICE venue. Majority agreed that the factors under study influenced their choice of MICE venue. Majority (52.9%) agreed that the distribution channel employed by the service provider influence their choice of venue to large extent. Majority (76.5%) cited the means of service delivery to influence their choice to a large extent, while 64.7% and 79.4% cited negotiations and established contacts to influence their choice of venue to a very large extent.

The study observes the already established contacts and negotiation agreements between the consumers and the venue proprietors to primarily influence the MICE consumers’ choice of the venues.
Table 4.10 Distribution Factors Influencing Choice of MICE Venue

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very large extent</th>
<th>To a large extent</th>
<th>To some extent</th>
<th>To a little extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution channel used by service provider</td>
<td>9 (26.5%)</td>
<td>18 (52.9%)</td>
<td>6 (17.7%)</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Means of delivering the service</td>
<td>7 (20.6%)</td>
<td>26 (76.5%)</td>
<td>1 (2.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Negotiations/arrangements</td>
<td>22 (64.7%)</td>
<td>10 (29.4%)</td>
<td>2 (5.9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Established contacts</td>
<td>27 (79.4%)</td>
<td>4 (11.8%)</td>
<td>3 (8.8%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>34 (100%)</td>
</tr>
</tbody>
</table>

4.7 Consumption of MICE Products

4.7.1 Mice Tourism as an Effective Platform for Marketing Tourism Industry to the world.

The study sought to find out whether MICE tourism aids in marketing and promoting Kenya’s tourism industry. Figure 4.7 below presents these findings. Majority (92%) agreed that MICE tourism is a great way of marketing the Kenya’s tourism industry to both the local and international markets. Only a few (8%) disagreed to the same. MICE tourism therefore is observed to be instrumental in marketing the tourism industry as a whole.
Figure 4.7 MICE Tourism as an Effective Platform for Marketing Tourism Industry to the world.

4.7.2 MICE Tourism and Economy

The study also sought to investigate the economic value of MICE tourism. Majority (52.9%) strongly agreed that MICE tourism is a great source of both direct and indirect revenue for both entrepreneurs and the government. Majority (55.9%) also agreed that MICE tourism offers all year-round employment opportunities while majority (64.7%) were of the opinion that MICE tourism extends business to the off-peak seasons. Majority (76.5%) thought that MICE tourism is environmental friendly.

The study therefore observes that MICE tourism is of great economic value to the country. It is a significant source of revenue for the government and entrepreneurs, offers employment, provides economic cushion for the seasonal business activities and more importantly promotes the green economy.
Table 4.11 MICE Tourism and Economy

<table>
<thead>
<tr>
<th>Economic Value</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of revenue</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>16 (47.1%)</td>
<td>18 (52.9%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Offers employment</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>19 (55.9%)</td>
<td>15 (44.1%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Extends business to off-peak seasons</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (2.9%)</td>
<td>22 (64.7%)</td>
<td>11 (32.4%)</td>
<td>34 (100%)</td>
</tr>
<tr>
<td>Environmental friendly</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>7 (20.6%)</td>
<td>26 (76.5%)</td>
<td>1 (2.9%)</td>
<td>34 (100%)</td>
</tr>
</tbody>
</table>

4.8 Correlation Analysis Results

Correlation analysis (Pearson’s product Moment Correlation) was carried out at a 95% confidence level and the correlation coefficients recorded. This type of correlation is used when both variables under study are measured at ratio or interval scales and are continuous (Mugenda, 2008). The correlation coefficient ranges between -1 and 1 with a value of 0 implying no relationship, 1 implying a perfect positive relationship and -1 implying a perfect negative relationship.

Price correlates positively with product attributes at a coefficient of 0.723. This indicates a strong relationship between the two. Product attributes has a significant positive correlation with promotional activities at a coefficient of 0.748. Price is positively correlated to distribution/place at a coefficient of 0.679. There is a positive and strong correlation at a level of 0.637 between product attributes and distribution. Price significantly correlates to consumption of MICE products at a coefficient of 0.752. There is a strong and positive relationship between place and consumption of MICE products at a coefficient of 0.763.
Table 4.12 Correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Price</th>
<th>Product Attributes</th>
<th>Promotional Activities</th>
<th>Place</th>
<th>Consumption of MICE products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Attributes</td>
<td>.723*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotional Activities</td>
<td>.642*</td>
<td>.748*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place/Distribution</td>
<td>.679</td>
<td>.637*</td>
<td>.561</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Consumption of MICE products</td>
<td>.752*</td>
<td>.692</td>
<td>.637</td>
<td>.763*</td>
<td>1</td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.05 level (2-tailed).

4.9 Regression Analysis Results

Regression analysis was conducted to establish whether there existed a relationship between consumption of MICE products in Kenya, price, product attributes, promotional activities, and place/distribution. Regression results are presented in table 4.14 below.

