



**TRADE AND INDUSTRY CHAMBER**

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

**COMMUNITY/ROUTES TOURISM SECTOR STUDY: GROWTH STRATEGY**

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*ECIAfrica*  
Maple Place North Momentum Park  
145 Western Service Road  
Woodmead, 2148  
Tel: 011 802 0015  
Fax: 011 802 1060  
Website: [www.eciafrica.com](http://www.eciafrica.com)

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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.

## 1. INTRODUCTION

Tourism has been identified by Cabinet as one of the key priority economic sectors in South Africa, due to its potential to contribute to employment, growth, and equity. In support of the tourism sector, **the dti's** tourism desk embarked on a series of studies in order to understand high-growth niche-tourism segments better. In total, three studies were commissioned by the Fund for Research into Industrial Development, Growth and Equity (FRIDGE), namely on business tourism, backpacker tourism, and CBT routes.

This report is part of the study conducted into CBT routes, which has as its main output a better understanding of the barriers, drivers, size, and potential of CBT in South Africa in the context of assisting marginalised communities. The terms of reference also require recommendations as to growth interventions. There is growing evidence that the creation of specific tourism routes can enhance the success of CBT products by creating, inter alia, access to the market and a supportive infrastructure in which to grow. This study, therefore, looks at both local and international examples of tourism routes and destinations in order to extrapolate recommendations based on best practice.

While a full discussion of definitions ensues later in the report, we must define three very important concepts up front. The first is that of CBT, which for the purpose of this report refers to tourism that takes place in a community, identified by common culture, common interests or geography, either in an urban or a rural environment.

The second concept is that of the MCBTE – this refers to those enterprises in the tourism industry that do not fall within the mainstream economy. In other words, the poorest of the poor in South Africa. This second concept is the main focus of this report, as the interventions discussed will specifically address benefiting these enterprises.

The third concept is that of 'routes tourism'. In this context, the term is used to define the marketing mechanism of connecting a number of tourism offerings into one consolidated 'brand' or route.

## 2. BACKGROUND AND STRUCTURE

Much debate has been held in South Africa regarding the existence of a 'second economy', as first introduced in a speech by President Thabo Mbeki in 2003. While the debate on semantics will no doubt rage for quite some time, there is no disagreement on the fact that South Africa has marginalised citizens who have little access to the benefit of a growing economy in South Africa.

Deputy President Phumzile Mlambo-Ngcuka shared her outlook on the potential to integrate the first and second economies in the tourism sector in a recent address delivered to the Tourism Indaba 2006 at the Durban International Convention Centre.

*'With authentic cultural experience at the top of the agenda, which will also help to preserve, rather than distort our culture, and enable people, who are the custodians of the cultures to be an integral part of the tourism industry... [w]e are committed to the shared growth and development of this industry. Tourism is one of the industries where sharing and growth for both first and second economies is possible ...'*

As a starting point in developing a successful tourism growth strategy for the benefit of marginalised communities in South Africa, it is useful to look at the country's current approach to tourism, especially with regard to the political imperatives of sustainable GDP growth, sustainable job creation, and redistribution and transformation.<sup>1</sup>

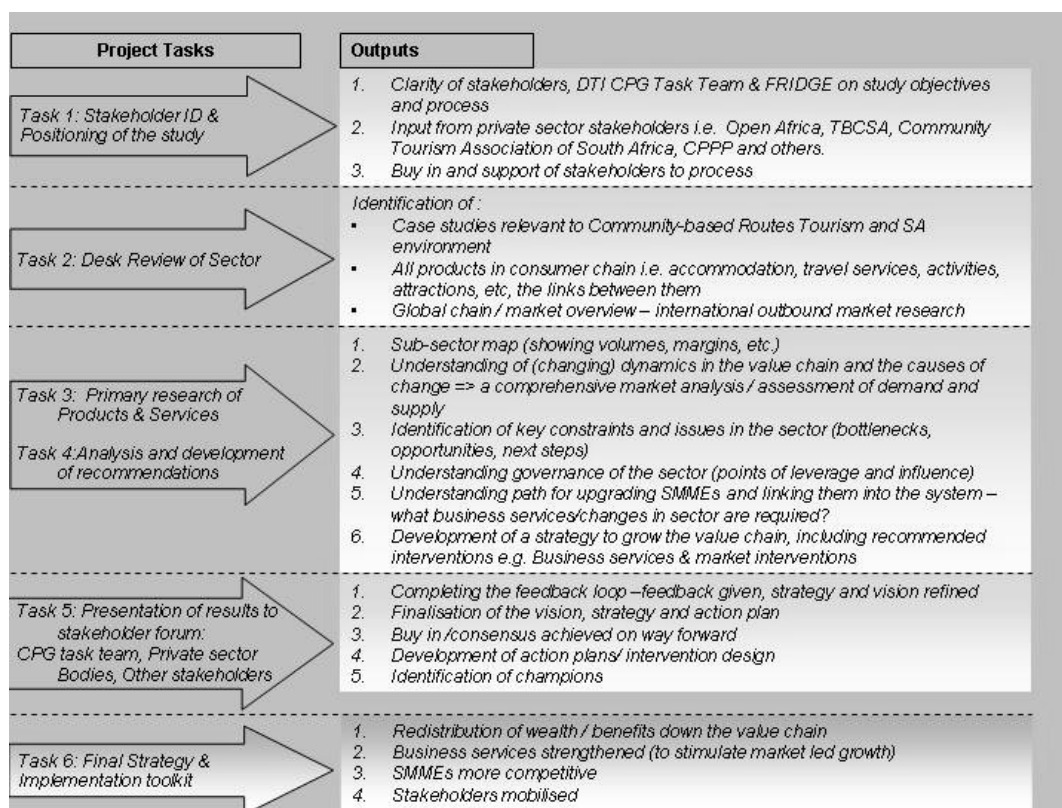
There is no doubt that government is taking the potential of tourism as a catalyst for economic growth in South Africa very seriously. At a national level, tourism has been identified as a priority sector and is included in the Accelerated Shared Growth Initiative of South Africa (ASGISA), driven by the Deputy President. In this regard, **the dti's** tourism unit has produced a Customised Sector Programme (CSP), addressing some of the growth issues facing the tourism industry. It is also worthwhile to note that a similar CSP has been produced for the craft industry, which while this programme looks purely at retail opportunities for craft, could have some relevance to tourism in the future. The provinces all have tourism departments and dedicated tourism authorities, and at local level, almost all local authorities have included tourism in their local economic development (LED) strategies.

In fulfilling the terms of reference, this study has been broken into a number of tasks, as indicated on the following page:

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<sup>1</sup> As defined in the mandate of SAT, Tourism Act of 1993

## COMMUNITY/ROUTES TOURISM SECTOR STUDY: GROWTH STRATEGY



**Figure 1: Study approach and projected outcome**

This report is Task 6.

Figure 2 below shows the workflow used in creating this report.



**Figure 2: Flow chart of development process**

## Methodology

The following methodology was utilised in the completion of this project:

- **Research**

In assessing the feasibility of route development as a means to assist MCBTE, desk research was conducted on three established international tourism routes, namely Caminho de Santiago (Spain), Hadrian's Wall (United Kingdom) and the Queensland Heritage Trail (Australia). Special attention was paid to the developmental process as well as the institutional arrangements. Further background material was obtained through desk research of the Mundo Maya project in South America, which is generally considered to be an unsuccessful development.

In order to gain a South African perspective, research was conducted at 8 sites identified as being tourism routes or close approximations thereof. Structured interviews were conducted with consumers regarding their travel choices, access to information and experiences. In addition, product owners at the various sites were interviewed with regard to the market, and their specific challenges and opportunities. A third survey was conducted amongst a small sample of tour

operators regarding their potential support of an iconic tourism route in South Africa.

- **Policy Development**

In order to ensure consistency with other tourism initiatives, analysis was made of existing tourism policies, including the Tourism Act of 1993, the White Paper on the Development and Promotion of Tourism in South Africa (1996), the Tourism in GEAR strategy document (1998), **the dti's** Customised Sector Programme and the Competitive Growth Strategy (SAT, **the dti**, DEAT, 2005). Thus, the strategic objectives follow those as defined for South African Tourism.

Local barriers and opportunities were identified through the research conducted, as well as analysis of the Global Competitiveness Project undertaken by **the dti** and SAT in 2003.

- **Policy Outcome**

The strategic targets established are in line with those of South African Tourism. Recommendation of interventions has been made with cognisance of the fact the **the dti** is not the lead government department for tourism, but rather should be playing a supportive role to DEAT.

### **Limitations of the Research**

It is important to note that the local research was conducted over the period of November 2005 to January 2006. This short time period could influence the results as it does not account for the seasonality of niche markets and the tourism economy as a whole. In addition, the size of the sample as well as the lack of a consolidated national tourism product database, can affect the findings. Further research has been recommended as an intervention.



### **3. CBT AS A CONTRIBUTOR TO THE STRATEGIC OBJECTIVES OF NATIONAL GOVERNMENT**

The CBT industry in South Africa comprises many thousands of small businesses, located across the country, offering various products and services to consumers. The great majority are SMMEs, many of which are family-owned and run. Although a great number of successful CBT businesses do exist, there are many recent entrants who struggle to achieve financial sustainability, or profitability.

CBT, and the phenomenon of MCBTE, is not unique to South Africa. In many tourism destinations around the world, particularly those that are characterised by high levels of poverty and unemployment, CBT entrepreneurs struggle to enter the tourism mainstream.

For this reason, improving the conditions for MCBTEs can be viewed as a development challenge. The reasons that governments often tout (and deliver) support to this segment of the industry is because of the political imperative to bring economic opportunities to poorer groups in society. Thus the challenges that face South Africa in this regard also face other countries.

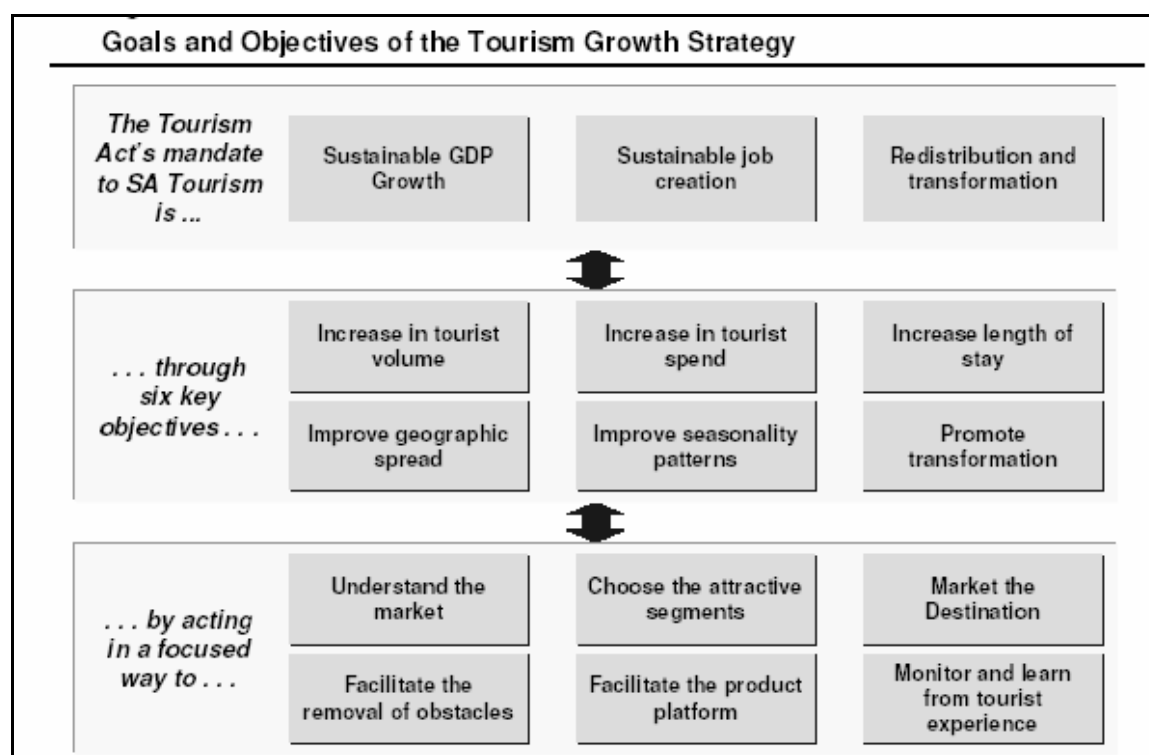
Research conducted during this study points to several reasons why CBT should continue to be a prioritised area of support for government. (The remainder of the body of this report suggests some initial strategic interventions that address the question of how government should support MCBTE.)

- If provided with sufficient support (including strategic information, finance, access to markets and 'the channel', and product design), MCBTE can make inroads into the tourism mainstream.
- CBT can bring development to areas that offer limited economic potential for other sectors of the economy.
- Tourism, if practiced responsibly, can help protect and foster the natural environment and cultural integrity of destinations.
- Tourism has lower barriers to entry than many other sectors of the economy. For this reason, it is important to recognise that it will naturally attract players who are structurally unable to participate in more formalised, capital-intensive parts of the economy. It is within the CBT industry that many players initially enter the tourism economy.
- Tourism has extensive supply linkages into other service sectors, such as cultural industries (not limited to craft alone), cleaning and laundry, catering and entertainment, finance and insurance, security, etc. For this reason, tourism can be a driver of LED if economies of scale are achieved and successful destinations can be developed. This requires collaboration among all the tourism stakeholders in an area.

