

Maximizing Revenues and Conservation in Tanzanian National Parks

Executive Summary



March 2004



Kim Bonine¹
Bryna Chang¹
Ezekiel Dembe²
Betrita Loibooki²
Nassoro Mndeme²
Albert Mziray²
Beth Neary¹
Linwood Pendleton¹
John Reid¹
Miwa Tamanaha¹



¹Conservation Strategy Fund, 17670 Indian Creek Road, P.O. Box 606, Philo, CA 95466, USA

²Tanzania National Parks, TANAPA Bldg, Dodoma Road, P.O. Box 3134, Arusha, Tanzania

Acknowledgements

The authors of this study thank the Richard and Rhoda Goldman Fund and the Oracle Corporation for their generous support. We also acknowledge the Stanford Management Internship Fund for supporting Bryna Chang as a summer fellow. Additional thanks go to Gerald Bigurube, Acting Director General, and Edward Kishe, Acting Director of Resource Conservation and Ecological Monitoring, and many other individuals at Tanzania National Park Headquarters for their support and oversight.

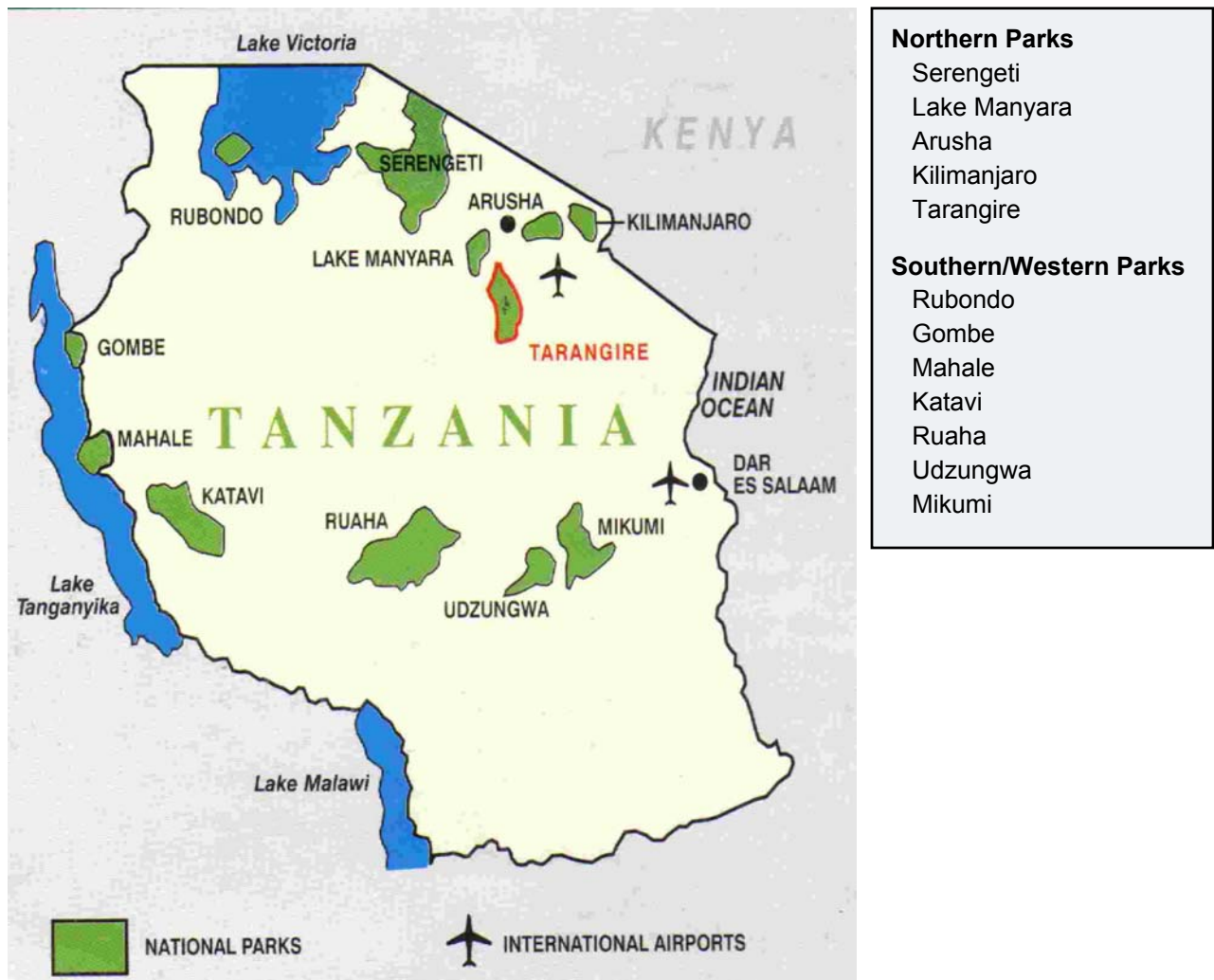
And finally, we thank the dozens of dedicated park staff who served as survey enumerators in all twelve national parks, and the over 1000 visitors who took the time to answer our survey.

