

3.2 NATIONAL TOURISM TARGETS CHAPTER 3

3.2.1 THE SIZE OF THE SOUTH AFRICAN TOURISM MARKET

3.1 INTRODUCTION

3.1.1 An overview of international tourist visits to South Africa

In his State of the Nation address at the opening of parliament in 2001, President Thabo Mbeki announced an Integrated Economic Action Plan that is aimed to accelerate economic growth and development in South Africa. The Plan is a set of linked action plans that focus on specific sectors. It aims to lower input costs, to improve the conditions that underpin competitiveness and to stimulate high-growth areas of the economy. The objectives of the Plan are to accelerate the rate of economic growth to generate higher levels of employment, as well as to promote the development of SMME's and to create more opportunities for black economic empowerment. The Integrated Action Plan stimulates sectors with the potential to be the sources of more rapid growth and employment creation of which tourism was identified as one of the potential high-growth areas (Dobson, 2001:26).

Cheryl Carolus, Chief Executive Officer (CEO) of SAT, believes that South Africa has a realistic opportunity to make itself an international destination of choice (Padayachy, 2002:1). Carolus says: "We should build our trade so we can occupy the top spot in world tourism. We have not touched the tip of the iceberg in terms of the country's potential". She pledges that the problems which South Africans experience should be kept in "perspective" otherwise it might discourage foreigners to visit South Africa.

This chapter investigates the national tourism targets and size. Tourism markets and forecasts are analysed, while employment in the tourism industry is discussed. Entrepreneurial activity is considered, while the constraints that face tourism size and growth in South Africa are referred to.

3.2 NATIONAL TOURISM TARGETS AND SIZE

The targets and size of the national tourism industry are discussed and analysed.

3.2.1 An overview of international tourist visits to South Africa

Table 3.1 (pages 66 and 67) provides a synopsis of international tourists by country of residence. The survey was carried out during January/February 2001. A fully representative sample of all foreign visitors who left the country by air from the three international airports (Johannesburg, Cape Town and Durban) was interviewed. The synopsis highlights the main facts and opinions of their visit.

There was a substantial increase in tourist arrivals in January 1999. The popularity of South Africa as a tourist or business destination in January/February 2001 grew marginally (+2,5%) from 128 735 foreign air visitor arrivals for the three international airports in January 1999, to 131 907 for the month of January 2000. There was a further small increase (4,4%) to 137 713 in January/February 2001 (SAT, 2001:119).

It is important to determine the travel patterns and opinions of foreign visitors towards South Africa as a tourist destination. In particular, it is important to consider the points to follow in providing information to facilitate the marketing of South Africa especially as an international tourism destination. In addition, it provides each province with relevant information about their respective markets.

Table 3.1 is presented on pages 66 and 67.

Table 3.1: Synopsis - by country of residence

| January/February 2001 | All foreign visitors | COUNTRY OF RESIDENCE | | | | | | | | | | | |
|-----------------------------------|--------------------------------|----------------------------------|---|--|--------------------------------|--|---|---|---------------------------------|---------------------------------|--|---------------------|---|
| | | Africa & IO Islands (1) | UK | Germany | Holland | France | Scandinavia (2) | Other: Europe | North America | South America | Middle East (2) | Far East Asia | Australia |
| No. respondents | 2 620 | 806 | 432 | 180 | 102 | 111 | 68 | 207 | 211 | 60 | 50 | 177 | 193 |
| Total visitors (January/February) | 137 713 | 24 566 | 29 169 | 15 302 | 6 138 | 5 568 | 5 384 | 14 553 | 12 586 | 5 005 | 2 374 | 10 920 | 5 337 |
| Estimated total revenue to SA* | R2 337m | R264m | R461m | R308m | R90m | R90m | R89m | R215m | R376m | R113m | R35m | R231m | R65m |
| Average spend per person per day* | R1 109 | R1 143 | R845 | R887 | R748 | R1 719 | R1 052 | R922 | R2 468 | R2 228 | R1 776 | R1 410 | R574 |
| Length of stay in SA (nights) | 15,3 | 9,4 | 18,7 | 22,7 | 19,6 | 9,4 | 15,7 | 15,1 | 12,1 | 10,0 | 8,3 | 15,0 | 21,2 |
| First-time visitors | 50% | 25% | 42% | 52% | 55% | 78% | 43% | 61% | 70% | 79% | 60% | 54% | 50% |
| Motivations: | | | | | | | | | | | | | |
| Holiday | 41% | 16% | 48% | 55% | 57% | 53% | 31% | 46% | 45% | 56% | 23% | 37% | 30% |
| Business/Confer. | 29% | 47% | 22% | 15% | 19% | 38% | 46% | 31% | 28% | 8% | 46% | 35% | 11% |
| Visit Friends/Relat. | 23% | 23% | 27% | 23% | 22% | 5% | 20% | 14% | 18% | 24% | 31% | 23% | 50% |
| Liked most about SA (after visit) | Scenery Climate Wildlife | Scenery Diversity Business | Scenery Climate Value | Scenery Climate Wildlife | Scenery Climate Wildlife | Scenery Wildlife Climate Cultures | Scenery Wildlife Climate | Scenery Wildlife Climate | Scenery Wildlife Cultures | Scenery Wildlife Cultures | Scenery Wildlife Cultures changes | Scenery Wildlife | VFR(4) Scenery Wildlife |
| Disappointments | Crime Service | Crime | Crime Service Infra- structure | Crime Service Dull cities Infra- structure | Crime Service | - | Crime Service Infra- structure | Crime Service Infra- structure | Crime Service | Crime Infra- structure | Crime Dull cities | Crime Service | Crime Service Infra- structure |

Table 3.1 continues on the next page

Table 3.1 continued

| January/February 2001 | All foreign visitors | Africa & IO Islands (1) | UK | Germany | Holland | France | Scandinavia (2) | Other: Europe | North America | South America | Middle East (2) | Far East Asia | Australia |
|--|----------------------|-------------------------|--------|---------|---------|--------|-----------------|---------------|---------------|---------------|-----------------|---------------|-----------|
| Visit very enjoyable | 65% | 56% | 79% | 66% | 59% | 63% | 64% | 63% | 77% | 71% | 87% | 34% | 52% |
| Will definitely recommend SA | 79% | 85% | 80% | 85% | 82% | 80% | 71% | 75% | 81% | 90% | 96% | 58% | 55% |
| Will definitely visit SA again | 74% | 87% | 78% | 71% | 60% | 64% | 71% | 65% | 77% | 75% | 92% | 61% | 57% |
| Where foreign visitors went on the trip: | | | | | | | | | | | | | |
| Gauteng | 52% | 74% | 39% | 34% | 51% | 50% | 33% | 47% | 53% | 70% | 42% | 67% | 64% |
| Western Cape | 54% | 19% | 69% | 83% | 63% | 61% | 67% | 60% | 52% | 48% | 50% | 44% | 51% |
| KwaZulu-Natal | 19% | 9% | 20% | 22% | 45% | 32% | 13% | 25% | 16% | 18% | 5% | 13% | 28% |
| Average number nights spent (3): | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights | Nights |
| Cape Town | 4,6 | 1,5 | 6,1 | 6,5 | 3,5 | 2,9 | 7,1 | 5,5 | 3,9 | 3,4 | 2,5 | 5,4 | 5,8 |
| Johannesburg | 2,1 | 3,7 | 1,5 | 0,5 | 1,4 | 1,0 | 0,8 | 1,7 | 2,2 | 1,9 | 3,0 | 3,3 | 4,5 |
| Durban | 1,0 | 0,9 | 1,2 | 0,4 | 0,8 | 0,5 | 2,4 | 1,0 | 0,7 | 0,4 | 0,1 | 1,5 | 2,1 |
| Satisfaction ratings: (Max = 10, Min = 0) | | | | | | | | | | | | | |
| Restaurants | 9,2 | 9,5 | 9,4 | 9,1 | 9,2 | 9,6 | 9,1 | 8,9 | 9,5 | 9,9 | 9,3 | 8,1 | 8,8 |
| Hotels | 9,2 | 9,4 | 9,2 | 9,3 | 9,3 | 9,7 | 9,2 | 9,0 | 9,4 | 9,2 | 10,0 | 8,3 | 8,0 |
| Shopping facilities | 9,2 | 9,6 | 9,3 | 9,0 | 9,3 | 9,6 | 8,1 | 9,2 | 9,5 | 9,7 | 9,1 | 8,1 | 8,6 |
| Car hire | 8,9 | 8,7 | 9,1 | 8,7 | 8,9 | 9,4 | 8,8 | 8,9 | 9,5 | 7,9 | 9,1 | 8,1 | 7,8 |
| Banking services | 8,2 | 9,0 | 8,6 | 7,5 | 8,6 | 8,9 | 6,5 | 7,8 | 8,7 | 9,1 | 5,4 | 6,8 | 8,0 |
| Airports | 8,5 | 9,2 | 8,4 | 8,4 | 8,4 | 9,1 | 7,8 | 8,5 | 9,2 | 9,5 | 9,7 | 7,5 | 7,1 |
| Telephone services | 8,1 | 8,9 | 7,8 | 7,9 | 7,3 | 9,2 | 8,3 | 8,5 | 7,9 | 9,3 | 8,8 | 7,8 | 6,9 |
| Public transport | 6,8 | 7,9 | 6,2 | 7,9 | 5,6 | 7,5 | 4,7 | 6,9 | 7,9 | 5,5 | 8,3 | 7,7 | 6,0 |
| Personal safety | 6,6 | 6,6 | 6,2 | 7,4 | 7,2 | 7,7 | 6,0 | 6,1 | 7,3 | 8,6 | 7,1 | 4,9 | 5,3 |
| Services at: | | | | | | | | | | | | | |
| Restaurants | 9,1 | 9,4 | 9,3 | 9,2 | 9,1 | 9,5 | 8,4 | 8,9 | 9,4 | 9,9 | 9,9 | 8,0 | 8,4 |
| Shops | 9,1 | 9,3 | 9,2 | 9,0 | 9,1 | 9,5 | 7,8 | 9,2 | 9,6 | 9,7 | 9,9 | 7,9 | 8,1 |
| Hotels | 9,0 | 8,9 | 9,4 | 9,0 | 9,2 | 9,5 | 9,2 | 8,8 | 9,4 | 8,8 | 10,0 | 8,1 | 7,7 |
| Banks | 8,2 | 8,9 | 8,5 | 7,6 | 8,6 | 9,4 | 6,3 | 8,1 | 9,7 | 8,9 | 6,8 | 6,8 | 7,6 |

