# CHAPTER 2

# AN OVERVIEW AND STRATEGIC ANALYSES OF THE INTERNATIONAL AND SOUTH AFRICAN TOURISM INDUSTRIES

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## 2.1    INTRODUCTION

In accordance with the objectives of this study, the purpose of this chapter is to provide an overview and strategic analyses of the international and South African Tourism industries.

To have a meaningful base from which to determine and integrate critical success factors for South Africa as an international destination, it is important to first define and classify the concepts of "tourism industry", "tourism product", "international tourist" and "tourist destination" .

An overview of the international and South African industries will provide the size, potential and the strategic components of these industries. An analysis of the development and organisation of the tourism industry in South Africa will clarify the role and main focus of the prominent organisation structures and tourism stakeholders within the destination.

A strategic analysis of the tourism industry is done in the last part of the chapter. The international analysis consists of the identification of international environmental trends, the World Tourism Organisation's [WTO] 2020 vision, the future picture in Africa and key market segments of the future. The South African analysis identifies and discusses strategic objectives, strengths and weaknesses and future strategic considerations for South Africa as a tourism destination.

## 2.2    DEFINITIONAL ANALYSES OF TOURISM AND RELATED TERMS

The nature and extent of tourism is often misunderstood. This could be attributed to the fact that, from the literature it appears that there are various interpretations of "tourism", "tourism industry", "tourism product" and "tourism destination". In this section these concepts will be analysed and defined as they should pertain to this study.

### 2.2.1   The tourism industry

It is important in terms of the objectives of this study to analyse tourism as an industry. Most traditional industries and economic production sectors are defined in terms of physical output and/or organisational competencies. This observation stems from an implicit assumption that consumers and producers exchange well-defined and specified products or commodities.

Viewing the production of a tourism commodity as a standardised process seems questionable because the tourism product is inherently heterogeneous and complex [Lash & Vry, 1994: 10]. A number of authors assert that tourism is not an industry, claiming instead that it consists of many industries connected through their function of supplying tourist needs.

Other authors [Baretje & Defert, 1972: 10; Leiper, 1979: 81; WTO, 1983: 17; and Smith, 1988: 180] argue that tourism should be recognised as an industry in its own right because of its commercial importance. They debate that many commonsense groupings of economic activities are referred to as industries even when they include multiple trades scattered across differentiated firms. Another reason is that the ultimate determinant of membership in the tourism industry should be the proportion of a firm's business that arises from tourism. It is indeed a well-established practice to describe the national tourism sector by categorising tourism-related business enterprises into primary, secondary, and/or ancillary firms according to the percentage of sales attributable to tourists. These arguments will therefore shift the criterion of industry membership away from the tourism product towards organisational interdependence between tourism

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stakeholders. For the purpose of this study the view will be adopted that tourism is an industry.
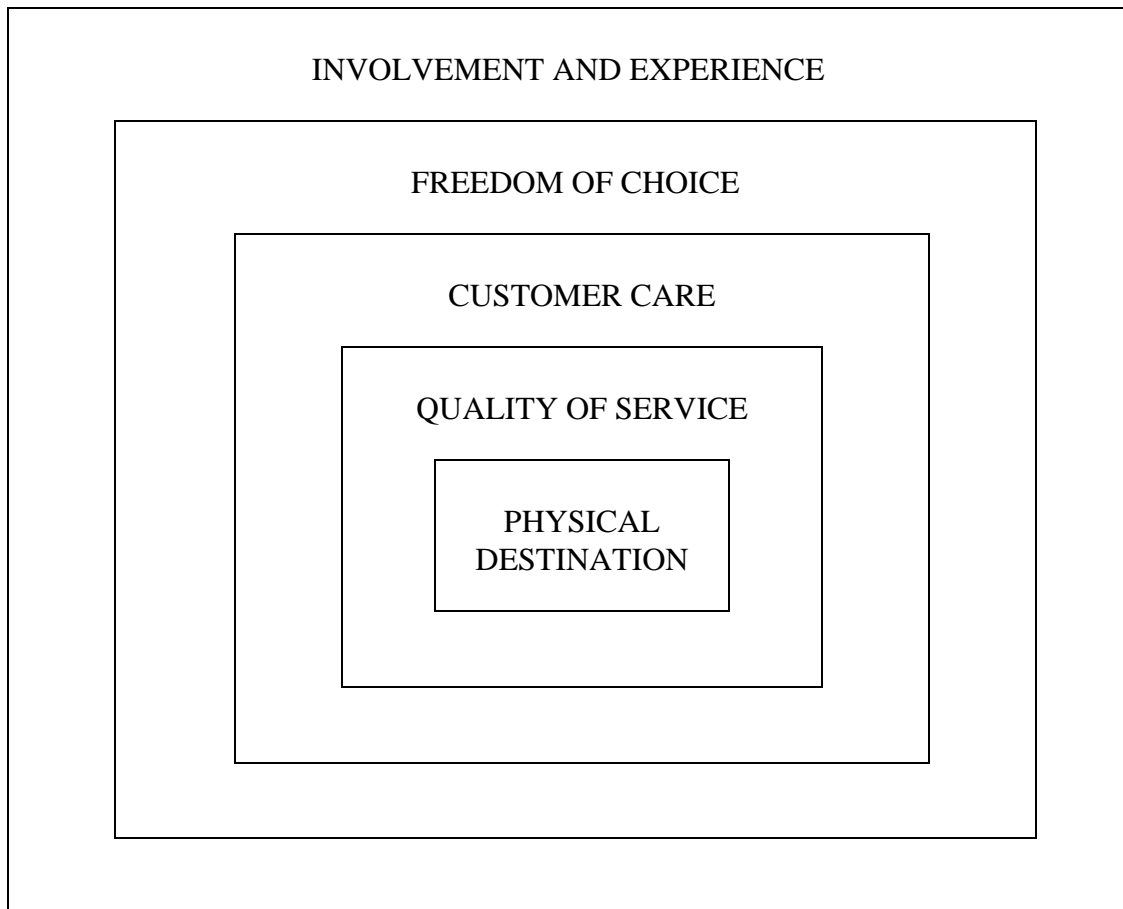
## 2.2.2   *The tourism product*

The tourism industry is a constellation of businesses, public agencies and non-profit organisations that create products to facilitate travel and activity for people away from their home environment. For the purpose of this study it will be important to analyse the nature of these products on a conceptual level.

Medlik and Middleton [1973: 201] conceptualise tourism products as a bundle of activities, services and benefits that constitute the entire tourism experience. This bundle consists of five components: destination attractions, destination facilities, accessibility, images and price. Medlik and Middleton's components model, has been borrowed by other authors, including Crampon *et al* [1976: 271];  Schmoll [1977: 115] and Gunn [1993: 71].

Middleton [1989: 51] also observes that the term "tourist product" is used at two different levels. One is the "specific level" which is that of a discrete product offered, such as a sightseeing tour or an airline seat. The other is the complete experience of the tourist from the time of leaving home to the time of returning. The "total" level is synonymous with Medlik and Middleton's "components model".

In a more recent study by Smith [1994: 582], the following model was developed based on the existing literature on the tourism product.

**Figure 2.1     The Generic Tourism Product**

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┌─────────────────────────────────────────────────────────┐
│            INVOLVEMENT AND EXPERIENCE                     │
│   ┌───────────────────────────────────────────────┐      │
│   │            FREEDOM OF CHOICE                   │      │
│   │   ┌───────────────────────────────────┐       │      │
│   │   │          CUSTOMER CARE            │       │      │
│   │   │   ┌───────────────────────┐       │       │      │
│   │   │   │   QUALITY OF SERVICE  │       │       │      │
│   │   │   │   ┌───────────────┐   │       │       │      │
│   │   │   │   │   PHYSICAL    │   │       │       │      │
│   │   │   │   │  DESTINATION  │   │       │       │      │
│   │   │   │   └───────────────┘   │       │       │      │
│   │   │   └───────────────────────┘       │       │      │
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**Source:**        Adapted from Smith [1994: 590]

According to Smith, the tourism product consists of five elements as illustrated in Figure 2.1.

a]     The physical destination is the core of any tourism product and refers to a site, nature resource, facility or property. It also includes the attributes of the physical environment such as weather, water quality and tourist infrastructure.

b]     Quality of service refers to the performance of specific tasks required to meet the needs of tourists. For example, a hotel needs management, front desk operation, housekeeping, maintenance, and food and beverage provisions to function as a hotel.

c]     Customer care. Whereas service is the technically competent performance of a task, customer care is the attitude or style in which the task is performed. It is that "enhanced service" or "something extra".

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d]     Freedom of choice refers to the necessity that the tourist has some acceptable range of options in order for the tourism experience to be satisfactory.

e]     Involvement and experience represent the extent to which the tourist feels high levels of satisfaction, involvement and intrinsic reward.

In the preceding section an exposition was given of various authors' interpretations of the definition of the "tourism product". To clarify this concept for the purposes of the study, "tourism product" will be defined as the physical destination plus the quality of service and the quality of experience offered to the tourist at the destination.