- CBT offers an opportunity to HDEs in South Africa who wish to enter the tourism economy by means of offering accommodation, tour guiding, food and beverage, crafting, or transport services. This does not mean, however, that HDIs should be limited to the 'bottom-end' of the market.
- On the demand side, global research shows that consumers are increasingly seeking to reconnect with themselves, and their humanity, through travel. Many seek authenticity, simplicity, spirituality, learning, and cultural interactions in their travels. Authentic CBT can offer this, as it represents the hearts and souls of a destination – the people who live in it.
- Certain niche markets, or special-interest tourists, may be more inclined to experience CBT than others. For example, it appears anecdotally that many African-American tourists to South Africa wish to get 'underneath the skin' of the destination. They are explicitly not seeking a sanitised experience in a globally branded hotel. They want to stay with South Africans, and interact.
- Backpackers are another market grouping that deliberately seeks out experiences that allow them to meet the people of the destination, and participate in cultural, adventure, and natural activities.
- In addition to all these reasons for prioritising CBT, many players in the South African tourism economy already provide support for it. Certainly the political will exists at all spheres of government to encourage and support this form of development. The challenge is not political will, nor is it recognition of the importance of CBT, but the design, co-ordination, and implementation of effective support activities. This involves empowering all players to be effective in supporting MCBTE.

In looking at interventions to ensure the success of CBT, especially as a creator of wealth in marginalised communities, it is essential to ensure that actions are positioned within an understanding of the 'bigger picture' of tourism development and marketing in South Africa.

To this end, the structure of the report will be positioned in light of the objectives and focus areas (as shown in figure 3 below) of the Tourism Act of 1993.



**Figure 3: Goals and objectives of the Tourism Act**

A look at the mandate it quite clear how government perceives that the benefits of tourism should affect the country as a whole. It therefore follows that any interventions proposed should have sustainable GDP growth, sustainable job creation, and redistribution and transformation as their final aim. The extent to which CBT can contribute towards the attainment of tourism's objectives is discussed below. The 'meat' of the report resides in the discussion of the focus areas, and the recommended actions under these focus areas.

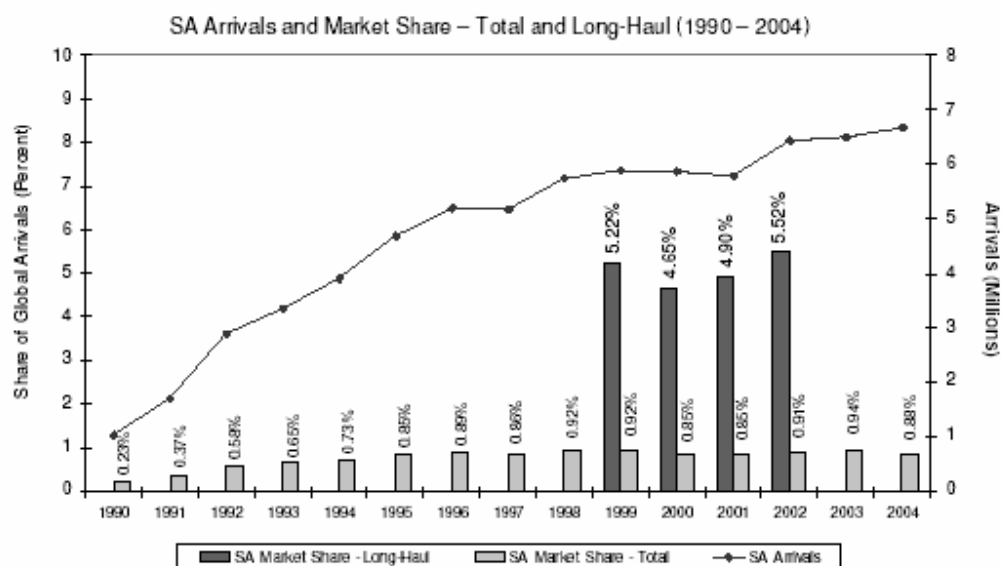
## **CBT ROUTES TOURISM AS A CONTRIBUTOR TO THE STRATEGIC OBJECTIVES OF SAT**

### **3.1 Objective 1: Increase in tourist volume**

While South Africa has shown sustained growth over the period since 1994,<sup>2</sup> it is clear from the figure below that in the context of world tourism figures, South Africa is still an extremely small player.

<sup>2</sup> SAT Quarterly Statistics.

### South Africa's International Arrivals and Market Share

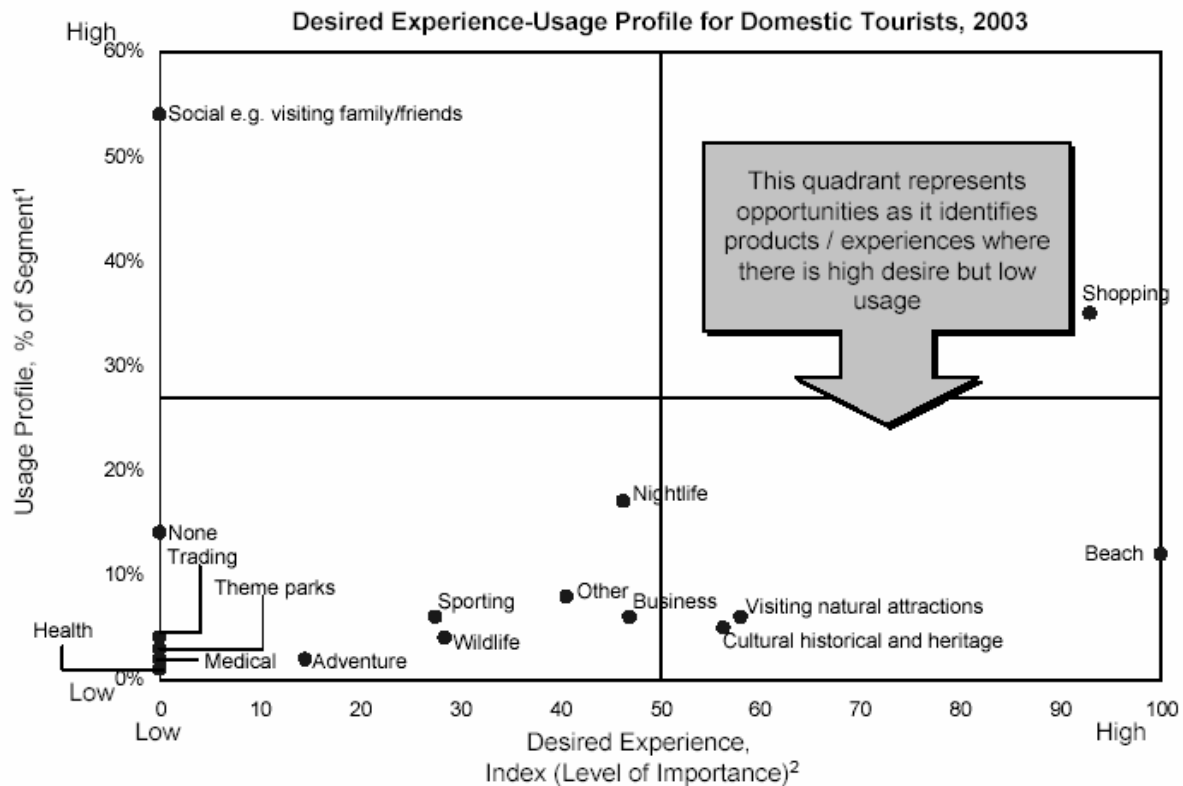


Note: SA Arrivals 1990 – 1998 from StatsSA, SA Arrivals 1998-2004 from SAT  
Source: WTO, StatsSA, SA Tourism, Monitor Analysis

**Figure 4: South Africa's international arrivals and market share**

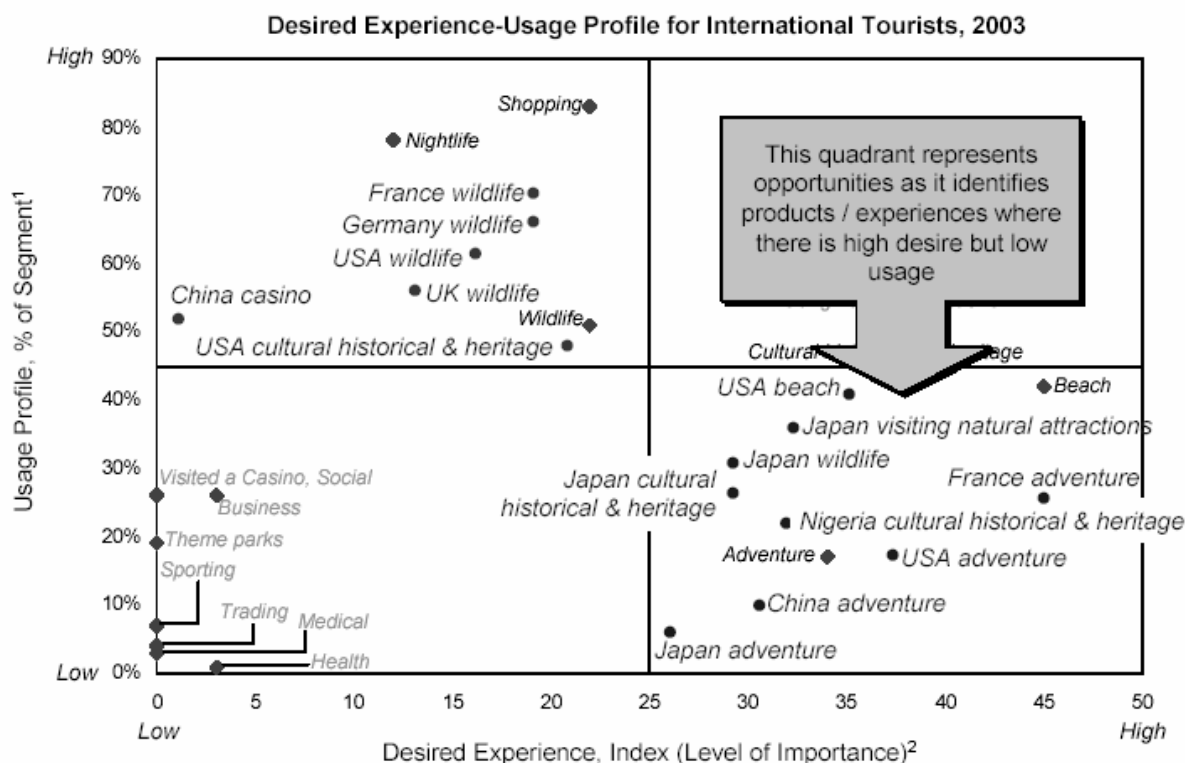
One of the key drivers for tourism growth is the use of appropriate marketing interventions to make the destination more appealing to new travellers. However, as identified by SAT, there are a number of product gaps affecting the attractiveness of the destination.

This is true not only in the domestic market ...



**Figure 5: Desired experience-usage profile for domestic tourist, SAT, the dti, DEAT: GCP Phase 1**

...but also in the international market.



**Figure 6: Desired experience-usage profile for international tourist, SAT, the dti, DEAT: GCP Phase 1**

The appropriate development of authentic CBT product that is positioned to address these identified product gaps could help to increase the attractiveness of the destination, thereby increasing the number of tourists visiting South Africa.

CBT can also increase visitor numbers by appealing to niche or special-interest tourists. Currently much of the CBT product is being designed and developed without an understanding of the sophistication of international travellers, or their particular interests.

Targeted marketing of existing and new CBT product, where appropriately configured to niche demand, could increase visitor volumes through the penetration of new segments.

### 3.2 Objective 2: increase tourist spend

Although an increase in tourist arrivals will automatically result in an increase in tourist spend, there is evidence that the South African tourism industry is not capturing as high a value of spend from its tourists as, for example, Australia.<sup>3</sup>

One can therefore conclude that there exists an opportunity to entice tourists to spend more through providing greater product diversity and 'up-selling' this to consumers.

There is the anecdotal example of a group of Hungarian tourists brought to Durban by air charter. While they were extremely approving of the hotel facilities and the beach, there was a consistent complaint that there was 'nothing to do' in the area.

Thus, the development of authentic CBT product will help to extract extra value from tourists where mechanisms are put in place to ensure that they are aware of this opportunity. This means increasing the flow of information between tourism producers and tourists.

### 3.3 Objective 3: increase length of stay

It follows from objective 2 that the more activities on offer to the tourist, the greater the ability to encourage a greater length of stay. Although it is true that many tourists are time-bound, developing an attractive packaged product, and ensuring that potential tourists are aware of it, may thus result in longer visits. In the case of the backpacker market, research indicated that backpackers were unaware of the product offering in South Africa and its great richness and diversity. Without critical information in the market place, tourists are less likely to extend their length of stay.

