TOURISM DEVELOPMENT THROUGH STRATEGIC PLANNING FOR NON-METROPOLITAN SMALL TO MEDIUM SIZE ACCOMMODATION FACILITIES IN LIMPOPO PROVINCE, SOUTH AFRICA

BY

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ASATA	-	Association of Southern Africa's Travel Agent
BABASA	-	Bed and Breakfast Association of South Africa
B&B	-	Bed and Breakfast
BEE	-	Black Economic Empowerment
CD	-	Compact Disk
CEO	-	Chief Executive Officer
CTRU	-	Cape Town Routes Unlimited
DEAT	-	Department of Environmental Affairs and Tourism
EIA	-	Environmental Impact Assessment
ETEYA	-	Emerging Tourism Entrepreneur Yearly Awards
FEDHASA	-	Federated Hospitality Association of South Africa
FIFA	-	Federation of International Football Association
FIT	-	Fully Inclusive Tour
FTTSA	-	Fair Trade in Tourism South Africa
GPG	-	Gauteng Provincial government
GDP	-	Gross Domestic Product
HIV	-	Human Immunodeficiency Virus
HRD	-	Human Resource Development
ICCA	-	International Congress and Convention Association
ICT	-	Information Communication Technology
IDD	-	International Direct Dialling
IDP	-	Integrated Development Program
IMC	-	International Marketing Council
ISDN	-	Integrated Services Digital Networks
IT	-	Information Technology
N/A	-	Not Applicable
NAA	-	National Accommodation Association
NEPAD	-	New Partnership for Africa Development
NGO	-	Non-governmental Organisations

NSMTA	-	Non- Metropolitan Small to Medium-sized Tourism Accommodation
NTO	-	National Tourism Organisation
R&D	-	Research and Development
RDP	-	Reconstruction and Development Programme
RETOSA	-	Regional Tourism Organization of Southern Africa
PCI	-	Problem Centred Interviews
PEST	-	Political, Economic, Social and Technological
SAA	-	South African Airways
SAPA	-	South African Press Association
SAT	-	South Africa Tourism
SARS	-	South Africa Revenue Services
SATGC	-	South Africa Tourism Grading Council
SATOUR	-	South African Tourism (Old Acronym)
SETA	-	Sector Education and Training Authority
SMMEs	-	Small, Medium Micro-Enterprises
STATS SA	-	Statistics South Africa
STB	-	Scottish Tourism Board
SWOT	-	Strength, Weaknesses, Opportunities and Threats
TBCSA	-	Tourism Business Council of South Africa
TEP	-	Tourism Enterprises Programme
TGCSA	-	Tourism Grading Council of South Africa
THETA	-	Tourism, Hospitality and Sport Education and Training Authority
USA	-	United States of America
VFR	-	Visiting Friends and Relatives
WSSD	-	World Summit on Sustainable Development
WTO	-	World Tourism Organisation
WTOBC	-	World Tourism Organisation Business Council
WTTC	-	World Travel and Tourism Council

DECLARATION

I Tshililo Nelwamondo herby declare that the thesis for the Philosophiae Doctor degree at the University of Pretoria, herby submitted by me, has not been submitted for a degree at this University, and it is my own work in design and execution and that all reference material contained therein has been duly acknowledged.

Signature

Date

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KEY CONCEPTS

This section provides the definitions and explanations of the key words and concepts as applied in this study.

Accommodation refers to lodging or a place to stay. For the purpose of this study it is an essential support serviced facility in tourism destination areas where tourists rest and revive during their travels, or a place to stay when arriving and engaging on tourism related activities at a tourism destination (Rogerson 2002).

Demand refers to a schedule 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 (Cooper, 2004:76)

Development is a process of becoming or a potential state of being that improve the quality or raise the levels of existence to all kinds of services and related activities (Williams, 2006, Smith, 1998).

Generic strategic plan is a standardised, all purpose framework that is designed to apply in many forms of organisations. For the purpose of this study it is considered as a generalised strategic plan that is based on a well thought out detailed plan that has the most likely probability of success. It is based on a logical and realistic progression and flexible enough to be applied by different types of accommodation establishments. (Pearce and Robinson: 1997)

Market is an aggregate of supply and demand bringing together informed buyers and sellers, setting the public price for products or services offered. 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 accommodation, attractions, food and beverages and consumers (Poon, 2005, Zyman, 1999).

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives (Boone and Kurtz, 2007:202). It is a continuous process associated with identifying the particular wants and needs of a target market of customers, and then going about anticipating and satisfying customers better than the competitors but making profit. This involves doing market research on customers, analysing their needs, and then making strategic decisions about product design, pricing, promotion and distribution. (Onkvisit and Shaw, 2004, Seaton, and Bennett, 1996)

Strategy is a short, medium to long-term elaborate and systematic plan of action designed to achieve a particular goal. It is like a tool or a method that can be used to accomplish a task (Ulwick, 1999).

Strategic planning is an order or a set of actions that are organised to shape and guide what an organisation stands for, what it is and why it does what it does. The process offers a way to systematically develop a vision of a desired level of development at some future time and a plan for attaining that vision. Strategic planning also provides a framework for analysing alternatives, avoiding unpleasant surprises, and promoting a sense of continuity.

Strategic plan is concerned with an organisation's basic direction for the future, its purpose, its ambitions, its resources and how it interacts with the world in which it operates. Therefore, for tourism accommodation enterprises, a strategic plan will include activities or actions that enhance the enterprise's mission, matching intentions with resources, and forecasting future direction in terms of customer demands and the necessary steps to meet these through supply.

Supply refers to the provision and supply of all assets, services and goods to be enjoyed or bought by visitors (tourists) and occasioned by the journey of tourists (Smith, 2001).

SWOT analysis is a strategic planning tool that is used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

Tourism is the act of travel for the purpose of recreation, business and the provision of services for this act. It is actually a service industry, comprising a number of tangible and intangible components. The tangibles include accommodation, food and beverages while intangibles include relaxation, experience and resting.

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.

ABSTRACT

The study focused on formal and informal non-metropolitan small- to medium sized tourism accommodation (NSMTA) facilities in Limpopo, the challenges relating to their capacity and their potential role in tourism promotion and development in the province. The apparent lack of the use of strategic planning approaches to promote tourism development among NSMTA operators seemed to create three interrelated problems that were deemed necessary to address. First, the developmental problem where operators show no interest in developing their enterprises in a way that could advance provincial tourism growth or development; second, an absence of visible, co-ordinated effort on the part of relevant provincial tourism stakeholders to promote tourism development through strategic planning; and third, the noticeable gap between demand and supply.

The main aim of the study was to present a generic strategic plan that could be used to ensure that the accommodation sector would offer a prompt response to any change in tourism demand or supply as well as attending to the ongoing process of adjustment of services. Various approaches to data collection were adopted with the concurrent use of questionnaires and interviews to elicit objective responses being particularly valuable. Several interesting findings came to the fore.

The researcher identified a number of the NSMTA enterprises, which had gained strategic locational advantages because of their positioning in proximity to areas like the Kruger National Park, the Bela-Bela warm baths and mineral springs, the Bushveld countryside of the Waterberg and the scenic beauty of the Valley of the Olifants in the vicinity of Hoedspruit, that appeared to give accommodation operators a better chance of success. These locations generally exhibited characteristics that placed NSMTA facilities in relevant and viable settings in terms of convenience, to ultimately contribute to growth in the tourism industry. The long-accepted notion that the majority of small business owners in South Africa had lower socio-economic status was not supported in that many of the

respondents were professional people and farmers who had other sources of income. In addition, the study's findings regarding the development of informal enterprises is contrary to the general perception which assumes that 'informal sectors develop spontaneously; it revealed that even the smallest of tourism accommodation operators did some kind of planning before the actual establishment of their operation.

According to the survey, the nature of formal business planning varied, depending on the type of operation. The less sophisticated, smaller accommodation establishments and tour businesses reflected a personal focus and commitment to the product rather than to selling the service offered. Furthermore, they were less inclined to formalise their business operation, ignoring grading status and interaction with other stakeholders. Single-handed management was common (60%).

Two thirds (68%) of the owners/managers who took part in the in-depth interviews justified their decision not to adopt a formal business plan. Uncertainties regarding forecasting business profitability and identifying market tendencies, made projecting future trends difficult. Respondents felt that formal business planning was too rigid for the increasingly dynamic nature of the industry. Other reasons were the sizes of enterprises, lack of time, knowledge and ambition to expand, because businesses were merely supplementary sources of family income not solely a business operation.

Tourism promotion efforts were inconsistent throughout all four tourism regions and within the accommodation enterprise categories. Variations were influenced by factors such as visitor demand, regional characteristics, and physical accessibility of the region, the business size the owners/manager's motivation, management style and marketing strategies.

The research findings point to a number of key issues that create a gap between demand and supply. Contextual differences related to contrasting geographical environments, the nature and size of the tourism accommodation operation, its management and ownership structure, the personal characteristics and abilities of the owner/manager and understanding the socio-economic importance of the tourism business. Ultimately the study presents a generic strategic plan geared to reacting to change and the demand conditions in the tourism accommodation market. If implemented, its integrated and long-term approach could enhance tourism development at local, provincial and national levels.

CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 Introduction

According to the World Tourism Organisation (2005), tourism is one of the biggest contributors to global economic and employment growth. Equally vital is the role accommodation plays in the tourism industry. Callon, Miles and Muniesa (2007: 21) assert that the "*accommodation sector is one of the most important sectors of the tourism industry*". In fact, accommodation, or lodging, is by far the largest and decidedly ubiquitous sub-sector within the tourism industry. With very few exceptions, tourists require a location where they can rest and revive during their travels, or a place to stay when arriving at a tourism destination. This means that accommodation is an essential support facility in destination regions. There is immense diversity in the types of tourist accommodation offerings, ranging from accommodation that provides for one or two guests in a simple home style setting, to 'bedroom factories' with the capacity to cater for up to 5000 guests. Most forms of the accommodation are characterised by spatial ‘fixity’ (Pender and Sharpley, 2005). This means they occupy fixed locations within environments which may change and there is therefore the need to adapt to the changing business circumstances.

Page (2003) points out that accommodation provide the base from which tourists can engage in the process of staying at a destination. In essence, accommodation is a focal point for the hosting of guests and visitors, where a guest may pay a fee in return for a specified service. The development of accommodation facilities has normally accompanied the growth of resorts and areas of tourism activity, relative to the demand for visiting a specific locale. As is the case with tourists themselves, accommodation assumes many different forms and not all of them fit the conventional image of the hotel. Recent trends in the tourism industry have seen great changes in the form and nature of accommodation provision.

Accommodation is actually one of the vital sectors of the global tourism industry that contributes a reasonable percentage to overall tourism income. Traditionally, graded hotel accommodation was viewed as a tourist-attracting business but nowadays things have changed drastically. Hotels are nothing more than accommodation facilities at a destination and are graded according to the nature and quality of accommodation. According to Abram, et al. (1997) tourists seek from the tourism site both authenticity and some elements of fun and relaxation. This is exactly what most hotels strive to provide. It can therefore be assumed that hotels receive a bigger share of tourism generated economic output than smaller institutions. The core findings in the work of Beaver (2002) reveal that the growth of small tourism accommodations is often constrained by the power and dominance that is enjoyed by the so-called large enterprises. Nevertheless, hotel accommodation remains the dominant sector within all tourism enterprises.

As tourism grew, tourists could be found in almost every accessible corner of the world. Their presence everywhere gradually led to different types of tourism accommodation facilities emerging (e.g. guesthouses, resorts, caravan parks, B&B establishments and lodges) to offer experiences of a different nature in response to a growing clientele that was beginning to look for something different for a variety of reasons. The large accommodation enterprise is not found in every tourist's field of interest. Small, family-owned operations are nowadays common in most countries of the world. Unfortunately, researchers have largely concentrated on graded hotels while ignoring the small-scale tourism accommodation providers that are fast becoming the preferred accommodation choice of many tourists. Studies undertaken by scholars like Abram, et al. (1997) and Singh, Timothy and Dowling (2003), show that only establishments with 30-bedrooms or more represent a typical hotel establishment. This view is in contradiction with contemporary practice. Most recently, in many parts of the world, including South Africa, the accommodation sector has diversified in type, size and function. Accommodation with 10 to 15 bedrooms is sometimes classified as a hotel rather than as a guesthouse. However, there are many misconceptions around classifying tourism accommodation.

Associated with increasing diversification are many challenges facing accommodation provision. Different emerging tourism accommodation providers are faced with addressing issues concerning meeting changing consumer demand, new marketing procedures and exacting operational challenges posed by sophisticated technology. For them to survive "niche marketing" is one of the best possible strategies.

According to George (2001), some of the big hotels are even tailoring their products and services to meet their threshold market. For example, although part of South Africa's Gambling Act 33 of 1996 restricts the number of casinos, there is a suspicion that there are some big hotels operating under the guise of a different name (Rogerson: 2005). Branded multiple operators can offer a range of products from budget to luxury, medium to small size tourist accommodation exacerbating competition that has developed between large, medium and small scale tourism accommodation enterprises. On the other hand, an important survival-strategy for small, independent hotels is to be a member of a marketing consortium representing similar operations at a national or international level. At local level, the best strategy for survival could involve adopting a strategic plan that identifies a specific niche market at the best possible locality.

The focus of this study is non-metropolitan small- to medium-sized tourism accommodation (NSMTA) in Limpopo, the challenges relating to their capacity and their potential role in tourism promotion and development in the province. The small to medium size tourism entrepreneurs in the accommodation sector form the core component of the study. It is thus necessary to look at both the formal, conventional, as well as the informal, non-conventional types of tourism accommodation in the study area. The majority of the targeted sites appear to be non-conventional because the buildings were previously used for a different purpose**.** Examples are an old age home being turned into B&B accommodation and residential houses being leased out as tourist accommodation. In the preliminary investigation it was established that Black South Africans owned very few of the widely diverse small size non-metropolitan tourism accommodation facilities. According to the South African Government Gazette (2003), these are the kind of enterprises that should be benefiting. In fact, the majority of small accommodation enterprises, such as B&B establishments in the family home or holiday cottages on a farm, represent examples of white owned businesses, which are effectively adding revenue to the main source of income (Webster, 1998). By implication, this means that such operators are generally not concerned about development, growth and improvement of their operations as envisaged by the South African Government's White Paper (1996) on Tourism. The DEAT, the Business Trust, and Ebony Consulting International launched the R129-million Tourism Enterprise Programme to promote growth in the tourism industry (South Africa DEAT, 2004). The money has been used but who is benefiting from such money is not clear.

1.2 The geographical area in tourism context

Limpopo is the most northerly located province in South Africa. It is named after the great Limpopo River that flows along the country's northern border. The province, which offers a mosaic of superb scenic landscapes, has a fascinating cultural heritage, an abundance of wildlife species and many nature based tourism opportunities. Limpopo is home to the greatest concentration of South Africa's game farms, nature reserves and national parks. It offers the quintessential African heritage experience, with important cultural sites such as Mapungubwe and the Makapan valley, home to at least twelve distinct cultures. Limpopo forms part of the Great Limpopo Transfrontier Park, which is one of the greatest conservation initiatives in Africa. It is envisaged that the Great Limpopo Tourism Route will encourage even more tourism infrastructure synergy, projects and improved services. The route forms part of a plan to link four biosphere initiatives, two Transfrontier parks, 32 conservancies and thousands of game farms, reserves and national parks into the integrated Great Limpopo Biosphere Reserve. This vision will offer expansive opportunities and will certainly increase the demand for non-metropolitan tourism accommodation. Such diverse tourism opportunities will indeed bring about an extended variety of offerings in the accommodation sector.

Limpopo is divided into four tourism regions: Capricorn, Bushveld, Soutpansberg and the Valley of the Olifants. Figure 1.1 shows the different tourism regions of Limpopo.

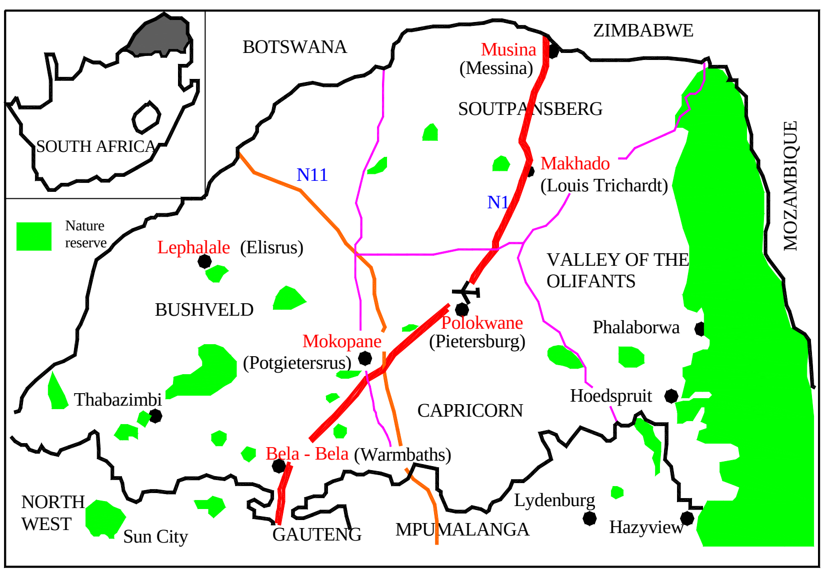

Figure 1.1 A Map of Limpopo's

1.2.1 The Capricorn region

The Capricorn region stretches from the Ysterberg, all along the foothills of the lush Wolkberg, to the Tropic of Capricorn in the north. The region's position makes it a perfect stopover between Gauteng and the northern areas of the province and between the country's northwestern areas and the world-renowned Kruger National Park. It is also in close proximity to the neighbouring countries of Botswana, Zimbabwe, Mozambique and Swaziland. The tourism hotspots of the region are Bela-Bela hot springs (formerly Warmbaths), Nylsvlei Nature Reserve and Bela-Bela Recreational Centre. The types of accommodation available are as follows:

Table 1.1: Capricorn region accommodation facilities and their status[1]

Accommodation Type	Registered Number	Grading	Capacity
Holiday Resort	6	N/A	23 – 176
Guesthouse	4	1*	12 – 26
Self-catering/ Lodge	13	2 **	10 – 103
Holiday Flats	7	0 – 3***	–
B&B	3	N/A	10 – 30
Hotel	3	2**– 3***	16 – 46
Back-packers hotel	–	–	–

1* = rating of one star, 2*= two star rating 3*= three star rating 4*= Four star rating, 5*= five star rating

Source: Compiled from Statistics South Africa [Stats SA (2006)]

On analysis of the above table it is clear that there are serious gaps in the data that need to be filled. This is problematic as even a limited field survey revealed the existence of operations that were unregistered but functional. Clearly, further

[1] Note * the asterisks refer to the rating stars and apply to all tables giving similar information.

research in this sector of tourism in this region is required to present a more accurate record of all facilities and their status.

1.2.2 The Bushveld region

The Waterberg comprises a range of mountains that stretch along more than 5000km^2 of spectacular vistas and scenic valleys. The area is steeped in history and some artefacts found here date back to the Stone Age period. The different rural tribes reflect the area's rich mosaic culture and tradition. The accommodation trend does not differ much from that found in the Capricorn region.

Table 1.2: Bushveld region accommodation facilities and their status

Accommodation Type	Registered Number	Grading	Capacity
Holiday Resort	6	N/A	23 –176
Guesthouse	4	1*– 2**	10– 0
Lodge	17	Not graded	8–140
Holiday Flats	7	0 – 3***	–
B&B	1	Not graded	10–30
Hotel	2	2** – 3***	15–50
Chalets and cottages	15	Not Graded	6–28
Self-catering	9	Not Graded	2–50
Camp	2	Not Graded	–

1* = rating of one star, 2*= two star rating 3*= three star rating 4*= Four star rating, 5*= five star rating

Source: Compiled from Statistics South Africa [Stats SA (2006)]

1.2.3 The Soutpansberg region

Across the northwest, and framing the northern border of the province, lays the Soutpansberg area. One of the main geographical features of this region is the Limpopo River, which forms South Africa's northern border. It is in this region that visitors find the former homelands of Lebowa and Venda where traditional African culture still thrives. In fact, this fertile valley has been home to cultures dating back to the Iron Age.

Table 1.3: Soutpansberg region accommodation facilities and their status

Accommodation Type	Registered Number	Grading	Capacity
Holiday Resort	4	N/A	18 – 160
Guesthouse	4	1*– 2**	10 – 30
Game Lodge	7	Not graded	8 – 70
Holiday Flats	–	–	–
B&B	13	Not graded	9 – 60
Hotel	8	2** – 5***	5 – 50
Chalets and cottages	31	Not- Graded	6 – 50
Lodge	30	Accredited – 5	6 – 110
Self-catering	9	Not Graded	2 – 50
Backpackers/Budget Hotel	4	Accredited	10 – 80
Tented Camp	2	Not Graded	–

1* = rating of one star, 2*= two star rating, 3*= three star rating, 4*= Four star rating, 5*= five star rating

Source: Compiled from Statistics South Africa [Stats SA (2006)]

1.2.4 The Valley of the Olifants region

Travelling east, visitors will discover the rich natural heritage of the Lowveld and the famous Kruger National Park. The region falls in the valley of great Olifants River that meanders through the Kruger National Park. The accommodation statistics are as follows:

Table 1.4: The Valley of the Olifants region accommodation facilities and their status.

Accommodation Type	Registered Number	Grading	Capacity
Holiday Resort	6	N/A	18–160
Guesthouse	7	1*– 2**	10–30
Game Lodge	11	Not graded	8–70
Holiday Flats	–	–	–
B&B	9	Not graded	9–60
Hotel	68	2** – 5***	15–50
Chalets and cottages	23	Not Graded	6–50
Lodge	48	Accredited - 5	6–110
Self-catering	16	Not Graded	2–50
Backpackers/Budget	5	Accredited	10–80
Tented Camp	8	Not Graded	–

1* = rating of one star, 2*= two star rating, 3*= three star rating, 4*= Four star rating, 5*= five star rating

Source: Compiled from Statistics South Africa [Stats SA (2006)]

The above statistics are by no means a true reflection of the situation on the ground. The total number of establishment from the four tourism regions is 416. The estimated number of beds in the province was over 3000 by the end of 2004, [Sustainable Tourism Research Institute of Southern Africa (STRISA), 2004]. Most of the beds (1022) are available in lodges and second to that are chalets

(1009), followed by guesthouses (553) and farmhouses (231). Hotels (113) and motels (89) also have a number of beds. Permanent tents (145) and tent stands (129) are less numerous, with a mere 12 beds in bush camps. It is interesting to note that while lodges and chalets have the largest number of beds, they have relatively low occupancy and are characterised by short stay duration.

The highest occupancy rates are noted in hotels and guesthouses that are graded and even more expensive. It is really surprising because tourism demand in Limpopo relates to outdoor and wildlife aspects with 74% of tourists belonging to the explorer category (STRISA, 2004). The smaller accommodation facilities were expected to be more readily used. On the other hand, South African DEAT (2004) states that the majority (55%) of the international tourists to South Africa are from immediate neighbours, i.e. Botswana, Zimbabwe, Mozambique, Lesotho and Swaziland, and they would normally opt for cheaper accommodation. The reason why they go for bigger enterprises is not yet clear. The report went further to say that, in 2004, Limpopo accounted for 6% of foreign tourists and received 9.4% of the domestic tourists. The numbers are not that impressive, especially when considering the fact that the province is said to have been repositioning itself for an increased share of the tourism market over the past three years.

1.3 Problem statement

The study focused on the problems that are mainly linked to the lack of the use of strategic planning strategies to promote tourism development among non-metropolitan small- to medium-sized tourism accommodation operators. First, the growth in the number of NSMTA facilities that operate without strategic plans in Limpopo poses a developmental problem. This does not contribute favourably to either provincial or national tourism growth or development. Such facilities cannot be relied upon to bridge the gap that exists between tourism demand and tourism supply. Second, the lack of visible, co-ordinated effort on the part of relevant provincial tourism stakeholders to promote tourism development through strategic planning is a matter of concern. This can be inferred from the poor working relationship that exists amongst NSMTA enterprises and the non-existence of an adequate enterprises database.

Tourism accommodation is a widely diverse sector covering a variety of facilities. The extent of the range seems to depend on demand and the availability of resources. For example, backpacking tourists require simple constructed accommodation, rather than large-scale developments. Tourism expansion is certainly accompanied by the increasingly varied nature of the demand for accommodation. This situation presents challenges to multiple brand operators as they respond by offering a range of products from budget to luxury NSMTA. The establishment of ‘new’ tourism routes in Limpopo has given impetus to the geographic extension of NSMTA initiatives. The majority of these small-sized non-metropolitan tourism accommodation initiatives have not been established for economic reasons. Rogerson (2004: 273) states: “*Structurally, South Africa’s tourism accommodation sector is dominated by small groups of locally owned large tourism organisations led by Sun International, Protea and Southern Sun enterprises*”. Although these large companies dominate the sector, the vast majority of South African tourism accommodation business concerns are non-metropolitan small enterprises (with fewer than 30 rooms, not more than 20 employees and less than R5 100 000 annual turnover).

The graded non-metropolitan hotels tend to be located relatively far from the actual tourism destinations. For example, the majority of hotels in Limpopo are located closer to towns like Makhado (formerly Louis Trichardt), Modimole (formerly Nylstroom), Polokwane (formerly Pietersburg) and Tzaneen. Most of these towns are more than 100km away from major tourism destinations like the Kruger National Park (KNP), the Mapungubwe heritage site and other provincial tourism hotspots. The small accommodation operators are the ones located closer to tourism attractions but there is little co-operation between them or with government and other major tourism stakeholders. Such a discrepancy creates disparities in terms of tourism demand and supply. Different emerging non-metropolitan small tourism accommodation facilities are faced with the challenge of meeting changing consumer demand, marketing and operational strategies especially those associated with digital expertise and modern telecommunication facilities, areas in which the bigger enterprises have the technical advantage.

Furthermore, the problem is also compounded by the mushrooming of different types of tourism accommodation in the non-metropolitan areas that do not promote tourism growth. A critical finding in this regard was that of Buhalis (1998:324) who stated that "*despite the numerical dominance of tourism economies in most parts of the world, small tourism accommodations lack a lobbying voice within the matrix of stakeholders at the destination*". This means that they tend to loose out to stronger voices of large enterprises that are more organised and connected. For example, small tourism accommodation firms do not complement each other, mostly because some are established for personal reasons such as being a source of additional family income. They seem to operate in ways that threaten each other's viability and survival. The emerging NSMTA providers will not be competitive enough while the significance of social, 'lifestyle' or non–economic factors dominate the reasons for their existence.

The accommodation sector has been a particular focus of attention with regard to the establishment, development and dynamics of small tourism enterprises (Thomas, 2004). However, the growth of small non-metropolitan tourism accommodation has been severely constrained by the presence of large enterprises that have advantages against which smaller organisations cannot compete. Bennett and George (2004) state that an important finding from empirical research conducted both in the United Kingdom and New Zealand is that the majority of small tourism firms offering accommodation do not aspire to grow and instead are often motivated by non-financial considerations. This concurs with the argument by the South Africa DEAT (2004), which states that, despite the relative economic success of tourism and a broad range of state policy, strategy and programme interventions that attempt to overcome economic disparities, entrenched inequalities continue to characterise the South African economy. These act as a deterrent to growth, economic development, employment creation and poverty eradication.

In terms of the number of operations, the NSMTA sector is decidedly dominant, yet is overwhelmed by problems related to an inability to respond adequately to 'new' tourism demands that are driven by the need to match demand with supply. One contributory factor that has been identified by this study is the lack of management skills amongst NSMTA operators. The presence of such skills could help in dealing with the dominance of large enterprises penetrating into peripheral areas where SMMEs should actually out-compete the large enterprises. Meanwhile, the NSMTA sector needs the support and the protection of the government to succeed in the peripheral areas. This would depend on the formulation and correct implementation of strategic planning to ensure the promotion of small enterprises. It is hoped that the recommendations of this study could help in that regard.

1.4 Aims and objectives of the study

According to Rogerson (2004), few reliable statistics relate directly to South Africa's NSMTA sector. This could suggest that not much is known and documented about this important sector of tourism. On the other hand, it could also be linked to the fact that, although there is compulsory registration of tourist accommodation facilities in South Africa, this directive and procedure is neither monitored nor enforced. The actual number of tourist accommodation establishments is not known for certain (SAT, 2004). In view of this deficiency and gap in documenting developments in all facets of the South African tourism industry, this particular study intends shedding more light on the NSMTA sector in Limpopo.

The main aim of the study is to present a generic strategic plan that could be used to ensure prompt response by the accommodation sector to the change in tourism demand and supply as well as the ongoing adjustment of services. In order to achieve this, the aim of the study is divided into three sections. Under each section there are related objectives.

1.4.1 The distinguishing characteristics of the enterprises

The first aim is to determine the nature of the enterprises in terms of their locality, size, ownership and management styles. The following objectives were set:

(i) to identify the preferred areas where NSMTA facilities are positioned in the Limpopo province.

(ii) to establish the range of enterprises in terms of their type and size.

(iii) to determine the types of ownership and management styles commonly used amongst NSMTA operators.

1.4.2 Operational nature of the business

The second aim is to assess the operational nature of the business in terms of professionalism in operation, self-evaluation of business performance and collaboration between stakeholders. This was enhanced by the following objectives:

(i) to establish the level of professionalism within Limpopo’s NSMTA sector.

(ii) to determine if Limpopo’s NSMTA operators use strategic business assessment mechanisms to assess their business performance.

(iii) to determine the kind (if any) of working relationship that exists amongst Limpopo’s NSMTA operators and their contribution to tourism growth.

1.4.3 The extent to which strategic planning is considered

The third section is to determine the extent to which strategic planning is considered and used by Limpopo's NSMTA facility providers. The following objectives were set to assist in that regard:

(i) to determine the extent to which strategic plans are used and valued in the operation of NSMTA establishments.

(ii) to present a generic strategic plan that could be used to ensure a prompt response by the accommodation sector to changes in the tourism demand and supply situations.

1.5 Research questions

This study is guided by the following research questions:

(i) Where in Limpopo, are the NSMTA enterprises located and what has influenced their choice of site? The answer to this question will provide an indication of the nature and the extent of competition in a specific area and also provide some evidence of a required collection of resources for the enterprises.

(ii) What types of NSMTA facilities are prevalent in Limpopo? The answer to this question will reveal the range of enterprises that are present in the province.

(iii) Who are the owners/managers of NSMTA enterprises and what motivated them to establish their enterprises in Limpopo? The answer to this question will address the operational nature of the enterprises, the operators' business philosophy and level of professionalism.

(iv) Is there any evidence of the use of a strategic plan (i.e. in a form of vision and mission statement) by accommodation operators? The answer to this question will reflect the level of professionalism within the business.

(v) Is there evidence of the application of business assessment mechanisms (e.g. SWOT analysis, benchmarking, scorecard analysis and value chain analysis) by existing tourism accommodation facilities operators in Limpopo? The assumption is that these mechanisms can be used during the process of developing a strategic plan or during the process of monitoring business performance.

(vi) Is there any form of a working relationship between NSMTA providers, large enterprises and other tourism stakeholders? What is the nature of the relationship? Information from this question will be used to achieve the fifth objective of the study. It can also shed more light on answers to the first and the third questions above.

(vii) What is the role of government in the promotion of the enterprises? This research question seeks to determine the kind of support that enterprises need and receive from the government. It will also reveal the role of government in the development of the small enterprises.

(viii) What role does the non-metropolitan tourism accommodation sector play in the growth and development of the local tourism industry? The focus of this question is on these enterprises' contribution to tourism development.

(ix) To what extent is strategic consideration given to non-metropolitan tourism accommodation development in Limpopo?

The research questions are used as the frame of reference for the investigation. They are also captured under the general framework of the survey questionnaire under sections relating to general information (the nature of enterprises), operational (business performance) and strategic questions (strategic plan).

1.6 The rationale of the study

The focus in this study is on the non-metropolitan small accommodation sub-sector within the accommodation sector of the tourism industry. It has actually become common knowledge that the tourism industry is one of the most important industries in the world today. Despite its importance, not enough research has been done in the field of non-metropolitan accommodation offerings. Non-metropolitan tourism accommodation has been clearly ignored despite its numerical dominance in certain areas in the industry. The reason for this could possibly be that government has targeted the more conventional mass tourism sector as the best strategy for rapid economic and social development.

Rogerson (2004) indicates that the significance of small tourism enterprises is greatly heightened by the South African government's commitment to transform the ownership structure of the tourism industry through several interventions. Yet, there is no official database for this important sector of the country's economy. It is for reasons such as this that the importance of this kind of research needs to be emphasised. For both the development and future sustainability of this sub-sector more research is crucial. In line with the objectives tabled in government's rural development and BEE programmes, this research is relevant as it highlights issues of national interest. Furthermore, this study is important because it brings the plight of the non-metropolitan tourist accommodation providers to the fore. From the literature reviewed, it appears that a study on this topic has not been conducted before. No clarity regarding the exact numbers of non-metropolitan tourism accommodation practices in Limpopo was found.

A further point is that the findings will be of value not only for the people within the accommodation sector, but also to other stakeholders within the wider tourism industry. Considering the fact that ecotourism is expanding rapidly in many peripheral areas in the form of specific application of the principles of general ecotourism, heritage tourism, cultural tourism and agro-tourism, the contribution of this study could enhance the basis on which opportunities for further tourism development would be considered. The study will certainly contribute to the body of knowledge associated with the tourism industry and provides a more nuanced understanding of South African non-metropolitan tourism accommodation. Moreover, it offers the additional goal of rethinking the nature of support interventions for emerging entrepreneurs and sub-sectors. Finally, it is anticipated that the findings and the ultimate strategic plan as devised and presented in Chapter 8 could be acceptable and useful for the implementation of local, provincial and national government initiatives to address the lack of strategic planning in this sub-sector.

According to South Africa Tourism (SATOUR now called SAT) (2003), South Africa has recorded considerable growth in tourism activities over the past two decades. This can also be used as the basis from which to argue that the accommodation sector deserves special attention when it comes to research.

1.7 Framework of the study

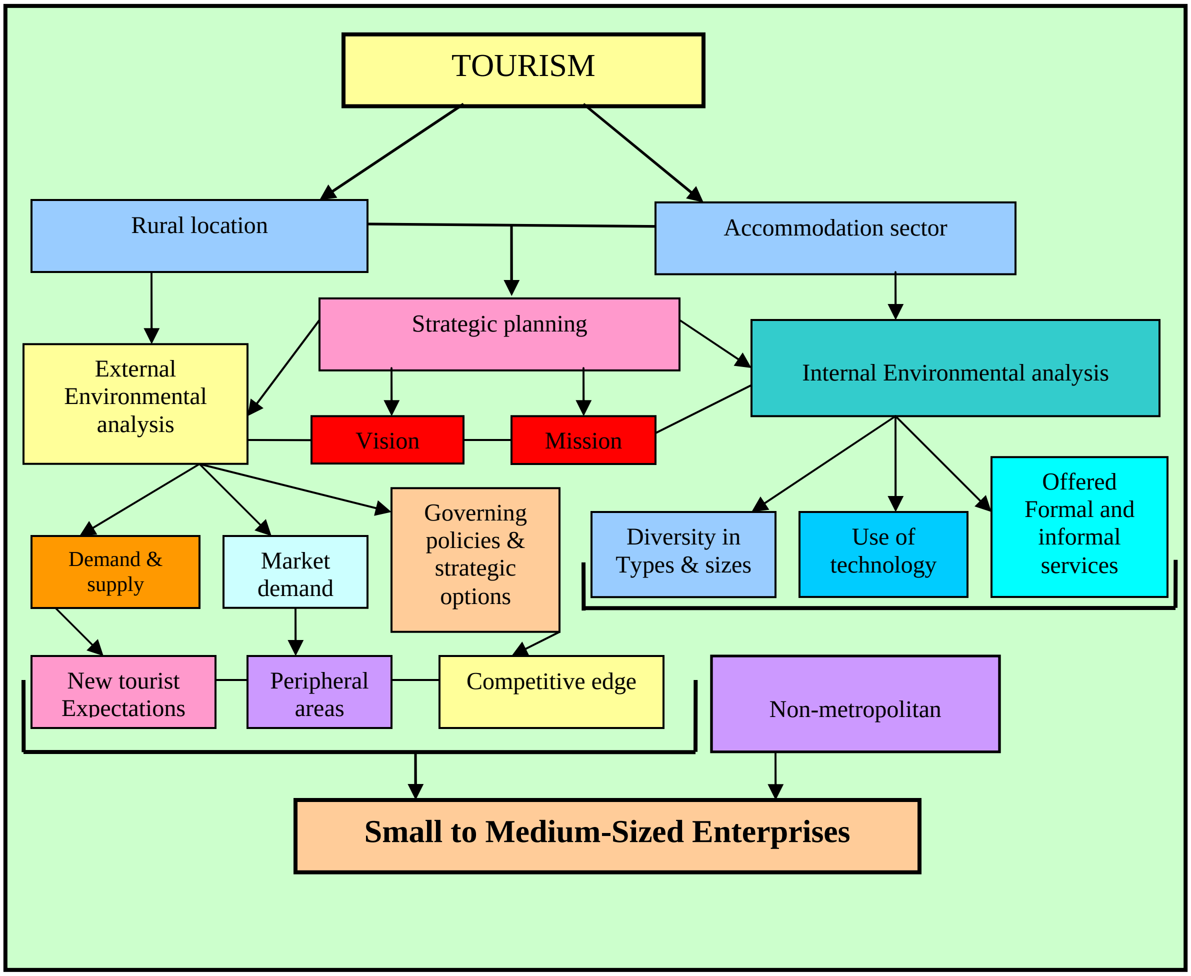

Figure 1.2: The framework of the study

In summary, the study focused on NSMTA enterprises. This is a sub-sector of the accommodation component of the tourism industry and, in this study; it is rural or peripheral-based. The external environmental analysis of these enterprises reveals that they are located in a rural setting that is non-metropolitan. In terms of SWOT analysis, the positioning or locality of these enterprises appeared to be their strength in terms of the spread of tourism and their contribution to tourism development. The actual positioning of non-metropolitan tourism accommodation facilities gives these enterprises characteristics that differ from urban-based accommodation facilities. It appeared to be a strength (or advantage) to some of the enterprises. For others, it worked against them as a weakness, because they were too far from the tourism hotspots. The study reflects on characteristics like challenges faced by these enterprises ranging from the lack of adherence to a strategic business plan where it existed, to the non-existence of a written strategic plan amongst operating enterprises, seen as a weakness.

