

Introduction

Globally, the tourism industry covers a variety of sectors, which include catering, transport, accommodation, leisure, entertainment and tourist attractions. The industry also has variants, which range from ecotourism to beach, sports, cultural and even ghetto tourism. This report will be primarily concerned with the accommodation sector within the tourism industry. It will include data specifically on accommodation in Kenya, the risks and challenges faced and also briefly highlight the companies and entities involved in the sector within the country. Finally, it will provide a conclusion to summarize the key points.

The accommodation sector is part of hospitality, which in itself is very highly intertwined with the tourism industry. Hotels, resorts, lodges and motels serve hundreds of thousands of visitors annually, with the major ones serving tourists as their primary clientele. Globally, the hotel sub-sector of the accommodation sector is worth \$457 billion and is expected to generate up to \$550 billion in revenue in 2016. The establishment of resorts in a bid to take advantage of the fast-developing African economies has seen up to 200 projects being announced as at 2013, with a total of over 40,000 rooms expected to be put up. Brands such as Kempinski Hotels, Marriott International, Starwood Hotels & Resorts and Best Western International have begun moving into and increasing their brand presence in Africa. Other sub-sectors falling under the accommodation sector include caravans, campsites, self-catering, farm stays and home stays. In the developed world, accommodation provision has been developed to such an extent that private property owners as opposed to only hotels, resorts and lodges can offer tourists accommodation. An example of a company involved in this market is the California-based Airbnb.

Within Kenya, accommodation and hospitality has been praised by industry players both locally and internationally for the tangible improvements and the potential for further growth. The following section will provide an analysis of the aforementioned sub-sectors within the accommodation sector.

Hotels and Resorts

The climate, geographical positioning and marketing strategies adopted within the tourism industry have served to expand Kenyan hotels' reach. Within the country, several international brands offering accommodation exist. While the coast has long been associated with hoteliers due to the popularity of beach tourism, urban areas have also attracted their share of hotels. For the most part, hotels within urban areas, notably Nairobi, are frequented by high profile guests. They provide accommodation to diplomats and other world leaders, but they have also carved a niche in the tourism industry, accommodating tourists who arrive and leave the country via the Nairobi-based Jomo Kenyatta International Airport. Within the hotels sub-sector, notable names include The Serena Group, the Sarova Hotels, Best Western International, The InterContinental and The Villa Rosa Kempinski. Owing to the fact that a large majority of hotels and resorts in Kenya are privately owned, financial figures and information are unavailable for analysis and comparison.

Authority and Regulation of Hotels and Resorts

All hospitality entities in Kenya fall under the umbrella of the Kenya Association of Hotel Keepers and Caterers (KAHC). It covers hotels, restaurants, lodges, membership clubs and

prominent airline caterers in Kenya. Established in 1944, KAHC has no regulatory role in the sector, but it has several roles which underscore its importance. Key among these are:

- Representing members in negotiations with the government and other agencies
- Facilitating the easy access to and flow of information to its members
- Ensuring that the hotel, resort and lodging sub-sector players coexist harmoniously
- Partnering to provide and facilitate training for personnel who will be absorbed into the tourism industry. This it does in partnership with the Kenya Utalii College, which is nationally recognized

In Kenya, hotels and restaurants and the extent of their operational freedoms are contained within The Hotels and Restaurants Act Cap 494 of the Laws of Kenya which commenced on 1st February 1972. The Hotels and Restaurants Act contains within it details of the following as appertains to the tourism industry and the involvement of hotels, and restaurants:

- Licensing
- Duties, liabilities and privileges of hotel keepers
- Price regulation
- The administration of training levies

The Hotels and Restaurants Act established the Hotels and Restaurants Authority. The mandate of the authority was to regulate and standardize the hotels and restaurants sub-sector in order to ensure operation within a fair and equitable business environment. The law gives the Hotels and Restaurants Authority the right to license hotels, resorts and lodges before they can formally

begin operations in Kenya. From 2010, the HRA conducts grading and classification of institutions in accordance with the East African Community regulatory regime.

Challenges Facing Hotels and Resorts

A number of challenges have plagued the hospitality sector in Kenya. While some can be dealt with to finality, others remain merely mitigatable, and the government as well as players in the tourism industry are faced with the challenge of exercising control over them. Some of the major challenges are discussed in the following section.

Terrorism

Accommodation in Kenya has come under strain in the recent past owing to several prevailing phenomena. One of these has been the insecurity issue. The insecurity crisis has had several avenues to it, ranging from terrorism to ethnic conflict and vigilante group activities. The 2013 attack at the Westgate Mall in Nairobi led to heightened tension in the country, affecting accommodation in and around Nairobi. Attacks in Mpeketoni in 2014 further damaged the reputation of the country's security forces and adversely impacted tourism and by extension, accommodation. In 2015, a terrorist attack at the Garissa University College led to the issuance of travel advisories against Kenya. With tourists fearing for their safety and booking cancellations on the rise, hotels, resorts and lodges lost clients and revenue for an extended period of time.

Vigilante groups such as the Mombasa Republican Congress (MRC) additionally heightened tension in the coastal region with ever-increasing demonstrations against the government and

calling for cessation. The group, outlawed by government, led to several instances of clashes with law enforcement, which damaged tourism at the coast owing to deteriorated security.

Criminal Activity

Unemployment in Kenya has stood at about 40% for almost a decade. At the coast, unemployed youth have been lured into drug and substance abuse and the subsequent distribution of such material. This has seen an increase in criminal activity in the region so as to obtain funds to sustain drug habits. With increased crime, as well as a phase where tourist attack and robbery incidents were on the increase served to damage the industry and reduced tourist numbers, thus reducing demand for accommodation.

