Digital Economic Integration of MSEs in the Global South Kenya Report- Tourism

August 2023

Table of Contents

1. Introduction

With a share of around 9.8% of global GDP in 2014, more than 277 million jobs and indirect revenues of US$7.6 trillion[1], tourism is credited with considerable potential for socioeconomic development worldwide (Daly & Gereffi, 2018). Compared to other economic sectors, tourism's contribution to global GDP of 3.1% was close to that of the education and banking sectors at 3.4% and 3.2%, respectively (ibid.). The literature highlights that the tourism industry is not limited to a specific region. For example, while Europe is statistically the most visited region, accounting for 51% of all international tourists in 2014, Africa and Asia-Pacific experienced the highest growth rates between 2005 and 2014 (Daly & Gereffi, 2018). Over the centuries, the African savannah, including the Kruger, the Serengeti, and the Maasai Mara, to name a few, with its wide range of scenic landscapes and wildlife, has proven to be a magnet for a myriad of international tourists. This has been reinforced by the increasing diversity of cultural and heritage experiences, resulting in Africa receiving more than 55.7 million tourists by 2014 (ibid.).

Like other developing countries, Kenya has tapped into the socioeconomic development potential of the tourism sector. Accounting for about 6% of total international tourist arrivals in Africa (Akama & Kieti, 2007), Kenya is among the leading African destinations attracting tourists from North America, Europe, and Southeast Asia (Table 1). In addition, the country has experienced an increase in domestic tourism as its middle-class has continued to expand. Consequently, over the years, the role played by the tourism sector in the Kenyan economy has grown exponentially. According to statistics, the sector is the second largest economic activity, contributing to at least 9% (about 500,000 jobs (Kimaiga, 2018) of the country's total employment and 12% of its gross domestic product (Mshenga & Richardson, 2013; Akama & Kieti, 2003; Kenya Government, 2007). Projections indicate that the tourism sector will continue to be an important source of foreign direct investment and exports from Africa, with Kenya likely to remain a significant player (Daly & Gereffi, 2018).

Moreover, the sector's multiplier effect is even higher, given its numerous links to other economic sectors, thus credited with considerable potential for foreign exchange earnings as well as wealth and job creation. For example, in the pre-Covid 19 period and 2018 in particular, Kenya saw a 14% increase in international tourist arrivals to almost 1.7 million tourists, resulting in a 31% increase in revenue (Kenya Government, 2019). In the same year (2018), the country recorded a 20% increase in hotel-bed nights, out of which 52% were occupied by Kenyan residents, underscoring the crucial role of domestic tourism. Nevertheless, the sector has experienced occasional interruptions, such as those related to travel advisories, the Covid 19 outbreak and the 2007-2008 financial crisis to name a few. This is apparent in Table 1, which shows a drastic decline in the number of tourists to the country (in the period between 2020 and 2021) as a result of Covid 19 and the associated travel restrictions. Generally, the performance of the tourism sector in the decades before the Covid 19 outbreak was remarkable, as the sector recorded more than 2 million tourists, resulting in total revenues of US$2.962 billion by 2019 (Kenya Government, 2022).

---

[1] The United Nations' World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC). Data from the WTTC are accessible on the WTTC website: https://wttc.org/research/economic-impact.

As far as tourism attractions are concerned, a large part of the country's tourism sector depends on wildlife tourism, commonly referred to as safari, which involves adventures in the wild in search of the Big Five, namely elephant, rhino, leopard, lion and buffalo. For decades, safaris have remained a profitable commercial activity for private and public sectors. In particular, close to 8% of Kenya or 7,194, 000 ha comprising 10 million acres of about 65 private sanctuaries, national reserves and parks is dedicated to the promotion of safari tourism as well as the conservation of the African aquatic and savanna wildlife (Wishitemi, et al., 2015). Some of the popular tourist destinations in the country include the coast and national parks and reserves such as Maasai Mara, Lake Nakuru, Amboseli and Tsavo East and West (Akama & Kieti, 2003). The Kenyan coast, in particular, is credited as the leading tourist destination in East Africa, as it has the largest number of hospitality and tourism facilities and accounts for nearly one-third of Kenya's international tourist arrivals (ibid.). Scholars point out that tourism in Kenya's coastal region represents about 60% of overnight stays in the entire country, contributing to over 60% of the country's total tourism revenue (Mshenga & Richardson, 2013). Further, studies underscore that national parks and reserves are the foundation on which Kenya's tourism sector is built. In this case, more than 1 million international tourists participate in safaris and related nature-based tourism in Kenya each year (Akama & Kieti, 2003). Various forms of accommodation have been developed in national reserves and parks, such as campsites and lodges, which allow tourists to stay overnight before or after sightseeing and guided game drives in the game reserves and parks (ibid.).

In terms of structure, the Kenyan tourism sector consists of a variety of actors such as airlines, tour operators, guides, hotels, and hospitality businesses. Most of these actors are organized in associations such as the Kenya Tour Operators Association (KATO), Kenya Professional Safari Guides Association (KPSGA), The Association of Hotel Professionals Kenya (AHPK), Kenya Association of Hotelkeepers and Caterers (KAHC), the Pubs, Entertainment and Restaurants Association of Kenya (PERAK) as well as the Kenya Coast Tourism Association (KCTA). Despite the continued growth of Kenya's tourism sector, there has been little change in the quality of life for the majority of residents in the country's main tourism destinations. In particular, scholars point out that poverty rates are among the highest in regions that are popular tourist destinations (Akama & Kieti, 2007; Momanyi, 2013; Wishitemi, et al. 2015).

At the same time, cases of exploitation of the local community for the benefit of multinational tour operators have not gone unnoticed. Scholars have criticized the organization of overseas tourism in Kenya through all-inclusive tour packages, which have resulted in revenue leakage and minimal jobs created for the local communities, thus exacerbating poverty (Akama, 2000). In particular, the literature points out that the all-inclusive travel packages that remain popular on the African continent, including Kenya, coupled with limited domestic demand, mean that domestic actors rely on global tour operators to attract customers, giving these companies a high degree of market power (Akama, 2000; Daly & Gereffi, 2018). This, together with the enclave tourism that is common on the continent, poses the risk of weak backward linkages with the supporting sectors, thus, resulting in economic gains related with tourism accruing to foreign actors (Daly & Gereffi, 2018). This has increased the call for sustainable tourism development that seeks to meet the needs of the local communities. The involvement of the local community in the tourism sector plays a crucial role not only in empowering local people, but also in harnessing the sector's potential for local socio-economic development, as increased local entrepreneurship leads to multiplier effects

spreading to local communities (Mshenga & Richardson, 2013). This makes the involvement of micro, small and medium enterprises (MSMEs) in the tourism sector all the more important for job and wealth creation, thus improving the quality of life among the local communities. As they appear to leverage on locally derived inputs and increase employment opportunities in their communities, MSMEs are seen as key to promoting inclusive growth through tourism (APEC, 2019). Thus, linkages between MSMEs and poverty reduction have dominated scholarly debates (ibid.).

Table 1: Departing visitors, categorized by country of stay and reason for visit in the period between 2018 and 2022 (numbers in thousands)

Country	Holiday				Transit				Business				Total			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Europe																
Germany	55.3	46.1	2.8	7.1	3.6	5.6	0.7	1.5	9.5	10.1	4.9	10.6	68.4	61.8	8.4	19.2
UK	135.9	116.3	6.3	14.1	8.8	14.2	1.5	3.0	23.3	25.4	11.0	21.3	168.0	155.8	18.8	38.5
Switzerland	9.8	9.0	0.6	1.8	0.6	1.1	0.1	0.4	1.7	2.0	1.0	2.7	12.2	12.0	1.8	4.8
Italy	43.0	32.3	2.1	3.0	2.8	3.9	0.5	0.6	7.4	7.0	3.8	4.5	53.2	43.3	6.4	8.2
France	34.8	34.3	2.0	5.1	2.3	4.2	0.5	1.1	6.0	7.5	3.5	7.7	43.0	46.0	5.9	13.8
Scandinavia	42.1	35.7	2.6	5.6	2.7	4.3	0.6	1.2	7.2	7.8	4.6	8.4	52.1	47.8	7.8	15.2
Other Europe	109.5	113.4	5.1	18.8	7.1	13.8	1.2	4.0	18.8	24.7	9.1	28.3	135.4	152.0	15.5	51.2
N. America																
USA	163.1	156.2	8.1	36.2	10.6	19.0	2.0	7.8	28.8	34.0	14.4	54.5	201.7	209.2	24.5	98.5
Canada	30.5	26.2	1.5	3.6	2.0	3.2	0.4	0.8	5.2	5.7	2.7	5.4	37.7	35.1	4.5	9.8
Africa																
Uganda	106.8	96.7	5.5	18.0	6.9	11.8	1.3	3.9	18.4	21.1	9.8	27.1	132.1	129.5	16.6	49.0
Tanzania	129.1	96.7	4.8	17.1	8.4	11.8	1.2	3.7	22.2	21.1	8.5	25.8	159.7	129.6	14.5	46.6
Burundi	17.2	16.6	1.0	3.1	1.1	2.0	0.2	0.7	3.0	3.6	1.7	4.7	21.3	22.3	2.9	8.5
Rwanda	20.8	24.2	1.9	6.7	1.3	3.0	0.5	1.4	3.6	5.3	3.3	10.1	25.7	32.5	5.7	18.3
South Sudan	12.9	14.2	1.1	4.7	0.8	1.7	0.3	1.0	2.2	3.1	2.0	7.0	15.9	19.1	3.4	12.7
Other Africa	214.5	190.4	10.3	41.9	13.4	23.2	2.5	9.0	36.9	41.5	18.2	63.0	264.8	255.0	31.0	113.9

Asia																
India	91.9	76.6	3.4	11.8	6.0	9.3	0.8	2.5	15.8	16.7	6.0	17.7	113.6	102.6	10.1	32.0
Japan	9.5	8.8	0.4	0.5	0.6	1.1	0.1	0.1	1.6	1.9	0.8	0.8	11.8	11.7	1.3	1.5
Israel	4.5	3.2	0.2	0.7	0.3	0.4	0.0	0.1	0.8	0.7	0.3	1.0	5.5	4.4	0.5	1.9
Other Asia	102.6	93.5	4.4	20.6	6.7	11.4	1.1	4.4	17.6	20.4	7.8	31.0	126.9	125.3	13.2	56.1
Australia & New Zealand	23.3	20.7	0.9	1.0	1.5	2.5	0.2	0.2	4.0	4.5	1.5	1.5	28.8	27.7	2.6	2.7
Other countries	14.6	15.1	0.6	1.9	0.9	1.8	0.1	0.4	2.5	3.3	1.1	2.9	18.0	20.3	1.8	5.2
Total	1,371.5	1,226.3	65.5	223.3	88.6	149.3	15.8	47.9	235.7	267.3	115.8	336.2	1,695.8	1,642.9	197.2	607.5

