

CHAPTER 3

TOURISM DEMAND AND SUPPLY

3.1 Introduction

Tourism demand is a broad term that covers the factors governing the level of demand, the spatial characteristics of demand, different types of demand and the motives for making such demands. Cooper (2004:76) defines demand as “*a schedule of the amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time*”. Individuals called “tourists” generate tourism demands. This happens in a particular place called a “tourism destination”. The scale and the magnitude of demand differ with time and sometimes with seasons. Time demand for tourism services either advances or changes. Such changes could be due to the emergence of the so-called “new tourists” (Poon, 1994 & 1993). These tourists want to experience something new and expect high quality service and value for their money. Perhaps this contributes to the problem statement of the study as stated on section 1.3. New tourists bring with them a different level of demand. Another important issue that has arisen is the increasing significance of tourist seasonality with regard to periods of high and low tourism demand referred to as peak and low seasons respectively.

Buhalis (2004) identifies three main types of demand, namely, actual, suppressed and latent demand. Actual demand also referred to as effective demand, comes from tourists who are involved in the actual process of tourism. The second type of demand is the so-called suppressed demand created by two categories of people who are generally unable to travel due to circumstances beyond their control. The first group would include those sections of the population who would like to be involved in the tourism process but for some reason or another cannot. Since they may participate at a later date, their

situation is referred to as representing potential demand. Deferred demand describes the second sub-category of suppressed demand in that travel is postponed due to problems in the supply environment. Potential and deferred demands are difficult to measure and it is for that reason that they are rarely taken into account. The third type is latent demand. It relates to the spatial and temporal expression of demand at a specific site, for example, demand for either tourist accommodation or a tourist service at a specific destination.

3.2 Factors that motivate people to travel

There are as many reasons for engaging in tourism, as there are tourists. Different people participate in tourism for different purposes. Seemingly, every purpose comes with specific tourism demand. One of the most common demands is for accommodation. Whatever the intention, tourists should be accommodated in one way or another. The most common reasons for travel away from home are:

- For leisure, recreation and holidays
- To visit friends and relatives
- For business and professional engagements
- For health treatment
- To undertake religious and other pilgrimages
- Other more personal motives

Table 3.1 represents a classification of motives that encourage people to engage in tourism related activities.

Table 3.1: Classification of Activities

| Classification | Coverage |
|--|---|
| Sport, physical activities | Non-professional active participation in all kinds of sport and outdoor and indoor activities, e.g. golf, tennis, skiing, skating, swimming, rowing, sailing, surfing, other water sports, jogging, cycling, walking, hiking, trekking, climbing, mountaineering, horse riding, pony trekking, fishing, angling, shooting, hunting. |
| Attending events (including sports), spectators and participants | Theatre, concerts, festivals, opera, ballet, circus, cinema, recreation parks, theme parks, amusement parks, ballroom, discotheque, dancing, casinos, gambling, betting, other entertainment, sports events. |
| Education, heritage, nature | Education, studying (not connected to profession), visiting museums, exhibitions, historical sites and buildings, botanical and zoological gardens, nature reserves. |
| Health activities | Spas, fitness, health resorts, other treatments and cures. |
| Religious activities | Attending religious events, pilgrimages, Zion Christian Church (Moria City, Limpopo, South Africa) and many others around the country |
| Sightseeing | Sightseeing by group trips, touring, cruising, landscape or cityscape by walking, cycling or by taking a motorised drive |
| Shopping | Visiting stores, shops, arcades in search of merchandise, or simply window-shopping. |
| Meetings and conventions | Attending meetings, conferences, congresses, conventions, seminars, trade fair and exhibitions, incentive weekends. |
| Passive leisure | Relaxing, sunbathing, eating and drinking. |

Source: Author's creation

The activities that tourists engage on form the basis for tourism demand. Perhaps it is important at this juncture to reiterate the definition of tourists. The term tourist describes "*any person travelling to a place other than that of his/her usual environment for less than twelve consecutive months and whose main*

purpose of travel is other than the exercise of an activity remunerated from within the place visited" (Poon, 2005:67). This suggests that tourists are people who need a 'home away from home'. Thus they visit to tourism destination with particular expectations, which trigger demands.

3.3 Tourism Demand

The demand for tourism can be defined in various ways, depending on the economic, psychological, geographic and political point of view of the author. The geographic perspective defines tourism demand as the total number of persons who travel or wish to travel, and use tourist facilities and services at places away from their places of work or residence (Cooper *et al.* 1993).

One of the important issues relating to tourism as mentioned in a number of official proclamations, demands is the individual's right. In 1980 the Manila Declaration on World Tourism stated that the ultimate aim of tourism was "*the improvement of the quality of life and the creation of better living conditions for all people*" (Cooper *et al.* 1993: 14). This sentiment is reflected in the tourism vision as stated in the 1996 South Africa Government's White Paper on Tourism.

Cooper *et al.* (1993) identified two types of demand curves. The first one is the direct demand curve that states that a tourism product can be ascribed to the relationship between two variables like 'price' and 'quantity'. This is a relationship in the economic demand schedule. The second one is the inverse demand curve that states that the quantity of demand for tourism drops with an increase in the price associated with tourism, and vice versa.

According to Prosser (1994), the character of tourism demand will continue to change. Schwaninger (1989) predicted these changes in tourism demand as follows:

- Tourism demand will continue to grow and become increasingly differentiated.
- There will be greater market specialisation and segmentation with a stronger emphasis on more active pastimes rather than passive holidays.
- Packaged holidays will be customised to accommodate greater individual freedom through a modular product design.

These predictions paint a bright picture for tourism in South Africa. The country definitely has the resources to focus on more differentiated tourism like geo-tourism. South Africa is known for its variety of attractions such as fauna, flora, geology, ethnology and scenery. Then there is the climate and facilities to accommodate active outdoor activities like hiking, diving and river rafting, which are becoming very popular. If all of these features are combined, there is a definite scope for a tourism operator to put together a packaged tour that will appeal to almost every taste.

It must, however, be acknowledged that it is not simply the stock of natural resources in South Africa that will determine its competitiveness in tourism, but rather how these resources are managed and to what extent they are complemented by human innovations.

The nature of development at a tourist destination is shaped by the demand for tourism in that country. The demand for tourism in any country is shaped, *inter alia*, by the tourism opportunities. As mentioned, the tourism opportunities represent a mix of attractions, and for a destination to be successful, it is important to deliver a quality product and experience. In this regard, careful planning and management, based on sustainable principles, are necessary for tourism development.

According to the 2005/6 annual report of destination tourism agency CTRU, South Africa's growth in the number of international visitors was almost double

that of the rest of the world in 2005 and the Western Cape experienced the highest-ever number of tourists in its traditionally off-season. Tourism worldwide is booming but South African tourism grew at three times the global average from 2005 to 2006 (Tourism Indaba, 2007). In the first quarter of 2005 South Africa received 1, 7 million foreign tourist arrivals, which was the highest in the history of South African tourism. This represented exceptional growth of more than 10% over the already-high figures of 2004. Even more important is the fact that foreign tourism spending jumped by more than 25% to R12, 9 billion. In spite of these successes however, there is no room for complacency.

It was stated in the opening of 2007 Tourism Indaba that "*Globally, tourism grew by 4, 5 percent and in South Africa tourism growth stood at nearly 14 percent in 2006/7*". Visitors from African countries had led tourism growth in South Africa, with an increase of 18 percent. This was followed by visitors from the Americas with an increase of 10 percent, Australasian visitors at 9, 8 percent and European visitors at 5, 6 percent (<http://www.iol.co.za>).

Tourism was recognised at the highest possible level for its impact on the South African economy and it overtook gold as the country's largest GDP contributor (<http://www.StatsSA.gov.za>) The tourism industry's contribution to the GDP had increased from 4,6 percent in 1993 to 8,3 percent in 2006. Tourism brings in more than R66-billion to the economy annually and contributes over half a million jobs showing that the industry just keeps growing (<http://www.info.gov.za>). In 2006, a record-breaking 8, 4 million foreign tourists visited South Africa. SA Tourism wanted to break the 10 million barriers by 2010, but Van Schalkwyk (2007) said the target could well be achieved before that with South Africa's current world-beating tourism growth. This means the demand for tourism has swelled to the highest level ever.

The largest source of tourism growth came from Africa, with an 18 percent increase, but the overall growth had also grown seriously as there were about 10 percent more visitors from North America, representing almost 2000 more

visitors. Although it was off a low base, there has been a massive 42 percent increase in visitors from the Russian Federation, 24 percent more visitors from Hungary and 17 percent more visitors from Finland (Van Schalkwyk. 2007: 6). This suggests that South Africa has penetrated the European tourism market successfully by attracting Europeans to the African continent. The DEAT claims that South Africa had also achieved a 4, 5 percent increase in arrivals from Asia, in particular 17, 5 percent more visitors from India and "excellent growth" in arrivals from Japan, Thailand and Singapore (<http://www.iol.co.za>)

South and Sub-Saharan Africa has by far the most overwhelmingly positive tourism performance on the continent. According to Van Schalkwyk (2007: 7), *"Over the past two years Africa achieved the fastest growth rates of any major region in the world"*. Since tourism in South Africa has generated more foreign exchange than gold in the last few years (2004-2006), it can be regarded as one of the biggest contributors to the sustained economic growth spurt that started in 1999.

South Africa's medical tourism industry has skyrocketed, with the number of overseas patients drawn by "scalpel safari" packages more than doubling in three years. The booming sector now rakes in \$37-million (about R260-million) annually. Martin Kelly, President of the Association for Plastic and Reconstructive Surgeons, commented that this was a fraction of the potential that exists. The medical tourism industry's estimates suggest that about 20 000 medical tourists visited South Africa in 2006, up from around 8 000 in 2003 (<http://www.iol.co.za>).

With all this growth and success, tourism accommodation is under tremendous pressure to meet the demands of the informed or specialised international tourists. Thus, as a whole, South Africa's business tourism sector still needs to pay special attention to satisfying the growing and rapidly changing tourism industry in national context. Stats SA (2007) reported that on average, business travellers spend three times more than leisure travellers and up to 40 percent of business travellers' return to a destination within five years. At the same time,

business tourists currently make up five percent of South Africa's total tourism market.

The SAT industry has changed in the last few years. Much has improved and much has matured. This growth has been basically influenced by demand. The more the tourists visit the country, the higher the demand and as such the level of supply has to be increased. Today South Africa has a brand like many other global tourism destinations. Its slogan is 'It's Possible'. Depending merely on word-of-mouth, as a means of communication is no longer an option. To effect change to meet this rising demand, an operating budget for an effective marketing strategy in South Africa is nothing less than R500 million (ibid.)

South Africa has recently experienced a time of unprecedented tourism growth, largely in response to the observed demand increase. The national government has seen it fit to acknowledge the need for new public and private partnerships to address tourism challenges. In 2002, Limpopo hosted the first National Tourism Conference the main aim of which was to focus on this idea and energise the partners' enthusiasm. Partnership between tourism stakeholders was to be encouraged and open discussion and debate led easily to the adoption of a plan of action to ensure that the current trend of success in the tourism industry could and should be sustained. Other government initiatives to promote tourism include branding (Chapter 4), campaigns such as 'Sho't Left' to boost domestic tourism, offering awards like ETEYA (Emerging Tourism Entrepreneurs Yearly Award) for emerging tourism entrepreneurs to encourage best practice, and research to inform decision-making. In particular, capitalising on the forthcoming 2010 Soccer World Cup milestone event to boost and motivate the tourism industry is already under way. A co-ordinated growth strategy and a competitiveness study to identify markets and gaps will further assist in addressing the South African tourism demand and supply situation.

As reported in Synovate (2006) Domestic Tourism Barometer, satisfaction levels of business travellers in South Africa are slightly lower than the national overall

average. Seventy three percent as against 79% of all travellers (including holiday and weekend away travellers) indicate they are satisfied. Forty six percent of business travellers stayed in hotels; 88% say they would stay there again and the majority (51%) stayed for 1-2 nights. Twenty three per cent stayed with friends and family; 11% stayed in self-catering accommodation and 8% stayed in a game lodge. Eight out of ten business travellers rated the accommodation in which they stayed as well as the friendliness of the staff highly. Seventy three percent of business tourists against the national cumulative overall average (including holiday travellers) of 80.4% stated that they felt safe during their most recent trip. Younger, more technology-smart age groups (16 – 24 year olds) showed a marked increase in booking their trips over the Internet (40% in March 2007 compared to 18% in 2006). Forty seven percent of the respondents preferred to use the telephone to book their trips. Furthermore, the results of this survey indicate that more people require accommodation in the December holiday period than mid-year, possibly due to more leave availability and school holiday periods in the summer season.