Table 4.13 Regression Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>T-Statistic</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>0.421</td>
<td>2.241</td>
<td>0.00</td>
</tr>
<tr>
<td>Product Attributes</td>
<td>0.490</td>
<td>2.352</td>
<td>0.02</td>
</tr>
<tr>
<td>Promotional Activities</td>
<td>0.413</td>
<td>2.320</td>
<td>0.04</td>
</tr>
<tr>
<td>Place/ Distribution</td>
<td>0.213</td>
<td>2.153</td>
<td>0.03</td>
</tr>
<tr>
<td>Constant Term</td>
<td>0.140</td>
<td>2.46</td>
<td>0.02</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statistic</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.7052</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.62</td>
</tr>
<tr>
<td>Durbin-Watson value</td>
<td>2.21</td>
</tr>
<tr>
<td>F-statistic</td>
<td>4.31</td>
</tr>
</tbody>
</table>

48
The resulting regression model is:
\[ \text{CoMICE} = \beta_0 + \beta_1 0.421 + \beta_2 0.490 + \beta_3 0.413 + \beta_4 0.213 + \epsilon \]

Where

CoMICE is Consumption of MICE products (dependent variable)

P is Price

PAt is Product Attributes

PAc is Promotional Activities

P is Place

While \( \epsilon \) is the error of prediction

\( \beta_0 \) is a constant which is the value of dependent variable when all the independent variables are 0.

Adjusted \( R^2 \) of 0.62 implies that price, product attributes, promotional activities and place explain 62% of consumption of MICE products in Kenya. The joint distribution of all the independent variables was significant in predicting the dependent variable as shown by an F-value of 4.31 and a p-value of 0.00 at 95% confidence interval. An F-value greater than 4.0 is significant (Neuman, 2006). Therefore, the variables were significant. According to Patton (2002), P-values of less than 0.05 imply positive significance. A Durbin Watson value of 2.0 and above indicates that there is no serial correlation (Verbeek, 2001). Therefore, Durbin Watson value of 2.21 indicated absence of serial correlation.

The table shows the regression analysis results based on t-ratio and the sign of the coefficient. The analysis shows that the constant has a t-ratio of 2.46 implying that there other factors that are statistically significant and influence consumption of MICE products in Kenya but have not been included in the model. The sign of the constant is positive implying that these factors will positively impact on the consumption of these products.
4.9.1 Inferences

**Price**
There is a positive relationship between consumption of MICE products in Kenya and price. Price is statistically significant as indicated by a coefficient of t-ratio of 2.241. Price therefore, influences the consumption of MICE products in Kenya.

**Product Attributes**
Product Attributes positively relate to the consumption of MICE products in Kenya. The coefficient is statistically significant as shown by a t-ratio of 2.352. The more appealing the product (venue) is, the higher the demand and consumption.

**Promotional Activities**
Promotional activities are also positively related to the consumption of MICE products in Kenya. The coefficient is statistically significant at a t-ratio of 2.320 t-ratio. The more the promotional activities the higher the consumption of MICE products in Kenya.

**Place/ Distribution**
Place is positively related to consumption of MICE products in Kenya. It is statistically significant at a t-ratio of 2.153.

4.10 Chapter Summary
The chapter presented the findings of the study as guided by the study’s objectives. The first section presented the general information regarding consumption of MICE products, the second section presented price factors influencing choice of MICE venue, the third section looked into the product attributes as they influence consumption of MICE products, the fourth section presented the influence of promotional activities on consumption of MICE products the fifth section looked into the influence of place or distribution and the last section presented the findings on consumption of MICE products. The next chapter presents the discussion, conclusion and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary, discussions, conclusions and the recommendations of the study in that order. The summary includes the objectives of the study, the methodology and the findings of the study. The discussions section presents a discussion of the findings of the study as guided by the study’s specific objectives. Similarly, the conclusions are also guided by the study’s specific objectives and informed by the findings of the study. The recommendations section presents both the recommendations for improvement and for further research.

5.2 Summary

The study investigated the factors that influence the consumption of MICE products in Kenya; a case of Kenya International Conference Center (KICC). The specific objectives were: to identify the influence of price on consumption of MICE products, to establish whether promotional activities influence consumption of MICE products, to investigate the influence of product attributes on the consumption of MICE products and to find out whether place influences the consumption of MICE products.

The study adopted descriptive research design. A total of 399 corporates, political parties and other institutions situated in Nairobi that consume MICE products at the Kenyatta International Conference Centre (KICC) constituted the target population while 10% of this population (40) formed the sample size. The 40 consumers of MICE products were selected using purposive sampling technique on the basis of repeat customers for the period 2010-2012. Questionnaires were used to collect data. Data was then coded and entered for analysis where Statistical Package for Social Sciences (SPSS) was used for analysis. Regression and correlation analysis were done. Tables and charts were used to present the analyzed data.