Source: Kenya Government, 2019; 2021; 2022

Tourism Value Chains

Designed over the past two decades by multidisciplinary scholars to understand globalization and its impact on a variety of economic sectors, the global value chain (GVC) framework has found relevance in tourism research (Daly & Gereffi, 2018). The framework has proven crucial in providing a holistic view of how sectors are organized, and in particular, it helps to explore the dynamics and structure of the various actors involved (ibid.). For the analysis of the tourism GVC, the focus is on three categories of actors: service providers, distribution intermediaries, and end markets (tourists) (Daly & Gereffi, 2018). Notably, providers of services such as transportation, entertainment, accommodation, food and beverage, and entertainment and recreation play a crucial role in the tourism sector. In explaining the dynamics of tourism GVCs, scholars underline that lead firms bundle and assemble disparate individual tourism services into coherent travel experiences (in the form of tour packages). Specifically, lead firms, including international hotels and airlines, destination management companies (DMCs), tour operators, and online portals, appear to derive their power from having direct access to travel agents and tourists, and from being able to draw on the capabilities of vast, global service provider networks (ibid.). In recent decades, the online distribution channel for tour packages has been gaining stature. With examples such as Priceline and Expedia, online portals have revolutionized the structure and dynamics of tourism GVCs. In particular, they appear to be growing rapidly, with statistics suggesting that Priceline and Expedia had a combined sales volume of more than $100 billion in 2014 (Daly & Gereffi, 2018).

MSMEs in Kenya's tourism sector

That MSMEs can make a significant contribution to sustainable development cannot be overemphasized. Empirical studies point in the direction that MSMEs can contribute to poverty reduction and diversification of revenue sources (Mshenga & Richardson, 2013). As a result, we have observed various actors dedicate vast resources to their development. Simultaneously, there has been an increase in policy and research investigation as actors seek to gain a comprehensive understanding of the contribution of MSMEs to the goals of poverty reduction and sustainable development. However, in the Kenyan context, there are limited studies on the participation of MSMEs in the tourism sector. Available statistics indicate that MSMEs are much more represented in the tour operator, accommodation and hospitality sectors in the coastal region (Mshenga & Richardson, 2013; Kimaiga, 2018). At the same time, studies from other countries indicate that MSMEs are distributed among the five major tourism industries as follows: The food and beverage industry accounts for the largest number of MSMEs at 47%, followed by entertainment and recreation at 24%, accommodation and lodging at 14%, transportation at 11%, and travel services at 3% (Pierce, 2011).In addition, the involvement of MSMEs in the tourism sector has also been found to take two other forms: agricultural and non- agricultural (Mshenga & Richardson, 2013). Agricultural businesses focus on those MSMEs that supply agricultural products such as dairy, fishery and meat products, fruits and vegetables to the hospitality businesses. Moreover, non-agricultural MSMEs include those businesses that provide services and products directly to tourists, such as car rentals, guesthouses and lodges, cabs, restaurants, and handicrafts and curios (ibid.). In this report both forms are covered.

2. Digitalisation of the tourism sector

In recent decades, digital technological advancements have continued to play a crucial role in the way tourists search for travel information. Scholars point in the direction that tourists rely on user-generated content (UGC) found on digital platforms, such as tourist-generated news on Expedia and Tripadvisor, in their decision-making processes (Cheung et al., 2022). Empirical studies show that about 3.8 billion social media users leverage on UGC for decision-making purposes. A similar trend has been found in the tourism industry, where an estimated 70% of tourists use UGC to plan their vacation (ibid.).

In Kenya, although there is a lack of adequate data, there is a growing uptake of digital technologies by MSMEs in the tourism sector. Available statistics on the contribution of digital technologies to Kenyan tourism show that, for example, 66% of overnight stays in Kenya were researched or booked through digital platforms in 2019, up from 57% in 2014 (Tourism Economics, 2021). This resulted in an additional US$274 million contribution to Kenya's GDP, as well as more than 55,000 additional jobs (ibid.). Significantly, digital technologies were found to contribute to a net growth of 4% in Kenya's tourism economy between 2014 and 2019 (Tourism Economics, 2021). Even so, compared to other regions, adoption of digital platforms among Kenyan MSMEs remains relatively low (Kiprutto, et al. 2011). Lack of connectivity, insufficient support opportunities for business development, limited financial resources, and high costs associated with acquiring digital technologies have been shown in empirical studies to be barriers to the adoption of digital technologies by tourism MSMEs (Migiro & Ocholla, 2005; Riro, 2022). The literature underscores the plight related to the lack of financing. Scholars emphasize that more than 75% of MSMEs established in Kenya do not receive financial support and business development assistance and therefore do not survive as they exit the market within the first three years of emergence (Riro, 2022).

Empirical studies investigating the factors influencing tourism MSMEs' usage of digital technologies show competitive pressure, the educational level as well as support of managers as pertinent issues (Matikiti, et al., 2017). At the same time, they point out the essential role played by perceived ease of use and benefits in the adoption of digital technologies (Ibid.). Moreover, the results underline the contribution of technical knowledge to the uptake of digital technologies. Consequently, scholars call for government support in providing training opportunities to equip MSME managers and employees with the necessary technical know-how (Brown & Kaewkitipong, 2009; Matikiti et al., 2017).

Digital tools used in the tourism sector

The literature emphasizes that the tourism sector, which is driven primarily by consumer use of technology, especially for online bookings, relies on web-based technologies for its competitiveness (Alford, 2018). This is reinforced by the wave of digital disruption that threatens to restructure some traditional business models and render others obsolete, with tourism being no exception. Studies underline, for example, the use of robots in the hospitality sector to perform routine tasks, including room management and booking, and also in the transportation sector where self-driving cars are involved (Pencarelli, 2019). Simultaneously, empirical findings point to

the crucial role that email and website play in service providers' digital marketing efforts. In particular, they underline that websites are key in building trust with customers as well as in disseminating information. In addition, studies in developing countries point out the widespread use of Instagram, WhatsApp, and Facebook for digital marketing activities, especially by small travel agencies (Sharma et al., 2020). Notwithstanding, scholars have been categorical about the ineffective as well as limited utilisation of digital technologies among MSMEs due to cost implications as well as missing support network (Alford & Jones, 2020). Broadly, the literature indicates that digital marketing is one of the most prominent examples of digital technologies that have been adopted within the tourism sector. Defined as "an adaptive, technology-enabled process by which firms collaborate with customers and partners to jointly create, communicate, deliver, and sustain value for all stakeholders" (Kannan & Li, 2017, p. 23), digital marketing is credited with considerable potential for enabling MSMEs not only to establish closer client relations but also understand customers better (Alford & Jones, 2020). Simultaneously, digital marketing has potential to help MSMEs build upon their informality and flexibility (Ibid.).

So far, the literature underlines that digital marketing options provide a wide spectrum of platforms as well as paid and free technologies that MSMEs can leverage on to get in touch with and engage with customers (Alford & Jones, 2020). This range from automated marketing, third-party platforms for instance Airbnb, Booking.com and websites of destination marketing organizations to email, content marketing, Bing, social media and Google ads and online reviews (Ibid.). Even so, the costs and technical capabilities associated with adopting some of these technologies have meant that MSMEs do not have the ability to utilize them. A good example is the opportunities offered by the Google Ads pay-per-click platform, which, despite its immense digital marketing potential for MSMEs, is mostly out of reach for MSMEs. This is mainly attributed to its high cost and digital analytics capability requirements, which are generally unattainable for the majority of MSME owners unfamiliar with advancements in marketing (Alford & Jones, 2020). Empirical studies indicate that MSMEs face difficulties in integrating into global value chains and in particular in using online travel agencies such as Hotel.com and Booking.com due to the complex technical requirements of the platforms (Foster, et al., 2018). At the same time, the results show that the lack of transparency of the platforms hinders their adoption by MSMEs (ibid.).

Digital tools by actor

- **Tour operator:** When creating vacation packages for customers, a tour operator agent comes up with concepts and conducts research. International travellers are the norm for outbound tour operators. They construct tours and tour packages that make it convenient for visitors from one country to conveniently visit another. When a traveller arranges a journey through an outward tour operator, they can acquire all the information they require in one simple place. The Explorer Kenya Tours and Travel Limited, Amicabre Travel Services LTD, Go Kenya Tours and Safaris, Africa Celebrity Tours and Travels, Air Safaris, and Best Camping Tours and Safari Ltd. are a few of the tour and travel businesses in Kenya among the numerous other travel and tour organizations in the nation are Bonfire Adventures Company and Tembea Africa Tours and Travel (Suntikul et al., 2016).

The majority of the time, Kenyan tour operators concentrate on offering highly specialized travel and tour services in a variety of market areas, including corporate, business, medical, leisure, sports, government, and tours, among others (Kelner, 2010)

- **Travel agency:** An example of an agency that has adopted digital tools is the Expeditions Maasai Safaris which is the leading tour operator in Kenya and one of the many travel agencies that have managed to integrate the use of social media in their operations. Their communications team is available in WhatsApp 24/7 for questions and clarification to customers on bookings for their safaris.

- **Transportation:** In Kenya, ground transport services are diverse and highly competitive, therefore the need to adapt digital tools. One of the transport services which have digitized their services is the "Modan rent a car". The car hire agency has made it possible for clients to book, hire and pay for a car through their website "modanrentacar.com". The clients can also choose their preferred chauffeurs through the online site, making it efficient for busy clients and those not close to their offices to access their services.

- **SME hotels:** Modern digital marketing is included into every aspect of hotel marketing positioning. Small and medium-sized hotels are more at a disadvantage than huge hotel chains when it comes to marketing budget size; yet they discover new power in proactive and dynamic e-placement solutions. They include email marketing, strong social media presence, metasearch, dynamic rate marketing (DRM), and search engine optimization (SEO). The findings of a study by Tamara (2016) supports the proposal to adopt the best combination of digital marketing elements to achieve desired results and return on investment. conclusions and recommendations are implicative and represent a new potential for application in practice, as well as support for new market recognisability and competitiveness. INKS hotel is one of the hotels that have adapted social media as a platform to market their services. They have created a page in Facebook where they advertise their services and also provide information about the hotel.