Executive Summary

Tanzania's national parks are home to some of East Africa's most impressive landscapes and highest concentrations of wildlife, making this country the destination of choice for tens of thousands of tourists each year.

Tanzania National Parks (TANAPA) manages the country's twelve national parks. As a parastatal organization, TANAPA does not receive subsidies from the central government and, in fact, must pay corporation tax. Over the past several years, the agency has been under pressure to generate more revenues and, at the same time, reduce visitor crowding in the popular Northern parks. The purpose of this study was to collect and analyze economic information on park visitors to help TANAPA develop new management strategies that will improve the economic performance of protected areas without compromising wildlife protection.

Figure 1. Tanzania National Parks



Map courtesy of TANAPA

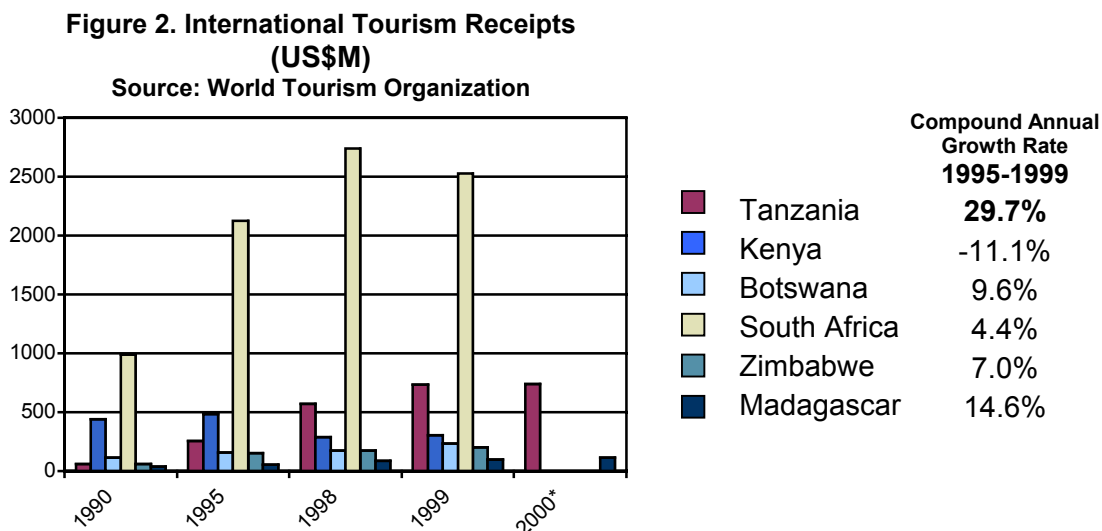
Market Survey

Conservation Strategy Fund (CSF) conducted a market survey of East African tourism from May-September 2002. Tourism opportunities in Tanzania were compared with opportunities in Kenya, Botswana, South Africa, Zimbabwe and Madagascar. We also examined existing tourism infrastructure in Tanzania, the cost structure of tourist visits, and the growth potential of both tourism and TANAPA revenues.

