

COMPETITIVENESS OF SOUTH AFRICA AS A TOURIST DESTINATION

**Engelina du Plessis
Hons BA**

**Dissertation submitted in fulfilment of the requirements for the degree
Master Artium within the School of Entrepreneurship, Marketing and
Tourism Management at the Potchefstroom University for Christian
Higher Education**

Supervisor: Prof. M. Saayman

**May 2002
Potchefstroom**

**Financial assistance from the PU for CHE is acknowledged.
Statements and suggestions made in this dissertation are those of the
author and should not be regarded as those of the PU for CHE.**

This study is specially dedicated to my late father.

**“You were here with love and compassion when I started, I finish without
you with dear memories and gratitude.”**

RECOGNITIONS

I would like to use this opportunity to thank the following people and organisations:

1. My Heavenly father who gave me the strength, willpower and wisdom to complete this dissertation.
2. My father & mother for their motivation, encouragement, love and support.
3. My husband Nardus for all his support and love.
4. My family and friends who stood by me with support.
5. Prof. Melville Saayman for his contribution, leadership and encouragement.
6. Mr. Eddy van Staden for the language editing of this study.
7. The Potchefstroom University for Christian Higher Education which granted me the opportunity to complete this study.
8. Personnel of the Tourism department of the PU for CHE for all their support.
9. Prof. Steyn and Me. Breytenbach for the processing of the statistics.

SUMMARY

The purpose of this study was to determine the competitive advantage of South Africa as a tourist destination. In order to achieve this goal, it was firstly necessary to determine the meaning of global competitiveness and its effect on the tourism industry. In the quest to reveal the key factors in global competitiveness, the literature study looked at the findings and discussions of mainly Porter (1990) and Ritchie and Crouch (1993). The SWOT analysis on South Africa's tourism situation and the questionnaire (N=150) determined the importance of the factors identified in the literature and the role these factors play in the competitiveness of South Africa as a tourist destination.

The research indicated the five most important factors, namely safety, accessibility, scenery, attractions and accommodation playing a determining role in the choice of a tourist destination. The research further indicates that South Africa finds itself in a good position to be globally competitive, with its uniqueness lying in factors such as its geographical features, favourable climate, magnificent scenery, value for money, good food, interesting historical and cultural resources and a good foreign exchange rate. The weaknesses of South Africa (safety, public transport and marketing) have the ability of being changed into opportunities in the striving to become one of the world's top tourist destinations.

One of the most important findings was that globalisation gives rise to new policies, marketing strategies and product development, which encourage competitiveness. The achievement of a competitive advantage requires an understanding and knowledge of the key factors that play a role in global competitiveness. A positive future vision for the tourism industry depends on the involvement of the government and the interaction of all the different key players to improve and developed South Africa's competitiveness as a tourist destination.

OPSOMMING

Die doel van die studie was om die mededingende voorsprong van Suid-Afrika as 'n toeristebestemming te bepaal. Om hierdie doel te bereik was dit eerstens nodig om die betekenis van wêreldwye mededinging vas te stel, en die effek wat dit op die toerismebedryf het. In die strewe om die sleutelfaktore te identifiseer, is daar in die literatuur gekyk na die bevindings en besprekings van hoofsaaklik Porter (1990), en Ritchie en Crouch (1993). In die SWOT-analise van Suid Afrika se toerismesituasie en die vraelys (N=150) is die belangrikheid van die faktore soos geïdentifiseer uit die literatuur en rol wat dit speel in die mededingbaarheid van Suid Afrika as 'n toeristebestemming bepaal.

Die navorsing het die vyf belangrikste faktore aangewys, naamlik veiligheid, toeganklikheid, natuurskoon, attraksies en akkommodasie, wat 'n dominerende rol speel in die keuse van 'n toeristebestemming. Die navorsing het verder aangetoon dat Suid Afrika in 'n goeie posisie verkeer om wêreldwyd mededingend te wees, met uniekheid wat lê in faktore soos geografiese veskynsels, gunstige klimaat, ongelooflike natuurskoon, waarde vir geld, goeie kos, interessante historiese en kulturele hulpbronne en 'n gunstige wisselkoers. Die swakpunte van Suid-Afrika (veiligheid, openbare vervoer en bemarking) beskik oor die vermoë om in geleenthede omskep te word in die strewe om een van die wêreld se top-toeristebestemmings te word.

Een van die vernaamste bevindings was dat globalisering tot 'n nuwe beleid, bemarkingstrategieë en produkontwikkeling aanleiding gee, wat mededingheid bevorder. Om 'n mededingende voorsprong te behaal vereis om inligting en begrip te bekom oor die sleutelfaktore binne wêreldwye mededinging. 'n Positiewe toekomsvisie word gebaseer op die betrokkenheid

van die owerheid en die interaksie tussen die sleutelpartye om Suid-Afrika se mededingendheid as 'n toeristebestemming te ontwikkel en te bevorder.

CONTENTS

CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT, OBJECTIVES AND METHOD OF RESEARCH

1.1	INTRODUCTION	1
1.2	PROBLEM STATEMENT	3
1.3	GOALS AND OBJECTIVES	6
1.3.1	Goal	6
1.3.2	Objectives	6
1.4	DEFINITION OF TERMS	7
1.4.1	Tourism	7
1.4.2	Globalisation	8
1.4.3	Competitiveness	8
1.4.4	Sustainability	9
1.4.5	Destination	10
1.4.6	Product analysis	10
1.4.7	Internal and external environment	11
1.5	METHOD OF RESEARCH	11
1.5.1	Analysis of literature	12
1.5.2	Empirical research	12
1.5.2.1	The population	12
1.5.2.2	Participants	13
1.5.2.3	The questionnaire	14
1.5.2.4	Data collection procedure	14

1.5.2.5	Data analysis	14
---------	---------------	----

1.6	DIVISIONS OF CHAPTERS	14
-----	-----------------------	----

CHAPTER 2

ASPECTS OF GLOBAL COMPETITVENESS

2.1	INTRODUCTION	16
-----	--------------	----

2.2	ANALYSING GLOBAL COMPETITVENESS	18
-----	---------------------------------	----

2.2.1	Porter	18
-------	--------	----

A	Factor Conditions	21
---	-------------------	----

B	Demand Conditions	23
---	-------------------	----

C	Related and Supporting industries	24
---	-----------------------------------	----

D	Firm Strategy, Structure, and Rivalry	24
---	---------------------------------------	----

E	Chance and Government	24
---	-----------------------	----

F	The Determinants in Perspective	29
---	---------------------------------	----

G	Lessons learned from Porter's model	37
---	-------------------------------------	----

2.2.2	Ritchie & Crouch	39
-------	------------------	----

1	The hedonic dimension of the experience	49
---	---	----

2	The interactive dimension of the quality experience	49
---	---	----

3	The novelty dimension of the experience	50
---	---	----

4	The comfort dimension of the quality destination experience	50
---	---	----

5	The safety dimension of the destination experience	50
---	--	----

6	The stimulation dimension of the quality destination experience	51
---	---	----

A	Lessons learned from Ritchie & Crouch's model	57
---	---	----

2.3	CONCLUSION	58
-----	------------	----

CHAPTER 3

AN ANALYSIS OF SOUTH AFRICA AS A TOURIST DESTINATION

3.1	INTRODUCTION	62
3.2	STATISTICS ON SOUTH AFRICA AS A GLOBAL TOURISM DESTINATION	63
3.3	SOUTH AFRICA'S SWOT ANALYSIS	66
3.3.1	Strengths	67
A	Attractions	67
B	Support / Institutional	68
3.3.2	Weaknesses	69
A	Attractions	69
B	Support / Institutional	70
3.3.3	Opportunities	72
3.3.4	Threats	73
3.4	SUMMARY OF THE CORE FACTORS OF SOUTH AFRICA	74
3.5	CONCLUSION	76

CHAPTER 4

QUESTIONNAIRE AND DISCUSSION

4.1	BACKGROUND	78
4.2	QUESTIONNAIRE DATA ANALYSIS	79
4.2.1	Section A	79
4.2.1.1	Countries represented	79

4.2.1.2	Type of business	80
4.2.1.3	Factors in global competitiveness	81
4.2.1.4	Most important aspects in global competitiveness	87
4.2.2	Section B	90
4.2.2.1	Visitors to South Africa	90
4.2.2.2	Familiar with South Africa as a global competitiveness	90
4.2.2.3	South Africa's strengths and weaknesses	90
4.2.2.4	South Africa's draw cards as a globally competitive destination	93
4.3	SUMMARY AND CONCLUSION	94

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1	INTRODUCTION	96
5.2	CONCLUSIONS	98
5.2.1	Competitive advantage	98
5.2.2	The SWOT analysis of South Africa	99
5.2.3	The core factors involved in global competitiveness	102
5.3	RECOMMENDATIONS	104
5.3.1	Management	104
5.3.2	Marketing	105
5.3.3	Development	105
5.3.4	Further research	106
	BIBLIOGRAPHY	107

LIST OF FIGURES

Figure 1.1:	Product life cycle	4
Figure 2.1:	The Determinants of National Advantage	19
Figure 2.2:	Factor Endowment	22
Figure 2.3	Hierarchies Among Factors	22
Figure 2.4:	The complete “Diamond” system	30
Figure 2.5:	The Five Competitive Forces that Determine Industry Competition	31
Figure 2.6:	The Value Chain	32
Figure 2.7:	Porter’s Generic Competitive Strategies	33
Figure 2.8:	The Quest for Competitiveness	35
Figure 2.9:	Basic Elements of Strategic Process	36
Figure 2.10:	Destination Competitiveness	45
Figure 3.1:	International Tourism Arrivals in South Africa	63
Figure 3.2:	Breakdown of Overseas Tourism Markets	64
Figure 3.4:	Length of Stay in South Africa	65
Figure 3.4:	Summary: South Africa’s SWOT analysis	75
Figure 4.1:	Countries that participated	79
Figure 4.2:	Main type of Business	80
Figure 4.3:	Five aspects for a Country’s Attractiveness	88
Figure 4.4:	Important Aspects for a Country’s Attractiveness	89
Figure 4.5:	Visitors to South Africa	90
Figure 4.6:	South Africa’s five biggest Draw cards as a globally Competitive Destination	93
Figure 4.7:	Draw Cards for South Africa as a globally Competitive Destination	94

LIST OF TABLES

Table 2.1:	Determinants of Service Quality	47
Table 2.2:	Construct Domain: The service experience	48
Table 2.3:	Factors, Conditioning the competitive position of tourism competitiveness	53
Table 4.1:	Factors in Global Competitiveness	81
Table 4.2:	Factor Analysis	85
Table 4.3:	Cronbach Alpha Coefficient values	87
Table 4.4:	South Africa's Strengths and weaknesses	91
Table 5.1:	Summary of South Africa's SWOT analysis	101
Table 5.2:	Summary: Questionnaire results on factors in global competitiveness and specially of South Africa	103

CHAPTER ONE

INTRODUCTION, PROBLEM STATEMENT, OBJECTIVES AND METHOD OF RESEARCH

1.1. INTRODUCTION

The questions why some social groups, economic institutions and nations advance and prosper and why some nations succeed and others fail in international competition, are perhaps the most frequently asked questions in the globalisation of the world. Many countries and companies all over the world examined these questions to seek standards of what is commonly called “competitiveness” (Porter, 1990).

The globalisation process, which dominated the end of the last century, is a complex and ambiguous phenomenon (Lettieri, 1996). Globalisation according to Keller (1996) is changing the nature of international tourism at a rapid rate. Globalisation can be seen as a process of shrinking the world, increasing competition and stimulating innovations (Steel, 1996). South Africa as an emerging global market has to take the issues relating to globalisation, change and sophistication into account in its endeavour to remain an important competitor in the tourism industry (Ivancevich *et al.*, 1997).