### 3.4 Objective 4: improve geographic spread

Much of South Africa's tourism offering is concentrated in a limited number of geographic areas. This hampers the concept of spreading the benefits of tourism among all South Africans. Developing CBT routes will facilitate in improving the geographic spread by encouraging travellers to go 'off the beaten track'.

Developed and marketed appropriately, CBT can contribute to the development of regional economies in rural areas and in the poorer parts of urban areas. This has been the case with the backpacking industry in northern KwaZulu-Natal and the Eastern Cape. A qualifying statement in this regard is that tourism cannot be realistically be expected to bring even development to all parts of the country. This is simply not achievable.

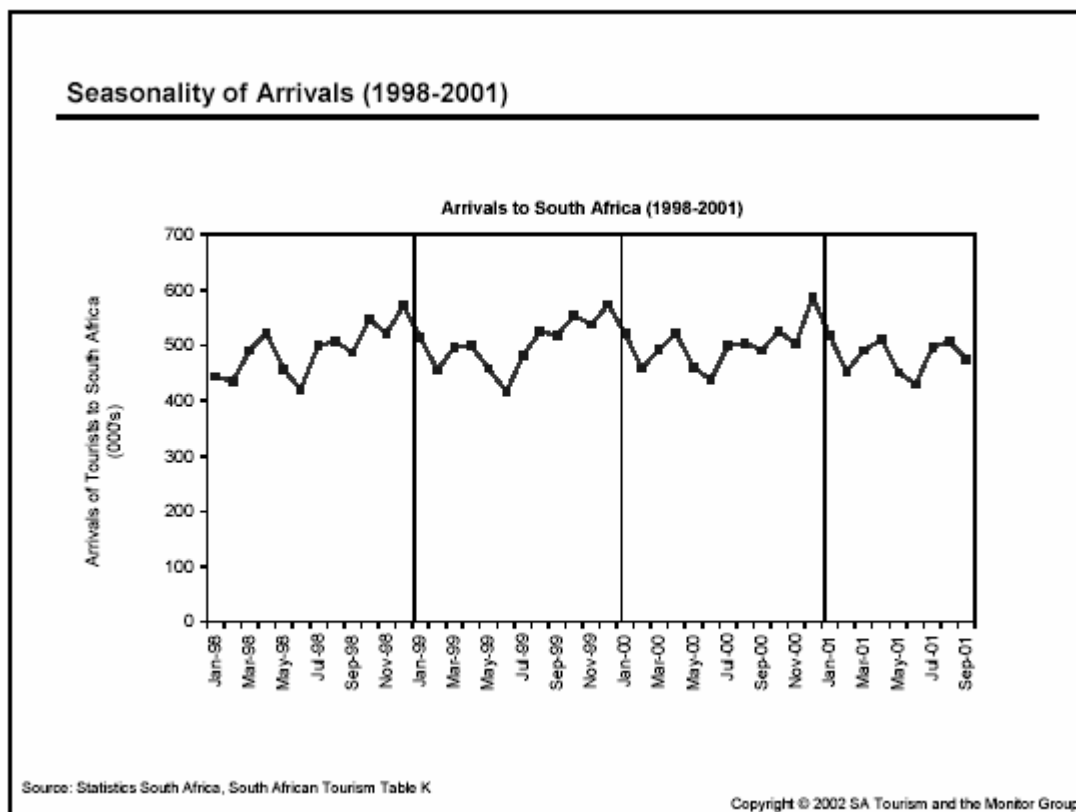
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<sup>3</sup> SAT, the dti, DEAT, 2005, GCP Executive Summary.

### 3.5 Objective 5: improve seasonality patterns

The South African tourism industry faces enormous challenges with regard to seasonality. This hampers tourism growth, as well as job creation, and encourages the practice of employing casual workers. Seasonality is a particular challenge for emerging enterprises, as the inconsistent cash-flow makes it difficult to access finance, and the lack of income in low season puts pressure on the sustainability of the business.

Figure 7 below illustrates just how extreme the seasonality patterns are in South Africa.



**Figure 7: Seasonality of Arrivals, SAT Tourism Growth Strategy, 2002**

As will be discussed further in the report, many of the CBT routes offerings may appeal to specific niche markets. The ability to combat seasonality should be considered as one of the selection criteria for identifying attractive niche markets for South Africa.

### 3.6 Objective 6: promote transformation

Developing CBT routes will provide MCBTE with much-needed access to the market, and will foster the further development of new enterprises. This is transformation at its most



fundamental, grass-roots level, and will ultimately assist in the true transformation of the tourism industry at all levels. The very nature of CBT reduces the likelihood of any form of fronting as these are in the main small, owner-run enterprises.

As stated in the National Responsible Tourism Guidelines:

'Tourism is dependent upon the social, cultural and natural environment within which it occurs, and its success is dependent upon the environment that it operates within. Good relationships with neighbours and with the historically disadvantaged make good business sense. These relationships need to be based on trust, empowerment, co-operation and partnerships.'<sup>4</sup>

As the intention of this study is to address challenges experienced in growing MCBTE, transformation is an explicit and deliberate objective. It is inherent to the overall approach and will be supported by all proposed interventions.

### 3.7 Summary

To summarise, it is clear that the investment of resources in CBT development will contribute to the fulfilment of the six key objectives as identified in the Tourism Act.

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<sup>4</sup> DEAT, 2002, National Responsible Tourism Guidelines for South Africa, p5.

## 4. INTERVENTIONS IN THE CONTEXT OF THE SIX FOCUS AREAS OF SAT

### 4.1 Understand the market – clarify the definitions

One of the key issues in developing CBT route tourism is to ensure that there is a common understanding of certain key definitions used. This is no simple task, as many of these are not standardised and are open to interpretation. The section below includes discussion on a number of definitions and clearly identifies how these are used in the context of this report.

#### 4.1.1 Community-based tourism (CBT)

Given that the term ‘community-based tourism’ is purely a supply-side definition, it is no wonder that the understanding of the definition varies from country to country.<sup>5</sup> For example, in Morocco, CBT is generally referred to as ‘rural tourism’; in Tanzania, CBT is synonymous with ‘the cultural tourism programme’; and in Costa Rica, CBT is termed ‘indigenous tourism’.

It is, therefore, important that we look at the definition in a South African context. According to John N Shores, CBT is an integrated approach to tourism that incorporates attention to the environmental, social, cultural, and economic impacts of tourism.<sup>6</sup> Central to the entire tourist experience is the concept of a local community as a tourist attraction that also provides the ‘host’ environment in a destination.<sup>7</sup>

A common misconception is that CBT needs to be in rural or disadvantaged communities – the tourism activities in Soweto and Alexandra can certainly not be termed rural, and the Midlands Meander is not hosted within a disadvantaged community. Given these misconceptions, it should be noted that for the purposes of this report, CBT refers to tourism activity that takes place within a particular community, often bound by geography, but also by common interests or offerings.

This report will make a clear distinction between general CBT and the main focus of this study, which deals with the marginalised, previously disadvantaged communities, often referred to as being part of the ‘second economy’. As stated previously, the term **‘marginalised, community-based tourism enterprises (MCBTE)’** will be used in order to differentiate these offerings from general CBT.

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<sup>5</sup> Shores JN, 1999, *Dealing with Definitions: When is it ecotourism? And when is it not?*

<sup>6</sup> Ibid.

<sup>7</sup> Clarke VJ, 2002, Differing understandings of ‘Tourism and Communities’ within South Africa’s Tourism Policy Framework.

*Key considerations: There is no consistent understanding of the term 'community-based tourism'. This is despite the fact that government and other stakeholder groups, including business and local and international non-profit organisations, have invested many resources in developing CBT. In order to achieve effective and co-ordinated interventions, a crucial starting place is agreement on the definition and nature of the challenges that face CBT development in South Africa. This will necessarily then cascade into a broader intervention plan, which identifies roles, responsibilities, and critical actions. This strategy document should form the basis of such discussions.*

## CURRENT SOUTH AFRICAN CBT INITIATIVES

<b>Project name:</b> ESKOM Due South Craft Route Project
<b>Profile:</b> The Due South Craft Route aims to contribute to an environment supportive of disadvantaged people's own efforts to improve their quality of life. The project aims to accomplish this objective through the creation of an <i>Eskom Due South Craft Route Project Travel Guide</i> , business skills development, product development, and marketing. The underlying belief is that arts and crafts play an enormous role in the visual establishment of South African cultures and heritage. The travel guide is a traveller-friendly guide/catalogue of community-based craft projects throughout South Africa, with maps and directions to the sites, along with pictures and descriptions of the products and the creators/community members.
<b>Current CBT activities:</b> <ul style="list-style-type: none"> <li>• The second travel guidebook was due on the market in July 2006.</li> <li>• Ongoing field research for community-project database update.</li> </ul>
<b>Contact information:</b> Website: <a href="http://www.duesouthcraftroute.co.za/">http://www.duesouthcraftroute.co.za/</a>

<b>Organisation Name:</b> Fair Trade in Tourism South Africa
<p><b>Profile:</b> Fair Trade in Tourism South Africa (FTTSA) encourages and publicises fair and responsible business practice by South African tourism establishments. This is done through the FTTSA trademark, an independent symbol of fairness in the tourism industry. The trademark is awarded to tourism establishments that meet stringent criteria, including:</p> <ul style="list-style-type: none"> <li>• fair wages and working conditions, fair operations, and fair purchasing and distribution of benefits;</li> <li>• ethical business practice; and</li> <li>• respect for human rights, culture, and the environment</li> </ul>
<p><b>Current CBT activities:</b></p> <ul style="list-style-type: none"> <li>• Ongoing certification</li> <li>• Ongoing training</li> </ul>
<p><b>Contact information:</b> Website: <a href="http://www.fairtourismsa.org.za">http://www.fairtourismsa.org.za</a></p>

<b>Organisation name:</b> Open Africa
<p><b>Profile:</b> An NGO that organises, themes, and promotes destinations and routes under an overall brand of 'Afrikatourism', a concept encouraging tourism development that is profitable yet exemplifies principles of conservation and community participation. Open Africa markets its route participants through use of GIS mapping and websites. This is the organisation mentioned in the terms of reference as building tourism clusters in poor areas throughout South Africa and other parts of Southern Africa.</p>
<p><b>Current CBT activities:</b></p> <ul style="list-style-type: none"> <li>• Still developing tour routes, looking to market routes more</li> <li>• Looking to develop more routes outside of South Africa</li> </ul>
<p><b>Contact information:</b> Websites: <a href="http://www.openafrica.com">www.openafrica.com</a> and <a href="http://www.africandream.org">www.africandream.org</a>.</p>

<b>Organisation name:</b> Tourism Enterprise Programme
<p><b>Profile:</b> TEP is a joint DEAT/Business Trust initiative. Its main objective is to encourage and facilitate the growth and expansion of SMMEs within the tourism economy, resulting in job creation and growth in turnover. TEP identifies, facilitates, and fosters commercially viable business transactions between industry players and SMMEs. It can assist tourism SMMEs in the following ways:</p> <ul style="list-style-type: none"> <li>• marketing assistance for events;</li> <li>• development of business and marketing plans;</li> <li>• preparation and submission of tenders and proposals to become a supplier;</li> <li>• training;</li> <li>• attending exhibitions and conferences;</li> <li>• certification and licensing; and</li> <li>• identification of service</li> </ul>
<p><b>Current CBT activities:</b></p> <ul style="list-style-type: none"> <li>• TEP3 programme</li> </ul>
<p><b>Contact information:</b> Website : <a href="http://www.tep.co.za">www.tep.co.za</a></p>

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

#### 4.1.2 Route tourism

**The global definition:** ‘Route tourism’ is not defined in an official or international sense. It is a relatively new concept in tourism and therefore has been borrowed and adapted to cover a broad spectrum of tourism product types. The findings from the literature review stage of this project revealed that, in a global context, well-known routes are most often and most successfully defined as point-to-point trips with a clear beginning and end. The tourist can join the route in the middle or at either end, but it is clear that it is a defined path with destinations to visit along the way. Each destination along the route complies with a consistent theme, and the destinations have developed somewhat organically over a significant time period. The routes generally cover very large geographical spaces. This kind of route tourism is usually used as a mechanism to attract tourists to an area and ‘to tie-up several attractions that would independently not have the potential to entice visitors to spend time and money. Using a

synergy effect promises to have greater pulling power, and it also disperses visitors' money among a larger number of recipients.<sup>8</sup>

**The local definition:** In South Africa, the term 'route tourism' involves linking together the tourism resources of a number of smaller centres and collectively marketing them as a single tourism destination region.<sup>9</sup> Examples of existing routes in South Africa include various wine routes (for example, the Stellenbosch Wine Route), birding routes (for example, the Zululand Birding Route) and eco-tourism routes (for example, the Ivory Route and Limpopo province). One of the most ambitious route-development projects is that of the African Dream Project of the Open Africa Foundation, which seeks to 'link the splendours of Africa in a continuous network of Afrikatourism routes, from the Cape to Cairo'.<sup>10</sup>

Thus, such routes have come to be known as destinations with similarly themed or branded products, attributes, and features, with which the participants in an area collectively identify. They do not necessarily cover consistent geographical spaces. This study alone cites examples of a route that covers a small township (Bongolethu); one that covers about half a province (Zululand Birding Route) and another that incorporates a handful of city blocks (Donkin Heritage Trail). So while route tourism in the South African context is not yet at the scale of well-known, international, iconic routes, it is known as a grouping of similarly themed products for the purpose of drawing visitors to an area where independent attractions would not be enough of a draw card on their own.