* Excluded airfare

(1) Indian ocean islands

(2) Small base

(3) All visitors

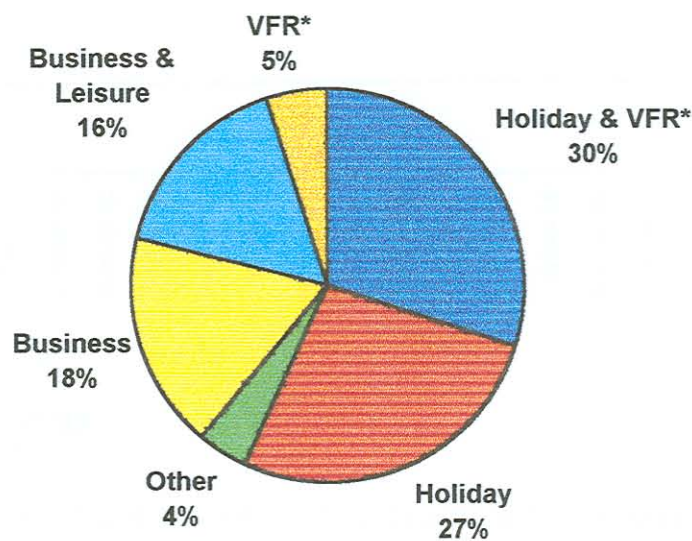
(4) Visiting friends/relatives

Source: SAT, 2001

3.2.2 Trends in all purposes of visit

The incidence of foreign visitors who came to South Africa for more than one reason were quite high. Over 30 percent of all visitors visited the country with the dual purpose to have a holiday and to visit friends or relatives, while 16 percent combine business with leisure (Figure 3.1) (SAT, 2001:8).

Figure 3.1: All purposes of visit - January/February 2001



* VFR: Visiting friends and relatives

Source: SAT, 2001:8

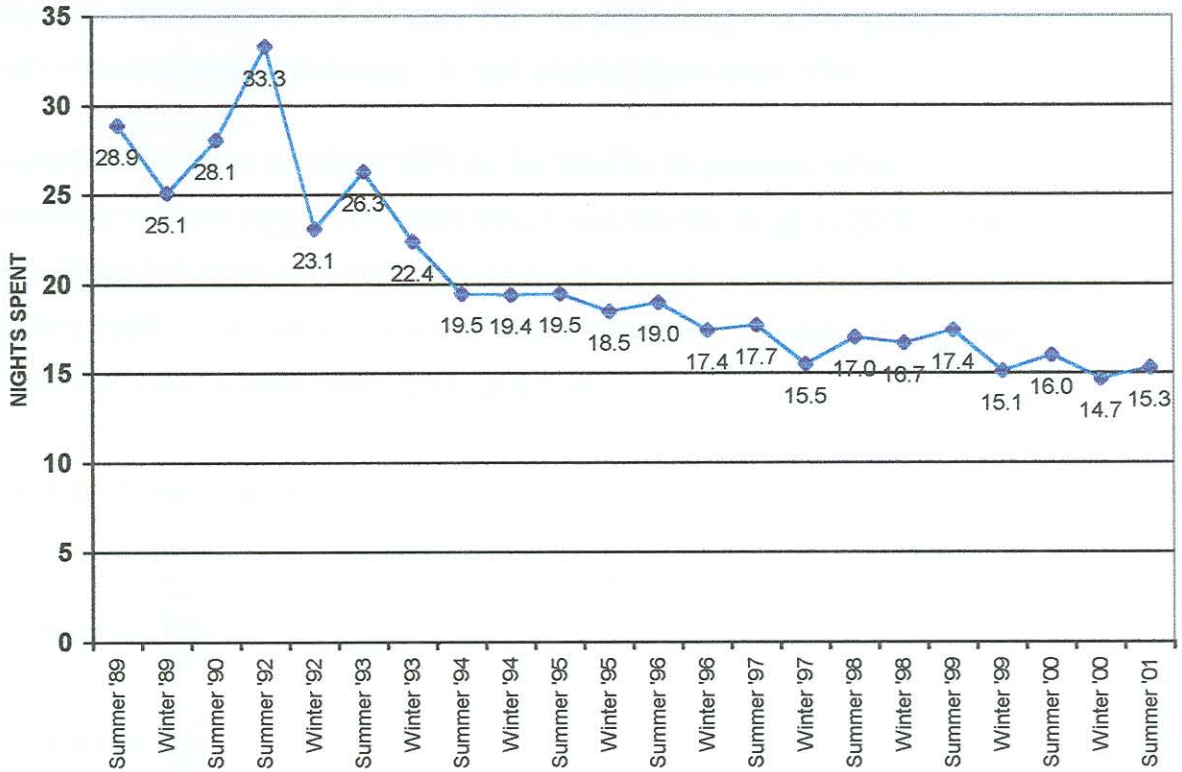
3.2.3 Length of stay

The following question determined the length of stay of an average international visitor, namely: "How many nights have you spent altogether in South Africa on this trip"?

The average visitor stayed 15,3 nights in South Africa (Figure 3.2 - page 69).

The trend towards shorter visits appears to be continuing (SAT, 2001:23).

Figure 3.2: Nights spent in South Africa



Source: SAT, 2001:23

The survey revealed that those visiting friends and relatives stayed longer than average (22,4 nights). Holiday visitors stayed an average of 14,5 nights, while business visitors stayed 10,4 nights. Those spending longer than average in the country included people from Germany (23 days) and Australasia (21 days). Visitors from Africa undertook the shortest visits (9 days) (SAT, 2001:23).

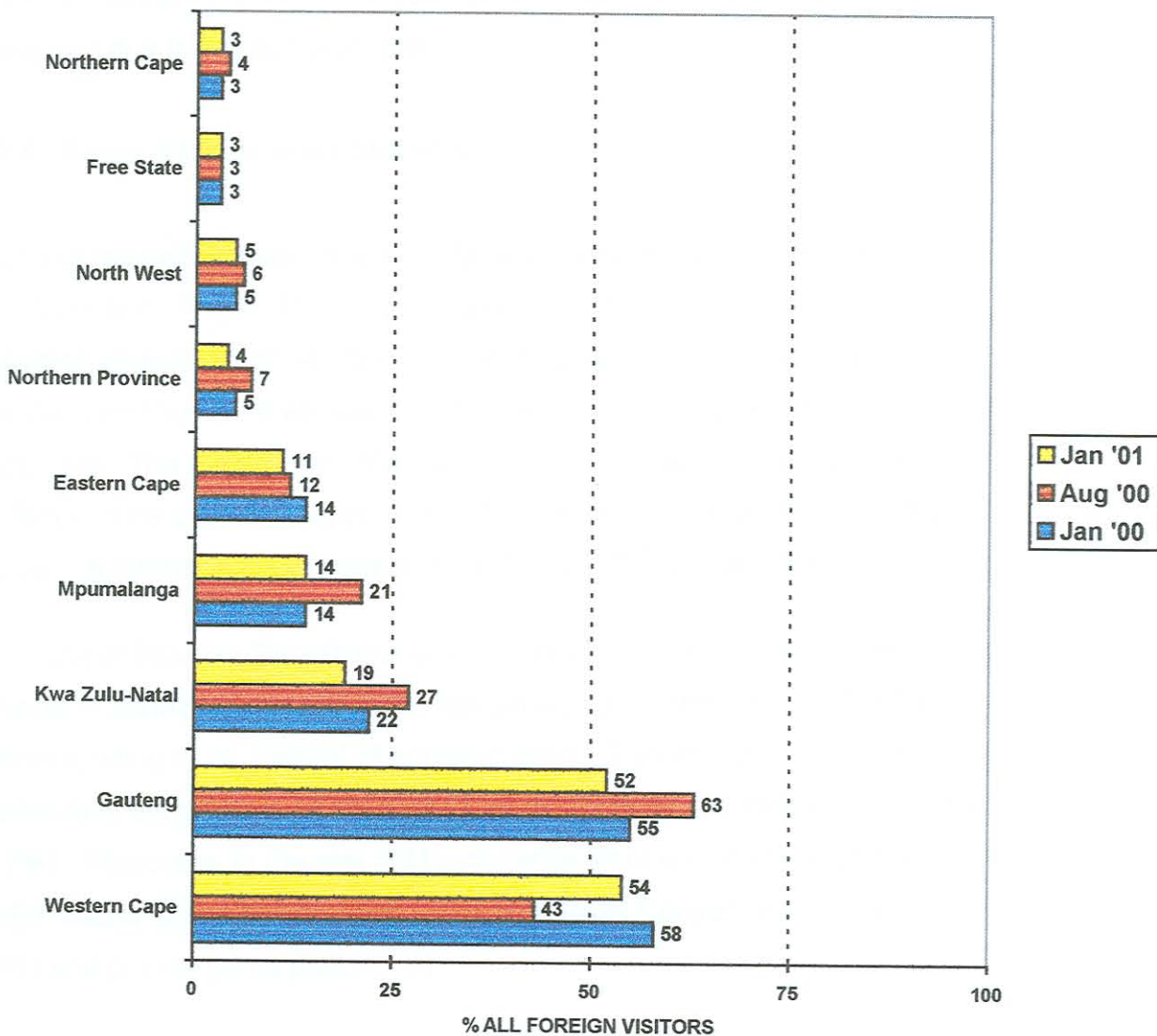
3.2.4 Visits to provinces

Respondents were asked to indicate how many nights they spent in any of South Africa's 9 provinces. On the basis of this data it was possible to determine how many international visitors went to these provinces and for how long (Figure 3.3 - page 70).

