

REPUBLIC OF SOUTH AFRICA
DEPARTMENT OF ENVIRONMENTAL AFFAIRS & TOURISM
AND SOUTH AFRICAN TOURISM

JAPAN INTERNATIONAL COOPERATION AGENCY



EXECUTIVE SUMMARY



FINAL REPORT
THE STUDY ON TOURISM PROMOTION AND DEVELOPMENT PLAN
IN THE REPUBLIC OF SOUTH AFRICA

JULY 2002
PADECO CO., Ltd
PACIFIC CONSULTANTS INTERNATIONAL

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For the Currency Conversion, in case necessary,
Exchange rate in May 2002 is applied:
US\$=9.736ZAR
US\$=¥124

PREFACE

In response to a request from the Government of the Republic of South Africa, the Government of Japan decided to conduct a study on “Tourism Promotion and Development Plan in the Republic of South Africa” and entrusted the study to the Japan International Cooperation Agency (JICA).

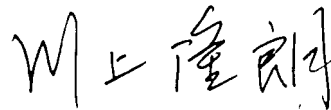
JICA selected and dispatched a study team headed by Mr. Yuichiro Motomura of PADECO Co., Ltd. and consisting of Pacific Consultants International Co., Ltd., to South Africa, three times between May 2001 and May 2002. In addition, JICA set up an advisory committee headed by Mr. Hiroshi Tsutsui, Advisor, Toshiba Co. Ltd., between May 2001 and May 2002, which examined the study from technical points of view.

The team held discussions with the officials concerned of the Government of South Africa and conducted field surveys at the study area. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to the promotion of this project and to the enhancement of friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of South Africa for their close cooperation extended to the study team.

July 2002



Takao Kawakami
President
Japan International Cooperation Agency

July 2002

Mr. Takao Kawakami
President
Japan International Cooperation Agency
Tokyo, Japan

Letter of Transmittal

Dear Sir,

We are pleased to submit herewith the final report of “the Study on Tourism Promotion and Development Plan in the Republic of South Africa”.

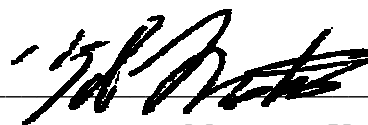
This report presents the results of the study, which was undertaken in the Republic of South Africa, from March 2001 to June 2002 by the Study Team, organized jointly by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd.

We owe a great deal to many people for the completion of this report. We would like to express our deep appreciation and sincere gratitude to all those who extended their kind assistance and cooperation to the Study Team, in particular, the concerned officials of the Department of Environmental Affairs and Tourism and South African Tourism in the Republic of South Africa.

We are very much thankful to the officials of your agency, the JICA Advisory Committee, the Ministry of Foreign Affairs, and the Ministry of Land, Infrastructure and Transport of the Government of Japan.

We do hope that the report will contribute to facilitating further socio-economic development in the Republic of South Africa.

Very truly yours,

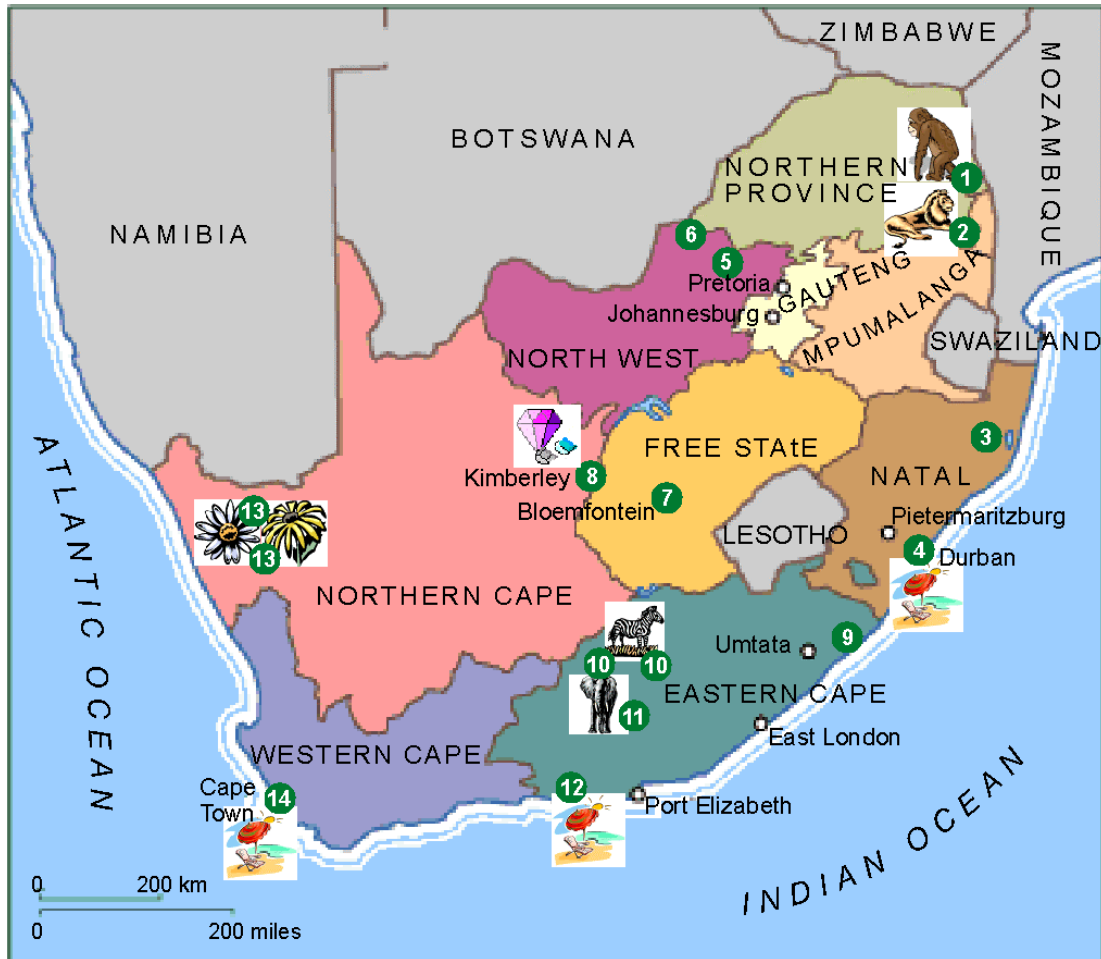


Motomura Yuichiro

Team Leader

The Study Team for Tourism Promotion and
Development Plan in the Republic of South Africa

Map of South Africa and its Tourism Resources



- 1 Kruger National Park
- 2 Blyde River
- 3 Zululand
- 4 Durban
- 5 Sun City
- 6 Madikwe Game Reserve
- 7 Bloemfontein
- 8 Kimberley
- 9 Mkambati Nature Reserve
- 10 Mountain Zebra National Park
- 11 Addo Elephant National Park
- 12 Tsitsikamma National Park
- 13 Namaqualand
- 14 Cape Town

Executive Summary

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List of Abbreviations

DEAT	Department of Environment Affairs and Tourism
EIRR	Economic Internal Rate of Return
FIT	Free Individual Tourist
GDP	Gross Domestic Product
GIT	General Interest Tourist
HKG	Hong Kong
HR	Human Resource
JICA	Japan International Cooperation Agency
KNP	Kruger National Park
LTO	Local Tourism Organization
MICE	Meetings, Incentives, Conventions and Exhibitions
PATIIIs	Priority Areas for Tourism Infrastructure Investment
PIU	Project Implementation Unit
PPT	Product Planning Trip
RTO	Regional Tourism Organization
SAA	South African Airways
SATOUR	South Africa Tourism Board
SATourism	South African Tourism
SIN	Singapore
SIT	Special Interest Tourist
SMME	Small, Micro- and Medium-Sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TBCSA	Tourism Business Council of South Africa
VFR	Visiting Friends and Relatives

DIGEST OF EXECUTIVE SUMMARY

Study Title	The Study on Tourism Promotion and Development Plan in the Republic of South Africa
Study Period	From March 2001 to July 2002 (16 months)
Implementing Agencies	Department of Environmental Affairs & Tourism South African Tourism
Objectives of the Study	<ul style="list-style-type: none"> To formulate a tourism promotion and marketing strategy with the purpose of generating the Japanese and East Asian market for South Africa; To formulate tourism development plans for the focus areas, including investment plans and feasibility studies for priority projects; and To transfer skills and technology on tourism development through the Study
Strategy for East Asian Tourism Promotion	<ol style="list-style-type: none"> Segment focus establishment Phased approach Push marketers to sell South Africa Strengthen and fortify the existing powerful tourist draws from market perspectives Be consistent, and make consolidated, collaborative effort
Asian Market Promotion Action Plans	<ul style="list-style-type: none"> <u>Japan Action Plan</u> (Short & Medium Term) <ul style="list-style-type: none"> Phase 1: Consolidation of Trade Tie Phase 2: Focus Trade Approach and Focus Segment Approach Phase 3: Expanded Focus Approach on Trade and Target Segments Phase 4: Lead-On to Second Year Plan Korea: Action Plan (Short-Term) Taiwan: Action Plan (Short-Term) Hong Kong: Action Plan (Short-Term) Singapore: Action Plan (Short-Term)
Focus Area Priority Project Packages and Programs	<p><u>Four (4) Focus Areas with Project Packages</u></p> <ol style="list-style-type: none"> Pilanesberg - Madikwe Corridor Package Main Project Feature: Heritage Park Khayelitsha Package Main Project Feature: Cultural Music & Dance Showcase Valley of the Olifants Package Main Project Feature: Wildlife Research and Educational Experience Badplaas/Barberton/Malelane Package Main Project Feature: Mountain Land, Adventure and Wildlife Experience <p><u>Components of Each Package</u></p> <p>(A) Product, Facilities and Infrastructure; (B) Marketing and Promotion; (C) Human Resource Development; (D) Institutional Development</p>
Suggestions and Recommendations	<ol style="list-style-type: none"> In order to increase tourists from the East Asian market, and Japan in particular, Promotion Action Plans are proposed. South Africa should focus on particular tourist segments, diversify and customise tourism products, and improve visitor facilitation and overall service quality. As a result of the Study, four Focus Areas were selected for tourism development and examined technically, economically and environmentally. Priority projects/program packages were identified in respective Focus Areas based on the feasibility studies. Co-operation between the public and private sectors is essential.

ABSTRACT

1. Background

In response to the request of the Government of the Republic of South Africa, the Government of Japan decided to implement the Study on Tourism Promotion and Development Plan in the Republic of South Africa. Japan International Cooperation Agency (JICA) engaged a team of experts organized by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd for the purpose.

2. Objectives of the Study

1. To formulate a tourism promotion and making strategy with the purpose of generating the Japanese and East Asian Market for South Africa;
2. To formulate tourism development plans for the focus areas, including investment plans and feasibility studies for priority projects; and
3. To transfer skills and technology on tourism development through the Study.

3. Summary of the Study

3.1 East Asian Market Promotion

In order to increase East Asian tourists and foreign exchange earnings, promotion strategy and action plan was formulated with an emphasis on the action oriented implementable measures. An assessment of the current East Asian market was carried out in respect of market segments, barriers and tourist draw cards with utilizing the survey results conducted by the Study Team. Promotion strategy and promotion action plan were established based on the result of the assessment.

3.1.1 Strategy for East Asian Tourism Promotion

(1) Segment focus establishment

In the short term, the most rational and cost-effective strategy is to target the easiest to penetrate segments. For Japanese and Korean market, these segments are the senior market, either couple or single; empty nesters whose children have already left the house.

(2) Phased Approach

It is highly cost-effective to take a phased approach when diversifying target segments. It is recommended that in the short term (three years), promotion activities should be focused on the target segment. Once the annual arrival figure reaches a critical mass, then diversity the focus towards other segments. It is reasonable to set the critical mass at 50,000 based on the experience of other destinations where accelerated growth of Japanese tourists began after reaching about 50,000 arrivals.

(3) Push marketers to sell South Africa

It must be borne in mind that marketers or tour operators and agents in Japan and other East Asian markets are very influential and have a firm hold over potential tourists. It is quite effective to take advantage of their power by aggressively collaborating with powerful operators and agents and providing information and incentives valuable to them.

(4) Strengthen and fortify the existing powerful tourist draws from market perspectives

From the East Asian perspective, there are only a few powerful tourist draw cards in South Africa. In order to enhance the overall value of tourism, the existing powerful tourist draws should be strengthened and media attention should be captured by providing value-adding information, featuring valued add-on products, and improving the way to present major tourist sites.

(5) Be consistent, and make consolidated, collaborative effort

All promotion activities should be carried out by well-coordinated collaboration among SA Tourism, embassies in the source market and South African Airways, thereby achieving economies of scale in promotion. Information and image to be delivered should be consistent and synergy of activities should always be taken into account.

3.1.2 East Asian Market Promotion Action Plans (Japanese Market Short Term)

South African promotion bodies in the source market, such as SA Tourism, embassies and South African Airways, need to establish close collaborative working arrangement, and then initiate close joint marketing relationship with some of the major Japanese tour operators and travel agencies. Working closely with these operators, and using highly attractive and appealing information, active media promotion can be undertaken in phases by tying-in with these operators, thereby fully exposing the real attractiveness of South Africa to the market. Simultaneously, package tours that are consistent with this media promotion need to be developed and advertised jointly by these operators. It is essential to select and use the media that can effectively reach these short-term target segments in this process. This series of actions should be undertaken in phases or in waves in order to make this framework truly effective.

(1) Phase 1: Consolidation of Trade Tie

In the initial three months, consolidate trade ties, specifically by announcing the determination of South Africa to penetrate into Japanese market using trade media. Then select 5 Japanese tour operators that are enthusiastic about selling South Africa, and advertise package tours through tie-in with these operators, by using several magazines that can reach the target segments. Simultaneously, offer, so-called product planning trip or PPT to these operators. Unlike conventional types of familiarisation trip or FAM trip, which is to let the operators develop a new package tour. This process is a preparation for the next phase.

(2) Phase 2: Focus Trade Approach and Focus Segment Approach

The second phase is to take focused actions by establishing closer relationship with the chosen operators. In-house seminars for these operators should be held targeting their Tokyo and Osaka branches. This seminar is to update the capacity of frontline sales clerk, by providing updated information on South African tourism and making them capable of introducing South Africa to potential customers in appealing and attractive ways. At the same time, provide cost-sharing support for brochure production to be used for the package tours developed and planned through the product-planning trip (PPT) made in the previous phase. And then advertise these new package tours with an increased number of magazines.

(3) Phase 3: Expanded Focus Approach on Trade and Target Segments

The next phase is to expand all these actions altogether, introduce new promotion activities including national newspaper ads with tie-in tour packages newly developed by PPT along with South African embassy reception to help promote the launch of the newly developed packages.

(4) Phase 4: Lead-On to Second Year Plan

In the second and third year, further expand all these activities in various dimensions including geographic expansion of operators' in-house seminar targeting their sales clerk in major regional cities as well as in Tokyo and Osaka, introducing and placing ads on new attractions, approaching TV directors and program producers, introducing magazine editorials possibly using celebrity figures matching the image to be delivered. Always these actions should be taken with tie-in special tour packages.

If the short-term measures have been successfully done and total arrival from Japan has reached around 50,000, then the next step, the medium to long-term measures will be to expand the target segments, and focus primarily on younger segments.

3.2 Focus Area Priority Project Packages and Programs

For each Focus Area, desirable projects and programs were identified. Then the candidate projects/program were prioritised by scoring according to the degree to which it satisfied three criteria; urgency, importance, and implementability. These were also subjected to a greater study, including details of their scope, tourist demand, costing, economic viability, pre-feasibility studies and implementation structure. The proposed priority project packages include components of: (A) Product, Facilities and Infrastructure, (B) Marketing and Promotion, (C) Human Resource Development, and (D) Institutional Development. The tourism development concepts, plans, and projects/programs for each Focus Area are summarised below.

3.2.1 Pilanesberg - Madikwe Corridor Package

Building on its existing tourist attractions, the Pilanesberg – Madikwe Corridor should be developed, aiming at establishing its reputation as “The leisure, entertainment and wildlife playground/hub on the tourist’s doorstep”.

The size of the wildlife experience could be extended and at the same time clearly differentiate the area’s products by offering first-rate wildlife-based experiences, leisure activities, local cultural and natural heritage experiences as well as entertainment in a large and easily accessible location including following experiences,

- Experience in wildlife breeding activities
- International cultural and heritage exchange activities
- Hunting
- Leisure activities, including those partly relating to natural and cultural heritage, and those for day-visitors, and
- Entertainment and sports activities at already existing premises such as Sun City.