The process of globalisation, which involves the integration of economic activities, has basically enforced a new holistic approach to the global tourism industry. Therefore, it creates a new concern in the world of tourism, namely how to be globally competitive in the tourism industry? This is supported by the fact that tourism is the single largest industry in the world (Satour, 1995; WTTC, 1995). The world tourism industry is becoming increasingly

sophisticated, and is changing rapidly which results in uncertainty and new challenges (Lickorish, 1991:3; Poon, 1993:3). Challenges of changing technology, more experienced consumers, global economic restructuring and environmental limits to growth are some of the changes that countries and managers face. This fact of changing makes competitiveness a real concept, and winning does not mean surviving anymore but leading. Competitive strategies are more important to ensure that industry players and tourism destinations stay ahead of the game: "for to lead is to win!" (Poon, 1993: 3).

According to Porter (1990) competitiveness has various meanings for various people, for example:

- To firms, competitiveness means the ability to compete in world markets with a global strategy.
- To many members of congress, competitiveness means that the nation has a positive balance of trade.
- To some economists, competitiveness means low cost of labour adjusted for exchange rates.

If one has to define it in layman's terms, competitiveness is about staying in the race. Any destination has to remain a competitor. In order to achieve this in tourism, one has to keep track of changes in tourists' needs and demands of globalisation, and a sophisticated industry (Ritchie & Crouch, 2000; Ivancevich *et al.*, 1997; Poon, 1993; Lickorish, 1991).

In the light of the situation in the tourism industry, competition between tourism destinations has become very intense, more destinations are competing on the experience level, and a significant higher market transparency regarding prices and/or other comparable destinations attributes has increased the competition (Saayman, 2000:92).

1.2. PROBLEM STATEMENT

One of the fundamental products in tourism is the destination experience (Ritchie & Crouch, 2000:1). Competition, therefore, centres on the destination. Although competition occurs between airlines, tour operators, hotels and other tourism services, this inter-enterprise competition is dependent upon and derived from the choices tourists make between alternative destinations (Ritchie & Crouch, 2000:2).

The attractiveness of a travel destination reflects the feelings, beliefs, and opinions that an individual has about a destination's perceived ability to provide satisfaction in relation to special vacation needs. The "new" tourists are well-read and know what they want and where they want to go. The more an individual believes a tourism region will satisfy needs, the more attractive that region will be and the more likely it will be selected as a potential travel destination (Hu & Ritchie, 1993; Poon, 1993).

The problem that every country must deal with is that in many instances the "product" sought by tourists can be satisfied by a number of destinations. This heightens the importance of both creating an overall competitive advantage for a destination and to target the right market.

These factors involving competitiveness as a desirable and attractive tourism destination need to be considered in order to achieve a sustainable growth rate in tourism. Added to this are governments' policies. The latter can enhance or limit growth (Fellman, 1998). To be globally competitive means to design strategies and actions that foster tourism growth (Anon, 1999). Modernisation is a continuous process by which one upgrades the ways of doing things, the ways of presenting and enhancing assets. Certainly, in the field of tourism, it is imperative that our entrepreneurs keep on improving their product in order to retain and increase their competitiveness (Sant, 1998).

Based on World Tourism Organisation figures (WTO, 1998: 35) over the ten year period 1988-1997, global tourist receipts grew an average between 5,4 and 9,8 percent per annum, respectively. Growth rates, however, display a general decline as the industry matures. The growth in receipts fell from an average of 15,1 percent per annum over the last three years of this period. Similarly, arrivals declined from 8,0 to 3,7 percent per annum. Although the growth in global tourism appears certain to continue at rates respectable for most industries, maturing growth rates have, and will, cause many destinations to increasingly covet the success of other destinations in securing a share of the market, which is expanding more slowly.

According to Butler (1980), the tourist demand cycle as in Saayman (1997:138) shows that new and emerging destinations grow over time in their appeal to tourists (Figure 1.1). Initially, a new destination goes through an exploration phase, which attracts few tourists, and as the appeal for the destination grows, more tourists visit the destination. This creates a greater demand and new developments soon follow.

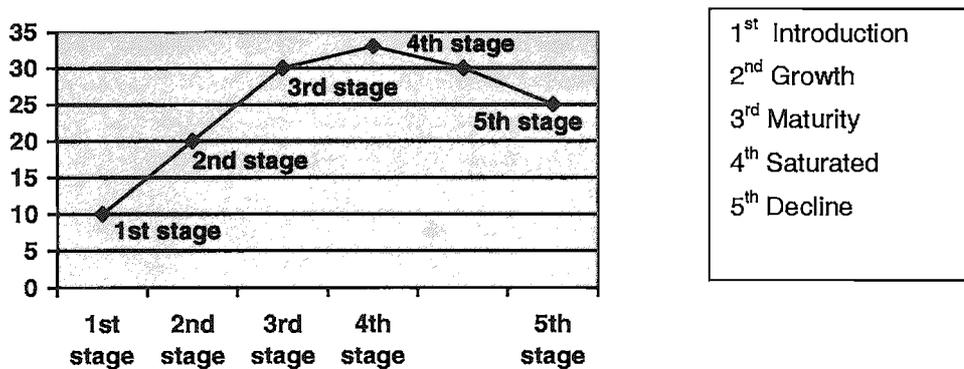


Figure 1.1: Product life cycle (Source - Saayman, 1997:138)

Gaining sustainable competitive advantage according to Athiyaman & Robertson (1995: 204), requires the continual application of energy and resources to strategic planning and results from decisions and actions which not only generate economic value, but are unique and hard to imitate. These factors are normally defined as critical success factors.

The so-called competitive advantage factors can give nations an advantage when used intensively. Nations with rich endowments of natural attractions, such as beautiful beaches will develop international tourism in order to "export" products that depend on them. The study that was done in Slovenia for example, shows the comparative advantages that include; (climate, beautiful beaches, landscape, cultural attractiveness of the country) that are also the factor conditions of the country's competitive advantage.

A country's competitive advantage has to be developed. South Africa is an emerging market in the tourism industry but is already referred to as "a world in one country " (Satour, 1995). South Africa's position as top tourism destination in Africa and 25th in 1998 that has risen from 55th place in 1990 on the world's top tourism destinations (WTO, 1998), supports the potential of the country to be globally competitive. Realising the challenge of being globally competitive, questions arise such as; what are South Africa's critical success factors in being globally competitive and what is the competitive advantage of South Africa as a global tourist destination?

In order to ensure sustainable tourism growth, which can include economic, social, ecological or, as in this study, attractiveness of South Africa as a tourism destination, aspects of global competitiveness are of great concern. The challenge faced by managers and local tourism authorities increasingly call for the understanding of and the ability to be globally competitive. For world-wide tourism destinations and therefore also South Africa, competitive advantages are no longer situated in natural resources, but increasingly man-

made, driven by science, technology, information and innovation (Swart, 1997). Therefore, it is not the stock of natural resources of South Africa that will determine the country's competitiveness in tourism, but how these resources are managed and to what extent they are complemented with man-made innovations and quality service (White Paper on Tourism, 1996:5).

The question that this research will attempt to address is: what is the competitiveness of South Africa as a global tourist destination?

1.3. GOALS AND OBJECTIVES OF THE STUDY

1.3.1. Goal

The goal of this study is to determine the competitiveness of South Africa as a global tourist destination.

1.3.2. Objectives

- ✓ 1. To analyse the literature on global competitiveness, and to relate the relevant aspects thereof to the tourism industry.
- ✓ 2. To determine the core factors on growth in global competitiveness and the relation of this in the South African tourism industry.
- ✓ 3. To identify the core factors, by means of strong points, weak points, opportunities and threats (SWOT – analysis), in order to determine South Africa's competitive advantage as a global tourist destination.
- ✓ 4. To make recommendations to the South African tourism industry concerning the issues described in the study.

1.4. DEFINITION OF TERMS

The following definitions are of importance for this study and will be used throughout the study. Therefore they need to be clarified.

1.4.1. Tourism

McIntosh *et al.*, (1995:6) describe tourism as follows: " Tourism can be defined as the science, art, and business of attracting and transporting visitors, accommodating them and graciously catering to their needs and wants". Adding further to the definition: "Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not one consecutive year for leisure, business and other purposes."

Saayman (2000:3), Foster (1985:7) and Tribe (1997) define tourism as the total experience that originates from the interaction between tourists, job providers, government systems and communities in the process of attracting, entertaining, transporting and accommodating tourists.

By analysing these definitions one can identify the following key aspects or issues pertaining to tourism, it includes;

- ◆ activities outside the normal routines of work and social commitments
- ◆ activities during the stay at the destination (recreational, business, health, educational, family or holiday)
- ◆ interaction of tourists, between people, employees, governments and host country
- ◆ process of attracting tourists,
- ◆ entertaining tourists
- ◆ transporting tourists
- ◆ and accommodation of tourists.

1.4.2. Globalisation

Globalisation stands for the increasing interdependence of markets and production in different countries through trade in goods and services, cross border flows of capital, international strategic alliances, co-operations mergers and exchanges of technology (Smeral, 1998).

Vanhove (1996:47) adds to the above by stating that globalisation consists of three basic elements. Firstly, there is the geographical side and covers interregional and interregional travel. Secondly, it can be seen as a convergence in world tastes, product preferences and life styles, which lead to growing standardisation and market homogenisation. Thirdly, the basic element is the existence of internationally similar prices around the world, such as distribution systems, marketing practice and product development.

Therefore, in the context of the tourism industry globalisation can be seen as the process of shrinking the world, increasing competition and stimulating innovations and making it easier for travellers to discover the world (Vanhove, 1996; Saayman 1998).

1.4.3. Competitiveness

The Webster's dictionary (1954:116) describes being competitive as, pertaining to competition (being part of competition and the desire to be competitive - emulous).

Ivancevich *et al.* (1997:50) defines competitiveness as "the degree to which a nation/organisation can, under free and fair market conditions, produce goods and services that meet the test of domestic and/or international markets while simultaneously maintaining or expanding the real incomes of its citizens".

Competition is at the core of the success or failure of firms. Competitiveness is the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs. Competitiveness aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter; 1985).

1.4.4. Sustainability

Sustainable tourism development is development that has been carefully planned and managed. It is the antithesis of tourism that has developed for short-term gains. Because of the expected continuing growth of tourism, sustainable development is the approach that will be needed (McIntosh *et al.*, 1995: 388).

Sustainability is a concept that can be used to describe various situations and it must be understood in the context that it is used. The World Tourism Organisation (WTO, 1995:30) described it as follows: "Sustainable development is improving the quality of human life while living within the carrying capacity of supporting ecosystems.....If an activity is sustainable, for all practical purposes it can continue forever", and defined sustainable tourism development as that "which meets the needs of present tourist and host regions while protecting and enhancing opportunity for the future". It is envisaged as leading to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological process, biological diversity and life support systems".

In the context of the study sustainability is used to describe the situation or position gained by being globally competitive. Once a destination reaches the status of being globally competitive in the tourism industry, the quest is to

develop and furthermore maintain that position, in other words sustain that competitive position.

1.4.5. Destination

A destination according to Seaton & Bennett (1996) is a product with elements in every sector of the tourism industry. A destination is explained to be a geographical area that includes everything in that area, like the people, the landscape, the culture and everything else that that part of the world has to offer. This definition includes countries to be destinations as well as certain places in a country.

According to Cooper *et al.* (1993), a destination is the reason for travelling, and the attractions at the destination generate the visit. The destination brings together all aspects of tourism – demand, transportation, supply and marketing – in a useful framework.

1.4.6. Product analysis

The most basic starting point for product / service evaluation is knowing one's product / service is seen by customers and the people who might influence them, and how it ranks in relation to competitive substitutes. Strengths, weaknesses, opportunities and threats (SWOT analysis) are the starting point for this (Seaton & Bennett, 1996).

Knowing a product is to know its strengths and weaknesses. The opportunities and threats that are challenging an industry also describe a product. Strength can be used by an organisation to do something successfully; a weakness makes successful action less likely; opportunities require action to be taken by the organisation before benefits result; and threats will cause harm to the organisation unless action is taken (Joyce & Woods, 1996:267).

