

The Role of ICT in the Hospitality Industry



Commerce

KEYWORDS : ICT, Hospitality Industry, Core Competence

Mrs. Lynda Richard

Helderberg College, Senior Lecturer P.O. Box 22, Somerset West South Africa, 7129

ABSTRACT

A core competence is an important activity which a company performs better than other internal activities. The study focuses on the extent to which information and communication technology (ICT) as a core competency is contributing to the success of hospitality industry in Cape Town, South Africa. The research study used the quantitative-descriptive design. A randomized cross-sectional survey was conducted. A sample of 60 respondents was surveyed for the study. It was concluded that ICT is one of their core competencies in running the business. There is a high rate of use of ICT in the hospitality industry, and the managers have adequate knowledge to manage corporate data. ICT adds value to the industry in terms of widening their client base and receiving feedback.

1. INTRODUCTION

1.1. Background of the Study

A core competence is competitively important that a company performs better than other internal activities (Thompson, Arthur and et. al 2008: 60). It is a highly valuable resource strength which makes a significant contribution to an organization's success and competitiveness. According to Kaplan and Norton (2009) business success does not primarily require that we determine the nature of demand but on what we can do: our competence and capability. Mintzberg, Quinn and Voyer (2003) emphasize that a business cannot succeed without becoming a world leader in some aspect or internal process.

Marketing, product innovation, information technology, finance and client service are some of the possible areas of core competencies that an organization may possess. The study explores the core competencies contributing to the success of hospitality industry in South Africa, and to what extent Information and Communication Technology (ICT) stands out to be one of the core competencies in the hospitality Industry.

ICT has the potential to add substantial value to business operations and competitiveness of a business. The potential value ICT offers needs to be exploited in order to raise corporate performance, and competitive position. According to the Annual Report 2011/2012 an all-time high of 8 339 354 international tourists arrived in 2011, an increase of 3,3% on the 2010 tourism figures. South African Tourism's e-Marketing Division reported 7,1% growth in online traffic. Its website (www.southafrica.net) in partnership with the likes of Wayn.com, TripAdvisor.com, and Expedia.com collectively resulted in more than 254 176 690 page impressions on its web platforms. South African Tourism's search engine marketing and paid search campaigns globally delivered more than 427 815 208 search results for the destination (Department of Tourism, Govt. of South Africa, 2012). The yearly hotel occupancy (stay unit nights) for the past five years range from 11 – 12 million (South African Outlook, 2011).

The study investigated to what extent ICT is the core competence in the hospitality industry and to what extent managers are competent in using ICT and the challenges they face in managing the corporate data. The study has six research objectives.

1.2 Research Objectives

- To determine the extent of ICT adoption as a core competence in the hospitality industry in Cape Town.
- To identify the extent to which managers are knowledgeable and up-to-date with the use of ICT in business operations.
- To investigate to what extent managers perceive the value ICT adds to their business operations.
- To determine the support ICT provides in managing their corporate data effectively.
- To make recommendations of the available ICTs, and how they can enhance and add value to business processes in the hospitality sector.

2 RESEARCH DESIGN

2.1 Type of Research

The research study used quantitative-descriptive research design. The positivist approach (explain and predict) underpinned the quantitative-descriptive methodology. The study consisted of a cross-sectional survey to assess the core competence, its management and challenges in the hospitality industry in South Africa.

2.2 Population and Sample

The research study was confined to the businesses which directly offered services to tourists. A randomized cross-sectional survey was conducted. The population of the study consisted of all managers of the hospitality industry in the city of Cape Town in South Africa. A sample of 60 respondents was surveyed for the study. Only three, four and five star hotels were considered. The findings of the study are limited to the hospitality industry in South Africa and may not be generalized to other industries in South Africa.

2.3 Data Collection

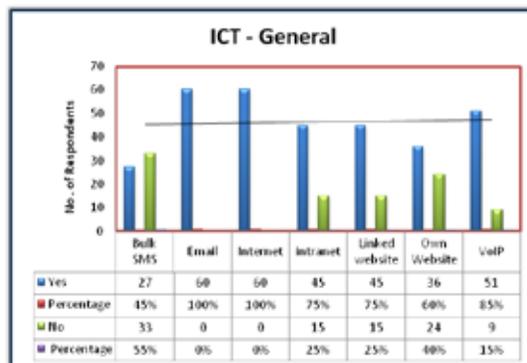
The primary data was collected through questionnaires and interviews. The data was collected using questionnaires. The questionnaire consisted of three sections with a total of 50 closed questions relating to the research objectives. The questionnaire used for the study was pilot-tested for validity and reliability. The data was tabulated and analyzed using descriptive statistics. Findings were extracted based on the statistical analysis, conclusions drawn and recommendations were made.