Main Project Feature: Heritage Park

Package Cost: R305 million

3.2.2 Khayelitsha Package

The area should be developed by newly creating a powerful attraction that will be a major draw card for attracting foreign and local tourists visiting Cape Town and to potentially feed part of them to other tourism products in Khayelitsha including the township tours.

A music and dance based attraction (the “African Music & Dance Showcase”) could be developed that is based on the original, traditional African music and dance, with a modern, sophisticated flavour richly added to it in terms of interpretation, arrangement, choreography, etc., thereby making it a truly entertaining and satisfying experience to meet up with the taste of discerning international tourists (including East Asian visitors) as well as local visitors. This “African Music and Dance Showcase” is considered a new concept in South Africa, blending tradition with modern, sophisticated arrangements (rather than putting emphasis on maintaining authenticity). This must create opportunities for tourists to experience traditional music and dance in a way distinct from the conventional cultural villages existing in South Africa.

Main Project Feature: Cultural Music & Dance Showcase

Package Cost: R 26 million

3.2.3 Valley of the Olifants Package

Building on its superb location in terms of the offering of a wildlife experience, the area should be developed, aiming at establishing its reputation as “The Wildlife Research and Educational Experience of South Africa”

Out-of-game-reserve experiences would be offered with wildlife that is educational and entertaining for those visiting KNP and other game reserves in this area, thereby significantly enriching their game-viewing/wildlife experience to the extent that discerning international tourists (including those from East Asia) can be truly fascinated. Specifically, develop and expand the tourism experience around the Hoedspruit and/or Phalaborwa areas, including,

- Establishing a “Wildlife Complex (tentatively named Wildlife Education & Research Centre)” that offers both an entertaining and educational experience of the wonders of wildlife as well as other related functions, and
- Establishing an arts and crafts centre specializing in developing sophisticated, highly marketable wildlife-related products as well as training for their production, which is also to be featured as a tourist attraction

Main Project Feature: Wildlife Research and Educational Experience of South Africa

Package Cost: R64 million

3.2.4 Badplaas/Barberton/Malelane Package

The area, endowed with unique mountainous terrain with diverse nature, should be developed, aiming at establishing its reputation as “South Africa’s mountain land, adventure and wildlife experience”

The area’s product offering could be clearly differentiated by developing, as a core attraction, a variety of mountain-based adventure opportunities, including: mountain trekking, hiking and mountain biking; quad-biking; rock and mountain climbing; absailing; paragliding; team building experiences through soft adventure activities.

Game/nature reserves will be developed or upgraded in ways to establish synergy with adventure activities and to take advantage of the area’s mountainous/scenic terrain, whilst at the same time differentiating the wildlife experience from the standard experience offered elsewhere in South Africa, including,

- Provide adventure activities within game reserves (without carnivores), thereby offering these experiences altogether at one place, and
- Provide lodges that will fit with these activities including larger ones than conventional game reserve lodges, which can accommodate families quite comfortably.

Main Project Feature: Mountain land, Adventure and Wildlife Experience

Package Cost: R 230 million

4. Suggestions and Recommendations

- 1) In order to increase tourists from the East Asian market, and Japan in particular, Promotion Action Plans are proposed.
- 2) South Africa should focus on particular tourist segments, diversify and customize tourism products, and improve visitor facilitation and overall service quality.
- 3) As a result of the Study, four Focus Areas were selected for tourism development and were examined technically, economically and environmentally.
- 4) Priority projects/program packages were identified at respective Focus Areas based on the feasibility studies.
- 5) Co-operation between the public and private sectors is essential.

EXECUTIVE SUMMARY

1. Introduction

This Study was requested by the Government of South Africa and was implemented by the Government of Japan

In response to the request of the Government of the Republic of South Africa, the Government of Japan decided to implement the Study on Tourism Promotion and Development Plan in the Republic of South Africa.

Japan International Cooperation Agency (JICA) called for technical offers for the selection of a consultant to undertake the Study and a team of experts organized by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd. was selected and contracted as the JICA Study Team.

Volume I Tourism in South Africa

Presents an overview of tourism in South Africa describing trends in international and domestic tourist demand, tourism institutions, tourism products and support, and SWOT (strengths, weaknesses, opportunities and threats) analysis of tourism in South Africa.

Volume II East Asian Market Promotion

Presents an Action Plan for promoting South Africa in East Asian Market derived from analysis of markets in East Asia based on the results of various field surveys.

Volume III Focus Area Tourism Development Plans

Presents the process of selecting focus areas and the preparation of tourism development plans in each of the selected focus areas in a comprehensive manner covering all relevant factors including priority projects/program packages.

Executive Summary

Presents an essence of the overall findings throughout the Study. In order to emphasize the results of the Study, East Asian Market Promotion and Focus Areas Tourism Development are described prior to the Tourism in South Africa.

The Final Report of the Study on Tourism Promotion and Development Plan in the Republic of South Africa consists of three volumes:

Executive Summary provides essence of the Study results:

The objectives of the Study as specified by the Scope of Work:

- 1 To formulate a tourism promotion and marketing strategy with the purpose of generating the Japanese and East Asian Market for South Africa;
- 2 To formulate tourism development plans for the focus areas, including investment plans and feasibility studies for priority projects; and
- 3 To transfer skills and technology on tourism development through the Study.

2. East Asian Market Promotion

2.1 Background and Objectives

Background:

Tapping into the East Asian market would prove to be highly lucrative

Despite its total market size, East Asia is currently a comparatively small market for South Africa, e.g., with about 65,000 arrivals in 2000 from the five countries subject to study (Japan, Korea, Hong Kong, Singapore, and Taiwan), accounting for 1.1% of total visitor arrivals and 4.3% of total arrivals from overseas (excluding those from Africa).

Japan, with 18 million people travelling abroad a year, is a market where a significant number of people have gained international travel experiences, of which many could potentially consider South Africa as their next destination.

A high level of income coupled with the increasing travel experience is an important factor that could draw more Japanese to long-haul destinations such as South Africa.

Other parts of East Asia including Hong Kong and Singapore also show these tendencies, and still others like Korea, Taiwan and some of the Southeast Asian countries will soon be reaching this point as their income level and travel experience increase further.

East Asian outbound travellers have grown fastest in the world and are also known as big spenders. South Africa's attempt to capture this opportunity will benefit its tourism sector with high return.

O b j e c t i v e :

**I n c r e a s e E a s t A s i a n T o u r i s t s
&
F o r e i g n E x c h a n g e e a r n i n g s**

**F o r m u l a t i n g a P r o m o t i o n S t r a t e g y
&
A c t i o n P l a n**

Objectives:

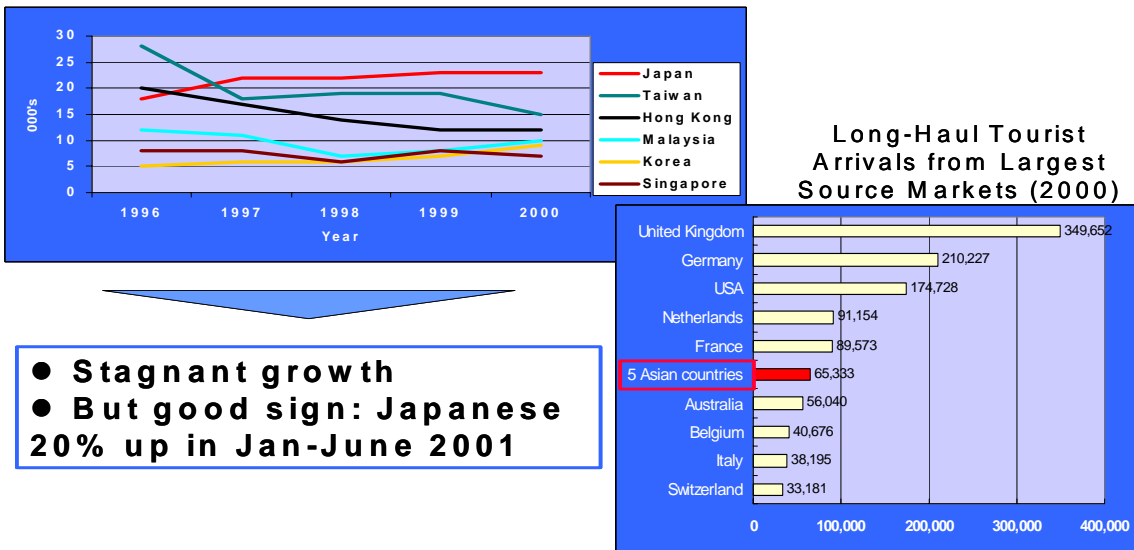
To increase the number of East Asian tourists to South Africa generating more foreign exchange earnings.

Objectives & Emphasis

Emphasis:

Putting much emphasis on formulating plans that are of realistic, concrete measures immediately implementable, so that tangible results would be brought about in the soonest time possible.

2.2 Present Situation



Arrivals from East Asian have been generally stagnant in the past several years - much room for improving the situation.

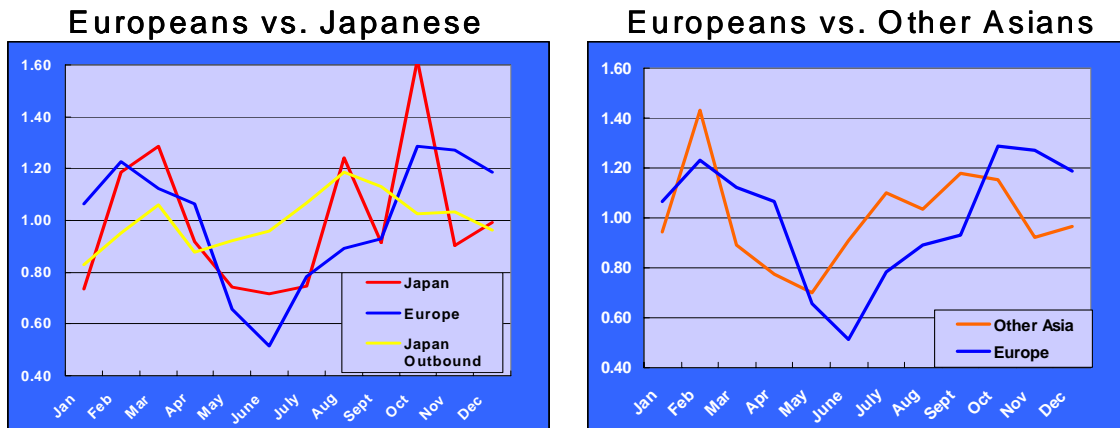
Good sign is that Japanese travellers went up by 20% in Jan-June 2001.

Arrivals from East Asia

The number of arrivals is not big but, the total arrival figure comes after the top five "long-haul" markets if summed up for the five source markets of Japan, Hong Kong, Singapore, Taiwan and Korea.

East Asia Promotion means reducing seasonality.

Fluctuation of monthly arrivals in 2000 (Ave. = 1.0)



Incl. visitors from Hong Kong, Singapore, Korea and Taiwan

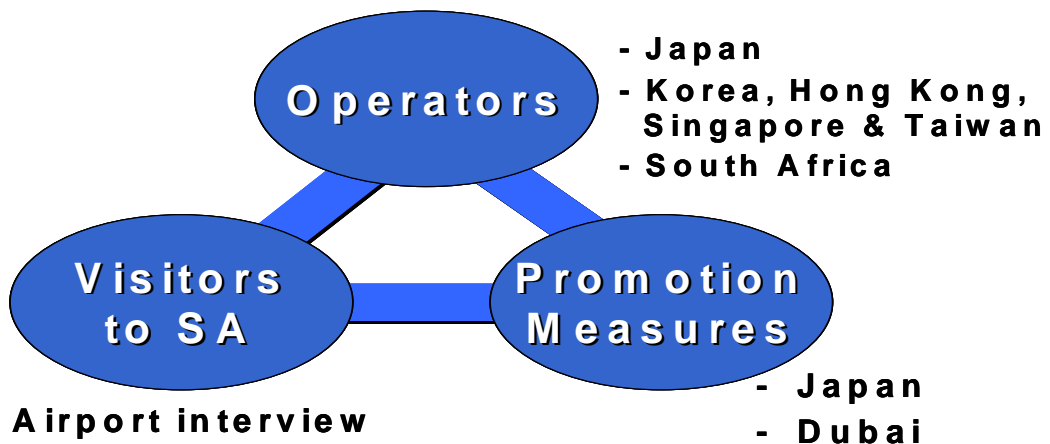
The proportion of East Asian arrivals during low season in the annual arrivals is higher than that for European tourists.

Reducing seasonality

Developing this market will contribute to flattening seasonality and have a positive impact on cash flows of the tourism industry in general.

Understanding the East Asian Market

Using Surveys



Operators' interview surveys in five target countries and SA were done.

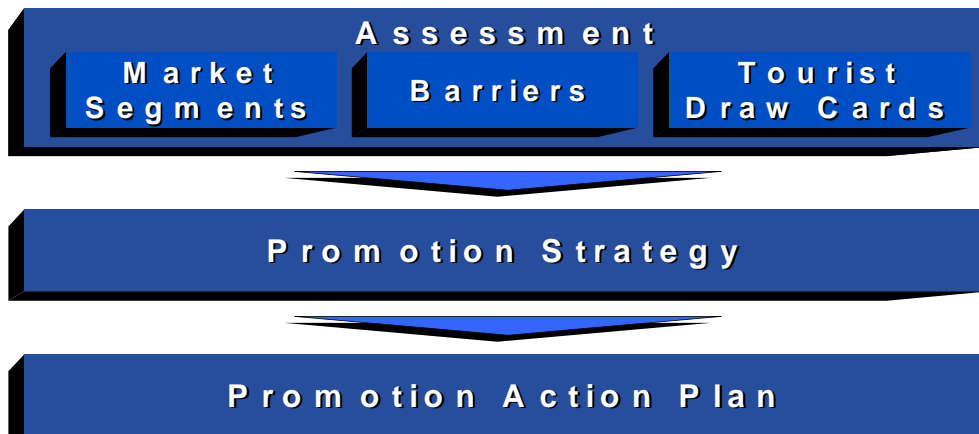
Understanding the East Asian market using survey results

An interview survey of East Asian tourists at Johannesburg and Cape Town Airports; and

A survey on promotion measures in both Japan and Dubai as a successful case in East Asian tourists' promotion.

2.3 Assessment

Action Plan Formulation was made as follows

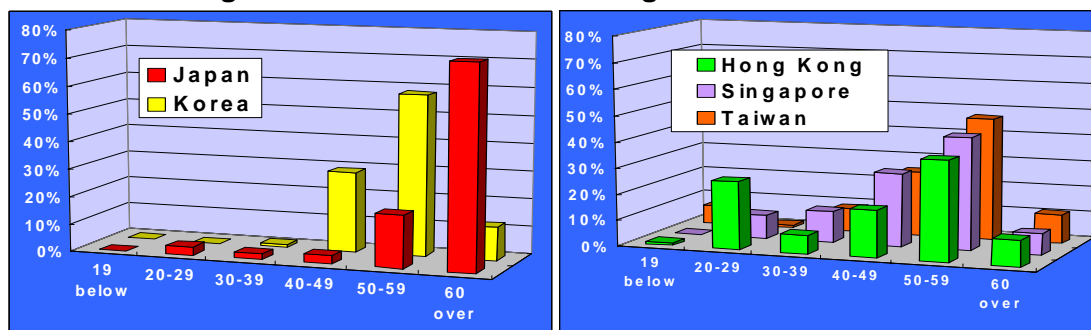


Market Assessment was made in three aspects

- | | |
|---|---|
| The three parts results of market assessment | Understanding the market segments and potentials; |
| | Existing barriers against desirable growth and how to crack them down; and |
| Promotion strategies and an action plan were based on these assessment | Tourist draw cards or selling points of South African tourism powerful enough to attract tourists from East Asia. |

Current Segments of East Asian Visitors are Apparent

Age Distribution of Package Tourists to SA



- | | |
|---|---|
| <p>Japan: Senior dominant
 Korea: Similar but younger (youth also non-negligible)</p> | <ul style="list-style-type: none"> ● Middle age/over dominant ● Younger segments also comparatively large |
|---|---|

Source: Major South African ground operators handling East Asian tourists

Japan: over 60 years of age, or senior.