3.3.1 Limpopo Tourism Demand

International arrivals in Limpopo differ from the national ones. While South Africa's international arrivals are predominantly from the southern African sub-region mainly Lesotho, Swaziland, Botswana and Zimbabwe, Limpopo international arrivals come from the United Kingdom, Germany and the United States of America. (Stats SA, 2006). This trend was becoming so much that airlines particularly British Airways, Lufthansa and Virgin were adding international flights to Limpopo over the summer season. The tourist season, which spans a six-month period from October when most tourists begin to arrive, generated about 2,8million visitors in 2006 of which 1,8m were domestic tourists (Middleton and Clark, 2001).

Tourism in Limpopo is more about real people, jobs, growth, and bread on the table for everyone, from tourist guides and crafters, to hoteliers, airline

employees, and rickshaw pullers, than merely collecting statistics and noting the trends. The fact that the year 2006 saw 27 000 new direct tourism jobs created is indicative not only of the fact that there is a rise in tourism demand but also that there is growth taking place in the province (Stats SA, 2007)

The present tourism offerings in Limpopo are under substantial pressure due to increased demand. For example, bed stock is undergoing critical growth in order to cope with the current shortage of accommodation. This, in part, is the reason for the unprecedented growth in the B&B industry. Presently in all the tourism regions of Limpopo, a number of new hotels have been, and are being, built. The majority of these are likely to fall into the *** (3 Star) conference and convention market category. The fact that Limpopo is included in the 2010 Soccer World Cup events schedule is influencing development of this type and other accommodation facilities. South Africa's "Sho't left' campaign has also contributed greatly to the overall promotion of tourism in the province.

3.3.2 The Domain of Tourism Demand

Tourism demand is led and influenced by many external factors, in particular market forces and economic factors, leading to the generation of physical and financial flows that have strong economic, socio-cultural and environmental impacts. The inter-linkage between the five important tourism-related issues is demonstrated in Figure 3.1 and identified as:

- Part 1: Main **external factors** influencing tourism demand
- Part 2: The **basic services** that are intertwined with tourists motivations
- Part 3: The **different levels of tourism market segments** (different segments) expressed by economic indicators and indicators pointing out the impact of tourism
- Part 4: Tourism **policy** by governmental organisations on different aspects affecting both the supply and the demand side

- Part 5: Connecting demand and supply on different markets within the scope of **product development and marketing** (marketing strategy, pricing, positioning, branding and segmentation).

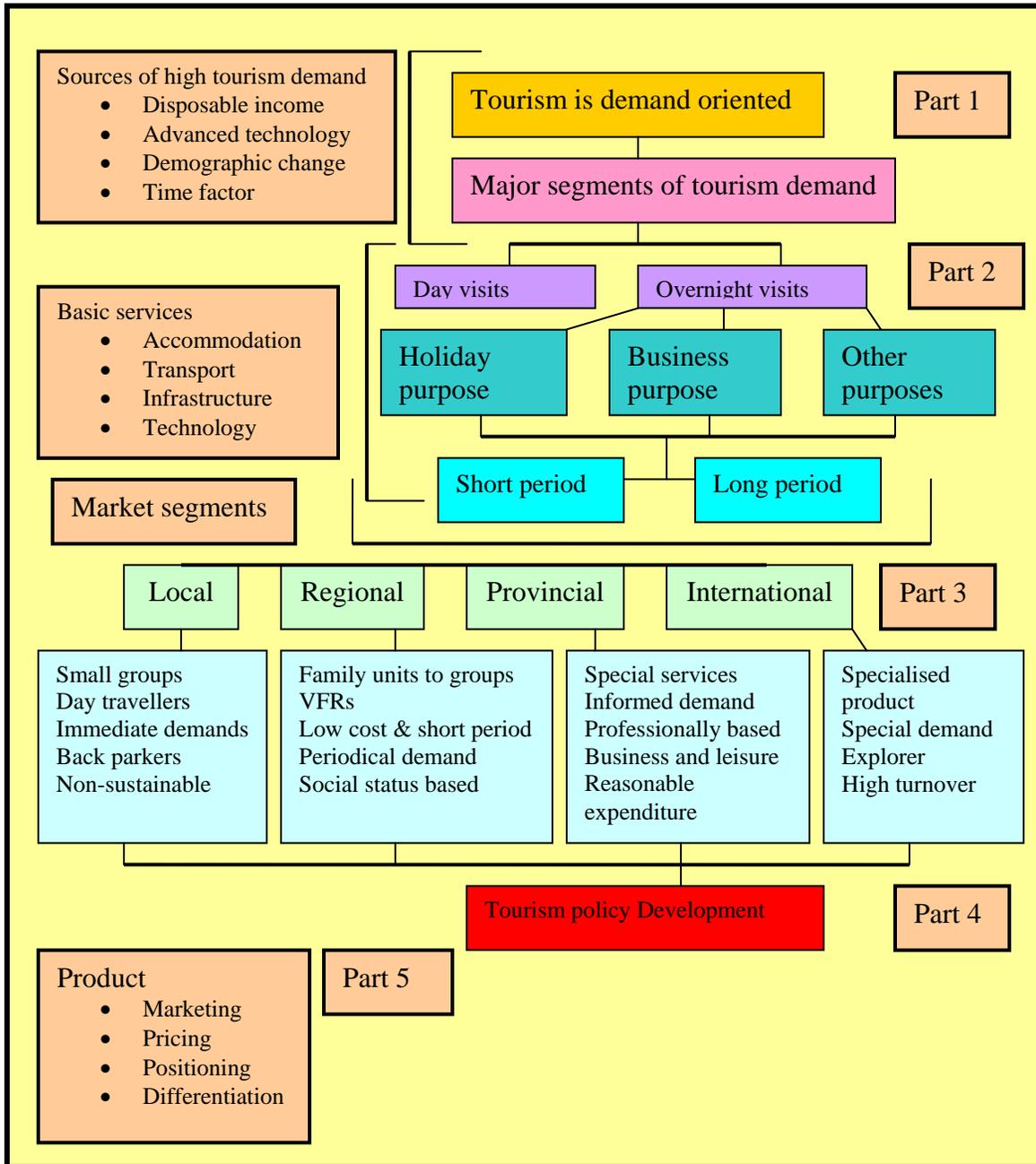


Figure 3.1: Tourism demand domains

Source: Modified Middleton (2004:27)

Figure 3.1 clearly indicates that there are different factors that lead to increases in tourism demand. Such factors could be either internal or external. External factors are those that relate to a person's surroundings. Examples of such factors are disposable income, time availability, advancement in technology and change in the demographic composition of a society. Internal factors are based on individual needs like health, education, business and physical factors. As a result, these factors relate very closely to the purpose of travelling. High and rising incomes, increased leisure time, good education and the advance in improved forms of transport all contribute to a progressively higher demand for tourism. Moreover, increases in foreign arrivals and population growth within countries themselves too have affected tourism demand in a variety of ways.

The media have also played a part in increasing the numbers of people who have entered the tourism market. The image that is created by different types of media especially television and the Internet tend to advance the popularity of a destination much faster than other kinds of promotion strategies. A good image stimulates more interest and higher demand about a particular destination.

Not quite so obvious is the extent to which sophisticated promotion of the tourist product has created a demand that did not previously exist. This is partly due to the marketing of packaged tours and partly to tourism promotion through the creation of an image of a destination in the mind of potential travellers using branding as an advertising ploy.

The motivation for such tactics is mainly to stimulate interest that potential tourists may have in specific tourism activities leading to a need to satisfy a particular demand. Demand is based on created imagery. Tourism imagery can be looked at in two ways. In the first instance, it is seen as a personal process that helps to determine what sort of a holiday or trip to take. Secondly, tour companies deliberately use it as part of their marketing strategy. This has led to the growth of myths about some destinations that seem designed to attract

visitors by creating an unreal picture of the destination. There is no doubt that marketing and promotion aim to increase demand thereby becoming the main sources of rising demand. Demand is also linked to the reasons why people engage in tourism-related activities (See Chapter 4).

3.4 Tourism Supply

Tourism supply has to do with the provision of the key elements of the tourism industry by the host governments or destinations. Such provision should extend to maintenance, promotion and management of the tourism facilities and resources. Tourism resources that are necessary for tourism supply range from natural to man-made. Infrastructure required would include telecommunication, accommodation and transportation. Tourism reception services include travel agencies, tourist offices, hire companies and visitor managers. The one underlying characteristic of tourism supply that distinguishes it from other services is the way in which the mobile population who visit destination areas consume a tourism product, service or experience. In contrast, the supply elements are often fixed geographically at certain places (e.g. hotels, restaurants or visitor attractions). This means that businesses are required to sink considerable capital costs into different forms of tourism services and centres of production on the basis of the expectation that the destination will appeal to visitors and assist in the promotion of their individual product and service.

The “tourism supply chain” concept originated from economics. It has been used to explain how different businesses enter into contractual relationships to supply services, products and goods, and how these goods are assembled into products at different points in the supply chain. Tourism is well suited in the supply chain because the product, service or experience that is consumed is assembled and comprises a wide range of suppliers.

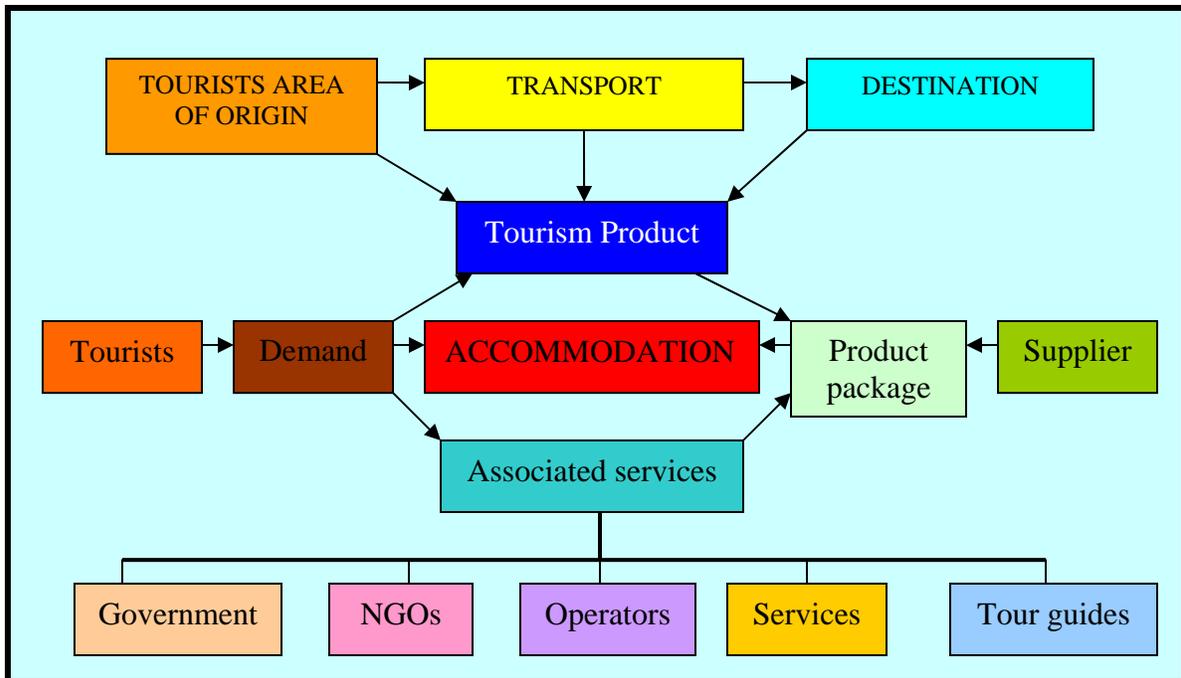


Figure 3.2: Components of tourism supply

Source: Author's creation

The supply of tourism products basically involves how various components of the tourist product are placed at the disposal of tourists. Tourism suppliers can be classified under the following headings: Hospitality, Transport and Attractions/Products. As far as hospitality is concerned, this is where a tourist will look at the appropriate forms of accommodation, different types of food service provisioning, entertainment and leisure activities. The suppliers of hospitality products, such as accommodation, service, entertainment or gaming must be well located in relation to other components of tourism product. The suppliers of accommodation vary from privately owned organisations to large hotel chain groups or consortiums. On the other hand, the food service industry, which includes drinking places, restaurants, coffee shops and other food outlets, is strongly linked to the accommodation sector. Ultimately, accommodation forms the core of the tourism supply chain (Figure 3.2) where it occupies a more central position.