The Western Cape received the greatest share of summer visitors (54%). Slightly over half of January/February 2001 foreign visitors (52%) passed through or spend time in Gauteng. It was slightly down from 2000.

KwaZulu-Natal's share dropped from 22 percent to 19 percent, while Mpumalanga's share was 14 percent, which was the same as in 2000. The Eastern Cape Province was visited by 11 percent, a decrease from 14 percent in January 2000. The rest of the provinces showed only marginal changes in their share of visitors from 2000 (SAT, 2001:24).

Figure 3.3: Visits to provinces



Source: SAT, 2001:24

The time spent in Johannesburg decreased to 4,1 nights from 5,3 nights in January 2000 (Figure 3.3). Business visitors spent 4,0 nights. Those who visited friends and relatives spent slightly under a week in Johannesburg (6,5 nights), while holidaymakers tended to spend relatively little time (2,6 nights) (SAT, 2001:29).

The number visiting the Kruger National Park (Mpumalanga) has increased slightly from the 2000 summer survey from 9 percent to 10 percent, while the number of nights spent there has shown a decrease from 3,2 to 2,1 on average. Visitors to the rest of Mpumalanga have slightly increased to 9 percent from 8 percent, spending an average of 2,4 days. It appears that visitor numbers have not fully recovered to the 14 percent level of summer 1999 after the serious disruption due to the floods in 2000.

3.2.5 South Africa's main tourist attractions

Some of the main tourist attractions for each province were listed on the questionnaire. (Table 3.2 - page 72 gives a summary of the major tourist activities while in South Africa). The top 6 national attractions are all located in the Western Cape and appear to remain at the top of the list despite seasonal variations. The Cape Town Waterfront, Cape Point and Table Mountain continue to be extremely popular with foreign visitors, followed by the Wine Routes, Kirstenbosch Gardens and the Garden Route (SAT, 2001:31).

The Kruger National Park (Mpumalanga) attracted 9 percent of all foreign visitors in January/February 2001, marginally down from January 2000's 10 percent, rising to 18 percent of holidaymakers. This attraction remains particularly attractive to visitors from Germany (15%) and the rest of Europe (17%). Attractions in the rest of Mpumalanga were either similar to the summer 2000 results or marginally down, e.g. Blyde River Canyon (6%), Pilgrim's Rest (5%) and private game parks (4%).

Table 3.2: Major tourist activities while in South Africa

| ACTIVITY | JANUARY 2000 ALL RESPONDENTS % | JANUARY/ FEBRUARY 2001 ALL RESPONDENTS % | PROVINCE |
|-------------------------------|--------------------------------------|---|--|
| Nature/Wildlife | 45 | 45 | Mpumalanga 69% Northern Prov 63% North West 55% KwaZulu-Natal 49% |
| Historical site | 28 | 26 | Western Cape 35% |
| Museum/Art gallery | 27 | 22 | Western Cape 29% |
| Cultural village | 12 | 10 | KwaZulu-Natal 24% |
| Adventure activity | 11 | 13 | KwaZulu-Natal 17% Eastern Cape 14% |
| Theatre/Concert/ Live show | 13 | 13 | North West 14% |
| Casino | 10 | 18 | North West 46% Gauteng 19% |
| Conference | 10 | 11 | North West 11% |
| Backpacking | 6 | 6 | Northern Cape 14% Eastern Cape 9% |
| Sports spectator | 6 | 4 | - |
| Sports participant | 5 | 3 | - |
| Blue Train | 2 | 1 | - |

Source: SAT, 2001:36

Special tourism activities that emerge from Table 3.2 are:

- Mpumalanga and the Northern Province's nature/wildlife reserves;
- Western Cape for historical attractions; and
- KwaZulu-Natal's game reserves, cultural villages and adventure activities.

Holidaymakers were more likely to visit nature/wildlife reserves (62%) and historical sites (40%), while business visitors were more likely than other

groups to attend a conference (31%). Casino visits were popular with those who visited friends/relatives (29%). Adventure activities (e.g. scuba diving, mountain climbing, hiking) and "backpacking" were popular with visitors who stayed longer than a month (24% and 17% respectively), younger visitors (21%, 17%) and those who came from Australasia (21%, 16%) (SAT, 2001:36).

3.2.6 Estimated revenue from the world markets

Revenue to South Africa has been calculated using the formula:

estimated number of visitors for January (Statistics South Africa's air arrival statistics for the three international airports), x estimated expenditure per trip (excluding airfare) (SAT, 2001:43).

Table 3.3: Estimated revenue from the world markets

| JANUARY 2001 | ARRIVALS | AVERAGE SPENT PER DAY EXCLUDING AIRFARE | AVERAGE STAY IN NIGHTS | APPROXIMATE MARKET VALUE | SHARE % |
|-----------------|----------|---|------------------------|--------------------------|---------|
| UK | 29 169 | R 845 | 18,7 | R 461m | 20 |
| Germany | 15 302 | R 887 | 22,7 | R 308m | 13 |
| Rest of Europe* | 31 643 | R1 013 | 15,1 | R 484m | 21 |
| Total Europe | | | | R1 253m | 54 |
| North America | 12 586 | R2 468 | 12,1 | R 376m | 16 |
| Africa/IOI (1) | 24 566 | R1 143 | 9,4 | R 264m | 11 |
| Far East/Asia | 10 920 | R1 410 | 15,0 | R 231m | 10 |
| Australasia | 5 337 | R 574 | 21,2 | R 65m | 3 |
| South America | 5 005 | R2 228 | 10,0 | R 113m | 5 |
| Middle East | 2 374 | R1 776 | 8,3 | R 35m | 1 |
| Unspecified | 811 | | | | |
| Total | 137 713 | R1 109 | 15,3 | R2 337m | 100 |

* Europe excluding the UK and Germany
 (1) Indian Ocean Islands

Source: SAT, 2001:43

As shown in Table 3.3, the total revenue earned by South Africa from visitors in January/February 2001 was estimated to be R2 337 million, a 22 percent increase on January's 2000 R1 909 million. Increases in arrivals and daily expenditure per person have contributed to the increase, though the average stay has decreased from 16,0 nights in January 2000 to 15,3 nights in this survey. The contribution of foreign visitors from Europe (54%) has decreased from 61 percent in January 2000, while North America's contribution has risen from 12 percent to 16 percent (SAT, 2001:43).

There have been slight changes in the percentage contribution from other source markets compared with January 2000, with increases of 1 percentage point in the contribution from Africa and the Far East and 2 percentage points from South America (SAT, 2001:43).

3.2.7 Types of accommodation and share of visitor nights

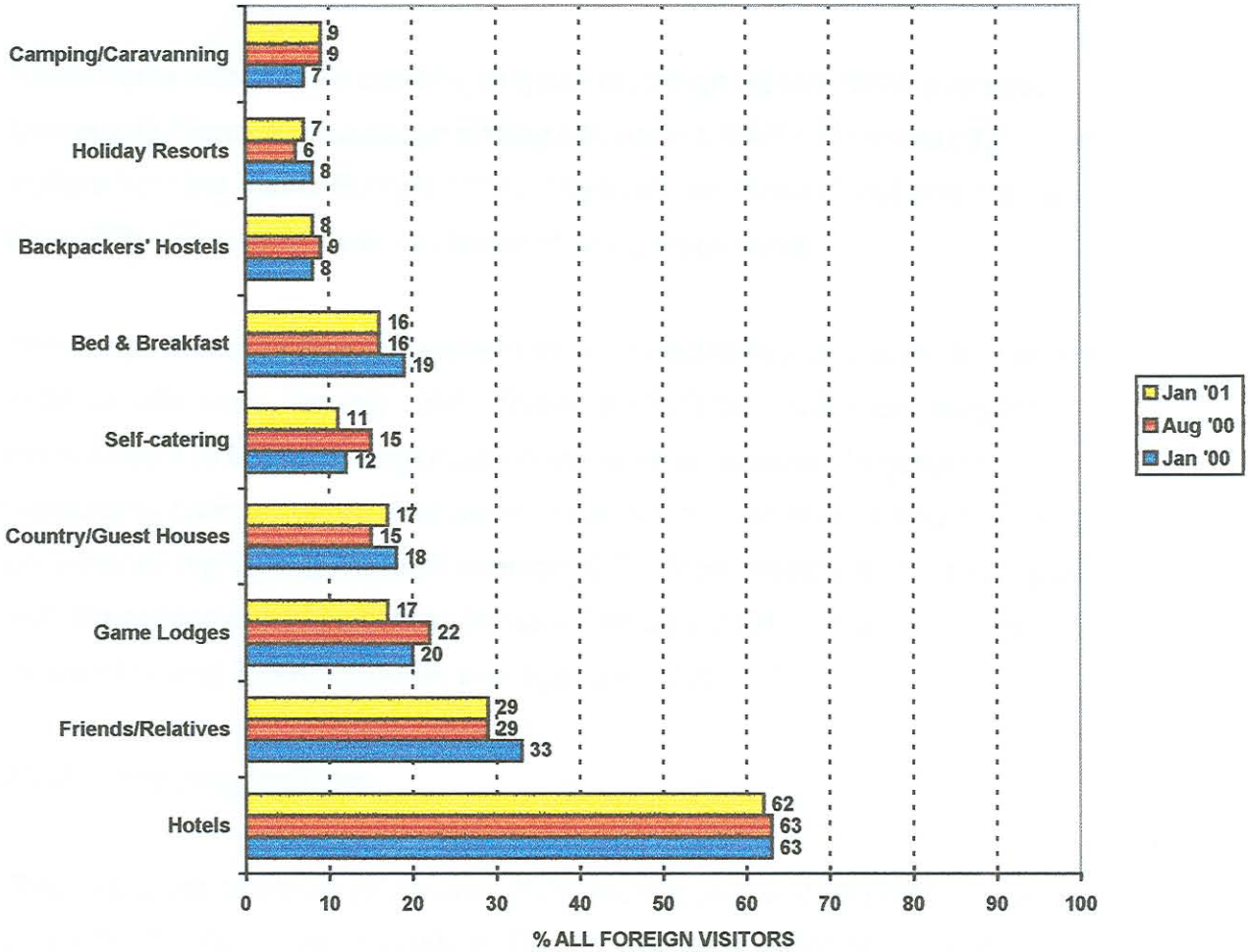
Hotels were the most popular form of commercial accommodation utilised by foreign tourists (Figure 3.4 - page 75). It ranged from 62 percent to 64 percent for the past 4 years.