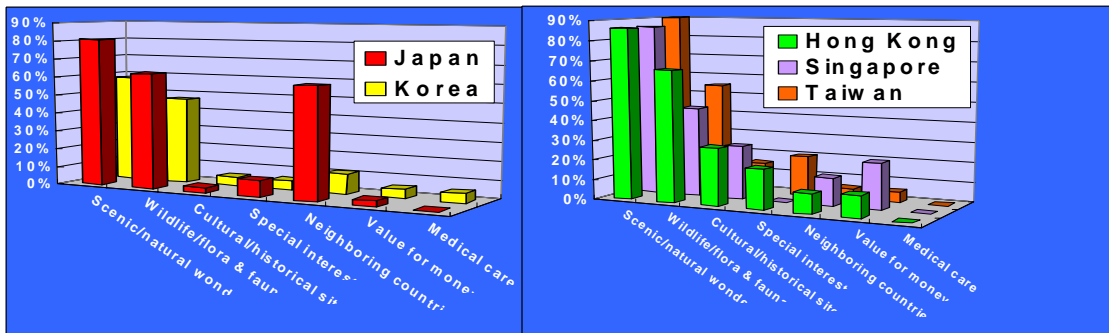
Korea: similar to Japanese tourists, but younger, young segment from Korea, particularly students, is not negligible.

Others: middle aged people, including 40s and 50s, but the proportion of younger segments including 20s and 30s are comparatively large.

Market segment

Reasons for Choosing South Africa are Concentrated.

Survey Results: "Holiday" Tourists



- Attracted to "scenic/natural wonder" & "wildlife/flora & fauna"
- Victoria Falls is essential for Japanese
- "Value for money" is low

The first is scenic beauty and natural wonder, and the second is wildlife and flora & fauna.

Primary reasons for choosing South Africa

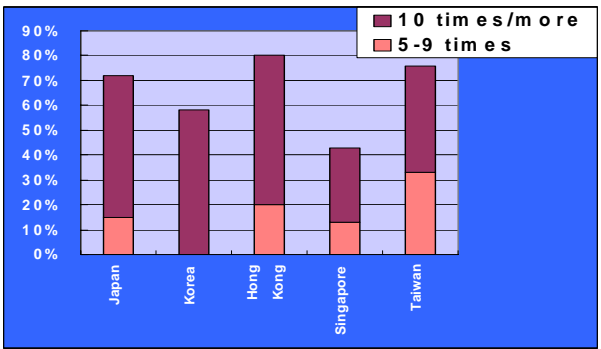
Japanese tourists are attracted also to major tourist attractions in neighbouring countries including Victoria Falls and Chobe National Park.

Value for money for their trip to South Africa is not high.

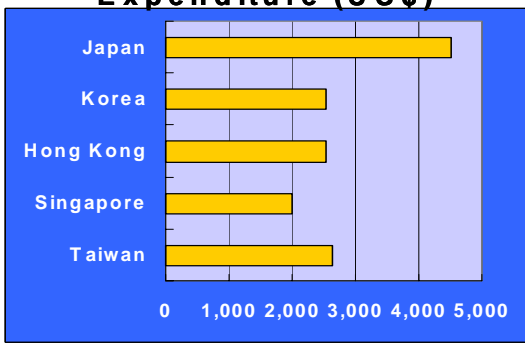
East Asian Visitors are Experienced Travelers.

Survey Results: "Holiday" Tourists

Past overseas travel experience



Average Total Expenditure (US\$)



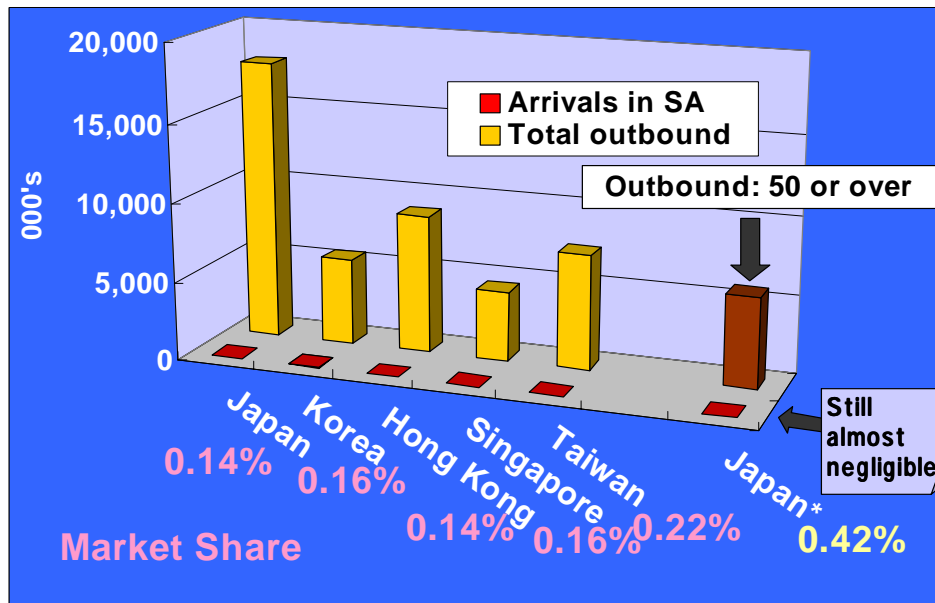
A large part of tourists have more than 10 times of previous overseas travel experience, and most of them have five times or more.

East Asian travellers are experienced

Japanese spend about 4,500 US dollars on the average, and those from other countries spend 2,000 to 2,600 dollars.

They are good customers although they may not be easy to satisfy.

Penetration into East Asian Market is Minimal.



Current stage: just the beginning

Potentials: Current penetration into East Asian Market is so little (0.15% to 0.2%).
Current penetration is low

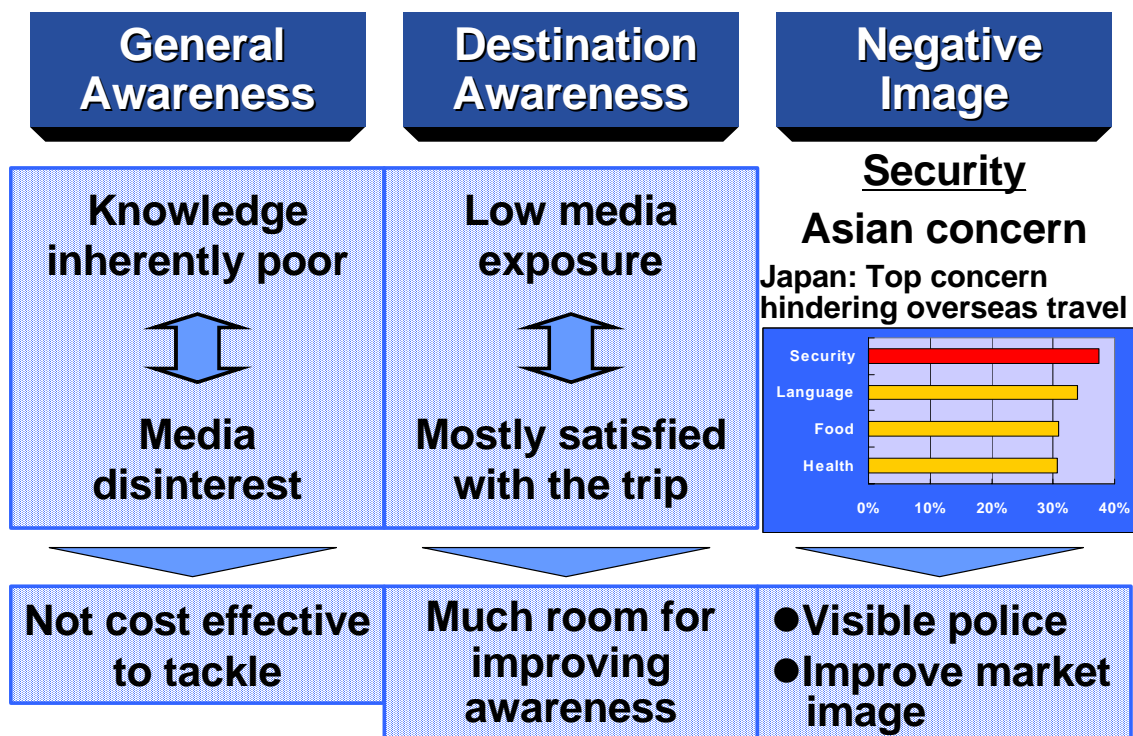
Significant potential for future development However, significant potential for future market development.

What are Barriers to South African Tourism ?

Consumers	<ul style="list-style-type: none"> • Awareness • Market exposure • Negative image
Product	<ul style="list-style-type: none"> • Faraway • High price • Product appeal
Agents Operators	<ul style="list-style-type: none"> • Passive to sell SA • Information on SA
Airlines	<ul style="list-style-type: none"> • Seat capacity • Direct flights
Promotion activity	<ul style="list-style-type: none"> • Budget • Presence • Collaboration

<p><u>Barriers:</u></p> <p>Potential consumers</p> <p>Tourism products</p> <p>Agents/operators</p> <p>Airlines</p> <p>Promotion activities</p>	<p>Potential consumers: low awareness of South Africa; low media exposure; and negative images about South Africa, particularly the security problem.</p> <p>Tourism product: faraway destination for East Asians; expensive; and overall product appeal is relatively weak.</p> <p>Tour operators and travel agencies in the source market are generally passive in selling tours because this business is currently not attractive to them and they do not know well enough about South African tourism.</p> <p>Airlines seat capacity is insufficient and there are no direct flights except for Hong Kong, Singapore and Bangkok.</p> <p>Institutionally, there is low promotion budget, non-existence of the representative office of SA Tourism except in Japan; and insufficient collaboration among SA Tourism, South African embassies and South African Airways.</p>
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Barrier No.1 : Little Awareness & Negative Image



It is quite difficult and not cost effective to rapidly enhance East Asians' "general" awareness of South Africa.

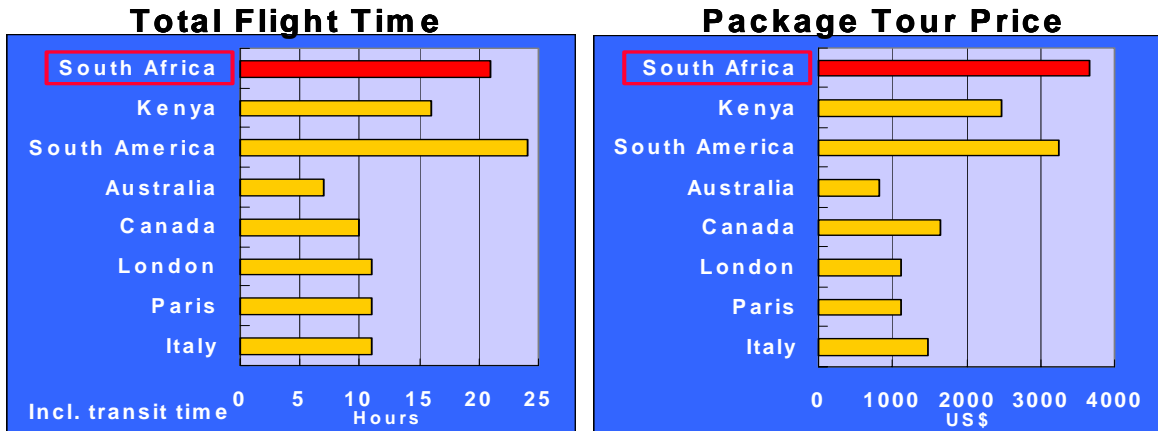
Barriers: Consumer

Little awareness & negative Image

Much easier to improve the awareness of South Africa in the target segment, because who actually visited South Africa are mostly satisfied with their trip, and willing to tell the story to the others.

Very important to recognize that the perceived lack of safety is a major barrier, particularly in this security-conscious market like Japanese.

Barrier No.2 : Faraway & High Price Standard Japanese Package Tours



Product appeal is extremely important

Source: Asahi Newspaper, Playguide Tour, Look JTB, World Air Service, Eurasia Travel

Barriers: Product

Faraway & high price

Product appeal is extremely important

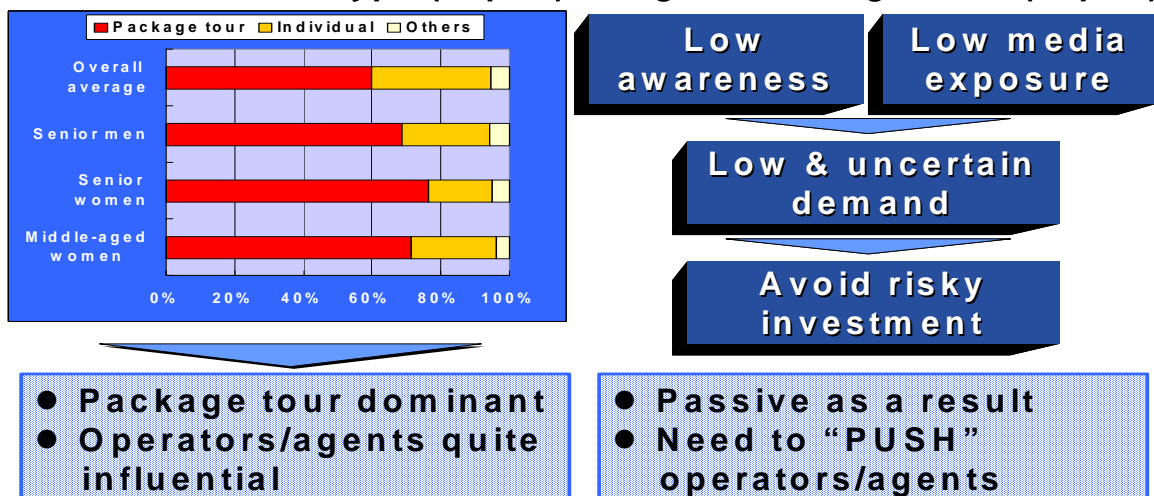
The price level of package tours to South Africa is no comparison with the tours to Europe, and is comparable to South America.

While there is a limit in flight time reduction, the tour price could go down as tourist volume increases, but not in the short-term.

Under these unfavourable conditions, product appeal is critically important for tourism promotion in the East Asian market.

Barrier No.3 : Passive Operators and Agents

Overseas Travel Type (Japan) Large Travel Agencies (Japan)



Japanese Agents/Operators:
Operators/Agents are influential
Package tour dominant
Need to “PUSH” operators/agents
Give them stronger motivation to sell South Africa

Operators and agents are very influential especially in Japan. They are quite influential on the decision making of potential tourists.

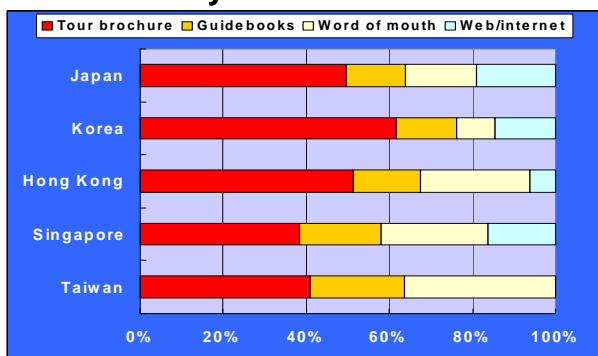
Package tour sold by agents, is a dominant form in the entire overseas travel market, and this tendency gets stronger for senior and middle age segments.

Currently, the power of operators and agents is significantly underutilized; even the very basic effort such as provision of information on South Africa is in short supply.

Critically important to “push” influential operators and agents and let them actively sell South African tours. Significant effect can be expected if giving them a stronger motivation

Comments from many of the operators interviewed revealed that South Africa has a good potential to achieve significant growth in their markets easily at least up to three times as much as the current number, if promotion activities are actively done.

Important Information Source “Holiday” Travelers to SA



Source: East Asian departing passenger survey

Power of marketers underutilized

Asian operators and agents generally very influential



Lack of information on South Africa

Give them stronger motivation to sell South Africa

Other East Asian Agents/Operators:
Operators/Agents are influential
Broachers are the primary source for choosing trip

Operators and agents are very influential not only in Japan but in other Asian countries as well.

Among the holiday travellers to South Africa, tour brochure is the top important information source about the tour to South Africa “before” they made a trip.

Currently, however, the power of such influential operators and agents is significantly under-utilized.

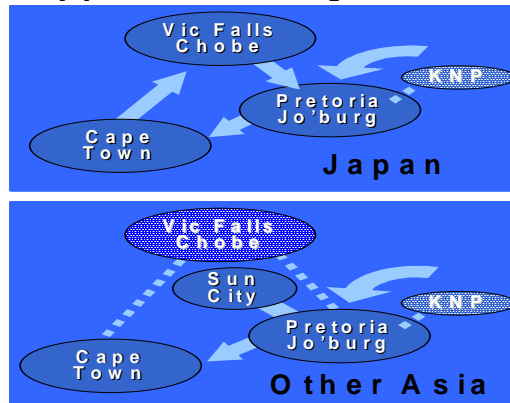
Significant effect may be expected if giving them stronger motivation to market South African tours.