1.4.7. Internal and External environment

An organisation's internal environment refers to the factors within an enterprise (such as employees, structure, policies, and rewards) that influence how work is done and how goals are accomplished (Ivancevich *et al.*, 1997: 59).

An organisation's external environment includes those factors that may effect the organisation directly or indirectly in any noticeable way. In addition to change the external environment consists of largely uncontrollable factors (Ivancevich *et al.*, 1997:61).

Cooper *et al.*, (1993) lists some external forces that can change the tourism system:

- ◆ Social trends
- ◆ Politics / Legislation & regulation
- ◆ Global warming
- ◆ International trade
- ◆ Transportation
- ◆ Safety
- ◆ Demographics
- ◆ Technology
- ◆ Economic / financial trends.

1.5. METHOD OF RESEARCH

A two-pronged approach was followed in the study, namely a literature study as well as a questionnaire.

1.5.1 Analysis of Literature

The literature study was based on a qualitative literature study, which includes theses, dissertations, articles, the Internet, sources on global competitiveness and tourism and other related tourism literature. Themes included: Competitiveness, Tourism, Globalisation, Tourism industry, Quality Management, Competitive Strategy. The literature study in chapter two focused mainly on the models of Porter (1990) and Ritchie & Crouch (1993) because of the contribution made on the topic of global competitiveness.

The literature study will also include the following database; General library data bases; Repertorium (SA Magazines); Sport Discus; Multimedia; Social Science Index of the Faculty of Art and the Humanitas Index World Wide Web, and previous South African Tourism Board (SATOUR) and World Tourism Organisation (WTO) research.

1.5.2 Empirical Research

The research was conducted on various international tourism companies, that operate in South Africa, based on a random sample of 150 of the data base provided by South African Tourism.

The empirical study will consist of a questionnaire. The methodology of the survey is as follows:

1.5.2.1 The research population

The target population includes international tourism companies representing all the different sectors inside the tourism industry with South Africa as one of

their tourism destinations. Sixteen countries formed part of this population and will be further discussed in 1.5.2.2 – participants.

The choice of 150 respondents (N = 150) is based on South Africa Tourism's data base of international tour operators that chose South Africa as a tourism destination. The companies of the different countries were chosen randomly from the data base.

The focus of the survey is to gauge the ranking of importance of the core factors in competitiveness models identified by Ritchie & Crouch (1993) and Porter (1990). It is the objective of the survey to administer 150 questionnaires.

1.5.2.2 Participants

One hundred and fifty international tourism companies formed part of the survey. (The companies were selected from the delegate's list of South African Tourism for the annual tourism exhibition – INDABA 2000 - held in Durban. Every second name of the two hundred and eighteen names that were identified by South African Tourism were selected. When an address seemed to be outdated or incorrect, the next name on the list was chosen. Sixteen countries represented the companies that feature globally. Sixty-three percent of questionnaires were sent to companies mainly situated in the United States of America, New Zealand, the United Kingdom, Australia, Netherlands and Germany. Companies in France, India, Kenya and Canada received nineteen percent of the questionnaires. Mauritius, Finland, Mexico, Madagascar each received five questionnaires that represented thirteen percent of the questionnaires. Nigeria and South Africa represented six companies comprising, four percent that was selected. Sixty four (42,66%) completed questionnaires were returned.

1.5.2.3 The questionnaire

The questionnaire consists of both closed and open-ended questions, in order to elicit as many freely expressed opinions as possible.

1.5.2.4 Data Collection Procedure

Questionnaires were sent out by e-mail, post and fax.

Participants sent the completed questionnaires back via e-mail, fax or post.

All the questionnaires were returned by the end of September 2001.

1.5.2.5 Data analysis

A combination of quantitative and qualitative analysis techniques was used. Frequency distributions and cross tabulations were obtained by statistical analysis using the Norton Editor package. Open-ended responses were categorised into meaningful categories through content analysis.

The Potchefstroom University's Statistical Consultation Services completed the analysis of the data. The information was then used to analyse and to describe the factors that play a role in the competitive advantage of South Africa as a tourist destination.

1.6. DIVISIONS OF CHAPTERS

This study consists of five chapters. Chapter one deals with the problem statement, goal, objectives, terms and method of research. Chapter two is a discussion of factors involving global competitiveness referring to models of Ritchie & Crouch (1993) and Porter (1990). Chapter three analyses South Africa as a global tourism destination by means of identifying the strong

points, weak points, opportunities and threats (SWOT analysis). Chapter four discusses the results of the survey with special regard to the factors that play a role in the global competitiveness of South Africa as a tourist destination. Conclusions and recommendations are made in Chapter five.

CHAPTER TWO

ASPECTS OF GLOBAL COMPETITIVENESS

2.1. INTRODUCTION

Tourism, the fourth largest industry in South Africa, is the fastest growing industry with an estimated growth of 20 to 30 percent annually and it has the potential to become the biggest earner of foreign currency (Brynhard, 1995; De Villiers, 1996; Ranchod, 1993; Swart, 1997). As for the history of South Africa, tourism development has however, been largely a missed opportunity. The potential of the tourism industry to support and encourage entrepreneurship, to create new services and tourism products, to generate foreign exchange and to create work opportunities, has not been fully realised in the past. The situation in South Africa has protected the industry from foreign competition by limited international investments, from itself by catering for a largely homogeneous and predictable clientele, and from long staying tourist by limiting the flow of international visitors.

Global tourism competition is a challenge for everyone involved in the tourism industry today. South Africa also has to face the globalisation process that's responsible for transformation in all the segments of the tourism industry. All countries that compete to be a tourist destination face this challenge. In a global world rapid change in industries is controlled by demanding factors.

These factors bring the industry to the point where industry players as well as destinations have to acknowledge these changes and focus on the developing and managing of a global competitive strategy.

The “new” tourists in this changing world, are well-read and know what they want and where they want to go (Poon, 1993). The attractiveness of a travel destination reflects the feelings, beliefs, and opinions that an individual has about a destination’s perceived ability to provide satisfaction in relation to special vacation needs. The more an individual believes a tourism region will satisfy needs, the more attractive that region will be and the more likely it will be selected as a potential travel destination (Hu & Ritchie, 1993). To market effectively it is very important to do extensive research on the consumer and the destination. Thus, creating and managing an appropriate destination image are critical to an effective positioning and marketing strategy (Echtner & Ritchie, 1993). This contributes to a global competitive strategy.

Competitive strategies are discussed for industry players and destinations. Industry players will have to put consumers first, be leaders in quality, develop radical innovations and strengthen the firm’s strategic position within the industry’s value chain. Tourist destinations should put the environment first, make tourism a lead sector, strengthen the distribution channels in the market place and build a dynamic private sector.

The success factors involved in competitiveness will be discussed while referring to the models of Ritchie & Crouch (1993) and Porter (1990). Other researchers in tourism that contributed to this study, for example Butcher (1997), Otto & Ritchie (1995), Butler (1991), Edgell & Smith (1994), Luk *et al.* (1993), Althiyaman & Robertson (1995), Macintosh *et al.* (1995), Saayman (2000), De Keyser & Vanhove (1994), Sirše (1998), Habib (1991), Inskeep (1991), Keller & Kock (1995), Bulhalis (1994), and Stabler (1996). And other researchers such as Zeithalm *et al.* (1990), Hamel & Prahalad (1994), Brown (1997), Lazonick (1993), Shetty & Buehler (1991), Joyce & Woods (1996), Lall (1990), Bowman (1992), Hardy (1987), Parasuraman *et al.* (1985), Ivancevich *et al.* (1997) will be used to support these models with discussions and models on global competitiveness. Aspects pertaining to the success

factors in global competitiveness will also be dealt with at. This chapter will focus on the literature concerned to determine the following objectives:

- The discussion of global competitiveness and to relate it to the tourism industry.
- Determining the core factors on growth in global competitiveness and specifically in the tourism industry.

2.2. ANALYSING GLOBAL COMPETITIVENESS

Global competitiveness is such a comprehensive term, and researchers develop new strategies every day, these researchers are led by Porter (1990) and in tourism by Ritchie & Crouch (1993) who are considered to be the leaders in global competitiveness.

2.2.1. PORTER'S STRATEGY / MODEL

It is easy to view competition too narrowly and too pessimistically; intense competition in an industry is neither coincidence nor bad luck. Competition in an industry is rooted in its underlying economics and competitive forces. Customers, suppliers, potential entrants, and substitute products are all competitors that may be more or less prominent or active depending on the industry (Porter, 1979).

Michael E. Porter (a Harvard Business School professor of industrial organisation and consultant) was one of the first contemporary scholars to apply traditional economic thinking to management problems. Porter's research identifies the fundamental determinants of national competitive advantage in an industry, and how they work together as a system. Porter asks the following question; " ...why does a nation achieve international success in a particular industry?" Porter answers by explaining four broad

attributes (Figure 2.1) that shape the environment in which firms compete that promote or impede the creation of competitive advantage.

Porter explains global competitiveness with a series of models that in the end lead to the final model (Figure 2.4) which gives an overview on global competitiveness.

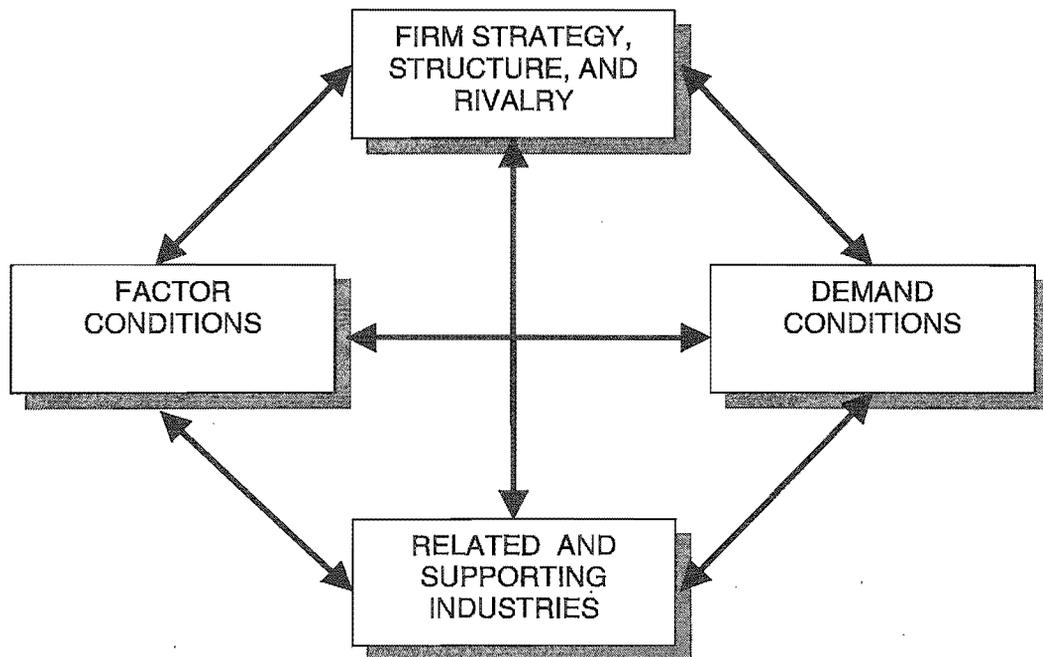


Figure 2.1: The Determinants of National Advantage – “Diamond” (Source - Porter, 1990: 72)

1. *Factor condition.* The nation's position in factors of production, such as skilled workers or infrastructure, necessary to compete in a given industry. In tourism, for example infrastructure and accessibility plays an important role in the attractiveness in the tourism destination.
2. *Demand conditions.* The nature of national demand for the industry's service or product. The same importance is true in the tourism product and service.
3. *Related or supporting industries.* The presence or absence of supplier industries and related industries that are internationally competitive, for

example the transport, catering, training, entertainment and accommodation sectors that play a supporting role in the tourism industry.

