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

BY

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Submitted in partial fulfilment of the requirements for the degree of Philosophiae Doctor in the Faculty of Economic and Management Sciences

University of Pretoria
Department of Tourism Management
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LIST OF ACRONYMS AND ABBREVIATIONS

ASATA - Association of Southern Africa’s Travel Agent
BABASA - Bed and Breakfast Association of South Africa
B&B - Bed and Breakfast
BEE - Black Economic Empowerment
CD - Compact Disk
CEO - Chief Executive Officer
CTRU - Cape Town Routes Unlimited
DEAT - Department of Environmental Affairs and Tourism
EIA - Environmental Impact Assessment
ETEYA - Emerging Tourism Entrepreneur Yearly Awards
FEDHASA - Federated Hospitality Association of South Africa
FIFA - Federation of International Football Association
FIT - Fully Inclusive Tour
FTTSA - Fair Trade in Tourism South Africa
GPG - Gauteng Provincial government
GDP - Gross Domestic Product
HIV - Human Immunodeficiency Virus
HRD - Human Resource Development
ICCA - International Congress and Convention Association
ICT - Information Communication Technology
IDD - International Direct Dialling
IDP - Integrated Development Program
IMC - International Marketing Council
ISDN - Integrated Services Digital Networks
IT - Information Technology
N/A - Not Applicable
NAA - National Accommodation Association
NEPAD - New Partnership for Africa Development
NGO - Non-governmental Organisations
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<tr>
<td>NSMTA</td>
<td>Non-Metropolitan Small to Medium-sized Tourism Accommodation</td>
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<td>NTO</td>
<td>National Tourism Organisation</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
</tr>
<tr>
<td>RETOSA</td>
<td>Regional Tourism Organization of Southern Africa</td>
</tr>
<tr>
<td>PCI</td>
<td>Problem Centred Interviews</td>
</tr>
<tr>
<td>PEST</td>
<td>Political, Economic, Social and Technological</td>
</tr>
<tr>
<td>SAA</td>
<td>South African Airways</td>
</tr>
<tr>
<td>SAPA</td>
<td>South African Press Association</td>
</tr>
<tr>
<td>SAT</td>
<td>South Africa Tourism</td>
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<tr>
<td>SARS</td>
<td>South Africa Revenue Services</td>
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<td>SATGC</td>
<td>South Africa Tourism Grading Council</td>
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<td>SATOUR</td>
<td>South African Tourism (Old Acronym)</td>
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<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
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<tr>
<td>SMMEs</td>
<td>Small, Medium Micro-Enterprises</td>
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<td>STATS SA</td>
<td>Statistics South Africa</td>
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<tr>
<td>STB</td>
<td>Scottish Tourism Board</td>
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<tr>
<td>SWOT</td>
<td>Strength, Weaknesses, Opportunities and Threats</td>
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<tr>
<td>TBCSA</td>
<td>Tourism Business Council of South Africa</td>
</tr>
<tr>
<td>TEP</td>
<td>Tourism Enterprises Programme</td>
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<tr>
<td>TGCSA</td>
<td>Tourism Grading Council of South Africa</td>
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<tr>
<td>THETA</td>
<td>Tourism, Hospitality and Sport Education and Training Authority</td>
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<td>VFR</td>
<td>Visiting Friends and Relatives</td>
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<td>WSSD</td>
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<td>WTOBC</td>
<td>World Tourism Organisation Business Council</td>
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<tr>
<td>WTTC</td>
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DECLARATION

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

---------------------------------------------
Signature

---------------------------------------------
Date
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Finally, I thank Almighty God for giving me strength, courage and confidence throughout the study period.
KEY CONCEPTS

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

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

**Demand** refers to a schedule amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time (Cooper, 2004:76)

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

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

**Market** is an aggregate of supply and demand bringing together informed buyers and sellers, setting the public price for products or services offered. A market consists of customers, suppliers, and channels of distribution and mechanisms for establishing prices and effecting transactions. In the case of tourism, the market comprises several components, the most important being accommodation, attractions, food and beverages and consumers (Poon, 2005, Zyman, 1999).
Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives (Boone and Kurtz, 2007:202). It is a continuous process associated with identifying the particular wants and needs of a target market of customers, and then going about anticipating and satisfying customers better than the competitors but making profit. This involves doing market research on customers, analysing their needs, and then making strategic decisions about product design, pricing, promotion and distribution. (Onkvisit and Shaw, 2004, Seaton, and Bennett, 1996)

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

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

Strategic plan is concerned with an organisation's basic direction for the future, its purpose, its ambitions, its resources and how it interacts with the world in which it operates. Therefore, for tourism accommodation enterprises, a strategic plan will include activities or actions that enhance the enterprise's mission, matching intentions with resources, and forecasting future direction in terms of customer demands and the necessary steps to meet these through supply.
Supply refers to the provision and supply of all assets, services and goods to be enjoyed or bought by visitors (tourists) and occasioned by the journey of tourists (Smith, 2001).

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

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

Tourist describes any person travelling to a place other than that of his/her usual environment for less than twelve consecutive months and whose main purpose of travel is other than the exercise of an activity remunerated from within the place visited.
ABSTRACT

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

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

The researcher identified a number of the NSMTA enterprises, which had gained strategic locational advantages because of their positioning in proximity to areas like the Kruger National Park, the Bela-Bela warm baths and mineral springs, the Bushveld countryside of the Waterberg and the scenic beauty of the Valley of the Olifants in the vicinity of Hoedspruit, that appeared to give accommodation operators a better chance of success. These locations generally exhibited characteristics that placed NSMTA facilities in relevant and viable settings in terms of convenience, to ultimately contribute to growth in the tourism industry. The long-accepted notion that the majority of small business owners in South Africa had lower socio-economic status was not supported in that many of the
respondents were professional people and farmers who had other sources of income. In addition, the study’s findings regarding the development of informal enterprises is contrary to the general perception which assumes that ‘informal sectors develop spontaneously; it revealed that even the smallest of tourism accommodation operators did some kind of planning before the actual establishment of their operation.

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

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

Tourism promotion efforts were inconsistent throughout all four tourism regions and within the accommodation enterprise categories. Variations were influenced by factors such as visitor demand, regional characteristics, and physical accessibility of the region, the business size the owners/manager’s motivation, management style and marketing strategies.
The research findings point to a number of key issues that create a gap between demand and supply. Contextual differences related to contrasting geographical environments, the nature and size of the tourism accommodation operation, its management and ownership structure, the personal characteristics and abilities of the owner/manager and understanding the socio-economic importance of the tourism business. Ultimately the study presents a generic strategic plan geared to reacting to change and the demand conditions in the tourism accommodation market. If implemented, its integrated and long-term approach could enhance tourism development at local, provincial and national levels.