How should we Market South Africa ?

Powerful Draw Cards

Scenic Wonders	<ul style="list-style-type: none"> • Table Mt. • Cape Point • Cape Town
Wildlife Flora & Fauna	<ul style="list-style-type: none"> • Flowers • Variety of wildlife
Entertainment & Others	<ul style="list-style-type: none"> • Sun City, • Pilanesberg (Excl Japan) • Blue Train
Neighboring Countries	<ul style="list-style-type: none"> • Vic. Falls • Chobe N.P. • Kalahari (For Japan)

Typical Package Tours



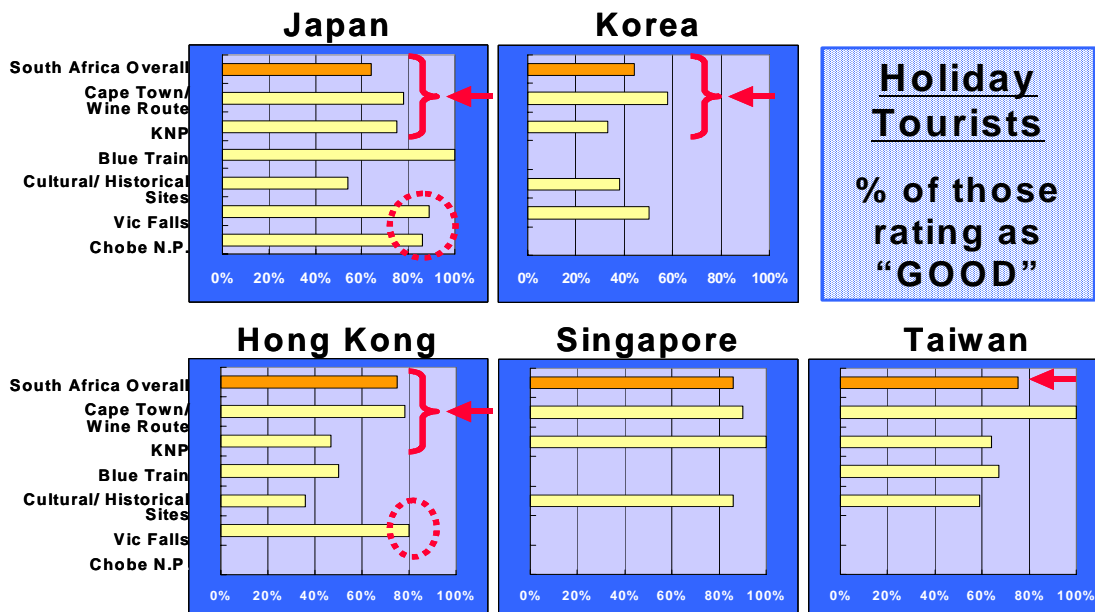
Tourist Draw Cards:

Powerful draw cards do exist but not many

Distance between tourists draw cards is another issue

The distance between powerful destinations requires air transport, it is difficult, for example, to include Kruger National Park in typical package tours, and instead Japanese operators include Chobe National Park in Botswana that can be easily accessed from Victoria Falls, which is essential for Japanese typical package tours to South Africa.

For other East Asian markets, Sun City is a must, and the tours typically include game viewing at Pilanesberg, rather than at Kruger National Park.



Note: Blank items are those with small sample.

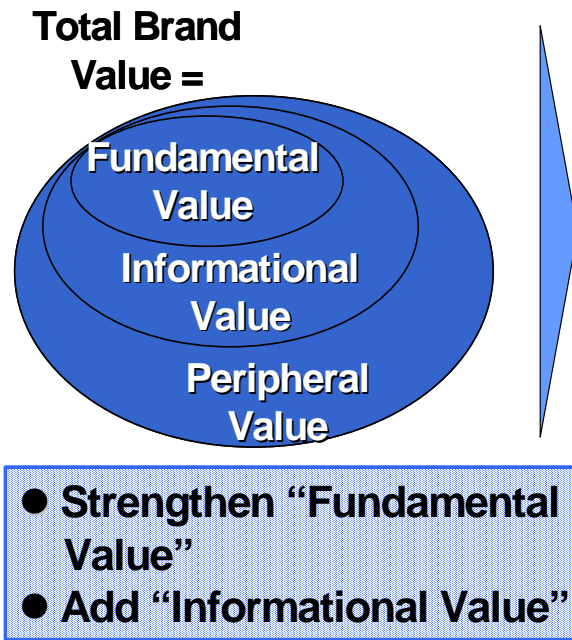
The rating of "South Africa Overall", which is not particularly high for most of these markets. Even Cape Town is rated lower than Victoria Falls.

Importance to Enhance Product Appeal

Extremely important to further strengthen the existing major draw card destinations, since they are the ones that have a truly strong tourist drawing power in East Asia.

Enhancing Product Value can be Done.

Principle of Branding



Cost Effective Measures

Major Tourist Sites

- World-class site presentation
- Interpretation
- Visitor facilitation

Promotion

- Provide value-adding information
- Feature valued add-on products (besides major ones)

Attract channel & media

Source: The Manual of The Brand Marketing Strategy, 2001

Enhancing Product Value

Take cost effective measures

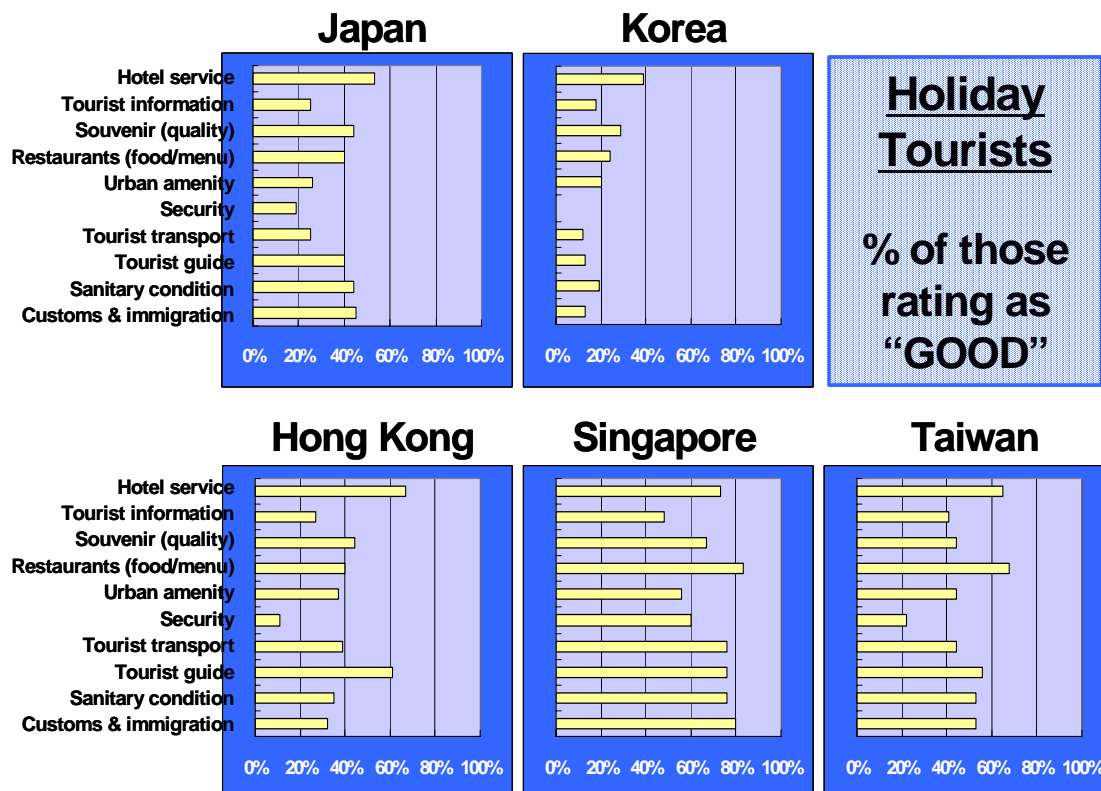
The basic and effective approach is to strengthen the fundamental value, and add some informational value.

Cost effective measures in the relatively short term include: Improve the way to present the major tourist sites to visitors including introducing world-class presentation, interpretation and visitor facilitation.

On the promotion side, it is effective to provide value-adding information and stories about the draw card attractions. This would work for capturing the interest of marketers or tour operators and various kinds of media in the source market.

Another important measure is to feature valued add-on products that will enhance the value of the existing powerful draw card attractions and destinations.

Quality and Services must also be Improved.



All kinds of tourist services are not rated highly

Need to get serious

Generally, tourists' services are not rated highly by East Asian tourists, particularly by Japanese, Koreans and tourists from Hong Kong.

If targeting East Asians who are used to high quality service in their own countries, there is much room for improvement in tourist service in general in order to meet the standard expected by them.

We can Learn from Dubai's Experience

Learning from Successful cases in Dubai for East Asian tourists promotion

Principles can be transferred to South African promotion strategy

Dubai claims as a completely safe destination.

Offers a superlative experience with customization to source markets. Staffs in representative offices are trusted to promote the destination as best fits the source market.

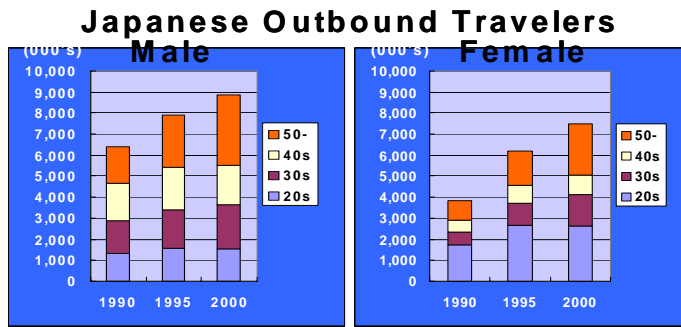
Devotion to customer satisfaction and commitment by all relevant players, including Department of Tourism, Commercial Marketing, Departments of Civil Aviation, Immigration, and Police, etc.

Aggressively packaged and offers concentrated visitor experience, which is an important consideration for East Asian tourists.

In short, Dubai's success is due to the devotion of all those concerned with tourism sector, both public and private, attempting to enhance the value of total tourist services and achieving customers' satisfaction.

2.4 Promotion Strategy

Strategy: Target Segments - Japan

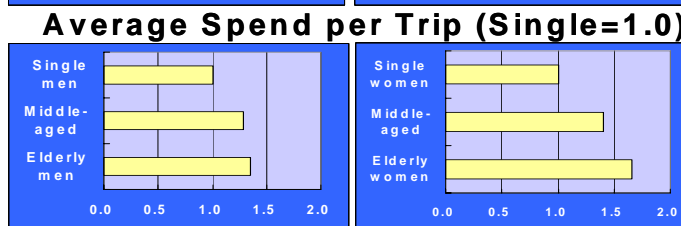


Assessment

Current Segments
- Senior/middle-age

Potential
- Very good

Marketers
- Reluctant to attract young & FIT



Immediate Focus

- **Seniors: 65 / over** (Couple/Single)
- **Empty Nesters** (55-65)
- **Middle Age / Over Married Women**

Note: Middle-aged: 45-59; Elderly: 60/over; Single: men=18-44, women=18-29
Source: Japanese Ministry of Justice, JTB Overseas Travelers Survey

Promotion Strategy for Japanese market

Target the segments that are the easiest to penetrate

Senior market

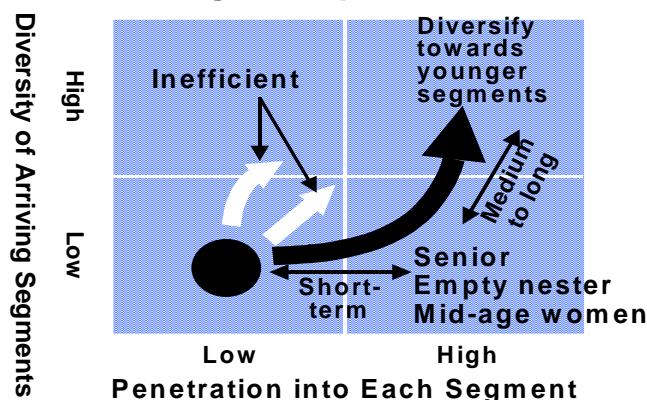
The best, most cost-effective strategy is to target the segments that are the easiest to penetrate. These segments are the senior market, either couple or single; empty nesters whose children have already grown up and left their home; and married women who are middle aged or over.

Average spending proves that those are capable to afford the travel to South Africa.

Strategy: Phased Approach

Same Principle

Positioning in Japanese Market Other Asia: Immediate



- Go for easiest segments
- Achieve critical mass (50,000)
- Then diversify the focus

Hong Kong Singapore & Taiwan

- Middle age / over
- Young & monied professionals
- Business/ MICE/ VFR
- Students (esp Taiwan)

Korea

- Senior
- Middle age
- Business/ MICE
- Youth (Students)

Phased approach is recommended

Go for easiest segments

Achieve critical mass first then, diversify the focus

Same approach can be used for other East Asian markets

For Japanese market, in the short term (3 years), promotion activities should be focused on the existing predominant segments. Once the annual arrival figure reaches a critical mass of 50,000, then diversify the focus towards younger segments.

Specifically, the immediate and short-term target segments for Hong Kong, Singapore and Taiwan should include those as shown in the box, and the immediate target segments for Korea should include those as shown in the box.

Strategy should be as follows from Market Perspective

Push Marketers	Enhance Product Appeal	Concerted Effort
<ul style="list-style-type: none"> ● Take advantage of their power ● Collaborate aggressively ● Information & incentives 	<ul style="list-style-type: none"> ● Provide value-adding information ● Strengthen tourist draw cards ● Effective use of media 	<ul style="list-style-type: none"> ● SA Tourism, embassies & SAA ● Consistent, synergistic activities ● Economies of scale

“From Market Perspectives”

Push marketers

Enhance product appeal

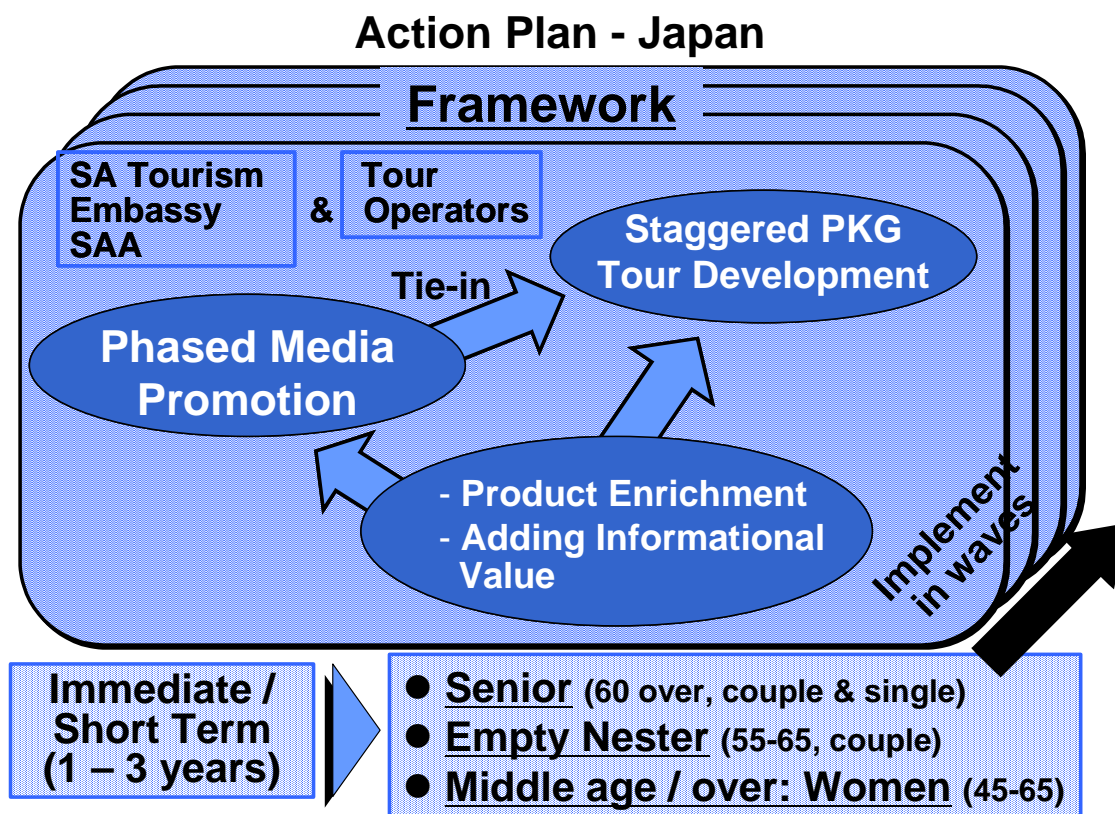
Concerted effort

Push marketers to actively sell South Africa. It's quite effective to take advantage of their power by aggressively collaborating with powerful operators and agents and providing information and incentives valuable to them.

