

# Moderating Effect of Firm Characteristics on the Relationship Between Video Online Marketing and Market Performance of Registered Tours and Travel Agencies in Nairobi City County, Kenya

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## Abstract

Today's marketing is critical for tours and travel agencies to raise awareness of their products. Video marketing has grown in popularity as a result of widespread internet distribution. While many of these videos were created purely for entertainment purposes, others have served as the fundamental building blocks of serious corporate marketing campaigns. Currently, eighty-seven percent of online marketers use online video content as their marketing strategies. However, the market performance of tours and travel agencies in Nairobi city county exhibits a downward trend, necessitating adoption of online video marketing to enhance transparency. This study specifically investigated the effect of online video marketing on market performance, it also established the moderating effect of firm characteristics on the relationship between online video marketing and market performance of registered tours and travel agencies in Nairobi city county, Kenya. The study adopted a positivist philosophy. Both descriptive and explanatory research designs were used. A self-administered semi-structured questionnaire was used to collect primary data a sample of one hundred and seventy-nine were used. The study instrument's validity and reliability were tested and they were reliable. Data analysis included the development and interpretation of both descriptive and inferential statistics, such as frequencies, mean, percentages, and standard deviation, and was presented using tables, and numerical values. The results of regression analysis established that online video marketing had a positive and significant effect on market performance, and Firm characteristics had a positive moderation effect on the relationship between online video marketing and market performance of the registered tours and travel agencies in Nairobi city county, Kenya. However, the tours and travel agencies should focus more on the key characteristics of these online video content, which ultimately made reference to the purchase process and is open to the potential business outcome.

**Keywords:** Online video marketing, Market performance, Firm characteristics, Tours and travel agencies in Nairobi city county, Kenya.

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## 1. Introduction

Today's marketing is critical for tours and travel agencies to raise awareness of their products (Kotler & Armstrong, 2018). Tour and travel agencies must use modern information and communication technologies integrated into a well-designed and strategically thought-out system to promote their services. Online video marketing is one such tool, and it could be an important part of the overall tour and travel agencies marketing strategy (Alamäki *et al.*, 2019). Video marketing has grown in popularity as a result of widespread internet distribution. While many of these videos were created purely for entertainment purposes, others have served as the fundamental building blocks of serious corporate marketing campaigns (Zhang *et al.*, 2019). Companies of all sizes have turned to online video to reach, educate, and entertain millions of viewers (Serapio & Fogg, 2009).

Currently, 87% of online marketers use online video content as their marketing strategies (Statista, 2020). According to a Nielson study, performance improves by 74% after 15 seconds of online video viewing, and purchase intent improves by 72% after 10 seconds. Concurrently, the findings on a study by Lipyanina *et al.*, (2020), indicated online videos accounts for more than 80% of all web traffic; including a video on e-mails marketing increased click-through rates by 200-300%; embedding online videos in landing pages increases

conversion rates by 80%; and 90% of customers say videos on products and services help them make purchasing decisions.

Currently, 87% of online marketers use online video content as their marketing strategies. However, the market performance of tours and travel agencies in Nairobi city county exhibits a downward trend, necessitating adoption of online video marketing to enhance transparency (UNWTO, 2020). The main objective of this study was to establish the moderation effect of firm characteristics on the relationship between online video marketing and market performance of registered tours and travel agencies in Nairobi city county, Kenya. This study specifically investigated the effect of online video marketing on market performance, it also established the moderating effect of firm characteristics on the relationship between online video marketing and market performance of registered tours and travel agencies in Nairobi city county, Kenya. The hypotheses of the study were:

**H<sub>01</sub>:** Online video marketing has no significant effect on market performance of registered tours and travel agencies in Nairobi city county, Kenya.

**H<sub>02</sub>:** Firm characteristics have no significant moderating effect on the relationship between online marketing strategies and market performance of registered tours and travel agencies in Nairobi city county, Kenya.

## 2. Conceptual literature review

Experts in the industry and academic researchers are still attempting to identify the success metrics that should define effective online video marketing. A study by Krämer and Böhrs, (2016) contend that social sharing and quality informational as measures of online video marketing. Concurrently Goodrich *et al.*, (2015) contend that the length, quality informational content, interactivity and social sharing as measures of video marketing. Further, Geyik *et al.*, (2016) indicated social sharing and quality information has statistical significance influence on performance.

