



**Ministry of Tourism, Environment
and Natural Resources**

**SUPPORT FOR ECONOMIC EXPANSION
AND DIVERSIFICATION PROJECT**

Livingstone Tourism Survey
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SUBMITTED BY

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1 INTRODUCTION

BACKGROUND

The Government of the Republic of Zambia (GRZ) and the World Bank are cooperating to develop a project in support of economic expansion and diversification - the SEED Project. The aim of the SEED project is to help reduce the vulnerability of the Zambian economy to shocks by supporting the diversification of its sources of growth. This will be achieved by improving sector specific policy and regulatory frameworks and strengthening of the capacity of Government agencies to implement them. The objective will also be supported through selective public investments that stimulate private investments and by creating the conditions for increasing the contribution of gemstone, agribusiness and tourism sectors to GDP and export revenues.

PURPOSE OF THE STUDY

As tourism is one of the target sectors for development in Zambia, the SEED project seeks to collect up-to-date information on the sector's current performance and economic contribution. For that purpose, the present study was conducted in the Livingstone area. The main objectives of the study were to:

- Collect baseline data upon which Livingstone tourism assessment will be based;
- Gather additional economic information such as employment rates and estimates of gross revenues in order to give an overview of the tourism sector; and
- Give insights into the problems/ issues that keep tourism enterprises from growing or being profitable.

METHODOLOGY

A survey questionnaire was developed by the DCDM Consultants in collaboration with the Project Coordinator for SEED and the representatives of the tourism sector operators in Livingstone (LTA, ZAWA, ZNTB). A copy of the questionnaire and the letter soliciting participation in the survey is provided in Appendix I.

Our approach comprised firstly of the identification of a list of potential survey respondents, which was drawn up from information provided on tourism sector operators in Livingstone by the ZNTB. The tourism sector operators were then contacted by our research assistants and a mail out letter was sent containing an outline of the questionnaire. This was sent by fax or by email, and was immediately followed by a telephone call from our research assistants to schedule an appointment with the tourism sector operators at the convenience of the respondents in order to administer the survey questionnaire. It was sometimes necessary to make several phone calls to schedule the appointments.

The survey was conducted in January 2006, with 210 questionnaires being sent out to tourism operators. A total of 124 completed questionnaires were received for a response rate of 59%. The breakdown of the respondents is as follows:

Category of respondent		Total
Tourist activities		21
Handicraft traders	Large trader: 1	
	Small traders: 48	
	Curio shops: 7	56
Accommodation facilities	Hotels: 4	
	Guesthouses: 21	
	Lodges: 14	
	Others: 8	47
		124

Key points to note when interpreting the survey results:

- We have not used the survey results to make any extrapolations on the size of the revenue generated or the number of people employed by all the tourism sector operators in Livingstone for the following reasons: (i) we do not have actual data on the profile and number of operators in Livingstone, (ii) the sample covered for each category of respondent is not representative of the population of tourism sector operators as the response rate in the survey largely depended on the willingness of the respondents to participate and (iii) many respondents did not provide key financial and employment information
- With regard to the accommodation facilities, all establishments that are not classified as hotels, guesthouses or lodges have been regrouped under 'others'. As such, the category 'other establishments' would include bed and breakfast, backpackers and chalet
- Wherever the sample size is sufficiently large, we have analysed the results by type of respondent

2 EXECUTIVE SUMMARY

Product / service description

Livingstone offers a full variety of product from games/wildlife/nature to cultural tours, hard adventure and inland water activities. The most popular activities organised are by far game drives followed by excursions to Victoria Falls, museum visits and township/village tours. The number of hard adventure activities is also wide-ranging.

The main categories of handicrafts traded are as follows: (i) the large trader sells metal objects and furniture, (ii) the curio shops mainly sell jewellery, woodcarvings and textile products and (iii) the small traders mainly sell woodcarvings, paintings and sculptures.

Livingstone provides a variety of accommodation options for its visitors, and these can be broadly categorised as hotels, lodges, guesthouses and others. The main characteristics of each type of accommodation facilities is as follows:

■ Hotels

- (i) Two of the four surveyed hotels are small (< 30 rooms) and the remaining two are large (> 49 rooms). The average capacity of the hotels is 158 rooms and 312 beds
- (ii) The hotels offer more comprehensive facilities and room amenities than the other accommodation facilities. All hotel rooms have a coffee-maker/kettle and cable TV, and are fitted with air conditioning / heating systems. Three hotels have a safe, 24 hr room service, hairdryer, minibar, alarm clock and direct dialling phones in the rooms. Only two hotels have rooms with a private patio / balcony and high-speed Internet connections
- (iii) All hotels have catering services while three have parking facilities, laundry/dry cleaning service, conference facilities, swimming pool and foreign exchange services. Only two hotels provide any other facilities
- (iv) One hotel is rated as 3 star and another as a five star. The other two hotels are unclassified
- (v) Three hotels have conference/meeting rooms and they have on average 2 conference rooms with a total capacity of 175 seats. The average rental cost for a conference room is Kwacha 275,000 (~ USD 60)
- (vi) Two hotels provide business services but none of them specified which business services they provide
- (vii) Two hotels organise tourist activities
- (viii) All hotels have a restaurant and three have a bar. The average seating capacity in the restaurant is 35 and average price is Kwacha 52,500 (~ USD 12). All the restaurants / bars are open to outsiders

■ Lodges

- (i) The majority of lodges are small in size, with an average capacity of the lodges is 18 rooms and 34 bedplaces
- (ii) Half of the lodges have rooms with a private patio / balcony while less than half of them provide all the other amenities. The room amenities that are not normally available would be minibar, alarm/clock radio, direct dialling phones and high-speed Internet access
- (iii) At least four lodges out of five have catering facilities, parking facilities, swimming pool and laundry/dry cleaning service. Less than half of lodges provide any other facilities
- (iv) 28% of the lodges are rated as 3 star or plus while as much as two-third are unclassified

- (v) 57% of the lodges have conference facilities. The lodges have on average 1 conference/meeting room with a capacity of 129 seats. The average rental cost for a conference room is Kwacha 491,360 (~USD 110)
- (vi) 21% of the lodges provide business services. All of them provide Internet / email facilities, while two-third provide fax and printing facilities, and only one-third have photocopier service. The rates charged by the lodges are reported to be higher in general than the rates charged by the guesthouses for these business services
- (vii) 57% of the lodges organise tourist activities. The most popular activities organised by the lodges are game drives/walks and Victoria Falls (75%), and Township visits (73%)
- (viii) 93% of lodges have a restaurant and bar. The average seating capacity in the restaurant is 41 and average price is Kwacha 58,673 (~ USD 13). Most of the restaurants / bars are open to outsiders

■ Guesthouses

- (i) All the guesthouses are small in size. The average capacity of the guesthouses is 10 rooms and 16 bedplaces
- (ii) More than two-third of the guesthouses have air conditioning / heating systems and cable TV and half of them have a coffee maker / kettle in the rooms. The least common room amenities in the guesthouses are high-speed internet access and hair dryer
- (iii) At least three guesthouses out of five have a restaurant, parking facilities and laundry/dry cleaning service and half of the guesthouses have a bar. Less than half of the guesthouses provide any other facilities
- (iv) Two-third of guesthouses are unclassified while 5% are rated as two-star. The rest did not specify
- (v) 38% of guesthouses have conference facilities. They have on average 2 conference/meeting rooms with a total capacity of 86 seats. The average rental cost for a conference room is Kwacha 200,000 (~ USD 44)
- (vi) 14% of the surveyed guesthouses provide business services and among these, two-third provide Internet/email and printing facilities while one-third provide fax and photocopy services
- (vii) Only 10% of the guesthouses organise tourist activities
- (viii) 71% of guesthouses have a restaurant and 52% have a bar. The average seating capacity in the restaurant is 31 and average price is Kwacha 38,467 (~ USD 9). Most of the restaurants / bars are open to outsiders

■ Other establishments

- (i) The majority are small in size and 13% have camping provisions. The average capacity in these establishments is 19 rooms and 48 bedplaces (including camps)
- (ii) Half of them have air conditioning / heating in the rooms and less than half have other amenities in their rooms. The room amenities that are not normally available in these establishments are direct dialling phones and high-speed Internet access
- (iii) At least two-third of other establishments have a restaurant, parking facilities and swimming pool. Less than half of them provide any other facilities
- (iv) Three-quarter of the other establishments do not have any star classification

- (v) 25% have conference facilities. They have on average 1 conference/meeting room with a capacity of 40 seats. The average rental cost for a conference room is Kwacha 145,000 (~ USD 32)
- (vi) 38% of the other establishments provide business services, with two-third of them providing photocopy and one-third providing Internet/email. None of them have fax/printing services
- (vii) 50% of the other establishments organised tourist activities
- (viii) Half of the other establishments have a restaurant and bar. The average seating capacity in the restaurant is 54 and average price is Kwacha 55,000 (~ USD 12). 25% and 50% respectively claim that the restaurant and bar are restricted to guests only

Characteristics of guests staying in the accommodation facilities

36% of guests are Zambians and 64% are non-Zambians. With regard to the non-Zambian guests, the main source market is Europe (38%), America (33%), Africa (20%) and others (10%). The main tourist-generating country in each region is UK (Europe), South Africa (Africa) and USA (America). Holidaymakers (54%) accounted for the highest proportion of tourists visiting Livingstone followed by business tourists (26%). An analysis of the purpose of visit across the different accommodation facilities shows that the majority of the guests in hotels (85%) are business/conference visitors. Guesthouses also have more business guests than holidaymakers while lodges and other establishments have a client base comprising mainly holidaymakers. The average length of stay is 2.6 nights and the main mode of travel is by road.

Procurement

The items sold by the large handicraft trader are not only made in-house but are also purchased from local craftsmen and imported from other countries. All the surveyed curio shops buy handicraft products from local craftsmen and a few also make handicraft products. The majority of small traders buy from local craftsmen and also make the handicraft items.

For those surveyed traders who also make handicraft products, the main raw materials used are (i) wood and metal for the large trader and (ii) wood, metal and fabrics for the curio shops. Small traders use wood most of the time as well as a number of other raw materials. Most of the main raw materials are procured locally, either freely (wood) or from local suppliers (wood, metal and fabrics).

The majority of the inputs for the accommodation sector are sourced locally. This is particularly the case for food, drinks, art and craft, candles, internal decoration, flowers, and toiletries. For bed linens, uniforms, mats and tablecloths, and crockery / cutlery, about 20% of the inputs are imported.

Outsourcing and sourcing of inputs

The main activities contracted out by the accommodation facilities are security services, maintenance of equipment / vehicles and accounting / finance, and the value of outsourcing for the surveyed accommodation facilities was about Kwacha 800 million (~USD 175,000) in 2005.

Years of operation

The majority of the tourism sector operators are quite recent; most of them have been in operation for less than 10 years. The observed upsurge in the number of tourism operators in the last 10 years is directly linked to the buoyant expansion of the tourism sector in Zambia over that period. Indeed, tourist arrivals soared by an average annual rate of 14% over the period 1995-2004 as opposed to a modest annual growth of 1% over the preceding 10-year period of 1985-1994.

Business status

There are very few informal tourist activity businesses; most of them are registered and have a ZNTB / ZAWA licence. To the exception of the small handicraft traders, most of the other handicraft businesses are formally registered. On the other hand, all the accommodation facilities interviewed are formally registered with a ZNTB, Hotel and/or Management licence.

One tourist activity operator out of two is a corporate. For the accommodation facilities, it is noted that (i) two of the four hotels are joint ventures, (ii) nearly two-third of the guesthouses are sole proprietorships, (iii) more than half (57%) of the lodges are registered as companies, and (iv) the other establishments are equally distributed between those that are registered as companies and those that are sole proprietorships.

Foreigners have an important stake in the tourism sector in Livingstone. The proportion of respondents that are fully- or partly foreign-owned is as follows: tourist activity operators (76%), hotels (two out of four), lodges (72%), other accommodation facilities (78%), curio shops (58%) and the large trader. On the other hand, foreign participation is very low among the guesthouses (15%) and small traders (6%).

The main challenges faced by the tourism sector operators when they started their business are as follows: tourist activity operators (the bureaucratic nature of procedures and the centralisation of all administrative procedures in Lusaka) and accommodation facilities (the long list of licences required for tourism operations).

Marketing activities

The average annual marketing budget reported in 2005 was as follows: tourist activity operators (USD 8,532), large handicraft trader (USD 10,000), curio shops (USD 1,000), lodges (USD 4,500), hotels (USD 1,600 on average for the two small establishments only), guesthouses (USD 1,500) and other establishments excluding the chalet¹ (USD 1,000).

Almost all tourist activity operators undertook marketing, mainly through website / Internet, promotional materials and displays, and marketing visits. Among the handicraft traders, the large trader, 57% of curio shops and 6% of small traders were actively involved in marketing in 2005. The large trader used the following marketing vehicles: advertising in print media, marketing visits, promotional materials and displays, website/Internet marketing, billboards and wall banners. The curio shops advertised mainly through print media, marketing visits, promotional materials and displays as well as website/Internet promotions. On the other hand, almost all the accommodation facilities advertised in the last 12 months and the main advertising vehicles used were (i) billboards and the local newspaper for guesthouses, (ii) Internet and tour operator brochures for lodges, (iii) tour operator brochures for hotels and (iv) billboards for other establishments.

It is also noted that 38% of accommodation facilities did not participate in any trade shows / tourism fairs, as opposed to 45% who either attended or were represented in trade shows / tourism fairs (mainly Indaba and WTM) in 2005. The level of participation was highest among lodges and lowest among guesthouses.

Source of business

The main source of business for the tourist activity operators were the accommodation facilities which accounted for 35% of their customers, followed by direct customer walk-ins (31%), travel agents (24%), wholesale inbound tour operators (8%) and others (2%).

Except for the lodges (whose main sources of business are Internet bookings and inbound tour operators), most hotels, guesthouses and other establishments obtain their business through direct customer walk-ins.

Prices / tariffs

For tourist activities organised, different prices are usually charged for residents and non-residents, except for some activities where it is reported that non-residents pay similar or even lower prices than residents. The price charged varies significantly across the different activities. Generally speaking, the tariffs charged for hard adventure experiences are higher than for games / wildlife / nature, inland water activities and culture tours.

For handicraft products, there are no reported differences between the average selling price charged to residents and non-residents. Almost all the products sold by curio shops and small traders are priced under Kwacha 500,000. On the other hand, the large trader charges between Kwacha 100,000 and Kwacha 500,000 for metal objects and Kwacha 1 million and 1.5 million for furniture items. Average, prices charged by curio shops are in general higher than those of small traders.

¹ Did not specify the amount spent on marketing activities in 2005

With regard to the average rates charged by the accommodation facilities, it is noted that for a double room, the average room rate per night is as follows: hotels (res: USD 67, non-res: USD 127), lodges (res: USD 76, non-res: USD 92), guesthouses (res: USD 35, non-res: USD 40) and other establishments (res: USD 51, non-res: USD 54). Among the four types of accommodation facilities, the average room rate per night is highest for hotels and lowest for guesthouses. Non-resident rates are in general higher than resident rates, and the gap between these two rates is wider for hotels.

Revenue

In total, the tourist activity operators surveyed handled 136,000 clients in 2005. Out of these, 80% are tourists. The total revenue for these surveyed operators was USD 7.2 million (~ USD 343,000 per operator).

The large handicraft trader both exports and sells its products on the local market. 57% of the curio shops and 83% of the small traders sell their entire stock of handicraft items on the local market. The total revenue generated by all the surveyed small traders and curio shops (excluding large trader¹) was USD 232,000 in 2005. The average revenue was USD 26,000 for curio shops and USD 1,600 for small traders.

The overall room occupancy for hotels was 61% in 2005 as opposed to other establishments (53%), guesthouses (44%) and lodges (26%). The establishments recorded the lowest occupancy rate in February and the highest occupancy rate in July. Using the occupancy and average room rate figure, we estimated the turnover for 34 accommodation facilities (3 hotels, 16 guesthouses, 10 lodges and 5 other establishments). Overall, these establishments generated a turnover of USD 67 million in 2005. The average turnover by type of establishment is as follows: hotels (USD 21.2 m), lodges (USD 248,400), other establishments excluding chalet (USD 94,390) and guesthouses (USD 90,940).

Employment

The tourism sector operators in general have a highly male-dominated staff base and employ few casual / seasonal workers and non-Zambians. The only exceptions are curio shops and guesthouses where the ratio of male to female employees is more balanced.

Only a quarter of the people employed by tourist activity operators are reported to be union members. On the other hand, membership to trade unions is quasi non-existent among the people employed by the handicraft traders and accommodation facilities.

The total number of people employed for each surveyed category of respondents is as follows:

- For all the surveyed tourist activity operators, the number of people employed is 652 (30 people per operator)
- The surveyed handicraft traders employed 260 people. The large handicraft trader employs 90 people while the curio shops and the small traders employ 3-4 people on average
- Surveyed accommodation facilities employed 926 people in all. The lodges employ on average 38 people in contrast to 10 for the guesthouses, 22 for the hotels and 23 for the other establishments. These results must however be interpreted with care as many establishments, especially the two large hotels, did not specify the size of their workforce

Wages

The surveyed tourist activity operators incurred a total wage cost of USD 1.65 million in 2005, which represents an average monthly salary per employee of USD 174.

The total wage bill of the surveyed handicraft traders in 2005 is USD 112,000. The average monthly salary paid by curio shops is USD 99. This is about twice as much as the average monthly salary paid by the large trader and nearly 6 times the monthly salary paid by the small traders.

¹ Did not specify the turnover in 2005

Only 17 guesthouses, 9 lodges and 5 other establishments (excluding chalet) provided their wage bill figures in 2005. In total, these respondents paid about USD 700,000 as salary in 2005. The average monthly salary paid to employees is calculated at USD 72 for the guesthouses, USD 135 for the other establishments and USD 253 for the lodges.

Training

Nearly two-third of the surveyed tourist activity operators claim that either most or all of their staff have received training, and this have been provided almost exclusively through in-house informal training.

Half of the staff employed by the large handicraft trader are fully trained and they have received training from a certified institution in Zambia. Only 29% of curio shops have fully trained employees, and most of them obtained informal training. On the other hand, 73% of the small traders claim that all the people working with them (including themselves) have received appropriate training through informal apprenticeship.

25% of hotels claim that none or few of their staff are trained as opposed to 38% of other establishments, 43% of lodges and 62% of guesthouses. Two hotels out of three claim that their staff were trained at a certified institution in Zambia (private or public) compared to 59% of guesthouses, 42% of lodges and 50% of other establishments.

The proportion of respondents who provided training to their staff in 2005 are as follows: Tourist activity operators (67%), Handicraft traders (only the large trader and one surveyed curio shop), Hotels (one out of the four surveyed), Guesthouses (14%), Lodges (50%) and Other establishments (63%).

The tourist activity operators perceive that, if a specialised tourism training institution is set up in Livingstone, the main priority areas for training should be tourism management and client relationship skills. On the other hand, the handicraft traders have a preference for training in selling / marketing / advertising skills and craftsmanship. As far as the accommodation facilities are concerned, a clear preference is observed for tourism management / hospitality and food and beverage.

Social / community activities

One-third of the surveyed tourist activity operators were involved in social / community activities in 2005 and the total project value of these activities is estimated at Kwacha 232.3 million. Most of the activities involved financial contributions and donations to schools, orphanages and shelters in the local community.

Beside the large handicraft trader, 14% of the curio shops and 6% of the small traders were involved in social / community activities in 2005. The total project value of these activities was Kwacha 27.8 million.

As much as 57% of the lodges were involved in social/community activities in 2005. This compares to 33% of the guesthouses and 25% of the other accommodation facilities. On the other hand, none of the hotels surveyed reported any participation in social/community activities. The total project value of these activities is estimated at nearly Kwacha 140 million and guests contributed about 90% of this amount.

Perception of LTA

All the surveyed tourist activity operators are aware of LTA and a large majority (81%) are members of the association. Only 63% of handicraft traders have heard of LTA and among those, 20% are members of the association. As much as 83% of the accommodation facilities have heard of the LTA and half of them are also a member of the association.

Two-third of the tourist activity operators and accommodation facilities who are members of LTA are satisfied with the services provided by association. The level of satisfaction with the service provided by LTA is higher among the handicraft traders, with three-quarter of them being satisfied with the association.

The preference expressed by the respondents with regard to the future role of LTA is as follows:

- Tourist activity operators - conduct of negotiations with the government, tourism promotion and policy advice
- Large trader – conduct of negotiations, policy advice, setting of quality standards, developing product marketing opportunities
- Small traders - facilitating access to credit facilities, developing product marketing opportunities
- Curio shops - coordinating with ZNTB to promote the Livingstone area, setting of quality standards
- Hotels – setting of quality standards, facilitating access to credit facilities
- Guesthouses - facilitating access to credit facilities, conduct of negotiations with the government
- Lodges and other accommodation facilities – conduct of negotiation with the government, policy advice

If LTA were to offer the preferred services to its members, almost all the respondents would be interested to become a member / renew their membership with LTA. The following summarises their level of interest and the amount that they are willing to pay as membership fee.

	Tourist activity operators	Handicraft traders	Accommodation facilities
Existing members:	N = 17	N = 7	N = 22
% who would renew membership	100%	71%	100%
Membership fee	Kwacha 238,529	Kwacha 214,000	Kwacha 194,000
Non-members:	N = 4	N = 49	N = 17
% who would become a member	100%	98%	92%
Membership fee	Kwacha 100,000	Kwacha 30,771	Kwacha 100,000

Perception of the service provided by other operators in Livingstone

The respondents were asked to rate the other tourism sector operators in Livingstone on a number of attributes. The following table shows the proportion of excellent / very good score for each attribute.

	Tourist activity operators	Handicraft traders	Accommodation facilities
Price of accommodation facilities	21%	6%	
Competitiveness of charges for tourist activities		9%	26%
Price of handicraft products	16%		21%
Range of tourist activities		33%	62%
Range of handicraft products	26%		33%
Quality of handicraft products	32%		38%
Quality of accommodation facilities	30%	38%	

The operators are in general very critical of each other and the handicraft traders are more austere in their evaluation of the other operators. The price competitiveness of the tourism product is the centre of all criticisms expressed by the surveyed operators.