It is essential to enhance product appeal from the East Asian perspective. The existing powerful tourist draws should be strengthened and media attention should be captured by providing value-adding information, featuring valued add-on products, and improving the presentation of major tourist sites.

All promotion activities should be carried out by well-coordinated collaboration among SA Tourism, embassies in the source markets and South African Airways. Information and image to be delivered should be consistent and synergy of activities should always be taken into account

2.5 Promotion Action Plan



Framework for the Japanese market action plan

Establish close collaborative working arrangement among South African promotion bodies

Working closely with marketers

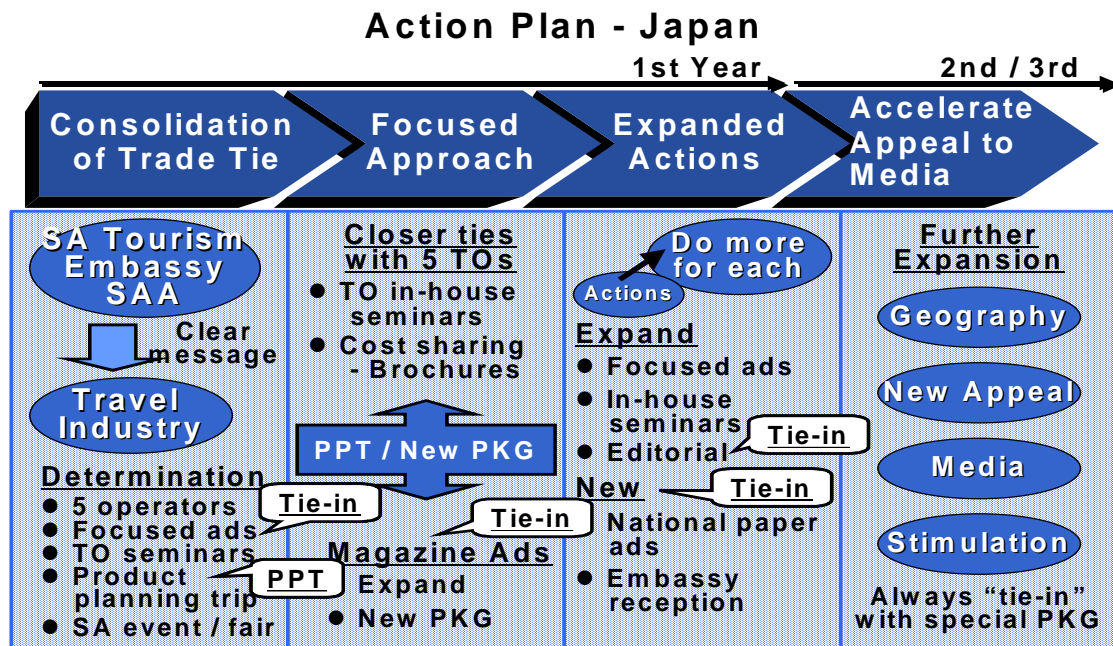
The series of actions should be undertaken in phases

Firstly, South African promotion bodies in the source market, including, SA Tourism, embassy and South African Airways, establish a close collaborative working arrangement, and then initiate close joint marketing relationship with some of the major Japanese tour operators and travel agencies.

Working closely with these operators, and using attractive and appealing information package, active media promotion should be undertaken in phases by tie-up with these operators. And at the same time, package tours that are consistent with this media promotion should be developed and advertised jointly by these operators and the South African promotion bodies.

In this process, it is essential to select and use the media that can effectively reach these short-term target segments.

Very importantly, this series of actions should be undertaken in phases or in waves in order to make this framework effective.



In the initial three months, consolidate trade ties, specifically by announcing the determination of South Africa to penetrate into Japanese market using trade media.

Then select 5 Japanese tour operators that are keen on selling South Africa, and advertise package tours through tie-in with these operators, by using right magazines for the target segments.

At the same time, offer Product Planning Trip (PPT) to the selected operators to develop new package tours. This process is a preparation for the next phase.

Immediate actions (1-3 years)

Consolidation of the Trade Tie

Focused approach

Expanded actions

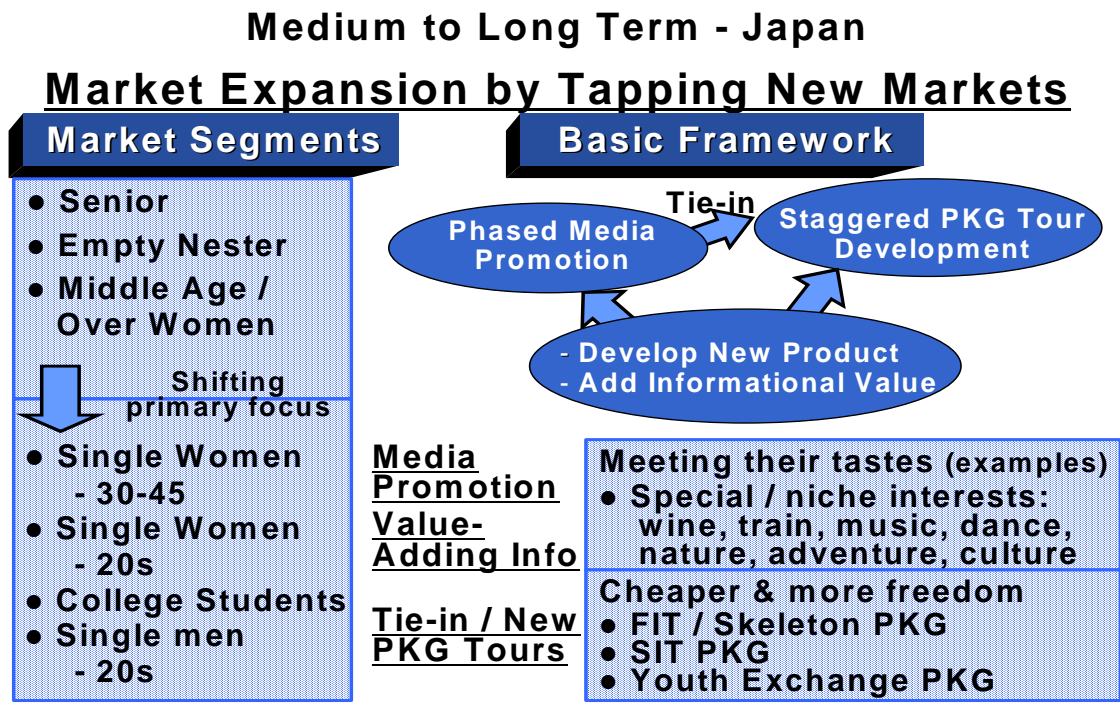
Accelerate appeal to media

The second phase is to take focused actions by establishing closer relationship with the chosen operators. In-house seminars for these operators should be held for their Tokyo and Osaka branches to upgrade the capacity of frontline sales clerks.

Simultaneously, provide cost-sharing support for brochure production for the package tours developed in the previous phase. And then advertise these new package tours in more magazines.

The next phase is to expand previous actions and, introduce new promotion activities including national newspaper ads with tie-in tour packages newly developed by PPT, a South African embassy reception to help promote the launch of the newly developed packages.

In the second and third year, further expand all activities in various dimensions including geographic expansion of in-house seminar, introducing and placing ads on new attractions, approaching TV directors and program producers, introducing magazine editorials, assigning celebrity figures matching the image to be delivered. These actions should be taken always with a tie-in to specific tour packages.



Once the arrivals from Japan have reached 50,000, then the next step of medium to long-term measures will be to expand the target segments, and focus primarily on younger segments.

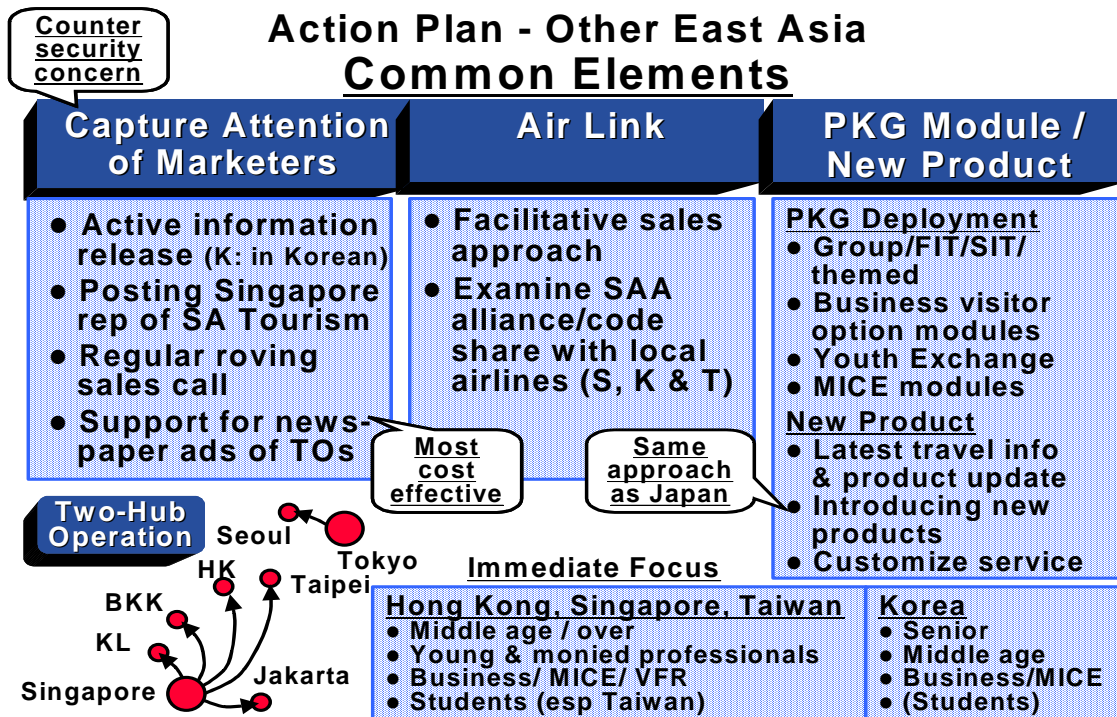
Medium to long term actions

The basic framework to be used for this phase is essentially the same as that for the short-term action plan.

Market expansion by tapping new segments

The difference is that contents of the ads, and value-adding information to be delivered should be those that will meet the tastes of young potential tourists.

Newly developed tie-in tour packages should also be those that will meet their tastes, particularly those that are cheaper and with more freedom, including FIT package, Skeleton package, SIT package, youth exchange package etc.



Other than Japan in East Asia, there is no SA Tourism representative office, promotion is limited in these markets, and even SA Tourism itself is not well known by tour operators there. This situation must be changed. Recommended approach is common to all markets.

More active information release is necessary, and this will contribute to countering the negative image of South Africa.

In order to improve the presence of SA Tourism in the region, we recommend that a representative be posted in Singapore who will be responsible for regular roving sales calls to ethnically similar Hong Kong and Taiwan markets as well as emerging Malaysian, Indonesian and Thai markets. The figure shows this two-hub operation in the East Asian market.

In addition, provide major operators support for tour package ads on newspapers that is the most cost-effective means for market package tours.

Improvement would also be needed for airlines, including facilitating sales approach and move toward establishing alliance or code share with local flagship airlines where such arrangement has not been made.

A similar framework in Japan should be taken for promotion. Assist selected operators in developing new tour packages that will meet the tastes and needs of the target segments.

Support to be provided for developing new product includes provision of latest travel information and product update, offering of PPT, and customization of service matching East Asian tastes and wants.

Action Plan for Other East Asia countries

Capture attention of marketers

Air link

Package module/new product

3 Focus Area Tourism Development

3.1 Focus Area Selection

This section describes the proposed tourism development plans for specific 'focus areas'. It includes: (i) selection of the focus areas, (ii) planning methodology including development objectives, planning principles, and specific considerations to be made in the planning process, (iii) selection of the priority projects and programs, (iv) planning of the priority projects and programs, and (v) the evaluation of these projects/programs.

Potential focus areas were selected among areas/projects identified by existing national initiatives. Selection criteria were devised bearing in mind the South African government's tourism policies and objectives as well as existing tourism project selection. The criteria covered a broad spectrum including socio-economic aspects (i.e. poverty relief, social development, etc), tourism supply and demand (existing and potential supply and demand) and general considerations (value-adding potential, relation to national initiatives, etc). Areas already with earmarked funds for tourism development were excluded and "bonus points" were awarded to areas for which DEAT indicated a preference. Points were also weighted according to the importance of the criteria, as decided by DEAT and the JICA Study Team.

FOUR priority focus areas for tourism development were selected by a process based on national initiatives and socio-economic criteria

Based on these criteria, a score was given to each area. From these scores and taking into consideration the Study Team's consultations with the DEAT on the needs of tourism development planning, four focus areas were finally selected:

1. Madikwe (previously identified by PATII)
2. Khayelitsha – (previously identified by Cluster Study Area)
3. Valley of the Olifants – (previously identified by Cluster Study Area)
4. Badplaas/Barberton/Malelane – (previously identified by PATII)

The areas' strengths and greatest potential should be the basis for their tourism development while avoiding a fragmented approach.

The most fundamental planning principles guiding the tourism development planning process are:

- Maximize tourist flows into the areas – shortest path to create more jobs
- To achieve this, build on strengths and best potentials, NOT taking a fragmented approach

Development Plans for the Focus Areas comprise staged development for both short and long term measures

The Development Plans for each area incorporate both long-term and short to medium term plans, consisting of what is to be undertaken in the next few years, toward what is to be achieved in the long term.

In this study, the planning horizon is set at 10 years, with the long-term target year being 2011. The short- to medium-term horizon is 5 years, with its target year set at year 2006.

Existing initiatives in

It is important to push forward the initiatives currently adopted

the Focus Areas are supported where considered valid

in the focus areas in order to move the plans toward implementation.

If the existing initiatives are consistent with the identified strengths and potential, these initiatives are further developed, thereby strengthening their momentum. In case the area's strengths and potentials lie beyond the development areas targeted by the current initiatives, new plans are proposed, which are based on the strengths and potential.

For each Focus Area, priority projects & programs were selected and developed

For each Focus Area, desirable projects and programs were identified. These candidate projects/program were then prioritised by scoring each according to the degree to which it satisfied three criteria, i.e.:

Urgency: timing for implementation in the overall development plan for the area;

Importance: extent of contribution to attracting more tourists into the area, leading to creation of more jobs and to socio-economic development in the area; and

Implementability: identification of a project implementing body, existence of current initiatives, and degree of difficulty that would potentially hamper and/or delay project implementation.

These proposed projects and programs were then subjected to greater study, including details of their scope, tourist demand, costing, economic viability, pre-feasibility studies and implementation structure. The tourism development concepts, plans, and projects/programs for each Focus Area are summarised below.