A critical issue is the emergence of 'new tourists' (Poon, 1994) with high and specific demands who need satisfaction in areas that still lack basic technological expertise. Another concern focuses on the opportunities that allow the enterprises to cater for a wide diversity of tourism needs giving rise to the emergence of many different types of facilities in terms of size, function and services offered. Technology can expose the vulnerability of some NSMTA operators. The prevalence of a general inability to process electronic payments, limited access to the Internet and poor network coverage can be considered threats to business development and expansion in the tourism industry. The study attempts to establish the linkages between the sector's identified characteristics and the resultant effect of such linkages should they exist. However, the strategic planning issue is the core of the investigation. The study hypothesis is that tourism development can be achieved through the adoption of a well-formulated generic strategic plan for NSMTA facilities. The generic strategic plan should be based on a sound business philosophy that is governed by viable tourism business management principles together with a sound operational foundation.

The first facet dealt with in this thesis is the location of the facilities, indicated as comprising the external environment in strategic planning analysis. This is acceptably understood to be influenced by tourism demand, government policies and other external variables. The second aspect of the investigation is mainly on the strategic plan as a business tool that governs the goals and the intentions of enterprises. This relates to internal analysis wherein the availability or lack of vision and mission statement of an enterprise is considered. The expected outcome in this regard was assumed to show the extent to which NSMTA facilities adhere to or use strategic plans to achieve their business goals.

The third focus is more on the ownership and the management styles used by operators in the particular accommodation sector under review to determine the relationship between management style and diversity of services offered by the different operators within the non-metropolitan tourism accommodation sector. The services are expected to relate to the changing tourism demands generated by the ‘new tourist’. The fourth aspect relates to the existence of a feasible working relationship between different operators. Other issues include the identification of major challenges facing the NSMTA enterprises, the role of the government in the promotion of the enterprises and the mechanisms used to assess the business performance of these enterprises. For the development of these enterprises, the adoption and adaptation to the new trends in technology and future prospects mark the conclusion of the investigation.

In the penultimate chapter, attention is drawn to the kind of relationship that exists between the locational distribution of the accommodation establishments and the availability of tourism resources. The economic development of NSMTA enterprises is shown to be clearly linked to the incorporation of relevant management skills within the organisation and the implementation of an appropriate strategic plan in its business operation. Moreover, services offered are seen to intentionally meet the projected demand. The final chapter presents an overview of the study with comment on the research findings.

1.8 Conclusion

On the basis of the above deliberations it can confidently be stated that this study envisages shedding some light on the plight of NSMTA operators in the Limpopo province of South Africa and the country as a whole. The findings of this study will share new knowledge about tourism accommodation in terms of strategic needs. Findings are flagged to reveal the uniqueness and diversity within NSMTA facilities. The distribution and the provision of NSMTA is claimed to be subject to numerous variables ranging from locational choice, ownership and management style, regulatory codes and laws in terms of government policies (e.g. locality and safety legislation), as well as specialist laws governing food safety where food is served. The investigation considers both registered and unregistered establishments, their role in tourism development as an industry and their general economic development contribution.

A grading system exists to denote the quality of the establishment and accommodates different types of accommodation facilities. Whether statutory or voluntary, it can certainly form the basis of small enterprise benchmarking.

Large premises require a wide range of skilled staff to operate key departments, such as front office, food and beverage services, housekeeping services and concierge and portage staff, whereas these tasks are performed in a different way in the small to medium non-metropolitan establishments. The high cost of servicing the premises and the fact that owners or managers seek to optimise occupancy levels to cover costs, is assessed against the absence of a generic strategic plan. All accommodation enterprises, be they non-metropolitan or not, seek to sell their rooms, as they are assets that cannot be left idle but should be used for income generation in such a way to optimise latent potential.

Location often determines the appeal and accessibility of properties, and the small to medium non-metropolitan operators seem to be very aware of the advantages that go with positioning themselves with regard to the choice of the best location.

The next chapter is a review of literature that gave direction to the formulation of the study's focus. It deals with the different types of NSMTA enterprises and their respective role in the industry.

CHAPTER 2

THE NATURE OF TOURISM ACCOMMODATION AND ITS ROLE IN THE TOURISM INDUSTRY

2.1 Introduction

Although a rich international literature has been developed on the linkage between tourism and economic development, little South African based research has focused explicitly on tourism accommodation as part of a development strategy. For quite some time there has been an upsurge in the exploration of tourism accommodation development strategies, with Rogerson (2001; 2002; 2004) taking the lead in a series of investigations particularly in South Africa.

A number of studies have indeed highlighted the important role that tourism can play in non-metropolitan areas. From the wide range of documented material consulted, those sources considered particularly relevant to this study, and therefore worth mentioning, are referred to in this particular review. According to Frederick (1992), tourism has many potential benefits for non-metropolitan areas. There is no doubt that tourism is an important source of employment for non-metropolitan communities, especially those that are economically underdeveloped. Furthermore, Brown (1998) emphasised that tourism could lead directly to unsightly sprawl in rural areas by creating a demand for development involving different sectors within the tourism industry. One such sector is accommodation. Accommodation has been a travel requirement since the first trading, missionary and pilgrimage routes were established in Asia and Europe in pre-Christian times. The basis for such accommodation was generally non-paying, as travellers were provided with a roof over their heads and sustenance as part of a religious obligation or in the hope that similar hospitality might be offered to the host in the future. The first reference to commercial accommodation provision in Europe dates back to the thirteenth century (English Tourism Council, 2001). This concurs with the traditional perception that associates tourism with hotels. Traditionally, hotels played a central role in the development of tourism industry. Similarly, tourism accommodation in general and the NSMTA facilities in particular can be used as a tool for tourism development. In contrary to the traditional perception, this particular study establishes that tourism is one of the most dynamic industries that change with time. Nowadays tourism is associated with service industry that embraces business principles like competitiveness, sustainability and many others that will hopefully come-up in the proposed generic strategy in the final chapter of this study. The association of tourism with business brings accommodation to the centre of tourism studies.

Several scholars (Vallen and Vallen, 1991, Smith, 1991, Hall, 2005) regard accommodation as a basic, functional business within the tourism industry. Most tourists experience the extreme luxury and opulence of tourism when accommodation is of a high standard. Such accommodation can either be informal and private or it may be provided within units operated by major multinational organisations in conjunction with governments or independently. If one considers the traditional view of a hotel as an establishment that provides accommodation, food and beverage services to short-stay guests on a paying basis, the level of luxury would depend on personal choice and expectations. However, this is a somewhat inadequate description in view of the growth of ancillary activities commonly associated with non-metropolitan tourism accommodation in particular, whether for leisure, business or other purposes. Moreover, associated with this development, is the emergence of a tourism-orientated food and beverage industry that still need to be served under some kind of shelter or accommodation.

Hotels constitute a greater proportion as a sub-sector of tourism accommodation businesses. Most of the existing studies only focused on hotels, ignoring the fact that there is a diverse array and numerous classifications of accommodation facilities related to the tourism industry. In short, tourism accommodation in South Africa has been researched, but with a strong bias towards the more conventional perception that hotel accommodation is the only place where tourists stay [Rogerson, 2001, 2002, 2004, Visser, 2003, 2005(a)]. However, this is no longer the case. The preliminary findings (for this study) reveal that nowadays tourists prefer different types of accommodation (non-metropolitan small- to medium-sized tourism accommodation) to bigger hotels. To add on that, Bennett (2001) suggests that today tourists want to experience something new and are insisting on impeccable, first-class service and fair value for monetary outlay. The expectations of these so-called *'new tourists'(*as defined by Poon in 1994) have led to the emergence of new demand dynamics for a different type of tourism experience and means that the strategic provision of hotel accommodation has to be complemented by other types of tourism accommodation. These opportunities also deserve academic consideration, a need addressed in this research, partly justifying the envisaged investigation (Chapter 1, Section 1.6).

2.2 Classification of accommodation facilities

Classification of accommodation may be defined as "*the categorisation of accommodation facilities into different rating in terms of offered amenities, type of property and their size*" (Gee, 1997:67). Accommodation types may differ in terms of their style of operation (formal or informal), size (large or small), the service offered and the standard of the product. Although tourism accommodation has always been linked with entertainment facilities, food and hospitality, changes in the tourism industry have brought about the existence of different kinds of accommodation that do not necessarily adhere to traditional patterns. Cooper *et al*. (2000) state that hotels have always been major providers of a food service but this role has changed in recent years. Today customers have a choice of whether they need catering or not.

Classification of accommodation varies with countries. According to the WTOBC (2003), the capacity provided by accommodation determines the type of accommodation. For instance, if an operation provides both motel and camping grounds, and the majority of its provision units are motel rooms, then it will be classified as a motel.

Classification in terms of accommodation size reveals that smaller establishments tend to be more numerous when compared to the bigger establishments. This conforms to the classical geographical theories of sizes and spacing such as 'The Rank Size Rule' and 'The Central Place Theory', which claim that the number of bigger centres within a given area will always be fewer than the number of smaller centres. This means that the smaller accommodation establishments would have a bigger share of the number of tourists within a given area as has been shown to be the case in Australia. The pie chart (Figure 2.1) shows the percentage share of accommodation establishments in Limpopo in terms of their tourist carrying capacity. Establishments, which take 1 to 15 guests, outnumber the establishments, which take more than 15 visitors at a given time (SATGC, 2003).

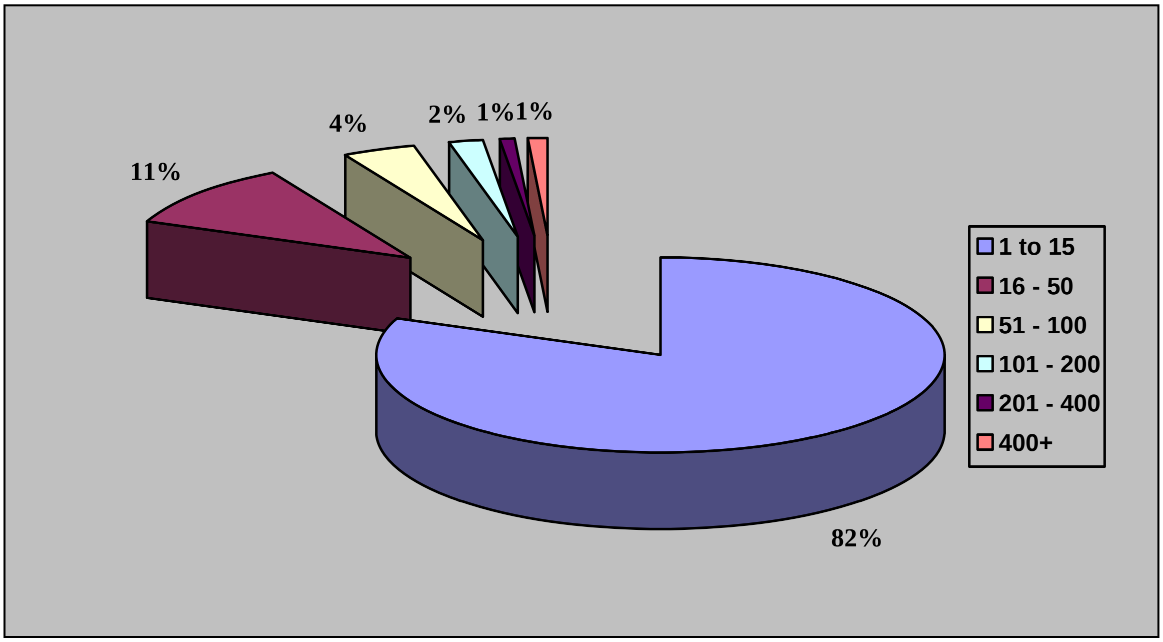

Figure 2.1: Accommodation Establishment by size and category
Source: Compiled from www.golimpopo.com

Figure 2.1 clearly indicates that the micro-enterprises are the most dominant category. This means that, if the small- to medium-sized enterprises were to be given special attention in terms of strategic development and promotion, they could make a huge difference in the whole sphere of tourism accommodation provision and the development of tourism industry in general. It is the hope the researcher that the proposed generic strategic plan can be adopted or adapted to contribute in that regard.

2.2.1 Accommodation grading

Grading emphasises quality dimensions. In practice, most national or commercially operated schemes concentrate on classification with quality perceived to be an add-on which does not impact upon the star rating of an establishment. It is common practice for almost all areas of the tourism accommodation sector to adhere to certain standards despite the fact that they are products of local or global forces representing socio-political, technological, and economic factors. The interplay of these factors does influence the sector's heterogeneity. In reality, a thoroughly scientific comparison of the tourism accommodation facilities is difficult because every business is based in a particular setting that is determined by specific local determinants. However, the process of accommodation grading still serves as the best mechanism to ensure standards in tourism accommodation.

In South Africa, two major bodies, the National Accommodation Association (NAA) and the South African Tourism Grading Council (SATGC) play a major role in tourism accommodation grading. Unfortunately, the reviewed literature indicates that only registered accommodation facilities may be graded, yet most of non-metropolitan tourism accommodation establishments remain unregistered and unnoticed. Furthermore, for grading, they need to apply formally and there are no obvious incentives for small non-metropolitan operators to register their enterprises. In fact, various accommodation grading and classification schemes have been applied for comparative purposes. Accommodation classification or grading is predominantly associated with large accommodation enterprises like hotels, lodges, B&B and few guesthouses and campsites. The South African Tourism Board keeps the inventory of the graded establishments (South Africa DEAT, 2003).

Standardisation and the establishment of uniform service and product create an orderly travel market distribution system. This is also useful for travellers who have to choose from the range and types of accommodation available to suit their needs within a destination area. It also helps in the promotion of a destination and development of a competitive edge for different categories of accommodation. Different classes of accommodation require different standards of facilities and services within their respective grades.

2.3 The diversity of tourism accommodation facilities

South African tourism accommodation sector can be categorised into two broad groupings, graded and un-graded accommodation. The graded includes formally registered accommodation like hotels, guesthouses and lodges. The un-graded are generally not registered and they are "informal" in nature. These range from self-catering, camps, holiday flats and many other small types of accommodation. Sheppard (2002) indicates that the grading of "formal" tourism accommodations in South Africa still range from one to five stars. The level of grading is based on SAT star grading system. The one star graded is the least rated while the five star is the most luxurious. With more people engaging in tourism with a budget-conscious mind, the use of highly rated five star accommodation is associated with the wealthy, while the middle-income groups prefer the middle graded three star accommodation (Sheppard, 2002).

Statistics South Africa (2006), reported that, achieved room rates in the Hoedspruit area for 2005/6 ranged from R150 to R400 per room for un-graded self-catering accommodation, R230 to R480 per room per person for B&B and R990 to R2500 per room per person in game lodges. All were un-graded. On the other hand, the graded ones happened to be even more highly priced. Generally, in the Zoutpansberg and Waterberg regions, the graded self-catering accommodation started at R280, yet charges could be as high as R1200. The B&Bs started at R350 and went as high as R3000. This implies that the charges and income rates differed according the grading status (Statistics South Africa, 2006).

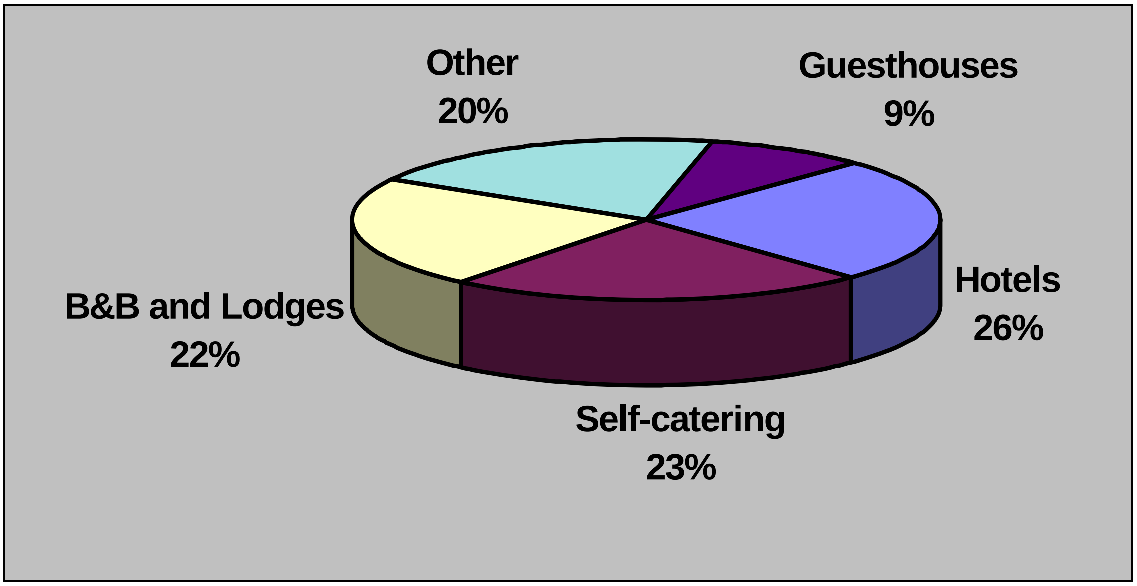

Figure 2.2: **Generalised types of tourism accommodation in Limpopo**
Source: **South Africa Tourism (2003:21)**

Figure 2.2 illustrates the different types of tourism accommodation in Limpopo and their percentage contribution to provincial tourism accommodation facilities. It suggests a few things to the researcher. Primarily, it does not seem to capture the actual reality as it stands today in terms of the types of tourism accommodation available in the province. This could either suggest that the tourism sector is growing rapidly because by 2007, the 20% denoted as "Other" in the pie chart, appears not to capture an accurate percentage. 'Others' entails resorts, camping sites and farmhouses. A preliminary investigation undertaken at the commencement of this study, documented that lodges are quite prominent in Limpopo. South Africa Tourism (2003) reported that international tourists who visited Limpopo in 2002/3 spent 55% of their funds on hotel accommodation whereas for domestic tourists, hotel accommodation accounted for 35% of their expenses. Figure 2.2 shows hotels as the slightly dominant type of tourism accommodation in Limpopo. Due to the rural setting of the province, the prevalence of self-catering accommodation and lodges make Limpopo a versatile tourism destination with a reasonable choice of accommodation for tourists. This study finds that self-catering category entails different types (i.e. Resorts, Camps, Holiday cottages and Backpackers facilities).

2.3.1 Guesthouses facilities

The guesthouse forms a sub-sector of tourism accommodation. It actually embraces different types of tourism operations with similar characteristics that offer beverage, food and accommodation in a small family style environment. These kinds of operations could offer relatively the same kind of service offered by small hotels although the guesthouse also includes a more homely environment where tourists may share facilities and meals with the hosts.

Internationally there are contrasts in the operation of this sub-sector. In the United Kingdom, B&B and guesthouse enterprises are not significantly different, although the former requires fewer controls or licences in order to operate. Indeed, it is a sub-sector where many operators take guests on a seasonal or sporadic basis and, as a result, can offer a flexible accommodation resource to both metropolitan and non-metropolitan areas (0lsen *et al.,* 1998).

B&B enterprises in the USA tend to be rather more sophisticated in their approach and comprehensive in their services. In European terms, they resemble inns or small hotels and are frequently members of national or regional marketing consortia. In Canada, inns are similar and can be grouped together on a theme or regional basis for marketing purposes. The Heritage Inns of Atlantic Canada is one example and membership depends upon a number of criteria, one of which is age of the buildings. All properties must have been built before 1930. Some Canadian inns offer very sophisticated facilities. An example is the Spruce Pine Acres Country Inn in Port, Newfoundland, which is a modern purpose-built facility with just six bedrooms. Its services also include a licensed dining room, a well-equipped meeting room and a business centre with Internet access (http://www.ctc.co.za).

In South Africa the phenomenal growth in the B&B industry has led to the formation of the BABASA. B&B establishments have increased from approximately 300 in 1993 to an estimated 30000 in 2004. BABASA was established to unite the industry nation-wide. Individual establishments and associations were often unable to attain their full potential in matters such as national advertising, national networking, collective bargaining, and representation at national level, staff training and other matters, which could contribute to the running of a more efficient and financially sound venture (SAT, 2003).

Farmhouse accommodation is becoming a popular concept in farming areas where agricultural tourism is dominant. Since farming is one of Limpopo's major economic practices, making use of farmhouse facilities for tourist accommodation is not by chance. This has also become a major feature of international tourism accommodation development in different countries, for example, in Ireland and New Zealand. Poon (1993) too draws attention to the fact that farmhouses form a component of rural tourism plans for countries in Eastern Europe and Asia.

Associated with farmhouse accommodation is the increasing popularity of hunting, especially in the Limpopo Bushveld**.** Accommodation is generally in the form of farmhouse with B&B on offer. Provision is usually within a working farm environment and guests may even participate in various aspects of the agricultural working routine as part of their leisure activities. Several researchers suggest that marketing of farmhouse accommodation includes consortia operating either at national or international levels (Gee, 1997; Burton, 2000; Dasgupta, 2003). In the South African context offering hunting with accommodation facilities either often operates at a personal level or at private level enterprise.

2.3.2 Self-catering facilities

Touring is an adventure that people can only enjoy if essential food and refreshments for daily sustenance are readily accessible. Self-catering accommodation offers an advantage in this regard by providing more than just sleeping arrangements since they are equipped with amenities for recreation and food preparation on personal basis, allowing them to prepare food according to their own preferences. This type of accommodation has become a sought-after component of lodging for touring people, especially families. Guests are housed in individual cottages or rooms that might have been adapted from normal residential use or purpose-built bungalows developed and marketed as a distinct brand.

In South Africa, there are different types of self–catering accommodation, some of which are privately owned and some controlled by the government like the Aventura resorts in Limpopo, Phillip Sanders in Orange Free State, Manyeleti in Mpumalanga and other former army barracks country wide now converted for vacation purposes.

Self-catering holiday accommodation can be accessed in different ways, usually as part of a vacation package, through an agency or independently directly from the owner. In some countries, self-catering accommodation is rented or leased out. In France and Greece, ownership of a country or beach cottage is not confined to the wealthy people. It is also a very common phenomenon in developed areas, particularly so in Moscow. Also available in South Africa are holiday homes that are not necessarily purpose-built, but purchased within the normal housing market, a practice that can create considerable distortion in the local property market and extend the gap between tourism demand and supply, which is constantly in a state of flux. Resentment arises within local communities when they see prices rise precluding them from buying. Furthermore, if the local housing market stock comprises a preponderance of holiday rather than residential homes, the impetus for growth in the provision of tourist accommodation facilities is curbed. North and West Wales are examples of areas where holiday homes have been a sensitive political issue in the past. It is quite common for local residents' homes to form the accommodation base for self-catering vacations (Vallen and Vallen, 1991). Jeffrey's Bay in South Africa also comes to mind because of the growing tendency to succumb to the alluring Cape, often for politico-cultural reasons.

2.3.3 Camping and caravan sites

The accommodation levels provided on the camping or caravan parks have improved greatly from the camping experience of earlier generations but are still restricted in terms of space and privacy. An important provider, within tourism, is the sub-sector offering sites for campers or caravans. Such sites may be basic fields with few, if any, utilities provided or sophisticated resort locations including a range of comfort services as well as leisure, food service and retail options. This form of accommodation is very popular in Nature Tourism and has an increasingly interested market. Permanent caravan sites include vehicles and sites for short-term renting, as well as those owned by visitors who may use the accommodation on a regular basis throughout the season (English Tourism Council, 2001). Although there is not much written about this kind of facilities in Limpopo, the study preliminary findings confirm the existence of camping and caravan sites in the province.

2.4 Contextual bases for the accommodation sector

Tourism accommodation provision in remote wilderness areas tends not to be generally favoured by big multinational operators because it would be too costly for them to develop such areas at both macro and micro levels. However, visitors' fascination with the most fragile natural, historic and cultural environments may create a demand for accommodation in such locations that, otherwise, would be totally off the beaten track and beyond the scope of big companies' business interests.

2.4.1 Human resources

Productive businesses within the accommodation sector, irrespective of size, are usually labour-intensive and are likely to remain that way. This is in spite of considerable improvement in productivity through use of technology, training, systems efficiency and management effectiveness. There are few labours-saving initiatives that could drastically reduce the level of employment in say, housekeeping. By contrast, the budget or economy sector is able to provide a quality product without service levels by minimising the level of staffing employed, e.g. Internet marketing and on-line services.

In spite of changes in the use and productivity of labour within the sector, accommodation remains an area that provides employment opportunities for a wide range of skills and aptitudes, reflecting not only the diversity of businesses that operate under the accommodation umbrella but also the variety of tasks that working in the sector demands. In many communities, accommodation businesses contribute socially by providing employment for people who would find it difficult to work in other sectors of the economy. Accommodation also provides relatively easy access to employment for new immigrants, legal and illegal, as well as those entering the labour market for the first time like school-leavers and students. These positive dimensions must be counterbalanced by recognition of the perceived and actual problems associated with work conditions, pay and general industry image issues, in both developing and developed countries.

Tourist use of catering facilities varies according to the specific service on offer and on their being located throughout cities, often in association with and servicing other facilities (Smith, 1998). Many catering establishments in cities reflect local community needs and tourism complements the existing pattern of use. Nevertheless, Ashworth and Tunbridge (1990: 65) acknowledge that "*restaurants and establishments combining food and drinks with other entertainment, whether night-clubs, discothèques, casinos and the like, have important location characteristics that render them useful in the sense that they have a distinct tendency to cluster together in particular streets or districts*". The preliminary findings concur with Tunbridge (1990) in the sense that NSMTA are clustered in certain localities within tourism route. Tourism developers in the non-metropolitan areas should take note of these observations.

Among the 'secondary elements' (Ghemawat, 1999) of the leisure product in urban areas, three components emerge as central to servicing tourist needs. These are accommodation, transportation and catering elements. One popular example of such accommodation in South Africa is Zandvlakte farm in the Eastern Cape. It is considered a hideaway where life is balanced between the great wonders of the world's ecosystems and the technological challenges of the new millennium. It is remote but not isolated.

2.4.2 The role of accommodation in tourism development

Tourist accommodation performs an important function within both the context of rural and urban tourism. It provides the opportunity for visitors to stay for a length of time to enjoy the locality and its attractions, while their spending contributes to the local economy. Accommodation forms a base for the tourists' exploration of the urban and the non-urban environments. The tendency for establishments to locate in urban areas precludes peripheral opportunities from expansion thus intensifying their need to find a relevant *modus operandi* rather than relying on what happens in the metropolitan areas and within established urban tourism initiatives.

The importance of infrastructure and accessibility comes clearly to the fore when hotels are built to serve specific markets. For example, an exhibition and conference market will need hotels adjacent to major conference and exhibition centres (Laws, 1995). However, this does not, by any means, suggest ignorance of the locational viability of the accommodation business.

The reviewed literature shows that functions of the accommodation sector within urban tourism can be divided into serviced functions and non-serviced functions sectors. Each sector has developed in response to the needs of different markets, and a wide variety of organisational structures have emerged among private sector operators to develop this area of economic activity. The rural accommodation sector can also be divided into different categories and this particular study will consider the nature of such categories in detail (Section 7.2). Pearce (1989) notes that many large chains and corporations now dominate the accommodation sector, using vertical and horizontal forms of integration to develop a greater degree of control over their business activities.

2.4.3 Accommodation as a tourism product

Generally, accommodation do not attract tourists on its own right, rather they provide support services that are the core-element of tourism industry. It can thus be argued that accommodation does not generate the tourist’s motivation for travelling. The motivation to travel is usually led by the desire to experience a wider tourism product at a particular resort or locality with accommodation as one of the crucial tourism product.

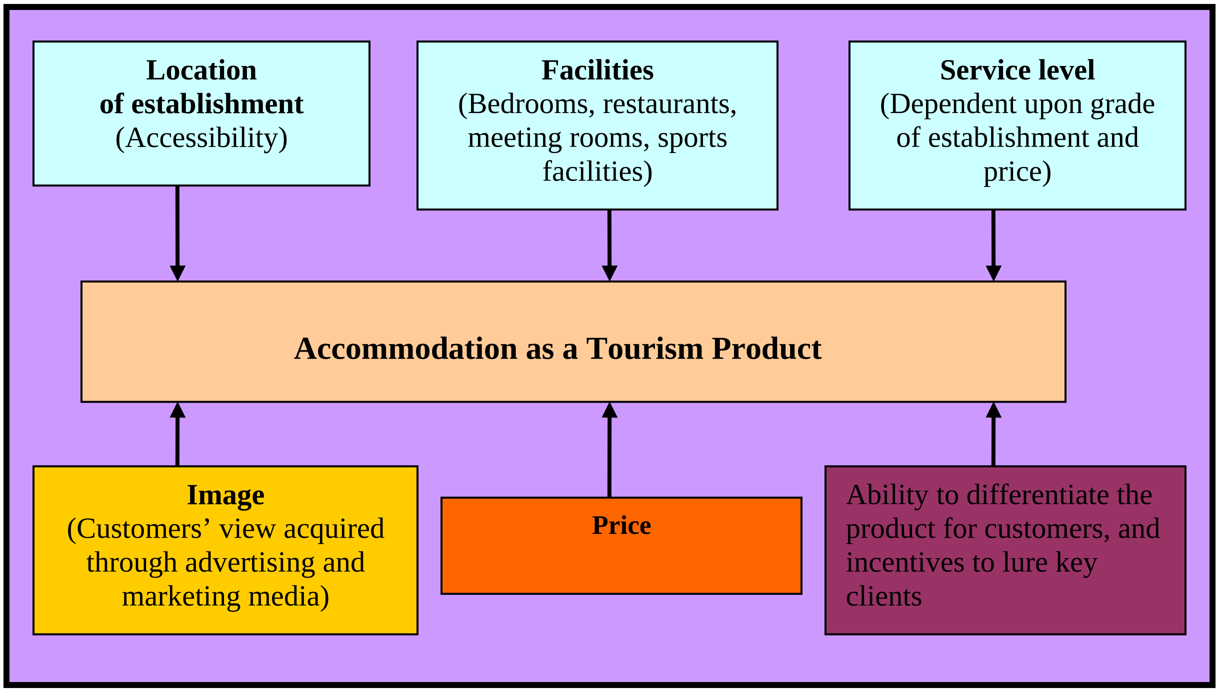

Figure 2.3: Accommodation as a tourism product.

Source: Author

Accommodation as a tourism product has to reflect the vital components of any business product. For sustainability, a product has to be well positioned or located. The location needs to be accessible in terms of transport, information technology and infrastructure. Location often determines the appeal and accessibility of properties. Typically, the distance decay principle applies to decision-making when considering accommodation locations. Luxury properties are located on prime town sites that have maximum access to attractions and facilities. Infrastructural facilities should include access to computers, the Internet and all sorts of entertainment and recreational opportunities. The quality of the service should relate to the grading and the value of products. Quality products create a good image that can easily be advertised through mass media. All these components of the tourism product are interrelated. The attractiveness of a product is of paramount importance.

Accommodation is an integral part of the overall tourism infrastructure as without it tourists will not visit the location. There are situations where its provision has dominated development plans. Moreover, it also assists in attracting wider investment in the tourism product at the locality. Hall (2000) gave the example of the province of Newfoundland, in Canada, where four hotels were built in strategic locations as part of its tourism development strategy in the early 1980s.

Talking about tourism economics, Boone and Kurtz (2007) agrees that accommodation could feature as an element in wider economic development strategies but it needs to play a primary and varied role as a successful tourism product too. If a hotel is simply a support facility for wider economic development only, it could easily operate at a deficit. Accommodation also plays an important role in the overall economic contribution, which tourism makes at a local and national level.

It is difficult to generalise about the proportion of total tourist expenditure that is allocated to accommodation because this varies greatly according to the market, accommodation type and nature of product purchased. A generally accepted estimate is that a third of the total trip expenditure is allocated to this sector. This figure decreases in the case of fully inclusive packages to say the Mediterranean or similar resorts, where intermediaries negotiate low-cost bulk purchases of apartment or hotel rooms. By contrast, the proportion may be considerably higher in the case of domestic tourism where total transportation costs are generally lower than is the case with international travel. Accommodation may be sold as a 'loss leader' to promote expenditure on other components of the tourism product. Off-season offers are frequently promoted whereby hotel rooms are provided 'free' on condition that guests spend a specified minimum amount on food and beverage. Such strategies recognise the highly volatile and fluctuating demand that exists on a seasonal and weekly basis, a broader dimension of the accommodation sector.

Accommodation can act as a catalyst for a range of additional sales opportunities within the complex tourism and hospitality business. Casino hotels have discounted accommodation in anticipation of generating considerable profit from customers at the gaming tables, while golfing hotels may seek to generate good profits from green fees rather than room revenues. Indeed, accommodation pricing in general, is a complex and sometimes controversial area. Rack room rates (those formally published as the price of the room) are rarely achieved and extensive discounting for group bookings, advance reservations and corporate contracts are widespread.

Fixed pricing is only successful and commonplace within the budget hotel sector. Yield, measured against potential, rarely runs at much more than 60% in the mid- to upper-market levels of the hotel industry and yield management systems are in place within most large companies in order to maximise achieved rates while optimising occupancy potential. Managing contracts in order to maximise yield is also an important strategy for accommodation units with the objective of replacing low yield groups or airline crew business with higher yield business or FIT guests (Stats SA, 2006).

2.4.4 Transport and accommodation

From the above review, it is clear that accommodation is an important facet of tourism. Transport and tourism are closely related industries. No one can really have tourism without travel**.** Tourists use transport to go to tourism destinations. The complementarity of the relationship between tourist transport and tourist accommodation tends to be the yardstick for tourism development. Tourism transport is an essential element of the tourist product in two ways. First, it is a means to reach the destination and, second, it is necessary for moving around at the destination. Increasingly, as part of the hospitality sector, the journey there is as important as the accommodation being closer to or at the destination area. Similarly, tourists consider basic elements like safety, convenience, service quality and flexibility with regard to transportation as they do with accommodation. Some of these issues will be addressed in this particular study. Young (1993) and Smith (1991) suggest that resorts went through various recognisable stages of land use change from the 1950s to the late 1960s when self-catering, caravanning and camping were less popular than they are now. Pearce (1989) suggests that most resorts still make allowances for this trend but anticipates that modification would accompany any change that would take place. However, traditional transport systems, like animal drawn wagons, and indigenous housing styles, like thatched houses, are still worth recognition and could be part of the tourism product package even in the technology-driven times of the present era.

2.5 Diversity within tourist market

Decreasing employment opportunities and less disposable income force more people to venture into different types of leisure activities. Sheppard (2002) identifies market segments that specifically require cheap accommodation with readily available services. Callon, Miles and Muniesa (2007) emphasises that accommodation is a segment of the tourism product that should be viewed in terms of its production, distribution and consumption. Converting residential properties into tourist accommodation is a process taking place in some formerly solely residential areas and is actually associated with the introduction of new job opportunities. Unlike formal sector accommodation that caters even for things like conferences, workshops and other big public gatherings, this kind of tourism production is essentially a micro-level initiative, the potential for which has not been established, especially in the peripheral regions.

The tourism industry has the capacity to promote this kind of accommodation especially in the field of ecotourism, which is said to be environmentally friendly. The issue of land use change control and private sector screening could be of high value in this regard and could bring greater economic benefit to the entire neighbourhood. Otherwise, neighbouring communities may exert pressure for the removal of this type of development. Hall and Page (2006) describe this kind of land use as having both economic and social impact on the surrounding communities. The adopted approach for this study is in line with Vallen and Vallen's (1991:113) tourism proclamation that it is "*an irreversible socio-cultural and economic reality*". Its influence in the sphere of human life is particularly important and it increases because of the known conditions of that activity's development potential. Such development poses a serious problem when it comes to the type of accommodation that the tourists would like. The tourists generally do not seem to favour typical indigenous African accommodation, a perception that actually suggests that the role of indigenous African accommodation style is of less quality. Considering the fact that accommodation in tourism promotion has been ignored for too long, this particular study intends bringing it to the fore. Currently the most desirable attributes for holiday destinations sought by prospective tourists are not only scenic beauty but also comfortable accommodation with very good security. Africa is capable of offering that. Today, tourists are increasingly seeking accommodation outside the city, which is more restful yet meets their holiday needs.

2.5.1 Checking the remaining gaps

The Tourism Business Council of South Africa (TBCSA) has compiled a number of documents related to the BEE Scorecard and the tourism industry, including background information and the tourism targets to be met by 2014. However, it did not pay much attention to the issue of non-metropolitan tourism accommodation.

In 2002 the Cape Town Conference came-up with a declaration, which was organised by the Responsible Tourism Partnership and the Western Cape Tourism Board as a side event preceding the 2002 Johannesburg WSSD. The Conference theme was "Responsible Tourism in Destinations". The Declaration embraces guiding principles in the social, economic and environmental spheres, in line with the ethos of responsible tourism being recognised at destinations, yet not specifically addressing the hidden non-metropolitan or rural accommodation facilities.

Similarly, the DEAT and the Tourism Business Council have compiled information on tourism funding programmes. It is aimed at assisting small and medium sized businesses within the tourism industry by providing information, giving criteria for funding and explaining the funding application process. However, most of the SMMEs in non-metropolitan areas are not benefiting yet from such initiatives. Hopefully, the work of this research will come to the attention of such operations as it offers a strategy that could assist peripheral tourism destinations gain easy access to such funding as part of its management policy.

The 2003 Durban Tourism Indaba conference released a paper on "Strategies, Impacts, and Costs of Pro-Poor Initiatives in South Africa" that describes strategies devised by five private sector enterprises to address poverty and development issues in neighbouring communities. There is no doubt that tourism has become one of the focal points for growth and development in South Africa. This particular study is aimed at contributing highly to national or even international objectives by suggesting the significance of promoting tourism development in non-metropolitan areas through initiatives undertaken by small and medium sized enterprises, particularly in tourism accommodation provision.

2.6 Conclusion

The above discussion shows that accommodation is the largest and arguably the most important sub-sector of the tourism industry. It is large and highly diverse. Together with the transport industry, the accommodation industry caters for international tourists, regional tourists, and national tourists as well as locally based tourists. In a way, it meets the needs of virtually all tourism market groups. The different categories of tourism accommodation were identified and confirmed by different scholars. Looking at all the different categories that are given in the above review only two broad categories can still identified the formal multi-national category and informal localised category.

Of the two categories, the former seems to have received more scholarly attention than the latter**.** Issues such as standardisation, employment capabilities and environmental responsibilities are generally addressed. The rapid change within this sector of tourism does not only bring fierce competition, but it also brings about new products and new service standards. It is the new product, with new service standards, that becomes the focal point of this study. Challenges posed by technological development within the accommodation sector of the industry are still to be addressed from a different perspective.

From all the literature sources reviewed, none was found to address the topic of this study in terms of the nature and role of an overall strategic plan in the management of non-metropolitan tourism accommodation facilities. The potential role of a strategic plan in terms of tourism accommodation demand and supply is either ignored or unknown.

The next chapter reviews the literature that addresses the issue of demand and supply.

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 visits 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).