Perception of the operating environment

All the tourism operators perceive that there are a number of factors inhibiting growth of tourist arrivals in Livingstone, and they all agree that the main constraints are poor awareness of the destination and the poor condition of roads / railways.

The respondents were also asked to (i) evaluate the environment within which they operate on a number of factors, using a performance scale of 1 (Very poor) to 5 (Excellent) and (ii) rate, on a gravity scale of 1 (No obstacle) to 4 (Major obstacle), the extent to which each of these factors represent an obstacle to the development and expansion of their business. The results are summarised below.

	Tourist activity operators (N = 21)		Handicraft traders (N = 56)						Accommodation facilities (N = 47)	
			Large trader (n=1)		Curio shops (n=7)		Small traders (n=48)			
	Mean perf. score ¹	Mean gravity score ²	Mean perf. Score ¹	Mean gravity score ²	Mean perf. Score ¹	Mean gravity score ²	Mean perf. Score ¹	Mean gravity score ²	Mean perf. Score ¹	Mean gravity score ²
Growth of tourist arrivals in Livingstone	3.2	2.1	na	na	2.6	2.5	2.2	3.0	3.5	1.8
Access to business advisory services for investors	2.5	2.4	1	4	1.9	2.7	2.8	2.2	2.1	2.6
Attractiveness of incentives for investors	2.4	2.8	1	3	2.1	2.7	2.7	2.3	2.4	2.4
Access to credit and financing facilities	2.3	2.7	1	4	1.7	2.6	1.9	3.4	1.9	3.1
Complexity of regulations, procedures, permissions & licenses	2.1	3.2	1	4	2.9	2.1	3.9	1.4	1.9	3.3
Access to related training facilities	2.0	2.8	1	4	1.7	3.0	2.2	2.5	2.0	2.9
Access to quality inputs			2	3	3.4	1.9	3.6	1.5	2.2	2.7
Price of raw materials			3	3	3.4	1.6	3.6	1.4		
Capacity of local operators to offer a range of products and to be innovative			2	2	2.9	2.1	3.5	1.6		
Access to target market			1	3	2.5	2.5	2.0	3.3		
Opportunities for product marketing			1	4	2.3	2.6	2.1	3.2		
Safety and security measures for outdoor activities	3.3	1.8								
Entry fees for tourist sites	3.2	2.4								
Access to good trucking services	2.8	2.0								
Cost of gear used for the tourist outdoor activities	2.3	2.3								
Fuel and vehicle maintenance costs	2.2	2.9							1.8	3.3
Availability of qualified people	2.2	3.1							2.5	2.7
Taxes and levies	2.0	3.2							1.8	3.3
Telecommunication costs									2.5	2.5
Access to land									2.4	2.2
Reliability of power supply services									2.2	2.9
Cost of inputs and raw materials for the hospitality sector									2.2	2.7
OVERALL	2.2		na		2.4		2.5		2.2	

The main observations are:

- Overall, the tourism operators are highly critical of the context within which they currently operate.
- Tourist activity operators mainly criticise the human resource capacity (training and skills availability), operational costs (fuel, vehicle maintenance, taxes), access to credit facilities and licensing procedures.
- The large trader expresses its dissatisfaction on almost all aspects while the curio shops are most critical of the availability of entrepreneurial development assistance (incentives, business advisory services, credit facilities) and access to skills development facilities. The small traders tend to criticise mainly the availability of credit facilities, sustainable tourism growth, training facilities and marketing opportunities (product marketing and market access).
- The low performing areas, according to the accommodation facilities, are operational costs (fuel costs, taxes and levies), access to credit and financing facilities, and complexity of administrative procedures and licensing requirements.

In general, the same areas where tourism sector operators have expressed the most criticism are also the main obstacles for their business development. These constraints must therefore be urgently addressed in order to enable the tourism sector operators to grow their business.

¹ The mean performance index ranges between 1 (very poor) and 5 (excellent).

² The mean gravity index ranges between 1 (no/minor obstacle) and 4 (major obstacle).

Recommendations

To identify how the overall environment within which the tourist activity businesses are operating can be improved, we have constructed an improvement matrix for each category of respondent, by combining the following two scores: (i) the mean performance index given to each aspect describing the environment within which the respondents operate and (ii) the mean gravity index which measures the degree to which each aspect represents an obstacle to the development of their business. The improvement matrix enables us to prioritise the areas for improvement, with top priority given to those areas that are criticised by the respondents and that are considered as major obstacles to business growth. The following table summarises the top priority areas for improvement for each category of respondent as well as the suggestions made by the operators.

	TOP PRIORITY AREAS FOR IMPROVEMENT					SUGGESTIONS
	Tourist activity operators	Large trader	Curio shops	Small traders	Lodging facilities	
Growth of tourist arrivals in Livingstone				4 th		<ul style="list-style-type: none"> ■ More aggressive marketing of the destination in source markets ■ More capital investment to improve the conditions of road/rail/airport infrastructure ■ Establish a tourism circuit in Zambia
Access to business advisory services for investors		4 th	3 rd		9 th	<ul style="list-style-type: none"> ■ Set up one-stop shop business advisory centres for potential investors/entrepreneurs in Livingstone ■ Design information brochures and leaflets for investors/entrepreneurs
Attractiveness of incentives for investors	6 th	7 th	4 th			<ul style="list-style-type: none"> ■ Reduce bureaucracy in immigration procedures ■ Provide attractive fiscal incentives to investors (small & large, locals & foreigners)
Access to credit and financing facilities	7 th	2 nd	2 nd	1 st	4 th	<ul style="list-style-type: none"> ■ Create a credit facility through micro financing institutions to assist the locals to participate in tourism business ■ Lower interest rates for Zambian investors taking loans ■ Flexible security requirements for those who cannot provide collaterals
Complexity of regulations, procedures, permits & licenses	2 nd	5 th	1 st		3 rd	<ul style="list-style-type: none"> ■ Tiered licensing fees based on the size of companies ■ Rationalise / streamline the number of licences required ■ Simplify licence applications procedures and implement fast track system
Access to related training facilities	5 th	3 rd			5 th	<ul style="list-style-type: none"> ■ Set up a reputable, specialised and certified training institution in Livingstone ■ LTA to regularly organise refresher courses for the tourism sector ■ Provide tax rebates on training expenditures incurred ■ Set quality standards to regulate the training institutions
Access to quality inputs		8 th			7 th	<ul style="list-style-type: none"> ■ Lower taxes and customs duties on key imported inputs for the sector ■ Provide incentives to foster the development of local manufacturing industries
Cost of raw materials					8 th	<ul style="list-style-type: none"> ■ Lower taxes and customs duties on key imported inputs for the sector ■ Provide incentives to foster the development of local manufacturing industries <p>Encourage more local suppliers to set up stores in Livingstone</p>
Access to target market		6 th		2 nd		<ul style="list-style-type: none"> ■ Accommodation facilities and tourist activity operators need to include visits to the craft village/shops in the tours organised for tourists ■ Set up quality standards to improve the quality of handicraft products ■ LTA to assist small traders in advertising and marketing their products ■ Create export potential for small traders by facilitating access to credit, assisting them in marketing their products and defining quality standards for the products
Opportunities for product marketing		1 st	5 th	3 rd		<ul style="list-style-type: none"> ■ More aggressive role of LTA in the marketing of handicraft products ■ Extension of the tourism package to include handicraft when marketing Livingstone ■ Joint marketing efforts between handicraft traders and hotels/lodges
Fuel and vehicle maintenance costs	4 th				1 st	<ul style="list-style-type: none"> ■ Lower fuel levies ■ Manage fuel imports to ensure that there are fuel reserves
Availability of qualified people	3 rd				10 th	<ul style="list-style-type: none"> ■ Greater emphasis on practical experience in training colleges ■ Quick and easy availability of work permits for expatriates
Taxes and levies	1 st				2 nd	<ul style="list-style-type: none"> ■ Lower the tax rates ■ Simplify and rationalise the list of taxes ■ Provide more fiscal concessions for investors (lower tax rates, grace period etc)
Reliability of power supply services					6 th	<ul style="list-style-type: none"> ■ Work with ZESCO to find ways of limiting power disruptions

3 TOURISM ACTIVITIES

Out of the 22 operators of tourist activities contacted, 21 agreed to participate in the survey. This chapter is intended to provide an overview of the different tourist activity operators in Livingstone, more specifically with regard to those covered in the present survey.

NATURE OF BUSINESS ACTIVITY

The number of operators involved in each type of activities, as revealed by the survey indicates that:

- The main attraction in Livingstone is games/wildlife/nature with 62% of operators who organise this activity. Overall, the **most popular activities organised in Livingstone are by far game drives** followed by excursions to Victoria Falls, museum visits and township/village tours.
- Livingstone offers a wide range of hard adventure activities to visitors, comprising about 15 types of different hard adventure experiences

Overall, the **tourism activity business is quite recent**, with nearly two third of the surveyed operators which started their business in the last 10 years.

The extent of informal operations in the tourist activity business appears to be fairly small. The survey shows that 86% of the operators interviewed are registered and operate under the appropriate licence. Among the registered operators who were interviewed, 85% hold a ZNTB¹ licence while 20% have a ZAWA licence.

It is also noted that **more than half (57%) of the tourist activity businesses are registered as companies** while 24% are partnerships and 19% are sole proprietorships.

Slightly **over half (52%) are fully foreign-owned** as opposed to 24% which are fully owned by Zambians and 24% which are co-owned by Zambians and non-Zambians.

According to the surveyed operators, the **bureaucratic nature of procedures and the centralisation of all administrative procedures in Lusaka were the main challenges** experienced in the initial business start-up stage. The main challenges faced are more or less the same irrespective of the nationality (Zambians or non-Zambians) of the operators.

The detailed results on the nature of business activity are presented in Box 1.

¹ The Zambia National Tourist Board (ZNTB) authorises the establishment and licenses all tourist enterprises (e.g. hotels, tour operating business, a travel agency, campsite etc) in Zambia.

Box 1

Table 1: Proportion of surveyed operators that organise each activity (N = 21)

Games /wildlife /nature		Culture		Hard adventure		Inland water	
Game Drives	62%	Museum Visit	48%	River Rafting	29%	Fishing	29%
Victoria Falls	48%	Township /Village Tours	48%	Canoe Trail	29%	Boat Trips	29%
Game Walks	24%	Heritage Tours	29%	Helicopter Rides	24%	House Boat	10%
Bird-Watching	24%			River Boarding	19%		
Rhino Walks	19%			Horse Riding	19%		
Crocodile Tour	5%			Gorge Swing	14%		
Lion Walks	5%			Elephant-Back Ride	14%		
				Microlight	14%		
				Bungee Jumping	10%		
				Abseiling	10%		
				Kayaking	5%		
				Mountain Bike Riding	5%		
				Motor-Biking	5%		
				Quad Biking	5%		

Figure 1: Years of operation of tourist activity businesses

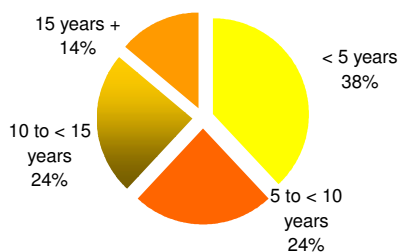


Figure 2: Ownership (%)

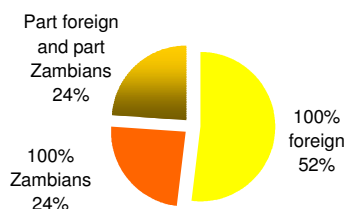
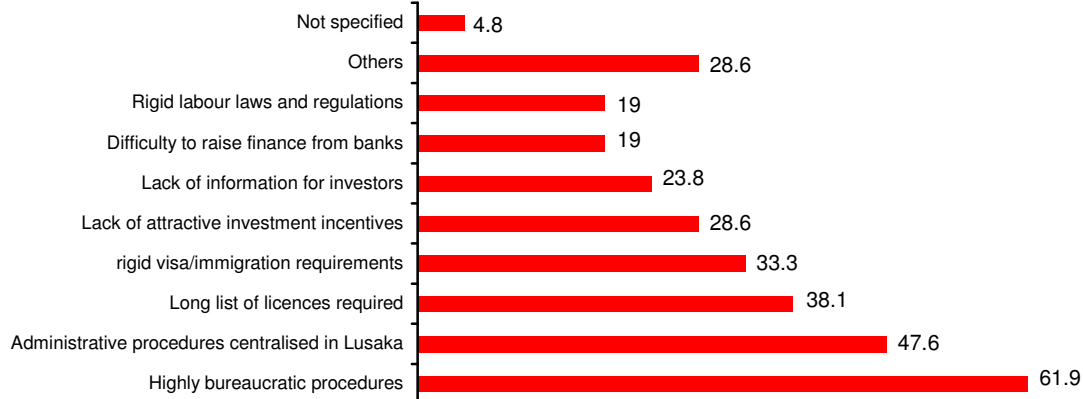


Figure 3: Challenges faced by operators (%)



MARKETING ACTIVITIES

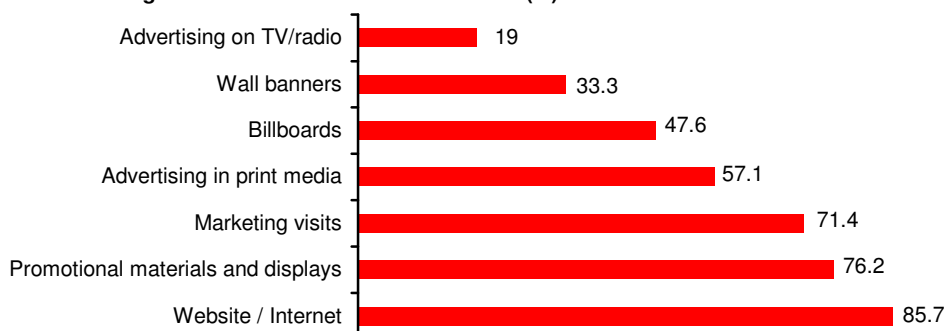
The average annual marketing budget per operator amounted to USD 8,532 in 2005, which represents approximately 2% of their turnover.

Promotion and marketing of tourist activities were undertaken by almost all the surveyed operators, and this was mainly done through website / Internet, promotional materials and displays, and marketing visits.

The **main source of business for the tourist activity operators were the accommodation facilities** which accounted for 35% of their customers, followed by direct customer walk-ins (31%), travel agents (24%), wholesale inbound tour operators (8%) and others (2%).

Box 2

Figure 4: Marketing vehicles used in the last 12 months (%)



SOCIAL / COMMUNITY ACTIVITIES

One-third of the surveyed tourist activity operators were involved in social / community activities in 2005 and the total project value of these activities is **estimated at Kwacha 232.3 million**. Most of the activities involved financial contributions and donations to schools, orphanages and shelters in the local community. A summary of the activities undertaken by these operators is presented in box 3.

Box 3

Table 2: Summary of social/community activities undertaken in 2005

Operator	Description of project	Date	Collaboration with:	Estimated value (Kwacha)
1	Donations to old age homes	Sept		1,764,000
	Donations to orphans	Sept		1,764,000
2	Tourism educational day	Mar / Oct	Sun Int., Safari Park, Bush Tracks Africa, Abseil Zambia, ZNTB	5,000,000
	Contribution to Lubasi Old People's Home	Dec	Moore's Rowland	2,500,000
	Contribution to Nanjire Trust Ltd	Sep	Moore's Rowland	27,300,000
	Contribution to Lubasi orphanage	Oct	Moore's Rowland	3,000,000
3	Old peoples home dining shelter in Livingstone	Aug	Hindu Associations	3,500,000
	Tuition fees for vulnerable children in local schools	All year		2,000,000
4	Building a school and borehole in the Sinda area	All year	Coopers & Co., Coborn school, UK	75,000,000
5	Mukuni Health Clinic	Apr		51,114,531
	Donations to school	N/A		36,396,640
6	Ebeneza orphanage	All year		3,000,000
7	Mukuni Development Trust	N/A		20,000,000

REVENUE GENERATED IN 2005

Prices

In general, different rates are charged for residents and non-residents. The only activities where no such distinction is reported are bird watching, bungee jumping and abseiling. Moreover, for the activities where resident and non-resident rates do differ, it appears that residents are not always charged lower rates than non-residents. For instance, in the case of game walks, helicopter rides, river boarding and microlight, resident rates are reported to be 2%-11% higher than non-resident rates.

Price varies significantly across the different activities, with the highest tariff being charged on river boarding and the lowest tariff being charged on museum visits. Generally speaking, the tariffs charged for hard adventure experiences are much higher than for games / wildlife / nature, inland water activities and culture tours.

Customers

The number of customers handled was analysed for selected activities (table 4). In general:

- The average number of clients per operator varies between 25 (bird-watching) and 9,055 (museum visits)
- The total number of customers handled by the surveyed operators in 2005 was 136,000, and out of these, 20% are locals and 80% are tourists. It must however be noted that the figure of 136,000 is not equivalent to the number of visitors owing to a double counting effect resulting from a visitor undertaking more than one activity
- An operator is categorised as small if it handles less than or equal to 250 clients in 2005. Based on this definition, the proportion of small operators among the surveyed respondents is highest for boat trips (80%) followed by Victoria Falls (72%), canoe trail / river boarding (67%), township/village tours (50%), game drives / museum visit (43%) and horse riding / heritage tours (33%)
- The proportion of medium-sized operators (handling between 250 and 999 clients) is highest for heritage tours (67%), game drives (63%), township/village tours (50%), museum visit (41%), canoe trail / horse riding (33%), Victoria Falls (28%) and river rafting / boat trips (25%)
- As much as 100% of the organisers of helicopter rides and 75% of the organisers of boat trips are large operators handling at least 1,000 clients. The proportion of large organisers for the other activities is as follows: river rafting (50%), river boarding / horse riding (33%), fishing (20%), and museum visits / Victoria Falls excursions (14%)

Revenue

Most respondents are small-sized operators. Half of them have an annual turnover of less than Kwacha 500 million (~USD 110,000) and three respondents out of five earn a net income of less than Kwacha 100 million (~USD 220,000). On average, the turnover and the net income per operator respectively amounted to Kwacha 1,565 million (i.e. USD 342,903) and Kwacha 347.4 million (i.e. USD 76,288) in 2005. These average figures must however be interpreted with care as they are distorted by two exceptionally large operators¹. If these two operators are excluded from the calculation, the adjusted mean turnover and net income figures falls to Kwacha 855 million (~USD 187,677) and Kwacha 82.7 million (~USD 18,163) respectively. This yields an average profit margin of 10%. The detailed results on the revenue generated are presented in Box 3.

Using the data on the number of customers handled and the tariff per activity, we computed the revenue figures and compared these with the actual revenue figures reported by the surveyed operators. The aggregate turnover of the surveyed tourist activity operators is Kwacha 33 billion (~ USD 7.2 million).

¹ There are two surveyed operators who recorded a turnover of Kwacha 5.5 billion and Kwacha 13.6 billion respectively in 2005. One of the operators earned a net income of Kwacha 2.7 billion

Box 4

Table 3: Average rates (USD)

	Base (N)	Resident		Non-Resident		Diff
Games / Wildlife / Nature						
Game Drives	11	32	(12,55)	36	(12,55)	+13%
Victoria Falls	8	19	(8,35)	22	(10,35)	+16%
Game Walks	3	60	(50,75)	59	(50,75)	-2%
Bird-Watching	3	45	(35,56)	45	(35,56)	-
Rhino Walks	3	52	(50,56)	55	(50,60)	+6%
Culture						
Museum Visit	8	18	(1,35)	21	(5,35)	+17%
Township / Village Tours	8	31	(8,95)	33	(10,95)	+6%
Heritage Tours	4	29	(15,35)	31	(25,35)	+7%
Hard Adventure						
River Rafting	4	111	(85,125)	114	(85,125)	+3%
Canoe Trail	4	89	(80,95)	90	(80,95)	+1%
Helicopter Rides	3	120	(90,180)	113	(90,180)	-6%
River Boarding	3	137	(125,150)	134	(125,150)	-2%
Horse Riding	3	52	(20,91)	60	(25,91)	+15%
Gorge Swing	2	60	(60,60)	62	(60,65)	+3%
Microlight	2	123	(85,160)	109	(82,160)	-11%
Bungee Jumping	2	90	(90,90)	90	(90,90)	-
Abseiling	2	63	(30,95)	63	(30,95)	-
Inland Water Activities						
Boat Trips	5	35	(10,55)	39	(10,55)	+11%
Fishing	4	54	(10,95)	64	(10,98)	+19%

* Note that the figures in bracket indicate the minimum and maximum charge

Table 4: Proportion of customers handled per operator

	Base (N)	<100	100-250	251-499	500-999	1000-4999	5000+	Mean	Total
Games / Wildlife / Nature									
Game Drives	8	13%	25%	50%	13%			299	2,393
Victoria Falls	7	43%	29%	28%		14%		178	1,244
Game Walks	2							580	1,159
Bird-Watching	2							25	49
Rhino Walks	2							434	1,103
Culture									
Museum Visit	7	43%		29%	14%	14%		9,055	63,386
Township / Village Tours	6	50%		17%	33%			344	2,064
Heritage Tours	3		33%	33%	34%			744	1,295
Hard Adventure									
River Rafting	4		25%	25%		50%		1,254	5,014
Canoe Trail	3	67%			33%			337	1,010
Helicopter Rides	3					67%	33%	6,724	20,171
River Boarding	3	67%				33%		390	1,171
Horse Riding	3	33%		33%		34%		455	1,364
Gorge Swing	2							1,548	3,096
Microlight	2							898	1,796
Bungee Jumping	2							4,257	8,514
Abseiling	2							1,957	3,914
Inland Water Activities									
Boat Trips	5			25%		50%	25%	3,314	13,256
Fishing	4	20%	60%			20%		826	4,130

* Note that the range is presented only for those activities where we have more than 2 operators

Table 5: Revenue and profitability (Kwacha)

Revenue (N = 18)		Net income (N = 10)		Profit margin (N = 10)	
Range		Range		Range	
Less than 500 m	50%	Less than 100 m	60%	< 10%	60%
500 m to < 1,000 m	22%	100 m to < 300 m	30%	10% to < 20%	10%
1,000 m to < 5,000 m	17%	300 m +	10%	20% to < 30%	10%
5,000 m to < 10,000 m	6%			30%+	20%
10,000 m +	5%				
Mean per operator (m)	1,561.6	Mean per operator (m)	347.4	Mean per operator (%)	14%
Adjusted mean (m)	855	Adjusted mean (m)	82.7	Adjusted mean (m)	10%

EMPLOYMENT AND TRAINING

The survey reveals that 3 operators out of 10 employ less than 10 people while a third employ between 10 and 29 people. On average, it is estimated that a **tourist activity operator employs about 30 people**. Overall, for the surveyed sample of operators, the total number of people employed is 652.