The current outlook for tourism in Tanzania is bright:

- African tourism growth is strong
- Tanzania's tourism growth is among the most rapid in East Africa
- Spending per visitor is increasing in Tanzania

Tourist expenditures contribute 15 percent to the national economy.¹ In 2001, Tanzanian parks drew over 100,000 visitors from outside the country, and park fees alone totaled 20 million US dollars. From 1995-1999, tourism revenues in Tanzania grew twice as fast as in competing countries.



TANAPA receives revenues primarily from park entry and park lodging fees. Surprisingly, the agency receives less revenue from expensive tours using hotels and lodges than from budget tours staying in campsites. In order for the parks to benefit from high-end tourism, TANAPA will need to re-evaluate lodging concession fees and encourage more specialty camping, for which they charge double the basic rate. Otherwise, luxury tour profits will continue to be captured by outside tour companies and hotels.

Table 1.

TANAPA 2000-2001 Finances ²	
Total revenue	\$20M
Total expenses	\$15M
Taxes paid to government	\$1.5M
Community programs	\$0.4M
Staff employed	1,450
Total visitors	140,000

¹ Tanzania Ministry of Natural Resources and Tourism via <http://www.tptanzania.co.tz>

² Tanzania National Parks Annual Report 2000-2001.

Table 2.

TANAPA 2000-2001 Primary Revenue	
Visitor Entry Fees	52.4%
Camping Fees	19.8%
Huts and Bandas Fees	12.1%
Vehicle Entry Fees	3.4%
Rescue Fees	2.4%
Concession Fees	2.1%
Resident Entry Fees	1.5%
Professional Filming Fees	0.6%
Guide Fees	0.4%
Landing Fees	0.4%
Books and Souvenirs	0.2%

Visitor Survey

From June to November of 2003, TANAPA and CSF conducted an economic study of the park system to answer the following questions:

How can more tourists be encouraged to visit the seven Southern/Western parks?

What fees should parks charge?

What activities should be developed in which areas?

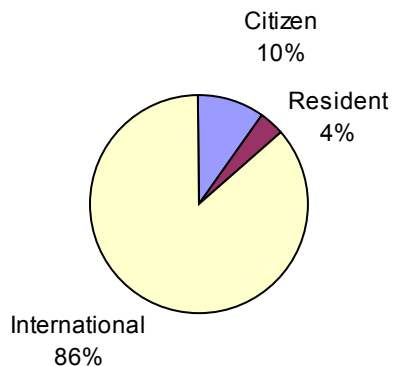
Which tourist markets should be targeted for different parks and activities?

We conducted 522 interviews at national parks and 503 at points of entry to the country (such as international airports and major border crossings) to gather information on the role of visitor characteristics, park fees, park activities, and travel time in determining tourists' decisions to visit parks while in Tanzania. Statistical techniques were used to determine the influence of various characteristics on the popularity of specific parks.

Park Visitors

The vast majority of the park visitors we interviewed were from outside the country. Tanzanian citizens represented only 10 percent of visitors, and non-citizen residents only 4 percent.³

Figure 3. National Park Visitors



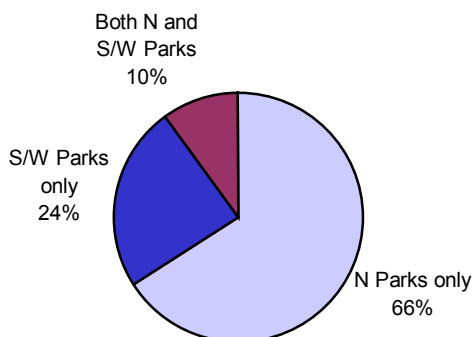
³ Non-citizen residents are non-Tanzanians, usually North American or European, living in Tanzania. They are a small fraction of the Tanzanian population, so in comprising 4 percent of all park visitors surveyed it is likely that most residents are visiting parks.