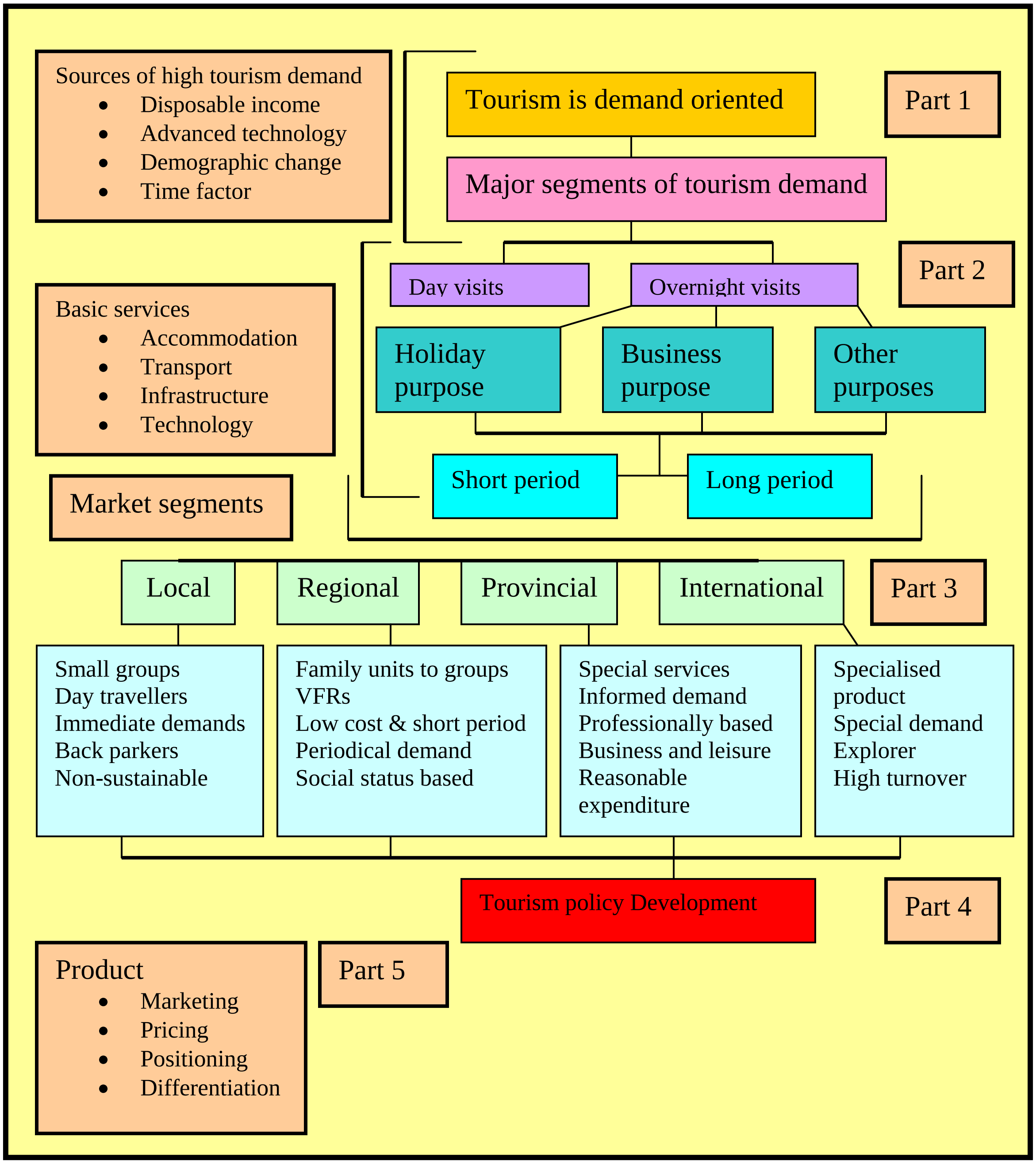

Figure 3.1: Tourism demand domains

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.

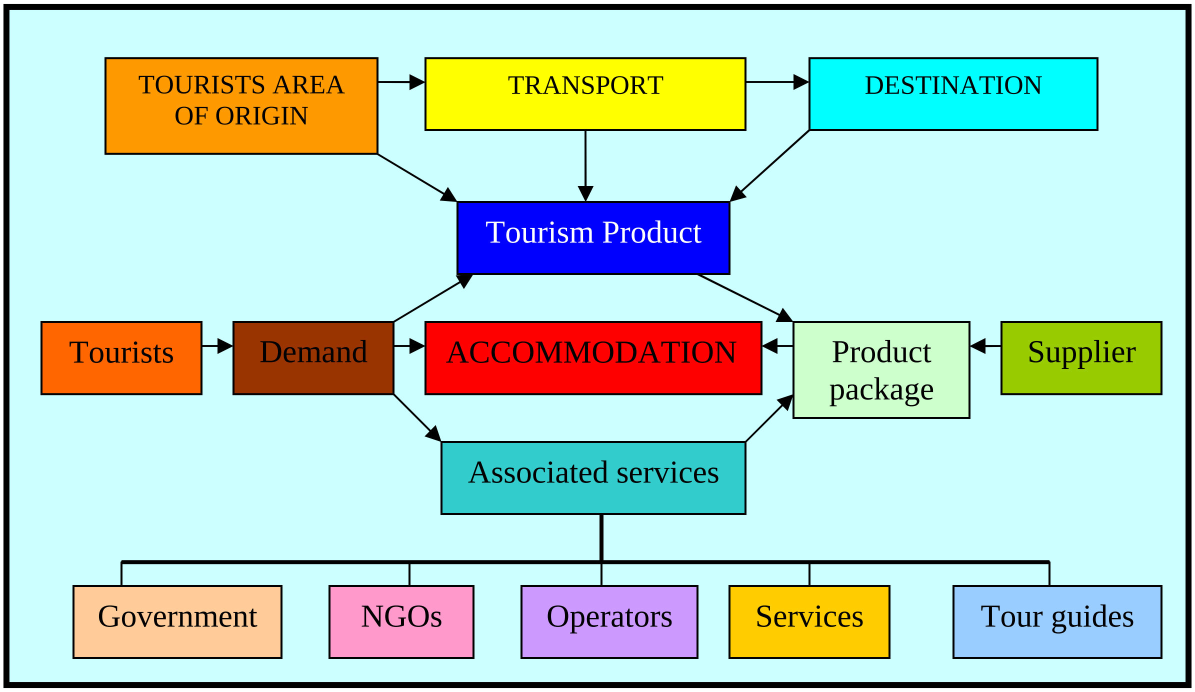

Figure 3.2: Components of tourism supply

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 sustainable 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 Differentiation 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).

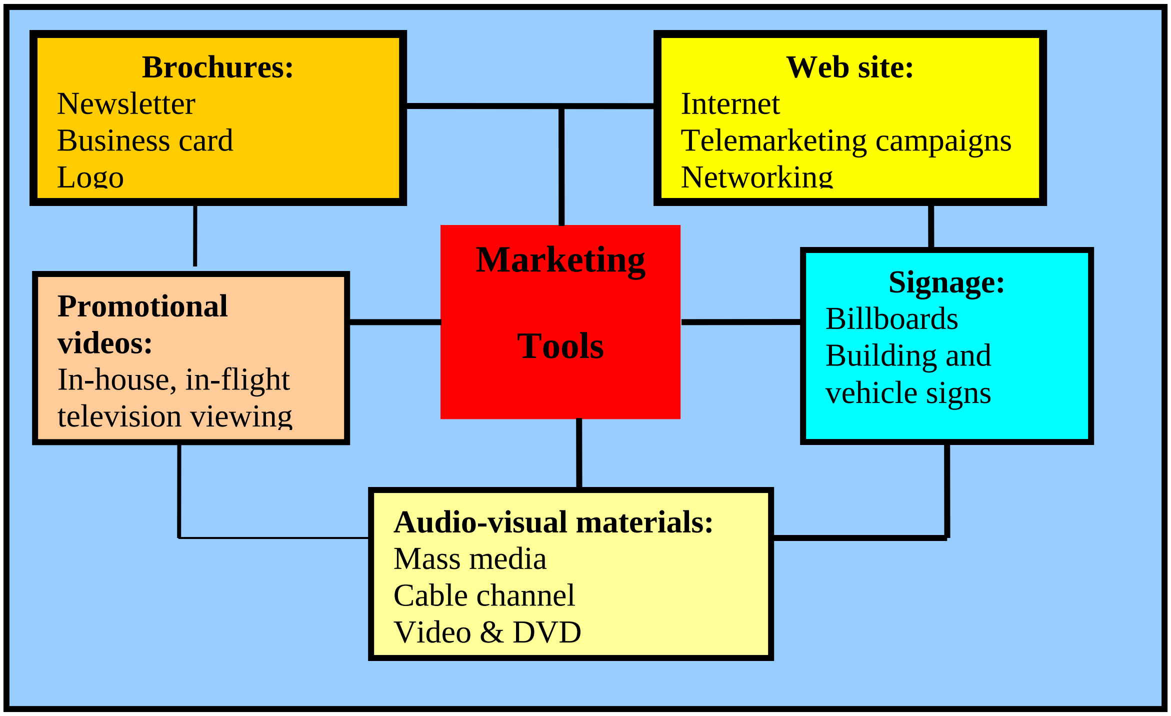

Figure 4.1: Marketing tools

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.

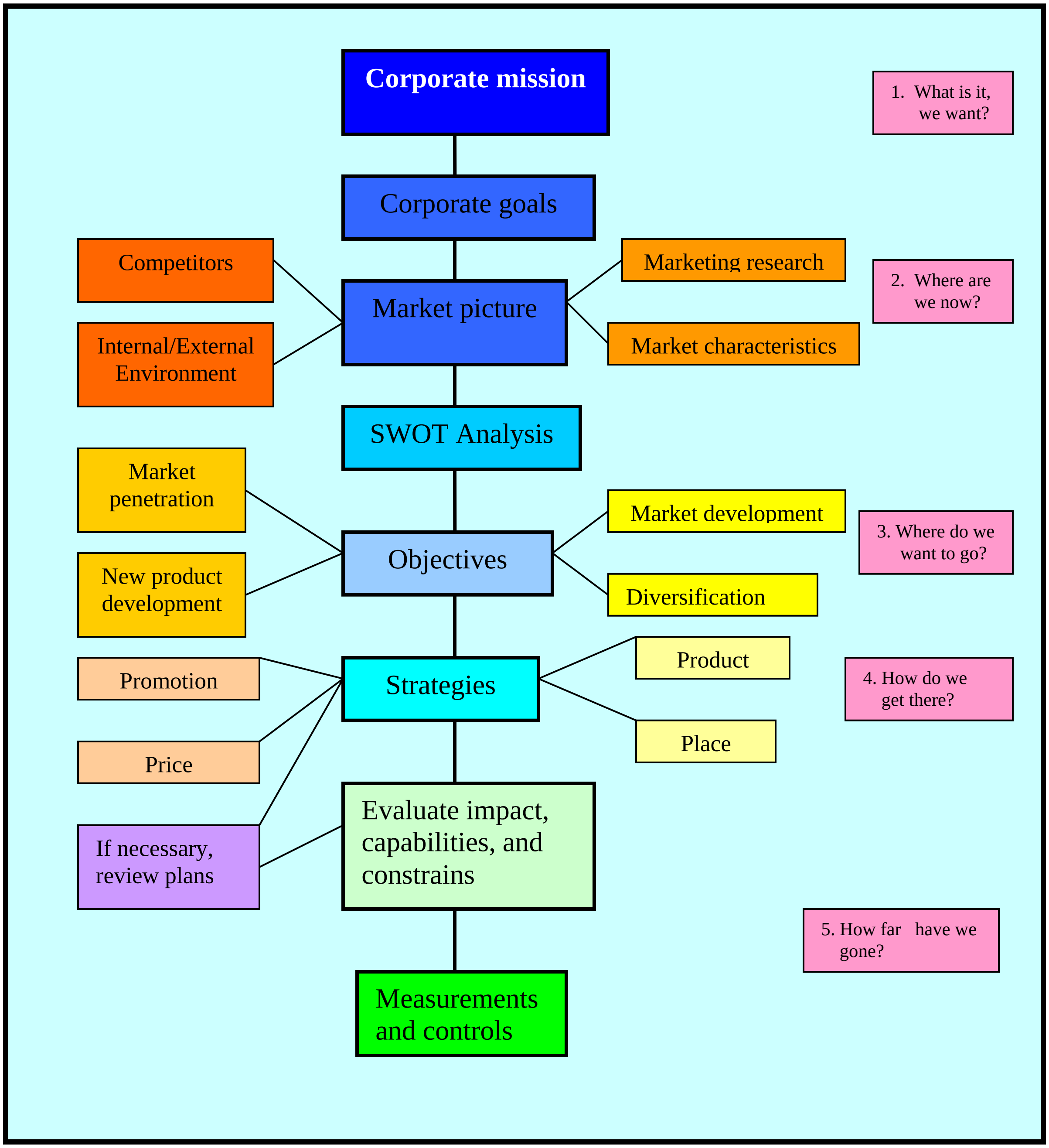

Figure 4.2: Modified model for marketing planning

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.

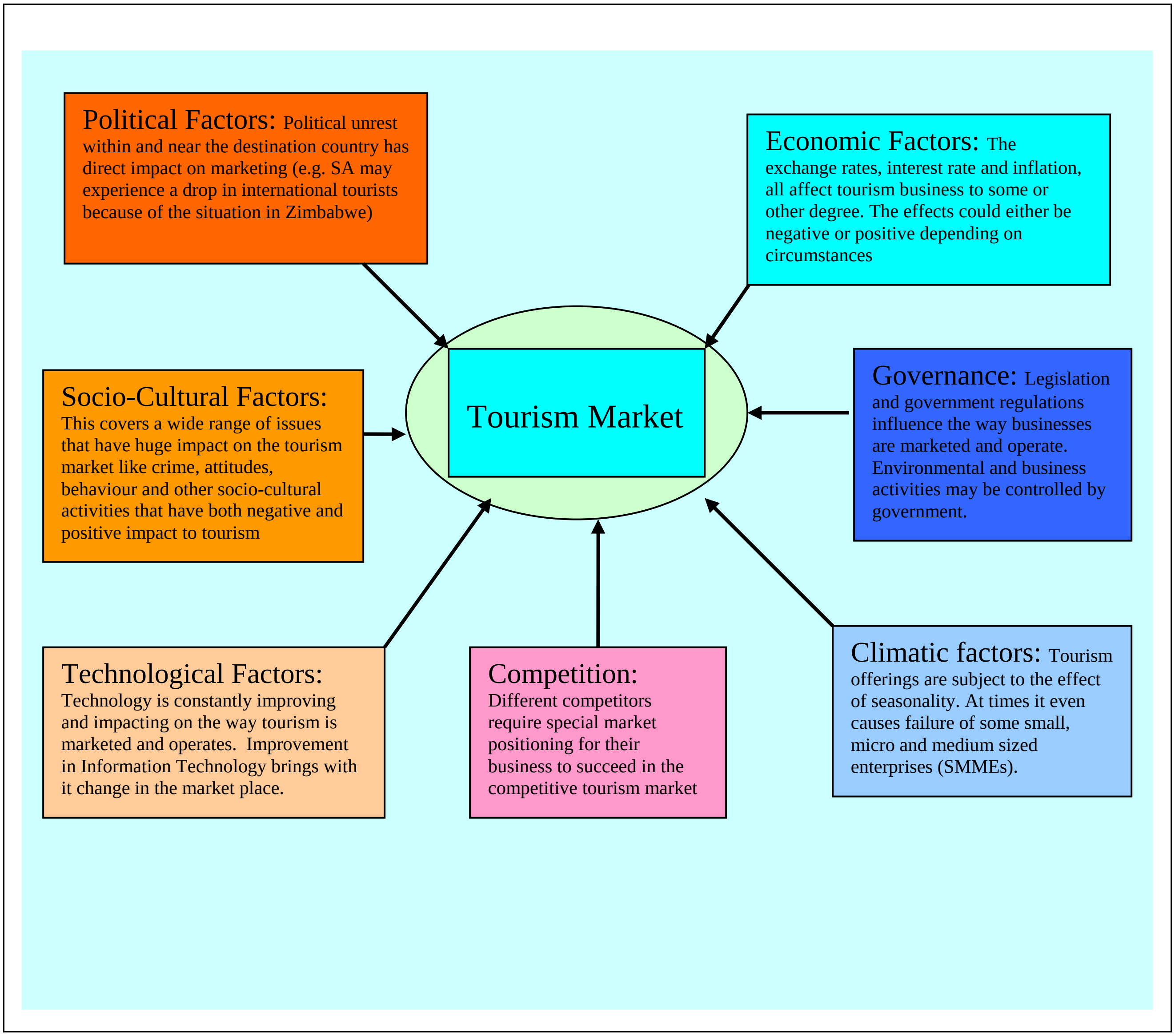

Figure 4.3: Macro-environmental Factors and their role in marketing

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.

CHAPTER 5

STRATEGIC PLANNING FOR TOURISM ENTERPRISES

5.1 Introduction

The previous two chapters described how tourism demand and supply have increased in South Africa, particularly over the past three to four years. They reflected on the challenges for tourism marketing and promotion associated with this phenomenon. In this chapter, demand, supply and marketing are integrated into a strategic format to reiterate the significance of using strategic planning procedures in the tourism industry.

Strategic planning requires the creation of alternative courses of action in the form of ‘strategic alternatives’. The ever-rising demand for tourism services can only be met satisfactorily with the formulation and implementation of the best and most up-to-date market-based strategic plan. The literature reviewed shows that strategic management embraces a strategic plan. This is necessary because it is used when determining the mission, vision, values and the goals of an organisation, while the strategic plan is rather a management tool to effect decisions that will guide organisations towards their intended focus. Therefore, the two concepts tend to be different but intertwined. Pearce and Robinson (1997:3) define strategic management as "*the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives*." Normally, the company’s objectives would be to achieve high productivity and to gather a competitive edge over competitors.

Olsen, West and Tse (1998) look at strategic planning and strategic management as almost one and the same thing. They refer to the ability of a firm's management structures to align themselves properly with the forces driving change in the environment in which it competes. This suggests that strategic planning is an order or a set of actions that are organised to shape and guide what an organisation stands for, what it is and why it does what it does (ibid.).

Ulwick (1999) brings a unique perspective to strategic management in the sense that a strategic plan can be used as a mechanism to respond to organisational circumstances in a particular environment at a specific time or stage of organisational growth. This is linked somehow to the endorsement by De Bruyn (cited in Bennett, 2000: 139) that a "*strategic plan is concerned with an organisation's basic direction for the future, its purpose, its ambitions, its resources and how it interacts with the world in which it operates*." Therefore, for tourism accommodation enterprises, a strategic plan will include activities or actions that enhance the enterprise's mission, matching intentions with resources, and forecasting future direction in terms of customer demands and the necessary steps to meet these through supply.

5.2 The Purpose of a Strategic Plan

The purpose of an organisation's strategic plan could differ slightly from enterprise to enterprise. However, the overall intention is aimed at assisting an organisation improve its work output, focus its workforce and resources and to achieve better levels in terms of performance and market competition. Every strategic plan comes from an effectively functioning process. The strategic planning process would vary according to the size and type of organisation. Thus, it does not follow a definite sequence or hierarchy. It is thus certain that the process has to do with planning, setting goals and deciding on the approaches to be used in order to achieve the set organisational goals.

Different levels of strategy formulation, development and implementation exist. These levels relate to the intention of the strategy. Alberts (2004) identifies three levels of strategic planning, namely, corporate, functional and business (dealt with in paragraph 5.5). The alternative strategies for an enterprise are typically combinations of these levels. Each level of a strategic plan strives to gain competitive advantage in the market. NSMTA enterprises are driven by the dynamics of market demand. This is particularly necessary because tourism enterprises are exposed to a vibrant market where they need to survive through innovative techniques that will create a sustainable competitive advantage. Innovative action is one of the main sources of sustainable competitive advantages and is achieved through a well-designed strategic plan.

The importance of creativity in the particularly competitive service business environment, where customers cannot experience the quality of service unless they visit the destination, has already been discussed (Chapter 3 and Chapter 4). A further purpose of the strategic plan is also to find some way of managing the uncertain environmental aspects of scenario planning.

5.3 Theories of Strategic Planning

A myriad of business strategy formulation methods, models and theories exist. For example on one hand Smith (2001) suggests that the best way of formulating a strategic plan is for it to be derived from problem identification, meaning that the approaches should be problem based. This is one approach. On the other hand, Oldham, Creemers and Rebeck (2000) regard the purpose and objectives of the enterprise as the foundation for strategic formulation. Their approach is more model-orientated as it brings in a process that is more of a flow chart or a series of rational steps. Pazstor (2001) concurs with Hamel and Prahalad (1994) who stress that different circumstances call for different types of strategic plans. This is where the idea of a strategic plan theory comes in, with the identification of two specific concepts, described as, a ‘formal strategic plan’ and an ‘informal or emergent strategy’.

If one considers the traditional description of a theory as a set of connected statements that are intended to simplify the complexity of reality, the implication is that a strategic plan is not a simple, straightforward management tool that can be easily understood. This is based on the fact that several theories that attempt to explain *how* and *why* a strategic plan is formulated and implemented have been put forward. A few examples are Porter's generic theory (Porter 2001) and Ansoff, (2006) matrix theory (http://www.learnmarketing.net/), which has played a very influential role in the process of strategic planning.

The most recent theory for strategic planning is the so-called 'competency theory' of a corporate strategic plan. It embraces three distinct perspectives of strategic planning, namely, the resource-based, market-based and the competence viewpoints. In simple terms, this means that theories can be considered as yardsticks in the process of strategic planning. A thorough understanding of business, in the context of both its internal and external environments, is basic to the process of formulating a strategic plan that is to be workable. The interaction of the various factors, namely, resources, personnel, target market, competitor and the overall business environment, is crucial for the proper and adequate functioning of an enterprise and for the strategic process planning to succeed.

Theories are based on particular assumptions and as such they have limitations or constraints. They may not always be of general applicability because of the dynamism within the environment in which they are supposed to be adopted. Porter's 1980s model, for example, is one of the most important groundbreaking models used for strategy formulation. However, in some instances, it could be labelled as one of the classical theories that are no longer relevant to contemporary trends and management patterns. This model was based on the manufacturing industry, which was dominant in that era. Recently, services like marketing find they cannot use such a theory in its totality even though the theory still partly retains some of the fundamental principles of strategic planning, as the market dynamics of demand and supply render part of the theory irrelevant. Yet it cannot be completely ignored.

Traditional strategic planning theories assume that a strategy is a result of an analytical process. In that way, the process of strategic planning develops in phases from the top-down rather than the contemporary trend of the bottom–up approach.

The resource-based view advocated by several scholars (e.g. Hampton, 2003; Lawson, 2003; Kozal and Louisa, 2006) arose as an alternative to the industrial organisation model (Porter, 2001). The resource-based view looks at an enterprise in terms of capacity by assessing the levels and the potential of the enterprise to improve within the ambit of available resources. Resources are defined as a group of possessed or controlled factors presently available or within the reach of an enterprise that can be used to improve performance or enhance progress.

Market-view strategic theories attempt to expand operations but still rely on other traditional models like Heyes and Wheelwright (1985). The traditional models lay the foundation for the market based strategic theories in terms of value chain analysis, benchmarking and SWOT analysis. David (1997) considered different configurations of operations and generic strategies to conclude that market-based strategies are adjustable and able to respond to the rules dictated by market demand. It involves identifying the relevant product mix, aligning the supply to satisfy the customer and sustaining the demand of a product in the market. In this light, competitiveness of a tourism enterprise would therefore depend on the manager's ability to make appropriate choices of business and operational objectives, based on knowledge of market trends. The overall market-based approach can easily link business strategy and marketing strategy in terms of customers' demands and the business' capabilities.

From the literature reviewed it became clear that several scholars see the market-based view and the resource-based view as the two "schools of thought" that form the basis for strategic plan formulation. Both are connected to the theory of strategic formulation (Onkvisit and Shaw, 2004).

A framework for Limpopo's generic tourism strategic plan should thus attempt to integrate traditional theories with contemporary models in order to gain provincial competitive advantage. The best practices in terms of strategic planning can therefore be inferred with the view to maximising success. An integrated approach to a tourism accommodation strategy would yield high returns.

5.4 The Process of Strategic Planning

It has already been eluded that strategic planning is a process and this process does not take a single sequential or hierarchical form. In an environment that is highly competitive, like the tourism business environment, enterprises have no choice but to engage in the complex process of strategic planning. Morgan and Smith (1996:297) define strategic planning as "*the process of formulating and implementing strategies in response to the changed environment so as to ensure the survival and success of an organisation*". Similarly, Pearce and Robinson (1997:17) see strategic planning as "*a process that involves a set of decisions and actions that lead to the formulation and implementation of plans designed to achieve a company's objectives*". Robson (1997:17) sums it up as "*a process of developing and maintaining consistency between the organisation's objectives and resources in a changing environment*".

The recurring emphasis is on the observation that strategic planning is a process. It is a process that is geared toward the future of an organisation, taking cognisance of resources and the surrounding changes from both the macro- and micro-environment. Reviewed literature seems to suggest that NSMTA operators do not regard the process of strategic planning very highly. Jennings and Beaver

(2002) argue that the management process of small firms or enterprises is comparatively unique and bears little or no resemblance to management processes found in larger organisations on which most of the reviewed literature is based.

Issues of cost-effective planning or future forecasting based planning methods are not very popular with survivalist enterprises like NSMTA facilities. On a similar note, Pearce and Robinson (1997) point out that a host of small business plans suffer from the ‘little big business’ syndrome, which results from applying concepts related to large enterprises on small business applications. This implies that the process of strategic planning should be individualised for each particular business. In other words, a plan for backpacker accommodation may not necessarily be the same as a plan for a lodge or a B&B for that matter. Individual businesses engage in strategic planning that clearly define their own objectives, assess both the internal and the external situation to formulate the strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track in accordance with individual needs.

The reviewed literature did not conclusively indicate why some organisations experience a reasonably smooth and successful process of strategic planning while others are mostly involved in a daunting process that fails to meet their particular business challenges. Instead, literature reveals that, over the past decade, researchers investigating the effects of formal planning on the financial performance of small- to medium-sized enterprises (SMMEs) have concluded that there is no consistent association between the planning process and performance. However, common knowledge suggests that failure to plan has unwanted implications, not only for business, but also for any other human venture. Therefore, no matter how complex or demanding the process of strategic planning might be, it is necessary for the managers of all enterprises to engage fully in the process.

Mintzberg (1987) indicates that the business environment has shifted from 4S (static, single, simple and safe) to 4D (dynamic, diverse, difficult and dangerous). Thus the need for strategising in a business environment is more important today than previously. Enterprises have to take strategic initiatives like researching and partnering with the best for future success. This can only be achieved by opening up for deliberation without inhibition from any quarter. Business stakeholders should interact freely and discuss business issues without any tension or reserve. Obviously this could sound like a taboo for some tourism accommodation operators who run their operation single-handedly, doing everything by themselves for themselves. Employees are still meant to take instructions rather than be incorporated as stakeholders in the business. In a simplified version, the strategic planning process can be illustrated as follows:

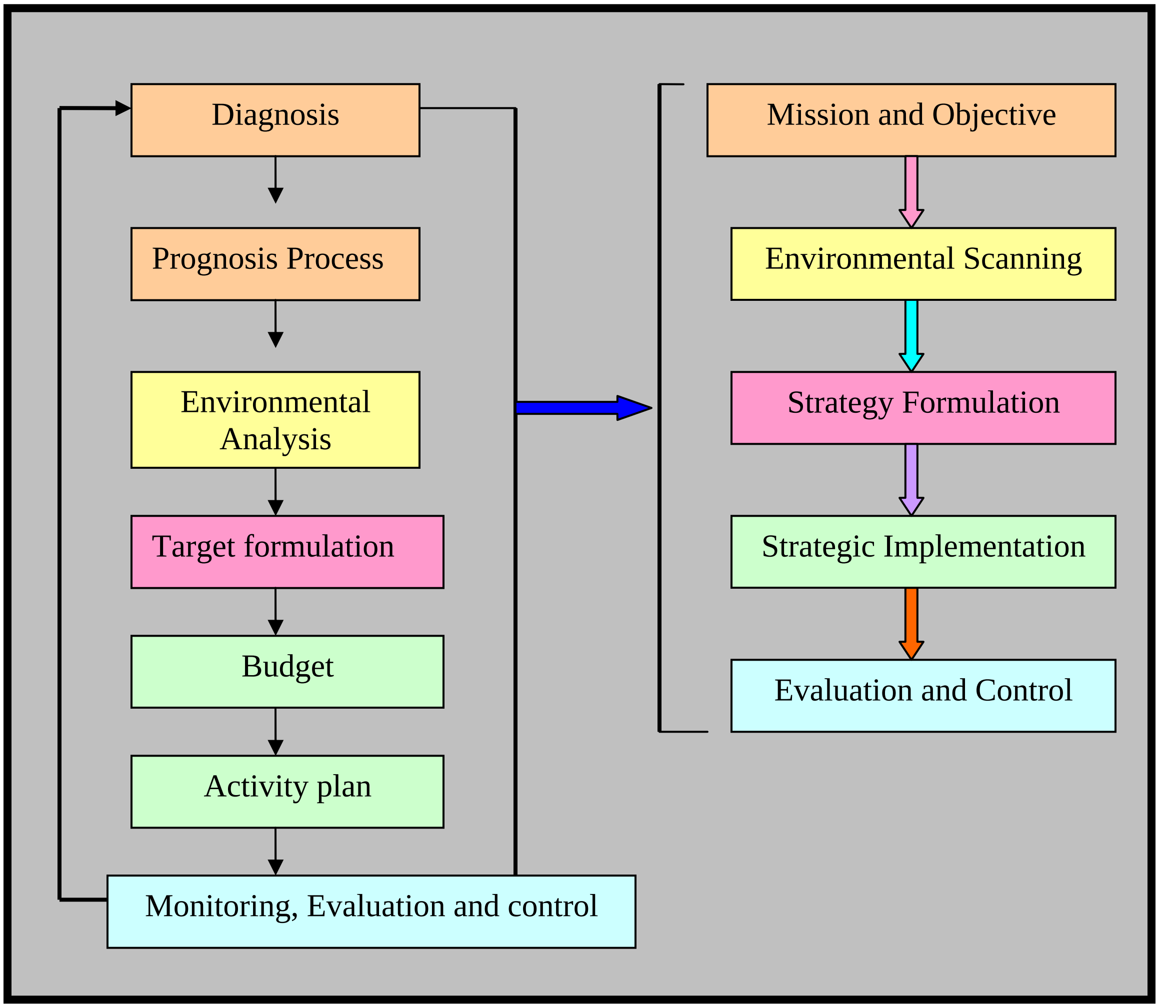

Figure 5.1: The strategy planning process

Source: Middleton, 2001:205

According to Figure 5.1, the process of strategic planning can take different forms. There are different phases of a process that may not necessarily be applicable to all enterprises. The diagnosis phase is designated as an initial phase where the need for adjustment or change is perceived on the basis of demand and supply. In-depth research has to be undertaken in order to diagnose the developing trends in industrial or organisational context to meet the perceived or envisaged demands. After the identification of said trends or patterns in the market or macro-environment, managers have to get a relevant and clear focus or direction for a business in the form of a prognosis. This will in turn lead to the establishment of the mission and the objective of the organisation. The mission statement would thus describe the company's business vision in terms of direction, values and the purpose of the business. Normally, the vision should be in line with future goals that guide the pursuit of future opportunities. The CEO can thus develop measurable financial and strategic objectives. Immediate financial intentions of almost every business have to do with improving the business profit through target sales and growth earnings. In some instances, strategic financial objectives relate to the enterprise's repositioning, and may include measures such as market shares and reputation (Middleton, 2001).

Analysis incorporates both internal and external environmental scanning. The internal analysis of a company entails the assessment of the inner circles of the company or business and its capabilities in terms of available human resources, service provision, the present position and the power of the brand used. The internal environment analysis can therefore identify the business's strengths and weaknesses.

The external analysis entails a look at external factors that influence a business. It looks at the market, its trends and contemporary demands, profiles of potential customers, their expectations and demands and the outside settings of the business in general. Bennett (2000:231) talks of the so-called "*PEST (Political, Economic, Social and Technological) analysis*" to denote external analysis. The external analysis enables a company to identify possible opportunities and threats. A SWOT analysis produces a profile of the strengths, weaknesses, opportunities, and threats. A SWOT analysis can easily provide an overview of the organisation's strategic needs. Thus it remains one of the best mechanisms for analysis.

After analysis, the next phase is the strategy formulation phase. As indicated in paragraph 5.1, strategic planning involves strategic analysis, strategic choice and strategy implementation. Choice is about the formulation of a possible action plan for implementation. In the words of Thompson and Strickland (2001:35), "*Strategy making is all about how to get where the business wants to be (i.e. how to reach targets, how to out compete the competitors, how to attain competitive advantage, how to sustain business strength, how to establish a world-class brand; and how to achieve realistic management strategy for a company*)".

Strategy implementation deals with the actual deployment and management of the formulated strategy by means of programmes that are catered for in the budget. Certain implementation procedures have to be followed; otherwise the strategy could undeservingly be declared a failure. All necessary resources are to be made available on time for successful implementation of the chosen strategic plan. The manager has to allocate appropriate human, financial and physical resources to implement for success. Fortunately, for small to medium enterprises, people implementing the strategy are likely to be the ones who formulated it. As such, the chance of misunderstandings arising is minimal.

The process of evaluation and control is crucial for strategic success. Strategy evaluation needs to be done through feedback from broader consultation. Its performance has to be measured against the predetermined objectives so that necessary adjustments can be made with ease. This also involves the monitoring of environmental changes. In a dynamic situation where environmental change could bring about new opportunities or threats, the process of strategic planning is a continuous one. Pearce and Robinson (1997) agree that successful strategy implementation largely depends on organisational structure and design. They go even further to suggest these steps for strategic plan evaluation and control:

- define parameters to be measured
- define target values for those parameters
- perform measurements
- compare measured results to the pre-defined standard
- make necessary changes

Different scholars propose different models for strategic formulation and implementation. Heath and Wall (1992) came up with an impressive model that can be adapted to different situations, including non-metropolitan, small to medium tourism accommodation facilities. The model is as follows:

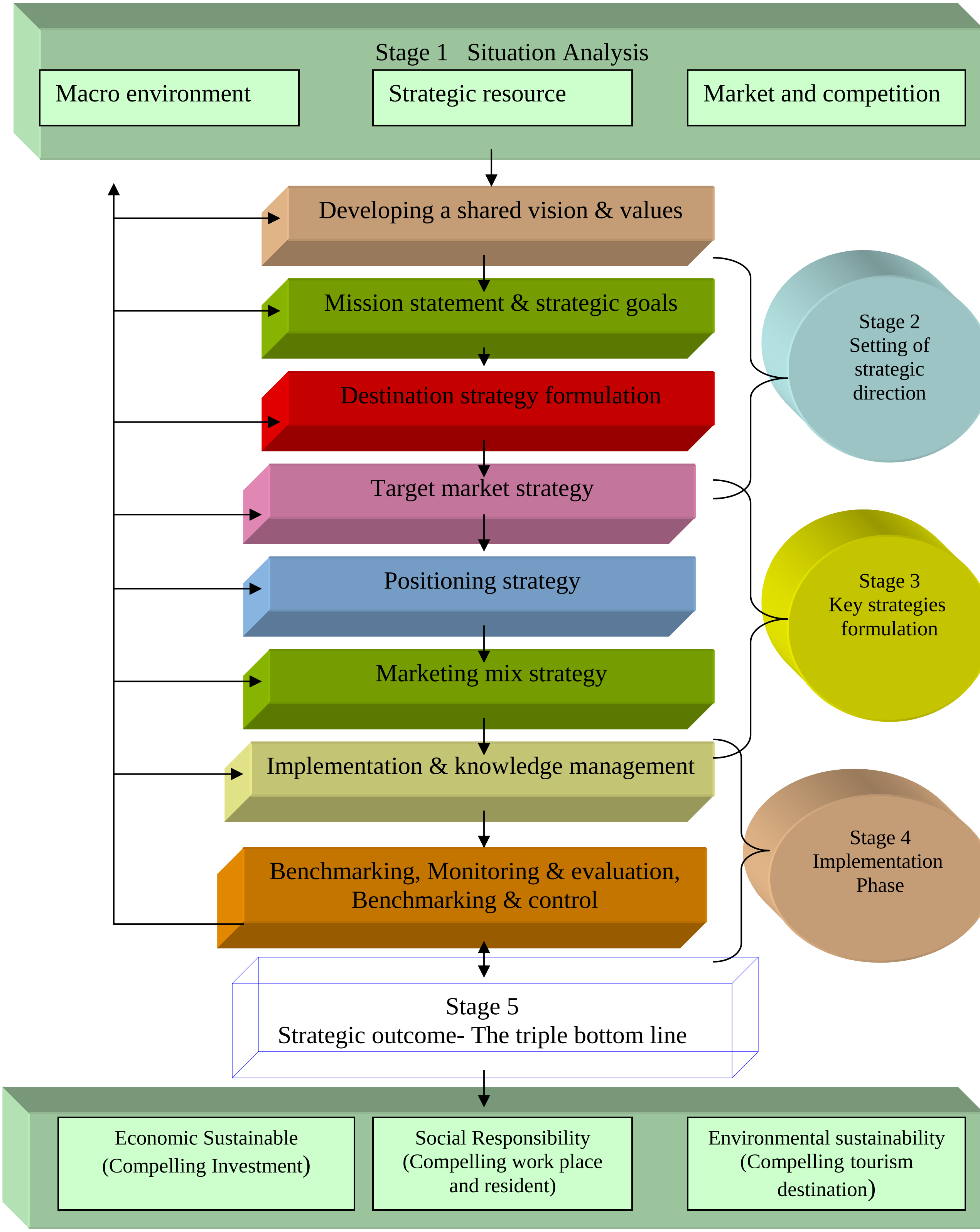

Figure 5.2: Framework for a generic strategic plan

Source: Heath (2004:19)

Figure 5.2 confirms that strategic planning is a process that is expressed in broad terms to accommodate an organisation's future direction. Phases one to five illustrate various inter-linked decision-making processes that constitute the overall planning process. These require considerable resources and key stakeholders' commitment. It emphasises the importance of strategic planning for small, medium and large organisations to sustain long-term growth.

Furthermore, it encapsulates the dynamism of strategic planning as well as an approach to effective benchmarking, monitoring and evaluation. Even though macro-environmental factors will always pose great challenges for successful strategic implementation, the need for ongoing assessment against world best practitioners is still vital, not only for larger enterprises but also for the small ones.

Figure 5.2 takes differences in business settings, their size, locality and the service offered, into account. On the basis of situation analysis, the availability of resources and the relevance in terms of business growth marketing and competition is linked to the overall environment (macro-environment). This has been designated as the first stage in the setting of strategic direction.

The second stage embraces the development of a shared vision and values for a specific operation as well as the business at large. This stipulation would imply recognition of the individual accommodation operation at a local level as well as incorporating a collective vision and values that would be applicable at provincial or regional levels. The mission statement comes with articulation of the strategic direction and the actual strategy formulation for accommodation facilities.