3.2 Tourism Development in Pilanesberg - Madikwe Corridor

The strengths of this area are established attractions and good access for tourists

The Pilanesberg-Madikwe Corridor already has established powerful draw card attractions, including:

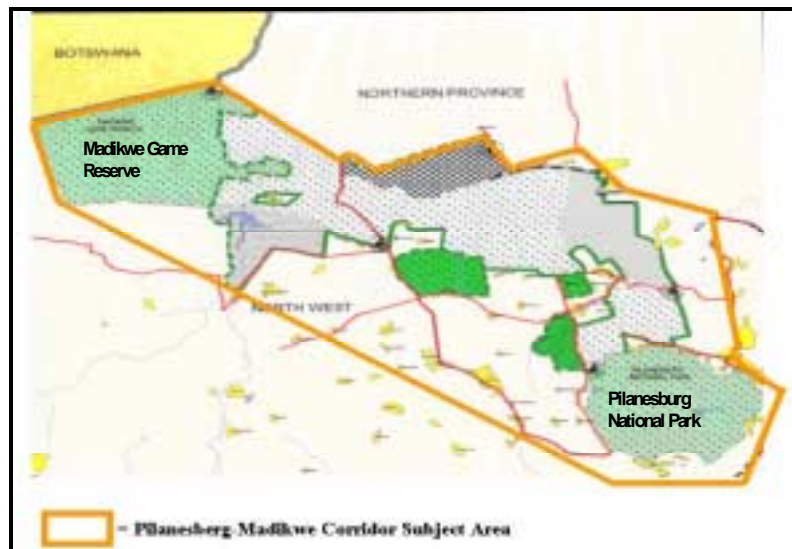
- Sun City, offering world-level entertainment and sports activities;
- Pilanesberg National Park offering a game viewing experience; and
- Upmarket accommodation;
- Madikwe Game Reserve as being a successful case for commercialisation, attracting private lodge operators catering for upmarket visitors;
- Good access from the Johannesburg/Pretoria area; the area is easily and conveniently accessible for international tourists as well as for the Gauteng market;
- Bordering Botswana and close proximity to its capital city, Gaborone; and
- Good management of the North West Parks and Tourism Board, with its objective being income generation as well as

conservation of nature, effectively using private sector forces for game reserve development.

Spatially, development efforts should be focused largely on creating “tourist pull” beyond Pilanesberg, an already established destination, towards Madikwe. Focusing this way, the tourist flow into the area as a whole is expected to rise most effectively.

The proposed area of focus is beyond Pilanesberg toward Madikwe

Defined as the “Pilanesberg-Madikwe Corridor Subject Area”



Given these considerations, this study focused on planning for the area stretching from around Pilanesberg to Madikwe and defined as **the Pilanesberg-Madikwe Corridor Subject Area**.

A clear-cut image should be defined

Building on its existing tourist attractions, the Pilanesberg – Madikwe Corridor should be developed, aiming at establishing its reputation as:

“The leisure, entertainment and wildlife playground/hub on the tourist’s doorstep”

The size of the wildlife experience would be extended and at the same time clearly differentiate the area's products by offering first-rate wildlife-based experiences, leisure activities, local cultural and natural heritage experiences as well as entertainment in a large (larger than most other game viewing areas other than the KNP) and easily accessible location. Such experiences would include:

- Experience in wildlife breeding activities;
- International cultural and heritage exchange activities;

Expanded wildlife experiences and entertainment facilities will be offered



PERSPECTIVE VIEW
MADIKWE MIDMARKET RESORT
AND EXCHANGE CENTRE

- Hunting;
- Leisure activities, including those partly relating to natural and cultural heritage, and those for day-visitors;
- Entertainment and sports activities already existing (Sun City).

The "Pilanesberg" name will be preserved

Emphasis needs to be placed on the greater size (and therefore improved tourist experience) of the proposed expanded reserve, but it should be done without losing the already well-known and recognized "Pilanesberg" brand name. The Study Team believes that the current name for the proposed expanded reserve, Heritage Park, would take a long time to become established in the market. We suggest that another name be selected that clearly illustrates the large size of the expanded reserve and builds on the existing Pilanesberg name, such as: "The Greater Pilanes Park" or "The Greater Pilanes Game Reserve"

The existing product bases will be extended in stages to establish the Heritage Park

The existing tourism product base areas will be extended, namely Pilanesberg and Madikwe, which are judged the most attractive, with development by stages due to the distance between them and the virtually undeveloped status of the in-between area. Eventually the Heritage Park will be established, fully integrating the entire area between Pilanesberg and Madikwe.

Tourist routes will link attractions and diverse lodging will be provided

Tourist routes linking a variety of attractions will be developed in addition to existing ones, with quality visitor interpretation and facilitation. Accommodation will be provided for a wide-range of tourists from mid-market to upmarket and for both local and international visitors.

An international exchange centre will be established

An international exchange centre will be established that can be used for promoting the exchange of youth from across the world, including East Asia, in terms of cultural exchange, wildlife and nature experiences.

MICE products will be promoted

MICE products will be further developed and promoted with the area's unique incentive and seminar opportunities that are greatly appealing to the international market, including East Asian countries.

Both foreign and domestic markets will be targeted with emphasis on overnight visitors

The broad target market goals are specified as:

- Foreign vs. Domestic: Both the foreign and domestic markets will be targeted with similar emphasis/importance levels.
- Day vs. Overnight Visitors: Both overnight and day visitor markets will be targeted. Only a slightly higher emphasis/importance will be attached to overnight visitor markets given the higher expenditure potential.
- Existing vs. New Markets: Further penetration of existing markets will be emphasized. Some development of new target markets, such as the mid-market domestic overnight market, new foreign MICE markets (particularly East Asia) and the foreign youth market through the cultural exchange centre.

From this proposal, it is projected that total visitors would grow from the current 598,000 to 744,000 in 2011.

The area attracts a number of tourists both foreign and domestic with its established attractions. It is estimated that current total tourism to the area is about 598,000 (362,000 overnight visitors and 236,000 day visitors).

The development plan proposed in the study is expected to enhance the area's attractiveness as well as broaden the customer base. With the JICA Study Team's recommendations total tourism is projected to increase to 677,000 in 2006 and to 744,000 in 2011 (a compound growth of 2.2% pa in 2002-2011).

Tourism skills in the area are variable but generally adequate

Indications are that the current levels of essential tourism skills are largely adequate in this focus area and that tour guiding and some hospitality, housekeeping and hotel management are required. On the other hand more generic skills such as communication, customer service, languages etc are recognised as needed. It is also clear that levels of qualifications and the need for training vary from the resort sector (mainly Sun City) to self-catering where low qualification levels were evident. New training provision will also be required for the heritage and breeding centre interpretation and guiding.

North-West Parks and Tourism Board could coordinate HR development

The formation of the proposed Heritage Park requires a more formalised and coordinated approach to human resource development. As this park will be a key and dominant aspect of the work of the North-West Parks and Tourism Board, it is suggested that a HR development and coordination function for the Heritage Park Concept, should reside within the Board.

The following HR programs are recommended for the Madikwe Pilanesberg Area, facilitated and run from the provincial level.

- Tourism SMME Entrepreneurial Training Program.
- Tour Guiding and Interpretation Program
- HR Development Facilitation

A Destination Tourism Marketing Organisation, equivalent to an RTO, could be set up as well as a PIU for program implementation

The proposed Heritage Park will be a key and dominant aspect of the work of the North West Parks and Tourism Board, and therefore it is expected that some of the institutional capacity will be housed here. It is recommended that a destination tourism marketing organisation, equivalent to an RTO, be set up for the proposed Heritage Park. This would carry out the destination marketing. This institution must be permanent, and might expand in size as the Park develops in future years.

A Project Implementation Unit (PIU) for the heritage park should be set up to handle the program implementation, which will relate mainly to facilitating the development of the identified tourism plant projects and infrastructure. The ongoing development of the park could be done from this unit, however, it would be better housed within the North West Parks and Tourism Board at Provincial level where there is already some capacity to continue the development of the Park.

The following projects have been selected as priority projects for implementation in the short to medium term (2006).

A Product, Facilities and Infrastructure

- A-1 Overall Programming for Development and Conservation for entire Heritage Park
- A-2 Construction of broad infrastructure for Heritage Park
- A-3 Development in Molatedi Dam area
- A-4 Pilanesberg Game Reserve expansion
 - A-4-1 Development of Midmarket Resort
 - A-4-2 Development of Youth Tourism Cultural Exchange Centre
- A-5 Road Transport Upgrading
 - A-5-1 Improvement of road from Batlhalerwa to Derdepoort
 - A-5-2 Development of road signage in and around Heritage Park
- A-6 Water Supply Development

Priority Projects and Programs for the Pilanesberg-Madikwe Corridor Subject Area:

B Marketing and Promotion

- B-1 Marketing & promotion of potential product and total subject area

C Human Resource Development

- C-1 Develop & Implement Tourism Entrepreneurial Training Program for local community
- C-2 Tour Guiding and Interpretation Training Program

D Institutional Development

- D-1 Establish Heritage Park Project Implementation Unit (PIU)
- D-2 Establish Focus Area Destination Tourism Organizations (equivalent to LTO)
- D-3 Establish strong links between LTO/RTO and Provincial Tourism Marketing Agency

The initial cost of the priority projects is R305 million

The initial cost of the priority projects amounts to about R305 million including product, facilities and infrastructure projects. The annual cost of the programs including those for marketing and promotion, human resource development, and institutional development is estimated at R2.4 million.

These projects would yield an EIRR of about 16%

The Economic Internal Rate of Return (EIRR) was estimated to be 16.1% in real terms for these projects and programs. Although the result is indicative in nature, this value is high enough for justifying the investment in them from the national economic point of view.

3.3 Tourism Development in Khayelitsha

The strength of this area for tourism is that it is a relatively new township close to the established attraction of Cape Town

The strengths of Khayelitsha as a tourist destinations are:

- It is situated in the Metropolitan Cape Town, one of the country's major tourist destinations visited by around 730,000 international tourists and around 520,000 domestic holiday visitors (in 2000) and a large resident population – ready-made tourists on the doorstep;
- There is extremely easy access to and from Cape Town International Airport - tourists to Cape Town can easily visit Khayelitsha, for example, on the way to the airport before leaving Cape Town;
- It is situated on one of the major routes to the Winelands, which is considered to be visited by the majority of international tourists to Cape Town, meaning that significant tourist flows is already running on the N2 highway, the major access road to Khayelitsha; and
- It is the newest township among those located around Cape Town: although this may be a weakness for promoting its township tour relative to other areas, this newness enables encouraging efforts to create an entirely new attraction that can be a catalyst for Khayelitsha's tourism development.

As defined by the administrative boundary, this study will focus on the planning within Khayelitsha.

The current Monwabisi coastal resort development plan will be taken as it is in this study, as an element complementary to the tourism development in Khayelitsha that is the focus of this study and defined as **the Khayelitsha Subject Area**.

The proposed area of focus is Khayelitsha

Defined as the “Khayelitsha Subject Area”



(Note: Numbers identify development nodes specified in existing plans)

A clear-cut image with drawing power should be created

The area should be developed by newly creating a powerful attraction that will be a major draw card for attracting foreign and local tourists visiting Cape Town and to potentially feed part of them to other tourism products in Khayelitsha including the township tours.

The new attraction should have a strong tourist drawing power. The Study Team's proposal is that Khayelitsha should aim at establishing its reputation as:

“The cultural music & dance experience of South Africa”

Including Traditional African music/dance, blended and enhanced with Modern, sophisticated African and international music/dance

An African Music & Dance Showcase for Khayelitsha



The music and dance showcase will be developed as a new concept combining tradition with sophisticated choreography

A music and dance based attraction (the “African Music & Dance Showcase”) could be developed that is based on the original, traditional African music and dance, with a modern, sophisticated flavour richly added to it in terms of interpretation, arrangement, choreography, etc., thereby making it a truly entertaining and satisfying experience to meet up with the taste of discerning international tourists (including East Asian visitors) as well as local visitors.

This “African Music and Dance Showcase” is considered a new concept in South Africa, blending tradition with modern, sophisticated arrangements (rather than putting emphasis on maintaining authenticity). This must create opportunities for tourists to experience traditional music and dance **in a way distinct from the conventional cultural villages existing in South Africa.**

This is a forward-looking concept, expected to contribute to enriching and further developing tradition-based culture, and even creating new genres of music.

The attraction will be supported with special events and specific merchandising

- Events: music events would use the African Music & Dance Showcase venue as a powerful marketing tool to promote Khayelitsha's tourism.
- Merchandising: merchandising (manufacture and sales) would be specific to the African Music & Dance Showcase.
- Arts and crafts design and training: an arts and crafts design and training centre would improve the quality and designs of crafts, extending the current efforts in arts and crafts training undertaken in Khayelitsha.
- Visitor facilitation for township tours: visitor information would be improved as well as basic facilitation and interpretation in township life, culture, and tradition, thereby offering richer touring experiences for visitors on tour groups and FITs.

The initial target market will be foreign tourists with emphasis on day visitors

The broad target market goals are specified as:

- Foreign vs. Domestic: Both the foreign (including East Asian visitors) and domestic markets will be targeted with an initial emphasis on foreign markets, but a very strong penetration drive into selected domestic markets (including the local or Cape Town resident market).
- Day vs. Overnight Visitors: Both overnight and day visitor markets will be targeted. Primary emphasis will be on the day visitor market emanating out of greater Cape Town. This will essentially be a day or part-day destination. Limited focus will be given to the overnight market.
- Existing vs. New Markets: The existing market is still very small, so further penetration of existing markets has definite potential, but emphasis will be placed on identifying and penetrating new markets.

From this proposal, it is projected that total visitors would grow to about 200,000 in 2011.

Currently tourism in Khayelitsha has a very low base. It is estimated that current total tourism is about 82,000 (mostly day visitors) including visitors to the Monwabisi resort, but those visiting Khayelitsha are significantly lower, estimated at about 20,000 (again, mostly day visitors).

The proposed development is expected to enhance dramatically the attractiveness of the area with its new core attraction, African Music & Dance Showcase, capturing a far higher proportion of the Cape Town visitors than at the moment. With the JICA Study Team's recommendations total tourism is projected to increase to 148,000 in 2006 and to 208,000 in 2011 (mostly day visitors).

There are few skilled people within the tourism industry in this area

In general this focus area has a low level of activity in tourism human resource development and few skilled people. Neither at the Provincial level, nor specifically in the area, is tourism human resource development coordinated, monitored or facilitated in one place. However with the advent of a provincial tourism HR strategy, it is expected that this will be addressed.

More training is needed for Khayelitsha residents in various aspects of tourism and business management, such as health

and hygiene, cooking, marketing, tourist guiding, etc.

However, mechanisms will be needed to ensure the programs are successful and funds are sourced for the programs. New and specific training provision will be required for the music and dance facility and the improved interpretation.

New HR programs are required and should be coordinated at township level

The following HR programs are recommended for Khayelitsha, facilitated and coordinated at the township level, but with significant support from the Unicity tourism function.

- Theatre operational skills and music and dance development
- Tourism SMME Entrepreneurial Training Program.
- Tour Guiding and Interpretation Program
- Music and Dance Showcase Craft and Merchandise Production
- HR Development Facilitation

Khayelitsha is only a small component of Western Cape tourism, and will therefore require institutional structures well below the provincial level to support its tourism development. It is recommended that HR coordination and marketing and promotion be carried out by a dedicated body at the Khayelitsha township level, which would work closely with the Unicity structures in tourism and other sectors. This body will also be involved in the ongoing operation of elements of the Khayelitsha Music and Dance Showcase.

A dedicated body at township level should be set up for coordination and promotion and a PIU to implement the project

A destination tourism organisation, equivalent to a strong LTO, could be set up in Khayelitsha to carry out the destination marketing and provide an HR development facilitation function. In addition, this unit would oversee the private sector management of the Showcase, on a more day to day basis than its Board.

A Project Implementation Unit (PIU) for the Khayelitsha JICA development program should be set up to handle the program implementation, which will relate mainly to facilitating the development the Showcase, the merchandising and crafts and any required infrastructure.

The following projects have been selected as priority projects for implementation in the short to medium term (2006).

A Product, Facilities and Infrastructure

- A-1 Development of African Music and Dance Showcase
 - A-1-1 Development of facilities for African Music and Dance Showcase
 - A-1-2 Development of music, dance, shows and events/festivals for African Music and Dance Showcase
 - A-1-3 Development of African Music and Dance Showcase specific crafts/ merchandise
- A-2 Development of range of Khayelitsha tours and interpretation
- A-3 Demand study on infrastructures for tourism development in Khayelitsha

B Marketing and Promotion

- B-1 Marketing and promotion for African Music and Dance Showcase

C Human Resource Development

- C-1 Development of local community musical talents, local entertainment troupes, interpretation of music
- C-2 Arts, crafts, and merchandising training
- C-3 Tourism entrepreneurial training program for local community
- C-4 Tour guiding and interpretation training

D Institutional Development

- D-1 Establishing Project Implementation Unit for African Music and Dance Showcase

Priority Projects and Programs in the Khayelitsha Subject Area:

The initial cost of the priority projects is about R26 million

The initial cost of the priority projects amounts to about R 26 million including product, facilities and infrastructure projects. The annual cost of the programs including those for marketing and promotion, human resource development, and institutional development is estimated at about R 1.7 million.

These priority projects would yield an EIRR of about 21%

The Economic Internal Rate of Return (EIRR) was estimated to be 20.5% in real terms for the priority projects and programs. Although the result is indicative in nature, this value is high enough for justifying the investment in them from the national economic point of view.