4. *Firm strategy, structure, and rivalry.* The conditions in the governing how companies are created, organised, and managed and the nature of domestic rivalry.

The determinants or factors stated by Porter (1990) are seen as a system that creates the context in which a nation's companies and firms are born and compete.

- ◆ The availability of resources and skills necessary for competitive advantage in an industry;
- ◆ the goals of the owners, managers and employees that are involved in or carry out competition;
- ◆ the information that shapes what opportunities are perceived and the directions in which resources and skills are developed;
- ◆ and most importantly, the pressures on firms to invest and innovate, are all necessary for successful competition.

Nations gain competitive advantage when their home environment is the most dynamic and the most challenging, and stimulates and prods firms to upgrade and widen their advantages over time.

Porter (1990) states further that the determinants for national advantage are a mutually reinforcing system, and that the effect of one determinant is contingent on the state of the others. In other words, advantages in one determinant can also create or upgrade advantages in others.

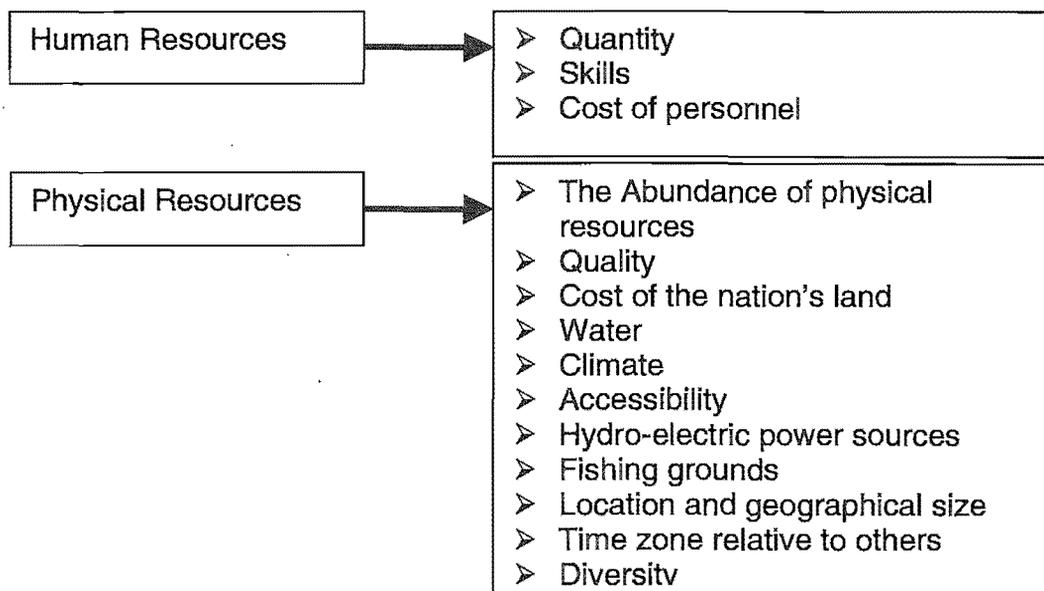
The possibility of competitive advantage based on only one or two determinants is possible if it is in industries that are dependant on natural resources, or industries involving little sophisticated technology or skills. Porter (1990: 73) explains that this is still not the ideal for it is usually proved to be unsustainable.

A. Factor Conditions

Factors of productions (Figure 2.2.) described by Porter are nothing more than the inputs necessary to compete in any industry, and to sustain global competitiveness.

The mix of factors employed differs among industries. Competitive advantages are gained if they possess low-cost or uniquely high-quality factors of the particular types that are significant to competition in a particular industry.

Porter grouped the factors as follows:



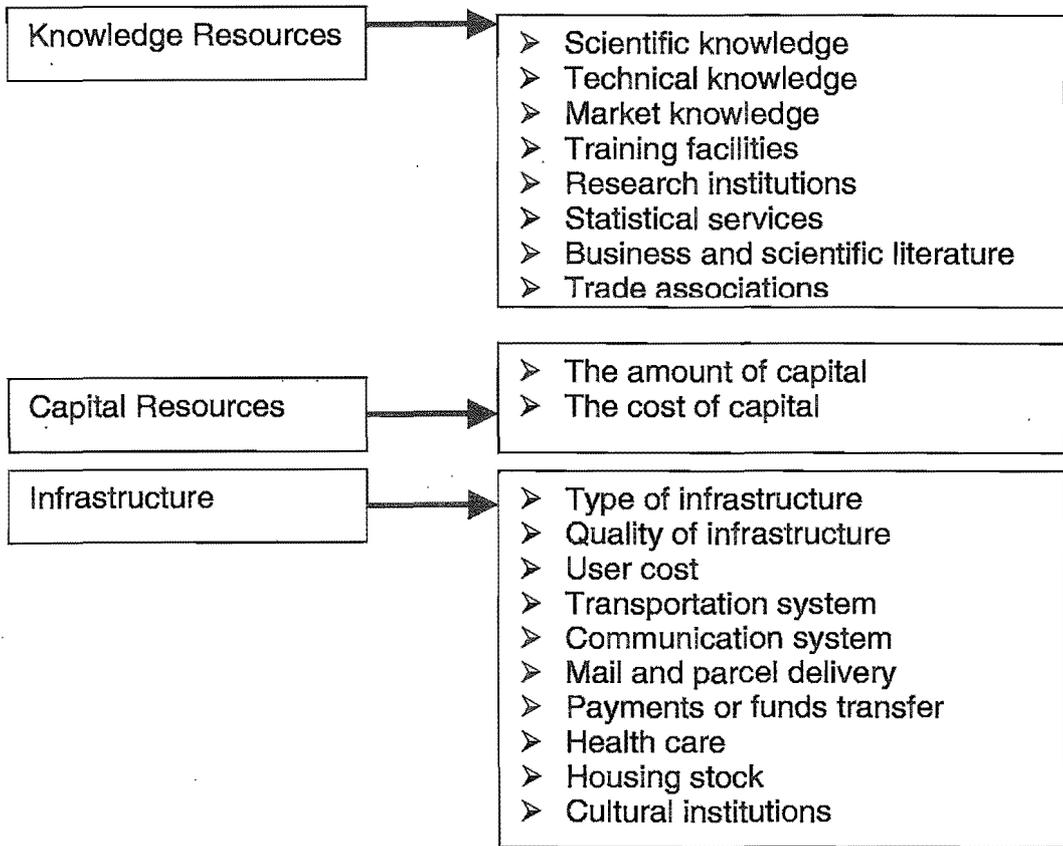


Figure 2.2: Factor Endowment (Source - Porter, 1990: 75)

Porter (1990) further discussed the hierarchies among factors to understand it better by discriminating among types of factors.

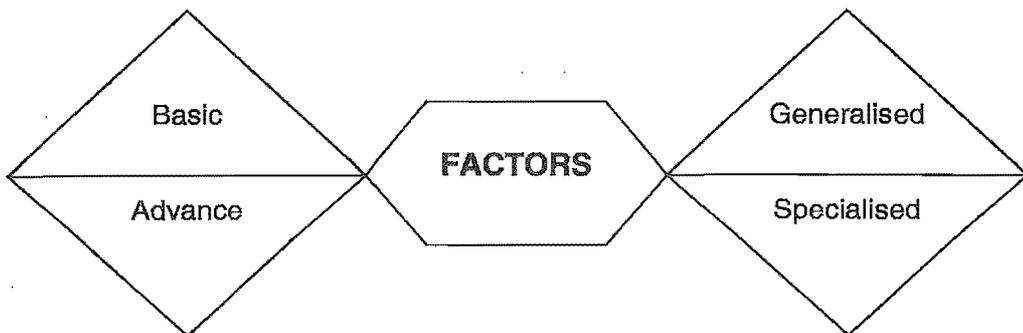


Figure 2.3: Hierarchies Among Factors (Source – Porter, 1990: 77)

Two particularly important distinctions stand out and are discussed. The first is between basic and advance factors as shown in Figure 2. 3. Basic factors include natural resources, climate, location, unskilled and semi-skilled labour, and debt capital. Advance factors include modern communications infrastructure, highly educated personnel, and university research institutes. In short, basic factors must be of sufficient quality and quantity to allow for the creation of related advanced factors.

The second distinction is between generalised factors and specialised factors. Generalised factors include the highway system, a supply of debt capital, or a pool of well-motivated employees. Specialised factors include narrowly skilled personnel, infrastructure with specific properties, knowledge based on particular fields, and other factors with relevance to a limited range or even to just a single industry. If a factor pool like skilled human resources, knowledge resources, and infrastructure is constantly upgraded and specialised it could be a strong basis for sustainable advantage. In tourism, trained skilled human resources, sufficient information and desirable information are an important part to supply quality services, products and experience to tourists.

B. Demand Conditions

The next determinant of national competitive advantage discussed is the home demand for the industries' product or services. While home demand is small from a global point of view, its far more important influence is dynamic. It can shape the rate and character of improvement and innovation. Porter (1990: 86) discussed the three broad attributes of home demand that are significant namely; the composition in other words the nature of buyer needs, size and pattern of growth, and the mechanisms of the domestic preferences are transmitted to foreign markets. In determining competitive advantage the quality of home demand, is more important than the quantity of home demand. In tourism, focus must be given to home demand as well as foreign

demand. Local tourists are sometimes overlooked in terms of the ability to contribute to the growth in a tourist destination.

C. Related and supporting industries

The third determinant in the discussion of national competitive advantage is the presence in the nation of supplier industries or related industries that are internationally competitive. Competitive advantage is gained by supplier and related industries because they produce inputs that are widely used and important to innovation or to internationalisation. It also benefits from the mechanisms of supplier and related industries (Porter, 1990: 100). This point is very relevant to tourism because of the important role related industries play in the tourism industry.

D. Firm Strategy, Structure, and Rivalry

The fourth broad determinant discussed by Porter (1990:107) of national competitive advantage is the context in which firms in industries are created, organised and managed as well as the nature of domestic rivalry. Research and nations vary widely in the importance of the goal, strategies, and ways of organising in firms and industries. The ultimate prospects for international success and the process of innovation result from a good match between the choices of the goal, strategies, structure, managing and the organising of the firm, the sources of competitive advantage in a particular industry and the pattern of rivalry at home. This is also true for the tourism industry.

E. Chance and Government

Porter (1990: 124) adds two very important variables to the theory; chance and government.

i. The role of Chance

Chance events are developments or circumstances outside the control of firms and industries, and the government of a nation, that have the influence to improve or detract from national advantage. In other words when a tourist destination benefits from environmental aspects.

Chance events are important because they create discontinuities that allow shifts in competitive position. They can create the opportunities and potential for new competitive advantages in response to new and different conditions. Some examples that are particularly important in influencing competitive advantage are the following:

- Acts of pure invention
- Major technological discontinuities
- Discontinuities in input costs
- Significant shifts in world financial markets or exchange rates
- Surges of world or regional demand
- Political decisions by foreign governments
- Wars and acts of terrorism

ii. The role of Government

Government could easily be made the fifth determinant for it is seen by many as a vital, if not the most important, influence on modern international competitiveness. Yet, Porter points out that this is not the most useful way to understand the government's role in international competition. The government has the role of influencing the four determinants either positively or negatively. In turn, government policies can be influenced by the determinants. Successful policies work in industries where government policy does not remain the only source of national competitive advantage and in industries where underlying determinants of national advantage are present and where government reinforces them.

In the tourism industry, governments can improve or harm destinations' competitive position through involvement in legislation and policies with regard to barriers to entry, investment promotion and control of environmental problems (Edgell & Smith, 1994).

