Primates and Beyond: Tourism Value Chains in East Africa

Jack Daly
Andrew Guinn

October 2016

Duke
CENTER on GLOBALIZATION, GOVERNANCE & COMPETITIVENESS

About the Duke Center on Globalization, Governance & Competitiveness

The Center on Globalization, Governance & Competitiveness (CGGC), an affiliate of the Social Science Research Institute at Duke University, is built around the use of the Global Value Chain (GVC) methodology, developed by the Center's Director, Gary Gereffi. The Center uses GVC analysis to study the effects of globalization on various topics of interest including: industrial upgrading, international competitiveness, the environment, global health, engineering and entrepreneurship, and innovation in the global knowledge economy. More information about CGGC is available at http://www.cggc.duke.edu

About the Authors

Jack Daly is a Research Associate at Duke CGGC and lead author of the study. He is a 2012 graduate of N.C. State's Masters of International Studies program. Prior to joining CGGC, his research focused on government responses to recent crises within automotive value chains in Sweden, Germany and the United States. He has been an analyst for firms specializing in political risk, analyzing regime stability, policy initiatives, societal tensions and business environments in more than 30 countries. He also worked in newspapers for nine years, writing for the Raleigh (N.C.) News & Observer, Charlotte Observer and Durham Herald-Sun. Jack holds a Masters of International Studies and bachelor's degrees in economics and history from North Carolina State University.

Andrew Guinn is a Research Associate at Duke CGGC and contributing author to the study. He holds a B.A. in International Studies and Spanish from the University of Wisconsin-Madison and a Masters in City and Regional Planning from the University of North Carolina at Chapel Hill. His research interests include the connections between global economic processes and local labor markets.

Front cover: Mountain Gorillas in Rwanda. Photo credit: RDB.

The International Growth Centre sponsored the research for this report. Errors of fact or interpretation remain the exclusive responsibility of the author(s). The opinions expressed or conclusions made in this study are not endorsed by the project sponsor. The authors would like to thank Stacey Frederick and Penny Bamber of Duke CGGC for valuable research assistance. We welcome comments and suggestions. The lead author may be contacted at jack.daly@duke.edu.

TABLE OF CONTENTS

Tables

Figures

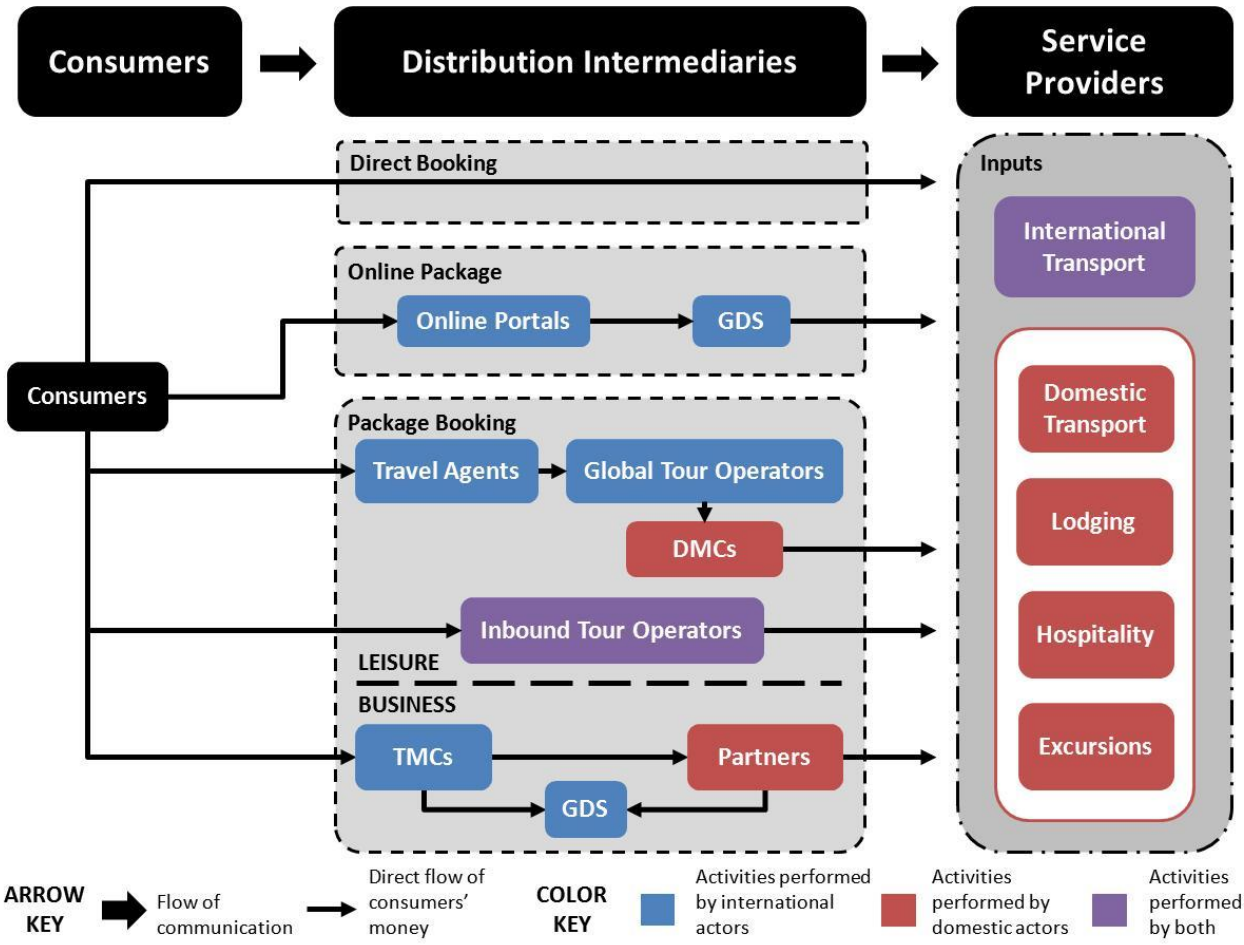
Acronyms

A&K	Abercrombie & Kent
AITO	Association of Independent Tour Operators
ASA	Air Service Agreements
AUTO	Association of Ugandan Tour Operators
DMC	Destination Management Company
DRC	Democratic Republic of Congo
EAC	East African Community
EATP	East Africa Tourism Platform
GDS	General Distribution System
GVC	Global Value Chains
HTTI	Hotel Tourism and Training Institute
IAPCO	International Association of Professional Conference Organizers
ICCA	International Congress and Convention Association
IGC	International Growth Centre
LCC	Low-cost carriers
MICE	Meetings, Incentives, Conferences and Exhibitions
RAPCO	Rwanda Association of Professional Conference Organizers
RCB	Rwanda Convention Bureau
RDB	Rwanda Development Board
RTTA	Rwanda Tours and Travel Association
PCO	Professional Conference Organizer
PNR	Passenger Name Record
SCT	Single Customs Territory
TMC	Travel Management Company
UMTWA	Uganda Ministry of Tourism, Wildlife, and Antiquities
UTB	Uganda Tourism Board
UWA	Uganda Wildlife Authority
UWTI	Uganda Wildlife Training Institute

Executive Summary

Although tourism is an important contributor to the economies of East African Community (EAC) countries such as Kenya, Rwanda, Tanzania, and Uganda, the region remains a niche player in the global industry, generating less than 0.5% of total worldwide revenue in 2014 (WTTC, 2015a). In efforts to stimulate further growth in the sector, EAC governments have implemented a number of measures with the goal of driving regional integration, including a common entry visa, a standard classification criterion for hotels, and shared marketing platforms.

Figure 1: Leisure and Business Tourism GVCs



Source: Duke CGGC

In order to assist such efforts, this report uses the GVC framework to assess the potential for upgrading and regional integration within tourism industries in Rwanda and Uganda. Building upon the tourism GVC literature, the study divides the sector into three categories of actors—consumers, distribution intermediaries, and service providers—while also distinguishing between three separate chains: leisure, business, and conference (an aggregated illustration of

the leisure and business tourism GVCs is presented in Figure 1 above; an extended discussion of each chain can be found in the appropriate sections of Chapter 2).

This report pays particular attention to demand, distribution channels, and distribution intermediaries. While service providers regularly offer the largest opportunity for employment in each chain, it is the distribution intermediaries—global tour operators, Travel Management Companies (TMCs), Destination Management Companies (DMCs), Convention Bureaus, Professional Conference Organizers (PCOs)—that often control the sector's upgrading potential by facilitating links with end markets.

Globally, the market is fragmented—the leading 10 distribution intermediaries control only 31% of what is an $821 billion industry—and offers a number of entry points for domestic companies. However, in order to access these markets, stakeholders in the EAC tourism industry must understand the nuances in the identity of consumers in each chain, the product and investment strategies of lead firms, and the barriers to entry for local businesses. Key findings of the report are as follows:

Leisure Tourism

North American and Europe are key source markets for Rwanda and Uganda's leisure tourism products, much of which revolves around flora and fauna offerings. While Direct Booking and Online Package are prominent distribution channels worldwide, the Package Booking distribution channel remains critical in EAC countries because of the region's emphasis on itinerary-based travel to access ecotourism attractions, consumers' unfamiliarity with East Africa, concerns about the ability of inbound operators to deliver quality products, and the difficulties associated with organizing domestic transport and other services independently.

Lead firms in the leisure tourism GVC have the ability to manage these risks while also assembling and packaging individual services into cohesive tourism experiences. Their power derives from their ability to draw on the capabilities of large, global networks of service providers while also having direct access to consumers or travel agents (Christian, 2013). This has important implications in the EAC, where the domestic market for tourism is underdeveloped and DMCs or inbound tour operators must depend on relationships with global tour operators for clients. Relationships can be nurtured through marketing outreach or exposure at trade shows, but it requires that the domestic businesses undergo process upgrading to develop PR and communication skills. Oftentimes, these efforts fall short, and service providers are forced to functionally upgrade in order to access consumers.

The profile and product of the lead firms operating in the EAC can broadly be divided into three categories:

- Exclusive operators that specialize in unique safari products in Africa;
- Luxury companies that offer custom and group packages around the world, including Africa;
- Mid-tier providers that concentrate mostly on group tours inside the EAC.

Rwanda's and Uganda's competitive niche lies in the first two categories. Many of the businesses in these categories place an emphasis on being pioneers in the field through innovative environmental and economic partnerships. Rwanda has managed to capitalize by strategically identifying attractive investors and pursuing Public-Private Partnerships (PPPs) with companies such as Wilderness Safaris and Governors Camp Collection.

Business Tourism

The consumers in the business tourism value chain are companies who travel internationally for business. The lead firms are distribution intermediaries that can offer travel management and analytical services designed to help consumers reduce costs and demand for travel. Worldwide, the industry is consolidated around four major TMCs: American Express Global Business Travel, Carlson Wagonlit Travel, HRG Worldwide, and BCD Travel.

The four leading global TMCs are active in Rwanda and Uganda through partnership arrangements with local affiliates. Developing a partner network is the TMCs' standard operating procedure in emerging markets and not unique to the EAC—TMCs open wholly owned subsidiaries or initiate JVs in markets where there is sufficient demand.

The lead firms' focus on data collection means their domestic affiliates are expected to have a wider base of expertise than in the leisure tourism GVC. Specifically, partner companies are expected to collect, cleanse, and code data related to whether bookings adhere to travel policies. Additionally, TMCs evaluate potential partners based on three factors that can be considered prerequisites for entry into the chain:

- International Air Transport Association (IATA) certification;
- High volume of bookings for business travelers through General Distribution Systems (GDS);
- Certified financial records as well as access to finance.

Because of the demand demographics associated with business travel in Rwanda and Uganda—the DRC, Uganda, Tanzania, Kenya, and Burundi accounted for 89.4% of business visitors in Rwanda in 2014; while Kenya, Rwanda, and South Africa provided three-quarters of all visitors for Uganda—domestic companies have access to more local consumers. Swanair, the Carlson Wagonlit Travel affiliate in Uganda, reports that 80-85% of its clients are domestically based, while Satguru, a regional company that started in Kigali, accounts for an estimated 60-65% of

airline bookings in Rwanda. For these firms, access to TMCs provides opportunities for knowledge transfer—partners of TMCs regularly report selling travel management services to local clients after learning the skills from the global firms—as well as branding opportunities.

Conference Tourism

The conference tourism value chain describes the activities that are required to attract and stage Meetings, Incentives, Conference and Exhibition (MICE) events. In this chain, the consumer is the association or organization hosting the meeting. While there is overlap with the business tourism value, it also has its own ecosystem of actors. There are two primary distribution channels: Direct Booking, when the conference organizers contact hotels or meeting sites directly; or Third Party, which is where convention bureaus or convention specialists serve as key distribution intermediaries.

The Rwanda government has placed an emphasis on conference tourism, using a contract with the World Bank to hire the Business Tourism Company as a consultant to provide strategic oversight and help create the Rwanda Convention Bureau (RCB). The RCB has doubled the number of association meetings in Rwanda in two years and is attempting to increase delegate spending from US$245 per day to closer to the global average of between US$600-$650. The RCB can further assist the development of the country's tourism industry by driving spillover into the leisure tourism chain and by mitigating some of the risk of seasonal downturns for service providers.

The RCB relies on the assistance of two key distribution intermediaries: conference associations such as ICCA to gain access to the market; and PCOs, which manage the on-the-ground experience. Within Rwanda, the RCB has created an association for PCOs by hosting training and networking sessions where domestic businesses learn about the industry. Uganda does not have a formalized conference sector, instead relying on service providers such as the Serena Hotel to pursue conferences on their own.

Regional Integration

The most prominent linkages in the EAC's leisure tourism value chain are in product offerings—many tour companies offer packages in multiple countries. A pronounced impediment for regional integration in the leisure tourism value chain is low demand within the EAC. East Africa ranks as having one of the largest shares of foreign visitor spending as part of overall tourism contribution to GDP of any region in the world. This profile encourages the EAC's participation in *global* tourism value chains instead of the creation of *regional* tourism value chains; as long as the region's domestic leisure tourism spending remains low and safari products continue to be its most marketable product, lead firms can be expected to be based in the countries from which demand emanates, relegating domestic tour operators and DMCs to a subservient role because of their lack of access to markets and deficits in trust (Christian & Nathan, 2013).

In business tourism, much of distribution intermediaries' demand comes from regional consumers. This has allowed regional TMCs such as Satguru to develop a significant presence in a number of EAC and western African countries. Moreover, the domestic affiliates of TMCs receive the majority of their revenue from domestic clients, allowing them to serve as both inbound and outbound agents.

With the site-specific nature of association meetings, there is less opportunity for regional integration in the conference meeting chain, although there are chances for spillover into the region's leisure tourism chain. Moreover, the expansion of the market would provide additional opportunities for each country while also strengthening the efficiencies of suppliers.

Across all tourism GVCs, the barriers to regional integration can be categorized among the following factors:

- **Infrastructure:** There is disparity in the quality of roads and air infrastructure in Uganda and Rwanda, which increases the cost of access to national parks in Uganda and discourages investments by some of the companies that cater to high-end consumers in Rwanda.
- **Control or management of tourism attractions:** Rwanda takes an aggressive approach to cultivating PPPs with conservation-focused organizations, while elite businesses in Uganda have near monopoly access to key concessions surrounding the country's national parks.
- **Regulating markets such as aviation:** A critical step toward the establishment of new air carriers is the deregulation of domestic and regional air markets, which are dominated by bilateral Air Service Agreements.
- **Setting quality, training, and environmental standards:** An initial focus for the EAC has been to develop a common classification certification for lodging establishments in the region; however, implementation of both classification certificates has been slow, with uneven commitment to the established standards.
- **Developing border policy:** While Kenya, Rwanda, and Uganda have agreed to a common entry visa, Tanzania's non-participation limits its effectiveness. Additionally, the EAC ranks as one of the least competitive regions in the world for trading goods across borders, which contributes to higher costs for the large-scale construction projects needed for lodging providers in the business and conference tourism chains.
- **Stimulating tourism demand and investment:** Funding shortfalls and industry resistance to a unified approach are barriers to regional promotion efforts. The discordant approaches associated with management of tourism attractions—Rwanda recruiting conservation-focused actors through PPPs; Uganda giving elite businesses substantial competitive advantages—is a barrier to increasing regional investment.

Recommendations

Based on the barriers to upgrading and regional integration that exist in tourism value chains within the EAC, Duke CGGC advances recommendations that are designed to promote three broad goals: regional integration; firm-level upgrading; and country-level upgrading. The specific recommendations are as follows:

EAC Integration

- Create regional development and infrastructure fund
- Identify tangencies in investment profiles for leisure tourism
- Evaluate integrated permits
- Maintain initiative to implement classification certifications for service providers
- Liberalize the air market
- Harmonize technical standards at border
- Tailor promotional content to address key deficiencies

Firm-Level Upgrading

- Forge partnerships with hospitality institutions to emphasize practical training
- Pool resources for marketing efforts
- Identify strategic trade shows
- Pursue process upgrading through new distribution channels
- Diversification through certification

Country-Level Upgrading

- Implement product upgrades to appeal to regional consumers
- Develop training modules for the creation of strategic web content
- Initiate outreach in key target markets
- Host forums for communication among stakeholders
- Build stronger linkages with supporting industries
- Expand educational partnerships

Table 1: Summary of Key Characteristics of Tourism Value Chains in EAC

Leisure	Business	Conference
Identity of Consumer		
— Holiday travelers	— Business travelers	— Conference Hosts
Distribution Channels		
— Direct Booking — Online Packaging — Package Booking	— Direct Booking — Online Packaging — Corporate Booking	— Direct Booking — Third Party
Key Distribution Intermediaries		
— Online Portals — Lead Tour Operators — Inbound Tour Operators — DMCs	— TMCs — GDS — TMC Partners/Affiliates	— Hotel Companies — Convention Bureaus — Convention Specialists
Identity of Lead Global Distribution Intermediaries		
— **Online Portals:** Expedia, Priceline — **Global Tour Operators:** TUI AG, Thomas Cook, JTB Corp.	— **TMCs:** American Express, Carlson Wagonlit , HRG, BCD — **GDS:** Amadeus, Sabre, Travelport	— **Convention Specialists:** Publicis Live, HelmsBriscoe, etc. — **Conference Associations:** ICCA
Lead Firms' Product		
— Travel experiences (safaris in EAC)	— Travel management — Data collection	— Conference scheduling and planning
Lead Distribution Intermediaries in EAC		
— **Luxury Firms Specializing in Safari Products:** & Beyond, Wilderness Safaris — **Luxury Firms Offering Safari Products:** Abercrombie & Kent, Cox & Kings — **Mid-tier, Group Tours:** Tauck, Globus, Collette	— **Regional TMCs:** Satguru — **TMC Partners:** Let's Go Travel, Swanair — **Lodging:** Serena Hotels, Radisson Blu (Carlson Rezidor), Marriott, Hilton, others	— **Convention Bureaus:** Rwanda Convention Bureau — **Large Hotels:** Serena Hotels, Radisson Blu (Carlson Rezidor), Marriott, Hilton, others — **PCOs:** RAPCO members
Value Addition of Domestic Distribution Intermediaries		
— Knowledge of local market	— Data collection in local market	— Knowledge of local market and linkages with local firms
Key Certificates/Qualifications/Methods of Signaling Quality to Market		
— Trip Advisor — Invitation-only trade shows (We Are Africa)	— IATA — Subscriptions to GDS — Trip Advisor	— ICCA — Registration with convention bureau
Service Providers & Prominent Categories in EAC		
— International transport — Domestic transport (safari vehicles and airlines) — Lodging (upscale lodges near national parks) — Hospitality (restaurants) — Excursions (national parks)	— International transport — Domestic transport (in-city vehicles and airlines) — Lodging (business hotels in large cities) — Hospitality (restaurants, security, medical services)	— International transport — Domestic transport (in-city vehicles and airlines) — Lodging (business hotels) — Hospitality (restaurants, security, medical services) — Entertainment (audio/video)

Source: Duke CGGC

1. Introduction

Tourism is an important driver of economic growth around the world, supporting an estimated 277 million total jobs, generating $7.6 trillion in total revenue, and supplying 9.8% of global GDP (WTTC, 2015a). The vivacity of the industry is not confined to traditional tourist hotspots; while Europe remains the most visited continent in the world, accounting for 52% of all international tourist arrivals compared to 5% each in both Asia and Africa, there were a record number of 56 million international arrivals in Africa in 2013, an increase of more than 6% from the previous year (UNWTO, 2014).

Although EAC countries have long captured the imagination of international leisure travelers, the region remains a niche player in the global industry, generating less than 0.5% of total worldwide revenue in 2014 (WTTC, 2015a). With their diversity of large animals and picturesque landscapes at national parks such as the Maasai Mara and Serengeti, Kenya and Tanzania historically have been important suppliers of the safari experience for global customers. Rwanda and Uganda have most often played an ancillary role to their more prominent neighbors, with visitors frequently making an abbreviated visit to see those countries' most marketable assets, the mountain gorillas.[1]

Table 2: Profile of Tourism Industry in Selected EAC Countries in 2014

Factor	WORLD	AFRICA	Kenya	Rwanda	Tanzania	Uganda
Direct Effect on GDP	3.1%	3.4%	4.1%	3.6%	5.1%	4.3%
Total Effect on GDP	9.8%	8.1%	10.5%	9.1%	14.0%	9.9%
Direct Effect on Total Employment	3.6%	3.0%	3.5%	3.0%	4.3%	3.6%
Total Effect on Total Employment	9.4%	7.1%	9.2%	7.9%	12.2%	8.6%
Visitor Spending Share of Total Exports	5.7%	8.0%	18.3%	33.0%	21.9%	26.0%
Tourism Investments as Share of Total Investments	4.3%	5.9%	6.4%	9.0%	9.5%	4.6%
International Arrivals from 2010-2013 (thousands)	—	—	6,273	2,871	3,703	4,500
Growth Rate in International Arrivals from 2006-2009	—	—	10.4%	38.8%	34.2%	58.9%

Sources: WTTC, 2015b; World Bank data

The importance of the tourism industry to the region's economies can be detected in Table 2 above. Data compiled by the World Tourism & Travel Council (2015b) indicates the direct effect of tourism on Kenya's, Rwanda's, Tanzania's, and Uganda's economies is higher than both the

[1] Within the leisure tourism industry, traveling to Rwanda and Uganda for one or two days as part of a larger package to visit Kenya and Tanzania is an established phenomenon and is colloquially called "The Gorilla Express."

global and African average, and the direct effect on total employment in each country matches or exceeds the continental average. Additionally, tourism's total effect on GDP and total employment in every location surpasses the African average, and tourism's share of total investments exceeds both the global and continental average in every location except Uganda.

With tourism driving a significant amount of FDI inside the region, EAC governments have prioritized the further development of the sector, both at a national and at a regional level. In order to understand and assist such efforts, this study uses the GVC framework both to describe the tourism industry in the EAC and to identify the opportunities for further integration among national territories. With the durability of itinerary-based travel in the EAC and the strong linkages between internationally based lead firms and domestically based suppliers, the region is especially suited for using the GVC framework to analyze the relationships that exist among businesses. The resulting analysis can then be used to outline steps governments might take to improve the position of local firms within the chain as well as attracting greater levels of foreign investment.

In collaboration with the International Growth Centre (IGC), Duke CGGC identified the following three clusters of questions that guided its research efforts:

1. How does the tourism value chain differ in each country? What are the products? How are these products linked or packaged across different countries?
2. Who are the actors in each country? Which key actors are based outside of the region? Who governs the chain and what effect does this have on smaller actors? Who helps facilitate collaboration between the EAC countries?
3. What are specific strategies the government can employ, including concrete policies to drive regional integration, to help the EAC countries upgrade their positions within tourism GVCs? What are specific strategies businesses can use to upgrade? What are the most important barriers to firm upgrading?

Methodology

Broadly speaking, the GVC methodology is a systems-based and actor-centric approach that combines broad analyses of global industry structures and trends with detailed mapping of national industries and local economic clusters based on existing economic statistics. This data is then supplemented by interviews with international lead firms and intermediaries, domestic suppliers, and institutional stakeholders. As the primary actors within value chains, firms are of central importance in the GVC methodology—GVC analysis seeks to determine what makes firms productive in the context of dispersed supply chains, how private-sector governance and public policies influence firm performance, and what factors and strategies allow firms to move into higher-value segments of the chain.

GVC analysis involves identifying the input-output structure, geographic scope, and lead firm dynamics (i.e., "governance") of a particular value chain in order to understand how materials, financial resources, and information flow between firms and other stakeholders in the chain. Once a value chain is mapped in terms of the activities and firm location, comparative benchmarking is undertaken in order to assess the position of a specific firm, cluster or country relative to competitors. This also helps identify potential trajectories for expanding exports and moving into higher-value-added positions in the chain (i.e., "upgrading").

Because of the limited amount of data available about the tourism sectors in Rwanda and Uganda, Duke CGGC focused its research efforts on literature reviews and in-depth interviews with industry stakeholders. Field research was conducted at the Indaba Travel and Trade Show in Durban, South Africa in May 2015; together with phone or Skype interviews, Duke CGGC spoke with approximately 60 people with direct ties to tourism in the region, including government officials, tour operators, Destination Management Companies, hotel representatives, lodge operators, and investors.

Limitations

In the course of pursuing these objectives, this study focused primarily on tourism value chains in Rwanda and Uganda. Where appropriate, Kenya and Tanzania were incorporated into the analysis in order to provide additional context and insight; however, the overwhelming concern was Rwanda and Uganda.

There were at least four reasons for the limiting the study to these countries: 1. Charting the complete universe of actors and businesses in all four countries risked being too expansive; 2. There is a wide body of existing literature on the Kenyan and Tanzanian tourism value chains;[2] 3. The overlap in the profile and the geographic location of Rwanda and Uganda encourages similar actors to offer services in both countries; 4. IGC counseled Duke CGGC on focusing on the countries where it had a presence (Rwanda and Uganda).

Report Organization

The report proceeds by providing an overview of tourism GVCs and also making a theoretical distinction between leisure, business and conference tourism value chains. It then describes the characteristics of each tourism value chain inside Rwanda and Uganda, focusing on identifying the actors that govern the chain as well as upgrading trajectories for local businesses. After identifying barriers to regional integration efforts, the report concludes by offering recommendations about what might be done to eliminate these barriers as well as improve the position of domestic businesses.

[2] The World Bank Group (2010) published an extensive value chain study on the profile of the industry in the two countries that is particularly comprehensive. Christian (2013) has also used Kenya as a case study.

2. Tourism Global Value Chains

The GVC framework has only rarely been applied to the tourism sector, with the notable exceptions of Christian and a small handful of others. When it has been employed, researchers have generally followed the perspective taken by Doerry (2008) and traced the industry from the vantage point of the tourist, beginning with the distribution of the product in the traveler's home location (the outbound country) and then proceeding to international transport before concluding with arrival in the inbound country, where domestic transport, accommodation, hospitality and excursion service providers all add value to the experience. From this perspective, the unfolding "experience" of the tourist is the product traced through the value chain.

This report illustrates the tourism value chains in a slightly different manner. Building upon categories described by Christian & Nathan (2013), it divides the chain into three groups of actors—consumers (or end markets), intermediaries who control distribution, and service providers. It then traces both the communication and the flow of the consumers' money through the chain, highlighting how it is distributed among international and domestic businesses.

In prior studies, all forms of travel usually have been aggregated into one larger discussion of tourism value chains. While nuances between regions have been described and the types of leisure tourism have been distinguished, there typically has only been one master "tourism value chain." This report splits leisure, business, and conference tourism into separate chains. Critically, the report's conception and depiction of tourism GVCs focuses on demand and distribution channels more centrally than previous studies. As such, it attempts to explain how distribution intermediaries behave differently in the three tourism GVCs as well as the implications for suppliers.

The authors believe this is important because it is a useful perspective for policy stakeholders as they attempt to understand power dynamics in the chain and connect domestic firms with broader networks. While service providers offer large opportunities for employment generation, it is the distribution intermediaries that often control the sector's upgrading potential. Globally, the market is fragmented and offers a number of entry points for domestic companies. However, in order to access these markets, stakeholders in the EAC tourism industry must understand the nuances between the three GVCs in the identity of consumers, the product and investment strategies of lead firms, and the barriers to entry for local businesses.