Over half of surveyed tourist activity operators pay a monthly salary of less than or equal to USD 100 to their employees. On average, the **monthly salary per employee amounts to USD 174**. Overall, for the surveyed sample of operators, the total wage bill is calculated at USD 1.65 million in 2005.

The tourist activity operators have a highly **male-dominated staff base, with a staff to management ratio of 9:1. They also employ very few casual / seasonal workers and non-Zambians**.

Membership to trade unions is not a common characteristic of people employed by the tourist activity operators. The survey shows that two-third of the operators do not employ any unionised staff. Overall, only about 26% of the people employed by tourist activity operators are reported to be union members.

Nearly two-third of the surveyed operators claimed that either most or all of their staff have received training, and this have been provided almost exclusively through in-house informal training courses. Only 15% of the operators employ staff who were trained at a certified institution in Zambia.

A significant proportion of the surveyed operators (that is **67%**) **provided training to their staff in 2005**. Once again, training was mainly provided in-house, as mentioned by 86% of operators. These in-house training were in most cases conducted by management (79%) as opposed to external trainers (21%). The main area of training was tour guiding, with 53% of operators who organised such courses for their staff, followed by driving lessons (27%) and client relationship skill development courses (20%).

The operators perceive that, if a specialised tourism training institution is set up in Livingstone, the main priority areas for training should be **tourism management and client relationship skills**.

The detailed results on employment and training are presented in Box 5.

Box 5

Figure 5: Proportion of operators who employ... people

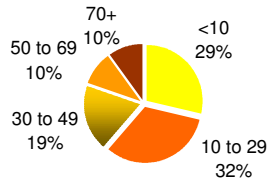


Figure 6: Monthly salary per employee in 2005

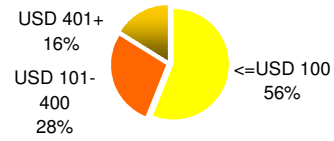


Figure 7: Profile of the people employed

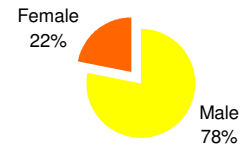
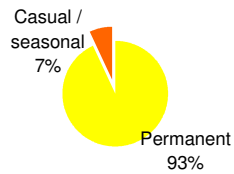
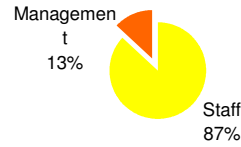
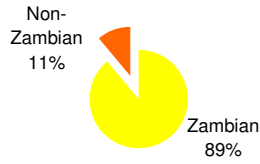


Figure 8: Proportion of tourist activity operators who claim that... of their staff belong to a union

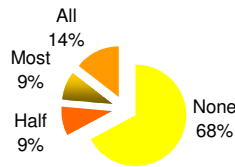


Figure 9: Operators employing trained staff

Proportion of operators who claim that... have received training

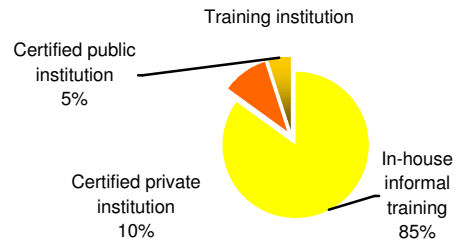
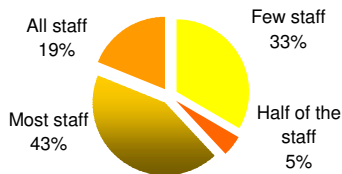


Figure 10: Preferred training courses (%)



ASSOCIATION MEMBERSHIP

All the surveyed tourist activity operators are aware of Livingstone Tourism Association (LTA) **while 81% claim to be a current member of this association.**

The **level of satisfaction with LTA is quite high** with two-third of the surveyed members who claim to be satisfied with the services provided by the association.

According to the surveyed tourist activity operators, the future role of LTA should be primarily geared towards the **conduct of negotiations with the government, tourism promotion and policy advice.** These responsibilities are critical to ensure that sufficient consideration is given to the Livingstone area in the overall branding of the Zambia destination and also in the formulation of conducive policies and strategies for the development of the tourism sector.

If LTA were to offer these preferred services to its members, the survey results show that **all non-members would become a member of LTA and all existing members would be interested to renew their membership with LTA.**

The average membership fee that the surveyed operators are willing to contribute per month is as follows: Kwacha 212,143 for all operators, Kwacha 100,000 for current non-members and Kwacha 238,529 for existing members.

Box 6

Figure 11: Level of satisfaction with LTA

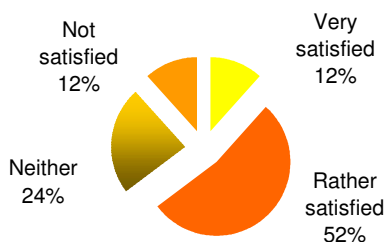


Figure 12: Preferred services (%)



EVALUATION OF THE TOURISM SECTOR IN LIVINGSTONE

Constraints to growth in arrivals

Surveyed tourist activity operators perceive that the topmost factors inhibiting growth of tourist arrivals in Livingstone are (i) the lack of appropriate promotion and marketing activities in tourist-generating markets which results in poor awareness of the destination, (ii) the poor condition of roads / railways which makes the area not easily accessible to tourists and (iii) the fact that Zambia is a high cost destination in general.

Perception of the service provided by other operators in Livingstone

The tourist activity operators were asked to rate the accommodation facilities and handicraft businesses in Livingstone on a number of attributes using a performance scale of 1 (very poor) to 5 (excellent). In general, it is observed that:

- Few tourist activity operators appear to be very impressed with the other operators, and most of them tend to give average rating to the accommodation facilities and handicraft products.
- While the accommodation facilities and handicraft products are well rated on quality, they are perceived to be quite expensive, particularly concerning handicraft items.

Perception of the environment within which the tourist activity businesses operate

The tourist activity operators were asked to evaluate the environment within which they operate on a number of factors, using a performance scale of 1 (Very poor) to 5 (Excellent). The results are presented in table 6.

In general, it is observed that:

- The surveyed operators are highly critical of the context within which they currently operate in Zambia/Livingstone, with 43% of operators who give an average score to the overall environment while the rest (57%) give a poor / very poor.
- The main areas that are criticised by the operators are: human resource capacity (training and skills availability), operational costs (fuel, vehicle maintenance, taxes), access to credit facilities and administrative/licensing procedures.

Obstacles to the development of the tourist activity operations

The tourist activity operators were asked to rate, on a gravity scale of 1 (No obstacle) to 4 (Major obstacle), the extent to which each of these factors represent an obstacle to the development and expansion of their business. In general, it is observed that:

- The major impediments to the tourist activity businesses are the lack of qualified people, high taxes and levies, and complex administrative/licensing procedures.
- The same areas where tourist activity operators have expressed the most criticism are also the main obstacles for their business development. These constraints must be urgently addressed in order to enable the tourist activity operators to grow their business.

The detailed results on the operators' perceptions are presented in Box 7.

Box 7

Figure 13: Constraints (% of operators)

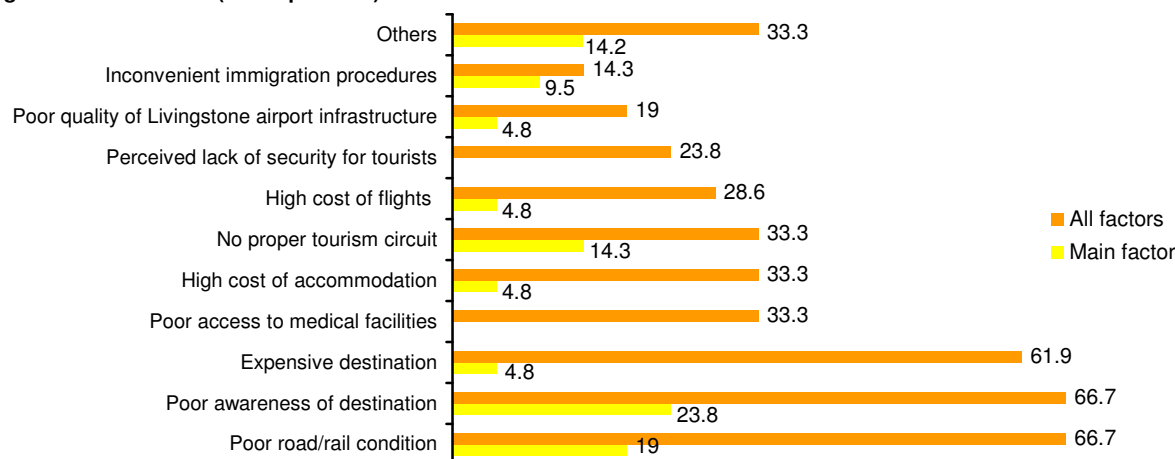


Figure 14: Perception of the other operators (%)

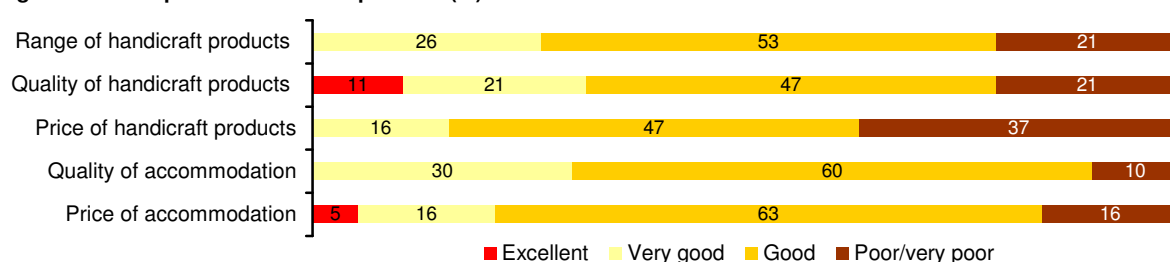


Table 6: Perception of the operating environment in Zambia/Livingstone

	% who gave a...score			Mean index ¹
	Excellent / v. good	Good	Poor / v. poor	
Safety and security measures for outdoor activities	34	62	5	3.3
Growth of tourist arrivals in Livingstone	38	43	19	3.2
Entry fees for tourist sites	29	52	19	3.2
Access to good trucking services	16	38	46	2.8
Access to business advisory services for investors	5	53	42	2.5
Attractiveness of incentives for investors	10	30	60	2.4
Cost of gear used for the tourist outdoor activities	11	44	44	2.3
Access to credit and financing facilities	20	10	70	2.3
Fuel and vehicle maintenance costs	10	24	67	2.2
Availability of qualified people	19	5	76	2.2
Complexity of regulations, procedures, permissions & licenses	5	25	70	2.1
Taxes and levies	10	14	76	2.0
Access to related training facilities	0	19	81	2.0

Table 7: Gravity of the constraint to the expansion of tourist activity operators

	% who gave a...score			Mean index ²
	No/Minor obstacle	Moderate obstacle	Major obstacle	
Inadequate safety/security measures for outdoor activities	71	24	5	1.8
Poor access to good trucking services	57	38	5	2.0
Stagnant or slow growth of tourist arrivals in Livingstone	57	29	14	2.1
High cost of gear used for the tourist outdoor activities	57	19	24	2.3
High entry fees for tourist sites	48	43	10	2.4
Poor access to business advisory services for investors	48	43	10	2.4
Poor access to credit and financing facilities	43	24	33	2.7
Lack of adequate incentives for investors	38	33	29	2.8
Poor access to related training facilities	33	38	29	2.8
High fuel and vehicle maintenance costs	24	52	24	2.9
Lack of qualified people	24	29	48	3.1
High taxes and levies	24	29	48	3.2
Complex regulations, procedures, permits & licenses	14	38	48	3.2

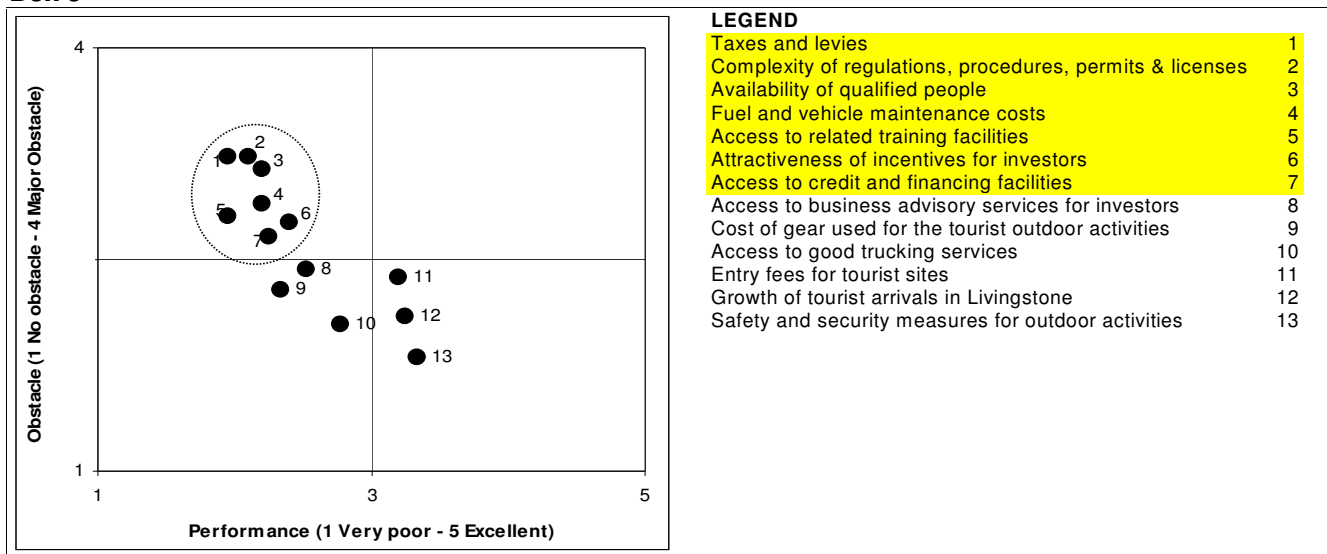
¹ The mean performance index ranges between 1 (Very poor) and 5 (Excellent).

² The mean gravity index ranges between 1 (no/minor obstacle) and 4 (major obstacle).

RECOMMENDATIONS

To identify how the overall environment within which the tourist activity businesses are operating can be improved, we have constructed an improvement matrix by combining the following two scores: (i) the mean performance index given to each aspect describing the environment within which the tourist activity businesses operate and (ii) the mean gravity index which measures the degree to which each aspect represents an obstacle to the development of the tourist activity operations.

Box 8



The improvement matrix indicates on the x-axis the performance score, that is the perception of the traders, on the 13 aspects. The midpoint along the horizontal axis is 3. The aspects where the performance score is lower than 3 are considered as low performing areas and the aspects where the performance score is higher than 3 are considered as high performing areas. The gravity scores on the y-axis indicate the extent to which each aspect is an obstacle to the development of the tourist activity business. As we move bottom up along the y-axis, the gravity score increases. **The aspects that require the utmost priority for improvement are those that are located in the top left quadrant (circled in chart above),** that is those areas where operators have expressed the most criticisms and which represent the most serious obstacles for their business. The top priority areas for improvement as well as the suggestions made by the operators, are shown below.

Box 9

Areas for improvement	Suggestions
Taxes and levies	<ul style="list-style-type: none"> Lower the tax rates Simplify and rationalise the list of taxes Provide more fiscal concessions for investors (lower tax rates, grace period etc)
Complexity of regulations, procedures, permissions & licenses	<ul style="list-style-type: none"> Tiered licensing fees based on the size of companies Rationalise / streamline the number of licences required Simplify licence applications procedures and implement fast track system
Availability of qualified people	<ul style="list-style-type: none"> Greater emphasis on practical experience in training colleges Quick and easy availability of work permits for expatriates
Fuel and vehicle maintenance costs	<ul style="list-style-type: none"> Lower fuel levies Manage fuel imports to ensure that there are sufficient fuel reserves
Access to related training facilities	<ul style="list-style-type: none"> Set up a reputable, specialised and certified training institution in Livingstone LTA to regularly organise refresher courses for the tourism sector Provide tax rebates on training expenditures incurred Set quality standards to regulate the training institutions
Attractiveness of incentives for investors	<ul style="list-style-type: none"> Reduce bureaucracy in immigration procedures Provide attractive fiscal incentives to investors (small & large, locals & foreigners)
Access to credit and financing facilities	<ul style="list-style-type: none"> Create a credit facility through micro financing institutions to assist the locals to participate in tourism business Lower interest rates for Zambian investors taking loans Flexible security requirements for those who cannot provide collaterals

4 HANDICRAFT SECTOR

Out of the 56 handicraft businesses contacted, all agreed to participate in the survey. The respondents comprised 1 large formal trader, 7 formal curio shops and 48 small traders. This chapter describes the business activity of the handicraft businesses surveyed in Livingstone.

NATURE OF BUSINESS ACTIVITY

To the exception of the small traders, most of the other handicraft businesses are formally registered. In fact, the survey results indicate that the large trader and 71% of the curio shops surveyed operate under a trading licence. On the other hand, the majority of the small traders are not registered except for one out of five who have a trading licence.

The development of the handicraft sector in Livingstone is relatively recent, with 7 out of 10 surveyed handicraft businesses which came into operation over the last 10 years. It is also noted that the last 5 years saw a mushrooming of relatively more small traders than curio shops.

Apart from the large trader, few curio shops and small traders are foreign-owned. Nonetheless, the formal curio shops have a greater degree of foreign participation than the small traders. The survey shows that 29% of the curio shops are fully foreign-owned as opposed to 4% of the small traders.

Box 10

Figure 15: Proportion of licensed traders (%)

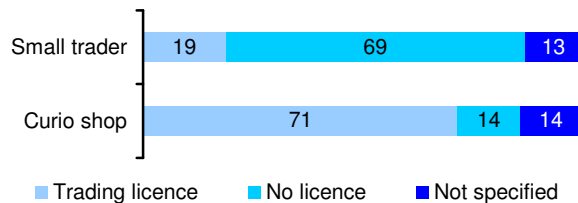


Figure 16: Years of operation (%)

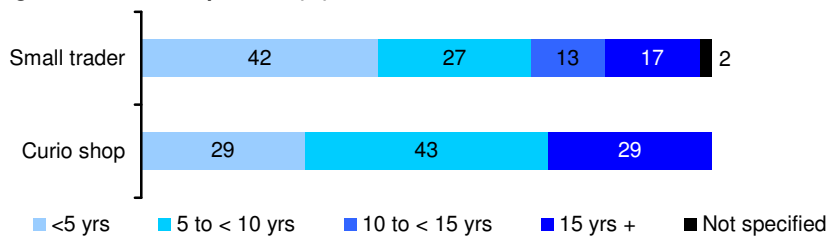
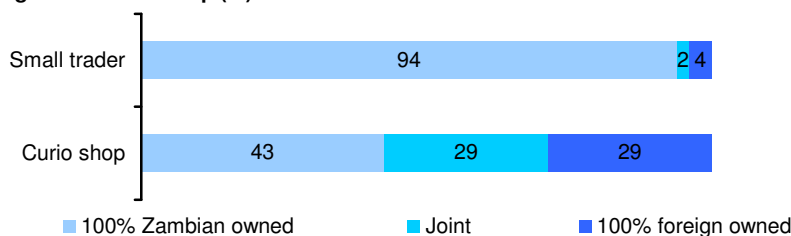


Figure 17: Ownership (%)



PRODUCT / MARKET

The main categories of handicrafts traded differ significantly across the surveyed respondents. The survey shows that (i) the large trader sells metal objects and furniture, (ii) the curio shops mainly sell jewellery, woodcarvings and textile products and (iii) the small traders mainly sell woodcarvings, paintings and sculptures.

An analysis of procurement by type of trader shows that (i) the items sold by the large trader are not only made in-house but are also purchased from local craftsmen and imported from other countries, (ii) while all the surveyed curio shops buy handicraft products from local craftsmen, 2 out of the 7 surveyed also make handicraft products and (iii) 88% of small traders buy from local craftsmen while 81% make the handicraft items and 13% purchase handicraft items from across the border with Zimbabwe.

For those surveyed traders who also make handicraft products, the **main raw materials used are (i) wood and metal for the large trader and (ii) wood, metal and fabrics for the curio shops.** Although the **small traders use wood most of the time**, they also rely on a number of other raw materials such as soapstone, palm leaf, copper, beads, Zambezi stone, wildlife products and seeds.

Most of the raw materials are procured locally. In fact, the survey shows that among all the different raw materials used, (i) palm leaf, copper, beads, fabrics, wildlife products and seeds are 100% procured locally, (ii) most of the wood (95%) and metal (80%) are procured locally and (iii) all the soap stone and Zambezi stones are imported. The procurement pattern is similar for all types of traders.

With regard to the raw materials that are procured locally, the survey reveals that (i) fabrics, copper, beads and other metal (gold, silver, wires etc) are mostly purchased from suppliers in Livingstone and (ii) wood and palm leaf are obtained freely in most cases but are also purchased from suppliers in Livingstone, depending on the type of wood required and on availability.