- **Airbnb hosts**: One of the many Airbnb to utilize this is the AcaciaLodwar Residences. AcaciaLodwar Residences have taken advantage of most of the social media, including Instagram, Facebook and Twitter to advertise themselves. They have also created a YouTube channel showcasing their enterprise

- **Restaurants:** In Kenya, due to a new innovation from Huawei and Safaricom, the restaurant sector as it is currently done in Kenya's big towns may radically change. The Pete's Cafe in Kilimani, Nairobi, where Huawei and Safaricom started the early trials of an inventive technique speeds up service in a busy urban restaurant, is an example of a restaurant that has adopted this invention. On the strength of Quick Response, the two companies have launched a service where customers scan a code printed on a menu mini-board put on a table to access a web-based platform where they may select what they want (technology) (Faustine 2017)

- **Retail shops:** support both B2B and B2C, In Kenya, several retailers have adopted online platforms such as Dial A Drink. This site enables customers and hotels to order their drinks online, unlike the traditional way which had the consumer going to the store to buy drinks. Midview Hotel Nairobi is one of the hotels in the country that has adopted this online platform.

- **Local Guides:** TripAdvisor's "guide" is the one that is most frequently used in the local market. Anyone can organize their leisure time by reading reviews on this website about cities and nations, hotels and restaurants, resorts, and attractions. The TripAdvisor "guide" evaluates dining venues based on factors such cuisine, mealtimes, restaurant amenities, customer preferences, location, and food, service, price, and quality. Findings led to the proposal of criteria for an expanded marketing analysis of the advantages of services at various catering businesses, (Kovaleva et al, 2019). Local guides have also adopted the use of websites to make it easier for their services to be accessed. Such a website is Private Guide World service in a few clicks one can choose a personal tour guide to local attractions of their own choice, hence saving time and resources

Benefits of digitization for MSMEs

A growing number of local MSMEs, including taxi drivers, tour operators and hotels, have adopted digital tools and Internet access to varying degrees. The ability and access of these businesses to use digital tools is essential to their ability to attract customers. In this regard, there are reports of Kenyan MSMEs competing in global markets (Foster et al., 2018), although their numbers are still insignificant. In addition, a study by Foster et al. (2018) found that MSMEs that have higher digital skills are able to establish direct business relationships with international tourism markets, creating revenue streams. At the same time, cases of increased efficiency as a result of using digital communication tools such as emails and cell phones have been documented, with examples of community-based tourism businesses benefiting from the establishment of social media platforms and websites to improve their visibility to visitors (ibid.). Moreover, empirical studies found that these businesses were able to reach new customers who found the businesses through their social media and web searches and booked or made inquiries via phone or email (Foster, et al. 2018).

Challenges

Lack of access to technology and digital capabilities represent the major constraints faced by MSMEs (APEC, 2019). In addition, access to financial capital is another frequently cited challenge for MSMEs that affects their ability to invest in digitalization. Moreover, since the operations of online travel agents rely on remote information flow, payments and communication, most MSMEs experienced limited interaction with these agents, thus discouraging most of them from using digital tools (Foster, et al. 2018). Also, instances of technical complexity of digital tools have been reported. For example, MSMEs emphasized using MS Excel for booking management, while most online booking agents such as Hotel.com and Booking.com require their booking systems to be integrated with a website (Ibid.). Simultaneously, MSMEs confronted hard-to-meet requirements, lack of transparency, and inconsistent revenue streams from online travel agencies (Foster, et al., 2018). Other challenges are associated with the difficulties of entering highly established tourism value chain networks (APEC, 2019).

3. Policy Context: Existing digital and tourism regulation

Tourism is one of Kenya's six important growth pillars under Vision 2030.

- Tourism Act, 2011, identified key institutions in the tourism sector – Kenya Tourism Board, Tourism regulatory authority and many associations (which are discussed in subsequent sections), tourism finance corporations, tourism transformation funds

- National Tourism Policy 2020: to improve infrastructure of roads, railways, ports, reducing visa fees, developing integrated tourism circuits through state tourism departments

- The Ministry of Tourism and Wildlife, brought in a National Tourism Blueprint 2030 that aims at redefining and redesigning the development and management of Kenya's tourism sector.

- e government also developed the Tourism Sector Plan 2018-2022 that aims to actualize the implementation of vision 2030. The key aims are to grow the MSME sector

- The East African Tourism Strategy, Inter-governmental Authority on Development (IGAD) and Agenda Africa 2063 is brining in subsidies for EAC tourists and easing visa restrictions

- Other policies linked to sustainable tourism are: are The National Wildlife Conservation and Management Policy, Wildlife Conservation and Management Act 2013, Environmental Management and Conservation Act (EMCA) 1999 and Climate Change Act 2016 as well as Public Private Partnership Act 2013

Overreachingly the aims of these policies are to:

- Enhance the oversight role and strengthen policy direction function for development of sustainable tourism throughout the country

- Align the National Tourism Policy and legislation with the new constitutional dispensation recognizing the role of county Governments in Tourism Development.

Major gaps: There are no specific mentions on support to MSMEs especially informal ones, in the key policy documents. However, there are CSO initiatives since COVID-19 such as the stabalaization and acceleration fund for sustainable toursm by the sustainable travel and tourism agenda. The partnership builds capacity of tourism MSMEs in Kenya, under the membership of Tour Operators Society of Kenya (TOSK), to adapt to changing situations while supporting creation of sustainable tourism value chains that favor progressive MSMEs growth. This partly enabled MSMEs to receive funds under the economic stimulus package. Furthermore, SMEs' acceleration program with University of Brighton, enabled developing a learning partnership and support in leadership and recovery skills.

In terms of a digital policy, the National Tourism Crisis Management Steering Committee Under The Ministry Of Tourism And Wildlife, Kenya developed a digitizing Kenya tourism and travel strategy in 2020. This involved creating strategies for;

- Mapping tourism resources (GIS, digital interpretation)

- Experience offerings (service offerings, traveller expectations using available data)

- Digital interpretation (using AI powered apps for digital analysis, virtual reality technology, wearable technology)

- Increasing support with digital marketing: content, SEOs, analytics, website engagement

However, no actions have occurred since the report in 2020.

4. Methodology and data

4.1 Data collection, sampling strategy and method of analysis

The data was collected using a value chain mapping process. Value-chain mapping is defined as a process that determines the input-output structure of each 'node' and the different value-chain actors involved (Fernandez-Stark and Gereffi, 2019). Each node was identified in terms of the key functions performed, and the main actors involved in the digitally driven tourism value chain.

A node the stage of the value chain where the value of a product is created and can be classified as being upstream in the value chain, midstream or downstream. Upstream nodes outbound countries international distribution (including travel agents, tour operators, global distribution systems and independents), international transport (international/national air carriers) and national/destination distribution and transport, such as national travel agents, national tour operators, local tour operators as well as transport carriers such as local air transport, local road/rail transporters. This is primarily the planning/booking stage (but also includes getting around and recreation depending on the services offered by the distributors). These actors can be brick and mortar shops, as well as digital. Some of the larger digital platforms such as TripAdvisor, booking.com, Airbnb fall into this category, but they can also be viewed as 'across' since they combine services to offer across actors in the value chain. The midstream actors are destination country actors which include accommodation (hotels, Airbnb) and excursions (local guides). Finally downstream actors include final customers (these can include local retailers and restaurants[2]; as well as international/domestic travellers).

Sampling value chain respondents in a representative manner is complex as no census-based datasets on digital players exist, nor do these firms need to officially be registered with the Kenyan Revenue Authority. To overcome this, a value chain mapping was performed through secondary data analysis, and interviews/primary data collected from the Ministry of Tourism and Wildlife and Kenya Tourism Board (KTB) and Tour Operators Society of Kenya.

---

[2] Retailers and restaurants can also be classes as midstream

Rough lists were developed of several organizations in the tourism sector. Expert interviews with these groups showed that about 70% of SMEs were in the midstream segment, and about 30% downstream. These lists were divided into upstream, midstream and downstream, and sampling was performed randomly based on the expert interview proportions.

4.2 Distribution and Profile of respondents interviewed

A total of 26 interviews were conducted across the digitally driven tourism value chain (see appendix 1 for detailed list) as shown in table xx.

Table xx: List of actors interviewed

Actor	No. Interviewed	Comments
local travel agents	2	who dealt with both international and local bookings for leisure/work, and provided advice on various options available with different providers (e.g. other tour operators, air carriers)
local tour operators	8	who specialised in providing tour packages for specific experiences/holidays (e.g. Safari, adventure, eco-trips); sometimes tour operators are also called tour brokers (especially if they are solely run)
transport and cruises	2	these are local transport providers who often own or lease road/air transport (e.g. busses, luxury sleeper busses, jeeps and other vehicles, small turbo planes etc) and water transport (e.g. boats, cruise liners).
Hotels	3	which are often compared to small bed and breakfasts. Some hotels also offer laundry and transport services
Airbnb hosts	2	in the sample most hosts own flats/houses as a second/third property
Local guides	3	are usually small organizations or individuals wither working for a larger tour operator or independently offering travel experiences in particular localities. Many specialise in specific attractions
Retailers	3	these include shops offering handmade or unique products either made in Kenya or imported, these retailers often make deals (sharing profits) with tour operators or travel agents and local guides to ensure customers stop in their shops. All retailers also ran cafes/coffee shops or small eateries with limited menu.
Restaurants/catering service providers	3	independent restaurants (often also offer catering services during tour experiences)

Table 2 and 3 provide details on the distribution of key respondents by enterprise and value chain position respectively. Broadly the tables show that 77% of the SMEs are micro/small scale, with about 5 years of operation. All the women interviewed owned micro/small enterprises. There was a 50% split between formal and informal enterprises, where formal enterprises involved registration with the Kenyan Revenue Authority. In general there were several upstream actors (local travel

agents, tour operators) and restaurants downstream that served both business and customers. Almost all actors served international customers.