## 2.2.3  The international tourist

The World Tourism Organisation [1999: 8] distinguishes between three basic forms of tourism:

❑     domestic tourism involves residents of the given area travelling only within that area;

❑     inbound tourism involves non-residents travelling as visitors in a given area; and

❑     outbound tourism involves residents travelling as visitors in an area other than the given area.

If a country is the area of reference, the terms "domestic", or "inbound" and "outbound" tourism can be combined in various ways to derive the following categories of tourism:

❑     Internal tourism, which comprises domestic and inbound tourism.

❑     National tourism, which comprises domestic tourism and outbound tourism.

❑     International tourism, which consists of inbound and outbound tourism.

### a]     The domestic tourist

For statistical purposes, the term "domestic tourist" describes any person residing in a

country, who travels to a place within the country, outside his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited [WTO, 1993: 3].

### b]      The international tourist

For statistical purposes, the term international tourist describes any person visiting a country other than that in which he/she has his/her usual place of residence but outside his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited [WTO, 1993: 32].

Vellas and Bécheral [1998: 3] point out that there are two factors that differentiate international tourists from other international travellers:  their country of residence and the motivation to travel.

International tourists are international travellers who do not reside in the country they are visiting. These include nationals of the visited country living permanently abroad. A resident has lasting economic links with the country he is living and working in and would normally have lived in his adopted country for a minimum of one year. It is therefore the country of economic ties rather than the country of nationality that determines a person's residency.

The WTO has devised a system of classifying international travellers who should be included in international tourism statistics based on motivation of travel, and those who should not.  It is clear from the analysis that international travellers who should not be considered as international tourists are: border workers, temporary immigrants, permanent immigrants, nomads, transit passengers, refugees, members of the armed forces, representatives of consulates and diplomats. The main sources of international tourists are: leisure, recreation and holidays, visiting friends and relatives, business and personal, health treatment and religious pilgrimages.
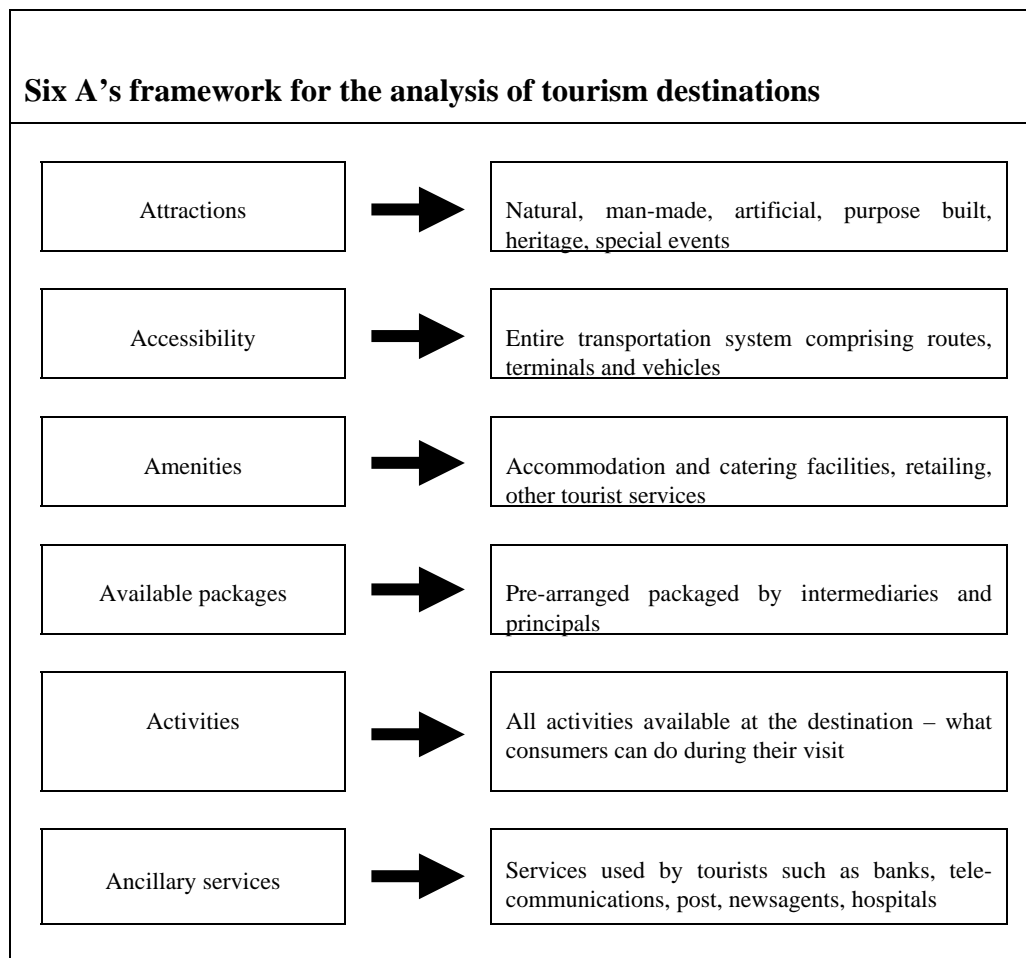
## *2.2.4  The tourism destination*

Tourist destinations have been defined as areas with different natural and/or man-made features, that will attract non-local visitors or tourists [Georgulas in Jenkins and Tosun, 1996: 519]. Mathieson and Wall's [1992: 12] definition of destination is in line with that of Georgulas: "a destination area is a place having characteristics that are known to a sufficient number of potential visitors to justify its consideration as an identity, attracting travel to itself, independent of the attractions of other locations". Gee *et al* [1994: 95] support the above definition by stating that "destinations are specific areas that travellers choose to visit and where they spend a significant amount of time".

The above definitions reveal that a tourism destination is a "geographical area containing a critical mass of development" [Gunn, 1994: 40] and a unique cluster of attractions that satisfy and attract a sufficient number of non-local visitors. Destinations further offer an amalgam of tourist products and services which are consumed under the brand name of the destination [Buhalis, 2000: 97]. Buhalis [2000: 98] summarises the core components of a destination in his "Six As" framework [illustrated in Table 2.1]

**Table 2.1**        **Six A's framework for the analysis of tourism destinations**

| Six A's framework for the analysis of tourism destinations | |
| --- | --- |
| Attractions | Natural, man-made, artificial, purpose built, heritage, special events |
| Accessibility | Entire transportation system comprising routes, terminals and vehicles |
| Amenities | Accommodation and catering facilities, retailing, other tourist services |
| Available packages | Pre-arranged packaged by intermediaries and principals |
| Activities | All activities available at the destination – what consumers can do during their visit |
| Ancillary services | Services used by tourists such as banks, tele-communications, post, newsagents, hospitals |

**Source:**        Buhalis [2000: 98]

In conclusion, it can therefore be said that a destination for the purposes of this study can be defined as a specific geographical area that offers a unique cluster of attractions, products and services that will be consumed under the brand name of the destination.

## 2.3    OVERVIEW OF THE TOURISM INDUSTRY

One of the objectives of this study was to provide an overview of the international and South African tourism industries. This is done by first analysing the size and impact of the industry and then by evaluating and discussing the different components of the industry.

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## *2.3.1  Industry size*

### *a]      International industry*

The importance of tourism on an international level was established during the period between 1992 and 1994, when tourism outperformed exports in commercial services. In 1997 tourism receipts were established at more than 8% of the total export of goods, and 34% of that of services. During 1998, global tourist arrivals totalled 625 million people, a 2.32% increase over the previous year. These travellers were responsible for receipts in the region of US$ 445 billion, a 2.01% increase over the previous year. This figure is about double that of the 1989 receipts. For 2000, an estimated 7.5% growth in world tourism was expected. This means that about 698 million international arrivals worldwide were recorded [Lubbe, 2003: 61].

The above picture illustrates the magnitude of the tourism industry on a global scale. It is important, however, to remember that the benefits of tourism are not equally distributed among all the nations of the world. Some countries have established themselves as preferred destinations for tourists, while certain countries contribute a far greater number of active travellers than others.

Table 2.2 shows that the world's top earners from tourism *and* destinations consist of very much the same countries. Table 2.3 reveals that the combined spending by tourists in the United States during 1999 exceeds the other countries in the comparison by far. It also shows that Europe will stay an important market for the future.

**Table 2.2**     World's top tourism destinations and tourism earners as estimated for 2000

| Country | Rank: destination | Rank: earner* |
|---|---|---|
| United States | 2 | 1 |
| Italy | 4 | 4 |
| France | 1 | 3 |
| Spain | 3 | 2 |
| United Kingdom | 6 | 5 |
| Germany | 9 | 6 |
| China | 5 | 7 |
| Austria | 12 | 8 |
| Canada | 7 | 9 |
| Mexico | 8 | 11 |
| Russian Federation | 10 | 15 |
| Greece | 15 | 10 |

**Source:**     Lubbe [2003: 61]

*The term *earner* [from 'earnings'] refers to the destinations that receive income, usually in the form of foreign currency, from tourists spending at the destination. When referring to the top tourism *spenders*, an average figure from what tourists from a specific country spend per trip is calculated. This figure can also be expressed as the total spending on tourism per country. This figure is then compared with other countries.