Among the imported raw materials, soapstone is mainly imported directly (from Zimbabwe and Congo) but a large proportion of traders also purchase it from local importers. No details are available on the source of import of Zambezi stone.

It is worth mentioning that the average cost of raw materials for the small traders¹ was Kwacha 2,249,571 (~USD 500) in 2005 and this represents about a third of their total turnover.

In terms of the sale of products, the analysis by type of trader reveals that (i) the large trader both exports and sells its products on the local market, (ii) 57% of the curio shops sell their entire stock of handicraft items on the local market and 14% also export part of their stock while the rest (29%) did not specify whether they export or sell their products on the local market and (iii) as much as 83% of the small traders dispose of all their products on the local market and only 6% also export part of their products.

The detailed results on the product / market characteristics of the traders are presented in Box 11.

¹ Among all the respondents, only small traders (N=7) provided information on the cost of raw materials in the survey

Box 11

Figure 18: Products sold overall (% of traders)

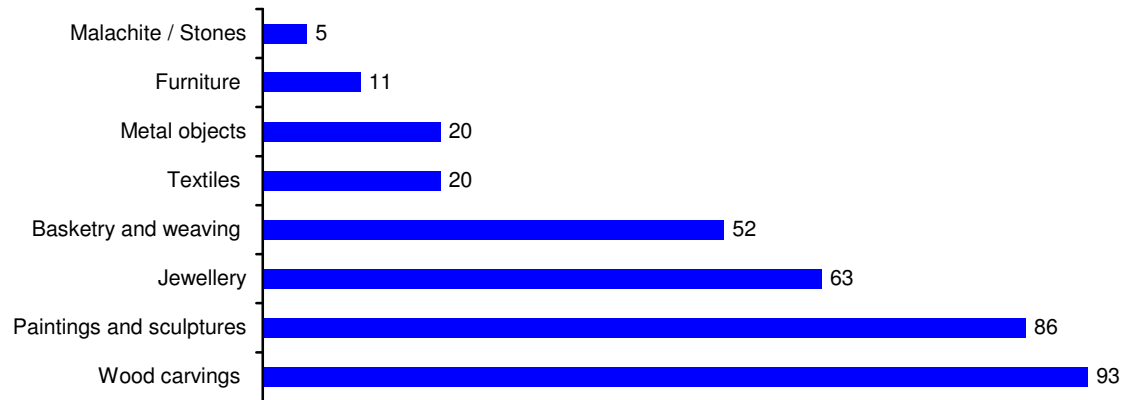


Figure 19: Products sold by type of trader (% of traders)

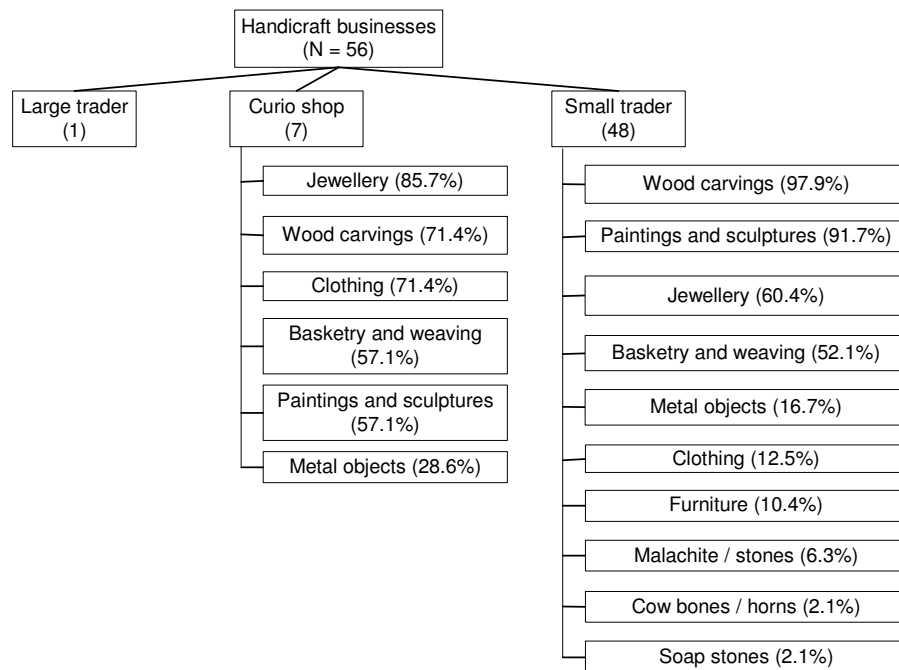


Figure 20: Procurement of products by type of trader (% of operators)

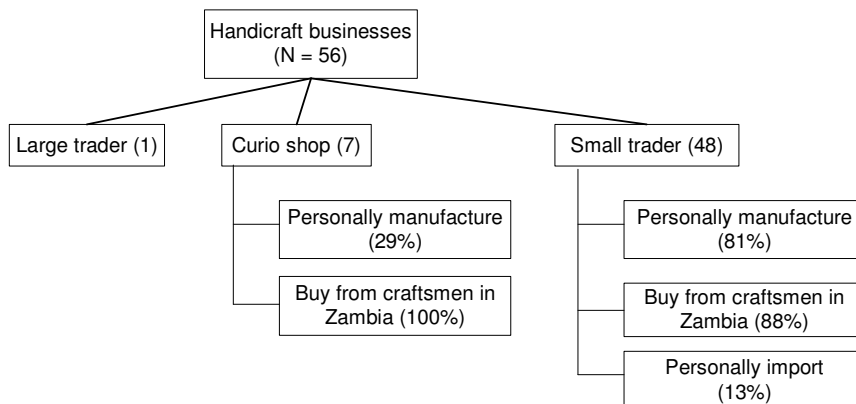


Figure 21: Raw materials used by the small traders (% of traders)

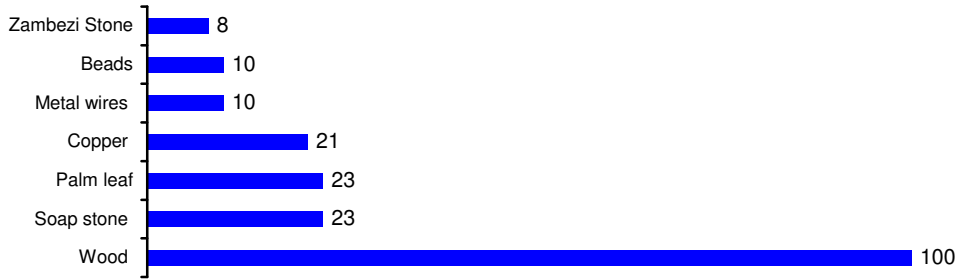


Figure 22: Procurement of raw materials for all surveyed craft-makers (N = 42)

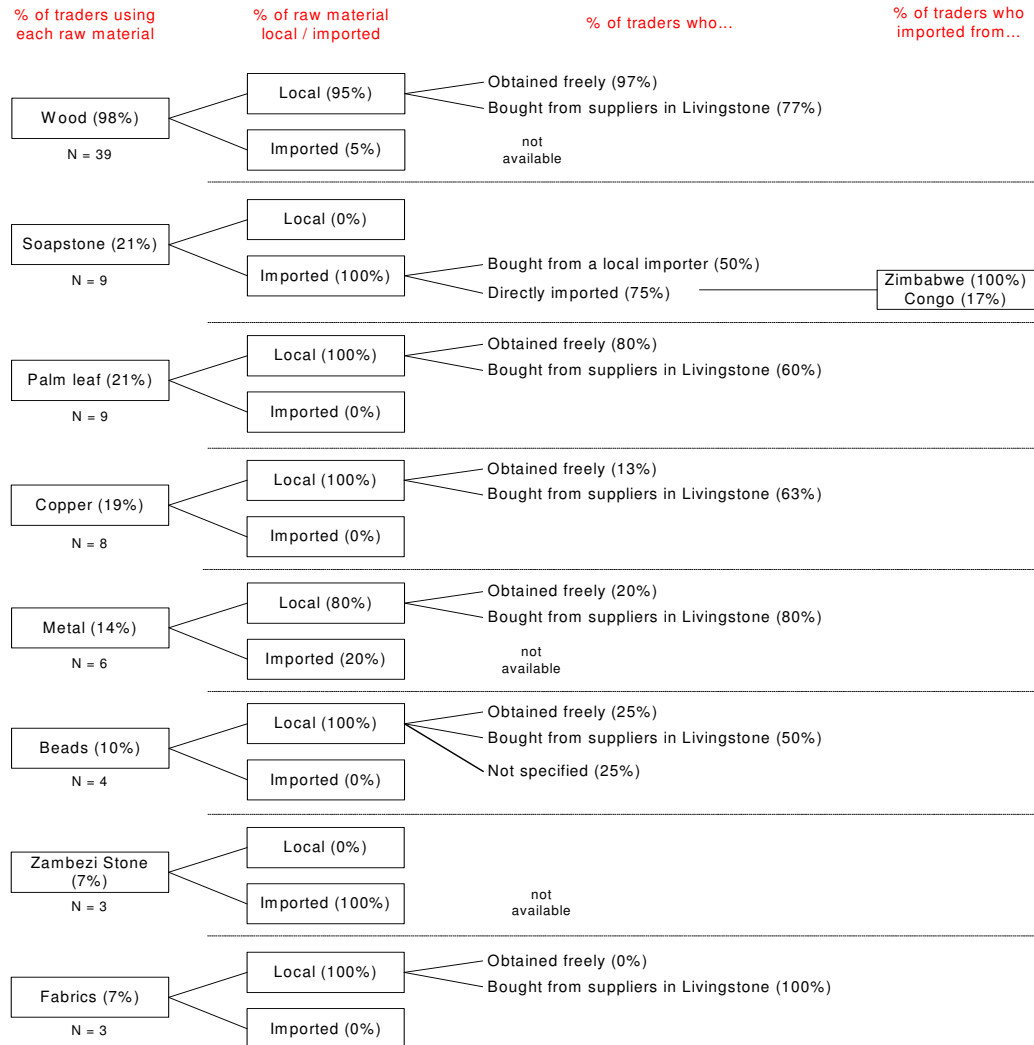
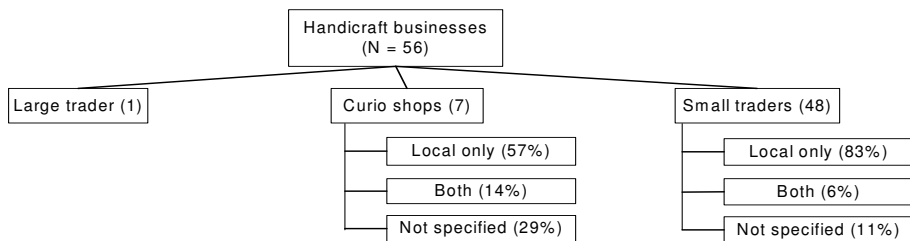


Figure 23: Proportion of traders who sell their products on the local market and who export their products



MARKETING ACTIVITIES

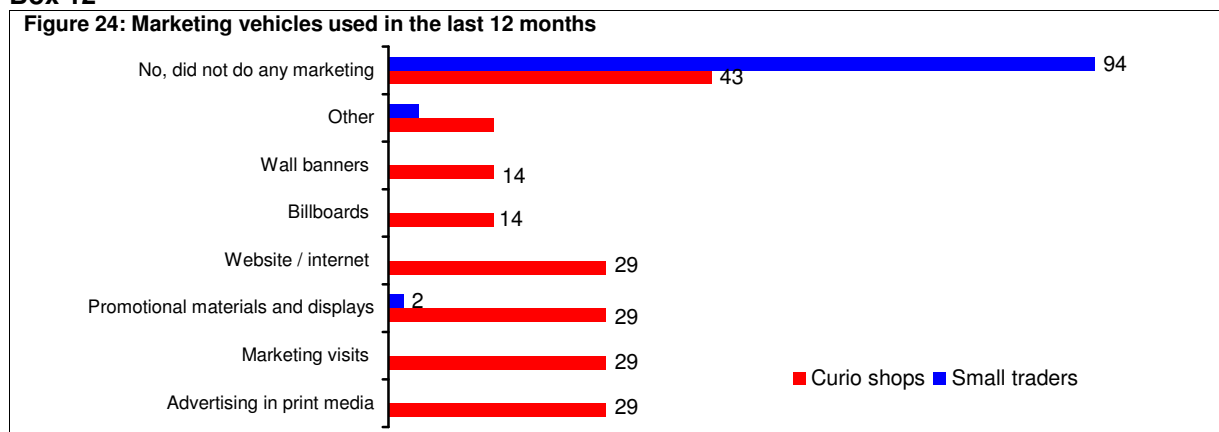
The survey reveals that **beside the large trader, 57% of formal curio shops and 6% of small traders were actively involved in promotional marketing activities in 2005.**

The large trader used the following marketing vehicles: advertising in print media, marketing visits, promotional materials and displays, website/Internet marketing, billboards and wall banners. Its total marketing budget was approximately USD 10,000. Of all the marketing / advertising vehicles used, promotional materials and displays had the most successful impact on its sales.

On the other hand, the main marketing vehicles used by the curio shops were advertising in print media, marketing visits, promotional materials and displays as well as website/Internet promotions. The average annual marketing budget of the curio shops amounted to USD 1,000 and once again, the most effective marketing vehicle was promotional materials and displays.

Note that the analysis of marketing vehicles used cannot be replicated for small traders as the sample size of the respondents who undertook any marketing activity in 2005 is too small.

Box 12



SOCIAL / COMMUNITY ACTIVITIES

The survey indicates that beside the large trader, 14% of the curio shops and 6% of the small traders were involved in social / community activities in 2005. The total project value of these activities was Kwacha 27.8 million.

Box 13

Table 8: Summary of social/community activities undertaken in 2005

Operator	Description of project	Date	Estimated project value (Kwacha)
1	Batoka Hospital Paraplegic wing	Ongoing	4.5 million per annum
	Mukuni Curio Curvers corporate gifts	Ongoing	22.8 million per annum
2	Donated funds to Maramba old people's community	June	150,000
3	Funeral contribution	Ongoing	175,000
4	Contributing to the purchase of school uniforms for children in Mukuni village as well as school fees	All year	50,000
5	Financial assistance to the chief during traditional ceremony	Dec	120,000

REVENUE GENERATED

An analysis of the price charged by traders for the different types of products indicates that:

- There are no reported differences between the average selling price charged to residents and non-residents
- Almost all the products sold by curio shops and small traders are priced under Kwacha 500,000 (~USD 100). As far as the large trader is concerned, prices of metal objects vary between Kwacha 100,000 and Kwacha 500,000 while the prices of furniture are between Kwacha 1 million and 1.5 million
- The prices charged by the large trader for metal objects are much higher than the prices charged by curio shops and small traders for the same product
- Average prices charged by curio shops are higher than those of small traders for all products and the price differences vary between 56% (textiles) and 339% (jewellery)
- The most expensive products for both the curio shops and small traders are wood carvings, paintings/sculptures and textiles

The majority (67%) of curio shops have a turnover of more than Kwacha 100 million while 65% of small traders recorded a turnover of less than or equal to Kwacha 3 million in 2005. On average, the **surveyed curio shops have a turnover (Kwacha 118 million) that is 17 times higher than that of small traders (Kwacha 7 million). However, this difference appears to be more volume-driven than price-driven.** Note that we have not analysed the turnover of the large trader as this information is not available.

The total revenue generated by the surveyed small traders and curio shops (revenue for large trader is not available) is calculated at Kwacha 1.06 billion (~ USD 232,000).

With regard to the distribution of sales by season, customer, market and product type, it is generally observed that:

- Sales in the peak season are 1.5 to 2.7 times higher than in the low season. The small traders and the curio shops experience greater seasonality in sales than the large trader
- Three quarter of sales by the traders are made to tourists
- 19% of the sales by the curio shops are destined for export compared to 5% for the large trader and 3% for the small traders. The main countries to which the handicraft products are exported are: large trader (UK and Australia), curio shops (Europe, USA and South Africa) and small traders (Namibia, Swaziland and South Africa)
- The products which account for the largest proportion of sales are (i) furniture for the large trader, (ii) textiles, basketry and wood carvings for the curio shops and (iii) wood carvings for the small traders

The detailed results on the revenue generated by the traders are presented in Box 14.

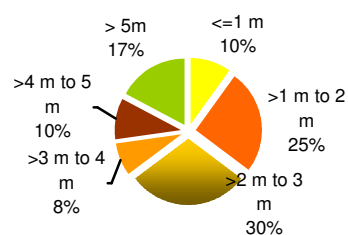
Box 14

Table 9: Selling price in Kwacha by type of product (% of traders)

		Paintings / sculptures	Basketry / weaving	Textiles	Furniture	Jewellery	Wood carvings	Metal objects
Large trader (N=1)	Mean (Kwacha)				1,250,000			250,000
	Price range							
	<50,000			20%		50%		
Curio shop (N=4)	50,000 - 100,000	50%	100%	20%		17%	40%	100%
	100,000 - 500,000	50%		40%		33%	40%	
	Not specified			20%			20%	
	Mean (Kwacha)	187,500	75,000	175,000		125,000	187,500	75,000
	Price range							
	<50,000	30%	84%			93%	9%	50%
Small trader (N=44)	50,000 - 100,000	55%	12%	83%	40%	7%	68%	38%
	100,000 - 500,000	11%		17%			21%	
	500,000 - 1,000,000	2%						
	Not specified	2%	4%		60%		2%	12%
	Mean (Kwacha)	101,750	31,250	112,500	75,000	28,450	119,575	46,450

Figure 25: Sales revenue of traders

% of small traders who earned... in 2005



% of curio shops who earned... in 2005

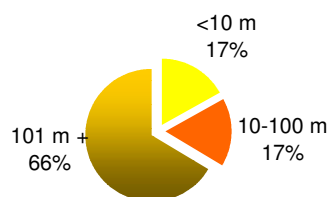


Table 10: Distribution of sales in 2005 by season, client, market and product (%)

		Large trader (N=1)	Curio shops (N=)	Small traders (N=)
Season	High	60	69	73
	Low	40	31	27
Client	Locals	25	25	29
	Tourists	75	75	71
Market	Export	5	19	3
	Domestic	95	81	97
Product	Wood carvings	20	22	57
	Metal	10	5	2
	Paintings and sculptures	5	8	24
	Jewellery	5	17	7
	Basketry and weaving	5	23	6
	Textiles	5	25	2
	Furniture	50	-	-
	Others	-	-	2

EMPLOYMENT AND TRAINING

The large trader employs about 90 people. On the other hand, **three quarter of the curio shops and the small traders employ less than 5 people**. On average, they have 3-4 employees. In total, the surveyed handicraft traders employed 260 people in 2005.

The handicraft traders have a generally male-dominated staff base and employ very few casual / seasonal workers. This is noted across all traders except curio shops where (i) the gender ratio is more balanced and (ii) a quarter of the workers are temporary.

Membership to trade unions is quasi non-existent among the people employed by the handicraft traders. Indeed, nearly all the surveyed traders claim that none of their employees belong to a union.

The total wage bill of the surveyed handicraft traders in 2005 is USD 112,000. **The average monthly salary paid by curio shops is USD 99. This is about twice as much as the average monthly salary paid by the large trader and nearly 6 times the monthly salary paid by the small traders.** This difference in the salary may be reflective of the profile of people employed by these different handicraft businesses. By nature of their activity, the curio shops employ mainly sales people rather than craftsmen while the large trader and the small traders employ more craftsmen. The sales people, being at the higher end of the supply chain, would in general, be more highly paid than the craftsmen. This can presumably explain why the average monthly salary paid by the curio shops tend to be higher than that paid by the large trader and the small traders.

Half of the staff employed by the large trader are fully trained and they have received training from a certified institution in Zambia. **Only 29% of curio shops have fully trained employees** who have been informally trained either in-house or from by uncertified trainer. On the other hand, **73% of the small traders claim that all the people working with them (including themselves) have received appropriate training**, and once again, these people have been mainly trained through informal apprenticeship.

Only the large trader and one surveyed curio shop provided training to their staff in 2005. The large trader provided multiple training courses in cabinet making and woodwork for a total cost of about USD 2,000. Some of the staff attended training courses given by in-house trainers while others were trained at a certified institution in Zambia. With regard to the curio shop, no information is available on the training courses and budget except that the training was conducted in-house by management.

In the event that a specialised tourism training institution is set up in Livingstone, the traders perceive that the main priority areas for training should be:

- **Selling / marketing / advertising** – this is very critical because traders (particularly the small ones) reckon that they have much difficulty to promote their products and access their target market
- **Craftsmanship** – such training must be provided not only for moulding new craftsmen but also for upgrading the skills of existing craftsmen (skilled and unskilled ones), with a view to expanding employment and the production base of crafts in Livingstone

These two are the top priority areas irrespective of the type of trader, except that the small traders and the large trader attach more importance to selling/marketing/advertising while the curio shops give top priority to craftsmanship.

The detailed results on employment and training are presented in Box 15.