Formation of routes, themed according to special-interest experiences or particular geographic areas (or both), can be an effective tool for MCBTEs to get to scale and reach the market.

**Key findings of the desk-top research:**

- All three of the case-study routes – Camino de Santiago, Hadrian's Wall, and the Queensland Heritage Trail – are based on cultural themes, with the specific goals of using tourism for rural income generation and preservation of authentic heritage.
- Two of the three, Camino de Santiago and Hadrian's Wall, used an incremental growth strategy of strengthening key clusters through appropriate development projects, and then linking them together to create the macro route.

<sup>8</sup> Meyer D of Overseas Development Institute, 2004, Tourism routes and gateways: key issues for the development of tourism routes and gateways and their potential for pro-poor tourism, April, p2.

<sup>9</sup> Rogerson CM, 2004, Tourism and uneven local economic development: the experience of route tourism in South Africa, in *Tourism and Development Issues on Contemporary South Africa*.

<sup>10</sup> [www.openafrica.org](http://www.openafrica.org)

- A dedicated multi-stakeholder central planning committee, working within the framework of a master plan, guided the development of all three.
- All three had significant private-sector investment and involvement in the route.
- All three generated high numbers of visitors and revenue along the value chain of the route.
- All three successfully diffuse benefits to a large membership base of tourism products contained within the route.

*Key considerations: The process of route formation and critical success factors need to be clearly communicated to relevant stakeholders as of the necessary mechanisms for packaging MCBTE experiences.*

***Proposed intervention: the dti should workshop the opportunities afforded by route tourism with relevant stakeholders, including the lessons learnt locally and elsewhere, as part of the broader strategy development for growing CBT in South Africa. This should be part of the process of designing an integrated approach, as proposed above.***

#### 4.1.3 Niche tourism

By one definition, a niche is something perfectly suited to a person or thing. Despite varied interpretations in the tourism industry, niche tourism in essence refers to tourism offerings that appeal to a particular special-interest grouping, sometimes to the exclusion of their standing as a general tourism offering.

Niche tourism requires that the market be segmented into groupings or themes with which visitors identify themselves or their experience while on a trip. Increased access to travel information, as well as the increased sophistication of travellers, can in part be cited for the increase in niche tourism and niche product offerings.

Many tourism practitioners in South Africa incorrectly associate niche tourism with eco-tourism or cultural tourism in marginalised areas. This has clearly stemmed from the supply-side approach to development, while ignoring the huge opportunities that niche markets offer throughout the world.

Judy Slater, CEO of Lonely Planet, one of the most successful travel companies, has concluded that the future of tourism is 'theming and niches', and that destinations that catch on to this in the early stages will become leaders over the next 15–20 years.

A description of the most commonly found niche markets in South Africa is attached as appendix 1. On the basis of limited research, it appears the following niches are some of the currently most developed in South Africa, and represent a market opportunity:

- cultural/heritage

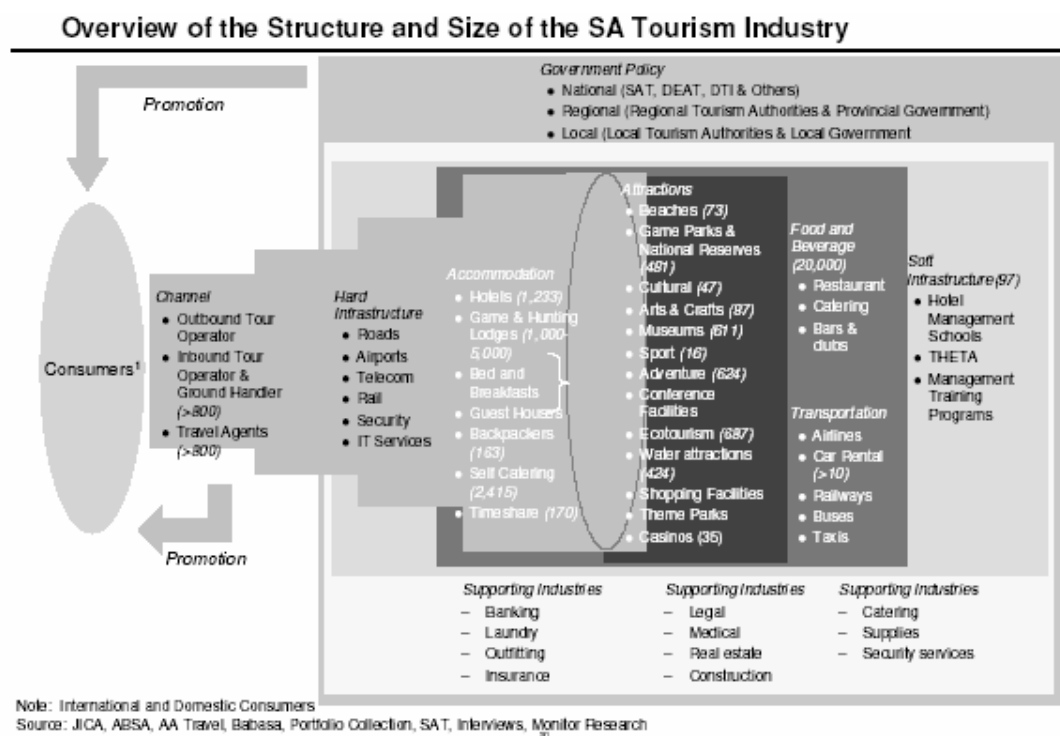
- academic/scientific
- trekking/cycling/active
- nature-based/eco-tourism
- health and wellness
- medical
- volunteer tourism

*Key considerations: There is no consistent understanding of the opportunity presented by niche markets, nor agreement on those that should be prioritised for development and support.*

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

#### 4.1.4 The tourism value chain

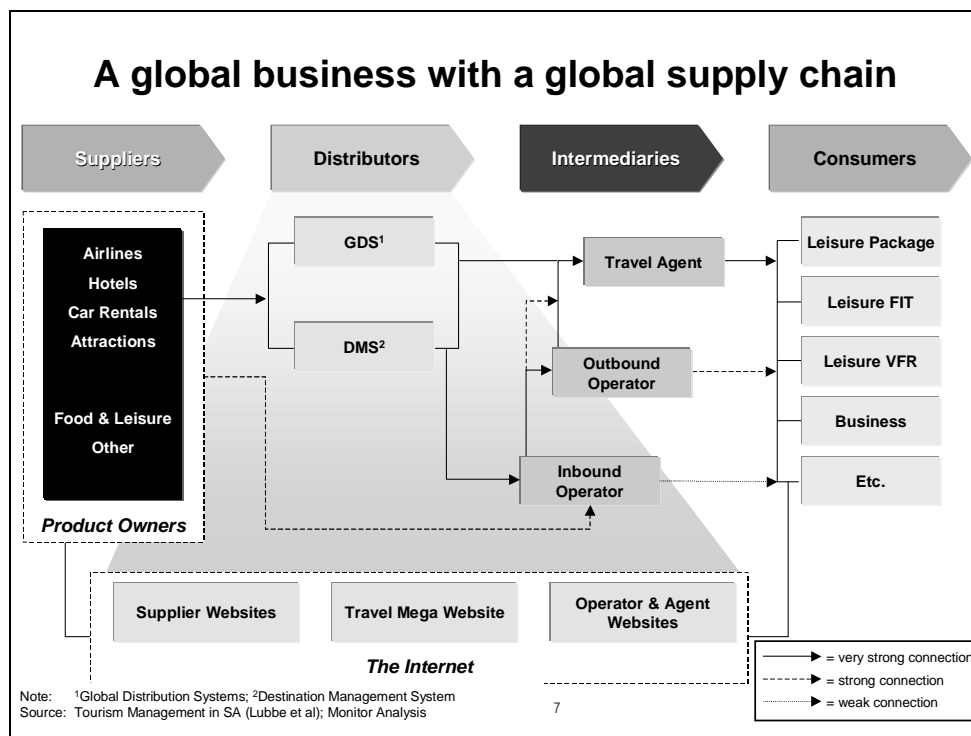
It is important to clarify the often-abused term, the 'tourism value chain'. In South Africa it is often used to describe the supply chain, or even the marketing channels in which tourism enterprises operate. The figure below, which analyses the tourism landscape in South Africa, will be of advantage in pinpointing the differences.



**Figure 8: Overview of the structure and size of the South African tourism industry, SAT, the dti, DEAT: Global Competitiveness Programme, 2005**



The *supply* chain comes into play when, for example, accommodation establishments sell to tour operators, who package and sell to travel agents, who sell to the consumer. Obviously, analysing the supply chain is vital in terms of market penetration. The *value* chain takes the basic supply chain and converts it into financial figures. Each business that, in essence, sells a product on behalf of someone else is entitled to financial reward; in the tourism industry this is done by commissions or, increasingly, NETT rates that the seller will then mark up in on-selling the product.



**Figure 9: The global supply chain**

In visiting South Africa, many foreign tourists still use the traditional supply chain to research travel options, make decisions, and book travel to our country. The implication of this is that unless CBT producers have an offering that is attractive to the intermediaries, they are unlikely to be packaged and sold to consumers. CBT producers thus often rely on alternative distribution and intermediation – such as through the internet, and word of mouth.

Understanding the value chain is of great importance in the development of MCBTE, because of the sometimes inhibitive costs of entering into the supply chain, and the natural inclination of participants in the chain to work with larger enterprises (where they can access higher volumes of tourists). In extreme cases, the use of intermediaries such as tour operators and travel agents can result in more than 30 per cent of the value of the sale being lost to the enterprise. With

marginal enterprises, this is often a marketing cost too high to bear, and increasing the product cost at 'plant level' to accommodate these expenses often leads to failure of the enterprise.

*Key considerations: Although some MCBTEs can penetrate the established supply chain to reach consumers, many are unable to do so due to the size of their offering or the cost of discounting rates. This has two key implications: the first is that the developers of CBT products need to be aware of how the traditional supply chain is configured, so that they can take this into consideration during planning; and the second is that alternative market penetration channels need to be identified and exploited for CBT. These alternative ways of reaching the market include: marketing publications that reach fully independent travellers (FITs) (such as Portfolio of Places, etc); route development (discussed throughout this report); and direct marketing to consumers who are likely to be more inclined to book outside the traditional supply chain because of their specific needs and interests.*

***Proposed intervention: the dti should study further the impact of the tourism value chain on MCBTE and identify interventions to assist. This could involve working with partners to ensure that an understanding of the supply and value chains is present in tourism development planning. A key activity could relate to providing relevant information to those authorities mandated to undertake and support local economic development through tourism. This could include information and training (capacity building) through workshops. There is also a need to cultivate better understanding of the alternative ways of reaching markets creatively. Further, not only the developers, but also the implementers (in those instances where these are distinct individuals/organisations), should be better equipped to understand these complexities.***

## 4.2 Choose the attractive segments – identify niche markets

There is almost no appropriate information available to support an assessment of which niche markets would be the most attractive to develop for the benefit of MCBTE. SAT has done extensive market segmentation in its core markets, but the results need to be placed in the context of niche markets.

You will not see the traditional and familiar niches in tourism marketing in our strategy. This is not to say that they are not important. But we believe that those niches are the core business of the operators within the niche markets.

Cheryl Carolus – CEO SAT  
Tourism Growth Strategy 2002

*Key consideration: Niche markets may represent as yet little understood opportunities for new market penetration. It is unlikely that individual businesses would be in a position to drive niche market research, especially with a focus on MCBTE.*

***Proposed intervention: the dti should facilitate collaboration and co-operation among businesses that either serve, or seek to serve, certain niche markets. This will allow for a clearer voice to emerge, representing the needs of businesses that cater to certain niches, and supporting more effective lobbying and joint marketing initiatives.***

*Key consideration: There is a lack of agreement within industry as to which the most important niche markets are for South Africa.*

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

*Key consideration: Current understanding of niche markets is swayed towards the supply-side, and opportunities explored elsewhere in the world, might be overlooked.*

***Proposed intervention: the dti should interrogate the market segmentation work completed by SAT, with a special emphasis on looking for markets that could benefit MCBTE, and together with this, the department should encourage additional and focused research at a provincial and local level. Identification of the channel players – for example, special-interest or niche-focused tour operators – will be key to understanding the market size, identifying targeted marketing activities and partnerships required for development.***

#### **4.3 Market the destination – route development as a marketing tool**

While the tourism industry is fortunate to have a dedicated national marketing agency in the form of SAT, this does not mean that there are no other marketing activities taking place. Provincial Tourism Authorities were originally tasked with marketing their provinces' domestic tourism, but these authorities are more and more investing in international marketing through international trade shows. Local authorities are becoming increasingly involved in domestic marketing, as is shown in the increase in print advertising in South African publications. The private sector spends large sums of money, both internationally and domestically, in the promotion of its specific products.