Over 90 percent of international tourists came from North America or Europe. The United Kingdom and United States each contributed 20 percent of visitors, more than any other country.

Park Choices

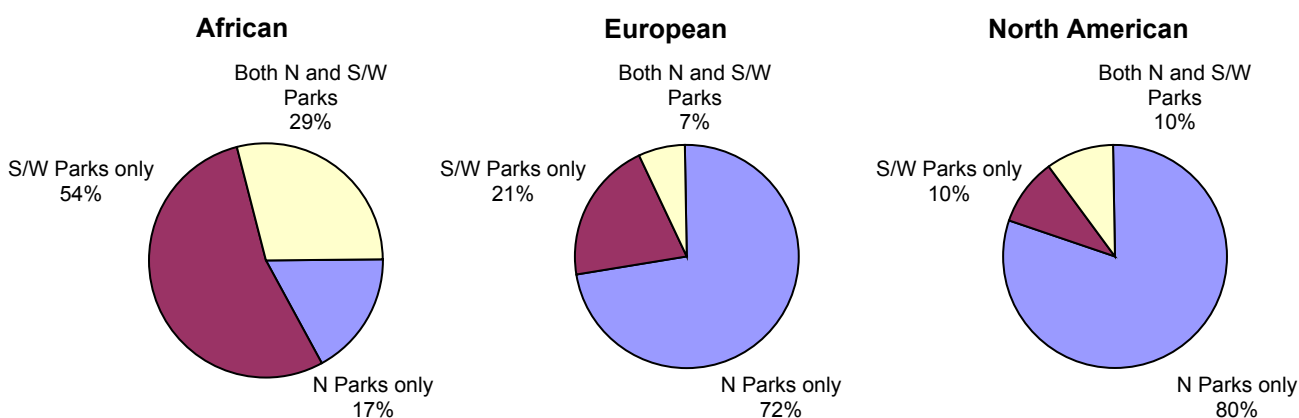
Two-thirds of the people we surveyed went exclusively to Northern parks while in Tanzania. A quarter of visitors chose to visit only Southern/Western parks, and ten percent went to both Northern and Southern/Western parks.

Figure 4. Park choice in Tanzania



Three-quarters of international tourists, in contrast to less than one fifth of citizens and residents, visited only Northern parks. Over 80 percent of African residents, a category that includes both citizens and expatriates, went to Southern/Western parks, compared to only 29 percent of Europeans and 20 percent of North Americans. African residents often travel over land in private cars and have easier access to more remote Southern/Western parks. They may also feel more comfortable and even prefer traveling independently of an organized tour so they can visit less known, and therefore less crowded, parks.

Figure 5. Parks visited in Tanzania



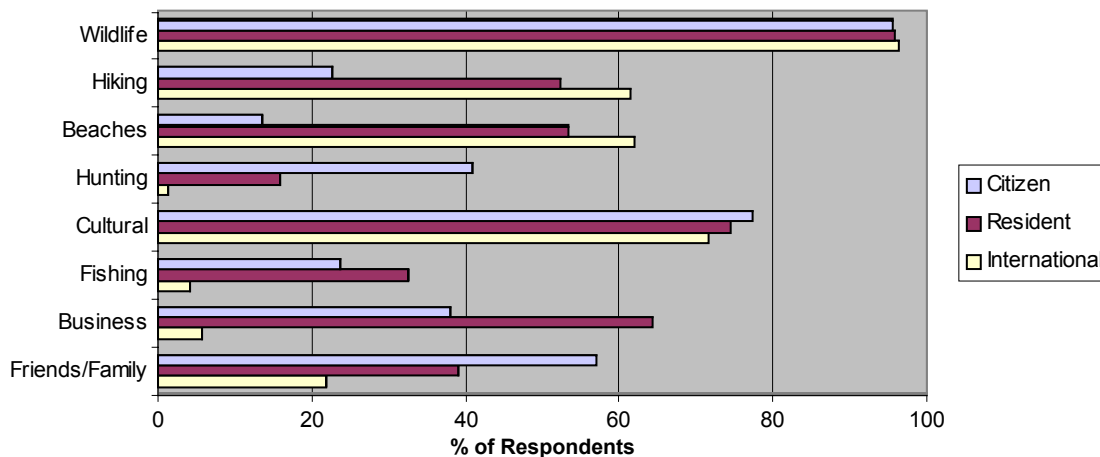
We asked survey respondents if there were any parks they wanted to visit but did not during their stay in Tanzania. Serengeti, the famous savannah in the North of the country, was mentioned by almost a third of visitors. Other parks mentioned by at least 10 percent of respondents include the popular Northern parks Lake Manyara and Tarangire, and the Southern/Western parks Ruaha and Gombe. Time was the biggest limiting factor for international visitors, whereas cost was much more of a concern for citizens and residents

