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**TOURISM PRODUCT PACKAGING AND FINANCIAL PERFORMANCE OF  
TOUR OPERATING COMPANIES IN NAIROBI**

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**Abstract**

**Purpose:** The general objective of the study was to investigate the relationship between tourism product packaging and the financial performance of selected tour operating companies in Nairobi. The specific objectives of the study were to determine, attraction, amenities, accessibility and innovation on the financial performance of tour operating companies in Nairobi.

**Methodology:** This was a descriptive type of research design that was conducted through the study of a population consisting of 291 tour operating companies that are members of Kenya Association of Tour Operators (KATO). The sample consisted of 7 tour operating companies who have been placed in the Category B membership, under the Kenya Association of Tour Operators listing. The study employed the purposive sampling technique to select the sample. The researcher intended to conduct a census on the sample. Questionnaires were the main tools of collecting data. The research used semi - structured instruments so as to ensure that the data collected possessed both quantity and quality attributes. Further, that data collected offered additional information pertaining to the study. The researcher used the SPSS data editor as a tool to facilitate the analysis and presentation of the quantitative data, and a content analysis to check for anomalies in the qualitative data. To estimate the relationships among the independent and dependent variables the researcher used regression analysis.

**Results:** The findings showed that fifty-two-point seven percent (52.7%) of the financial performance of the tour operating companies is explained by the tourism product packaging. There is a significant relationship between tourism product packaging and financial performance of the tour operating firms ( $p$  Value= .041). The Beta value for attractions (Beta=.165), amenities (Beta=.329), accessibility (Beta=.292) and innovation (Beta=.353) are positively related to the financial performance of tour operating companies. With regards to their statistical significance, attractions ( $t=.764$ ,  $p=.005$ ), accessibility ( $t=1.767$ ,  $p=.003$ ) and innovation ( $t=1.909$ ,  $p=.040$ ) is significant. However, amenities ( $t=1.429$ ,  $p=.156$ ) was not significant.

**Contribution to theory, policy and practice:** The study recommended that there is need for aggressive marketing to be made both to the local and international markets. There is also a need for the government to put efforts in improving the road networks which are leading to the attraction sites. The government needs to review the policies which have been provided to guide the tourism sector. The policies should be strict and implemented in a way that it eliminates the rogue operators who have been in the long time affecting the financial performance of legally registered touring companies. There is also need for awareness creation and training on innovative ideas for improving the tourism industry.

**Keywords:** *Attractions, Amenities, Accessibility, Innovation and Financial Performance.*

## **1.0 INTRODUCTION**

The earliest forms of travel can be traced at least as far back as the Babylonian and Egyptian empires, some three millennia BC. According to Holloway, Humphreys & Davidson, (2009) travel historically commenced as a consequence of engaging in business rather than engaging in leisure activities, as people traveled largely out of obligation-for reasons of government administration, trade or military purposes. Nonetheless, there are also signs of people traveling to sacred sites for hallowed/religious festivals. Holloway, Humphreys & Davidson, allude that Thomas Cook, contrary to popular opinion, was not the first entrepreneur to organize public tours in Europe but Sir Rowland Hill. The first package tour can be traced to a group of tourists who were taken from Wadebridge to Bodmin (England) to witness a public hanging and by 1840, people were taking part in excursions by train. Nonetheless, Thomas Cook had the highest influence in the early travel industry. In 1841, as secretary of the South Midland Temperance Association, Tomas Cook organized an excursion for his members from Leicester to Loughborough, at a fare of one-shilling return. As an outcome of the triumph of this trip, Mr. Cook was motivated to arrange similar trips which morphed into a fully-fledged commercial venture.

Sylvester (2006) is of the view that Africa has always been the ultimate voyage of discovery. Sylvester credits the botanist William Burshell as the person who first mounted the first true safari from Cape Town into the interior of Africa and this occurred in 1811. Sylvester also acknowledges Lord Randolph Churchill as the first eminent personality to go on Safari In the 19th Century, this trip was probably what helped launch the African Safari onto the world's tourism stage. Sylvester upholds the view that the former United States president Theodore Roosevelt planned the now-famous Roosevelt Safari which traversed through Kenya, Uganda, Sudan, and Egypt and that He -Roosevelt- did more than any other man before him to popularize the African Safari. In Kenya, as the African safari trade gained momentum, white farmers and ivory hunters avidly evolved to offering tour guiding. Kenya thus developed as a safari destination hosting notable personalities including George VI who came for a safari in the year 1924, Edward Prince of Wales and his younger brother the duke of Gloustershire followed in the year 1928, and it was on safari in the Abad are Mountains that Princess Elizabeth became Queen in the year 1952. According to Karoki (2011), before Kenya achieved independence in 1963, the country had significant tourism contact. Karoki's sentiments have been echoed by the department of tourism in the publication of National Tourism Strategy (2013-2018) which stated that the tourism sector in Kenya has had solid growth from the time when it received its independence, which was characterized by strong government engagement and partnerships with the Kenyan private sector. From the World Bank publication, Kenya's Tourism: Polishing the Jewel (2010), tourism has been credited as an economically productive activity, which is vital both domestically and globally. The National Tourism Strategy (2013-2018) positions that tourism has been identified as one of the sectors earmarked to realize Kenya's the development blueprint – Vision 2030. In addition, Kenya's Government has also indicted that the tourism sector, has the responsibility of making Kenya one of the top ten long-haul tourist destinations globally.

Nkonoki (2012) clarifies that tour operating company, possess the vital task of bridging the elements of the services offered from the supply side with the consumption side of the trade. Allen ( as cited in Benjamin et al, 2013), define a tour package as a prearranged tour that includes products and services such as food, activities, accommodation, and transportation which are sold at a single price. In addition, according to Benjamin et al, tourists are people who travel to stay in places outside domicile for leisure, business and other purposes. To comprehend how the tourism supply chain functions, Slusarczyk, Smolag and Kot (2016) describe stationary agents' offices and tourist brokers as the first link, at which customer may

acquire tourist package with the use of a tour operator's website. Tour operators then form the second link as they create tour packages. However, customers can also take the role of tour operators when they use booking portals and are able to create tour packages on their own.

### **1.1 Statement of the Problem**

According to the African Tourism Monitor (2018), figures from the world travel and tourism council showed that tourism was responsible for 8.1 %of the total GDP in Sub Saharan Africa during the year 2017. Further, due to the solid economic growth in Sub Saharan African area there is evidence of growth in tourism arrivals and receipts both leisure and business travel sectors prospering. The KTB tourism report (2016) states that the Kenya tourism private sector has been at the forefront of promoting sustainable tourism and that the government has provided support and an enabling environment for it to thrive. Consequently, it is generally expected that tour operators, being in the private sector in Kenya, are supposed to ensure that Kenya is a sustainable tourist destination. The KTB tourism report highlights Kenya's unique tourist attractions including its beautiful coastal beaches, abundant wildlife, good climate, beautiful geographical landscapes, etc. that attract visitors in Kenya. According, to the Kenya tourism agenda (2018-2022), the current tourism infrastructure supports the tourism product and marketing components. In addition, the government has intervened by way of providing investments in the business tourism through the provision of conference centers as well as facilitated the delivery of training whose impact is expected to influence a strong culture of service excellence in the hospitality and the service industry through the Kenya Utalii College. The government of Kenya is also in support and is spearheading innovation in the industry so as to ensure continuous flow of new business models in the Kenyan tourism. However, the profitability of tour operating companies in Kenya continues to be challenged day by day. A loss in tourist market share and profits for tour operating companies could be attributed to a decline in visitor number. From the World Bank report Kenya's tourism: polishing the jewel (2010) some of the areas within the Kenyan tourism sector that the report recommended for consideration included the fragmented tourism product offering and the development of underutilized assets. Since then, the World Bank report, an economic assessment of tourism in Kenya - Standing out from the heard (2017) has recommended the re-assessment of the attractions being marketed by the industry. Due to this discrepancy, at hand was a need to determine suitable tour package elements that enhance the success in attracting quality tourists and in effect stimulate profitability for tour operating companies in Kenya.

### **1.2 Research Objectives**

- i. To determine the effect of attractions on the financial performance of tour operating companies in Kenya
- ii. To determine the effect of amenities on the financial performance of tour operating companies in Kenya
- iii. To find out how the provision of accessibility can propel or impede on the financial performance of tour operating companies in Kenya.
- iv. To establish the effect of innovation on the financial performance of tour operating companies in Kenya.

