

CHAPTER 1

INTRODUCTION

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Tourism is emerging as a leading global economic driver for the 21st century. In South Africa it is already an important contributor to employment and wealth creation, with a huge flow-through effect that touches all sectors of the economy. Between 1995 and 1998 tourism created 187 170 new jobs across the South African economy alone [WTTC, 1998]. It has enormous potential as a catalyst for future economic and social development throughout the entire Southern African region.

With a population of approximately 41 million and a land area of 1,27 million square km [nearly five times the size of the United Kingdom], South Africa's resource base for tourism is phenomenal. The country's tourism attractiveness lies in its diversity. Some of the features which make South Africa an attractive tourist proposition include: accessible wildlife, varied and impressive scenery, unspoiled areas, diverse cultures and generally sunny, hot climate, no "jet lag" from Europe, a well developed infra-structure and virtually unlimited opportunities for special interest activities such as hunting, whale watching and hiking [Lubbe, 2003: 98].

Tourism, however, has become a fiercely competitive business for tourism destinations the world over. Competitive advantage is no longer natural, but increasingly man-made, driven by science, technology information and innovation. As such it is not simply the stock of natural resources of South Africa that will determine her share in the tourism market, but rather how these resources are managed and integrated with other competences to create a competitive advantage.

As we enter the 21st century, many new and exciting opportunities await us in the tourism industry. The advent of globalisation has coincided with the boom in the tourism sector. This boom has presented new and exciting challenges. One objective

of this study was to develop a new paradigm to remain competitive within the international tourism industry.

To ensure that the benefits from increasing globalisation are shared, all countries need to ensure that they have the necessary level of competitiveness [Dwyer, 2001: 30]. As the WTTC recently stated, “maintaining competitiveness has become an increasing challenge for destinations” [WTTC, 2001]. However, it is not always clear where inefficiencies that could be rectified might exist. The constantly growing number of travel destinations and the enhanced quality of existing ones put great pressure on those responsible for a given destination to find better ways to compete in the tourism marketplace and to do so in a sustainable manner. The first step in achieving this goal is to better understand those forces and success factors that determine the competitiveness of major tourism destinations. Success factors of a specific destination can then be identified and integrated to ensure sustainable growth for the destination within a competitive environment.

1.2 PROBLEM MOTIVATING THIS STUDY

In recent tourism literature, researchers have introduced concepts and relevant models about tourism destination competitiveness for example, [Jones, 1995; Crouch and Ritchie, 1999; Ritchie and Crouch, 2000; Hassen, 2000; Thomas and Long, 2000; Kozak, 2001; Dwyer, 2001; and Yoon, 2002]. Most of these studies have focused on how effectively and efficiently destination competitiveness can be improved to respond to escalating market competition. By far the most comprehensive destination planning models that have been developed are those of Crouch and Ritchie [2000] and Dwyer [2001]. Although both these models are comprehensible in terms of including all important aspects that will impact on destination competitiveness, they fail to clearly identify the strategic relationships between the critical factors in the models and how they can be integrated for sustainable growth and competitive advantage.

Furthermore, although a number of studies have addressed concepts and relevant models concerning destination competitiveness, no empirical study has been undertaken to develop an integrative strategic model capable of identifying and integrating critical success factors in such a manner that the interrelationships

between all factors, as well as the contribution to international competitiveness and sustainable growth can be determined.

Tourism has enormous potential as a catalyst for future economic and social development. South African Tourism [2002: 25] set the following target growth rates for tourism in South Africa:

- Volume growth of between 5,5-6% CAGR between 2002 and 2005
- Revenue growth of between 12 and 13 percent CAGR between 2002 and 2005

To make these targets a reality, South Africa must become more competitive as an international destination. In this study it is argued that one of the best ways to do this is to identify and integrate the critical success factors that will boost competitive advantage and achieve sustainable growth over the longer term.

It is evident however, that South Africa's tourism growth is blocked by specific factors – most of them related to issues under local South African control. These problems include a poor perception of the security and safety of tourists when travelling in South Africa, a lack of adequate international and domestic marketing, shortages of well-trained, tourism-friendly staff, restrictions on international flights [closed skies], weak linkages within the private and public sectors, and fragmentation within the sector itself [SA Tourism, 2000: 27].

Given the new challenges related to the strategic identification and integration of critical success factors the following question arises:

How can critical success factors be identified and integrated to achieve competitive advantage and sustainable growth for South Africa as a tourism destination?