All of the above point to a scale on which the MCBTE cannot compete, either by product offering or by size of budget. Ways, therefore, need to be found to cluster these small products together in order to achieve some sort of market penetration and to create destination branding.

*Key consideration: Many local authorities and small businesses do not have the skills nor the experience to lead a process of clustering via route or destination development.*

***Proposed intervention: Best practice in route development needs to be understood and communicated.***

### **Dedicated walking tours – a concept**

The enormous success and high occupancy rate of the walking trails offered by South African National Parks (SANParks), shows the enormous potential and unfulfilled demand for this type of activity, both in the international and the domestic markets.

Walking tours can be established in other places of scenic beauty, especially in the rural areas of South Africa. It is envisaged that the tour would operate as follows:

Hikers would walk from village to village, guided by a credible local guide with sound credentials. At each of the villages, the communities concerned would be required to provide lodging for the hikers, possibly sleeping 10–20 people in total. In addition, the village would provide meals (dinner and breakfast) and refreshments. Lunch stops could be provided at additional villages, or lunch could be packed and carried for the day.

At each village, various activities could be undertaken with the guests, such as farming, craft works, story telling, and such. As time goes on, additional services could be added, such as mountain biking, where appropriate, and horse trails. The Otter Trail in the Tsitsikamma National Park already offers a luxury trail, where portage as well as fine local cuisine are on offer, thereby creating a value-add to the standard offering.

Similar activities are already taking place on the Wild Coast, under the name of the Wild Coast Meander. Hikers, however, currently make use of the existing hotel accommodation in the area. After two years of operation, this trail is already widely known and hugely popular across a range of travel segments. The meander is credited with transforming the fortunes of the hotels along the southern portion of the Wild Coast, most of which used to close in the off-season, and with generating significant additional full- and part-time work for local residents. The soon-to-be-launched Pondoland Trail, north of the meander, will offer a community-based experience (with Drifters as the commercial partner). Hikers will stay overnight in specially adapted accommodation in or adjacent to villages along the trail.

### Annapurna Circuit, Nepal

A good international case study to examine is the Annapurna Circuit in Nepal, where a blend of community, public, and private-sector actors have created a commercially viable, mutually beneficial product. The map below shows the flow of the walking trail and the villages along the way that play host to the visitors. The travellers must take a distinct path, and at each stop the villagers have created product to support them. The Annapurna circuit takes three weeks, but the same concept would apply to the walking trails in South Africa.

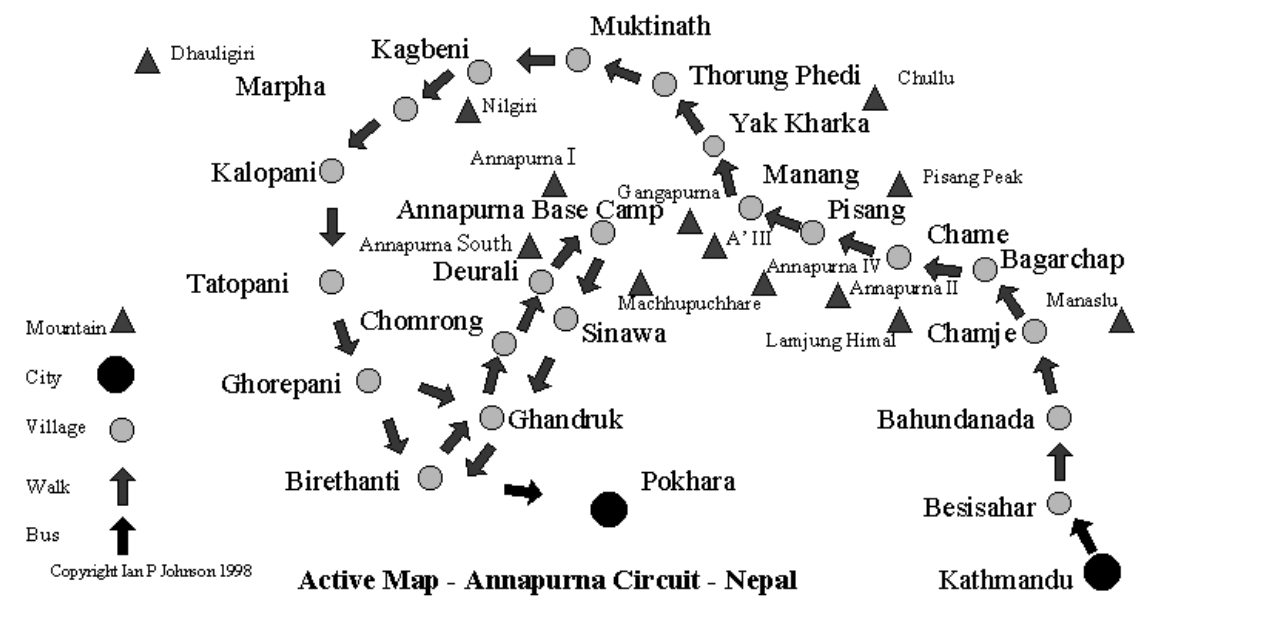


Figure 10: Map of the Annapurna Circuit

**Proposed intervention:** the dti should lead a process of discussing walking tours as a CBT market opportunity for certain areas of the country. This could include writing up best-practice models in this regard, and learning from existing experiences.

**Key consideration:** Beyond locally based routes, such as walking trails, many countries have invested in creating one or more major iconic routes as a marketing tool for particular (thematic) product offerings.

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

**The Nelson Mandela Freedom Route – a concept**

The main thrust of the route concept is to capture and enhance the legacy of Africa's most famous statesman, Nelson Mandela. Mandela has broad worldwide appeal, and is the most iconic patron of African heritage.

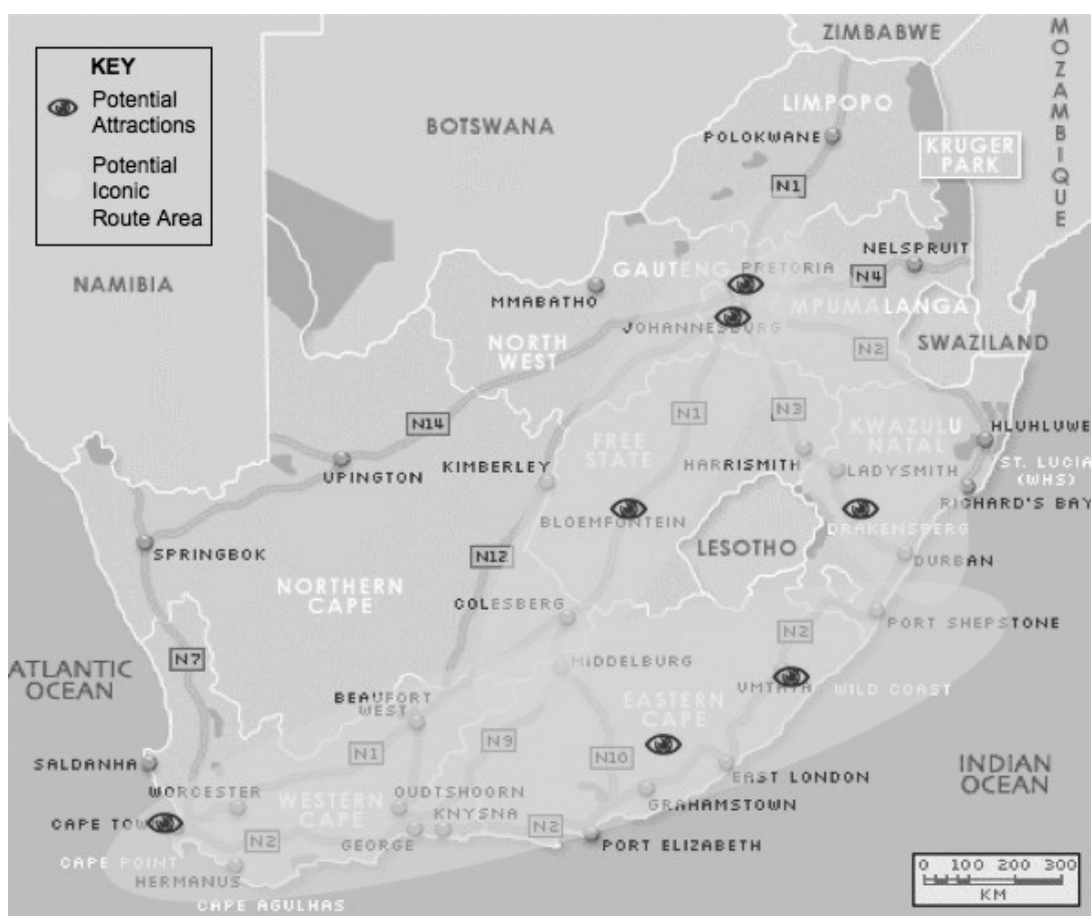
The long-term vision is to have an iconic cultural tourism route that highlights the history, heritage, and struggle for freedom of the South African people, through following one of history's most admired leaders. The route would stretch from Cape Town to Johannesburg and cover many significant spots in between. In at least four areas, there is potential for the development of internationally known and historically significant national landmarks as anchor attractions.

**Hub-and-spoke – a developmental concept**

'Hub-and-spoke development' is a conceptual term developed to understand competitive tourism clusters. Successful route development rests in identifying and developing key tourism clusters along the envisioned route. The concept is that in each of these clusters, regardless of size, there will be an anchor attraction (the hub), and many micro attractions and service providers (the spokes), such as accommodation, eateries, craft shops, cultural activities, and nature activities.

Examples of activities could include repositioning Robben Island and its museum as the gateway of the route, transforming the Mandela Museum in Mthatha into a world-class venue, authentic development of Mandela's childhood home of Qunu, and redesigning Vilakazi Street as a heritage walking mall.

The route would have the potential for extensive reach throughout South Africa, as shown below.



**Figure 11: Proposed iconic route area**

In preparing the concept of a Nelson Mandela Iconic Route, a telephonic survey was held with six key tour operators to assess the level of support they would give to such a product. The majority were in favour of such product development – however, they did raise a number of concerns which will be addressed in section 4.4.

**Constraints identified by tour operators during interviews**

- 1) Accessibility to the potential attractions/destinations is a problem due to:
  - infrastructure
  - air/road costs
  - security (especially for self-drives)
- 2) There is a great need for:
  - quality support services
  - quality accommodation
  - licensed & specialised site guides
  - overland permits for operators.

3) Niche too small – diversity should be created in the following areas:

wildlife  
heritage  
cultural

4) The overall package will be:

expensive	(for both operator and tourist)
time-consuming	(more than five days, incl. accommodation & travel)

5) Specific issues with Eastern Cape:

access	(air/road)
attractions	(or the lack thereof)
activities	(or the lack thereof)

The complete tour operator survey is attached as appendix 2.

#### 4.4 Facilitate the removal of obstacles

In the desktop review, as well as in the consumer and product surveys, it became clear that there were a number of critical obstacles to the development of CBT routes tourism as well as the development of the marginalised enterprises.

##### Obstacles identified by the desktop review

###### Camino de Santiago

- Seasonality
- Little diversification
- Many stakeholders
- Infrastructure provision
- Separation of marketing effort

###### Queensland Heritage Trails

- Great distances
- Insufficient understanding of visitor attractions
- Lack of appropriate information provision
- Road safety

###### Hadrian's Wall

- No co-ordination of stakeholders
- Ad hoc development
- Lack of public transport



- Lack of visitor information

#### **Obstacles identified by the site surveys**

- Lack of information about the product offering
- Lack of training
- Lack of access to finance
- Insufficient promotion and marketing
- Insufficient co-operation and partnerships
- Concerns over safety and security

Many of these obstacles were not unique to this particular environment but exist as challenges for the tourism industry as a whole. The Global Competitiveness Programme 2005–2010 has identified nine strategic challenges to tourism growth in South Africa:

- transformation;
- market access;
- air access;
- public transport;
- safety and security;
- information;
- innovation, product development, investment, and SMME development;
- skills development and quality assurance; and
- building local clusters and the role of government.

Some of these key challenges have greater resonance within the ambit of CBT, and will be explored further. It must be noted that, as discussed above, CBT development can assist in meeting certain of the Tourism Act's objectives, and broader developmental challenges facing the country, namely transformation, innovation, and SMME development.

In addition to discussing the relevant challenges as listed above, the following section will also address other challenges highlighted by the primary research.

#### **4.4.1 Obstacle 1 – lack of integrated and aligned tourism development, and development planning**

There is little or no integration in the development of tourism product in South Africa. This results not only in inconsistent messaging to the market, but also in inappropriate tourism supply, which then forces a supply-driven approach to marketing.

SAT tries to influence tourism product development in South Africa through the distribution of strategic research, but often without the support of the provincial and local authorities, and the industry.

***Proposed intervention: the dti should assist in the co-ordination of development efforts in tourism in South Africa. These must necessarily be driven by the DEAT. This relates in particular to the development of a macro-approach to CBT, as initially articulated in focus area 1.***

#### **4.4.2 Obstacle 2 – public transportation**

SAT 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’.<sup>11</sup>

Effective ground transportation for tourism is key to moving tourists around the country, and providing access to tourist sites and destinations. In the case of packaged foreign tours, dedicated transportation may be provided. However, domestic tourists seldom rely on tourist-specific transportation. The international desktop research has shown that all three of the routes studied had a substantial domestic market component to them. We anticipate that the domestic market must continue to be important for CBT and route tourism. The lack of appropriate transport provision could be a key barrier to the success of growing MCBTE.