## **2.0 LITERATURE REVIEW**

### **2.1 Theoretical Review**

#### **Alderfer's ERG Theory**

The ERG theory first appeared in 1969. It was developed by Clayton P. Alderfer as a reaction to Maslow's hierarchy of needs. Adlerfer (1969) (as cited by Yang, Hwan and Chen, 2011) compacted Maslow's five tiered needs which included psychological, safety –security, belongingness, and security needs and developed them into Existence, Relatedness and Growth needs (ERG). Yang, Hwan, and Chen expand that Alderfer proposed the ERG needs with a view of explaining the association of needs satisfaction and the desires of human beings. Lynch (2009) explains that existence needs are those needs that are concerned with the material requirements needed by human beings to survive and when compared to Maslow's needs are the psychological and safety needs. Examples of existential needs are the need to satisfy hunger, thirst and a sense of security. Relationship needs, on the other hand, are derived from a person's desire for social support, the need for interpersonal relationships with other human beings and the need to receive favorable recognition from other human beings. The relationship needs correspond with Maslow's social and ego needs. Examples of the relatedness needs are the need to relate with family members and friends. Lastly, growth needs, identified in the ERG theory, explain an individual's basic desire to use and advance one's talents which resembles Maslow's need for self-actualization. Examples of the growth needs are the desire to be productive, creative and complete meaningful tasks and responsibilities. According to (2012), the ERG theory can be used as a means to promote a cause. Caulton clarifies that the theory has been used to support the causes. For example, the theory has been propagated by people that want to introduce change as it is concerned with the individuals (proponent's) desire to comprehend factors that contribute to individual human behavior.

### **Hertzberg's Motivation- Hygiene Theory**

According to Alshmemri, Shahwan-Akl, & Maude (2017), Hertzberg's two-factor theory, also known as the Motivation- Hygiene theory was developed by Fredrick Hertzberg determined to find out what caused satisfaction and dissatisfaction. Hertzberg (1966) reported that the theory was developed in 1959 and that the findings of his study were published in the book *The Motivation to Work* in 1966. The theory was based on interviews with workers to determine what led to workers motivation and satisfaction at work and what led to the absence of motivation and dissatisfaction. The theory stipulates that there are 2 characteristics that affect motivation. These are the motive and hygiene factors. Stello (2011) illustrates that hygiene factors are within the context of carrying out of the tasks of the job and include supervision, the salary, and company policy and job security, whereas, motivation factors are those features that contribute to positive job attitudes to the subordinates because they satisfy the need for self-actualization and include achievement, recognition, the work itself responsibility and advancement. Alshmemri, Shahwan-Akl, & Maude explain that hygiene factors are taken to be less important when compared to motivation factors with regard to the creation of satisfaction as hygiene factors lead to the avoidance of unpleasantness. Hertzberg (1959), (as cited by Stello, 2011), further mentions that the contrast between motivation and hygiene factors is that motivation factors are intrinsic and increase and improve satisfaction whereas, hygiene factors are extrinsic and work to reduce job dissatisfaction to the subordinates. The Hertzberg's Motivation- Hygiene theory serves to give ground to the study of amenities. Tourism market representatives ought to understand that the lack of dis-satisfiers at an attraction is not adequate; satisfiers in this case tourist amenities should be present to motivate the purchase of the tourist attraction.

### **General System Theory**

According to Von Bertalanffy, (1967), the General systems theory expounds properties, principles and law characteristics of a system. Von Bertalanffy defined a system as a complex of elements interacting in an orderly manner hence, the interaction is not just a

random interaction. Von Bertalanffy, further explains that the theory is interdisciplinary as it can be applied in different areas. According to Coetzee & Van Niekerk, (2012) when applying the system theory, the theory allows the researcher to concentrate on the individual mechanisms within that system as well as the relationship between the mechanisms. According to Dominici (2012), a firm is not a remote system thus, every time a system is identified, there needs to be a determination between the elements inside and outside the system. The systemic approach points out how complex a system is to its environment, and the explains the constant interaction and interchange of matter, energy, and information within that particular system and the environment within which it is operating in. According to Ng et al (2012), the implication of application of the General Systems theory in relation to the provision of a service like transportation services is that, the service system has to integrate its resources to create value for example share knowledge to create value.

### **Entrepreneurial Theory**

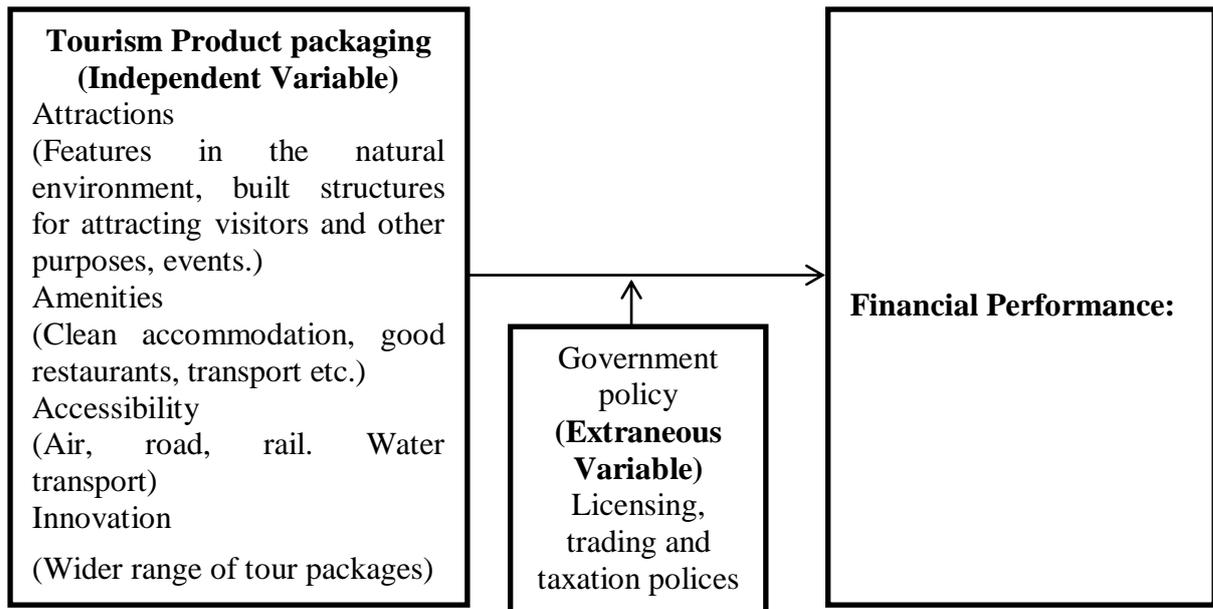
According to Lumpkin and Dess (1996), (as cited in Fadda & Sørensen, 2017), the entrepreneurial theory is concerned on the attitudes of a firm in relation to its strategy-making process. The entrepreneurial theory encompasses innovations, pro-activeness, taking risks, its aggressiveness towards competition etc. Innovation within a company often leads to the development its products and investing to technologies that lead to new discoveries. Pro-activeness allows the firm grab market opportunities. Risk-taking is a firm's penchant to take risks which may increase its (firm's) risk and expose its debt. Competitive aggressiveness a firm's attitude towards competition whereas, autonomy is the presence of a positive internal environment which allows the promotion of ideas and effectively carrying them out. According to Teece (2014), the entrepreneurial theory of the firm should explain its asset augmentation – this involves creating, exploiting, extending and renewal of its assets. For this study, the assets are the package tours that the firm currently produces. It should be noted that asset growth-the creation of a larger array of tour packages- will come from conducting research and development as well as from the processes of learning e.g. when a firm learns from actually immersing itself in the activities, learning from using its products, whether internal or from/and with partners, and when the firm relates the reason of constructing of profiting from the reason of technological innovation. Lynch (2009) discusses the creative and the discovery theories as subsets of the Entrepreneurship theory. Lynch also explains that the Creative theory is built on the premise that when entrepreneurs experiment and develop new products, they can create a new demand that was absent previously. On the other hand, the discovery theory is built on the premise that entrepreneurs should be on the lookout to discover new opportunities already present market.

### **Alderson's Theory of Market Processes**

Another theory adopted in this study is Alderson's Theory of Market Processes. Alderson (1965), Bartels (1968) and El-Ansary (as cited by Hunt, Muncy and Ray, 2006) are some of the contributors that attempted to develop a general theory of marketing. According to Barksdale (1980) Alderson whilst developing his theory drew heavily from other topics including biology, and sociology. Barksdale further mentioned that Aldersons described himself as a functionalist and incorporated functionalism in his theory. Functionality as an approach, starts from the identification of the system of related parts, stresses the operation of the total system and the dynamic relations among the component parts and attempts to explain contributions of the component parts to the total systems. Alderson (1965) (as cited by Barksdale, 1980) saw marketing as an organized behavioral system and emphasized the successive sorting transformations needed to match the varied selection of goods produced by different companies with the diverse product desires of individual customers. Thus the basic concepts that form Aldersons theory included organized behavior systems,

heterogeneous supply and demand and sorting functions. Aldersons (1957) (as cited by Hunt & Arnet, 2006) identifies six basis of differential advantage and these include market segmentation, selection of appeals, transvection, product improvement, process improvement and product innovation. Alderson’s theory of market processes serves to give ground to the marketing functions of the tour operating firm. According to Hunt & Arnett, Alderson’s theory claims that both supply and demand are varied and so are the markets. Hunt & Arnett, 2004 (as cited by Hunt & Arnett, 2006) by using market segmentation as a marketing strategy, a tour operator can identify the demand of the different segments within the market, target a specific market and develop specific market mixes for that specific segment .