Games lodges, bed and breakfast and country/guest houses (combined) were important alternatives to hotels, visited by 16 percent to 17 percent of respondents each. Two new categories were added, namely backpackers' hostels and camping/caravanning which contributed 8 percent to 9 percent each. The hospitality of friends and relatives were enjoyed by 29 percent of visitors, which was slightly down from January 2000 (SAT, 2001:54). Figure 3.4 presents the major types of accommodation that were used by foreign visitors.

Gauteng held 21 percent of the visitor-night market in January/February 2001, which was down from 29 percent in January 2000. A fairly large proportion of visitors to Gauteng (38%) stayed with friends or relatives. The share of hotels has risen from 30 percent to 42 percent. Guesthouses (5%), self-catering

establishments (2%), game lodges (3%), backpackers hostels (3%) and camping/caravanning (2%) occupied the various niche markets (SAT, 2001:56).

Figure 3.4: Types of accommodation used by foreign visitors



Note: In 2000, country houses/guest houses were combined, and backpackers' hostels and camping/ caravanning were added.

Source: SAT, 2001:54

Mpumalanga's share of overall visitor nights has fallen slightly from 5 percent to 4 percent. Staying with friends/relatives has increased slightly to 10 percent from 7 percent in January 2000. Game lodges accounted for 29 percent of visitor nights, with hotels 25 percent also playing an important role. Bed and breakfast, self-catering, holiday resorts and backpackers' hostels

played a small role, while camping/caravanning has increased to 15 percent in this survey period (SAT, 2001:57).

3.2.8 Restaurants

Restaurants were widely used by all types of foreign visitors (86% average). Usage was higher than average among UK visitors (94%), Germans (92%) and visitors from the rest of Europe (91%). Visitors from Africa (74%) and the Far East (72%) showed a lower incidence of using restaurants.

The usage of restaurants in summer has remained steady at around 86 percent to 88 percent since January 1996. There seems to be a slight tendency for more visitors to frequent restaurants in the summer season. In general, restaurants have achieved wide acceptance with foreign visitors and maintained consistently high ratings (overall average: 9,2). Most respondents were happy with the service in restaurants in January/February 2001 - 84 percent good, 14 percent fair and 2 percent below average (SAT, 2001:73).

3.2.9 Shopping facilities

Three-quarters of January/February 2001 international visitors (76%) made use of South Africa's shopping facilities. People who went shopping more often are indicated in Table 3.4.

Table 3.4: Shopping facilities

| COUNTRY | % USE OF SHOPPING FACILITIES |
|---------------------------------------|------------------------------|
| Britain | 86 % |
| Australasia | 85 % |
| Longer-stay visitors (over two weeks) | 85 % |
| Scandinavia | 84 % |
| North America | 83 % |
| Visiting friends/relatives' visitors | 82 % |
| Holidaymakers | 80 % |

Source: SAT, 2001:74

The use of shopping facilities has remained stable over the last few surveys, after a decline in August 1995 to 69 percent (SAT, 2001:74). South Africa's shopping facilities received a favourable rating of 9,2. All provinces were rated over 8,3; Cape Town and Gauteng (9,3 each) received particularly high ratings. African visitors found the shopping facilities particularly good (9,6). Ratings of visitors from the Far East have maintained their improvement at 8,1 after a decline to 7,5 in August 1999. The service received while shopping in South Africa was well rated, namely 83 percent good, 15 percent fair and 2 percent below average (SAT, 2001:75).

Perceptions of service safety

3.2.10 Perceptions of service, friendliness, helpfulness and safety in South Africa

Perceptions of service

In previous years respondents rated their perceptions of service for each province visited. This has shown a steadily improving trend over the past 6 years. In this survey respondents were asked to rate the service offered at each type of facility in each province. All the main tourist facilities achieved very good ratings for service in January/February 2001, though public transport remained an area of concern (SAT, 2001:93).

An overall rating of foreign visitors' perceptions of service was introduced in the August 1999 survey. After a rating of 7,9 in August 2000, ratings rose to 8,3 in January and August 2000 and to 8,4 in the current survey. As in previous surveys, the Western Cape has been rated highest for service (8,8), with KwaZulu-Natal (8,0) and Gauteng (7,9). Visitors from the Far East/Asia (7,4) and Australasians (7,0) had the lowest perceptions of service. Holidaymakers (8,8) and business visitors (8,3) rated service somewhat higher than those visiting friends and relatives (7,9) (SAT, 2001:97).

Perceptions of friendliness and helpfulness

Perceptions of friendliness and helpfulness remained at acceptable levels. The overall average for friendliness was 9,2 and the overall average on helpfulness was 8,9. Perceptions of helpfulness in Gauteng remained slightly below other areas, rating 8,4, KwaZulu-Natal 8,8 and the Western Cape 9,2. Friendliness was also rated slightly lower at 8,7 compared with 9,3 in KwaZulu-Natal and 9,4 in the Western Cape (SAT, 2001:94).

Perceptions of personal safety

Foreign visitors' perceptions of personal safety in South Africa have sustained their recovery after a sharp decline in 1998 (currently 6,6 up from 6,4 in January 2000). Though improved, the ratings are still not satisfactory. Over half of foreign visitors (51%) feared for their personal safety. They have rated personal safety either "fair" (35%) or "below average" (16%). Visitors from the Far East/Asia and Australasia gave personal safety the lowest ratings (4,9 and 5,3 respectively). Visitors from "other Europe" also rated personal safety low (6,1). Business visitors rated personal safety lower than average (5,8).

Personal safety in Gauteng was still rated as unsatisfactory, though the current rating of 5,3 represents a rise from 4,7 in 2000. In both the Western Cape and KwaZulu-Natal perceptions have marginally fallen from January 2000 (SAT, 2000:95).

Fear of crime was a major concern of visitors to South Africa, mentioned by 50 percent, which was more than all the other concerns combined. However, spontaneous mentions of crime as a disappointment of their trip (13%) maintained the improvement of January 2000 (14%) from 21 percent in January 1999. While this perception is improving, crime remains a threat to the development of tourism (SAT, 2001:96).

Some 3,6 percent of respondents had personally been victims of crime during their visit, which was marginally down on the 4,1 percent reported in 2000.

Highest rates were recorded by Scandinavian (10%) and Australasian (8%) visitors and those who stayed longer than 31 days (11%). Most frequently mentioned crimes were theft (2%) and mugging (1%), with isolated mentions of car break-ins, hi-jacking, car theft, house robberies and other crimes. The crimes mainly took place in Cape Town (1,1%), Johannesburg (1,0%) and Durban (0,4%), i.e. the main tourist destinations. Only about half the crimes were actually reported to the police (1,7%) (SAT, 2001:103).

3.3 TOURISM MARKETS AND FORECASTS

3.3.1 Tourism and its markets in a global context

The year 2001 was not a very good year for international tourism as the total tourism figures declined by 1,3 percent to 687 million (Lipson, 2002:3). The biggest fall in numbers happened after the 11 September 2001 attacks in the USA with the global tourism market that suffered an 11 percent decline in the 4 months afterwards. The events of 11 September 2001 affected tourism in every region of the world. Even before 11 September 2001 a decrease was experienced in the growth of outbound travel from countries such as Germany, Japan and the USA in the first 8 months of 2001. Other negative affects for international tourism included:

- The outbreak of foot and mouth disease in the UK and the Netherlands;
- The strengths of the US dollar which resulted in a decline in visitors to the US in the first 8 months of 2001;
- The Israeli-Palestinian conflict;
- The economic crisis in Argentina which mainly affected tourism to neighbouring countries; and
- The millennium hype also had a negative impact on 2001 figures as many international tourists moved their trips to accommodate millennium celebrations.

The WTO (1998:14) argues that tourism, despite its global size and growth, remains surprisingly fragile. Reasons for this include:

- The large number of very small operators;
- The fashionability and perishability of the tourism product;
- The unpredictability of demand; and
- The marked seasonality of most destinations and markets.

For these and other reasons, the tourism industry experiences one of the highest failure rates of any sector.