Guidelines are provided on three strategic issues, identified as the central pillars for a sustainable tourism growth and development policy (Saayman, 2001; Futter & Wood, 1997; North West TEC, 1998; Niedermeier, 1998; Niedermeier & Smith, 1995). These guidelines are not mutually exclusive and serve as conditions in order to achieve sustainable tourism growth. According to Kruger-Cloete (1995) the main purpose of a tourism policy is to integrate economic, political, environmental and cultural benefits of tourism cohesively with people and destinations, to improve the quality of life and provide a foundation for prosperity and peace. Saayman (2001) describes the pillars as follows:

iii. Pillar One: Tourism Management

The following guidelines inform the tourism management effort:

- Tourism should contribute to both economic growth and redistribution.
- Both the local and international tourism markets should be targeted. This requires efforts from both the public and private sector. The public sector should specifically create awareness and encourage investment to create opportunities for local tourism.
- Provincial and regional authorities should initiate and facilitate tourism development in areas of strategic importance through partnership arrangements with the private sector in an integrated planning approach.
- Small, medium and macro enterprises (SMME) development should be integrated with tourism development.

- The collective skills and knowledge of various role players should be applied to initiate tourism initiatives.
- Community participation is essential.
- Encourage diversity and choice in the tourism product. Tourism linked to industrial development and labour intensive tourists industries should be part of a multi-faceted approach.
- The seasonality of tourism as an industry should be acknowledged and managed in such a way that different tourism products are available throughout the year. Simultaneously, the life cycle of tourism products should be considered in long-term planning and through constant monitoring of tourism trends, both domestically and internationally.
- Land-use data must be interpreted to determine the desirability of tourism development in different areas according to dimensions such as environmentally sensitivity, historical and cultural significance and extent of degradation.
- The International Conventions and Treaties provide the guiding ethos for international environment stewardship.
- Political stability and a safe environment are of the utmost importance.
- Tourism development should be based on a decentralisation policy in order to broaden the carrying capacity and to spread wealth.

iv. Pillar two: Alignment between tourism and other economic sectors

- The capacity of the environment to cope with competing forces of development should inform planning.
- Healthy environment should be maintained.
- Strategic Environmental Assessment and Cumulative Impact Assessment should be a prerequisite to the planning of development with potentially negative impacts on the environment.
- An integrated strategy for mining, industrial and tourism development is required.

v. Pillar three: Tourism growth through diversification, specialisation and enabling linkages

- Tourism should be expanded through the development of new tourism products and targeting new markets, as well as improving existing products and services to the current market.
- Market segmentation should be done in order to ensure quality rather than quantity.
- Promotional tools should be market specific based on research.
- Quality service and experiences should be provided.
- Key technological influences that will affect the level, types and nature of tourism include the advancement of aircraft technology, sophisticated computer reservation and credit card systems and the growth of other important electronic data bases. Combined, these developments will make travel faster, more direct (on high volume routes) and less expensive (in real terms) while the means of obtaining information about, and making bookings for travel will be facilitated. It is critical to keep pace with these global trends.
- Partnerships at international, regional, national, provincial and local level are a prerequisite for creating a network of stakeholders for successful tourism planning and development. The desirable macro considerations in this regard include:
 - ⇒ The creation of an enabling environment which will generate linkages at international, regional, national, provincial and local levels, to facilitate a network of stakeholders.
 - ⇒ The alignment of tourism development with other cross-cutting initiatives.
 - ⇒ The promotion of integrated approaches to achieve sustainable development.
 - ⇒ The initiation of joint tourism projects with foreign partners in order to create linkages with other countries.

It is stated throughout that governments play a major role in sustaining competitiveness as tourism destinations. Inskeep (1991) points out the role of governments in promoting sustainable tourism development.

Governments should:

- Research (into) the environmental, cultural and economic effects of tourism
- Support the development of tourism economic models
- Assist and support lower levels of governments to develop their own tourism development strategies
- Develop standards and regulations for environmental and cultural impact assessments
- Apply environmental accounting systems
- Design and implement public consultation techniques
- Develop and implement new economic indicators
- Design and implement educational and awareness programs
- Develop adequate tools and techniques to analyse the effect of development projects on heritage sites and ancient monuments
- Develop design and construction standards
- Ensure that carrying capacities of tourism destinations reflect sustainable levels of development
- Enforce regulations for illegal trade
- Regulate and control tourism
- Include tourism in land use planning
- Create tourism advisory boards

F. The Determinants in Perspective

The “diamond” (Figure 2.4) is an integrated system in which the parts reinforced each other. The determinants of advantage constitute a complex system, through which a great many national characteristics influence competitive success. The self-reinforcing interplay of advantages in several

areas, creating an environment which is difficult for foreign competitors to replace, grows into sustained competitive advantage in an industry. The national system is as, or more, important than the individual parts.

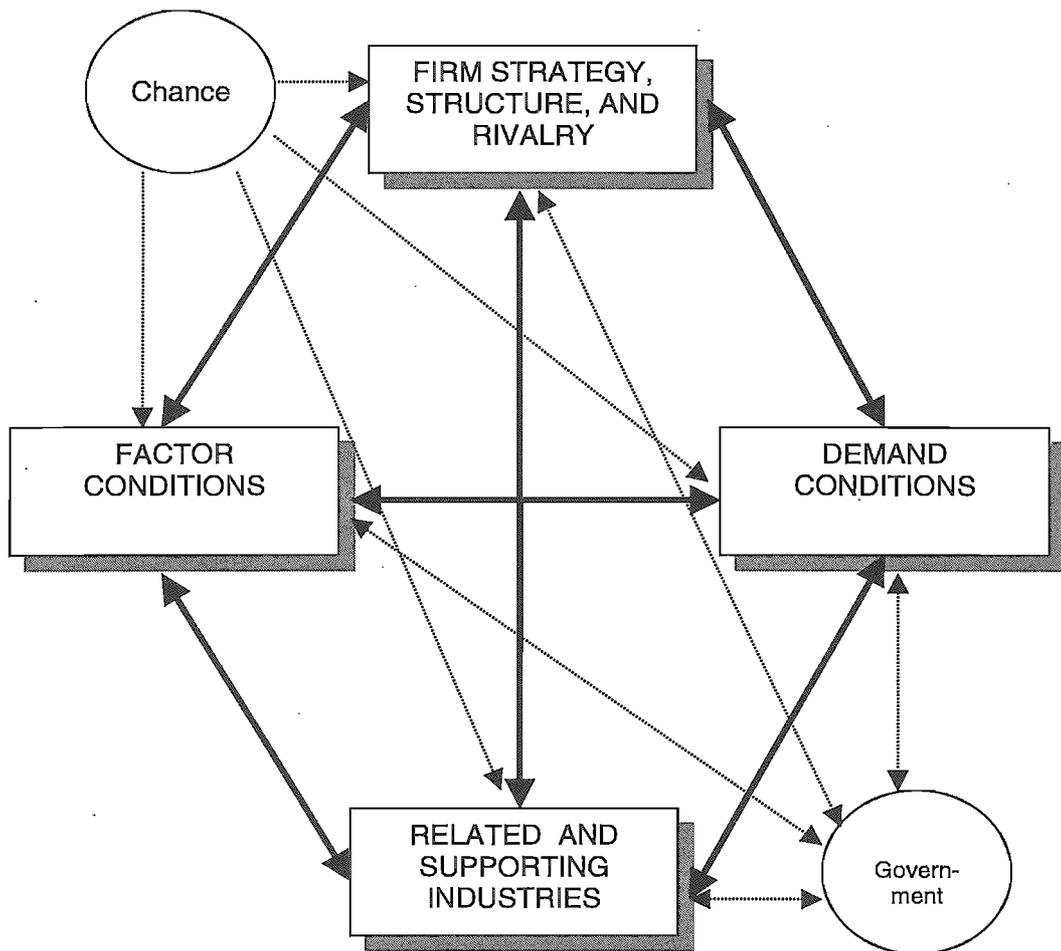


Figure 2.4: The complete “Diamond” System (Source - Porter, 1990:127)

Porter (1990: 33) stipulates that in any industry the nature of competition is manifested in five competitive forces: the threat of new entrants, the threat of substitute product or services, the bargaining power of suppliers, the bargaining power of buyers and the competition among the existing competitors (Figure 2.5).

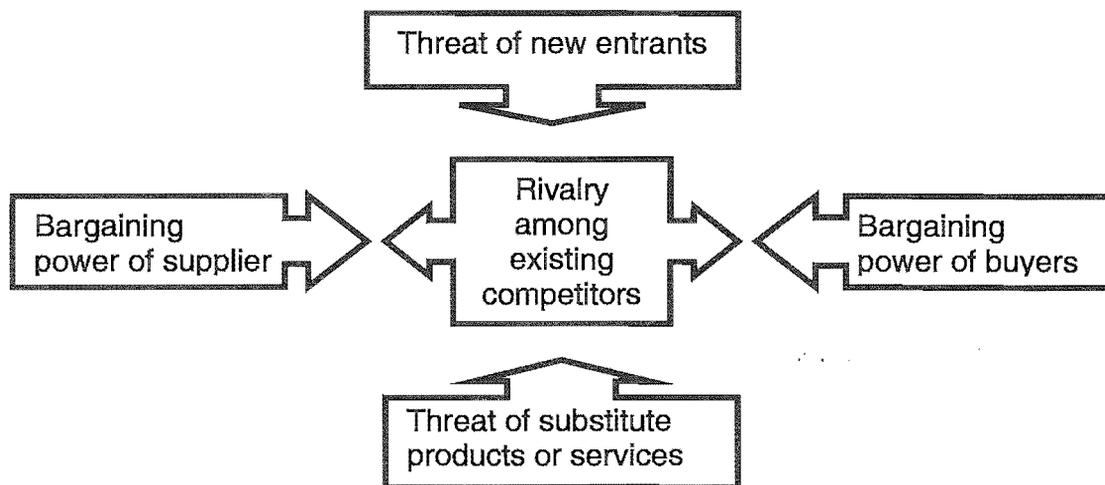


Figure 2. 5: The Five Competitive Forces that Determine Industry Competition (Source - Porter, 1990:35)

The five competitive forces that determine industry profitability, and the earning of attractive returns on invested capital. Each of the five competitive forces' strength is a function of industry structure, or the underlying economic and technical characteristics of an industry.

Porter (1990: 40) also explains that competitive advantage grows out of the way firms organise and perform discrete activities. Every firm strives to create the ultimate value for their buyers or customers. This can be measured by the amount that buyers are willing to pay for its product or service. Porter (1990: 41) explains the activities involved in performing in competition in terms of a value chain (Figure 2.6). All these activities in the value chain contribute to the buyer value. Firms gain competitive advantage from the invention of new ways to perform activities, employing new procedures, new technologies, or different inputs.

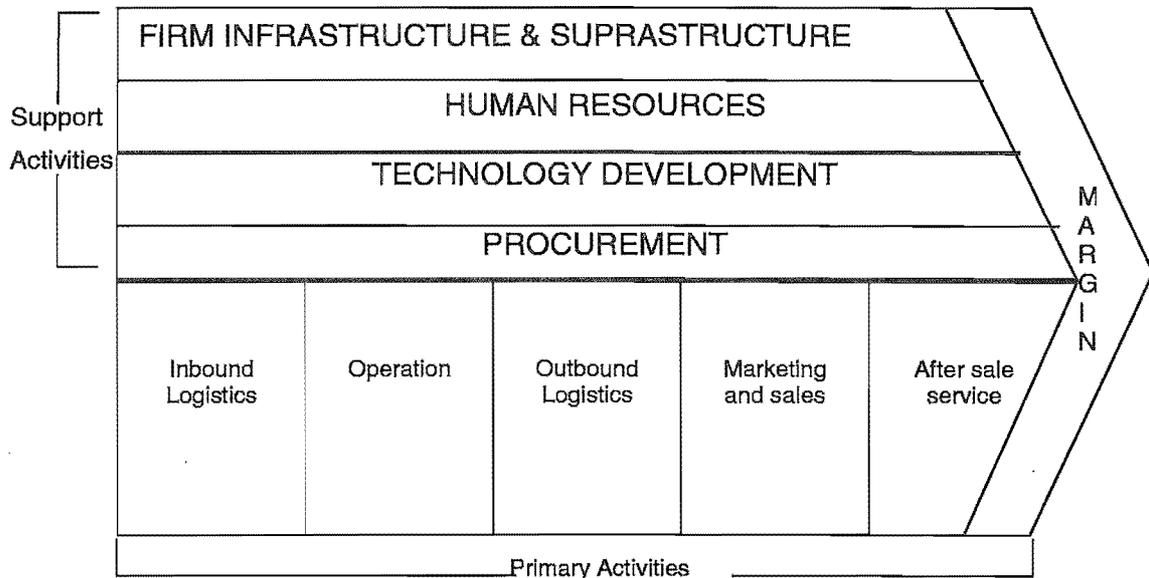


Figure 2.6: The Value Chain (Source – Porter, 1990: 41)

Porter (1990:42) advises firms in gaining competitive advantage to managed the value chain as a system rather than a collection of separate parts by reconfiguring the value chain, by relocating, reordering, regrouping or even eliminating activities. Competitive advantage is of how well, a company or firm can manage this entire system.