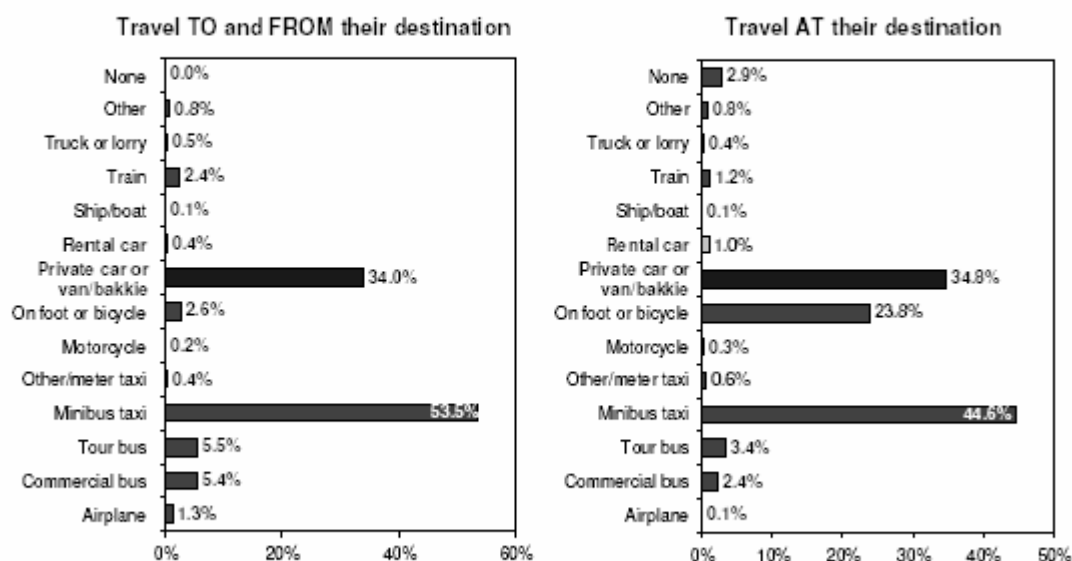
***Proposed intervention: the dti, together with its partners, should continue to lobby and work with the appropriate ministries for improvement of the public transport infrastructure.***

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<sup>11</sup> SAT Global Competitiveness Programme, 2005–2010, p46.

## Domestic Tourism – Modes of Transport

*For domestic market, minibus taxi takes on more importance for transport.*



Source: SAT Domestic Survey 2003, Monitor analysis

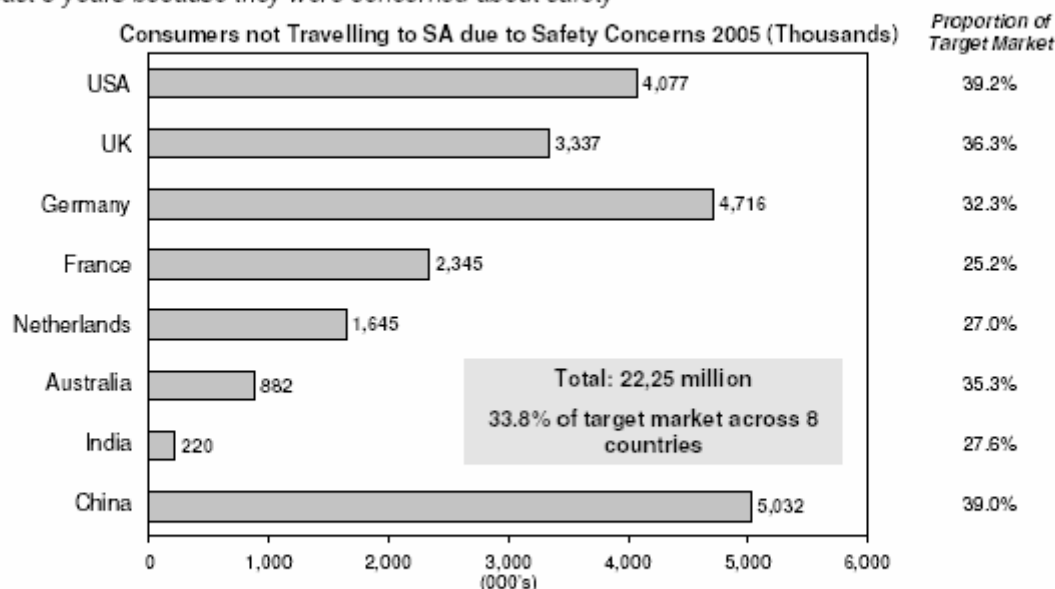
**Figure 12: Domestic tourism – modes of transport**

### 4.4.3 Obstacle 3 – safety and security

SAT has identified safety and security as a key obstacle in the growth of tourism numbers to South Africa, as shown in figure 13 below.

### Consumers Lost to SA because of Safety Concerns

Across 8 key markets, 22,25 million potential travellers did not consider South Africa over the last 5 years because they were concerned about safety



Note: Of all who have not visited SA, Question from SAT Brand Tracker: "Why haven't you visited South Africa for leisure purposes in the past 5 years? (Select all that apply)"  
Source: SAT Market Segmentation Studies, SAT Brand Tracker, January 2005, Monitor analysis

Figure 13: Consumers lost to SA because of safety concerns

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

#### 4.4.4 Obstacle 4 – information

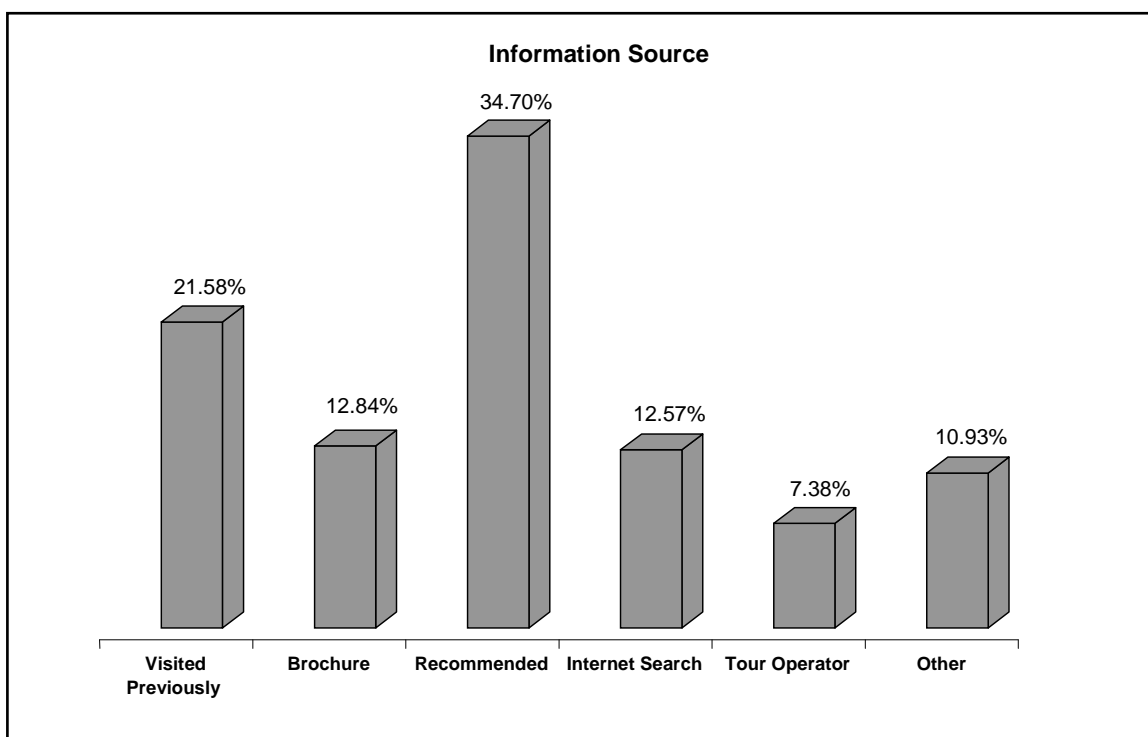
The lack of appropriate and relevant information at all stages of the tourist's planning and visit has been identified as one of the key obstacles to the development of CBT routes, and especially MCBTE, in South Africa.

The availability and accessibility of relevant information throughout the value chain represents one of the most significant barriers to growth and competitive upgrading in tourism. For this reason, Government needs to work with industry to make significant investments in both developing linkages within the tourism cluster as well as the development of information platforms to support information availability and exchange.

Global Competitiveness Programme 2005

Attempts have been made through local tourism associations, as well as NGOs such as Open Africa, to provide information regarding routes in South Africa. However, the consumer survey

conducted shows that recommendations were the greatest source of decision-making information to the prospective traveller.



**Figure 14: Information source**

***Proposed intervention: the dti should facilitate more effective information packaging and promotion for MCBTE. Various channels for marketing MCBTE need to be investigated.***

Another obstacle regarding information is that of insufficient appropriate tourism road signage. Not only does this affect the quality of the experience of the tourist, it also impacts on their safety, and their ability to access destinations and sites/products within destinations. This problem can be overcome by the standardisation of tourism road signage throughout South Africa, similar to the example of the road signage in Queensland, Australia as shown below.

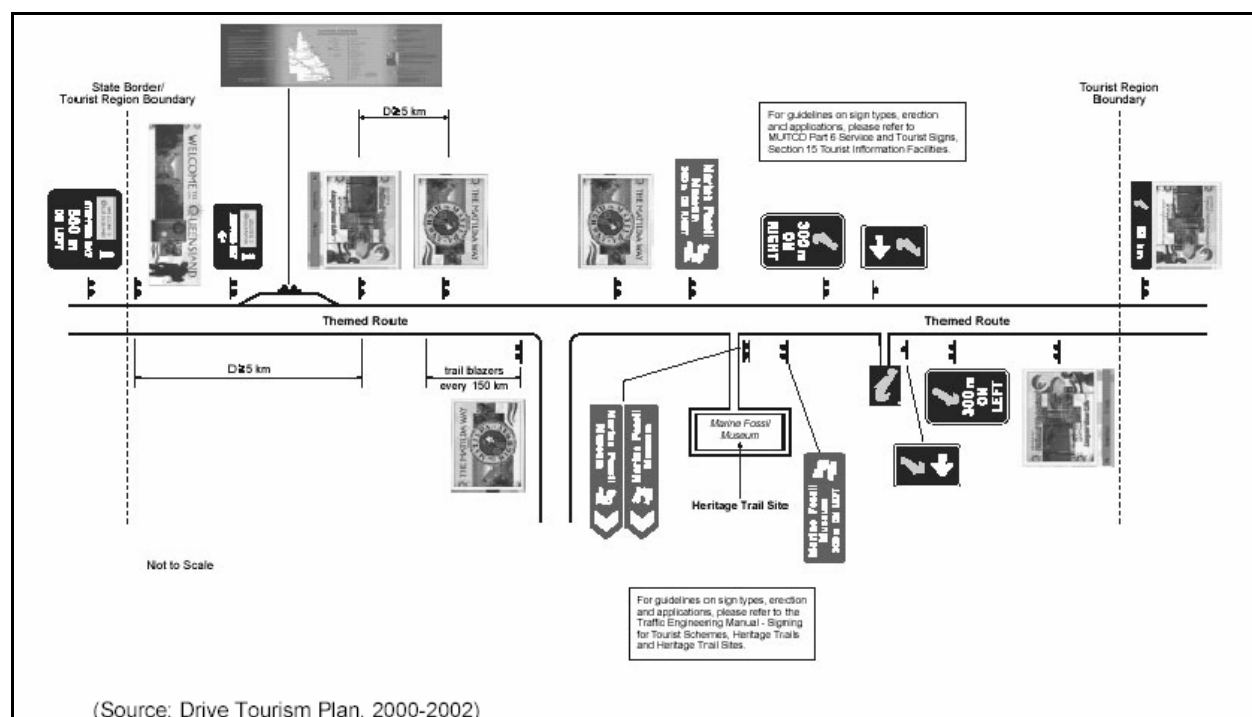


Figure 15: Example of standard road signage – Queensland Heritage Trail

**Proposed intervention: the dti should work with DEAT, and relevant provincial and local authorities, to develop and implement an appropriate national tourism road signage policy.**

#### 4.4.5 Obstacle 5 – skills development

SAT states in the GCP that 'results from both consumer and industry surveys show that service levels and human resource skills are areas that need to become core focus for the industry'. This is nowhere more true than in the development of MCBTE.

In the product survey conducted at the eight CBT sites, the need for training was identified as top priority by the product owners. The TEP does facilitate training for tourism SMMEs, but concentrates on established rather than start-up businesses.