Tourism supply can also be explained through the “distribution system” in tourism analysis. The distribution system makes the supply of tourism available and accessible to the demand side. Because tourism is an intangible product, information is the only thing on which potential tourists can base their decision to make their arrangements. There are four components in the tourism distribution, system namely, suppliers of tourism services, the distributors of information, travel intermediaries and consumers. Gunn and Var (2002) suggest that tourism supply components can be classified according to the following four different elements (natural, human, technological and cultural resources):

- Natural or environmental resources that constitute the fundamental measure of supply. With the contemporary rise in environmental awareness, nature conservation, eco-tourism and natural resources are being used more sustainably to ensure they continue to be of benefit in the future. Tourism supply in this regard embraces elements like the physiographic of the area, landforms, flora, fauna, water bodies, air quality and similar natural phenomena. In essence, the availability of such resources is of paramount importance to the success and continuity of tourism as a spatial industry.
- Built or man-made resources such as infrastructure. Infrastructure includes all underground and surface development constructions such as water supply systems, sewage disposal systems, power lines, roads, communication networks and many other commercial and recreational facilities. Particularly needed by tourism is a superstructure to include facilities constructed primarily to support visitation and visitor activities. Primary examples are airports, parking lots, parks, hotels and other places of entertainment.
- Transportation is a critical component of tourism supply, as without it tourists cannot reach their tourism destinations. Aeroplanes, trains, buses and other modes of transportation are part of this category.
- Hospitality and cultural resources are integral to a tourism offering. It is the people and the cultural wealth of an area that makes it possible for tourism

to take place. Tourists are hosted where there is security and often comfort. The attitudes of residents to visitors need to be desirable. The friendliness, courtesy, sincere interest and willingness to serve and to be better acquainted with visitors are crucial factors in tourism supply.

3.4.1 Supply Activities

Marketing influences visitors' demands, but not all visitors are influenced by marketing activities. For example, marketing may not have influenced domestic travellers who travel by private car or who stay with friends and relatives.

Some economic activities depend on tourism for their survival, e.g. tourist accommodation, travel agencies and long-distance passenger transport. Other activities such as restaurants and bars, car rental services, entertainment and attractions services also tend to rely strongly on tourism. The dependency of certain activities or enterprises on tourism may also depend on their location. Thus the supply of tourism activities comprises diverse economic activities, and, when presented as a sector, it is very heterogeneous, encompassing different activities, some of which are directly dependent on tourism and others only partly. A global approach to the analysis of tourism products deals not only with those that are direct results of economic activities, but also with any product, diversion, entertainment, commodity or service enjoyed or bought by visitors.

The products supplied represent more than just tourism expenditure. Not every good or service has to be paid for by the consumer. The use of assets, such as roads, historical areas, national parks, natural environment, in many cases is indirectly free, but in some instances visitors have to pay for the facility offered as a service. In fact, most assets offer 'services' to their users or to the people enjoying them, regardless of whether visitors have to pay for them or not. Nevertheless, free 'services' such as nice weather, fresh air, beaches, mountains, landscapes and roads belong to the supply of tourism products. Free

for the visitor does not mean that the free service is also free for the supplier, a country. The country has to spend money in order to maintain tourism assets such as fresh air, a neat environment, infrastructural facilities to mention but a few. Because these types of products are hard to quantify, they are excluded from any form of analysis. To make the definition of the supply of tourism products practical, only products that can be identified in a standard product classification listing are taken into account. In defining the supply of tourism products, two considerations, representing two sides of the same coin, must be kept in mind. These are:

- The supply of tourism products, which include all products supplied to the visitor, including non-characteristic tourism products.
- Products that are consumed by visitors, which may also be needed by other types of consumers.

Therefore, when attempting to measure the supply of tourism products, it is important to identify the share of the product consumed by visitors only. It is also important to clarify the often-abused term, the 'tourism value chain'. In South Africa, it is often used to describe the supply chain, or even the marketing channels in which tourism enterprises operate. The supply chain comes into play when, for example, accommodation establishments sell to tour operators, who package and sell to travel agents and who in turn sell to the consumer. Obviously, analysing the supply chain is vital in terms of market penetration. The value chain takes the basic supply chain and converts it into financial figures.

3.4.2 Environmental Supply Dynamics

In view of the importance of ecotourism and the role this sector plays in the industry, the sustainability of associated resources is paramount. New legislation promotes the necessity of Environmental Impact Assessments for any new tourism development project. It is believed that negative impacts from tourism on

surrounding communities begin to be felt when over 30% of the receipts from local business originate from tourists (Williams, 2006).

The capacity for any area to absorb tourists without negative effects on the host area varies according to a multiplicity of factors. Environmentally sensitive areas and wilderness areas have a lower carrying capacity than do urban areas. This, however, is a controversial concept and not necessarily one that is generally accepted.

The tourism industry has a range of effects on the environment. In order that the negative effects of tourism developments on the environment are kept to a minimum, Environmental Impact Assessments must be carried out on any large, new projects, and constant monitoring of environmental and other effects must be conducted. The economic impacts of the tourism industry tend to be positive in the locations where development is taking place. However, the same cannot be said, on the whole, for socio-cultural impact with the one often occurring at the expense of the other.

3.4.3 Quality Assurance and pricing

The accommodation sector can be broken down into two broad segments, the informal sector and the formal sector. The 'informal' sector comprises of B&B facilities and guesthouses and the 'formal' sector comprises of hotels and lodges. The tourist accommodation industry in South Africa provides a wide spectrum of accommodation, from formal hotels to informal holiday flats and cottages, game lodges and reserves, guesthouses, youth hostels and bed-and-breakfast establishments.

The Grading Council claims to have officially graded 70% of all available accommodation in South Africa by February 2006. Twenty percent of backpackers and youth hostels, and a third of all game reserves and lodges have been graded. TGCSA had graded more than 130 meetings, exhibitions, and special events venues for South Africa.

Table 3.2: Number of graded accommodation facilities in Limpopo

| | Bela-bela | Hoedspruit | Makhado | Modimole | Musina | Phalaborwa | Polokwane | Tzaneen | Thabazimbi | TOTAL |
|-------------------------|------------------|-------------------|----------------|-----------------|---------------|-------------------|------------------|----------------|-------------------|--------------|
| Hotels | 1 | 1 | 7 | 1 | 1 | 3 | 5 | 6 | 0 | 25 |
| Lodges | 13 | 39 | 5 | 11 | 15 | 11 | 15 | 9 | 23 | 131 |
| Guesthouse | 3 | 1 | 1 | 9 | 2 | 14 | 13 | 6 | 7 | 56 |
| B&B | 8 | 2 | 10 | 7 | 1 | 7 | 15 | 3 | 15 | 68 |
| Caravan park | 4 | 1 | 2 | 15 | 1 | 4 | 2 | 1 | 0 | 30 |
| Self-Catering | 26 | 15 | 4 | 18 | 6 | 10 | 13 | 7 | 23 | 122 |
| Game farm lodges | 11 | 15 | 6 | 0 | 11 | 4 | 3 | 4 | 18 | 72 |
| Resorts | 3 | 0 | 2 | 4 | 1 | 0 | 2 | 0 | 0 | 12 |
| Back parkers | 0 | 2 | 0 | 17 | 1 | 2 | 3 | 2 | 0 | 27 |
| TOTAL | 69 | 76 | 37 | 82 | 49 | 55 | 71 | 38 | 86 | 543 |

Source: Researcher's preliminary findings

The above figures (numbers) are based on available information (<http://www.golimpopo.com/>). It is noted with concern that there are other kinds of accommodation facilities that are not included here. For example, inns, holiday flats and cottages are not included. Furthermore, SAT [SAT (2006)] claims that Limpopo has more than 15000 hotel beds, whereas STRISA (2004, Section 1.2.4) estimations were much lower than that (3000). The number different is too big for two years period. This strengthens the researchers' view that actual numbers are not known.

Regarding the quality of accommodation the South Africa Tourism Grading Council (SATGC) inspects the standards in the hospitality and accommodation industry. This voluntary grading system, which was launched in 2001, uses internationally recognised star insignia to rate accommodation establishments. Once graded, establishments are encouraged to use the star system for marketing and advertising purposes. Thus, the responsibility for marketing remains with the entrepreneur.

Establishments are assessed according to the type of accommodation they provide. There are currently nine types of establishments:

- Bed-and-breakfast
- Guesthouse
- Hotel
- Self-catering
- Backpacker and hostelling
- Caravan and camping
- Country house
- Meeting, exhibitions, special events
- Restaurants

South Africa boasts some of the best hotels in the world but they are also among the most expensive. Since 2005, alarm bells have been ringing raising concern about price hikes. Even overseas tourists are finding the rates unacceptably high while locals who are not on company expense accounts tend to stay at B&B establishments that are reasonably cheap.

Telephone calls to various hotels in the country revealed that at five star hotels like the Royal Hotel in Durban, a room costs R2 020 a night in peak season, a room at Zimbali Lodge costs R3 620 a night, while a room at the Hilton costs R1 550. A room at the Michael Angelo Hotel in Johannesburg costs R2 200, but a room at the Palace in Sun City's Lost City costs R4 070 a night. In most cases,

the price excludes breakfast (Stats SA 2006). Due to excessively high lodging tariffs, informed tourists opt to stay with friends, if they have this option, as hotel prices in South Africa are regarded as outrageous. Williams (2006:104) notes, *"Although the exchange rates are good, tourists refuse to spend so much money on a hotel room that is cheaper back home. They like to enjoy as much as we can without spending too much of their money on pricey accommodation"*.

Compared internationally, a double room at London's five star (St Gregory Hotel) costs R1 200 a night and a room at New York's (The Muse Hotel), R1 600 a night, including breakfast. A room at the three star Irene Country Lodge in Pretoria costs R1 420 and a room at the three star Cape Mona Hotel costs R1 300 a night. At lower graded hotels like the three star Tropicana Hotel and the Beach Hotel in Durban, guests pay up to R600 a night for a room only. Accommodation costs at two of South Africa's competitors in the African tourist market, Zambia and Kenya, compare reasonably well with South Africa's top hotels. A room at the Victoria Falls Hotel in Zambia costs R1 804 and a room at the White Sands Hotel in Mombasa R782. South African hotel accommodation is claimed to be competitively priced. This claim ties in with the impressive performances that tourism has achieved over the last few seasons.

Table 3.3: Examples of tourists’ reaction to South African hotel pricing

| | |
|--------------------------------------|--|
| Ian Bannerman of London | When I visited South Africa I was so disappointed with the prices of hotels. For the same price I could have stayed in a five star hotel in London, I was charged in a hotel that was not even children friendly; I do not plan to visit the country anytime soon. |
| Wayne McWilliams, USA | The prices of hotels are horrendous and way over the top. Only people who are sponsored by companies can afford to stay in hotels |
| Thami Dingiswayo South Africa Durban | To be honest our hotel prices are too high. They are milking people and should consider offering reasonable rates. |
| Loshni Govender, SA. Cape Town | The hotel prices are ridiculous, The industry caters more for international tourists than domestic tourists |

Source: Buyers Report (2007:112)

There is no doubt that South Africa has to compete on an international level to keep up with international standards. The pricing issue can be damaging in terms of publicity and perceptions of potential visitors. People may easily be deterred by high prices. On the other hand the allegation of high prices could simply be the resultant effect of peak season listed tariffs that are charged when supply and demand are high while, on average, the pricing could be market related.

With the debate raging on, the pricing issue, the NSMTA enterprises bring with them affordable and ideal holiday accommodation for local and international tourists who need reasonable accommodation. Therefore, the high pricing system generally adopted by the larger enterprises creates opportunities for small to medium operators. The small to medium enterprises are generally less expensive. Explanatory assumptions for their cheaper rates range from their informal operation, to their lower costs of operation. Secondly, the general

reasons for their establishment also seem to have a bearing on their rates. They are not necessarily directly tied to the macro economic system and functioning at a lower level could make them more reasonably affordable.

3.4.4 Matching Supply with Demand

The definition of tourism supply should result from the overall definition of tourism and can thus be defined as the supply of all assets, services and goods to be enjoyed or bought by visitors and occasioned by the journeys of visitors. Statistics on tourism supply may be approached in two ways:

- Statistics on the production (structure) of enterprises, their activities such as the supply of accommodation and retail services; and
- Statistics on the results of such activities, i.e. products, which also may be services consumed by visitors. (Buyers Report 2007)

The general purpose of statistics on tourism supply is to assess the contribution of the tourism sector to a country's general socio-economic process and to identify the effects of tourism, distinguishing between direct effects and indirect or induced effects. Most of the tourists to South Africa arrive to appreciate the natural beauty of the country (Bull, 1995). South Africa's beauty is found in its diversity, which includes a generally hot and sunny climate, varied scenery and unspoiled wilderness areas, accessible wildlife, diverse cultures, activities like bird-watching, hiking, hunting, river rafting and diving (DEAT, 1996; Schoeman, 1998) and other resources of an ethno-cultural, archaeological, geological and paleontological nature. These all add up to produce the 'supply of tourism', which consists of an amalgamation, or mix of attractions. Cooper *et al.* (1993) believe that tourism supply shapes the demand for tourism in a country.