**2.2 Conceptual framework**



**Independent Variable**

**Dependent Variable**

**Figure 1: Conceptual Framework**

**3.0 RESEARCH METHODOLOGY**

The study adopted a descriptive survey design as it is suitable where there is a large number of participants involved for it is used to describe the population characteristics by the selection of an unbiased sample. The target population consisted of 291 tour operating companies. This population was made up of the current, full members of Kenya Association of Tour Operators (KATO) and categorized into groups ranging from A to E depending on the Gross turnover on tour operations. The study purposively studied Category B members - tour operating companies that report a turnover between Ksh. 80-120 Million. At total of 7 companies were involved in the study where all 162 employees formed the target respondents. Questionnaires were the main form of data collection instruments for the study. Descriptive and inferential statistics were used to analyze quantitative data with the help of Statistical Package for Social Sciences (SPSS) version 23. Descriptive statistics which included frequencies, tables and percentages were used to summarize the quantitative data which was presented using tables and bar graphs. Qualitative data from open-ended questions in the questionnaires was organized according to themes, analyzed and used to describe the major findings. The findings were interpreted and discussed in relation to the research objectives. The researcher made conclusions and recommendations based on the findings.

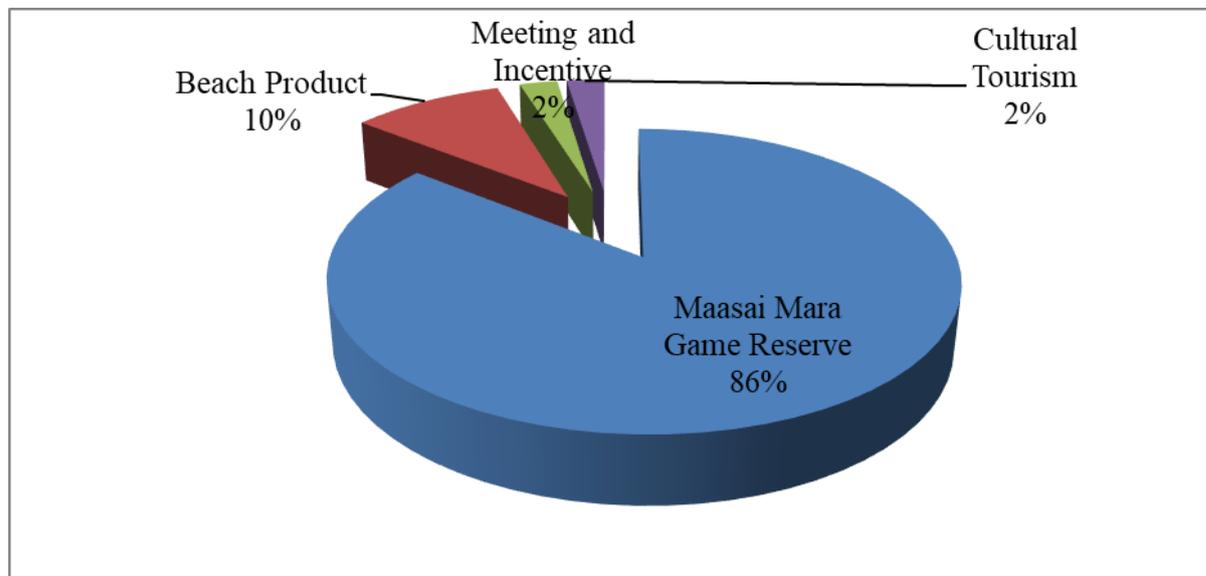
## 4.0 RESULTS

The researcher administered a total of 162 research instruments to the target respondents. A total of 126 were filled in and returned giving a percentage return rate of 77.8%. This was a reliable response rate for data analysis.

### 4.1 Descriptive Statistics

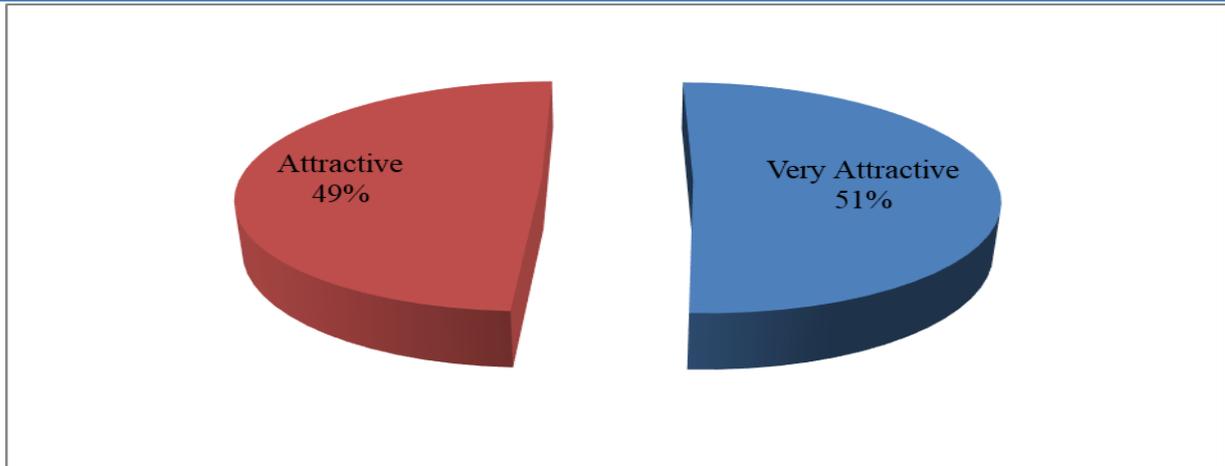
#### Effect of Attractions on Financial Performance of Tour Operating Companies

The first objective of this study was to determine the effect of attractions on the financial performance of tour operating companies in Kenya. First, the respondents were asked to indicate the most popular attraction in Kenya. Some of the suggestions provided included Maasai Mara Game reserve, beach product, meetings and incentive and cultural tourism. From the response, an overwhelming majority (86%) of the respondents indicated that Maasai Mara Game Reserve was the most popular attraction site for the tourists. This was followed by beach product (10%). However, cultural tourism (2%) was the least popular attraction for the tourists.



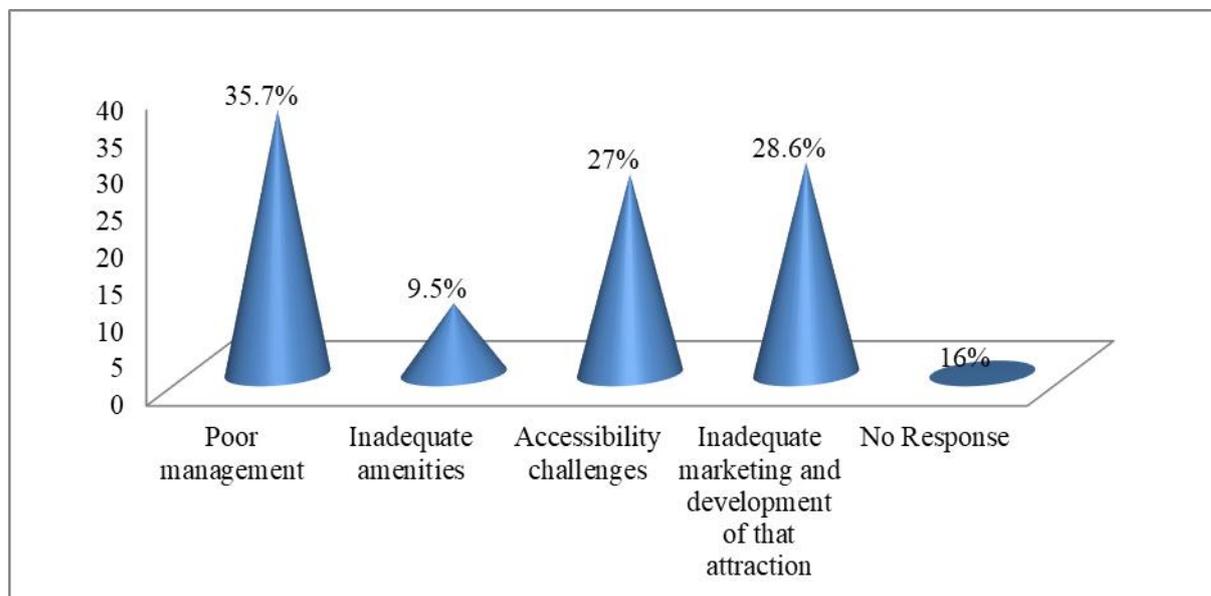
**Figure 2: Most Popular Attractions**

Secondly, the respondents were further asked to indicate the level of attractiveness of the available attractions among the tourists. In response, 51% of the respondents indicated that the most popular attraction was very attractive. This was further supported by 49% who indicated that the available attractions were attractive (See Figure 3).