To develop a strategy for addressing and solving the main problem, the following sub-problems were identified:

- a] What is the nature and extent of critical success factors?

- b] What are the new developments in the field of strategic management and planning that can be used as a framework for the identification and integration of critical success factors?
- c] How can this framework be utilised to develop a model for the identification and integration of critical success factors in tourism destinations?
- d] What possible critical success factors will impact on the competitiveness of South Africa as a tourism destination?
- e] Which critical success factors should South Africa focus on and how they can be integrated?

1.3 PURPOSE OF THE STUDY

The purpose of the study was to develop a model that will enable the strategic identification and integration of critical success factors to achieve sustainable growth and competitive advantage for a tourism destination. The particular context for testing the model was international tourism flows to South Africa.

More specifically, the objectives of the study were:

- a] To provide an overview and strategic analyses of the international and South African tourism industries;
- b] To critically analyse the contemporary literature on critical success factors and strategic management;
- c] To develop a strategic destination competitiveness model for the identification and integration of critical success factors;
- d] To critically analyse the key components of this strategic destination competitiveness model;
- e] To determine possible critical success factors for a destination such as South Africa and how they can be integrated;
- f] To provide guidelines on the identification, integration and management of critical success factors to ensure destination competitiveness and sustainable growth.

1.4 SIGNIFICANCE OF THE RESEARCH

The significance and potential contribution of this study can be discussed from both theoretical and practical standpoints.

Basically the study contributed to a theoretical enhancement of the current level of knowledge in the existing literature on tourism destination competitiveness. This was achieved by developing a destination competitiveness model based on an extensive literature study, and testing this model in the practical context of the South African situation. In terms of its practical contribution, the findings of the study were used to make specific strategic recommendations on how to improve the competitiveness of South Africa as a destination.

One expected advantage of the proposed model is the framework that will enable any destination to identify critical success factors in a balanced, coordinated and integrated manner. This is not possible with any of the other existing destination competitiveness models. Since little research has focused on tourism destination competitiveness from the viewpoint of the inter-relationship between critical success factors, this study could provide new insights about how tourism destination competitiveness could be improved by examining the identification and integration of critical success factors for a destination.

1.5 METHODOLOGY OF STUDY

Both a literature study and an empirical investigation were undertaken.

1.5.1 The literature study

The initial step in the research effort was to undertake a comprehensive study of international as well as national literature in the following fields:

- New developments in strategic management and strategic planning
- Identification and integration of critical success factors

- Strategic planning in the tourism industry
- Competitive tourism destination planning and marketing

a) The international literature study

At an international level, the literature study entailed the use of various library and electronic library facilities to acquire relevant sources of information.

The international literature study provided no in-depth studies or research available on critical success factor identification or integration for a tourism destination. It did, however, provide information on the existence of:

- i] Some basic books on strategic management; examples are:
 - Porter [1985]; Porter [1990]; Mintzberg [1994]; Hamel and Prahalad [1994]; Ellis and Williams [1995]; Wright *et al* [1996]; Hax and Majluf [1996]; David [2001]; Thompson and Strickland [2002]; Stacey [2003]; Johnson and Scholes [2002]; Lynch [2003]; Hitt Ireland and Hoskisson [2003]; and Mintzberg *et al* [2003]..
- ii] Some relevant articles and books on critical success factor identification and integration include:
 - Rockart [1979]; Leidecker and Bruno [1984]; Hardaker and Ward [1987]; Jenster [1987]; Porter [1990][1995]; Fishman [1998]; Kaplan and Norton [1996]; Davidson and Maitland [1997].
- iii] Some recent articles and books on strategic planning and strategic destination planning in tourism include:
 - Poon [1993]; Smith [1994]; Bloom and Leipoldt [1995]; Dorsey [1995]; Muller [1997]; Bendixen and Cronsens [1996]; Trout [1996]; Chacko [1997]; Faulkner [1997]; Burns [1998]; Vellas and Bécherel [1998]; World Tourism Organisation [1999, 2000, 2001]; Crouch and Ritchie [1999]; Gouldner and Ritchie [2000]; Buhalis [2000]; Hall [2000] and Dwyer [2001].