**Table 2.3**     Top ten tourism spenders as estimated for 2000

| Rank | Country | Expenditure US$ million [*1999] |
|---|---|---|
| 1 | United States | 67 |
| 2 | Germany | 48.5* |
| 3 | United Kingdom | 35.6* |
| 4 | Japan | 32.8* |
| 5 | France | 18.6* |
| 6 | Italy | 15.5 |
| 7 | Canada | 12.4 |
| 8 | Netherlands | 11.8 |
| 9 | China | 10.9* |
| 10 | Belgium | 10.1* |

**Source:**     Lubbe [2003: 61]

*b]*       *Southern Africa and South Africa*

Southern Africa, consisting of the regions of South Africa, Botswana, Lesotho, Namibia and Swaziland, experienced the strongest growth in the Africa region over the past ten years. International arrivals in 1999 totalled almost eight million. South Africa accounted for six million arrivals with Botswana second. Swaziland and Lesotho accounted for the remainder of the arrivals [Lubbe, 2003: 64].

Intra-regional travel accounts for a large proportion of arrivals for Southern Africa, with Africa accounting for 75 percent of all arrivals. The second largest group of visitors are from Europe [16%], while only 4% originate from the Americas [WTO Research Report: Africa 2001].

Tourism is already a strong and growing force in South Africa, generating wealth, jobs and investment across the economy and enhancing social development. It is estimated that tourism has in the three years since the 1994 election, created more than 180 000 jobs across South Africa [WTO, 1998]. The sector has therefore enormous potential as a catalyst for future economic and social development throughout the entire Southern African region.

The WTTC in their 1998 report, forecast three future scenarios for South Africa, namely pessimistic, baseline and optimistic. The baseline scenario is given in Table 2.4.

**Table 2.4          South African Tourism forecast: Baseline case**

| South African Travel and Tourism Forecast: Baseline Case | | | | | |
|---|---|---|---|---|---|
| | -------- 1998 -------- | | -------- 2010 -------- | | **Growth** |
| | **Rand** | **% of Tot** | **Rand** | **% of Tot** | **% Real **** |
| Consumer Expenditures | 23.3 | 5.8% | 79.3 | 6.4% | 3.5% |
| Business Travel | 8.8 | --- | 29.1 | --- | 3.4% |
| Government Expenditures | 0.8 | 0.5% | 4.9 | 1.1% | 9.2% |
| Capital Investment | 12.8 | 11.4% | 47.8 | 13.5% | 5.1% |
| Exports | 24.2 | 13.2% | 109.2 | 17.5% | .8% |
| T&T Demand | 69.8 | --- | 270.2 | --- | 5.2% |
| GDP* | 53.2 | 8.2% | 210.9 | 10.3% | 5.5% |
| Imports* | 16.6 | 9.2% | 59.3 | 905% | 4.6% |
| Taxes* | 15.0 | 8.4% | 55.1 | 10.6% | 4.8% |
| Employment* [Thous] | 737.6 | 7.1% | 1,253.7 | 9.3% | 4.5% |
| *T&T Economy Totals    ** Annualised Growth  All Rand figures are in Billions | | | | | |

**Source:**          WTTC [1998: 5]

According to this most likely "baseline scenario" the forecast shows that:

❑     South Africans will spend more of their disposable income on tourism which will
        grow to 6.4% of total personal consumption by 2010;

❑     Government expenditure will also increase by almost 10% per year;

❑     The share of private capital expenditure attributed to tourism will rise at about
        5% per year, and will be focused not only on major hotel and resort
        developments, but also on game parks and guesthouses;

❑     Foreign visitor spending will continue to grow at double digit rates for the next
        two years and at more than 6% per year for the first decade of the 21st century.
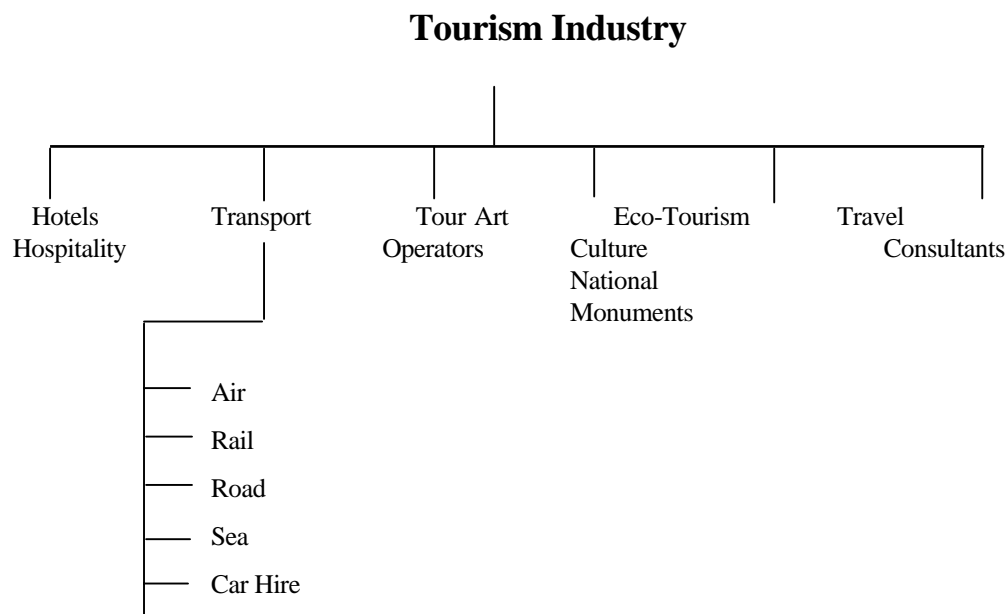
However it was pointed out in the report that to make this forecast a reality, and indeed
reach towards the optimistic scenario, a climate needs to be created to encourage a
relatively safe and hospitable environment for travellers, develop targeted marketing and
clear branding and incentives for investment – particularly for improvement of infra-

structure; maintain quality; and progressively expand cooperative ventures in the South African region. It is clear from the preceding assumptions made by the report that an integrated strategic approach is necessary.

## 2.3.2  Components of the tourism industry

The WTO [1999: 13] divides the tourism industry into four components: transportation and infrastructure, accommodation and hospitality services, travel and distribution systems and public and private tourism organisations. Meyer [1996: 55] divides the industry according to clusters of competencies as illustrated in Figure 2.2.

**Figure 2.2.     Competency cluster components of the tourism industry**

**Tourism Industry**

| Hotels Hospitality | Transport | Tour Art Operators | Eco-Tourism Culture National Monuments | Travel Consultants |
| --- | --- | --- | --- | --- |

- Air
- Rail
- Road
- Sea
- Car Hire

**Source:**        Meyer [1995:55]

Gunn [1998:5] chooses to divide the tourism industry into three sectors:

❑      Business Sector

❑      Non-profit Sector

❑      Governmental Sector

In his analysis Meyer [1996: 55] concentrates only on business competencies and excludes the public and private tourism organisations. Gunn [1998: 5] portrays a broad sectoral analysis and classifies all business components under the business sector.

Although the classifications offered by Meyer and Gunn have their merits, the classification by the WTO is more comprehensive, internationally accepted and in accordance with the approach used in this study and will therefore be used. This classification will now be discussed.

### a]    *Transportation and infrastructure*

How visitors get to, from and within a given destination is the responsibility of the transportation component of tourism. Appropriate and accessible transportation is integral to the success of all the other components of tourism.

There is a direct relationship between advances in transportation and growth in the tourism industry. In particular, the automobile and the jet airplane have made travel accessible to a growing segment of the world's population. As the demand for travel expands, the capacity of transportation modes will be a critical success factor in facilitating or hindering the expansion of the tourism industry [WTO, 1999:45].

For many destinations, the constraints posed by transportation and its infra-structure – such as airports and roads – constitute the biggest obstacle to growth. In the case of island destinations, the availability of air access is a non negotiable for tourism development. Without such access, there is little or no tourist activity.

The infrastructure refers to components found on or below the ground level that provides the basic framework for effective functioning of development systems such as urban areas, industry and tourism [Inskeep, 1991: 119]. Infrastructure components such as water supply, electric power, sewage and solid waste disposal, drainage and telecommunications are but a few of the more critical elements required for the various tourism dimensions to operate efficiently.

*b]*      *Accommodation and hospitality services*

[i]      Accommodation

Accommodation or lodging facilities and their related services are where tourists stay overnight during their travels, and account for a good portion of the tourists' total expenditure, typically 20 to 30 percent depending on quality of accommodation, destination and purpose of trip. There is a wide variety of accommodation that meets the demands of various budgets, including bed-and-breakfast establishments, youth hostels, campgrounds and cruise ships. The hotel, the most common type of accommodation, has its own categories extending from luxurious urban or resort properties, to smaller budget-orientated motels or motor lodges.

Worldwide the number of hotels is increasing rapidly and in 1994 it was estimated that there were over 11 million rooms generating revenue of nearly US$250 billion [International Hotel Association, 1996: 12].

*[ii]*      *Food and beverage*

Food and beverage are required by tourists and represent another large source of competition for visitor expenditures. Unlike the accommodation sector, a large part of the food and beverage sector is not related to the tourism industry. These include major sectors such as institutional food services in schools, universities, hospitals and other establishments. The segments that are interrelated with the travel industry are commercial establishments that are primarily or partially tourism dependent, based on their location, clientele and seasonal traffic [Gee *et al*, 1989: 324].