However, despite of international problems that had an affect on tourism, Western Europe took the honours as the most popular region in 2001, by holding 3 of the top 5 slots. France remained the top destination with an estimated 76,5 million tourists in 2001. Spain robbed the US of the second place, and Italy came in fourth. Several eastern European countries also experienced strong growth. Bulgaria's tourist numbers grew by more than 14 percent, Slovakia by 13 percent and Estonia by 9 percent (Lipson, 2002:3).

World tourism arrivals are therefore projected to grow at 4,3 percent per year and to reach 1,6 billion by 2020. In this same period, worldwide tourist spending is expected to grow at 6,7 percent per year (Smith, 2001:13).

3.3.2 Projections on tourism in South Africa

A number of key targets as set in The White Paper on the Development and Promotion of Tourism in South Africa (1996) (DEAT, 1996c:27) include inter alia to:

- Increase the contribution of tourism to GDP to 8 percent by 2000 and 10 percent by 2005;
- Sustain a 15 percent increase in visitor arrivals over the next ten years;
- Create 1 million additional jobs in tourism by 2005;
- Increase foreign exchange earnings of tourism from approximately

R10 billion in 1996 to R40 billion per annum in 2005; and

- Welcome 2 million overseas visitors and 4 million visitors from the rest of Africa by 2000.

Currently, the DEAT (2001:11) claims the following on tourism in South Africa:

- Tourism is the third largest foreign exchange earner in South Africa after manufacturing and mining, and tourism is poised to overtake mining in the near future;
- Tourism in South Africa employs one in every 16 workers;
- South Africa's tourism economy contributes 8,2 percent of GDP compared to the international tourism's contribution of 11,7 percent. (Some analysts feel that tourism in South Africa can realistically contribute 15 percent to GDP);
- Tourism contribution to the national GDP has grown at an annual rate of 2,2 percent since 1994;
- Expenditure by foreign tourists grew by R1,1 million in the first half of 2000;
- The total revenue generated by foreign arrivals in the past year (2000) is estimated at R7,1 billion;
- Tourism generates about R20 billion a year for the country; and
- In 2000, South Africans made about 16 million trips to destinations within their own country.

3.3.3 Tourism, jobs and the South African economy

The World Travel and Tourism Council (WTTC) estimates that in South Africa

travel and tourism is now a R108,5 billion industry in terms of total demand. It expects this figure to grow by 4,8 percent per annum between 2002 and 2012.

The WTTC calculates tourism economic impact and job creation according to two definitions, namely the "Travel and Tourism Industry" and the "Travel and Tourism Economy". The "Travel and Tourism Economy" includes the tourism industry as well as capital spending for tourism. For example, investment in hotel buildings, transport vehicles, craft, furniture and equipment and personal capital spending. The "Travel and Tourism Industry" on the other hand, only includes tourists' direct spending and not capital spending (Grant Thornton Kessel Feinstein, 2002:45). Table 3.5 indicates the WTTC's estimates and forecasts.

Table 3.5: WTTC's estimates and forecasts: travel and tourism's contribution to South Africa's economy and jobs

| 2002 | | | | 2012 | | |
|-----------------------------|---------------|-----------------------|----------|---------------|-----------------------|----------|
| GDP | RANDS billion | % OF TOTAL GDP | GROWTH % | RANDS billion | % OF TOTAL GDP | GROWTH % |
| Travel and Tourism Industry | 31,1 | 3,0 | 2,2 | 84,8 | 3,5 | 5,1 |
| Travel and Tourism Economy | 72,5 | 7,1 | 3,2 | 194,3 | 8,1 | 4,9 |
| EMPLOYMENT | 000's | % OF TOTAL EMPLOYMENT | GROWTH % | 000's | % OF TOTAL EMPLOYMENT | GROWTH % |
| Travel and Tourism Industry | 492,7 | 3,0 | 1,8 | 679,2 | 3,4 | 3,3 |
| Travel and Tourism Economy | 1 148,0 | 6,9 | 2,7 | 1 555,3 | 7,9 | 3,1 |

Source: Grant, et al (2002:45)

The "Travel and Tourism Industry" currently contributes 3 percent (or R31,1 billion) of South Africa's GDP, whilst measured in its broadest form, the "Travel and Tourism Economy" contributes 7,1 percent of South Africa's GDP. The WTTC expects this figure to rise to 8,1 percent by 2012.

Even though tourism is unlikely ever to contribute more than 15 percent of our

GDP, it is an important contributor to job creation, representing 6,9 percent of total employment or 1 147 980 jobs at the economy level. In 10 years' time the WTTC predicts that the "Travel and Tourism Economy" will account for 7,9 percent of South Africa's employment, therefore adding some 407 320 new jobs. The "Travel and Tourism Industry" currently accounts for 3 percent of total employment or 492 654 jobs. The WTTC predicts that in 10 years' time this figure will increase to 679 189 jobs or 3,4 percent of the total.

However, South Africa is still lagging behind compared with global estimates and forecasts. The WTTC's figures indicate that in 2012 the "Travel and Tourism Economy" will contribute 10,6 percent to global GDP and 8,6 percent to global employment (Grant, *et al* 2002:45).

3.3.4 The South African "Travel and Tourism Economy" contribution to GDP and numbers employed

If we were to identify trends or growth in tourism's contribution to South Africa's GDP and employment since 1997, we see that there have not been great leaps in growth. Annual growth in demand in the "Travel and Tourism Economy" has ranged from 3,2 percent to 5,5 percent for the period 1997 to 2001, with negative growth (-1 percent) being experienced in 1999 (Grant, *et al* 2002:45).

Growth in employment in the "Travel and Tourism Economy" has actually declined from 8,6 percent in 1997 to 2,6 percent in 2001. The WTTC's forecast for 2012 indicates that growth in employment in the "Travel and Tourism Economy" is expected to average about 3,17 percent per annum for the next 10 years (Grant, *et al* 2002:46).

3.3.5 Pre- and post 11 September 2001 forecasts for South Africa

Although in many countries the impact of 11 September 2001 (USA) was devastating, according to the WTTC it is difficult to estimate the true impact on the economy and employment as many positive impacts have overshadowed some of the negative impacts. The impacts for South Africa in terms of

employment in 2002 are positive. The updated forecast for employment in the "Travel and Tourism Economy" is the creation of 29 400 jobs, compared with the initial pre- 11 September 2001 forecast of 6 800 jobs.

There is no doubt that there has been a certain degree of cancellation and reduced bookings in terms of travel to many destinations. While currently there may be a certain degree of nervousness associated with travelling, tourism is an incredibly resilient industry and can recover fairly quickly. Early indications are that South Africa's tourism has recovered extremely quickly and in fact, gained from the events of 11 September 2001 (Grant, *et al* 2002:46).

3.3.6 The growth challenge for tourism in South Africa

While "compound average growth rate" (CAGR) between 1994 and 2000 was an encouraging 8 percent, the period after 1998 has seen a sobering decline. CAGR now stands at 0,4 percent. This is largely due to decreasing numbers of tourist arrivals from Lesotho and, to a certain extent, Swaziland. Clearly, the honeymoon period of the "democracy dividend" is over. The growth rates we are now experiencing are far below the average growth rates experienced in many other regions in the world, including the rest of Africa, and are certainly less than a quarter of the average rate of growth for the world.

SAT's re-examination of their "strategy for growth" started to look at the portfolio of source markets. Currently, 90 percent of arrivals are drawn from 21 countries. Five of these countries which all are neighbouring states, deliver over 60 percent of tourist arrivals. Current trends show that nearly half of these markets have so far delivered fewer tourists to us in 2002 than they did in 2001 (SAT, 2002:16).

While source markets on the whole deliver significant yields to South Africa, we must be cautious of dismissing African source markets. The sheer volume from these markets ensures that their overall contributions to revenue are important. Analysis of provincial tourism reveals that while provinces such as the Western and Eastern Cape depend almost entirely on the overseas markets

for their international tourism receipts, other provinces are critically dependent on African arrivals for their tourism revenue. The prospects of going forward are not very encouraging. In fact, if we do nothing differently during 2002, overall arrivals will grow by no more than 0,8 percent and our tourism revenue will have a mere 1,2 percent projected growth for the year (SAT, 2002:16).

3.3.7 An action plan for tourism growth in South Africa

3.3.8 Forecasts of the tourism industry

SAT's (2002:20) "strategy for growth" seeks to drive more ambitious results through focused execution against the chosen segments. Although these goals may be adjusted at a later stage, they currently stand at volume growth of 5,5 percent to 6 percent CAGR between 2002 and 2005, and revenue growth of 12 percent to 13 percent between 2002 and 2005. These targets are achievable if the average activation rate (or market share) across the growth segments moves from 2 percent in 2002 to 8 percent in 2005, and if defend segment arrivals are held constant.

In order to achieve these goals, SAT will embark on a two-pronged strategy. At a *macro-level*, South Africa's brand as a destination will be positioned. This means that the entire marketing, fulfilment and product value chain must be revised. At a *specific level*, SAT will need to execute systematically against the detailed segment activation strategies that have been developed.

SAT (2002:17) mentions that their "growth strategy" will therefore be focused across a portfolio of markets where actions will be targeted to achieve, namely:

- Volume growth in markets where there is high potential to increase arrivals;
- Revenue growth in markets where there is high potential for growth in yields;
- Defending our market share in markets which are important to the portfolio, but where growth potential is limited;

- Focused growth from markets and market segments where there is a potential to get increased volumes in off-peak periods to manage down seasonal fluctuations; and
- Facilitates the packaging of the product offering with industry to further transformation and redistribution.