Box 15

Table 11: Number of people employed

	Large trader	Curio shops	Small traders
Base (N)	1	7	48
No of employees per trader			
< 5		71%	77%
5 – 10		29%	23%
10 +	100%		
Mean no of employees per trader	90	4	3

Table 12: Profile of employees

	Large trader	Curio shops	Small traders
Base (N)	1	7	48
Permanent	89%	74%	97%
Casual / seasonal	11%	26%	3%
Gender			
Male	87%	41%	89%
Female	13%	59%	11%

Figure 26: Employment of trained staff

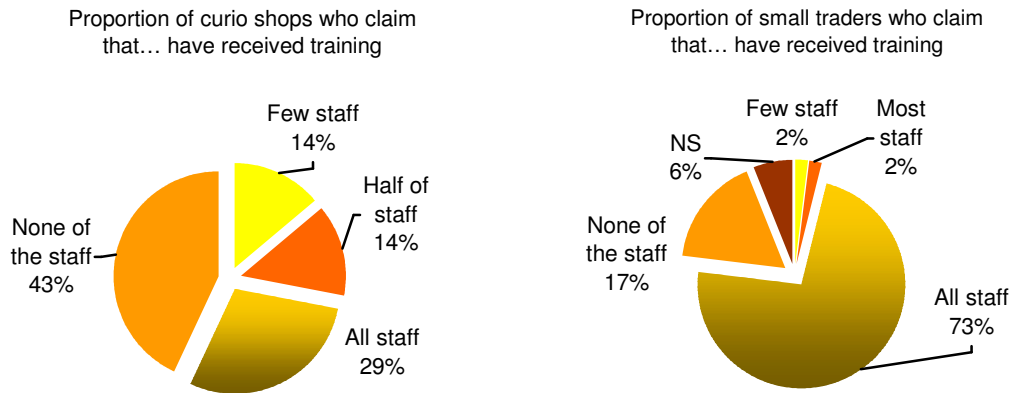
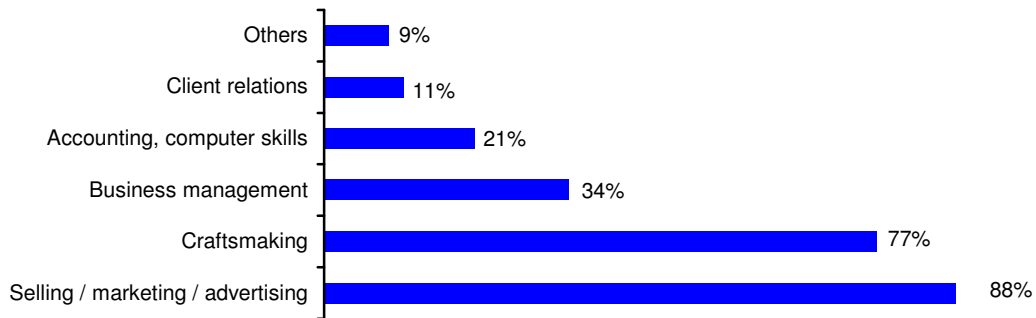


Figure 27: Preferred training courses (% of operators)



ASSOCIATION MEMBERSHIP

The surveyed handicraft traders were given a list of art / handicraft association and they were asked to indicate if they are aware of these associations. Based on the prompted awareness scores, it is noted that **the majority of surveyed traders are not familiar with any of these associations**. The proportion of respondents who are not aware of these associations is highest among the small traders (83%) as opposed to the curio shops (43%).

Among the few respondents who have heard of these, it is noted that the **Zambia Handicraft Association is the most well known** followed by National Arts Council and Visual Arts Council.

Only 23% of those who are aware of the Zambia Handicraft Association are also a member of the association.

With regard to the Livingstone Tourism Association (LTA), it is noted that overall, **only 63% have heard of LTA**. The level of awareness is much higher among the curio shops (100%) than among the small traders (56%).

Among those who have heard of LTA, **20% are members of the association**. Membership to LTA is, as expected, higher among the curio shops (57%) than the small traders (7%).

The **level of satisfaction with the service provided by LTA is very high** with three-quarter of the surveyed members who are satisfied with the association. The degree of satisfaction (that is the proportion of very and rather satisfied) is highest among the surveyed small traders (100%) as opposed to the curio shops (75%).

The traders were asked to identify a list of preferred services that they perceive should be offered by LTA. The results are as follows:

- The large trader perceive that LTA should a priori (i) be negotiating with the government on behalf of its members, (ii) assist the government in the development of policies and strategies for tourism sector development in Livingstone, (iii) set quality standards for tourism sector operators in Livingstone and (iv) assist small handicraft traders to market their products
- According to the surveyed small handicraft traders, the role of LTA should be primarily geared towards facilitating access to credit facilities and developing product marketing opportunities for the traders
- For the curio shops, the priority areas for LTA' s intervention must be in terms of coordinating with ZNTB to promote the Livingstone area and setting of standards for tourism sector operators in Livingstone

Assuming that LTA would offer these preferred services, the survey reveals that **98% of the non-members are interested to become a member of LTA and are willing to pay a monthly membership fee of Kwacha 30,771** (Kwacha 56,667 for the curio shops and Kwacha 29,044 for the small traders).

On the other hand, **71% of existing members** would be interested to renew their membership with LTA. The rest did not specify their interest. The **average monthly membership fee that the existing members are willing to contribute is Kwacha 214,000**. We cannot analyse the membership fee by type of trader as the sample size of existing members in each category is too small.

The detailed results on association membership are presented in Box 16.

Box 16

Figure 28: Prompted awareness of the different associations (% of traders)

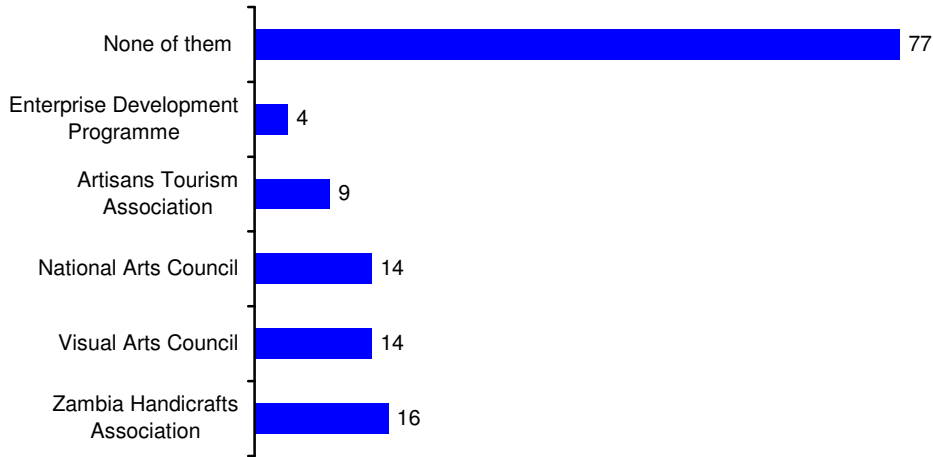
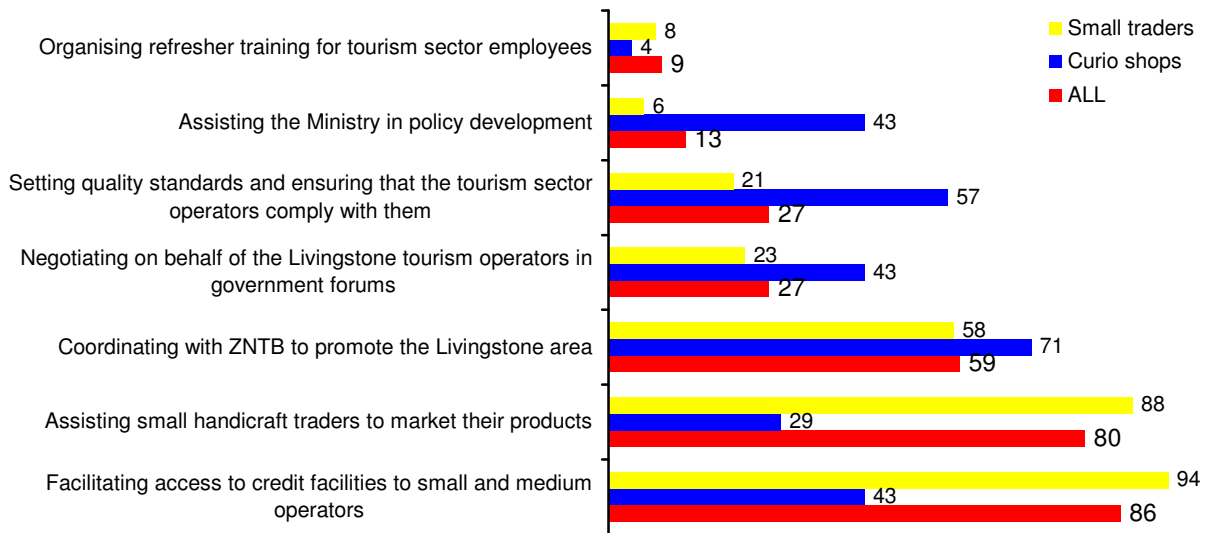


Figure 29: Level of satisfaction with LTA



Figure 30: Preferred services (%)



EVALUATION OF THE TOURISM SECTOR IN LIVINGSTONE

Constraints to growth in arrivals

According to the handicraft traders, the topmost factors constraining the growth of tourist arrivals in Livingstone are (i) the poor condition of roads / railways which makes the area not easily accessible to tourists and (ii) the lack of appropriate promotion and marketing activities in tourist-generating markets which results in poor awareness of the destination.

Perception of the service provided by other operators in Livingstone

The traders were asked to rate the accommodation facilities and tourist activities organised in Livingstone on a number of attributes using a performance scale of 1 (very poor) to 5 (excellent). In general, they do not appear to be very impressed and tend to give an average rating to the lodging facilities and tourist activities organised. They express the highest level of dissatisfaction with the accommodation rates and the tariff charged for tourist activities.

Perception of the environment within which the handicraft traders operate

The handicraft traders were asked to evaluate the environment within which they operate on a number of factors, using a performance scale of 1 (Very poor) to 5 (Excellent). Note that we have analysed the perception by type of trader because the nature and size of their activities are very different, as a result of which they can potentially have different experiences in their operating environment.

In general, it is observed that:

- The large trader gives a poor rating to the operating environment within which it operates
- Only 14% of the curio shops rate the overall operating environment in Zambia/Livingstone as excellent/very good while as much as 57% give a poor/very poor overall score. The main areas where the curio shops expressed the highest level of dissatisfaction are as follows: availability of entrepreneurial development assistance (incentives, business advisory services, credit facilities) and access to skills development facilities
- None of the surveyed small traders perceive the operating environment to be excellent/very good environment overall while 46% who give a poor/very poor overall score. The main areas that are criticised are the availability of credit facilities, sustainable tourism growth, training and skills development facilities, and marketing opportunities (product marketing and market access)

Obstacles to the development of the handicraft operators

The handicraft traders were asked to rate, on a gravity scale of 1 (No obstacle) to 4 (Major obstacle), the extent to which each of these factors represent an obstacle to the development and expansion of their business. In general, it is observed that the main obstacles are as follows:

- Large trader – nearly all the factors are considered as moderate or major obstacles
- Curio shops - lack of adequate training facilities
- Small traders - stagnant or slow tourist arrivals, lack of opportunities for product marketing, poor access to credit facilities and poor access to target market

The detailed results on the traders' perceptions are presented in Box 17.

Box 17

Figure 31: Constraints (% of operators)

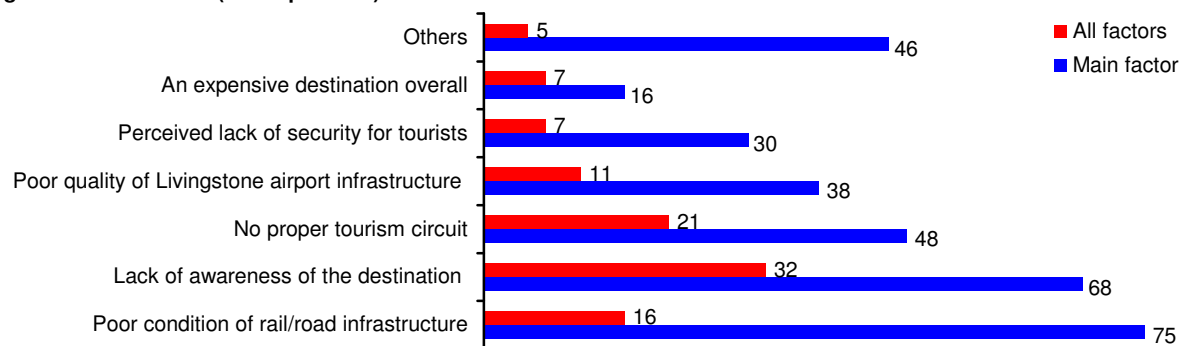


Figure 32: Perception of the other operators in Livingstone (%)

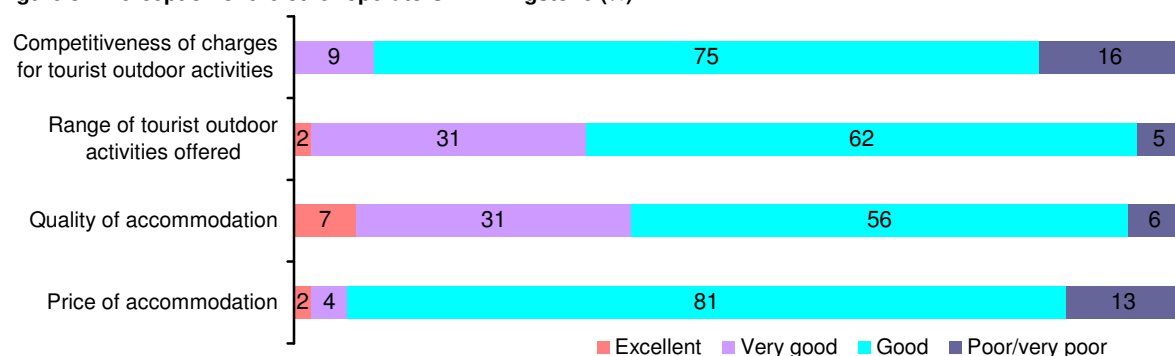


Table 13: Perception of the operating environment

	Large trader (N = 1)	Curio shops (N = 7)				Small traders (N = 48)			
		Score	% of who gave a...score			% of who gave a...score			Mean index ¹
		Excellent / v. good	Good	Poor / v. poor	Mean index ¹	Excellent / v. good	Good	Poor / v. poor	Mean index ¹
Price of raw materials	3	43	57	0	3.4	58	31	11	3.6
Access to quality inputs	2	43	57	0	3.4	63	27	10	3.6
Capacity of local operators to offer a range of products and to be innovative	2	29	29	42	2.9	46	52	2	3.5
Complexity of regulations, procedures, permits and licences	1	29	29	42	2.9	75	21	4	3.9
Access to business advisory services for entrepreneurs	1	0	14	86	1.9	25	31	44	2.8
Attractiveness of incentives for entrepreneurs	1	14	14	72	2.1	13	48	39	2.7
Growth in arrivals to Livingstone	na	14	43	43	2.6	7	22	71	2.2
Access to specialised training facilities	1	0	14	86	1.7	4	15	81	2.2
Access to target market	1	17	33	50	2.5	9	4	87	2.0
Opportunities for product marketing	1	14	43	43	2.3	4	4	92	2.1
Access to credit and financing facilities	1	0	14	86	1.7	0	6	94	1.9
OVERALL	n/a	14	29	57	2.4	0	54	46	2.5

Table 14: Gravity of the constraint to the expansion of handicraft traders

	Large trader (N = 1)	Curio shops (N = 7)				Small traders (N = 48)			
		Score	% of who gave a...score			Mean gravity index ²	% of who gave a...score		
		No / Minor obstacle	Moderate obstacle	Major obstacle		No / Minor obstacle	Moderate obstacle	Major obstacle	
Price of raw materials are not competitive	3	86	14	0	1.6	92	8	0	1.4
Local operators not able to offer a range of products and to be innovative	2	57	43	0	2.1	88	12	0	1.6
Poor access to quality inputs	3	71	29	0	1.9	88	8	4	1.5
Complex regulations, procedures & licenses	4	57	43	0	2.1	90	8	2	1.4
Poor access to business advisory services for entrepreneurs	4	14	86	0	2.7	60	38	2	2.2
Inadequate incentives for entrepreneurs	3	42	29	29	2.7	60	38	2	2.3
Poor access to specialised training facilities	4	29	29	42	3.0	54	33	13	2.5
Stagnant or slow growth in tourist arrivals to Livingstone	na	33	50	17	2.5	16	55	29	3.0
Lack of opportunities for product marketing	4	42	29	29	2.6	4	71	25	3.2
Poor access to credit and financing facilities	4	29	57	14	2.6	8	42	50	3.4
Poor access to target market	3	50	33	17	2.5	11	38	51	3.3

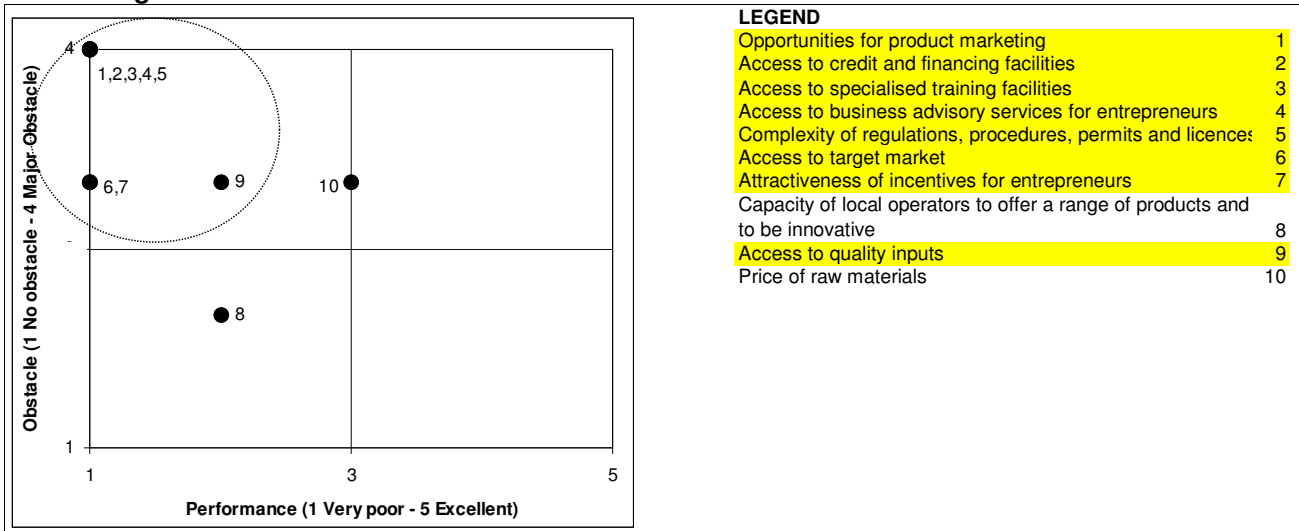
RECOMMENDATIONS

To identify how the overall environment within which the handicraft traders are operating can be improved, we have constructed an improvement matrix by combining the following two scores: (i) the performance index given to each aspect underpinning the development of the handicraft trade and (ii) the gravity index which measures the degree to which each aspect represents an obstacle to the development of the handicraft trade.

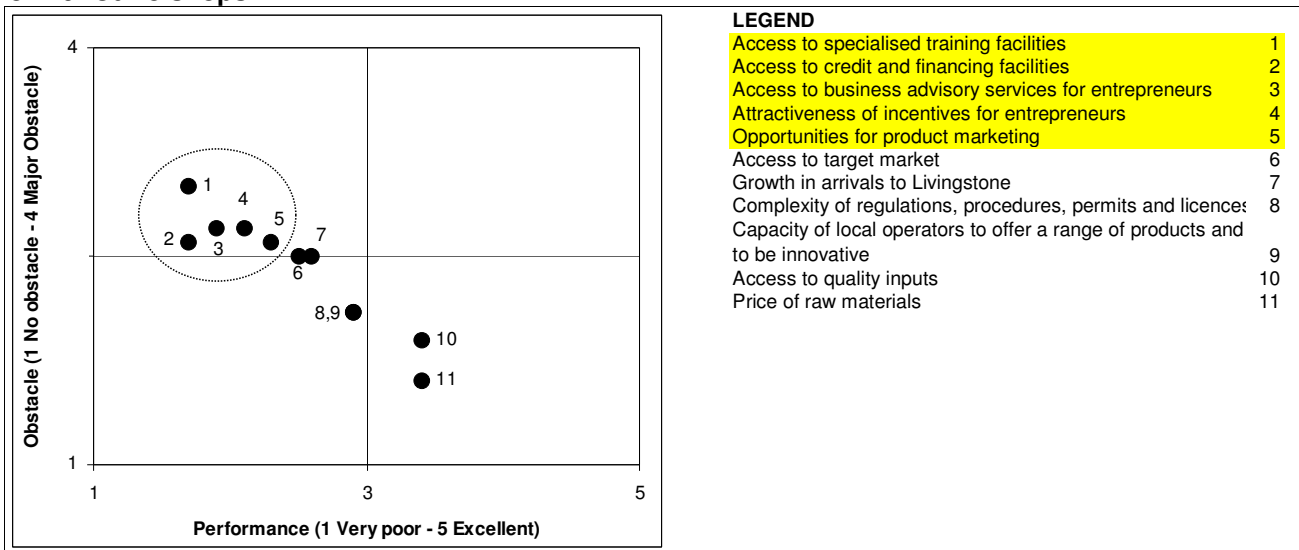
The improvement matrix indicates on the x-axis the performance score, that is the perception of the traders, on the 11 aspects. The midpoint along the horizontal axis is 3. The aspects where the performance score is lower than 3 are considered as low performing areas and the aspects where the performance score is higher than 3 are considered as high performing areas. The gravity scores on the y-axis indicate the extent to which each aspect is an obstacle to the development and expansion of the handicraft trade. As we move bottom up along the y-axis, the gravity score increases.