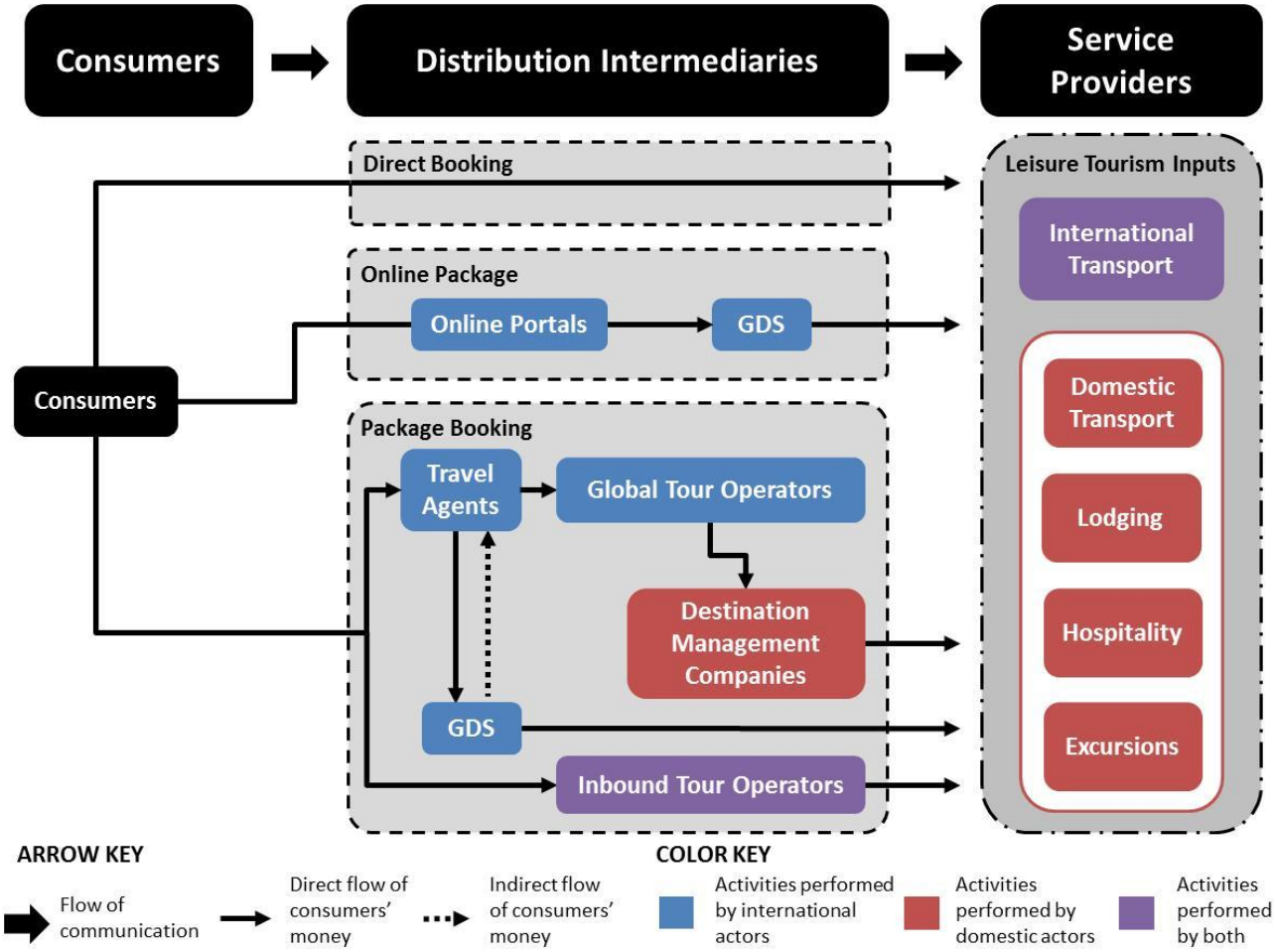
Although this report presents an overview of the worldwide landscape in the next section, its geographic focus is the countries with detectable tourism industries in the East Africa Community (EAC). For this report, the EAC is Kenya, Rwanda, Tanzania, and Uganda; Burundi is

not included because of the political instability's effect on the nascent tourism sector. The discussion that follows on the global industry is intended only to introduce how the EAC both conforms and contrasts with expectations. The report does not fully consider trends that may be prominent outside the region but are not as pronounced inside of it, including the emergence of online portals such as Expedia and Priceline, the commission policies of international airlines in different locations, or the business models of leading cruise companies.

2.1 Leisure Tourism GVCs

Leisure tourism is defined as any trip where a visitor travels internationally for recreation. While there are a number of different types of leisure tourism (sun, sand and surf, environmental, cultural, adventure, etc.), the term does not encapsulate travel to visit friends or relatives since this form of travel often has implications on demand for distribution intermediaries and service providers that differentiates it from what is described below.

Figure 2: Leisure Tourism GVC



Source: Duke CGGC based partially on Christian & Nathan, 2013

The leisure tourism GVC is presented in Figure 2 above. The black boxes at the top of the diagram depict the three main categories of actors: consumers, distribution intermediaries, and service providers. Information flows are represented by the thick black arrows at the top; communication travels from the consumer to the distribution intermediaries to the service providers. The solid and dashed lines with smaller arrows indicate the flow of the consumers' money through the chain.[3] The three shaded boxes in the center of the diagram depict the dominant distribution channels: direct (or independent), online booking, or package travel. The blue, purple, and red boxes under the "Distribution Intermediaries" and "Service Providers" headings represent the actors who help produce tourism experiences. The shaded box under the "Service Providers" heading includes the most common inputs that create the leisure consumers' experience. While there are varying degrees of vertical integration between segments of the chain—many businesses provide services in multiple categories—Figure 2 is intended as a representative example at the broadest level.

This section proceeds by providing further detail on the three categories of actors: consumers, distribution intermediaries, and service providers. The section on distribution intermediaries examines the actors in each of the distribution channels that can be seen in Figure 2—for instance, there is extended discussion of each category of actor in the section on the Package Booking distribution channel (travel agents, global tour operators, DMCs, etc.).

2.1.1 Consumers

The consumer in the leisure tourism GVC is the individual who purchases and experiences the travel product.

2.1.2 Distribution Intermediaries

Lead firms in the leisure tourism global value chain have the ability to assemble and package individual services into cohesive tourism experiences. Their power derives from their ability to draw on the capabilities of large, global networks of service providers while also having direct access to consumers or travel agents (Christian, 2013). Most often, these actors are distribution intermediaries, with online portals, tour operators and Destination Management Companies (DMCs) being among the most prominent. In some cases, powerful individual service providers such as international airlines and hotels may act as lead firms by bundling and selling tourism products.

Direct Booking Channel

Depending on where the consumer lives or which location they are visiting, they may choose to bypass distribution intermediaries and book directly with service providers (see "Direct

[3] Direct flow of consumers' money represents payments for services directly related to the consumers' tourism experience. Indirect flow of consumers' money represents back-end transactions where payment between companies is not based on the consumers' experience.

Booking" channel in Figure 2). Examples include leisure tourists who book vacations directly through service providers' websites (Delta or Marriott) and research excursions independently. In these instances, the flow of consumers' money proceeds straight from the customer to international airlines and domestic transport, lodging, hospitality and excursion businesses.

Online Package Channel

Independent travelers may also book through online agencies (see "Online Package" channel in Figure 2). These online portals offer many of the same services as in-person travel agencies and can bundle international transport, domestic transport, and lodging products. In terms of annual revenue, the leading firms, Expedia and Priceline, are the largest distribution intermediaries in the travel industry, with combined sales of about $100 billion in 2014 (Travel Weekly, 2015). Expedia and Priceline have also posted the highest growth rates over the last five years of any distribution intermediary in all distribution channels (Euromonitor International, 2015b), and Expedia moved to strengthen its position in 2015 by submitting a proposal to purchase rival Orbitz.

Table 3: Largest Global Distribution Intermediaries

Company	Headquarters	2014 Share of Travel Intermediaries' Revenue	Tourism GVC	Value Chain Category
Expedia	United States	6.1%	Leisure	Online Portals
Priceline	United States	6.1%	Leisure	Online Portals
Carlson Wagonlit	France	3.9%	Business	TMC
TUI AG	Germany	3.1%	Leisure	Travel Agent/ Outbound Tour Operator/DMC
American Express Global Business Travel	United States	3.1%	Business	TMC
Thomas Cook	United Kingdom	2.2%	Leisure	Travel Agent/ Outbound Tour Operator/DMC
Flight Centre	Australia	1.8%	Leisure/Business	Travel Agent/ Outbound Tour Operator/ DMC/TMC
JTB Corporation	Japan	1.8%	Leisure/ Business	Travel Agent/ Outbound Tour Operator/ DMC/TMC
Orbitz	United States	1.5%	Leisure	Online Portals
BCD Holdings	Netherlands	1.4%	Business	TMC

Source: Euromonitor International, 2015b; Duke CGGC

Table 3 above presents the list of the 10 largest distribution intermediaries in the world. The list is based on Euromonitor International data, which does not distinguish between companies operating in the leisure or business tourism value chains. Since the "Share of Travel Intermediaries" column compares all distribution intermediaries across the different tourism value chains, market share within individual chains and distribution channels will be more concentrated; for example, TMCs such as Carlson Wagonlit Travel and American Express Global Business Travel capture a high percentage of revenue when compared against peer TMCs (see Table 5). Even still, the table reflects the general fragmentation of the global sector—the leading 10 companies control only 31% of what is an $821 billion industry.[4]

Package Booking Channel

Beyond questions of physical infrastructure and in-person communication, a key differentiator between online agencies and the traditional network of travel agents, tour operators, and DMCs (see "Package Travel" distribution channel in Figure 2) is the latter's ability to sell itinerary-based tour packages; thus far, online agencies have largely been unable to replicate this practice. Depending on the location, travel agents, tour operators and DMCs further distinguish themselves by assisting with visa applications and the acquisition of park permits.

This section proceeds by outlining the major distribution intermediaries in the leisure tourism value chain, using Medlik (1993) as a foundation for some of its definitions. It also outlines the value addition and value capture of each, with Table 4 below providing an overview. The chart is organized vertically with the actors who capture the highest revenue at the top. The value capture distinctions are based on interviews with industry actors as well as reviews of relevant literature. "High" value capture implies profit margins in excess of 20% and/or significant volume of transactions; "Medium" value capture implies profit margins of between 10-20% and/or moderate volume of transactions; "Low" value capture implies profit margins of less than 10% and/or low volume of transactions.

It should be stressed that while broad categories can be defined and standard business models outlined, the relationships between global distribution intermediaries is complex with many exceptions to the general rule. In its most 2015 annual report, Wilderness Safaris, a leading Botswana-based safari tour operator noted as much, highlighting the evolution of the profile of distribution intermediaries described in this report. "Wholesalers have increasingly operated in the retail space (and vice versa) and some inbounds have tended to act as outbounds (and, again, vice versa). … These changes have resulted in changes to the structure of the industry.

[4] It should be noted that there has been a general trend toward consolidation over the last five years, driven largely by Expedia's and Priceline's emergence. In 2009, the top 10 distribution intermediaries measured by revenue controlled 25.1% of the global industry. The leading company at the time, TUI AG, had a 4.2% market share (Euromonitor International, 2015b).

This poses risk to operators who do not recognize these changes or respond appropriately (Wilderness Holdings Integrated Annual Report, 2015)."

Table 4: Value Addition and Value Capture of Distribution Intermediaries in Leisure Tourism Value Chain

ACTORS	VALUE ADDITION	VALUE CAPTURE
Global Tour Operators	— Access to lucrative markets — Assembly and marketing of packages — Educate travel agents on tourism products — Managing risk and provide measure of trust that experience will conform with expectations	High/Medium
Inbound Tour Operators	— Knowledge of local product — Purchase and assembly of services from local providers — Access to markets	High/Medium
DMCs	— Knowledge of local product — Purchase and assembly of services from local providers — Consumer management in inbound country	Medium
Travel Agents	— Primary contact point for consumer — Booking of packages — Provide measure of trust experience with conform with expectations	Medium
General Distribution System (GDS)	— Aggregation of airline and hotel into centralized online reservation system	Medium/Low

Source: Duke CGGC

Travel Agents

Travel agents are the distribution intermediaries who interact directly with consumers most commonly, acting as a retailer for products that tour operators assemble. As the primary point of contact, one of the travel agents' most immediate value additions is communicating with the traveler, which helps build trust the experience will conform to expectations (Christian & Nathan, 2013). Depending on the outbound or inbound country as well as their level of experience, travel agents may access GDS either to sell individual services (airfares, hotels rooms, etc.) or to package services and cut the outbound tour operator out of the chain. They may also develop direct relationships with inbound tour operators or DMCs to marginalize outbound operators. Vertical integration is another possibility—travel agents may serve as an outbound tour operator. Most often, however, travel agents are merely retailers; industry surveys indicate their largest source of revenue and most dependable source of commissions come from the selling of already assembled tours (ASTA, 2014). Travel agents can pursue memberships in a number of organizations to signal quality to the market, including the American Society of Travel Agents (ASTA), the African Travel and Tourism Association (ATTA), and others.

Global Tour Operators

Tour operators serve both as manufacturers and wholesalers (Medlik, 1993). Together with the DMC, they purchase services from individual providers and assemble them into leisure tourism products. The tour operators' most significant value addition is its knowledge of its local market, which allows it to make critical decisions of what products to sell and how to sell them while also wielding power over suppliers. Like travel agents, it can assuage concerns of consumers and manage risk, even providing a legal target in the event of fraud.

While some of the largest companies have undergone vertical integration and sell directly to consumers, many opt to work through travel agents because of the reciprocal nature of the relationship—if outbound tour operators cut travel agents out of the chain, travel agents may be less likely to sell tour operators' products. There is overlap in the bodies that provide certification for travel agents and tour operators—relevant organizations include the United States Tour Operators Association (USTOA), the Association of Independent Tour Operators (AITO), ATTA and others.

Globally, the most prominent leisure tour operators are integrated companies that have multiple brands that specialize in various tourism products (cruises, safaris, etc.). Some of the largest include Thomas Cook Excursions, TUI AG and Flight Centre (Euromonitor International, 2015b). In addition to selling directly to the consumers, these companies also have offices in target locations that provide the same services as DMCs. The "global" designation refers to tour operators' customer base; some of the leading companies may limit their geographic focus.

Destination Management Companies

Global tour operators rely on DMCs to coordinate local services for their tourism offerings. DMCs and global tour operators often forge strong bonds. Depending on the experience of the individual DMC and the strength of their relationship with the tour operators, DMCs most often fill one of the following roles:

- Acting as the dominant force in buying tourism services from domestic service providers and assembling them into packages for the tour operators, who then purchase those packages and sell them in their local marketplace;
- Serving in a subservient role, responding to the demands of tour operators and securing product from domestic service providers.

Once the visitor arrives in country, DMCs manage the experience on the ground, helping transport visitors to and from lodging, hospitality, and excursion attractions. DMCs also secure visa and nature permits for tour operators and assist with security and medical arrangements. DMCs can pursue memberships in national, regional, or international tour operators' associations to communicate quality to the marketplace.

Inbound Tour Operators

While national tour operators and DMCs perform similar services, they can be distinguished by the profile of their customers. Companies where the majority of sales are directly to consumers are considered inbound tour operators for purposes of this report, while DMCs are those firms that rely on global tour operators to provide the majority of their clients. Inbound tour operators can either be nationally or regionally based—their focus is to provide leisure tourism services to consumers from outside the region. Outbound tour operators, by contrast, help domestic clients travel abroad.

General Distribution Systems

GDS have been called "ineluctable middlemen" of the travel industry (The Economist, 2012). Online portals and travel agents use GDS to access the complete inventory of airlines and hotel rooms, while airlines and hotels use GDS to sell the majority of their product. The business models that GDS use are somewhat complex, and the overall arrangement can cost leisure travel agencies money if their overall volume of airline reservations is not high enough to offset the expense.[5] Partly because of this, 58% of independent leisure travel agencies and 20% of retail leisure travel agencies report not using GDS, instead booking directly through airlines or hotels (ASTA, 2014).[6] GDS are especially significant entities in business tourism GVCs and are discussed more extensively in that section.

2.1.3 Service Providers

Service providers in the leisure tourism GVC are most often divided into the following categories: international and domestic transport, lodging, hospitality, and excursions (see Christian 2013, Christian & Nathan 2013, and Christian et al., 2011, for representative examples of previous studies).[7] The consumer usually encounters domestic transport first before engaging hotels, restaurants, and other destination-specific attractions.

The individual service providers have ranges of quality and scale, and different businesses pursue vertical and horizontal integration to various degrees. Some products and services fit into multiple segments; restaurants or food and beverage can be considered both hospitality and excursions. Many excursion experiences, especially related to eco-tourism, are offered through local guides.

---

[5] Travel agencies sign multi-year contracts with GDS where they pay the GDS to access their services and purchase airfares and hotel rooms. However, GDS also receives fees from the airlines for each booking, which they then circulate back to the travel agencies, representing a small, indirect commission from the airline (see dashed lines in Figure 2).

[6] Independent leisure travel agencies were defined as one-person agencies with no other employees; retail leisure travel agencies were defined as agency that has employees and earns at least 70% of its revenue from leisure tourism.

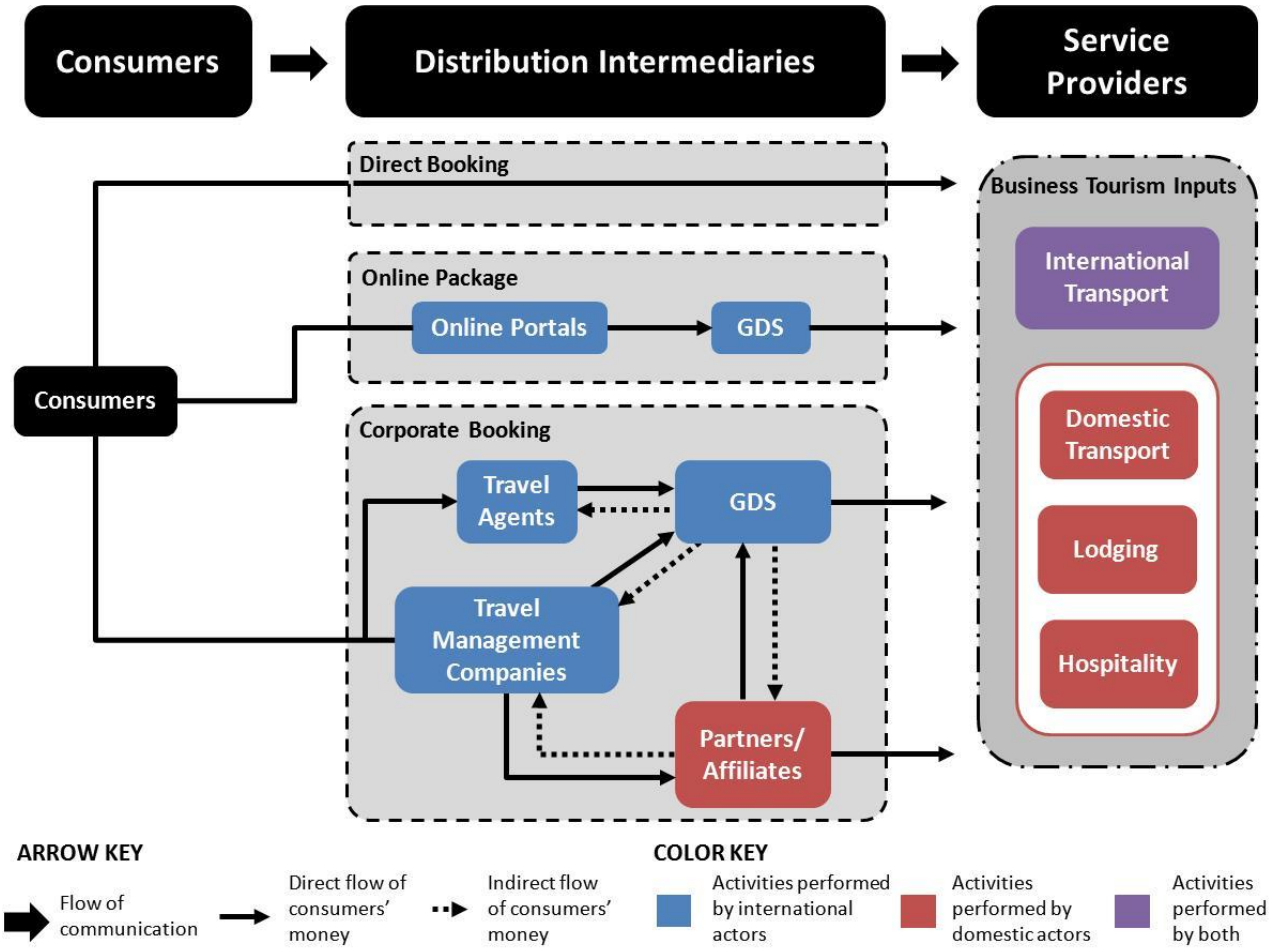
[7] For this report, major hospitality activities include food and beverage services, security services, and medical services.

2.2 Business Tourism GVCs

Whereas leisure tourism is characterized by recreational travel, business tourism involves travel internationally for professional reasons. For purposes of this report, it is distinguished from travel for conferences or events, which is discussed in section on conference tourism value chains. Minus the Meetings, Incentives, Conferences, Exhibitions (MICE) sector, business tourism includes visits to see clients, scouting trips for potential investment opportunities, smaller-scale meetings that may be hosted at a local office, and other professional travel.

There is overlap between the business and leisure tourism GVCs, with many of the same service providers and some of the same distribution intermediaries active in both chains. There is also frequent spillover from the business tourism GVC into the leisure tourism GVC, with business travelers regularly extending trips to experience local sights.

Figure 3: Business Tourism GVC



Source: Duke CGGC

Even with these tangencies, there are important differences in the identity, characteristics, and value-addition propositions of the lead firms in both chains. Whereas the dominant businesses

in the leisure tourism GVC bundle and sell experiences to their customers, the distribution intermediaries in the business tourism GVC distinguish themselves through travel management and analytical services that are designed to help clients reduce costs during trips and demand for travel. Because of the centrality of securing competitive airfares to this goal, both GDS and the international airlines coordinate more directly with distribution intermediaries in the business tourism GVC compared to leisure. Additionally, the lead firms' focus on data collection means their domestic affiliates are expected to have a wider base of expertise.[8] Figure 3 above provides an illustration of the chain, and the remainder of this section outlines the characteristics of key actors.

2.2.1 Consumers

Whereas the consumer in the leisure tourism GVC is the individual who experiences the product, the consumer in the business tourism GVC is the company or business that purchases travel products on behalf of their employees. The contrast in the products of the lead firms in the business tourism GVC is largely a result of this difference—whereas leisure tourists are most interested in maximizing their travel experience, business consumers seek to maximize their travel savings.

2.2.2 Distribution Intermediaries

The mechanics of Direct Booking and Online Package distribution channels in the business tourism value chain are similar to leisure. In these cases, individuals would be expected to arrange travel independently. In cases where clients engage directly with service providers, large hotels may act as a lead firm by assuming the role of a distribution intermediary and bundling local services through partnership arrangements.

Meanwhile, the Online Package distribution channel is used less frequently in the business tourism GVC when compared with leisure. Expedia, the distribution intermediary with the highest annual revenue in 2014, reported that 10% of its sales were for business travel against 90% for leisure (Travel Weekly, 2015).

Corporate Booking

The Corporate Booking distribution channel in presented in Figure 3 describes companies or organizations that have formal arrangements with either travel agencies or Travel Management Companies (TMCs). Businesses with smaller travel portfolios may opt to use travel agents to book their itinerary; in these cases, travel agents use GDS to access the products of individual service providers. Big multinational corporations use TMCs in high numbers—a survey of 100

[8] In addition to conventional Passenger Name Record (PNR) information about itineraries as well as credit card and frequent flier details, the data collected includes around the timing of the booking, the rate, and, if the purchase was made outside the approved window.

companies that have the largest business travel budget indicated that more than 90% used one (Business Travel News, 2014b).

Travel Management Companies

TMCs mimic outbound tour operators in some respects, offering a package of reservation, ticketing and visa application services for multinational corporations, NGOs and governments. Historically, TMCs' competitiveness depended on having access to a full inventory of airfares, which led to strong links with international airlines. That has evolved more recently as airlines have eliminated the commission model that used to characterize the industry. With leading TMCs largely having access to comparable rates through GDS or negotiated rates with service providers,[9] the leading companies instead try to distinguish themselves through travel management and data collection services that help clients reduce expenses, manage demand, and react to unforeseen circumstances while abroad.

Table 5: Leading Global Travel Management Companies

Company	Headquarters	Employees	2014 Annual Sales (USD billions)	Market Share of Top 100 U.S. Travel Accounts
American Express Global Business Travel	New York, USA	10,205	$29.9	37%
Carlson Wagonlit Travel	Paris, France	19,000	$27.3	21%
BCD Travel	Utrecht, Netherlands	11,000	$24.2	26%
HRG Worldwide	Basingstoke, UK	12,000	$16	5%
TOTAL	**—**	**52,206**	**$97.4**	**89%**

Sources: Travel Weekly, 2015; Business Travel News, 2014b; One Source database

Globally, the market is consolidated among four leading TMCs as measured by annual revenue—American Express Global Business Travel, Carlson Wagonlit Travel (CWT), BCD Travel, and HRG Worldwide (see Table 5 above). Together, these four companies represent 89% of the companies with the largest corporate travel accounts (Business Travel News, 2014b). The concentration of the TMC market is one of the ways the business tourism GVC is distinguished from leisure tourism.

All are part of large, vertically integrated corporations that use coordination between departments to generate business. To cite one representative example, CWT is owned by Carlson, which also controls the Carlson Rezidor Hotel Group, which includes brands such as Radisson and Park Plaza. There is a tier of smaller global companies below the group of four leading TMCs, including Altour and Omega World Travel.

[9] Officials from TMCs said in interviews with Duke CGGC that all major TMCs would be expected to have access to the same negotiated rates with airlines companies and that there is not a major difference in airfares between the major firms.

General Distribution Systems

While GDS are a supplementary feature of the leisure tourism value chain, they are a central component of the business tourism value chain—a survey of corporate agencies reported that 100% of them used GDS to book clients' travel (ASTA, 2014).[10] The significance of GDS in the business tourism value chain is tied to the importance of airline reservations, which are purchased at a high volume and represent the largest travel cost for corporations.[11]

Instead of booking directly through airlines, TMCs and travel agents use GDS in most markets because of the relative ease of booking and comparing fares. Airline companies have attempted to cut GDS out of the chain by offering incentives both to travel agents and customers to book directly,[12] but GDS have a high degree of leverage because of the volume of sales they provide (The Economist, 2012). For the domestic partners/affiliates of TMCs, this means GDS subscriptions and training is an upgrading requirement.

Table 6: Leading General Distribution System Companies

Company	Headquarters	Employees	2013 Annual Sales (USD billions)
Amadeus	Madrid, Spain	12,450	$4.3
Sabre	Southlake, USA	10,000	$3.1
Travelport	Atlanta, USA	5,400	$2.1

Sources: Business Travel News, 2014a; One Source database

There are three primary GDS providers: Amadeus, Sabre, and Travelport (see Table 6 above). In addition to contracts with TMCs, online portals and smaller travel agencies, all three supply airlines with their reservation systems for their websites and back-of-house operations. Together, the trio reported more than 1.1 billion bookings in 2013 (Business Travel News, 2014a). In 2012, GDS' profits were estimated to be more than double the global airline industry (The Economist, 2012). In addition to airfares, hotel, rail and car inventories can also be accessed through GDS, although individual GDS companies are most concerned with growing their airline bookings (Business Travel News, 2014a).

Partners/Affiliates

Depending on demand, TMCs will either open wholly owned subsidiaries or joint ventures, or pursue partnership arrangements in new markets to manage clients' travel. Table 7 below

[10] Corporate travel agencies were defined as agencies that receive at least 70% of revenue from corporate travel.
[11] A recent survey of the companies that had the highest expenditures on business travel in 2013 ranked Boeing, Ernst & Young, Price Waterhouse Cooper, Accenture, Lockheed Martin, Microsoft and the World Bank Group in the top 20. Collectively, those seven companies spent $2.319 billion on airfares in 2013, which represented 36.6% of their total travel and entertainment expenses (Business Travel News, 2014b).
[12] Frequently cited strategies include having lower fares available through direct sales channels or attempting to institute a surcharge for content that is available on GDS.

highlights the breakdown of the different relationships between TMCs and their in-country affiliates.