Measurement of demand is calculated in several ways. The occupancy rates of the available beds increase within the ambit of the range of growth factors. Thus,

the point at which the demand for beds exceeds their supply can be established. This is done according to the star rating of beds available so that the demand for a particular level of supply might be calculated even though the star rating system is not fully operational in most of the NSMTA facilities. An analysis of tourism demand is required to take the volatile nature of tourism into account, particularly as far as international tourism is concerned. International tourists are generally quick to abandon a formerly popular destination because of threats to health or security (Lea, 1993). Trends in tourism, including tourism destinations, take into account changing demands for the type of tourism product required. As tourists become more sophisticated their requirements change, as can be noted by the increasing numbers of people involved in adventure tourism, which is becoming increasingly dominant in Limpopo as an option serving the international tourism market. Demographic influences on the supply of the tourism product are also critical. South Africa has a notably high annual population growth rate of 3, 4% (Stats SA, 2006) and this too is increasing the pressure on the tourism market of the country.

Changes in the economic environment on a global scale affect not only the numbers of people involved in the tourism industry, but also the type and duration of the holidays they take. Naturally, the weaker the South African currency the more foreign tourists are likely to visit the country, thus increasing the demand for tourism. However, the effect is not the same for the domestic holidaymaker that constitutes the larger proportion of the tourism market. The effect is in fact critically negative, with growth slowing down in the domestic market.

Salaries and wages throughout South Africa have increased substantially over the past decade. Disposable income, that money available for spending after all necessities has been paid for, has increased, or, for many, become available for the first time. This, coupled with the increase availability of leisure time, such as paid leave, has encouraged an enormous sector of the previously non-engaged market, to begin to venture out and enjoy tourist attractions. Access to the media,

also a widely increasing phenomenon, has encouraged a consideration of travel and holidays among this sector of the domestic population. These benefits have to be weighed against the rising costs within the country that have had the effect of reducing domestic tourism.

3.5 Tourism policy and initiatives

The Tourism branch of the DEAT aims to create the right conditions for responsible tourism growth and development by promoting and developing tourism, thus increasing job and entrepreneurial opportunities and encouraging the participation of previously disadvantaged individuals. Its focus is on facilitating the growth of the tourism industry by providing support to the public and private sectors and the broader community.

The South Africa Government's White Paper on Tourism (1996) provides a policy framework for tourism development, and entails, among other things:

- Empowerment and capacity-building
- A focus on tourism-infrastructure investment
- Aggressive marketing of South Africa as a tourism destination in international markets
- A domestic tourism and travel campaign.

Raising general awareness about the opportunities for domestic travel remains a priority. The aim is to encourage South Africans to travel within their country, to make tourism products accessible to all, to facilitate the development of a culture of tourism and to create a safe and welcoming environment for visitors.

The South African Welcome Campaign was launched in December 1999 to spearhead the building of a tourism nation and to increase awareness among South Africans of the importance to the economy of growing tourism. The campaign encourages South Africans to make visitors feel safe and welcome. The campaign got underway in at least 30 towns and seven border posts. In

support of the campaign, the DEAT commissioned THETA to re-engineer the Ubuntu 'We Care' Programme.

A revived meaning of the customer-training programme entitled 'Welcome Host' claims to target substantial numbers of people who interact with tourists from the moment they arrive in South Africa until they leave. It is based on a similar programme started in Canada and employed successfully in Australia and the United Kingdom. It comprises a two-day in-house workshop and teaches people how to meet and exceed tourists' expectations.

To promote a culture of domestic tourism among South Africans, the DEAT successfully implemented the Sho't Left domestic marketing campaign in 2005/6. It was expected to generate more than R40 million in the economy from a R20-million investment. The success of the campaign thus far has been largely due to a partnership between the Department and stakeholders in the tourism industry. The campaign promotes affordability and increasing the number of South Africans accessing tourism products and services either through easy Internet access on-line or through tourism information centres country-wide.

Sho't Left focuses on converting the possible interest of a prospective tourist into the actual booking of accommodation and by inspiring people to discover the country, South Africa. The campaign facilitates closer co-operation within the private sector, and particularly with the Association of Southern African Travel Agents (ASATA). The Sho't Left campaign exposes potential tourists to their possible holiday's destinations through the retail network of more than 5 000 agents, all of whom are equipped with brochures and educational tourism-orientated leaflets. ASATA is also working with SAT to develop the Sho't left Enterprise programme, through which travel agencies employ domestic agents to stimulate the domestic travel market.

3.5.1 Domestic tourism growth

In May 2004, the DEAT, in conjunction with South African Tourism, launched the Domestic Tourism Growth Strategy at the Tourism Indaba in Durban. Domestic tourism was particularly considered more valuable because it is not seasonally based like international tourism. The following activities are to be implemented to sustain and support the growth of the domestic tourism industry:

- Promoting the domestic tourism brand
- Promoting a set of experiences that relate to South African consumers
- Distributing appropriate information in specific places
- Facilitating the development of co-operative product packages
- Developing marketing and distribution channels
- Promoting repeat visitation.

The first annual report on domestic travel, based on monthly surveys of incidence travel in South Africa in 2005, was released in 2006 (Stats SA, 2006). Some 36, 2 million domestic trips were undertaken in 2005, resulting in R21, 2 billion of direct spending with an average of R585 being spent per trip. A record of 154, 9 million bed nights was achieved with an average length of stay of 4, 3 nights. In 2005, Kwazulu-Natal was the most-visited province.

The number of African tourist arrivals to South Africa hit three million in the first half of 2006, a massive 20% year-on-year growth. This bolstered South Africa's year-on-year increase in tourist arrivals to 15%, helped along by a 6% year on year increase in the number of overseas tourist arrivals. This growth in African visitors was "chiefly due to robust cross-border commerce" according to Investec's latest Tourism Update. South African Tourism (SAT) reports that for the first six months of 2006, three million African tourists spent R8.7 billion purchasing South African goods. "*Overseas tourists spend in South Africa trails way below that of Africans,*" says the report. "However, in the overseas category,

Europeans are the largest spenders (R5.4 billion), followed by visitors from the Americas (R1, 4 billion) and Australasia and Asia (R1, 1 billion)” (ibid.).

Satisfaction with domestic tourism stabilised over the last six months of 2006, according to the latest results from Synovate Domestic Tourism Barometer. Overall satisfaction when travelling within South Africa remained at 78%. Established destinations in the Western Cape, like the city of Cape Town, inland and coastal KwaZulu-Natal and an array of sites in Gauteng continue to retain their popularity but there is evidence that other provinces too are also improving and creating a better experience for tourists.

3.5.2 International tourism growth strategy

South Africa started with International Tourism Growth Strategy in June 2003. The strategy includes an analysis of core markets and their segments. Priority markets were identified in Europe, Asia and Africa. The South African Tourism Growth Strategy of 2003 was particularly aimed at achieving the following goals:

- Increasing the number of tourists arrivals
- Increasing the duration of tourists’ visits to South Africa
- Increasing spending by tourists
- Ensuring that tourists travel throughout the country, and not just in a few provinces
- Facilitating transformation and integrating BEE into the local tourism industry.

Because of this strategy, South Africa was listed 32nd among the ICCA top 40 leading conference destinations in the world. The country attracted 63% of all conferences in Africa, supported 12 000 jobs and these events contributed R2, 6 billion a year to the country’s GDP.

The NEPAD identified tourism as an important sector for addressing the development challenges facing Africa. The NEPAD Tourism Action Plan has been developed, providing a more detailed framework for action at national and sub-regional levels. The action plan proposes concrete interventions in the following focus areas:

- Creating an enabling policy and regulatory environment
- Institution-building aimed at promoting tourism
- Tourism marketing
- Research and development
- Investment in tourism infrastructure and products
- Human resource development (HRD) and quality assurance

3.6 Market segments

The last decade has witnessed the segmentation of tourism industry into distinct markets. The different market segments diversify the scope of tourism demand and brought about specialisation amongst tourists. The accommodation sector received more types of demand than most sectors of tourism industry. The accommodation market segments have been labelled in various ways, in particular the business segment, which has a number of sub-sectors like the in-route market, the niche-market and the like.

3.6.1 Business market

The fastest growing segment of the tourist market is business tourism demand. Business people around the world travel to different venues for conferences and meetings. The expectations and needs of business tourists are different from those of general tourists, and South Africa seems to understand these needs and offers professional levels of service excellence, which corner a large section of the market. Over the last few years, South Africa has successfully hosted

prestigious events as the 2002 World Summit on Sustainable Development, and many other large and high profile events on the conferencing calendar.

Although by comparison with some other countries with more established reputations in this field, almost two thirds of all conferences held in Africa in 2006 were in South Africa, contributing to its national economy. Business travellers tend to be high spenders, often taking a few days on either side of conferences and meetings to travel the country. South Africa boasts world-class conference centres, dedicated and professional personnel and the commitment to succeed, all factors meant to ensure that it remains a top business destination and that this segment of the tourism industry continues to grow. International conferences generate income locally as employment opportunities, permanent and casual, are created and foreign exchange benefits accrued. Because of the special demands of business tourism, only countries with the flexibility to adapt to changing needs will continue to be successful in this field. Thus far, South Africa is meeting this challenge. The ICCA currently rank South Africa the 31st most popular meeting country in the world in terms of the number of scheduled meetings.

South Africa's first-ever conference for the business tourism industry addressed the country's international positioning as a destination for hosting major events and incentive travel groups. Thebe Exhibitions hosted this event on 26 February 2006 in partnership with the Gauteng Tourism Authority, South African Tourism, the Department of Trade and Industry and the Johannesburg Convention Bureau. The conference was aimed at unleashing the potential of business tourism in South Africa.

Limpopo's business tourism infrastructure is not as advanced as it should be. Although government literature ranks Limpopo amongst other provinces, like Gauteng, which is doing well in this sector of tourism, the actual picture seems to still leave much to be desired. It is said to have more than 200 venues for conferences and meetings but the majority of these deal in business events with

fewer than 500 participants, which as will be seen later, account for 70% of all business events in Limpopo. This provides a good match of supply and demand. It is crucial that, as a province, Limpopo should have some kind of international convention centre because it shares its borders with several neighbouring states.

3.6.2 In-route market

The concept of route tourism demand is considered in both global and more local idiom. 'Route tourism' is not defined in an official or international sense. It is a relatively new concept in tourism and therefore has been borrowed and adapted to cover a broad spectrum of tourism product types. The literature review revealed that, in a global context, well-known routes are most often, and most successfully, defined as point-to-point trips with a clear beginning and end. The tourist can join the route in the middle or at either end, but it is clear that it is a defined path with destinations to visit along the way. Each destination along the route complies with a consistent theme, and the destinations have developed somewhat organically over a long period. The routes generally cover very large geographical spaces. This kind of route tourism is usually used as a mechanism to attract tourists to an area and to link several attractions that would independently not have the potential to entice visitors to spend time and money. Using a synergy effect promises to have greater pulling power and dispenses visitors' money among a larger number of recipients.

The local definition commonly used in South Africa interprets the term, 'route tourism', as combining the tourism resources of a number of smaller centres and collectively marketing them as a single tourism destination region. Examples of existing routes in South Africa include various wine routes (for example, the Stellenbosch Wine Route), birding routes (for example, the Zululand Birding Route, Limpopo Bird Watchers' Club) and eco-tourism routes (for example, the Ivory Route in Limpopo). One of the most ambitious route development projects is that of the African Dream Project of the Open Africa Foundation, which seeks

to 'link the splendours of Africa in a continuous network of Africa tourism routes, from the Cape to Cairo' [<http://www.africatravel.com/>]. Such routes have come to be known as destinations with similarly themed or branded products, attributes and features, with which the participants in an area collectively identify. They do not necessarily cover consistent geographical spaces.

While route tourism in the South African context is not yet at the scale of well-known, international iconic routes, the activity itself is known as a grouping of similarly themed products for the purpose of drawing visitors to an area where independent attractions would not be enough of a draw card on their own. Combining routes, themed and packaged according to special-interest experiences or particular geographic areas, or both, can be an effective tool for destination marketing.

3.6.3 Niche market

By one definition, a niche is something perfectly suited to a person or thing. Despite varied interpretations in the tourism industry, niche tourism, in essence, refers to tourism offerings that appeal to a particular special interest grouping, sometimes to the exclusion of their standing as a general tourism offering.