- iv] Some recent and relevant theses on tourism destination competitiveness include Fabricius [2001] and Yoon [2002].

b] The national literature study

The national literature study comprised a comprehensive study of both published and unpublished information on all aspects pertaining to the South African tourism industry. Initially various organisations such as South African Tourism [SAT] and the Tourism Business Council of South Africa [TBCSA] were approached to:

- i] Obtain clarity on the problem motivating this study;
- ii] Acquire the necessary background information; and
- iii] Solicit support for this study.

A completed cluster study by the South African Government on tourism in South Africa [1999], was also obtained and studied.

1.5.2 The empirical survey

As indicated in the previous sections, one of the major goals of this study was to develop a destination competitiveness model that could be used to identify and integrate critical success factors for an international destination. This model was tested by conducting an empirical survey that used the model to identify and integrate critical success factors for South Africa as an international destination.

a] Objectives of the empirical investigation

To obtain clarity on the strategic identification and integration of critical success factors for South Africa as a tourism destination the aim of the empirical investigation was to:

- Identify critical success factors considered as important by South African tourism stakeholders;

- Demonstrate the integration of these critical success factors to achieve sustainable growth and competitiveness for the destination;
- Formulate specific strategic recommendations for South Africa as a tourism destination based on the empirical findings.

b) Scope of the empirical investigation

The scope of the empirical investigation centered around two issues, namely:

- Which stakeholders to include in the empirical investigation; and
- What type of research procedure to follow?

On the basis of discussions with key stakeholders and in accordance with the objectives of this study, it was decided to take national tourism stakeholders as represented at the yearly national Tourism Indaba of South Africa 2002 as the population for this survey.

These stakeholders were chosen as they were regarded as the major stakeholders, directly or indirectly involved in attracting or servicing the international tourism market in South Africa. These stakeholders were also considered to be in the best position to identify critical success factors for South Africa as an international tourism destination. Table 1.1 reflects the distribution of stakeholders included in the population.

Table 1.1 Population size classification

	Stakeholder Segment	Number of Representatives
1	Accommodation/Conference facilities/Restaurants	327
2	Game Lodges/Game and Nature Reserves/Show farms	154
3	Tour operators and travel agents	275
4	Tourist attractions	59
5	Transport	30
6	Tourism associations	12
7	National Tourism Organisations	13
8	Provincial Tourism	11
9	Local/Regional Publicity Associations	15
10	Tourism marketing organisations	24
	TOTAL	920

The measuring instrument used in the survey was a comprehensive questionnaire developed by the researcher based on the information from the literature study. To test the validity of the questionnaire it was critically reviewed by six senior managers of the tourism sector in South Africa and by the promoter and the co-promoter of the study. Several improvements were incorporated in the layout and contents of the questionnaire based on the feedback received from the pilot group.

1.6 AN OUTLINE OF THE STUDY

The thesis was planned to include the following chapters:

Chapter 1 serves as a general introduction and states the background of the study, the problem motivating the study, the purpose of the study, the significance of the research, the study methodology and the outline of the study.

Chapter 2 provides an overview of the international and South African tourism industry. An in-depth analysis is provided of the “tourism industry”, “tourism product”, “international tourist” and “tourism destination”. Thereafter specific characteristics of the industry are outlined, the development and organisation of the tourism industry in South Africa is described and the international and South African tourism industries are strategically analysed.

Chapter 3 offers an explanation of the nature and extent of critical success factors, explores the sources of critical success factors and investigates the determination of factor importance as well as critical success factor indicators within a strategic management framework.

Chapter 4 develops a model for the identification and integration of critical success factors. In the first part of the chapter, a theoretical analysis of the evolution of strategic management thought is presented. The second part of the chapter applies the strategic management framework to tourism destinations and uses it to develop a destination competitiveness model.

Chapters 5, 6 and 7 critically analyse and develop the three components of the destination competitiveness model formulated in Chapter 4. **Chapter 5** examines the international competitive assessment component consisting of an international resource and factor analysis, an international market analysis, a competitor analysis and identifies international destination success factors. **Chapter 6** evaluates the destination strategic direction and positioning process as a component of the model. **Chapter 7** investigates how the critical success factors of a tourism destination can best be identified and integrated.

Chapter 8 summarises the destination competitiveness model developed out of the literature study and critically compares it with similar models found.

Chapter 9 documents the process used during the empirical study and the profile of the respondents to the questionnaire.

Chapter 10 discusses the results of the research while **Chapter 11** evaluates the research conclusions and findings of the study and makes strategic recommendations based on these. In conclusion, suggestions for future research arising from the findings of this study are made.

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