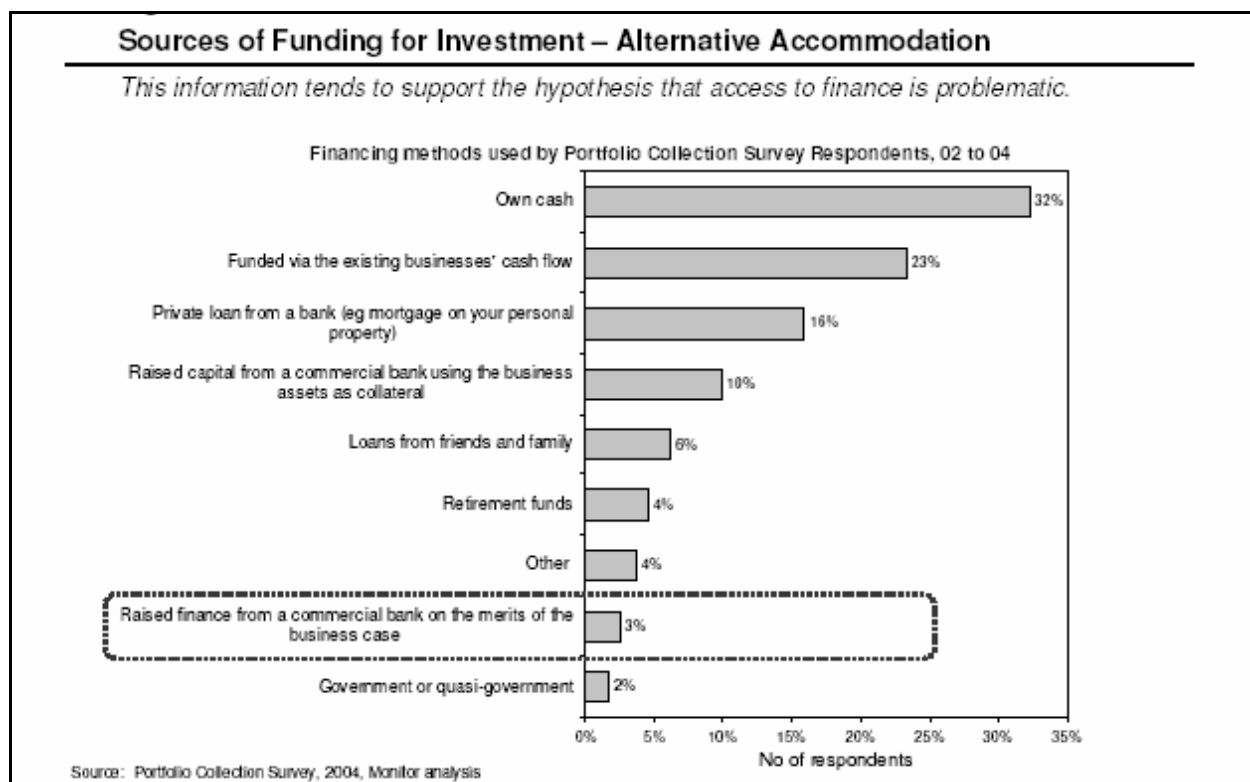
**Proposed intervention: the dti should support THETA and the TEP (and/ or other relevant institutions) in the further development of skills programmes for MCBTE.**

The lack of tourism skills has also been identified as a key barrier to the success of tourism in LED programmes. A training programme specifically for municipal officials has been developed by the DBSA and THETA. Further capacity building at a local level is required.

***Proposed intervention: the dti should lobby for the rapid roll-out of tourism training for municipal officials by the DBSA and THETA. Improving co-ordination and alignment among various tourism development planners, at all spheres and within all sectors of society, remains an ongoing priority. Within a macro-approach to CBT development, as advocated above, further capacity-building and training modules for local public- and private-sector stakeholders should be identified and designed.***

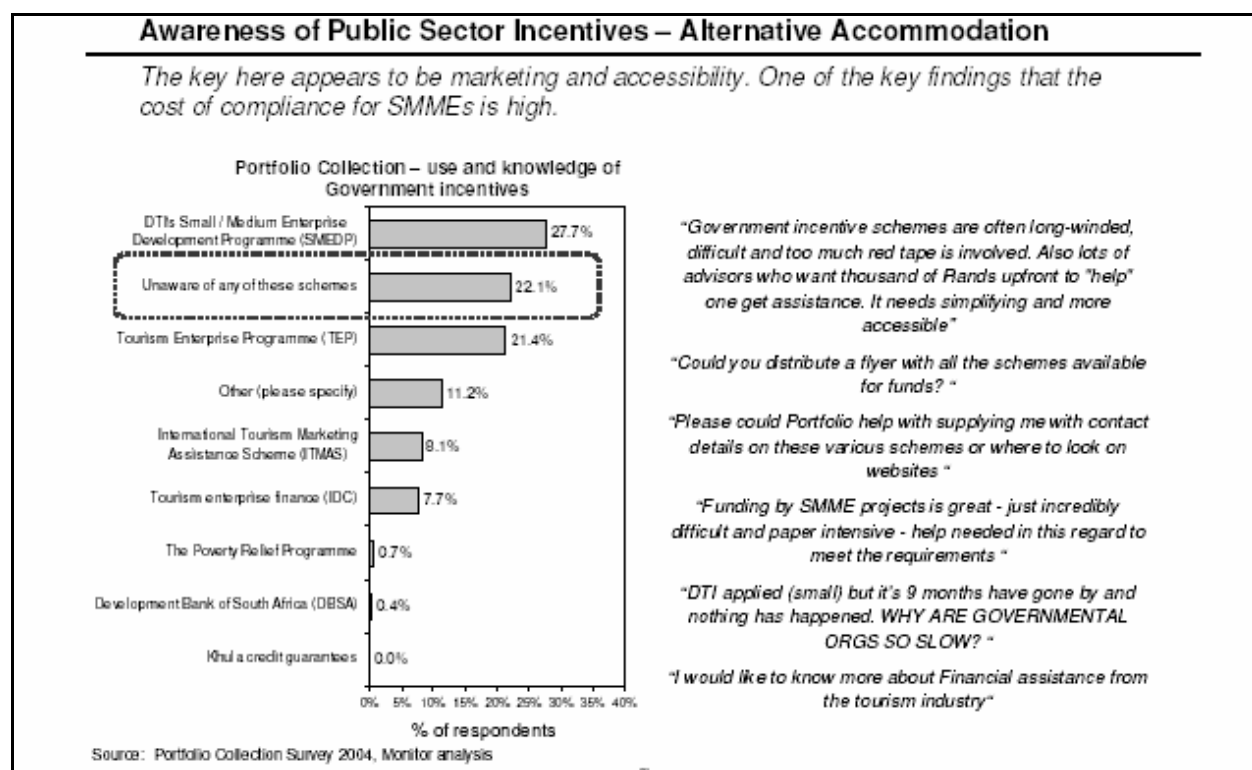
#### 4.4.6 Obstacle 6 – lack of funding for new enterprises

In attempting to understand how new small enterprises are being funded, the Global Competitiveness Project looked at the funding for ‘alternative accommodation’ in South Africa.



**Figure 16: Sources of funding for alternative accommodation investment**

There seems to be very little awareness of any public sector schemes.



**Figure 17: Awareness of public-sector incentives – alternative accommodation**

It is important to note that the above surveys done by SAT were among mainstream SMMEs, and do not take into consideration how much more acute the problems are in marginalised communities.

In fact, on analysis of the funding support currently available from **the dti**, there appears to be little suitable to support MCBT initiatives:

- SMEDP has been suspended and was always retroactive for established business only - hence no marginalised CBTEs benefited from this.
- BBSDP is only for businesses that are registered and have been in operation for one year - this excludes most MCBTEs
- IDC only funds projects with a capital expenditure of over R1 million
- Khula provides underwriting for finance through Retail Financial Intermediaries, which seldom consider community start ups as their commercial business models require them to be risk adverse.
- The new South African Microfinance Apex Fund (SAMAF), which is currently being rolled out across the country, will in time be available to community initiatives and the needs to individuals/ small businesses. It will provide loan financing of be up to R10 000. This may provide some financing for basic capital goods in tourism, such as fridges, etc.



An HSRC report on the tourism 'second economy', which was commissioned by the DEAT and is soon to be released, highlights the lack of funding for marginalised tourism enterprises.

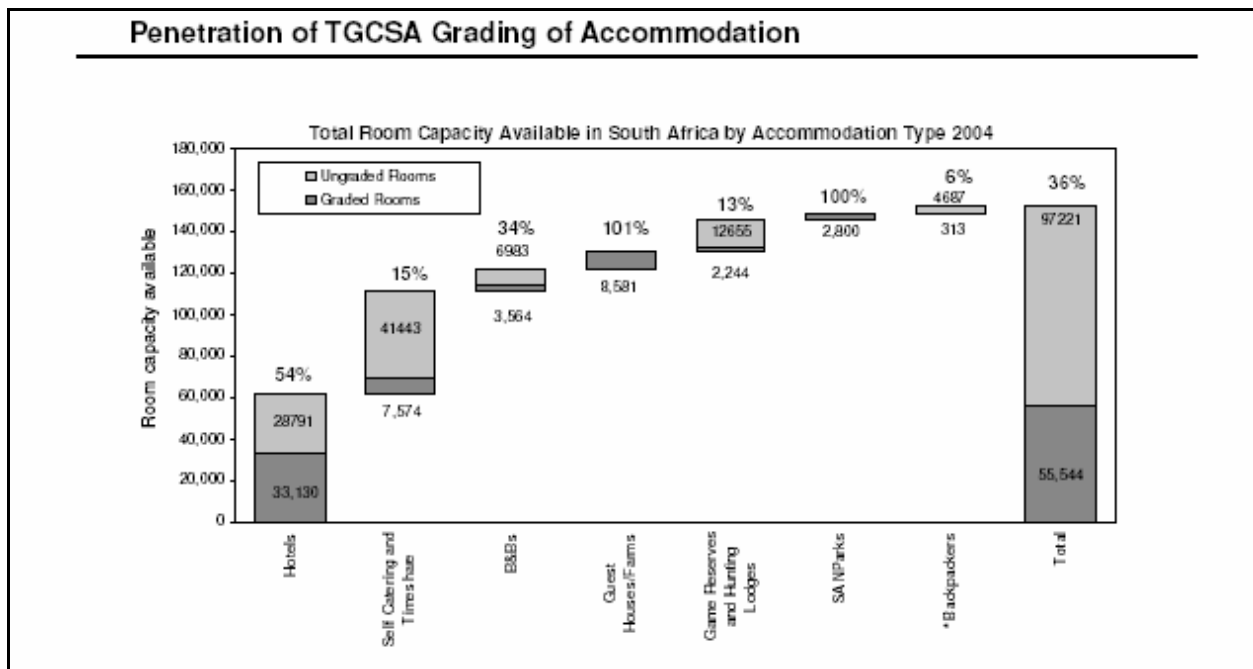
In addition, **the dti**, together with the DEAT, is currently reviewing tourism incentives, with a review to designing customised tourism grant financing.

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

#### 4.4.7 Quality assurance

In interviewing tour operators about their support for the development of an iconic route in South Africa, it became clear that there were grave concerns regarding the quality of the CBT offerings, especially in marginalised areas.

The TGCSA is enjoying limited penetration of the accommodation market, and is only now rolling out standards for restaurants and conference centres.



**Figure 18: Penetration of TGCSA grading of accommodation**

In order to create a sense of security with regard to the quality of MCBTE, some sort of minimum adherence policy should be put in place for participation in the iconic route. The use of

minimum adherence would be a starting point for these products to become part of the National Star Grading scheme.

The TGCSA used a similar type of intervention when setting up the home-stay programme for the World Summit on Sustainable Development in Johannesburg in 2002.

***Proposed intervention: the dti, together with the DEAT, the TEP, SEDA, and other key players, should engage with the TGCSA to identify a way of establishing a set of minimum standards for MCBTE, where the products fall outside of existing categories, as a forerunner to formal grading. This should also seek to capitalise on momentum created by 2010 SMME identification and accreditation.***

## 4.5 Facilitate the product platform

### 4.5.1 Governmental institutional arrangements

In order for any development strategy to succeed, it is vital that all levels of government understand their various roles and have the capacity and skills to fulfil these roles. The multi-faceted nature of tourism means that many departments play a key role in its success.

At a national level, most notable are the DEAT, **the dti**, the National Department of Transport (NDOT), the Department of Local Government (DPLG), the Department of Labour (DoL), and Home Affairs, which all have a role to play in the removal of blockages and the facilitation of product development. The following key agencies should also be involved: SEDA, SAT, the TGCSA, the National Roads Agency, and THETA.

#### **Case Study - government Involvement in the success of Camino de Santiago**

The Spanish government has included the heritage complex in its portfolio of strategic actions, designed to reverse declines in visitor numbers and receipts recorded during the latter part of the 1980s. All Spain's regions have administrative departments dealing with the development and regulation of tourism within their jurisdictions. The regional governments are increasingly incorporating tourism into wider regional development strategies and also provide tourist advice through a network of information offices, which complement additional facilities funded by local authorities and Chambers of Commerce. In each of the regions of northern Spain, not surprisingly, the *Camino* has become a cultural resource and icon of regional identity, and is marketed as such.

The provincial government departments, local government, and their agencies also play a critical role in tourism development, especially in the context of developing an iconic tourism route.