Unregulated Competition

Private individuals and groups of investors with properties have increased competition in the accommodation sector. This is more common in the coastal region, with villas being rented out at comparatively lower prices compared to hotel, resort and lodging charges. As such, such unregulated accommodation providers have pulled down demand for more established organizations' products.

Foreign Exchange Fluctuations

The Kenyan economy, however stable, has been faced with shifts in exchange rates. While these are common in any economy in the world, the situation has been frequent in the country, making it a necessity to avail more accommodation for visitors looking to take advantage of the weakening of the shilling.

Lodges and Campsites

Lodges and campsites in Kenya offer guests an outdoor experience. A majority of them are in the Rift Valley region, where diverse wildlife and scenery as well as large tracts of land make commercial accommodation possible. They provide tourists with an inland sense of adventure and some organize for driven tours through game parks and game reserves in addition to offering accommodation services. Significant names in this sub-sector include Olare Mara Kempinski, Fairmont Mara Safari Club, Mara Bush Camp, Mara Serena Safari Lodge and Sarova Mara Game Camp among others. As will be noted, some of the participants in this sub-sector are also involved in availing hotel services, such as the Serena and Sarova Groups and Kempinski.

Challenges Facing Lodges and Campsites

Insecurity

Similar to the hotel sub-sector, insecurity plagues the lodges and campsites sub-sector of the accommodation sector. Pastoral communities frequently clash over pasture and water sources, rendering game drives impossible in some areas. The government has, however, attempted to control this trend through initiatives such as *Nyumba Kumi* to foster national unity and harmony, as well as numerous disarmament drives targeting pastoral communities. Inter-community festivals have also been organized in a bid to discourage and effectively mitigate traditional enmity.

Poaching

Since lodges and campsites rely on wildlife to improve guest experiences, poaching affects this sub-sector more than it does any other. The demand for illegal game meat and game trophies has further aggravated the poaching menace, with corruption within game conservancy agencies such as the Kenya Wildlife Service handicapping containment efforts. Efforts and drives from several organizations in the country as well as stringent proposed legislation have reduced poaching incidences significantly.

Farm Stay and Home Stay

This sub-sector of accommodation is concerned with offering tourists and other visitors an opportunity to relax in a farm setting. The technology is usually very basic, unlike high end technology offered in the previously discussed sub-sectors. For instance, while hoteliers will invest in high-speed internet connectivity for clients, farm stay and home stay settings deliberately fail to provide even televisions. Although yet to gather momentum in Kenya, farm stays are fast offering a relatively alternative. Among the entities offering farm stays in Kenya are Mlango Farm in Nairobi, Sandai Homestay and Cottages near the Aberdares, Kaptagat Farm Stay in Uasin Gishu and Lewa House within the Lewa Conservancy in Isiolo.

Challenges Facing Farm Stay and Home Stay*Limited Marketing*

Farm and home stays have received relatively little attention compared to other accommodation sub-sectors. Limited financial capability of players within the sub-sector also renders large

commercialization drives difficult if not impossible. As such, tourists who may want to relax away from the beach or game reserve setting have limited or no information on the presence of farm and home stays. With a restricted reach, revenue which would otherwise have been tapped remains elusive.

Environmental Degradation

Since farm and home stays are nature-oriented, environmental conservation is a major benefit. However, with increased human encroachment into animal habitats as well as poor non-biodegradable waste disposal, environmental degradation continues to pose a challenge to this considerably young sub-sector.

Organizational Difficulties

Contrary to hotels and restaurants for instance, farm and home stays have no centralized organization. As such, there is no central database from where information on players in this sub-sector are located, nor is there a body set up solely to deal with any complaints that may be raised particularly against operators. Therefore, most visitors both suffer from lack of information and absence of a body from which to seek redress should the need arise.

Caravans

Caravan tourism has not been formally established in Kenya, and therefore there is a negligible amount of information about it. The concept involves issuing fully-equipped vans to tourists, who can then move around and live in them for an agreed period of time before and at a fee.

Self-Catering

This sub-sector has gained increasing prominence in Kenya in the recent past. Tourists and locals who prefer not to stay in hotels are able to put up in fully-furnished villas, most of which are privately owned by wealthy individuals. Self-catering is especially rife in the coast, although it is picking up pace in the more inland Eastern and Rift Valley regions. Due to private ownership, most advertising is done under individual titles as opposed to companies or organizations.

Opportunities

The education of the population on the hazards that come with poaching is vital in reducing cases of poaching. The simple arrest of suspects is not enough, since with the use of technology and sophisticated equipment, government agencies have successfully been evaded by poachers. Additionally, the government cannot realistically hope to arrest every poacher or suspect thereof, thus making awareness on the disadvantages that come with depleting our wildlife numbers a more realistic and viable solution.

With the caravan accommodation sub-sector trailing its counterparts, there exists an opportunity to conduct research into the possibility of its success in Kenya. Capital restrictions and a risk-averse approach have impeded venturing into the sub-sector, but with a population increasingly embracing changing new ideas, there exists potential for success.

Increased advertising and marketing of the non-mainstream sub-sectors can also potentially expand the accommodation sector in Kenya. This includes the promotion of home and farm stays which have become more organized and easier to regulate, presenting the Ministry of Tourism with the task of simply bringing them to the fore.

Conclusion

The accommodation sector in Kenya has grown into an internationally competitive one, attracting some of the world's biggest brands. However, there still exists room for improvement as has been identified with the promotion of less traditional options such as home and farm stays. The frequent corruption claims against officials charged with overseeing tourism-related activities and security in general should also be addressed, since with tourists fearing for their safety and foreign governments issuing travel advisories, the accommodation sector suffers huge losses. With improvements on what exists and venturing into new and upcoming trends in the sector, tourist accommodation in Kenya can easily position itself with other top global destinations and players.