The concept of competitive advantage should refer to the added value, the ability of the tourism sector-firms and shows that competitive advantage grows out of the way firms organise and perform discrete activities. Porter (1989:11) suggests that in the tourism business the addition of value is accelerated by the factors of primary tourism supply. Pure competitive advantage may take the form of two main sources namely low cost or differentiated products that are sold at premium prices. To achieve this competitive advantage, Porter (1989:11) discusses three competitive generic strategies:

- First strategy – low cost, leadership in achieving the lowest cost of “production” among competitors. However, cost reduction in the tourism industry influences the quality of the tourism product, which can imply cheaper services, thus lower quality (Mihalic & Sirše, 1998).
- Second strategy – differentiation, achieving superior performance in important customer benefits areas on mass market.
- Third strategy – needs of smaller market segments, this is either cost focussed or differentiation focused.

In 1995, Porter added to this by discussing the strategies in the following figure:

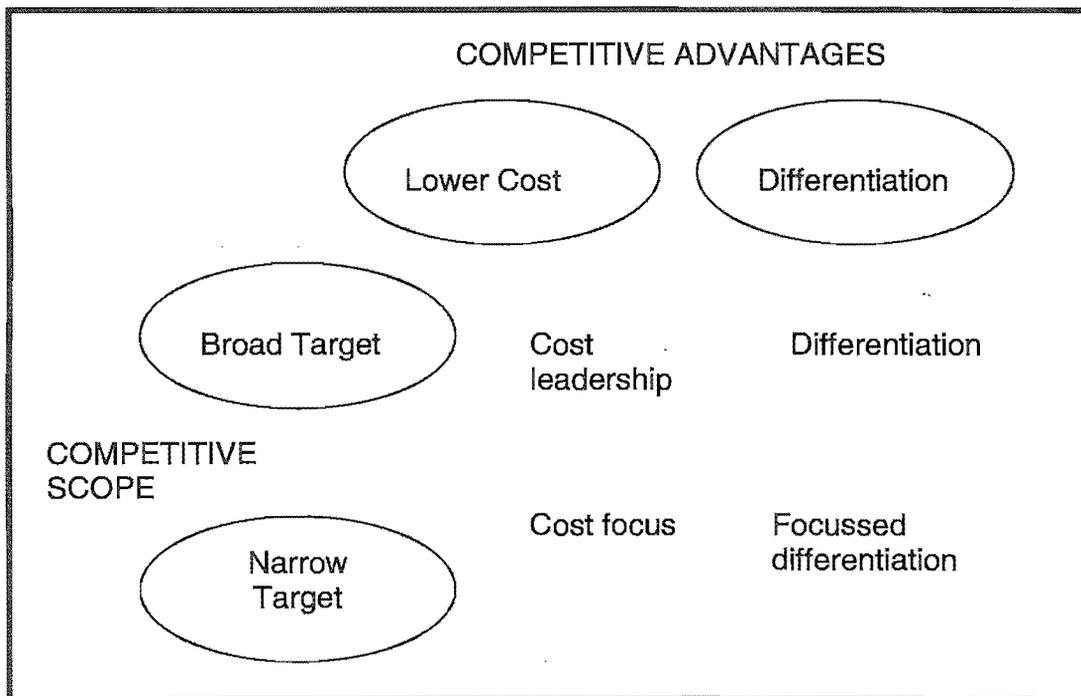


Figure 2. 7: Porter’s Generic Competitive Strategies

Figure 2.7 reflects competitive advantage and competitive scope. Competitive advantage can be gained through lower cost and differentiation. The term

differentiation refers to the ability to provide a unique and superior value to customers in terms of product quality, special features, or after sales service.

Competitive scope designates the breadth of the firm's target within its industry. A firm must choose the range of product variables it will produce, the way to distribute its products, the geographic area it will serve, and the array of industries in which it will compete.

The cost leadership strategy involves keeping costs and prices lower than competitors. Differentiation is a strategy that attempts to improve a firm's competitive position by developing unique products. Bowman (1992) supports this statement by emphasising the offering of a superior or a unique product / service. A cost focus target emphasises gaining competitive advantage through cost control in a narrow market area. A focused differentiation strategy involves providing a competitive and unique product and/or service to a narrow market area (Porter, 1995:104-119). All the above - mentioned can be pulled through to the managing of a tourist destination, when providing tourism products / services in a global competitive industry.

The quest for competitiveness is described by Hamel & Prahalad (1994:15) in three components, Figure 2.8 - smaller, better and different:

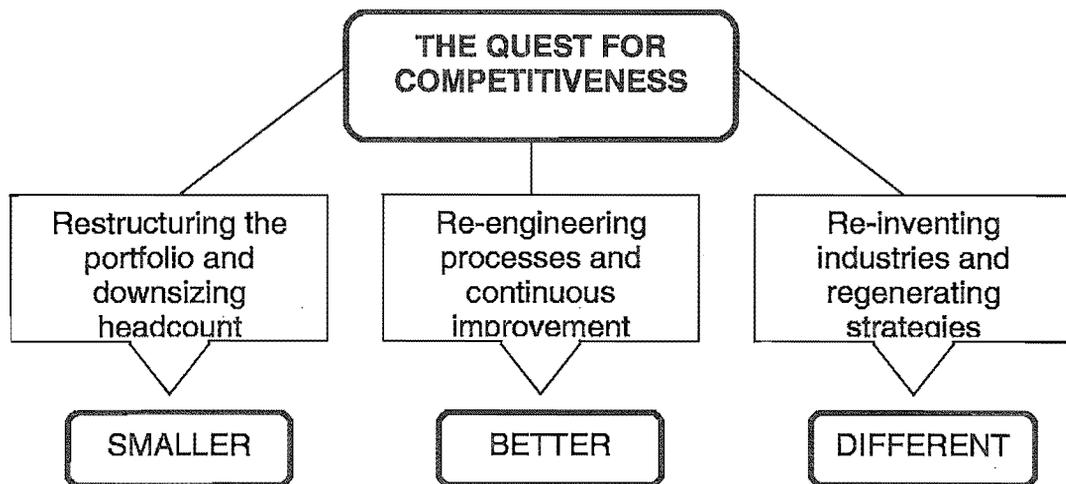


Figure 2.8: The quest for competitiveness (Source - Hamel & Prahalad, 1994)

Hamel & Prahalad (1994) describes the quest for competitiveness in a forward simple way, which leads industry to visualise the state of the industry involved.

The competitive challenges, potently portrayed by Hamel & Prahalad, include:

- leading and keeping pace with industry transformation;
- regenerating competitive strategies;
- competing for opportunities;
- developing strategies infrastructures within and beyond the business;
- leveraging resources
- competing to shape future industry structure
- competing for competence leadership
- competing as a coalition or network of businesses against other networks.

It is in this context that a competitive strategy framework is discussed. A context that involves strategy at levels, understanding that levels change, disappear and reconfigure as the organisation changes, requiring vision and direction at the highest level to bring the units into synergistic harmony. A context that involves the use of strategic tools that diagnose situations at a

given point, knowing that circumstances can change the relevance of that diagnosis rapidly. A context (Figure 2.9) that identifies current and desired future competitive positions can be eroded dramatically by innovations, new competitive entrants, convergence of industries targeting the same customers and government decisions that can change the nature and economics of competition.

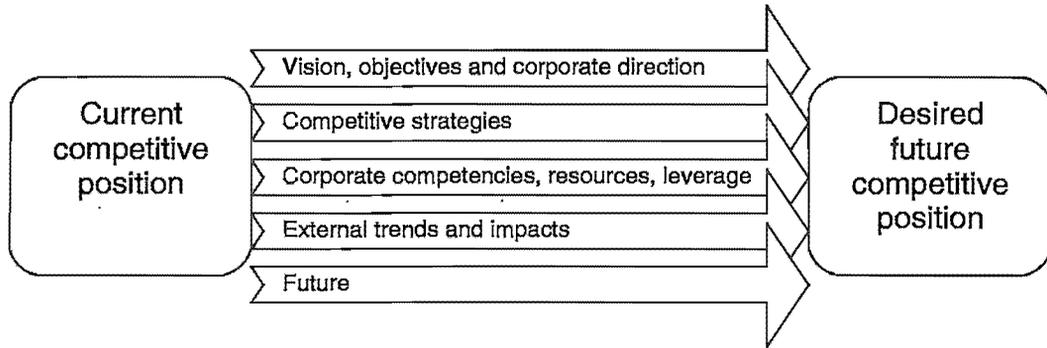


Figure 2.9: Basic elements of strategic process (Source - Brown, 1997)

John Young (Shetty & Buehler, 1991: 208) mentioned a few factors in the case of the American business world that determine competitiveness, namely trade policy, savings' rate, capital costs, currencies, and maybe the most important, productivity and quality. In a conclusion on competitiveness Shetty & Buehler (1991: 413) state: "Productivity and quality are two major keys to competitive advantage. Companies that continuously produce high-quality products and are most productive have lower costs, higher profit margins, and capture a larger and larger share of the market." In the tourism industry, tourism researchers such as Ritchie & Crouch (1997), Bitner (1992) and Otto & Ritchie (1995) agree with this statement by stating the importance of quality service and products.

Joyce & Woods (1996: 113) discussed the suggestion made by Porter that powerful suppliers in an industry are larger than the buyers, have a unique product, have built up high switching costs, have an absence of substitute

products, can make credible threats of integration and perceive the customers in that industry as relatively important. These factors are believed to be advantages in being globally competitive. This is also true in the tourism industry.

Another viewpoint of competitive advantage is described by Lazonick (1993: 172) who says: "To produce goods and services requires knowledge. To acquire knowledge requires learning. Given a society's endowment of physical resources, the more it learns, the greater its productive potential."

Competitiveness in industrial industries as well as industries like tourism, is discussed by Lall (1990: 11) as the changing of technology. This changing of technology will depend on a constellation of factors such as macro-economic environment, competition and intellectual property, functioning of labour and capital markets, science and technology efforts, policies and infrastructure, and perhaps the most important, human capital development.

G. Important conclusions from Porter's model

What lessons can be learned by the discussion on global competitiveness as discussed mainly by Porter?

Bowman (1992: 76) summarised the findings of Porter into four strategic thrusts. Two that are visible to the consumer namely,

- ◆ competing for a good price and
- ◆ offering a superior or a unique product / service.

The other two thrusts,

- ◆ cost control and
- ◆ product / service development, are described as internal competence and mainly controlled by managers.

Managers distinguish between internal activities and external competitive market positioning. As the four factors are not correlated with each other, these four strategic thrusts may be pursued independently. For sustainable competitive advantage strategies must combine appropriate internal competences with external competitive positioning.

The description by Porter (1990: 129) of the determinants, namely:

- ◆ *factor condition*
- ◆ *demand conditions*
- ◆ *related or supporting industries and*
- ◆ *firm strategy, structure, and rivalry*

of national advantage in an industry and the role of chance and government in effecting them, leads to the following conclusion and summation of factors that play a role in global competitiveness.