Table 7: TMCs' Global Profile

	American Express	CWT	HRG Worldwide	BCD Travel
Total Countries	135	157	113	97
Wholly Owned Subsidiaries	27	38	21	20
Joint Ventures/ Majority Owned	7	3	4	9
Partners	101	116	88	68

Sources: Altour company research as provided to Duke CGGC

Some of the responsibilities of partner agencies are similar to DMCs in the leisure tourism GVC, including aggregating a range of domestic services such as ground transportation and lodging. However, there are also significant differences in responsibilities and requisite skill sets as partners of TMCs must capture extensive data related to the booking of airfares. Much of the material relates to clients' travel policies—TMC affiliates must record when plane tickets were purchased, the reason why they were purchased when they were if the timing violated company policy, and the difference in purchase price versus the price available during an approved timeframe.

The emphasis on airline bookings leads to another pronounced difference between DMCs and the affiliates of TMCs—International Air Transport Association (IATA) certification is an obligatory step for TMC partners. IATA is the global trade association for the airline industry and represents over 260 airlines worldwide; airlines that are part of the association as well as the leading GDS only issue international airline tickets to IATA accredited agents.

The business model between TMCs and their in-country affiliates is characterized by a remuneration model where the domestic partner compensates the TMCs for the right to use the TMC's corporate brand on an annual basis (see dashed lines with arrows in Figure 3). The value proposition for the in-country partner is that they can use the affiliation with the TMC to increase demand for their services from local clients. Additionally, local partners receive shares of the transaction fees that the parent TMCs earns from the client for domestic services.

2.2.3 Service Providers

In terms of unit costs, author interviews and supplementary materials indicated the most significant inputs in the business tourism value chain are airline flights and lodging. Both service providers have attempted to mitigate the influence on distribution intermediaries such as GDS and TMCs by offering corporate discounts in an attempt to boost direct sales to business

clients. In cases where they are successful, the most powerful companies can be considered lead firms as they bundle and sell business tourism products.

The profile of the lodging service providers is comparable in both the leisure and business tourism value chains, although professional travelers place more of an emphasis on business hotels. The largest global hotel companies are Marriott (5.4% of global market share in 2014) Hilton International (5.2%), Intercontinental Hotels Group (4.3%), Starwood Hotels & Resort Groups (3%), Accor Group (2.5%), Wyndham Worldwide (1.9%), Choice Hotels International (1.8%), Carlson (1.5%), Best Western (1.4%) and Hyatt (1.3%) (Euromonitor International, 2015c). The leading international airlines are American Airlines (5.9% of global market share in 2013), Lufthansa (4.5%), Delta (4.2%), United/Continental (4.2%), Air France (3.7%), International Airlines Group (3.2%), Emirates Group (2.6%), Southwest Airlines (2.4%), Qantas Airlines (2.0%), China Southern Airlines (1.9%) (Euromonitor International, 2014a).

Many of the same domestic transport and hospitality actors that are active in leisure tourism also participate in the business tourism GVC, although others, including excursion providers, have a less pronounced role. TMCs'—and their domestic partners'—relationships are strongest with transport and lodging providers; lodging providers in the business tourism value chain often coordinate the distribution of hospitality and excursion services.

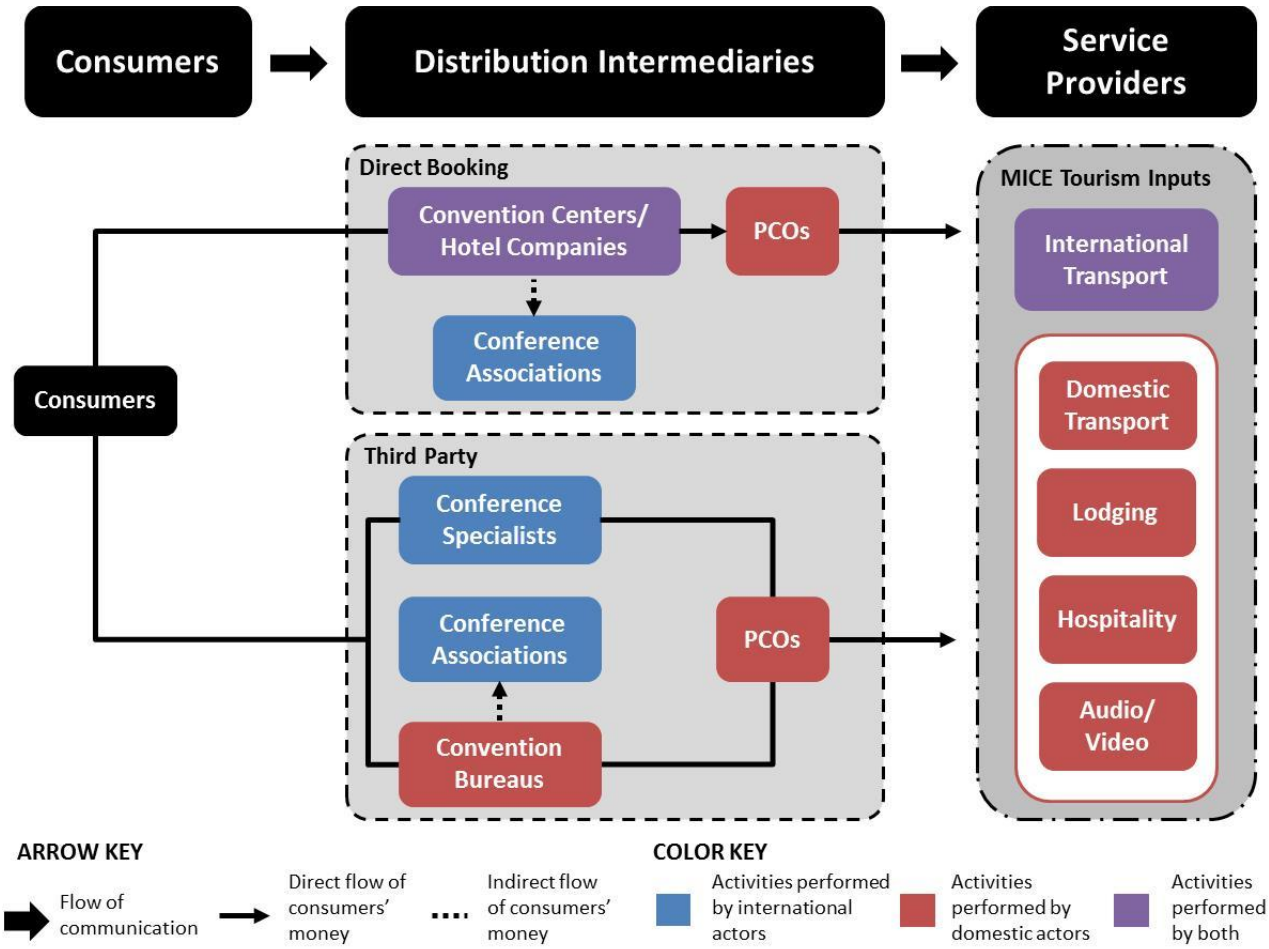
2.3 Conference Tourism GVCs

The conference tourism value chain describes the activities that are required to assemble and implement MICE events—the product is the actual event. In some respects, the chain is embedded within the business tourism GVC. Many of the same service providers offer inputs for each, and there is some overlap in the identity of distribution intermediaries. There are, however, differences in the ecosystem of distribution intermediaries that control the distribution of events as well as the identity of the consumer.

2.3.1 Consumers

In the leisure tourism GVC, the consumer is the individual who purchases and experiences the travel product. In the business tourism GVC, the consumer is the company or business that purchases travel products on behalf of their employees. In the conference tourism GVC, the consumer is the company or organization that hosts a particular event. Once that event has been assembled, conference attendees then access it via a similar process described in the business tourism GVC section, purchasing and consuming many of the same services. However, in the conference tourism GVC illustration presented below (see Figure 4, the host organization—not the conference attendees—is the consumer.

Figure 4: Conference Tourism GVC



Source: Duke CGGC

2.3.2 Distribution Intermediaries

There are two primary distribution channels for conference events. Host organizations may have internal departments that assist with the planning of large and medium-scale meetings and allow it to perform many of the logistical preparations internally (see Direct Booking channel in Figure 4). In these cases, the host organization would be expected to work directly with the staff at the meeting site, whether that is a convention center, a large hotel, or another facility. These properties may also bid directly on conference opportunities, using Conference Associations to access the market. Depending on the capabilities, experience, and skills of these meeting sites, they may outsource some of the logistical planning to Professional Conference Organizers (PCOs), which handles some of the same responsibilities of DMCs or TMCs' domestic partners in the leisure and business tourism GVCs.

The other prominent distribution channel is through a Third Party system. In this channel, the consumers may engage conference specialists or convention bureaus to stage events. Many of the leading TMCs have MICE divisions, although these often capture small percentages of

overall revenues. There are companies that specialize in meetings, including Publicis Live (based in Switzerland), Experient (based in the United States), and HelmsBriscoe (based in the US).

Depending on the location, national, regional, or local convention bureaus can be instrumental in pursuing conference opportunities. These bodies often depend on organizations such as the International Congress and Convention Association (ICCA), Society of International Travel Executives (SITE), Meetings Professional International (MPI) and Professional Conference Management Association (PCMA).

Globally, ICCA is the one of the most prominent industry association, providing more than 1,000 public and private-sector actors with access to the marketplace of worldwide MICE events. ICCA gathers information about meetings that rotate among at least three countries and attract a minimum of 50 participants. Domestic organizations then use the aggregated information to market the destination, evaluate proposals, submit applications, and coordinate local services. Depending on the location, the government most often plays the central management role through the activities of convention bureaus.

3. Leisure Tourism GVCs in EAC

Leisure tourism in both Rwanda and Uganda primarily revolves around ecotourism attractions. In Rwanda, there were 105,213 arrivals from international leisure tourists in 2014, and 67,696 visits to the country's three national parks that are currently in operation (RDB, 2015). Uganda has more than 1,000 bird species, 650 cultural sites and 10 national parks, which is one reason why the country's most popular leisure tourism activities are safari and adventure activities such as hiking and rafting (World Bank Group, 2013).

Mountain gorilla excursions are perhaps both countries' most widely known products. The only two subspecies of the primate in the world are located in Bwindi Impenetrable National Park, which is located in southwest Uganda, and Volcanoes National Park, which is located along the border of northwest Rwanda, southeast Democratic Republic of Congo (DRC), and southwest Uganda.

While marketable, the mountain gorillas suffer adverse effects from prolonged exposure to humans (Nielsen & Spenceley, 2010), which has implications for the profile of the leisure tourism value chain. To mitigate risk, both countries limit the supply of gorilla permits that are available each day. The largest possible group that can see one of the families is eight people—in Rwanda, 56 permits can be purchased from the RDB for the seven families of gorillas; in Uganda, 72 gorilla permits are available for the nine families.[13]

Table 8: Leisure Tourism Share of Total Arrivals in EAC Countries

Country	Leisure Tourism Share of Total Visitor Arrivals	Leisure Tourism Share of Total Tourism Revenue
Rwanda	8.6%	45.9%
Uganda	15.6%	67.5%
Kenya	76.7%	62.5%
Tanzania	71.4%	86.7%

Sources: RDB, 2015; UMTWA, 2014; Euromonitor International 2015a; Tanzania National Bureau of Statistics, 2015; World Tourism & Travel Council, 2015b

Partially because of the scarcity of permits, both countries' leisure tourism products can be described as low-volume, high-value propositions, especially in comparison to EAC peers Kenya and Tanzania, which have the demand, infrastructure and big-game animals to support larger-scale safari products. According to interviews with leisure tour companies operating in Rwanda and Uganda, the average size of visitors' parties is between 2-6 people, and a recent survey of Ugandan leisure tourists reported that most traveled as individuals or in pairs (World Bank

[13] In Rwanda, the RDB charges foreign non-residents US$750 and foreign residents US$375 per person to see the gorillas (the costs for Rwandans is roughly US$40). The Uganda Wildlife Authority (UWA) charges US$600 to see the gorillas on its side of the border, although it does have an off-season price (US$350) for the months of April and May.

Group, 2013); in comparison, tour operators and DMCs that offer circuits in Kenya and Tanzania told Duke CGGC in interviews that many tours in those countries accommodate between 30-50 people. Some of the differences in profiles within the EAC can be seen in Table 8 above—leisure tourism's share of total visitors is dramatically smaller in Rwanda and Uganda than in Kenya and Tanzania, although the difference in leisure tourism's contribution to GDP is not as pronounced.

3.1 Demand Demographics

North American and European markets are a prominent source of demand for Rwanda's and Uganda's leisure tourism products. Although visitors from the DRC, Burundi, and Uganda represented a little more than 50% of all leisure tourists in Rwanda in 2014, Europe (18.3%) and the United States (9.5%) were sources of large numbers of international arrivals (RDB, 2015). Uganda's Ministry of Tourism, Wildlife and Antiquities (UMTWA) does not publish disaggregated data about the source of the country's visitors, although outside surveys have estimated that half of leisure tourists come from Europe with the other half split between Africa and the United States (World Bank Group, 2013). The Indian and Chinese markets are not significant sources of leisure tourists for either Rwanda or Uganda, together accounting for less than 2% of total arrivals.

The domestic tourism market remains underdeveloped in both locations, with foreign demand representing the majority of the spending. In some ways, this characteristic is part of a larger regional trend—East Africa ranks as having one of the largest shares of foreign visitor spending of any region in the world (see Table 9 below). However, Rwanda and Uganda are notable even amidst this profile—the two countries have the largest share of foreign visitor spending as part of overall tourism contribution to GDP of any countries in continental Africa (only Cape Verde, Seychelles and Madagascar are higher).

The foreign visitor spending share of total tourism revenue presented Table 9 below and in Appendix A can be interpreted as an indication of how global a country's tourism market is, with implications for how that country's value chains are intermediated. While some nations at the margins have extenuating circumstances,[14] countries where there is a strong base of domestic tourism consumers as well as a steady supply of international buyers generally see foreign spending represent between 20-50% of total spending. As the figure trends below 50%, the high number of domestic consumers can have positive implications for both firm capabilities and countries' upgrading potential by helping DMCs functionally upgrade to become inbound tour operators (either at a national or regional level), thereby reducing the

[14] The nine countries or autonomous regions with percentages of foreign visitor spending greater than 90% (Macau, Maldives, British Virgin Islands, Anguilla, Aruba, Cape Verde, Tonga and Fiji) are mostly tiny islands with small domestic populations (World Tourism & Travel Council, 2015b). At the other end of the spectrum, many of the countries where foreign visitor spending's share of total tourism revenue is less than 10% have been subject to domestic instability (Papua New Guinea, Democratic Republic of Congo, Burundi, Venezuela, Nigeria, Libya, etc.).

need for global tour operators. In prior studies, Christian & Nathan (2013) compared tourism value chains in Asia and Africa and noted the scarcity of inbound tour operators in the EAC. "In Asia, domestic tourists far outnumber foreign tourists, resulting in a stronger position for national tour operators, who do not have to rely on sub-contract relationships with global tour operators to receive clients. … The nationality of the tourist is important because tourists tend to go to tour operators near where they are (p. 15)."

Table 9: Foreign Visitor Spending in Leisure Tourism Value Chains

Location	Foreign Visitor Spending as % of Tourism's Contribution to GDP
Regions	
Caribbean	77.4%
Eastern Europe	61.2%
Central America	60.6%
Southern Europe	60.4%
East Africa	**59.4%**
Caucasus	59.1%
Middle East	52.8%
East Asia	51.4%
Western Europe	49.5%
Oceania	47.7%
Nordic	43.9%
Central Asia	40.6%
South Asia	38.1%
West Africa	35.4%
South America	33.3%
North Africa	32.8%
Southern Africa	32.1%
North America	20.8%
Central Africa	17.7%
Selected EAC Countries (Global Rankings)	
Rwanda (30)	81.1%
Uganda (34)	78.3%
Tanzania (51)	69.0%
Kenya (109)	41.9%
NOTE: The figure in the "Regions" section is the average of each country's percentage in that particular region. It is not an average of the aggregated raw data.	

Source: World Tourism & Travel Council, 2015b

3.2 Distribution Intermediaries

As outlined in the Leisure Tourism GVC section beginning on page 5, lead firms in the tourism value chain are the distribution intermediaries who have the ability to assemble tourism products while also having access to consumers. Expedia and Priceline are the largest two companies in the industry as measured by annual revenue; however, neither firm is especially

active in Africa—while international receipts accounted for 41% of Expedia's sales in 2014, the company's market share among distribution intermediaries on the African continent was less than 0.1% (Euromonitor International, 2015b). Depending on the country, Flight Centre and Travelstart are two online portals that have a significant presence inside Africa,[15] although both companies are mostly geared toward booking outbound flights and not bundling domestic leisure tourism products.

Instead, the Package Travel distribution channel shown in Figure 2 has proven to be more durable in East Africa than in other tourist destinations. A survey of visitors to Uganda reported that 21% of leisure tourists were part of packaged tours, with nearly 80% of those package tourists indicating that they preferred to travel independently when outside Uganda (World Bank Group, 2013). In Tanzania, a recent study of leisure visitors reported that 75.3% were part of packaged tours (Tanzania National Bureau of Statistics, 2015). In Kenya, packaged holidays accounted for 39% of leisure travel retail sales in 2013, which was the highest of any single category (accommodations and flights represented 14.6% and 9.2% of sales, respectively) (Euromonitor International, 2015a).

There are a number of reasons for the continued popularity of arranged offerings, including the emphasis on itinerary-based travel in a region where wildlife and parks are attractive products, the end markets' unfamiliarity with East Africa, concerns about the ability of inbound operators to deliver quality products, and the difficulties associated with organizing domestic transport and other services independently.

3.2.1 Travel Agents

The travel agents who act as retailers for leisure tourism products in the EAC are perhaps the most fragmented section of an already diffuse chain. However, there are prominent organizations that specialize in the upscale luxury products that populate the leisure tourism industry. Some of the more notable that focus on Africa include the following:

- Gulliver's Travel, which sells the products of global tour operators such as Tauck and Globus;
- Virtuouso, which is an invitation-only organization that is based in the United States, represents more than 350 agencies, and sells the products of companies such as Wilderness Safaris;
- Signature Travel Network, which represents a network 6,000 travel agents and is based in the United States.

[15] Flight Centre, an Australian travel company, accounted for 48.1% of South Africa's online travel retail sales in 2013 (Euromonitor International, 2014b); Travelstart, an online travel portal based in South Africa and with offices in Kenya and Tanzania, accounted for 29.9% of Kenya's online travel retail sales in 2013 (Euromonitor International, 2015a).

3.2.2 Global Tour Operators

With the demographics and products associated with the Rwandan and Ugandan leisure tourism markets, the lead firms in the leisure tourism value chain in both countries are tour operators based in North America, Europe, or South Africa that specialize in safari products. Some of the largest global distribution intermediaries concentrate on other geographical regions—Thomas Cook only sells safari product in Kenya, and TUI Group focuses mostly on Europe, although it does own Pollman's Tours and Safaris, which is part of the ARP Travel Group, a leading DMC in Kenya and Tanzania. Instead, the low volumes associated with leisure tourism in Rwanda and Uganda leads to a model that appeals both to luxury providers and companies that focus mostly on Kenya and Tanzania but offer limited gorilla tours. Broadly speaking, the market can be divided into the following three categories:

- Exclusive operators that specialize in providing unique safari experiences in Africa (prominent examples include & Beyond, Wilderness Safaris, and Micato Safaris).
- Luxury companies that offer custom and group packages both in Africa and around the globe (examples include Abercrombie & Kent [A&K], Cox & Kings, and the Travel Corporation[16]).
- Mid-tier providers that concentrate mostly on group tours inside the EAC (Collette, Goway, Globus, and Tauck).

There are a host of smaller outbound operators below these firms that specialize in personalized safari products. These companies, which include Alexander+Roberts, Swain Destinations, African Adventure Company and others, provide regular travelers into Rwanda and Uganda, although not in large numbers.

Most of these companies are private with limited reliable financial and employment data available through industry databases. An analysis of a small sample of financial reports and industry databases suggested that the size of the companies within these categories is roughly comparable; however, future research would be required to offer meaningful conclusions about the size of each market.

Table 10 below presents some of the leading tour companies with presence in the EAC. Beyond price and geographic focus, other ways the market is differentiated include the size of tour groups (when consumers travel alone, they are known by the "FIT" acronym, which stands for "Free Independent Traveler"), the ability of travelers to choose their itineraries, and outbound tour operators' footprint in the inbound country. Generally, the exclusive and luxury companies concentrate on smaller or private groups and allow consumers to customize travel plans. Most

[16] African Travel is the African brand of the Travel Corporation, which is the parent company of 30 travel companies that offer tours in 60 countries.

of the leading companies are integrated to the point they to the point they have in-country offices that function as DMCs, although some companies' focus on environmental and economic stewardship leads to different models (see Functional Upgrading section beginning on page 37 for discussion on Wilderness Safaris' JV with Thousand Hills and expansion inside Rwanda).

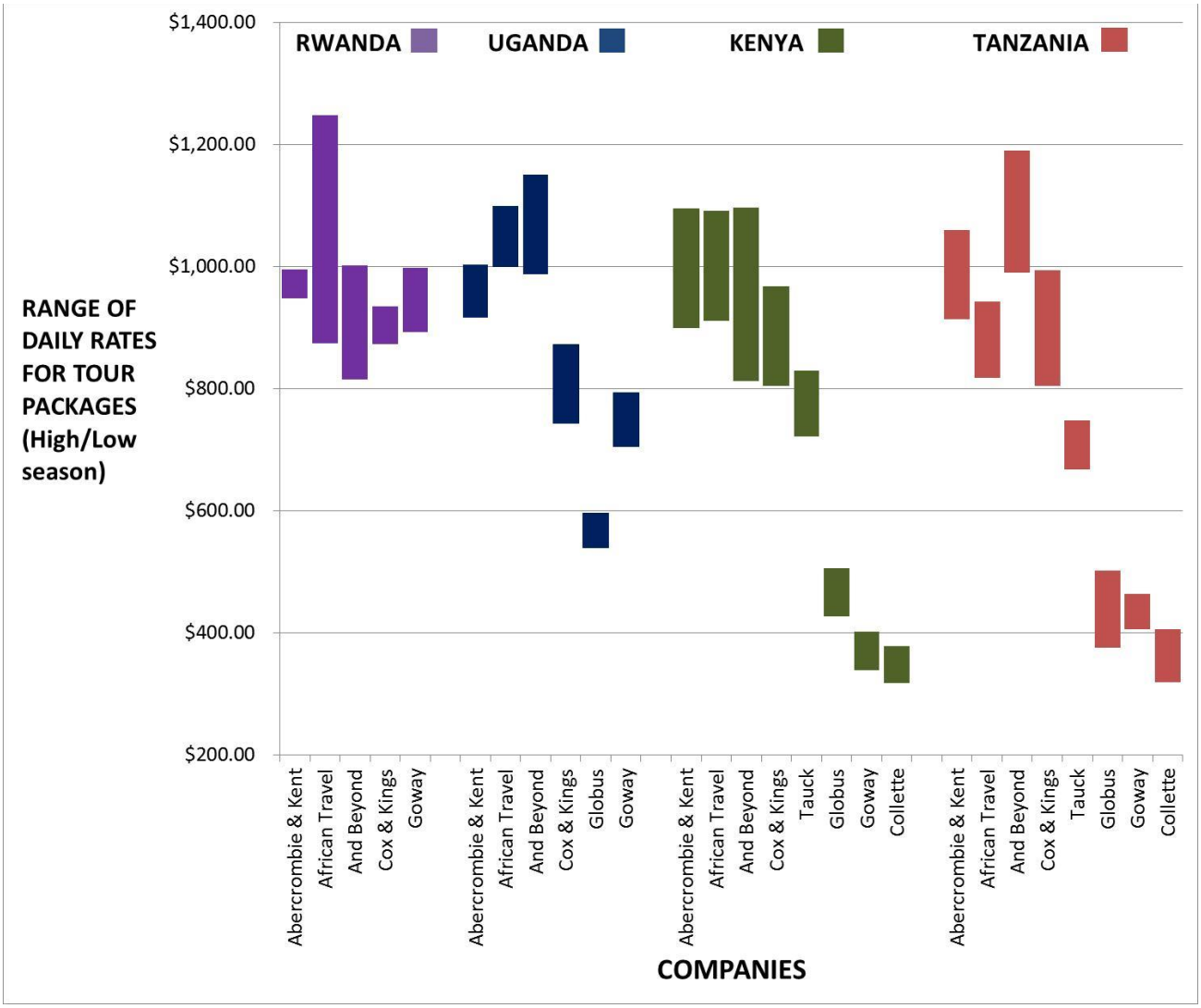
Table 10: Leading Tour Operators with Safari Brands

Company	Headquarters	Geographic Profile
Exclusive Operators that Specialize in Africa		
& Beyond	South Africa	**African Countries (Share of Total Destinations):** 10 (62.5%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania
Wilderness Safaris	Botswana	**African Countries (Share of Total Destinations):** 8 (100%) **EAC Countries:** Rwanda, Kenya
Micato Safaris	New York	**African Countries (Share of Total Destinations):** 9 (90%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania
Global Luxury Companies that Offer Upscale Safari Products		
Cox & Kings	India	**African Countries (Share of Total Destinations):** 20 (19.4%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania
Abercrombie & Kent	United Kingdom	**African Countries (Share of Total Destinations):** 12 (14.2%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania
The Travel Corp. (African Travel)	Canada	**African Countries (Share of Total Destinations):** 13 (18%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania
Global Mid-Tier Providers that Concentrate on Group Tours		
Collette	United States	**African Countries (Share of Total Destinations):** 7 (11.6%) **EAC Countries:** Kenya, Tanzania
Globus	United States	**African Countries (Share of Total Destinations):** 6 (8.9%) **EAC Countries:** Uganda, Kenya, Tanzania
Tauck	United States	**African Countries (Share of Total Destinations):** 6 (10%) **EAC Countries:** Kenya, Tanzania
Goway	Canada	**African Countries (Share of Total Destinations):** 15 (15.6%) **EAC Countries:** Rwanda, Uganda, Kenya, Tanzania

Source: Duke CGGC based on company websites, literature

Figure 5 below illustrates the price ranges of packages for some of the more established tour operators with product in the EAC. The bars depict the average daily price of each company's tours in high and low seasons for 2015—the larger the bar, the greater the spread depending on the time of year. It also provides a further sense of each country's leisure tourism profile. All of the companies operating in Rwanda (purple) have an average daily cost above $800 for their tours. Kenya and Tanzania have a similar band of luxury offerings at the top of the market; however, those countries also have a range of mid-tier products that are not prominent in Rwanda. Uganda, meanwhile, is somewhere in between the two poles, with similar high-end offerings as Rwanda but also some mid-range product.

Figure 5: Range of Daily Prices for Tour Operators' Products in EAC in 2015



Source: Duke CGGC based on company websites, company literature, and author interviews.

3.2.3 Destination Management Companies

Although a small handful of leading tour operators have branches that act as DMCs in Rwanda and Uganda—A&K recently opened an office in Uganda and has staff in Kenya and Tanzania—most rely on domestic partners in Rwanda and Uganda to bundle local inputs and/or handle ground services. Table 11 below presents some of the most prominent as measured by ties to global lead firms. Appendix B provides a more complete inventory of DMCs and tour operators that are registered with both countries' travel associations.

DMCs in Rwanda, Uganda and the EAC specialize in either ground transportation or lodging accommodations ("wheels vs. beds" is how more than one DMC characterized the model). The companies with properties often use their DMC capabilities to move people toward their

lodges, while the DMCs that focus on ground transportation are more likely to offer itineraries with a wider range of service providers.

Table 11: Leading DMCs in Rwanda and Uganda

Company	Headquarters	EAC Countries	Lodges	Marketing
Thousand Hills	Kigali	Rwanda, Uganda	Under construction	Wilderness Safaris (South Africa)
Volcanoes Safaris	London	Rwanda, Uganda	Yes	JG Blackbook (UK)
Primate Safaris	Kigali	Rwanda, Uganda,	No	Internal
Terra Incognita	Kigali/US	Rwanda, Uganda, Kenya	No	Internal
JK Safaris	Nairobi	Rwanda, Kenya	No	Internal
Premier Safaris	Kampala	Uganda, Rwanda	Yes	Emerging Destinations (US)
Wild Places	Kampala	Uganda	Yes	Internal
Wild Frontiers	Kampala	Uganda	Yes	Internal
Great Lakes	Kampala	Uganda	Yes	Internal
Far Horizons	Kampala	Uganda, Rwanda	No	WHL Group

Source: Duke CGGC based on industry interviews

There are prominent examples of both models. Primate Safaris serves primarily as DMC in Rwanda, although it also offers tours in Uganda. The company has one of the most extensive fleets inside Rwanda, with 10-15 safari vehicles with 4x4 capabilities as well as multiple 25-seater coaches for travel inside Kigali. It has no plans to functionally upgrade by building a lodge—company officials told Duke CGGC that they believed they'd then be competing against themselves by providing inputs for other DMCs. In Uganda, Premier Safaris is affiliated with Marasa Africa, a lodge-owning firm, through the Madhvani Group, which is large conglomerate that owns both companies.