Niche tourism requires that the market be segmented into groupings or themes with which visitors identify themselves or their experience while on a trip. Increased access to travel information, as well as the increased sophistication of travellers, can, in part, be cited for the increase in niche tourism and niche product offerings. Many tourism practitioners in South Africa incorrectly associate niche tourism with eco-tourism or cultural tourism in marginalised areas. This has clearly stemmed from the supply-side approach to development, while ignoring the huge opportunities that niche markets offer throughout the world.

3.7 Conclusion

The tourism industry showed constant growth over the past few decades and has been resistant to economic and political changes. It is also now recognised as the world's greatest generator of employment creating one new job for every twelve tourists visiting South Africa. By the end of 2006, the total employment figure created by the entire travel and tourism industry in South Africa is expected to reach above the 5 million mark. However, South Africa still needs to realise its full potential in terms of international tourism and especially the geo-tourism sector. By developing the tourism industry, the potential is there to achieve the objectives of the post 1994 Reconstruction and Development Programme (RDP) and subsequent national development strategies. Some of the benefits of tourism include additional employment opportunities, increased awareness of other cultures and concern about the environment. The internationally accepted Manila Declaration of 1980 states that the aim of tourism is to improve the quality of life and to create better living conditions for all people.

The supply of tourism in South Africa competes with the very best in the world. The diverse mix of attractions including the sunny climate, varied scenery, wildlife and other features, is just what brings visitors here in the first place. The supply of geo-tourism is probably the best in the world. However, it is not only the supply of tourism that shapes the demand, but how it is developed, marketed and managed.

Since tourism is now the world's largest industry, South Africa has the potential to benefit greatly from the growing tourism market. All that is needed are individuals and organisations with vision, willing to look beyond the problems and to develop and market our destinations, and in so doing, create awareness, pride and unity. Both the current and previous governments invested in tourism. The South Africa Government's white paper of 1996 on the development and promotion of tourism in South Africa was a special piece of government

publication. Its vision was to develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it would contribute immensely to the improvement of the quality of life of every South African citizen. The change in the tourism industry is slow, however, considering that little change has taken place since 1996. Only recently have local and provincial governments genuinely realised the potential this sector offers and launched plans to unlock opportunities for development in the field of tourism. One of these is the development of the Cradle of Humankind through the GPG's Blue IQ initiative. The Vredefort Dome Conservancy and Makapan's Valley are in line for World Heritage status. Hopefully this will act as a catalyst for the same level of development at these and other geo-heritage sites by the responsible authorities. Initiatives such as these serve as inspiration to others with resources to capture some of the tourist trade that comes to South Africa. Limpopo too can be a beneficiary in such development as it strives to match tourism demand and supply.

The next chapter looks at the literature that focused on the role of marketing in bridging the gape between tourism demand and supply.

CHAPTER 4

MARKETING TOURISM ACCOMMODATION

4.1 Introduction

Marketing is essential to the operation and survival of every tourism business. Geographically, a market is an aggregate of supply and demand bringing together informed buyers and sellers, setting the public price for products or services offered. Economic systems combine the forces of supply and demand for a particular product or service. A market consists of customers, suppliers, and channels of distribution and mechanisms for establishing prices and effecting transactions. In the case of tourism, the market comprises several components, the most important being transportation, attractions, accommodation, food and beverages and consumers. Middleton (2001) claims that many small businesses mistakenly understand marketing to be just promotion and advertising. In fact, marketing is a much broader concept that is applied to all facets of a tourism business. It is not the intention of this study to look at all the facets of marketing. This chapter places tourism marketing in broad context to embrace all aspects of the tourism business. Its objective is to provide a brief overview of the role of tourism marketing, with special reference to tourism accommodation in the Limpopo province of South Africa. The core principles of marketing, which include the nature and scope of tourism marketing, marketing mix and market segmentation are also major themes discussed in the chapter.

4.2 Scope of tourism marketing

Marketing comprises three elements: The first comprises the attitudes and decisions of customers, the target market, concerning the perceived utility and value of available goods and services, according to their needs, wants, interests

and ability to pay; the second involves the attitudes and decisions of producers concerning their production of goods and services for sale, in the context of their business environment and long-term objectives. Finally the third focuses on the ways in which producers communicate with customers, before, during and after the point of sale, and distribute or provide access to their products (Middleton, 2001). There is no automatic harmony between what customers want and will pay for, and what producers are able or willing to provide. In practice, there is usually continuous tension between a producer's need for profit and the consumer's demand for satisfaction.

Marketing is essential to the operation and survival of each and every tourism business. It is about anticipating and identifying the wants and the needs of the target market, the consumer, and then satisfying those needs in order to make profit. Marketing is an ongoing process that requires constant orientation, a relationship activity that involves different elements. Basically, marketers must find out what consumers want by conducting market research, and developing the right mix of product. They must then inform customers about the product or facility through promotion. After the product has been sold, or the booking made, the aim of the producer should be to satisfy the customers so that they receive value for their money and will subsequently return or recommend the service offering.

It is clear that marketing means more than just selling and advertising. It goes beyond the creation of a favourable image for a business or company. Different scholars define marketing from different perspectives. According to Bennett (2001:115) marketing is *"a process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual (customers) and organisational objectives"*. Marketing can also be described as a social and managerial process by means of which individuals and groups obtain what they need and want through product and value exchange with others. Marketing is about anticipating and identifying the wants and needs of the target market of consumers, then meeting those needs to ensure a favourable return on the initial outlay. From a tourism perspective, it is essential that travel and tourism organisations understand their customers' demands. This is the 'anticipating' and 'identifying' part of the

marketing process that would be achieved through ‘market research’.

In a nutshell, the above definitions contain the following core concepts that help explain what marketing is all about: needs, wants and demand, products and services, value and satisfaction, and exchange, transaction and relationships.

4.2.1 Needs, wants and demands

Marketing starts with the fact that people have needs and wants. Marketing does not create the needs. These already exist. For example, a consumer needs accommodation and wants to stay in a hotel. Such needs change into demands when supported by purchasing power and willingness to spend money to satisfy wants. From this perspective, the marketing concept is about satisfying the needs of customers, in this case tourists, by creating and selling a tourism product or service that meets these needs. A customer-driven approach is crucial for an effective marketing effort. Knowing what a customer wants and being able to provide it, is what tourism marketing is about.

4.2.2 Products and services

Consumers satisfy their needs and wants with offerings, a term used to cover both goods and services. A product is anything that is offered to satisfy needs or wants. A tourist does not just buy an accommodation room, but also comfort and peace of mind. Therefore, the marketer’s job is to market the benefits, rather than the physical features of products or services. Defining and communicating the distinguishing characteristics of the product to consumers is one of the key features of successful marketing. Tourism products will be dealt with when dealing within ‘marketing mix’ in section 4.7.

4.2.3 Value and satisfaction

Marketing aims to create value for customers by offering products and services to satisfy their needs. The customer will choose the product believed to offer the most value for money. Hunter and Green (1999: 16) point out that “*servicing repeat guests is more profitable than prospecting for new ones*”. This suggests that it is better for accommodation providers to satisfy their customers rather than to promise them something for the future. On the same issue, Sharpley (2005:16) argues that managing quality is a difficult challenge in tourism because:

- *It is difficult to know if customers are really satisfied*
- *Tourism service is consumed at the same time that it is created, thus making it difficult to control quality in advance.*
- *Consumers nowadays are better-travelled; more experienced and probably have higher expectations than the supply can attain”*

In its entirety, the tourism industry seems to have to strive for perfection in terms of value and satisfaction. This is actually the challenge that each tourism accommodation provider has to face, irrespective of the type of service offered.

4.2.4 Exchange, transaction and relationships

Marketing materialises when people decide to satisfy needs and wants through exchange. Exchange is the act of obtaining a desired product from someone by offering something in return. The exchange process leads to a transaction and is usually a long-term relationship between marketer and customer. Valuable relationships can be established and fostered by offering good quality products at a fair price, as well as by providing on-going service to ensure continued satisfaction and repeat purchase.

4.3 Uniqueness of tourism marketing

Marketing is a vital activity in all types of tourism establishments. Tourism marketing is an adoption of the principles of marketing that have been developed and practised across a wide range of consumer products across a broad spectrum of users. Although the marketing of tourism does not differ much from that of other commercial organisations, Buhalis (2000) mentions that it does differ somewhat from traditional marketing in the following ways:

- A tourism product does manifest the typical characteristics of services, namely intangibility, inseparability, heterogeneity, quality and perishability.
- A tourism product is in fact an amalgamation of several services and products offered by different organisations, for example, transportation, accommodation, food and beverages, attraction and activity components.

Each of these is usually offered by a different organisation and may be either marketed directly to tourists by an individual organisation or combined as a package deal (Buhalis, 2000).

4.3.1 Marketing the tourism products

Marketing a tourism product is different from most other products because what is being sold is the consumption of an experience rather than a tangible product. The tourism product is primarily service-based. This means that the customer often walks away from a tourism offering with only a memory or experience. An example of this would be a tourist's overnight experience at a B&B establishment. The B&B establishment would offer a meal, a wake-up call, or possibly offer advice on local tourist attractions in the area, all of which are services. Thus, the concept of a tourism product implies a combination of products and particularly services making up the total experience.

The marketing of tourism products poses some challenges for a tourism business. As already mentioned above, most tourism products cannot be touched or tested before they are bought and consumed. The challenge is to minimize the consumers' perceived risk in purchasing something that cannot be tested beforehand. The different components of the tourism product are produced and consumed at the same time and are thus inseparable. Therefore, there is greater reliance on good service to deliver the expected high quality product.

The levels of service received by a customer may differ from one employee or provider to another. Variability is a great threat to tourism businesses as consistently high standards of service are necessary to ensure continual customer satisfaction. Managing customer perceptions and expectations is a challenge for tourism businesses. For example, the quality of a tour guide will influence the type of experience the tourist has. A vibrant, friendly and knowledgeable guide will ensure a more satisfying experience than a boring guide who for example, acts as a driver only.

The perishable nature of a tourism product is illustrated by the example of a scheduled flight leaving whether the plane is half empty or filled to capacity. Once the plane takes off, the empty seats represent unrealised profit. Similarly, this happens with tourism accommodation in the sense that unoccupied hotel rooms become 'perishable' after a given period of time, as potential income is lost.

4.3.2 Marketing and service quality

Bennett *et al.*, (2006) aver that service marketing differs from marketing a manufactured product. This confirms what has already been stated in section 4.2. Gronroos (2007:26) defines *service as an activity or a series of activities of a more or less intangible nature that normally, but not necessarily, takes place in*

an interaction between customers and the service employees and /or physical resources or goods and/or systems of the service provider, which are given as solutions to customer problems.

Under normal circumstances the evaluation of a tourism product before purchase is not possible (Section 4.4). Customers use other clues to help them evaluate the service before purchase. For instance, before arriving at the hotel, guests usually use the location of the hotel, in this case the 'product', its appearance or entrance, the attitude and behaviour of the receptionist to evaluate the quality of the service. A service cannot be separated from its provider. The producer and the seller are the same person. For example, the hotel guest cannot experience counter service if the receptionist is not available, nor can the receptionist render the service if there is no guest. This is because services are manufactured and consumed simultaneously.

The quality of services is highly variable because it depends on who provides it, when and where. Berry (1995:29) says, "*the extensive involvement of people in the production of service introduces a degree of variability in the outcome that is not present when machines dominate*". Hotel guests might find that the same employee/receptionist renders service of a varying standard, depending on his/her mood, the time of the day, and the day of the week or the customer's involvement. The consistency of the service depends on the employee's skills and performance at the time of engagement with the customer.

4.3.3 Marketing research

Anticipating and identifying demand depends on effective marketing research. A truly customer oriented organisation is one that thrives on market research. Tourism establishments in South Africa conduct very little formal marketing research on customers needs. Yet any strategy that aims to improve service quality levels must start with a thorough understanding of customers' expectations. Therefore, organisations that fail to research their customers' needs or fail to use the outcome of the results of research to improve quality,

end-up with gaps between marketing and quality service delivery. Research into the existing and potential market form the basis of competitive marketing.

Instinct is an important part of any marketing decision, but it is also necessary to base decisions on facts too. The more information a business has, the better it will understand its market, customers and competitors (Machado, 1996). The most common way of getting that information is through market research. Therefore, even small tourism accommodation facilities; no matter where they might be located their operators need to do some kind of market research.

