



TRADE AND INDUSTRY CHAMBER

**FUND FOR RESEARCH INTO INDUSTRIAL DEVELOPMENT,
GROWTH AND EQUITY (FRIDGE)**

**COMMUNITY/ROUTES TOURISM SECTOR STUDY:
EXECUTIVE SUMMARY**

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LIST OF ABBREVIATIONS

ASATA – Association of South African Travel Agents
ASGISA – Accelerated Shared Growth Initiative of South Africa
BBSDP – Black Business Suppliers Development Programme
CBT – community-based tourism
CPS – Customised Sector Programme
DBSA – Development Bank of Southern Africa
DEAT – Department of Environmental Affairs and Tourism
DoL – Department of Labour
DPLG – Department of Local Government
The dti – Department of Trade and Industry
FEDHASA – Federated Hospitality Association of South African
FIT – fully independent traveller
FRIDGE – Fund for Research into Industrial Development, Growth and Equity
FTTSA – Fair Trade in Tourism South Africa
GDP – gross domestic product
HDE – historically disadvantaged enterprises
HDI – historically disadvantaged individuals
HSRC – Human Sciences Research Council
IDC – Industrial Development Corporation
ISRDP – Integrated Sustainable Rural Development Programme
LED – local economic development
MCBTE – marginalised community-based tourism enterprises
NDOT – National Department of Transport
PPP – public–private partnerships
SAMAF – South African Microfinance Apex Fund
SANParks – South African National Parks
SAT – South African Tourism
SATSA – South African Tourism Service Association
SEDA – Small Enterprise Development Agency
SMEDP – Small and Medium Enterprise Development Programme
SMME – small, micro, and medium enterprises
TEP – Tourism Enterprise Programme
TGCSA – Tourism Grading Council of South Africa
THETA – Tourism, Hospitality and Sport Education Training Authority
UNWTO – UN World Tourism Organisation

EXECUTIVE SUMMARY

This report has been commissioned by FRIDGE with the objective of looking at the potential of CBT to uplift marginalised communities using route tourism as an intervention.

In order to ensure consistent understanding, three important terms need to be clarified.

1. Community-based tourism (CBT) refers to tourism that takes place in a community, identified by common culture, common interests, or geography, either in an urban or rural environment.
2. A marginalised CBT enterprise (MCBTE) is one that does not fall within the mainstream economy, and is run by the poorest of the poor.
3. Routes tourism refers to the marketing mechanism of connecting a number of tourism offerings into one consolidated 'brand' or route.

Government has identified tourism as one of the key priority economic sectors in South Africa, due to its potential to contribute to employment, growth, and equity. Research conducted during this study points to several reasons why CBT should continue to be a prioritised area of support for government:

- MCBTE can make inroads into the tourism mainstream given the appropriate support.
- CBT can bring development to areas that offer limited economic potential in other sectors.
- Tourism can help protect the natural environment and foster the cultural integrity of destinations.
- Tourism has lower barriers to entry than many other sectors of the economy.
- Tourism has extensive supply linkages into other service sectors.
- CBT creates an opportunity to historically disadvantaged enterprises (HDEs) wishing to enter the tourism economy.
- Global research shows that consumers are increasingly attracted to CBT offerings.
- CBT is already provided by many players in the South African tourism economy.

The structure of this report follows the objectives and focus areas of the Tourism Act of 1993.

CBT as contributor to the key objectives of SAT

Given the demands made on Government regarding tourism development in South Africa, in line with the Accelerated Shared Growth Initiative of South Africa (ASGISA), it is worthwhile to assess how effective community based tourism would be in contributing to the key objectives of SAT.

1. Increase in tourist volume

In its Global Competitiveness Programme, South African Tourism (SAT) has identified a number of product gaps that could be filled by CBT. Increasing the attractiveness of the destination will increase the number of tourists visiting. Furthermore, targeted marketing to niche tourists interested in certain types of CBT experiences could increase visitor numbers.

2. Increase tourist spend

There exists an opportunity to entice tourists to spend more through providing greater product diversity, and 'up-selling' this to consumers.

3. Increase length of stay

The more activities on offer to the tourist, the greater is the ability to encourage a greater length of stay.

4. Improve geographic spread

Developing CBT routes will facilitate the geographic spread of travellers by encouraging them to go 'off the beaten track'.