The aspects that require the **utmost priority for improvement are those that are located in the top left quadrant (circled in each chart), that is those areas where the traders are least satisfied and which represent the most serious obstacles for its business.**

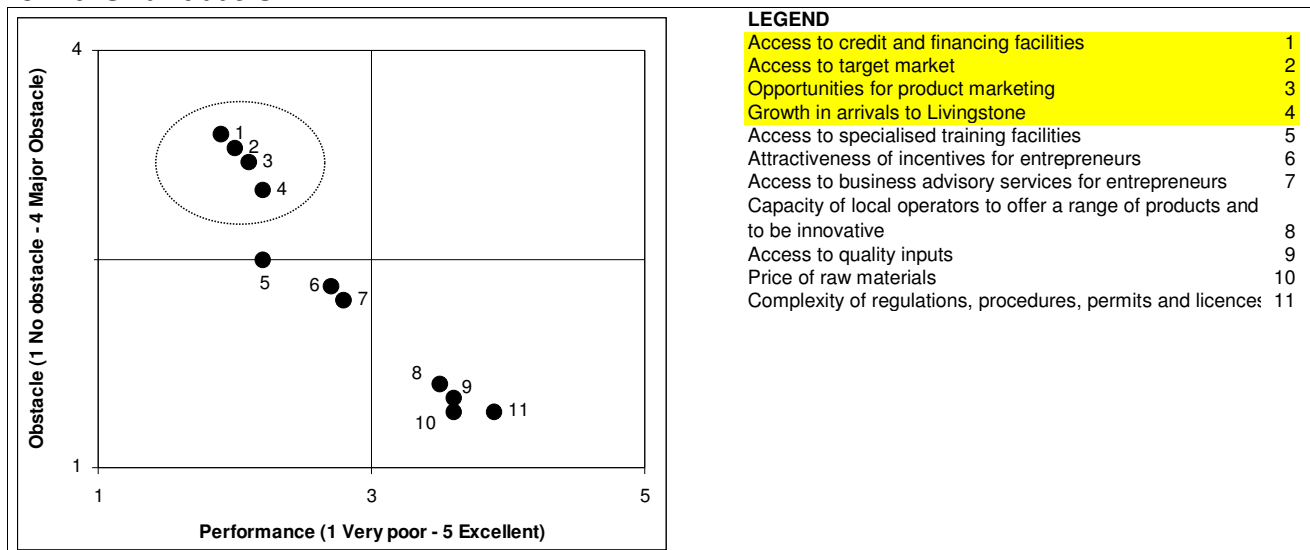
Box 18: Large trader



Box 19: Curio shops



Box 20: Small traders



The following summarises the main proposals made by the traders for improving the overall environment in which they operate:

Box 21

Top priority areas	Suggestions
Opportunities for product marketing	<ul style="list-style-type: none"> More aggressive role of LTA in the marketing of handcraft products Extension of the tourism package to include handcraft when marketing Livingstone Joint marketing efforts between handcraft traders and hotels/lodges
Access to credit	<ul style="list-style-type: none"> Create a credit facility through micro financing institutions, with lower interest rates, flexible security requirements, reasonable payback periods, less stringent eligibility terms and conditions etc
Access to specialised training facilities	<ul style="list-style-type: none"> Set up a reputable, specialised and certified training institution in Livingstone LTA to regularly organise refresher courses for the tourism sector Provide tax rebates on training expenditures incurred Set quality standards to regulate the training institutions
Access to business advisory services for entrepreneurs	<ul style="list-style-type: none"> Set up one-stop shop business advisory centres for potential investors/entrepreneurs in Livingstone Design information brochures and leaflets for investors/entrepreneurs
Complexity of regulations, procedures, permits & licences	<ul style="list-style-type: none"> Tiered licensing fees based on the size of companies Rationalise / streamline the number of licences required for tourism operations Simplify licence applications procedures and implement fast track system
Access to target market	<ul style="list-style-type: none"> Accommodation facilities and tourist activity operators need to include visits to the craft village/shops in the tours organised for tourists Set up quality standards to improve the quality of handcraft products LTA to assist small traders in advertising and marketing their products Create export potential for small traders by facilitating access to credit, assisting them in marketing their products and defining quality standards for the products
Attractiveness of incentives for entrepreneurs	<ul style="list-style-type: none"> Provide more incentives to motivate investors
Growth in arrivals to Livingstone	<ul style="list-style-type: none"> More aggressive marketing of the destination in source markets More capital investment to improve the conditions of road/rail/airport infrastructure Establish a tourism circuit in Zambia
Access to quality inputs	<ul style="list-style-type: none"> Lower taxes and customs duties on key imported inputs for the sector Provide incentives to foster the development of local manufacturing industries

5 ACCOMMODATION FACILITIES

According to the information provided by the Ministry of Tourism, there are in all 81 accommodation facilities in Livingstone and these are decomposed as follows: 5 hotels, 35 lodges, 28 guesthouses and 13 other establishments (e.g. chalet, backpackers, B&B). All the 81 lodging facilities were contacted for the survey, out of which 47 agreed to participate. The survey respondents include 4 hotels, 21 guesthouses, 14 lodges and 8 other establishments. This chapter is intended to provide an overview of the accommodation facilities available in Livingstone, more specifically with regard to those covered in the present survey.

NATURE OF BUSINESS ACTIVITY

The concept of hotels and guesthouses is relatively new in Livingstone. In fact, the survey indicates that all the four hotels interviewed and three-quarter of the guesthouses opened recently, that is over the last 5 years. In contrast, the majority of the lodges and the other establishments have been in operation for more than 5 years. The average number of years of operation for the hotels is 3 years as opposed to 4 years for the guesthouses and 7 years for the lodges / other establishments.

Generally speaking, **most accommodation facilities were recently renovated.** The proportion of establishments that undertook a renovation/refurbishment/extension in the last 5 years is as follows: guesthouses (62%), lodges (71%), hotels (75%) and others (100%).

All the accommodation facilities interviewed are formally registered. The survey shows that (i) three hotels out of the four have a ZNTB licence compared to 62% of guesthouses, 79% of lodges and 88% of other establishments, (ii) three hotels out of the four also have a hotel licence as opposed to 57% of guesthouses and lodges and 75% of other establishments, (iii) two hotels out of the four hold a management licence compared to 33% of guesthouses, 71% of lodges and 50% of other establishments.

In terms of the business status of the accommodation facilities, it is noted that (i) two of the four hotels are joint ventures, (ii) nearly two-third of the guesthouses are sole proprietorships, (iii) more than half (57%) of the lodges are registered as companies, and (iv) the other establishments are equally distributed between those that are registered as companies and those that are sole proprietorships.

Two out of the four hotels are fully foreign owned and the remaining two are fully owned by Zambians. Very few lodges/other accommodation facilities are fully owned by Zambians; they are either fully foreign-owned or co-owned by Zambians and non-Zambians. On the other hand, the majority of the guesthouses are fully Zambia-owned.

According to the majority of respondents, the **long list of licences required for tourism operations was the main challenge** experienced in the initial business start-up stage. The second main challenges faced were difficulty to obtain bank finance (for the fully-Zambian owned establishments), inadequate investment incentives (jointly-owned establishments) and the centralisation of all administrative procedures in Lusaka (fully foreign-owned establishments).

The detailed results on the nature of business activity are presented in Box 22.

Box 22

Figure 33: Years of operation (%)

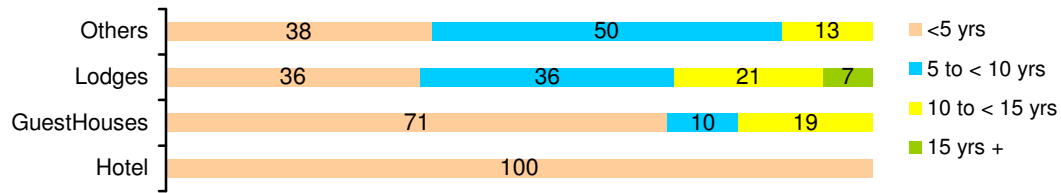


Figure 34: Years since last renovation/refurbishment/extension (%)

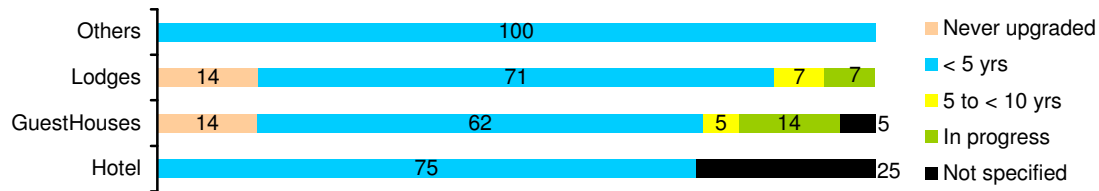


Figure 35: Business status (%)

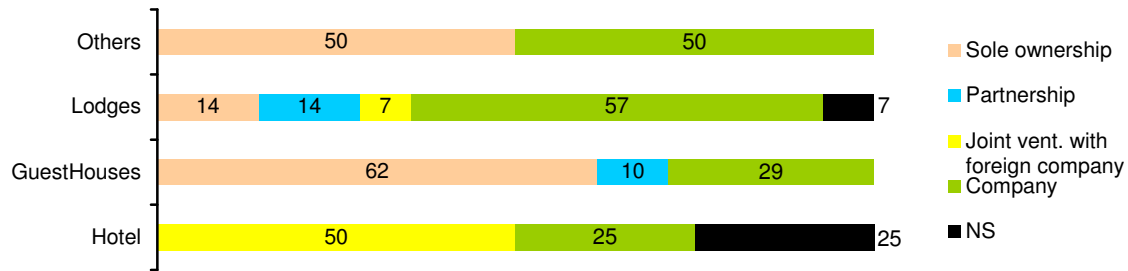


Figure 36: Ownership (%)

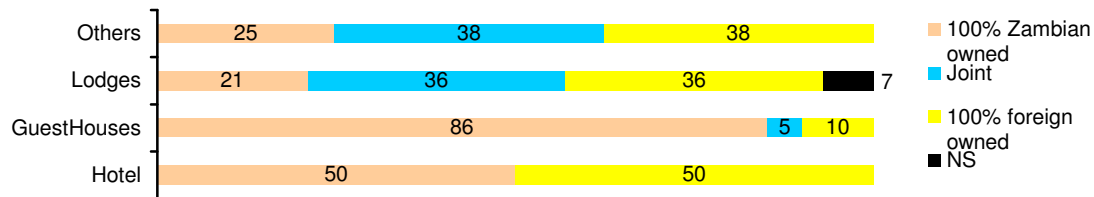
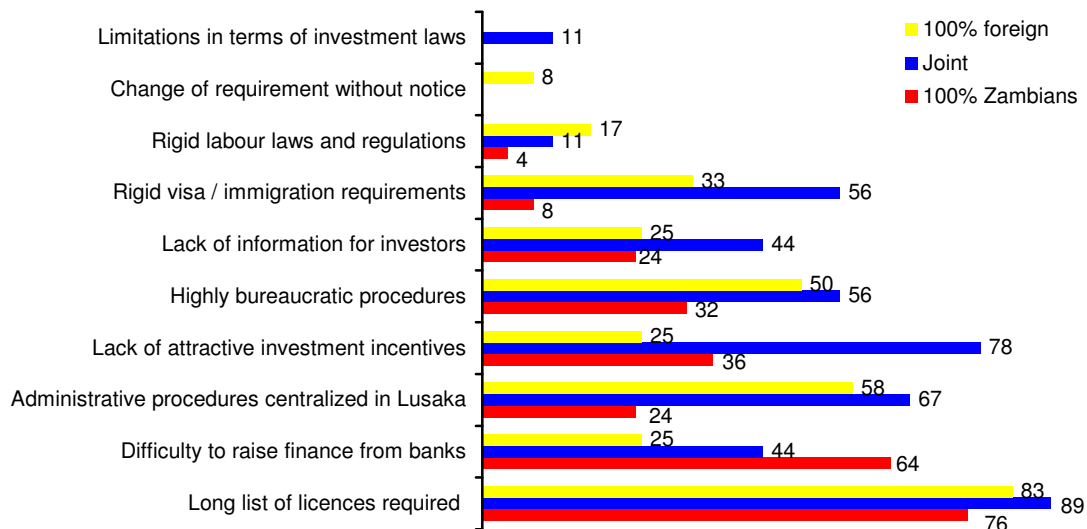


Figure 37: Challenges faced by the accommodation facilities (%)



SIZE AND DESCRIPTION OF THE ACCOMMODATION FACILITIES

Livingstone offers quite a variety of accommodation options for its visitors namely hotels, lodges, guesthouses and others (including chalets, standard bed and breakfast and backpackers).

In terms of the size and capacity of the accommodation facilities surveyed, the survey reveals that two of the four hotels are small (less than 30 rooms) and the remaining two are large (at least 50 rooms). On the other hand, **all the lodges and the majority of guesthouses and other establishments are small in size.**

None of the lodges, guesthouses and hotels has any camping provisions as opposed to 13% of the other establishments.

The average capacity of the hotels is 158 rooms and 312 beds. This compares to 10 rooms and 16 bedplaces for guesthouses, 18 rooms and 34 bedplaces for lodges, and 19 rooms and 48 bedplaces for other establishments. Using the information on the average capacity of the surveyed accommodation facilities, we estimate that, in aggregate, all the 81 accommodation facilities in Livingstone, offer a **total room capacity of 1,938** (Hotels - 789, Lodges - 630, Guesthouses - 272, Others - 247) and a **total bed capacity of 3,802** (Hotels - 1,558, Lodges - 1,173, Guesthouses - 444, Others - 626).

The survey also shows that **most of the rooms in the guesthouses, lodges and other accommodation facilities are either double rooms or twin bed rooms.** However, we cannot analyse whether this is also the case for the hotels as they did not provide any information on the type of room available in their establishment.

In general, the **hotels offer more comprehensive facilities and room amenities than the lodges, guesthouses and other accommodation facilities.** The survey shows that:

- All hotel rooms have a coffee-maker/kettle and cable TV, and are fitted with air conditioning / heating systems. Three of the hotels have a safe, 24 hr room service, hairdryer, minibar, alarm clock and direct dialling phones in the rooms. Only two hotels have rooms with a private patio / balcony and high-speed Internet connections. All the hotels have catering services while three hotels out of the four have parking facilities, laundry/dry cleaning service, conference facilities, swimming pool and foreign exchange services. Only two of the hotels provide any other facilities
- Nearly 60% of the lodges have rooms with a private patio / balcony while less than half of the lodges provide all the other amenities. The room amenities that are not normally available would be minibar, alarm/clock radio, direct dialling phones and high-speed Internet access. At least four lodges out of five have catering facilities, parking facilities, swimming pool and laundry/dry cleaning service. Less than half of lodges provide any other facilities
- More than two-third of the guesthouses have air conditioning / heating systems and cable TV and half of them have a coffee maker / kettle in the rooms. The least common room amenities in the guesthouses are high-speed internet access and hair dryer. At least three guesthouses out of five have a restaurant, parking facilities and laundry/dry cleaning service and half of the lodges have a bar. Less than half of the lodges provide any other facilities
- At least two-third of the other establishments have a restaurant, parking facilities and swimming pool while less than half provide any other facilities. None of them have any children's, disabled, fitness or sports facilities

Only two of the four hotels surveyed and 28% of the lodges are rated as 3 star or plus. Two of the four hotels and two-third of the guesthouses and lodges do not have any star classification. **Overall, only 13% of the surveyed establishments are up-market establishments although they represent as much as 61% of the total room capacity.**

Box 23
Table 15: Size and capacity of accommodation facilities surveyed in Livingstone

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
% of lodging facilities classified as:				
Small (< 30 rooms)	100	86	50	88
Medium (30 ≤ rooms < 50)	0	7	0	13
Large (≥ 50 rooms)	0	7	50	0
% of lodging facilities with camps				
Total room capacity	204	248	631	152
Establishment alone	204	248	631	128
Camps alone (if any)	0	0	0	24
Average room capacity (incl. camps)	10	18	158	19
Total bed capacity				
Establishment alone	333	469	1246	385
Camps alone (if any)	0	0	0	48
Average bed capacity (incl. camps)	16	34	312	48

Table 16: Distribution of room capacity by type (% of rooms)

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
Single room	12	17	0	1
Double room	50	32	2	27
Twin bed room	31	39	3	45
Family / triple room	6	10	0	4
Suite / honeymoon	1	3	0	8
Not specified	0	0	95	16

Table 17: Room amenities (% of accommodation facilities)

%	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
Air conditioning / heating system	67	43	100	50
Private patios or balconies	24	57	50	25
Coffee maker/ kettle	52	36	100	38
Safe	14	36	75	25
Cable TV / DSTV	71	29	100	38
24 hr room service	33	29	75	13
Harddryer	5	29	75	13
Minibar	19	14	75	25
Alarm/clock radio	10	7	75	13
Direct dialing phones	19	7	75	0
High speed internet access	0	7	50	0

Table 18: Facilities / services offered by the accommodation facilities

%	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
Restaurant	67	93	100	63
Bar	52	86	100	50
Parking facilities	86	79	75	88
Laundry and dry cleaning service	62	86	75	25
Swimming pool	24	79	75	63
Foreign exchange services	5	29	75	13
Curio shops	10	36	50	38
Children's facilities (miniclub, games)	5	21	50	0
Disabled facilities	5	21	50	0
Health and fitness centre	0	21	50	0
Transport rental	5	14	50	25
Sports facilities	5	7	50	0

Table 19: Star classification

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
None	67	64	50	75
Two star	5	0	0	0
Three star	0	7	25	0
Five star	0	21	25	0
Don't know/not specified	29	7	0	25

CHARACTERISTICS OF GUESTS

According to the survey of tourists conducted by ZNTB in 2004, 41% of visitors came from Europe while 28% came from Southern Africa, 18% from America and 7% from Asia. A similar pattern is also noted in the results of the present survey. In fact, the accommodation facilities assert that 36% of their guests are Zambians and 64% are non-Zambians. With regard to the non-Zambian guests, the **main source market is Europe (38%), America (33%), Africa (20%) and others (10%)**. The main tourist-generating country in each region is UK (Europe), South Africa (Africa) and USA (America).

Note that we cannot compare the source market for the different accommodation facilities as the sample size of respondents who provided the breakdown of their guests by source market is too small.

Holidaymakers accounted for the highest proportion of tourists visiting Livingstone, with a score of 54% followed by business tourists (26%). Altogether, holiday and business were the two major purposes of visit to Livingstone, accounting for 80% of guests staying in the surveyed establishments. Conference, sports and VFR accounted for only 20% of the total number of guests. On a comparative note, according to the ZNTB tourist survey 2004, 65% of holidayers and 18% of business tourists visited Zambia in 2004.

An analysis of the purpose of visit across the different accommodation facilities shows that only 15% of the guests in hotels are holidayers while the majority (85%) are on official (business, conference) visits to Livingstone. Guesthouses also have more business guests than holidayers. On the other hand, lodges and other establishments have a client base comprising mainly holidayers.

The **average length of stay is 2.6 nights** according to the surveyed accommodation facilities. The duration of stay appears to be higher for guests staying in lodges and also for Zambians / residents.

The **main mode of travel is by road**. This is true for all types of accommodation facilities except lodges where there are more guests who come to Livingstone by air than by road.

Box 24

Figure 38: Tourist-generating markets (%)

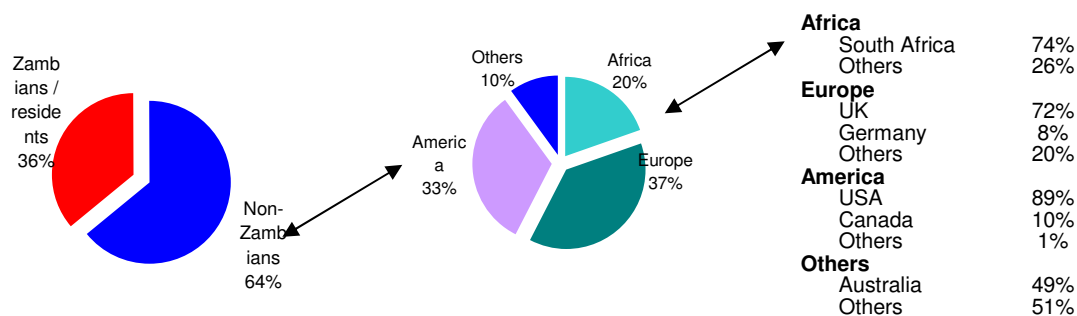


Table 20: Purpose of visit (%)

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
Holiday	39	62	15	73	54
Business	42	17	25	19	26
Conference	17	19	60	8	18
Others	2	2	0	0	2

Table 21: Average length of stay (%)

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
Zambians / residents	2.5	3.3	2.0	4.1	3.0
Non Zambians	2.0	2.6	2.0	2.9	2.6
All guests	2.1	2.8	2.0	2.9	2.6

Table 22: Mode of travel (%)

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
By air	15	57	25	11	33
By road	85	43	75	89	67

MARKETING ACTIVITIES

Overall, 38% of the respondents did not participate in any trade shows / tourism fairs, as opposed to **45% who either attended or were represented in trade shows / tourism fairs in 2005**. The level of participation differs across the various categories of accommodation facilities, with lodges having the highest and guesthouses having the lowest participation rates. The main trade shows / tourism fairs in which the surveyed establishments took part are Indaba (48%) and WTM (38%).

With regard to the advertising vehicles used by the accommodation facilities in the last 12 months, it is observed that overall, **53% of the respondents advertised through tour operator brochures, Internet and billboards**. An analysis of the advertising vehicles used by type of accommodation facilities indicates that main advertising vehicles used in the last 12 months were (i) billboards and the local newspaper for guesthouses, (ii) Internet and tour operator brochures for lodges, (iii) tour operator brochures for hotels and (iv) billboards for the other types of accommodation facilities.

Overall, it is reported that **the Internet was the most effective advertising vehicle** used in the last 12 months. This is particularly the case for the lodges and the other establishments where 50% and 29% respectively mentioned that the Internet adverts had the maximum impact on their sales. On the other hand, for the hotels, it appears that the Internet, the local newspaper and the radio were equally effective advertising vehicles. As far as the guesthouses are concerned, tour operator brochures and television have a slight precedence over Internet and billboards, as the most effective advertising vehicles.

Based on the annual marketing budget figures reported by the respondents, it is noted that 35% of the lodges spent more than Kwacha 10 million on marketing in 2005 as opposed to only 10% of guesthouses. As far as the hotels are concerned, only two of them specified their marketing budget figure and both of them spent less than Kwacha 10 million on marketing. Similarly for the other establishments, 71% spent less than Kwacha 10 million on marketing in 2005 while the rest did not specify their marketing budget. The average marketing budget is estimated as follows:

- (i) Kwacha 21.4 m (~ USD 4,700) for lodges
- (ii) Kwacha 7 m (~ USD 1,600) for the small hotels surveyed
- (iii) Kwacha 6.6 m (~ USD 1,500) for guesthouses
- (iv) Kwacha 3.9 m (~ USD 900) for other establishments (excluding the chalet which did not specify its marketing budget in the survey)

Except for the lodges (whose main sources of business are Internet bookings and inbound tour operators), most hotels, guesthouses and other establishments obtain their business through **direct customer walk-ins**.