Table 2: Distribution of key respondents by enterprise

Actor Type	Average Size (no. of employees)	Enterprise classification	Years of operation	No. interviewed	Women's participation (% each actor category)
Local Travel Agents	8	Micro/small: 50% Medium: 50%	6.5	2	50%
Local Tour operators	6	Micro/Small: 70% Medium: 30%	5.6	8	25%
Transport and Cruises	10	Micro/small: 50% Medium: 50%	7.5	2	0
Hotels	6	Micro/small: 67% Medium: 33%	7.6	3	0
Airbnb	1	Micro/small: 100%	2.5	2	100%
Local guides	4	Micro/small: 100%	6.3	3	67%
Retailers	3	Micro/small: 100%	5.7	3	67%
Restaurants	8	Micro/small: 67% Medium: 33%	6.3	3	33%

Table 3: Distribution by value chain and product/services

Actor Type	Part of VC	Formal/ Informal	Serving international customers (% Yes)**	Modus operand (B2B, B2C)
Local Travel Agents	Upstream	Formal: 100%	100% (China, Europe, USA, Middle East)	B2B and B2C
Local Tour operators	Upstream	Formal: 50% Informal:50%	62.5% (China, Europe, USA, Middle East)	B2B and B2C: 25% B2C: 75%
Transport and Cruises	Upstream	Formal: 100%	100% (China, Europe, USA)	B2B and B2C: 50% B2C: 50%
Hotels	Midstream	Formal: 67% Informal: 33%	67%(China, Europe, USA, Middle East, other parts of Africa)	B2C: 100%
Airbnb	Midstream	Informal: 100%	100% (Europe, USA)	B2C: 100%
Local guides	Midstream	Informal: 100%	67% (China, Europe, USA, Middle East, other parts of Africa)	B2C: 100%
Retailers	Downstream	Formal: 33% Informal: 67%	100% (China, Europe, USA, Middle East, other parts of Africa)	B2C: 100%

Restaurants	Downstream	Formal: 67% Informal: 33%	67% (China, Europe, USA, other parts of Africa)	B2C: 33% B2B and B2C: 67%*

*catering services to hotels/tour operators   **only mentioning main markets

5. Level of integration in firms: Tourism

Inductively drawing from the data users continuum to digital integration are:

- Platforms– basic plus: These include basic connectivity such as phones, computers, website, emails, as well as social media platforms such as, whatsapp, youtube, linkedin, Instagram; and mobile payment platform, online payment platforms. Effectively this type means that the actors have some level of autonomy on how they participate on some platforms, the ways in which they use the platforms. Most of the platforms they are on are for sharing own content– social media, and they also use payment gateways.

- Platforms including frontier services: these include those actors who specifically are on large or other MSE platforms through using their apps, but also access frontier services (primarily drones, virtual reality for entertainment– offered by 2 tour operators) through these platforms. In this case, actors are tied to specific apps they use, which is their primary way to digitally integrate. But all interviewed said that continue to use social media platforms as well.

None of the actors interviewed used only frontier services, many used it only as an add on if it was part of the services offered by the platforms. Furthermore, when frontier services were used it was not done on a frequent basis– usually ad-hoc. Only two tour operators offered VR guided tours and immersive experiences, and drone flying experience in nature reserves as services in 2020/21. These have been discontinued in 2022 due to high costs and low uptake.

5.1 Level of adoption

The results in table xx suggest that 77% of the sample fall into the Platform (F) category except for 2 small hotels, which veered more towards platform (basic) levels of digital integration. This was predominantly because small hotels preferred the freedom to make their own choices, but interviews also suggested they were feeling increasingly pressured to participate on a larger platform like booking.com or tripadvisor.

Table xx: Actor type by digital integration

Actor	Platform (B+) (no.)	Platforms (F) (no.)	Total
Local Travel Agents	1	1	2
Local Tour operators	3	5	8
Transport and Cruises	0	2	2
Hotels	2	1	3
Airbnb	0	2	2

Local guides	0	3	3
Retailers	0	3	3
Restaurants	0	3	3

The results in table xx demonstrate that 33% of medium and 25% of micro/small enterprises are Platform (B), while the remaining are Platform (F). All downstream actors are type 3, while 75% of midstream and 67% of upstream.

Table xx: Enterprise classification, position in value chain and continuum

	Platform (B+) (no.)	Platforms (F) (no.)	Total
Enterprise Classification			
Micro/Small	4	16	20
Medium	2	4	6
Position in value chain			
Upstream	4	8	12
Midstream	2	6	8
Downstream	0	6	6

See appendix 2 for breakdown of digital tools used

5.2 Motivation factors to join digital technology

Motivations are understood in terms of perceived benefits and opportunities; perceived threats averted and pressures experienced by users to uptake technologies in the continuum. Overarchingly, across actor categories the perceived opportunities related to seeking alternate markets and creating new networks, followed by reputation spreading; while perceived threat was losing customers; and pressures included competition from platforms and other SMEs using platforms.

Travel agents and tour operators using platform (basic) predominantly elucidated that alternate markets/customer, reputation spreading, company visibility. This was explained by a small-scale tour operator, " before social media and linkedin, we depended on word of mouth to get our company known, we are a small outfit, and barely know anyone foreign [international], social media has given us the power to sell and share our beautiful country with the world" (interview).

Some agents said that they were able to maintain more control on operations as the key opportunities, as suggested by another small-scale tour operator " The big guys…. They just make you dance their dance… I do not play like that… I own my own business, I make my own decisions…and do what is best for My business, not their [*Note: here they are referring to large platforms like expedia] business"(interview).

In terms of threat mitigation and pressures, competition pressures and fear of losing customers were considered most important in relation to why some operators chose to aggressively market on social media, as a small-scale tour operator claimed: "my main reason to use any social media is one word - competition….. I have had to learn so much on the job…like how to market my company,

take national geographic like photos to put online.. to stand out to beat the big guys (*here the operator is referring to platforms like expedia)". Thus, using social media was considered an opportunity but also in part was seen as a way to compete with the other operators on larger platforms.

While travel agents and tour operators using platforms (frontier), shared many of the same motivations, but also mentioned, that using platforms such as Expedia, Tripadvisor, reduced their control over their operations, as they had to comply with the requirements of the platforms. These requirements included payment of fees, just for registering and posting on their page, and higher costs for higher visibility. Another point raised was that joining a platform allowed them to get more suppliers (e.g. business deals with hotels, caterers, ground and air transport, as joining a platform was seen as a form of 'ascribed trust'. This meant that because there was some implicit trust or increased legitimacy with other suppliers that the operators and agents on large platforms shared. Therefore, even though other suppliers may not know who the tour operator or agent was, the large platform gave some legitimacy.

Across all interviews actors using platforms (frontier) echoed that being on a internationally known platform aided in reducing customer cancellations (as compared to when they were not on the large platform). This was an important motivator. However when questioned, almost all actors claimed that an increase in income/saving was not seen as a key motivator but instead it was growth of the MSE, as explicated by a small tour operator "ofcourse money is an important motive... but money is not was I expect.... Many of my fellow operators tell me that the costs of a platform do not mean we can make much... but we can expand and grow nonetheless". (interview)

Hotels across both platforms (B) and platform (F) had very similar motivations to use digital tools- this included company visibility, new markets/customers, higher income, reputation, fear of losing customers, customer cancelations, and competition pressures. Hotels using platform(B) interviewed claimed that they believed social media had the power to reach multiple customers, as one small hotel owned comments, " we are a small hotel, catering mostly to locals... joining social media gave us a chance to expand our little hotel to a bigger group of international travellers, who can come here to experience a small-boutique local hotel, that engages with the community spirit.... So we are not a luxury Sarova (big hotel in Nairobi)... but a comfortable place that will feel like home".(interview).

The hotel interviewed platform (frontier) predominantly joined 2-3 different platforms to increase footfalls, and focused much less on own digital marketing, relying on the platform for that.

Airbnb hosts interviewed, both joined the Airbnb after acquiring new properties. One of the hosts moved back to her hometown in Nakuru to reduce cost of living and converted her flat in Yaya (a sought after area by international travellers) on Airbnb; while the other host purchased a new property to list on Airbnb in Westlands. Both hosts claimed that using Airbnb as opposed to other booking sites was superior in terms of their needs, and that it enabled them to showcase their properties well. The feedback and listing processes were relatively straightforward if the paperwork was appropriate (e.g. whether government regulations allowed listing). However, both respondents claimed they relied heavily on Facebook and posting on closed groups such as

"Nairobi expats" to gain more occupancy. One of the hosts claimed that facebook had been highly successful.

Transport and cruise actors claimed that joining large platforms (booking.com, kayak, expedia etc), helped them improving their B2B operations as well, and reach completely new target groups. For instance, they were able to backward integrate and negotiate with hotels, tour operators for their business.

Guides, all local guides were on large platforms (platform-f) as well as part of different informal guide associations. It was through these associations that they learnt about how to join these large platforms. For example, platforms such as Airbnb experiences, findmyguide and local apps like Kenya backpackers were common places many guides were listed, along with that guides were part of Facebook and twitter groups such as localguidesKeyna. Thus, guides promoted themselves on social media along with being on a platform. Interviews with guides elucidated that many found being on platform (f) as a way to expand customer base better than they would have done otherwise, along with providing ways to increase their income. Many local guides were earlier tied to tour operators, and dependent on them for business, with a few attempting to venture out on their own. However, since joining apps, as well as marketing through social media, many have been able to receive diverse customers, and improve their customer experiences through that.

Restaurants and retailers (with cafes), are listed on several food-related apps such as Jumia Food, Bolt Food, Dial A delivery etc (platform-f), which enable them to attract customers, but also allow them to negotiate with tour operators as new business partners, so they can send new customers their way and vice versa. Interviews with both restaurants and retailers claimed that using digital tools would enable improving not only B2B operations, but also their company visibility, overall income, and help them navigate competition pressures. One of the restaurant owners said," there are so many restaurants now…. More and more competition, we have to stand out… we have to make our presence felt, the more visible we can be the more the customers.. the more the reviews… the more the customers and the cycle can continue". (interview).

In terms of frontier services (platform F) only 2 tour operators mentioned that they used frontier services (e.g. virtual tours Kenya, hotlist group), but this was a niche product that was offered as a service by participating on some large platforms (e.g. Expedia) who had tied up with some organizations offering 3D virtual tours. However, these were only used during 2021, during the pandemic time, and have not been used since then.

Table xx: motivating factors by actor type (% by actor category)

		Platform (B)			Platform (F)							
Motivating factors		Travel Agents	Tour operators	Hotels	Travel Agents	Tour operators	Transport	Hotel	Airbnb	Guides	Rest.	Retail+ cafes
Opportunities	Cost Reductions*	0	33	0	0	40	0	0	50	33	0	33
	Company visibility	100	67	100	100	100	100	100	100	100	100	100
	increases job security/ contract security	100	67	50	100	40	50	100	100	67	33	0
	Alternate markets or customers/ creation of new networks	100	100	100	100	100	100	100	100	100	100	100
	facilitates exchange of information and new knowledge	100	67	50	100	60	0	0	0	33	0	0
	Higher income/ savings	0	33	100	0	20	100	100	100	100	100	100
	Gaining new, more cost competitive suppliers/ partners	0	33	0	100	100	100	0	0	0	67	100
	Reputation spreading	100	100	100	100	100	100	100	100	100	100	100
	More control over own operations	100	67	100	0	0	100	0	0	0	67	67
Threats mitigation	no other options for customer acquisition available	0	33	0	0	0	0	0	0	67	0	33
	only entry point for supply chain	0	0	0	0	0	0	0	100	0	0	0

	fear of losing customers, input suppliers	100	100	100	100	100	100	100	100	100	100	100
Pres sure s	Customer cancellations (preventing)	100	67	100	100	100	50	100	0	67	0	0
	Competition Pressures (from the platform itself and other SMEs)	100	100	100	100	100	100	100	100	100	100	100
	Poor feedback from users	100	67	50	100	100	50	100	0	67	100	33

*costs of searching for clients, resources for marketing, logistics organization

5.3 Modes of support in accessing digital tools

The key modes of support was provided by :

- Friends

- Formal Association/cooperative such as Kenya association of tour operators; association of Hotelkeepers and Caterers, Travel Agents, Mombasa & Coast Tourism, The Pubs Entertainment and Restaurants Association of Kenya, Ecotourism Kenya and Kenya Professional Safari Guides Association; Kenya community tourism based network [3]– specifically for supporting underrepresented groups like local agents.