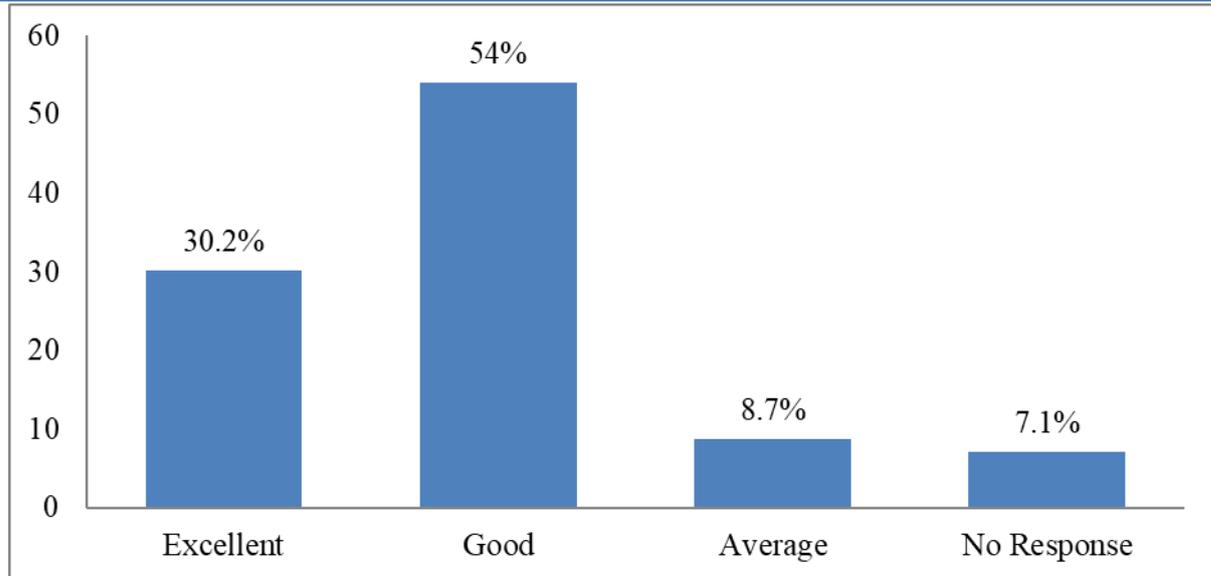
**Figure 3: Popularity of the Available Attractions with the Tourists**

Thirdly, the researcher asked the respondents to indicate some of the challenges which surrounded the most popular attractions. Some of the challenges listed included poor management of attraction, inadequate amenities, accessibility challenges and inadequate marketing and development of that attraction. In terms of the challenges facing the popular attractions, 35.7% indicated poor management as a leading challenge. This was followed by inadequate marketing and development of the attraction (28.6%) and accessibility challenges (27%). A few (9.5%) indicated inadequate amenities. There are those who indicated that there was another challenges besides the listed ones which affected the popular attraction. The challenge indicated was poaching.



**Figure 4: Challenges Surrounding Most Popular Attractions**

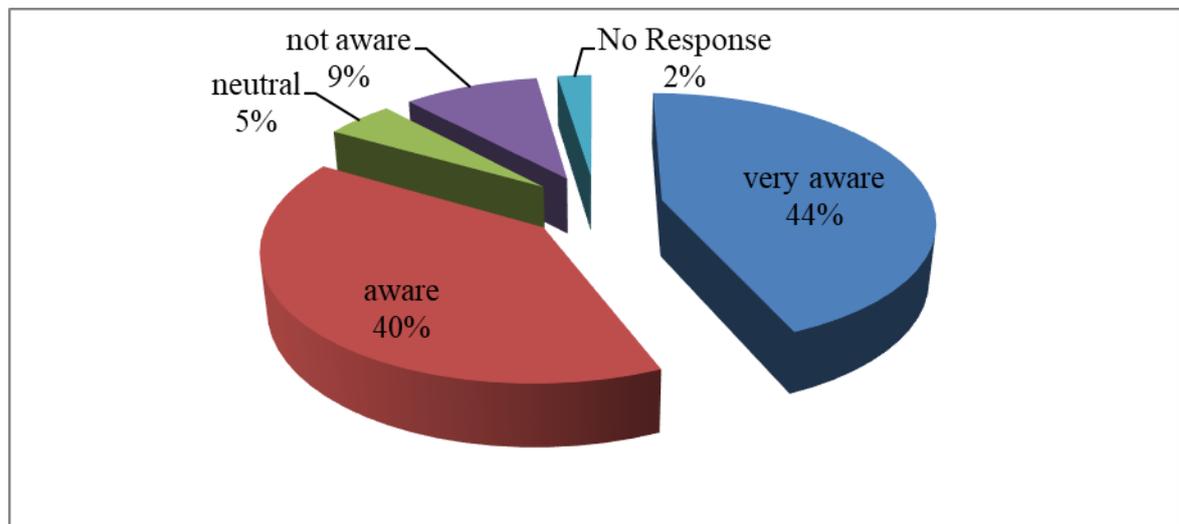
Further, the respondents were asked to rate the status of the popular attraction site. Figure 5 shows the response provided. Slightly more than half (54%) indicated that the attraction site was good. In addition, 30.2% also indicated that the status of the popular attraction was excellent. The remaining 8.7% and 7.1% indicated the status as being average and providing no response respectively.



**Figure 5: Status of the Attraction Site**

**Effect of Amenities on the Financial Performance of Tour Operating Companies**

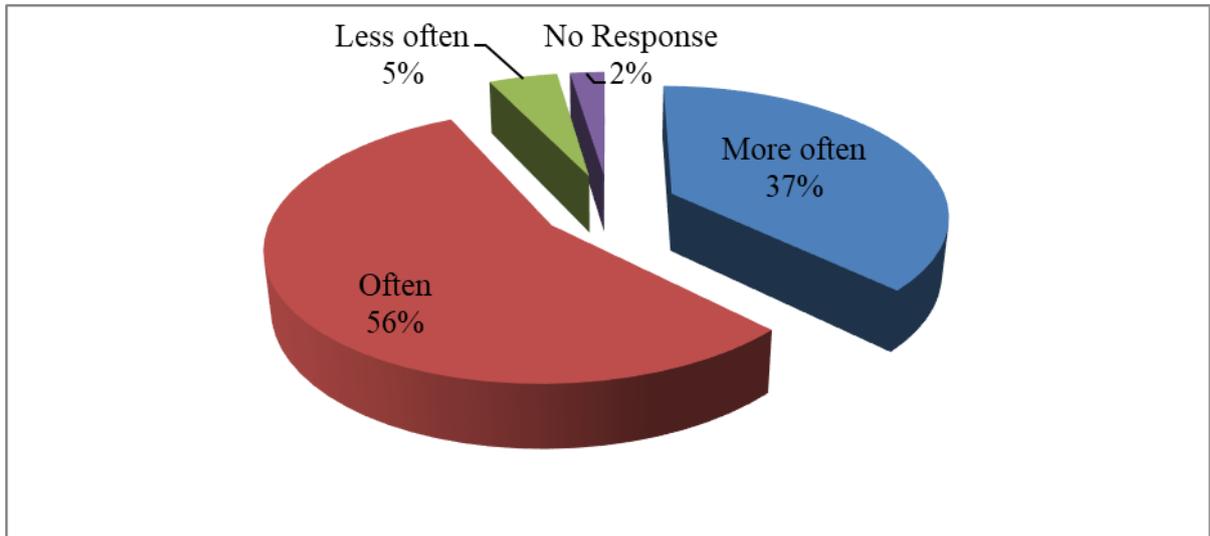
The researcher sought to determine the effect of amenities on the financial performance of tour operating companies in Kenya. First, the respondents were first asked to indicate their level of awareness of the hotel rating system. In terms of awareness of the hotel rating system, 44% and 40% of the respondents indicated that they were very aware and aware of the rating systems respectively. A few (9%) indicated that they were not aware whereas 5% remained neutral on the statement. Moreover, 2% of the respondents also did not give their response. This shows that there are those who still lack information on the rating systems of the hotels despite being tour industry.