3. Data Analysis

3.1 Research Objective One: To determine the utilization of ICT as a core competency in the hospitality industry in Cape Town?

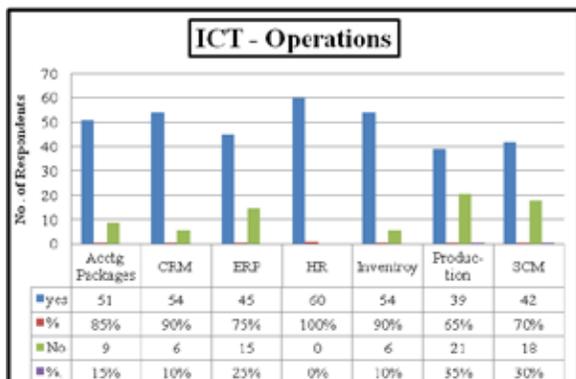
The various ICT tools available to businesses consist of: bulk SMS, email, internet, intranet, own website and linking with another website and VoIP. The response is tabulated below:

Figure 1 Response to the availability of various ICT tools



A 55% of the respondents have bulk SMS, 100% of the respondents have email, internet access, 75% have intranet and linked with another website and 60% have own website and 85% have VoIP. The overall trend of ICT tools used by the respondents is 78% as indicated by the trend line.

Figure 2 Response to ICT-based business software



Eighty five percent of the respondents indicated that they have Accounting packages, 90% indicated they have Client Relationship Management software, 75% respondents have Enterprise Resource Planning software, 100% have Human Resources Management software, 90% have inventory management and 70% have Supply Chain Management software. As can be seen, all the organizations have the essential business software. Out of the various business software used in the hospitality industry the HR and CRM software are the most commonly used.

Response to availability of advanced IT Systems

A 60% responded that they have SaaS and 45% have cloud computing and 60% have CMS systems. The responses indicate the use of advanced ICT systems.

Table 2 Response to knowledgeable and up-to-date in ICT

Code	Excellent		Good		Fair		Poor		Bad		Mean	Std. Dev.
	n	%	n	%	n	%	n	%	n	%		
Computer Concepts	24	40%	33	55%	3	5%	0	0%	0	0%	3.95	0.98
MS Word	24	40%	33	55%	3	5%	0	0%	0	0%	4.10	0.84
Internet	24	40%	30	50%	6	10%	0	0%	0	0%	4.05	0.63
MS PPT	21	35%	33	55%	6	10%	0	0%	0	0%	4.00	0.67
Email	33	55%	24	40%	3	5%	0	0%	0	0%	4.00	0.67
Data Man-agement	27	45%	24	40%	6	10%	3	5%	0	0%	4.00	0.67
Total Mean and Standard Deviation											4.02	0.74

A 40% of the respondents indicated that their knowledge and skills are "excellent" and another 55% indicated that their knowledge and skills are "good" in the use of computer concepts, MS Word and internet skill.

At least a 35% of the respondents indicated that their knowledge and skills in using MS PowerPoint and email skill is "excellent" and another 55% indicated their skill to be "good". Overall 95% agreed that their skills are excellent/good with a cumulative mean score of 4.02 and a standard deviation of 0.74. A low standard deviation indicates that there is a small difference in the responses. Therefore, it is concluded that managers are knowledgeable and up-to-date in the use of ICT.

3.3 Research Objective Three: To investigate to what extent managers perceived the value ICT added to their business.

ICT Access to Clients

The study surveyed to what extent hotels facilitated access to clients through ICT. ICT access to clients is provided through electronic booking, checking availability, online feedback, online payment, Facebook & twitter, Wi-Fi facility. The responses are tabulated in the following table:

Table 1 Response to ICT access to clients

	Electronic Booking	Checking Availability	Online Feedback	Online Payment	Face book	Twitter	Wi-Fi Premises
Yes	57	51	57	39	48	24	54
Percentage	95%	85%	95%	65%	80%	40%	90%
No	3	9	3	21	12	36	6
Percentage	5%	15%	5%	35%	20%	60%	10%

A 95% responded that the hotel has electronic booking facility, 85% responded online checking of availability of rooms, 95% responded that they have the facility for online client feedback, 65% responded that the hotels have the facility for accepting online payments, 80% of the respondents use Facebook, 40% of the respondents use twitter and 90% of the respondents have Wi-Fi access. These show a high ICT use for clients to access the hotels. Based on the data analysis, it is concluded that ICT is extensively used in the hospitality industry in the city of Cape Town.

3.2 Research Objective Two: To identify the extent to which managers are knowledgeable and up-to-date in the use of ICT in their business operations.

The research surveyed the extent to which managers have knowledge and skills in using ICT. The skills considered are computer concepts, MS Word, MS PowerPoint, internet, email skills and data management.