*[iii]*      *Support services*

Support services include shopping facilities and services at the destination that help fulfil the basic and the supplementary needs of visitors.

[iv]    *Distribution systems*

The distribution of the tourist product resembles that of other industries and involves the participation of wholesalers, retailers and other intermediaries or middlemen, all responsible for bringing the product from the supplier to the consumer in a sales distribution system. In practice, however, two factors make the distribution of the tourist product unique. Firstly, unlike manufactured products that can be transported to the consumer, it is usually the consumer who has to be transported to the point of consumption of the tourist product. Secondly, unlike tangible products with a shelf-life, the tourist product is highly perishable. An unsold hotel room, meal or tour bus seat has no income value in the marketplace the day after [WTO, 1999: 95].

The travel distribution system involves a process that begins with the customer. The customer typically requires a tangible product – an airline ticket, a cruise booking, a hotel reservation or car rental. The direct distributor is the service or business that provides the product. The indirect distributor is the travel agency, tour wholesaler or operator who may or may not be used as an intermediary to get the product to the customer. These distribution channels serve to link the tourism suppliers and the customers.

c]    **Public and private tourism organisations**

It is not enough for destinations to have beautiful scenery, luxurious hotels, the best tourist attractions, outstanding services and good transport networks. They must also lure tourists who will consume their products. Most destinations therefore have tourist organisations whose mandate is to see to it that tourism in their area is promoted and marketed correctly to the relevant market [Davidson, 1993: 71].

Most destinations rely on tourist organisations to be their representatives in tourist industry matters and to keep them informed about marketing, promotion and information about tourism practices, policies, research, statistics and forecasts.

National tourism organisations, whether government sponsored or private, help promote

and monitor tourism development within the context of a particular country, while provincial and local organisations promote the growth of tourism for a smaller area of reference.

Tourism organisations are found in both the public and private sectors and are organised by:

❑      Geography -    international, regional, national, provincial, local.

❑      Ownership -    government, semi-government or private.

❑      Function or type -      regulators, suppliers, marketers, developers, consultants, researchers, educators, publishers, etc.

❑      Industry -      transportation, travel agents, attractions, lodging

❑      Motive -      profit or non-profit

[Gouldner, McIntosh and Ritchie, 1995: 71].

## 2.4    THE DEVELOPMENT AND ORGANISATION OF THE TOURISM INDUSTRY IN SOUTH AFRICA

In this section an exposition is given of the development and organisation of the tourism industry in South Africa. Firstly, the development of the industry from the turn of the century to 2000 and beyond is briefly outlined. Thereafter organisational arrangements in the industry and in particular, on the national level will be discussed.

### 2.4.1 *The historical development of the tourism industry in South Africa*

Tourism in South Africa has a long history dating back perhaps to the enthusiasm of Sir Francis Drake for "the fairest Cape in the world". It was, however, only during the nineteenth century that the territory acquired a tourist reputation, especially as a health resort. In 1906 the South African Railways established a publicity department to promote tourism in South Africa and in 1926 the Kruger National Park was established and rapidly acquired a world-wide reputation [Heath, 1987: 61].

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The South African Railways remained the main tourism body up to 1938 in that it was primarily responsible for the promotion of tourism through its publicity and travel department. The next important development was the development of the Tourism Development Corporation in 1938 with the major aim of promoting tourism to South Africa. As a result of World War II, the corporation could not fulfil its task. In 1947 after the war, the South African Tourism Corporation [SATOUR] was established with the aim of promoting tourism to South Africa. In 1963 the South African government established the Department of Tourism. In 1965 the Hotel Board was created with the objectives of improving the standard of accommodation, and making funds available for the establishment of new hotels and the improvement of existing hotels. In 1983 the tourism branch of the Department of Trade, Commerce and Industry was merged with SATOUR and the Hotel Board to form the new South African Tourism Board [Heath, 1987: 62].

In the eighties and early nineties, the apartheid regime drastically slowed down the growth of tourism in South Africa as international boycotts and sanctions took effect. The segregation policies enshrined in various apartheid laws also severely hampered the development of tourist markets among the previously disadvantaged. Places available to the previously disadvantaged were often very limited and of poor quality [Lubbe, 2003: 27].

After 1994, the following tourism opportunities opened up with the lifting of sanctions: increased, positive, international reporting on the country as a tourism destination; more airlines flying to South Africa; and increased cooperation between Southern African countries. South Africa was finally back in the international market [Bennett, 1995: 57].
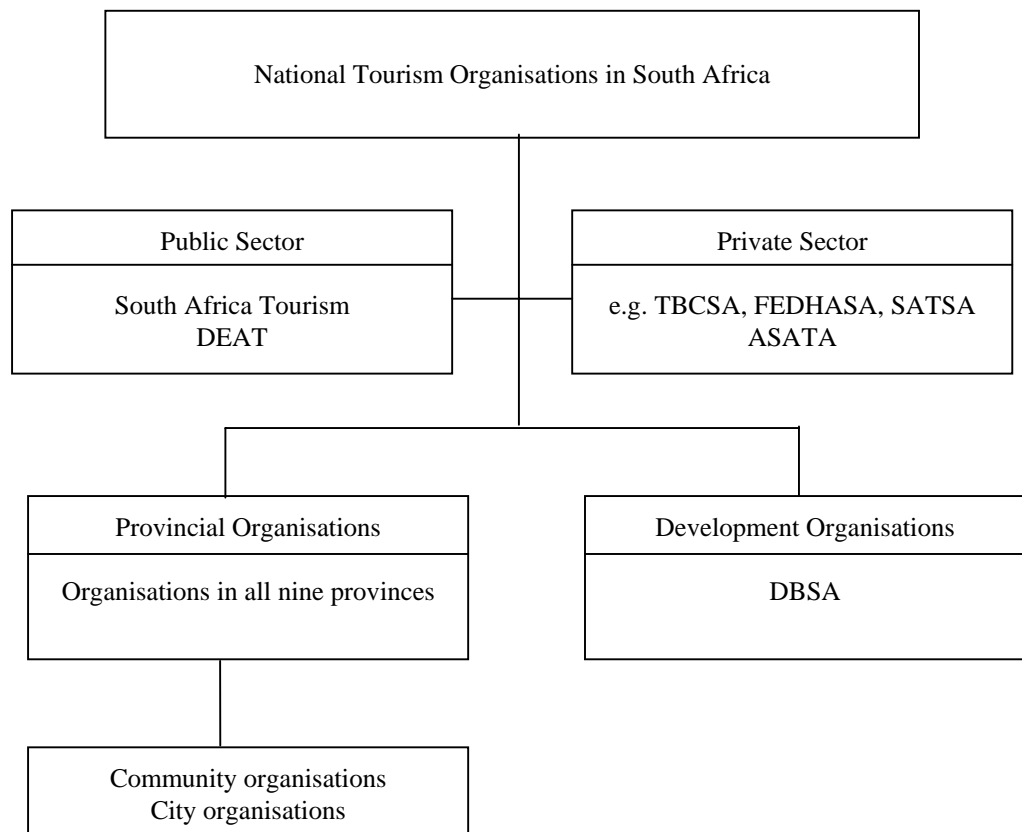
## 2.4.2   The organisation of tourism in South Africa

The success of any tourism destination lies in the ability of that destination or region to attract tourists because it is they who possess the buying power that makes it possible for the tourism business to be successful. It is because of the money spent by the tourists that services such as transport, accommodation, tourist attractions, catering facilities and even entertainment facilities can remain viable [Davidson, 1993: 104; Lubbe, 2003: 172].

Most destinations therefore have tourist organisations whose mandate it is to see to it that tourism in their area is promoted, marketed and managed effectively to reach the relevant market/s [Davidson, 1993: 104].

The organisation of the tourism industry in South Africa is depicted in Figure 2.3.

**Figure 2.3      The organisation of the tourism industry in South Africa**

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┌─────────────────────────────────────────────────────────┐
│        National Tourism Organisations in South Africa     │
└─────────────────────────────────────────────────────────┘

┌───────────────────────────┐       ┌───────────────────────────┐
│      Public Sector        │       │      Private Sector       │
├───────────────────────────┤       ├───────────────────────────┤
│    South Africa Tourism   │       │ e.g. TBCSA, FEDHASA, SATSA│
│           DEAT            │       │          ASATA            │
└───────────────────────────┘       └───────────────────────────┘

┌───────────────────────────┐       ┌───────────────────────────┐
│  Provincial Organisations │       │ Development Organisations │
├───────────────────────────┤       ├───────────────────────────┤
│ Organisations in all nine │       │           DBSA            │
│         provinces         │       │                           │
└───────────────────────────┘       └───────────────────────────┘

┌───────────────────────────┐
│  Community organisations  │
│     City organisations    │
└───────────────────────────┘
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**Source:**        Lubbe [2003: 170]

The organisations will now be discussed:

*a]      Public sector bodies*

*[i]      The Department of Environmental Affairs and Tourism [DEAT]*

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The Department of Environmental Affairs and Tourism [DEAT] is a public sector body that aims to develop the tourism sector as a national priority in a sustainable and acceptable manner so that it will significantly contribute to the improvement of the quality of life of every South African [Lubbe, 2003: 178].