**Figure 6: Awareness of the Hotel Rating System**

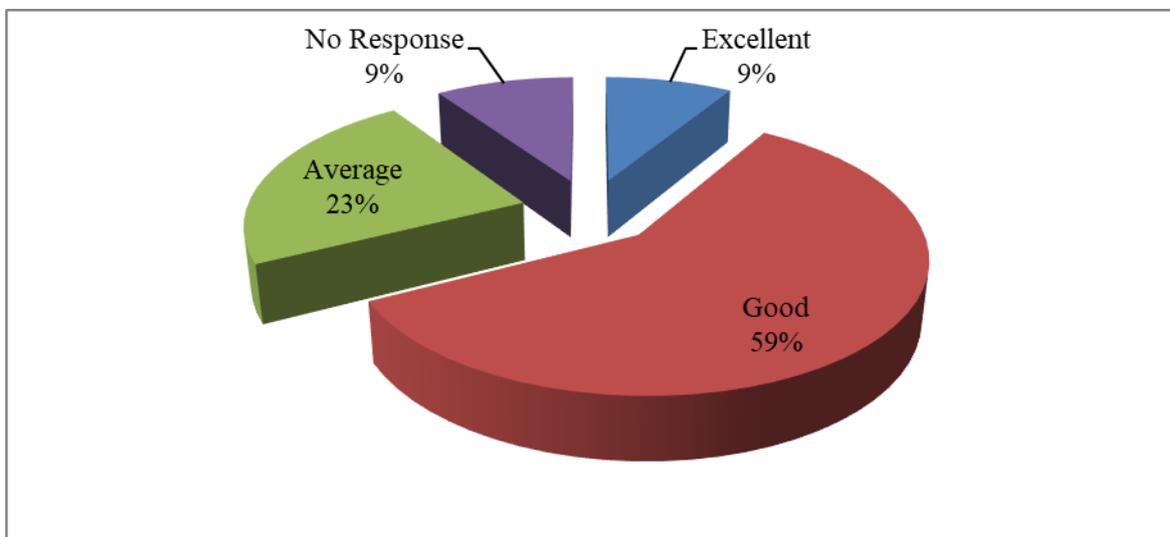
Secondly, the researcher asked the respondents to indicate whether the availability of the tourist amenities increased visitor arrivals. The responses provided are as shown by Figure 7 below. As shown by the figure, 56% of respondents indicated that the availability of the tourist amenities often increased visitor arrivals. This was further supported by 37% who indicated that it most often increased the arrivals of visitors. On the other hand, 5% indicated

that it less often increased visitor arrivals whereas the remaining 2% did not give any response.



**Figure 7: Whether Availability of Tourist Amenities Increases Visitor Arrivals**

Thirdly, the respondents were asked to rate the status of the available amenities as either being excellent, good, average, poor or very poor (See Figure 8). Slightly more than half (59%) of the respondents indicated that amenities were very good. Moreover, slightly less than a quarter (23%) of the respondents rated the status of the amenities as being average. Only 9% indicated that the amenities were in an excellent status with 9% giving no response.

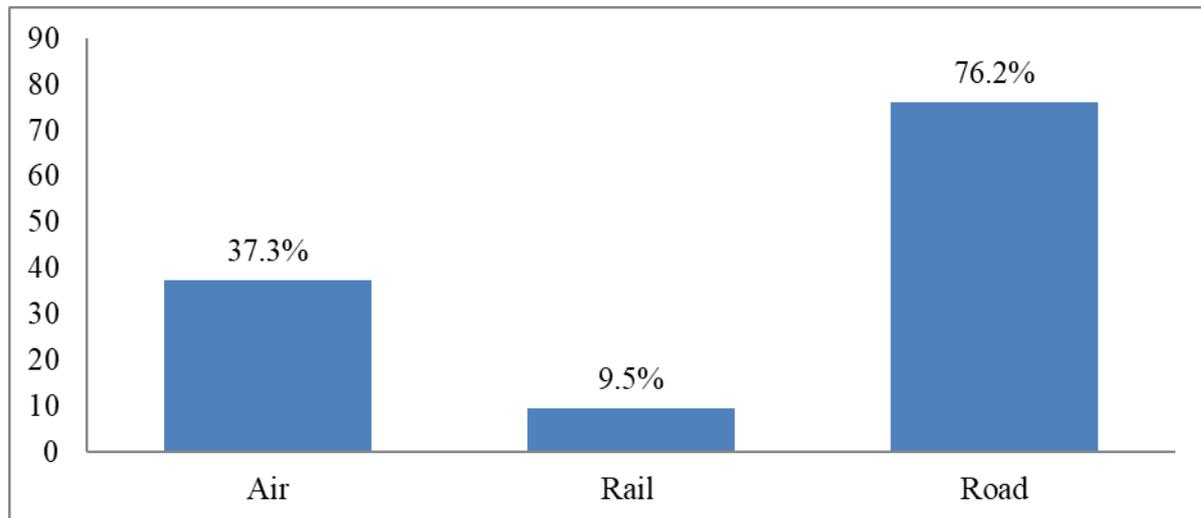


**Figure 8: Status of Amenities**

**Provision of Accessibility and Financial Performance of Tour Operating Companies**

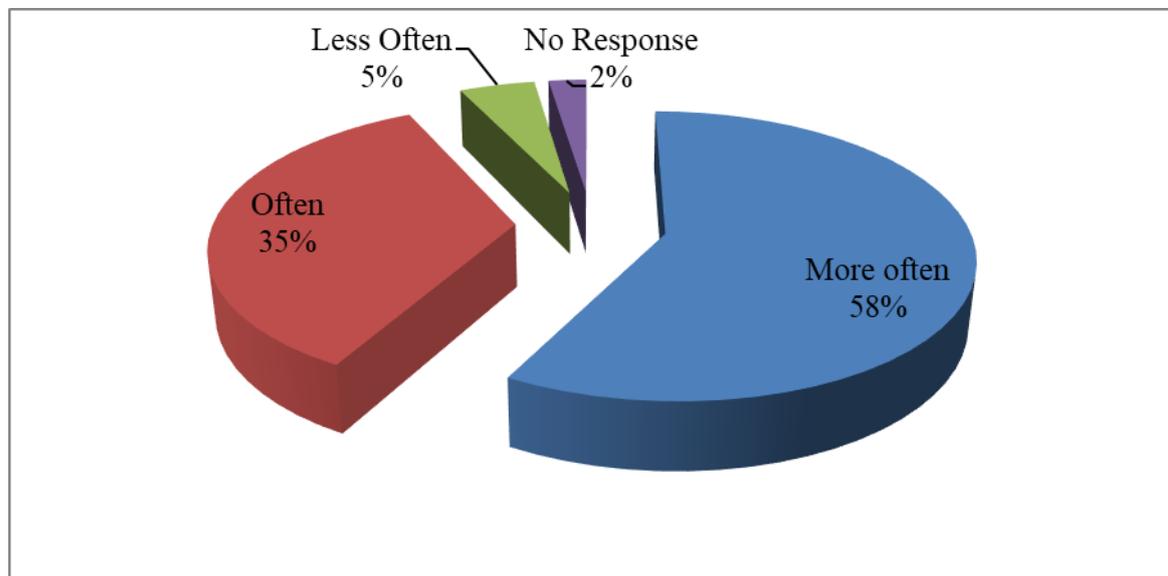
The study was set to find out how the provision of accessibility can propel or impede on the financial performance of tour operating companies in Kenya. Respondents were first asked to indicate the mode of transport which was popular with their tourists. The suggestions provided included air, rail, water and road. In terms of the mode of transport, 76.2% indicate road as the most popular mode of transport with the tourist. Slightly more than a third of

them however indicated air. Only 9.5% indicate rail as a popular mode of transport among the tourists.



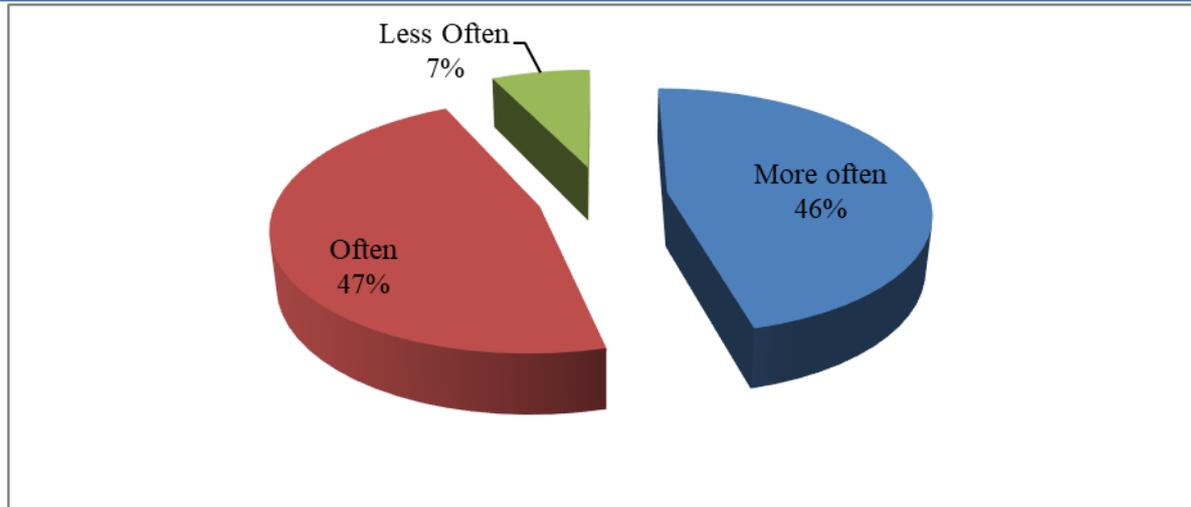
**Figure 9: Mode of Transport Most Popular With Tourists**

Secondly, the respondents were asked to indicate whether they were able to cater for their client's preference in transport services. Fifty eight percent of the respondents indicated that they most often were able to cater for their client's preference of transport services. This was further supported by 35% who indicated that they often able to cater for their client's preference of transport services. A few indicated less often whereas the remaining 2% did not give any response on the statement.