- Large Platforms (e.g Expedia, TripAdvisor, Booking.com etc)

- Donors: international donors such as FCDO, UN agencies, GIZ

- NGOs: CARE, Oxfam

---

[3] https://www.kenya-ecosystem.tech/organizations/kenya-community-based-tourism-network-kecobat

Table xx: Modes of support.

	Platform (B)	Platform (F)
Local Travel Agents	Purchased mobile phones, computers , internet connection with savings/ business profits. Basic support in terms of financing was provided through support from family and friends. No governmental support was provided. In terms of learning how to do digital marketing through social media– it was acquired tacitly through learning by seeing or doing predominantly. There are several tourism management courses which include using digital tools at several universities such as university of Nairobi, which some of the owners have completed. However, there is no institutional support they have received.	Access or joining large platforms was done through own resources. There was no institutional support. For registration on the platform, representatives of the platform would appear at ad-hoc bases to show how the process worked, but it was mostly friends already using the platform or association who helped joining and using the platforms. The large platform through NGOs sometimes organized ad-hoc training. There were few donor programmes on upskilling of digital skills as pilots that tour operators attended that also helped with gaining deeper insights into how large platforms worked and doing better digital advertising and marketing, communication.
Local Tour operators		
Transport and Cruises		
Hotels		
Airbnb		Even in this case no support from government. Registration was required through payment, as well as ensuring many conditions about the property were up to date such as fire hazard, caretaking policies. There was support from representatives as they were reachable incase of difficulties to join/use; as well as support from the association or family and friends
Local guides		Access or joining large platforms was done through own resources. There was no institutional support. For registration on the platform, representatives of the platform would appear at ad-hoc bases to show how the process worked, but it was mostly friends already using the platform or association who helped joining and using the platforms. The large platform through NGOs sometimes organized ad-hoc training. There were few donor programmes on upskilling of digital skills as pilots that tour operators attended that also helped with gaining deeper insights into how large platforms worked and doing better digital advertising and marketing, communication.
Retailers		
Restaurants		

5.4 centrality of data (users on platforms-f)

Local Travel agent/ tour operator/ hotel/ transport and cruises / Airbnb hosts/ Guides:

Data was collected at the point of registration, which includes demographic data, personal and sensitive data about social identification numbers, data on business such as profitability, key services etc . Dats on feedback was also collected by the app during the course of use such as traffic on profile, no. of bookings, no. of enquiries, quality of services ; and finally data was captured by the app regarding reviews. All data was reported either by the actor or the customer.

Overarchingly, data was controlled and stored by the large platform.in order to join the app actors had to agree to privacy policy which included a list of third party users the app was allowed to share the data with for advertising purposes. Actors did not have an opportunity to opt out of this, and many interviewed felt 'violated' or 'abused' because they felt every transaction on the platform was 'visible' to many. This created significant tensions between how some actors especially tour operators, hotels used the platform. Those interviewed claimed they were starting to aggressively sell their brand on social media, hooping that they could eventually leave the large platform. However, local guides for instance, did not seem to mind as much about the way large platforms used their data as they believed that the sophisticated AI techniques would help them clean and analyse data to enhance targeting of customers.

Data which was analysed by the large platforms was only shared in parts with the actors. For example, real time data on the key performance indicators such as the footfalls increase, premiums/profits earned, matches made, profile views, profile recommendations, stars earned, reviews etc. But more nuanced analysis on the sentiments of reviews, the broader environment, the leadership qualities required were not shared, which to some extent prevented firms from growing and becoming more efficient.

Tour operators had little agency in terms of gaining access to more privy data such as breakdown of where value added was occurring, the health of the overall market, seasonal demand analysis of travel. One tour operator mentioned: " it is difficult to trust what the app does with this information... do they sell it to our competitors?" Interviews with tour operators suggested that it would be easier to not declare all information to the app, as there was limited transparency. Several operators mentioned they were getting contacted by banks, and other financial institutions to purchase insurance products, which made them question who had access to their data.

Interviews with hotels also raised similar worries about how booking platforms would share limited data, and not be willing be provide support in building up businesses through sharing many analytics. Hotels could pay hefty prices to buy analytics data from the app. One local Guide interviewed echoed a similar fear, one Nairobi based guide stated, "I am small fish in a big pond... I do not know who to ask... and what to even ask for to make my business better... there is no control over the data I generate, and no knowledge to is shared on how my data can improve things for me"

Restaurants/ Retailers:

Data is collected at the time of joining, including specifics on the types of products required by the restaurants/retailers, quality considerations, price considerations (for demand management); and sensitive information including banking details and company particulars. Data is then collected at the point of transactions. At the point matching with suppliers as well as customers. Information regarding suppliers is often not shared, as this will reduce the power and leverage the app has on restaurants/retailers. Interviews with restaurants/retailers all echoed that the app would now allow for follow-up conversations with suppliers, or would often edit conversations, to prevent identification of the supplier. Also, in relation to forward facing aspects, the app would connect to customers, but again similar to the case of tour operators etc not share any of the analytics that would facilitate improvements

5.5. Digital Integration: pathways to impact

This sub-section explicates potential for value creation and enhancement. Important to note that all actors were affiliated to the same apps through this time. This helps gauge if participating on apps was beneficial or not. Data in table below was captured between 2019 to 2022, to gauge whether there was any value creation or enhancement that took place in terms of economic or social upgrading.

Overarchingly the data indicates that, economic upgrading does take place across almost all actors in relation to product value -addition, product diversification and new markets/suppliers. For instance, tour operators, travel agents, hotels using platform (F) tools suggested that basic data collected via the platform on key performance indicators was helpful in trying to experiment with new products (e.g. new experiences) and the feedback received through customers via the app was also very helpful. Furthermore, as stated before all platform (F) users interviewed used social media as well. One small scale tour operator using Platform (F) mentioned, "our own analysis through using twitter, facebook and whatsapp, along with the data we can access through the tripadvisor helps us be more brave.. to venture into new products would be hesitant to try before the app or social media". In the same vein a hotel owner using platform (F) said, "now that we know how many people are visiting our profile, we can get a vague idea of booking... it is a simplistic demand analysis we conduct that helps us hire more staff to add extra services when there is peak demand... such as traditional masai dancers" (interview). Those using platform (basic) also felt that feedback through social media was useful, especially when customers posted what they wanted or would like to do. It helped inform the packages that could be created,

On the contrary, profits normally were seen to either decrease or no change occurring across the board. Only some restaurants and retailers using platform (F) mentioned functional upgrading in terms of expanding into new functions (e.g. café, catering). This was aptly captured by a small-scale retailer, "expanding into a café was a way to get on the app, and it has paid off, we make more off the café than the retail business".

In sum, many felt it was easier to start a business due to the presence of apps, ot reduced the overall barriers to entry because there was less clout with certain informal groups and associations as there was before the presence of the app.

Social downgrading occurred more frequently than upgrading. Downgrading seemed to occur across actors in relation to working hours, unionization. However, tour operators and hotels , especially platform (F) were able to show some bargaining potential with suppliers. There was upgrading in relation to capability enhancement with many commenting that they were able to hire professionals (e.g. digital marketing, advertisers) and learn new digital skills, people management skills on the job as well. Another positive outcome to emerge from large platforms, was the fact that many contracts with suppliers and customers were formalized due to app requirements. Often in the past local guides, tour operators mentioned that as they themselves were informal organizations, it was often that there were only verbal contracts in place which created uncertainty and frequent cancellations. Now due to cancellation charges, and the fact that all details were online, it was a much more trusting, more certain process.

A common complaint made especially by local guides and Airbnb hosts was that there was asymmetry of algorithmic information sharing, which increased Airbnb's / other large platforms capacity to direct and regulate the actions of its hosts/users. Such knowledge asymmetry can also seriously undermine the sense of control that users feel. See table in appendix 3 for specific breakdown across upgrading types and actors.

5.6 Challenges to digital integration

Overarchingly, the key pre-participation challenges faced are, high costs of investments be it equipment, office space, cost of payment systems, costs of using internet; as well as less access to finance (high interest rates).

One of the main post-participation challenges faced was related to app fees. For instance, interviews small scale and medium scale tour operators using platform (F), suggested the need to ensure certain good ratings to be able to show up on their searches, and pre-payment of certain fees to participate in anticipation of the number of footfalls that they might expect in certain seasons. Such aspects created additional pressures on operators. Some operators to fulfil these demands decided to also individually use social media, to ensure compliance, rather than using social media as an alternative way to earn more. One medium scale tour operator mentioned: " I have been around for many years.... The way of doing business has changed... you have to work with and not against the [large] platforms... else you will not make it in this business.... In the end of the day it is a business... and everyone around you is joining... but because of that we have given the platforms too much power.... They do not treat us like valued customers.... Instead we are small replaceable cogs in a bigger machine".(interview).

Another tour operator using platform (f) and social media commented that, " we spend over 10000 Ksh trying to make catchier videos and photos to upload so that people can click on our profile on the platform... it is big costly business.. and when we don't get the clicks.. we get the blame that our content was not good enough....it is difficult to bear such costs ...that is why using Expedia works.. social media is not good enough on its own" .(interview)

Platform (F) users also complained of algo transparency, Many complained about the search criteria on the apps, as well as the quality of matching services. Hotels and tour operators for e.g. claimed they had over a 40% cancellation rate, but no clear reasons were explained as to why so as to rectify this. Local guides claimed that often the matching services was poor- as they were not introduced to the right client/type of package they were offering. A female guide explained "we are told the app will ensure us customer flows and make us more visible....but we do not have a guarantee (Interview).