While Appendix B underscores the relatively high number of local tour operators and DMCs operating in Rwanda and Uganda—there were 39 businesses registered with the Rwanda Tours and Travel Association (RTTA) and 145 with the Association of Uganda Tour Operators (AUTO) in September 2015—interviews with industry professionals suggested the supply of qualified DMCs in both countries is limited, especially among firms that can meet the expectations of North American visitors, who are perceived to be among the most particular. There are at least two implications of the tight supply on the value chain:

- Outbound tour operators incur sizeable cost and risk when evaluating possible DMCs, which can influence potential product expansion.

- Prominent service providers sometimes integrate into the distribution intermediary segment less as an intentional upgrading strategy and more as a business necessity.

Volcanoes Safaris in Rwanda is an example of the latter trend. The company owns four lodges—three in Uganda (Kyambura Gorge Lodge, Bwindi Lodge and Mount Gahinga Lodge) and one in Rwanda (Virunga Lodge) near Volcanoes National Park. Volcanoes Safaris serves as its own DMC to ensure that demand for the lodge translates to actual guests. Owner Praveen Moman estimated in interviews that 80-90% of the guests at Virunga Lodge access the property through Volcanoes.[17] "We don't want be in tour operation, ideally; we want the clients to arrive at our lodges," Moman said. "If other operators could fill the lodge 50-60% of the time, we would of course stop the tour operation, but they don't do that. Therefore, we're forced to be tour operators; otherwise, we would have no business."

3.2.4 Inbound Tour Operators

Inbound tour operators are distinguished from DMCs by their ability to sell directly to consumers. In most cases, it represents a functional upgrade for domestic businesses, although businesses in the early stages of their lifecycle may attempt to sell directly to consumers as they attempt to integrate into the value chain and develop ties with outbound and global tour operators. For more established firms, the difference between the DMC and inbound tour operator distinction may be opaque. Premier Safaris self-identifies as a DMC, yet it says that direct business represents almost as large a percentage of its total revenue as B2B earnings. The inbound tour operators that do exist in the EAC have relied on marketing and prior relationships to assist their upgrading.

3.3 Service Providers

In an analysis of the three most common forms of leisure tourism packages in Kenya, the World Bank Group (2010) reported that global tour operators and international transport companies generally captured between 40-50% of the value of tourism products. The share of the money that is disbursed domestically is then split between domestic actors, with ground transportation, lodging, and park entry fees or nature permits most often representing the largest unit costs for the local distribution intermediaries that aggregate the individual services. To reduce costs and promote economies of scale, DMCs and inbound tour operators regularly undergo integration and specialize in at least one service activity—lodging accommodations or ground transportation being the two most common—while relying on third parties to provide other activities. A summary of the characteristics of the major service providers in Rwanda and Uganda is presented in Table 12 below. The sections that follow expounds on each.

[17] Sabyinyo Silverback Lodge, an eight-room luxury lodge close to Virunga Lodge that also serves Volcanoes National Park, reported a similar trend. It serves as a DMC for its property alone and indicated to Duke CGGC in interviews that it arranged ground handling for 50% of Sabyinyo's guests.

Table 12: Summary of Coordination between Distribution Intermediaries and Service Providers

Leisure Tourism Input	Description	Coordination with Distribution Intermediaries	Potential for Bottlenecks
International Transport	Air travel	Low	Moderate
Domestic Transport	Safari vehicles	High	Low
	In-country flights	Moderate	High
Lodging	Lodges, camps, guest houses	Low/Moderate	Moderate/High
Hospitality	Restaurants	Low	High
	Handicrafts	Low	Moderate
Excursions	National parks	High/Moderate	High

Source: Duke CGGC

3.3.1 International Transport

Most of the major international airline companies that have presence in the EAC service both Kigali and Kampala. Airlines that offer flights include KLM/Delta/Air France, Kenya Airways, Etihad Airways, South African Airways, Turkish Airlines and Qatar/British Airways. There are limited departures and arrivals to non-African destinations: KLM/Delta/Air France has one daily outbound and inbound flight to and from Amsterdam per day, while Etihad Airways and Qatar/British Airways service Abu Dhabi and Doha with comparable frequency.

Coordination with Distribution Intermediaries

Depending on the outbound country, tour operators sometimes include international airfare into packaged tours. An analysis of selected prominent tour operators' offerings in Rwanda and Uganda for 2015 (African Travel, & Beyond, Cox & Kings, A&K, Goway, and Globus) indicated that only two of the firms (A&K and Cox & Kings) bundled international flights into its products. However, these companies only did so on departures from the United Kingdom—their packages for American clients did not include international air. Interviews with industry professionals said the contrast can be attributed to the companies' relationship with Kenya Airways, which is still willing to pay commissions to preferred partners. While Kenya Airways flies to London, Paris, Amsterdam, and selected other European destinations, it does not fly to the US, although it hopes to add service by 2016 (USA Today, 2014).

American and many European airlines have generally stopped paying commissions to travel agents and tour operators over the last decade, which limits coordination between the leading companies and leisure tour operators/DMCs. As a result, international air is something of an ancillary component of the leisure tourism value chain. This stands in contrast to the business tourism value chain, where there is more explicit cooperation. Because of its importance, international transport is discussed most extensively in the Business Tourism GVCs in the EAC chapter.

3.3.2 Domestic Transport

The two dominant forms of domestic transportation in the EAC for leisure tourism are safari vehicles or small airplane. The small size of Rwanda and its good road infrastructure makes 4x4 safari vehicles the preferred method of travel. Based on interviews with Rwandan stakeholders, the average size of DMCs' fleets is between 15-20 vehicles. Most companies have branded cars and do not rent them out to other operators.

There are companies that provide domestic air service from Entebbe to many of Uganda's national parks. AeroLink, which is affiliated with Air Kenya Express in Kenya and Regional Air Service in Tanzania, offers daily flights on Cessnas (five seats) to five national parks: Bwindi, Queen Elizabeth, Murchison Falls, Semuliki National Park, and Kidepo. One-way tickets cost at least US$240 while round-trip tickets cost a minimum of US$400; DMCs and inbound operators often split available seats based on the size of groups. Fly Uganda is a similar company, with flights from Kajjansi (just outside Kampala) to 21 air strips inside Uganda. Notably, neither AeroLink nor Fly Uganda service Rwanda—direct air travel between the two countries is limited to Rwandair flights between Kigali and Entebbe.

There is further discussion of the EAC's prominent non-safari airlines in the Business Tourism GVCs in the EAC chapter.

Coordination with Distribution Intermediaries

Many DMCs operating in Rwanda and Uganda have own their branded vehicles. For those that do not, there are a host of small operators in both countries that rent out cars (Vava Tours is prominent in Rwanda). DMCs report that shortage of supply is not a constraint.

3.3.3 Lodging

Recent surveys have estimated there are more than 200 hotels with a capacity of 8,200 total rooms in Rwanda (RDB, 2015) and roughly 500 accommodations suitable for tourists in Uganda (UNDP, 2014).[18] The profile of lodging establishments differs between the leisure and business tourism value chains. Accommodations that regularly appear on the itineraries for leisure tourists are primarily lodges, safari camps, and cottages located close located close to national parks with less than 20 rooms. For business travelers, global and regional brands with properties in Kigali and Kampala are more prominent.

Table 13 below lists the properties that were used by more than one global tour operator in packages analyzed by Duke CGGC or featured in at least 50% of a single tour operator's product offerings. Many of the more highly ranked on Trip Advisor are part of larger networks of properties that have a strong regional presence (see "Owner" column).

[18] While there are not easily retrievable estimates for total room capacity in Uganda, the lodging establishments in the regions surrounding the country's national parks have 1,270 rooms available (UNDP, 2014).

Table 13: Leading Lodges in Rwanda and Uganda

Lodge	National Park	Owner (Headquarters)	Tour Operators Affiliations	Trip Advisor Ranking
Rwanda Properties				
Virunga Lodge	Volcanoes	Volcanoes Safaris (UK)	A&K; African Travel; & Beyond	No. 3 specialty lodge in Ruhengeri
Sabyinyo Silverback Lodge	Volcanoes	Governors Camp Collection (Kenya)	A&K; & Beyond; Cox & Kings; Goway	No. 1 specialty lodge in Ruhengeri
Jack Hanna Guest House	Volcanoes	Gorilla's Nest Lodge (Rwanda)	A&K; Goway	Not ranked
Nyungwe Forest View	Nyungwe	Newmark Hotels (South Africa)	A&K; Cox & Kings	No. 1 specialty lodge in Gafunzo
Lake Kivu Serena	Lake Kivu	Serena Hotels (Kenya)	A&K	No. 2 hotel in Gisenyi
Uganda Properties				
Kyaninga Lodge	Kibale	Kyaninga Lodge (Uganda)	A&K; African Travel; Cox & Kings;	No. 1 specialty lodge in Kibale
Sanctuary Gorilla Forest Camp	Bwindi	Sanctuary Retreats (Kenya)	A&K; Cox &Kings; Globus; Goway	No. 3 specialty lodge in Bwindi
Primate Lodge Kibale	Kibale	Great Lakes Safaris (Uganda)	Cox & Kings	No. 4 specialty lodge in Kibale
Paraa Safari Lodge	Murchison Falls	Marasa Africa (Kenya)	Cox & Kings	No. 4 specialty lodge in Murchison Falls
Ndali Lodge	Kibale	Family ownership	A&K; African Travel	No. 2 specialty lodge in Kiable
Ishasha Wilderness Camp	Queen Elizabeth	G&C Tours Ltd. (Uganda)	A&K; Cox & Kings; Globus	No. 2 specialty lodge in Queen Elizabeth
Mweya Safari Lodge	Queen Elizabeth	Marasa Africa (Kenya)	A&K; Goway	No. 1 hotel in Queen Elizabeth
Katara Lodge	Queen Elizabeth	Katara Lodge (Uganda)	Cox & Kings	No. 4 specialty lodge in Queen Elizabeth
Kyambura Gorge Lodge	Queen Elizabeth	Volcanoes Safaris (UK)	A&K; African Travel; Cox & Kings	No. 8 specialty lodge in Queen Elizabeth

Sources: Duke CGGC based on company websites

The more prominent lodging brands with multiple properties in the region include:

- Serena Hotels, which is a chain of 36 hotels based in Nairobi with properties in Kenya, Mozambique, Rwanda, Tanzania, and Uganda. It focuses mostly on business clients with locations in larger cities, although it does have lakeside resorts in Rwanda and Uganda.
- Marasa Africa, which is based in Africa and is a subsidiary (along with Premier Safaris) of the Madhvani Group.[19] Marasa Africa owns properties in both Uganda and Kenya—its

[19] Madhvani Group is a large Ugandan conglomerate with interests in tourism, agriculture, IT, media, and construction industries.

Ugandan accommodations are Paraa Safari Lodge, Mewya Safari Lodge, Chobe Safari Lodge, Silverback Lodge and the Jinja Sailing Club.

- G&C Tours, which is based in Uganda and also owns Wild Frontiers, a Ugandan-based DMC/inbound tour operator. In addition to Ishasha Wildnerness Camp, other G&C-run properties include the Buhoma Lodge (near Bwindi) and the Baker's Lodge (Murchison Falls).
- Volcanoes Safaris has one property in Rwanda (Virugna Lodge) and three in Uganda (Kyambura Gorge Lodge, Bwindi Lodge, and Mount Gahinga Lodge). It is based in the United Kingdom but has offices in Rwanda and Uganda with 125 employees.
- Governors Camp is based in Kenya and has six upscale lodges in Kenya and one in Rwanda.

The lodges and camps regularly use "luxury" or "elegance" distinctions in marketing in order to appeal to European and American clients. The RDB attempts to signal quality to the marketplace by listing upper, middle, and lower ranges of hotels on its website. Uganda's Tourism Board (UTB) does not have an easily accessible online repository, although the Uganda Investment Authority does provide a brief listing of hotels. Instead, the most complete database of hotels and indicator of quality is Trip Advisor, the online search engine that is affiliated with Expedia (it used to be a subsidiary before being spun off into a separate company) that ranks lodging and hospitality options and has an affiliated Certification of Excellence program.

Coordination with Distribution Intermediaries

Mirroring the weakness of the DMC segment of the leisure tourism value chain, interviews with industry professionals indicated the links between DMCs and lodging providers remain underdeveloped. The discount model in leisure tourism chain between lodging providers and distribution intermediaries is best described as static, with many DMCs in Rwanda and Uganda reporting that lodges do not manipulate prices based on demand. Accommodations most often offer discounts of 10-30% off advertised rates—tour operators and DMCs that provide the highest volume receive the largest reductions, although smaller actors can access 15-20% discounts if they designate an individual property their preferred lodge for a particular park.

3.3.4 Hospitality

Examples of actors in the hospitality segment of the leisure tourism value chain include food and beverage suppliers as well as producers of handicrafts and providers of medical and security services. In locations renowned for culinary sites, restaurants may also be classified as excursions, but in the EAC, few restaurants are tourist attractions—much of the food and beverage on packaged tours is served at lodges.

Coordination with Distribution Intermediaries

Restaurants in Kigali and Kampala report some difficulty in their attempts to integrate into tour operators' itineraries during travelers' short stays in the cities. In interviews with Duke CGGC, these restaurant owners reported that domestic inbound tour operators and DMCs often have longstanding arrangements with restaurants that provide the tour operator with favorable terms (a 50-50% split on the tour group's total bill). Potential strategies for surmounting such barriers include building a strong reputation on websites like Trip Advisor, which may catch the attention of global tour operators. Additionally, restaurants can work with taxi companies and drivers and offer commissions to generate business. Heaven Restaurant & Inn, a well-regarded restaurant in Kigali, has functionally upgraded by building a small guest house and organizing small tours around Kigali and the surrounding region. Future plans include building a larger hotel, which the owners hope will drive more business to the restaurant.

3.3.5 Excursions

The largest single attraction in Rwanda and Uganda—and the EAC as a whole—revolves around natural resources and natural parks. Rwanda's three national parks received 67,696 visitors in 2014 and generated a combined US$16.7 million (an 18.6% increase over the previous year). Akagera replaced Volcanoes as Rwanda's most heavily traffic national park in 2013 and maintained that position in 2014 (RDB, 2015). Of the three, Akagera relies most heavily on domestic tourists. In 2014, 64% of all Akagera visitors were from Rwanda; by contrast, the largest source of arrivals for Volcanoes National Park was foreign visitors (see "Upgrading Trajectories" section for further discussion of Akagera and steps the RDB and African Parks, the organization managing the park, have taken to boost demand).

Table 14: Visitors to Uganda's National Parks in 2013 (Top Five)

Park	Total Visitors	Foreign Visitors	Foreign Residents	EAC Residents	Ugandan students	Others
Murchison Falls	70,798	43.1%	12.2%	31.2%	9.6%	3.9%
Queen Elizabeth	69,193	33.9%	5.6%	26.6%	32.4%	0.0%
Bwindi Impenetrable	21,695	96.8%	0.6%	2.1%	0.4%	0.2%
Lake Mburo	14,068	43.6%	9.7%	27.5%	19.2%	0.0%
Kibale	10,834	81.9%	2.4%	5.6%	9.9%	0.2%

Source: UMTWA, 2014

Table 14 above shows the most popular national parks in Uganda—Murchison Falls, Queen Elizabeth, Bwindi, Lake Mburo, and Kibale. The profile of Queen Elizabeth and Bwindi Impenetrable stand out for the contrast in foreign and regional visitors. Like Akagera in Rwanda, Queen Elizabeth is popular with EAC residents; meanwhile, like Volcanoes National

Park, which also has mountain gorillas, Bwindi Impenetrable appeals almost exclusively to foreign visitors. The Process Upgrading section and the Regional Integration and Recommendations chapters analyze some of the reasons why Akagera and Queen Elizabeth appeal to regional visitors and lessons to be learned.

Both Uganda and Rwanda have prioritized diversifying their leisure tourism products beyond gorillas and wildlife, identifying the need to develop sporting and cultural options that will appeal to consumers (Republic of Rwanda, 2009; UNDP, 2014). In Kigali, there is museum dedicated to the 1994 genocide that draws foreign visitors. In interviews with Duke CGGC, Ugandan government officials and industry officials also suggested that Kampala is a destination for regional tourists who are interested in the capital city's nightlife. Although there is little data available to verify that assesses this trend,[20] there are tour companies who offer packages to explore Kampala's nightlife (The Observer, 2014) and Uganda's most recent tourism master plan outlined steps to further develop such excursions (UNDP, 2014).

Coordination with Distribution Intermediaries

The RDB's and the UWA's distribution of gorilla permits provides substantial benefits for distribution intermediaries who are part of RTTA or AUTO. Technically, one does not need to be a member of either organization to purchase permits; however, non-association members described the process as tedious and complicated, necessitating the use of a RTTA member as a conduit. Additionally, tour operators who are members of the RTTA receive one free gorilla permit for every 10 purchased. That discount result in a substantial financial benefit for DMCs and inbound tour operators; at the high end, the companies interviewed by Duke CGGC reported receiving 30-60 free permits each year, which provides a revenue stream of between US$22,500-$45,000.

3.4 Governance

There are five typologies of governance structures in GVC literature: markets, modular, relational, captive and hierarchy. Each category is distinguished by the following: the complexity of the information shared between actors in the chain; how the information for production is codified; and the level of supplier competence.[21]

The distribution intermediaries that serve as lead firms in the leisure tourism value chain are characterized most frequently by blending relational and modular or hierarchy typologies. The relationship between tour operators and DMCs is best described as relational, which is

[20] Kenya (32%) and Rwanda (23%) are the largest sources of visitors for Uganda, although the largest single reason why those travelers visit the country is to visit friends and relatives (UMTWA, 2014). It is certainly possible that some of these visitors are motivated to visit Kampala for its entertainment options.

[21] Gereffi & Fernandez-Stark (2011) offer a concise summary of governance and upgrading, which are two of the foundations of the GVC framework. Additional research can also be found in Frederick & Gereffi (2009) and Gereffi et al. (2005).

characterized by frequent interaction and knowledge sharing between parties. Both sides depend on the other to a high degree—outbound tour operators provide DMCs and inbound operators with customers, while DMCs ultimately ensure consumers' in-country experience is satisfactory. As a result, tour operators maintain close relationships with preferred partners and report high costs associated with switching firms.

The most common way fledgling DMCs initiate links with tour operators is through trade shows or direct marketing, although building positive domestic reputations also plays a role. Once connection is made, tour operators require potential DMCs provide information about work history, financial solvency, and safety policies, including whether they have had any safety incidents in the past.

Distribution intermediaries' governance over service providers has similar characteristics but skews closer to the modular or hierarchy typologies. Depending on the market, tour operators such as A&K take a systematic approach to evaluating new accommodation options that is clearly codified. The hotel questionnaire A&K uses has extensive questions about safety measures—placement of fire extinguishers, steepness of stairs, etc.—and based on responses, A&K will assign scores of green, yellow or red. In order to be used, lodges must score green, although yellow hotels can jump categories by making two or three fixes.

3.5 Upgrading Trajectories

There are five types of upgrading in GVC literature. *Product* upgrading involves refining existing and adding higher-value products; *process* upgrading occurs when firms improve internal work processes; *functional* upgrading describes businesses adding capabilities and services and moving to new positions within the chain; *chain* upgrading is when companies use their evolving expertise to participate in new industries; and finally, *end market* upgrading describes reaching more lucrative markets. All five can be detected in the leisure tourism value chain in the EAC and are discussed below. Table 15 below outlines some of the more common.

3.5.1 Product Upgrading

Product upgrades are among the most common upgrades implemented by leisure tourism businesses in the EAC. Distribution intermediaries routinely add new experiences, with hot air balloon safaris, sport fishing and whitewater rafting, and walking safaris to see chimpanzees being some of the more recent advances. In Rwanda, the RDB formed a Public-Private Partnership (PPP) with African Parks, which is a conservation NGO based in South Africa, to manage Akagera National Park. Since taking over, African Parks has implemented a number of product upgrades, including the re-introduction of lions into the park in July 2015. The most frequent visitor to the park are Rwandans—park officials told Duke CGGC that Rwandans and other EAC residents prefer car safaris to walking safaris, which has led to road improvements that allow for 30-seat buses to navigate the reserve.

Table 15: Upgrading Trajectories in Leisure Tourism Value Chain in EAC

Type of Upgrading	Trajectory/Description	Barriers
Distribution Intermediaries		
Product	— Offering custom and FIT tours — Improving vehicle fleet — Adding new excursions (hot air ballooning, sport fishing, lions, etc.)	— Access to customers — Skills gaps (marketing training)
Process	— Improving or outsourcing marketing — Creating websites and computer reservation system — Forming PPPs to assist with park management	— Access to finance — Skills gaps (computer and marketing training)
Functional	— Guide→ Local tour operator → DMC → Inbound tour operator (National → Regional) — Adding flight capabilities — Building lodges	— Access to global customers — Access to lead firms — Access to concessions — Skills gaps (communication, hospitality training)
Chain	— Providing services in business tourism and conference tourism value chains — Handicrafts entering tourism chain	— IATA accreditation — Access to business customers — Access to finance
End Market	— Serving US and European markets — Diversifying with mid-tier options that might appeal to Asian customers	— Access to global customers — Transportation infrastructure — Skills gaps (hospitality and language training)
Service Providers		
Product	— Lodges and restaurants improving quality of guest rooms or fixtures — Excursions sites or local guides offering new experiences — Lodges adding wireless availability for guests — Lodges adding extra services (spa service, wireless availability, etc.)	— Limited availability of inputs (furniture, kitchen equipment, etc.) — Tariffs on inputs — Gaps in skills of workforce — Access to finance/investors — Transportation infrastructure
Process	— Lodges and restaurants implementing computer reservation systems	— Skills gaps (computer training)
Functional	— Lodges & restaurants becoming DMC — Restaurants building guest rooms; lodges/guest rooms building kitchens	— Access to finance — Skills gaps (computer training) — Limited availability of inputs (furniture, kitchen equipment, etc.)
Chain	— Restaurants integrating into tourism chain	— Access to networks/consumers

Sources: Duke CGGC; Christian, 2013

Many of the high-end distribution intermediaries highlighted in this report have undergone product upgrading by offering custom and FIT tours, although middle-tier operators may find it difficult to take this step because of their inability to access consumers or initiate effective marketing campaigns. For DMCs that focus on ground transportation (as opposed to lodging),

improving the quality and versatility of the company's fleet is an important product upgrade. Vava Tours in Rwanda has a variety of 4x4 land cruisers in addition to VIP and saloon cars; Primate Safaris added a 25-seat coach that can move larger groups of clients.

Service providers can upgrade their products through a number of improvements. For lodges, they most common product upgrades involve enhancing the quality of rooms and sites. Other product upgrades include adding wireless availability for guests and considering enhancing guest experiences through exercise rooms and spa treatments. Considering the EAC's appeal to luxury travelers, product upgrades can be tailored to this segment of the market. Trends in other locations include extravagant bathroom features, celebrity chefs, and an emphasis on superior service (The Economist, 2015).

3.5.2 Process Upgrading

An important process upgrade for leisure tourism business in Rwanda and Uganda is either to outsource marketing efforts to an external firm or to improve its internal communications skills. Outbound tour operators and DMCs connect most frequently through travel and tourism trade fairs or communication through email. In order to present their products in the most favorable light, inbound tour operators and DMCs sometimes hire external companies to help sell their products and improve websites. These marketing firms can be based inside the inbound country or the external market where consumers are based. While there are only a handful of companies inside Uganda and Rwanda that have the financial resources to outsource marketing to companies based in North America or Europe (see Table 11) there are alternative strategies. Five lodges in Uganda (Mihingo, Kyaninga, Katara, Ndali, and Mahogany Springs) have banded together and formed the Uganda Lodge Collection to market their properties via a common website and social media profiles. Additionally, tourism boards regularly assist by contracting with outside marketing firms to create location-specific marketing products.

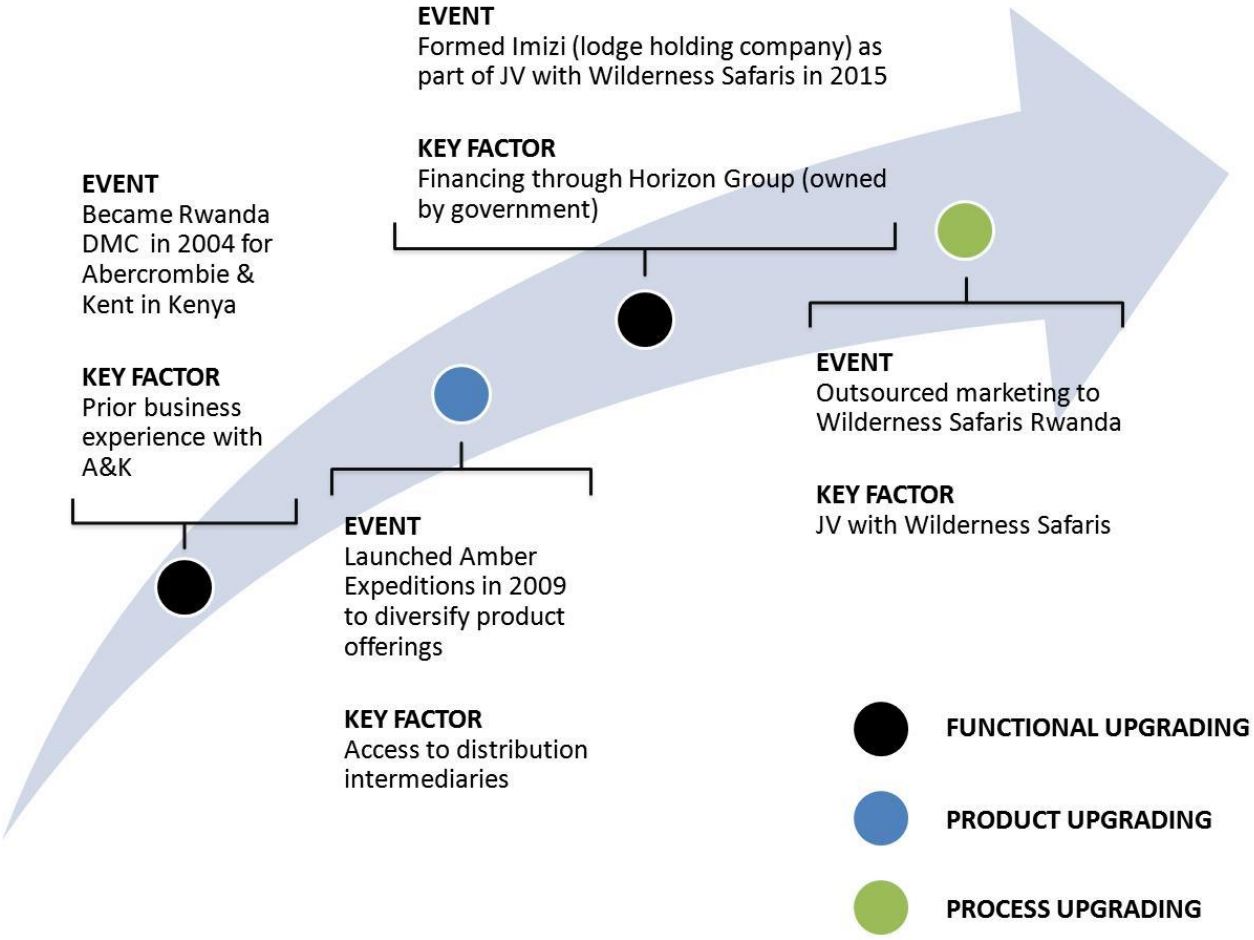
Another example of process upgrading can be seen in the RDB's approach to management of Akagera National Park. In 2009, the RDB approached African Parks about forming a PPP to run the park. African Parks oversees a staff of between 250-300 people and an annual budget of US$2 million. Since it has taken over, it has increased visitors by more than 130% through workforce training and capital investments (improving road infrastructure and building a tented lodge). Future plans that have been initiated by African Parks include product upgrading by adding house boats to allow visitors to explore the lakes in the park and building an eco-lodge that will provide African Parks and the RDB with revenue in the form of a concession fee.