In general, **most surveyed accommodation facilities have some kind of customer feedback system in place**, whether it is in terms of a guest satisfaction questionnaire or a visitor book / suggestion box. Guesthouses is the only accommodation facility where a relatively important percentage of respondents (one-third) does not have any feedback system in place.

Detailed results on the marketing activities of the accommodation facilities are presented in Box 25.

Box 25

Figure 39: Participation in travel shows / tourism fairs (%)

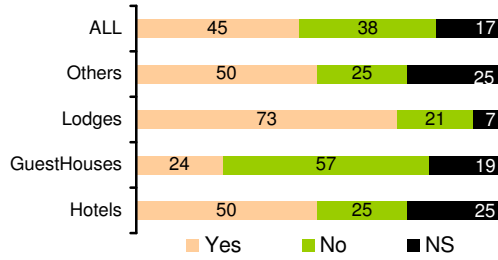


Table 23: Advertising vehicles used in the last 12 months (%)

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
Tour operator brochures	43	64	75	50	53
Internet	43	79	50	38	53
Billboards	52	43	50	75	53
Newspaper - local	52	43	50	25	45
Television	29	21	50	13	26
Radio	29	7	50	13	21
Wall banners	24	7	25	13	17
Newspaper- international	0	14	25	25	11
Shows	10	7	0	13	9
Tourism News Magazine	5	14	0	0	6
Agent's visits	0	14	0	13	6
Others	10	14	0	0	9
None	5	0	0	0	2

Figure 40: Marketing budget (%)

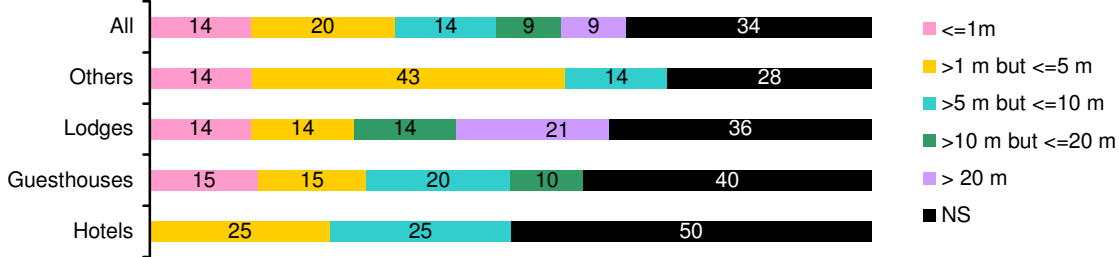


Figure 41: Source of business (%)

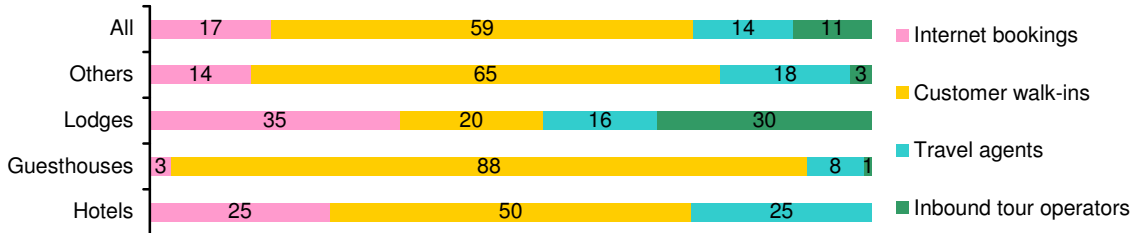
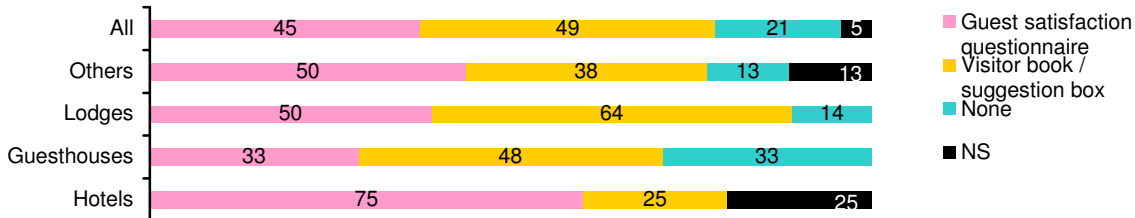


Figure 42: Guest feedback mechanism (%)



REVENUE GENERATED I N 2005

With regard to the average rates charged by the accommodation facilities, it is noted that:

- Among the four types of accommodation facilities, the **average room rate per night is highest for hotels** and lowest for guesthouses and other establishments
- Non-resident rates are in general higher than resident rates and this is observed across all accommodation facilities.** Nonetheless, the difference between resident and non-resident rates accentuate as we move upmarket, that is from others/guesthouses to hotels/lodges. For instance, the non-resident rate for a single room in a hotel is 111% higher than the resident rate compared to a difference of 39% for lodges, 21% for guesthouses and 6% for other establishments

In terms of the operational performance of the different establishments, it is noted that:

- Each surveyed hotel sold on average 45,208 room nights with an average occupancy of 61% in 2005. We cannot analyse the average monthly occupancy rate as only one hotel provided information on its monthly occupancy
- Each surveyed guesthouse sold on average 1,698 room nights, which corresponds to an average occupancy of 44%. The guesthouses recorded their lowest occupancy in February (33%) and their highest occupancy rate in December (64%)
- Lodges sold on average 2,145 room nights and recorded average room occupancy of 26%. They achieved the lowest occupancy in October (23%) and the highest occupancy rate in August (50%)
- For the other establishments, the average room nights sold is 3,874 and this represents a room occupancy of 53%. The lowest occupancy rate is recorded in February (36%) and the highest occupancy rate in July (71%)

It can be deduced that on average, the **hotels have a higher occupancy rate than other accommodation facilities.** In terms of the seasonality of guest traffic, the **lowest occupancy rate is usually recorded at the beginning of the year, that is January and February.** This is the case for all the accommodation facilities except lodges which recorded their lowest occupancy rate in October last year.

It is important to point out that only 11 respondents out of 47 specified their revenue figures in the survey. To estimate the revenue figures for the other accommodation facilities, we used the average room rate, the occupancy rate and the proportion that room revenue account for in total revenue. Based on this, we have estimated the total revenue for 34 respondents, the results of which are presented in table 23.

Overall, these establishments generated a turnover of USD 67 million in 2005. The average turnover by type of establishment is as follows: hotels (USD 21.2 m), lodges (USD 248,400), other establishments excluding chalet (USD 94,390) and guesthouses (USD 90,940).

Box 26

Table 24: Average rates charged (USD)

	Hotels		Guesthouse		Lodge		Other	
Base (N)	2		12		8		5	
	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident
Single room rate per night	65	137	33	40	64	89	35	37
	Hotels		Guesthouse		Lodge		Other	
Base (N)	3		20		10		7	
	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident
Double room rate per night	67	127	35	40	76	92	51	54

Table 25: Operational performance

	Hotels (N = 3)	Guesthouses (N = 14)	Lodges (N = 7)	Others (N = 4)
Number of guests	155,093	16,601	20,887	8,280
Room nights available	221,555	53,769	58,070	43,725
Room nights sold	135,625	23,776	15,017	23,245
Average room occupancy	61%	44%	26%	53%
Bed nights available	441,650	87,002	104,265	103,627
Bed nights sold	244,659	39,428	20,667	35,658
Average bed occupancy	55%	45%	20%	31%

Figure 43: Room occupancy rate (%)

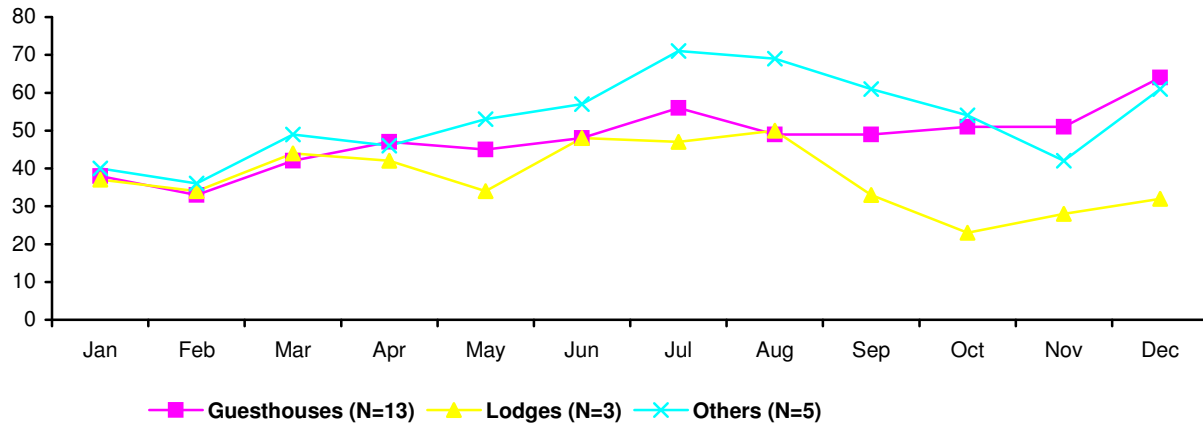


Figure 44: Bed occupancy rate (%)

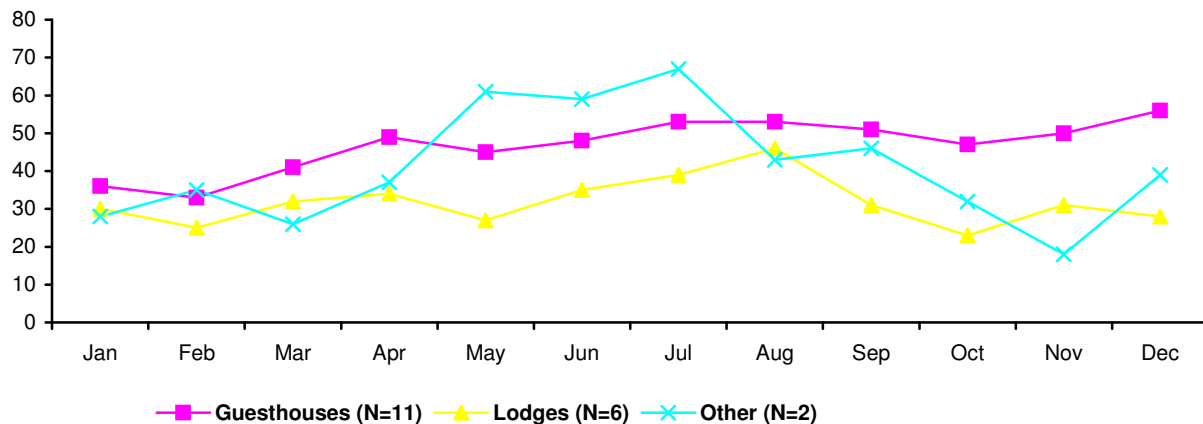


Table 26: Revenue (USD)

	Guesthouses (N = 16)	Lodges (N = 10)	Hotels (N = 3)	Others (N = 5)
Range				
<= 25,000	29%	14%	25%	20%
25,001 to 50,000	19%	7%	-	20%
50,001 to 100,000	10%	7%	-	-
100,001 to 250,000	14%	14%	25%	60%
250,001 to 500,000	5%	21%	-	-
> 500,000	-	7%	25%	-
Not specified	24%	29%	25%	-
Mean revenue	70,940	248,397	21,163,745	94,390
Total revenue	1,135,035	2,483,974	63,491,236	471,952

OUTSOURCING AND SOURCING OF INPUTS

The main activities contracted out by the accommodation facilities are security services, maintenance of equipment / vehicles and accounting / finance. The total value of outsourcing for the surveyed accommodation facilities was about Kwacha 800 million (~USD 175,000) in 2005.

The majority of the inputs for the accommodation sector are sourced locally. This is particularly the case for food, drinks, art and craft, candles, internal decoration, flowers, and toiletries. For bed linens, uniforms, mats and tablecloths, and crockery / cutlery, about 20% of the inputs are imported.

Box 27

Table 27: Activities outsourced (% of accommodation facilities)

	Hotels (N = 4)	Guesthouses (N = 21)	Lodges (N = 14)	Others (N = 8)	All (N = 47)
Security	50	52	43	38	47
Maintenance of equipment / vehicles	25	29	57	38	38
Accounting / finance	0	33	50	25	34
Laundry / dry cleaning	25	14	14	25	17
Transport hire services / transfers	0	14	29	0	15
Gardening and landscaping	25	10	7	13	11
Marketing / Public Relations	0	10	7	13	9
Training	0	0	7	13	4
None	0	5	0	13	4
Not specified	50	19	7	0	15

Table 28: Main service providers to whom activities outsourced (% of accommodation facilities)

ALL RESPONDENTS (N = 38)	
Security	G3 (23%), Buffalo Eye (14%), Mint Master (14%)
Maintenance of equipment / vehicles	Bennett (17%), Foleys (22%), Individuals (50%)
Accounting / finance	BDO (37%), other accounting firms (25%), individuals (25%)
Laundry / dry cleaning	Bidvest (100%)
Transport hire services / transfers	Tour operators (71%), private vehicles / taxis (29%)
Gardening and landscaping	Individual landscapers (60%)
Marketing / Public Relations	ZNBC
Training	-

Table 29: Value of activities outsourced (in Kwacha)

	Hotels (N = 4)	Guesthouses (N = 21)	Lodges (N = 14)	Others (N = 8)	All (N = 47)
Security	5,000,000	28,326,000	72,534,120	68,294,120	174,154,240
Maintenance of equipment / vehicles	15,729,350	6,340,000	35,777,900	1,020,000	58,867,250
Accounting / finance	-	32,768,740	40,923,320	9,099,160	82,791,220
Laundry / dry cleaning	20,400,000	22,873,950	22,759,700	22,747,900	88,781,550
Transport hire services / transfers	-	3,000,000	42,747,900	-	45,747,900
Gardening and landscaping	-	3,500,000	15,000,000	13,648,740	32,148,740
Marketing / Public Relations	-	19,500,000	-	500,000	20,000,000
Training	-	-	-	4,549,580	4,549,580
TOTAL	41,129,350	130,858,270	229,642,941	392,834,300	794,464,861

Table 30: % of inputs that are sourced locally

	Hotels (N = 4)	Guesthouses (N = 21)	Lodges (N = 14)	Others (N = 8)	All (N = 47)
Food	100	99	99	99	99
Toiletries	100	100	96	100	99
Art and craft, candles, internal decoration, flowers	100	94	93	97	94
Drinks	90	96	98	90	95
Bed linens, Uniforms, Mats and tablecloths	60	89	60	83	78
Crockery / cutlery	55	93	67	89	83

EMPLOYMENT AND TRAINING

The survey reveals that (i) nearly two-third of the guesthouses are small and employ less than 10 people, (ii) three quarter of the lodges are medium-sized with 10-49 people while the rest employ at least 50 people, (iii) only two hotels out of the four surveyed provided information on the number of employees and both these hotels employ between 10 and 49 people and (iv) most of the other establishments are either small or medium-sized with 38% employing less than 10 people and 50% employing 10-49 people.

On average, the lodges employ 38 people in contrast to 10 for the guesthouses, 22 for the hotels and 23 for the other establishments. The result that lodges employ more people than hotels must however be interpreted with care because the average calculated for the hotels does not take into consideration the number of employees in two hotels which did not specify the size of their workforce. But these two hotels are considered as large (more than 50 rooms) and presumably employ more than 50 people.

Overall, the surveyed establishments (N = 44) employed about 926 people in 2005.

All the establishments have a male-dominated staff base except for the guesthouses where the ratio of male to female employees is more balanced. In general, the surveyed establishments employ very few non-Zambians and casual / seasonal workers. Membership to trade unions is quasi non-existent among the people employed by the hotels and guesthouses. On the other hand, only 15% of people employed in the lodges belong to a union as opposed to 50% of those employed by other establishments.

Only 17 guesthouses, 9 lodges and 5 other establishments (excluding chalet) provided their wage bill figures in 2005. Using this information, the average monthly salary paid to employees is calculated at USD 72 for the guesthouses, USD 135 for the other establishments and USD 253 for the lodges. In total, these respondents paid about USD 700,000 as salary in 2005.

The guesthouses appear to employ less trained staff than the other accommodation facilities. In fact, the survey shows that one of the four hotels have no or few trained staff as opposed to 62% of guesthouses, 43% of lodges and 38% of other establishments. The proportion of establishments whose staff received informal training is 50% for lodges, 33% for hotels, 24% for guesthouses and 38% for other establishments. On the other hand, two hotels out of three claim that their staff were trained at a certified institution in Zambia (private or public) compared to 59% of guesthouses, 42% of lodges and 50% of other establishments.

The percentage of respondents who provided training to their staff in 2005 is as follows: hotels (one out of the four surveyed), guesthouses (14%), lodges (50%) and other establishments (63%). Moreover, the survey reveals that:

- The average training budget for the guesthouses was USD 154. The courses given were hotel management / housekeeping / waitressing courses. These were provided in-house and also by a certified private institution.
- The lodges spent on average USD 1,200 on training and the main areas of training were housekeeping (57%) and language / communication skills (29%) and food & beverage (29%). These were mainly informal in-house training
- For the other establishments, the main areas of training were customer relations and computing (40%). These cost about USD 2,000 and were provided mainly through informal in-house training
- Only one hotel provided information on its training budget which amounted to USD 50,000 for hotel management courses. Training was provided both in-house and through a certified public institution in Zambia.

In the event that a specialised tourism training institution is set up in Livingstone, hotels perceive that the priority areas for training should be house-keeping, tourism management and public / customer relations. This compares to (i) tourism management and food & beverage being the priority areas for guesthouses and lodges and (ii) tourism management and public / client relations being the priority areas for other establishments.

The detailed results on employment and training are presented in Box 28.

Box 28

Table 31: Number of people employed

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
No of employees per establishment				
< 10	62	-	-	38
10 – 49	38	72	50	50
50 – 99	-	21	-	12
Not specified	-	7	50	-
Mean no of employees	10	38	22	23

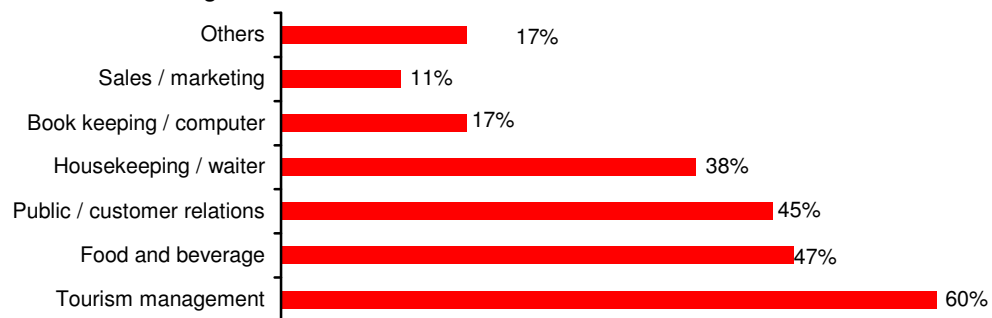
Table 32: Profile of employees

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
Permanent	90	93	100	94
Casual / seasonal	10	7	0	6
Zambians	99	95	100	94
Non-Zambians	1	5	0	6
Staff	83	88	88	84
Management	17	12	12	16
Male	52	70	70	73
Female	48	30	30	27

Table 33: Employment of trained staff

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)
% of establishments which claim that...of their staff have received training				
None	19	14	0	0
Few	43	29	25	38
Half	0	14	0	25
Most	19	29	50	25
All	14	14	0	13
Not specified	5	0	25	0

Figure 45: Preferred training courses



SOCIAL AND COMMUNITY RESPONSIBILITY

The survey shows that as much as 57% of the lodges were involved in social/community activities in 2005. This compares to 33% of the guesthouses and 25% of the other accommodation facilities. On the other hand, none of the hotels surveyed reported any participation in social/community activities. The total project value of these activities is **estimated at nearly Kwacha 140 million**. Guests contributed about 90% of this amount. A summary of the activities undertaken by the accommodation facilities is presented in box 29.

Box 29

Table 34: Summary of social/community activities undertaken in 2005				
Guesthouses				
Operator	Description of project	Date	Collaboration with:	Estimated value (kwacha)
1	Kwenuha (prostitute reform programme)	Aug	Taonga safaris, Wasawange lodge	540,000
2	Orphan donation	Jan-Jun		N/a
3	Catholic church	Nov to Dec	Christian establishments	5.5 million (1)
4	Erection of mourners shelters	N/a	Member of parliament for Livingstone, southern quarries	15 million
5	Support two orphans financially towards education	Oct 2005 to date		1.5 million
6	Independence day celebrations		Livingstone council	200,000
7	Independence day celebrations	N/a		100,000
(1) contribution by guests				Total: K 2.3 m
Lodges				
Operator	Description of project	Date	Collaboration with:	Estimated value (kwacha)
1	Set up a trust fund for Nsongwe village	N/a		N/a
2	Various donations	N/a		N/a
3	Support children's education	1999 to date		6.3 million
4	Kwenuha (prostitution reformation programme/project)	Oct	Catholic church, Kwenuha, area member of parliament	600,000
5	Built police station and borehole, sponsored children in schools, helped build accommodation in village, raised funds for village clinic	N/a		114 million (1)
6	Support football team	Ongoing		5 million
7	Assistance to Tujatome school	Ongoing		12 million
7	Police post	2005	Other lodges	7 million (1)
8	Tourism police	N/a		2 million
(1) contribution by guests				Total: K 134.4 m
Other accommodation facilities				
Operator	Description of project	Date	Collaboration with:	Estimated value (kwacha)
1	Independence day	2005		440,000
	Catholic church	2005		460,000
	Local football teams	2005		460,000
	Orphans day out	2005	Visions art & Crafts, Lodges	910,000
2	Simonga village tourism project Lusasi orphanage	June ongoing		N/a
(1) contribution by guests				Total: 2.3 m

ANNEX ACTIVITIES

Conference facilities

Overall, 45% of the surveyed establishments have conference facilities. More specifically, three hotels out of the four surveyed have conference/meeting rooms as opposed to 57% of lodges, 38% of guesthouses and 25% of other establishments.