The third stage is based on key operation strategies like the market strategy, branding and positioning strategy. This is done in terms of current trends and patterns. The marketing mix, integration, alliance, joint venture and others as indicated in Chapter 4 (Section 4.4) are some of the most fashionable strategies used. The fourth stage culminates in the implementation of strategies, monitoring and evaluating the progress in terms of spin-offs, relevancy and making necessary changes. This combines with stage five, where the strategic outcome is levelled in the triple bottom line of economic, environmental and social competitiveness. If the strategy can achieve the triple bottom line, it just needs to be well managed so that it can be sustained.

5.5 Levels of Strategy Development

Today's enterprises (especially service-based enterprises) operate in an environment that is characterised by vibrant customers who have unprecedented demands. How tourism demand has been growing in South Africa over the past few years was pointed out in Chapter 3. Bennett (2006) acknowledges that, nowadays, businesses operate in an era in which consumers pursue individualism in terms of their preferences and their ability to pay for what they want. Services are no longer meant for utilitarian values only, but reflect personal status, image and class or level in society.

The symbolic meaning of goods and services outweigh the use value. They strengthen personal associations and social bonds. As a result, customers become attached to a brand rather than to a product. The value of products is less associated with their ability to satisfy primary needs than the way they function within society to show who a person is and what he/she does, which is the more important criterion. These signs take on a life of their own, not referring to a real world outside themselves, but to their own "reality" - the system that produces the signs (Harvey, 1990; Grant, 1991).

Alberts (2004) identified three different levels for strategy development. The first level is the corporate level. This is the level where corporate goals are set, the target markets are identified and the terms and conditions of corporate strategies are defined. It is at this level where corporations can create the real value for their business. In terms of NSMTA facilities, this level enables entrepreneurs to create or develop a brand for their business. Obviously, the need for business research is more than crucial at this stage, as this level appears to be the initial phase of strategy formulation. Success at this level will depend on management practices. If the management approach is firm in following a structured approach to strategic planning, the organisation could overcome key businesses challenges and achieve its organisational goals.

The second level is the business unit level. Here the business strategy level involves devising moves and approaches to compete successfully and to secure a competitive advantage over the competitors. It has already been noted (in the previous chapter) that competitive advantage is attained when a company achieves a higher rate of return than its competitors. It is at this level where responses to changing external environment are entertained. The generic means of attaining the company’s ultimate market success are formulated at this level.

The third level is the functional level, also called the operational level of strategy formulation. Some of the issues addressed at functional or operational level of the strategy include value chain analysis, business processes reacting to marketing, resources allocation and management and research and development (R&D). The operations strategy is a result of organisations' reaction to changing market demand patterns. Such operation strategies are usually used as devices to integrate supply networks. They are much broader in their scope than a functional strategy. The above description can be summarised in tabular form as follows:

Table 5.1: Different levels of strategy development

Corporate level	Business level	Functional level
Mission of the organisation	Mission of the section of operation	Functional competencies
Strategic thrust	Broad and specific action plan	Programme of action
Budget requirements	Operational requirements	Functional budget requirements

Source: Compiled from Alberts' class notes, 2004

Table 5.1 shows the corporate strategy level as the driver of the entire organisation because it sets the focus for the pre-defined goals and objectives of the organisation. The corporate level addresses issues at the highest level of abstraction of an organisation. It defines the resultant outputs in the form of corporate goal, tone, priorities and approaches that will drive the strategy to the next level.

The business level, where the mission and the vision of the company come into play, succeeds the corporate strategy level. The business level strategy is the firm-specific strategy that facilitates its gaining a competitive advantage in the market. At this level of strategy, the business portfolio outlines the methodologies of the organisation for competing with rival firms in the market.

Sequentially, the business strategy level is followed by the operation strategy level, which comes in the form of implementation. Functional units of an organisation are involved in higher-level strategies, such as providing information on resources and capabilities on which the higher-level strategies can be based. Once the higher-level strategy is developed, the functional units translate it into discrete action plans that each department or division must accomplish for the strategy to succeed.

5.6 Strategy performance indictors

Most companies have a standard set of metrics and financial indicators for keeping track of the business and measuring a company's performance. Collectively these are known as measures. Historically, standard measures have been predominantly financial and single dimensional in nature. The measures for a business in today's world tend to focus on the critical success factors for each functional area, including additional parameters for measuring the broader strategies, goals, and objectives of the company as a whole. Ultimately, there must be a strong linkage between departmental performance indicators and top-level metrics for gauging the effectiveness of the company strategy and achieving goals and objectives.

There are several measures that scholars (e.g. Porter, 1985; Pearson, 1996; Jennings, 2002; Hampton, 2003) consider to be standard measures. These include Benchmarking, Value chain analysis, Balance scorecard analysis, SWOT analysis and Strategic evaluation. The use of these measures is considered important for this study because they indicate the level of strategy performance of business under investigation.

Value Chain Analysis is used to identify potential sources of a company’s economic advantage in its industry. The analysis separates a firm into its major activities in order to understand the behaviour of costs, the associated value added, and the existing and potential sources of differentiation. It depends on an understanding of how the firms’ own value chain relates to, and interacts with, the value chains of suppliers, customers and competitors. Companies gain competitive advantage by performing some or all of these activities at a lower cost or with greater differentiation than competitors.

The balanced scorecard is a strategic planning and management system that is used extensively in business to align business activities to the vision and strategy of the organisation. It helps to monitor the business performance against strategic goals. The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The “new” balanced scorecard transforms an organisation’s strategic plan from an attractive but passive document into the "marching orders" for the organisation on a daily basis. It provides a framework that not only provides performance measurements, but also helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

SWOT analysis is a strategic planning tool that is used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favourable and unfavourable to achieving that objective. The strategy can be used in conjunction with other tools for audit and analysis such as PEST analysis and Porter’s analysis as described in Chapter 3.

Strategic evaluation is very close to SWOT analysis. It encompasses the internal and external factors that affect the company's business strategy. The business strategy is compared to the industry's key success factors, competitive resource requirements and the firm's internal capabilities and resources. In essence, it is a systematic analysis of the implementation of goal-related impact that resulted from the assessment of different strategic options available for carrying out the future objectives of the organisation (Heath, 2000).

Benchmarking involves learning, comparing and sharing information and adopting best practices to bring about step changes in performance. This could mean improvement through learning from others. It is a continuous process of measuring products, services and practices against the toughest competitors or the best performers in the industry. It allows for a positive and proactive process through which a company performs a specific function in order to improve its own performance in a similar function.

Of the described measures, none can fully achieve its objective in isolation. They are commonly used collectively in order to give consistent objective indications of true business value. Therefore, they are all considered important.

5.7 Overcoming some barriers to success

Knowing the characteristics of the various types of strategies at least makes a person aware of the fact that that there is no one single or simple way to develop or revise a strategy. Ulwick (1999) identified three major barriers to the proper development or revision of a strategy. Overcoming these barriers may contribute to a more systematic and proficient way of strategy formulation. A brief summary of these barriers and the ways to overcome them follows.

The three barriers to creating breakthrough strategies are the structure of most organisations, the nature and quality of information and the processing power of human beings. Often organisations lack a structure that will enable them to filter, organise, prioritise and manage all the information that enters the strategy formulation process. When engaging in the process of strategy formulation, organisations consider a number of pieces of information from multiple sources. Therefore, it is important for organisation to have structure and resources in place in order to deal with diverse information. According to Ulwick (1999:7) "*organisations must be able to determine, which information takes precedence and how one piece of information impacts another*". Most organisations in the world, and specifically in South Africa, do not have the necessary structure and infrastructure to capture, organise and interpret all the information for proper decision-making and strategy formulation. This applies particularly to NSMTA enterprises, the subject of this investigation.

To overcome this barrier or constraint, to some extent necessitates the application of the so-called "Pareto principle". Firstly, determine, in advance, which 20% of the needed information will be applied to take 80% of the decisions. Secondly, to develop a systematic method and process that will ensure that information is captured on a continuous basis. Ulwick (1999:5) recommends that the following questions be asked to give the process of strategy formulation a better structure: "*What processes are to be used to formulate strategy? How is the strategy formulation process to be developed or selected? Is a formal process selected? What steps are to be taken to create the strategy? Do different parts of the organisation define the concept of strategy differently? Do they have different strategy formulation processes? Are they effective? Do they consistently produce breakthrough strategies*?" Answers to these questions and proper consideration of the findings could put the organisation on a better route to success in the formulation of successful strategies (Ulwick: 1999).

The availability and quality of information is the second barrier to creating successful strategies. Nowadays, individuals have access to large amounts of information, much more than ever before. This information overload as well as a lack of well-developed systems and criteria to analyse the information properly form major constraints to proper strategy development. To overcome some of these constraints, organisations can utilise up-to-date technology and models to analyse and prioritise gathered information. Measures to prevent managers and even computer systems from being overburdened during data collection and analysis are as follows:

- To develop a set of criteria according to which data and information should be collected;

- To categorise the various pieces of information into sensible sets related to the departments or sections of a firm;
- The models or simulation techniques should be applied to determine the relevance of the acquired information; and
- All staff members and other relevant collectors and providers of information must be trained in the most appropriate method of data collection.

The third barrier, that of processing power, refers specifically to the restricted ability of human beings to take a broad spectrum of information into account during data analysis as related to strategy formulation. The cause of this restricted ability is not contained in the quality of the human brain, but in inefficient development of holistic and encompassing thinking methods and processes. According to Ulwick (1999) the computer facilities that are nowadays available should be harnessed to assist strategists in analysing information and putting strategies together. The CD-MAP process developed by Ulwick over a period of years serves as one example in this regard. CD-MAP consists of nine steps to set up the strategy formulation equation, four steps to solve the equation and three steps to prepare for implementation. A variety of modelling options is available and various options can be tested artificially by means of simulation before the most appropriate strategy can be selected and prepared for implementation.

Wolfe (2000) also developed a computer-based programme, which can be used for both training and strategic planning purposes. The Global Business Game (GBG) itself is a simplified model of the structure and details of the television segment of the Household Audio and Video Equipment Industry. Because GBG is a simulation, it simplifies the real world and captures those elements essential to understanding how globally competitive industries operate and the options and operating methods allowed in such countries (Wolfe, 2000).

5.8 Tourism product development strategy

All indications are that a high level of tourism growth and development exists in South Africa. The support for tourism development requires that it be product-driven and aimed at existing tourist-source markets as opposed to the market-driven nature of the tourism industry, which can but deliver an increase in tourist numbers. The absence of a cohesive tourism strategy or master plan for the Limpopo province in particular, is believed to be a major hindrance to its general development opportunities. A need exists to develop and adopt a generic strategic framework for the province. Such a strategic framework should focus on infrastructure and products that will encourage a growth in tourist numbers. Strategic intervention by the provincial government would hopefully address the plight of NSMTA enterprises.

In the past it was commonly thought, "*as the world globalises, both products and services will become more and more ubiquitous*" (Bowerson, 2007:17). However, the opposite seems to be happening. It is through that, that the world seems to be getting smaller and the companies are operating all over the place, but competition for brand "headspace" has never been more intense. Companies spend more time and money than ever before on innovative and sophisticated branding techniques to stand out and earn a place in the consumer's mind. They do this by creating an image for their product or service that carries with it a promise of certain positive characteristics and qualities that make it unique.

5.9 Conclusion

Reviewed literature points to the fact that strategic planning is a process that is usually undertaken by most corporations but the survey reveals somewhat different position regarding NSMTA enterprises. It became clear that formulating a tourism strategy represents a key challenge to tourism operational managers because of the nature of products being sold and the complexities of the environment in which the industry exits or operates. In particular, strategy is informed by the fact that most travel and tourism products are services rather than goods (i.e. they are intangible). The number of stakeholders in the industry also affects the strategic planning of a tourism business. It is imperative that the essence of the devised strategic direction is explained to all stakeholders, in order to guarantee their commitment and support for the bold initiatives to be undertaken. A decision-making process has to be undertaken at the level of unique products, services and customers.

The decision-making process involved in creating an operational strategy reflects both the resource-based and the market-driven views of strategy. If the strategic developmental process is indeed rational, at least to a degree, a person could expect distinctive managerial activity to exist that would be witnessed within the enterprise. Having conceptually identified various strategic building blocks, further research might well concentrate on the various internal and external forces that dictate and select the use of particular decisional elements over and above any other. It may well be that a strong correlation exists between particular forces and the use of certain strategic components.

The literature reviewed indicates that the components of an operational strategy also reflect market forces. If an enterprise uses more than one operational strategy, and they tend to be tailored to a particular situation, it may well be possible to assess each of these strategies and their decisional building blocks in terms of performance. For example, some may be “world class”, others merely efficient, or some sub-optimal or even dysfunctional.

Slack and Lewis (2002) addresses the notion of a “doctrine of competitiveness” as far as an operational strategy is concerned. Competitiveness, in his view, can be achieved through service diversification to create strategic advantage. In this context, the author refers only to a narrow range of operational strategies that could be expatiated. Nevertheless, it is contended that good operations have impact on business success. The contention that “making things better” can achieve competitive advantage *has clear resonance for operational strategies in general and is a good point of departure for considering their competitive priorities* (Slack, 2007:33).

The concept of "non-metropolitan" as applied in this study embodies the notion that enterprises are either of small to medium size. Generally, such enterprises are family enterprises. Operators are either searching for new kinds of businesses to supplement family income or as a prime source of income. Many different types of businesses such as tourism-related services or processing food or general service industries can be developed successfully in a rural environment. However, for any such businesses to flourish there is a need to develop a strategic plan for their efficient and successful operations.

CHAPTER 6

METHODOLOGY

6.1 Introduction

This chapter describes the procedure used for sampling, data collection, analysis, interpretation and discussion. The main objective is to lay the basis for a clear and precise research methodology that will address the expressed aims of the study and their associated objectives (Section 1.4), and expose answers to the research questions as stated in section 1.5, formulated to effect the aims and objectives of the study (Section 1.4).

The overall aim of the study is to present a generic strategic plan that could be used to ensure a prompt response to tourism change and demand in the accommodation sector. In order to achieve this, specific objectives covering three particular aspects were set. The first group concerned the distinguishing characteristics of the enterprise, the second had to do with how it operated and the third group related to an investigation regarding the degree to which strategic planning featured in their business. The research methodology adopted in this study was aimed at ensuring the attainment of the study objectives. The grouping of these as given in Chapter 1 (Sections 1.4 and 1.5), is reiterated.

6.1.1 Distinguishing characteristics of the enterprises

The first aim is to determine the nature of the enterprises in terms of their locality, size, ownership and management styles. The following objectives were set:

(iv) to identify the preferred areas where NSMTA facilities are positioned in the Limpopo province.

(v) to establish the range of enterprises in terms of their type and size.

(vi) to determine the types of ownership and management styles commonly used amongst NSMTA operators.

6.1.2 The operational nature of the business

The second aim is to assess the operational nature of the business in terms of professionalism in operation, self-evaluation of business performance and collaboration between stakeholders. This was enhanced by the following objectives:

(i) to establish the level of professionalism within Limpopo's NSMTA sector.

(ii) to determine if Limpopo's NSMTA operators use strategic business assessment mechanisms to assess their business performance.

(iii) to determine the kind (if any) of working relationship that exists amongst Limpopo's NSMTA operators and their contribution to tourism growth.

6.1.3 The extent to which strategic planning is considered

The third aim is to determine the extent to which strategic planning is considered and used by Limpopo's NSMTA facility providers. The following objectives were set to assist in that regard:

(i) to determine the extent to which strategic plans are used and valued in the operation of NSMTA establishments.

(ii) to present a generic strategic plan that could be used to ensure a prompt response by the accommodation sector to changes in the tourism demand and supply situations.

6.1.4 Research questions

The research questions were used as the frame of reference for the investigation. As the main research instrument, the structured survey questionnaire sought answers to the research questions as given in Chapter 1:

It emerged from the literature review that the accommodation sector is a very broad and important part of the tourism industry. This had a direct bearing on the scope of the study. In particular, it necessitated special mechanisms to control the sample size and choice of techniques in terms of data collection. Hence, a sampled number of establishments were selected to form part of the study. Purposive stratified sampling (as indicated in Section 6.3.) was used to ensure that the sample gave a reasonable representation (Table 3.2.) of different types of NSMTA enterprises as identified in the reviewed literature (Figure 2.2).

The diversity of data required had to be collected through a range of methodologies. The first stage took the form of a survey. This involved a reconnaissance trip undertaken to visit an accessible part of the study area. The next step was a follow-up “armchair survey” by computer navigation. Although the researcher is aware of the limitations associated with using the Internet, in this case, its use was indispensable because the actual study area is so large and diverse that it was physically not possible to cover it in its entirety. However, the Internet did afford the researcher the opportunity to familiarise himself with the wider study area and to establish contact with potential key informants from various tour operators and tourism business establishments.

The study adopts a scientific survey method for data collection based on the ethos of the exploratory research method, as limited information about the research topic was available. Jennings (2007) indicates that exploratory research is most appropriate when the researcher knows little about the issue being investigated. Exploratory research relies more heavily on qualitative techniques, although quantitative techniques are also useful (Cooper *et al.,* 1998). This advice is followed in the methodology adopted for this research. The theory of qualitative primary research is depicted as a flow chart (Figure 6.1) and drives the final interpretation of the results that integrate both primary and secondary data sources. The theories of supply and demand, marketing and strategic planning design were applied when interpreting the data.

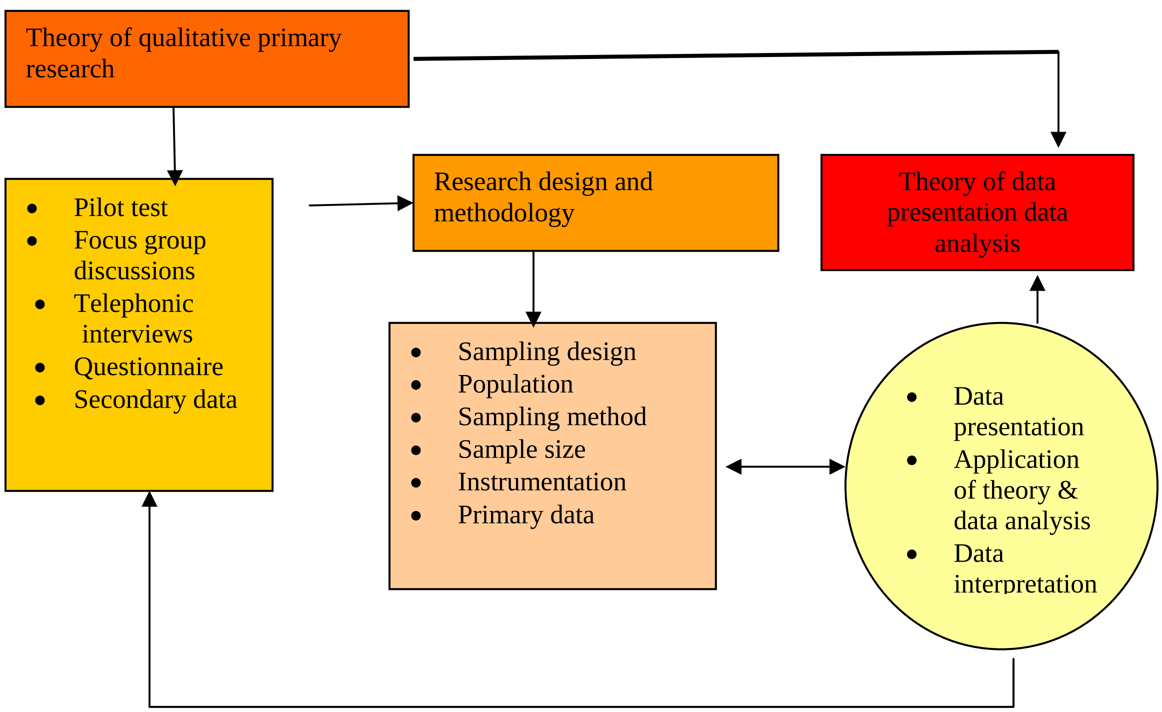

Figure 6.1: Methodology flow chart

Source: Modified from Alberts (2004) class notes

6.2 Pilot survey

A pilot survey relating to the research problem and its objectives was conducted in all four tourism regions of Limpopo to test the appropriateness and feasibility of the study. It helped detect the weaknesses of the selected research design and main research methods and provided proxy data for probability sampling**.** The target population for the pilot survey comprised managers of tourism destinations, tour operators and, to a lesser extent, a few on-the-spot tourists, a small number of employees and some neighbouring community members. The composition of the target population was based on David's (2000) postulate that the success of a tourism-related initiative would depend on the involvement and participation of all stakeholders at all levels of development. From the findings of the pilot survey, the research problem and objectives were rephrased to accommodate the stated focus of the research. The intention was to interrogate the discrepancy between demand and supply, the invasion of disguised large accommodation operators in the peripheral areas and the general absence and application of a strategic business plan in the operation of the NSMTA enterprises.

6.3 Primary data collection

Leedy (1995) maintains that primary data are sought for their closeness to the truth and control over possible error. The main aim of data collection is to find information that addresses the research questions. Generally, when collecting relevant data, a choice has to be made between quantitative and qualitative data collection techniques, depending on the nature of the study and the suitability of the selected method. When planning the research design for this study the researcher took cognisant of the fact that a combination of quantitative and qualitative research methods was necessary, hence they were both adopted. The benefits of using both quantitative and qualitative methods were immense.

Limpopo's NSMTA facilities were identified, classified according to types and numbered for sampling purpose. Purposive stratified sampling method was used because it allowed the researcher to get proportional representation from different types of accommodation facilities. The use of purposive stratified sampling was particularly necessary as researching non-metropolitan tourism accommodation encompassed a wide range of many and different situations. It was actually impossible to involve every operation in the whole study area.

Purposive stratified sampling method was used for the selection of different tourism accommodation sites within the study area. This procedure was more cost effective than other sampling methods since the kind of accommodation being researched is widely diverse, both in terms of size as well as the nature and number of services on offer. Samples from each sub-segment within the target population were taken using stratified purposive sampling techniques from Table 3.2. A questionnaire was used to collect data from the representative samples of the different sub-sectors of NSMTA enterprises (hotel, guesthouse, B&B establishments, lodge and resorts). The numeration and numbering processes and coding of issues were carefully monitored and ultimately facilitated analysis of the research findings. This reduced subjectivity and non-systematic representation of the findings. Furthermore, the quantitative and qualitative research methods were accompanied by a document search and relevant literature was used to support of the methodology. This approach was decided upon because tourism focuses on phenomena that occur in a real world setting and also because it involves studying tourism accommodation in the context of its complex dimensions. Statistics on their own are unable to convey the emotions and the feelings of real world experiences and phenomena, leading to findings that might appear to be inconclusive (Leedy and Ormrod, 2001).

6.4 Secondary Data collection

Secondary data were acquired using documented material relevant to the study's needs. Dillon and Murphy (2008: 62) state, "*Secondary data refers to the recorded information made by other experts for purposes other than the specific research need at hand*". This suggests that the data was collected for another project and has not been widely published. In this instance, the secondary data came from the records and files of operators and other corporate sources, reviewed literature and government information services, like Stats SA, and conference and workshop reports.

6.5 Key research method

The choice of research methodology was primarily based on the scope that embraced only NSMTA facilities. However, due to the exploratory nature of the study, the researcher identified the following factors as possible key strategies for classifying the database: the large size of the Limpopo province and the diverse characteristics of the tourism sector. The large size and the diverse characteristics necessitated the use of purposive stratified sampling strategy so that database could be manageable.

Figure 6.2 represents the summary of research process as followed in the study.

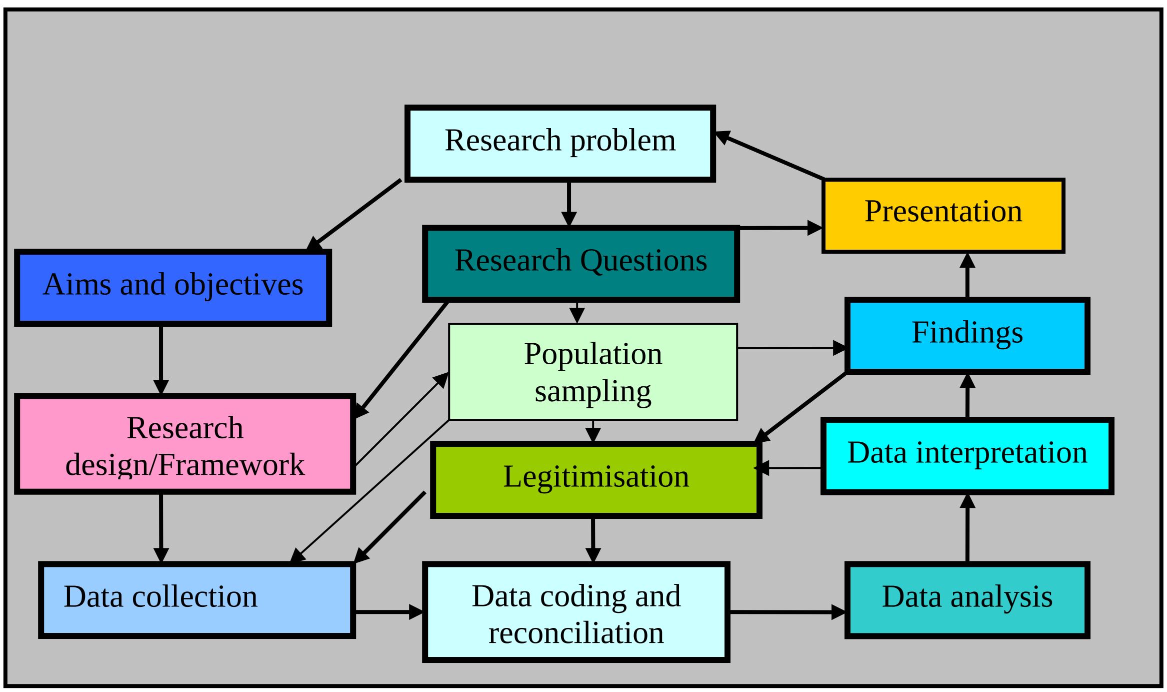

Figure 6.2: A model for the research methodology

Source: Author

Figure 6.3 summarises the research process as followed in the study. The statement of the problem as indicated in Chapter 1 (Section 1.3) motivated the researcher's aim and objectives. This was strengthened by research questions that shaped the research design and framework. Different modes of data collection were used to ensure validity and reliability of the findings. Data was coded and ratified before analysis and interpretation. The findings are presented against the pre-determined research problem, questions and the aim of the

6.5.1 Qualitative methodology

Qualitative research shares the theoretical assumptions of the interpretative paradigm, which is based on the notion that social reality is created and sustained through the subjective experience of people involved in communication (Oppenheim, 2000). In their research, qualitative researchers are concerned with attempting to accurately describe, decode and interpret the meanings of phenomena occurring in their normal social contexts (Fryer, 2004). In this study, the researcher operated within the framework of the interpretative paradigm because the focus of the study investigation touched on the complex, authentic contextual issues that were sometimes considered personal by the respondents. For example, the majority of sampled enterprises were individually owned and, as such, the management styles tended to reflect some personal attributes. Qualitative approaches, in this context, could not be completely removed from the shared subjectivity of the researcher and the researched, but it certainly minimised the illusions and assumptions.

Qualitative methods were deployed in this research for the following reasons (adapted from Kirk and Miller, 2004) that were seen to strengthen the data collection procedure and were considered important for the study:

- The need to obtain and understand the operators' management styles that could not be ascertained from the numerical data
- To have flexible ways in which to execute data collection, subsequent analysis and interpretation of collected information
- To provide a holistic view of the investigated business approaches, philosophy and intentions

- The ability to interact with the research subjects in their own locality on their own terms
- Offering descriptive capability based on primary and unstructured data

Despite the inherent and accepted weaknesses such as subjectivity and lack of consistency of the qualitative approach in research, the researcher felt it necessary to use these methods because they facilitate summarising the mass of words generated from interviews and other observed data. Furthermore, qualitative methods would allow the researcher to incorporate relationships between factors that generally operate in the accommodation sector. With the ultimate intention of the study being to formulate a generic strategic plan, the qualitative data could be analysed and tested using grounded theory to enhance the validity of the assumptions made. Cooper and Schindler (2006) strengthen the researcher's view by stating that qualitative research techniques allow the researcher to explore ideas and gain insight about the research topic, with limited use of quantitative techniques.

The following recognised qualitative techniques were applied in this study:

- Document analysis: Organisational reports from institutions like SA Tourism, Stats SA and others were read and evaluated.
- Observation: Site visits lasting several days in some of the sampled enterprises were undertaken in order to observe the scale and the magnitude of the different operations.
- In-depth interviews were held to complement questionnaire analysis to ensure consistency between questionnaire responses and information gleaned from structured interviews. Both structured and unstructured interviews added high value to the data collected for this study. Sixteen (16) in-depth interviews were held with the owners of the enterprises while fourteen (14) were held with employees on the sites.
- Telephonic interviews were particularly helpful in targeting people in areas that the researcher was not able to visit during the course of the study due to

constraints of time, distance and availability of interviewees. Eleven (11) managers provided required information in telephone interviews.

6.5.2 Quantitative methodology

Norusis (2000) avers that the functional or positivist paradigm that guides the quantitative mode of inquiry is based on the assumption that social reality has an objective ontological structure and that individuals are responding agents to this objective environment. This particular research deals with the way people take decisions on how to run and manage their businesses. Quantitative research involves the counting and measuring of events and performing the spreadsheet analysis of a body of numerical data (Smith, 1998). The assumption behind the positivist paradigm is that there is an objective truth existing in the world that can be measured and explained scientifically.

This study looks at NSMTA facilities. The size of the facility can only be determined through some kind of measurement. The quantification of size has to do with quantitative research. The main concerns of the quantitative paradigm are that measurement is reliable and valid, with the ability to generalise in its clear prediction of cause and effect (Cassell and Symon, 1998). Although the sample for this study was not that large, the researcher wanted the findings to be valid and reliable so that reasonable generalization can be acceptable. Thus, it was important to adopt quantitative research methods as well.

A further justification for the inclusion of some quantitative analyses was because the researcher wanted to be sure that his values, biases and subjective preferences did not influence any aspect of the research procedure. Many scholars caution about this possibility, declaring categorically that such partiality has no place in the quantitative approach. However, in this study, the researcher also appreciated the need for information from a concrete and tangible data collection process that could be analysed without further contact with respondents. Accordingly, the researcher assigns the following strengths and considerations to the use of quantitative methods suggesting that they are useful for:

- Tackling the research problem in precise terms
- Following firmly the original set of research goals, arriving at more objective conclusions and determining the issue of causality
- Achieving high levels of reliability of gathered data which May (2001) attributes to controlled observations, mass surveys or other forms of research manipulations
- Facilitating clear and precise specification of the variables under investigation
- Eliminating or minimising subjectivity of judgement as particularly mentioned by Kealey and Protheroe (1996)
- Use in situations where the respondents provide the answers to the questions in the survey making it impossible to control the environment
- Limiting outcomes to only those outlined in the original research proposal as respondents complete a questionnaire with a structured format and mostly closed type questions have to be answered.
- Discouraging the evolving and continuous investigation of a research phenomenon but disallowing flexibility and adaptation. This means the researcher did not have the opportunity to probe for more information and add/subtract questions as data collection process continues.

The nature of the problem statement of this investigation led to the adoption of a quantitative approach as a support method because it is more direct and assists in the quantification of data, this has been viewed as necessary for ensuring validity.

In summary, a variety of approaches were used for collecting data. Combining quantitative and qualitative methods was necessary to restrict possible bias or subjectivity and to accommodate the view of many scholars (Strauss and Corbin, 1998; Silverman, 2000; Lee, 2003) who recognise the two traditional approaches to research, the qualitative and the quantitative, on the basis of their distinctive characteristics.

On one hand, quantitative research was associated with features like 'hard', 'fixed', 'objective' and 'thin', whereas qualitative research tends to be characterised as 'soft', 'flexible', 'subjective' and 'rich' (Silverman, 2000; Robson, 2003). They both have strengths and weaknesses but, if combined, the results tend to be more reliable. Qualitative approaches tend to be more open and gather primarily non-standardized data. On the other hand, quantitative approaches are less flexible and mainly collect highly standardised, quantitative data. Silverman (2000) points out that, for a long-time, quantitative research was considered to be the 'golden standard' for research with qualitative research, at best, suitable only for preliminary exploration. Moreover, the reliability of the interpretation of qualitative research data has often been questioned because there is no standardised method for analysis (Robson, 2003), thus contributing to the perceived inferiority of qualitative research. The use of questionnaires elicited objective responses that were quantitatively analysed. Secondary information came from desktop research, data related to the tourism industry, analysts' reports, the Internet, newspaper articles and academic journals.

6.5.3 Questionnaire

The questionnaire survey was the major way through which quantitative personal information, management data and socio-economic data were collected. The data gathered in this way dealt with different variables that related to strategic business planning and included the number of services, level of the facilities, coping strategies and perceptions of individuals regarding the accommodation sector of the tourism industry. Questionnaires and value-laddering interviews were two necessary methods to triangulate the study. The questionnaire survey was a "blanket survey" in which different types of accommodation were exposed to the same questionnaires that were completed by knowledgeable personnel. This was deemed necessary because of the paucity of tourism data. Although every effort was made to encourage completion of the delivered questionnaires, several remained outstanding.

The questionnaire used was divided into three sections (A, B and C), to address the hypotheses of the study. Each section was prefaced with detailed instructions to the respondents on the actions required to complete the questionnaire properly. Section A concerned general questions aimed at addressing the problem statement on tourism accommodation supply and demand. Section B looked at operational questions concerning the tourism industry's challenges and opportunities. The final section of the questionnaire dealt with the strategic issues. The core of the researcher's intended contribution to the field of tourism pertained to the adoption of a strategic plan, the establishment of partnerships and the promotion of co-operation between enterprises offering different types of services to the tourist. See Appendix 1 for the questionnaire.

6.5.4 Interviews

Interviews were conducted with people at strategic levels (chief executive officers, managers and owners) of the operations. Both structured and semi-structured interviews were used to elicit relevant information. Basically, face-to-face thematic interviews were conducted and listening and taking notes were very important aspects of this method. These facilitated the posing of follow-up questions. The conversation followed a prepared structure by introducing the areas being considered, exploring the options and relating them to each other, then revisiting the main issues to secure the depth of information required for better analysis. Interviews were considered important in this study because they allowed participants to give detailed comments and a thorough account of their own situation, often raising unanticipated points and giving additional information.

The duration of the in-depth interviews ranged from 30 minutes to an hour. A comprehensive written record was kept throughout the discussion.

In the instances where it was difficult to meet personally with the management, receptionists were interviewed but with a less structured schedule. In particular, the problem-centred interview (PCI) technique was used to integrate the qualitative interviewing; the personal more private viewpoints and the topical interviewing that appertained to specific operational issues. Interviews proved to be the most flexible method although it was easy to get off the topic or when the interviewee supplied irrelevant or unexpected information. Interviews did, however, generate descriptive data and enabled the researcher to deduce hidden realities within the operation by looking at the facial expression and the tone of voice of the respondent.

However, information from different interviews was often hard to bring together. Thus, it was helpful to bear some of the recognised pitfalls associated with interviews in mind. Examples are:

- There is potential for interviewer bias
- Certain areas of the work may fail to be picked up
- In an interview one area may be more emphasised than others suggesting bias
- In stressing one particular issue, others could be neglected or totally ignored
- Problems with interpretation and analysis could create the possibility of distorted impressions
- The subjectivity of the data captured would need to be considered

6.5.5 Triangulation

The use of triangulation in this study was considered the best strategy to achieve credibility and reliability of data collected. Wheeler, Shaw and Barr (2004) and Patton (1990) described triangulation as methodology integration, whereby both quantitative and qualitative methods are used. On the other hand, Burns (2000) describe triangulation in terms of land surveying with the aid of trigonometry. Methodologically speaking, triangulation, in this regard, has more to do with hybridisation and a holistic process in which a multi-faceted approach constitutes the basis for investigation. This is based on Cresswell (2003) argument stating that the livelihood diversity cannot be captured using a single data collection method. Recognising that this study looks at the diversity of tourism accommodation as a livelihood, triangulation was used to good effect. As Babbie and Moutour (2001) claim, with the aid of triangulation, a researcher could endeavour to achieve objectivity, reliability and validity in both quantitative and qualitative research.

According to Leedy and Ormrod, (2001), there are eight different types of triangulation techniques and these were considered when deciding on the methodology for this study. They are:

- Space triangulation, which helps overcome the limitations of tourism studies that are conducted within a single locality
- Data triangulation, which involves the use of two or more data sources, e.g. interview data or dossiers
- Method triangulation entails the use of two or more methods, like interviews and questionnaires
- Research triangulation - collaboration amongst researchers
- Theoretical triangulation - elucidating research materials starting from different ideas, assumptions, hypotheses and interpretations and seeing where data fits in

- Multiple triangulation which refers to a situation where more than one form of triangulation was applied
- Mental triangulation is the situation where the researcher endeavours to establish different ways of thinking and creates effective relations with regard to the research object
- Time triangulation uses cross-sectional and longitudinal approaches.

The multiple triangulation (combining data and method triangulation and to some extent space triangulation) was used in this study to achieve a balanced approach. Triangulation played an important role in enhancing the reliability and validity of the derived findings of this study. Qualitative research is often blamed for lacking tenets of good science (Gillham, 2000). However, the triangulation technique draws on a variety of professional perspectives to interpret a single set of information. In this case, accommodation, as a component of the tourism industry, was investigated and subjective opinions and official quantitative data sources were the prime sources of information. Combining data accessed from the literature review, the survey, questionnaires and interviews, allowed triangulation to develop robust analysis of the data to guarantee meaningful findings. Since qualitative methods were particularly useful for eliciting the participants' views, care was taken to address the issue of validity that could well arise, particularly as a negative criticism of the methodology.

6.6 Data presentation

The primary data was presented in tabular, graphic and chart form to summarise responses within all the categories, incorporating the opinions of everyone who had participated in the study. The intention was to use all gathered data so that the resultant analysis would be representative and reliable. However, there were a few responses that were completely out of context and these had to be eliminated. Although there were some technical problems when correlating the findings for instance from in-depth interviews, telephonic survey and questionnaire survey, the findings were reconciled. In-depth interviews proved the researcher wealth of information that could not be ignored but at the same time does not fall within the framework of data analysis due its scope. Telephonic survey had its own limitations, which were mainly technical (recording information while keeping the communication lines alive).

6.7 Data analysis

Data were analysed according to quantitative and qualitative methodologies. Graphs and tables demonstrate principles of central tendency and frequency distribution patterns from which statistical inference was made. For interpretation, data was expressed on the nominal, ordinal, ratio and interval scales as appropriate to the quantitative aspects of the data analysis. The spreadsheet summarised the findings as readable tables with percentage values. Figure 6.3 illustrates the different levels of data used and their sources.