The study showed that the components of price factor influencing the choice of the MICE venue include: organizations’ budget allocations, ongoing promotions, cost of the venue and flexible payment terms. Consumers also tend to compare the prices offered by various
service providers before making hire decisions and this is informed by the price dynamism in the industry.

Consumers were also very keen on the ‘product’ on offer and carry out extensive research before making the hire decision. Product attributes; one-stop-shop, venue accessibility, parking space, cleanliness and organization, and security and safety measures were more appealing to these consumers and thus highly influenced consumption. Already packaged products were more preferred over purchasing individual elements. For the reasons of demand and cost considerations, the study showed that MICE products consumers booked the desired venues months before the actual event.

The study also showed that among the promotional factors informing consumers’ choice of the venue, communication about the quality of the venue, consumer’s tastes and preferences, consumer awareness, renowned brands and advertising were primary. Press/public relations and websites were found to be the popular medium through which the consumers of MICE products accessed information about up-coming conferences and exhibitions. Word-of-mouth was the most popular medium through which the MICE consumers learnt about the venues they hired.

Consumers preferred to deal directly with the service providers thus Direct channel of distribution was most adopted. Consumers however, engaged the intermediaries when organizing the event deemed complex; covering a large geographical area and large numbers of participants.

While industries; Banking, Medical and Tourism and hospitality are key participants and giant consumers of MICE products, key sectors that are currently driving the economy; Agriculture, Wholesale and Retail, Transport and Communication and Manufacturing are conspicuously left out in the MICE industry. Incentives; events held to reward participants on previous performance are not commonly carried out in a giant way but rather seldom and done in a silent manner and usually organized and hosted by the individual organizations.

MICE tourism is of great economic value to the country. It is a significant source of revenue for the government and entrepreneurs, offers employment, provides economic cushion for the
seasonal business activities and more importantly promotes the green economy. MICE tourism is also instrumental in promoting the overall tourism industry to the international world through ensuring excellent and phenomenon experiences to the international business tourists. These tourists, through word-of-mouth, become tourism ambassadors of the country.

5.3 Discussions

5.3.1 General Information

The study revealed that the banking industry takes the lead in the consumption of MICE products in Kenya. Other key consumers of MICE products include the tourism and hospitality industry, housing and construction, medical sector, and politics and governance. Exhibitions, conferences and meetings were the most consumed MICE products among these industries/sectors. Incentives however, were not popular as they were seldom held and when held were usually organized and hosted by the MICE organizations.

The study also revealed that when majority of these events (conferences, exhibitions and meetings) were held, they were usually guided by the purposes of legal and regulatory frameworks/ the need to comply with law requirements. This means organizations such as constitutional bodies which are required to meet or hold events at certain times or for a certain number of times by the law. Other reasons included new product launches, and employee/member development (the need to grow and expand a community of members by an organization or organizations). These include meetings for employee or member training and also events for acquiring new members or customers.

Sarit Center, Safari Park Hotel, and KICC were the most popular (ranked in that order) hosts for these events. Other venues included Intercontinental Hotel, Panafirc Hotel, Strathmore Business School and other venues in the outskirts of Nairobi. The purpose of the event, capacity/number of attendees, proximity and convenience, accessibility and availability are important factors to consider in choosing a MICE venue (Toth & David, 2010; Zang, Leung & Qu, 2007).
5.3.2 Influence of Price on Consumption of MICE Products in Kenya

The study found out that among the components of price factor influencing the choice of the MICE venue by consumers, the main components include organizations’ budget allocations, ongoing promotions, cost of the venue and flexible payment terms. Without funds available and designated to facilitate for MICE, holding such events is infeasible. Business travellers are sensitive to price and before settling for a particular destination, they tend to consider a variety of competing destinations. This finding corresponds to the findings in Zang, Leung & Qu (2007) that consumers will look at various destinations before choosing the location with the best price and value for their money.

Visitors also look out for the existence of ongoing promotions or discounts in price before choosing a MICE venue. Many of the organizations that participated in the study agreed that the presence of a discount influenced their choice of a particular MICE venue as opposed to a different venue. This was true especially for organizations that have used a venue for more than one time or plan to use it for more than one time. The discount enhances customer loyalty as customers are more likely to come back as it is an incentive to the customer. Another component of price that visitors consider before choosing a MICE venue is the flexibility of payment terms. The more suitable the payment terms, the more likely the consumer is going to choose a particular venue. The study showed that consumer’s preferred having a good agreement in terms of the payment method and terms as opposed to a rigid system dictated by the MICE venue to the consumer.