ICT adds value to a business in various ways such as: ability to attract and retain clients, efficient client service, effective marketing of the business, management of corporate data, etc.

Table 3 Response to the value ICT adds to the hospitality industry

Code	Strongly Agree		Agree		Neutral		Dis-agree		Strongly Dis-agree		Mean	Std. Dev.
	n	%	n	%	n	%	n	%	n	%		
Attract international clients	33	55%	24	40%	3	5%	0	0%	0	0%	4.50	0.60

Domestic clients	27	45%	33	55%	0	0%	0	0%	0	0%	4.50	0.50
Speedy booking	27	45%	27	45%	3	5%	3	5%	0	0%	4.30	0.79
Marketability	24	40%	27	45%	9	15%	0	0%	0	0%	4.30	0.70
Payment efficiency	27	45%	27	45%	6	10%	0	0%	0	0%	4.40	0.66
Quick feedback	27	45%	30	50%	3	5%	0	0%	0	0%	4.40	0.59
Client data	21	35%	36	60%	3	5%	0	0%	0	0%	4.30	0.56
Clients' tech. expectations met	24	40%	33	55%	3	5%	0	0%	0	0%	4.40	0.58
Work away from office	21	35%	30	50%	3	5%	0	0%	6	10%	4.00	1.15
Total Mean and Standard Deviation											4.34	0.68

Over 90% of respondents agreed/strongly agreed that ICT added value to the organization. 95% agreed/strongly agreed that it attracted clients from outside the country, 90% agreed/

strongly agreed that hotel bookings were processed speedily, 95% agreed/strongly agreed that the organization became more marketable, 95% have agreed/strongly agreed that client base has increased and 95% agreed/strongly agreed that client feedback could be received through ICT. The overall mean score of 4.34 indicates a high value addition to the organization with a standard deviation of 0.68 which indicates that there is little difference in the responses. Therefore, it is concluded that ICT added value to the organization.

3.4 Research Objective Four: To determine the support ICT provides in managing their corporate data effectively?

ICT assists in managing corporate data effectively in areas such as: managing client data, processing bookings, generating financial reports and data recovery in case of emergency/disaster. The management of corporate data consists of creation, validation, reporting and processing right through to its archiving. It is about a business having the policies and procedures in place so that the information system that the organization uses provides high quality analyzed information to their users.

Table 4 Response to ICT support in managing corporate data

Code	Strongly Agree		Agree		Neutral		Dis-agree		Strongly Disagree		Mean	Std. Dev.
	n	%	n	%	n	%	n	%	n	%		
Day-to-day data	15	25%	33	55%	3	5%	3	5%	6	10%	3.95	0.98
Data recovery	18	30%	27	45%	9	15%	3	5%	3	5%	4.10	0.84
Client database	15	25%	36	60%	9	15%	0	0%	0	0%	4.05	0.63
Process bookings	15	25%	33	55%	12	20%	0	0%	0	0%	4.00	0.67
Financial reports	15	25%	33	55%	9	15%	3	5%	0	0%	4.30	0.78
Total Mean and Standard Deviation											4.08	0.78

At least 75% agreed/strongly agreed that ICT has enabled the organization to manage corporate data effectively. An 85% of the respondents agreed/strongly agreed that ICT assists in maintaining client base. An 80% of the respondents agreed/strongly agreed that ICT enables the organization to process bookings without disruptions even on holiday and generate financial reports. The overall mean score of the respondents is 4.08 with a standard deviation of 0.78. This indicates that the mean score is reliable as there is very little difference in the responses. Therefore, it is concluded that ICT support added value to the hospitality industry in Cape Town, South Africa.

4. Conclusion

The hospitality industry utilized ICT, and it is one of their core competencies in running the business. The data collected showed a high rate of use of ICT, used advanced IT systems and offered ICT access to clients. Managers had adequate ICT knowledge and skills required to manage corporate data for the business. ICT has added value to the hospitality industry in terms of hotels gaining access to a wider client base and clients being able to give feedback via online and social media.

5. Recommendations

As most hotels in the study have similar ICT profile, clients get to see and compare them online. The site should not only link to

the booking page but be interactive and keep up with the newer trends to get conversion (into hotel bookings).

Front line staff must know the information posted online and on other media to assist those who call after visiting the site in order to boost conversion.

The websites and other media must be regularly updated with new information and fresh deals for the sites to get noticed by the wider client base. Hotels must continue to attract domestic and foreign tourists by using ICT through online text, sophisticated images, videos, virtual tours of the hotel experience, and it should be easily accessible in mobile devices and in newer applications.

Hotels must use reputation management software services to analyse the feedback posted by clients on websites and social media. These software services provide analysis of the sentiments expressed, reports to track performance, set goals and benchmark against one's own competitive set of hotels. It enables the hotels to respond online and even show real time data to respond when clients are still on-site.

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