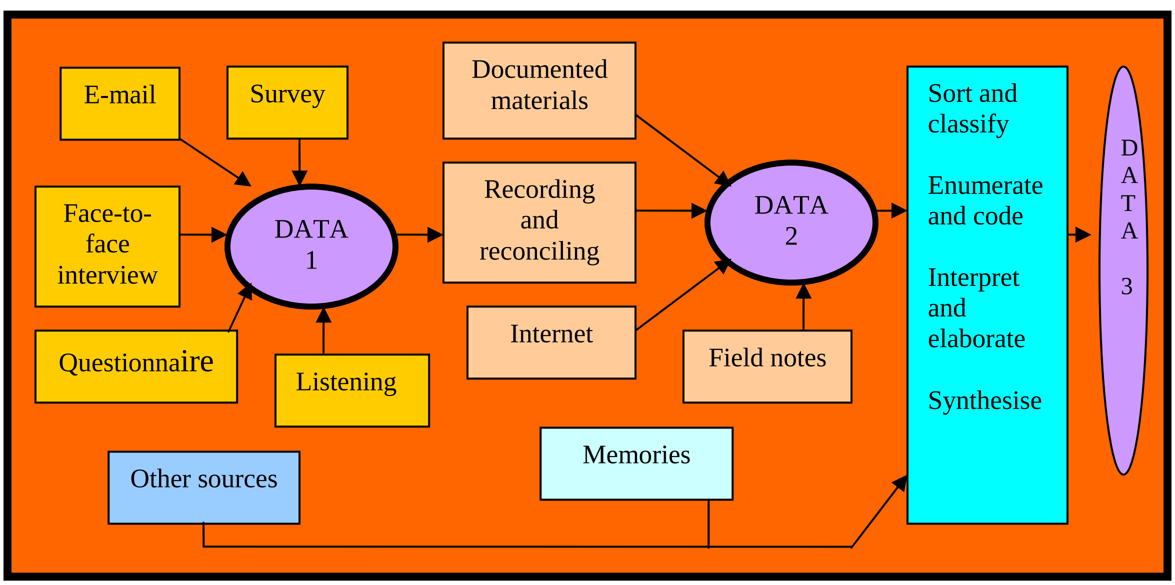

Figure 6.3: Data collection and analysis process

Source: Adapted from Govender-Van Week (2007)

Figure 6.3 illustrates that the process of data collection and analysis went through different phases, with each data level representing a particular phase. The first phase (Data 1) focused on primary data that was gathered either by survey, face-to-face interviews, questionnaire responses or e-mail communication. All the information at that level was recorded and reconciled in a template so that it could be sent for analysis. Data 2 represents the secondary information that was used. This information was sorted manually and classified into types and categories. Notes taken in the field, from the Internet and reviewed literature were synthesised. Data 3 represents the analysed and discussed information that led to the conclusions drawn and recommendations made from the findings of the study.

6.8 Problems encountered

As is the case with most academic research, data collection problems were encountered. These included resistance, deferring appointments and lack of availability of important stakeholders to supply information necessary for the study. Despite attempts to achieve both representative and diversity of NSMTA tourist operations in the survey, some degree of bias was inevitable. For example, Soutpansberg-based accommodation facilities appeared to be more heavily represented because the researcher was able to make several repeat visits, as the desired respondents were located in his home area. The Waterberg region posed problems due to owners'/managers' reluctance to give information even though the researcher had a letter from the University confirming the purpose of the research. As already indicated, not all questionnaires were returned. Managers had a tendency of taking a questionnaire with the promise of filling it in their own time but ended-up not doing anything about it. The researcher had a serious problem with regard to owners'/managers' absenteeism from their respective business premises. Most often, they were either on holiday, at work or just far away. As a result interviews could not be conducted timeously for inclusion in the study findings. This was disappointing.

Research on NSMTA operations was severely limited by a lack of understanding amongst operators with regard to the questions asked and by the challenges that the diversity of small tourism accommodation presented. A particular irritation was arranging an interview with an owner who was always away. Despite the large numbers of non-metropolitan small tourism accommodation businesses, it is only in recent years that researchers have started paying attention to this sector and the operators did not seem to be too keen to deal with academics.

The worst scenario was from institutions owned by the Limpopo Parks Board. Site managers were unable provide the researcher with primary data and required information because of the constraints imposed by a bureaucratic administration. The researcher was always referred to somebody else at the head office in Polokwane (the capital city of the province where the headquarters of the provincial administration and the tourism division is located). The frustrating part was that these operations were part of the most professionally managed group of enterprises in the province and, as such, a person could have expected much better co-operation from them. As a result they could not be incorporated in the sample.

Time constraints and the cost of running the research survey were pressing hard on the researcher. Despite all the disappointments and limitations, the research was done on a scientific basis.

6.8.1 Approaches to encountered problems

In dealing with the encountered problems like resistance to participate on research, deferring appointments and lack of availability of important stakeholders to supply information necessary for the study, the research had an alternative plan. Some of the establishments, which were originally not sampled, were used to substitute those, which could not participate due to above reasons.

The problem of unreturned questionnaire was such that of the initial 150 questionnaires distributed only a small number, 43 (29%), were returned within a reasonable period of time. A further 22 (15%) were returned after persistent follow-ups, even as long as two months after due date. As a result, the researcher had to negotiate with potential respondents to use a facsimile facility or post office service to return the questionnaire. Still this did not bear very good results and only another 17 (11%) were collected. To solve the problem another batch of 150 questionnaires was sent out using electronic mail. Forty-six (31%) responses were received from this initiative. Ultimately, of the 128 questionnaires received, 18 were either not filled in at all or only partly completed, so they could not be considered in the analyses. A total of 110 questionnaires were used as the survey's sample.

In cases where owners/managers were reluctant or unwilling to co-operate, the researcher approached another operator who was not part of the initially identified sample to get a replacement respondent. In other instances, the researcher requested the managers to mandate their receptionists to either allow them to be interviewed or to complete the questionnaire on behalf of their principals. This approach yielded some good results because 9 receptionists completed the questionnaire.

Despite the odds, the data collection process was completed. The sample size was regarded as adequate for valid research findings and representative of NSMTA enterprises in greater Limpopo.

6.8.2 Validity and reliability

There are four main criteria used in evaluating the validity and reliability of this research, namely, truth-value, applicability, consistency and neutrality. These criteria were taken into consideration when undertaking the research. A detailed discussion of these elements will, however, not be pursued here. Suffice to say, and with confidence that, despite all the challenges faced by the researcher when conducting the survey the study presents satisfactory and trustworthy findings.

Obviously, the academic merit of this study cannot dispute the fact that there are constant tensions and conflicts that sometimes are necessary to generate further discussion and identification of gaps for further research or for implementation. The NSMTA sector is directly or indirectly influenced by a myriad of factors ranging from general and specific consumer profiles, supply and demand, management, marketing, public policies, locality attributes and many other business dynamics that cannot be held constant.

Due to the incredibly diverse nature of tourism within the different tourism regions in Limpopo and the impact that so many other factors can have on the quality and competitiveness of the regional tourism accommodation enterprises, individual operators are seen to be the ones who should accept responsibility for appropriate tourism development. The onus is on them to act as catalysts and facilitators to bring together all tourism influences and suppliers, to produce synergy in their efforts to create a viable tourism accommodation market. The adoption of a generic strategic plan is justified on these grounds as proven in the findings of this study.

The scope of the strategic plan needs therefore to be wide to accommodate a range of possibilities. It does not draw restrictive boundaries and consequently cannot easily be condensed into a few pages. Rather, it explores issues from various perspectives and proposes a strategy as well as operational plans that are flexible enough to provide a framework for all within the district to benefit from this fascinating industry.

The nature of tourism accommodation growth and development in Limpopo as a whole requires that considerable effective co-ordination and leadership take place between the public sectors, tourism suppliers, retailers and local community groups in order to achieve a balance and harmony between the competing needs of the visitor, the community and the local environment. Therefore, this particular study cannot be all-inclusive and focuses on a holistic approach highlighting selected supporting aspects. In this regard, it offers findings that are sound and authentic; findings that could guide further research on gaps specified or implied.

6.9 Conclusion

The deliberation on different research methodologies was included as falling within the ambit of scientific research. The use of both quantitative and qualitative techniques was an indispensable strategy in order to attain reliable and valid information that would contribute to the integrity of the research. The research methodology and all techniques used in the study have been fully described and justified in this chapter.

The next chapter provides the presentation and the discussion of the findings from the four tourism regions of Limpopo. The three major issues encompassed in the stated and explicated aims of the study are dealt with in detail. First, the nature of each enterprise is investigated, with particular reference to its setting, ownership status, management style, philosophy and performance. Second, various facets of the operation of the business are considered. The third focus falls on business strategies and challenges, leading to a discussion of the adoption of a formalised strategic plan and its implementation.

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CHAPTER 7

PRESENTATION AND DISCUSSION OF THE FINDINGS

7.1 Introduction

The purpose of this chapter is to present and discuss the findings from empirical investigations done in the field. The primary and the secondary data gathered are analysed in terms of the aims and objectives of the study (Chapter 1, Section 1.4). The findings clarify the research problem (Section 1.3) and answer the research questions (Section 1.5).

Tourism is indeed one of Limpopo's fastest growing economic sectors. The number of tourism accommodation suppliers is growing at a tremendous pace. Of the sampled enterprises, 68% are less than 10 years old, which suggests that a large number of them emerged in the last few years. This mushrooming in large numbers could be explained as a response to increasing demand for tourism services as well as to speculative demand as defined in Chapter 3 (Section 3.1). Tourists could also due to the fact that tourist accommodation is gaining increasing attention as part of the tourism product consume it. Hence the literature review revealed that, tourism accommodation could be used as a tool for broader tourism development (Section 2.4.2).

7.2 The nature of enterprises investigated

As indicated in Chapter 2 (Section 2.3), the documented survey reveals that there are various types of NSMTA facilities in South Africa and that Limpopo's NSMTA enterprises range from the very small survivalist operators, the micro-enterprises, and the small- and medium-sized operations to large businesses. The presence of inns, motels, guesthouses, B&B and self-catering accommodation establishments, resorts, lodges and hotels throughout the province bear testimony to this. However, not all these types were included in the study. Only those categories illustrated in Figure 7.1 were included. According to their percentage contribution to the overall research sample (n=110), just about half (49%) of the information came from lodges and guesthouses. Hotels, resorts and B&B establishments comprised just over a third (36%) of the sample and 15% were excluded from this classification and described as ‘others’ (Figure 7.1). ‘Others’ was an option given in the questionnaire to cover specific forms of self-catering facilities like farmhouses and camping sites.

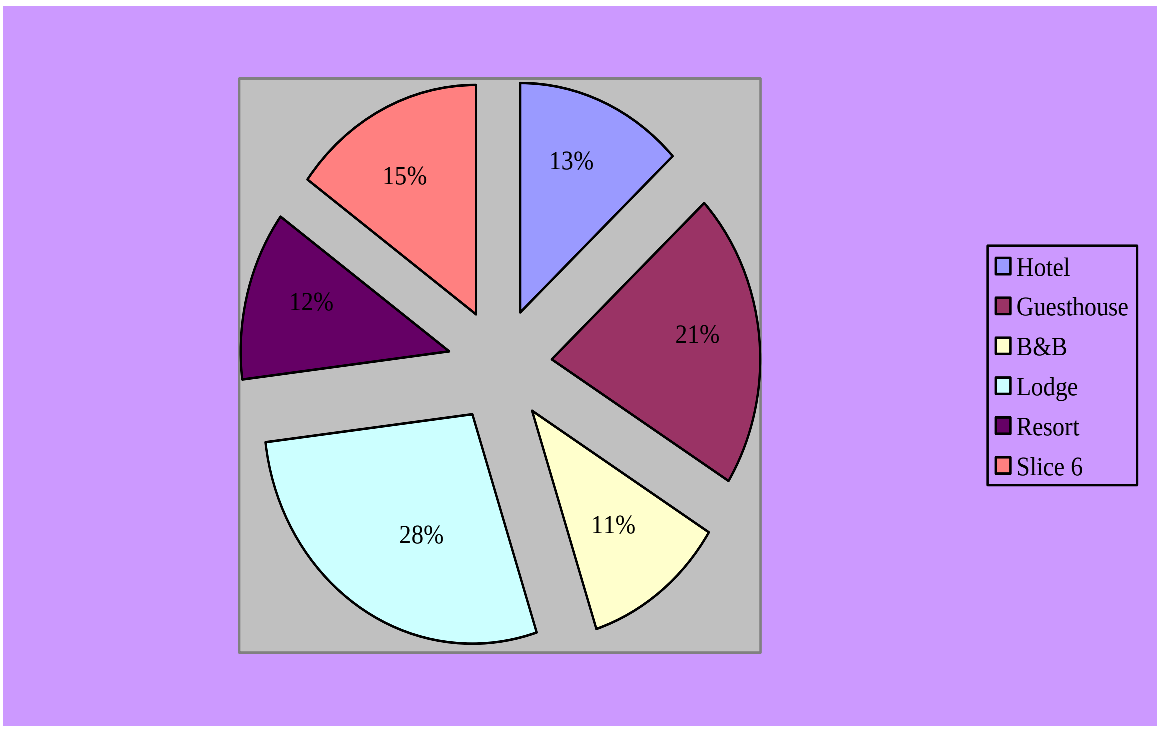

Figure 7.1: Types of enterprises included in the study.

This study found that Limpopo's NSMTA offerings did not cover the full range of small tourism accommodation operations as suggested in the literature (Chapter 2, Section 2.3). Only four backpacker facilities were identified. Moreover, the lack of holiday flats and the absence of holiday cottages and country houses show that Limpopo could still expand in terms of facility diversification. The lodges happened to be the most prevalent type (28%) of accommodation represented in the sample, followed by guesthouses (21%), with most of them being located on premises previously used for different purposes, such as residential houses. Although B&B accommodation enterprises appeared to be less well represented (11%), they tended to function relatively more formally than the guesthouses. Both the hotels and the B&Bs were better able to provide the researcher with the required and even additional information, than was the case with other operators.

7.2.1 Establishment and choice of the site

Limpopo has four tourism regions (Chapter 1, Section 1.2). The number and type of tourism accommodation facilities varies within the regions (Figure 7.2), which themselves differ in terms of size and availability of tourism-related resources. For appropriate representation, the research sample included different types of NSMTA enterprises within each tourism region.

In line with the first research question (Section 1.5) and the first objective of the study (Section 1.4), the issue of locality emerged as linked to other critical aspects that are of vital importance to the study. The nature of the enterprise and the business approach adopted by these enterprises appeared to be directly related to the geographic location. The locational choice had much to do with the rural land tenure system where a few individuals who have power to allocate and use land based on historical circumstances control land.

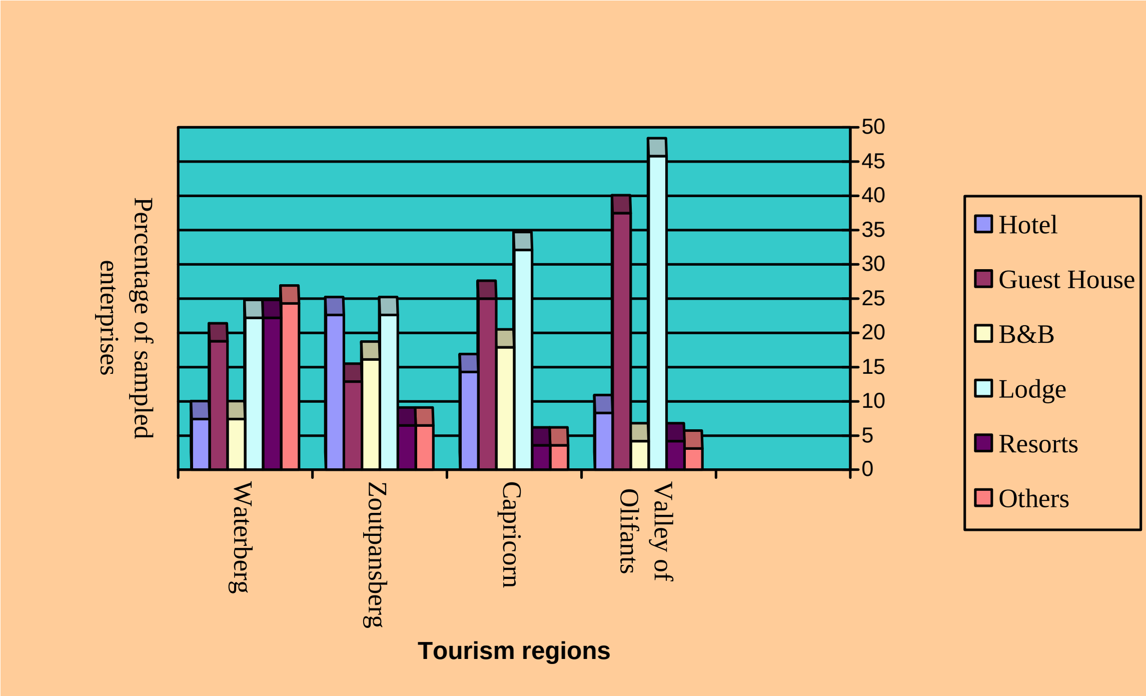

Figure 7.2: The distribution of the sampled facilities

Limpopo's natural and cultural features play a major role in its tourism growth potential – an observation often mentioned in tourism-related writings and recorded in this study's literature review (Chapter 1, Section 1.2). The Waterberg area's natural scenic beauty and game farm experiences are overwhelmingly appealing. This makes ecotourism the dominant activity in the region.

In this survey, the lodge emerged as the main type of tourism accommodation in the province, contributing an average of 31% of the total accommodation stock. Regionally, lodges were dominant in Capricorn and the Valley of the Olifants regions at 35% and 48% respectively. The second most important type of facility was the guesthouse with an average of a 26% contribution to the overall accommodation stock. It is apparently dominant in the Valley of the Olifants region with 41% contribution. Hotel facilities contributed 17% on average and were mostly in the Zoutpansberg (25%) and Capricorn (17%) regions. This phenomenon could be explained by the fact that these regions are more urbanised than others. Hence, the researcher concluded that hotels are not very prominent in the non-metropolitan parts of the province. The distribution of accommodation facilities related closely to the type of economic activities and tourism products offered in the area. For example, B&Bs are generally located close to the major provincial tourism hotspots within each region (Chapter 1, Section 1.2).

As indicated before, lodges were the dominant type of accommodation in The Valley of the Olifants and the Capricorn regions (Figure 7.2). Generally, they operate on a relatively more formal level, compared to guesthouses that serve a different market. More than 50% of the lodges were registered with the South African Tourism Authorities and 38% of the sampled lodges were graded. This shows that they would be able to deliver professional and quality service to tourists and their offerings can therefore bridge the gap between demand and supply.

The wide diversity of NSMTA enterprises can be inferred from the Waterberg region where the 'others' category dominated the survey. In the category, 'others', respondents mentioned self-catering units, farm or country houses, camping sites and backpacker accommodation. The increasing diversification within the sector has to do with the attempt to meet newly emerging demands. The demand for tourism accommodation has become more dynamic with more and more tourists searching for a special experience in newly developed tourism destinations. Hence, the diversity in the provincial distribution of facilities could be attributed to changing tourism demand with nature-based tourism (ecotourism) taking precedence over the traditional tourism activities.

The establishment of NSMTA is seen to be locationally biased in the sense that the facilities invariably lay in remote rural areas. At the same time, they do cater for the personal preferences and individualised needs of their clientele. The choice of site plays a particular role in the sustainability of the operation. It became clear during the survey that the geographical location of an accommodation enterprise had a major impact on its operation and profitability. The choice of a business site is both a technical and tactical aspect of business decision-making.

7.2.2 Locational choice and infrastructural resource

From the information received from the sampled operators, it was determined that the choice of business site varied considerably (Table 7.1). The use of locational choice as a point of departure in the questionnaire survey was to assess the extent of competition and provide evidence of the required tourism resource base for the accommodation enterprises. Operators were given four different options from which to choose the most applicable to their situation. The options given were intended to check whether the locational choice was based on a particular business philosophy or principle or not. The results are summarised in Table 7.1.

Table 7.1: Reasons for site choice

Proximity to popular tourism destination	30.9%
Locational inertia	25.5%
No other site available	6.4%
Other personal reasons	37.3%

Being in the vicinity of established tourism attractions appeared to favour nearby tourism accommodation businesses. Proximity to areas like the Kruger National Park, the Bela-Bela warm baths and mineral springs, the bush veldt scenery of the Waterberg and the scenic beauty of the Valley of the Olifants in the vicinity of Hoedspruit, appeared to give accommodation operators a better chance of success. The researcher identified a number of the NSMTA enterprises that gained strategic locational advantages because of their position in relation to the above-mentioned areas. These locations generally exhibited characteristics that place NSMTA facilities in a relevant and viable setting in terms of convenience, and thus to ultimately contribute to growth in the tourism industry. Research data (Table 7.1) support this assumption that was based on field observation.

Proximity to popular tourism destinations is a widely held reason (31%) for the choice of a location for an accommodation facility. However, other bigger enterprises in Limpopo are encroaching into these areas. It seemed as though either non-South Africans or some wealthy person residing overseas or in metropolitan areas or even in another province, owned such enterprises. It was not easy to access the actual statistics on the situation because the operating managers were not allowed to conduct any kind of interview with the researcher, nor were they allowed to complete the questionnaire. However, it was indicated to the researcher that the some owners of the operations were normally far from the premises exercising remote control. The problem with such *in absentia* operators is that they often have enough money to do simply as they wish and tended to operate large enterprises in several areas. This confirms the second problem statement as given in Chapter 1 (Section 1.3).

The allocation of premises to such owners in prime locations poses unhealthy competition for local operators in that they bring with them the highest quality service because they have the resources to do so.

Considering the fact that Limpopo boasts three national parks, three heritage sites and shares borders with three countries, namely Zimbabwe, Botswana and Mozambique, the spread and diversity of NSMTA does not only relate to this aspect but also to its physiographic and land-use patterns with three prominent mountain ranges, namely Waterberg, Soutpansberg and Drakensberg. It was established during the survey that accommodation facilities are not evenly distributed across tourism regions. They are more concentrated along the tourism hotspots areas, near shopping centres and close to major tourism destinations.

Locational inertia has to do with sites that are still used for the sake of preserving their history. From the survey, it was established that more than a quarter (26%) of the total sampled NSMTA operations in Limpopo, claimed this applied to their site. A set up of this nature would require additional planning for the business to acquire an adequate threshold. The circumstances surrounding such sites were threefold; each has its own functional implications.

First, the largest proportion of this group (67%), strove to venture into a new business opportunity by converting the premises that were originally established for some other purpose into something to host the “new tourist” (Poon, 1994). Such a decision would have been quite difficult because of the nature of the dynamics of tourism demand (Chapter 3, Section 3.3). It is interesting to find that more than 50% of NSMTA operators acknowledged the business opportunities that tourism accommodation offers. However, there are a number of highlighted challenges that threaten the realisation of such opportunities. One such challenge is unregulated competition. Without a sound business plan or strategy, the chances of success are limited. Implementation of a proven generic business plan for the sector could be the solution to this problem.

Second, 13% of the operators who chose locational inertia as the reason for their choice of site were continuing to use the premises for the same purpose, namely tourism accommodation. They had either bought the property or taken it over from their parents or relatives. In most of these cases, the business needed to be revived, which meant that the new owners had to make extensive improvements to change people’s perceptions of the place. However, this did not seem to happening because the respondents claimed to have been in the same situation for sometime when discussing their operation with the researcher on his visit to their facility. This situation could change for the better if the operator applied and adopted the principles of a relevant generic strategic business plan.

The third group, constituting 20% of the operators, comprised those who had a successful business and were expanding and moving to new premises where obvious opportunities existed, closer to provincial tourism icons. They were usually ‘bigger’ businesses that had appropriate facilities for offering a complete tourism service or, alternatively, a range of other offerings tourists need, thereby accommodating the dynamics of tourism demand. This is part of the problem under investigation as stated in Chapter 1 (Section 1.3). It is what the researcher in this study calls ‘succession intrusion’ and entails bigger businesses moving out of urban areas to non-metropolitan areas and capturing the market that should, in essence, be for smaller enterprises. These larger businesses operate by either using different brands that are easy to manoeuvre or franchises of well-established brands. An example of this is the Protea Hotel group running the Mphephu resort and Thohoyandou Caravan Park. Finally, the “No other site available" option constitutes the smallest percentage (6%) in terms of choice of site for Limpopo tourism accommodation enterprises. This suggests that operators took cognisance of the viability or sustainability of their businesses before engaging themselves in the business. They were not prepared to take any site for the sake of business success.

Respondents in the fourth category, described as ‘other personal reasons’ were decidedly vague and the real reason for the choice of a site for the establishment of NSMTA facility in Limpopo was not easy to determine. Most (37%) of the operators selected this option. This reflects the fact that each location has some unique quality appealing to a specific service provider serving a particular market. Strategic location designation is the most appropriate determinant for NSMTA in terms of meeting tourism demand. The site itself could also serve as a catalyst for further development of the enterprise. Should the site be strategically positioned, it could usually accommodate a range of other advantages that would stimulate business growth. The matter of greatest interest in terms of this study is whether the different reasons that led to the locational choice for a business had anything to do with meeting the rising tourism demand in the province. This concurs with the generally accepted view, frequently expressed in the literature reviewed, that the choice of any business site should be based on business principles. In this case, the driving principle pertains to reaching out to tourists visiting certain destinations within the province.

7.2.3 Ownership and management style

Ownership and management style contribute in the success or failure of any business type. Organisations or businesses that are professionally managed tend to survive well even in the most competitive markets of the world. The finding from this study indicates that management styles differ with the type and category under which business is operating.

Table 7.2: Ownership of the enterprises

Single Owner	41.8%
Partnership Owner	23.6%
Family-owned	16.4%
Company-owned	12.7%
Other type of ownership	5.5%

Ownership of an enterprise plays specific role in terms of demand and supply. Private individuals, as single owners own almost 42% of the business and represent the largest number of enterprises. Situations where all managerial responsibilities are handled by one individual has proven to be problematic when it comes to matching demand with supply because it became clear from the findings that single handed managed enterprises are narrowly focused. Although 62% of the owners try to update and upgrade their services consistently, the market trends outpace their lonely attempts. Perhaps it is because updating and upgrading exercises involve research and strategic planning, which is not easy for owners/managers who personally take on all the administrative responsibilities single-handedly.

Professional assistance is essential and operators are people who would certainly benefit from training programmes. The single-handed management style contributes to widening the gap between demand and supply. Coincidentally, the investigation revealed that 41% of the operators had no training or background in business management. This underscores the need for some kind of specialised intervention, through private and public partnerships, to ensure business success. Contrary to that, the researcher established that 78% of the operators said that they had not approached nor consulted any institution or experts for business support or assistance since the start of their business. Thus they only manage their businesses according to their own frame of reference. Perhaps this is where the government could and needs to play a facilitation role of developing the sector and broadening the management styles of the business so that individually and collectively the enterprises could contribute to the overall development of the tourism industry.

The operators appeared to be concerned about contact with government officials as this could, to their way of thinking, mean they would be vulnerable to possible investigations by the South African Revenue Services (SARS). They would prefer to avoid this, as taxation issues could be burdensome for them. Another issue that worried them was that of labour registration and the implications of a whole range of government labour practices regulations and policies that stipulate working hours and enforce minimum wages. Some operators did not want to open-up to reflect on the actual situation regarding their business ownership and management styles. Generally, across all four tourism regions the use of professional consultants is still low. At least 22% had made use of some kind of business consultancy over the last three years or so.

Eighty six percent of the guesthouses were family businesses. These were managed at a family level with the head of the family or the breadwinner as the chief executive officer (CEO). This kind of management style, as reported, appears to be failing to yield favourable results in the competitive business of a tourism accommodation enterprise. The B&Bs are more liberal in terms of management and operational styles because 62 % had different management levels. For example, rooms were managed separately from food and both managers reported to the general manager. Even though it may not be claimed to be the best, it is still better than the guesthouse management style. Lodges were second best to the hotels, even though some out-compete hotels in the nature of their professional approach to management. Thirty five percent of the surveyed lodges had different departments concerned with issues of marketing, finance and human resources that were run by professional people, either as consultants or part-time employees.

Only 22% of the respondents acknowledged that some kind of ownership change had taken place since the business operation first opened. The two most common reasons were bankruptcy and the operational problems of the former owners. In essence, with all the demand for service and business growth, there are still some operations that could not be sustained, simply because of succumbing to management pitfalls. The researcher attributes failures of this kind of business to the lack of strategic business planning or poor management styles because the sector, as a whole, definitely has good business prospects. Twenty-two percent is too high a number in this case. Perhaps this justifies the need for a strategic plan as advocated by the researcher.

During the interview, it appeared that several businesses generally operated from hand to mouth with very little re-investment in the growth of the business. Perhaps this relates to the business philosophy adopted or the purpose for which the business was founded. Most were established to serve as a supplementary source of income rather than as economically viable businesses to be operated professionally.

The 'house turned into business' philosophy creates a challenge, especially on the farms. There were a few incidents where the researcher met some operators who did not want to hear a thing about their premises being part of a research endeavour, yet they had put their own advertising boards next to the public road. No one seemed particularly concerned about the issue of responsible advertising in public space. This is one area in which governmental authorities need to exercise some control.

7.2.4 Human resources

Literally**,** 80% of the participant operators pronounced a business based operation philosophy. The main ones ranged from "customers first", ''first come first served", "provide best quality service" and "delivering value for money service". These pronouncements had to be assessed in terms of the size and the capacity of the enterprises.

The survey revealed that, the number of employees in a single enterprise ranged from 1 to 200 employees. More than half (58%) of the enterprises had fewer than 10 people while 30% employed between 10 and 20 people and 13% employed more than 20. This result endorses the fact that only small- to medium-scale operations were under investigation. Of the employed people, 80% had worked for the same enterprise since its inception as a business. In principle, employee's retention seemed to be a well-achieved philosophy. On a positive note, this could suggest business stability because people were being retained for a reasonably long period even though countrywide the job market in this sector is characteristically very dynamic and actively ever changing. On the other hand, it could mean that NSMTA enterprises were operating as a 'closed system' where, once inside, getting out was not easy nor did employees know about other opportunities awaiting them somewhere outside. Alternatively, another interpretation could be that people who are not marketable for other job opportunities were being employed in the tourism accommodation sector. Non-metropolitan small- to medium-sized tourism accommodation (NSMTA) entrepreneurs depend on a large supply of semi-skilled and cheap workforce in terms of labour cost benefits. General (labourers) employees with three years experience still earn an average monthly salary of less than R2500 in this sector, which is low compare to three years general employees from the government who receive a gross average salary of R4000 and above (from interview).

The philosophy with regard to employee skill development is not good enough. It does not contribute positively to the general development and growth of the industry. Only 10% of the employees had a post-matriculation qualification. At least 29% had a Senior Certificate (school leaving, matriculation level) while the rest were without. With as many as 46% of the employers declaring that they had staff development programmes for their employees, this could imply that such training was only meant for administrators and done from within by the owner or the manager. The literature survey shows that human resource development has been proven to be a vital element in the hotel accommodation sector where tourists demand quality service. The survey established the dominance of female employees (65%) who receive lower wages than male colleagues do. Several investigations (WTO, 2005, WTTC, 2002 and TBCSA, 2002) confirmed that female employees are generally paid less than their male counterparts. Women, particularly those associated with the tourism industry are often seen to belong to an abused but resilient workforce especially in the rural businesses, As long as economies in which tourism plays a major role have ample supplies of relatively cheap labour, there will be little need for rationalisation of investment for a viable strategic plan. This perception needs to be changed so that NSMTA facilities could contribute in the overall development of the tourism industry. Hence, the idea of local community empowerment through generic strategic plan would be more relevant in this regard.

Unemployment is one of the most important challenges facing Limpopo as one of the country's poorest provinces. Many, as a possible alleviator of the poverty problem, see tourism growth and development, especially the NSMTA sector. However, this survey found that some of the people employed in the accommodation sector were still living below the poverty line, despite their having been employed in the sector for four to five years. It is accepted worldwide that the development and growth of SMMEs can play an important role in turning this situation around. It can be assumed that the operators' business philosophy is capital and profit oriented, while ignoring human resource development. Policies and programmes to support the development of SMMEs no doubt are an important part of South Africa's current democratic government's programmes to create a better life for all. However, the implementation seems still far from materialising in Limpopo.

Part-time employees represented about 56% of workers from sampled enterprises. Full-time employees occupy key positions, although, in most cases, the owners/managers took full responsibility on the operational side of the business. The mode of employee recruitment was found to be unprofessional in the sense that the vacancies were neither advertised in newspapers nor any other type of mass media. Managers and operators cited the high cost involved in professional recruitment methods as the main reason that deters them from using professional practices. On the basis of the reasons cited, the researcher feels that specialised qualifications in this sector are still taken for granted, whereas they are actually necessary for the provision and delivery of better service.

The availability of staff appeared to be increasingly determined by the physical location of a particular tourism business or type of operation and seasonality. For example, 90% of B&B owners and managers from all four regions highlighted a shortage of qualified chefs. A lack of skilled employees was identified by 16% of them as one of the main barriers to business enhancement. Approximately 46% said that they had in-house training or skills development for their staff, which the researcher could obviously neither dispute nor accept as the truth because, of the responses from interviewed employees. Fewer than 5% said they had had in-service training.

7.2.5 Business performance

Generally, the assessment of business performance is weak because the majority of operators (54%) did not apply any professionally recognised mechanism for assessment. However, the researcher tried to assess business performance, using standard measures (Chapter 5, Section 5.6). The findings are as follows:

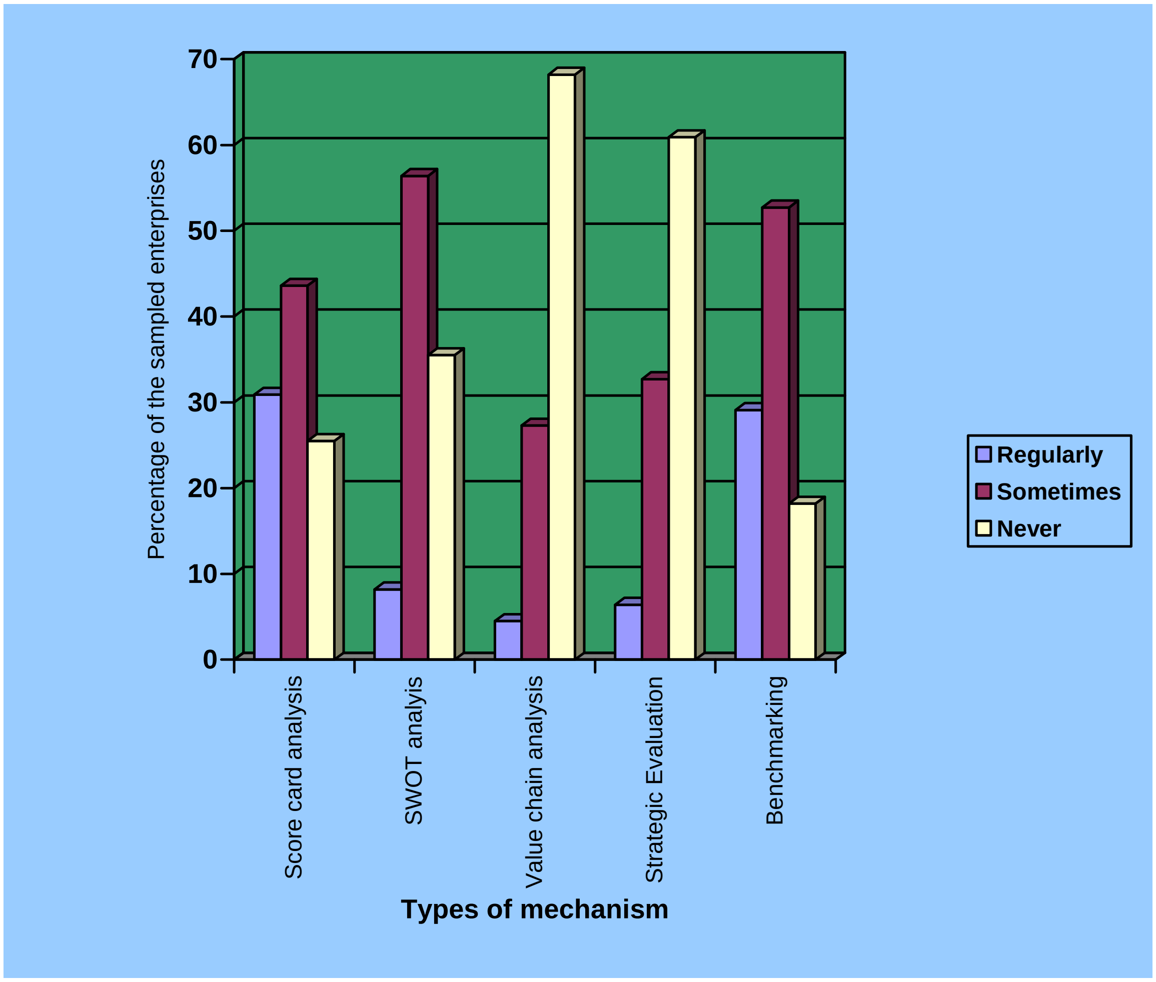

Figure 7.3: The use of assessment mechanisms

Between twenty-eight and fifty six percent of operators from all the regions claimed to have made use of benchmarking and scorecard analysis at one stage or another. These two mechanisms were the most regularly used out of the five options given in the questionnaire. The process of benchmarking (as discussed in Chapters 2 and 4) involves comparing performance and processes within an industry to assess its relative position against either a set of industry standards or against those who are "best in the class" (Jennings, 2001). The balanced scorecard methodology is an analysis technique designed to translate an organisation's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organisation's performance in terms of achieving these goals. It was actually surprising to find that more than 30% of the operators declared themselves conversant with mechanisms for business assessment whereas they could not state the vision and the mission of their operations. There is some kind of discrepancy in the supplied information. However, the above measures were considered for their record of accomplishment in examining business performance in four areas:

- Financial analysis, the most traditionally used performance indicator, includes assessments of measures such as operating costs and return-on-investment
- Customer analysis looks at customer satisfaction and retention
- Internal analysis looks at production and innovation, measuring performance in terms of maximising profit from current products and following indicators for future productivity
- Learning and growth analysis explores the effectiveness of management in terms of measures of employee satisfaction and retention and information system performance.

The survey questionnaire provides participants with five mechanisms for business strategic plan assessment of which the results were cross-tabulated from Table 7.4 (a) to Table 7.4(e). As already stated, the mechanisms were discussed in section 5.7.

The balanced scorecard technique was included to evaluate an enterprise's overall performance by allowing participants to integrate financial measures with other key performance indicators that assess their business. The reviewed literature recommended Balanced Scorecard Analysis for being useful in assessing business benefit, as it is a strategy implementation system for connecting long-term strategic planning and short-term action and budget planning. Table 7.3 (a) portrays the relationship between the types of sampled enterprises and the extent to which scorecard analysis is used.