Park Activities and Tours

Surprisingly, factors such as income, age, the amount of money spent on tours, and the number of days in Tanzania did not affect the likelihood of a visitor going to a Southern/Western park. People interested in cultural tourism, those who visited other countries on the same trip and those traveling in private vehicles were more likely to visit Southern/Western parks. First-time visitors and tourists who used a tour company, visited multiple destinations within the country, or entered the country from Kenya were all less likely to visit a Southern/Western park.

Wildlife viewing was an important criteria for over 95 percent of visitors when planning their trip to Tanzania, and almost three-quarters also considered cultural tourism. Citizens and residents were interested in a wide variety of activities, whereas international visitors were focused primarily on wildlife viewing, cultural tourism, hiking and beaches. Hunting in game reserves and seeing friends and family rated high for citizens, and business activities were important to residents. Visitors who went to Southern/Western parks expressed an interest in more activities – hunting, fishing, business and visiting friends and family – than visitors who went only to Northern parks.

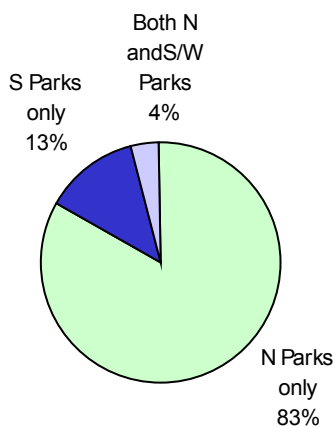
Figure 5. Activities considered when planning trip



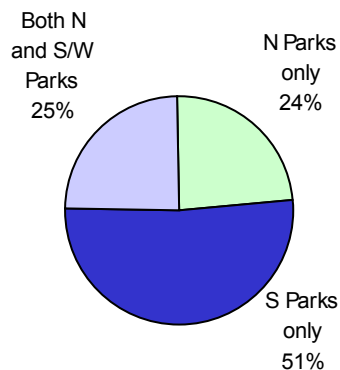
Tourists using a tour company were much more likely to visit Northern parks. Most international tourists depend on tours because they are unfamiliar with the region and would find it difficult to travel around on their own. Many tour companies only offer tours to Northern parks, so visitors who are interested in seeing Southern/Western parks have fewer tour choices.