The study revealed that consumers of MICE products tend to compare the prices offered by various service providers before making hire decisions. This is informed by the price dynamism in the industry as dynamic pricing strategy is the prevalent pricing strategy employed in the MICE sector. This strategy has become a commonly practiced price discrimination strategy used by sellers to maximize profits by charging different prices for very similar or essentially the same products or services according to the amount of money individual customer is willing to pay (Dai, 2010). These consumers related the price dynamism to a number of factors, among them; quality of service, location of the venue and space particularly parking space.
The price dynamism influences consumption of MICE facilities as prices are agreed upon between the consumer and the MICE venue based on various factors specific to the customer. The price being dynamic is attractive to the customer as they do not have to incur unnecessary costs for instance where they require some facilities but they don’t require others. They get a price specific to their requirements. Price dynamism also features whereby there are different rates for peak and off peak seasons in the MICE industry. This means that when it is off peak season, consumers are likely to pay much less than they would during the peak season. For this reason, a consumer could stage their event around this time to take advantage of the lower price. Giving a customer their own rate is also key in increasing customer loyalty. This is because you could offer them a discount as well as other incentives.

Packaged pricing is a popular occurrence in the MICE industry currently. This corresponds with the findings in Kokkomaki, Laukkanen & Komppula (2009). Consumers are more likely to purchase several products as a package as opposed to purchasing the individual products by themselves. This is because the consumer is more likely to be charged a lower rate when they buy the package. Buying the product as a package also leads to convenience as a consumer pays at one time and they have everything they need during their whole stay at the MICE venue. The convenience and the decrease in cost serve as an incentive and helps acquire consumers for the MICE venue.

**5.3.3 Influence of Product Attributes on Consumption of MICE products in Kenya**

The study revealed that MICE consumers carry out extensive research on venues before making their hire decision. These consumers are very keen on the ‘product’ on offer and scrutinize the ‘product’ to the very detail to ensure that it matches or meets their specific and unique needs. Key product attributes that influenced these consumers’ choice of MICE venue included among others; one-stop-shop, venue accessibility, parking space, cleanliness and organization, and security and safety measures. Packages composed of all these elements were more appealing to these consumers.

According to the study, a MICE venue has to have the equipment/ facilities that the consumer requires before the consumer decides to acquire their services. Facilities such as seating capacity, equipment required such as projectors, sound equipment and other facilities
required by a specific consumer have to be available at the MICE venue if they are going to buy their services. Things that the consumer needs have to be available throughout their stay without there being instances where they run out. This is where the capacity of a MICE venue comes into play as well as the individual needs of the consumer and the number of guests projected to be at the event. The product availability is one of the most important factors influencing consumption of MICE products if not the most important. This is because if the product does not exist, there will be no consumer. Product availability also results in customer loyalty as there are few inconveniences. Consumers prefer companies where availability is assured just like in the findings in Jones (2007).

Another product factor that influences consumption of MICE venues is accessibility. Consumers look at factors such as how accessible a venue is i.e. the means of transport, the roads to be used to get there and various other factors. Consumers require visitors to attend their events, and if an event venue is inaccessible, it could undoubtedly compromise their business. This factor could thus determine if a consumer acquires the services of a particular MICE venue over another. This corresponds with the findings by Zang, Leung & Qu (2007) that destination accessibility is essential to consumers.

The study revealed that security is also a prime concern for consumers of MICE products. If there are threats to security to consumers or their property, it causes a negative perception in the minds of consumers about the venue. This may then hurt the business of the MICE venue as potential customers will choose to take their business to their competitors who offer a more secure location.

The study also shows that consumers preferred renowned brands as opposed to venues that weren’t really as well known. A high percentage of the respondents in the study attributed a good brand to symbolizing good quality service and thus this influenced their preference of such brands. A well renowned brand also raises the status of the event being held there.

The study also revealed that consumers of MICE products prefer already packaged ‘products ‘over individual elements. Buying a packaged product provides the customer with the benefits of easier budgeting for trips; the customer pays at one time and has a good idea of the total cost; increased convenience and greater economy; as the cost to the customer is
usually more economical than purchasing the package components individually (Hudson, 2008). However, for reasons of availability, demand and cost considerations, these consumers book the desired venues months before the actual event.

5.3.4 Influence of Promotional Activities on Consumption of MICE products in Kenya

The study revealed word-of-mouth as the most popular medium through which the MICE consumers learnt about the venues they hired. Marketing a MICE venue does not differ in principle from the marketing of any other product or service; it involves defining what you have to offer, identifying your market segment and promoting your product to potential customers accordingly (Baloglu & Love, 2005).

The study also revealed that among the promotional factors informing consumers’ choice of the venue, consumer awareness, communication about the quality of the venue, consumer’s tastes and preferences, renowned brands and advertising were primary.