5. Improve seasonality patterns

CBT offerings can appeal to particular niche markets, which can be developed to combat seasonality.

6. Promote transformation

Development of MCBTE will facilitate the transformation of the industry at its most fundamental, grassroots level.

Interventions in the context of the 6 focus areas of SAT

Interventions are not mutually exclusive. First and foremost, a more integrated approach to CBT needs to be achieved through effective collaboration and co-ordination of all role players.

1. Understand the Market

Key consideration: There is no consistent understanding of the term 'community-based tourism'. Not only does it vary from country to country, but even in South Africa different stakeholders interpret the definition in different ways.

Proposed intervention 1: the dti should engage with all stakeholders to form a common understanding and devise a macro-approach to creating an integrated support programme for CBT at all levels.

Key consideration: The research has shown that route tourism is understood differently by different stakeholders. Vastly different tourism offerings such as the Stellenbosch Wine Route, Soweto and the Cradle of Humankind all consider themselves to be tourism routes.

Proposed intervention 2: the dti should workshop the opportunities afforded by route tourism with relevant stakeholders. This should be part of the process of designing an integrated approach as proposed above.

Key consideration: There is little understanding of what attractive niche markets there might be in the world. South African Tourism, whilst being the custodian of much tourism research, has a limited budget and needs to be selective with regard to its research undertakings. Furthermore, SAT is responsible for the generic marketing of tourism in South Africa, and thus would not be in a position to conduct focussed niche market research.

Proposed intervention 3: the dti should lead a process of researching niche opportunities.

The tourism value chain is an often misunderstood term. Tourism is structured in such a way that a number of intermediaries are involved in providing the final experience to the tourist. This means that often much of the value to be extracted from the tourist rests with these intermediaries, and is not passed on to the end product.

Proposed intervention 4: the dti should study further the impact of the tourism value chain on MCBTE and identify interventions to assist.

2. Choose the attractive segments

Key consideration: Niche markets may represent as yet little-understood opportunities for new market penetration. South Africa does have a number of private companies, as well as institutions, how are successfully accessing certain lucrative niche markets.

Proposed intervention 1: the dti should facilitate collaboration and co-operation among businesses that serve, or seek to serve, certain niche markets.

Proposed intervention 2: the dti should, through the FRIDGE fund, continue to research niche market opportunities, particularly those that will support the inclusion of MCBTE.

Proposed intervention 3: the dti should interrogate the market segmentation work completed by SAT, with a special emphasis on looking for markets that could benefit MCBTE, together with encouraging additional, focused research at a provincial and local level.

3. Market the destination

Research shows that route development is considered worldwide to be a viable means of marketing a particular destination. However, many local authorities and small businesses do not have the skills or experience to lead a process of clustering via route or destination development. This is not unique to South Africa, but as seen in our case studies is a barrier to route development all over the world. South Africa could learn much by understanding the processes undertaken to develop routes in the rest of the world.

Proposed intervention 1: Understand and communicate best practice in route development.

Key consideration: In order to gain further support for the development of community based tourism in South Africa, it is important that a relatively immediate impact be felt by the community. In assessing the options for short, quick interventions it became clear that activities such as walking tours are relatively easy to establish, and are ideal for rural areas of scenic beauty. It is important to note that it is not **the dti's** role to develop tourism product, but the department could assist in promoting the opportunity.

Proposed intervention 2: the dti should lead a process of discussing walking tours as a CBT market opportunity for certain areas of the country.

Key consideration: The establishment of a major iconic route is considered to be a successful tourism development practice, but there is no consensus amongst stakeholders in South Africa as to attractiveness of such a proposition. In addition, as the research shows, this type of development is not without its challenges, most notable of which is the difficulty of co-ordinating such a vast array of stakeholders.

Proposed intervention 3: the dti should, together with key partners and stakeholders, consider the opportunity presented by the development of a major iconic route in South Africa.

4. Facilitate the removal of obstacles:

A number of obstacles exist to the development of CBT routes tourism as well as the development of MCBTE.

Obstacle 1 – Lack of integrated and aligned tourism development, and development planning.

DEAT and SAT attempt to influence tourism product development through the distribution of strategic research, but often without the support of the provincial and local authorities as well as those of industry. This often results in an oversupply of certain products as well as the undersupply of others. This lack of co-ordination also hampers the provision of infrastructural services and other support requirements.