The duties of tour operators and travel agencies include selling, arranging transportation, lodging, tours, and trips for tourists (Dogra, 2018). There are over 400 tour and travel agencies in Kenya, 324 of which are registered and have their headquarters in Nairobi, with the remainder scattered throughout the country. The registered tours and travel agencies are classified according to their gross annual turnover. Firms consider size of the firm as an important aspect in shaping firm's internationalization ability (Behmiri *et al.*, 2019). Ansoff (1965) observed that older businesses have more matured monitoring systems and defined decision-making mechanisms, and they can outperform younger businesses, when it comes to the risk of newness due to factors such as reputation and market knowledge. Degryse *et al.*, (2012) emphasized that large firms have more leverage as opposed to small firms which enables proper performance. Consequently, Falk and Svensson, (2020) findings indicated, that larger firms have significance effect on performance and are likely to be considered more when allocating research grants as opposed to young firms.

Based on above literature, the size and age of the firm are therefore success matrices used by experts in the industry and academic researchers as constructs of firm characteristics (Kogan & Tian, 2012; Mwai *et al.*, 2017). Firm characteristics are a demographic and managerial variable that refers to a company's internal environment (Zou & Stan, 1998, Egbunike & Okerekeoti, 2018). The tours and travel agencies mobilizes its internal resources to enhance its ability to acquire the advantages of the resources. The UTAUT theory is of importance to online video marketing in such a way it shows the use and acceptance of virtual platforms and how their performance is of benefit to the firms (Siswanto *et al.*, 2018). Despite the amalgamation of the eight theories the UTAUT theory did not clearly indicate the process of adoption of technology (Kiwanuka, 2015). Therefore, including the theory of innovation diffusion is important for the process of adoption. The term "diffusion" refers to the process through which inventions spread to their intended consumers throughout time in society.

## 3. Literature review

online video marketing is a form of nonverbal communication that relies on the thoughts that are generated in one's mind throughout a media contact (Chen, Yeh, & Chang, 2018). Yang *et al.*, (2019) conducted an empirical study in China on the influence of brief video content marketing on consumer purchasing intention. The research used a comprehensive model based on TRA. The questionnaire was utilized to gather information, and the information was evaluated using SPSS software. The findings show that consumer purchase intent is influenced by knowledge, interest, and emotional short video content. Concurrently, Luo *et al.*, (2013) conducted a case study on a Chinese academic library uses online video marketing. The purpose of the study was to give a case study of a great, award-winning online video marketing effort at a Chinese academic library, and data was gathered through survey questionnaires. The research reveals that video content on genuine campus life contributed to the success of the library's video marketing effort. The above studies were conducted on already developed market and on different industry as opposed to the current study.

A study by Fayed, Farrag and Zaki (2017) on using video-sharing networks to promote therapeutic tourism and hotel marketing in Egypt. The purpose of this study was to investigate the advantages of using video for