Table 7.3(a) Cross tabulation between type of ownership and the use of scorecard analysis: Q10 (types of ownership) x Q38 (Balanced Scorecard)

	Q38: How often do you conduct Scorecard Analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	17	17	13	47
	%	36.1%	36.2%	27.7%	100.0%
Private company	Count	6	14	6	26
	%	23.1%	53.8%	23.1%	100.0%
Family owned	Count	4	8	6	18
	%	22.3%	44.4%	33.3%	100.0%
Consortium owned	Count	5	7	2	14
	%	35.7%	50.0%	14.3%	100.0%
Other	Count	2	2	1	5
	%	40.0%	40.0%	20.0%	100.0%
Total	Count	34	48	28	110
	%	30.9%	43.6%	25.5%	100.0%

Table 7.3(a) shows that only 31% of the operators conducted scorecard analysis regularly while 44% did that sometimes. Considering what the literature says about this mechanism, namely, balanced scorecard is directly linked to the assessment of the organisation's strategic plan to make a profit in the long run, survey results indicate that fewer than a third apply this practice regularly. Poor consideration of this mechanism by the majority of operators means that many enterprises are missing out. It is a useful tool that would enable management to effectively communicate with personnel, especially to inform staff of the overall business strategy, to prioritise actions and to motivate their teams to common and longer-term goals. Undoubtedly, this reveals how a logical structure and the strong bond between actions and strategic goals that promote tourism development are being missed. In fact, those who claim to conduct Scorecard Analysis "sometimes" are even doubtful of its merit and hesitant to respond because infrequent analysis is likely to provide unreliable information and as such it defeats the purpose of the whole exercise.

SWOT analysis was described in Chapter 4 and Chapter 5, as a mechanism that could easily provide an overview of the organisation's strategic needs. It remains one of the best mechanisms for analysis. In the literature review it is recorded that SWOT analysis is a strategic planning tool that is used to evaluate the strengths, weaknesses, opportunities, and threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favourable and unfavourable to achieving that objective. The strategy can be used in conjunction with other tools for audit and analysis such as PEST analysis and Porter's analysis as described in Chapter 3. Table 7.3(b) shows the results on how sampled operators use SWOT analysis.

Table 7.3(b) Cross tabulation between type of ownership and the use of SWOT analysis: Q10 (types of ownership) x Q38 (SWOT)

	Q38: How often do you conduct a SWOT analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	21	22	47
	%	8.5%	44.7%	46.8%	100.0%
Private company	Count	3	17	6	26
	%	11.5%	65.4%	23.1%	100.0%
Family owned	Count	2	9	7	18
	%	11.1%	50.0%	38.9%	100.0%
Consortium owned	Count	0	11	3	14
	%	0.0%	78.6%	21.4%	100.0%
Other	Count	0	4	1	5
	%	0.0%	80.0%	20.0%	100.0%
Total	Count	9	62	39	110
	%	8.2%	56.4%	35.5%	100.0%

The finding from this investigation reveals that on average only 8.2% of the sampled operators used this important mechanism regularly. In fact, 36% of them did not use it at all. This implies that businesses are operated in isolation from external factors that are so influential in a business operation. Furthermore, it demonstrates that NSMTA businesses are lagging behind in terms of functioning within a structured strategic framework. SWOT analysis is a positive step towards reducing, and possibly eliminating, business risk and it enables the operator to take advantage of the strengths and opportunities as well as prepare for weaknesses and threats. Such advantages are being taken for granted by Limpopo's NSMTA operators.

Value Chain Analysis and Balanced Scorecard frameworks are linked and interact with each other in a wide circle of business functions. As revealed in the literature review, Porter's Five Forces and Value Chain Analysis both help strategic managers make decisions by accommodating the organisational external environment and an internal analysis. The framework of Value Chain Analysis is of special value to managers when developing and implementing a long-term strategy for their organisation so as to build and maintain competitive advantages in the long run. The study finding on how often the sampled operators conduct Value Chain Analysis is presented in Table 7.3 (c)

Table 7.3(c) Cross tabulation between type of ownership and the use of Value Chain Analysis: Q10 (types of ownership) x Q38 (Value Chain)

	Q38: How often do you conduct the Value Chain Analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	8	35	47
	%	8.5%	17.0%	74.5%	100.0%
Private company	Count	0	11	15	26
	%	0.0%	42.3%	57.7%	100.0%
Family owned	Count	0	6	12	18
	%	0.0%	33.3%	66.7%	100.0%
Consortium owned	Count	0	5	9	14
	%	0.0%	35.7%	64.3%	100.0%
Other	Count	1	0	4	5
	%	20.0%	0.0%	80.0%	100.0%
Total	Count	5	30	75	110
	%	4.5%	27.3%	68.2%	100.0%

Even worse than the mechanisms that have already been dealt with, Value Chain Analysis is so far the least regularly used mechanism with an overall average of only 5% of the operators using it regularly and 68 % saying they never use it. Yet this mechanism highlights the basics of an internal analysis of a chain of business activities. It explores the role and contribution of the organisation's resources corresponding to primary and support activities in a cost-effective way to gain cost advantage. The importance of Value Chain Analysis as a tool is that it shows the contributions from different functions of an organisation in the value-adding process. At its simplest, it integrates both the process steps for customer delivery and the various functions in a company that facilitate delivery at different stages.

Strategic evaluation is very close to SWOT analysis. It encompasses the internal and external factors that affect the company's business strategy. The business strategy is compared to the industry's key success factors, competitive resource requirements and the firm's internal capabilities and resources. In essence, it is a systematic and comprehensive process of evaluating the effect of a strategic plan on a business. Table 7.3(d) shows the research findings in this regard.

Table 7.3(d) Cross tabulation between type of ownership and the use of Strategic evaluation: Q10 (types of ownership) x Q38 (Strategic evaluation)

	Q38: How often do you conduct strategic evaluation?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	11	32	47
	%	8.5%	23.4%	68.1%	100.0%
Private company	Count	1	14	11	26
	%	3.8%	53.8%	42.3%	100.0%
Family owned	Count	1	5	12	18
	%	5.6%	27.8%	66.7%	100.0%
Consortium owned	Count	0	5	9	14
	%	0.0%	35.7%	64.3%	100.0%
Other	Count	1	1	3	5
	%	20.0%	20.0%	60.0%	100.0%
Total	Count	7	36	67	110
	%	6.4%	32.7%	60.9%	100.0%

Table 7.3(d) confirms the researcher's problem statement in the sense that, on average, 61% of the sampled operators 'never' conducted strategic evaluation for their enterprises. Certainly, strategic evaluation cannot be done where there is no strategic plan. It suggests that, in essence, the majority of Limpopo's NSMTA enterprises operate without a strategic plan.

There are three main types of benchmarking that the researcher was actually looking at (i.e. internal, external and generic benchmarking). All these types try to assess business performance against the best in the industry. They all involve learning, comparing and sharing information and adopting best practice to bring about changes in performance. This could mean improvement through learning from others. It is a continuous process of measuring products, services and practices against the toughest competitors or the best performers in the industry. It allows for a positive and proactive process through which a company performs a specific function in order to improve its own performance in a similar function. Table 7.4(e) shows the results on how often the sampled enterprises conduct benchmarking.

Table 7.3(e) Cross tabulation between type of ownership and the use of Benchmarking: Q10 (types of ownership) x Q38 (Benchmarking)

	Q38: How often do you conduct benchmarking?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	10	28	9	47
	%	21.3%	59.6%	19.1%	100.0%
Private company	Count	9	14	3	26
	%	34.6%	53.8%	11.6%	100.0%
Family owned	Count	3	11	4	18
	%	16.7%	61.1%	22.2%	100.0%
Consortium owned	Count	8	4	2	14
	%	57.1%	28.6%	14.3%	100.0%
Other	Count	2	1	2	5
	%	40.0%	20.0%	40.0%	100.0%
Total	Count	32	58	20	110
	%	29.1%	52.7%	18.2%	100.0%

Again the results do not show enough evidence for the existence or deployment of strategic plans within Limpopo's NSMTA sector. An average of less than 30% of the sampled operators employs benchmarking mechanisms on a regular basis. It is critical at this juncture to repeat what has been stated in the literature review about the importance of these mechanisms to the strategic performance of the business.

Of the described measures, none can fully achieve its objective in isolation. They are commonly used collectively in order to give a consistent and objective indication of true business value. Therefore, they are all considered important. From the results as presented by different cross-tabulations it is clear that, overall, the application of assessment strategies is obviously lacking in Limpopo's NSMTA enterprises. This strengthens the researcher's earlier claim that there is either deficient in the use of a strategic plan or it does not exist at all. The research findings enable the researcher to say with confidence that strategic planning is a problem that needs to be addressed in order to promote tourism development if NSMTA facilities are to be used as a tool in the promotion of the present government's development goals for South Africa.

7.2.6 Competitiveness

The geographical location of an enterprise largely determines the profile of its visitors, the size of its market and the level of competition that it has to face. These three variables also have a strong impact on the Information Communication Technology (ICT) adoption propensity of an enterprise. A number (44%) of small- to medium-sized enterprises are attempting to acquire access to the Internet and adopting ICT facilities in an attempt to gain greater competitive advantage over their rivals, especially the larger ones. The competition levels among all tourism accommodation providers is a deregulated activity, which promotes the 'law of the jungle', the survival of the fittest. Thus, the less privileged enterprises with a low profit margin tend to lag behind in terms of market competition.

The general occupancy rate in certain locations is an indicator of the competitive intensity among the accommodation enterprises. High levels of occupancy rates at a location imply that competition is weak. However, this survey established that, on average, current operations do not reach 60% occupancy rates, which means they should continue to strive to enhance their occupancy rate. Often the low levels of occupancy point to higher levels of competition between the enterprises. High levels of competition may prompt accommodation facilities to venture into new strategies and use of contemporary technologies to attract customers as well as to increase the efficiency of their operations. As already pointed out in Chapter 3, domestic travellers, with some cross-border visitors from the neighbouring southern African states, generally dominate the demand for tourism accommodation in Limpopo. Therefore, operators should liaise with their counterparts from the other side of the borders to broaden their chances for higher occupancy.

The research findings established that Limpopo's NSMTA facilities are generally unique in terms of locational choice and that give them another element of competitive edge. They are authentic because 34% of them used local traditional building styles like thatched roofed 'rondavels' (Picture 7.1). This kind of building style form part of cultural tourism. It appears that building styles are of interest to tourists because even the most recently established businesses tend to adhere to the traditional or cultural style. The building style can in some way be indicative of the nature of the business. Although 68% of the sampled owners/managers could not specify their business philosophy in the questionnaire, the researcher used the physical appearance of the premises as a non-verbal expression of the business intentions. Picture 7.1 shows an example of a NSMTA facility in Limpopo. It is a unique style that won the Emerging Tourism Entrepreneur of the Year Award (ETEYA) for 2006.

Picture 7.1: An example of building style

In terms of demand, the emergence of new facilities can be linked to growth in the industry and the attempt to serve tourists needs. Forty six percent (46%) of the established facilities perceived a need to either expand their operations or to add services that are presently not offered by their institutions. It means that the high demand for tourism accommodation services stimulates growth in both the extension of existing operations as well as developing new facilities. Hence, the strategic plan based development of such facilities will obviously contribute to overall tourism development within the province. Williams (2004:177) *argues that accommodation is not only a way by which the local population could become involved in tourism, but also a means of offering a more authentic, meaningful, and satisfying experience for both the visitors and the visited.* The given picture supports the argument.

Each tourism accommodation establishment that was sampled for this study appears to exist within a particular competitive "category", depending on the locality and the image associated with the destination. The idea of "place marketing", as indicated by Hall and Page (2006) and commented on in the literature review (Chapter 4), is adopted as a composite view of every unique place as a product that can be of interest to travellers. This leads to a generalised image of the province as a tourist destination that has a unique setting and provides a different experience for its visitors. As a result, the number of visitors coming to Limpopo is increasing (as indicated in Chapter 1) and more than 300 000 foreign tourists had come to enjoy an array of diverse tourism services within the province's boundaries by 2007 (http://www.golimpopo.com). The findings from the investigation confirm that diversity within accommodation facilities contributes to the growth of the tourism industry. Areas where visitors spend limited time are now able to retain visitors due to improved accommodation related services. The availability of the Internet for instance, and recreational facilities like swimming pools, has been noted as examples of features that help to prolong visitors' stay in some areas.

7.3 Operation of the business

Throughout the world, businesses are established for different reasons. The success or failure of the business cannot be determined without considering the purpose for which it was established. For this particular study, it was also important to try to determine strategic options as suggested by the third group of stated objectives of the study (Chapter 1. Section 1.4). Amongst the most common reasons for establishing a business is the need to generate income by making a profit. This is no different when it comes to Limpopo's NSMTA establishments. In line with the focus of this study, operators were given options from which to choose their reasons for starting a business (Figure 7.4).

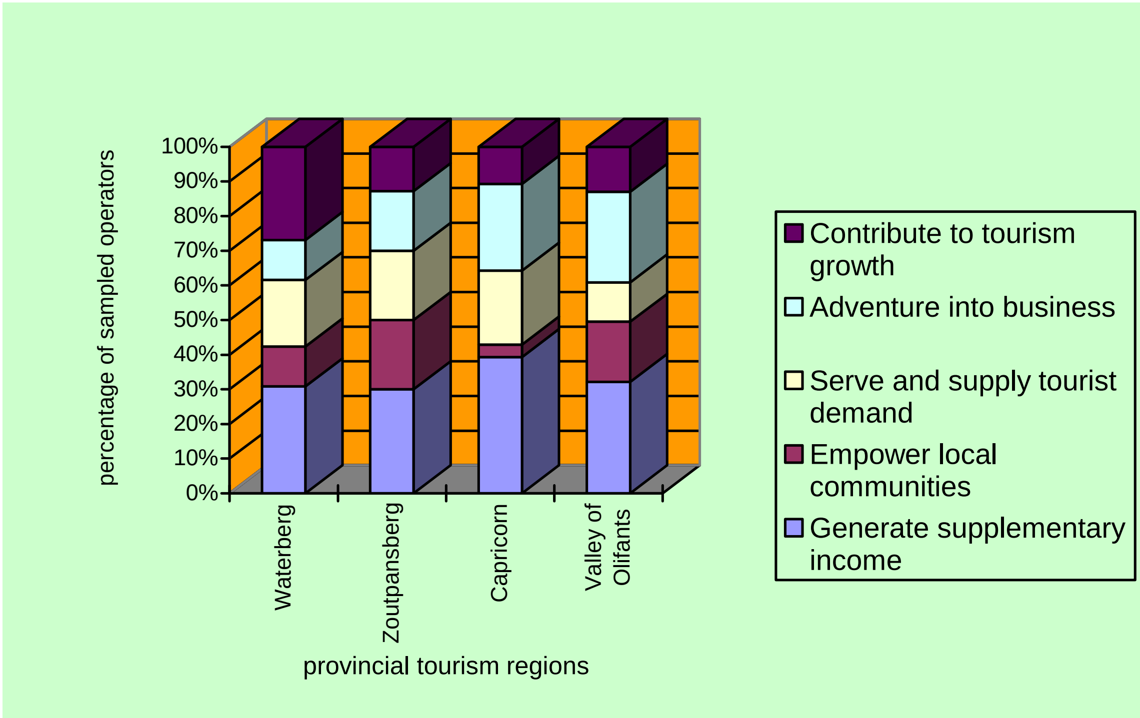

Figure 7.4: The purposes for business establishment

At least 28% of the operators cited "to generate supplementary income" as the reason for engaging themselves in NSMTA. This could mean that the operators were not particularly worried about matching accommodation supply to tourism demand. Increasing their personal financial resource base was their main objective, either out of necessity or to improve their way of life and standard of living. The supply-demand challenge will, therefore, continue in this sector for as long as people only see their operations as a way of maintaining a desired lifestyle.

Of equally concern to the industry as a whole is the fact that 20% of the respondents intimated that they were motivated by the idea of venturing into new business opportunities. Some business operators were, however, ill equipped in the field of business management, as seen by the fact that operated their businesses without a strategic or business plan. Their response could also imply a genuine interest in the industry and, as such, they would benefit from the government programmes for SMMEs development support. It is even doubtful whether the 19% who said that they had started their operations in order to serve and supply tourist needs, really had a sense of what this really entailed or meant.

The lowest percentages (13%; 15%) represent the small group of operators who are sincerely on a mission to contribute to the growth of the industry and to empower local communities respectively. If things were, as they should, namely, need to meet the needs of tourists visiting Limpopo and to contribute to its social and economic development, the last two options in the questionnaire should have been the dominant reasons for starting such an operation. However, the survey established that fewer than 10% of the operators contributed something to the upliftment of communities where their businesses operate. The differences reasons regarding the purpose of business establishment varies amongst individual operators. Such variety could be attributed to personal circumstances and the locality within which the business was established.

7.3.1 Impacting factors on the business

The last three years (i.e. from 2004 to 2007) have witnessed unprecedented change in the scale and the profile of Limpopo's NSMTA stock. In 2005, Limpopo boasted nearly 301 graded tourism accommodation facilities, whilst by June 2007 the number had risen to approximately 500 enterprises. The sleeper capacity now totals more than 12,000, which is a factor in the province's success to attract major tourism markets. Growth shows little sign of abating. Information from this research reveals that there is still interest in further development. In various stages of the planning process, there are proposals for another 2,000 potential bedrooms, with this new supply predominantly in the guesthouse and B&B sectors.

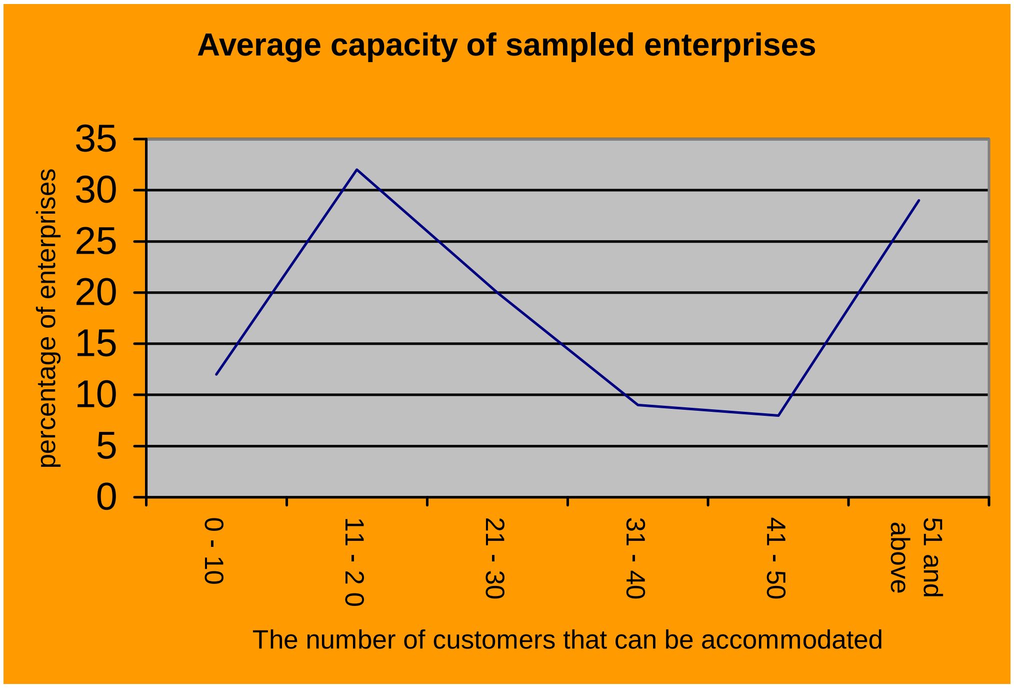

Figure 7.5: The size of operations in terms of number of customers they can accommodate

The number of guests accommodated in Limpopo's NSMTA facilities ranges from six to 510 guests at a time. The average highest occupancy rate is 60 %, which is surprisingly higher than the country's average. The researcher assumes that the discrepancy between national figures and the research findings could be due to the fact that the study focused on the most ignored sector of tourism accommodation, namely the non-metropolitan, small- to medium-sized enterprises. On that basis, the findings are still considered valid. In the 2006/7 period, the annual estimate of guests hosted was 500 000 although 17.2% of the operators were unable to provide their annual average guest numbers. Only 27% of the enterprises have fully operational conferencing facilities while another 15% plan to include conferencing facilities in their growth and expansion plans. Overall, less than 20% of enterprises focused on accommodation alone. The rest complement their accommodation with other tourism products like guided tours, visitor entertainment, food and beverages, and so forth.

Further evidence that the actual demand is greater than growth in capacity is attributed to findings relating to the pricing structure that is relatively high at an average of R380 per room per night, without meals. Analysis of confidential returns from sampled operators (n=110) indicate that, from 2004 to 2007, there has been an average increase of 10% in room rate per annum, which can be considered as substantial although it should be treated with caution as the sample is small. The high demand is actually fuelling the regular increases in stock levels. Hence, the researcher decided to ignore the motels and inns, which form part of the sector even though they are mushrooming just everywhere.

On the demand side, the stated vision and mission of enterprises, in general, seemed to have very little influence at all. This is measured in terms of adherence to policy in line with the set vision, and consistency of the operation in its day-to-day running. Operators cautioned the researcher about the difference between ‘paper work’ and ‘industry demands’. In essence, when the need arises, they tend to focus on existing realities rather than on the written plan. Although levels and profiles of demand vary across the different categories and geographies of the province, research results indicate a continuing, fairly robust, demand for accommodation, particularly in the lodge category. The findings showed an average of 68% occupancy in most categories of the facilities. This is inconsistent with other research as recorded in the literature reviewed. In general, an average of less than 55% occupancy rate was common at national level.

The survey findings differ from the observation reported in the literature review in terms of size of accommodation establishment and their categories. Figure 2.1 in Chapter 2 shows a large proportion (82%) of small- to medium-sized enterprises as having a capacity of fewer than 15 people at a time, whilst these research findings found the figure to be 42%. This also confirms the importance of this study, which highlights tourism region offering a variety of experiences, choices and facilities to meet a range of tourist needs. Perhaps much of the literature reviewed relates to First World situations that would mainly serve passing traffic, whereas Limpopo offers far more, especially the exclusive, specialised facilities offered by rural based enterprises, which were never considered at all in previous investigations.

Limpopo is renowned for being peaceful, which warrants it being called ‘the province of peace,’ especially compared to some other provinces such as Gauteng and Kwazulu-Natal. Tourists, both local and foreign normally feel secure and free to bring their families because they believe they are safe within the province. This is despite the crisis in neighbouring Zimbabwe. Furthermore, Limpopo is endowed with bountiful natural resources, including 54 provincial reserves and many private game reserves that make the proliferation of NSMTA is unavoidable. The characteristics of the province itself boost the viability of the tourism accommodation sector because tourists continue to come to the province in search of reasonable priced accommodation. In this regard, the researcher found that NSMTA enterprises were reasonable in terms of their rates as compared to what the literature review says (Sections 2.3 and 3.4.3). It is, therefore, not surprising to find that tourism is high on the national and provincial institutional agendas.

7.3.2 The role of different stakeholders

Different reasons motivate tourists to visit tourism destinations. This applies to the Limpopo province as well. The survey indicated that the spectrum of tourist’s motives for visiting Limpopo is not as wide as those of major tourists attracting provinces like the coastal provinces (Kwazulu-Natal, Western Cape, and Eastern Cape) and provinces that are dominantly metropolitan like Gauteng. As a result, tourism activities like surfing, swimming and gambling are not that evident in Limpopo. The major driving force for the future of Limpopo’s accommodation sector is none other than the increasing number of tourists who come to the province and stay longer. The more anchors of attractions available, the better the prospects for the industry's future expansion. Non-metropolitan small- to medium-sized tourism accommodation (NSMTA) facilities have the potential to contribute to the promotion of eco-tourism and cultural tourism products, which are in abundance in Limpopo province. The findings from this study established that the prominent tourist related activities as illustrated in Figure 7.6, appear to tally proportionally with the motives for visiting Limpopo as indicated in Figure 7.6.

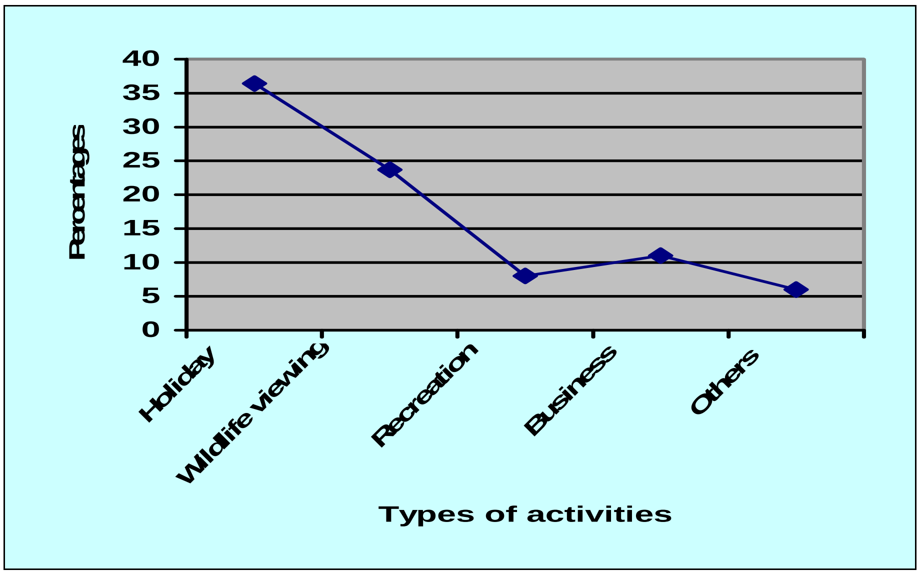

Figure 7.6: Motives for visiting Limpopo

Holidaymaking constitutes 36.4% of the overall activities while recreational activities are supplied by 37% of the sampled accommodation facilities. This corresponds with the maxim that the Limpopo is fast becoming South Africa's favourite holidaymaking destination. The province is rich in wildlife, spectacular scenery and has a wealth of historical and cultural treasures. This is essentially the game reserve 'capital' of the country, with literally hundreds of different private game reserves competing for customers. Thus, more people prefer to come to the province for holidaying than for any other reason.

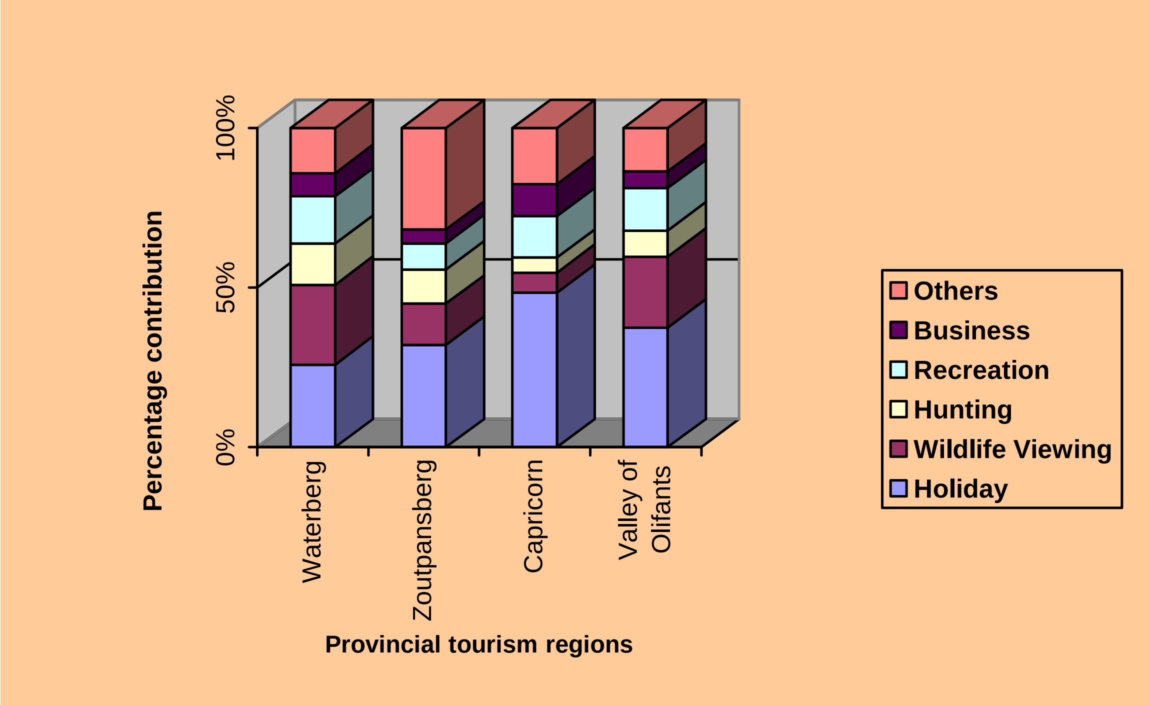

Figure 7.7: Dominant tourism activities per tourism region in Limpopo

Figure 7.7 illustrates clearly that holidaymaking is the dominant activity of tourists visiting the province. This strengthens the need for a generic strategic plan that can ensure prompt accommodation response to the changing tourism demand. Moreover, in the literature reviewed (Chapter 2), wildlife viewing and hunting are clearly shown to be the main tourism activities in Limpopo. At least 22% of the total number of responses gave other activities that were not specified in the questionnaire. These included religious gatherings and events, visiting friends and relatives (VFR) and sporting activities. All these activities involve serving people needing accommodation when visiting places. The differences amongst Limpopo tourism regions can be attributed to the geographic settings of the province and the available tourism resources.

The investigation found that NSMTA plays different roles in the lives of people involved in the tourism industry and the local communities where such enterprises operate. The roles they play arise from socio-cultural, economic and environmental impacts. The most prominent is the economic one. Although this research did not quantify this role, it became clear that over 60% of the employees in non-metropolitan small- to medium-sized enterprises are South African nationals. In business terms, it can thus be claimed that the business is viable if it extracts its labour from a reliable source, preferably available from the national labour resource base. The appearance of non-South Africans, especially Zimbabweans and Mozambiquans, in sectors like gardening and construction sites has not detracted from employing local people in the tourism accommodation sector. Tourism, therefore, brings income to many families in Limpopo. Tourism accommodation can, therefore, be regarded as a source of economic livelihood to the communities in the province, even though the researcher's findings in this regard show that minimal benefit has accrued to local communities per se.

The high level of annual turnover from accommodation enterprises seems to attract the interest of different stakeholders in the accommodation sector (Figure 7.8).

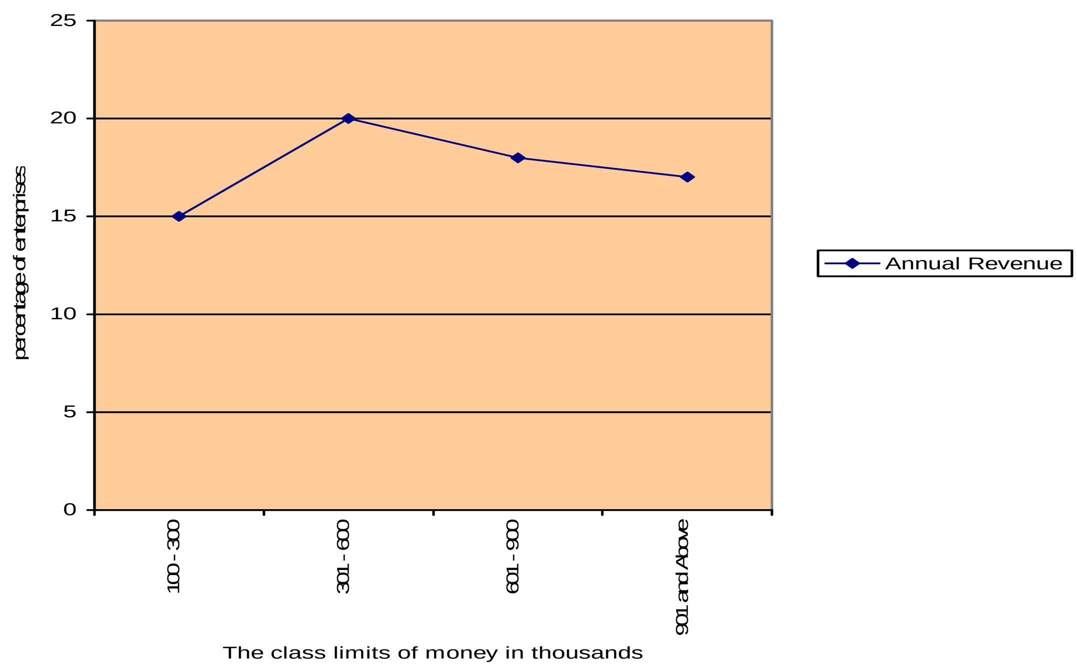

Figure 7.8: Annual Turnover for 2006/7

The average annual revenue from Limpopo's NSMTA sector corresponds to Stats SA (2007) figure of 19% recorded in the second quarter of 2007. When compared to the previous years, a 25% rise in the gross income of the short-stay accommodation establishments had occurred in the fourth quarter of 2006. This increase was due to a 5% rise in the number of bed-nights sold, as well as a 13% jump in the average income per night. The highest percentage (20%) of small enterprises received an annual return of between R301 000 and R600 000, which is a good indication of how high the demand for tourism accommodation is in Limpopo.

According to Stats SA (2007), the average national occupancy rate eased to only 46% in June 2007. The average occupancy rate for 2006 was 49%, which was 6% higher than for 2005. However, Limpopo's occupancy rate for NSMTA had risen to around 60%, which seems to suggest that there is a switch to lower priced tourism accommodation in South Africa. The cheapest accommodation tends to be caravan parks. The big question remains as to whether present supply matches the high demand for tourism accommodation in the non-metropolitan areas of Limpopo.

7.3.3 The role of the government and its parasitical organisations

Both the provincial and the national government have special programmes for tourism development and promotion. The Parks Board is a parasitical body has a particularly important role to play in the process of tourism development. As already stated (Section 2.2.1), the Limpopo Tourism and Parks Board owns and control a number of tourism accommodation facilities. Most of the financial support and government benefits are channelled through the Parks Board. The survey found that only 21% of the interviewed operators had received financial support from the government. By any standard, this is low considering millions of Rand are set aside for this kind of assistance.

Despite the potential for sound tourism business viability in the province, the researcher found some exceptional cases where a business could not be sustained because of different problems. A case in point was Wisani Lodge that is located close (3km) to the Kruger National Park gate of Punda Maria. The information received pointed to poor management as the reason for such a well-positioned lodge being declared insolvent. The lodge forms part of the government-supported initiatives that could not be sustained. Almost half (48%) of the operators could not confirm their knowledge of government initiatives on tourism development that had penetrated the local community. It thus remains questionable as to whether government intervention, be it provincial or local, should attempt to prescribe or control entitlements for local communities' tourism adventures. A mere 7% of the participants strongly agree that 'the provincial government should have the overall control on tourism service providers'. On the other hand, 31% of the respondents strongly disagree while 35% agree with the idea of government taking control of the tourism industry, as posed by question 49 (Annexure 2).

The South African Tourism Authority (SATA) guards against service quality, monitoring and development tourism product and facilities. This works in conjunction with ownership style and the business management system. The grading of tourism accommodation is one way of ensuring quality, as indicated in Chapter 2 (Section 2.2.1). It was found that 73% of the sampled accommodation facilities were registered with the South African tourism authorities, but 43% were neither graded nor keen to be graded. Their reasons range from affordability of the process to lack of tangible benefits, especially in the areas where they operate. They claim that the benefits of grading are more for the urban enterprises than the remotely located ones. Therefore, non-metropolitan small- to medium-sized accommodation (NSMTA) enterprises owners ought to be engaged purposefully in ensuring service quality and sound management to ensure validity of not only their businesses but also of the quality of their offering.

The situation regarding the database of the operators is still largely confusing. During the process of data collection, the researcher found that local municipalities could not retrieve information on the profiles of operators listed on the provincial accommodation database. This is not to suggest that there was no database, but it did imply that access to such information was difficult. If this was not the case, a much easier and effective analysis of various aspects of the tourism accommodation sector could have been achieved. As indicated in Chapter 1, the actual number of tourism accommodation enterprises in the province was not known for certain, as the information base was incomplete. Government policy concerning business registration and Environmental Impact Assessment (EIA) requirements are certainly good moves that would ensure sound management and control but these seemingly did not meet the needs of the accommodation sector because it is primarily meant for new development and not for further development of existing facilities.

7.3.4 Marketing challenges

Marketing was dealt with thoroughly in Chapter 4. Basically, marketing looks at anticipating and identifying the wants and needs of a target market of consumers and then satisfying those needs in order to make a profit. As with business planning, a lack of consistency in marketing efforts across the tourism regions and facilities was a common factor. Marketing activities lacked formal consideration, with virtually no consumer research or strategic planning being undertaken. Anticipating and identifying demand depends on effective market research that was generally not done by the sampled operators. This finding concurs with the problem statement applicable to this investigation (Chapter 1, Section 1.3).

Variables that are linked to marketing problems are really diverse. Hence, 34% of operators indicated that they need assistance with the marketing of their businesses. On the other hand, the physical isolation of these enterprises in terms of locality makes collaborative marketing difficult if not impossible. According to the survey replies, only 12% of the respondents had a written marketing plan, even though 14% claimed to have an informal marketing plan. This problem has a direct bearing on “demand and supply” as discussed in Chapter 3. Similarly, Chapter 4 (Section 4.5) highlighted the importance of a strategic marketing plan and the use of marketing tools, which was basically lacking, according to the researcher’s findings. The seasonal nature of the business and associated fluctuating demand were the reasons proffered for not creating a formal marketing plan. The problem of matching demand with supply remains a concern of this study.

For the majority (52%) of businesses that neither informally nor formally planned their marketing activities, a short-term vision was the primary focus. The overwhelming majority (80%) of businesses that did plan their marketing initiatives ahead forecast that the 2010 FIFA World Cup sporting event would be the springboard giving impetus to growth in their businesses. There seemed to be a general feeling amongst operators that the positive effects of the 2010 FIFA World Cup would automatically disseminate to every tiny business operation in the country that would therefore not have to market themselves.

The ownership of enterprises, as shown in Table 7.2, relates closely to the style of operation with 48% operating as autonomous businesses, and a mere 24% functioning under some kind of joint venture. Therefore, the existence of good working relationships amongst operators is too weak to foster upliftment in the sector as a whole. It also weakens the development of tourism in the province. If collaboration is lively and strong, business could improve and strengthen the broader tourism industry. Only 35% had an electronic swiping machine for receipt of payments while 29% made use of the Internet in their organisation. Thus, it is no surprise to find that 80 to 90% of the customers of NSMTA facilities in Limpopo were domestic tourists. This situation needs to be changed. Important to note is the fact that 71% of operators expressed a desire to have a strategic plan. Of these, 34% cited marketing as a priority area of concern indicating that they needed strategic assistance in the field of marketing. Collaboration (20%) and management (17%) were other specific areas in which some operators felt they needed help. This strengthens the contention, expressed as an aim of this research, that developing a model generic strategic business plan would be a useful exercise if used as a management tool in regular practice in organisations within the broader tourism accommodation sector.