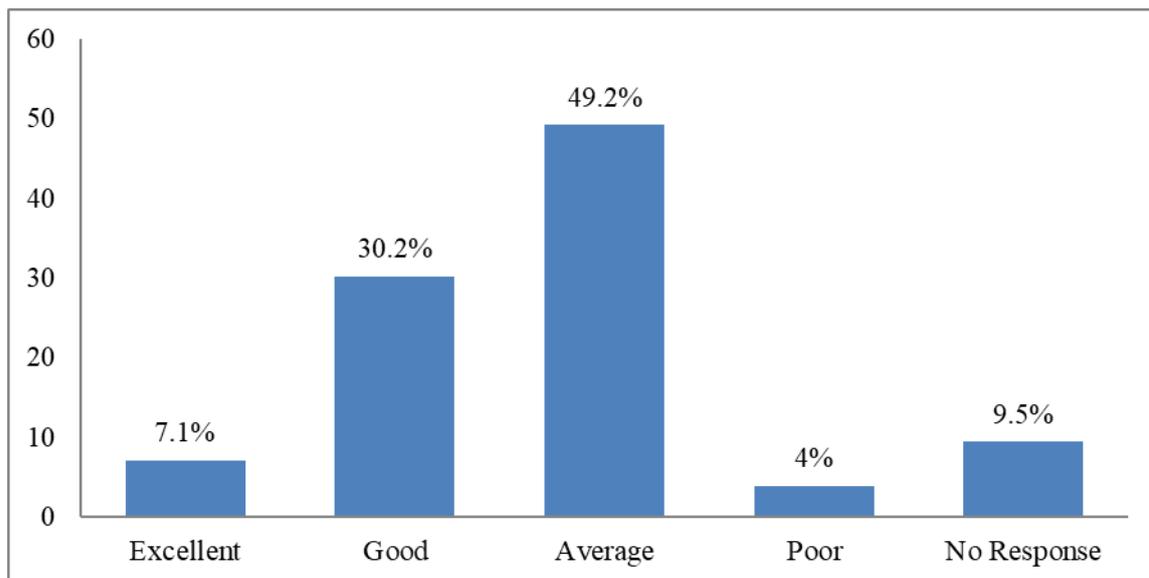
**Figure 10: Ability to Cater for Clients' Preference in Transport Services**

Thirdly, the respondents were further asked to indicate how often the establishment of an airport in close proximity to an attraction will increase visitor number. In response, 46% indicated that the establishment of an airport in close proximity to an attraction will often increase the number of visitors. This was supported by 46% who indicated more often. A few (7%) however indicated that it would less often increase the number of visitors.



**Figure 11: How Often the Establishment of an Airport in Close Proximity to an Attraction Will Increase Visitor Number**

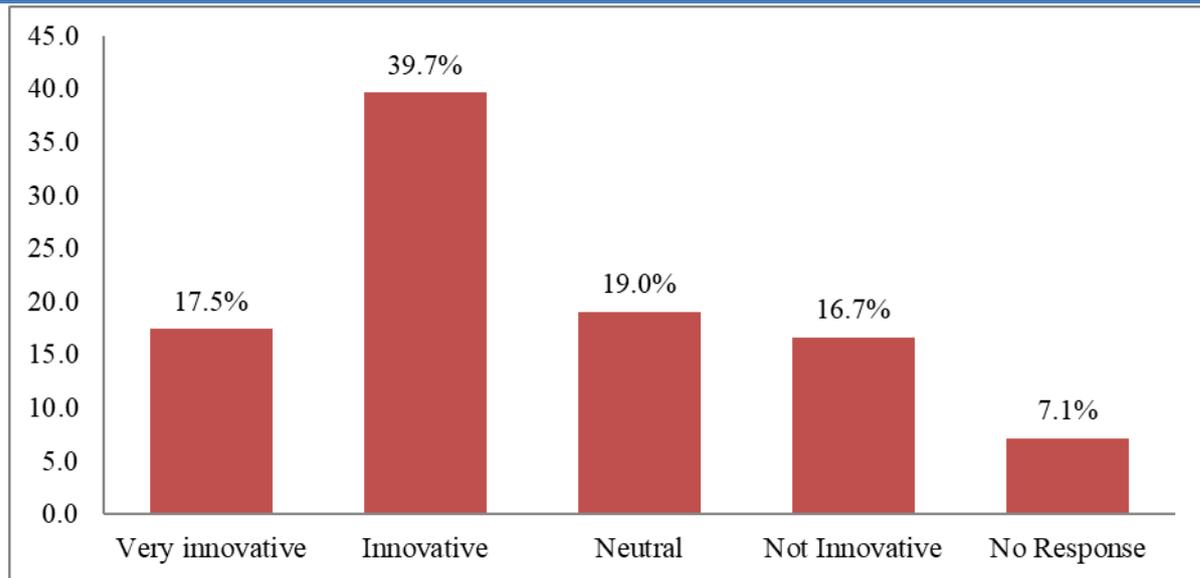
Lastly, the respondents rated the status of the accessibility to the attractions. In response, 49.2% indicated that the status of the transport networks to the attractions was average, 30.2% indicated it was good and 7.1% rated the transport networks as excellent. A few (4%) indicated it was poor and 9.5% did not give any response (See Figure 12).



**Figure 12: Status of Accessibility to Attractions**

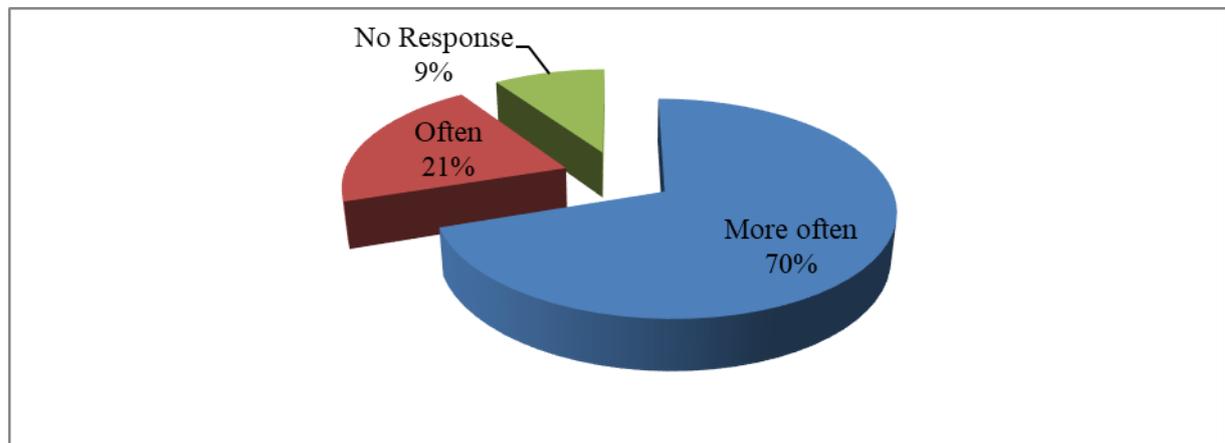
**The Effect of Innovation on the Financial Performance of Tour Operating Companies**

The last objective of this study was to establish the effect of innovation on the financial performance of tour operating companies in Kenya. The researcher asked the respondents to indicate how innovative the tourism industry in Kenya is in terms of providing a wider array of tour packages (See Figure 13). As shown by Figure 13, 39.7% indicated that the tourism industry was innovative in providing a wider array of tour packages. This was supported by 17.5% who indicated that the industry was very innovative. However, 19.0% were neutral on the level of innovativeness among the tour operators in providing a wider array of tour packages. Moreover, 16.7% indicated that the industry was not effective and 7.1% did not provide any response. This shows that despite some of the tour operates being innovative, there are still some who lack innovativeness and this affects their performance.