3.5.3 Functional Upgrading

Christian (2013) outlined the traditional functional upgrading trajectory in leisure tourism value chains—distribution intermediaries often begin as service providers (local guides) before becoming local tour operators and then progressing to DMCs and finally inbound tour

operators. In the course of adding these responsibilities, they may also vertically integrate by adding lodges and/or restaurants. Services providers may functionally upgrade by adding capabilities in the other input categories—hotels and lodges can add restaurants (and vice versa) or offer tours to guests.

Figure 6: Upgrading Trajectory of Thousand Hills



Source: Duke CGGC

There are numerous examples of this upgrading path in both Rwanda and Uganda. One of the more recent involves Jacqui Sebageni and Manzi Kayihura, who are owners of Thousand Hills, a leading DMC based in Kigali.[22] Sebageni and Kayihura began Thousand Hills in 2004 as a local tour company focused on the luxury market within Rwanda. It used existing connections—Sebageni once worked with A&K in Kenya—to become that company's DMC inside Rwanda (see Figure 6 above). In 2009, it underwent product upgrading by diversifying its portfolio and launching Amber Expeditions, a company that focuses on mid-range customers.

[22] The sentences and paragraphs that follow are based on Duke CGGC interviews with the key stakeholders.

Sebageni and Kayihura then engaged in discussions with Wilderness Safaris about a Joint Venture (JV) inside Rwanda. Together, both groups approached Horizon Group, an equity firm based in Kigali that is wholly owned by the Rwandan government. Those conversations led to the formation of Imizi, a lodge holding company whose shareholders are Albizia (the parent company of Thousand Hills that Sebageni and Kayihura formed), Wilderness Rwanda and Horizon Group.

In 2015, Wilderness Safaris announced that it planned on building two properties in Rwanda that will open in 2016 as part of a Joint Venture with Albizia and Horizon Group under the Imizi banner. Bisate Lodge will be a 12-room luxury lodge adjacent to Volcanoes National Park, while the other property will be cottages in the newly created Gishwati-Mukura National Park.[23] As part of the arrangement, Wilderness Safaris also bought a substantial minority share into Albizia, and Thousand Hills will be the preferred tour operator/DMC for the Bisate Lodge and Gishwati-Mukura cottages. Additionally, Wilderness Safaris will provide sales and marketing assistance for Thousand Hills. When helicopter travel is needed for both companies, the preferred partner will be Akagera Aviation, which is an independent company. Horizon Construction, which is a subsidiary of Horizon Group, will build the Imizi lodges.

3.5.4 Chain Upgrading

DMCs and inbound tour operators have the opportunity to become affiliates of TMCs in the business tourism value chain or PCOs in the conference tourism GVC. There are separate skillsets and responsibilities required for each group of actors, and many distribution intermediaries retain a focus on one particular chain, but Let's Go Travel in Uganda (a DMC and the in-country affiliate for BCD Travel), Primate Safaris (a DMC in Rwanda and PCO) and Vintage Africa (a DMC in Kenya as well as the American Express Global Business Travel affiliate) have all followed this trajectory. The Business Tourism GVCs in the EAC chapter outlines the upgrading trajectories in additional detail; however, membership to IATA, a high volume of sales to businesses, and certified financial records are prerequisites for chain upgrading.

3.5.5 End Market Upgrading

Some of the motivation for domestic businesses in Rwanda and Uganda to undergo product upgrading is to appeal to American and British consumers. The American market in particular represents a value addition and an end market upgrade. Leading tour operators regularly create separate packages that target consumers in those countries. Cox & Kings had seven tours of Uganda for customers based in the United Kingdom in 2015 and one for American consumers. A&K, meanwhile, offered a "Signature Uganda" package on its US website in 2015 and a "Classic Uganda" tour on its UK website. The two offerings both featured stops in Kibale National Park,

[23] Rwanda's government announced in 2015 that it was protecting 3,247 hectares of the Gushwati Forest and the Mukura Forest to create the new national park in the northwest portion of the country. The park will be home to a number of chimpanzee and monkey species (New Times, 2015).

Queen Elizabeth National Park and Bwindi Impenetrable National Park, and three of the four lodging venues were the same. Although international airfare was included for British travelers while it had to be purchase separately for Americans, the quoted price for the US consumer was, depending on the season, at least $139 higher per day (Abercrombie & Kent, 2015).[24]

Tour operators told Duke CGGC in interviews that Asian tourists are often more cost-sensitive than Western consumers and that service providers such as hotels set aside rooms for travelers from Asia at lower price points. Despite the low volume of Asian visitors in the EAC as well as the lower-value proposition, the Asian market represents an end market upgrade in at least two respects: 1. China is the No. 1 source market for outbound tourists in the world and increased its spending by 27% in 2014 compared to the previous year (UNWTO, 2015);[25] 2. Tour operators report that Indian and Chinese consumers often travel at different times of the year than European and North American clients, providing business during otherwise slow seasons. Service providers attempt to access the Asian market by installing décor and meals that appeal to Chinese and Indian customers and also hiring staff with language capabilities.

[24] According to Duke CGGC interviews with industry professionals, Kenya Airways, which does not have service to the US, pays commissions to preferred partners for flights, which incentives their inclusion on packaged tours and explains some of the difference in price between the US and UK packages.

[25] Countries such as China, India and Hong Kong are important consumers of luxury travel and demonstrating some of the highest global growth rates for luxury goods (Euromonitor International, 2012).

4. Business Tourism GVCs in EAC

The profile and strength of business tourism varies across the EAC. Nearly one-third of all visitors who travel to Rwanda are business travelers compared with less than 10% in Tanzania (see Table 16 below). While there was not disaggregated data available on the sectors and industries that account for the largest shares of business travel, interviews with industries professionals indicated that demand is highest from the telecommunications, energy, embassies, NGOs, manufacturing, and banking sectors.

Table 16: Business Tourism Share of Total Arrivals in EAC Countries

Country	Business Tourism Share of Total Visitor Arrivals	Business Tourism Share of Total Tourism Revenue
Rwanda	32.4%	54.1%
Uganda	24.5%	32.5%
Kenya	23.2%	37.5%
Tanzania	8.7%	13.3%

Sources: RDB, 2015; UMTWA, 2014; Euromonitor International 2015a; Tanzania National Bureau of Statistics, 2015; World Tourism & Travel Council, 2015b

4.1 Demand Demographics

There has been a surge in the number of business trips to Rwanda and Uganda in recent years. In Rwanda, the number of arrivals into the country for business purposes has increased by 53% over the last decade, while there was a 77% jump in Uganda from 2009-2013 (RDB, 2015, UMTWA, 2014). Demand is predominantly intra-regional. In Rwanda, five countries provided 89.4% of business visitors in 2014: the DRC (36.9%), Uganda (22.3%), Tanzania (15%), Kenya (8.3%), and Burundi (7%) (RDB, 2015). Three sources markets account nearly three-quarters of Ugandan business travelers: Kenya (41%), Rwanda (17%), and South Africa (15%) (World Bank Group, 2013).

4.2 Distribution Intermediaries

The section introductory section on the Business Tourism GVC detailed the three distribution channels—direct booking, online package, and corporate booking—and lead firms in the chain: TMCs, their in-country partners, and, depending on the market, service providers such as airline and hotel companies. The EAC's profile largely conforms to the global landscape, although the demand demographics in business tourism have elevated the position of domestic businesses. The following sections outline the dynamics found in the region among both distribution intermediaries and service providers.

4.2.1 Travel Management Companies

The four leading global TMCs—American Express Global Business Travel, CWT, HRG, and BCD Travel—are all active in Rwanda and Uganda through partnership arrangements with local affiliates (see Table 17 below). As outlined in the Business Tourism GVC section, developing a

partner network is the TMCs' standard operating procedure in emerging markets and not unique to the EAC; interviews with officials from the leading TMCs indicated they pursue opening a wholly owned subsidiary or a JV in markets where there is sufficient demand. As part of these arrangements, the domestic affiliates pay an annual fee to the TMC in exchange for being able to use the TMC's brand. Additionally, the TMC and the domestic affiliate split transaction fees based on hotel and airlines bookings provided to clients.

Table 17: TMCs Affiliates in the Rwanda and Uganda

TMC	Rwanda Affiliate	Uganda Affiliate
American Express Global Business Travel	None	Open
Carlson Wagonlit Travel	Satguru	Swanair
HRG Worldwide	None (Elite Travel Service, Kenya)	Open
BCD Travel	Let's Go Travel	Let's Go Travel

Source: Duke CGGC

4.2.2 Partners/Affiliates

The local affiliates of the leading global TMCs can be seen in Table 17 above. American Express Global Business Travel and HRG Worldwide both had Ugandan partners until the middle of 2015 before experiencing turnover—African Travel was HRG Worldwide's affiliate in Uganda and Rwanda, but it ran into financial difficulties in 2015; Uganda Travel Bureau also discontinued its relationship with American Express around the same time.

While the global lead firms are active in the region, the demand demographics associated with business tourism in the EAC promotes the development of regional companies that offer a full suite of inbound and outbound services to business clients. The largest regional company is Satguru, a TMC that began in Kigali in 1989 and has expanded to 43 African countries with more than 800 total employees (it has moved its headquarters to Dubai). According to interviews with industry professionals, Satguru books 60-65% of the inbound and outbound flights into Kigali, although Duke CGGC did not have access to IATA data to corroborate those statements.

Satguru is the CWT affiliate in 19 African countries, including Rwanda and Burundi, although much of its demand is local. According to interviews with company officials, Satguru's Kigali office has approximately 300 clients, including most of the embassies, government ministries, and NGOs based in Rwanda. However, only one of Satguru's customers accesses the Rwandan office through CWT. While global demand for TMC services is especially weak in Rwanda, the trend of TMC affiliates generating the majority of their revenue from local clients is also present in Uganda—in interviews, Swanair estimated that 80-85% of its clients are domestically based; other TMC partners reported that local customers represented roughly three-quarters of total business.

With such a strong base of local consumers, the two most prominent value propositions for domestic affiliates is access to the TMCs' brand and knowledge spillover, both of which are used to strengthen the partners' position in the local market. Local partners said the value of the global TMC brand affiliation is difficult to quantify, but many experienced an increase in revenue after signing agreements and credited the jump to the partnership arrangements. The section on upgrading that begins on page 46 discusses technology transfer in further detail.

4.3 Service Providers

The service providers segment of the business tourism GVC is more condensed than leisure, with excursion providers playing a less important role. Instead, the most prominent service providers in the EAC are airline and hotel companies. The following section outlines their profile of each as well as coordination with distribution intermediaries. There is not extended discussion in cases where the actors and profile of service providers are similar to the leisure tourism GVC (international transport and hospitality).

4.3.1 Airlines

With the partial exception of Kenya Airways, the airline industry in the EAC is dominated by state-owned companies. Rwandair is the government-owned national carrier in Rwanda that has 26 daily flights to 16 African locations. It also has partnership arrangements to service four international destinations: Addis Ababa (Ethiopian Airlines), Brussels (Brussels Airlines), Istanbul (Turkish Airlines), and Johannesburg (South Africa Airlines). The company has seven airplanes: four Boeing 737s that have capacities between 120-154 passengers; two Bombadiers CRJ900 Series with capacities of 76 passengers; and one Bombadier Q400 with a capacity of 67 passengers. Rwandair officials reported in interviews with Duke CGGC that Rwandair has a 70% market share for air travelers to Rwanda and that 60% of its passengers are non-Rwandans, with most of the foreign travelers coming from South African and EAC countries.

Table 18: EAC's Largest Airlines

Company	Owner	Size of Fleet	Operating Base	Type of Operation
Kenya Airways	KLM (26.7%) Government (29.8%) Public (42.5%)	43	Jomo Kenyatta International Airport	Domestic/regional/ intercontinental (Full service)
Precision Air	Kenya Airways (41%) Private investors (59%)	14	Julius Nyerere International Airport (Tanzania)	Domestic/regional (Full service)
Air Kenya Express	Consortium	8	Wilson Nairobi Airport	Domestic/regional/ commuter
Rwandair	Government (99%) Private (1%)	7	Kigali International Airport	Regional (Full service)

Source: Schlumberger & Weisskopf, 2014

Inside the EAC, Rwandair services Entebbe in Uganda, Dar Es Salaam and Kilimanjaro in Tanzania, and Mombasa and Nairobi in Kenya. The largest regional competitor is Kenya Airways (see Table 18 above), which is more established (Rwandair only began in 2003) and has a larger fleet and wider network of destinations. Other prominent regional airlines include Ethiopia Airlines and Precision Air. There is not a national carrier based in Uganda.

Coordination with Distribution Intermediaries

Globally, coordination between airlines and distribution intermediaries is most often facilitated through GDS and IATA. GDS are used by TMCs and their domestic affiliates, with most in the EAC having contracts with one or two of the global leaders (Satguru uses all three: Amadeus, Sabre, and Travelport). Additionally, Rwandair has attempted to cultivate strong relationship with TMCs and travel agents, offering commissions as incentives as part of its growth strategy. According to interviews, Satguru accounts for the majority of its sales.

4.3.2 Lodging

In contrast to the leisure tourism GVC, where small lodges and camps close to national parks are prevalent, the lodging sector in the business tourism value chain is populated by hotel companies that have properties in Kigali and Kampala. The more notable regional companies include Serena Hotels, which is based in Nairobi and has multiple hotels in both Rwanda and Uganda, and Protea Hotels, which is a South African-based company that was recently purchased by Marriott and has sites in Kampala with expansion planned for Kigali.

Other properties with capacities of more than 100 rooms include the Hotel des Mille Collines in Kigali (owned by Kempinski) and the Sheraton in Kampala. There are also a number of properties under development in both cities that will be affiliated with global brands—Marriott and Radisson Blu facilities are under construction in Kigali,[26] and a Hilton has been in the construction phase for an extended time in Kampala.

These properties attracted a limited number of leisure tourists, usually at the beginning or end of packaged tours, but the majority of their clientele are business travelers. To cite two examples, officials with the Serena Hotel in Kampala told Duke CGGC that 92% of guests are business travelers, and the Carlson Rezidor officials said the Radisson Blu that will open in Kigali in 2016 can be expected to have a 77-23% breakdown of business vs. leisure tourists.

Coordination with Distribution Intermediaries

While officials with airlines in the EAC report that distribution intermediaries (TMCs) are responsible for the majority of their bookings, major hotels in Kampala and Kigali reported in

[26] Radisson Blue is one of the Carlson Rezidor Hotel Groups' brands of hotels. In turn, Carlson Rezidor is part of the larger Carlson company, of which CWT is also a subsidiary.

interviews with Duke CGGC the breakdown between TMCs and direct bookings is closer to an even split. Local businesses or local offices of global organizations are more likely to book directly with hotels, while global clients that travel in high volumes would be expected either to work through TMCs or have their own accounts with hotels that provide discounts.

While global hotel companies prefer to sell directly to clients, they also market new properties to TMCs. With leading hotel brands using computer analytics to guide their discount structure, the price reductions offered both to TMCs and direct consumers are more sophisticated than in the leisure tourism GVC. Officials with leading hotel companies in the EAC reported using different models, with fixed and floating rates depending on demand. There are also expansive tiers of discounts for corporate consumers based on annual room nights. The smallest of those tiers are for clients that may only receive discounts in the 0-10% range, but the larger accounts often get more than 50% off provided they maintain high volume.

4.4 Governance

The governance structure of the business tourism value chain most resembles the captive model described in the GVC literature, with a high degree of monitoring and control exerted by TMCs over their domestic affiliates, especially in the early stages of the relationship. Whereas links in the leisure tourism value chain develop through marketing and networking efforts, relationships in the business tourism GVC depend on quantifiable data and certifications. In particular, TMCs evaluate potential partners based on the following three characteristics:

- IATA certification;
- High volume of bookings for business travelers through General Distribution Systems (GDS);
- Certified financial records as well as access to finance.

IATA certification allows travel agents to purchase international airfares. The application process is extensive, requiring interested parties submit certified financial records, capital certificates, and banking records while also facilitating a site visit by IATA staff. It is also cost prohibitive for smaller travel agencies—firms in Uganda must pay application and entry fees of approximately US$2,500 in addition to smaller annual fees; the price of entry for Rwandan firms is closer to US$2,000 (IATA, 2015).

In addition to IATA certification, TMCs look for potential partners that have an established presence in the marketplace with business clients. In interviews, representatives of leading TMCs said they target companies that are in the top five in a country in terms of volume of airline tickets sold. Such an emphasis requires partners have familiarity with using GDS for booking airline reservations.

The final steps in the process then include a thorough review of the domestic company's financial records. If there is little that distinguishes competing companies, interviews suggested TMCs consider intangibles such as entrepreneurial spirit and communication skills.

TMCs then provide extensive hands-on training of domestic affiliates once the partnership is formalized. Most often, this involves site visits by specialists in the corporate office as well as regular webinars and other online communication. Annual companywide retreats are held that focus on topical issues related to data collection strategies. Head office oversight lessens as the domestic affiliate gains competence; over time, the governance structure evolves into something close to the relational governance structure that characterizes the leisure tourism GVC, and the cost of switching of partners becomes high for the TMCs.

In the Direct Booking distribution channel, leading hotel companies may act as lead firms by initiating partnership arrangements with local tour operators or hospitality providers. In these cases, the governance model is mostly relational—officials with major hotels said they have links with local companies that have strong reputations.

4.5 Upgrading

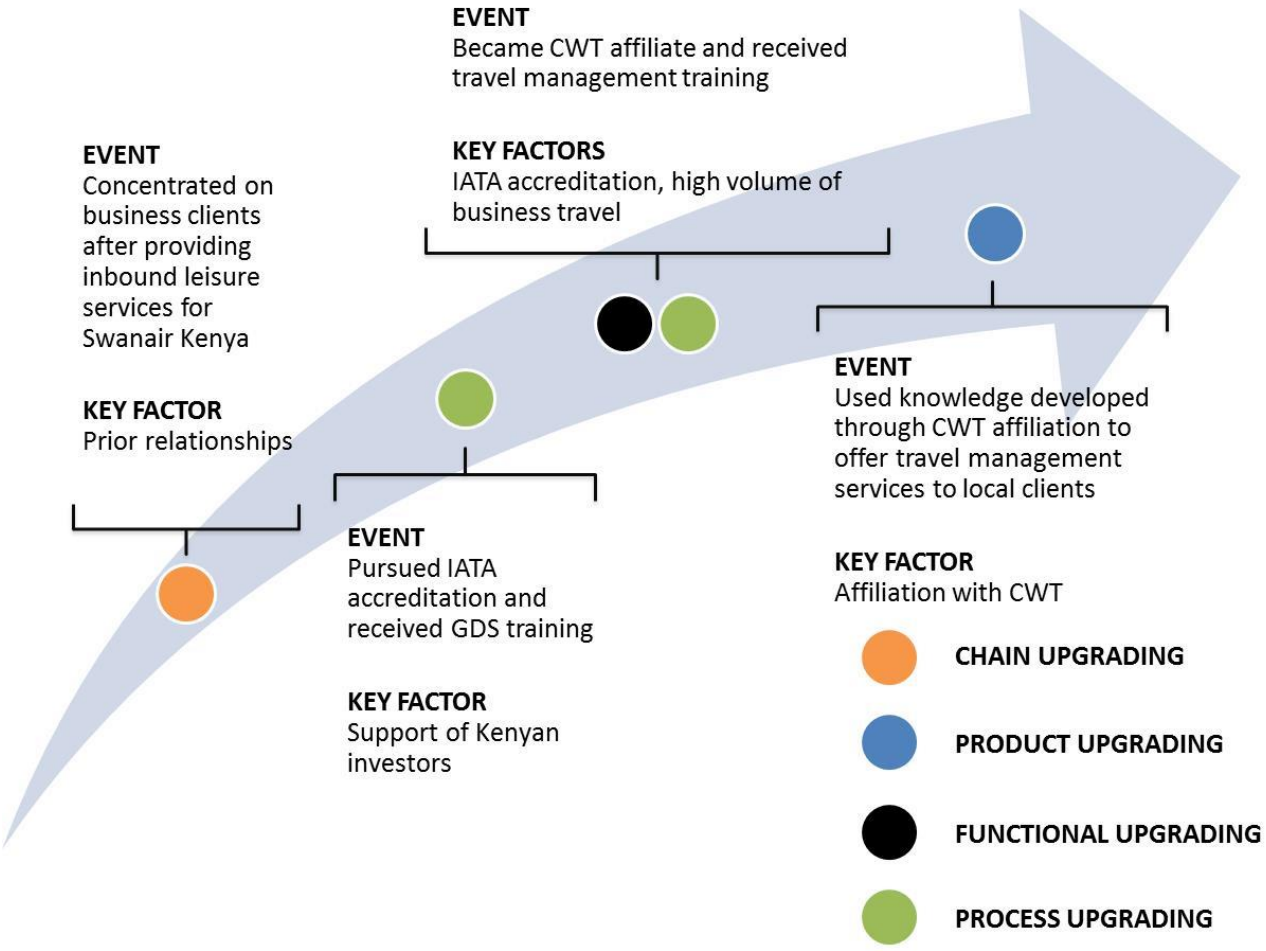
Upgrading in the business tourism GVC is concentrated in fewer categories compared with leisure tourism. The section below uses Swanair as a representative example to outline the overall upgrading trajectory within the chain for domestic distribution intermediaries. The experience of other TMCs based in Uganda and Rwanda largely follows the same patterns.

Swanair Uganda opened in 1993 with an initial focus on serving as an inbound safari tour operator for Swanair Kenya, with whom Swanair Uganda's owners had a personal relationship. Using financing from investors involved with Swanair Kenya, it quickly opted to focus on business tourism (an example of **chain upgrading**) and underwent **process upgrading** by initiating the process to become IATA certified and receive GDS training in 1994. After Swanair Kenya ran into financial difficulties, Swanair Uganda bought out Swanair Kenya's ownership stake in the early 2000s. In 2002, Swanair became the CWT affiliate in Uganda, a **functional upgrade** that occurred after some of Swanair's business clients recommended it to CWT (from there, CWT followed the process described in the Governance section). As part of the arrangements with TMCs, domestic affiliates are required to collect data that is presented to consumers in order to maximize travel savings. A key **process** upgrade for local partners is learning how to capture and transmit this travel management information back to the parent TMC.[27] Once the domestic affiliates learn the new system, they then use their new knowledge

[27] As highlighted in the business tourism GVC section, the data includes conventional PNR information, credit card and passport details as well as specific details on the timing of the booking, the rate, and, if the purchase was made outside the approved window, the reason for the delay. Additionally, local affiliates learn how to enter

to initiate **product** upgrades—in interviews, Swanair said that they did not provide such travel management services to local clients before their affiliation with CWT. Figure 7 below provides an illustration of the upgrading trajectory.

Figure 7: Upgrading Trajectory of Swanair Uganda



Source: Duke CGGC

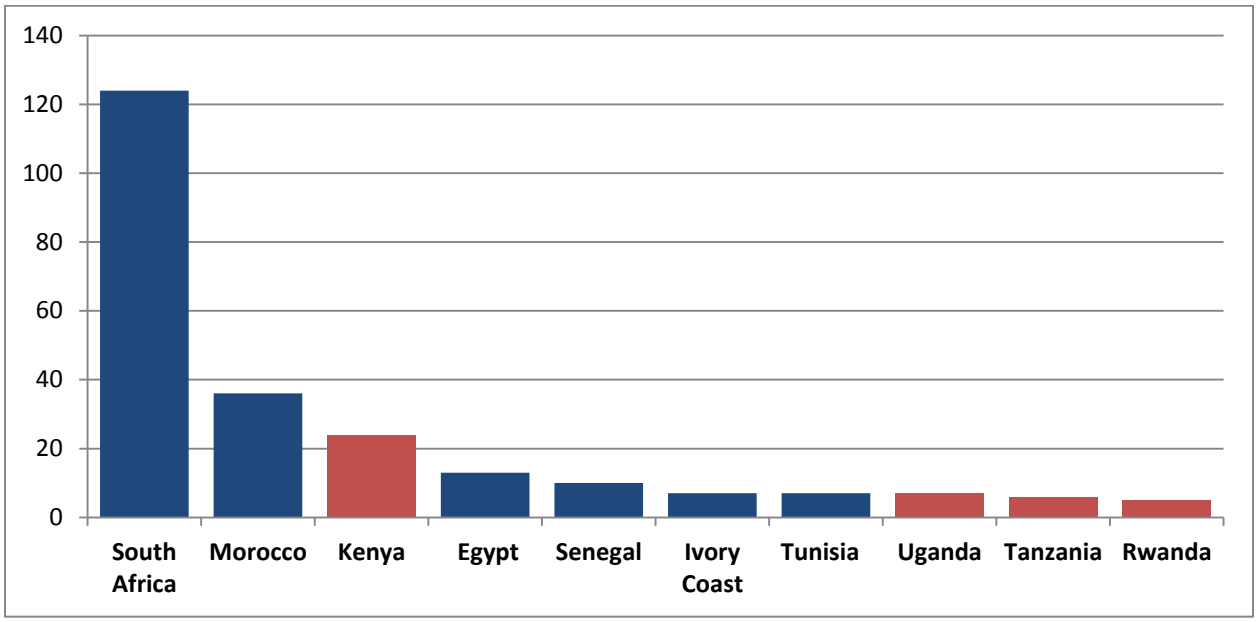
Service providers follow similar upgrading trajectories as described in the leisure tourism section. For hotels that cater to business clients, common product upgrades include improving conference rooms, strengthening wireless services, building gyms, and burnishing food and beverage options. In interviews with Duke CGGC, officials from business hotels said that these auxiliary services do not necessarily generate high revenue but instead ensure that properties are competitive with peers.

information into TMC's online portals so that travel and itineraries can be viewed by colleagues and alerts can be issued in the event of delays or security concerns.

5. Conference Tourism GVC in EAC

South Africa is the leading site for conferences in Africa (see Figure 8 below), with EAC countries having smaller shares—according to data collected by ICCA, Kenya had 24 meetings with 50 or more attendees in 2014 while Uganda had seven, Tanzania had six, and Rwanda had five.

Figure 8: Number of Meetings with 50 or More Delegates in African Countries in 2014



Source: ICCA, 2015

As part of an ultimate goal to increase employment, Rwanda has taken steps to boost the number of MICE events inside the country. The RDB used a loan through the World Bank to contract with the Business Tourism Company, a firm based in South Africa, in order to provide strategic oversight. Both groups worked together to craft a MICE strategy that was completed in 2014 and led to the creation of the Rwanda Convention Bureau (RCB). The nascent efforts have led to a quantifiable increase in conferences—according to RCB data, Rwanda had at least seven meetings with more than 50 delegates in 2015 and has 10 schedule for 2016 (see Appendix C for list of MICE events scheduled for Rwanda in 2015-16). The following section outlines how it functions as a distribution intermediaries as well as its links with local, regional, and international actors.

5.1 Distribution Intermediaries

Prior to the establishment of the RCB, consumers of MICE events in the country largely used large hotels such as the Serena to assembly and package individual services. While that distribution channel still exists, the RCB has assumed a leading role in coordinating and facilitating links between the various segments of the chain. The profile of and relationships between the key actors are outlined below.

5.1.1 Convention Bureaus

The RDB extended the contract of the Business Tourism Company to serve as consultants for the RCB after the World Bank-sponsored agreement concluded. Together, the two groups have been charged by the government with growing tourism revenue and boosting the sector's overall employment. According to interviews with officials within the RCB, delegate spending inside Rwanda is US$245 per day—the global average is between US$600-$650.

The RCB's responsibilities include coordinating all activities related to managing large-scale MICE events within Rwanda. Nested within the RDB, the bureau evaluates and responds to RFPs, assists with the preparation and implementation of the events, and produces promotional strategies and materials. In addition to boosting Rwanda's profile through attendance at influential trade shows such as the IMEX exhibition in Frankfurt, Germany, the RCB also identifies priority sectors to target for proposals. For instance, RCB officials told Duke CGGC there are between 55-60 primatology association meetings that rotate internationally where Rwanda may have a competitive advantage in bidding for because of its leisure tourism brand. If the RCB were successful, the RDB could capitalize on potential demand from a captive audience by facilitating linkages with domestic distribution intermediaries.[28]

In order to assist with bidding, the RCB communicates directly with Conference Associations such as ICCA. To prepare and implement the events, it is attempting to build the capacity of PCOs inside the country. Each category of supporting actor is discussed below.