Figure 6. Impact of tours on park choices

Park visitation: Used tour company



Park visitation: No tour company

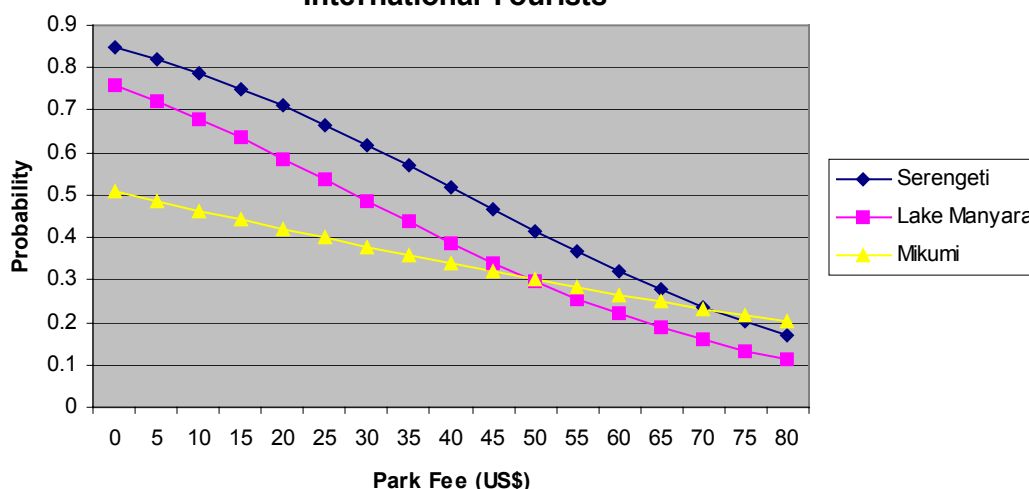


Where tourists enter the country also influences what parks they visit. Over 90 percent of people entering from Kenya saw only Northern parks. Many non-African visitors arrive in Tanzania from Kenya with tour companies, visit a few Northern parks, then drive back across the border.

Willingness to Pay

Visitors at all parks were asked if they would have visited Serengeti, Lake Manyara or Mikumi parks if the park fee for each were a certain amount, which varied from \$0 to \$50. Both Serengeti and Lake Manyara are on the popular Northern tour circuit. Mikumi is a Southern park close to the capital city of Dar Es Salaam and accessible by good roads. We extrapolated our fee range to \$80, an amount that is predicted to have received positive responses from at least 10 percent of people surveyed at each park.

Figure 7. Willingness to pay park fees
International Tourists



International tourists were responsive to changes in entrance fees for both Serengeti and Lake Manyara. As the hypothetical fee increased, the likelihood of visiting the park decreased. At least 50 percent of international visitors were willing to pay an entrance fee of \$41 for Serengeti and \$28 for Lake Manyara. For Mikumi, however, changes in the park fee had little influence on decisions to visit the park. Only 50 percent of visitors from outside Tanzania said they would visit the park even if the entrance fee were \$1. Increasing the fee to \$80 would decrease visitation by only 30 percent. This suggests that factors other than the entrance fee are more important in influencing international tourists' decisions to visit Mikumi, and perhaps other Southern/Western parks.

The table below compares the fee amounts that at least 50 percent of citizens, residents and international visitors were willing to pay to visit each of the three parks.

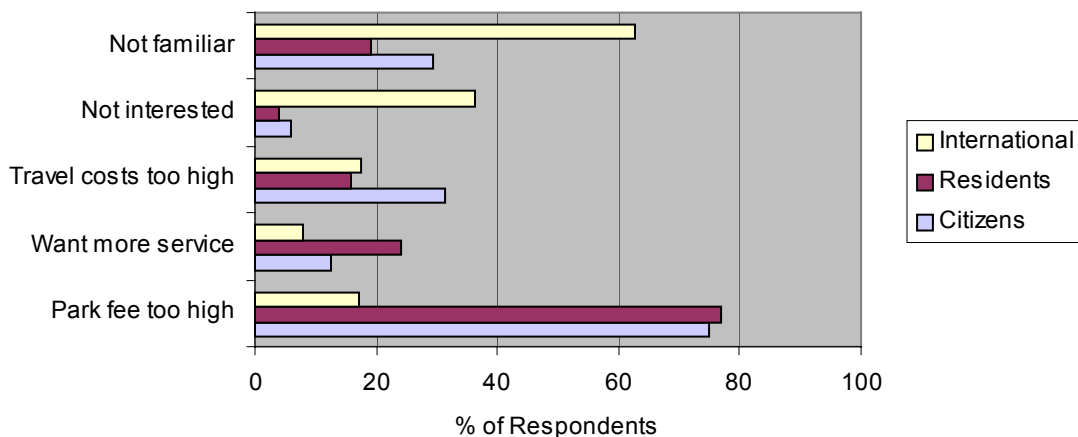
Table 3.