3.3.8 Forecasts of the tourism industry

Forecasts for the African continent

Global tourism is forecast to grow, but overall growth forecasts hide tremendous differences between regions and countries. According to Teye (Butler and Jones, 2001:298), Africa only receives 4 percent of all international tourists and only 2 percent of total international tourism receipts. He states that Africa still has a number of obstacles to overcome in order to develop a viable tourism industry in Africa. Obstacles include political instability, economic restructuring, human resource constraints, a lack of regional co-operation and basic infrastructure. Telecommunication, health and medical challenges and weak institutional frameworks also need to be overcome.

(Middleton, *et al* 1998:48) argue that while some parts of Africa are sometimes referred to as the "sleeping giants" of the tourism world, a combination of underdevelopment, political instability, crime and poverty hold back their overall tourism development prospects for the foreseeable future. Most countries in Africa are economically underdeveloped and lack the level of infrastructure development and the economic growth from which domestic tourism can develop to support their growth opportunities in international markets. In the longer term, large parts of Africa have vast environmental assets and great tourism development potential from a resource standpoint. They mostly also have large and growing population problems and are unlikely to play a major role in world tourism development for the foreseeable future.

The empowerment of travellers

The likely role travel and tourism are to play by 2020 will be an increased empowerment of travellers and the market place in which travel products and services are bought. Travel consumers will have higher disposable income and increased comfort levels in using the Internet, computers and new technologies with many taking advantage of online continuing education programmes. More information about destinations will be available and will include lower market entry costs and new market strategies for suppliers. With travel information and education levels rising, travel will become more individualised and responsive to a more diverse population (Smith, 2001:15).

An increasing trend among contemporary traveller consumers will be to view travel as a means to enhance the quality of their lives by building on a philosophy of doing well while doing something good for society. These actions range from e.g. an increase in volunteerism to grow interest in life-long education, training and career development as well as to scrutiny the travel and tourism industry's environmental impacts.

Tourism demand movements

Knowledge of the sign and size of variables outside the control of the management of tourism will be of great use when forecasting demand movements. Theoretical research may be useful when suggesting the signs of relevant derivatives. However, to establish the size of such effects requires an empirical investigation of the determinants of an individual's (and hence a population's) probabilities of visiting an attraction.

The importance of empirical work is twofold: *first* as a test of theoretical propositions, and *second* as a means of identifying the size of the various effects on the probabilities of visiting an attraction. A better empirical knowledge of the determinants of repeat visiting is likely to be useful to attraction management and to policymakers. Different time paths of visit flows bring about inter alia different patterns of repeat visits and imply variations in the

income and employment that are generated by an attraction. Policymakers should therefore be able to affect these variations by influencing the incidence of repeat visits (Darnell and Johnson, 2001:125).

Driving forces of tourism

Anderson (1998) recognises changes in consumer behaviour, expectations and values as some of the main driving forces behind the pace and direction of the tourism industry's development. In the leisure market, consumers become less satisfied with traditional holiday packages. "Mass tourism" is replaced by the so-called "new tourism". "New" tourists have more experience, are more environmentally aware and independent, flexible, more quality conscious and harder to please. Quality and value for money are vital to "new" tourists. The tourism industry undergoes a shift from the traditional "push" of products through channels by travel suppliers to the "pull" of products by the consumer which are based on a growing availability of transparent and easy-to-use technology (Lubbe, 2000:46).

Saunders (2001b:9) argues that a change in demographics has an impact on leisure and tourism consumption. People will have less time to travel in future. Table 3.6 (page 89) analysis the future impacts on tourism. It considers 2 critical dimensions in terms of travel and tourism namely time and money. A tourist needs both at least (in some quantities) to enjoy travel and tourism. It can be one way to segment future markets and it certainly enlightens some products and markets.

The decreases and changes to leisure time implicate that the old, relied-upon and leisure time patterns are disappearing. Seasonal and weekend peaks will decline. Holidays will be more evenly spread throughout the year. There are already moves towards more frequent, shorter and educational school holidays in some countries like the USA and UK. Holidays will become shorter and lead times will decrease.

Table 3.6: Basic leisure time segments

| | | | | | |
|-----|--|---|---|--|--------------|
| | | MONEY High | | | |
| | | Well-off: young to middle aged (pressurised) | Well-off: retired | | |
| | | <ul style="list-style-type: none"> • Upmarket packages • Exotic breaks • Health farm • High "fashion" • Short • Relaxation and adrenaline | <ul style="list-style-type: none"> • Long haul, luxury • Sophisticated and demanding • Second homes • Multiple holidays | | |
| Low | | | | | TIME High |
| | | Unemployed and low income | Poor: retired and young | | |
| | | <ul style="list-style-type: none"> • Day out • Visiting friends/relatives • Maybe weekends | <ul style="list-style-type: none"> • Explore / long packages • Backpacking • Off-season cheap breaks • Budget | | |
| | | Low | | | |

Source: Saunders, 2001b:9

The tourism industry have always been dynamic, the future is only likely to be more so as the environment becomes more competitive and markets more flexible, demanding and short of time. In predicting tourist demand, it is essential to understand tourist motivation. With other factors such as destination features and marketing it contributes greatly towards shaping tourist demand.

Managing tourism and its markets

According to Middleton, *et al* (1998:110) the tourism industry operates on the principle that visitors vary by characteristics that are crucial to practical management decisions. They are crucial to move towards the sustainability of visited destinations. The most common variables include:

- Profile of customers for marketing purposes - geo-demographic and psychographic variables;
- Customer awareness of/or interest in environmental quality as a basis for choice of destination and choice of product at the destination;
- Products purchased - it reflect different purposes of visit and choice of activities e.g. cultural activity, conferences, adventure;
- Prices paid (tourism revenue generated locally);
- Usage of fragile natural and built resources;
- Time of visit - by year, time of week, time of day;
- Choice of location (within a destination area);
- Prior knowledge of a destination before a visit - varying from first-time visitors to regular repeat customers;
- Media by which first time visitors obtain information about the destination and perceive its image (including advertising, publicity, brochures and information from other sources); and
- Means of purchasing their chosen products - from direct contracts with suppliers to the use of tour operators, travel agents and other intermediaries.

3.4 EMPLOYMENT IN THE TOURISM INDUSTRY

3.4.1 An international perspective on tourism employment

Lea (1997:169) argues that it is possible to make the following generalisations about tourism and employment, namely:

- There is a close but not perfect correlation between the income-generating effects of tourism and the creation of employment. High returns from the industry do not translate directly into proportionately more jobs;
- The kind of tourist activity influences employment because some types are more labour intensive;

- The types of work skills available locally also have an effect on employment as illustrated by the high demand for unskilled labour;
- Tourism may actually take employees away from other sectors of the economy or offer part-time jobs, both of which have little effect in reducing overall unemployment figures; and
- Many tourism employment are seasonal.

A failure to consider all these categories has resulted in rather crude analyses of the real employment situation in Third World countries.

3.4.2 A national perspective on tourism employment

Saunders (2001a:7) argues that there is a data deficiency in tourism which is being addressed by the DEAT. This data is seen as critical to demonstrate the job creation strength of the tourism industry. However, it is not an easy task for the following two fundamental reasons, namely:

- There are many different ways to define the tourism industry and to define its job creation impact (available figures are often based on different definitions); and
- It is very difficult to count the number of people who are employed in South Africa (the basic job data on which a lot of economic modelling is based, varies significantly).

When considering different economic job data as a base and apply the various definitions of the tourism industry, many different answers are obtained.

3.4.3 The definitions of tourism

The definition of the tourism industry impacts on the figures produced. There

are two basic ways to look at the tourism industry, namely either the "direct" industry, or the "direct and indirect" industry.

- ***The "Direct" Industry I***

Saunders (2001a:7) argues that the "direct" industry by itself can be understood very differently, and one of the ways of understanding it is what most people usually perceive as the "tourism industry". This includes all those enterprises which primarily sell services to tourists e.g. hotels, accommodation establishments, travel agents, tour operators, some restaurants, tour guides, airlines, car hire, etc. These we all see squarely as businesses sitting in the tourism sector ("tourism businesses") and therefore the jobs they create are seen as tourism jobs.

Technically we could define these businesses and count their employees through samples, statistical returns, etc. However, this is not done in any cohesive way for the tourism industry. Where it used to be done by Statistics South Africa for the hotel industry, a number of factors impact on the accuracy of the figures and continue to cause counting problems in the sector. Factors include inter alia part-time and casual staff and how to count them; outsourcing and the employees that are being shed to a "supplier" and huge numbers of accommodation establishments that are not included in the sample e.g. many hotels and a vast numbers of guesthouses. The strong trend to outsourcing and long practised norm of part-time and casual staff in the tourism industry complicate most methods of trying to pin down the numbers employed.

- ***The "Direct" Industry 2***

1. *"Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". This definition includes day visitor activity.*

2. "Tourism is the activities of persons travelling to a place which is other than their usual environment for a period of less than one year, but for at least one night". This definition excludes day visitor activity.

When applying the definitions (1 and 2 above) of tourism that are accepted on a world wide level, there are two definitions that further confuse the issue. The "direct" tourism industry becomes much broader as it includes all spending of tourists (to purchase their travel and at the destination), and the impact this has on the general industry. This is how the WTO and WTTC define the "direct" tourism industry for job creation and GDP contribution calculations, using the broader tourism definition of tourism under the "direct" Industry 1 (Saunders, 2001a:7).

This "direct" spending of tourists doesn't just impact on the tourism businesses identified, but also on many other industries. For example, self-catering tourists spend at shops, self-drive (owned or hired car), tourists spend at petrol stations, foreign tourists spend at banks for foreign exchange, tourists may go to the cinema, buy clothes, etc. We don't tend to think of shops, the petrol station or bank employees as being in the tourism industry but some of them are, when "direct" employment in tourism is measured according to either of the two accepted definitions of tourism.