5.1.2 Conference Associations

Using a proprietary model developed by the Business Tourism Company, the RCB evaluates potential proposals based on whether an event will provide overall economic benefit. There are five pillars the RCB considers when making its assessment:

- **Volume:** Number of conference attendees;
- **Value:** The amount of money those delegates spend per day;
- **Length of Stay:** The RCB is particularly interested in events that offer the possibility of spillover into the leisure tourism value chain;
- **Geographical Spread:** Meeting that can be hosted outside Kigali are attractive;
- **Seasonality:** Conferences that distribute demand throughout the year are prioritized.[29]

[28] Primatology events could also indirectly strengthen Rwanda's leisure tourism value chain by further increasing brand association with gorillas and monkeys and by building stakeholder knowledge about conservation strategies.
[29] In interviews with Duke CGGC, hotel operators based in Kigali expressed concerns about at least two elements of the city's supply of available rooms: 1. There are only 1,500 rooms suitable for conference travelers (three-to-five star accommodations); 2. Once more rooms become available (construction on the Marriott and the Radisson Blu is completed), there is not enough demand throughout the year to support the industry.

In order to locate events that meet its criteria, convention bureaus such as the RCB (as well as service providers) use ICCA and other conference associations to assess the marketplace. ICCA, which is based in the Netherlands but has a South African office, has more than 1,000 members worldwide, most of which are distribution intermediaries such as convention bureaus, convention centers and PCOs, although there are service providers (mostly airlines and hotel companies). It has a database of information on 13,000 association meetings worldwide that rotate around at least three countries and have more than 50 delegates.[30]

5.1.3 Professional Conference Organizers

PCOs are the on-the-ground agents that make preparations for and then manage MICE events. After conference consumer selects the site of their association meetings, they may use internal departments to manage preparations or they may reach out to PCOs within Rwanda, especially as that segment of the value chain gains traction.

While membership to the International Association of Professional Conference Organizers (IAPCO) signals quality in the global market, the RCB is working to develop a network of PCOs with the formation of the Rwanda Association of Professional Conference Organizers (RAPCO). The RCB has created training modules for members of the association that are designed to improve communication skills while also outlining how to engage with potential clients.

The process is still in its infancy. According to the RCB, there are seven registered PCOs in Rwanda: New Dawn Associates, Rwanda Events, Clarity Communications, The Event Factory, Primate Safaris, Songa Africa, and Ikaze PCO. Notably, only two of these companies—Primate Safaris and Songa Africa—are also members of the RTTA. None has a detectable presence in the business tourism GVC.

One of the reasons for the divergence is the scale of conference events. Whereas distribution intermediaries in the leisure and business value chains rarely deal with large groups in Rwanda, MICE events can attract hundreds if not thousands of delegates. “Leisure’s a lot easier,” said Rick Taylor, CEO of the Business Tourism Company, the outside business that is assisting the RCB. “Before you bring a business anywhere, you need to know who the meeting planner is and you need to have confidence in the destination because the last thing a PCO wants is 1,000 delegates complaining about the shocking destination you brought me to. A couple of the PCOs we’ve been talking to during our engagements have pushed back and said, ‘No, this is far too

[30] According to material provided to Duke CGGC by ICCA, specific data collected about each association meeting includes basic facts (number of delegates, number of accompanying persons, total hotel rooms), exhibitions (commercial exhibitions [yes/no], poster exhibitions [yes/no], surface area), office suppliers (identity of conference specialists, PCOs, travel agents, airlines, hotels), and general series information (frequency, duration, number of rooms, favored meeting month, fields of interest, preferred type of venue, etc.).

complicated.' It's a lot of hard work putting together a 1,000-person event for people who want scrambled eggs or poached eggs, or 'You're a vegetarian.' "

5.2 Service Providers

Before the creation of the RCB, large hotels functioned as the primary distribution intermediaries for conferences within Rwanda—hotels such as the Serena and Hotel des Milles Collines connected directly with clients and outsourced individual services to companies such as Rwanda Events. That distribution channel still exists, although the establishment of the RCB has elevated the position of the government in the chain to that of a "lead firm."

Table 19: Conference Venues and Accommodations in Rwanda

Hotel	Location	Meeting Rooms	Meeting Capacity	Room Capacity
Serena Hotel	Kigali	6	800 people	148 rooms
Hotel des Milles Collines	Kigali	3	390 people	114 rooms
Gorillas Golf Hotel	Kigali	3	250 people	83 rooms
Lemigo Hotel	Kigali	4	400 people	96 rooms
Hotel Villa Portofino	Kigali	3	390 people	51 rooms
Grand Legacy Hotel	Kigali	4	190 people	43 rooms
Golden Tulip	Kigali	5	500 people	188 rooms

Source: RCB

When the Radisson Blu Hotel and Convention Center opens in Kigali in 2016, it will add 292 guest rooms, 18 meeting rooms, a 2,600-seat auditorium, and 836-capacity conference space to the market, thereby becoming the largest space for MICE events in the city (see Table 19 above). The Radisson will be responsible for sales and marketing associated with center—one official likened it to a big meeting room that they can sell—although it will work closely with the RCB to identify business opportunities.

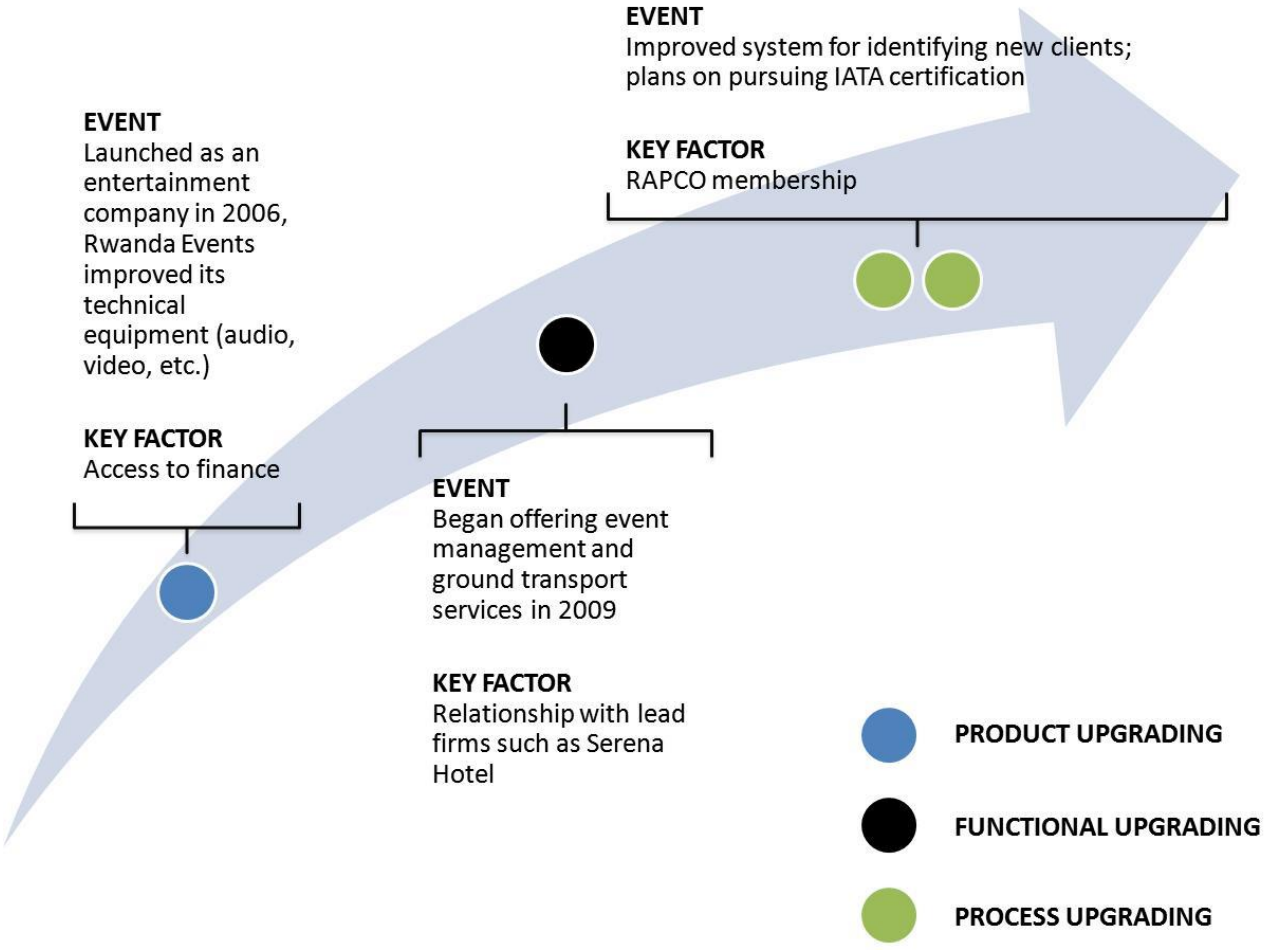
Without a convention bureau or a convention center, Uganda's conference tourism sector relies on large hotels such as the Serena to coordinate many of its MICE events. A major constraint is that there are a minimal number of hotels with the capacity to host large-delegate events (UNDP, 2014). The few that do are generally located in Kampala or near the airport in Entebbe. While there are not efforts to build a formal PCO sector, businesses such as Let's Go Travel (the BCD affiliate in Uganda) have experience assisting the Serena with conferences.

5.3 Upgrading Trajectory

Some of the different demands of the conference tourism GVC compared to the leisure and business value chains can be detected from the upgrading trajectory of Rwanda Events, a company based in Kigali that is a member of RAPCO (see Figure 9 below). The business began in 2006 with a focus on providing entertainment equipment for events, including audio, video, chairs, tents, lighting, and stages. In 2009, it functionally upgraded by offering event

management and ground transport capabilities. While it still outsources tour operations to partner companies if conference attendees demand leisure services and does not have plans to undergo chain upgrading into leisure, Rwanda Events does plan to pursue IATA certification in 2016 in order to book travel itineraries for inbound clients.

Figure 9: Upgrading Trajectory for Rwanda Events



Source: Duke CGGC

6. Regional Integration

One the primary issues animating this study was the question of regional integration in the EAC. This chapter first explores ways all three tourism industries are linked before identifying barriers to regional integration. The next chapter then provides recommendations designed both to help businesses upgrade their positions within the leisure, business, and conference tourism GVCs while also driving further regional integration.

6.1 Linkages

The most prominent linkages in the leisure tourism value chain are in the production system. Nearly all of the members of RTTA and AUTO offer tours in both Rwanda and Uganda. Although dual membership in the RTTA and AUTO is rare—Volcanoes Safaris, Far Horizons, and Magic Safaris were the only companies listed in the directory of both associations as of September, 2015[31]—those businesses that do not have dual memberships either handle arrangements from their home offices and accompany clients who wish to cross borders, or they pursue partnership arrangements with companies in the other country.

The strongest ties with respect to product are between Kenya and Tanzania, which both have capacity to support larger group tours in the Maasai Mara and the Serengeti. An analysis of a sample of leading tour operators' itineraries indicated that 30% of tours visited both countries, and the Tanzania Tourism Board estimates that 30-40% of that country's visitors come through Kenya (Reuters, 2014). Uganda and Rwanda are paired less frequently, although Cox and Kings and Goway do have packages that visit gorillas in both locations.

There are also companies based in Nairobi that have significant market shares in Kenya's domestic marketplace with regional products. Bunson Travel Services accounts for 9.4% of retail travel sales in Kenya followed by Gametrackers (8.7%), Somak Travel (6.5%), and Across Africa Safaris (5%) (Euromonitor International, 2015a). Additionally, Tourvest, a prominent integrated travel company based in South Africa with more than 3,300 total employees and annual revenues in excess of US$200 million, has a presence in the EAC, including Adrift and Wildwaters in Uganda and Vintage Africa in Kenya.

With much of the demand originating from local and regional consumers in business tourism, a regional value exists in more pronounced fashion when compared with leisure tourism. Depending on the market, regional companies such as Satguru and Serena Hotels are prominent distribution intermediaries and service providers. Moreover, the domestic affiliates

[31] In order to be members of the respective tour operators associations, companies must to be registered to conduct business in the respective country, have physical offices located within the country, and pay membership fees either to the RTTA or AUTO. The complete list of requirements for Rwanda can be found here: http://www.rttarwanda.org/content/membership-requirements. For Uganda, it can be accessed here: http://www.auto.or.ug/membership.htm.

of TMCs receive the major of their revenue from local clients, allowing them to serve as both inbound and outbound agents.

Lastly, the conference tourism GVC offers the fewest direct linkages of the three value chains studied—the industry is, in some respects, a zero-sum game with each location competing against each other for MICE events. Even within this dynamic, there are opportunities to strengthen the region's capabilities, including improving the efficiency of key suppliers (dairy farmers, for instance) and developing the market's reputation for hosting conferences.

6.2 Barriers to Integration

As part of its biennial survey on the tourism industry, the OECD (2014) identified the following areas where governments play roles in creating competitive tourism environments:

- Providing infrastructure;
- Controlling or managing tourism attractions;
- Regulating markets such as aviation;
- Setting quality, training, and environmental standards;
- Developing border policy;
- Stimulating tourism demand and investment.

Each of these areas represent potential fault lines as the EAC pursues greater regional integration in tourism value chains, although some more than others. The following section outlines some of the more prominent barriers. It distinguishes between leisure, business, and conference tourism value chains where appropriate; however, the discussion of each is nested within the larger analysis of each variable.

Table 20: Infrastructure in EAC Countries

Variables (Rankings out of 144 countries)	Rwanda	Uganda	Kenya	Tanzania
Quality of overall infrastructure	68	104	65	117
Quality of roads	46	105	59	112
Quality of air transport infrastructure	73	124	54	131
Available airline seats	130	101	53	87
Quality of electricity supply	92	114	95	125

Source: World Economic Forum, 2014

6.2.1 Infrastructure

Rwanda's and Kenya's infrastructure is more developed than Uganda's and Tanzania's (see Table 20 above). Uganda's deficiencies are well-known impediments to the tourism industry—infrastructure shortcomings received attention in the country's most recent Tourism Master Plan, with the authors noting that potential leisure tourism products such as the Mountains of the Moon (mountaineering), islands in Lake Victoria (weekend getaways), and Mount Elgon and

the Virungas (hiking and climbing) remain largely unexploited assets because of poor access conditions (UNDP, 2014).

From the perspective of a value chain analysis, the contrast in the quality of roads in Rwanda and Uganda has implications for businesses in both countries as they attempt to engage in end market upgrading. From gas to lodging to gorilla permits,[32] the costs of inputs are almost uniformly higher in Rwanda than Uganda except in one important regard—the price of accessing the gorillas in Volcanoes National Park is relatively low, with the drive from Kigali taking less than three hours on well-maintained highways. By comparison, input costs in Uganda are relatively low, but the costs of accessing gorillas is high—visitors must either endure 8-hours of travel in a car to cross long distances or fly via AeroLink or Fly Uganda, which only depart once per day to many locations.

The average daily costs of packaged tours in Rwanda and Uganda are not necessarily dissimilar,[33] but consumers of Rwandan leisure tourism appear willing to pay more for inputs provided there are less logistical challenges. The contrasting profile in costs associated with each country's infrastructure has at least three implications for regional integration prospects:

- Smaller Ugandan tour operators sometimes find Rwandan costs too high to warrant expansion.
- Distribution intermediaries in both countries must invest time to understand and manage expectations of travelers.
- Companies weighing investments in the region often find Rwanda and Uganda appealing for different reasons. Representatives with Wilderness Safaris said they chose Rwanda over Uganda for expansion because the experience conformed to the expectations of their clientele. Quality of infrastructure played a role in the company's calculation.

Similar to the situation with roads, Rwanda and Kenya have the strongest air transport infrastructure in the EAC. Schlumberger & Weisskopf (2014) conducted extensive analysis of the region's airline industry and reported that investments in landside and CNS infrastructure should be priorities moving forward (airside infrastructure is less problematic). Table 21 below provides a brief summary of key characteristics of each country's airfields.

[32] The price of fuel in Rwanda is US$1.28 per gallon and US$1.05 (GlobalPetrolPrices.com) and the price of peak season gorilla permits is US$750 in Rwanda and US$600 in Uganda. While Duke CGGC did not have access to data on the average prices of hotels in Rwanda and Uganda, interviews with industry professionals and searches on web engines both suggested they were higher in Rwanda than Uganda.

[33] The average daily price of tours presented in Table X is comparable. Additionally, the average expenditure per visit of Ugandan leisure tourists has been estimated at US$1,211 (World Bank Group, 2013); in Rwanda, estimates of non-African leisure tourists spending is US$1,623 and US$1,136 for African leisure tourists (Nielsen & Spenceley, 2010).

Table 21: Airfield Capacity in the EAC

Country	Number of Airfields	Paved	Unpaved	International	ERJ-170-100 Capable
Kenya	194	15	179	5	4
Rwanda	7	4	3	2	1
Tanzania	106	11	95	6	5
Uganda	46	5	41	1	3

Source: Schlumberger & Weisskopf, 2014

The expansion of air travel both within Uganda and between Uganda and Rwanda are important steps that will reduce some of Uganda's costs of access and encourage further integration. More than one distribution intermediary with headquarters in Rwanda told Duke CGGC that they have increased product offerings to Uganda since AeroLink's entry into the market. The emergence of low-cost carriers (LCCs) in the EAC could also provide a boost to regional leisure tourism, although a study noted there are a number of substantial constraints, including significant market distortions, that could preclude their development in the short term (Schlumberger & Weisskopf, 2014). The Regulating Markets such as Aviation section below offers additional analysis.

6.2.2 Control and Management of Tourism Attractions

The Ugandan and Rwandan governments employ different approaches in their control and management of leisure tourism attractions. Up until 1998, Uganda's tourism industry was largely controlled by the state, with the government owning and managing all facilities within national parks through Ugandan Hotels Limited. Regulation of park properties has liberalized since then, but the UWA, the government body that evaluates potential investments in national parks, still favor the country's entrenched business community, providing monopolistic advantages to large conglomerates such as the Madhvani Group and the Alam Group (Christian & Mwaura, 2013; UNDP 2014). At least two specific policies contribute to both groups' competitive edge:

- As part of an original concession granted when the Madhvani Group first agreed to manage a series of lodges within national parks, the UWA created a 25-mile exclusion zone around properties in Murchison Falls National Park and Queen Elizabeth National Park that limits new investment.
- The UWA gives preference to Ugandan firms while awarding concessions and prefers that non-Ugandan businesses form partnerships with domestic companies. However, it also has high thresholds for turnover requirements for bidders, which favors elite firms (Christian & Mwaura, 2013).

Rwanda, on the other hand, takes a more active approach to engaging in PPPs with non-Rwandan businesses, providing substantial financial support in the process. The Functional

Upgrading section within the Leisure Tourism GVC chapter (see page 52) outlined Wilderness Safaris' JV with Thousand Hills; Horizon Group, a government equity firm, provided critical financing for that endeavor. African Parks manages Akagera National Park on the RDB's behalf. While the conservation non-profit has a portfolio of 10 national parks in seven African countries, African Parks officials told Duke CGGC that the RDB was the only government that serves as a financial partner.[34] The budgetary support has allowed African Parks to make extensive upgrades to Akagera that have helped boost visitor arrivals by more than 130%. There are also plans to build an eco-lodge on the property—an RFP for the facility has attracted interest from companies such as Wilderness Safaris and & Beyond. Additionally, in the conference tourism value chain, the RDB contracted with the Business Tourism Company to help create the RCB.

The UWA and the RDB also have divergent approaches to managing each country's natural resources. While both countries sometimes struggle to contain poaching and illegal hunting (Nielsen & Spenceley, 2010), the RDB emphasizes conservation while the UWA estimates that Uganda's annual revenues from sport hunting increased from US$33,305 in 2002 to US$88,200 in 2011 (UNDP, 2014).

6.2.3 Regulating Markets such as Aviation

In their review of the EAC's aviation market, Schlumberger & Weisskopf (2014) noted the emergence of LCCs could bolster leisure and business tourism value chains by increasing usage of secondary airports, distributing traffic more evenly throughout the year, and offering lower off-peak fares. A critical step toward the development of new carriers is the deregulation of domestic and regional air markets. Although the EAC is broadly committed to the Yamoussoukro Decision that liberalized air travel in Africa, it relies on bilateral accords between states to accomplish the targets outlined in that agreement. Amendments to Air Service Agreements (ASA) are generally not formalized in an expedient fashion, and Schlumberger & Weisskopf's analysis of the bilateral regimes in the EAC described them as being "restrictive." Without expansive agreements, the fees and taxes on departures within the EAC are often exorbitant—the authors' comparison of flights between Nairobi-Dar es Salaam and Nairobi-Zanzibar indicated they were double or triple the rates of flights between similarly spaced Asian locations serviced by LCCs.

Although the possible emergence of LCCs in the EAC could provide a boost both to the business and leisure tourism GVCs, Schlumberger & Weisskopf are pessimistic about their emergence, at least in the short term. Beyond liberalization of the market, the authors identified a number of

[34] African Parks has an annual budget of US$2 million for management of Akagera of which the RDB contributes US$250,000.

factors that have prevented LCCs in the EAC from replicating the upgrading trajectories taken by VivaAerobus in Mexico or Kulula in South Africa, including the following:

- Prominent market distortions, including the preeminence of state-owned carriers and the restrictive bilateral agreements;
- Substandard air transport and air traffic control infrastructure
- Mediocre safety and security records;
- High input costs, especially fuel and airport taxes;
- Low demand owing to minimal tourism consumption.

6.2.4 Quality, Training and Environmental Standards

An initial focus for the EAC has been to develop a common classification certification for lodging establishments in the region, which would affect all three tourism GVCs. The EAC Secretariat worked to establish the standards—hotels are to be evaluated based on a standardized rubric and awarded 1-5 stars based on a number of factors, including location, restaurants, concierge services, quality of bedrooms, bathrooms, meeting rooms and other factors (East African Community, 2010). EAC members have also developed common classification criteria for restaurants; however, implementation of both classification certificates has been slow, with the EAC lacking funds to train the evaluators (The East African, 2014). Individual tourism boards have attempted to fill the breach, but there has been sluggish progress as well as reports of uneven commitment by national tourism ministries to the established standards.

Rwanda and Uganda both report substantial gaps in the skills of their workforces.[35] Kenya is an important source of senior staff for both countries, with Utalii College and Kenyatta College being among the most respected tourism training centers in the region.[36] The schools offers a variety of courses related to hotel and hospitality management, food production, front office administration, food and beverage management service, and other topics related to hospitality. Under a trade agreement, the Kenyan government sponsors four Rwandans to train at the Utalii College each year, and there is partnership agreement in place with the Rwanda Tourism University College (RDB, 2012). While there are other colleges in Rwanda that offer hospitality training, industry professionals express frustration that the leading universities focus on theory instead of the practical side of the industry.

[35] The RDB commissioned a study in 2012 that estimated there was a skills gap of 5,068 workers in tourism industry (RDB, 2012), while Uganda has identified at least 41 occupations that have "substantial" shortages among four categories of the tourism value chain, including hospitality, tour operation and guiding, the cultural sector, and Community-Based Tourism Enterprises (UNDP, 2012).

[36] Utalii College is the only UNWTO.TedQual certified institution in the EAC. The program, which is managed by the UNWTO, provides training for hospitality institutions around the world. The certification process evaluates institutions based on the quality of their tourism instruction, training and research programs.

The two leading hospitality training institutions in Uganda are the Hotel Tourism and Training Institute (HTTI) and the Uganda Wildlife Training Institute (UWTI). Both are government operated; HTTI focuses on more traditional tourism topics such as hotel and tourism management, pastry and baking, and tour guiding, while the UWTI concentrates on conservation and wildlife training. A number of institutional shortcomings have been detailed at both schools, including limited training equipment, discordant curriculum, and the limited use of modern technology, but HTTI is making widespread improvements as part of a World Bank program and hopes to pursue UNWTO.TedQual certification (UNDP, 2014).

6.2.5 Border Policy

Kenya, Rwanda, and Uganda initiated a common visa in 2014 that allows tourists to purchase an entry visa for US$100 that facilitates free movement between the three countries for 90 days. The proceeds from the visa are split, with 10% going to the country that issues the visa, and 90% going to a shared pool that is to be used to develop a website that promotes the region (The Economist Intelligence Unit, 2014). Kenya, Rwanda, Uganda, and Tanzania have also moved toward the establishment of a Single Customs Territory (SCT) that will reduce tariffs and costs associated with the cross-border shipment of goods.

Tanzania's decision not to participate in the common visa is a significant barrier to regional integration efforts. Tanzania is concerned about the potential empowerment of Kenyan distribution intermediaries at the expense of its tour operators and DMCs since 300,000 of its annual visitors access the country through Nairobi's airport (The Economist Intelligence Unit, 2014). The Tanzanian government prohibits Kenyan vehicles from dropping passengers off at national parks inside Tanzania and mandates that tour companies operating in Tanzania have domestic offices. There was further escalation in the tensions between the two sides in January 2015, with Kenya responding by barring Tanzanian operators from picking up clients at the Nairobi airport (The East African, 2015).

Even with the countries' moves toward implementing a SCT, the EAC is still one of the least competitive regions in the world in terms of trading goods across borders, with Rwanda, Uganda, Kenya, and Tanzania all ranking between 137-164th out of 189 economies (World Bank Group, 2015). Rwanda and Uganda have two of the highest costs associated with importing in the world (US$4,990 per container in Rwanda; US$3,375 in Uganda), which has adverse effects for lodging and hospitality providers inside both countries because of the scarce supply of items critical for the operating of hotels and restaurants inside both countries (furniture, kitchen equipment, etc.).[37]

[37] As part of the Radisson Blu Hotel and Convention Center that is under construction in Kigali, company officials told Duke CGGC that kitchen, bar and laundry supplier Flatow & Drews of Hamburg, Germany, is having to import most supplies from outside the region.

The high cost of imports often has deleterious effects for large-scale construction projects. While Rwanda scores higher than its EAC peers on metrics evaluating the process for securing construction permits (World Bank Group, 2015), many of the most prominent investments in the business tourism value chain inside the country have suffered high-profile delays, including the Marriott and Radisson Blu Hotel and Convention Center. Beijing Construction Engineer Group was the original contractor for the Radisson property in Kigali, beginning construction in 2009. In interviews for this report, company representatives reported a handful of challenges associated with the construction phase of the project; however, one of the most prominent was cost overruns associated with the high price of imports that inflated the budget and contributed to delays. The government ultimately switched contractors to Summa, a Turkish company, with hopes of finishing construction in 2016.

6.2.6 Stimulating Tourism Demand and Investment

As has been highlighted throughout this report, a constraint for regional integration in the leisure tourism value chain is low demand within the EAC. As highlighted in Table 9 (see page 22), East Africa ranks as having one of the largest shares of foreign visitor spending in overall tourism contribution to GDP of any region in the world. As long as the region's domestic leisure tourism spending remains low and safari packages continue to be its most marketable product, lead firms can be expected to be based in the countries from which demand emanates, relegating domestic tour operators and DMCs to a subservient role for the reasons discussed earlier in the report—access to markets and deficits of trust.

The Recommendations chapter outlines steps the EAC can take in attempts to boost regional demand. Like the efforts to implement lodging and hospitality standards at a regional level, key barriers will revolve around financing and delegation of responsibilities. The EAC plans on using the money created by its common entry visa to fund marketing efforts; however, there are questions about whether the revenue generated will be sufficient.

Additionally, efforts at employing a regional marketing campaign will have to overcome pockets of industry inertia. In interviews with Duke CGGC, many stakeholders advocated each country take a national approach to attracting visitors. Such dynamics are especially prevalent in leisure and conference tourism—the RCB identified Kenya and Ethiopia as its primary competitors and said that it planned on taking a proactive approach in each market in an effort to attract clients. Meanwhile, prominent marketing companies associated with Ugandan leisure tourism counseled against the UTB and UMTWA collaborating with Kenya and Tanzania since there is product overlap and the value chains in those countries are more developed.

There are impediments for stimulating tourism investment at the regional level. A prominent one is the lack of harmonization in investment strategies between Rwanda and Uganda. As detailed in the Control and Management of Tourism Attractions section in this chapter, Rwanda

takes an aggressive approach to cultivating PPPs and has recruited development-minded actors such as African Parks, Wilderness Safaris, and Governors Camp, rather than focusing on more conventional profit-focused investors.[38]

In this case, "development-minded actors" implies an emphasis on environmental and economic partnerships. In interviews with Duke CGGC, officials with Governors Camp said they prioritize being "pioneers" with potential investments. The Sabyinyo Lodge qualified on multiple levels: It was one of the first lodges to open in Rwanda after the genocide; and it is a JV between local Kinigi and Nyange communities, the RDB, Governors Camp Limited, and international NGOs (the International Gorillas Conservation Program and the African Wildlife Foundation) (Nielsen & Spenceley, 2010). Meanwhile, officials from Wilderness Safaris told Duke CGGC that, as an integrated firm, the company has the ability to perform many of the tasks that will be executed by Rwandan partners as part of the PPP with Thousand Hills and Horizon Group; however, the firm's emphasis on sustainability led to a collaborative approach.

