

## Introduction

At its core and by definition, tourism is concerned with the provision of goods and/or services which facilitate or enable business, pleasure or leisure away from the home environment. This could be within or beyond national boundaries, thus the concept of local and international tourism. The tourism industry forms an umbrella, under which fall providers of goods and services, such as hoteliers, airlines and tour services. The nature of tourism is dynamic, allowing categorization of the industry into inbound, outbound and domestic tourism. Inbound tourism deals with tourists coming into a country while outbound deals with tourists leaving the country to visit external locations. Domestic tourism is concerned with tourism falling within national borders by citizens of the said country. In 2013, global tourism was a \$7 trillion industry, making it one of the most lucrative and most important to gross domestic product (GDP hereon) contribution. The development and growth of the industry has helped create employment across several fields, with technological advances allowing even internet entrepreneurs to ash in on the act.

Tourism largely supports hospitality, and falling under this are hotels, which are encompassed under the accommodation sector. Globally, hotels generate \$400-500 billion in revenues annually, with major players including the likes of the InterContinental Hotels Group and Hilton Worldwide. The sectors falling under the tourism industry are as follows:

- Accommodation
- Entertainment
- Information

- Tourist attractions
- Catering
- Transport
- Leisure

The promotion of countries as preferred tourist destinations has created increased competition worldwide. Governments allocate millions of dollars annually into marketing and improvement of tourist-oriented services. The focus of this report will be to examine the tourism industry in Kenya. The report will include details of the current state of the industry, its regulation, promotion strategies, and opportunities available as well as challenges faced by industry players. Finally, a conclusion summarizing the main points will be given.

## **The Sectors**

### *Accommodation*

Accommodation is concerned with availing facilities where tourists can put up. This includes the likes of hotels, lodges, motels and resorts. In Kenya, the main players in the accommodation sector include the likes of the Serena Group, the Sarova Hotels, the InterContinental and the Villa Rosa Kempinski. These provide five-star accommodation service with a combination of amenities and high end service provision.

### *Transport*

The transport sector as far as tourism is concerned has developed immensely, with the means of transport expanding from the traditional road transit. Air as well as water transport means

operate in Kenya. Among the notable participants offering air transport are Kenya Airways and its Jambo Jet subsidiary which offers low-cost flights, Fast Jet, and Fly540. There is also railway transport, although it only links major cities due to lack of expansion of the railway built in the colonial era, though the Standard Gauge Railway project is set to change this. Kenya Railways is charged with the provision of railway transport and maintenance of the country's railway network. There is also transport by road, with reliable bus services offered by Easy Coach, Modern Coast, Crown Buses and Mash. Since only the coastal area necessitates water transport, there are no notable water transport providers.

#### *Tourist Attractions*

A variety of attractions exist, most of them offering game viewing services. Museums also provide attractions. Notable participants include Tsavo East and West National Park, Amboseli National Park, Maasai Mara National Park, Nairobi National Park and Hell's Gate National Park. The National Museum of Kenya, Railway Museum and Kenya National Archives additionally provide tourist attraction services. Ostrich Farm and the National Animal Orphanage provide zoo services.

#### *Catering*

Tourism catering is supported by numerous culinary and catering colleges. Among these, Kenya Utalii College ranks among the best. Several of the pre-identified accommodation providers also avail catering services. Other independent caterers include the Tamarind Group and Divine Catering. Nairobi also boasts a number of dining venues from various global cultures including Thai, Italian and Japanese cuisines.

*Leisure*

Leisure and the demand for activities other than the traditional beach visits and game reserve safaris have necessitated creativity and innovation. As such, a variety of activities exist, such as indoor and outdoor rock-climbing, bungee jumping and skydiving. Notable service providers include Skydive Diani offering skydiving, Rapids Camp Sagana offering both bungee jumping and rock climbing and BlueSky offering indoor rock climbing.

*Entertainment*

Several gaming and legal gambling establishments provide entertainment, as well as theatres and international cinemas. Among the most prominent casinos is the Safari Park Hotel & Casino. The Kenya National Theatre and Alliance Française and the Goethe Institute also offer entertainment for both locals and foreigners.

*Safari*

Companies which are noted for providing quality services include Abercrombie & Kent, Cheli & Peacock and Sunworld Safaris, although major hotels with lodges in the wild also organize safaris for their guests as part of their packages.

*Conference Tourism*

This sector is yet to be fully developed in Kenya, although there are plans to establish convention centers at the Coast. Currently, the Kenyatta International Convention Center offers world class meeting services.

*Beach Tourism*

Major hotels located along the coastline provide their guests with beach and water sport facilities. These include the North Coast Hotel, Sarova Whitesands Beach Resort & Spa, the Baobab Beach Resort & Spa and the Voyager Beach Resort.