Proposed intervention 1: the dti should assist in the co-ordination of development efforts in tourism in South Africa.

Obstacle 2 – Public transportation

South African Tourism states that “consumer-satisfaction research revealed that public transport was consistently among the lowest performing of all SA products in the quality of the experience.” The lack of appropriate public transport is not only a source of dissatisfaction, but also dissuasion of tourist to South Africa. This is due to the fact that many tourists are reluctant to hire their own vehicle, but do not want the inflexibility of a scheduled bus tour.

Proposed intervention 2: the dti, together with its partners, should continue to lobby and work with the appropriate ministries for improvement of the public transport infrastructure.

Obstacle 3 – Safety and security

South African Tourism has identified the lack, real or perceived, of safety and security as a key obstacle in the growth of tourism numbers top South Africa. This is especially relevant to MCBTEs, which are often considered to be “off the beaten track.”

Proposed intervention 3: the dti should continue to lobby and work with key partners to improve both the perceptions and the reality of tourist safety and security.

Obstacle 4 – Information

The lack of appropriate and relevant information at all stages of the tourist's planning and visit has been identified as a key obstacle to development. Many outstanding tourism experiences are not supported simply due to the fact that the consumer does not have sufficient information. In addition, many tourists are reluctant to explore due to the lack of suitable road signage and the fear of getting lost.

Proposed intervention 4: the dti should facilitate more effective information packaging and promotion for MCBTE.

Proposed intervention 5: the dti should work with the Department of Environmental Affairs and Tourism (DEAT), and relevant provincial and local authorities, to develop and implement an appropriate national tourism road signage policy.

Obstacle 5 – Skills development

MCBTEs will only succeed with the improved provision of training to these enterprises. Research shows that there is an extremely high failure rate amongst MCBTEs due to the lack of skills of the owner.

This is further hampered by the fact that there is a shortage of tourism skills amongst municipal officials, who are then unable to provide the necessary support.

Proposed intervention 6: the dti should support the Tourism, Hospitality and Sport Education Training Authority (THETA) and the Tourism enterprise Programme (TEP) in the further development of skills programmes for MCBTE.

Proposed intervention 7: the dti should lobby for the rapid roll-out of tourism training for municipal officials by the Development Bank of South Africa (DBSA) and THETA, and other relevant institutions.

Obstacle 6 – Lack of funding for new enterprises

Whilst various funding mechanisms do exist, these are often not suitable for new enterprises due to the criteria of the fund.

Proposed intervention 8: the dti should support the recommendations as identified in the DEAT report, 'A study of the tourism second economy', to be released later this year, and include considerations of MCBTEs in its review of tourism incentives.

Obstacle 7 – Quality assurance

In interviewing tour operators regarding their support for the development of an iconic tourism route in South Africa, it became clear that there were grave concerns regarding the quality of the product offerings. Whilst the Tourism Grading Council of South Africa has been established as the mechanism for quality assurance in tourism in South Africa, the existing categories do not have the flexibility required for the needs of MCBTEs.

Proposed intervention 9: the dti, together with the DEAT, TEP, Small Enterprise Development Agency (SEDA) and other key players, should engage with the Tourism Grading Council of South Africa (TGCSA) to identify a way of establishing a set of minimum standards for MCBTE, where products fall out of existing categories, and as a precursor to formal grading.

5. Facilitate the platform

All levels of government, as well as industry associations, need to understand their various roles and have the capacity and skills to fulfil these roles.

Proposed intervention 1: the dti should lobby for a centralised co-ordinating committee (cluster) consisting of all the relevant departments and agencies.

Proposed intervention 2: the dti should facilitate a best practice study among industry associations.

6. Monitor and learn from tourism experience

Monitoring at product and local level is essential for the ongoing success of any CBT initiative.

Proposed intervention: the dti should assist in the establishment of a local monitoring system.

Conclusion

A number of obstacles exist in using access to the tourism economy as a means to uplift marginalised communities. These obstacles can be overcome by certain interventions, but it will require a concerted and co-ordinated effort on the part of government and the industry.

the dti can play a greatly needed supportive role in tourism development, but the overarching responsibility should lie with DEAT, as well as the tourism industry and its associations.