Advertising is used to establish a basic awareness of the product or service in the minds of potential customers and to build up knowledge about it (Chen, 2006). It is necessary for customers to be aware of the availability/existence of a certain product in order for them to acquire it. MICE venues undertake various advertising in order to capture the customer that they wish to get. Different ways of advertising have different results with some methods being more effective than others.

Brochures, press and public relations, personal selling, and advertisements through websites are key marketing tools through which marketing destination organizations reach their prospective consumers (Hudson, 2008). Press/public relations and websites were found to be the popular medium through which the consumers of MICE products accessed information about up-coming conferences and exhibitions.

A high percentage of the respondents in the study attributed their purchase of a certain MICE products to customer awareness and the quality of the venue. This shows that MICE venues where customers have the knowledge of the services they offer and the level of quality that they promise will be more likely to have more consumers unlike those that do not. It is thus necessary to ensure that advertisements and awareness campaigns aimed at potential
customers show the quality of service the MICE venue offers as this is essential to consumers.

Brand awareness is also an essential component of promotion that positively influences consumption of MICE services and products. Kotler (2010) defines a brand as a name, symbol, term, a design or a combination of all these that enables customers differentiate the products of one company from those of its competitors. A brand enables a customer to identify certain values and attributes of a company that they identify it with and that appeal to them (Kotler, 2010). It is important for MICE products to be well branded. This enables a customer to distinguish them from competitors. It also ensures that customers are aware of the standards and the level of quality that a particular brand offers. This study shows that it is essential for a MICE venue to have a strong band and that MICE venues which are well known have higher chances of getting customers as it displays consumer awareness of the product.

Taste and preference is a factor in choosing MICE products/services to use as this study has shown from the high percentage of respondents who agreed with this. Before choosing a particular venue, customers enquire about the availability of the facilities that they require and the various facilities present at the venue. They then make a choice from a variety of alternatives to pick their preferred option. Customers prefer to use products/services which they like and this is a factor in their choice of venue. Customer awareness is important as a venue could have facilities that consumers would love but they are not aware of so they cannot acquire them. MICE venues also have to tailor their products according to consumers’ needs in order to acquire more customers.

5.3.5 Influence of Place/Distribution on Consumption of MICE products in Kenya

Direct channel; ‘Consumer → Service provider’ was found to be the most popular channel of distribution among the consumers of MICE products. Consumers preferred to deal directly with the service providers as opposed to engaging through intermediaries/agents. Companies usually do not use an intermediary to organize a meeting close to their location but directly book conference facilities for example from a hotel or from an educational institution (Fenich, 2005).
However, consumers engaged the intermediaries when organizing the event deemed complex; covering a large geographical area and large numbers of participants. The study also revealed that contacts and negotiation agreements between the consumers and the venue proprietors are instrumental in influencing the MICE consumers’ choice of the venues. The Contacts and platforms for negotiations are vital for a company’s distribution system to operate effectively (Hudson, 2008).

The study shows that negotiation agreements and established contacts between the venues and consumers and venue proprietors influenced MICE consumers’ choice of venues over factors such as already established distribution channel by the service provider. This shows that consumers preferred a distribution channel specific to them as opposed to predetermined distribution channel. The channel which they negotiate for with the service producer is made according to their individual tastes and preference. This shows customer satisfaction as a result of being able to choose or negotiate their own channel. It also shows customer loyalty as a result as customers establish contacts with the venue for a continuous business relationship.

According to Hudson (2008) organizations have to ensure that their distribution systems make a product or service available to the consumer by moving the consumer to the product. It is thus necessary to ensure product availability to the consumer and to cater for their needs. As this study has shown customers prefer to communicate to the service provider directly in order to acquire what they want. It is thus essential for companies to ensure that their products can be reached easily and that they can also be contacted easily. Customers prefer to be able to contact the organization and discuss about the product on offer, their specific requirements, and negotiate on the price. This is convenient to the customer and they are able to acquire what they want. Many organizations/ consumers know the requirements that they have and thus in most instances they just contact the venue themselves.

Instances where organizations use intermediaries are mostly where the event is a large event probably covering a large geographical area or several areas at once. This means that the logistics involved in carrying out the event are huge and they could require a specialist in the field to organize the facilities and other products required for the event. This corresponds with the findings by Sa´nchez, Callarisa, Rodrı´guez, & Moliner (2006). On the contrary,
organizations that are holding events close to their location usually do not use an intermediary as shown by the study. This corresponds with findings by Fenich (2005).

This study shows the need for MICE companies to ensure there is contact with customers in order to facilitate distribution. A high majority of the respondents showed that they prefer to contact the companies and negotiate for the product. Without this contact, consumers would not be aware of the product’s benefit and there would be no sale/distribution. This supports the findings in Hudson (2008).