**The State of Kenyan Tourism**

Upon attaining independence, Kenya set out to develop its key industries. Among these was tourism, which was already vibrant in the 1950s and 1960s, with multinationals involved including Lonrho East Africa. Prominent visitors to the country included the likes of Princess Elizabeth, who later became Queen Elizabeth while in Kenya upon the death of her father. After the attainment of independence, the need to develop tourism and pitch Kenya as a competitive visitor destination led to the formation of the Kenya Tourist Development Corporation (KTDC), established under the Kenya Tourist Development Corporation Act Chapter Cap 382 of the Laws of Kenya which commenced on 9<sup>th</sup> November 1965. The corporation's mandate and duty includes the investigation and formulation of projects or their expansion, to provide assistance to persons or authorities in carrying out tasks which the corporation is authorized to perform and the promotion or support of the formation of a body meant to exercise full or partial control of the body.

To keep up with changes in the tourism industry and further improve the quality of service provided as far as tourism goes, the Kenya Tourism Board (KTB) was established in 1997 through legal notice No.14 of the States Corporations Act Cap 446. Among its functions include addressing issues on the image of Kenyan tourism, collecting and generating tourism-related data

and statistics, initiating and overseeing tourism education locally and abroad and partnering with local and international organizations to improve tourism as a whole. Working in tandem with the KTDC, the KTB ensures the proper functioning of the tourism industry as well as providing data to allow the identification of trends in the industry.

Over the years, the tourism industry in Kenya has shown growth and expansion trends. Between 2003 and 2006, revenue grew from KES25.8 billion to KES56.2billion, more than doubling within just 3 years. Statistics indicate that the number of tourist arrivals into the country have continued to also increase. The period 2008 to 2011 in particular had an increase from 1.2 million tourists to 1.8 million. In the same period of time, earnings increased from KES52.7 billion to KES97.9 billion. The difference in revenue from the start of the 2003-2006 and the 2008-2011 periods was occasioned by several events in the country, including the 2007/2008 post-election violence which reduced tourist arrivals and thus, revenue.

Tourist arrivals in Kenya have been noted to occur year-round, but there are specific periods showing higher numbers than other. In the 2011-2014 period, holiday arrivals were highest in the 2<sup>nd</sup> and 4<sup>th</sup> quarters of the years observed. Other reasons accounting for arrivals were business and transit. Most tourists arriving in the country were noted to be from the United Kingdom, Italy and Germany respectively, according to data on bed-night occupancy. Popular destinations were the coastal beaches, the Nairobi high-end suburbs, Maasailand and Western Kenya respectively. With regard to the coast, which is famous with tourists for the prevailing weather conditions, the North Coast has been observed to be slightly more popular than the South.

The maturity of the Kenyan tourism industry has been illustrated by the sectors which have cropped up over time. The country offers a variety of packages, including ecotourism, sports tourism, conference tourism, beach tourism, safaris, and health tourism among others.

Campaigns run internationally by the Ministry of Tourism in conjunction with other partners have positioned Kenya among the top countries in Africa to visit. The 2015 Travel & Tourism Competitive Index Ranking placed Kenya at position 78 globally with a rating of 3.58, which was 3<sup>rd</sup> in Africa after South Africa and Namibia respectively. Such indicates a commitment and continued success by the government and concerned authorities to promote the country as a preferred tourist destination despite the challenges faced by the industry. Notable and recognized companies involved in Kenyan tourism are Kenya Airways and TPS Serena.

### **Regulation**

Regulation within an industry is essential in ensuring that industry players operate in the best interest of their clientele and that they operate within the provisions of the law. In Kenya, the tourism industry is regulated by the Tourism Regulatory Authority, a body corporate which was established under section 4 of the Tourism Act No.28 of 2011. It is charged with several responsibilities, some of which include but are not limited to the following:

- a) Working with industry stakeholders to classify and standardize tourism services and facilities within the country
- b) Ensuring that service providers operate within the code of ethics
- c) Maintaining the highest possible level of quality within the industry
- d) Register, license and grade all tourism and tourist-related service providers

- e) Continuously monitor and ensure the improvement of services and adherence to proper operational guidelines

The Ministry of Tourism, through the Tourism Regulatory Authority, works to streamline the tourism industry and constantly refine the rules and regulations which govern it and stakeholders within it. The Kenya Tourism Federation also plays a role and has some degree of regulatory authority, albeit in a diminished capacity.

### **Challenges and Mitigation Efforts**

Tourism is a fragile industry globally, relying on several intertwined factors. These include political status, economic position of a country, natural eventualities and both local and international security concerns. Kenya has faced several challenges over the years, some of which shall be highlighted in the following section.

#### *State of Security*

After the August 7<sup>th</sup> 1997 US Embassy bombings in Nairobi, the country struggled to lure tourists into the country again. The efforts of the concerned ministry were successful following a prolonged period of calm in Kenya. However, these efforts were adversely affected after the disputed 2007 general elections when the country experienced violence, which served to reduce tourist arrivals fearing backlashes. The numbers dropped very substantially, by up to 54%.