The key priorities of DEAT are:

❑      To implement a tourism infrastructure investment programme that supports the development of South Africa as a leading destination worldwide;

❑      To provide the industry with regular and reliable information to support tourism growth;

❑      To provide mechanisms for the department to fulfil its obligations to the various international organisations of which South Africa is a member;

❑      To provide mechanisms for the development to fulfil its obligations as set forth in agreements entered into with other countries on tourism cooperation;

❑      To register and monitor core functions of tourism products and service providers;

❑      To mobilise public and private sector support to implement tourism strategies.

[Lubbe, 2003: 179].

*[ii]      South African tourism*

South African Tourism is the national tourism agency [NTO] responsible for internationally marketing South Africa as a preferred tourist destination. South African Tourism promotes South Africa generically in terms of its unique selling points as an all-season destination and has adopted the theme of the African Renaissance as embraced by President Thabo Mbeki to help drive its marketing objectives. Its marketing strategy thus aims to promote and market South Africa's scenic beauty, diverse wildlife, eco-tourism and diversity of cultures and heritage, while also striving to realise the country's potential in terms of sport, adventure, and conference and incentive tourism [Lubbe, 2003: 170]. South African Tourism's main objectives are defined as:

❑      making tourism the leading economic sector in South Africa and promoting

sustainable economic and social empowerment to all South Africans;

❑ marketing South Africa as an integral part of Africa – and particularly the subcontinent of Southern Africa [Lubbe, 2003: 180].

### b] *Private sector bodies*

### [i] *Tourism Business Council of South Africa [TBCSA]*

Established in 1996, the Tourism Business Council of South Africa [TBCSA] is an umbrella body representing the business sector involved in tourism. It has entered into a formal agreement with government that ensures that South Africa's tourism policy will be a joint undertaking between the government and the private sector represented by TBCSA [Lubbe, 2003: 181].

TBCSA's main objectives are to:

❑ Ensure that the business sector is represented at national and provincial government levels;

❑ Develop partnerships with the public sector and with communities to maintain an environment in which international and domestic tourism will prosper;

❑ Spread the benefits of tourism to all sectors of the community [Lubbe, 2003: 181].

### [ii] *Federated Hospitality Association of South Africa [FEDHASA]*

The Federated Hospitality Association of South Africa [FEDHASA] was established in 1949. It is an umbrella body representing the South African Hospitality Industry as the private sector's voice that is recognised by all decision-makers and policy-makers in government and industry. It democratically represents and negotiates all issues that its members deem necessary [Lubbe, 2003: 181].

FEDHASA aims to protect and enhance the travel and tourism environment and to act as a mouthpiece for the hospitality industry. It further acts as a watchdog on all new and

planned legislation and amendments. It is not a marketing organisation and therefore does not directly ensure increased business for its members. It has close ties with South African Tourism and the Tourism Business Council [TBCSA] and ensures member representation in official marketing campaigns [Lubbe, 2003: 181].

*[iii]     The Southern African Tourism Services Association [SATSA]*

Established twenty-eight years ago, the Southern African Tourism Association [SATSA] represents nearly all the major role players and principals including airlines, coach operators, accommodation establishments, vehicle hire companies, attractions, conference organisers and related marketing organisations [Lubbe, 2003: 122].

SATSA aims to represent the views of the tourism industry and to make the needs of the tourism industry known to the authorities. It also supports its members with information on the latest developments in the tourism industry.

*[iv]     The Association of South African Travel Agents [ASATA]*

The Association of South African Travel Agents [ASATA], formed in 1956, is a forum that represents the travel agents industry in South Africa [Lubbe, 2003: 182].

ASATA aims to:
❑     Promote knowledge and professionalism in the industry;
❑     Promote the industry's successful continuing operation in a free-market economy;
❑     Involve their members in the process of formulating legislation that affects the industry;
❑     Negotiate with the government on behalf of their members;
❑     Give financial guidance and support to its members.

*c]     Provincial tourism organisations*

South Africa is divided into nine provinces and thus, apart from having a national

tourism body, it also has provincial tourism bodies that represent their respective provinces in national matters – although they also have the right to institute innovations that are appropriate to their specific provincial cultures and resources [Lubbe, 2003: 182].

The White Paper on Tourism [SA Government, 1996: 69] suggests that provincial tourism organisations have a critically important role to play in the development and promotion of tourism in South Africa and will ultimately be the drivers of tourism in South Africa. Each of the nine provinces have a tourism development authority, the organisation of which is left to the discretion of the provinces.

In 1999 the Gauteng Tourism Authority [GTA] graduated from agency status to being a fully fledged authority with a strong mandate to promote and develop tourism in the province. The organisation's five-year strategic plan explains the direction that the GTA has taken and how the achievement of objectives has made a profoundly positive impact on the province as a whole. The five strategic goals are:

❑       To increase the number of business visitors and every other category of tourist;
❑       To improve the capacity of the tourism industry by stimulating investment and job creation;
❑       To improve the safety of visitors;
❑       To harness the support of stakeholders;
❑       To fund tourism development and marketing [Lubbe, 2003: 182].

The organisation is working towards creating an understanding among the people of the province of the importance of tourism to the growth of the economy and job creation. It encourages people to promote the cultural and historical legacy of the province. The organisation also indicates its commitment to develop capacity through strategies, business plans, financial statements, marketing materials, press releases and branding within the province [Lubbe, 2003: 182].

*d]      Development organisations*

Internationally there are organisations that promote tourism development. Examples of such organisations are The World Bank, The African Development Bank [Cote d'Ivoire],

The East African Development Bank [Uganda], and the European Bank of Reconstruction and Development [UK]. In the South African context, the Development Bank of South Africa [DBSA] and community tourism organisations, which are briefly discussed below, are mainly responsible for tourism development.

*[i]      The Development Bank of South Africa [DBSA]*

Established in 1983, the Development Bank of South Africa [DBSA] seeks to meet the needs of the new South Africa and the Southern African Development Community [SADC] region as a whole. The DBSA aims to correct socio-economic imbalances and improve the quality of life of the people of South and Southern Africa. The DBSA is also mandated to invest in infrastructure, facilitate the provision of infra-structural development finance and finance sustainable development in partnership with the public and private sectors [Lubbe, 2003: 184].

*[ii]     Community Tourism Organisations*

Because tourism normally occurs in and around communities, its impacts are community specific – that is, they occur first at a community level before any region can identify such impacts. It is therefore important that communities become involved in matters that affect them [Buckley, 1996: 10; WTO, 1996: 51; Ritchie, 1999: 273; and Lubbe, 2003: 184]. This can only be achieved if they are involved in the planning and management of the tourism services.

Lubbe [2003: 184] argues that it is important for members of a community to form a tourism organisation that will represent them in all matters pertaining to tourism in their area. The activities of such an organisation could include community needs assessment, the identification of attractions, community awareness, industrial legitimacy, opportunity recognition, cooperation, communication and compromise [Gartner, 1996: 213].

*e]      Tourism organisations in cities*

Historically it is government and tourism organisations that promote and market tourism

for the country. However, some cities have come to realise the importance of the attractions and tourism products in their area. Tourism information centres in these cities disseminate information on what is available, bus services, sightseeing tours, festivals and other tourism activities, recreational facilities, where to stay and where to eat [Davidson, 1993: 203 and Lubbe, 2003: 185]. One major advantage of having city organisations is that they are normally a source of income and employment for the local inhabitants of the area. These organisations also liase between prospective visitors to the area and the service provider who will host these visitors when they come [McIntosh *et al*, 1995: 71].

All the major cities in South Africa have tourism organisations that perform the services described above. In addition, they have information centres that will inform the public [both tourists and locals] about all the attractions and services that are available in the area.

## 2.5    A STRATEGIC ANALYSES OF THE TOURISM INDUSTRY

It is an objective of this study to do a strategic analyses of the international as well as South African tourism industries. The first part of this section is a strategic analysis of the international tourism industry where international trends, visions and future market segments will be identified. The second part looks at recent strategic assessments and strategic recommendations on the future of the South African tourism industry.

### *2.5.1  Analysis of the international tourism industry*

This section identifies important international trends impacting on tourism, reports on the World Tourism Organisation's 2020 vision and forecasts the future tourism picture in Africa and key market segments of the future.

#### *a]       International environmental trends impacting on tourism*

Seven major environmental trends were identified in the literature study, namely: changing demographics, technological advances, political change, sustainable tourism,

safety and health, change from service to experience economy, and human resource development. These trends will now be briefly discussed and analysed.

*[i]      Changing demographics*

An important factor impacting on tourism is the changing demographic profile of the world's population.

The WTO [1999: 35] predicted that three well-defined groups of travellers, each distinct in its travel consumption and preferences, will be evident.

❑        Youth – The largest group [the 18 – 34 year olds] travel most and will continue to comprise much of the travelling public.

❑        Retiree travellers – In developed western countries and Japan, the fastest growing population segment will be over the age of fifty. Many will be early retirees close to the restructured job market of recent years. Longer visitor stays and greater overall visitor expenditures are expected from this group, who will be seeking physical adventure, intellectual enrichment and culturally rich destinations.