5.4 Conclusions

5.4.1 Influence of Price on Consumption of MICE Products in Kenya
In regard to price, the study concluded that budget allocations, ongoing promotions in regard to discounts offered, cost of the venue and flexible payment terms are the key components of price factor that influence the choice of the MICE product. Budgetary allocations for MICE events allow organizations to comfortably plan and hold meeting and incentive events and participate in conferences and exhibitions. Promotions (discounts offered) act as bait to participation in MICE events while reasonable costs and flexible payment terms enhance consumer-service provider relationships thereby informing choice of venue.

Highly priced MICE venues shift demand to comfortably affordable venues making price competitiveness a fundamental factor in the overall tourism competitiveness of the country. Price dynamism is the pricing strategy employed in the MICE industry but while the service providers want to maximize their profits, consumers want the best bargain they can get in the market while at the same time get value for their money.

5.4.2 Influence of Product Attributes on Consumption of MICE products in Kenya
The study also draws conclusion that MICE consumers are very keen on the ‘product’ on offer and will carry out extensive research to ensure that the ‘product’ matches or meets their needs. It is therefore critical to assess and match consumer needs with ‘products’ before presenting them for consumption. While venue packages with the attributes of a one-stop-shop, venue accessibility, parking space, cleanliness and organization, and security and safety measures are more appealing to MICE product consumers, venues that exhibit
difficulties in accessibility may give the consumer; particularly in regard to incentives, the aesthetic value of originality and uniqueness. Consumer tastes and preferences are paramount in designing products and services. Consumers buy more than the ‘product’ itself to include convenience and economy; are they able to save time, money and energies. In regard to venue availability, MICE products consumers also want to avoid the crisis of high demand-high cost; thus will plan and do early bookings of venues of interest.

5.4.3 Influence of Promotional Activities on Consumption of MICE Products in Kenya
Regarding promotional activities, the study concludes that being in the service sector, past experience is vital in convincing (and winning) prospective customers about consuming your service. Word-of-mouth is a powerful marketing tool in communicating past experience; thus, the popularity of this tool among MICE product consumers. However, in the wake of the digital age, consumers can access information with ease and within the shortest time through the electronic media. Consumers have become technology savvy and medium such as websites and social sites are instrumental particularly in accessing and disseminating relevant and timely information of interest. Quality of the venue, consumer’s tastes and preferences, consumer awareness, renowned brands and advertising are primarily promotion factors influencing the choice of MICE venue. To this premise, image/brand building campaigns anchored on advertising elements of quality and tailor-made services designed to specifically meet the unique needs, tastes and preferences of individual customers are paramount.

5.4.4 Influence of Place/ Distribution on Consumption of MICE products in Kenya
The study also draws conclusion that MICE Consumers prefer to ‘buy’ directly from the service providers over using of intermediaries. This is so particularly when the event is believed to be simple and can be held locally. However, these consumers will engage the expertise of professional personnel of an intermediary organization particularly when organizing the meeting or conference is deemed to be complex; covering larger geographical areas and large number of participants. Consumers have established relationships with service providers in the MICE industry and are confident about the services and benefits of
the services provided by these proprietors. Negotiations in regard to price and operations are thus made possible and easy thereby highly influencing these consumers’ choices.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Influence of Price on Consumption of MICE Products in Kenya

While service providers in the MICE industry extensively take advantage of the price dynamism strategy, they must also ensure quality of the services they provide. Consumers want value for their money and will source from service providers that offer reasonable or least prices without compromising quality. To further enhance their competitiveness, service providers in this industry must endeavor to ‘provide more for less’. They must devise strategies that will economically enable them to offer phenomenon services; that exceed their consumers’ expectations, at reasonable prices.

5.5.1.2 Influence of Product Attributes on Consumption of MICE products in Kenya

Service providers in the MICE industry should also endeavor to understand to detail their target markets before presenting the ‘products’ to the market or even before planning for further investments in the same industry. Consumer tastes and preferences are dynamic and informed by both internal and external factors. As such it is mandatory that these service providers endeavor to design and package ‘products’ that not only meet the unique needs, tastes and preferences of these consumers but also exceed their expectations.

Moreover, these consumers want to buy more than the ‘product’ itself to include convenience and economy; in regard to saving time, money and efforts/energies and service providers therefore, must also incorporate this aspect of ‘product’ design. Keeping at pace with the ever changing technology is critical. To attract the international clientele and to gain a competitive edge in the market, being technology savvy is inevitable. Therefore, proprietors in the MICE industry must incorporate new technology in their services.
5.5.1.3 Influence of Promotional Activities on Consumption of MICE Products in Kenya

Extensive marketing is paramount. Proprietors in the MICE industry must also ensure that they avail as much information as possible to both the local and international markets. In the wake of the digital generation, use of marketing tools such as websites and having presence in the online social sites such as Facebook, Twitter, MySpace is inevitable.