**Figure 13: Innovativeness of the Tourism Industry in Kenya**

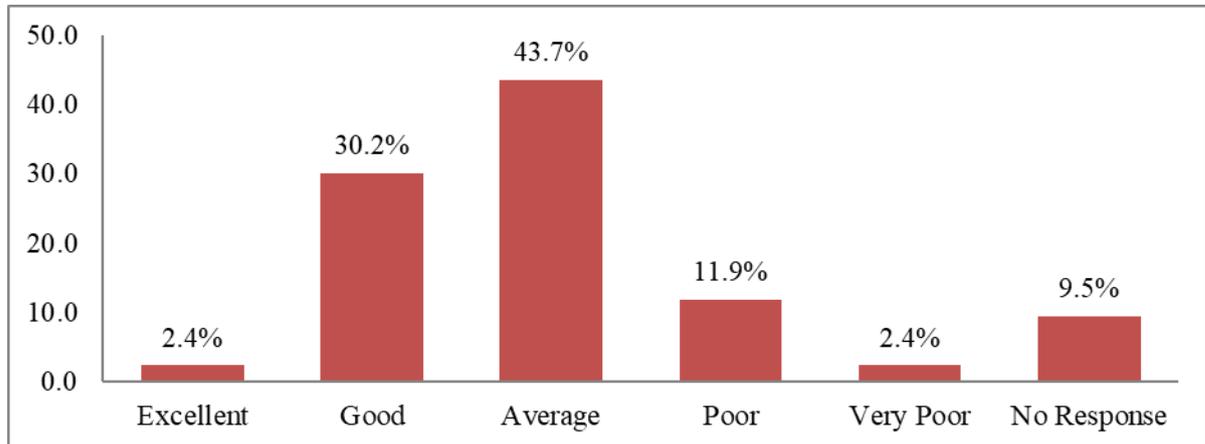
On the question of how often innovation can increase tourist arrivals, 70% indicated more often and 21% indicated often. The remaining 9% however did not give their responses on the statement. This shows that innovation has a potential of increasing the number of tourists. However, there are few who either are not aware or are ignoring the power of innovation and especially in providing a wider array of tour packages.



**Figure 14: How Often Innovativeness Can Increase Tourist Arrivals**

Further, the respondents were asked to give their own views on how innovation could increase tourist arrivals. Most of the respondents indicated that the provision of different packages would lead to availability of different attractions and regulation of prices for accommodation and this could have a positive influence on the number of visitors both from international to domestic tourists. For instance, one of the respondents explained that "Innovation and especially through the provision of wider array of packages can increase tourists arrivals. This is because tourists will have more to choose from. Moreover, the prices will vary thus accommodate a wider range of tourists especially domestic tourists". (Respondent 10, 2019). Another respondent explained that "Innovation can increase the number of tourists. This is because it will promote venturing into new attractions besides the wildlife. Moreover, various packages can be provided to cater for the different classes of tourist that is rich, middle or low income class(Respondent 30, 2019"

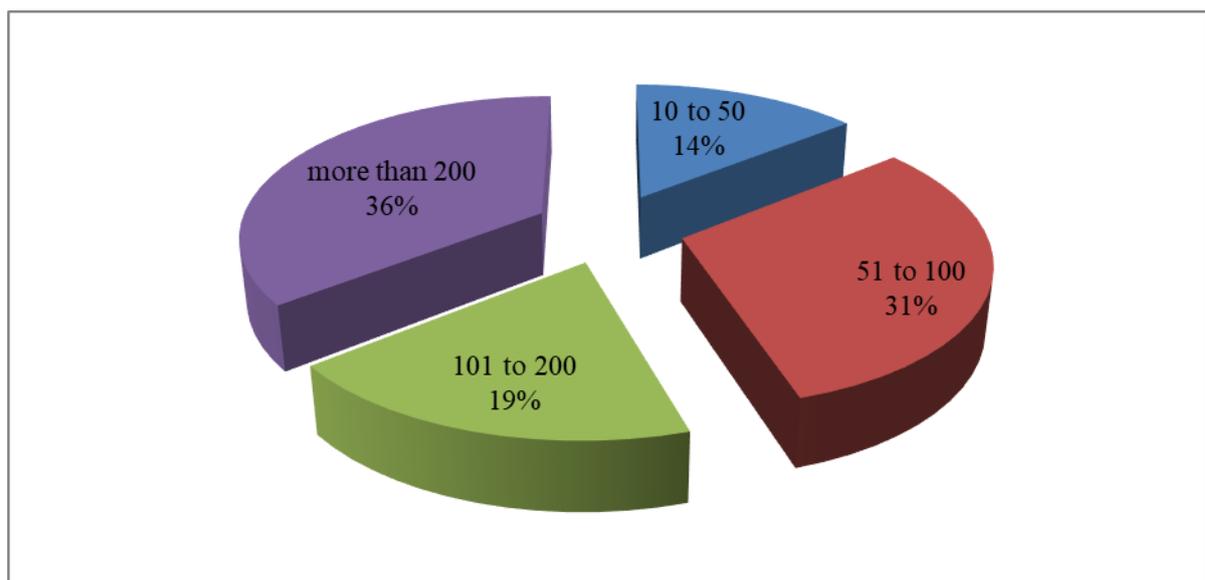
The respondents were also asked to rate the degree of innovation in the tourism industry in Kenya. The ratings were either it is excellent, good, average, poor or very poor. From the response, a good percentage (43.7%) rated the degree of innovation in the tourism industry in Kenya as average, 30.2% rated it as good. However, 11.9% rated the degree of innovation as being poor, 2.4% very poor and 9.5% did not give any response. This shows that despite there being some level of innovativeness among the poor operators, there are still a challenge in enhancing innovativeness among the tour operators for improved performance.



**Figure 15: Ratings on the Degree of Innovation in the Tourism Industry in Kenya**

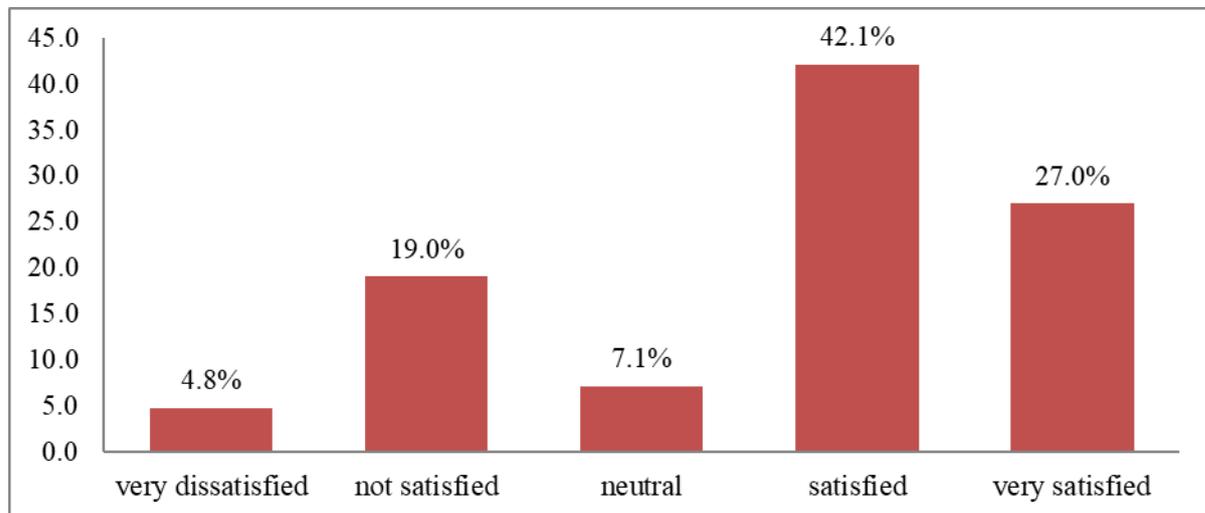
**Performance of the Tour Firm**

The dependent objective of this study was to establish the performance of the tour firm. Some of the items looked here included the number of tourists received by the firm, the satisfaction level of the visitors received, the number of visitors targeted in the year and the reasons which hindered the achievement of the targeted tourist number. In terms of the number of tourists received within the last one year, 36% indicated that they had received more than 200 tourists, 31% indicated 51-100 tourists and 19% 101 to 200 tourists. The remaining 14% indicated that they had received about 10 to 50 tourists. This shows that most have received at least a good number of tourists (over 100 tourists) over the last one year.



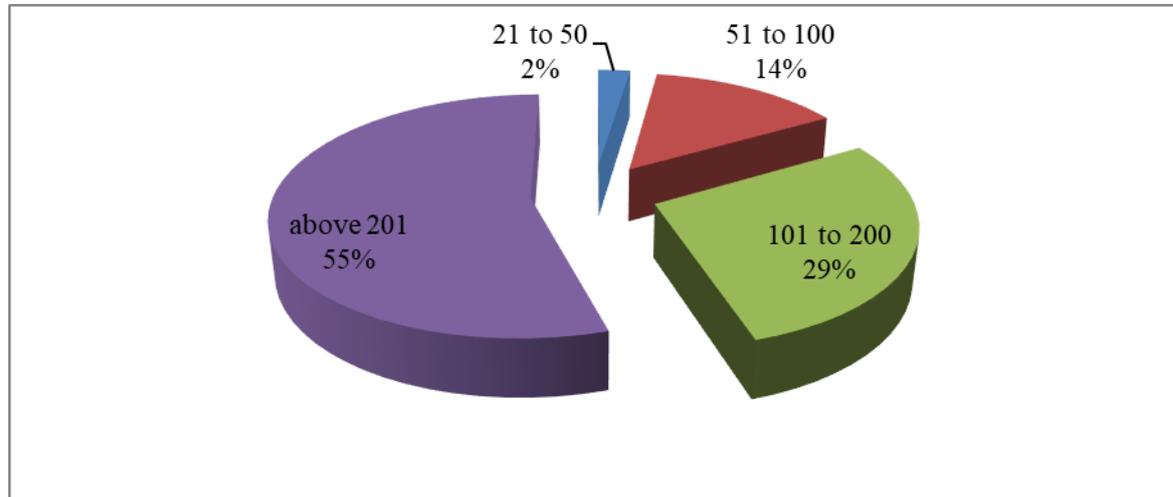
**Figure 16: The Number of Tourists Received by the Firm**

In terms of satisfaction level, 42.1% indicated that they were satisfied with the number of visitors received. Additionally, 27% were very satisfied. On the other hand, 19% were not satisfied and 4.8% were very dissatisfied.