Tourism promotion efforts were inconsistent throughout the regions as well as between and within different types of NSMTA enterprises. A number of factors gave rise to these variations and included visitor demand; regional characteristics; physical accessibility for both the region and the business; the size of the business; owners'/managers' characteristics; level of motivation and management styles.

Marketing costs were less than 15% of the business turnover in most cases, and in many others, no more than 3%. Product quality was widely regarded as the main point of competitive advantage between businesses. Several backpacker operators, for example, found that a low price strategy was no longer creating a competitive advantage. Product differentiation or a 'value-selling' approach had become more of a necessity for these operators.

7.4 Business strategies

Managerial problems and the perception of owners'/managers' lack of management expertise emerged very clearly, especially where the researcher was chased away by the people who were supposed to welcome him. Probably, this had to do with the lack of inherent professionalism of the owners of small- to medium-sized, non-metropolitan tourism enterprises in Limpopo. As already mentioned, the most frequently cited reason for businesses that had experienced a change in ownership was management incompetence. Some of the managers allowed the researcher access to information on certain conditions, such as, no recording of any kind, no photographs, a guarantee of anonymity and similar conditions. Moutinho (2008: 212) stresses, "*Every achievement of management is the achievement of a manager. Every failure is a failure of a manager*". Fifty two percent of the sampled enterprises were characterised by strategic weaknesses that affected their management (Figure 7.9), exposing them to failure. Weaknesses were identified in a number of key areas: financial capabilities, infrastructural development (particularly on accessibility issues), marketing constraints, resource management (professionalism); strategic focus and locational limitations (being in isolated peripheral areas).

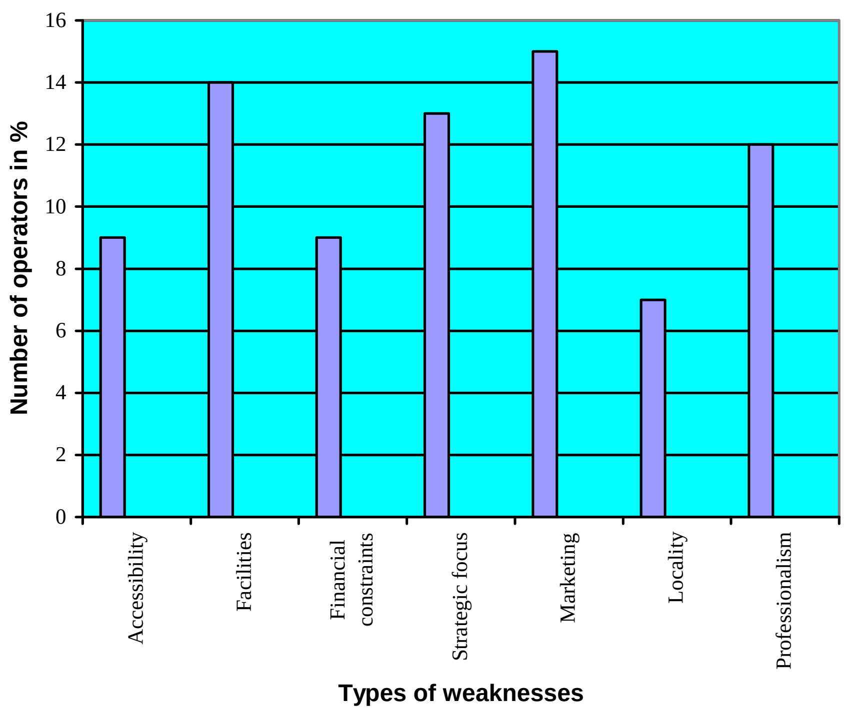

Figure 7.9: Areas where owners/managers show weaknesses

Reviewed literature concurs with these research findings in identifying key constraints on performance. The y-axis represents the percentage of entrepreneurs having a problem with variables indicated along the x-axis. Marketing is undoubtedly a highly rated problem for the NSMTA across Limpopo tourism regions. It was, however, encouraging to realise that 58% of the entrepreneurs were willing to engage in business expansion and diversification that would improve their business standing. Among operators the idea of including conference facilities emerged was highly rated (37%) Although it may not directly address some of the weaknesses as shown by Figure 7.9, it would indirectly improve facilities in terms of infrastructural development.

Professionalism in this instance touches on the aspect of competitiveness already addressed (Section 7.2.6). Although small enterprises generally have many characteristics in common, Limpopo's NSMTA enterprises have a number of specific issues that have to be acknowledged and taken into consideration when analysing the reasons for low performance and the failure experienced by some enterprises. The locally based labour force (63%) had had little or no professional training. A lack of understanding of what a generic strategic plan entails could also be attributed to the absence of integrative and consistent approaches to SWOT analysis, seen to be practically non-existent in most of the operations (Section 7.2.5).

In this context, the study seeks to contribute to the betterment of NSMTA operations through the development of a generic strategic plan for the entire accommodation sector. Particular attention focuses on business management strategies in terms of demand and supply, marketing and innovation.

There are different levels of a management strategy. Ideally purposeful attention should be paid to framing a specific management strategy in which the operation is developed and promoted and in which customers' needs are met. This is affected through quality audits, supervision of services provided, appropriate infrastructure and administration.

Most sampled enterprises tended to use an individualised, single-handed management system. This set-up is prone to failure especially where managers are not even full-time personnel in the business. Therefore, the suggestion is that there should actually be a shift from a one-person management system to team managers to enable people to discuss business issues and improve the situation using the bottom-up approach.

7.4.1 Basis for Strategy Formulation

The research findings point to a number of key issues that create a gap between demand and supply. At the regional level, a number of challenges were identified across all four tourism regions. The research exposed the contextual differences that relate to the contrasting geographical environments, the nature and sizes of tourism accommodation operations, management and ownership structure, the socio-economic importance of the tourism business, and the personal characteristics and ability of the owner/manager. Diversity within the accommodation sector was recognised as one of the most prominant features affecting how owner/managers make managerial decisions. All these challenges strengthen the researcher’s view of the need for a generic strategic plan.

The owners of NSMTA facilities use their businesses to generate supplementary income rather than meet the needs of tourism demands (Figure 7.4). On average 19% of the sampled owners engaged in tourism accommodation sector as an opportunity to adventure into a new kind of business initiative. For such reasons, it is important to ensure that the venture is viable and capable of generating revenue. If the strategy were developed on that basis, probably, more and more of these entrepreneurs would realise the need to follow the route of adopting a sound strategic plan. Only a small number (18%) of businesses separate ownership and management functions. At least 42% of the business ownership status, management and day-to-day operations depend on one or two persons (single-handed ownership, Table 7.2). As a result of this, managers are concerned with the operational functions and ongoing activities while ignoring or undermining the importance of strategic issues. Only a few concentrate on strategic aspects and the long-term success of the business because it is time-consuming.

Undoubtedly, the NSMTA sector could move to a different level of success if public sector support was more accessible than it is at the moment. The problem of accessibility negatively affects the tourism business as a whole. The adoption or adaptation of a strategic plan could make public support more readily accessible. Appropriate infrastructural development is one of the critical needs to promote provincial tourism growth. Only 20% of the sampled enterprises claimed to receive some kind of government funding. This was a crucial finding as the operators who were controlled by the Limpopo Parks Board could not be included in the survey sample due to the logistic problems created by bureaucracy. However, the researcher was given to understand that almost all of those institutions did benefit from government funding and that they operated as parasitical organisations.

Although employees should display a certain level of proficiency, depending on the nature or type of accommodation facility, the researcher found that owners/managers were generally more concerned with individual personalities and the ability to develop and foster a 'homelike' environment when recruiting new people to work for them. This would obviously impact on the level of professional expertise practised in the business. The survey found that employees functioned largely on an understanding based on mutual compromise. This meant that employers would recruit unskilled or inexperienced staff in exchange for their loyalty and reliability. Given the kind of demand posed by 'new tourists' as mentioned in Chapter 3 (Section 3.1), efficiency and competence to meet their specific demands could be compromised.

Due to the dominance of small accommodation businesses in the rural areas of Limpopo, the tourism industry displays a special disadvantage in terms of innovation and product development. Small businesses lack economies of scale and are not able to raise profit margins that would allow for investment in development, market research, skills development or creativity enhancement.

NSMTA enterprises are still reluctant to engage in co-operation or strategic alliances with other competitors. Such an attitude further impedes access to benefits that could accrue from developing economies of scale and collaborative initiatives, which could, in turn, increase occupancy and service variation. A slight majority (54%) accepted the suggestion that the adoption of a strategic business plan would be the best thing for their businesses. Twenty-two percent were not sure whether strategic planning could bring about change in their operations.

7.4.2 Levels of business plan

According to the survey, the level of formal business planning varied according to the type of operation. The lowest level of formal business planning was in the guesthouse category where only 6% followed a formally written business plan. Due to the simplicity of many of these operations, smaller accommodation establishments and local tour businesses seldom considered formalising their business ideas, either through grading or interacting with different stakeholders in the public sector. The lack of working relationships was found to be high with more than 55% of the operators working in some kind of isolation.

The fact that NSMTA operators chose the location of their business carefully could perhaps be seen as a positive indication that needing to devise a business plan would be an acceptable strategy. It is clear that the choice of a business site has a role to play in target market identification and this could be easily done through the tourism organisations of the province. Moreover, it could alleviate the marketing problem these kind of enterprises experience at particular phases of their lifespan. The preparation of appropriate marketing mixes and the actual marketing activities could, therefore, be co-ordinated internally within the province (Section 4.7).

The NSMTA operations are often less visible than large operations, even in cases where they are positioned along the major tourism routes. Their roadside advertisement boards are small, unobtrusive and often less attractive. The entrance routes are too narrow for visitors to notice them easily. Of the sampled facilities, which claimed to have a formal business plan, there was no evidence of adherence to the vision and the goals set out in the business plan. The business plan in that regard was seen as a separate entity and not as an operational tool. An operator without a business plan represents a low level of planning with a limited chance of success.

The survey also showed that the operator's age and level of formal education impacted on business planning formulation and implementation. Respondents with a university education were not only quick in their responses but they were time conscious and operated at relatively more formal and better-planned levels than those with a lower educational level. In terms of age, operators aged between 31 and 45 years were more inclined to engage in formal planning strategies while those over 45 years old were less concerned. It is of interest to note that only about 4% of the respondents received professional assistance in the preparation of a written business plan.

Forty two percent of those who took part in the in-depth interviews justified their decision not to adopt a formal business plan. Uncertainties, such as availability of financial resources, forecasting business profitability and identifying market tendencies, made projecting future trends difficult. Respondents felt that formal business planning was too rigid for the increasingly dynamic nature of the industry. Other reasons were the small/micro size of the enterprise, a lack of time and knowledge, and, in many cases, a lack of ambition to grow. A business plan designed to accommodate the situation in which a small enterprise seeks to expand beyond the ‘non-commercial’ line, that is, when a tourism operation provides only a supplementary income, into a fully commercial operation, normally has to include additional legal requirements and accommodate an overall increase in overhead costs. The uncertainty of future business prospects presented a dilemma for a number of the owners and managers.

The main reasons why operators did or did not complete business-planning activities were varied. If the owner/manager felt satisfied with the level of business performance, the desire to grow vanished. ‘External requirement’ was often the only reason given for developing a formal business plan. For example, a formal business plan is developed when potential operator needs to secure a bank loan. Such planning is costly and requires professional assistance, yet even that is not a guarantee of success. Perhaps this could serve as a reason for government intervention so that a generic strategy could be introduced.

7.4.3 Innovation

Innovation could play an important role in the NSMTA provision initiatives, and in the tourism industry as a whole. Innovation, in this context, is defined as doing things differently with a bit of creativity, and doing something unusual for a new experience. Rapid access to information and electronic commerce should be the lifeblood of NSMTA operations. This is in line with the mission statement of the Limpopo Department of Economic Development, Environment Affairs and Tourism in the sense that it seeks to be a major contributor to innovation and solutions for controlling unhealthy competition amongst enterprises of different sizes.

The use of information technology (IT) in marketing, collaboration and business management, should yield the desired outcome to both individual operators and the industry at large. Already, electricity is accessible to more than 96% of the sampled and the visited enterprises. The delivery of innovative infrastructure (contemporary kind of buildings) could mean the advancement of the entire tourism accommodation industry (Clare and Gunn, 2002). The promotion of innovation infrastructure amongst NSMTA facilities would mean better interconnection between entrepreneurs through broadband telecommunication infrastructure providing Internet access to enterprises. Installing high-speed, reliable and affordable Integrated Services Digital Networks (ISDN) at all businesses would mark a big step forward. Accelerated usage of information would lead to improved facilities, better service and more effective support systems. It would also be a part of the government's Integrated Development Programme (IDP).

The creation and exploration of new ideas is the catalyst for growth in most enterprises, from the micro and small, to the medium enterprises and even bigger companies. Analysis of data showed clearly that NSMTA operators are averse to risk and reluctant to share information and knowledge. If a generic strategy were in place, information would be shared freely and operators could be able to exchange ideas via centrally based information centres, thus, creating a market that is greater than its constituent parts. Therefore, promoting innovation brings with it an awareness that will first open the operators' minds and then the stakeholders, then the organisations themselves and finally spreading around the world. Initiatives in this area should include publishing role models and an exemplary framework. The level of innovation must be raised right across all levels of an enterprise's operation. Even the bigger accommodation enterprises should be encouraged to share in the innovation, which would create stronger roots within the provincial, regional and local tourism accommodation market. The only way smaller enterprises would grow is through awareness and encouragement to explore innovative ways to promote business growth. Promotional activity needs to be targeted in order to maximise the business generated.

7.4.4 Partnership

There is a wide diversity of NSMTA offerings in Limpopo ranging from guesthouses and B&B establishments to large lodges and hotels to mention but a few. Partnering within such diversity may not be very simple but, if based on the South African brand of unity in diversity, it could work wonders for tourism operators. Tourism organisations at national, provincial, regional and local level need to work in partnership at an operational level as well as at a strategic level to ensure that fragmentation is minimised and that the output of their joint activities is greater than the sum of individual endeavours. By working in partnership with other organisations and single tourism operators, far more is likely to be achieved more cost-effectively than by working independently. This is an ideal strategy for Limpopo's NSMTA enterprises because they are in remote areas and generally experience financial constraints. It goes without saying that effective working partnerships, at the right level, are the key to successful and sustainable accommodation provision. It is particularly recommended that, at a provincial level, best practice in partnership building will continue to forge and maintain productive partnerships.

7.4.5 Networking and co-operation

Developing regional networks is the beginning of building interactive communication competencies. There are different kinds of networking that can be adopted by NSMTA enterprises. It has already been indicated that 42% of the sampled enterprises are operated and managed single-handedly. Consequently, the extent of networking is low. Therefore, operators must deliberately develop clear momentum and direction around networking. An example of appropriate collaboration identified amongst the sampled enterprises is that in which resorts and lodges sub-contract and offer special services such as facilities for visitors staying in self-catering units or using campsite facilities. The survey established that a fair number of enterprises (27%) adopted a 'put customers first' business philosophy as their main principle of operation, showing that their services were customer-focused. It actually endorses views frequently expressed in the reviewed literature that tourism-related services are meant to provide services expected by visitors, when they want it and where they want it, in order to maintain their commitment and encourage first-time visitors to return.

Limpopo's fine natural environment, its nature reserves and mineral springs, coupled with elements of cultural and historic heritage, are the least enjoyed by foreign tourists in the whole of South Africa (http://www.golimpopo.com/). Perhaps this disappointing situation could be changed by the introduction of a new brand. Furthermore, Limpopo could probably increase its share of the international tourist market, both as a long haul and a short-haul destination for visitors. In order to meet the needs of short-break or additional holiday markets and to counter perceptions of remoteness, the provincial government ought to ensure ease of both physical access and access to the sort of information people want. In terms of information dissemination and marketing, Limpopo is comparatively unobtrusive, especially with regard to its NSMTA facilities. When searching the Internet, the Western Cape, Kwazulu-Natal and Gauteng seem to be by far more readily accessible and user friendly than Limpopo. Perhaps networking with the best in the country could bring better results. A foundational concern is an effective management policy with an accompanying marketing strategy in which serving customer needs feature as a priority. Setting and maintaining high standards of service and delivery too are important. Moreover, the value of networking and partnerships at various levels within the public and private sectors are seen to be beneficial as is the importance of preparation of a meaningful tourism experience.

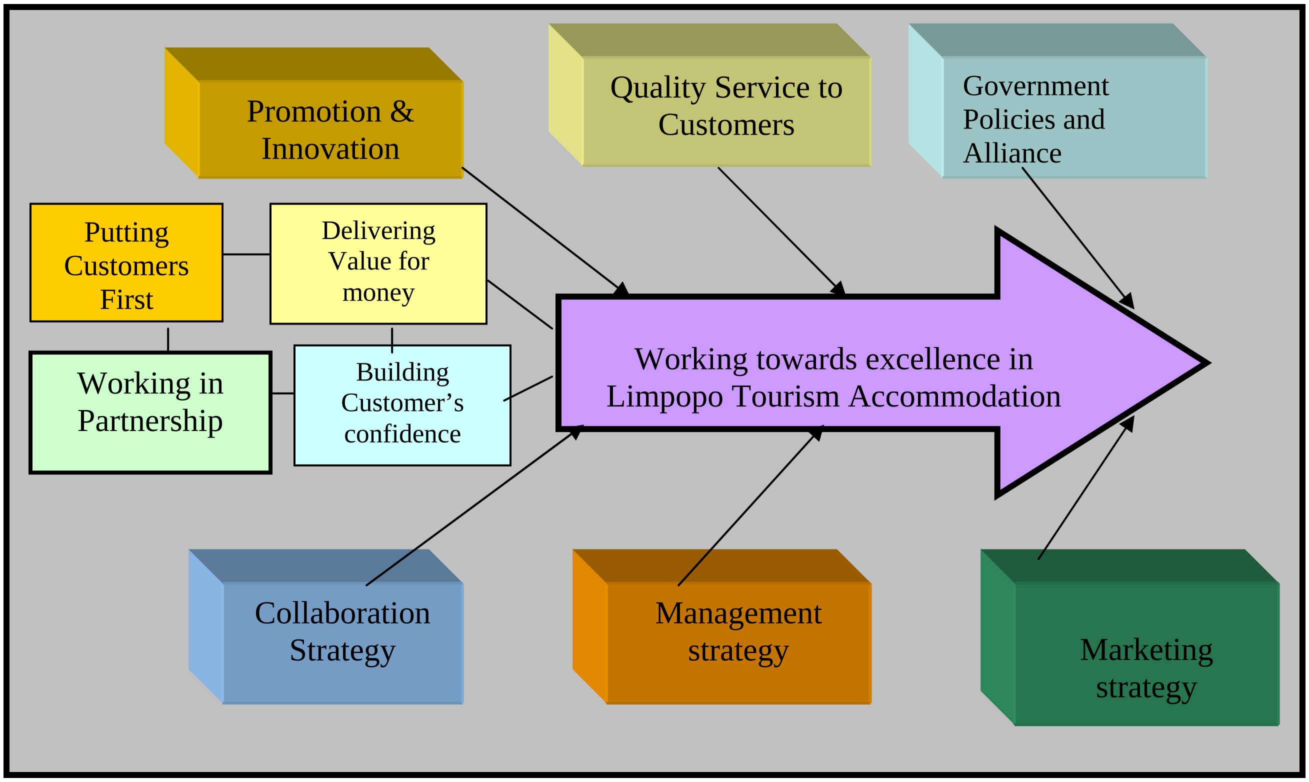

Figure 7.10: A model for Limpopo's NSMTA networking

7.4.6 Additional strategies

Developing additional new customs and ways of doing things is important for both existing businesses and new businesses capable of attracting new markets, especially in the international arena, an area in which Limpopo still appears to be below par when compared to other provinces. High levels of repeat business are recorded by many accommodation providers, which suggest that persuading potential visitors to make an initial trip tends to generate multiple trips.

7.4.7 Adoption and implementation of strategy

In line with the first objective of the study under the third section as stated in section 1.4, the researcher tried to establish whether NSMTA facilities operators used a strategic plan to enhance their business performance. The study findings revealed that the extent and seriousness with which a strategic plan is considered in the day to day running of business differed according to the type of enterprise. Only 38% of the sampled B&Bs had a vision statement while 73% and 68% of hotels and guesthouses respectively had a vision statement. Tables 7.4(a) and (b) show the cross-tabulation of Question (Q) 3 and Question (Q) 4.

Table 7.4 (a) Types of facilities and the use of a vision statement

	Have a vision statement?			
		Yes	No	Total
Hotel	Count	11	4	15
	%	73.3%	26.7%	100.0%
Guest house	Count	17	8	25
	%	68.0%	32.0%	100.0%
B & B	Count	5	8	13
	%	38.5%	61.5%	100.0%
Lodge	Count	20	13	33
	%	60.6%	39.4%	100.0%
Resort	Count	7	8	15
	%	46.7%	53.3%	100.0%
Other	Count	6	3	9
	%	66.7%	33.3%	100.0%
Total	Count	66	44	110
	%	**60.0%**	40.0%	100.0%

The mission statement as described in Chapter 5 (Section 5.4) emphasised the importance of specifying future plans and direction of an organisation. A business strategy commences with a vision and mission statement, followed by a set of guiding principles. Of the sampled enterprises, 55% (Table 7.4(b)) had well-stated mission statements. This indicates a gap, where 46% of the sampled enterprises operate either without one or are not sure of their mission and vision, implying that their operations are not based on a sound business plan. This does not augur well for the NSMTA sector in Limpopo. Essentially, a strategic plan is the starting point for any viable business, including NSMTA providers. It is, however, important to mention that the situation differs with the type of operation wherein the resorts and the B&B establishments were the most represented contributing 67% and 54% (Table 7.4(b)) respectively amongst the operations without mission statement. The situation for self-catering and motels encountered during field visits was even worse. Their officers or workers were neither willing to readily give any information nor did they know what was happening in their businesses. Hence, they were removed from the list of enterprises to be included in the study.

Table 7.4(b) Types of facility and the use of a mission statement

	Have a mission statement?			
		Yes	No	Total
Hotel	Count	10	5	15
	%	66.7%	33.3%	100.0%
Guest house	Count	14	11	25
	%	56.0%	44.0%	100.0%
B& B	Count	6	7	13
	%	46.2%	53.8%	100.0%
Lodge	Count	19	14	33
	%	57.6%	42.4%	100.0%
Resort	Count	5	10	15
	%	33.3%	66.7%	100.0%
Other	Count	6	3	9
	%	66.7%	33.3%	100.0%
Total	Count	60	50	110
	%	54.5%	45.5%	100.0%

It is reflected in both tables 7.4(a) and 7.4(b) that hotels are ahead in terms of establishments that have a written vision statement, followed by guesthouses. This could well give an indication of the quality of services offered and the level of professionalism experienced. Certainly, vision and mission statements can only be judged if a strategic plan is in place. However, it does not take away the existence of a gap between the actual situation on the ground and what it is supposed to be like in practice. Practically, having a business plan implies having a well-stated vision and mission statement for the business.

The study findings did not reveal any kind of correlation between the size of the enterprises in terms of number of employees and the use of vision statement (Table 7.5(a).

Table 7.5(a) The size of enterprise in terms of the number of employees

Size of Entity	Has vision statement			
		Yes	No	Total
5 or less employees	Count	19	15	34
	%	55.9%	44.1%	100.0%
6 - 14 employees	Count	27	19	46
	%	58.7%	41.3%	100.0%
15 or more employees	Count	20	10	30
	%	66.7%	33.3%	100.0%
Total	Count	66	44	110
	%	60.0%	40.0%	100.0%

Contrary to the size factor, the age of an enterprise showed improved deployment of a strategic plan. Only 57% of enterprises that were 10 years and older or less than five years old had a vision statement while 65% of the enterprises with 5 and 9 years standing had a vision statement which could mean they had a strategic plan. This can be inferred from Table 7.5(b)

Table 7.5(b) The use of a vision statement and the age of the enterprise

Age of Company	Has vision statement			
		Yes	No	Total
Less than 5 years	Count	25	19	44
	%	56.8%	43.2%	100.0%
5 - 9 years	Count	24	13	37
	%	64.9%	35.1%	100.0%
10 or more years	Count	16	12	28
	%	57.1%	42.9%	100.0%
Total	Count	65	44	109
	%	59.6%	40.4%	100.0%

The implementation of the proposed model (Figure 7.11) follows a simplified format that depicts an operational process for the sound development of the tourism accommodation sector (see Chapter 5, Section 5.4.) This partnership would consist of members from all types of Limpopo's NSMTA facilities. The objective would be to co-ordinate the development of regional tourism innovation. The development agencies would need to be the key catalysts to make this happen. A critical success factor is that the public and private sectors would align themselves and focus on a co-ordinated approach to the development of the provincial tourism market. The partnership would provide the framework that would support a system of inter-operational working groups to follow through with practical action measures. Clear indicators for progress would be essential - both at the level of the overall provincial accommodation database as well as documenting detailed business profiles the data for which is presently non-existent in district offices or provincial municipalities.

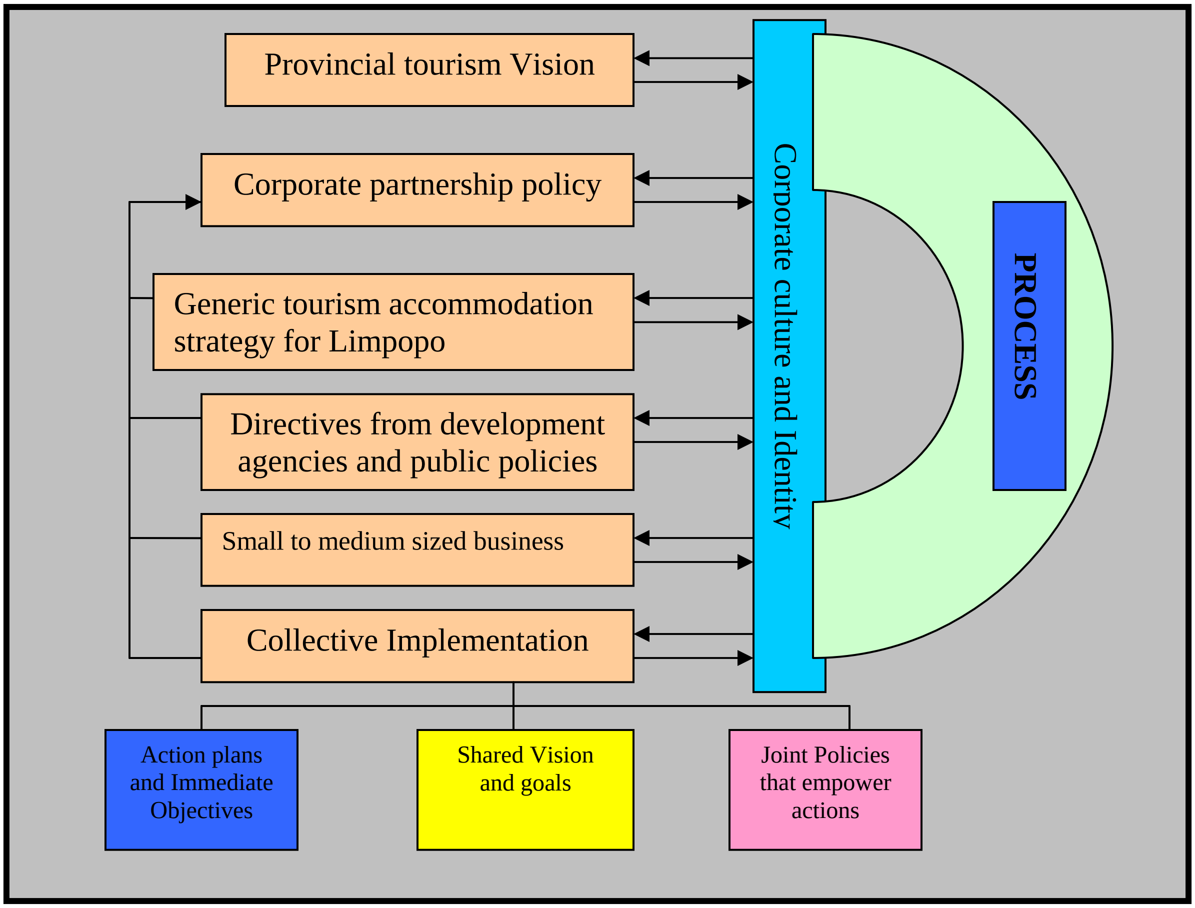

Figure 7.11 Strategy implementation process

Source: Modified from Hinterhuber (1996:12)

The implementation of a generic strategic plan should be influenced by the National DEAT that seeks to operate in terms of six objectives (SA Tourism, 2004:5), namely, to:

- *increase tourist volume*
- *increase tourist spending*
- *increase length of stay*
- *improve geographic spread*
- *improve seasonality patterns*
- *promote transformation*

7.5 Conclusion

There is no doubt that the Limpopo province is, in terms of business enterprise and development, poised to take on the challenge to develop into one of the foremost tourism destinations in the country. However, to achieve this aspiration, accommodation operators must make a concerted effort in their endeavours to create partnerships amongst themselves and other tourism industry stakeholders. Together, the different tourism regions can achieve long-term prosperity and enhance the quality of business offered to all stakeholders.

The challenge for further research in the area of NSMTA management is in understanding how global problems in the small firm sector are compounded by the location of businesses and the sector in which they operate. This presents the starting point for investigating the reasons why some businesses fail and why many tourism accommodation enterprises operate under very marginal conditions. The notion that most small businesses fail in the first couple of years of operation is somewhat disputed by the findings in this study. Perhaps the tourism industry is unique because of its service-based operations. Equally significant are the lifestyle reasons that may actually cause some businesses to operate on the verge of collapse in the formal sense, due to fact that they provide a supplementary source of revenue for the operators. Despite a solid literature base relating to urban tourism, little is known about small businesses that operate in non-metropolitan areas. The spatial and sectoral diversity also requires more in-depth investigation, as do the more general aspects.

The strategic objectives identified for tourism in Limpopo reflect the vision and principles expressed in this thesis and are stated as follows:

- To improve the quality of the tourism accommodation services in the province so that tourism service supply matches demand.
- To improve the business acumen of NSMTA businesses in Limpopo so that they can compete with larger enterprises.

- To encourage effective working relationships amongst NSMTA enterprises.
- To help small enterprises adopt a strategic plan that would enable them to exceed visitors' expectations in terms of service provision.
- To stimulate tourism development through the implementation of a generic strategic plan for NSMTA enterprises.

The recommendations in the next chapter are based on the above intentions and objectives. Chapter 8, therefore, deals with the researcher's understanding of the current situation found in the tourism accommodation sector in Limpopo and its future vision from a personal point of view.

CHAPTER 8:

CONCLUSIONS AND RECOMMENDATIONS

8.1 Introduction

This chapter gives a brief summary of the study and offers recommendations for further research on the topic. The core finding of the study is that the accommodation sector is at the centre of Limpopo's tourism industry, endorsing work recently done by other researchers in other parts of the world. Actually, accommodation is a core element of the tourism industry. The study findings could be interpreted to suggest that NSMTA enterprises form an integral part of the overall tourism infrastructure. However, a particularly striking observation in this research is that there has been limited, if any, use of strategic planning in the operation of Limpopo's NSMTA facilities.

8.2 The nature of enterprises and their extent

Although Limpopo's tourism accommodation sector is characterised by a mix of non-metropolitan businesses, the scope of this survey was confined to small- to medium-sized operations employing between one employee and two hundred employees.

Limpopo's tourism accommodation offerings are largely dominated by NSMTA enterprises that are located in the peripheral (rural areas) areas of the province. This finding answers the first research question as stated in section 1.5. The findings suggest that the choices of location have been influenced by a myriad of factors ranging from proximity to tourism destinations (40%), locational inertia (26%) and other personal reasons. The location of tourism accommodation facilities was determined by land ownership status and the availability of resources. This in turn affected the level of business competition because site allocations are not in line with the provision of the Competition Act 89 of 1998. The local authorities claim that 'site allocation is carried out in accordance with the Development Facilitation Act 67 of 1995'. A range of enterprises operates within the so-called NSMTA sector. The research identified a large number of businesses operating as hotels with limited service provision, B&B establishments, lodges, guesthouses and other forms of lodging with restricted or specialised amenities. This revealed the various types of enterprises that are operating within this sector in answer to the second research question (Section 1.5). In line with the literature review (Section 2.4.2), the study found that NSMTA facilities provide both serviced and non-serviced functions.

The researcher established that there were more than 543 small- to medium-sized tourism accommodation enterprises in Limpopo even though the actual number could not be confirmed. The number is more than the official record (Table 3.2).

The longstanding notion that the majority of small business owners in South Africa come from the lower end of the socio-economic scale is not supported. More than half (55%) of the sampled enterprises belonged to highly ranked professionals, such as school principals, farmers and chief executive officers of big companies. These accommodation facility owners did not rely solely on the performance of their business as they had other sources of income. This finding shed light to the first part of the third research question of section 1.5 (who are the owners/managers of enterprises). Surely, their business philosophy should be to maximise profit and minimise cost because such enterprises were established to supplement regular salaries.

The distribution and representation of Limpopo's NSMTA facilities differ according to the tourism region in which they are located. The facilities found in the Waterberg and the Valley of the Olifants regions are more advanced in terms of services rendered. Their choice of site has to do with their rural character. Ownership style ranges from individual owner (single handed) to company owned. Single individuals own at least 42% of the facilities, representing the highest number of enterprises. This has a direct bearing on business competitiveness, growth and development. Although 62% of the owners try to update and upgrade their services consistently, the market trends outpace their lone attempts. Perhaps it is because the updating and upgrading exercise involves research and strategic planning, which is not easy for owners/managers who personally take on all the administrative responsibilities.

8.2.1 Purpose for business establishment

The researcher established that, despite diverse backgrounds and reasons for engaging in the business, the operators' approaches generally tended to focus beyond the mere provision of accommodation as a single, complete product. They strove to complement accommodation provision with quality service, diverse tourist amenities and a tourist experience with a competitive edge. This approach raises the standard of service to some extent and enhances competition, which is good for the industry as a whole. The addition of other tourism amenities to NSMTA facilities opens new areas for academic research. However, with an average of only 15% of the operators citing "contribution to the growth of tourism industry" as the purpose for a business establishment, it creates unhealthy progress because 28% of the operators use the business as a source of supplementary income (Section 7.3). This answers the second part of the third research question (what motivates owner/managers to establish their enterprises?). It means they cannot be professionally committed to the extra activities of a running tourism business. Growth and development of the tourism industry does not take any precedence.

With the rise in competitiveness among the small- to medium-sized tourism accommodation establishments, the need for professional training and strategic functioning of operations become basic concerns (Section 7.2.4). NSMTA operators should have the business skills that are necessary for better management of all aspects of their businesses. For the effective and efficient operation of an accommodation facility, business acumen is the hallmark of success. Limpopo's NSMTA operators still need to be persuaded to function as a unit in a more professional way that will empower the less privileged operators. The philosophy of operating from "hand to mouth" and "the house turned into business" is not doing much good to the industry at large (Section 7.2.3). On that score, the use of a generic strategic plan would be most helpful.

8.2.2 Service quality and development

The literature review (Sections 2.4.2 and 2.4.3) emphasised the role of accommodation as a tourism product in terms of development and the study findings (as indicated in Sections 7.2.3 and 7.2.3) link management style with service quality. It is common knowledge that quality service promotes further business expansion and development. As indicated above, it became clear to the researcher that Limpopo's tourism regions are not identical in terms of services offered and the level of competition that prevails. Some regions, like the Waterberg and the Valley of the Olifants appeared to be ahead. Their facilities are of a high standard with professional practices. The researcher assumed that this could be attributed to locational influence as they are close to Gauteng and Mpumalanga provinces, respectively. As indicated in Chapter 7(Section 7.2.2), to some extent these two tourism regions offer niche attractions and better tourism opportunities than the other two tourism regions.

Limpopo's tourism accommodation stock has shown dynamism in terms of operational change, growth and response to tourist demand in terms of the quality of service. Although the NSMTA sector has received limited attention from renowned scholars, the researcher sees it as set on an undeniable path of continued growth that deserves not only scholarly attention but also more professional assistance. As is hypothesised in the problem statement, the levels and profiles of tourism demand vary across the various categories of small- to medium-sized accommodation enterprises, in harmony with the different geographies of the province and within individual operations.

The research findings revealed that few operators use or consider strategic planning as an essential part of their day-to-day operation. The main reasons why operators did or did not engage in business-planning activities were varied. If the owner/manager felt satisfied with the level of business performance, the desire to grow vanished. Stating that it was merely an ‘external requirement’ was often the only reason given for developing a formal business plan. For example, a formal business plan had to be presented when a potential operator needed to secure a bank loan. Such planning is costly and requires professional assistance, yet that is no guarantee of success. This gives an answer to the fourth and ninth research questions (Section 1.5).

8.2.3 Business prospects

Despite all the challenges facing NSMTA operators, what has emerged is that they have a promising future. This assumption is based on the high returns recovered from the sampled operations, even though annual business turnover varied markedly across the regions and sectors. Average gross income in the Waterberg region was just over R500 000, indicating reasonably high incomes for the majority of businesses. The lodge accommodation sector comprised over 60 percent of all the businesses, with an average turnover of over R400 000. Many smaller operations, mainly home-based accommodation establishments like guesthouses, generated an average turnover of R300 000. B&B operations are capital intensive and usually had a higher turnover than is usually expected from a small-scale business. In many cases, the tourism business was only a supplementary source of family income. This was particularly the case with home-based accommodation where only about 10 percent of the owners were financially dependent on this activity.

The tourism regions in Limpopo differed markedly in terms of reliance on international visitors. The majority of operators in the Capricorn region and a fair number in the Valley of the Olifants relied more heavily on international visitors than on domestic clientele. Two exceptions were the small but luxury lodges that received more international visitors - over 60 percent of their intake, whereas, in general, the rest of NSMTA facilities operators received more of domestic visitors than international visitors. Despite an increasing number of international visitors to the Limpopo province in the last five to six years, the majority of the accommodation operators still largely relied on the domestic market and were making enough profit from their businesses for their survival. In terms of their cultural background and knowledge of offshore markets, the operators from the Soutpansberg and Valley of the Olifants regions relied heavily on international guests also visiting the Kruger National Park. A high proportion of free, independent travellers were common in all four regions.

Both the survey and in-depth interviews embraced an array of individuals engaged in the NSMTA sector. Their socio-economic and cultural characteristics, such as geographical origin, age, education and previous business experience were taken into consideration. Such diversity reflects the widely recognised business attractiveness of the tourism sector that can be ascribed to an amalgamation of the push factors of necessary entrepreneurship, and the pull component referred to as opportunity entrepreneurship. Participants were owners or managers who had followed a diverse range of career paths before entering tourism ventures as mentioned above. Perhaps the lack of collaboration or working relationship amongst operators could as well be attributed to that seventh research question (Section 1.5). As indicated in section 7.3, the majority of business owners are professional people. Enterprises are established inside private farms were other farming activities are still practised.