4.4 Marketing mix

The marketing mix refers to different components or instruments that could be used to influence consumers. Bennett *et al.* (2006:112) state that *“the marketing mix represents the organisation’s market offering and consists of controllable variables that the organisation puts together to satisfy the needs and desires of the target market”*. Tourism product marketing mix is no different from other mixes. The way in which current and potential customers’ demands are satisfied depends on the marketing mix of the organisation’s products and services. Traditionally four elements of the mix were considered: Product, price, promotion and place and were referred to as the 4P principle. The modern travel and tourism industry usually looks at three more elements in addition to the traditional 4Ps namely, processes, people and physical evidence. These three are of specific importance to tourism marketing. It is important to indicate that this list of marketing mix attributes is not complete (Table 4.1). These are just the most important ones; there are many others, which will not be discussed in this study. The seven variables of tourism product marketing mix are discussed below.

Table 4.1: The seven Ps for marketing

| Product | Price | Promotion | Place | People | Process | Physical Evidence |
|--|---|--|--|---|---|--|
| Quality Packaging Attributes Quality Accessories Branding Perishability Differentiated on Niche | Allowances Seasonality and discounts Flexibility Value Price level Pricing strategies | Channels Methods Advertising Incentives Target market Tools Customers | Origin- Destination Distribution Channels Targets outlets | Employees Customers Consultant Management Teamwork Culture Training Motivation | Flow of activities Levels of involvement Steps to be followed Protocols and procedure | Infrastructure Facilities Equipments Personnel and their conduct Tangibles |

Source: Modified from Bennett, Jooste and Strydom (2006:110)

4.4.1 Product

Boone and Kurtz (2004: 298) define a product as “*a bundle of tangible, (objects you can touch) and intangible, (things you “experience” but cannot touch) attributes designed to satisfy the consumers’ needs and wants*”. It is of immense importance to define a standard product, complementary products and the likes for marketing purposes. The attributes and benefit of a product need to be clearly stated to avoid misunderstanding and dissatisfaction on the part of the customers.

4.4.2 Price

Price can be defined as the amount of money or goods asked for or given in exchange for something else. It is a value measured by what must be given or done or undergone to obtain something, the money for which a commodity or service is bought or sold. The price mechanism is the way in which supply and

demand can regulate economic activities. The mechanism could be either spontaneously governed by the market itself or reflect deliberate governmental adjustments.

4.4.3 Promotion

Promotion is the use of any effective means to publicise a business for a specified period so as to make it more visible. Usually a promotional campaign is of short duration. For any promotion strategy to work it must be directed to, and attract, the right people. Therefore, it is crucial to have a well-defined target market for a particular promotion drive. People who have a need and desire for a particular product and/or service should be reached. Before any promotion can work effectively, the market must be clearly identified.

4.4.4 Place

Marketing has to be done on an “O-D matrix” according to the origin–destination process. Although tourism products are produced and consumed simultaneously, it is still important to bear in mind that marketing is meant for potential customers who might be located in a faraway place. Since, most tourism products are not deliverable to the market, customers have to take a decision to go where the product is located. Middleton, (2001) talks of two methods of distributing a product to the market, the direct and the indirect method. The direct method means that the company takes full control of taking the tourism product to the market either using personnel or promotion materials. When using the indirect method a company exercises less control over the process of reaching the market.

4.4.5 People

In tourism businesses, dealing with clients face-to-face forms a large part of the product offering. Service delivery invariably begins with front line staff and it is here that a tourism offering can really do well or fail miserably. The preliminary investigation associated with this study shows that the majority of employees in the Limpopo tourism accommodation sector are either semi-skilled or non-professionals. It is extremely important to ensure that the staff, dealing with customers never fails to act in an exemplary manner. Due to the strength of word-of-mouth promotion in the tourism industry, service excellence is paramount. Staff professionalism would be boosted and enhanced through solid training and employee reward systems (Bennett, 2000).

Marketing is a function that belongs to everyone in the organisation (Zyman, 1999). All people involved in the delivery of the total service experience influence the customers' perception of the service itself.

4.4.6 Process

There are many different types of processes involved in running a tourism business. These include administration, training, planning strategies, distribution, and recruitment of staff and marketing itself. It is important to ensure that these processes are planned and carried out properly so that operations run smoothly and problems are rectified quickly. For example, a hotel needs efficient front and back office communication to ensure high quality service and experience without inconvenience to the customers. According to the literature survey, Limpopo tourism accommodations are still lagging behind in most of these aspects.

4.4.7 Physical Evidence

The physical evidence of a tourism product refers to a range of more tangible attributes of an operation. Presenting the authenticity of the product as something actual and real is a good way of giving positive and attractive hints or cues to potential customers as to the nature and quality of the product. Creating a situation that appeals to people's senses, especially sight, sound and touch in a positive way, instils a sense of well-being and appreciation, thus making a good impression. For example, if one operates a shuttle service, then it is important to ensure that the vehicles are spotlessly clean at all times. Elements such as quality and attractiveness of décor, effective layout of the establishment, tidiness of the physical surroundings and quality of promotion materials are all-important.

4.5 Marketing tools

Marketing has become a sophisticated exercise that requires specialised tools. Some of the marketing tools within tourism accommodation are brochures, web sites, promotional video, service advertisement or marketing and other audio-visual materials (Figure 4.1).

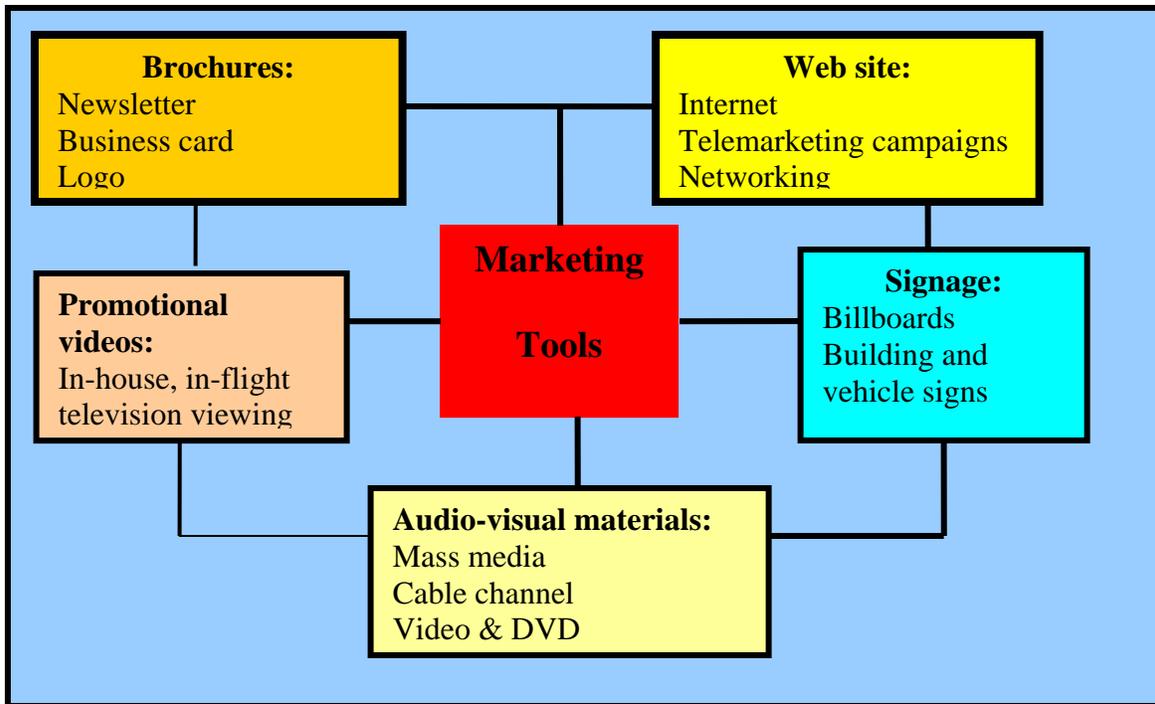


Figure 4.1: Marketing tools

Source: Author

The purpose of this exercise is to identify, encourage and strategically harness the energy of potential customers to gain their support through strategic marketing and communication channels of businesses in the tourism sector. There are several marketing tools that are to be linked in terms of Figure 4.1. The linkages suggest that marketing is a continuous process that unfolds with time. The key objectives for continuous marketing efforts include:

- Stimulating interest, networking and co-ordinating spontaneous initiatives by entrepreneurs who together seek to meet the wishes and expectations of the consumers by operating within the framework of a coherent and comprehensive marketing and communication programme.
- Entering into creative, innovative and mutually beneficial co-operation with customers to either prolong their stay at the destination or visit other attractions.

Marketing tool has to do with an orientation that strives to attract the consumer and to maximise profit as the two most important long-term goals of the business. Longenecker *et al.* (1994:190) describe the marketing of a small business as “... *those business activities that relate directly to identifying target markets, determining the potential of the target market, and preparing, communicating and delivering some bundle of satisfaction to the target markets*”. Therefore, it is always important to define the benefits of using marketing tool because some tools may not be beneficial to certain businesses. It is also helpful because it provides the basis for the design and production of promotional tools and activities.

4.5.1 Brochures

A brochure offers the best opportunity for a potential consumer to get a general idea of the tourism offering from a visual display and text. Brochures can be very simple or extremely sophisticated and are a good way of publicising a tourism facility.

4.5.2 Web sites

A web site poses a great opportunity to market in an interactive and creative format. It is a useful tool for information provision to a wide audience, but production of a web site does not necessarily bring instant business. There are two aspects to web site promotion: First, producing relevant information for the market; and second, promoting the site, so that prospective clients will find their way to the correct business site. Creating fully operational transaction-based web sites, where bookings and payments are handled, can be an expensive exercise for an individual business. However, if a number of small companies pool their resources, it may be viable to establish such a web site. This service could also be achieved through initiatives encouraged, or even sponsored, by the local tourism organisation.

4.5.3 Promotional videos

Videos also require a reasonable investment for a good quality production, but promotional videos have a wide range of uses, from trade and consumer shows, to in-flight viewing, in-house hotel television channels or as an introductory presentation video for any meeting.

4.5.4 Signage

There are different types of signage that are used as marketing tools. Building and vehicle signs, window signs, taxi backs, display, wrap advertising, and in-store signs or point-of-sale advertising are just some of the examples. These signs can be e-commerce to sell products online. Disseminate information and educate prospects about products or services. Build an on road community and build relationships. Boost the organisation image by creating a mobile image.

4.5.5 Audio-visual materials

Audio-visual materials form part of Internet marketing tool. They are frequently utilized as sales and marketing tools in various businesses. These include Videos, DVDs, e-mails and other methods that have transformed face-to-face communication to electronic experiences. The materials are useful in the promotion of property or property services.

4.6 Marketing plan

A marketing plan is a comprehensive plan for marketing activities to be undertaken to ensure the growth of the business. It is a combination of a review of the present, a vision for the future and defining the steps required to ensure that the vision is achieved.

The planning and implementation of a marketing orientation demand through planning is known as the marketing planning process. McDonald (1992:3) sees

the marketing planning process as “... *deciding on a logical sequence of activities, leading to the setting of marketing objectives and the plans for achieving them. The result of successful marketing planning is a written marketing plan that covers all the elements of the marketing planning processes*”.

Marketing is about systematically and thoughtfully coming up with plans and taking actions that get more people to buy more of a supplier's product, more often and at higher prices, so that more money is made (Zyman, 1999). Marketing is not about creating an image. Having an image just means that people know who you are, but it does not motivate them to do anything. It does not really matter how efficiently a product is being manufactured or distributed, or how good salespeople are, if nobody wants to buy the product, it will not be sold. A good marketer will sell everything that a company has the ability to offer. In tourism context, this means selling every available bed-night at the facility, even if it has to be at a discount (Zyman, 1999).

Cooper (2004) indicate that the marketing plan is normally a short-term plan and is more detailed than the strategic plan that concerns itself more with external environmental influences. They further state that a marketing plan is the organised process of studying the market, identifying and measuring its trends, and developing major marketing objectives and supporting programme.