**Figure 17: The Satisfaction Level of the Visitors Received**

In terms of the targeted number of visitors, slightly more than half (55%) of the respondents indicated that they targeted above 201 visitors. Twenty nine percent targeted about 101 to 200 visitors whereas the remaining 16% targeted below 100 visitors.



**Figure 18: The Number of Visitors Targeted in the Year**

The respondents were further asked to indicate some of the reasons which hindered the achievement of the targeted number of tourists. Some of the reasons suggested included competition, seasonality of the industry, cost of tour operations, transport infrastructure, state of available attraction, state of available amenities and the characteristics of tourist source market. As shown by the table, seasonality of the industry (42.1%) is the major reason as to why the tour operators have not been able to achieve the targeted tourist number. This is followed by state of competition (34.9%), high cost of tour operations (25.4%) and state of transport infrastructure (15.9%).

**Table 1: Reasons which hinder the Achievement of the Targeted Tourist Number**

	Frequency	Percentage (%)
Seasonality of the industry	53	42.1
State of Competition	44	34.9
High cost of tour operations	32	25.4
State of transport infrastructure	20	15.9
State of available attraction	6	4.8
State of available amenities	3	2.4
Characteristics of Tourist Source Market	3	2.4

#### 4.2 Inferential Analysis

The researcher carried out some inferential analysis to establish the relationship between the dependent and independent variables. The inferential analysis was to provide some statistical relationships between the two variables. For the inferential analysis, regression analysis was used. The findings of the regression analysis are as presented below. As shown by Table 2, it can be observed that the R Square is .527. This means that 52.7% of the financial performance of the tour operating companies is explained by the tourism product packaging. Hence, 47.3% of the financial performance may be explained by other factors.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589a	.527	.530	1.17711

a. Predictors: (*Constant*), *Attractions*, *Amenities*, *Accessibility*, *Innovation*

From the ANOVA results, the significance value obtained is .041. This is below the standard significant p value of .05. Hence, it can be concluded that there is a significant relationship between tourism product packaging and financial performance of the tour operating companies.

**Table 3: ANOVA Results**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.304	4	3.576	2.581	.041 <sup>b</sup>
	Residual	151.029	109	1.386		
	Total	165.333	113			

a. Dependent Variable: *Performance of the Tour Operating Companies*

b. Predictors: (*Constant*), *Attractions*, *Amenities*, *Accessibility*, *Innovation*

**Table 4: Coefficient Results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.459	.591		4.164	.000
	Attractions	.165	.208	.082	.794	.005
	Amenities	.329	.230	.156	1.429	.156
	Accessibility	.292	.165	.170	1.767	.003
	Innovation	.353	.164	.207	1.909	.040

a. Dependent Variable: *Performance of Tour Operating Companies*

As shown by the Table 4, the Beta value for attractions (Beta=.165), amenities (Beta=.329), accessibility (Beta=.292) and innovation (Beta=.353) are positively related to the financial performance of tour operating companies. With regards to their statistical significance, attractions ( $t=.764$ ,  $p=.00$ ), accessibility ( $t=1.767$ ,  $p=.003$ ) and innovation ( $t=1.909$ ,  $p=.040$ ) is significant. However, amenities ( $t=1.429$ ,  $p=.156$ ) was not significant.

### **4.3 Discussion of the Findings**

The attractions have been established as to have a positive influence on the performance of tour operating companies. This finding concurs with some previous studies such as that by Seebuluck et al (2014) which found that attractions contributed to the increased number of tourists in Mauritius. Another study which concurs with the findings of this study is that by Nowacki (2009) on relations between motivation, quality of product of attraction, benefits sought, and satisfaction and behavior intentions of visitors. The study pointed out that the satisfaction of tourists occurred when they visited a particular attraction. With regards to the available amenities, this study was able to establish that the availability of the amenities had a positive association but insignificant relationship with the financial performance of the tour operating companies. To some extent the findings made by De Nisco, Riviezzo and Napolitano (2014) are in line with those of the current study. This is because, De Nisco et al. (2014) clearly indicated that the availability of amenities and their conditions largely influenced the positivity of the tourists to come back and visit the attractions as well as refer others to those amenities. The findings also made by Roy et al. (2016) concurred with those of this study by notifying that the satisfaction of tourists largely depend on the accommodation facilities, safety and security of the amenities and the natural beauty. It can however be noted that despite having a positive association, the current research was able to point out that the amenities had no significant relationship with the financial performance of tour operating companies.

The study also established that the provision of accessibility had a positive and significant influence on the financial performance of tour operating companies in Nairobi. This concurs with the study by Boz (2016) who indicated that tour operators are one of the most powerful and influential shareholders as they have a strong influence on international tourist flows from tourist generating markets of various destination. He also established that tour operators possess a powerful bargaining position by price bundling-offering a low priced all-inclusive tour thus the more the number of tourists a tour operator is able to bring, the greater his market power enabling him to negotiate lower price on the supplier side ensuring his profitability. Further, UNWTO Manual (2016) also explains that meeting all the accessibility requirements of the tourists is a sure way of increasing traffic and revenue for tour operating companies. In terms of innovation, this study established that innovation had a positive and significant effect on the financial performance of tour operating companies. In supporting this finding, the study by Lendel and Varmus (2012) shows that adopting innovative processes in the organization helps to increase future productivity which may be reflected in terms of profits. In addition, the study by Maloti (2018) indicated that innovation is a significant factor in a firm's ability to sustain its competitive advantage, innovation involves uncertainty that precedes risk.

## **5.0 CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Conclusions**

From the analysis and summary of the findings, there are a number of conclusions which were made. First and foremost, the attractions have been established as to have a positive influence on the performance of tour operating companies. However, there is gap in the

available attractions and this has been attributed to poor packaging and marketing practices. Hence, there are only a few attractions which are popular as compared to others. This limits the financial performance of the companies due to increased completion on the few popular attractions. The availability of the amenities has been established as to have a positive association but insignificant relationship with the financial performance of the tour operating companies. This may be due to the fact that the amenities are operated by other individuals and thus the operations of these amenities such as hotels, camping sites and other amenities may not have a significant effect on the performance of firms. However, an improvement in these amenities may lead to increased visitors and thus providing the tour companies with more visitors. Provision of accessibility was found to have a positive and significant influence on the financial performance of tour operating companies in Nairobi. However, some of the challenges which were experienced include poor road networks to the attractions. The road is the main mean of transportation used by the operators and this affects their operations to a greater level. Hence, it limits the trips made and this is reflected to the financial performance of the operating companies. Innovation was found to have a positive and significant effect on the financial performance of tour operating companies. However, not all of the companies are innovative in terms of providing a wider array of tours and this is having a negative effect on the overall financial returns made by the companies as compared to those companies which are more innovative.

## **5.2 Recommendations**

Based on the conclusions and summary of the findings, the study came up with the following recommendations. There is need for aggressive and strategic marketing efforts to be pursued both to the local and international tourist markets. Additional tours should be created specifically, for the domestic-local travelers as Encouraging local tourism will help create a consistent flow of visitor arrivals. This will help to address the seasonality of the tourism industry where during some months, there is ample travel where in other months, a dip in tours and travel is experienced. There is also a great need for increased lobbying by tour operators through their respective associations to the government on improvement of the road networks especially on the roads leading to the attraction sites/destinations. Most of the roads are in poor conditions and this has led to increased costs on maintaining of the tourist service vehicles. In addition, delays caused by bad road connectivity from one location to another affect the tourist experience for some of the clients. There is further need to lobby the government review the policies in place to regulate the tourism sector. Some of the policies that need to be enforced are those that to govern tour operations. The government needs to ensure only legally registered and licensed companies are engaging in tour operations to reduce the incidence of tourists encountering rouge operators as they affect the financial performance of legitimate tour operating companies. Moreover, the park entry fees should also be revised in line with the seasonality of the tourism industry so as to encourage more visitors especially in the local market. For example, during the low season, the park entry fees should be a half of the peak park entry fee to encourage continuous travel within a year. This may lead to an increase of revenues for the tour operating companies as well as the government through taxations. There is also need for more research, training and development of tourism in Kenya with a view of awareness creation and the pursuit of innovation to improve the tourism industry. More innovation will enhance the performance of Tour operating companies. Innovation will also trigger diversification of Kenya's tourism product offering creating alternative revenue generating streams and in effect, improving the financial performance of tour operating companies.

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