Willingness to Pay			
	Serengeti	Lake Manyara	Mikumi
Citizen	\$20	\$13	\$11
Resident	*	\$23	\$15
International	\$41	\$28	\$1

*Residents' willingness to pay could not be calculated for Serengeti due to a small sample size and high variability of responses.

If visitors were not willing to visit Mikumi given the hypothetical park fee, they were asked to identify a reason. The graph below shows the percentage of citizens, residents and international visitors who responded yes to each reason, aggregated for all hypothetical park fees. Most important for citizens and residents was the expense of the park entrance fee. For international visitors, it was lack of information about the park.

Figure 8. Why not visit Mikumi?



Conclusions: The Way Forward

The following seven recommendations aim to decrease crowding in Northern parks, encourage visitation to Southern/Western parks, and help TANAPA increase revenues without compromising wildlife protection. It is important to point out that infrastructure capacity and transportation services will need to be evaluated and upgraded before Southern/Western parks can accommodate significant increases in visitation.

1. Explore variable pricing

- Willingness to pay park fees differs between Northern and Southern/Western parks and among citizens, residents and international visitors.
- Pricing strategies can help increase visitor numbers or maximize revenue with fewer visitors.
- For Northern parks such as Serengeti, raising fees for non-African international tourists could increase revenue and reduce crowding.
- Multi-day and multi-park passes could be designed to increase visitation by citizens and residents and encourage more visitation to Southern/Western parks.

2. Promote specialized camping, re-evaluate concession fees and provide more value-added services to capture luxury tour revenue

- TANAPA loses revenues when high-end tourists stay in hotels, and gains high returns when tours use specialized campsites inside the parks.
- TANAPA's biggest source of revenue is Kilimanjaro, where tourists, guides and porters pay both entry and lodging fees.
- Diversified activities in the parks, such as hiking, safari walks, fishing, canoeing, night drives, ballooning, and shopping, can generate more value-added revenue.

3. *Develop an intermediate fee category for non-citizen residents and African visitors from outside Tanzania*

- The vast majority of residents and African visitors favor Southern/Western parks.
- Residents have a willingness to pay for park fees that is higher than for citizens but lower than for international tourists.
- A resident camping fee could increase the number of people staying in the parks and generate more revenue for TANAPA.

4. *Produce a targeted marketing and information campaign to increase international visitation to Southern/Western parks*

- The primary reason international visitors in our survey would not visit Mikumi was lack of knowledge about the park.
- Contrary to popular assumption, money and time are not the primary barriers to visiting Southern/Western parks. In our survey, international tourists visiting only Northern parks and those going only to Southern/Western parks earned similar incomes, paid comparable tour costs, and spent around the same total number of days in Tanzania.
- Tourists from outside Tanzania usually do not have time to visit Northern *and* Southern/Western parks during their trip, so the key is to encourage alternatives to the Northern tour circuit, especially for return visitors.
- International tourists' willingness to pay for Mikumi was not sensitive to the park fee – simply lowering the price will not increase visitation.

5. *Emphasize wildlife and diverse activities in Southern/Western parks*

- International visitors want guaranteed wildlife viewing – and our survey showed that visitors saw similarly impressive wildlife in Northern and Southern/Western parks.
- International visitors and residents enjoy hiking.
- Citizens and residents are interested in a diversity of activities that could be developed in Southern/Western parks, and in some Northern parks such as Arusha that already attract citizens and residents.

6. *Market Southern/Western parks as high-end tourist destinations*

- These parks have high quality wildlife viewing without the crowds.
- Lower visitor numbers allow for more specialized activities such as walks and night drives that enhance the wilderness experience.
- Business travelers in Dar es Salaam are a potential market for Southern parks.

7. *Improve system of information flow between TANAPA and tourists*

- Innovations such as a computerized smart card system can track visitors, information and reservations, and also minimize revenue losses from the parks.
- TANAPA can educate tourists by providing information about fees and how they are used to support parks and conservation programs.