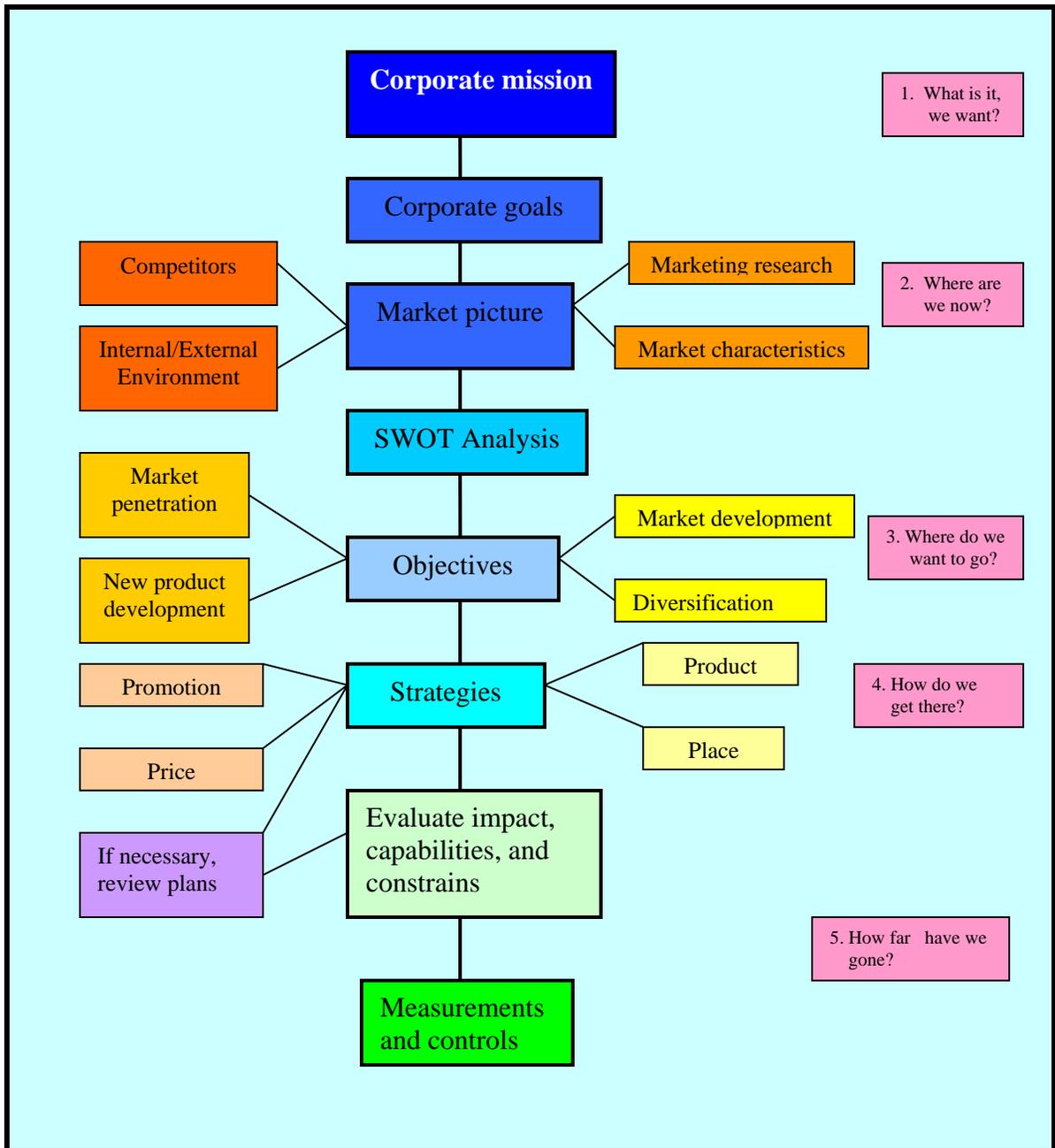


Figure 4.2: Modified model for marketing planning

Source: Goeldner and Brent (2005:11)

4.7 Marketing process/strategy

A wide range of marketing tools is used in the process of marketing. The choice of the most effective tactical marketing tool is one of the most critical and challenging parts of the marketing process. Not every tool will suit all kinds of businesses. Thus, the nature of the tourism business will dictate, which tools are better suited to the circumstances. The type of products that a business offers tends to influence the type of tools that are to be used. For example, for an accommodation product a brochure would be more relevant than promotional videos because it will inform the potential tourist from a much broader perspective.

Building relationships with people in the industry through networking is a tool that is often underestimated. It is frequently seen as time-consuming, needing commitment and creative planning but is one of the best tools in tourism industry. Using wide audience media is a more expensive form of marketing, but returns can be large if developed shrewdly and effectively.

Marketers [Clarke (2005), Middleton (2004) and Buhalis (2006)] often use the terms “above the line” and “below the line” to distinguish between formal and informal marketing activities. “Above the line” marketing efforts have been traditionally defined as any form of advertisement or promotion that is of a formal and structured nature. They are characterised by television, print and other mainstream media types, which are relatively costly marketing tools. They are called “above the line” because they need specified budgets for their production and placement and are thus related to the profit margins of the business.

“Below the line” marketing efforts are less formal and more creative. These include give-aways, flyers and special event promotions. In most cases, the cost of “below the line” efforts are much lower than those of “above the line”. However, it is very difficult to gauge the impact these mediums have on the

“bottom line”. Traditional marketers viewed the selection of marketing tools as a choice between “above” and ‘below the line” tools. With markets today becoming much more fragmented and new media, such as the Internet, and consumers having more choice of products and services, the current challenge is getting the right mix of those mediums working together. This is what is now called working “through the line”.

4.7.1 Partnerships

Industrial partnerships are extremely valuable resources to tourism businesses. They help the business to gain exposure to markets, as part of broad destination marketing and supplement marketing budgets by combining funds with industrial partners. Industrial partnerships are set up in different ways, for example, through industrial associations and by co-operative marketing and packaging.

It is important for small tourism companies to form strong relationships with local tourism organisations. More benefits can be enjoyed through pooled effort than would otherwise be possible. Local tourism organisations have the potential to provide support in areas like distribution, regional brochure production, representation at trade and consumer shows, having an on-line presence within which operators can have a listing or links to their web site and many more.

Industry bodies such as the Guesthouse Association or the Tour Operators Association can provide a range of benefits for members, including marketing initiatives, professional development and education and ensuring quality standards. Specifically, co-operative marketing is a concept that can be extremely beneficial to small tourism businesses when carried out correctly. The main thrust of this concept is the creation of partnerships across regions and a range of industries. Typical alliances take the form of private businesses participating in a regional market strategy through collaboration with local tourism organisations.

Pooled resources enable strong regional marketing efforts to support a destination area and integrate all the complementary tourism offerings into one, thus providing a unified destination offering to the tourism consumer. If the destination is branded on its key strength, with support from related products, then all partners stand to win. The pooling of resources is a key driver of such a marketing approach and, if paired with good product packaging, the results would even be much better.

Packaging is an important part of co-operative marketing. It involves combining a number of component products to form a package, which can then be sold to interested traders and consumers. It is important to tailor the elements of the package to a particular target market, and keep their needs in mind, in both the development and promotion of the package. A package should contain complementary products such as accommodation, transport, entry to attractions, meals and touring. Today, packages are very powerful motivators for travellers.

4.7.2 Direct marketing

Communicating with customers or potential customers in a direct manner could be achieved by using different tools. It is becoming increasingly important for businesses that need to portray different messages to a specific segment of the market, to use some kind of direct marketing. New technology has opened routes to a more cost-effective generation of enquiries, to promote awareness and interest in distant customers. Customer databases, personalised mail, customer reward programmes and special offers and incentives are all tools for building a trusted relationship with the customer and encouraging repeat visitation.

By far, the most cost-effective form of promotion is that of word-of-mouth. Satisfied customers will always tell their friends and colleagues of the excellent service and experience that they received. For this purpose, the customer database would be handy. This can be made available through the use of computer technology. The technology enables the marketer to know more about the customer profiles and potential needs that would further provide easy

opportunities to establish a competitive advantage. The computer technology is of special advantage because it allows the marketer to keep all kinds of information (names, contact details, age or life cycle, occupation, activities and any other data) for compilation of a meaningful profile of customers. The information is useful in tailoring further communication with customers so as to demonstrate personal service and offer special rates or extra benefits to valuable customers.

Information can be tailored for specific segments. The information can either be conveyed through letterbox-drop in particular areas, or personalised and sent directly to individuals. Communication through the mail is a highly effective way of getting specific messages across to relevant segments. “Junk mail” is the term given to materials, which have no relevance for all recipients. If the message portrays how a product can meet the needs of the consumer, its impact and potential to convince will both be very high. Direct mail has the capability of providing information and converting interest into a booking by providing prices and a strong call-to-action. Direct mail can consist of simple, but attention-grabbing formats such as postcards and flyers, or more sophisticated mail packages consisting of covering letters, brochures and other promotional tools such as discount vouchers.

Direct response marketing can obtain customer loyalty through customer care and service, and by building a relationship centred on the customer rather than on the product. It involves direct communication between producer and consumer and often includes direct mail, telephone selling and travel exhibitions. It is however more than direct selling (Middleton, 2001).

4.8 Market Segmentation

Market segmentation is a marketing strategy that classifies heterogeneous customers with different needs, characteristics and /or behaviour patterns into homogeneous groups or segments. Boone and Kurtz (2004:261) define market segmentation as a “*process of dividing the total market into several relatively*

homogeneous (similar) groups with much of the same product interests". The segmentation process is based on four assumptions:

- The market for a product or service is made up of particular segments where members have distinctive needs and preferences.
- Potential tourists can be grouped into segments whose members have similar or identical characteristics.
- A tourism offering appeals more to some segments of the market than to others.
- Organisations can make their marketing efforts more effective by developing specific offerings for specific segments of the market.

Being in the tourism market means that the unique needs and desires of each tourist should be considered and valued as a potentially separate market segment. However, in a practical setting, complete segmentation cannot work. Rather, broad segments are found to be more acceptable. There are four main types of market segments and these are discussed below.

4.8.1 Geographic segmentation

Geographic segmentation is based on the division of the market into geographical units such as countries, regions, to name but few. This kind of segmentation is even more important in tourism because many of the most attractive and popular tourism destinations are based in particular geographic areas. Geographic variables are used to identify primary and secondary markets.

4.8.2 Demographic segmentation

Demographic segmentation consists of dividing the market into groups based on variables such as age, gender, family life cycle, income, occupation and home ownership.

These facts are collectively known to present a comprehensive customer profile. Age and income have, for example, been used very successfully as predictors of recreational participation. However, marketers are advised not to depend on only one demographic characteristic to segment the market because individuals within the group might have different holiday preferences. Thus, it is more advisable to use multivariate demographic criteria. Even when markets are defined in terms of other variables, their demographic characteristics must be known so that the size of target market, and the means to reach it effectively, can be assessed.

4.8.3 Psychographic segmentation

Psychographics is a term used to denote measurement of an individual's mental attitudes and psychological make-up, as opposed to demographics, which measure the objective dimensions of age, gender and income. In a psychographic segmentation, buyers are divided into different groups based on social class, lifestyle, personality traits, attitudes and interests. Dividing a population into homogeneous groups on the basis of behavioural and lifestyle profiles (e.g. people who like entertaining guests; couples who enjoy fishing on weekends) cannot be justified without first compiling in-depth customers' profiles.

4.8.4 Benefit/product related segmentation

This refers to dividing a population into homogeneous groups on the basis of benefits consumers expect to derive from a product (e.g. swimming pool - fun, cool, no need to travel). The use of variables related to tourism could sometimes be misleading because, in mass tourism, customers might engage in activities for the sake of others. For example, couples with young children might involve themselves in recreation for the sake of their children. The result of dividing

customers in terms of their product preferences can be quite a costly exercise (Du Plessis and Rousseau, 2005).

4.8.5 Advantages of market segmentation

The advantages of segmentation are that marketers can focus better on the needs and wants of customers; develop a more focused position for their products; and apply more effective marketing instruments. However, they would only be effective if the size and buying power of the potential segment warrants the investment in a target-marketing programme. Segmentation is the basis for forecasting maximum achievable revenue flows. In other words, it needs to be measurable, substantial and sustainable.

The process of analysing existing and prospective visitor groups may also identify new uses or experiences the resource base is capable of sustaining, either as it is, or as it might be if enhanced (Middleton, 2001). Small businesses lack the resources to compete across the whole market and should offer a highly differentiated product. The problem with niches is that they only exist if the demand is large enough to sustain a small venture but not large enough to interest major companies. Since the tourism market is unpredictable and volatile, this leaves most accommodation owners vulnerable, should anything affect their segment. Large organisations can fill their capacity with a mix of different segments at the same time.

Successful marketing depends on identifying potentially profitable segments of the total market, targeting these segments with messages relevant to customer needs and positioning their product so that the segment believes the product is a better choice than competing products. This approach focuses and improves the effectiveness of a company's marketing effort.

4.9 Target market or product differentiation

A target market can be defined as a group of consumers to whom the tourist attraction decides to direct its marketing efforts. The marketing strategy is designed to satisfy the consumer groups' specific needs and preferences (Boone and Kurtz, 2004).

It is obvious that a tourism service or product could appeal to a multitude of market segments but for an advanced form of marketing, it is necessary to target a specific market segment that may yield the highest possible profit margin. Such a decision is based on a careful analysis of the market segments. There are several strategies that could be used to select or develop a target market.