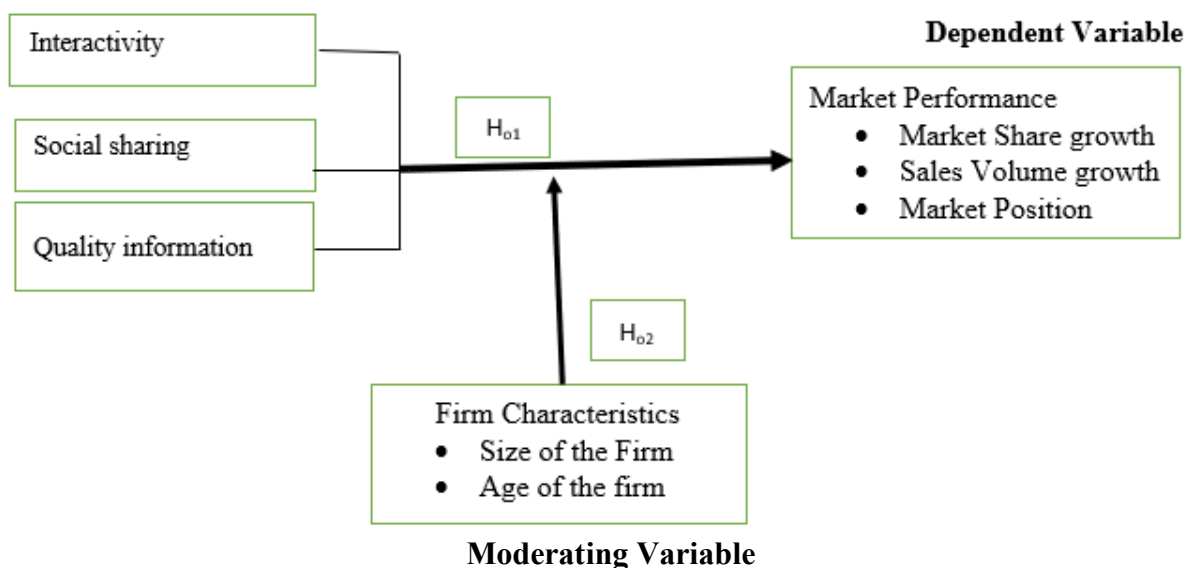
tourism promotion in Egypt. An online content analysis of available Videos online and channels, as well as a questionnaire, were used to collect data. The study's findings revealed that Video is a new social media tool in E-marketing, and that it will aid practitioners in depending on the devised strategy for marketing Egyptian therapeutic tourism and hotels via video. According to the report, more research is needed to establish a conceptual framework employing mixed methods research to widen the roles for which Egyptian marketers can use online networks. This study used exploratory research design which cannot test hypothesis and research finding cannot be generalized.

In addition, Wendt, Griesbaum and Kölle (2016) did an empirical analysis on video content on real-world college life, representing what students see on a regular basis. The purpose of this article is to investigate how viral stealth videos on YouTube and product advertising videos affect brand perception. The paper conceptualized YouTube as one of the components of video marketing. The study conceptualized YouTube being a construct of video marketing which in this case YouTube is a platform.

An organization's firm characteristics are a discrete measure of competitive advantage, in that organization displays a unique aspect as compared to that of its competitors. Efrat *et al.*, (2018) found that firm factors such as size and age have a full moderation effect on the relationship between dynamic export capabilities and market performance. Charles *et al.*, (2018) analyzed the impact on the implications of firm characteristics on profitability in Nigeria for a period between 2011-2016 on the listed consumer goods companies. The findings revealed that the firm's leverage, size and sales growth had statistically significant effects on profitability.

The study used a response rate of 18 which the findings cannot be generalized. Similarly, a study by Egbunike and Okerekeoti, (2018) to look at the relationship between macroeconomic factors, firm characteristics, and financial performance in Nigerian manufacturing companies. The study used a non-probability sampling technique and a multiple-line regression model, and the results showed that the firm's cash flow, size and indebtedness were all essential. Because of the sampling technique used, the results cannot be generalized. Mwai, Munyoki, Owino and Njihia, (2017) On 225 large-scale manufacturing enterprises in Kenya, researchers looked at the impact of firm characteristics on customer relationship management approaches and performance.

**Online video marketing (Independent Variable)**



**Figure 1: Conceptual Framework**  
 Source: Author (2021)

**4. Methodology**

The study adopted a positivist philosophy. Both descriptive and explanatory research designs were used (Bennett *et al.*, 2005). A self-administered semi-structured questionnaire was used to collect primary data from a population of three hundred and twenty-four registered tours and travels agencies picked from Nairobi city county, Kenya, and a sample of one hundred and seventy-nine were used. The study instrument's validity and reliability were tested and they were reliable. The data obtained was coded and entered into the Statistical Package for the Social Sciences. Data analysis included the development and interpretation of both descriptive and inferential statistics, such as frequencies, mean, percentages, and standard deviation, and was presented using tables, and numerical values.