To gain a competitive edge, service providers in this industry must ensure that entities in their target markets are not only able to carry out research on products/services offered but also able to do so with a lot of ease and within the least time possible. This can be done by enabling desk-research. Previous satisfactory experience is a relatively important attribute that guide the consumer in choice of the venue; and these attributes enhance the overall quality of experience. Service providers must endeavor to offer phenomenon experiences to the business tourists as these tourists; particularly the international business tourists are instrumental in marketing not only the MICE destination but also Kenya’s tourism industry to the international world through word-of-mouth.

In their marketing strategies proprietors in the MICE industry should strongly highlight ‘past experiences’ particularly from renowned organizations or personalities. This can be done through endorsements from these organizations or personalities. Brand influence the consumers’ choice of venue. Brand/image building therefore is vital and aggressive brand building campaign is necessary. These efforts should be anchored on advertising elements of quality and tailor-made services designed to specifically meet the unique needs, tastes and preferences of individual customers.

5.5.1.4 Influence of Place/ Distribution on Consumption of MICE products in Kenya

Finally, proprietors in the MICE industry should strengthen their relationships with their consumers. Contacts and platforms for negotiations in regard to price, organization and operations are key determinants of the consumers’ choice of venue/ MICE destination, and healthy and strong relationships enhance the service provider’s competitive edge. Moreover, customers are the lifeblood of any business and so, due attention should be directed to them. These proprietors in the MICE industry should also work closely with the intermediaries
operating in the same industry to enhance and ensure efficiency and effectiveness in satisfactory delivery of services to the consumers.

5.5.2 Recommendation for Further Studies

Studies should be carried out to explore other factors that influence consumption of MICE products in Kenya. Further study should be carried out on the relationship between venue attributes and incentive; the influence of venue attributes on incentives. Similar studies should be carried out in other parts of the country or on a different case study to validate the results of this study.
REFERENCES


Center for Exhibition Industry Research, (2009). Annual CEIR Index, CEIR, Dallas, TX.


UNWTO World Tourism Barometer. (2009). *The Evolution of International Tourist Arrivals*. Retrieved April 4, 2013 from: [http://www.eunwto.org.libezproxy.bournemouth.ac.uk/content/v432141q45340460/?p=39181ba894814984889c3ff06bf09ee3&pi=0](http://www.eunwto.org.libezproxy.bournemouth.ac.uk/content/v432141q45340460/?p=39181ba894814984889c3ff06bf09ee3&pi=0)


Dear Sir/ Madam,

RE: REQUEST TO PARTICIPATE IN MY RESEARCH.

I am a final year master’s student at United States International University pursuing a Masters Degree in Business Administration in Marketing. In order to fulfill my degree, I am required to write a research paper and in accordance, I have decided to write a thesis on the factors that influence the consumption of MICE products.

The study focused on the following research objectives: to examine the effects of pricing on the choice of MICE products by corporate companies, to evaluate the effects of product attributes on MICE products consumption by corporate companies and to analyze the effects of promotional activities on MICE products consumption by corporate companies.

For this research to be successful, I will need your assistance in answering the questions attached. The information you give will be used for academic purposes and will be treated with strict confidence. If you are interested in the results findings, please do not hesitate to ask for them.

YOURS SINCERELY

NJOROGE MARY WAITHIRA.
APPENDIX II: QUESTIONNAIRE

FACTORS INFLUENCING CONSUMPTION OF MICE PRODUCTS IN KENYA.

A CASE OF KENYA INTERNATIONAL CONFERENCE CENTER (KICC).

PART A: GENERAL INFORMATION

1. Entity Category (Please tick)
   Corporate □□ Politics and Governance □□

2. If corporate, which industry is your organization in? (Please tick)
   i) Housing and Construction □□
   ii) Banking □□
   iii) Manufacturing □□
   iv) Medical □□
   v) Tourism and Hospitality □□
   vi) Other (please Specify) □□
       …………………………………………………

3. Which of the following events do you hold? (Please tick)
   i) Meetings □□
   ii) Incentives □□
   iii) Conferences □□
   iv) Exhibition □□

4. How many times in a year do you hold the event(s) No. 5 above? (Please tick)
   i) 1-2 □□
   ii) 3-4 □□
   iii) More than 5 □□
5. Why do you hold event(s) No. 5 above? (Please tick)

   i) It is a requirement by law
   ii) We are constantly launching new products
   iii) For strategic purposes
   iv) Employee/member developments
   v) Other (Please specify)

   ........................................

6. Which of the following venues do you hire for the events of No. 5 above?

   i) KICC
   ii) BOMAS of Kenya
   iii) Safari Park Hotel
   iv) Sarit Center
   v) KIA
   vi) Other (Please specify)

   ........................................