In tourism and especially in South Africa **the role of the government plays a major part** in the success of the industry and is sometimes undervalued. The “diamond” (Figure 2.4) reflects many diverse elements of a nation, measures how well the nation creates and transmits these factors and forces to its firms, as well as the insight and tools needed for competitive advantage. The individual determinants are mutually dependant on each other’s strengths and inputs, and that is why weaknesses in any one determinant will constrain an industry’s potential for advancement and upgrading. It is clear that an industry as well as the tourism industry is built on the diverse elements of a nation and how well that system works as one to develop and compete as a global industry.

Porter could not emphasise the importance of innovation for global competitiveness enough. **Successful competition requires innovation** – and competitive forces urge on innovation. Consequently firms should place themselves in conditions, which create the right sort of competitive pressure,

and they should not seek to evade them. The need to invest in skills and knowledge, and benefits of close working relationships with suppliers and buyers through which information flows must be seen as important in every firm striving for competitiveness. A suggestion made by Porter is to **upgrade the home environment**, because of the important role that it plays in the quest for global competitiveness.

The factors identified by Porter also play an important role in the tourism industry and can be used in the management and development of the tourism destination to be global competitive.

These lessons are also relevant in the tourism industry. In a nutshell:.....**"Think globally – act locally"** (Butcher, 1997:33).

2.2.2. RITCHIE AND CROUCH'S STRATEGY / MODEL

Ritchie and Crouch are some of tourism industries' leading researchers on the topic of competitiveness. At the 1993 congress of Quality Management in Tourism in Bariloche, Argentina, Ritchie and Crouch presented a framework identifying the major factors which determine the ability of a tourism destination to compete in the international marketplace (Ritchie & Crouch, 1993).

Ritchie & Crouch (1993:118) reinforces that the importance of ensuring quality on all dimensions of a destination is a critical component for enhancing its overall competitiveness. The focus is placed on the "quality of services" of the many services which are required in the tourism industry, first, enabling the visitor to visit the destination and secondly, to ensure a high level of enjoyment and satisfaction for the total experience in visiting the given destination.

The term “quality” that is defined by the World Book (1987) as the grade of excellence of an entity, or more broadly, the nature, kind of character of something, is used by Ritchie & Crouch (1993) to seek the excellence of many events, transactions, and activities provided for tourists to ensure being globally competitive in the striving for providing an enjoyable and rewarding experience at a given destination.

The Quality Support Committee of the World Tourism Organisation (WTO) also emphasises the importance of “quality” by developing a basic framework of the important factors in competitiveness such as quality tourist services, safety and security, accessibility, sanitary conditions, information, consumer protection and a competitive economic environment.

Ritchie & Crouch (1993) discussed a few factors seen as important in determining global competitiveness.

- Value

- Value for money

The concepts of service quality, quantity, and price brought together give rise to the concept of value. The relationship between price / quality ensure value for money. Murphy & Pritchard (1997) point out that the comparable price and quality relationships at home will colour the perceptions of the destination visitor.

- Value and appropriateness

The sophistication or high quality of a service is appropriate to the concept in which it is delivered and is also seen as the integrity of service. The integrity of service is described as a service that is both of high quality and appropriate in relation to the context in which it is delivered. These services can include accommodation, food, entertainment, transport and infrastructure (Bolton & Drew, 1991; Stevens, 1992).

- Quality of quality service

It is critical that efforts to deliver quality service be sincere and genuine. Warm and friendly service are essential but not enough. The service must also be functionally effective (Taylor, 1995).

- Quality and authenticity of the experience

Parallel with the concern for the sincerity of service delivery is the growing desire for “authenticity” of the travel experience (Hughes, 1995). It has been found that tourists increasingly desire an experience that includes events, ceremonies, activities and facilities that demonstrate and are integral dimensions of the people and the destination visited.

- Quality service and quality experience

In the tourism industry the travel experience consists of factors that contribute to a quality experience. These factors are not controlled by the tourism system alone but are an ongoing stream of related and integrated services from supported industries, over a period of time, sometimes in different geographic areas.

- The impact of context

Understanding the context factors that distinguish tourists from one another and providing that which is desired (Hu & Ritchie, 1993).

- The impact of physical settings on perceived quality

Bitner, (1992) notes that the physical setting (the servicecape) may influence the customer's ultimate satisfaction with a service.

Otto and Ritchie (1995) compare quality of service and quality of experience, and argued that quality experience consists of a complex, integrated series of service transactions affected by context.

Satisfaction from a destination visited is argued by Ritchie & Crouch (1993:130-132) to be influenced by other service providers in the experience stream and does not rely on just one factor, for example accommodation.

“The quality experience differs for each individual, for different market segments and particularly for different cultures”.

The growth of tourism has been marked by an increase in the competition for tourist expenditures, as communities and governments engage in fierce competition to gain and maintain what could be considered as the rightful share of the tourist market. In the process, parties involved are often far too willing to become involved without much thought as to what the implications of involvement will be, and what means they have at their disposal to control and regulate the industry they have tried so hard to gain (Butler, 1991:203).

A competitive advantage is quite simply an advantage the competitors do not have. Everyone throughout the whole country/industry should be made aware of the need to create and develop competitive advantages, and should be encouraged to play their full part in the creation, development and exploitation process. The most valuable competitive advantages, the ones that are big enough to make an impact directly on the market – are normally associated with the key brand attributes contained within the best value concept. This is understandable. These key factors bear directly on the destination attractiveness to the consumer, and any favourable movement in them can immediately enhance the destination’s attractiveness (Hardy, 1987).

An effort should be made to get at least an estimate calculation on value. This is an area where it is very easy for enthusiasm to take over. Enthusiasm based on ignorance can prove very costly. Once established, it is important to protect the competitive advantage. If it can be an extension of the protection available to a particular competitive advantage it will greatly affect its value (Hardy, 1987).

The destination can be expected to increase in popularity as it is developed if it only has the right marketing and facilities; but ultimately the destination will

be viewed as no longer 'with –it', and will be less competitive than the newest destination (Butler, 1991; 203).

Saayman (2000; 72) also asked the question concerning the competitiveness of nations, why some are successful and others fail. Competing globally developed the need for a new paradigm in tourism policy and marketing. This is further underlined by the fact that tourism business is no longer air travel, sun, sea and a nice meal, but focus on the tourism experience or fantasy world related to specific destinations (Keller & Kock, 1995). Keller also explains the new tourism to be flexible, segmented, customised, diagonally integrated, and it utilises new technologies and systems to be able to offer tailor-made products to the "new" tourist. Tourism managers should realise globalisation's impact on tourism policies, management of tourism resources and marketing of tourism in a competitive scenario, and how it imposes to the changing of management and marketing of tourism destinations (Saayman, 2000;73). In the new paradigm that explains the "new" tourism it transforms the traditional Sun, Sea, Sand and Sex into Sophistication, Specialisation, Segmentation and Satisfaction, which are taken as the demands of the new markets. Understanding this "new" tourism will give managers a step forward in the chase for global competitiveness and sustaining this advantage (Bulhalis, 1994; Saayman, 2000; Stabler, 1996).

Poon (1993: 3 -25) goes further in explaining this crisis in tourism as a process of change in the following cases:

- Mass tourism
 - Mass tourism is a crisis of the tourism industry, for it brought social, cultural, and environmental pressure.
- Limits to growth
 - Tourism can be a potential blessing and it can be a blight. Tourism is a doubled-edged sword that can have many benefits or negative consequences that have to be managed properly for maximum growth.

- Future growth prospects

Market shares will change in growth that will be slower, but the direction will change. Managers will need to focus on changing the production and management practices in order to become leaders in the tourism industry.
- Seeds of change

Internal forces (new consumers and new technologies) and external forces (limits on growth and emergence of a new global best practice) are shaping the industry. Pressure from both the internal and external force comes from change.
- New consumers

New tourists are fundamentally different than the “old” tourist. New tourists are more adventurous, experienced, more eco-friendly, more flexible, more independent, more focussed on quality, have their own idea and are harder to please than ever before. Consumer behaviour and values provide a critical driving force for new tourism.
- New technology

Every day the partnership between tourism and technology grows stronger, and companies have to stay in touch with the latest technology to be competitive.
- A new global ‘best practise’

The new trend is to focus on quality rather than quantity.

According to the confirmation-versus-disconfirmation theory, quality is determined by the level of fit between customer expectation of the service and the perception of the actual service performance. Meeting or exceeding the expectation results in customer satisfaction. If there is a gap between expectations and experience, it leads the customers to cease patronising the service (Luk *et al.*, 1993: 25).

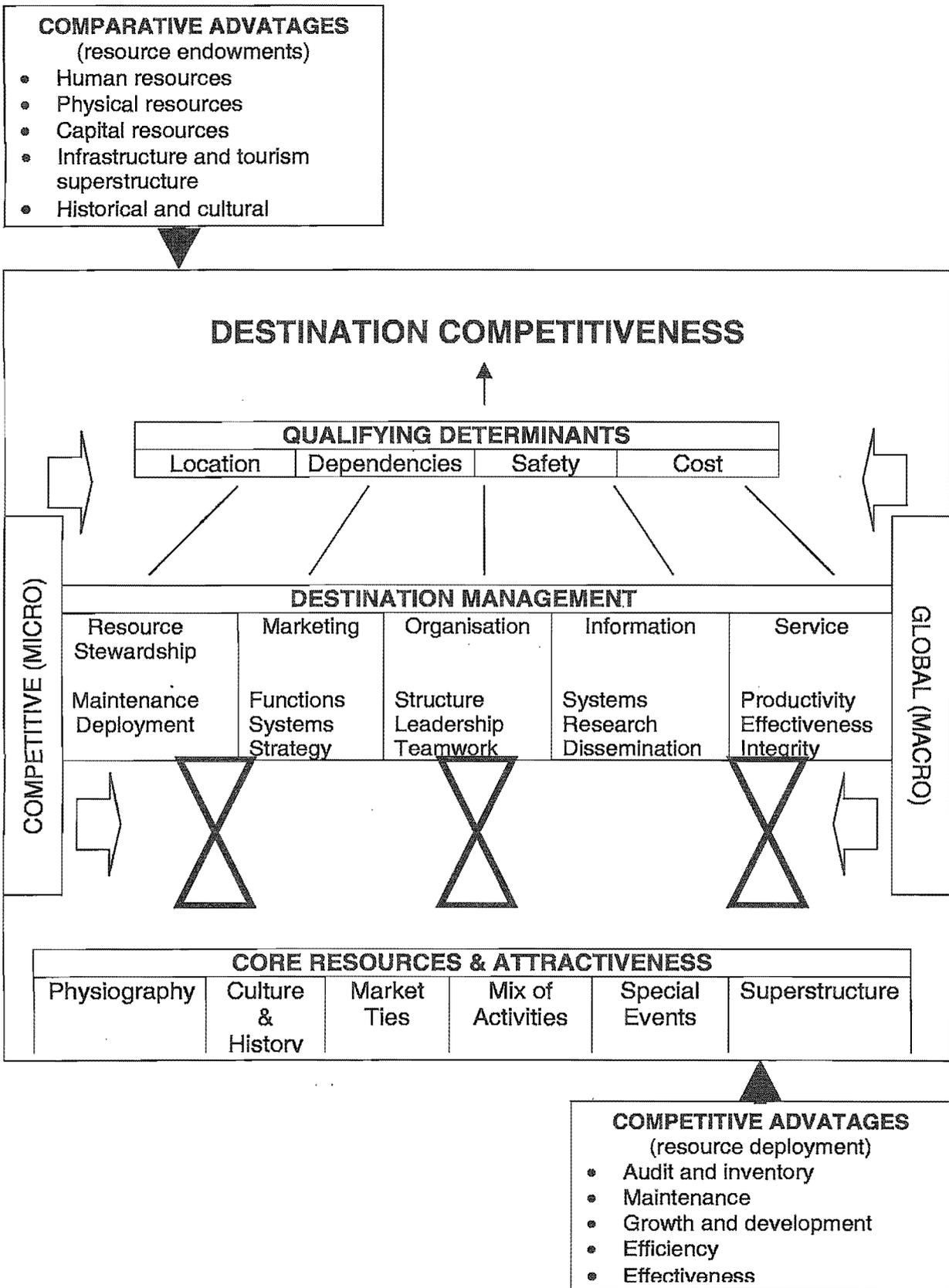


Figure 2.10: Destination Competitiveness (Source – Ritchie & Crouch 1993)

In Ritchie & Crouch (1993) model (Figure 2.10) there are three separate components. Destination competitive as the main focus with comparative advantage and competitive advantage on separate sides that contribute to the destination competitiveness with the various factors included in these advantages.