## 5. Descriptive statistics

### 5.1. Online video marketing

**Table 1 Descriptive Statistics Results for Online video marketing**

Descriptions	Mean	Std. Deviation
Online video marketing reads have improved customer attitude and customer satisfaction enhancing the market performance of your agency	3.43	1.527
The number of unique visitors to our social media page has increased as a result of the quality information provided.	3.23	1.448
The agency online marketing are informative	3.23	1.352
The high quality material in the online videos has boosted the number of clicks on our display ads	3.23	1.352
The social sharing rates of online video marketing have increased the number of viewers on your agency platforms	3.18	1.582
Online video marketing humor information has increased interactivity of the agency target group	3.07	1.51
<b>Aggregate mean score and standard deviation</b>	<b>3.23</b>	<b>1.461</b>

**Source: Survey data, (2022)**

The descriptive statistics results in table 1 show that online video marketing reads have improved customer attitude and satisfaction, enhancing the agencies market performance, as demonstrated by a mean score of 3.43 and a standard deviation of 1.523. Furthermore, the number of unique visitors on the social media page has increased as a result of the quality information provided; the agency's online marketing is informative; the high quality material in the online videos boosted the number of clicks on the display ads; the social sharing rates of online video marketing have increased the number of viewers on the agency platforms; and online video marketing humor information increased interactivity of the agency target group as well demonstrated by a mean score of 3.23, 3.23, 3.23, 3.18, 3.07 and a standard deviation of 1.448, 1.352, 1.352, 1.582 and 1.51 respectively. Furthermore, the aggregate mean score of 3.23 indicated that respondents generally agree that tours and travel agencies in Nairobi city county Kenya use online video marketing. The 1.461 aggregate standard deviation demonstrated that respondents' perspectives on online content marketing were diverse. The findings back up Zhang, Qin, Wang, and Luo's (2019) claim that video marketing influenced online purchase decisions.

### 5.2. Firm Characteristics

**Table 2 Descriptive Statistics Results for Agency Characteristics**

Descriptions	Mean	Std. Deviation
Our size has enabled us to exploit the economies of scale and increase our market performance	3.300	1.4
We control a significant size of the market in our industry	3.230	1.352
Employees of this firm adhere to the ethical code of conduct to uphold the corporate culture	3.100	1.331
Our firm has been in existence for a long time	3.050	1.263
Our firm has been growing steadily for the last 10 years	3.050	1.353
In comparison to other companies in the industry, we have a larger market share	2.830	1.398
<b>Aggregate mean score and standard deviation</b>	<b>3.093</b>	<b>1.35</b>

**Source: Survey data, (2022)**

The results on the above table show that a majority of respondents agree the agency size has enabled it to exploit economies of scale and increase market performance, that the agencies control a significant size of the market in the industry, that employees of the agency adhere to the ethical code of conduct to uphold the corporate culture, that the agency has been in existence for a long time, and that the agency has been growing steadily for the last 10 years, as evidenced by a mean score of 3.3, 3.23, 3.1 and 3.05 supported by a standard deviation of 1.4, 1.352, 1.331, 1.263 and 1.353. Furthermore, the agency characteristics were adopted by tours and travel agencies in Nairobi city county Kenya, as evidenced by an aggregate mean score of 3.093; however, respondents' opinions varied, as evidenced by an aggregate standard deviation of 1.35. The study findings back up Charles *et al* (2018) claim that the firm's leverage, size, and sales growth all had statistically significant effects on profitability and sales volume growth.

## 6. Inferential statistics

Test of normality, test of multicollinearity, homoscedasticity test and finally test of linearity were the diagnostic tests that were conducted on this study.

### 6.1. Normality Test

**Table 3 Shapiro Wilk Tests of Normality**

Shapiro Wilk Tests of Normality	Statistic	df	Sig.
Online Video Marketing Score	0.831	120	0.077
Firm Characteristics Score	0.904	120	0.109
Market Performance Score	0.907	120	0.106

a Lilliefors Significance Correction

**Source: Survey data, (2022)**

The results of the Shapiro-Wilk test for normality are shown in the table above, and all variables were significant because the p-value was greater than 0.05. As a result, the findings implied that data for relational contracts followed the normal distribution assumption.

### 6.2. Homoscedasticity Test

Homogeneity is extent to which the data values for the dependent and independent variables are of one type. Levene's test was conducted to examine the homogeneity of variance. Significance of  $p \leq .05$  indicated that the null hypothesis was incorrect and that the variances were significantly different.