Another challenge faced by users of platform (F) was the lack of ability to negotiate with the platform significantly to improve terms of participation (costs). There was also no dispute settlement mechanism or a place to voice grievances which would be taken seriously. Especially for issues around controlling online content/editing, questioning customer feedback, use of data. This caused tensions between users of the platform (F) and the platform itself but there was no agency of users to negotiate. However, by virtue of being on the large platform there was space to negotiate with suppliers for terms. Thus creating more reasonable network relationships with more trust backward in the value chain.

In terms of frontier services, two tour operators commented on hiring drones for filming, however this did not translate into being able to charge any premiums, however this was not seen as critical by any of the operators. It also did not seem to translate to a significant change in the number of views on the platform.

Other issues that were raised frequently by users of social media was that online presence was increasing the number of scammers involved that would impersonate certain parties and ask for fund to be paid online; as well as posting videos on YouTube, or insta stories or Facebook adverts lead to frequent imitation of products. This flooded that marketplace with many players offering very similar adventures/ tour/ camping experiences. First mover advantage was often diminished by who could afford better online content that had a higher reach.

6. Deep Dive into Women led MSEs: gendered digital parity

Secondary literature on women led MSEs in tourism

Within tour operators, Men continue to outnumber women in offices, and young women work mostly as ticket salespeople, client liaisons, tour advisers, and office receptionists. Women hold managerial and senior support positions in some workplaces. Many of the smaller enterprises that are owned and operated by Africans from Kenya are family firms where the father, brother, or husband holds the position of authority. Others in the family work as support personnel. Since women from outside the family have difficulty acquiring internships in these family-owned enterprises, the family-based ownership structure may also limit the opportunities for women to find positions as interns in other businesses (Gamberoni et al, 2013). Women in tour operator organizations face several challenges as stated in a study done by (Christian, M., Gamberoni, E., & Reis, J. G, 2013) The staff at many tour operation camps is nearly exclusively made up of men. This is sustained by both overt and unintentional gender prejudice. Women who have domestic responsibilities and are expected to stay close to their families suffer from these camps' remote locations. The lodging options for personnel are not made to accommodate women's needs for privacy from male staff. Women who do work at camps could also have to deal with rumours and think about their "reputation" as a result of doing so.

Travel agents: According to a study that sought to compare the employment rates of men and women in the tourism sector, it was found that there were significantly more female employees (58%) in the front office department than there were male employees. 30% female employees and 70% male employees made up the management team. It was concluded that women still hold junior positions and play little roles in the tourism industry when compared to their male counterparts., (Riungu et al,2013). Further, an investigation of the challenges faced by women in the tourism sector concluded that women are allegedly subjected to gender discrimination, glass ceiling barriers, underrepresentation at management levels, lower wages than their male counterparts, working for free in family businesses, and being treated like commodities in the exploitation of their labour and bodies (Boyacioglu et al, 2021).

Hotels: Women working in the resort work in management, housekeeping and as waiters. Women's abilities are more prominent in the lodging sector, which includes offering homestay services, food and beverage services, souvenir creation, setting up stalls, hawking items, cooking, cleaning public places, and working in the hotel sector. (Tristanti et al,2022)

6.1 Distribution of women led MSEs and level of digital integration: Primary data analysis

Primary data analysis

The table below shows that men and women seem to have relatively equal levels of digital integration, however women are primarily B2C and informal enterprises. Most women also are situated midstream while men are upstream.

Table xx: Users distribution

	Male	Female
Digital Integration	Platform (B): 4 Platform (F): 12	Platform (B): 2 Platform (F): 8
B2C (% of total male or female) *	68.75%	80%
VC position (% male or female)	Upstream: 30% Midstream: 40% Downstream 30%	Upstream: 56.25% Midstream: 25% Downstream 18.75%
Formal Enterprise (% male or female) ***	62.5%	37.5%
Size of enterprise (Small) %****	68.75%	90%

*remaining are B2C and B2B   *** remaining informal ****remaining medium

6.2 Motivations and modes of access to digitally integrate

Within Platform (B), women seemed to be motivated by company visibility, the change to increase job security and chances for exchanging information, while men were more keen on gaining new suppliers/ partners through digitalising. Women also felt that online activity was the only mode of customer acquisition, and worried more than men about customer cancellations, as one women guide explained, " women in this work do not have the same brazen outlook as men, we cannot just walk up to anyone on the street and tell them we are great and they should come…… so we believe that putting our hard work online will show people what we are capable off, and that will help get more loyal customers"

Within Platform (F), many of the motivating factors were similar to that of Platform (B), around sharing of new knowledge and ideas through social media which could help with developing better experiences and services, as well as higher perception of job security. Similarly key threats perceived was lack of customer acquisition. Interviews with women tour operators, and restaurant owners suggested that using apps was seen as a key way to gain that 'extra' level of trust with customers, although this level of 'trust' did not always apply to the app itself. This meant that for business operations and dealing with the app, relatively low trust was earned due to issues mentioned in the next sub-section around transparency, dispute management; while being on an app showed an outward facing level of trust with consumers. Thus many women were left it a dilemma of whether to join the app or not, as one restaurant owner explained, " I do not want to join an app… but feel I have no choice…. No one (customer) will trust me if I am not on the app"

Table xx: Motivating factors for women (% of total women/men in each type)

		Platform (B)		Platform (F)	
Motivating factors		**Men (N=4)**	**Women (N=2)**	**Men (N=12)**	**Women (N=8)**
Opportunities	Cost Reductions	25%	0	50%	25%
	Company visibility	100%	100%	100%	100%
	increases job security/ contract security	100%	100%	50%	75%
	Alternate markets or customers/ creation of new networks	100%	100%	100%	100%
	facilitates exchange of information and new knowledge	0	100%	16%	75%
	Higher income/ savings	25%	0	33%	25%
	Gaining new, more cost competitive suppliers/ partners	50%	0	83.3%	62.5%
	Reputation spreading	100%	100%	100%	100%
	More control over own operations	100%	100%	0	0
Threats	no other options for customer acquisition available	50%	100%	33.3%	62.5%
	only entry point for supply chain	0	0	0	0
	fear of losing customers, input suppliers	100%	100%	100%	100%
Pressures	Customer cancellations (preventing)	25%	50%	100%	100%
	Competition Pressures (from the platform itself and other SMEs)	100%	100%	100%	100%
	Poor feedback from users	50%	50%	100%	100%

In terms of modes of support, Women Platform (F) echoed that there was no government support but predominantly only support through peer groups (community and family) and associations that women were part of. Women on large platforms stated that basic training was provided by the app when registering but after that the response from the MSEs was mixed, as one women retailer explicated, " when the app hangs or my request does not go through, I try and get in touch with the app representative, but they say they will get back to me and then don't for many days....." (Interview).

 Similar to agriculture in Kenya, interviews showed that the response rate and the frequency of training given to men run MSEs was more than that of women. Due to domestic responsibilities women have fewer opportunities to get attend ad-hoc trainings of the large platforms, and none of the platforms cater specifically to the needs and timelines of women However, separate programmes such as the Women's Enterprise fund run by the Ministry of Tourism and ILO-WED and the SME Unit have created several tried-and-true instruments and integrated strategies to aid, empower, and improve the capacity of female entrepreneurs. One of the main resources used by the ILO-WED is the Gender and Entrepreneurship Together (GET) Ahead training program. By enhancing both men's and women's business management abilities and important soft skills.

6.3 Challenges faced by women when digitally integrating

In order to nuance the differ ways in which men and women led MSEs experience challenges, a grid was created ranging from:

– Low: the challenge is not serious and easily surmountable.

– Moderate: the challenge is considerably difficult to surmount, but can be overcome within the existing systems

– High: the challenge is extreme and needs more systemic change– there needs to be considerable change in regulation and support for different stakeholders (e.g. the app, government, CSOs) to support this

The table below highlights the gendered challenges faced. The number in each column refers to the number of men or women who mentioned they faced the challenge. The green colour indicates that men/women gave the challenge a 'low' rating, orange is a moderate rating and red is a high rating.

Overall, the results, show that women in both Platform (B) and Platform (F) shared many similar problems, for instance, high costs of capital, difficulty getting finance, poor quality of infrastructure, lack of government subsidies, lack of guarantees and harassment was seen was pervasive. One women guide explained, " when we are showing tourists around, I get lots of looks for male tourists, who invite me to their home or want to take me out for a meal… this makes me feel fearful, but I have no place to report this where I feel safe…. I confide with my friends.. but what else can I do". Another small-scale woman tour operator said, " when booking trips we often get lots of verbal abuse for small reasons, such as if we have a mis-communication, or sent an email that did not explain something well enough". Another woman mentioned "I get lots of abuse when trying to set prices…. People feel they can change the prices from the app online sometimes and ask for refunds… it is very worrying and the app does not protect me". Thus, there was considerable fear especially with women using Platform (F) technology on their safety and non-availability of protection from the app.

There were also a few differences between male and female counterparts, especially in relation to 'trust' and bargaining ability, similar to that of agriculture. Men claimed they were able to bargain with suppliers/customers better than women, and felt they were able to develop much more trusting relationships with suppliers/customers/and app representatives/association. Women on the other hand highlighted the difficulty they had to form trusting relationships stating that they were often averse to the advances of men in associations and app representatives, and would often be made to feel uncomfortable.

Table x: Challenges faced by women (% of each category)

	Platform (B)		Platform (F)	
	Men (N=4)	Women (N=2)	Men (N=12)	Women (N=8)
High costs of capital investments and running/participation costs	75%	100%	100%	100%
Difficulty getting finance (credit/loans)	75%	100%	75%	100%
Lack of digital literacy (advanced)	20%	50%	25%	37.5%
Poor quality of location infrastructure	100%	100%	100%	100%
Hiring specialists and trainers (marketing/advertising/ coding/IT/ data management and analysis)	50%	100%	25%	50%
Difficulty in bargaining and negotiation	25%	100%	75%	100%
Lack of Accountability: dispute management	na	na	75%	62.5%
Lack of government support/subsidies	100%	100%	100%	100%
Low trust with apps/customers/suppliers	50%	100%	50	100
Plagiarism of experiences	50%	100%	33.3%	100%
Scamming/ fraud/ impersonation	50	100	100	100
Lack of guarantees	100%	100%	100%	100%
Harassment and violence on the job	0	100	0	100

6.4 Upgrading and digital parity for women led MSEs

The results suggest two spaces where deep inequalities exist within economic upgrading i.e. annual profits which have increased at a slower pace for women than men across all forms of digital integration, as well as product diversification, which is generally lower for women than for men. Interviews with women suggested that they preferred to produce make their current services better rather than introduce too many new products in the market. Thus, believing more in tried and tested rather than new risky strategies.