The average number of conferences organised in 2005 varied between 3 for other establishments and 7 for guesthouses. In total, the surveyed accommodation facilities hosted about 116 conferences in 2005.

With regard to the conference facilities available in the different establishments, it is noted that the hotels have on average 2 conference rooms with a total capacity of 175 seats. The guesthouses also have on average 2 conference/meeting rooms with a total capacity of 86 seats. The lodges and the other establishments have each 1 conference/meeting room with a capacity of 129 seats and 40 seats respectively. In general, most of the establishments provide catering service, video/TV and flipcharts when renting out their conference facilities.

The average rental cost for a conference room is lowest for other establishments (Kwacha 145,000) and highest for lodges (Kwacha 491,360). For the hotels and guesthouses, the average rental costs are Kwacha 275,000 and Kwacha 200,000 respectively.

Business services

Overall, two hotels out of the four surveyed provide business services but none of them specified which business services their establishment provide. 21% of lodges interviewed provide business services. All of the lodges provide Internet / email facilities, while two-third provide fax and printing facilities, and only one-third have photocopier service. 14% of the surveyed guesthouses provide business services and among these, two-third provide Internet/email and printing facilities while one-third provide fax and photocopy services. 38% of the other establishments provide business services, with two-third of them providing photocopy and one-third providing Internet/email. None of them have fax/printing services.

The survey also indicates that the (i) Internet/email charge varies between Kwacha 350 and Kwacha 400 per min, (ii) fax service rate between Kwacha 1,500 and Kwacha 5,000 per fax, (iii) photocopier charge varies between Kwacha 275 and Kwacha 500 per sheet and (iv) print rate varies between Kwacha 1,500 and Kwacha 8,000 per page. The rates charged by the guesthouses are reported to be higher in general than the rates charged by the lodges/other establishments.

Catering services

Three-quarter of all the surveyed establishments have a restaurant and two-third have a bar. The average seating capacity in the restaurants ranges between 31 and 54. Average prices vary between Kwacha 38,467 and Kwacha 58,673, and the restaurants in the guesthouses charge on average lower prices than those in the other establishments. The restaurants / bars are generally open to outsiders albeit a few exceptions (particularly among the 'other establishments') which are restricted to guests only. With regard to special dietary requirements, most restaurants in guesthouses and lodges offer vegetarian meals as opposed to only two of the surveyed hotels and 25% of the other lodging facilities. On the other hand, most restaurants in the surveyed establishments do not provide halaal food.

Tourist activities

The proportion of accommodation facilities which organise tourist activities is as follows: hotels (two out of the four surveyed), guesthouses (10%), lodges (57%) and other accommodation facilities (50%). The most popular activities organised by the lodges are game drives/walks and Victoria Falls (75%), and Township visits (73%). The analysis of the type of activities organised cannot be replicated for the other accommodation facilities owing to the small sample size of respondents who organise tourist activities.

Details on the annex services are presented in Box 30.

Box 30
Table 35: Conference facilities

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
% of establishments with conference facilities	38	57	75	25	45
Average no of conferences held in 2005	7	6	6	3	6
Total no of conferences held in 2005	55	49	6	6	116
Average no of conference rooms per establishment	2	1	2	1	1
Total no of conference rooms	12	11	2	2	27
Average seating capacity per establishment	86	129	175	40	104
Total conference seating capacity	690	1035	175	80	1980
Average rental cost (Kwacha)	200,000	491,360	275,000	145,000	320,184

	Guesthouses (N = 8)	Lodges (N = 8)	Hotels (N = 1)	Others (N = 2)	All (N = 19)
% of establishments providing:					
Overhead projector	13	50	100	50	37
Flipcharts	50	88	100	50	68
Video / TV	75	63	100	100	74
Catering service	88	75	100	50	79

Table 36: Business services

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
% of establishments providing:					
Internet / email	67	100	Na	33	55
Fax	33	67	Na	0	27
Photocopier	33	33	Na	67	36
Printing	67	67	Na	0	36
Average charge (Kwacha)					
Internet / email	400	350	Na	400	380
Fax	5,000	1,500	Na	-	3,250
Photocopier	500	Na	Na	275	350
Printing	8,000	1,500	Na	-	5,833

Table 37: Catering services

	Guesthouses (N = 21)	Lodges (N = 14)	Hotels (N = 4)	Others (N = 8)	All (N = 47)
% of establishments with a restaurant	71	93	100	50	77
% of establishments with a bar	52	93	75	50	66
Average restaurant seating capacity	31	41	35	54	37
Average charge in Kwacha	38,467	58,673	52,500	55,000	47,791
% of establishments which open their restaurants to guests only	13	8	0	25	12
% of establishments which open their bars to guests only	9	8	0	50	14
% of establishments with restaurants that have:					
Meals for vegetarians	87	83	50	25	76
Halaal food	20	33	0	25	24

ASSOCIATION MEMBERSHIP

Overall, **83% of the accommodation facilities have heard of the Livingstone Tourism Association.** The level of prompted awareness of LTA is highest among the accommodation facilities classified as 'others' (100%) followed by lodges (93%), guesthouses (76%) and hotels (50%).

56% of those who have heard of LTA are also a member of the association. Membership to LTA is highest among the lodges (85%) followed by hotels (one hotel out of two), other establishments (50%) and guesthouses (38%).

The **level of satisfaction with the service provided by LTA is quite high** with two-third of the surveyed members who are satisfied with the association. The degree of satisfaction (that is the proportion of very and rather satisfied) is highest among the accommodation facilities classified under 'others' (100%) followed by the lodges (64%) and the guesthouses (50%). Only one hotel stated that it is a member of LTA and it is neither satisfied nor dissatisfied with the services provided by LTA.

With regard to the services that LTA should offer to its members, it is observed that:

- The hotels perceive that LTA should a priori (i) set quality standards for tourism sector operators in Livingstone and (ii) facilitate access to credit/financing for small and medium operators
- According to the surveyed guesthouses, the role of LTA should be primarily geared towards facilitating access to credit facilities and negotiating with the government on behalf of the tourism sector operators in Livingstone
- For the lodges and other accommodation facilities, the priority areas for LTA's intervention must be in terms of negotiating with the government on behalf of the tourism sector operators in Livingstone and providing input to the development of tourism sector policies and strategies for Livingstone

Assuming that LTA would offer these preferred services:

- All the surveyed non-members are interested to become a member of LTA except for two hotels who did not specify their interest. The interested members are willing to pay a monthly membership fee of Kwacha 100,000. The affordable membership fee by type of accommodation is as follows: Hotel and lodges (Kwacha 100,000), Guesthouses (Kwacha 88,500) and other establishments (Kwacha 127,500)
- All the existing members are interested to renew their membership with LTA and the average monthly membership fee that they are willing to contribute is Kwacha 194,000. The affordable membership fee by type of accommodation is as follows: Hotel (Kwacha 250,000), guesthouses (178,000), lodges (Kwacha 206,000) and other establishments (Kwacha 175,000)

The detailed results on association membership are presented in Box 31.

Box 31

Figure 46: Level of satisfaction with LTA

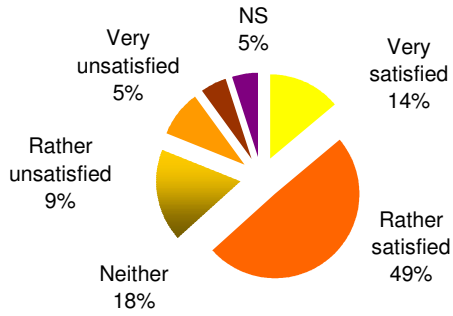
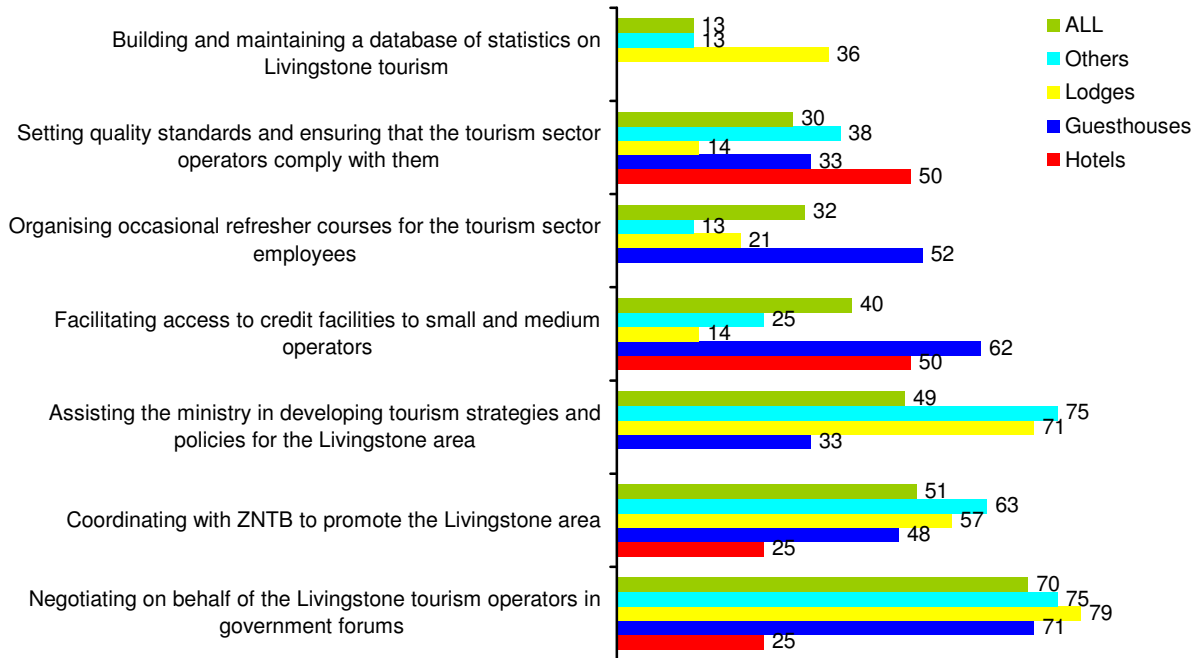


Figure 47: Preferred services (%)



EVALUATION OF THE TOURISM SECTOR IN LIVINGSTONE

Constraints to growth in arrivals

According to the operators, the topmost factors constraining the growth of tourist arrivals in Livingstone are (i) the poor condition of roads / railways which makes the area not easily accessible to tourists, (ii) the lack of appropriate promotion and marketing activities in tourist-generating markets which results in poor awareness of the destination and (iii) the absence of a tourism circuit for Zambia.

Perception of the service provided by other operators in Livingstone

The accommodation facilities were asked to rate the handicraft traders and tourist activity operators in Livingstone on a number of attributes using a performance scale of 1 (very poor) to 5 (excellent). The accommodation facilities give the highest excellent/very good score to range of tourist activities organised scores. However, at the same time, they are also least satisfied with the tariff charged for these tourist activities.

Perception of the environment within which the accommodation facilities operate

The accommodation facilities were asked to evaluate the environment within which they operate on a number of factors, using a performance scale of 1 (Very poor) to 5 (Excellent). In general, it is observed that:

- As much as 69% of the respondents give a poor/very poor score to the overall operating environment in Zambia/Livingstone while the rest give an average score. None of the respondents perceive the operating environment to be excellent/very good environment overall for the development of their specific business.
- Apart from the growth of tourist arrivals, level of satisfaction on all other aspects is very low. The main areas that are criticised are operational costs (fuel costs, taxes and levies), access to credit and financing facilities, and complexity of administrative procedures and licensing requirements.

Obstacles to the development of the accommodation facilities

The accommodation facilities were asked to rate, on a gravity scale of 1 (No obstacle) to 4 (Major obstacle), the extent to which each of these factors represent an obstacle to the development and expansion of their business. In general, it is observed that the main obstacles are as follows:

- The major impediments to the accommodation sector are the high fuel costs, high taxes and levies, complex administrative/licensing procedures, and lack of credit/financing facilities
- The same areas where the accommodation facilities have expressed the most criticism are also the main obstacles for their business development. These constraints must be addressed in priority in order to foster growth and development of the accommodation sector in Livingstone

The detailed results on the traders' perceptions are presented in Box 32.

Box 32

Figure 48: Constraints (% of accommodation facilities)

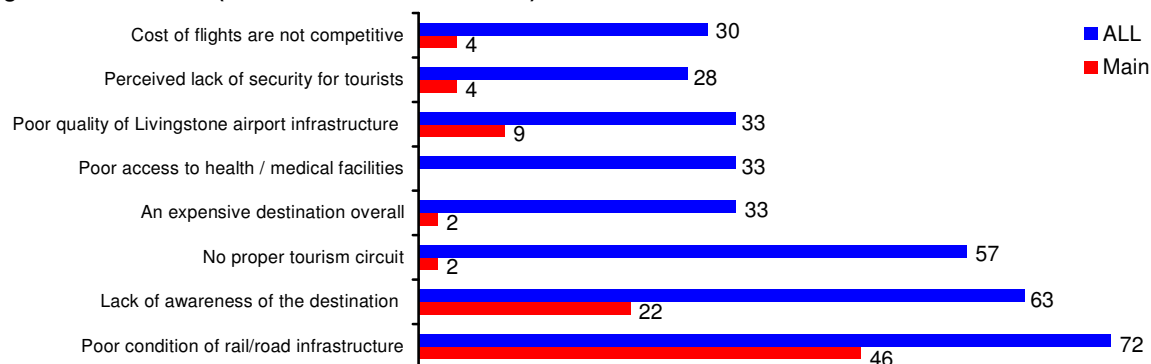


Figure 49: Perception of the other operators in Livingstone (% of accommodation facilities)

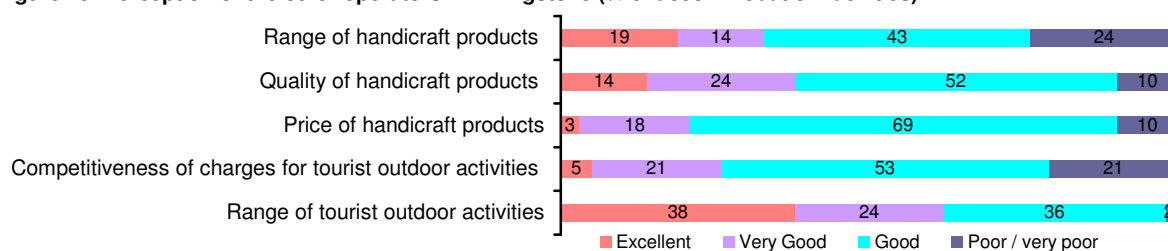


Table 38: Perception of the operating environment (N = 44)

	% of who gave a...score				Mean index ¹
	Excellent	v. good	Good	Poor / v. poor	
Growth in tourist arrivals in Livingstone	41		50	9	3.5
Telecommunication costs	9		41	50	2.5
Availability of qualified labour	14		30	56	2.5
Access to land	5		48	48	2.4
Attractiveness of investment incentives	12		27	61	2.4
Reliability of power supply services	9		18	73	2.2
Access to quality inputs	2		32	66	2.2
Cost of inputs and raw materials for the hospitality sector	7		28	65	2.2
Access to business advisory services for investors	5		24	71	2.1
Access to related training facilities	2		20	77	2.0
Complexity of regulations, procedures, permissions & licenses	2		11	86	1.9
Access to credit and financing facilities	5		14	81	1.9
Fuel costs	0		16	84	1.8
Taxes and levies	2		7	91	1.8
OVERALL	0		31	69	2.2

Table 39: Gravity of the constraint to the expansion of the accommodation sector

	% of who gave a...score			Mean gravity index
	No/minor obstacle	Moderate obstacle	Major obstacle	
Growth in tourist arrivals in Livingstone	75	14	11	1.8
Access to land	61	18	20	2.2
Attractiveness of investment incentives	55	27	18	2.4
Telecommunication costs	45	39	16	2.5
Access to business advisory services for investors	48	32	20	2.6
Access to quality inputs	36	48	16	2.7
Cost of inputs and raw materials for the hospitality sector	34	50	16	2.7
Availability of qualified labour	41	30	30	2.7
Reliability of power supply services	32	39	30	2.9
Access to related training facilities	27	45	27	2.9
Access to credit and financing facilities	16	57	27	3.1
Complexity of regulations, procedures, permissions & licenses	9	48	43	3.3
Fuel costs	18	32	50	3.3
Taxes and levies	14	34	52	3.3

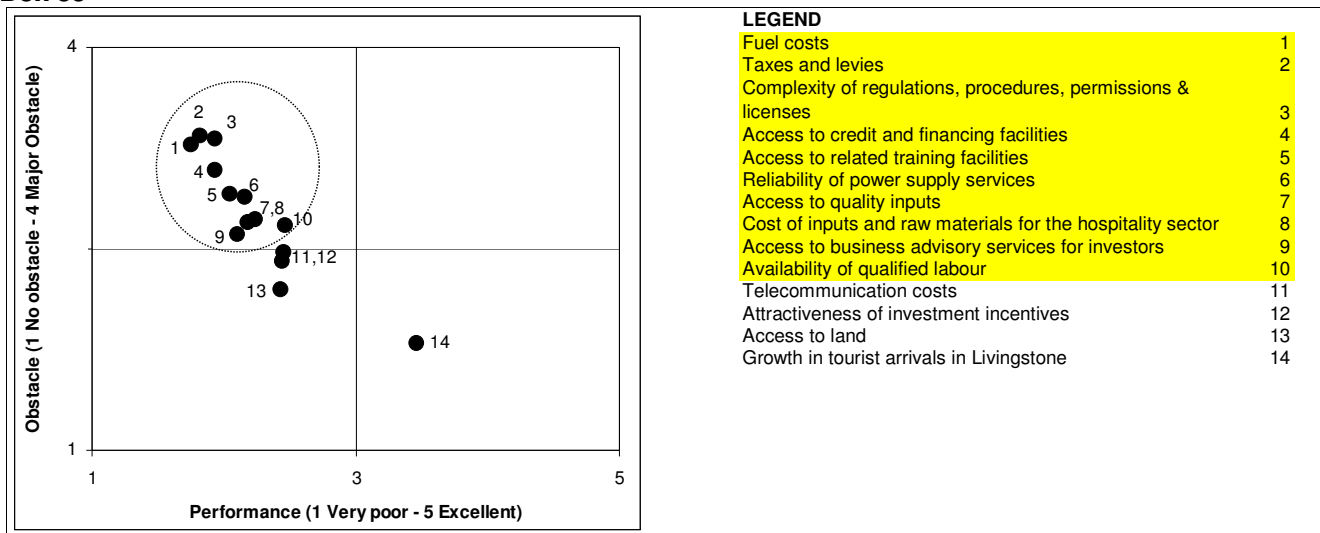
RECOMMENDATIONS

To identify how the overall environment within which the accommodation facilities are operating can be improved, we have constructed an improvement matrix by combining the following two scores: (i) the performance index given to each aspect underpinning the development of the accommodation sector and (ii) the gravity index which measures the degree to which each aspect represents an obstacle to the development of the accommodation sector.

The improvement matrix indicates on the x-axis the performance score, that is the perception of the traders, on the 14 aspects. The midpoint along the horizontal axis is 3. The aspects where the performance score is lower than 3 are considered as low performing areas and the aspects where the performance score is higher than 3 are considered as high performing areas. The gravity scores on the y-axis indicate the extent to which each aspect is an obstacle to the development and expansion of the accommodation sector. As we move bottom up along the y-axis, the gravity score increases.

The aspects that require the utmost priority for improvement are those that are located in the top left quadrant (circled in each chart), that is those areas where the respondents are least satisfied and which represent the most serious obstacles for its business.

Box 33



The following summarises the main proposals made by the traders for improving the overall environment in which they operate:

Box 34

Top priority areas	Suggestions
Fuel costs	<ul style="list-style-type: none"> ■ Lower fuel levies ■ Manage fuel imports to ensure that there are fuel reserves
Taxes and levies	<ul style="list-style-type: none"> ■ Lower the tax rates ■ Simplify and rationalise the list of taxes ■ Provide more fiscal concessions for investors (lower tax rates, grace period etc)
Complexity of regulations, procedures, permits & licences	<ul style="list-style-type: none"> ■ Tiered licensing fees based on the size of companies ■ Rationalise / streamline the number of licences required for tourism operations ■ Simplify licence applications procedures and implement fast track system
Access to credit	<ul style="list-style-type: none"> ■ Create a credit facility through micro financing institutions, with lower interest rates, flexible security requirements, reasonable payback periods, less stringent eligibility terms and conditions etc
Access to specialised training facilities	<ul style="list-style-type: none"> ■ Set up a reputable, specialised and certified training institution in Livingstone ■ LTA to regularly organise refresher courses for the tourism sector ■ Provide tax rebates on training expenditures incurred ■ Set quality standards to regulate the training institutions
Reliability of power supply	<ul style="list-style-type: none"> ■ Work with ZESCO to find ways of limiting power disruptions
Access to quality inputs	<ul style="list-style-type: none"> ■ Lower taxes and customs duties on key imported inputs for the sector ■ Provide incentives to foster the development of local manufacturing industries ■ Encourage more local suppliers to set up stores in Livingstone
Cost of inputs and raw materials	<ul style="list-style-type: none"> ■ Lower taxes and customs duties on key imported inputs for the sector ■ Provide incentives to foster the development of local manufacturing industries ■ Encourage more local suppliers to set up stores in Livingstone
Access to business advisory services for entrepreneurs	<ul style="list-style-type: none"> ■ Set up one-stop shop business advisory centres for potential investors/entrepreneurs in Livingstone ■ Design information brochures and leaflets for investors/entrepreneurs
Availability of qualified labour	<ul style="list-style-type: none"> ■ Greater emphasis on practical experience in training colleges ■ Quick and easy availability of work permits for expatriates