Producers are not just concerned with satisfying customers' needs, but are doing so in ways that are recognised as unique or strongly reflect the identity of a particular organisation, so as not to be easily copied by another producer. It is worthwhile to establish a difference that is portrayed as important and highly valued to benefit target buyers. This can be achieved through creating a product for a special market that is superior to others in terms of specialisation or quality, thus enabling consumers to obtain extra benefit by consuming a product from the provider of such a niche commodity.

Most accommodation establishments provide comparable tangible offerings that are made different by less tangible elements such as a view from the window, the hospitality of the employees or the owners and the overall experience (George, 2001). This is part of mass customisation strategy. It combines the advantage of a niche market while retaining the breadth of opportunities available with differentiated marketing. *“Product differentiation is particularly appropriate for the small business as it represents a low risk strategy”* (Seaton and Bennett, 1996: 409). The purpose of creating an image, or branding, is to differentiate products (Zyman, 1999), a strategy handy for this marketing tactic.

The ability to satisfactorily service the selected market(s) is done through differentiated marketing that targets several market segments at the same time.

For example, SAA employs this strategy with its frequent flyer package, holiday package, business class, and economy deals, to mention a few. The investment required for developing services to attract the segment, and the cost of marketing to the segment, need to be considered at all times.

For marketing purposes, strategic planning refers to the process whereby an organisation analyses its strengths and weaknesses in its current and prospective markets, decides the position it seeks to attain, and defines strategies and programmes of activity to achieve its aims. Strategies are ultimately conditioned by the organisation's ability to persuade a sufficient number of customers to buy enough of its products against aggressive competition in order to secure surplus revenue over costs in the long term. They generally include the following:

- Goals and objectives: The organisation's place in its chosen markets, usually defined in broad terms of target segments, sales volume, product range, market shares and profitability.
- Images and positioning: Here the organisation seeks to be in line with customer as well as corporate vision and image.
- Strategies and programmes: Broadly what actions, including product or market development, may be required to achieve the objectives.
- Budget: What resources are needed to achieve its goals?
- Review and evaluation: Systematic appraisal of the achievement of goals in the context of competitors' actions and the external environment. Although planning cannot guarantee success, it makes the organisation less vulnerable to market forces and unpredictable events.

4.10 Positioning

Once an organisation has decided on the market segment it is targeting, the product offering needs to be positioned in the eyes of the consumer. Segmenting, targeting and positioning are a series of steps that are interrelated. The positioning is based on the attributes and features or benefits of the offering, the user category, or the existing competitors and so forth (George, 2001). If an

organisation wants to establish a clear image in the minds of its customers, it first needs a clear image in its own mind of what it wants to portray. The whole marketing mix then has to be devised to communicate this distinctive strategic position in the marketplace. For example, Sun City has positioned itself as a holiday resort that will “rock you” with entertainment facilities, while Sundown Lodge is positioned as affordable and high quality accommodation next to Sun City. (<http://www.sundownlodge.net>)

The position of a product or organisation is a complex set of perceptions, impressions and feelings that consumers have about the product or organisation as compared to the competition. This includes a product formulation and augmentation to provide and enhance customer satisfaction with the best quality experience. Although consumers position products with or without the help of marketers, marketers do not want to leave their product’s position to chance. Product formulation positioning is directly related to price (Middleton, 2001).

Bennett, Jooste and Strydom (2006:223) identified six positioning strategies as mentioned below.

- *Positioning on a specific feature (e.g. Formula1 Hotel on price)*
- *Positioning on benefits, needs or problem solution (e.g. hotel close to Kruger National Park)*
- *Positioning for specific usage occasions (e.g. Indaba Hotel for conferences)*
- *Positioning for user categories (e.g. tour groups or businessmen, families)*
- *Positioning against competitors (e.g. Garden Court concept of Holiday Inn against City Lodge)*
- *Positioning away from competitors (e.g. Kulula.com a budget airline vs. South African Airways)*

Positioning is the consumer’s image of an offering in relation to other competitors in the marketplace. Two of the strongest elements that need special consideration during the process of product positioning are price and the quality of service provided. The perception that a tourist develops or adopts about a

particular destination is based on the range of attributes, benefits, past experiences, location and the image that the product portrays. Such perceptions are not easily changed. It needs special positioning to eliminate unfounded perceptions amongst tourists.

4.11 Factors in the marketing environment

In order to plan, it is necessary to take a critical look at the environmental elements that will affect the business in both direct and indirect ways. Two main aspects are prominent in this regard: An external or macro-environmental review and an internal or micro-environmental review. The former will highlight issues that may have an indirect bearing on the business. These are the issues over which an operator has very little control. The latter describes internal factors that an operator could control. The main factors that are directly controllable include the “Seven Ps” of the tourism product marketing mix as described in Section 4.4. The aim is to use these internal resources to their best potential so as to improve competitive advantage and, at the end of the day, yield good profit margins.

In general, a SWOT analysis is used to analyse how the internal and the external factors impact on a business. A comprehensive SWOT analysis is a positive step towards reducing and possibly eliminating the risk that a tourism business operation could face, by enabling the operator to take advantage of the strengths and opportunities and prepare against weaknesses and threats.

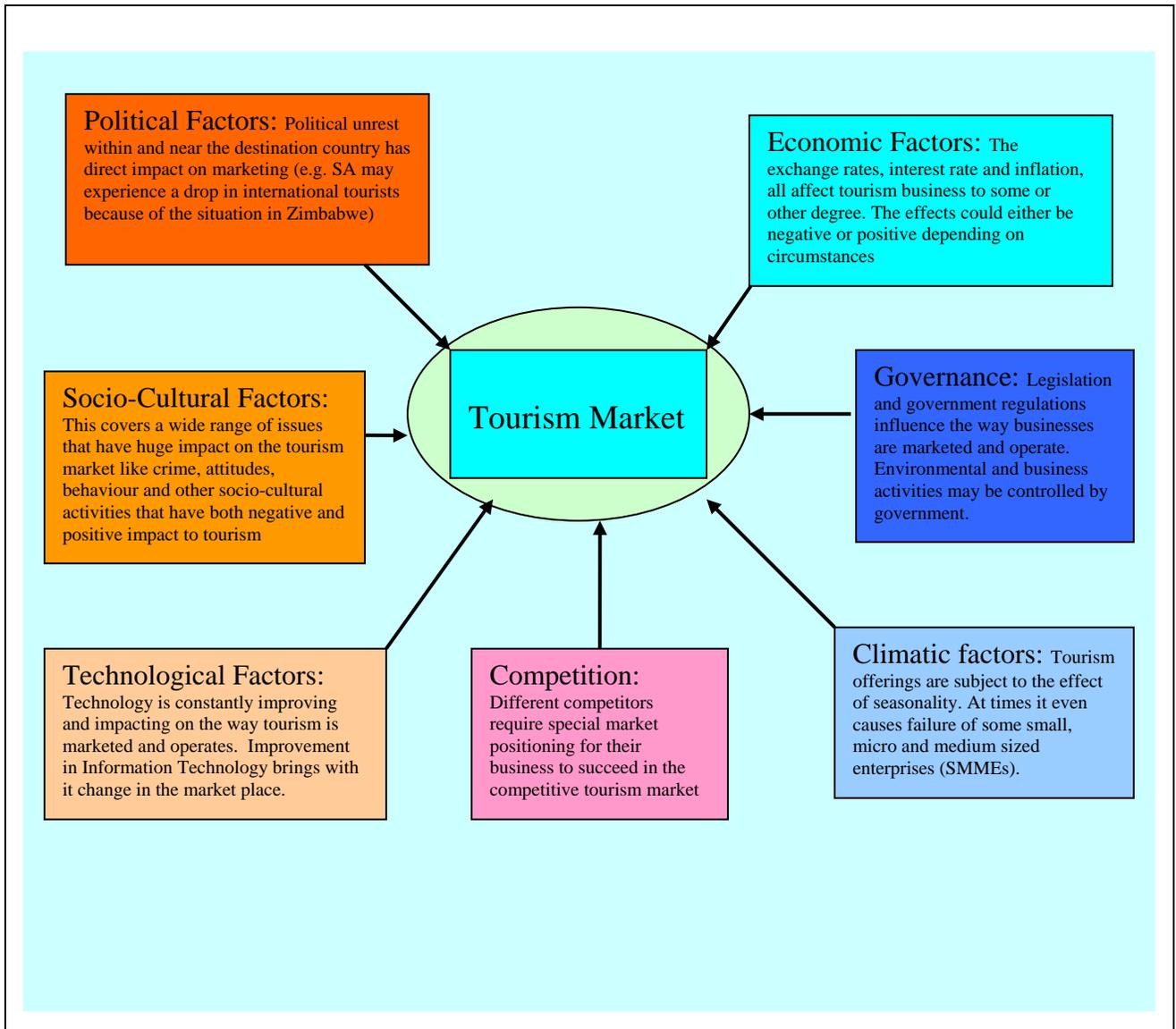


Figure 4.3: Macro-environmental Factors and their role in marketing

Source: Author's construction

The long-term survival of any organisation is dependent on how well the business relates to its environment and explores the future versus the past (Zyman, 1999). Four levels of the marketing environment affect the organisation. At the first level, marketing has to integrate with other organisational functions and communicate the needs of the market and interest groups to the organisation. At the second level marketing must identify domestic and international consumers, or intermediary markets for products/services. Market

demand and customer behaviour span from two dimensions, namely, determinants and motivations of demand (Middleton, 2001). Determinants are the economic, social, and political factors at work in any society that set limits on the volume of a population's demand for travel, whatever the motivations might be. Motivations are the internal factors at work within individuals. Economic variables are the most important set of factors influencing the total volume of demand generated. The relationship between any population's income and expenditure on travel and tourism is known as the income elasticity of demand. There is generally a greater than one percent increase in total expenditure on holidays and leisure trips in response to a one percent increase in disposable income. The holiday market is thus relatively income elastic (Middleton, 1994). Demographic factors' influence on travel and tourism activity is slower than that of income.

The main characteristics of a population that determine tourism demand are household size and composition, age structure and higher education. In developed economies smaller households with fewer young children, a greater number of married women in employment and more people over 55 years of age have increased propensity to travel (Middleton, 1994). Socio-cultural factors include beliefs people are brought up with, for example that a sunshine holiday or ownership of timeshare accommodation is an important feature of a satisfactory lifestyle. Government regulations may influence supply and demand, for example provision of infrastructure, environmental protection, regulation of competition and so on. Crime and health risks may overshadow the appeal of an attraction (Horner and Swarbrooke, 1996).

The third level of the environment affecting marketing is stakeholder groups. Interest groups may have conflicting values affecting the context of decision-making. Lastly there is *“the wider external environment, namely the interrelationship between social, technological, economic and political forces”* (Cooper *et al.*, 1998: 377). For example, if communities residing next to tourism products or accommodation facilities are not well informed about the importance of tourists or customers in their area, they may become unfriendly or belligerent

and chase them away, which would negate any marketing effort.

There are different marketing channels in South Africa. These channels embrace the diversity of the country and the industry in terms of tourism regions. SAT tended to diversify its marketing efforts to tap into different market segments and to penetrate different levels of the tourism market. Table 4.2 highlights three levels where marketing channels can be accessed.

Table 4.2: Marketing channels and sources of support

| | | |
|---|--|--|
| South African Tourism (SAT) | Destination marketing, arrival statistics and information on recent trends | www.southafrica.net |
| Regional Tourism Organisation of Southern Africa (RETOSA) | Regional marketing | www.retosa.co.za |
| Provincial Tourism Authorities or Organisation | Destination marketing with emphasis on domestic tourism | www.golimpopo.co.za |

4.12 Conclusion

The current interpretation of the definition of “the tourism marketing” concept needs to be reconsidered because the whole concept seems to involve so much. Many other aspects could still be fitted in and ultimately tourism marketing might sound like it means ‘everything’ to tourism. In this generation of new information distribution technology, demand and supply are brought onto the virtual market simultaneously. It has thus become impossible to talk about the promotion and distribution of tourism products without considering the impact of new developments in the field of information technology.

There is no doubt that extensive work has already been done in the field of tourism marketing as highlighted in Chapter 5 and supported by a number of prominent scholars and researchers as indicated by the reviewed literature. However, it could be suggested that the existing work is still a bit skewed towards destination marketing at country level rather than at a provincial or local destination level. Perhaps the strategy of selling the destination first then the product has to be revisited because provinces are more favourably placed to play an even greater role in tourism growth and development. In South Africa, some of the provinces like Western Cape, Kwazulu-Natal and Gauteng are marketed much better, but Limpopo and a few others seem to need special consideration. The Internet revolution brings with it the shift from traditional marketing to web marketing and it is in this regard that poorer provinces seem to be lagging behind. It is hoped that this study will contribute to improving the plight of historically disadvantaged provinces like Limpopo.