 In relation to social aspects predominantly women experienced greater levels of downgrading than men, especially in relation to working hours, and harassment/violence.

Table xx: Upgrading (% change from 2019 to 2022)

	Upgrading	Platform (B)		Platform (F)	
		Men (N=4)	Women (N=2)	Men (N=12)	Women (N=8)
Economic	Annual revenue/sales value(average % change)	+40%	+25%	+30%	+10%
	Annual profit margins (average % change)	+20%	+5%	+10%	Marginal (less than 1%)
	Product Sophistication (avg ch. type of products value added)	+10%	+30%	+10%	+40%
	Product diversification (avg ch. In no. of products)	+30%	+10%	+40%	–10%
	Investment in new assets	+20%	+10%	+30%	+20%
Social	New digital capabilities acquired (no. of new skill acquired)	+10%	+10%	+10%	+10%
	Working hours (change)	Increase	Increase	Decrease	Increase
	Unionization /associations	No	No	No	No
	Harassment and Violence/ fear	None reported	Yes	None reported	Yes

6.5 How are consciousness, capabilities and social norms shaping digital integration

Overarchingly, the results suggest in terms of capabilities, resource control and broader social norms, women users across Platform (B) and Platform (F) forms of digital integration face very similar issues.

A nice quote here, mentioned by a women tour operator, "when my husband ran the business... he ran in to the ground... all our savings....... I has to take the reins... I changed the logo, changed the image... and I did all this without a full marketing degree.... My husband is the one with the degree..... I taught myself... I learnt looking at others". thoughts was something that was echoed by many women run SMEs suggesting that despite having less education, women also used tacit knowledge (through learning by seeing/doing/innate abilities).

Table xx: Comparison of characteristics of men and women sampled

	Framework	Platform (B)		Platform (F)	
		Men (N=4)	Women (N=2)	Men (N=12)	Women (N=8)
Capabilities and consciousness	Years of education	11	9.5	14	12
	Digital skill level (High, medium, low)*	Low-Medium	Low-Medium	Medium	Low-Medium
	Years of work experience	22	16	18	11
	Type of work experience before starting business (Industry/Self-employed)	Industry: 100%	Self employed: 100%	Industry: 50%, Self employed: 50%	Industry: 75%; Self employed: 15%
Resources	Access to mobile phone and internet	yes	yes	yes	yes
	Access to computers/tablet/ laptop	yes	yes	yes	yes
	Access to local information networks	yes	yes	yes	yes
	Access to business networks (apps)	no	no	somewhat	no
	Decision making over productive resource use	Yes	Somewhat/yes	yes	Somewhat/yes
Social Norms	No. of dependents (under 18 years and over 65 years) (avg)	5	4	5	5
	Age (avg)	53	55	47	47
	Decision making within the family (division of labour, savings mobilization)	Do not need to consult family	Somewhat, but mostly need to defer to family elders and husband, especially in relation to funds use	Some discussion but male thinking prevails	Some discussion but skewed in favour of man

7. Conclusion and Policy recommendations

7.1 Three take-aways

Overarchingly in net benefit terms increased digital integration does not necessarily lead to social upgrading, but it does provide some economic upgrading. this is almost similar across Platform (B) and 2. However, compared to a counterfactual (of no digital integration), interviews suggested there was economic upgrading. Furthermore, women seemed to experience relatively similar levels of economic upgrading to men (slightly lower values of revenues etc), but more social downgrading.

- Trust both earned and ascribed are seen as key in this situation. Online presence was seen as creating more earned trust with customers and suppliers; however, the trust with suppliers and customers increased significantly when on an app than not. This meant that participating on an app engendered more trust. However, the earned trust between the app and the tourism sector actors is shown to be strained with no specific support for women, low bargaining potential, no opportunity for settling disagreements (e.g. algo bias). This reproduced existing power asymmetries in how the app-driven tourism chain is governed.

- Income not seen as a motivating factor for men or women, to join an app or move online, and most businesses viewed online activity as a chance to grow and expand, with the hope that ultimately these strategies would allow for better incomes.

Impacts on Equitable Development

This report will unpack equitable development in terms of, access to productive inputs/markets, economic opportunities – job security, income; and agency and trust. In relation to equity in access, actors using platform (basic plus) broadly highlight that while access to digital tools such as social -e-commerce is relatively simple, and helpful in terms of providing feedback and increasing views of their profile, it was not enough to compete with large platforms. Many felt pressured to join large platforms in order to keep up with competition.

A key issue faced by platform (f) users was the trust erosion with large platforms in terms of poor grievance handling, algo opacity, lack of data sharing and high costs. But at the same time benefits were seen in terms of creating larger new networks especially with suppliers, and creating bigger customer bases, product diversification. Across the board though, economic opportunities in terms of increased income/savings were pretty low, as was bargaining potential. Asymmetries were only heightened for women on the platform as large platform did not account/cater for women's domestic and other roles. Broadly, this meant that outcomes were not equitable with some economic outcomes outweighing social.

Summary table

Level of digital integration	Information and exchange linkages	Production linkages	Market Linkages
Platform Basic (Plus)	Social media posts, real time data collected, but all done by the MSE themselves or hired staff	Small productivity gains	Limited market access, with limited diversification.
Platform (Frontier)	Low levels of trust in exchange, large asymmetries in data shared	Limited productivity gains	Increase in market access

7.2 Five Policy recommendations for MSMEs

Key point	Policy proposition	Key organizations
Digital marketing, knowledge capturing	Developing a fund to support/accelerator for MSMEs, with specific support for women through the Women Enterprise fund (that already exists)	TRI Associations (MSME) KTB County governments Private sector- platforms
Trust Building	Increasing transparency and trust with platforms through regulation on data to be collected and the Right to information for data sharing	TRI KTB Private sector- platforms
One-stop-shop for GIS , data tool support/ integrated tourism management system	Creating a hotline to support MSMEs with digital interpretation to develop new products, and to support existing ones. Creating a more level playing field	Private sector TRI KTB Ministry of ICT Associations
Creating digital tourism resources	Online and physical engagement material that will enable reducing cists of investment by MSMES	Private Sector Association
Strengthening women's groups	Kenya association of women in tourism through creating new linkages between women across different nodes of the tourism value chain (e.g. between women farmers and restaurants)	County governments Ministry of Tourism and Wildlife TRI

References

Akama, J. S. (2000). The efficacy of tourism as a tool for economic development in Kenya. Development in policy management in sub-Saharan Africa, 7 (1), 13-18.

Akama, J.S., & Kieti, D.M. (2003). Measuring tourist satisfaction with Kenya's wildlife safari: a case study of Tsavo West National Park. Tourism Management 24, 73-81.

Akama, J.S., & Kieti, D.M. (2007). Tourism and Socio-economic Development in Developing Countries: A Case Study of Mombasa Resort in Kenya. Journal of Sustainable Tourism, 15 (6), 735-748.

Alford, P., & Jones, R., (2020). The lone digital tourism entrepreneur: Knowledge acquisition and collaborative transfer. Tourism Management 81, 1-12.

Alford, P., (2018). Tourism and the internet: Marketing perspectives. In C. Cooper, S. Volo, W. Gartner, & N. Scott (eds.), The SAGE handbook of tourism management. London: Sage.

APEC Secretariat (2019). SMEs' Integration into Global Value Chains in Services Industries: Tourism Sector. Asia-Pacific Economic Cooperation Secretariat.

Brown, D.H., & Kaewkitipong, L., (2009). Relative size and complexity: e-business use in small and medium sized tourism enterprises in Thailand. Journal of Enterprise Information Management, 22 (1/2), 212-231.

Cheung, M. L., Leung, W.K.S., Cheah, J-H., Hiram Ting, H., (2022). Exploring the effectiveness of emotional and rational user-generated contents in digital tourism platforms. Journal of Vacation Marketing, 28 (2), 152-170.

Daly, J., & Gereffi, G., (2018). Tourism Global Value Chains & Africa. In Newfarmer, R.S., Page, J., & Tarp, F., (eds.). Industries without smokestacks- Industrialization in Africa reconsidered. Oxford: Oxford University Press.

Deen, A., Harilal, V., & Achu, F. N., (2016). Women in tourism: experiences and challenges faced by owners of small accommodation establishments. African Journal of Hospitality, Tourism and Leisure, 5 (3), 1-15.

Foster, C., Graham, M., Mann, L., Waema, T., & Friederici, N., (2018). Digital Control in Value Chains: Challenges of Connectivity for East African Firms. Economic Geography, 94 (1): 68-86.

Kannan P.K., Li, H., (2017). Digital marketing: A framework, review and research agenda. International Journal of Research in Marketing 34, 22-45.

Kenya Government (2007). Kenya Vision 2030: A Globally Competitive and Prosperous Kenya. Nairobi: Government printers.

Kenya Government (2019). Economic survey 2019. Nairobi: Kenya National Bureau of Statistics.

Kenya Government (2021). Economic survey 2021. Nairobi: Kenya National Bureau of Statistics.

Kenya Government (2022). Economic survey 2022. Nairobi: Kenya National Bureau of Statistics.

Kimaiga, R.K., (2018). Small and Medium-Sized Tourism Enterprises as Drivers for Inclusive Growth: Perspectives of The Regulatory Framework in Mombasa County. D. phil. Thesis Nairobi: Kenyatta University

Kiprutto, N., Kigio, F.W., & Riungu, G.K., (2011). Evidence on the Adoption of E-Tourism Technologies in Nairobi. Global Journal of Business Research, 5 (3), 55-66

Matikiti, R., Mpinganjira, M., & Roberts-Lombard, M., (2018). Application of the Technology Acceptance Model and the Technology–Organisation–Environment Model to examine social media marketing use in the South African tourism industry. South African Journal of Information Management, 20(1)

Migiro, S.O., & Ocholla, D.N., (2005). Information and Communication Technologies in Small and Medium Scale Tourism Enterprises in Durban, South Africa. Information Development, 21 (4).

Momanyi, O. S. (2013). Effect of ecotourism enterprises on the socio-economic development of communities living adjacent to wildlife protected areas in Kenya: A case study of gold-ecorated lodges. M. phil. Thesis Eldoret: Moi University.