7. Why you prefer the venue(s) stated above? (Please detail).

   ................................................................................................................................................
   ................................................................................................................................................
   ................................................................................................................................................
   ................................................................................................................................................
   ................................................................................................................................................
   ........................................
PART B: PRICE

8. Do the following factors influence your choice of the venue?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a The Budget in place for use at the time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b The ongoing promotions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c Cost for hire of space and facilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>d Free giveaways at the venue</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>e My company gets discounts</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>f Flexible payment terms</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>g Various packages on offer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

9. Do you compare prices of various MICE venues before making your purchase decision?

   Yes ☐ No ☐

If No, why? .......................................................................................................................

10. Do you find the prices of the MICE venues dynamic?

    Yes ☐ No ☐

If Yes, how does that influence your purchase decision?

........................................................................................................................................
........................................................................................................................................

11. Do you prefer hiring MICE venues as a package?

    Yes ☐ No ☐

If Yes, why? ...........................................................................................................................
PART C: PRODUCT ATTRIBUTES

12. Do you carry out research on the MICE venue and its physical facilities and amenities before making the purchase? (please tick)
   Yes [ ] No [ ]

13. If Yes or No to the above, why?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

14. To what extent does the following influence your choice of MICE venue? (Please tick)

<table>
<thead>
<tr>
<th>Factor</th>
<th>1. To a very large extent</th>
<th>2. To a large extent</th>
<th>3. To some extent</th>
<th>4. To a little extent</th>
<th>5. To no extent</th>
</tr>
</thead>
</table>
15. The MICE venue of choice (KICC) offers an opportunity to explore other tourism activities (Please tick).

Agree □  Disagree □  Don’t know □

16. We are always concerned and worried about the MICE venue availability and thus do our bookings months before the event. (Please tick)

Yes □  No □

PART D: PROMOTIONAL ACTIVITIES

17. How did you come to know about the KICC?

i) Word of mouth □

ii) Advertising □

iii) Sales promotion □

iv) Trade and professional magazines □

v) Public Relations □

vi) Personal selling □

vii) Other (specify) □
18. The following factors influence your choice of MICE venue (Please tick appropriately).

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Advertising</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Brand Awareness</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Customer Awareness</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Quality Venue</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Taste and preference</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19. Do you ever change the MICE venues?
   Yes [ ] No [ ]

20. If yes to No 22, to which one? .................................................................

21. If Yes to No. 22 above, why do you change the MICE venue?
   ...........................................................................................................
   ...........................................................................................................
   ...........................................................................................................

22. How do you learn about upcoming conferences and exhibitions of interest?
   i. Websites [ ]
   ii. Intermediaries/marketing agencies [ ]
   iii. Brochures [ ]
   iv. Press and public relations [ ]
   v. Personal selling [ ]
23. Do you think the mode of promotion used by your MICE service provider is efficient?

Yes ☐ No ☐

24. If Yes or No to No. 26 above, why?

.....................................................................................................................................................
.....................................................................................................................................................
............

PART E: PLACE/DISTRIBUTION

25. We hire MICE venues in (Please tick)

i. Whole package ☐

ii. Individual elements ☐

26. Why do you hire MICE venues in the form stated in No. 28 above?

.....................................................................................................................................................
.....................................................................................................................................................
.....................................................................................................................................................
.....................................................................................................................................................

27. We hire MICE venues (Please tick)

i. Directly from the service provider ☐

ii. From specialist independent intermediaries/agents ☐

28. Why do you prefer the channel stated in No. 30 above?

.....................................................................................................................................................
.....................................................................................................................................................
29. To what extent do the following factors influence your choice of MICE Venue?
(Please tick)

<table>
<thead>
<tr>
<th></th>
<th>1. To a very large extent</th>
<th>2. To a large extent</th>
<th>3. To some extent</th>
<th>4. To a little extent</th>
<th>5. To no extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution channel used by the service provider</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical distribution/ the means of delivering the service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiations of high-quality arrangements and contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established contacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

30. Do you believe that the distribution channel employed by your MICE service provider is effective?

Yes ☐ No ☐ Don’t Know ☐

PART F: CONSUMPTION OF MICE PRODUCTS

38. MICE tourism offers an effective platform for marketing tourism industry to the world.

Yes ☐

No ☐

39. How do you agree to the following statements? (Please tick)
### STATEMENT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>MICE tourism is a great source of both direct and indirect revenue for entrepreneurs and the government</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>b)</td>
<td>MICE industry offers all year-round employment opportunities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>c)</td>
<td>MICE tourism extends business to the off-peak seasons</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>d)</td>
<td>MICE tourism is environmental friendly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

40. **What is your recommendation regarding consumption of MICE products in Kenya?**

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________

Thank You