These same companies do not have extensive representation in Uganda for a number of the reasons cited in this section. An additional factor is that Uganda's investment regime provides advantages to the elite business community within the country that has access to concessions and territory surrounding the country's national parks, making it difficult for such companies to create pioneering experiences.

[38] It should be noted that the government has, at times, accentuated for-profit companies. It originally partnered with Dubai World, an investment company based in Dubai, for management of Akagera before changing course and forming the PPP with African Parks.

7. Recommendations

This chapter presents a series of recommendations for stakeholders in tourism value chains in the EAC. The policies are geared toward different audiences, including the EAC secretariat, national tourism boards and trade ministries, as well as domestic distribution intermediaries and service providers. They are separated into three categories based on the following goals:

- Promotion of regional integration
- Promotion of firm-level upgrading
- Promotion country-level upgrading

Some of the recommendations address all three goals—generating regional demand, for instance, would be expected to strengthen the position of distribution intermediaries in the region, while the formation of Convention Bureau in Uganda would help the acceleration of the growth of PCOs in the country. Even with the potential for these spillovers, the recommendations are targeted toward stakeholders who are best positioned to surmount the barriers to integration or upgrading.

EAC Integration

1. Create regional development and infrastructure fund

Rwanda, Uganda, Kenya, and Tanzania have all implemented development taxes against service providers in the tourism industry in recent years. Much of that revenue has been earmarked for improving individual workforce development programs (The East African, 2015; Kenyan Tourism Fund). The general trend in OECD countries is to move away from VATs as a revenue-generation strategy—as regional integration efforts in the EAC gain traction, the contributing countries can channel more of the revenue generated from common visas to infrastructure investments. Currently, 10% of the proceeds from the EAC's common tourist visa go to the government of the issuing country with the remaining 90% going into a shared pool that will be used to create a regional marketing campaign and website (The Economist Intelligence Unit, 2014). For sake of comparison, Bulgaria used 77.8% of the money it received from the European Regional Development Fund from 2008-12 to improve tourism attractions and infrastructure, 16.4% for national tourism marketing, and 5.7% for regional marketing (OECD, 2014).

2. Identify tangencies in investment profiles for leisure tourism

The differences in approaches to managing tourism attractions and stimulating investment in the sector was noted in the section on the barriers to regional integration—Rwanda is more apt to pursue PPPs with actors who emphasize conservation and collaborative approaches with domestic actors, while Ugandan tourism is reliant on a handful of elite companies that have entrenched competitive advantages. In addition to a review of national policies (see Country-

Level Upgrading section below), the government branches that control the distribution of concession permits—the RDB in Rwanda and the UWA in Uganda—can explore areas where they have similar tourism profiles that might appeal to investors and work to harmonize areas of divergence (the turnover or capital requirements for JV partners, for instance). In interviews with Duke CGGC, officials with leisure tourism companies said they would be more apt to consider regional expansion if there were convergence in the profile of products as well as investment regimes.

3. Evaluate integrated permits

With the excess demand and tight supply of gorilla permits, there may be limited motivation for the RDB and UWA to consider creating shared Rwandan-Ugandan gorilla permits for less than the combined $1350 it currently costs in high season. However, if both governments wanted to prioritize regional integration, the distribution of gorilla permits may provide an entry point. Private sector actors interviewed by Duke CGGC said that demand exists for a gorilla circuit in Rwanda and Uganda and that reducing the cost of a combined permit by $100-$200 would be sufficient to boost demand. Since Uganda offers an off-season discount (US$350 instead of US$600), shared permits during non-peak times might warrant consideration. Alternatively, the gorilla permit could be paired with entrance fees into the countries' other national parks, or the EAC might explore the possibility of common national park passes across the region.

4. Maintain initiative to implement classification certification for service providers

Efforts to develop a common certification for hotels and restaurants have been slowed by insufficient funding to train regional evaluators. In their absence, national tourism authorities have fulfilled some of these responsibilities; however, there has been slow progress and uneven adherence to the established standards. The East Africa Tourism Platform (EATP) is the body within the EAC that engages the private sector and facilitates cooperation, working closely with the national ministries responsible for tourism as well as the EAC Secretariat. Whether through tourism boards or ministries, national governments should work with this organization in order to comply with the 2016 deadline.

5. Liberalize air market

The emergence of new airlines in the EAC could have a catalytic effect on all three of the tourism value chains, increasing the ability of leisure, business, and conference visitors to access the market. Schlumberger & Weisskopf (2014) conducted an extensive analysis of the potential for the development of LCCs within the EAC and advanced a host of recommendations to bolster the sector, including the privatization of state-owned carriers, the review of direct and indirect subsidies, the development of air infrastructure that is based on demand forecasts and a review of existing capabilities, and the establishment of independent regulatory oversight committees, among other steps. From the perspective of regional integration, the most pressing recommendation is for the establishment of more expansive Air Service Agreements

between states, possibly by taking a multi-lateral instead of a bilateral approach to negotiations that would reduce fees and taxes that drive up the costs of airfare for travelers.

6. Harmonize technical standards at the border

While border barriers have repercussions for all tourism value chains, it is especially topical for business and conference tourism, where larger-scale properties often require higher volumes of imports. Rwanda and Uganda have taken steps in recent years to remove border restrictions. Notable reforms include Uganda's implementation of ASYCUDA World electronic system for the submission of import and export documents and Rwanda's introduction of an electronic system at the border. Steps that might further alleviate both the costs and wait times at border crossings include the synchronization of export and import document,[39] and the harmonizing technical standards for trucks crossing borders—Rwanda's standards for axle load limits, and vehicle weights and dimensions differ from Uganda's, Kenya's, and Tanzania's (World Bank Group, 2014).

7. Tailor promotional content to address key deficiencies

Multiple publications either commissioned by EAC governments or produced with the governments as target audiences have stressed the importance of online technology as a marketing tool.[40] The EAC has recognized the significance of promotional websites and has created a common site to market the region with plans to use the money generated by the common entry visa to enhance the product.[41] While this report does not want to repeat the same prescriptions offered by other publications, it does seek to highlight some of the content and strategies that can be used to assist both regional integration and firm upgrading within the value chains.

Respond to external shocks

Nearly every distribution intermediaries surveyed by Duke CGGC reported that 2015 and 2016 sales had been badly damaged by the outbreak of the Ebola virus, even though that was primarily concentrated in countries in western Africa. At the same time, Kenyan tourism has been hurt by security concerns prompted by attacks by terrorist groups—its 2015 arrival numbers are expected to fall amidst travel warnings issued by multiple governments, including an expansive travel ban by the US government (New York Times, 2015). As the historical gateway to the region, apprehension about Kenya has a potentially deleterious effect on Kenya's neighbors, who rely on the region's largest market to attract visitors. With both of

[39] Uganda requires a cargo release order and terminal handling receipts, while Rwanda does not; Rwanda requires an insurance certificate and proof of payment of customs fees and duties, while Uganda does not (World Bank Group, 2015).
[40] UNDP (2014), UNCTAD (2013) and OECD (2008) all have extended sections on the topic.
[41] The website can be seen here: http://www.ea-tourism-platform.org/.

these examples, counter-narratives can be constructed to fight misperceptions—the online strategy of the EATP as well as national tourism boards should do so explicitly.

Inclusion of Distribution Intermediaries

The EATP should be aware of that lack of access to consumers and deficits in trust are critical barriers to the upgrading trajectory of domestic firms. To help regional and national distribution intermediaries, the EATP can consider approaches taken by tour operators in other regions where there is are similar risks for distribution intermediaries that persist in the EAC. Notably, the Inca Trail Tour Operators website for Machu Picchu in Peru includes information provides general guidelines for travelers when hiring guides while also offering detailed information about selected companies.[42]

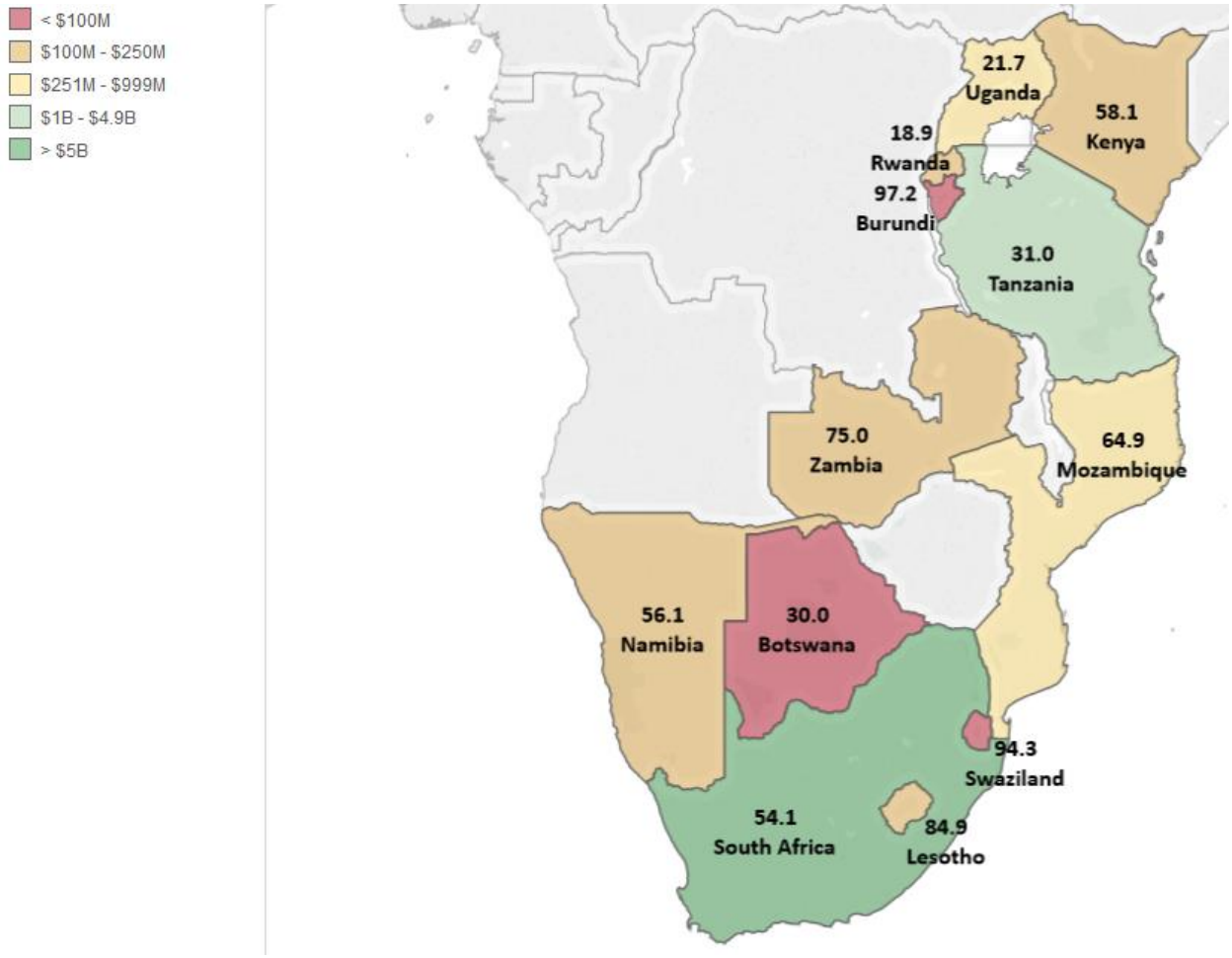
Targeted marketing campaigns

The section on Stimulating Tourism Demand within the Barriers to EAC Integration chapter noted that the lack of demand for leisure tourism within the EAC is a substantial barrier to the creation of regional value chains—with distribution intermediaries in the region dependent on North American and European consumers, the lead firms are the companies that can access those customers. A potential strategy for increasing regional demand is to initiate a targeted marketing campaign toward countries in either the EAC or in southern Africa that have high amounts of outbound or domestic tourism spending.

Figure 10 below depicts tourism spending by East African and Southern African countries according to two metrics. The color shading represents spending by individual countries' outbound tourists as captured by World Bank data—the darkest green is for countries whose citizens spent more than US$5 billion in 2013, while the red is for outbound spending of less than $100 million (the light green and yellows capture ranges in between). The numbers above each country are the share of domestic tourism spending as part of tourism's overall contribution to GDP based on WTTC data—the higher the figure, the more robust the domestic market.[43] Aggregated, the analysis suggests that three countries—South Africa, Kenya, and Tanzania—have potential in their domestic or outbound markets to serve as a source of regional demand if some of the other constraints highlighted in this section are addressed.

[42] The Inca Trail website can be seen here: http://www.incatrailperu.com/inca_trail_tour_operators.html.
[43] In cases where the share is above 90 such as Burundi, it could also imply an underdeveloped tourism market with low levels of foreign tourists.

Figure 10: Tourism Spending by Countries in EAC and Southern Africa



Sources: Duke CGGC based on WTTC, 2014; World Bank, 2013

Firm-Level Upgrading

1. Forge partnerships with hospitality institutions to emphasize practical training

While there are a number of centers that have tourism or hospitality curriculums in the region, service providers in both the business and leisure tourism chains reported that there is a deficit in the teaching of practical skills. Lodging companies such as Marriott surmount this barrier by initiating intensive internal training programs prior to the opening of properties; however, the urgency of these efforts often recedes over the medium and long term. A potential solution is for service providers to initiate partnerships with local educational partners for hands-on training modules. Heaven Restaurant and Inn in Kigali has started a hospitality academy where they perform front-of-house and culinary training; in time, it has interest in potentially expanding the academy to offer courses where non-Heaven employees could earn a certificate in months as opposed to years.

2. Pool resources for marketing efforts

The Process Upgrading section of the report identified marketing where internal work processes can be enhanced. Ideally, Rwandan and Ugandan distribution intermediaries would consider hiring external marketing or communications firms with ties to target markets to burnish their image and provide access to customers. However, many domestic companies report that external marketing is cost-prohibitive and one of the first expenses that is cut in the face of fluctuating revenue. There are alternative strategies for firms without the financial resources to hire external help. Five lodges in Uganda (Mihingo, Kyaninga, Katara, Ndali, and Mahogany Springs) have banded together and formed the Uganda Lodge Collection to market their properties via a common website and social media profiles. If national or regional tourism promotion authorities fail to include content on tour operators or other distribution intermediaries on their promotional website, these actors can pool resources to create websites that provides travelers with detail information about selected companies.

3. Identify strategic trade shows

While broad efforts to build brand awareness are valuable, strategic outreach to the consumers interested in the luxury leisure tourism that exists in Rwanda and, to a lesser extent, Uganda is worth consideration. At the national level, that means the RDB and UTB might contemplate traveling directly to key markets for sessions with travel agents and tour operators (see Country-Level Upgrading section). Rwandan and Ugandan companies should be mindful of its targeted consumers when considering outreach. We Are Africa is an invite-only travel show held in Cape Town in May that attracts more luxury providers than Indaba. Businesses that participate in the show are referred to as the "The Tribe" and include premier brands such as Abercrombie & Kent, & Beyond, and Wilderness Safaris. Ugandan and Rwanda businesses are underrepresented in the group—the only ones included are Governors Camp Collection (Sabyinyo Silverback Lodge in Rwanda), Premier Safaris (based in Uganda but services in Rwanda and Uganda), the Uganda Safari Company and Safari Skies (a competitor of AeroLink and Fly Uganda). We Are Africa relies heavily on referrals and nominations of current members, although prospective can fill out an online application.[44]

4. Pursue process upgrading through new distribution channels

Expedia and Priceline have had the highest growth rates in the last five years of the leading global distribution intermediaries to increase their combined market share above 12% (Euromonitor International, 2015d). With robust growth forecasted for online portals in Africa over the next decade, there are opportunities for distribution intermediaries and service providers in both the leisure and business tourism value chains to integrate more completely into these distribution channels. Service providers such as lodges and restaurants can increase visibility by being listed on resources such as Expedia, Priceline, TripAdvisor, and TravelStart. In

[44] We Are Africa's website can be viewed here: http://www.weareafricatravel.com/

this respect, subscriptions to services such as Pegasus Solutions, a company that helps connect hotels to GDS while also providing search engine optimization, may prove beneficial.

5. Diversification through certification

The key domestic distribution intermediaries in the value chains included in this report are DMCs (leisure), domestic affiliates of TMCs (business), and PCOs (conference). While there are differences in product and consumers, there is enough overlap that chain upgrading is possible. However, DMCs or inbound tour operators face a couple of key barriers for entry into the business tourism chain, the most prominent of which are IATA certification and familiarity with GDS programs. Additionally, potential PCOs can pursue membership in RAPCO or IAPCO.

Country-Level Upgrading

With its reliance on mountain gorillas, its small geographic size, and its appeal to luxury consumers, Rwanda's dependence on low numbers of high-end consumers is unlikely to change in the immediate future. Domestic businesses need to be aware of this profile before entering the chain—industry stakeholders should take care to understand the expectations of their North American and European clientele and consider upgrades that *enhance* rather than *reinvent* the current product. While leisure diversification offers promise, especially for domestic customers in Akagera as well as the newly created Gishwati-Mukura National Park, there is limited potential of further spillover from Kenya and Tanzania beyond the gorilla circuit since both those countries have competitive advantages over Rwanda in terms of the strength of their safari brands.

Instead, the conference tourism value chain represents an important avenue for driving tourism growth in Rwanda in the medium-term. The RCB is serving a critical role as a distribution intermediary, using conference associates such as ICCA to access clients with also developing a PCO network from a small circle of domestic businesses. Moving forward, the RCB can strengthen Rwanda's tourism industry by promoting spillover into the leisure chain while also engaging in strategic scheduling to mitigate some of the risks associated with seasonality as construction of new hotels finishes and there is a surge in the supply of hotel rooms.

Uganda is focused on bolstering its leisure tourism industry and hopes to upgrade more completely into a similar space as Rwanda in terms of high-end luxury products. In order for this to happen, the government will have to improve road and air infrastructure to reduce the costs of accessing Bwindi and other national parks to attract investments from luxury companies such as & Beyond and Wilderness Safaris . It will also need to modify its concession policies to allow for more competition in areas surrounding national parks. Furthermore, the country could benefit from a coherent marketing strategy that focuses on its most attractive products—gorillas and potentially birds—without attempting to cast too wide a net as it attempts to improve its position in the chain.

Like Rwanda, there is limited potential for spillover in leisure tourism from Kenya and Tanzania beyond the gorilla circuit for international clients, although Queen Elizabeth National Park, Lake Victoria and possibly Kampala are attractive options for domestic travelers. In this regard, attending to the conference tourism chain might be an effective strategy for the government. Creating a convention bureau would be an important start, and a long-term plan should involve the construction of a convention center.

While there are unique circumstances and profiles in each country, there are comparable challenges that can be addressed with similar recommendations. The ensuing section outlines the most suitable recommendations for both Rwanda and Uganda.

1. Implement product upgrades to appeal to regional consumers

The success of Akagera at increasing Rwandan tourists might be instructive. As discussed earlier, African Parks took over management of Akagera in 2009 and has boosted traffic by 130%, mostly by increasing the number of Rwandans traveling to the park. Specific strategies and upgrades have included improving road infrastructure to ensure that visitors can see wildlife from their car (management believes that EAC residents prefer driving safaris), keeping the entry fee low for Rwandans and EAC members, and implementing an expansive marketing campaign. Instead of online advertising, African Parks used local print media, billboard and broadcast media inside Rwanda for a sustained marketing campaign. Data provided by the park for 2015 visitors indicated that it was on track to break its record number of total visitors and Rwandan visitors (African Parks).

2. Develop training modules for the creation of strategic web content

The importance of a vibrant web presence for distribution intermediaries in the leisure tourism value chains has been stressed throughout the report. While the EATP and the individual lead firms can take steps to surmount this challenge, individual tourism boards also play instrumental roles. Moreover, they can also assist domestic businesses by hosting training sessions on the development of online content or communication strategies.

3. Initiate outreach in key target markets

This report advocates a strategic marketing campaign for all industry stakeholders. At the EAC level, there can be a focus on crafting counter-narratives against the external shocks that regularly impair demand for leisure products, including information about distribution intermediaries in materials, and identifying regional markets where there might be the potential to attract outbound tourists. For firms, the recommendation was to generate exposure to buyers in key markets.

These recommendations can also be implemented at the national level. The RDB and UTB can mount targeted campaigns of ATTA members in the North American and European markets

through outreach at trade shows, external marketing campaigns, and direct-to-consumer exposure. Currently, the marketing firms associated with individual companies report initiating such activities inside the US and other markets; however, both countries can play a more complete role in showcasing the country's products in key locations. As part of its efforts, the RDB and UTB should also identify key distribution intermediaries that can deliver quality products.

Direct outreach into key markets could be particularly beneficial for the UTB. Multiple outbound tour operators reported that it discontinued selling Ugandan products after the country passed an anti-homosexual law in 2014 before the country's Supreme Court invalidated it. Some plan to add the country back to its inventory in the near future, but other distribution intermediaries told Duke CGGC in interviews that their customers have reported that they are not willing to travel to Uganda on tours of the EAC. A marketing strategy that specifically addresses the concerns of these clients could provide benefits. A potential model is Zimbabwe. Some tour operators reported dropping Zimbabwe from their travel itineraries over concerns about President Robert Mugabe's human rights record as well as his economic policies. Lodge and camp owners in Zimbabwe initiated a marketing campaign at trade shows in the United States.

4. Host forums for communication among stakeholders

Industry professionals interviewed for this report said the links between domestic distribution intermediaries and service providers in the leisure tourism value chain are underdeveloped. The RDB and UTB can engage their respective tour operators associations, RTTA and AUTO, to coordinate with service providers and host shared communication events. The RDB and UTB need not necessarily set the discussion agenda in these meetings; instead, identification and management of stakeholders with the goal of moving toward greater communication in the chain can be the focus.

5. Build stronger linkages with supporting industries

In the business tourism GVC, the delays associated with the Radisson Blu Hotel and Convention Center in Kigali as well as the other high profile properties highlights the importance of developing backward linkages in order to assist with capital-intensive investments in the region. Specifically, national investment departments (or the EAC Secretariat) might facilitate the creation of databases of qualified contractors and suppliers that hotels can access before projects commence. On the supply side, national development boards can serve proactive roles in educating local firms about upcoming construction projects and assist in networking efforts to build the confidence of foreign investors.

For conference tourism GVCs, the demands of large-scale conferences will strain the supply chains of food and beverage suppliers. In order to ensure that hotels and conference centers

have sufficient supply of meat, vegetables and dairy products to accommodate large crowds, the Ministry of Agriculture and Animal Resources in Rwanda will need to coordinate closely with the RCB. In Uganda, the National Agricultural Advisory Services within the Ministry of Agriculture can work with hotels such as the Serena to guarantee food inputs.

6. Expand educational partnerships

EAC states have existing partnership agreements with Utalii and other schools. Beyond expanding those arrangements, a potential model can be found in the Caribbean. Tourism organizations in countries such as Jamaica, Bahamas, Barbados, Belize, Trinidad and Tobago and others helped develop the CARIBCERT program to certify tourism workers according to a common standard. Strategies for implementation were set by individual tourism associations—for example, some high schools offered hospitality courses to their students, enabling them to earn the 320 hours of instruction required to be certified by CARIBCERT (Christian et al., 2011).

8. Conclusion

This report has used the GVC framework in an attempt to unpack the relationships between consumers, distribution intermediaries, and service providers in the tourism industry in EAC countries. It has distinguished between three chains—leisure, business, and conference—and noted characteristics that could impinge the upgrading trajectory and regional integration efforts in each.

While the employment is often highest among service providers, the distribution intermediary segment of the chain is critical for linking global businesses with domestic actors. These linkages are often underdeveloped in the EAC's leisure tourism value chain, partially as a result of the demand demographics in the region. As stakeholders consider ways to strengthen the chain, this is a natural starting point—attempting to eliminate some of the barriers that prevent these businesses and thereby the chain from upgrading.

Because Rwanda and Uganda are dependent on North American and European consumers, the lead firms in the leisure tourism GVC are distribution intermediaries that have the ability to *access these clients* while also eliminating the *deficits in trust* that impair the development of domestic operators (Christian & Nathan, 2013). While the global market is fragmented, lead firms can broadly be broken into three categories of tour operators:

- Exclusive operators that specialize in unique safari products in Africa;
- Luxury companies that offer custom and group packages both in Africa and around the world;
- Mid-tier providers that concentrate mostly on group tours inside the EAC.

Rwanda appeals to the first two groups of operators, while Uganda features a mix of all three. Although the global tour operators that offer packages in both countries are vertically integrated across the value chain, the low-volume nature of leisure tourism in both countries discourages physical expansion into either country. Instead, global tour operators most often rely on a network of Destination Management Companies (DMCs) and inbound tour operators.

While there are high numbers of domestic distribution intermediaries in both countries, global tour operators report difficulty in finding qualified businesses in both locations. In particular, domestic businesses often fail to understand the expectations of luxury consumers that regularly pay between US$800-US$1200 per day for packaged tours in either country. Their ability to upgrade is also constrained by weak links with service providers and external marketing agencies. Because of these limitations, some service providers in the countries are forced to functionally upgrade in order to ensure steady supplies of consumers.

Investments in the leisure tourism value chain often concentrate on attracting distribution intermediaries. The government of Rwanda has taken a particularly active approach, forming PPPs with distribution intermediaries such as African Parks and Wilderness Safaris in the hopes of providing spillovers into the segments of the chain that offer higher employment opportunities (service providers such as lodging and excursions). Uganda's investment profile favors elite domestic businesses, with the government less active in assisting in the formation of PPPs.

The most prominent barrier to regional integration in the leisure tourism value chain remains the lack of demand in the domestic tourism market. Rwanda and Uganda have the largest shares of foreign visitor spending as part of overall tourism receipts of any countries in continental Africa; as long as tourism is dependent on international consumers, domestic distribution intermediaries can be expected to be reliant on global firms to provide clients.

Whereas lead firms within the leisure tourism GVC sell experiences, the distribution intermediaries in the business tourism GVC distinguish themselves through travel management and analytical services that are designed both to help clients reduce the costs as well as their demand for travel. Because of the centrality of securing competitive airfares to this goal, both GDS and the international airlines coordinate more directly with distribution intermediaries in the business tourism GVC compared to leisure. Additionally, the lead firms' focus on data collection means their domestic affiliates are expected to have a wider base of expertise than in the leisure tourism value chain.

The business tourism value chain in the EAC is more regional in nature than leisure, with the vast majority of business travelers in Rwanda and Uganda originating from within the region. While the four leading global TMCs—American Express Global Business Travel, CWT, HRG, and BCD Travel—are all active in Rwanda and Uganda through partnership arrangements with local affiliates, those domestic partners report that the vast majority of their business is from local clients. Chain upgrading between leisure and business tourism value chains can be detected, although the emphasis on securing airfares in business tourism means that access to GDS and IATA certification are barriers to entry.

Finally, the conference tourism value chain is still gaining traction inside Rwanda and informally organized in Uganda. The conference tourism GVC is characterized by two primary distribution channels: direct booking and third-party booking. Before the creation of the RCB, individual hotels served as lead firms in the chain, but the RCB has assumed a prime position since its founding, developing a nascent network of PCOs while also accessing the market of association conferences through organizations such as ICCA.

REFERENCES

Abercrombie & Kent. Signature Uganda (USA). Retrieved from http://www.abercrombiekent.com/travel/?tid=6166. Classic Uganda (UK). Retrieved from http://www.abercrombiekent.co.uk/uganda/tour-uganda.cfm.

African Parks. Arrival Data for Akagera National Park. 2012-2015.

American Society of Travel Agents. (2014). Making Tough Business Decisions: Indispensable Research for Measuring Travel Agency Success. Retrieved from http://www.asta.org/files/pdf/ASTA_Making%20Tough%20Business%20Decisions-Indispensable%20Research%20for%20Measuring%20Travel%20Agency%20Success_Dec2014.pdf.

Business Travel News. (2014a). Business Travel Survey 2014. Retrieved from http://businesstravelnews.texterity.com/businesstravelnews/may_26_2014#pg1.