Mshenga, P.M., & Richardson, R.B., (2013). Micro and small enterprise participation in tourism in coastal Kenya. Small Business Economics, 41 (3), 667-681

Nadyan, A.F, Selvia, E., Fauzan, S., (2021). The Survival Strategies of Micro, Small and Medium Enterprises in The New Normal Era. Dinamika Ekonomi: Jurnal Ekonomi dan Pembangunan, 13 (2), 142-149

Ndekwa, A. G., & Katunzi, T. M., (2016). Small and Medium Tourist Enterprises and Social Media Adoption: Empirical Evidence from Tanzanian Tourism Sector. International Journal of Business and Management, 11 (4), 71-80

Ong'olo, D., & Awino, S. (2013). Small and Medium Enterprises and Devolved Government System: an Assessment of the Regulatory and Institutional Challenges Affecting the SMEs Development in Kenya. ICBE-RF Research Report N0. 71/13. Nairobi: CUTS Centre for International Trade Economics and Environment

Pencarelli, T., (2019). The digital revolution in the travel and tourism industry. Information Technology & Tourism

Pierce, A., (2011). Small and Medium-Sized Enterprises in tourism industries. Ottawa: SME Financing Data Initiative

Riro, J. (2022). Evolution of the MSME Policy in Kenya. Conference Paper

Sharma, A., Sharma, S., & Chaudhary, M. (2020). Are small travel agencies ready for digital marketing? Views of travel agency managers. Tourism Management 79

The World Bank (1999). Voices of Women Entrepreneurs in Kenya. IFC Gender Entrepreneurship Markets & Foreign Investment Advisory Service a joint service of the International Finance Corporation and The World Bank: Washington DC: International Finance Corporation

Tourism Economics (2021). Data & digital platforms – Driving the Tourism Recovery in Kenya. Oxford Economics

Wishitemi, B.E. L., Momanyi, O.S., Ombati, B.G., & Okello, M. M., (2015). The link between poverty, environment and ecotourism development in areas adjacent to Maasai Mara and Amboseli protected areas, Kenya. Tourism Management Perspectives, 16, 306–317.

Appendix

Appendix 1: List of respondents (SMEs)

Actor	Person Interviewed	Gender	Date of interview	Length of interview	Location	Size (emp)		Years of running company	Formal/ informal	VC position	Serve intl customers	Modus Operand
Local Travel agents	owner	Male	12-08-2022	30 minutes	Nairobi	5	Small	8	upstream	formal	Yes	B2B, B2C
Local Travel agents	owner	Female	16-08-2022	32 minutes	Nairobi	11	Medium	5	upstream	formal	Yes	B2B, B2C
Local Tour operators	owner	Male	10-09-2022	32 minutes	Nairobi	5	Small	6	upstream	informal	Yes	B2B, B2C
Local Tour operators	owner	Male	17-08-2022	35 minutes	Nairobi	12	Medium	5	upstream	formal	Yes	B2B, B2C
Local Tour operators	owner	Male	17-08-2022	35 minutes	Nairobi	3	Small	3	upstream	informal	No	B2C
Local Tour operators	owner	Male	22-09-2022	30 Minutes	Nairobi	15	Medium	9	upstream	formal	Yes	B2C
Local Tour operators	owner	Male	25-08-2022	35 minutes	Nairobi	4	Small	5	upstream	formal	Yes	B2C
Local Tour operators	owner	Male	27-08-2022	30 Minutes	Nairobi	1	Small	4	upstream	informal	No	B2C
Local Tour operators	owner	Female	27-09-2022	28 Minutes	Nairobi	2	Small	8	upstream	informal	No	B2C
Local Tour operators	owner	Female	12-08-2022	35 Minutes	Nairobi	4	Small	5	upstream	formal	Yes	B2C
Transport and Cruises	owner	Male	16-08-2022	30 Minutes	Nairobi	8	Small	5	upstream	formal	Yes	B2C
Transport and Cruises	owner	Male	18-09-2022	35 Minutes	Nairobi	13	Medium	10	upstream	formal	Yes	B2C, B2B
Small Hotel	owner	Male	12-09-2022	30 Minutes	Nairobi	5	Small	7	midstream	informal	Yes	B2C

Small Hotel	owner	Male	16-09-2022	35 Minutes	Nairobi	10	Medium	12	midstream	formal	No	B2C
Small Hotel	owner	Male	10-10-2022	35 minutes	Nairobi	4	Small	4	midstream	formal	Yes	B2C
airbnb host	owner	Female	12-10-2022	35 minutes	Nairobi	1	Small	3	midstream	informal	Yes	B2C
airbnb host	owner	Female	16-08-2022	35 minutes	Nairobi	1	Small	2	midstream	informal	Yes	B2C
local guides	owner	Female	08-10-2022	35 minutes	Nairobi	4	Small	5	midstream	informal	Yes	B2C
local guides	owner	Female	12-09-2022	30 Minutes	Nairobi	5	Small	6	midstream	informal	Yes	B2C
local guides	owner	Male	07-12-2022	30 Minutes	Nairobi	2	Small	8	midstream	informal	No	B2C
small retail	owner	Male	05-12-2022	35 minutes	Nairobi	1	Small	5	downstream	informal	Yes	B2C
small retail	owner	Female	02-12-2022	30 Minutes	Nairobi	2	Small	8	downstream	formal	Yes	B2C
small retail	owner	Female	07-12-2022	34 Minutes	Nairobi	5	Small	4	downstream	informal	Yes	B2C
small restaurant	owner	Female	21-11-2023	35 minutes	Nairobi	5	Small	5	downstream	informal	No	B2C, B2B
small restaurant	owner	Male	21-11-2022	35 minutes	Nairobi	15	Medium	8	downstream	formal	Yes	B2C, B2B
small restaurant	owner	Male	22-11-2022	30 Minutes	Nairobi	3	Small	6	downstream	formal	Yes	B2C

Appendix 2: digital tools used

Phones (1), Computers (2), Social media (3), Website (4), emails (5), 3rd party booking and experience sites(6), Mobile payment Platforms (7), Online Payment Platforms (8), Youtube (9), Design Packages (10), Linkedin (11)

Actor	
Local Travel agents	1, 2, 3, 4, 5, 6, 7
Local Travel agents	3, 4, 6, 8, 7
Local Tour operators	3, 4, 7
Local Tour operators	3, 4, 5, 6, 7
Local Tour operators	3, 4, 5,7, 9, 10,
Local Tour operators	3, 4, 5, 7, 9,
Local Tour operators	1, 2, 3, 4, 5, 6, 7
Local Tour operators	1, 2, 6, 7
Local Tour operators	1, 2, 3, 4, 7
Local Tour operators	1,2,3,4,5,6,7,8,11
Transport and Cruises	1,2,3,4,5,6,7,8
Transport and Cruises	1,2,3,4,5,6,7,8
Small Hotel	1,2,4,5,6,7
Small Hotel	1,2,3,6,7
Small Hotel	1,2,3,7
airbnb host	2,5

airbnb host	2,5
local guides	1,2,3,4,5,7
local guides	1,2,3,4,5,6,7,11
local guides	1,2,3,5,7
small retail	1,2,3,5,7
small retail	1,2,3,4,5,6,7
small retail	1,2,3,4,5,7
small restaurant	1,2,3,4,5,6,7
small restaurant	1,2,3,5,7
small restaurant	1,2,3,5,7

Appendix 3: Upgrading details

Table xx: Upgrading by actor category (average % change 2019 to 2022)

		Platform (B)			Platform (F)							
		Travel Agents	**Tour operators**	**Hotels**	**Travel Agents**	**Tour operators**	**Transport**	**Hotel**	**Airbnb**	**Guides**	**Rest.**	**Retail+ cafes**
Economic	Product Value-add / Sophistication	100 (improved their product offerings through feedback)	33(improved their product offerings through feedback)	0	100 (improved their product offerings through feedback)	60 (improved their product offerings through feedback, learning from competition)	0 no change reported	0 no change reported	50 (improved their product offerings through feedback)	33 (improved their product offerings through feedback)	0	33 (improved their product offerings through feedback, learning from competition)
	Product Diversification	100 (competition pressures, trying to grow through experimenting new products)	67(competition pressures, trying to grow through experimenting new products)	100 (especially backward linkages with tour operators, and transport. Cruises, local guides)	100 (competition pressures, expansion through use of data from the app)	100(competition pressures, expansion through use of data from the app)	100 competition pressures, trying to grow through experimenting new products)	100 competition pressures, trying to grow through experimenting new products, data from the apps	0	100 (improved their product offerings through feedback)	100 (new items on menu for new customers)	100 (new products sold and sourced)

	Expansion into new functions	0	33 (purchased own cars-offering road transport)	0	0	0	0	0	0	0	67, expanded into catering	33 (set up new café)
	New markets/ customers/ suppliers	100	100	100	100	100	100	100	100	100	100	100
	Profits Increase	0 (no change)	33 (67% indicated fall in profits, marginal)	50 (remaining mentioned no change)	100	60 (remaining 40% indicated a slight fall in profits)	0 (mostly a fall in profits due to higher costs of operation)	0(mostly a fall in profits due to higher costs of operation)	0(mostly a fall in profits due to higher costs of operation)	33 (remaining mentioned no change)	33 (67% mentioned mostly a fall in profits due to higher costs of operation)	0(mostly a fall in profits due to higher costs of operation)
Social	Contract formalisation	0	33 (with suppliers/customers)	100 (with suppliers)	0	100 with suppliers/customers)	100 with suppliers/customers)	100 with suppliers/customers)	100 with suppliers/customers)	100 with suppliers/customers)	100 (with suppliers)	100 (with suppliers)
	Capability enhancement (new skills)	100 (on the job digital marketing mgmt, online payment systems)	33(on the job digital marketing mgmt, online payment systems)	0	100(on the job digital marketing mgmt, online payment systems, navigating the app	100(on the job digital marketing mgmt, online payment systems, navigating the app	100(on the job digital marketing mgmt, online payment systems, navigating g the	100(on the job digital marketing mgmt, online payment systems, navigati	0	100(on the job digital marketing mgmt, online payment systems, navigating the app	67(on the job digital marketing mgmt, online payment systems	100(on the job digital marketing mgmt, online payment systems, navigating the app and data analysis)

					and data analysis)	and data analysis)	app and data analysis)	ng the app and data analysis)		and data analysis)	, navigating the app and data analysis)	
	Working hours Decrease	0 Increase with time spent on advertising and networking	0 Increase in working hours	0 No change	0 Increase in working hours	0 Increase in working hours	0 No change	0 No change	0 Increase in working hours	0 Increase in working hours	0 Increase in working hours	0 Increase in working hours
	Unionization /associations	Part of relevant associations , but not unionized. Also no support from MSEA to unionize.										
	Bargaining potential	No change	33%: Limited ability to bargain with partners	No change	Limited potential to negotiate with the app for reduced prices	No change	67% : possible to bargain with suppliers	No change	NO change	No change	No change	No change
	Total no.	1	3	2	1	5	1	2	2	3	3	3