The long-accepted notion that the majority of small business owners in South Africa come from the lower end of the socio-economic scale was not supported by this study given the percentage of highly ranked professions (e.g. senior managers) as well as the large number of highly educated participants in the sample. Small- to medium-sized tourism accommodation owners/managers in Limpopo had high levels of formal education. Almost a third had a university degree. They were using their tourism-related business to supplement their formal job salaries, thus they do not rely on the performance of their business as such. A more formalised approach to the management of the business appeared to be strongly associated with the profiles and personal motivation of those involved in the tourism industry as owners or managers. However, other factors such as lack of finance, knowledge, skills and availability and access to external assistance could not be ignored in the assessment of the success of a business and its contribution to tourism development.

8.3 The operation of the business

A wide diversity of NSMTA facilities is operating in Limpopo (Figure 7.1). The ways they operate differ in terms of their sizes, types and management style. Stakeholders like the South African Tourism Grading Council, Provincial and National Tourism Parks Board and the DEAT, in their own respective way affect the operations of these businesses.

8.3.1 The role of government in the development of enterprises

The provincial government of Limpopo, by virtue of its decision to operate its Parks Boards within its own institutional structure, is a key player in the local tourism market and can directly and indirectly influence its development and management. Both national and provincial governments have tourism development plans, but unfortunately local governments are expected to adopt the broader national plan with very little or no input or help with regard to adaptations to local conditions. The suggestion from this study was that local municipalities should be encouraged to develop their own plans in order to unlock their distinctive tourism potential within a given area (Section 7.3.3). Such a plan should not contradict the national or the provincial goals. In Limpopo, the idea of using tourism as a vehicle for poverty alleviation, for instance, should filter down to the most remote local municipality.

As part of this study finding, it was noted that local communities did not feature much in terms of benefits accrued by accommodation operators. With almost half (48%) of the operators failing to identify a single tangible benefit resulting from tourism development that had penetrated the local community, a person could question whether government intervention, be it provincial or local, should attempt to prescribe or control entitlements for local communities. Only a small proportion, about 21% of the sample, acknowledged receipt of financial support from the government’s multi-million small business development-funding initiatives (Section 7.3.3). A mere 7% of the participants strongly agree that ‘the provincial government should have the overall control on tourism service providers’. On the other hand 31% strongly disagree while 35% disagree with the idea of provincial government taking overall control of the tourism service providers as posed by question 49 from the questionnaire. This information suggests that only a small number of NSMTA facilities operators benefit from the government’s SMME development programme (Section 7.3.3.). Perhaps this can be used to justify the researcher’s view that the lack of co-ordinated joint efforts amongst tourism stakeholders to enhance the provincial growth and development of tourism industry is a handicap.

A further marked finding related to changes resulting from current government policy. Post-1994 economic and political restructuring has tended to shape the contemporary locational patterns and emerging trends of Limpopo's NSMTA operations. This has led to broader economic diversification, especially in the more peripheral areas where NSMTA enterprises are located. International investment in NSMTA facilities is still low because companies own individuals own only 13% and 42%. The research finding differs with the WTO (2005) assumption that international companies are predominantly extending their investment into small entrepreneurs. Interestingly, a focus of this study was its attempt to understand how the effects of small business development have, in fact, shaped regional tourism developments in Limpopo. This section helped in answering the eighth question of the research question from section 1.5.

8.3.2 The need for skills and training

In chapter seven it was pointed out that NSMTA facilities rely on semi-skilled and low labour cost strategies. This is not in line with government's requirement of fair labour practice. It was also indicated that a strategic plan could only be carried out successfully when all stakeholders are informed and understand the mission and the vision of the business in which they are working (Section 7.4.1). Therefore, it is important that employees be exposed to in-service staff training to acquire necessary business skills. Operations managers were found to be dominantly single-handed owners of the enterprises who used their establishments as a supplementary source of income rather than relying on the business as their main source of livelihood. It is contended that, if that were not the case, their operations would have played a greater role in supporting regional tourism infrastructural development, local information centres and the growing number of partnership arrangements amongst all stakeholders. Meeting these expectations will require the development of on-going management training programmes to ensure that skills are honed to meet the challenges that face the NSMTA sector. It could probably be the responsibility of the DEAT and the relevant SETA (e.g. THETA as part of tourism development programme stated in Section 3.7), to ensure that these needs are met.

The proposed strategy placed great emphasis on technological developments and improved means of processing information. The development of IT (Information and Technology) skills amongst operators is one element that should be made compulsory in order to ensure success in the accommodation sector at provincial level.

A key element in the generation of a specific operational business plan could be the inclusion of training plans for each individual staff member within the organisation. Arising from the implementation of performance appraisal procedures, personnel should be fully equipped to optimise their contribution to the business in their individual capacity. Provision of funds should also be available from government resources to supplement any additional training costs. This could help in protecting employees from abuse and lead to enhancing the quality of village life through the development of the rural economy in a sustainable way to enhance the commercial life of local communities.

8.3.3 Marketing and branding

A marketing and branding strategy for the region, in line with the national tourism guidelines, should be based on collaboration between the provincial government of Limpopo, the Limpopo Tourism Authority and the Parks Board who would primarily be responsible for promoting the planning of the area as a destination on generic marketing principles. This needs to take the form of, *inter alia,* creating web sites, distributing prepared brochures, offering booking facilities, establishing or improving information centres, trade fair promotions and Internet marketing.

Unfortunately, the situation has been found to be a bit different as only the parasitical enterprises that operate under the Limpopo Parks Board are the ones that benefit from the government's marketing efforts. It became clear during the investigation that packaged marketing is neither significant nor is it taken seriously enough at provincial level. The need to market Limpopo's accommodation products as part of destination marketing requires some kind of intervention, even from professional private marketing organisations. This does not detract from the efforts made by individuals and their innovative promotional strategies. Browsing SAT's website reveals the dominance of South Africa's coastal provinces and inland Gauteng. Limpopo's tourism web site is not as user-friendly as those of Kwazulu-Natal and Western Cape.

Tourism marketing was discussed in detail in both Chapter 4 and Chapter 7. NSMTA businesses are positioned in areas that attract short-stay visitors and as such, they should be able to retain their usual customers as well as accept new customers who come in response to enhanced marketing initiatives. Recognising this situation would be necessary as alternative options are not available in non-metropolitan areas of Limpopo that are far away from bigger metropolitan areas, the beaches and core areas of modern entertainment facilities of the country.

8.3.4 Provincial (Limpopo) SWOT analysis

Limpopo is renowned for its quiet ambience, being affectionately known as the 'province of peace'. With regard to safety and security, tourists, both domestic and external, have a comfortable feeling when bringing their families to the province. The province is further endowed with bountiful natural resources creating serene, pristine environments in natural settings. This includes 54 provincial nature reserves and many private game reserves that make the proliferation of small to medium tourism accommodation facilities unavoidable, thus, giving strength to the province's tourism industry. With this essential capacity on the supply side, the research findings confirm that the recent expansion in tourism service offerings is scheduled to continue. Most operators report continued growth in room occupancy although, on average, such achievement on the demand side has been curbed. The growth that has taken place can be attributed to efforts within the corporate and the government sector as well as those of individual operators working in their personal capacity. Ninety percent of the sampled operators expect the 2010 World Cup sporting event to be a springboard that will surely stimulate further growth.

Because small- to medium-sized accommodation enterprises are prominent in Limpopo's tourism industry, for general tourism industry development these enterprises need and deserve support by the government. For instance, the survey found that 14 % of the visitors to Limpopo perceive the province as unsafe and insecure because of its remoteness from the rest of South Africa or its proximity to Zimbabwe. The region is currently receiving an ever-increasing number of immigrants and refugees, legal and illegal, many of whom are work-seekers escaping social and political turbulence in their homeland. This perception rubs off on tourists especially in the northern tip of the Soutpansberg tourism region and the eastern side of the Waterberg region. Unfortunately, this negative feeling with regard to safety and security is more of a perception than reality. High profile action to counter this perception is crucial when seeking to attract larger volumes of tourists. Every effort must also be made to preserve the province's good safety and security record.

Reviewed literature indicates that nothing destroys a tourism business more quickly than criminal activities that impact on tourists. Tourists are in search of good times. The bad experience lives with tourists for a very long time and they talk and tell others about their misfortune and associated anguish. It needs, therefore, to be mentioned once more, that Limpopo is a 'gateway' to Africa. If a neighbouring state is in turmoil, as is the current situation in Zimbabwe, across South Africa's and Limpopo's northern boundary, any business strength can change into a threat.

Another aspect of safety and security is signage. Tourists like to know where they are at all times. If they get lost, or think they are lost, they get nervous and feel unsafe, thus the positive perception of safety and security is quickly reinforced as a threat in such circumstances. The challenge in this regard for the province is that the routes to some of the destinations in Limpopo that are not easily accessible, and located far from the main tourism transport route, should be more clearly and frequently indicated on roadside signboards. The current problem is compounded by the general poor signage, or complete lack of it, to the area from the main routes. This is clearly a weakness within the region as far as tourism development is concerned.

Two other major areas of weakness for which there is a need for improvement are poor road maintenance on access roads to tourism attractions and poor transportation services within the area. Addressing these shortcomings will be a challenge, as a concerted effort needs to be made to align service providers with local government planning and development programmes. SWOT analysis was applied to the sampled operations themselves and discussed in Chapter 7 to answer the fifth stated research question of the study (Section 1.5).

8.4 Recommendations

There is no single way to plan for a successful tourism accommodation business, as different plans can be equally effective. The study findings and the reviewed literature are consolidated to create a new path to the development of NSMTA facilities. The path is based on eight (8) different but interconnected themes. The researcher called these themes 'the critical success factors for Limpopo's

NSMTA enterprises'. The critical success factors need priority attention for successful NSMTA enterprises. These are:

- **Development:** Developing the tourism industry through strategic planning practice for the establishment of NSMTA facilities. Accommodation should precede any other type of development within the vicinity of the tourism destination.
- **Diversification of market**: The ability to perceive and adapt to changes in the marketplace, including recognising future industry trends, a competitive environment and customer feedback, through continuous market research. This would lead to market intelligence.
- **Demand driven**: The ability to provide clear direction, delegate, engage in sound and structured decision-making and long-term planning, through the formulation and implementation of a strategic plan. The existence of informed and knowledgeable strategic leadership will form the core of tourism business strength.
- **Distribution facilitation:** A detailed vision for the future growth of the tourism establishment, a shared understanding of its uniqueness and identity through the determination of a clear business vision with stated short and long term goals and objectives.
- **Community empowerment:** The promotion of the local economy by using local resources (natural and human) creates snowball effects to general tourism growth. The mutual partnership between private and public partnership could create stability and future sustainability of the tourism industry.
- **Consistency in service delivery:** The business philosophy of 'thinking and planning globally but acting locally' could enhance the delivery of a world-class visitor's experience. Quality always goes with value. Therefore operators should set specific action steps to achieve best quality accommodation-related services.

- **Collaboration and promotion**: The ability to support business strategies through efficient functioning of internal operations, systems and organisational structures are the core responsibilities of an individual operator. The envisaged strategic plan recommends joint or collective planning but acting individually, retaining authenticity and uniqueness service provision.
- **Competitive edge**: Key performance indicators are of absolute importance to ensure professionalism and gaining competitive edge over one's competitors. The integration of data from a global perspective to the niche market provides a valuable database for the market leaders.

The above features could be used as a basis for NSMTA facilities. They all function to better the image of tourism products and the related services (including accommodation).

8.4.1 Strategic focus

The problem statement and the main aim of the study are based on strategic focus. Chapter 7 justified the need for a generic strategic plan in the sense that evidence of the non-existence of strategic planning was revealed and possible resultant effects were highlighted. On that basis it is felt that tourism is a competitive business wherein the deployment of a strategic plan is no longer optional but compulsory. The findings from this study point out that a generic strategic plan for NSMTA businesses is a necessity that would bring positive results to the tourism industry at large. As already mentioned in the Chapter 7 (Section 7.4) such a strategy should seek to nurture into reality the operation's vision, mission, strategies and objectives, formulated as part of the planning initiatives of an individual operation. It would simplify profiling the business and the marketing strategies for developing a competitive edge. At provincial or local levels, the plan could identify shortfalls in the development of facilities in the area concerned and determine specific categories of opportunities to feed into future business plans, thus to support the growth initiatives of individuals operating in the tourism sector.

The researcher found tourists who visit the province demanded more than just accommodation. They expect serviced accommodation with an array of tourist facilities. This kind of demand necessitates the promotion of product packaging in the non-metropolitan areas of Limpopo. Limpopo's NSMTA enterprises also host international visitors, particularly British and American tourists, even though the number is smaller. These tourists often follow the Ivory Route or are en route to the Kruger National Park. They actually create an opportunity to function as a springboard for the extension of NSMTA facilities to serve the world tourism market. This is not to suggest that the sector is not recognised internationally, but that it should exhibit and create stronger growth in the province, by increasing the number of beds available throughout the whole of Limpopo province. The sector should also lure a larger number of non-South Africans to show interest in the province. With the variety of tourism possibilities that the province possesses, NSMTA sector has the potential to contribute to the achievement of the central government's drive to encourage economic growth through tourism development.

Although there are few records that allow for meaningful analysis of the economic impact of tourism in the province, an assessment of the levy base of the tourism regions could be useful. In that the tourism industry NSMTA facilities generate reasonable revenue. If 20% of the study participants generate an income of between R301million, 18 facilities could have a turnover of around R7.2m per annum. Moreover, the local economy could be boosted with the injection of at least the lowest of salaries being paid to 2296 employees. It must be noted though, that these approximations are based on non-metropolitan facilities that excludes not only metropolitan based facilities but also other smaller motels, inns and farmhouse accommodation operations.

8.4.2 The development strategy

Strategic growth as discussed in Chapter 4 refers to the changes that take place as the firm develops its capabilities to exploit its presence in the marketplace. It is necessary for the business to adapt its strategy as it develops through different stages of its life cycle. For example, in the start-up and early growth stages, the strategy is mainly aimed at survival, whereas in the next stage the focus is on developing a customer base, maintaining a profit and obtaining further resources.

The researcher found that Limpopo's NSMTA sector did not follow any of the theoretical growth strategy patterns as discussed in the literature review. As part of the envisaged provincial initiatives to promote overall tourism development, NSMTA could contribute more effectively by adopting particular growth strategies. Growth strategies differ in time span, namely, short term (e.g. 1 - 5 years), medium term (e.g. 5–10) and long term (e.g. 10 years and more) strategies.

Despite some reluctance to participate in the survey, almost all the sampled operators, in one way or another, expressed a desire to see progress in their business operation. This is crucial for the industry in general because desires trigger action. It is the view of the researcher that, such a desire is not confined to the sampled operators but to other stakeholders as. What is essential, as proposed in this research, is a workable solution for being able to achieve the common goal of working towards excellence in tourism accommodation service deliverance.

8.4.3 Proposed generic strategic plan

An integrated, long-term strategic approach is needed to ensure that consistent, incremental improvements are made and to encourage the various organisations involved in tourism accommodation in Limpopo province to follow convergent strategies to achieve common goals.

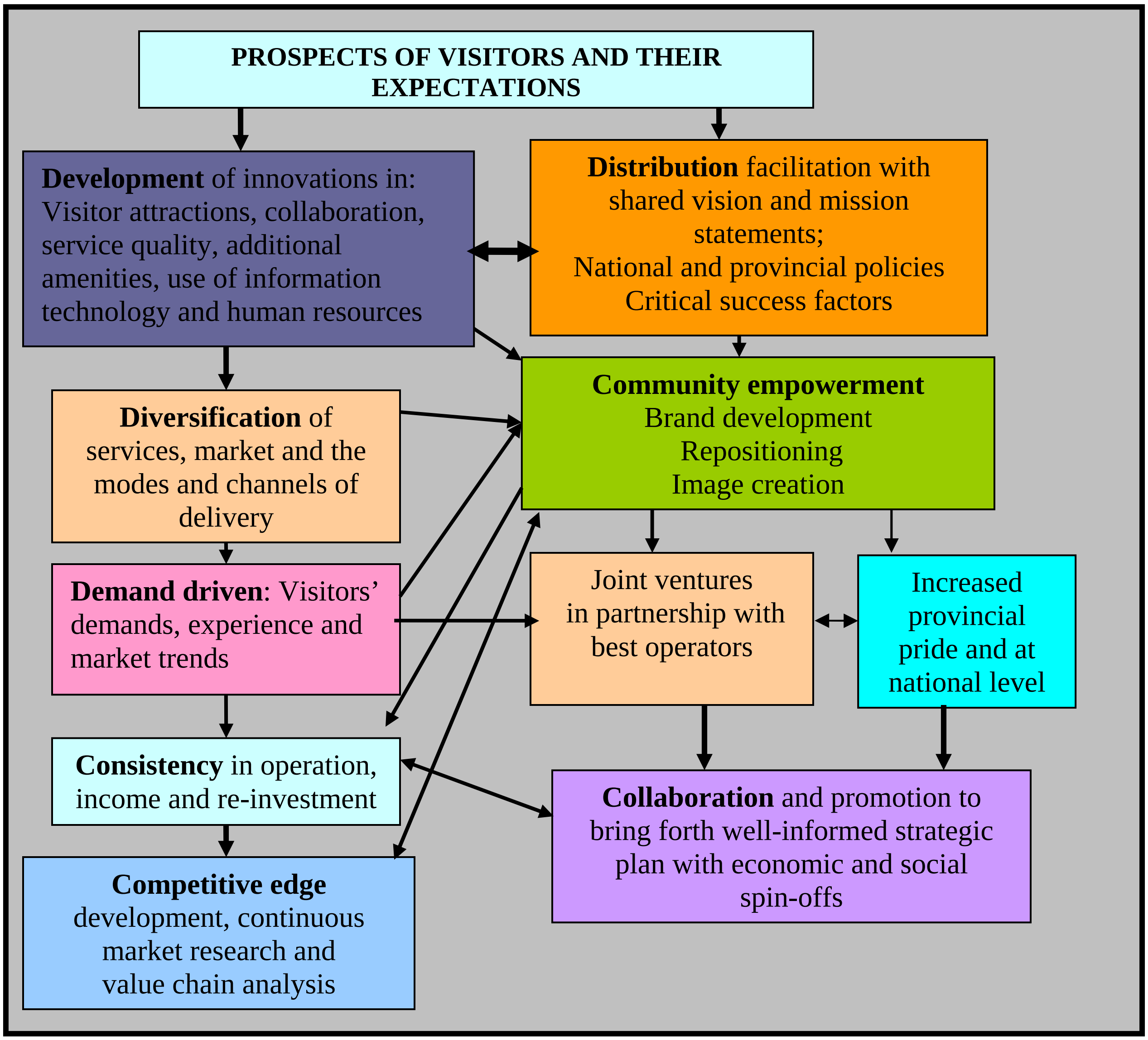

Figure 8.1: Variables for the envisaged generic strategic plan

It is proposed that Figure 8.1 be considered in line with generic strategic themes as illustrated in Figure 8.2 and ultimately with the generic strategic plan (Figure 8.3). The three figures form a progression towards a consolidated generic strategy that could be applied to NSMTA enterprises nation-wide. The strategy is called the ‘4Ds 4Cs’ strategy. It is composed of eight strategic themes (Development, Diversification, Demand driven, Distribution, Community Empowerment, Consistency and Collaboration and Competitive edge. The eight strategic themes embrace the proposed generic strategic plan for Limpopo’s NSMTA facilities.

A main aim of the study was to propose the development of the Limpopo tourism industry through the application of a generic strategic plan for NSMTA facilities, namely theme 1 of the proposed plan (Figure 8.2.) The second theme (2) is on the diversification of tourism accommodation facilities (Figure 8.2) in terms of size, types and services offered, to enhance the province’s chance of meeting the so-called “new tourist demand”. Researching global market trends and tourism development is seen as a cornerstone for further development and reflects the principle of tourism being a demand-driven industry (Theme 3). Facilities development and Infrastructural management promote and effect equitable tourism service distribution (Theme 4). The other four themes for the 4Cs deal with development as experienced at global, national, regional, provincial and local levels (Figure 8.2). Strategic issues addressed under different themes are interlinked and they often overlap because they all focus on the same goal of creating a broad generic strategy. Basically they all emanate from the main idea of promoting development, theme 1.

THE GENERIC STRATEGIC THEMES FOR LIM EDIUM-SIZED ACCOMMODATION FACILITIES

UNIVERSITEIT VAN PRETORIA
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Strategic themes

Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8
Development	Diversification of Market	Demand driven	Distribution facilitation	Community Empowerment	Consistency in service delivery	Collaborations and promotion	Competitive edge
Developing tourism industry through strategic plan	Diversifying tourism accommodation facilities to meet new tourist demand	Researching on market trends and development	Infrastructural and Facilities development for the retention of customers	Promote local economy by using local resources and personnel for long term future	World class service delivery at all times for a valuable customers experience	Marketing Limpopo as a unique, vibrant, all year round tourism facilities	Ensure on going marketing research and information provision to specific areas
Strategic issues	**Strategic issues**	**Strategic issues**	**Strategic issues**	**Strategic issues**	**Strategic issues**	**Strategic issues**	**Strategic issues**
Generic strategic plan	Strategic positioning	Strategic Focus	Management strategy	Strategic partnership	Strategic growth	Strategic collaboration	Strategic alliance for best practices
Broader tourism focus	Market differentiation	Change in demand	Chain linkages	Specialized partnership	Explore new areas	Marketing mix	Quality oriented
Government policy	Open new markets	Flexibility	Advanced facilities	Create opportunities	Quality assurance	Partnerships	Business profiles
Stakeholders role	Broaden the market	Future needs	Identify opportunities	Mutual partnership	Best practices	7 Ps for marketing	Integrate data
Facilities development	Set market standards	Supply resources	Consolidate business	Improving skills	Authenticity	Strengthen ties on regional block	Database availability
Further development	Alternative services	Continuity in focus	Professionalism	Empowerment	Maintain uniqueness	Recent technique	Resource sharing
Business mechanism	Benchmarking	Market analysis	SWOT analysis	Scorecard analysis	Best service delivery	Value chain analysis	Strategic evaluation
Growth in technology	Internet and websites	IT	E-business	Indigenous knowledge	Online technology	ICT	Use of technology
Broadening capacity	Customers retention	Co-operation	Management profile	Development support	Quality control	Joint ventures	Professionalism
New innovations	Segmentation	New trends	Communication skills	Joint ownership	Meeting expectations	Parity in service	Knowledge based
Sustain growth and development	Unity in diversity	Global market	Explore new heights	Think global act local	Value feedbacks	Information provision	Key performance Indicators and targets
Global focus	Specialized markets	Market research	Connectivity	Multiplier effects	Universal approach	Market intelligence	Niche focus

Figure 8.2: Generic strategic themes for non-metropolitan small- to medium-sized tourism accommodation facilities.

Figure 8.2 deals with the eight (8) themes that are literally different but operationally linked. They are the critical success factors for the NSMTA facilities. The strategic issues for consideration differ with strategic themes. Development theme embraces the overall generic strategy for NSMTA facilities. It deals with development from infrastructural level, policy issue, stakeholders and border focus to the tourism industry. The widening of facilities to meet new tourists demand and new markets trends are facilitated through diversification of market and services offerings. The diversification is sorted in accordance with strategic positioning of individual businesses. The philosophy of 'unity in diversity' allows mutual business integration within segmentation. For example, the different types like guesthouse and B&B are to be unified under the same brand 'tourism accommodation facilities" even though they are different they can still marketed jointly. The demand driven theme is envisaged within the dynamism of tourism industry and the changing market demands. Strategic focus is used in this theme to bring a measure of control so that the changes are done within the focus of the individual business. The trend of linkage amongst different themes can easily be inferred from Figure 8.2 and Figure 8.3.

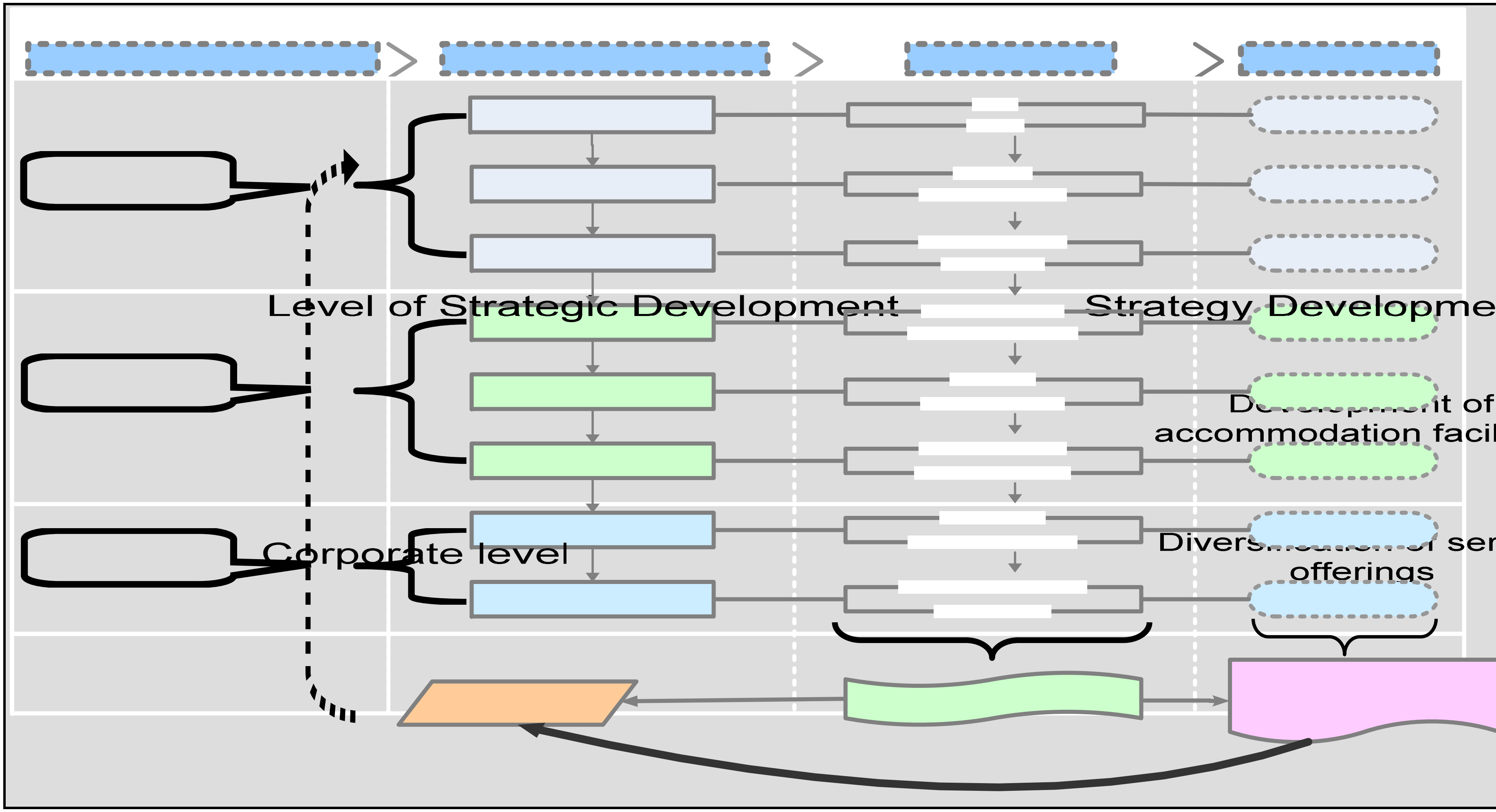

Figure 8.3: Generic strategic plan for non-metropolitan small- to medium-sized tourism accommodation facilities

The objective of this generic approach is to position Limpopo's sector as a world-class competitor in the global tourism industry and as South Africa's premier 'home-away-from-home' tourist destination, as well as to present a model strategic plan to assist them to maximise their economic spin-offs.

The type of business, managerial competence, the intensity of competition and the turbulence of socio-economic and environmental factors, call for a planning system compatible with the reality on the ground. Limpopo's accommodation operators should tailor-make their systems to fit their corporate culture, organisational structure and administrative processes. An enterprise will have an appropriate planning system in place when its degree of planning competence matches the degree of complexity of the operation. It is in this context that the proposed plan should be adopted.

This strategy is intended to be a flexible framework for action that complements, at a provincial level, objectives and actions articulated at a national and regional level. It aims to provide a point of reference in the context of ever-changing structures, initiatives, circumstances and markets. It integrates fundamental principles unlikely to change in the short to medium term, which are essential for the successful management and performance of a visitor destination. Detailing actions required to deliver the vision of the industry at large will evolve and develop over time, but the key, from a local municipality point of view, should be to ensure the establishment of sustainable tourism enterprises. Moreover, it is important to make sure that every operation's management and performance relates to a formulated policy that has a workable strategy and contributes to service delivery across the province. It provides a key to regeneration, thus, contributing to market growth and maximising benefit to local communities. An effective tourism strategy is formed from the synergy of a systematic approach to business and service management.

The National DEAT has the responsibility of raising awareness of tourism-related matters with other service departments, identifying ways of better communication, and highlighting where improvements can be made, in response to issues raised by visitors or the industry in terms of the proposed generic themes. Through implementation of its business plan, it could establish mechanisms for the application of an integrated approach to destination management within the entire country, monitoring the actions set out, and setting targets where possible or practical.

A particular concern is the use of technology in the industry. Even though the economic hubs like Gauteng, Western Cape and Kwazulu-Natal dominate Internet marketing in South Africa, the provision of this facility in the more remote areas would be beneficial. Moreover, that nature of, and need for, capacity-building initiatives in field of technology as related to small tourism business enterprises in this specific industry also warrants further investigation. Research into the approaches that would encourage liaison amongst the tourism stakeholders at this level could enhance the general growth of the local tourism industry, particularly if businesses were to be well schooled as to how to implement the strategic plan as presented in this thesis

8.5 Conclusion

Tourism growth stimulates competition through diverse demand and dynamic supply conditions. A practical approach is the best option for small- to medium-sized tourism accommodation businesses to follow, irrespective of whether their status is formal or informal. This study has revealed that minimal consideration of a strategic plan amongst small- to medium-sized tourism accommodation enterprises works against the tourism industry as a whole. As the findings categorically suggest, this sector of tourist accommodation provision is not doing enough as far as local community development is concerned. This disappointing observation can be explained by the supportive evidence this study has offered with regard to inadequate structure and implementation of a sound strategic plan and recognition of the requirements of public policies.

The research findings have exposed a number of challenges facing the NSMTA providers in Limpopo, a province of South Africa that has much to offer the country's growing tourism industry. These identified challenges relate to critical aspects of tourism development, namely, marketing, business management, tourism supply and demand, and the need for co-operative alliances and partnerships. There is no way that all the challenges could be fully investigated in one academic research endeavour. However, this research should be considered as paving the way for further investigation into the extent and nature of the field of NSMTA enterprises that have been sidelined in favour of large and urban-based enterprises.

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ANNEXURE. 1

Accompanying letter for the research

University of Pretoria

March 2007

Tourism development through strategic planning for non-metropolitan small to medium size accommodation facilities in Limpopo Province

Dear Participant

Mr. Nelwamondo is a PhD student in the Department of Tourism Management at the University of Pretoria. He is currently conducting an empirical investigation as part of the PhD in Tourism Management.

He has identified a need for the development of a strategic plan for non-metropolitan small and medium-size accommodation facilities in the Limpopo Province. This research focuses on this need. The results of the study will be made available to relevant Tourism Organizations and owners of tourism accommodation facilities in the study area. The proposed plan may serve as a basis for future planning of such facilities for the tourism industry in general.

Owners and managers of small and medium-size accommodation facilities are requested to complete the attached questionnaire. It would be greatly appreciated if you could spend some time to complete the questionnaire properly.

Please note that NO reporting or feedback provided in respect of this research study will refer to individuals or specific organisations. All information provided will be handled as **strictly confidential.** Please feel free to contact me, or the student, should you have any concerns or questions in this regard.

Thank you very much for participating in this study.

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ANNEXURE. 2

QUESTIONNAIRE DIRECTED TO TOURISM ACCOMMODATION PROVIDERS IN LIMPOPO PROVINCE N.B. To be completed by managers, owners or the highest authority within the given enterprise	**For office use only**

SECTION A: GENERAL INFORMATION

1. In which **tourism** region do you operate

V1 [ ]

Water berg	1
Zoutpansberg	2
Capricorn	3
Olifants valley	4

2. What is the dominant tourism activity in your area?

V2 [ ]

Holiday	1
Wildlife viewing	2
Hunting	3
Recreation	4
Others (specify)	5

3. What is the vision and the mission of your business?

V3 [ ]

Vision--

Mission ---

V4 [ ]

----

4. What type of tourism accommodation establishment do you operate?

V5	

Hotel	1
Guesthouse	2
B&B	3
Lodge	4
Resort	5
Other (specify)	6

5. Are you officially registered with the South African Tourism Authority?

V6	

Yes	1	No	2

6. How many guests can you accommodate at a time? --

V7	

7. What has been your average guest number for the past three years in a given time?

V8	

Per week	
Per Month	
Per Year	

8. What other services do you render to tourists except accommodation?

V9	

----

9. What is your position in the business?

V10	

CEO	1
Manager	2
Director	3
Deputy Director	4
Other (specify)	5

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10. Who owns the business? **V11**

Individually owned	1
Private company owned	2
Family owned	3
Consortium owned	4
Other (please specify)	5

11. What was the main purpose of establishing this business? **V12**

To generate supplementary income	1	
To empower the local communities	2	
To serve and supply tourist demand	3	
To venture into new business opportunities	4	
To contribute towards the growth of tourism	5	

12. What mechanism do you use to assess or evaluate your Business performance? **V13**

----

13. How many employees do you have? -------------- **V14**

14. Please indicate the number of employees with the following educational level **V15**

Lower than secondary (Grade R- 7)	Secondary level (Grade 8- 12)	Post matrix	Post graduat e

15. Do you have staff development programmes? **V16**

Yes	1	No	2

16. What is the longest service that an employee has served in the business? ------------------------------------ **V17**

17. For how long has the business been operating? ------ **V18**

18. How do you ensure the future existence of your business?

V19 | |

SECTION B: OPERATIONAL QUESTIONS

19. What is the major factor that contributed in the choice of the site of the business?

V20 | |

Closer to popular tourism destination	1
There was no other site available	2
Due to locational inertia	3
Other	4

20. (i) Has there been any change of ownership of the business before?

V21 | |

Yes	1	No	2

(ii) If the answer is yes, what were the reasons for the change?

V22 | |

----

21. (i) Does the business receive any kind of support from the government?

V23 | |

Yes	1	No	2

(ii) If the answer to the question above is yes, explain the kind of support.

V24 | |

----

22. How do you operate?

In a network of businesses	1
As an autonomous business	2
As a parasitical	3
Others (specify)	4

V25	

23. What role does the government play in your operation?

V26	

24. How best can the government contribute in the promotion of your business?

V27	

25. What has been the average revenue in the last three years of operation?

Weekly	
Monthly	
Annually	

V28	
V29	
V30	

26. What percentage do domestic and international tourists contribute to the revenue of the business?

	Percentage
Domestic	
International	

V31	

27. (i) Are you governed by any business philosophy?

Yes	1	No	2

V32	

(ii) If your answer is yes, what is your business philosophy? **V33**

----

28. (i) Do you think your business has a role to play during the 2010 World Soccer Cup?

Yes	1	No	2

V34

(ii) If your answer is yes, how do you envisage and plan to position your self as a competent service provider?

35

29. (i) Do you find yourself in business competition with other businesses of almost the same practices?

V36

Yes	1	No	2

(ii) If the answer is yes, how do you deal with such competition?

V37

----

30. What do you consider to be your business strengths? **V38**

V39

31. What are your weaknesses in business?

----

32. What are your prospective opportunities for your business?

V40

----

33. What are the possible threats? **V41**

----

34. (i) Do you engage any consultancy on the professional side of the business? **V42**

Yes	1	No	2

(ii) If your answer is yes, what kind of consultancy do you engage and how? **V43**

----

35. (i) Is your business affected by seasonality? **V44**

Yes	1	No	2

(ii) If your answer is yes, how is it affected, and how do you deal with the effects? --------------------------- **V45**

36. Are you able to process electronic cards? **V46**

Yes	1	No	2

37. Do you have access to Internet? **V47**

Yes	1	No	2

38. How often do you conduct the following?

	Regularly	Sometimes	Never	
Scorecards analysis	1	2	3	**V48**
SWOT analysis	1	2	3	**V49**
Value chain analysis	1	2	3	**V50**
Strategic evaluation	1	2	3	**V51**
Benchmarking	1	2	3	**V52**

Part B

SECTION C: STRATEGIC QUESTIONS

Instruction
For each of the statements below please indicate the extent of your agreement or disagreement by placing a tick in the appropriate box. The response scale is as follows:

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

39. Non-Metropolitan small to medium size tourism accommodation does not respond to tourism adequately.

1	2	3	4	5

V53	

40. Non-metropolitan small to medium size tourism accommodation are not considered as a vital part of the greater tourism accommodation sector.

1	2	3	4	5

V54	

41. Small tourism entrepreneurs are not receiving the attention that they deserve from the government.

1	2	3	4	5

V55	

42. The BEE programme has failed to filter to the rightful targets

1	2	3	4	5

V56	

43. Registration of tourism operators should be enforced to control the industry.

1	2	3	4	5

V57	

44. All sizes of tourism accommodations should be offered equal treatment by the government.

1	2	3	4	5

V 58

45. The government is doing a good job as far as promoting emerging tourism entrepreneurs is concerned.

1	2	3	4	5

V 59

46. Local residents are the primary beneficiaries of non-metropolitan tourism accommodation.

1	2	3	4	5

V60

47. The tourism industry still lacks direction in the non-metropolitan areas.

1	2	3	4	5

V61

48. White people are still the dominant force in tourism establishments.

1	2	3	4	5

V 62

49. The provincial government should have the overall control over tourism service providers.

1	2	3	4	5

V 63

50. All needy operators should be trained and supported financially by the government.

1	2	3	4	5

V 64

51. All kinds of tourism accommodation need to adopt a specified strategic plan.

1	2	3	4	5

V 65

52. A generic strategic plan can play a major role in the improvement of the tourism accommodation service in South Africa.

1	2	3	4	5

V 66

53. Tourism is a dynamic industry in which all stakeholders need to adjust to the changing and emerging demand.	V67
1 2 3 4 5	
54. Partnerships between private and public sectors are important at all levels of tourism.	V 68
1 2 3 4 5	
55. Tourism accommodation forms an essential component of marketing tourism product internationally.	V69
1 2 3 4 5	
56. The attractiveness of a tourism product is enhanced by the quality of accommodation provided.	V70
1 2 3 4 5	
57. Tourism accommodation grading should be made Compulsory in South Africa.	V71
1 2 3 4 5	
58. In your opinion, what area of strategic planning do you need professional assistance for and how best can this be offered to you?	V72
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--	