———. (2014b). 2014 Corporate Travel Top 100: Profiling the Biggest U.S. Travel Spenders. Retrieved from http://businesstravelnews.texterity.com/businesstravelnews/september_29__2014#pg1.

Christian, M. (2013). "Global Value Chains, Economic Upgrading, and Gender in the Tourism Industry." In Staritz, C., & Reis, J.G. (Eds.) *Case Studies of the Horticulture, Tourism, and Call Center Industries.* Retrieved from http://documents.worldbank.org/curated/en/2013/01/18621419/global-value-chains-economic-upgrading-gender-case-studies-horticulture-tourism-call-center-industries.

Christian, M., D. Nathan. (2013). Tourism Overview: Changing End Markets and Hyper Competition. Capturing the Gains Working Paper No. 26. Retrieved from http://www.capturingthegains.org/publications/workingpapers/wp_201326.htm.

Christian, M., F. Mwaura. (2013). Economic and Social Upgrading in Tourism Global Production Networks: Findings from Uganda. Capturing the Gains Working Paper 2013/19. Retrieved from http://www.capturingthegains.org/publications/workingpapers/wp_201319.htm.

Christian, M., K. Fernandez-Stark, G. Ahmed, & G. Gereffi. 2011. The Tourism Global Value Chain: Economic Upgrading and Workforce Development. Duke Center on Globalization, Governance & Competitiveness (Duke CGGC). Retrieved from http://www.cggc.duke.edu/pdfs/2011-11-11_CGGC_Tourism-Global-Value-Chain.pdf.

Doerry, S. (2008). “Business Relations in the Design of Package Tours in a Changing Environment: the Case of Tourism from Germany to Jordan.” In Burns, P., & Novelli, M. (Eds.) *Tourism and Mobilities: Local-Global Connections*. Oxfordshire, England: CABI Publishing.

The East African. (2014). “Deadline Set for Completion of EAC Hotel Grading.” Retrieved from http://www.theeastafrican.co.ke/business/Deadline-set-for-completion-of-EAC-hotel-grading/-/2560/2389972/-/15fg3lo/-/index.html.

———. (2015). “EAC Wants Kenyan, Tanzanian Van Dispute Resolved.” Retrieved from http://www.theeastafrican.co.ke/news/EAC-wants-Kenya--Tanzania-tour-van-dispute-resolved/-/2558/2588696/-/qimbr6z/-/index.html.

East African Community. (2010). Criteria for Standardization of Hotels, Restaurants & Other Tourist Accommodation Facilities of East Africa. Retrieved from http://www.eac.int/travel/index.php?option=com_docman&Itemid=140.

The Economist. (2015). “A Place to Lay Your Bread: The Way that the Rich Travel is Changing.” Retrieved from http://www.economist.com/news/international/21662558-way-rich-travel-changing-place-lay-your-bread.

The Economist. (2012). “The Ineluctable Middlemen: Everyone else is in the travel business makes money off airlines. The carriers are trying to fight back.” Retrieved from http://www.economist.com/node/21560866.

The Economist Intelligence Unit. (2014). “EAC Launches Common Tourist Visa.” Retrieved from http://country.eiu.com/article.aspx?articleid=1571593141&Country=Burundi&topic=Economy&subtopic=Forecast&subsubtopic=Policy+trends&u=1&pid=1523455136&oid=1523455136&uid=1.

Euromonitor International. (2015a). Tourism Flows Inbound in Kenya.

——. (2015b). Expedia Inc in Travel and Tourism (World).

——. (2015c). Global Hotels: Catering to a New Traveler.

——. (2014a). Delta Airlines in Travel and Tourism (World).

——. (2014b). Travel Retail in South Africa.

——. (2012). Luxury Travel: Experiencing the Best.

Frederick, S., G. Gereffi. (2009). Value Chain Governance: USAID. Retrieved from https://www.microlinks.org/library/value-chain-governance-briefing-paper.

Gereffi, G., J. Humphrey and T. Sturgeon. (2005). "The Governance of Global Value Chains." Review of International Political Economy: 78-104.

Gereffi, G., & Stark, K.F. (2011). Global Value Chain Analysis: A Primer. Duke Center on Globalization, Governance & Competitiveness (Duke CGGC). Retrieved from http://www.cggc.duke.edu/pdfs/2011-05-31_GVC_analysis_a_primer.pdf

Global Petrol Prices. (2015). Gasoline Prices. Retrieved from http://www.globalpetrolprices.com/gasoline_prices/.

Industrial Development Corporation. (2012). Tourism Report: The Business Hotel Industry in Select East and West African Countries. Retrieved from http://www.idc.co.za/images/Content/tourism_report_2012.pdf.

International Air Transport Association. (2015). How to Become an IATA Agent. Retrieved from https://www.iata.org/services/accreditation-travel/accreditation-travel/Pages/application.aspx.

International Conference and Convention Association. (2015). ICCA Statistics Report: 2014. Retrieved from http://www.iccaworld.com/cdps/cditem.cfm?nid=4036.

Kenyan Tourism Fund. Tourism Fund. Retrieved from http://www.tourismfund.co.ke/index.php/about.

Mazimhaka, J. (2007). "Diversifying Rwanda's Tourism Industry: A Role for Domestic Tourism." *Development Southern Africa,* 24, 3, 491-504.

Medlik, S. (1993). *Dictionary of Travel, Tourism and Hospitality.* London: Butterworth-Heinemann.

New Times. (2015). Gishwati-Mukura Forest to Become National Park. Retrieved from http://www.newtimes.co.rw/section/article/2015-04-22/188088/.

Nielsen, H., A. Spenceley, 2010. "The Success of Tourism in Rwanda: Gorillas and More." World Bank and the Netherlands Development Organization. Retrieved from http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Tourism_Rwanda.pdf.

The New York Times. (2015). “A Catch-22 in Kenya: Western Terrorism Alerts May Fuel Terrorism.” Retrieved from http://www.nytimes.com/2015/02/24/world/africa/as-tourism-sags-on-kenyan-coast-terrorists-could-lure-the-unemployed.html.

The Observer. (2014). “Tourism Firm Taps into Kampala Nightlife.” Retrieved from http://observer.ug/business/38-business/34408--tourism-firm-taps-into-kampala-nightlife.

OECD. (2014). Tourism in OECD Countries 2014: Trends and Policies. http://www.oecd.org/cfe/tourism/tourisminoecdcountries2014trendsandpolicies.htm.

—. (2008). Tourism in OECD Countries 2008: Trends and Policies. http://www.oecd.org/cfe/tourism/tourisminoecdcountries2008trendsandpolicies.htm.

Reuters. (2014). “Tanzania Challenges Violence-Hit Kenya as Regional Tourism Hub.” Retrieved from http://www.reuters.com/article/2014/08/28/tanzania-tourism-idUSL5N0QX1O920140828.

Rwanda Development Board. (2015). Tourism Report 2014.

———. (2012). Rwanda Skills Survey 2012. Retrieved from https://www.google.com/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=rwanda+skills+survey+2012+tourism.

Schlumberger, C., & N. Weisskopf. (2014). *Ready for Takeoff: The Potential for Low-Cost Carriers in Developing Countries.* World Bank: Washington. Retrieved from https://openknowledge.worldbank.org/handle/10986/20191.

Tanzania National Bureau of Statistics. (2015). Tanzania Tourism Sector Survey: The 2013 International Visitors’ Exit Survey Report.

Travel Weekly. (2015). Power List 2015. Retrieved from http://www.travelweekly.com/PowerList2015.

——. (2014). Power List 2014. Retrieved from http://www.travelweekly.com/Travel-News/Travel-Agent-Issues/Travel-Weekly-2014-Power-List.

Uganda Ministry of Tourism, Wildlife and Antiquities. (2014). Sector Statistical Abstract.

Uganda Wildlife Authority. Procedures for Award of Contract. Retrieved from http://www.ugandawildlife.org/images/stories/docs/UWA-concessions-and-procedures.pdf.

UNCTAD. (2013). Services Policy Review: Rwanda. Retrieved from http://unctad.org/en/PublicationsLibrary/ditctncd2013d6_en.pdf.

United Nations Development Program. (2014). Uganda Tourism: Development Master Plan 2014-2024.

United Nations World Tourism Organization. Tourism Highlights: 2015 Edition. Retrieved from http://www.e-unwto.org/doi/pdf/10.18111/9789284416899.

————. (2014). Annual Report 2013. Retrieved from http://www2.unwto.org/publication/unwto-annual-report-2013.

USA Today. (2014). Kenya Airways Aims for Major Expansion, Flight to USA. Retrieved from http://www.usatoday.com/story/todayinthesky/2014/01/29/kenya-airways-aims-for-big-expansion-flights-to-usa/5023311/.

Wilderness Holdings. (2015). Integrated Annual Report. Retrieved from http://www.wilderness-group.com/investor_centre/presentations/annual_reports.

World Bank. International tourism, number of arrivals. Retrieved from http://data.worldbank.org/indicator/ST.INT.ARVL?order=wbapi_data_value_2013+wbapi_data_value+wbapi_data_value-last&sort=asc.

World Bank Group. (2015). Doing Business 2015: Going Beyond Efficiency. “Regional Profile: East African Community.” Retrieved from http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Profiles/Regional/DB2015/DB15-East-African-Community.pdf.

———. (2014). Improving Trade and Transport for Landlocked Developing Countries: A Ten-Year Review. Retrieved from http://www.worldbank.org/content/dam/Worldbank/document/Trade/Landlocked_Countries.pdf.

———. (2013). Economic and Statistical Analysis of Tourism in Uganda. Retrieved from http://documents.worldbank.org/curated/en/2013/07/18042881/economic-statistical-analysis-tourism-uganda.

———. (2010). Kenya’s Tourism: Polishing the Gem. Retrieved from http://siteresources.worldbank.org/KENYAEXTN/Resources/Tourism_Report-ESW_Kenya_Final_May_2010.pdf.

World Economic Forum. (2014). The Global Competitiveness Report 2014-2015. Retrieved from http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf.

World Travel & Tourism Council. (2015a). Benchmarking Travel and Tourism: How does Travel and Tourism Compare to Other Sectors? Retrieved from http://www.wttc.org/-/media/files/reports/benchmark%20reports/regional%20results%202015/global%20benchmarking%20report%202015.pdf.

————. (2015b). Travel & Tourism: Economic Impact Country Reports. Retrieved from http://www.wttc.org/research/economic-research/economic-impact-analysis/country-reports/.

Appendix A: Foreign Visitor Spending in Tourism by Country

Country	Foreign Visitor Spending as % of Tourism's Contribution to GDP
Caribbean	
British Virgin Islands	95.9%
Anguilla	94.2%
Aruba	92.7%
St Lucia	89.1%
Barbados	88.8%
St Vincent	87.7%
Antigua	87.5%
Dominica	85.2%
St Kitts	82.4%
Cayman Islands	80%
Bahamas	79.1%
Jamaica	78.3%
Dominican Republic	76%
Haiti	73.7%
Bermuda	64.1%
Martinique	57.3%
Puerto Rico	54.5%
Cuba	52.9%
Guadeloupe	50.3%
Caucasus	
Armenia	84.1%
Georgia	73.3%
Azerbaijan	54.8%
Russia	24.4%
Central Africa	
Chad	30%
Cameroon	27.6%
Angola	26.4%
Republic of Congo	22.1%
Central African Republic	13.2%
Gabon	4.1%
DRC	0.4%
Central America	
Belize	84.8%
Panama	81.8%
Grenada	81.2%
Costa Rica	61.8%
El Salvador	59.6%
Guatemala	42.8%
Nicaragua	39.4%
Honduras	33.6%

Central Asia	
Kyrgyzstan	67%
Mongolia	50.4%
Kazakhstan	24%
Uzbekistan	21.2%
East Africa	
Madagascar	88.1%
Seychelles	86.6%
Rwanda	81.1%
Uganda	78.3%
Mauritius	72.3%
Tanzania	69%
Ethiopia	68.6%
Comoros	53.9%
Kenya	41.9%
Reunion	35.5%
Mozambique	35.1%
Burundi	2.8%
East Asia	
Macau	98.6%
Hong Kong	82.7%
Cambodia	81.3%
Thailand	69.9%
Singapore	69.3%
Laos	65.2%
Malaysia	57.7%
Vietnam	51.8%
Taiwan	50.9%
Myanmar	50.1%
Brunei	49.9%
South Korea	30.3%
Philippines	24.6%
Indonesia	23.3%
China	9.7%
Japan	8.2%
Eastern Europe	
Albania	85.9%
Croatia	85.7%
Montenegro	79%
Bulgaria	77.7%
Estonia	75.1%
Poland	66.7%
Slovenia	64.6%
Macedonia	61.9%
Serbia	61.8%
Latvia	59.4%

Hungary	58.9%
Bosnia Herzegovina	58.8%
Moldova	58.2%
Lithuania	57.6%
Slovakia	46.5%
Romania	37.3%
Ukraine	35.6%
Belarus	30.9%
Middle East	
Jordan	89.8%
Lebanon	82.3%
United Arab Emirates	73.1%
Syria	72.5%
Bahrain	70.8%
Qatar	69%
Oman	60.7%
Israel	42.9%
Yemen	41.1%
Saudi Arabia	39%
Iraq	27.6%
Kuwait	11.9%
Iran	6%
Nordic	
Iceland	74.7%
Denmark	45.6%
Finland	37.8%
Sweden	36.5%
Norway	25%
North Africa	
Morocco	65.1%
Tunisia	58.6%
Egypt	35.9%
Sudan	30.3%
Niger	28.8%
Libya	4.2%
Algeria	3%
North America	
Canada	30.5%
United States of America	20.6%
Mexico	11.2%
Oceania	
Tonga	91.8%
Fiji	90.1%
Solomon Islands	69.2%
New Zealand	43.7%
Kiribati	20.1%

Australia	18.7%
Papua New Guinea	0.4%
South America	
Suriname	68.9%
Uruguay	57.3%
Trinidad and Tobago	49.6%
Ecuador	41.5%
Bolivia	40.2%
Guyana	38.9%
Colombia	34.9%
Paraguay	32.5%
Peru	27.7%
Chile	17.4%
Argentina	14.1%
Brazil	5.3%
Venezuela	4.1%
South Asia	
Maldives	97.7%
Sri Lanka	61.6%
Nepal	41%
India	18.6%
Pakistan	8.1%
Bangladesh	2.1%
Southern Africa	
Botswana	70%
South Africa	45.9%
Namibia	43.9%
Zimbabwe	40.6%
Zambia	25%
Lesotho	15.1%
Malawi	10.7%
Swaziland	5.7%
Southern Europe	
Cyprus	89.7%
Malta	85.3%
Greece	57%
Turkey	54.9%
Spain	47%
Italy	28.6%
West Africa	
Cape Verde	91.9%
Gambia	62.9%
Togo	59%
Benin	58.3%
Burkina Faso	45%
Senegal	43.4%

Ghana	39.9%
Sierra Leone	18%
Mali	17.3%
Ivory Coast	15.5%
Nigeria	4.2%
Guinea	0.5%
Western Europe	
Ireland	76.7%
Portugal	68.2%
Belgium	61.6%
Czech Republic	60.6%
Luxembourg	59%
Switzerland	53.1%
Netherlands	53%
Austria	50%
France	31.2%
United Kingdom	19%
Germany	12.8%

World Tourism & Travel Council, 2015b

Appendix B: Members of Tourism Associations in Rwanda and Uganda

Company	Website
RTTA Members (Bold indicates members of both RTTA and AUTO)	
Achut Ltd	None
Amahoro Tours	None
Amber Expeditions	http://www.amberexpeditions.com/
Attractive Safaris	http://www.attractivesafaris.com/
Azizi Life	http://www.azizilife.com/
Bisoke Tours	http://www.bisoketours.com/
Bizidanny Tours and Safaris	None
Concord Rwanda Ltd.	**http://www.magic-safaris.com/**
Destination Tours	http://www.eastafricadestination.com/
Eagle Ride	http://www.eagle-ride.com/
FCM Travel Solutions	http://www.rw.fcm.travel/
Gerry Tours & Safaris	http://www.gerrytours-safaris.com/
Governors Camp Safaris	http://www.governorscamp.com/
Hills in the Mist	http://hillsinthemisttours.com/
Individual Tours	http://www.individualtours.net/
International Tours & Travel	http://www.itt.co.rw/
Intore Expedition	http://intoreexpeditions.com/
Jambo Tours	None
JK Safaris	http://www.gorillasafaris.net/
Kibo Slopes Safaris	http://www.kiboslopessafaris.com/
Lets Go Tours Rwanda	http://letsgotoursrwanda.com/
Mapendano Voyages	http://www.mapendanovoyages.com/
New Dawn Associates	http://www.newdawnassociates.com/
Primate Safaris	http://www.primatesafaris.info/
Rickshaw Travels	http://www.rickshawtravels.com/
Rwanda Eco-tours	http://rwandaeco-tours.com/
Satguru Travel	http://www.satgurutravel.com/
Songa Africa	http://songaafrica.com/
Sunrise Ecotours	http://www.sunriseecotours.com/
Terra Incognita	http://www.ecotours.com/
The Far Horizons	**http://www.thefarhorizons.com/**
Thousand Hills	http://www.thousandhillsexpeditions.com/
Uber Luxe	None
Umubano Tours	http://www.umubanotours.com/
United Travel and Safaris	http://unitedtravelandsafaris.net/
Vava Tours	http://www.vavatours.com/
Virunga Expeditions	http://www.virungaexpeditiontours.com/
Volcanoes Safaris	**http://www.volcanoessafaris.com/**
Wildlife Tours Rwanda	http://www.wildlifetours-rwanda.com/
Association of Uganda Tour Operators (AUTO) Members	
1000 Shades of Green	http://www.gogreensafari.com/

AA Safaris & Tours	http://www.gorillas-safaris.com/
Aba Global Tours	http://www.abaglobaltours.com/
Ababa Uganda Safaris	http://www.ababaugandasafaris.com/
Abacus African Vacations	http://www.abacusvacations.com/
Abercrombie & Kent	http://www.abercrombiekent.com/
Able Safaris	http://www.ablesafaris.com/
Acacia Safaris	http://www.acaciasafari.co.ug/
Across Africa Safaris	None
Adrift Adventure Company	http://adrift.ug/
Advanced Adventures	http://advanced-adventures.com/
Adventure Natural African Safaris	http://www.touruganda.net/
Adventure Vacation Safaris	http://www.adventurevacationsafaris.com/
Africa Adventure Safaris	http://www.ugandagorillatour.com/
Africa Runners Co	http://africarunners.co.ug/
Africa's Great Exploration Safaris	http://www.agesafaris.com/
African Adventure Travel	http://www.adventure-travellers.com/
African Big Five Safaris	http://www.africanbigfivesafaris.com/
African Dawn Safaris	None
African Pearl Safaris	http://www.africanpearlsafaris.com/
African White Rhino Safaris	http://www.afriwhiterhinos.com/
Afrika Tur	http://afrikatur.org/
Alliance Safaris & Travel	None
Alpha & Omega Tours	http://www.alphaandomegatours.com/
Around Africa Safaris	http://aroundafricasafari.com/
Asante Tour Safaris and Travel	http://www.asantetoursafaris.com/
Asyanut Safaris and Travel	http://www.asyanuttours-safaris.com/
Atlas African Safaris	http://www.atlassafarisuganda.com/
Augur Tours & Travel	http://augurtours.com/
Beyond The Sky Tours & Travel	http://www.beyondtheskytours.com/
Bic Tours Ltd	http://www.bic-tours.com/
Buffalo Safari Camps	http://www.buffalosafaricamp.com/
Bunyonyi Overland Resort Ltd	http://www.bunyonyioverland.com/
Bunyonyi Safaris Ltd	http://www.bunyonyi.com/
Cheetah Safaris Uganda	http://cheetahafricasafaris.com/
Chigo Tours Africa Ltd	http://www.chigotours.com/
Chims Tours And Travel Ltd	None
Churchill Safaris And Travel	http://www.churchillsafaris.com/
Citadel Touring Safaris Ltd	http://www.citadelvoyages.com/
Classic Africa Safaris	http://classicuganda.com/
Crystal Safaris	http://www.crystalsafaris.com/
Cycads African Safaris	http://www.cycadssafaris.com/
Davide & Francesco East Africa Ltd	None
Destination Jungle LTD	http://www.safaritoeastafrica.com/
Elephant Safaris Ltd	http://www.elephantsafaris.co.ug/
Ellington Safaris Limited	http://www.ellingtonsafaris.com/
Encounter Africa Safaris Ltd	http://www.gorilla-tracking-uganda.com/

Escape Tours And Safaris Uganda	http://www.escapeuganda.com/
Exquisite Safaries (U) Ltd	http://www.exquisitesafaries.com/
FLY UGANDA KAMPALA AEROCLUB	http://www.flyuganda.com/
FootPrints Travel Consultants	http://footprintstravel.co.ug/
Footstep Trails Safaris Ltd	http://www.footsteptrails.com/
Friendship International Tours And Travel Limited	http://www.fsitt.com/
Gate 1 Tours & Travel Ltd	http://www.gate1tours.net/
Global Interlink Travel Services Ltd	http://www.global-interlink.org/
Go Uganda Safaris (Credit Uganda Tours)	http://www.credit-uganda.com/
Gorilla Jungle Safaris	http://www.gorillajunglesafari.com/
Gorilla Tours Ltd	http://www.gorillatours.com/
Gorilla Trek Africa Ltd	http://www.gorillatrekafrica.com/
Gorillas And Wildlife Safaris LTD	http://www.gorillasandwildlifesafaris.com/
Gracious Tours And Travel Ltd	http://gracioustours.co.ug/
Great Lakes Safaris Ltd	http://safari-uganda.com/
Great Value Safaris Ltd	http://www.gvsafaris.co.ug/
Green Breaks Uganda Ltd	None
Green Journeys Africa	http://www.greenjourneysafrica.com/
Greenleaf Tourist Club	None
Imani Vacations Limited	http://www.imanivacations.com/
Insight Safari Holidays	http://www.ugandasafari.co.uk/
Instinct Safaris Limited	http://www.instinctsafaris.com/
Jet Tours & Travel Ltd	None
Jewel Safaris Ltd	None
Joy Safaris Ltd	None
Kabiza Wilderness Safaris Ltd	http://kabiza.com/kabiza-wilderness-safaris/
Kazinga Tours Ltd	http://www.kazingatours.com/
Kibira Safaris Tours & Travel Ltd	http://www.kibirasafaris.co.ug/
Kikooko Africa Safaris LTD	None
Kimbla Mantana Africa Safaris	http://www.kimbla-mantanauganda.com/
Kori Safaris	http://www.korisafaris.com/
Lake Basin Tours And Travel Ltd	None
Lake Kitandara Tours And Travel	http://www.kitandarasafariholidays.com/
Lets Go Travel Ltd	http://www.ugandaletsgotravel.com/
Lifetime Experience Safaris	http://www.lifetimesafaris.com/
Livingstone African Safaris	http://www.tours-uganda.com/
Love Uganda Safaris & Tours Ltd	http://www.loveugandasafaris.com/
Magic Safaris	http://www.magic-safaris.com/
Malachite Tour And Travel Ltd	http://www.malachitetourandtravel.com/
Malisu Tours & Travel Ltd	http://www.malisutour.com/
Mamaland Safaris	http://www.mamalandsafaris.com/
Matoke Tours	http://www.matoketours.com/
Meerkat Safari Limited	http://www.meerkatsafari.com/
Merit Vacations	http://www.meritsafaris.com/
MOGAMBO, Pasión Por África, Ltd	http://www.mogambo.ug/
Nalubale Rafting	www.nalubalerafting.com

Nature Friendly Safaris	http://www.naturefriendlysafarisug.com/
Naturetrack Expeditions (U) Ltd	http://www.naturetrack-expeditions.com/
Netspan Ltd	None
Nile River Explorers	http://raftafrica.com/
Nkuringo Walking Safaris (U) Ltd	http://nkuringowalkingsafaris.com/
Nshongi Safari Tours & Travel Ltd	None
Ostrich International Travel Services And Supply	http://www.ostrichtravel.net/
Pearl Afric Tours And Travel Bureau	http://pearlafric.com/
Picnic Safaris Ltd	None
Pinnacle Africa Safaris	http://www.pinnaclesafaris.com/
Platinum Tours And Travel Ltd	http://www.platinumsafarisug.com/
Premier Safaris Ltd	http://www.premiersafaris.com
Primate Watch Safaris Limited	http://www.primatewatchsafaris.com/
Prime Safaris & Tours Ltd	http://www.primeugandasafaris.com/
Red Chilli Hide Away Limited	http://redchillihideaway.com/
RENEWILLS TOURS AND TRAVEL LTD	http://www.renewillstoursandtravel.com/
Roadtrip Uganda	http://www.roadtripuganda.com/
Ropani Tours And Travel Limited	None
Safari 2 Gorilla Tours	None
Safari Skies	http://www.safariskies.com/
Safari Wildz	http://www.safariwildz.com/
Sense Of Africa-Uganda	None
Shoebill Safaris	http://www.shoebillsafaris.com/
Simba Africa Expeditions	http://www.africa-expeditions.com/
Speke Uganda Holiday	http://spekeugandaholidays.com/
SwanAir Travel & Safaris	http://www.swanairtravel.biz/
Terp Travel Ltd	None
The Far Horizons	http://www.thefarhorizons.com/
The Tourist Centre	None
The Uganda Safari Company	http://safariuganda.com/
Toro's Pride Tours & Safaris Ltd	http://www.toropridetours.co.ug/
Tour And Travel Centre	http://www.tourandtravelcentre.com/
Travel 256 Ltd	http://www.travel256.com/
Travel Hemispheres Ltd	http://www.travelhemispheres.com/
Travel2Uganda	http://www.travel2uganda.com/
Twende Expeditions Ltd	http://www.twendeexpeditions.com/
Uganda Experience Safaris	None
Uganda Holiday And Business Solutions	http://www.holidayinuganda.com/
Uganda Travel Bureau 2004 Ltd	http://www.travelutb.com/
Uganda Wildlife Safaris Ltd	http://www.uganda-wildlife-safaris.com/
Uganda Wildlife Scene	http://www.ugandawildlifescene.com/
Utopia Safaris Africa	None
Venture Uganda	http://www.ventureuganda.org/
Vince Tours And Travel Ltd	http://www.vincetours.com/
Virunga Adventure Tours	http://www.virungaadventuretours.com/
Volcanoes Safaris	**http://www.volcanoessafaris.com/**

Voyager African Safaris Limited	http://www.discoverafrica.co.ug/
Whistling Duck Tours And Travel Ltd	http://www.whistlingduckuganda.com/home.htm
Wijema Tours & Travel Ltd	http://www.wijemagroup.co.ug/
Wild Frontiers Uganda	http://wildfrontiers.co.ug/
Wild Whispers Africa	http://www.wildwhispersafrica.com/
World Venture Ltd	http://www.worldventuresltd.com/

Source: RTTA, AUTO

Appendix C: MICE Events in Rwanda 2015-16

Event	Month	Number of Days	Estimated Number of Participants	Estimated Total Per Delegate Day (USD)	Estimated Total Per Meeting
2015					
Mining Conference	February	2	400	$110,000	$220,000
East African Petroleum Conference	March	3	500	$137,500	$412,500
Africa International Sports Conference	March	4	400	$110,000	$440,000
Rotary District Annual Conference	April	3	500	$94,500	$283,500
African Purpose Driven Conference	August	6	2,000	$550,000	$3,300,000
Interpol AGM	November	5	1,000	$275,000	$1,375,000
Safety in Aviation	November	2	50	Unavailable	Unavailable
Africa Union Conference	November	3	Unavailable	Unavailable	Unavailable
2016					
Africa National Championship (CHAN)	January-February	14	400	$20,000	$280,000
Africa Society of Blood Transfusion Congress	May	4	600	$165,000	$660,000
World Economic Forum	May	3	3,000	Unavailable	Unavailable
ID4 Africa Forum	June	3	300	Unavailable	Unavailable
Forum for Agriculture Research in Africa	June	6	3,000	Unavailable	Unavailable
Africa Union Summit	June	Unavailable	2,000	Unavailable	Unavailable
Global Foot and Mouth Disease	June	Unavailable	1,000	Unavailable	Unavailable
Africa Hotel Investment Forum	September	2	700	Unavailable	Unavailable
Api Expo	September	5	2,000	Unavailable	Unavailable
Africa Driven Purpose	October	6	2,600	Unavailable	Unavailable

Source: RCB