One other complication of the "direct" tourism industry as defined by the WTO and the WTTC, is that some income of "tourism businesses" is not derived from tourism. For example, if one visits a local hotel bar for a drink or enjoy a meal in the hotel's restaurant, this is not tourism income, nor is that spending that support a tourism job.

The "direct and indirect" industry

Table 1.7 is presented on page 50.

When one stick with the WTO and WTTC definitions, the "direct and indirect" tourism industry includes the "direct" impact and the "indirect" impact or multiplier effect of all "direct" tourism spending and the number of jobs that are created through the multiplier effect. As the businesses that are the

primary receivers of tourism spend on inputs and pay salaries, the jobs in the supplier industries and the jobs created through employees spending their wages, are attributed as "indirect" tourism industry jobs. These "indirect" tourism jobs can be literally in any sector of the economy (Saunders, 2001a:9).

Calculating the number of "direct and indirect" jobs can only be done through economic modelling that use the same methodologies as used to calculate direct jobs. In addition, economic input/output models are required that indicate linkages between economic sectors and model the multiplier effect.

The "direct" economy and the "direct and indirect" economy

As it is not complicated enough, the WTTC also calculates tourism economic impact and job creation according to another dimension, namely "the industry" and "the economy". The "economy" includes the industry, and both have a "direct" and an "indirect" component. The "tourism economy" includes capital spending for tourism, whereas the "tourism industry" only includes tourists' direct spending and not capital spending. Capital spending includes the investment in hotel buildings, transport vehicles and craft, furniture and equipment, as well as personal capital spending (Saunders, 2001a:9).

Table 3.7 (page 95) indicates the different definitions of tourism that can be used when measuring job creation (and also GDP contribution in a simplistic way).

Table 3.7 is presented on page 95.

Table 3.7: Definitions of tourism

| | TOURISM BUSINESSES | TOURISM INDUSTRY | TOURISM ECONOMY |
|--------------------------------|---|---|--|
| Direct employment | People employed in businesses which primarily earn income from tourists | Employment generated through the direct spending of tourists | Employment generated through the direct spending of tourists and direct tourism capital expenditure |
| Direct and indirect employment | (Not applicable) | Employment generated through the direct spending of tourists and the multiplier effect of this spending on employment in other sectors of the economy | Employment generated through the direct spending of tourists and direct tourism capital expenditure and the multiplier effect of these two types of spend sectors of the economy |

Source: Saunders, 2001a:9

3.4.4 How many people are employed in tourism?

Economic modelling is essential in order to determine how many jobs there are in the tourism industry. Economic modelling is not scientifically accurate, and different economists and Government officials develop different models of our economy. Mostly however, they rely on the base job data of the Government to determine the numbers employed according to different breakdowns. However, sometimes this data is modified according to some of their own assumptions. Herein lies the problem as it depends on whose economic model is used as different numbers may be derived (Saunders, 2001a:9).

Furthermore an even bigger problem poses, namely what is the employment base? Some of the reasons for discrepancy may include the self-employed and contract workers who may indicate that they work in a household survey, but may not register as "employees". It is uncertain how well we can model input/output linkages in the informal sector and tourism employment in the informal sector. Depending on which econometrically model (read economist/

economic firm) is used, which base figures and how they have been adjusted, the answer to how many jobs there are in tourism can vary across all of the definitions.

However, Bennett (2000:360) mentions that it was estimated that tourism provided work for approximately 750 000 South Africans in 1999. Of these, about 250 000 were directly employed in the tourism industry, with the rest being employed in related industries.

Not sufficient supporting empirical data is available to know for sure which of the following methods are correct, but the following criteria might give an indication of how many people are employed in/through tourism, namely:

Tourism business employment

THETA, who is responsible for skills development in the tourism industry, conducted a detailed employment survey of 500 employers in the various sub-sectors it covers. This resulted in an estimate of 600 000 employees that are covered by THETA (Saunders, 2001a:11).

However, employees covered by THETA and tourism industry employees are often thought to be synonymous, but they are not. THETA covers a number of non-tourism sectors/parts of sectors. For example, a number of sport, conservation, gaming and gambling and the restaurant and catering industry, is not tourism. When one makes informed adjustments to the THETA employment numbers to indicate tourism employment, a figure of around 300 000 tourism employees in tourism businesses are derived. Therefore, THETA's statistics are not as yet based on a structured sample that can be repeated to indicate tourism business employment growth.

Tourism industry employment

The WTTC's figures for the total ("direct and indirect") tourism "economy" and tourism "industry" employment in South Africa ("direct and indirect") for a sample of years/revisions are shown in Table 3.8.

Table 3.8: The total ("direct and indirect") tourism economy and tourism industry employment in South Africa

| | WTTC | | | | DEAT |
|---------------------|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------|
| | 2000 (1998 STUDY) | 2000 (YEAR 2000 REVISION) | 2001 (YEAR 2000 REVISION) | 2001 (YEAR 2001 REVISION) | 2000 |
| Tourism Industry | 596 990 | 337 200 | 351 200 | 509 200 | 285 000 |
| Tourism Economy | 820 325 | 742 300 | 771 900 | 1 093 100 | 574 236 |

Source: Saunders, 2001a:11

The fairly major differences between the year 2000 forecast from the detailed 1998 exercise and the WTTC's year 2000 revision, are thought to be due to the higher foreign tourism and economic growth forecast in 1998 than actually materialised between 1998 and 2000. However, one might have expected this to curtail employment growth, but not to cause such an apparent significant decline in employment.

The major differences between the 2001 forecast done in 2000 and the 2001 estimate produced in 2001 are due to a change in data sources and some adaptations in methodology employed by the WTTC. These adaptations were brought about when they changed the international economics consultancy that develops the projections on their behalf (Saunders, 2001a:11).

In addition to the WTTC's economic analyses, the DEAT commissioned a small exercise to look at the economic contribution of tourism and tourism employment in the year 2000. This exercise concluded that there were 574 236 employment opportunities in the tourism economy, with a growth of a very

specific 3 849 jobs over the previous year. The tourism economy employment number is very low and causes only further confusion.

It is argued that these figures indicate the problems with economic modelling which render the ability to know how many tourism employees there are and to track growth trends in tourism employment (Saunders, 2001a:11). It is therefore unsure how many people are employed through tourism. The reasons for not knowing, include the following:

- Economic modelling is not an exact science;
- The economic modelling of tourism is relatively new and still being developed;
- South Africa has a fairly unique employment situation with a large informal sector;
- The definition of employment is changing, i.e. contracting, self-employment;
- Basic economic data in South Africa is not yet totally reliable; and
- The tourism industry has many definitions and is complicated by casual, part-time and "outsourced" employment.

3.4.5 Travel and tourism statistics and data

Butler, *et al* (2001:297) state that a great deal of inconsistency exists between travel and tourism data that is largely due to problems of definition. Purpose of visit is one such definitional problem. When tourism is not defined, it generally means pleasure tourism or people on holiday(s), but formal definitions like that of the WTO tend to include anyone who is travelling.

The apparent inconsistency in figures is partly because many pleasure tourists stay in less conventional accommodation. Many surveys concentrate solely on hotel guests, thus much less is known about other staying visitors. Domestic tourists are more likely than international tourists to use accommodation other than hotels, as they are better placed to know alternatives. Until problems that relate to the definitions of tourism and hospitality are resolved and the

definitions become all-encompassing and apply with equal validity to all regions, there are likely to be continued difficulties and inconsistencies in understanding tourism and travel data and statistics.

Latham (2000:87) states that the collecting of tourism statistics is time consuming and complex. In some countries it is taken very seriously, to the extent that attempts are made to assess the size of potential errors. It is then possible not merely to provide a point estimate (that is, a single value) of say tourist numbers, but to give lower and upper bounds within which the true value is thought to lie. Some countries review their data collection procedures with a view to minimise errors subject to an acceptable cost.

However, not all countries attach the same importance to tourism statistics in general, and to certain measure in particular. For example, the expenditure of incoming tourists normally has high priority attached to it because of its positive contribution to the balance of payments. On the other hand, the number and spending of tourists who are visiting friends and relatives may be underestimated in countries in which measurement is through serviced accommodation establishments.

It is not surprising then that the interpretation of tourism data is fraught with danger. Latham (2000:87) gives the following key points to bear in mind when using tourism statistics, namely:

- Tourism statistics are normally estimates, often derived from sample surveys. As such, they are liable to various forms of error, many of which are impossible to quantify;
- For measurements which result from sample surveys, in general the smaller the sample size, the greater is the probable error;
- Even though the sample size for data relating to a region or country may give rise to acceptable levels of error, analysis of a subset of the data

pertaining to a smaller area or region may not be feasible owing to the much reduced sample size;

- Sample size is not everything. The true random sampling of tourists who are by their very nature on the move is not normally possible. A sample has to be formally and carefully constructed;
- Where methodology in collecting data changes (even when it is for the better), it is dangerous to compare results; and
- There are serious problems involved in attempting either to compare or to combine figures collected by different countries or organisations.

The final point arises because there is not only considerable variation in the methods employed by different countries, but also variation in the measures adopted. A notable example is that some countries count tourist arrivals (at least one night spent in the country visited), whereas others prefer to count visitor arrivals (this includes excursionists, i.e. those who do not stay overnight).

Figures should therefore be treated with caution due to the diversity of methodologies used by each nation in calculating travel and tourism figures.

3.5 ENTREPRENEURIAL ACTIVITY

3.5.1 Entrepreneurship and its contribution to GDP

A breakdown of the respective contributions to GDP shows that large enterprises contribute 65,2 percent of the GDP, followed by medium enterprises with 15 percent, small enterprises 13,9 percent and micro enterprises 5,8 percent. SMME's in the South African economy contributes 34,4 percent of the GDP (Ntsika Enterprise Promotion Agency, 2001:10).