3.4 Tourism Development in Valley of the Olifants

The main strength of this area is that it borders the Kruger National Park and is linked to an established tourist route boasting magnificent scenery

Valley of the Olifants possesses several tourism strengths such as:

- Bordering the Kruger National Park, an established major draw card attraction, with two gateway towns to KNP, namely Phalaborwa and Hoedspruit;
- The existence of well-established game reserves, mostly privately owned catering for the upmarket market, located in the south-eastern parts of the Valley of the Olifants;
- Linked to the Blyde River Canyon in the south west, and an established tourist route (Panorama route) with unique, magnificent scenery; and
- The inter-regional initiative that has already started for the development and conservation of wildlife and nature-based resources, particularly those in the Kruger National Park and Blyde River Canyon, coupled with the existence of an educational/research/training product base relating to wildlife and ecological systems and their potential use for tourism development.

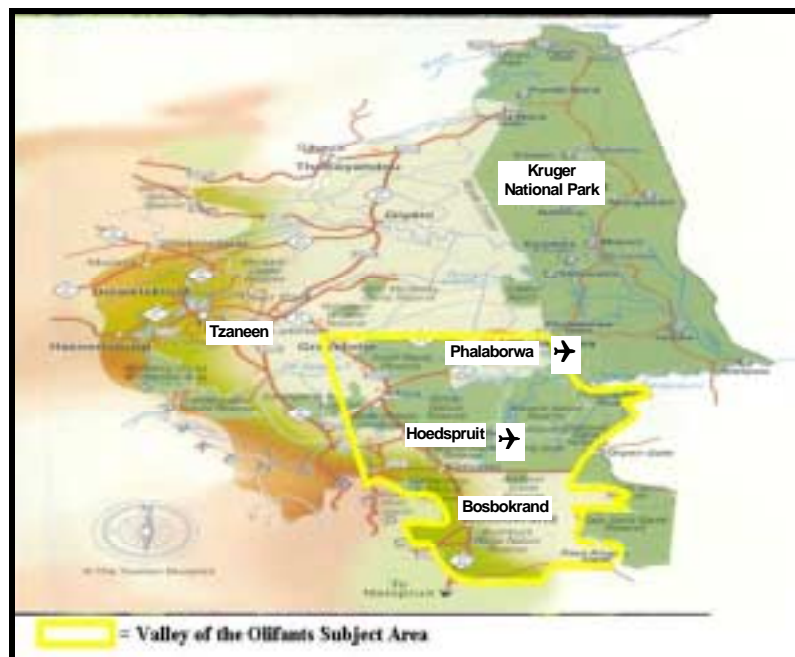
Spatially, development efforts should be focused on the south-eastern part of the area that is adjacent to the Kruger National Park and the Blyde River Canyon¹, considering that:

- The major strengths exist in this sub-area, with the highest development potential.
- Some initiatives have started in this sub-area, though they are not strong enough at the moment. Tourism-related development in this part of the region will push forward these initiatives toward concretisation and implementation.

The study defined the area as **the Valley of the Olifants Subject Area**.

The focus of the area is the south-eastern part adjacent to KNP and the Blyde River Canyon

Defined as the “Valley of the Olifants Subject Area”



A clear-cut image should be created

Building on its superb location in terms of the offering of a wildlife experience, the area should be developed, aiming at establishing its reputation as:

“The Wildlife Research and Educational Experience of South Africa”

¹ While this does not necessarily rule out any possibility of tourism development in other parts of the area, it is judged that major efforts in the area’s south-eastern parts are expected to lead most effectively to enhancing the tourist draw of the area, given that major strengths are concentrated in this sub-area, which still is underdeveloped (except the presence of some private game reserves) and that other relatively minor tourism resources are scattered across the area. For these considerations, this study will focus on planning for the south-eastern part of this focus area.

Out-of-game-reserve experiences would be offered with wildlife that is educational and entertaining for those visiting KNP and other game reserves in this area, thereby significantly enriching their game-viewing/wildlife experience to the extent that discerning international tourists (including those from East Asia) can be truly fascinated. Specifically, develop and expand the tourism experience around the Hoedspruit and/or Phalaborwa areas, including:

- Establishing a “Wildlife Complex (tentatively named Wildlife Education & Research Centre)” that offers both an entertaining and educational experience of the wonders of wildlife as well as other related functions including a visitor information centre for the area, other tourist attractions and shops; and
- Establishing an arts and crafts centre specializing in developing sophisticated, highly marketable wildlife-related products as well as training for their production, which is also to be featured as a tourist attraction.

A new wildlife centre would enrich the wildlife experience for both entertainment and education, and an arts/crafts centre could offer strong products



A world-ranked centre for education, research and training

Wildlife education and research functions would be strengthened and extensive training provided for conservation of wildlife and nature and their use for tourism and other economic activities, ultimately aiming at establishing itself as being among the world’s best wildlife education and research centres.

Linking the centre to other attractions in the area

Strengthen the recommended image by developing a cohesive and well-interpreted route, linking the proposed new development to other wildlife research and education products located throughout the area. The proposed new facility could also act as the dissemination point for visitors to the other more specialized hands-on facilities.

Tourist flows will also create opportunities on access routes

These developments will lead to increased tourist flow into the area, which will open up opportunities to develop tourism-related activities on access routes such as the R36 to Blyde-River Canyon and the R40 to Hazyview via Bushbuck Ridge, thereby creating jobs in this economically disadvantaged area.

A higher emphasis will be placed on targeting domestic overnight tourists as well as new special interest tourist markets

The broad target market goals are specified as:

- Foreign vs. Domestic: Targeting of both the foreign and domestic markets, with a higher emphasis or importance being placed on domestic markets.
- Day vs. Overnight Visitors: Targeting of both the overnight and day visitor markets. The primary emphasis is, however, on the overnight market.
- Existing vs. New Markets: Further penetration of existing markets (both foreign and domestic) holds definite further potential and major emphasis is to be placed on this action. However, high importance should also be placed on identifying and penetrating new markets, particularly special interest markets such as the local and foreign wildlife educational and academic markets (including those from East Asia), MICE for the wildlife research and educational markets (including those from East Asia), pulling of markets already attracted to the Panorama route into this area, etc.

From this proposal, it is projected that total visitors would grow from the current 623,000 to 768,000 in 2011.

Currently the area attracts a number of tourists with its wildlife experience. It is estimated that current total tourism to the area is about 623,000 (258,000 overnight visitors and 365,000 day visitors, mostly domestic tourists).

The proposed development is expected to enrich the wildlife experience, thereby enhancing the area's overall attractiveness. With the JICA Study Team's recommendations total tourism is projected to increase to 699,000 in 2006 and to 768,000 in 2011 (a compound growth of 2.1% pa in 2002-2011).

Existing tourism skills in the area need to be improved

In general this focus area has a medium level of tourism skill, though improvements are required. Neither at the Provincial level, nor specifically in the area, is tourism human resource development coordinated, monitored or facilitated in one place. General and varied tourism related skills are required as well as specific requirements in the area of guiding and interpretation in relation to wildlife research and education, and in the manufacture or development of related crafts and merchandise.

The Hoedspruit Tourism LTO/PIU could be revived to develop and coordinate human resources

A more formalised and coordinated approach to human resource development for the area will be required. It is suggested that an HR development and coordination function for the study area should reside within a revived Hoedspruit Tourism LTO/PIU. It would have close links with the Kruger to Canyons Biosphere Reserve, and the Ba-Phalaborwa Tourism Association as well as with the Valley of the Olifants RTO and with the Province.

The following HR programs are recommended:

- Tourism SMME Entrepreneurial Training Program.
- Tour Guiding and Interpretation Program
- Wildlife Education and Research Craft and Merchandise Production
- Product Owner/Operator Development and Packaging Training
- HR Development Facilitation

A Hoedspruit level tourism entity is considered crucial to success. A destination tourism organisation should also be set up, as well as a PIU for implementation

This Focus Area represents one relatively small area of a number of areas for tourism development in the Northern Province, and therefore most institutional responsibilities for the study area development should be housed at lower levels than at the Province. Packaging, promotion and marketing as well as the operation of the Research and Education Visitor Centre will be key to the success of tourism development in the area. A Hoedspruit level tourism entity will be crucial to this project, particularly for marketing and the operation of the centre. The Phalaborwa areas could be combined with Hoedspruit for this purpose, i.e. the equivalent of a Hoedspruit Phalaborwa LTO.

It is recommended that a destination tourism organisation, equivalent to a strong LTO, be set up for the proposed program implementation in this area. This LTO would carry out the destination marketing and provide an HR development facilitation function. In addition this unit would oversee the private sector management of the Research and Education Centre on a more day to day basis than its Board.

A Project Implementation Unit (PIU) for the valley of the Olifants JICA development program should be set up to handle the program implementation, which will relate mainly to facilitating the development of the Centre, the merchandising and crafts and any required infrastructure.

The following projects have been selected as priority projects for implementation in the short to medium term (2006).

A Product, Facilities and Infrastructure

- A-1 Wildlife Education and Research Centre
- A-2 Wildlife Education and Research Route Product
- A-3 Road and Transport Upgrading
 - A-3-1 Upgrading of R36
 - A-3-2 Improvement of general road signage
 - A-3-3 Preparation of the latest road map/tourist map

B Marketing and Promotion

- B-1 Marketing and promotion of the area (as key entry point or the route into KNP, establishing distinctive wildlife research experience brand, promoting unique wildlife experience)

C Human Resource Development

- C-1 Development of local community craft and curio making design and manufacture skills
- C-2 Development of wildlife viewing/research guiding skills and interpretation
- C-3 Training program for product owners to incorporate WR&E brand and products

D Institutional Development

- D-1 Establishing Project Implementation Unit for WERC and WR&ETR (Wildlife PIU)
- D-2 Re-establish LTO in Hoedspruit

Priority Projects and Programs Valley of the Olifants Subject Area:

The initial cost of the priority projects is about R64 million

The initial cost of the priority projects amounts to about R64 million including product, facilities and infrastructure projects. The annual cost of the programs including those for marketing and promotion, human resource development, and institutional development is estimated at about R2 million.

These priority projects would yield an EIRR of about 18%

The Economic Internal Rate of Return (EIRR) was estimated to be 18.0% in real terms for the priority projects and programs. Although the result is indicative in nature, this value is high enough for justifying the investment in them from the national economic point of view.

3.5 Tourism Development in Badplaas/Barberton/Malelane

The main strength of this area is the unique mountainous terrain close to neighbouring countries

This area boasts:

- Unique mountainous terrain and scenic beauty with diverse flora and fauna, which are found in the area's southern parts (between Barberton and the border with Swaziland);
- Barberton's mining history;
- Unique geology found in the mountain range;
- Proximity to neighbouring countries, Swaziland and Mozambique - particularly the cultural heartland of Swaziland that can be accessed via one of the most scenic routes in South Africa; and
- The inter-regional initiative that has already been started for the development and conservation of wildlife and nature-based resources as well as the development of the tourism sector, i.e. The Tourism Biodiversity Corridor.

Spatially, development efforts should be focused on the sub-area corresponding to the Tourism and Biodiversity Corridor that is located within South Africa, considering that:

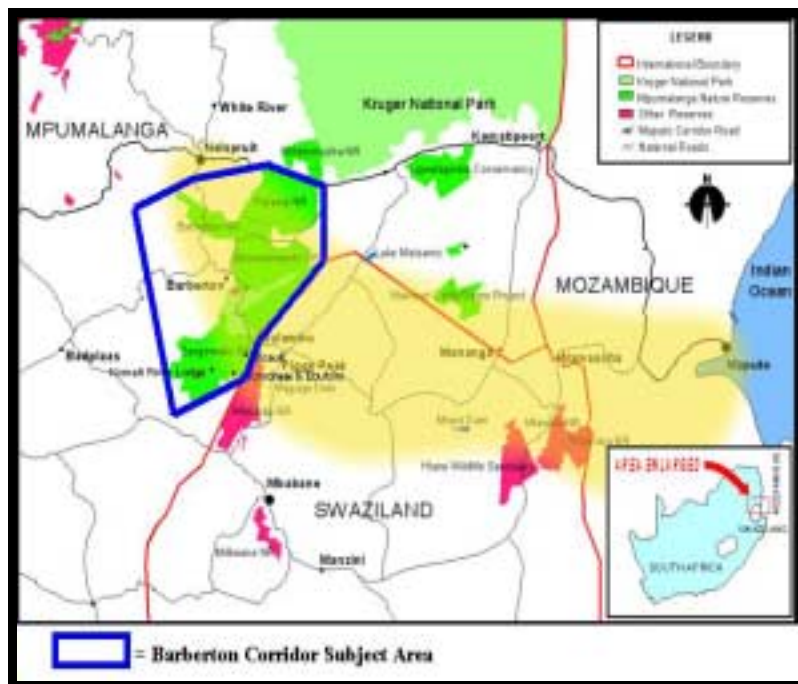
- The major strengths exist in this sub-area, with the highest development potential.
- Current initiatives in the area are taken within the Corridor, and thus the development along the Corridor will strengthen the momentum of the initiatives.

While this does not necessarily rule out any possibility of tourism development in other parts of the area, it is judged that given the current underdeveloped status of the area, major efforts along the Corridor are required for establishing the area's comparative advantage, thereby most effectively enhancing the tourist draw of the area as a whole.

For these considerations, this study will focus on planning for the Tourism and Biodiversity Corridor (within South Africa) with respect to this focus area and defined as **the Barberton Corridor Subject Area**.

The proposed area of focus is the 'Tourism and Bio-diversity Corridor'

Defined as the "Barberton Corridor Subject Area"



The area, endowed with unique mountainous terrain with diverse nature, should be developed, aiming at establishing its reputation as:

A Clear-cut Image

“South Africa’s mountain land, adventure and wildlife experience”

A variety of mountain adventure opportunities

The area's product offering will be clearly differentiated by developing, as a core attraction, a variety of mountain-based adventure opportunities, including: mountain trekking, hiking and mountain biking; quad-biking; rock and mountain climbing; abseiling; paragliding; team building experiences through soft adventure activities.

Game/nature reserves will be developed or upgraded in ways to establish synergy with adventure activities and to take advantage of the area's mountainous/scenic terrain, whilst at the same time differentiating the wildlife experience from the standard experience offered elsewhere in South Africa, including:

- Provide the above mentioned adventure activities within game reserves (without carnivores), thereby offering these experiences altogether at one place.
- Provide lodges that will fit with these activities including larger ones than conventional game reserve lodges, which can accommodate families quite comfortably.

By combining adventure with wildlife a new experience can be offered



The broad target market goals are specified as:

Both foreign and domestic markets will be targeted with an emphasis on the domestic and overnight markets

- Foreign vs. Domestic: Both the foreign (including the East Asian markets) and domestic markets will be targeted with a higher emphasis or importance being placed on domestic markets.
- Day vs. Overnight Visitors: Both the overnight and day visitor markets will be targeted. The primary emphasis is, however, on the overnight market, particularly in respect of the domestic market.
- Existing vs. New Markets: Further penetration of existing markets (both foreign and domestic) holds definite further potential and major emphasis is to be placed on this action. However, high importance should also be placed on identifying and penetrating new markets, particularly the domestic soft adventure markets, the domestic team building market and special interest markets such as hard adventure, geology, etc.

From this proposal, It is projected that total visitors would grow from the current 127,000 to 317,000 in 2011.

The area currently attracts only a fraction of domestic tourists and very few international tourists. It is estimated that current total tourism to the area is about 127,000 (96,000 overnight visitors and 31,000 day visitors, with domestic tourists being dominant).

The proposed development is expected to enhance significantly the area's attractiveness by offering the combination of experiences with mountains, adventures and wildlife. With the JICA Study Team's recommendations total tourism is projected to increase to 236,000 in 2006 and to 317,000 in 2011.

The area has few skilled people in tourism but training is being developed

In general, this focus area has a low level of activity in tourism human resource development, and limited numbers of skilled people in the tourism industry. Neither at the Provincial level, nor specifically in the area is tourism human resource development coordinated, monitored or facilitated in one place. However, between the Biodiversity Corridor and the active Barberton Tourism Association and Barberton Municipality, training action and coordination is developing.

Barberton Tourism Association/PIU could coordinate HR development

A more formalised and coordinated approach to human resource development for the area will be preferable as it moves forward and develops its tourism potential. We recommend that an HR development and coordination function for the study area reside within Barberton Tourism Association/PIU, with close links to the Biodiversity Corridor. And the Wild Frontier RTO. We suggest that the province may be too far removed from this particular area's tourism on the ground to provide its HR development coordination.