**Table 4 Test of Homogeneity of Variances**

Test of Homogeneity of Variances	Levene Statistic	df1	df2	Sig.
Online Video Marketing	0.024	1	118	0.878
Firm Characteristics	0.149	1	118	0.700

**Source: Survey data, (2022)**

Because the p-value for all variables was greater than 0.05, the study concluded that there was homogeneity of variances, making regression analysis appropriate.

### 6.3 Multi-collinearity Test

The threshold for VIF adopted in this study was above 10, hence variables with VIF value of above 10 were considered to have multi-collinearity.

**Table 5 VIF Test of Multi-Collinearity Test**

	Collinearity Statistics	
	Tolerance	VIF
Online Video Marketing Score	0.373	2.68
Firm Characteristics Score	0.37	2.704

a Dependent Variable: Market Performance Score

**Source: Survey data, (2022)**

According to the results in Table 5 none of the predictor variables had a VIF of above 10. These finding therefore implied that none of the variables were highly correlated hence, the assumption was achieved and the explanatory variables were perfect to be included in the regression modelling.

## 7. Hypotheses Testing

**H<sub>01</sub>: Online video marketing has no significant effect on market performance of the registered tours and travel agencies in Nairobi city county, Kenya.**

The coefficient for online video marketing strategies was  $\beta=0.384$  with p-value =0.000 which was statistically significant at 5 percent. These results implied that online video marketing strategies had a positive and significant effect on market performance of the registered tours and travel agencies in Nairobi city county, Kenya. The finding further implied use of online video marketing strategies amongst tours and travel agencies would result in an increase of 0.384 units in their market performance. These findings led to rejection of the null hypothesis; There is no significant effect of online video marketing strategies on market performance of the registered tours and travel agencies in Nairobi city county, Kenya. Hence, the study findings implied that online video marketing strategies significantly predicted market performance of the registered tours and travel agencies in Nairobi city county, Kenya.

The study finding supports the findings of Yang, Qin, Chen, and Ji (2019) who also conducted an empirical study in China on the influence of brief video content marketing on consumer purchasing intention. The research used a comprehensive model based on TRA. The questionnaire was utilized to gather information, and the information was evaluated using SPSS software. The findings show that consumer purchase intent is influenced



by knowledge, interest, and emotional short video content. Concurrently, Luo, Wang, and Han (2013) conducted a case study on a Chinese academic library uses online video marketing. The research reveals that video content on genuine campus life contributed to the success of the library's video marketing effort.

**H<sub>02</sub>: Firm characteristics have no significant moderating effect on the relationship between online marketing strategies and market performance of the registered tours and travel agencies in Nairobi city county, Kenya.**

The hypothesis of the study H<sub>02</sub>, Firm characteristics have no moderating effect on the relationship between online marketing strategies and market performance of the registered tours and travel agencies in Nairobi city county, Kenya. The study adopted the two-step method as suggested by Baron & Kenny (1986). In the first step, Firm characteristics were used as a predictor variable while in the second step used as a moderating variable.

## 8. Findings and Conclusions

The results of regression analysis established that online video marketing strategies had a positive and significant effect on market performance of the registered tours and travel agencies in Nairobi city county, Kenya. The finding further implied use of online video marketing strategies amongst tours and travel agencies would result in an increase of 0.384 units in their market performance. The findings established that firm characteristics had a significant moderating effect on the relationship between online video marketing and market performance of the registered tours and travel agencies in Nairobi city county, Kenya. However, the content on online videos when not properly utilized may negatively impact on the market performance since it extends beyond online video content creation and distribution to include content sharing, and therefore tours and travel agencies should focus more on the key characteristics of these online video content, which ultimately made reference to the purchase process and is open to the potential business outcome. Therefore we recommend the tours and travel agencies in Kenya should look at the effectiveness of distributing rich online video.

## 9. Suggestions for Further Research

Future studies should focus on establishing how online marketing strategies affect market performance of firms in other sectors such manufacturing, processing, retailing etc. This is ensuring the existing contextual gaps are bridged. Similarly, future studies should focus on relationship between online marketing strategies and financial performance of firms.

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