**Case study - Avoiding urban decay in Camino de Santiago**

The urban development policies implemented were based on the independent co-operation between the regional and central governments, local administrations, universities, and the church. All these bodies make up the Consortium of Santiago, which manages the urban development plans and other related issues.

The various officials and administrators of the past 15 years have been aware of the fact that Santiago is an architectural treasure. This fact makes the co-operation between local and regional administrations mandatory to avoid any kind of urban decay. The regional government launched a large-scale campaign to attract thousands of tourists, set up a large network of hostels along the Jacobean Route to revitalise the pilgrimage tradition, and funded a large number of urban renovation plans in the city.

Estevez X, 2001, Santiago de Compostella, in *Management of Historic Centres*

***Proposed intervention: the dti should lobby for a centralised co-ordinating committee (cluster) consisting of all the relevant departments and agencies. It may not be necessary to create a new mechanism, but rather to strengthen existing channels. This relates to the proposed integrated macro-approach to CBT recommended earlier in this report.***

#### **4.5.2 Industry associations**

The involvement of the industry in the developmental process is essential for the success of any initiative. It is extremely difficult to interact with individual businesses, and thus the role of the industry associations becomes extremely important. The best-resourced industry associations are generally nationally based – for example, the South African Tourism Service Association (SATSA), the Federated Hospitality Association of South Africa (FEDHASA), and the Association of South African Travel Agents (ASATA) – and created along sub-sectoral lines. However, some blurring does occur among the sub-sectors. These associations tend to be weak at a local level.

Geographically based industry associations are often purely marketing associations in a particular area, and not directly involved in any form of product development. These associations are often under-resourced and rely heavily on volunteers for their existence.

***Proposed intervention: the dti should facilitate a study into best practice amongst industry associations – particularly as to what is required to ensure that strong associations develop. This is critical to ensure that routes and destinations are effectively supported from a developmental and marketing perspective. Part of the development of industry associations requires a consideration of the role of partnerships with government at a local level, to allow for an aligned tourism support environment.***

#### **4.6 Monitor and learn from tourism experience**

Any route development must include a monitoring component, looking at all aspects of the tourism experience. While SAT does conduct departure surveys on a quarterly basis, these are extremely generic and will not give an indication of how CBT is performing. Continuous customer feedback is required from both the individual products and the route/ destinations as a whole.

The process of monitoring customer satisfaction levels is a common business practice and MCBTE should be introduced to this as part of any skills intervention conducted. The local municipality could then collate these individual reports for the entire area. It is important to note that established businesses all have thorough monitoring systems, and could potentially assist in the creation of a local system.

***Proposed intervention: the dti should lead the discussion on the establishment of local monitoring systems. This could involve facilitating interaction among established businesses through the trade associations and the local municipalities.***

## 5. 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 effort on the part of government and the industry. It must be recognised that there are no 'quick fixes' in this regard.

Co-ordination of this type of effort is especially difficult in an industry such as tourism, which cuts across so many sub-sectors and government entities.

**the dti** can play a greatly needed supportive role in tourism development, but it is important to realise that the overarching responsibility should lie with the DEAT and other spheres of government, as well as the tourism industry and its associations.

The interventions proposed in this report will assist in raising the profile of CBT as well as providing a much-needed market, especially for MCBTE.

A first step will be the initiation of a process to discuss and address the key strategic interventions outlined herein. This document should form the basis for discussions among relevant parties, and provide a guide for some of the areas that critically require intervention. It should also be emphasised that communities, comprised of individuals, families, and other groupings, are the most important stakeholders in CBT development. The approach advocated should therefore include both top-down and bottom-up collaboration and decision-making. Public, private, and non-governmental role-players must listen to and learn from communities in designing and implementing the actions recommended in this report.

## **APPENDIX 1 – DESCRIPTION OF VARIOUS TOURISM NICHE MARKETS IN SOUTH AFRICA**

### **Cultural/heritage**

Cultural and heritage tourism is one of the fastest-growing market segments, and accounts for about 10 per cent (60–70 million) of the total number of tourists each year. The typical cultural tourist is 45–60 years old, and the segment is expected to grow with the ageing of the baby-boomers. Typically, tourists who engage in these types of travel are well travelled, affluent, and highly educated, and stay in high-quality accommodations.

### **Academic/scientific**

This market segment is fairly broad, but it differs from the other types of niche tourism in that the visitor is travelling specifically to achieve an academic goal. This segment would include travellers such as study-abroad students from other countries, primary-school children taking a class trip to an educational attraction, and researchers from private institutions and institutions of higher learning doing field work.

### **Trekking/cycling/active**

Adventure travel continues to be one of the fastest-growing (18 per cent a year) niche markets in the travel industry. Contrary to many beliefs, this market is not restricted to young, backpacking, low-budget travellers. Participants are usually at the peak of their careers, with a large amount of disposable income. Typical trips are tours averaging between seven and 15 days, with participants in the age range of 20–55 years. This market includes a wide variety of soft to hard activities, including: hiking, cycling, rock climbing, desert trekking, sailing, camping, ballooning, mountain biking, water sports, and horse riding. The rugged and varied terrain of South Africa provides a perfect venue for all types of adventure enthusiasts, from the most hardened to the casual hiker.

### **Nature-based/eco-tourism**

Eco-tourism is a dynamic market, in which preservation and conservation are considered the core values of a destination. Typical activities include wildlife viewing, hiking, interpretive learning, and discovering plants and herbs. Eco-tourism and nature-related forms of tourism are said to account for approximately 20 per cent of total tourism arrivals worldwide, or roughly 132 million tourists. The annual growth rate is estimated at 10–25 per cent. These types of travellers are apt to spend more money than general tourists, and 82 per cent are university graduates. South Africa has been a world leader from a policy standpoint of combining conservation and tourism, but this has not necessarily been reflected in promotional campaigns.

**Health and wellness**

Health and wellness travel is a growing segment worldwide, and has a tendency to be less volatile than leisure travel. There are many different types of health and wellness travel, ranging from spa treatments to yoga and traditional healing. Often the traveller in this segment is travelling out of necessity, due to the level or type of health care they require. The spa industry alone saw an 800 per cent growth from 1978 to 1994, and is expected to grow as the world's population ages.

**Medical**

Medical tourism is typically considered to comprise tourists who travel to a destination to undergo a medical procedure. The type of surgery can either be elective, or a service that is not found at a similar cost in the nation of origin. Often the medical procedure is combined with some sort of holiday activity, often in the recuperative period.

**Volunteer tourism**

Volunteer tourists are generally classified as individuals who travel to a destination to undertake unpaid work. Often they fund the entire trip, including transport, room and board, and materials. For someone to be considered a volunteer tourist, the length of the trip is usually a minimum of two weeks. The length of stay is variable, however, and can be up to several months. Many volunteers are with medical or faith-based organisations.

\*All statistics are courtesy of the UN World Tourism Organisation (UNWTO)

## APPENDIX 2 – TOUR OPERATOR SURVEY AND RESULTS

### Tour operator survey/telephone interview: a Nelson Mandela route

The purpose of this interview is to gain an understanding into the marketplace acceptance of a cultural tourism route in South Africa, themed around the life of Nelson Mandela, tentatively titled 'In the Footsteps of Mandela'.

#### Questions asked:

1. Does your company offer any existing cultural tourism packages in South Africa? (If yes, please tell us what the itinerary contains.)
2. What is the current annual demand for them (number of guests booking these tours per annum)?
3. What is the length of stay and average price for cultural tours?
4. Do you think a route following the life of Nelson Mandela is appealing to your company?
5. Is a Nelson Mandela route appealing to your customers?
6. How many activities in your current packages relate to Nelson Mandela?
7. Do you go to Robben Island? What do you think of the state of the attraction?
8. Do you feel the information available from tour offices or SA Tourism is adequate with regard to the Nelson Mandela story?
9. If a route were developed from Cape Town to Johannesburg (including Eastern Cape destinations), with points in between, would you sell it? If yes, how many days, at what price? If no, please say why not.
10. What would you need in order to sell this route as a product offering?
11. If attractions were to be developed, where and what would you like to see developed?
12. If a world-class facility such as a museum were developed in Mthatha, would you add this destination to your package trips?
13. If Nelson Mandela's childhood home in Qunu were turned into an attraction, would you add it to your package trips?
14. Do you currently take clients to Soweto? Why or why not?
15. If Vilakazi Street were developed into a historic walking mall, would this change your plans?
16. In your opinion, what else should be part of the route to make it interesting and attractive to visitors?
17. What are the obstacles to overcome in developing a route like this?
18. Which markets are key sources for a route like this?
19. Do you think that a route like this could make a difference in the number of visitors currently attracted to South Africa? Explain.
20. What do you think the likely demand for a route like this could be?

**(Tour operator survey results on following page.)**



## COMMUNITY/ROUTES TOURISM SECTOR STUDY: GROWTH STRATEGY

Company	Contact	CT packages offered in SA	Annual Current Demand	Length of Tour	Avg Price	NM Appeal		Activities relating to NM	State of Robben Island	Info on NM adequate?	CTN-JHB Route			What is necessary to sell	Added developments	Would include a World Class facility in	Would include NM home in Qunu	Soweto	Vilakazi Str. - Walking Mall	Added suggestions	Obstacles	Key Markets	Impact on SA visitor numbers	Likely Demand
		Yes/No: Describe				Company	Customers				Yes/No: Why/why not?	Days	Price			Yes/No: Why/why not?	Yes/No: Why/why not?	Yes/No: Why/why not?	Comments				Yes/No: Explain	
Ikapa Tours & Travel	Mr. Vind	Y: Township & Robben Island/ Soweto & JHB City/ Taylor-made	2000 p/a	Full day Half day	R625 pp R350 pp	Yes	Yes	Robben Island/ Apartheid Museum/ Soweto/ JHB City	Good quality attraction.	No	Yes	7	R 8,500	Value-adds/ National marketing: SATourism & National Boards	-	Y: Provide good quality supporting services & specialised guides	Y: Provide good quality supporting services & specialised guides	Y: Major point of interest for tourists	Would work only if good supporting products and services were available	Diversity: Nature+ culture+ heritage	Accessibility: road & air/ Small niche	UK/USA/G ermany	N: Added value to existing offerings	200 p/a
Hylton Ross Tours	Johnathan Muller	Y: Township & Robben Island	1200 p/a	Half Day	R270 pp	No	Yes	Robben Island/ Langa	Good quality attraction.	No	N: Does not do overland tours	-	-	Overland permits/ specialised guides throughout the area	-	N: Accessibility and support services	N: Accessibility and support services	N: Limited to WC	-		High travel costs for tourists & operators/ logistically difficult/ tour (guide) permits and quality services in remote areas	Students/ FITs/ Germans/ American/ African American s (Feb)	N: Too concentrated on Niche markets , mostly educational	260 p/a
Karibu Safari	Steven	Y: Camping tours: JHB- CPT	100 p/a	15 days		Yes	Yes	None	N/A	No	Yes	15	?	Transport: air/road	Improve quality of Museums	Y: Provide good quality supporting services & specialised guides	N: Accessibility & time constraints	N: Contracts to Gauteng-based companies	More local than international appeal	Wildlife is very important	Infrastructure +transport/ time constraints/ cost of travel+accommodation/ quality of support services	European & African American	Y: There's a big interest in the Mandela brand	100 p/a
Springbok Atlas	Lydia Day	Y: Townships/ Cultural village/ Soweto/ Apartheid Museum	Fully booked	Half Day	R 2,350	Yes	Yes	Robben Island/ Apartheid Museum/ Soweto/ JHB City	Good quality attraction.	Yes	Yes	7 to 10	R8000 to R12000	Accommodation / anchor activities/ specialised guides	EC esp. PE & surroundings: more activities & attractions	Yes	Yes	Yes	-	Additional information	Roads/ infrastructure	Europeans: UK	Y: With good accommodation (3-5*) in accessible areas, there will be high	850 p/a
Grosvenor Tours	Sylvia	Y: Township & Robben Island/ Soweto & JHB City/ Taylor-made	-	6 days	\$6000 pp	Yes	Yes	Robben Island/ Apartheid Museum/ Soweto/ JHB City	Good quality attraction.	No	N: Caters for upmarket clientele/ the tour is too long	-	-	Airport access/ information/ top quality accommodation	Big urban attractions	N: Not unless specifically required	N: Not unless specifically required	Y: Cultural experience	Would work only if good supporting products and services were available	Diversity: Nature+ culture+ heritage	Communication: Prod. Owners - tourists - tour guides	(African) American [not UK]	Y: With good quality products and services & marketing	?
Wilderness Safari	Tracy Shaphiro	Y: 8 safaris/ 2 cultural packages	-	-	-	Yes	Yes	None	N/A	No	Yes	-	-	Authentic cultural product/ accessible destinations/ value for money/ good accommodation / specialised guides/ commercially viable & sustainable/ aggressive marketing	N. Maputaland/ Limpopo area & EC	N: Too remote: requires fly-in + self-drive. Security is an issue	N: Too remote: requires fly-in + self-drive. Security is an issue	N: Safaris only	-	Diversity: Nature+ culture+ heritage	Less Bureaucracy & better processes	European	Y: Great interest in such a product	?

