

## **Tourism and agriculture linkages: Determinants of local agricultural products purchase by hotels at the Kenyan coast**

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### **Abstract**

This paper investigated the local agricultural products purchased by tourist hotels, the hotel purchase and the hotel characteristics influencing purchase of local agricultural products. The study was conducted in coastal Kenya. Multistage sampling technique was used. Data were analyzed through descriptive statistics and logit model. The results point out that the local agricultural products purchased by hotels were eggs, meat, chicken, fish, vegetables, fruits and milk. Age of the hotel, bed capacity and number of employees influenced purchase of local agricultural products. The results have implications for improving tourism and agriculture linkages to improve rural livelihoods and reduce poverty.

Key words: Agriculture, linkages, tourism

### **Résumé**

Ce document a étudié les produits locaux agricoles achetés par les hôtels de tourisme, l'achat des hôtels et les caractéristiques qui influencer l'achat de produits agricoles locaux par les hôtels. L'étude a été menée dans la région côtière du Kenya. La technique d'échantillonnage à plusieurs degrés a été utilisée. Les données ont été analysées par des statistiques descriptives et le modèle logit. Les résultats indiquent que les produits locaux agricoles achetés par les hôtels sont notamment les œufs, la viande, le poulet, les poissons, les légumes, les fruits et le lait. L'ancienneté de l'hôtel, la capacité en lits et le nombre d'employés ont influencé l'achat de produits agricoles locaux. Les résultats ont des implications pour l'amélioration du tourisme et de liens entre l'agriculture pour améliorer les moyens de subsistance en milieu rural et réduire la pauvreté.

Mots clés: Agriculture, les liens, le tourisme

### **Background**

Many developing countries including Kenya are focusing on tourism as a means for economic growth. In Kenya, the sector contributes about 12.5% to the country's GDP after agriculture

which generates about 25% (Government of Kenya (GoK), 2002). In addition, it generated export income of about 48.9 billion Kenya shillings for the country in 2005 (GoK, 2006) and 8.7% of Kenya's total employment (World Travel and Tourism Council (WTTC, 2008). In order for tourism to contribute to the local economy, improve rural livelihoods and alleviate poverty, it has to develop linkages with different sectors such as agriculture which is an important economic source for the poor. This study investigated the local agricultural products purchased by tourist hotels, the hotel considerations in purchasing the local agricultural products and the hotel characteristics influencing purchase of local agricultural products.

### **Literature Summary**

Linking tourism to agriculture can reduce foreign exchange leakages (Smith and Jenner, 1992; Bah and Goodwin, 2003). As such, tourist hotels should purchase local products as opposed to importation. A hotel purchasing local agricultural produce depends on the type of tourism enterprise. Shah (2000) found out that in cases where formal sector tourism enterprises are owned by the local elite then there is a very high likelihood of using local supplies. In his study, Andriotis (2002) found out that 85 percent of tourism enterprises purchased their fresh food supplies locally and smaller hospitality firms were more likely to purchase their supplies locally. This view is supported by Mshenga and Owuor (2009). Goodwin (1998) contends that the poor can participate more in tourism if there is development of local sources of supply to the tourism establishments. Participation can be increased by finding ways to help farmers tap into hotel and restaurant markets (Ashley, 2006).

### **Study Description**

This study was conducted in coastal Kenya which contributes 60% of the country's tourism earnings. Purposive sampling was used to choose three destinations in the region based on their level of tourism activity: Mombasa, Malindi and Diani. A census survey was used to select the hotels. All hotels with a bed capacity of 40 and above were considered in the survey. In total 49 hotels participated in the survey. Data were collected using semi-structured questionnaire. Descriptive statistics were used for the hotel purchase considerations.

In evaluating the hotel characteristics influencing the purchase of local agricultural products, the study employed a logit model which is generally expressed as:

$$\Pr(y_i = j) = \frac{\exp(\beta_j X_i)}{s(j=0-j)\exp(\beta_j X_i)}, j = 0, 1, 2, \dots, J \quad \dots\dots (1)$$

## Research Application

The local agricultural products purchased by hotels at the Kenyan Coast were found to be eggs, meat, chicken, fish, vegetables, fruits and milk. The purchase considerations used by the hotels were as follows: 14% of the hotels considered price, 35% quality, 8% supply reliability and 43% all the above factors. Local purchases were considered cheap due to reduced transport costs. Availability of products locally reduced the search costs involved in looking for prospective suppliers.

The hotel characteristics influencing purchase of local agricultural were age of the hotel, bed capacity and number of employees. As the number of years the hotel had been in operation increased, the lower the probability of purchasing local agricultural products. This could be due to the fact that older hotels had established contracts with larger suppliers and thus would not want to dishonour the contracts and start buying locally from small producers.

The significant effect of the number of employees and bed capacity of a hotel showed the importance of hotel size on whether a hotel purchased local agricultural products or not. From the results, smaller hotels were more likely to purchase more local agricultural products. This was because smaller hotels required smaller quantities which could easily be supplied by local farmers or suppliers.

## Recommendation

The study recommends that local farmers should produce for the tourism industry. To do so, they should find out the agricultural product requirements of the hotels and supply these in the quality and quantities that are required. It is also recommended that farmers and suppliers of agricultural products target smaller and newly established hotels and focus on supplying foodstuff such as fruits, vegetables, chicken, eggs, meat, and milk.

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