❑        Family market – The family market will also be visible as families with children and two income households continue to increase.

*[ii]     Technological advances*

Since the end of World War II, the world has seen major advances in communication, information processing and transportation technology including, most recently, the explosive emergence of the Internet and World Wide Web [WWW].

Perhaps the most important innovation has been the development of the micro-processor, which enabled the explosive growth of high-power, low-cost computing. The phenomenal recent growth of the Internet and the associated WWW [which utilizes the Internet to communicate between WWW sites] is the latest expression of this development. In 1990, fewer than one million users were connected to the Internet. By

mid 1998 the Internet had about 147 million users [Hill, 2000: 10].

The Internet and the WWW promise to develop into the information backbone of tomorrow's global economy. From virtually nothing in 1994, the value of Web-based transactions reached US$ 7,5 million in 1997. According to a recent report issued by the United States Department of Commerce, this figure could reach US$ 300 billion in the United States alone by 2003 [Honleder, 1998: 18 and Hill, 2000:11].

The services provided by airline computerised reservation systems and telephone and cable companies, combined with the growth of electronic highways and on-line services are dramatically altering the way travel products are marketed and distributed. Accessible and user-friendly global distribution systems, accessed by millions of individuals throughout the world, have the ability to do what the travel agent or tour operator has traditionally done: to create a vacation package for the consumer that can be "tailor made" by the customer [WTO, 1999: 35].

Travel will also become more sophisticated, safer and more affordable as transportation technology improves. Modern aeroplanes have long-range capabilities, and just about directly link any two destinations in the world.

*[iii]    Political change [the changing world order]*

Between 1989 and 1991 a series of remarkable democratic revolutions swept the communist world. In country after country throughout Eastern Europe and eventually in the Soviet Union itself, communist governments collapsed. The Soviet Union is now history, having been replaced by fifteen independent republics. Czeckaslovakia has developed itself into two states, while Yugoslavia has dissolved as a result of a bloody civil war among its five successor states [Hill, 2000: 17].

Many of the former communist nations of Europe and Asia seem to share a commitment to democratic politics and free market economics. If this continues the opportunity for international business may be enormous as, for the best part of half a century, these countries were essentially closed to the Western world.

In addition to these changes, more quiet revolutions have been occurring in China and Latin America. Their implications for international business may be just as profound as the collapse of communism in Eastern Europe.

China may move from Third World to industrial superpower status even more rapidly than Japan did. The potential consequences for Western international businesses are enormous. On the one hand, with 1,2 billion people China represents a huge and large untapped market. Reflecting this between 1983 and 1997, annual foreign direct investment in China increased from less than US$ 2 billion to US$ 45 billion [Hill, 2000: 19].

The impact of China – with its population of over 1 billion – as both an inbound, but more importantly an outbound tourism market, attracts the interests of economists, business and government policy makers in neighbouring countries and beyond.

*[iv]      Sustainable tourism and the environment*

With the projected international arrivals figure at one billion by 2010 [WTO, 1999], the strain on beaches, mountain resorts, historical city centres and small rural villages could threaten their survival. Environmental problems such as global climate changes, ozone loss, deforestation and toxic waste, promise to stay at the top of the international agenda. The tourism industry will see the continued need to combine sound economic development with the protection of natural resources [WTO, 1999: 36].

The WTO, the WTTC and the Pacific Asia Travel Association are among the many international and regional organisations to develop policies, codes and guidelines regarding conservation and protection of natural resources.

*[v]      Safety and health*

Health as well as security concerns are of major interest to international travellers. The re-emergence of diseases such as cholera and malaria in developing countries, as well as

the global threat of AIDS and recently the SARS virus is making travellers more concerned about the sanitation standards applied to food, water and medical supplies and with human behaviour and preventative measures practiced by host destinations.

Safety has always been an important prerequisite for the attraction of international visitors. According to a 1994 survey, 66 percent of leisure travellers regarded crime as an important consideration in choosing a vacation destination, and 62 percent of travellers considering overseas travel had safety concerns as they made their plans [WTTC, 1995: 537].

In a study by Bendixen and Cronson [1996: 75] on the perceptions, attitudes and orientations of foreign tourists towards a post-apartheid South Africa, it was found that the potential safety risks associated with the tourist destination were still a concern.

[vi]     *The change from "service" to "experience" economy*

Travellers are increasingly looking for opportunities to engage personally in activities rather than to be mere passive onlookers or spectators. This requires a change in product focus so that the product allows the consumer to become personally involved. Education also plays an important part in this kind of tourism because travellers are increasingly seeking opportunities not only to watch certain activities [as spectators]; they increasingly want to be able to *learn* how to carry out or perform these activities themselves. New marketing challenges are created by these trends because the requirement of *learning* means that suitable qualified teachers or instructors have to be able to communicate whatever skills are needed to interested tourists in the relevant segments [Lubbe, 2003: 64].

[vii]    *Human resource development*

The travel and tourism industry continues to be a major source of employment in both affluent and poor countries, employing one out of every nine workers world-wide [WTO, 1999: 35]. According to the WTO [1999: 37], the need for workers in industrialised

nations will increase, especially now, after the turn of the century, as populations continue to age. Developing countries, by contrast, will be faced with burgeoning youth populations in need of work, but without the necessary skills. The WTO points out that the shortage of skilled workers plus the increased consumer demand for improved services, will pressure the industry to provide more education and training and greater incentives to work in the tourism sector.

### b]        The World Tourism Organisation's 2020 vision

In 1997, the WTO published a forecast of tourism in 2020 based on a survey conducted with national tourist authorities from 85 countries and a Delphi survey of 50 experts. The report, *Tourism: 2020 Vision* [WTO, 1999], which was updated in 1999 to include the economic crisis in Asia, presents predictions about the development of the sector and the market, arrivals and receipt trends worldwide and discusses factors shaping tourism in the 21st century [Lubbe, 2003: 261].

Some of the key trends outlined in the report that could direct the future shape and direction of tourism include:

❑        International tourist arrivals are forecast to top 1 billion in 2010 and reach close to 1.6 billion in 2020. These volumes represent an overall average annual growth rate of 4.1% between 1995 and 2020. Europe will remain the largest receiving region. East Asia and the Pacific will pass the Americas as the second-largest receiving region, holding a 26% market share in 2020 as against 15% by the Americas. The respective shares of Africa, the Middle East and South Asia will all record on increase to 4%, 2% and 1%, respectively, by 2020.

❑        One of the principal features of the expansion of international tourism over the 25-year period is the rise in the long-haul share of arrivals, with tourists travelling greater distances. By 2020, the global interregional long-haul split will be 76:24 – with average annual growth rates between 1995 and 2020 of 3.8% and 5.4%, respectively.

❑        The top ten tourist receiving countries will see a major change with China [currently not in the top ten] becoming the leading destination by 2020. Hong

Kong, if treated as a separate entity, will also become one of the main destinations. Also entering the top ten will be the Russian Federation, while the fast-growing Asian destinations of Thailand and Singapore, along with South Africa, will move rapidly up the league table, albeit not reaching the top ten [WTO, 1999].

### c]      The future picture in Africa

The *Tourism: 2020 Vision* study forecasts an above-global average rate of growth in international tourist arrivals in the African continent with an average annual rise between 1995 and 2020 of 5.5%. By 2020, the volume of international tourist arrivals in Africa will reach 77 million, almost four times the 20 million recorded in 1995.

Analysis of sub-regional prospects shows that Southern Africa [at 7.5% p.a. growth 1995-2020] will continue to be the leader, followed by Eastern Africa [5.2% p.a.]. By 2001 Southern Africa was said to have reached 10 million arrivals, five times the level of 1990.

Intra-regional travel within Africa will account for the largest number of arrivals in the region in 2020 [50 million] with Southern and Eastern Africa showing the strongest growth rates.

East Asia and the Pacific show the strongest growth of international tourist arrivals to the African region between 1995 and 2020 [6.8% p.a.]. The strongest growth will be from the Southeast Asian countries.

Arrivals from the Americas [5.1% p.a.] will grow faster than those from Europe [4.4% p.a.], but European arrivals will account for considerably more arrivals in the region [20 million in 2020]. Growth in arrivals from Central and Eastern Europe and East Mediterranean Europe will be strongest.

Tourism's contribution to GDP in South Africa is expected to increase from 7.1% in 1999 to 8.1% in 2010. It is also projected that, by 2010, 42% of Southern Africa's

business will be derived from international tourism [Lubbe, 2003: 262].

*d]*      *Key market segments of the future*

In its *Tourism: 2020 Vision*, the WTO [1999] identifies five key market segments that are growing in importance, namely, eco-tourism, cultural tourism, thematic tourism, the cruise market and adventure tourism. The possible shape and direction of these key segments are briefly outlined below.

*[i]*      *Ecotourism*

In 1997, it was established at the World Ecotour '97 Conference that eco-tourism was worth US$2 billion a year and that nature-based tourism accounted for approximately 20% of total international travel [Vellas and Becherel, 1998].