Gauteng records the highest enterprise density of 4,9 percent and is followed by the Western Cape with 4,3 percent. The overall enterprise density for South Africa is 3,7 percent and the total number of self-employed individuals is 1 628 797 (Ntsika Enterprise Promotion Agency, 2001:32).

In the national economy, SMME's are becoming much more important in the job market. Their contribution to the GDP is increasing, but not to the same extent as in the case of employment. However, it seems that the jobs that are created by SMME's are not new (or additional) jobs, but rather employment opportunities with large enterprises. This is because the total numbers of workers that are employed are not increasing to the same extent as the SMME's share of employment and the rise in unemployment. This implies job substitution from large enterprises to SMME's. Although SMME's don't create new job opportunities, they have rather absorbed workers who are employed with large enterprises, but who lost their jobs for some or another reason. In this context, SMME's play an important role in job retainment (Ntsika Enterprise Promotion Agency, 2001:35).

3.5.2 Levels of entrepreneurship

The Global Entrepreneurship Monitor (GEM) measures the levels of entrepreneurship in different countries (Table 3.9 - page 102). South Africa was surveyed for the first time in 2001 while a total of 29 countries took part in the GEM. South Africa ranked 14th in the total entrepreneurial activity of the countries that took part.

An important finding of the study is that start-up businesses in South Africa seem to have the highest failure rate compared to start-up entrepreneurs in the other developing countries that took part in the GEM. It was found that the key to increase the number and quality of entrepreneurs in South Africa lies in education. It was also found that a businessperson that has an established business is more than twice as likely to succeed in any new venture that he/she starts. This points to the value of entrepreneurial experience in launching a successful venture (Big News, 2002b:1).

Table 3.9: The most entrepreneurial countries

| POSITIONS OF COUNTRIES | |
|-----------------------------|-------------------------|
| 1. Mexico | 10. Canada |
| 2. Australia | 11. Argentina |
| 3. New Zealand | 12. Italy |
| 4. South Korea | 13. Poland |
| 5. Brazil | 14. South Africa |
| 6. Ireland | 15. Finland |
| 7. United States of America | 16. Norway |
| 8. Hungary | 17. Denmark |
| 9. India | 18. Spain |

Source: Big News, 2002b:1

3.5.3 Entrepreneurial challenges

Binedell (2001:4) argues that firms face numerous daily challenges in their quest to survive over a sustained period of time. Every industry and individual firm faces a unique pattern of choices and opportunities. The South African business environment is undoubtedly caught up in an unusual period of structural change. Many well-established firms struggle to find their stride in the context in which the country now finds itself. One key driving force that shapes this landscape of opportunity and change is the shifting needs of markets and customers. However many firms, irrespective of their size, have developed a potentially disastrous viewpoint of their business.

Firms mainly focus to achieve month-on-month and year-on-year results. It becomes easy for them to fall into the trap of just making sales and making margins. One needs to be constantly aware that the perspective of a market and how it perceives to interpret value keeps on changing. Many South African businesses complain that volumes and margins suffer as a result of consumers who spend more discretionary income on cell phones, the Lotto, micro-lending and gambling. Businesses need to address new markets or need to re-organise the business to innovate products and services for the markets that remain available (Binedell, 2001:4).

3.6 CONSTRAINTS FACING TOURISM SIZE AND GROWTH

Constraints that can affect the size and growth of tourism enterprises in South Africa include the following:

3.6.1 Tourism demand

Malunga (2002:2) questions whether South Africa really gets a big share of global tourism as justified by what it has to offer. He argues that the total global tourism is 697,5 million arrivals, while South Africa in spite of a good December holiday season (2001) saw its arrivals drop by 2 percent in the first 11 months of 2001. One should consider Singapore that is a tiny island nation with limited natural resources. They received 7 691 090 visitors in 2000 while South Africa received 6 000 538 visitors. In 2001 Singapore had a respectable (compared with its size) 7 518 584 arrivals. Singapore received 667 148 arrivals alone in December, notwithstanding the decline in global tourism that followed the 11 September 2001 attacks (USA).

Singapore may not have much to offer as far as nature, but they know how to provide excellent service and have an effective public transport system. He argues that it is important to capitalise on short-term catalysts to develop long-term loyalties that generate repeat arrivals. The events of 11 September 2001 should taught us all that there is no longer an enclave of blissful safety anywhere in the world. South Africa can therefore no longer use the crime level as an excuse for the low rate of tourist arrivals or for tourists not returning to the country (Malunga, 2002:2).

Tourism, hospitality and leisure specialists Grant, *et al* (Witepski, 2001a:54) state that the South African casino gaming market is worth more than R6 billion a year. However, gaming remains low on the international visitor's list of priorities. The reason for this might be that South Africa could not compare with international offerings when it comes to entertainment. If the gaming industry wants to target international tourists, substantial entertainment over and above the gaming aspect should be offered.

3.6.2 The marketing of tourism products and services

Johnston (Smart, 2001a:41) mentions that tour operators find the cost of marketing South Africa as an adventure (tourism) destination overseas "prohibitive", and many tour operators don't have the funds to do so. When people think of South Africa, they tend to think safaris, Cape Town or Sun City and not about any other tourist activity that could exist in the country. South Africa might need a paradigm shift or a Government-driven initiative to show tourists all the extras what the tourism market has to offer.

Bannister (2001b:14) claims that if countries are not marketed correctly, they fall prey to "default positioning" by the media or by "societal opinions" which are usually directed by the media. South Africa is currently drifting from a global marketing perspective and is perceived to be an interesting developing country, but is tinged with the generally negative perceptions of Africa. South Africa is positioned by ongoing negative reports on crime, rape, malaria, HIV/Aids, corruption and emigration. As such, it is not surprising that the "tourism boom" has not yet taken off to the required levels and that foreign direct investment continues to disappoint.

In communicating a clear message, South Africa needs to understand the nature of its target markets and stakeholders and how they view South Africa (Bannister, 2001b:14). It is vital to emphasise the importance of three specific groups, namely:

- The South African public's belief, support and commitment;
- The South African and global media - the key influences of global and national opinions need to be engaged and managed; and
- The expatriate South Africans which can be grouped into the negatives, the neutrals and the supportive. South Africa needs to manage these groups and turn them into neutral (at worst) and ambassadors at best.

3.6.3 Environmental impacts

The Greater Johannesburg area is the single most important economic region in the country (DEAT, 2002b:11). However, a number of problems face Johannesburg in particular, namely:

- Mining causes air and land pollution;
- Water and noise pollution;
- There is a lack of education, training and general environmental awareness;
- Administrative structuring is poor and environmental management is not integrated into local Government;
- Poverty, overcrowding and unemployment lead to environmental health problems;
- Poor resource management leads to wastage, lack of water resources and unsustainable practices;
- Standards are not uniform; and
- There is a lack of financial and human resources to undertake environmental management.

People who live in urban areas often have little contact with the natural environment and may know (or care), very little for their impact on it. At present, about 52 percent of SA's total population live in metropolitan and urban areas. It is estimated that by 2010, more than 60 percent of the population will live in urban areas (DEAT, 1999b:122).

3.6.4 Social impacts

The World Health Organisation (WHO) (Dicey, 2001a:34) states: "Visitors perceive that if travelling to SSA, one has a good chance of contracting HIV/Aids". Another destination might be chosen where the tourist thinks that HIV/Aids cannot be contracted as easily. Saunders (Dicey, 2001a:34) argues: "The international HIV/Aids conference in South Africa (2001) also put the country on the map as the Aids Capital of the world".

According to the Department of Health (2001:36) little research is available regarding the relationship between HIV/Aids and tourism. Potential risks can be identified that are incurred by tourists while on vacation. Such an evaluation might focus on inter alia tourists access to sex workers, casual sex and excessive consumption of alcohol and recreational drugs. The tourism and hospitality industries are especially characterised by labour mobility, seasonality, a high rate of casual labour, rural and urban locations, staff quarters and high levels of unskilled and semi-skilled labour. All these elements point to an industry that is likely to be seriously affected by HIV/Aids.

3.6.5 Regulation of the tourism industry

Fourie (Dampier, 2001:51) mentions: "Fly-by-night tour operators jumping on the bandwagon threaten the integrity and professionalism of the industry as they lack the expertise required to give international guests a world class experience".

3.7 CONCLUSION

There is no other growth industry of comparable size and geographic coverage that comes near the performance of tourism. Its growth prospects are equally impressive if one looks ahead into the next century.

The attacks on the USA on 11 September 2001 led to a disappointing year for international tourism in 2001. However, South Africa benefits currently from it as a long-haul tourist destination. There are high expectations that the tourism industry will attract large numbers of tourists, international as well as local. To ensure this, South Africa will have to select its markets and strategies carefully.

Tourism demands are changing all the time as the industry is in a constant state of flux. It will be essential for entrepreneurs to consider these demands in ensuring larger numbers of tourists and repeat visits.

Various definitions are used for "the tourism industry". It leads to mixed messages and confusion to determine the number of people that are employed in the South African tourism industry. It is therefore essential that tourism statistics and data should be interpreted with caution.

4.1 INTRODUCTION

Entrepreneurship is an important contributor to the economy of the country. However, South Africa is left with the challenge to improve on its performance regarding its entrepreneurial capacity.

The following chapter focuses on the link that exists between entrepreneurship and tourism in South Africa and considers the major role players and opportunities in the tourism industry.

4.2 SMALL BUSINESSES, ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

The purpose of this chapter is to establish whether an enterprise is considered as being small, medium or large.