Ethnic clashes increased the country's insecurity, with statistics indicating a reduction in tourist numbers from 1.7 million to 1.5 million in the period between 2012 and 2013. Yet another notable security-related event is the Westgate Mall in Nairobi which was attacked on September



21<sup>st</sup> 2013. The attack on mall, which was frequented by high-end locals and foreigners heightened tension within the industry and the country at large. It is worth noting that the mall has since resumed operations. Terror attacks around the Coastal and North Eastern regions prompted several governments to issue travel advisories against Kenya, leading to losses running into the millions.

The Kenyan Government has made significant steps towards ensuring the maintenance of calm and security by launching several campaigns. The use of social media to launch campaigns such as *Taqwa Media* and *Operation Linda Boni* as well as several advertisements across mainstream media have served to encourage vigilance against terrorist threats. The *Nyumba Kumi* initiative which promotes and encourages people to know who their neighbors are is yet another project. Institutions of higher learning have also joined the cause, offering training drills to students on how to handle instances of security breaches. Finally, security officers have been deployed around the country with more frequency than was the case earlier, especially following terror attacks in learning institutions, the most infamous being the Garissa University College attack on April 2<sup>nd</sup> 2015.

### *Poaching*

The poaching dilemma in Kenya has been most heavily felt by the rhino and elephant populations, with the two accounting for a majority of the cases reported. One reason is the high poverty levels in the country and a lucrative black market for tusks and rhino horns internationally, especially in the Far East. In 2013, 59 rhinos and 302 elephants were lost in Kenya alone, triggering national outcry. With a reduction of game, the largely popular safaris for

which Kenya is globally renowned suffers a detrimental blow, with game parks, game reserves and related lodges bearing the brunt of it. Poaching has also been blamed on the increased human-wildlife conflict, with pastoral communities encroaching into game reserves.

The fight against poaching has seen a number of drives and movements. Though the government has attempted to curb the vice with the Kenya Wildlife Service, the attempts have had a relatively limited effect, with accusations of some officers working in cahoots with poachers. Non-governmental drives have thus become a more viable alternative. *Hands Off Our Elephants* is a campaign by Kenyan conservationist Paula Kahumbu which seeks to call attention to the cases of elephant poaching incidents and rouse the government into action. Other notable initiatives include Wildlife Clubs of Kenya and Kenyans United Against Poaching (KUAPO).

### *Regional Integration*

The Eastern African region has been in discussions in the recent past on how to become more integrated and unified. Among the proposals was the issuance of a single visa for both Eastern African residents' use and for tourism purposes. However, while some countries in the region are for the idea, some claim that the benefits will be unequal, and thus integration efforts have stalled significantly. Under the terms, the countries into which tourists first arrive are entitled to a higher share of revenues from, for example, visa fees. In the East African case, Tanzania has been opposed to the marketing of East Africa as a single tourism destination citing Kenya's travel connections and popularity of the Jomo Kenyatta International Airport, thereby suggesting that Kenya would enjoy an advantage over her partners. Due to such political, economic and

ideological differences, the potential gains from a single unit tourism destination have not been tapped into.

The complex nature of international discussions has limited interventions and actions likely to speed up integration. As such, the only solution so far has been to hope that a unanimous or binding decision accepted by all or most of the Eastern African states will be reached soon.

### **Opportunities in the Industry**

Kenyan tourism has a number of available opportunities for interested investors. The diverse nature of local tourism has created new avenues to tap into. Under the new constitution, counties have been established, and each has continuously sought to promote and market itself as a preferred tourism destination, ultimately working to the advantage of the country as a whole. Several cultural festivals have been instituted, including the Marsabit-Lake Turkana Cultural Festival and the Mombasa International Cultural Festival. Through these, counties have created the opportunity for craft vendors, tourist travel and accommodation service providers and related groups to participate in the industry.

The government has also been at the forefront in promoting tourism in the country. Through the *Magical Kenya* initiative, locals as well as foreigners have been encouraged to visit parks, the beaches and other tourist attractions, developing both domestic and international tourism.

Additionally, the Ministry of Tourism has worked to ensure that park entry fees have been reduced marginally so as to encourage more visitors and make Kenyan parks and game reserves more competitive. This is especially important considering that the entry fees in Kenya can be as high as \$80 whereas in countries such as South Africa they can be as low as \$20-25 per person.

Furthermore, through the Vision 2030 development blueprint, the government has embarked on infrastructure improvement, urban area upgrades including a fiber-optic network layout to promote corporate tourism and an active attempt at moral dissuasion. Moral dissuasion is meant to curb vices such as environmental degradation, drug abuse and child prostitution, which has frequently damaged Kenya's reputation with the surge in sex tourism.

### **Conclusion**

Kenya has developed its tourism sector over the past half century and has become globally competitive. Efforts of both parastatals and non-governmental institutions have served to not only market the country but also to mitigate negativities plaguing the industry such as poaching and terrorism. The joint contribution of County Governments has boosted National Government efforts and the country is poised to register continued growth and improvement with the continued roll-out of the strategic plan that is Vision 2030.