A major question that faces every eco-tourism destination in the 21$^{st}$ century is whether it will be able to cope with the growing demand and at the same time sustain its natural and cultural preservation goals. The large number of travellers expressing an interest in taking an eco-tourism experience is already posing major challenges to eco-tourism destinations and operators [Lubbe, 2003: 263]. With environmentalism becoming more important to more people, the size of the eco-tourist segment is expected to increase dramatically in the 21$^{st}$ century. However, large numbers of tourists are contradictory to the philosophy and goals of eco-tourism. Responsibly managing the eco-tourism industry will therefore without doubt be one of the key tourism challenges of the 21$^{st}$ century [Lubbe, 2003: 263].

*[ii]*      *Cultural tourism*

The WTO [1999] predicts a strong growth in cultural tourism particularly to Europe, the Middle East and Asia from virtually all source regions. The search for knowledge and culture is an important motive for travel and tourists increasingly want to combine learning and leisure.

One of the key motivations for travelling is to experience different cultures and ways of

life. From this point of view, tourism is helping to preserve cultural identity, as tourism demand is increasingly orientated towards understanding ethnicity, religion and the ways of life of other cultures. A point of concern however, is that one of the consequences of globalisation is the *homogenisation* of products and [to a certain extent] tastes [food, popular culture] and behavioural norms. This could lead to increasing conflict, particularly in developing countries, between identity and modernity [Vellas and Becherel, 1998].

### [iii]     *Thematic tourism*

The growth and power of thematic tourism is clearly seen in the fact that, in recent years it has been a catalyst for the growth of new destinations based solely on thematic leisure experiences. Probably the first global scale example of this is Orlando. The city of Orlando has become one of the largest tourism centres in the United States, primarily as a result of major theme parks such as Disney World, Universal Studios and Sea World.

In the WTO's *Tourism: 2020 Vision* report [WTO, 1999], it is argued that theme parks are becoming increasingly attractive to the consumer who has limited vacation time because [being what they are] they provide a condensed holiday product. Disney's new 'Animal Kingdom' in Florida replicates a safari park in East Africa where tourists travel around the park in safari vehicles and [as in the real situation] are not guaranteed to see all the animals. Each year, over 10 million visitors are expected to visit Disney's 'Animal Kingdom' [WTO, 1999, and Lubbe, 2003: 263].

### [iv]     *The cruise market*

The cruise sector, which is still relatively small in the Southern African context, is showing a phenomenal growth rate globally and is expected to grow well in the next decade. According to the WTO [1999], seven million people took cruises in 1997, increasing to more than nine million in 2000. As the cruise product has progressed through its life cycle, it has lost its elite status and is now being offered by mainstream tour operators [Lubbe, 2003: 264].

To keep pace with worldwide demand growth forecasts, 42 new cruise vessels are currently under construction, with larger and larger vessels being built – 29 of these weighing 60 000 tonnes [1 200 passengers] or above.[WTO, 1999].

*[v]      Adventure tourism*

Adventure tourism, sometimes called **extreme tourism**, which involves activities with an above-average element of physical risk, is, according to all indications, likely to grow in popularity. Bungee jumping, parachuting, rock climbing, and cliff skiing/snowboarding are all examples of adventure or extreme activities. Growth in participation in these sports has been escalating in recent years [Lubbe, 2003: 264].

**Extreme sports** are typically outdoor or wilderness sports and go hand in hand with eco-tourism. A sea kayaking trip off the Wild Coast qualifies as both eco-tourism and adventure tourism. Cook *et al* [1999] argue that tourism suppliers, especially tour operators, will increasingly create at least two different broad types of eco-tourism packages. One eco-tour type will be more educational and observational, while the other will be more physically challenging [and will include one or more extreme sports] [Lubbe, 2003: 265].

The WTO [1999] notes that as the world becomes increasingly explored and few 'new' destinations are left for tourists to discover, there is a trend to travel to high places, underwater, the ends of the earth, or off the planet itself, illustrated by the latest emergence of the space tourist.

## 2.5.2   *Strategic analysis of the tourism industry in South Africa*

The purpose of this section is to identify and evaluate the strategic objectives, strengths and weaknesses and future strategic considerations reported on in the literature study on the South African Tourism industry.

*a]        Strategic objectives*

There seems to be growing consensus concerning the important role that tourism should play in the sustainable economic and social development of the Southern African region [WTTC, 1998]. There is, for example, a strong correlation between the strategic objectives contained in the South African Government's Gear strategy, WTTC's Millenium Vision for Africa and the World Economic Forum's Namibia summit as illustrated in Table 2.5.

**Table 2.5     Correlation of strategic objectives and visions for Southern Africa**

| "Tourism in Gear" | WTTC Africa Millenium Vision | WEF Namibia |
|---|---|---|
| Develop Tourism as a national priority | Highlight Travel & Tourism as a strategic economic/ employment priority, based on its full economic impact | Recognise the full value of Tourism across the economy and measure it through Satellite Accounts |
| Implement a new international marketing strategy, freshen branding and particularly develop eco and cultural tourism | Advance sustainable growth, regional public & private sector marketing, majoring on Africa tourism to promote cultural and natural heritage | Establish an internationally recognizable brand, leverage natural wildlife and culture of Southern Africa into national strategies |
| Improve quality and quantity of skilled manpower in tourism, and upgrade hospitality front line service | Invest in education and training to raise operational quality, standards and competitiveness | Put education and training at the forefront of national and regional tourism development |
| Investigate infrastructure needs and resources, leverage government programs towards tourism and obtain special funding allocations. | Attract support from international financing institutions for Travel & Tourism infrastructure | Engage international/regional financial institutions in tourism growth, advance public/private sector initiatives, develop infrastructure for sustainable growth |

**Source**:  WTTC [1998: 6]

The strategic themes that stand out in this comparison are:

❑      Economic and sustainable growth as a national priority;

❑      Successful branding and international marketing;

❑      Human resource development, specifically education and training;

❑      Infrastructure development and funding.

*b]*      *Strengths and weaknesses*

A summary of current strengths and weaknesses of the tourism industry in South Africa as identified by different literature sources is given in Table 2.6.

**Table 2.6**      **Strengths and weaknesses of the tourism industry in South Africa**

|  | **Strengths** | **Source** |
|---|---|---|
| 1 | The attributes of South Africa as a tourism | WTT:     1998;    The    Cluster |

| | | |
|---|---|---|
| | destination are in line with world class conditions, especially the unique scenery, wildlife, environmental eco-systems. | Consortium, 1999: 220 |
| 2 | Since 1994 there has been a significant increase in capacity for tourism in accommodation, transport, airlinks. | WTTC: 1998; The Cluster Consortium, 1999 |
| 3 | There has been coordination of tourism initiatives in Southern Africa for expansion and increased diversity of products | WTTC: 1998 |
| 4 | South Africa represents exceptional value for money for visitors from key origin markets | WTTC: 1998 |
| 5 | South Africa has a positive international image for its democratic political transformation | WTTC: 1998 |
| | **Weaknesses** | **Source** |
| 1 | Tourism security: Some parts of South Africa are increasingly seen as unsafe for tourists | Bendixen and Cronson [1996: 43; Kessel Feinstein [1996: 10] WTTC [1998] |
| 2 | Lack of infrastructure, particularly in rural areas | Bendixen and Cronson [1996:43]; WTTC [1998] |
| 3 | Poor access via roads and air [closed skies] and roads not well maintained | The Cluster Consortium [1999: 217] |
| 4 | Product quality and service levels do not always meet international standards | Mittner [1996: 48]; WTTC [1998]; The Cluster Consortium [1999: 220] |
| 5 | South Africa lacks a clear market focus with integrated tourism products | The Cluster Consortium [1999: 218] |
| 6 | South Africa's market research and statistics collection and analysis is inadequate. | The Cluster Consortium [1999: 218] |
| 7 | Inadequate training, education and awareness of local communities. | SA Government [1996: 10]; WTTC [1998 |

From the analysis it is clear that South Africa has tremendous strengths and advantages in the international tourism market and some critical challenges. It is clear that the future prosperity of this sector will only be assured if the advantages are consolidated and the weaknesses minimised.

*c]*     ***Future strategic considerations***

The purpose of this sub-section is to identify future strategic considerations identified in the literature for South Africa as a tourism destination. Recommendations made by the WTTC, [1998] and South African Tourism [2003] will now be briefly discussed.

*[i]*     *Strategic recommendations made by the World Travel and Tourism Council [WTTC]*

The WTTC made the following recommendations based on their report on the future of the Tourism Industry in South Africa [WTTC, 1998]:

❑     <u>Make tourism a strategic economic and employment opportunity</u>

The WTTC [1998] encourages the South African government to recognise the scale, scope and characteristics of jobs created, directly and indirectly, by Tourism and to factor this into mainstream employment, trade, investment and education.

The WTTC [1998] underlines the importance of the catalytic "flow through effect" across many industrial sectors, and of public/private sector partnerships to support infrastructure and education that they consider as the key sectors to facilitate tourism and growth.

❑     <u>Move towards more open and competitive markets</u>

The WTTC [1998] suggests that a liberal international and regional trading regime with free flowing markets for goods and services will help tourism grow, and in turn enhance wealth and job creation.

The biggest single challenge identified by the WTTC is to achieve competitive air transport activities. While it is the case that South Africa has gone far in liberalising its domestic and international aviation regions, more can be done to increase services, expand price/product options and encourage competing carriers. The recent

privatisation of airlines and airports was seen as a constructive step forward.