The following HR programs are recommended, facilitated and coordinated at the area level, but with significant support from the Bio Diversity Corridor, the Province and the RTO:

- Tourism SMME Entrepreneurial Training Program.
- Tour Guiding, Adventure Guiding and Interpretation Program
- Mountain Adventure and Wildlife Craft and Merchandise Production
- HR Development Facilitation

A 'grass roots level' of development will be important, such as by a strengthened Barberton Tourism Organisation. Integration with the Biodiversity Corridor is also important

It is recommended that the development, marketing and HR functions for tourism in this area be handled close to grass roots levels, probably by a strengthened Barberton Tourism Organisation, and/or the initiators and role-players in the Tourism and Biodiversity Corridor. The Wild Frontier RTO is also a possible structure, which could take on some roles, particularly with respect to marketing for the area.

A destination tourism organisation, equivalent to a strong LTO, should be set up to carry out destination marketing and provide an HR development facilitation function. A Project Implementation Unit (PIU) for the valley of the Barberton JICA development program should be set up to handle the program implementation, which will relate mainly to facilitating the development of the lodges and resorts in the two parks and the merchandising and crafts and any required infrastructure. The ongoing development of the park could be done from this unit, however, it would be better housed within the Mpumalanga Parks Board at Provincial level if there is capacity.

Of critical importance will be the interaction and integration of this LTO/PIU with the Biodiversity Corridor Initiative.

The following projects have been selected as priority projects for implementation in the short to medium term (2006).

A Product, Facilities and Infrastructure

- A-1 Overall Programming for Development and Conservation for Greater Trans Frontier Conservation Area
- A-2 Mountainlands Game Reserve Development
- A-3 Further Development of Songimvelo Game Reserve
- A-4 Development of range/variety of Barberton special interest and general interest tours & Improvement of interpretation of Barberton sights
- A-5 Road and Transport Upgrading
 - A-5-1 R40 (between Nelspruit and Barberton) improvement project
 - A-5-2 Road from Elukwatini to Bulembu upgrading project
 - A-5-3 Road from Ekulindeni to Songimvelo gate (improvement of road condition)
 - A-5-4 R538 (between Karino and Plaston) improvement project
- A-6 Other Tourist Facilities
 - A-6-1 Upgrading of Bulembu border post
 - A-6-2 Development of tourist signage

Priority Projects and Programs- Barberton Subject Area:

B Marketing and Promotion

- B-1 Marketing & promotion of existing product – ie marketing of subject area

C Human Resource Development

- C-1 Craft development, design & manufacture skills training
- C-2 Tourism business skills training for local communities

D Institutional Development

- D-1 Establishing Project Implementation Unit for product development in Mpumalanga Biodiversity Corridor
- D-2 Strengthen/expand/develop the Barberton LTO
- D-3 Establish strong linkages between LTO and new RTO (Wild Frontier)/MTA

The initial cost of the priority projects is about R230 million

The initial cost of the priority projects amounts to about R 230 million including product, facilities and infrastructure projects. The annual cost of the programs including those for marketing and promotion, human resource development, and institutional development is estimated at about R 2.2 million.

These priority projects would yield an EIRR of about 15%

The Economic Internal Rate of Return (EIRR) was estimated to be 14.9% in real terms for the priority projects and programs. Although the result is indicative in nature, this value is high enough for justifying the investment in them from the national economic point of view.

4. Tourism in South Africa

A land rich in scenic beauty and a comfortable climate

South Africa's largely semi-arid land of 1.2 million square kilometres is unusually rich in flora and fauna and scenic beauty. It is among the highest in bio-diversity in the world and the country is well known for its 'large game', including the elephant, lion, leopard, buffalo and black rhino. Despite the diversity in flora, South Africa is very poor in terms of natural forests. Average annual temperatures are quite uniform throughout the country characterized by comfortable dry and sunny weather, though further north along the coastline, heat and humidity increases. The opposite seasons between the hemispheres is also an advantage for tourists wishing to escape their winter.

A country of cultural diversity

South Africa is a multicultural society with much cultural diversity, which has been largely suppressed during the apartheid years. Traditional black cultures remain strong in the countryside while the Afrikaners, the British, and other groups display their own distinctive features.

Poverty and unemployment are prevailing problems

More than half of South Africans (22 million) live in poverty and survive on an average income of R144 a month. Among the poor, 94% are African and about 70% live in rural areas. Alongside poverty are the problems of unemployment, education and health deficiencies.

There is adequate infrastructure in urban areas but severe limitations in rural regions

Transport systems in South Africa are well-developed including the road network and road transport, airlines and airports, and railways and rail services. There are a significant number of specialised tourist train services catering to the high end of the market. Other infrastructure including water supply, electricity, and telecommunication are also considered to be no hindrance to tourism development, particularly in urban areas. In rural areas, however, infrastructure provision is severely limited in certain regions and tourism projects in such areas would require infrastructure development at the same time.

There has been a recent slowdown in tourism growth and inconsistent sporadic growth from the East Asian market

Lifting of international sanctions in 1993 resulted in a surge of overseas tourist arrivals, registering high growth rates, which peaked at 12.1% in 1998. Growth of overseas arrivals in recent years however has been much subdued at 2.7% for 1999-2000. The majority of arrivals to South Africa are intra-African (73%), while Europe is the greatest source of overseas visitors due to its geographical proximity and past socio-political relations. Visitor growth from East Asia over the last five years appears inconsistent and sporadic. Japan is the greatest generator and showed rapid growth in 1996/97 but has slowed recently. Visitors from nations in Asia excluding India were 8% of the total in 2000 but their total remained static since 1996 despite the source market having the fastest growth in the world.

From East Asian arrivals in South Africa for the period January – June 2001, mixed signals emerge:

- Japan as a market for South Africa continues to expand, registering a remarkable two-digit increase of 19.6% in the first half of 2001 over the previous year,
- Malaysia's increase of 8.6% from 2000 to 2001 is noteworthy, in view of the large prior growth of 28.2%,
- Singapore recorded a substantial increase of 6.1% over the previous year, giving a good recovery sign from the result of 2000 (-19.5%),
- Though its increase is a modest 1.8%, Hong Kong also shows a sign of recovery reversing the trend of a shrinking market from 1997 to 2000, and
- Korea recorded the worst loss of -10.5% among the six East Asian countries. However, this should be interpreted as a yielding from the extraordinary growth of 63.5% registered in 2000. The 2001 result (3,944 arrivals) still represents a very solid increase of 46.2% against that of 1999 (2,697 arrivals).

There are mixed signals about tourism growth from Asia in South Africa, but expansion is evident

Domestic tourism is high, but expenditure is relatively low compared to international tourists

Domestic tourism was estimated at 39 million trips for 1998. This figure can be compared with 5.7 million foreign visitors in 1998, of which 1.4 million were overseas. In terms of direct expenditure by tourists, however, the ratio between international and domestic is estimated around 2:3.

Tourists from different countries require tailored marketing

A great deal of difference in characteristics is observed among visitors from different countries, even within a category such as East Asia, suggesting desirable marketing approaches tailored to each specific market.

The direct economic impact of tourism has been assessed at 3-4% on GDP and 7-8% indirectly

Attempts were made in recent years for estimating economic impacts of tourism in South Africa. Estimates considered more reliable at the moment indicate that direct impact on GDP is 3-4% and including indirect impact 7-8%. In terms of employment, tourism generated 4%+ of the total employment directly and 9%+ if including indirect employment. These figures indicate that the tourism sector, including indirect impacts, in South Africa is on a par with the transport and communication sector in terms of wealth creation with the number of workers about double of the latter.

At national level, the Department of Environmental Affairs and Tourism (DEAT) leads and directs tourism policy formulation and implementation towards national tourism growth in partnership with SA Tourism (formerly SATOUR), the provincial and local governments, the provincial and local tourism authorities, the tourism industry and other relevant stakeholders.

Their vision is a prosperous nation aware of and in harmony with the environment and deriving lasting benefits from the conservation and sustainable use of rich natural and cultural resources.

DEAT and SA Tourism work together at a national level to direct tourism policy and achieve their vision of a prosperous nation

To achieve this vision, the Department commits itself to:

- Promote the sustainable development and the utilisation of natural and cultural resources
- Harness the skills, experience and knowledge of the environment of all South Africans
- Foster equitable access to the benefits derived from natural and cultural resources
- Empower all South Africans through participation, environmental education, information and research
- Work together with all relevant stakeholders and spheres of Government in the spirit of governance
- Ensure that all international obligations and participation take place in accordance with the principles of the environmental policies of South Africa.

The Tourism Action Plan, launched in 1999, seeks to market South Africa through a public-private partnership

The R 180 million Tourism Action Plan, the blueprint for the international marketing of South Africa as a top world tourism destination, was launched by the Minister of Environmental Affairs and Tourism, Mr Valli Moosa, on 16 September 1999.

The Tourism Action Plan is the product of a public-private partnership between government and the tourism industry tasked to formulate an integrated strategic tourism marketing campaign for South Africa.

The Tourism Action Plan has two important focuses: In the short term it will run marketing mainly in the traditional Big Six markets (UK, USA, Germany, Italy, Netherlands and France) to increase South Africa's market share of the international tourists coming to this country. It will also gather comprehensive information on the international tourist market so that South Africa can gear itself in the medium to longer term to strategic marketing campaigns that will bring not only the high-yield tourists South Africa needs to make this industry really boom, but provide the information to open the emerging markets in Asia, the Middle East and the rest of Africa.

The Provincial Governments have an important role in promoting their own areas

The provincial governments have a critically important role to play in the development and promotion of the tourism industry of South Africa. The provincial governments, through provincial tourism organisations, have responsibility for developing, marketing and promoting their destinations. As is the practice in many other countries, provincial governments have responsibility to market the province to the domestic market in competition with other provinces.

Concerning international marketing, the national and provincial tourism organisations agree on a strong, effective marketing strategy; to be co-ordinated at the national level and executed with the participation and support of the provincial organisations. This may not imply the promotion of separate brand identities by provinces, but possibly a number of strong product lines (e.g. nature tourism, culture tourism, sports tourism), which are applicable across provincial boundaries.

Local Government and communities further support the Provinces

At the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion are further supported.

Communities are also expected to play a vital role in the development of tourism. Many communities and previously neglected groups, particularly those in rural areas that have not actively participated in the tourism industry possess significant tourism resources.

The private sector recognises the importance of tourism in economic growth

The TBCSA is an umbrella body representing all aspects of tourism. Its aim is to ensure that the Business Sector is comprehensively, cohesively and effectively represented at national and provincial government levels. It was established in February 1996.

The TBCSA membership is multi-sectoral across the tourism industry and includes all role players in the tourism business sector of South Africa. The TBCSA has crown members, business members, association members and supportive members.

Crown members are patrons of the Council whose investment in the TBCSA is motivated by the knowledge that tourism, as the fastest growing economic sector in South Africa, will create more job opportunities than any other industry in South Africa. They recognise that the greater tourism's contribution to economic growth in South Africa, the greater the opportunities for their businesses to prosper.

Business members consist of organisations that provide core business to the tourism industry in South Africa.

South Africa offers a great diversity of attractions

South Africa offers a great diversity of attractions located all over the country. The Study Team compiled a list of all tourism resources that are listed in marketing materials, over 6,300 attractions. The largest number of marketed attractions is nature based, followed by adventure and historical /museums.

Most attractions are under-promoted

Although South Africa has a number of popular attractions that receive significant numbers of visitors and are of world standard, the majority of the country's tourist attractions are under-promoted, under-utilized and poorly controlled. Attractions generally suffer from limited access; poor signage; poor parking and amenities; poor information provision and no, limited or dated interpretation. This results in detrimental effects on the visitor experience and for most attractions limited throughput of visitors.

There is a lack of international brand hotels

Although several international brands have established hotels in South Africa in recent years, i.e. Hilton, Sheraton and Hyatt, these hotels have struggled to penetrate the South African market. The main reason for this is said to be an underestimation of the loyalty to local brands.

Hotels suffer from low occupancy

In recent years occupancy supply has outstripped demand and the 51% country average is poor by international standards. While over-supply is a factor, the increasing popularity of alternative accommodation such as guesthouses with lower rates no doubt contributes.

Strategies aimed at marketing and promotion now focus on the high-yield international market

The awareness of marketing and promotion has been strengthened in the field of tourism of South Africa. In 1998 TOURISM IN GEAR (Tourism Development Strategy 1998-2000) was launched. In its strategy the overriding principle was clearly stated in that tourism should be government led, and private sector driven, focusing on developing the high-yield international market. Entering the new millennium, the Tourism Action Plan which is the framework for a strategic marketing campaign (2000-2002) - the biggest international marketing campaign ever in the history of South Africa tourism - has been under-way, focusing on long haul source market. Shift from the broad focus approach on all six markets, to categorization of key markets according to their nature of value and volume growth to South Africa, identifying specific key area of focus.

The tourism industry is essential to job creation in South Africa

The development of the tourism industry, known to be a labour-intensive sector, is seen as crucial to expanding job creation in South Africa. The passing of Government Acts has created an environment within which training and development of human capacity is encouraged and supported. It is widely accepted that in terms of human resource development in line with the national legislation, the Tourism Industry is a lead, if not 'the lead', sector.

The dominant strengths of South Africa in attracting tourists are scenic beauty and African wildlife

The overall SWOT analysis identifies 8 support / institutional strengths and 16 attraction / attractiveness strengths for South African Tourism. The dominant strength is scenic beauty followed by African Wildlife, then 1st world infrastructure. Specific icons such as Table Mountain and the Kruger Park and the variety of special interest products ranked equally as the 4th strengths of the industry. Climate and good value for money are equal 6th ranked strengths.

The institutional and support strengths are generally lower in overall importance to the attraction strengths, with the most important being government prioritising the sector and the underlying tourism resource base with further potential.

The main weaknesses of South Africa are the level of crime and airline constraints

Eleven attraction/attractiveness weaknesses are identified and 15 support institutional weaknesses. The two most significant weaknesses are the actual and perceived levels of crime and the airline capacity constraints. There are few significant weaknesses on the attraction / attractiveness side (after crime), with only the limited approach to packaging and selling scoring relatively high. On the institution / support weaknesses, poor destination marketing, lack of cohesive branding and supply-side approach all rate as

strong weaknesses, followed by limited destination marketing budget, then poor information provision, lack of tourism awareness (domestically), lack of a national tourism strategy and lack of a general positive/enthusiastic attitude.

Opportunities to attract tourists include new market targets and improved marketing

Of a total of 8 identified opportunities all rated similarly in importance, five are rated at 5 in importance. These include targeting new generators, improved marketing, as well as beach tourism and the adventure market.

Threats to attracting tourists include failure to curb crime

A total of 7 threats are identified, the most important three being: tourism failing to deliver to expectations, escalation / failure to curb crime and limited inbound airline capacity continuing.

Strengths for foreign business tourism include a well developed economy

Some strengths of South Africa for the foreign business markets are a developed economy and diplomatic hub serving all of Africa, good export base and excellent range of conference facilities.

Strengths for the domestic holiday market include growing affluence

Some strengths that are specific to attracting domestic tourism include a growing affluence amongst sectors of the black population, an increasing desire to understand aspects of the country from the black community and the weak Rand discouraging overseas holidays.

Summary of Top SWOT Elements

Strengths		Weaknesses		Opportunities		Threats	
	Score		Score		Score		Score
Scenic beauty	75	High levels of crime - perceived and actual	100	Foreign beach tourism	5	Tourism will fail to deliver to expectations and be relegated in priority	5
African wildlife	60	Lack/decline of inbound airline capacity - international airline industry impact	100	Develop the adventure market	5	Crime escalation/failure to curb crime	5
1st world infrastructure in Africa	55	Poor destination marketing campaigns	60	Improved marketing	5	Limited inbound airline capacity constrains tourism growth	5
Great variety of special interest attractions	50	Lack of cohesive branding of the destination	60	Target new generators - India, China, Eastern Europe	5		
Specific Icons - Cape of Good Hope, Table Mountain Kruger Park, Sun City	50	Supply-side approach to tourism development	60	Leverage events - Earth Summit, Cricket World Cup	5		
Climate	40	Limited destination marketing budget	50				
Government prioritising the tourism sector	40	Poor information provision and distribution for tourists	40				
Varied and extensive tourism resource base	40	Lack of awareness of tourism as a leisure or economic activity - seen as elitist	40				
		Lack of overriding national tourism strategy integrating all government departments and levels	40				
		Lack of positive enthusiastic attitude towards growing the industry - too much pessimism	40				