The second and related issue identified by the WTTC is the liberalisation of the telecommunications market. An increasing amount of tourism operations and virtually all distribution and sales transactions flow through telecommunication circuits. Where telecommunications are monopoly-controlled, there are often restrictions on access, high costs and unreasonable operating conditions. Opening telecommunications markets will therefore lower costs and enhance service for travellers and tourism companies.

❑        Pursue sustainable development

The WTTC underlines the importance of establishing clear procedures and guidelines for planned and sustainable tourism expansions as proposed in "Tourism in Gear"; paying particular attention to eco-tourism and ensuring that park facilities are expanded sustainably. It is imperative to ensure that the economic and social benefits that the industry brings, and the investment which underpins it, are sustainable in the longer term. Within the African continent, South Africa has been gifted with such a wealth and variety of resources, that it has a leading edge position of comparative tourism advantage.

The WTTC recommends that sustainable tourism strategies should take into account the need for community development, engagement and empowerment. Incentives should be provided for local community based sustainable enterprises and projects.

❑        Eliminate barriers to growth

The WTTC recommends the following strategies to encourage tourism growth:

**Safety:**  Review models of visitor safety and security and build provisions into the national tourism strategy. Ensure that these are reflected in provincial and local tourism plans. Encourage law enforcement agencies to recognise and integrate specific tourism issues into local policing strategies.

**Education and training:** Place education and training at the forefront of tourism development, expand the range of school and college curricula and highlight industry career prospects and roles in the economy. Introduce measures to raise skills and standards, particularly front-line service. Develop mechanisms for public/business, private sector buy-in and involvement.

**Infrastructure:**  Review and expand infrastructure, particularly for airports and air traffic control and streamline border clearance, eliminating visas where possible. Encourage international financial institutions, including the World Bank and the African Development Bank, to support sustainable tourism infrastructure.

**Government support:**  Apply principles of fair taxation, fair revenue generation and give tourism equitable access to industry export incentives and exemptions.

When reflecting on the above-mentioned recommendations by the WTTC it is apparent that tourism in South Africa represents a dynamic economic and employment opportunity for the future. This economic and social growth will only be achieved if South Africa as a destination competes effectively in the new international market. The tourism expansion should be planned and sustainable, and barriers to growth should be eliminated. Examples of issues that should be addressed are safety, education and training, infrastructure, promotion and branding, and policy mechanisms that promote tourism growth.
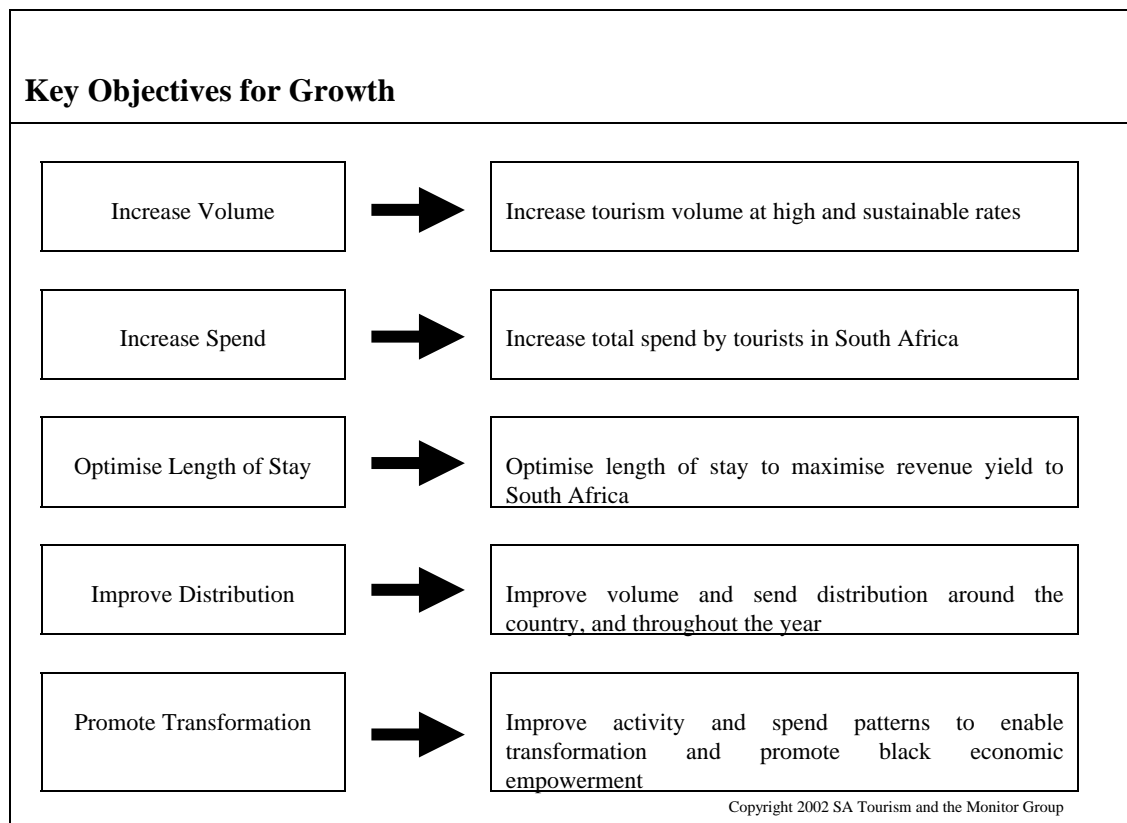
[ii]    *The strategic growth strategy formulated by the South African Tourism*
        *Organisation*

In 2002, South African Tourism, the official national tourism organisation of South

Africa, released a tourism growth strategy with the aim of growing foreign tourist arrivals and their spending, length of stay and regional distribution through the country and throughout the year [South African Tourism: 2002].

The five key objectives of the growth strategy are shown in Table 2.7.

**Table 2.7      Key objectives for growth**

**Key Objectives for Growth**

| | |
|---|---|
| Increase Volume | Increase tourism volume at high and sustainable rates |
| Increase Spend | Increase total spend by tourists in South Africa |
| Optimise Length of Stay | Optimise length of stay to maximise revenue yield to South Africa |
| Improve Distribution | Improve volume and send distribution around the country, and throughout the year |
| Promote Transformation | Improve activity and spend patterns to enable transformation and promote black economic empowerment |

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**Source:**      SA Tourism [2002: 5]

The strategy identifies the following five strategic thrusts in terms of international markets:

❑      Increasing volume growth in markets where there is a high potential to increase

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arrivals;

❑ Increasing revenue growth in markets where there is a high potential for growth in yields;

❑ Defending the market share in markets which are important to the portfolio, but where growth potential is limited;

❑ Focusing on growth from markets and market segments where there is potential to get increased volumes in off-peak periods to manage down seasonal fluctuations;

❑ Facilitating packaging the product offering with industry to further transformation and redistribution in South Africa.

To realise these objectives and results, SA Tourism has identified two main streams of action:

❑ At a macro level, South Africa's brand as a destination and the entire marketing fulfilment and product value chain supporting the brand will need repositioning to deliver the growth from the targeted market segments. According to SA Tourism [2002: 26] research showed that in most markets South Africa did not own key attributes in the mind of the consumer. In most cases South Africa was "stuck in the middle".

❑ At a micro level, South African Tourism has committed itself for each of the chosen segments to execute detailed segment activation strategies. These activation strategies that were not detailed in the report will define a data driven method for each segment: the competitive positioning message, channels, product and price-point that need to be deployed against this segment.

The literature review discussed in this section provides a number of pertinent strategic recommendations for South Africa as a tourism destination, namely:

❑ Economic and sustainable growth as a national priority with emphasis on employment creation;

❑ Successful branding and international marketing;

❑ Human resource development specifically education and training;

- ❑      Infrastructure development and funding;
- ❑      The enhancement of visitor safety and security;
- ❑      Government support in funding, taxation, access and promotion.

## 2.6    SUMMARY

In this chapter a broad overview and strategic analysis was given of the international and South African tourism industries. As it appeared that there was often confusion with regard to the meaning of the concepts "tourism", "tourism industry", "tourism product", "international tourist" and "tourism destination", an effort was made to clarify these concepts. After considering various perspectives as to whether tourism is an industry or not, it was concluded that despite the fragmented nature of the tourism related firms, the appellation of industry remains meaningful and for the purpose of this study the view will be adopted that tourism is an industry.

An aspect that is basic to the development of the tourism industry is a tourism product. Different firms in the tourism industry do not hold similar production and organisational competencies and the tourism product is therefore heterogeneous and complex. After considering various views on a generic tourism product, "tourism product" was defined as the physical destination plus the quality of service and the quality of experience that will be offered to the tourist at the destination.

An overview of the tourism industry provides information on the industry size and its components. The development and organisation of the tourism industry in South Africa was also analysed. This analysis clearly identified the prominent organisation structures and their missions within the national industry.

A strategic analysis of the tourism industry was performed in the last part of the chapter consisting of an international as well as a South African analysis. The international analysis looked at the most important international trends, visions and future market segments while the South African analysis studied the recent strategic analyses and strategy recommendations that were made on the South African tourism industry.