Destination competitiveness is further divided into three sectors. At the top are the qualifying determinants that consist of factors that are distinguished for their importance namely location, dependencies, safety and cost. The second segment - Destination management advance qualifying determines with five groups of factors. The two above-mentioned sectors stands on the pillars of the core resources and attractiveness of the destination. The global (macro) and competitive (micro) factors and environment further influence the destination competitiveness.

According to Althiyaman and Robertson (1995:204), sustainable competitive advantage requires the continual application of energy and resources to strategic planning and results from decisions and actions, which not only generate economic value, but also are unique and hard to initiate. These factors are normally defined as critical success factors.

Values, attitudes and beliefs have been specified as factors by Luk *et al.* (1993), which explain variations in the behavior of consumers of different nationalities. Olsen *et al.* (1996), adds to this by stating that many businesses use quality customer service to be one of the dominant competitive methods making up their strategy. Tourism is a complex and composite service. A journey contains a series of components and every producer of services or goods is responsible to make it a complete experience that is unforgettable.

Some researchers maintain that customer satisfaction is distinct from service quality. Satisfaction is thought to be the result of the comparison between predicted service and perceived service, whereas service quality refers to the comparison between desired service and perceived service (Zeithalm, Berry & Parasuraman, 1993).

Looking at the dimensions of quality of service Zeithalm *et al.* (1990) explains it in Table 2.1.

Table 2.1: Determinants of Service Quality (Source – Zeithalm *et al.*, 1990, & Parasuraman *et al.*, 1985)

DETERMINANTS OF SERVICE QUALITY	
Reliability	It involves consistency of performance and dependability
Responsiveness	It concerns the willingness or readiness of employees to provide service
Competence	It means possession of the required skills and knowledge to perform the service
Access	It involves approachability and ease of contact
Courtesy	It involves politeness, respect, consideration and friendliness of personnel
Communication	It means keeping customers informed they can understand and listen to them
Credibility	It involves trustworthiness, believability, honesty and having the customer's best interests at heart
Security	It is the freedom from danger, risk or doubt

Understanding/ Knowing	It involves making the effort to understand the customer's needs
Tangibles	It includes the physical evidence of the service

Otto & Ritchie (1995) developed a somewhat parallel construct for the concept of quality of experience (Table 2.2).

Table 2.2: Construct Domain: The Service Experience (Source – Otto & Ritchie, 1995)

Dimension	Examples
Hedonic	<ul style="list-style-type: none"> • Excitement • Enjoyment • Memorability
Interactive	<ul style="list-style-type: none"> • Meeting people • Being part of the process • Having choice
Novelty	<ul style="list-style-type: none"> • Escape • Doing something different
Safety	<ul style="list-style-type: none"> • Personal safety • Security of belongings
Stimulation	<ul style="list-style-type: none"> • Educational and informative • Challenging

These two frameworks provide a means for making a direct comparison between the concepts of quality of service and quality of experience, which can be recognised as competitive factors.

Referring to Otto & Ritchie's (1995) model (Table 2.2) the service experience, Ritchie & Crouch (1993) conclude that ensuring a high quality destination

experience, to be dependent on the managerial action of the country / company / manager to be able to sustain global competitiveness (see Table 2.2):

1. The hedonic dimension of the experience

This action seeks to provide a pleasures visit. In order to manage this action, destinations have to generate activities that provide excitement and enjoyment.

- Excitement activities can involve elements of surprise and high energy levels.
- Enjoyment activities are derived from facilities, which provide comfort, create an ambience that is unique, and make “creature comforts” available that are not experienced in normal life.

The goal in the hedonic dimension of the experience is to provide enjoyment that provides the tourist with a memorable visit.

2. The interactive dimension of the quality experience

This action demands that the destination manager design and include activities that enable the tourist to be sociable, interactive and provide the opportunity to meet people. In creating this interactive dimension two things are mentioned by Ritchie & Crouch (1993):

- Participating in actions
The essence of interactivity is the ability of being part of various processes occurring at the destination.
- Choice of participating in actions
The choice of interactivity still lies in the hands of the visitor, and managers have to give the opportunity, and leave the visitor to decide.

3. The novelty dimension of the experience

Novelty activities and facilities provide pleasure to stimulate excitement. A large percentage of tourists want to experience something new and different, but want to be well-informed for example by the media, friends, family, or marketing campaigns. Visitors must be provided with a clear understanding of what they will obtain from the experience.

4. The comfort dimension of the quality destination experience

This dimension consists of both mental and physical aspects. Comfort is a relative description when looking at the needs of individuals. For some comfort means being pampered in a luxurious setting, for others it is peace and quite, and for others comfort and relaxation means to participate in physical activities.

Managers need to keep a balance in providing the environment that meets the needs of all its visitors or the market segment that was chosen to attract to the specific destination.

5. The safety dimension of the destination experience

The concern for security and safety has introduced a new dimension in the tourism industry and plays a major role in the decision-making of tourist before visiting a destination. Destination managers are faced with the task of ensuring that tourists are advised of potential harm, but at the same time promoting the destination to be safe.

6. The stimulation dimension of the quality destination experience

The stimulation dimension parallels to some degree the excitement factor that has already been discussed. Stimulation also includes physical and mental stimulation and again it is the task of the destination manager to provide opportunities for the guest to experience stimulation in some way or another. In the case of the stimulation dimension, it is described more as a substantive, rather than a vicarious stimulation.

Quality is defined by Ivancevich *et al.* (1997) as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

Ivancevich *et al.* (1997) continues in discussing the importance of the fact that managers need to address quality that appears to be a competitive standard. Managing effectively is important in achieving or sustaining competitive advantages. Managers / countries need to pay more attention to the quality of products and services that their enterprises sell or provide.

The definition of management includes the term quality. According to a Gallup survey of top executives showed that they viewed improving product and service quality as the most critical challenge facing companies. Quality is now viewed as a major weapon in restoring and improving global competitive position (Ivancevich *et al.*, 1997).

Macintosh *et al.* (1995) discussed the demand on a destination, and the demand for travel to a particular destination will be a function of the person's choice. A person's willingness to travel and choice will largely be determined by the psychographic profile, a person's socio-economic status and demographic variables concerning the person. Macintosh *et al.* (1995) also looks at resistance, as the other side of the relative attractiveness of various

destinations. This factor could be determined by other variables such as economic distance, cultural distance, the cost of tourist services at destination, the quality of service, effectiveness of advertising and promotion, and seasonality.

- Economic distance refers to the time and cost involved from the origin to the destination and back. In other words if it is a long haul or a short haul destination.
- Cultural distance refers to the extent to which the culture of the country of origin and the visiting country or destination differs from the tourist culture.
- Cost of service plays a role in the decision-making process of the tourist.
- Quality of service speaks for itself! People have lower resistance in travelling to a destination if the quality of service is good.
- Seasonality refers to the relative attractiveness of a given destination and will depend on the time of year for which a vacation is planned.

Saayman (2000: 33) lists some important factors that play a role in attracting tourists to a certain destination:

- Cultural events
- Beaches
- Sunshine
- Climate
- Architecture
- Events
- Scenic beauty
- Wildlife
- Entertainment
- Exchange rate
- Accessibility
- Costs

- Comfort.

De Keyser and Vanhove (1994:22) suggest that the analysis of the factors conditioning the competitive position should take into account five sets of factors;

- Macro –economic factors (exchange rate, availability and cost of capital, fiscal policy)
- Supply factors (tourism products such as attractions and price levels, labour supply, infrastructure)
- Transport factors (availability of regular services, availability of charter services, availability of cruise services)
- Demand factors (market dependence, penetration and distribution channels, marketing efforts by channels, presence and future growth markets)
- Tourism policy (institutional framework, tourism policy formulation, monitoring and planning capacity, commercialisation and government budgetary support)

Sirše (1998) contributed (Table 2.3) to the study on Slovenian competitiveness by listing factors conditioning the competitive advantage.

Table 2.3: Factors, conditioning the competitive position of tourism competitiveness

1. MACRO-ECONOMIC FACTORS	
a) Real macro economic factors	Foreign exchange rate
	Inflation rate
	Foreign exchange imports/exports
	Availability of foreign capital
	Direct foreign investment
b) Other macro economic	Regional & District expenditures

conditions	
	Regional & District employment
	Innovations and patents
	Political stability
	Crime rate
	Limitation to mobility in the case of epidemic diseases
	Security and safety of tourists
	Social and political stability
2. SUPPLY FACTORS	
a) Attractions	Mineral and thermal springs
	Attractive scenery of the landscape
	Alps and mountains
	Number of sunny days
	Temperature
	Number of days with snow
	Common language and culture
	Natural monuments
	Geographical position and characteristics
	Cultural heritage
b) Accommodation	Restaurants
	Hotels
	Taverns and bars
	Gastronomy
c) Complementary factors	Casinos
	Summer time sports
	Theatres
d) Price levels	Price/quality ratio of tourist products
	Transportation costs home destination

e) Labour supply	International experience
	Level of professional skills
	Level of education
	Work and working habits
f) Infrastructure	Telecommunication
	Urbanisation
	Traffic transport infrastructure
	Electric energy supply
	Water supply
	Medical care and treatment
	Petrol stations
	Pharmacies
	Personal services
	Providing basic medical care and treatment of tourists
3. TRANSPORT FACTORS	Traffic transport infrastructure
	Geographical proximity to the markets
	Time proximity to the markets
4. DEMAND FACTORS	Tourist demand in European countries
	Disposable income in European countries
	Expenditure for leisure activities
	Price/cost level
5. TOURISM POLICY	
a) Statistics and analysis	Tourism statistics
	Qualitative tourism analysis
	Tourist satisfaction analysis
	Tourism forecasts

b) Education and training	Tourism education and training programmes
	Standards in tourism capacities and behaviour of employees
	Special training programmes for off season periods
	Tourism products services development programmes
	Special training
c) Tourism and local population	Acceptability of tourist by local population
	Information of the relations tourist/inhabitants
	Programmes to incorporate local in tourism
d) Tourism promotion	Tourist destination recognition
	Tourist destination image
	Willingness to inform tourist
e) Other	Relevant legal solutions
	Efficiency of the Tourism ministry
	Tourist/consumer protection activities
	Visa requirements

To benefit from all the factors that play a role in the competitiveness, the supplier has to be in the position to adopt the strategy of offering high quality products at favourable prices, which is leading to worldwide competition in both price and quality (Keller, 1996). Ritchie (1999: 73) points out that the growing level of international competition in the tourism market place and the length of lead times for decision-making to meet this competition, have made strategic planning increasingly imperative.

Only a customer can judge the quality of service. The time is changing when service organisations do not merely produce, they perform, and customer value is the focus of competitive advantage (Ivancevich, 1997).

A. Important conclusions from Ritchie & Crouch's model.

Ritchie & Crouch (1993) focus on the quality of the tourist's experience when visiting a tourist destination. This experience is influenced by a number of factors and Ritchie & Crouch highlight the following factors as being significant:

- Value
 - Value for money
 - Value and appropriateness
- Quality of quality service
- Quality and authenticity of the experience
- Quality service and quality experience
- The impact of context
- The impact of physical settings on perceived quality.

The model of Ritchie & Crouch support these factors when looking at the determinants discussed:

- ◆ Qualifying determinants – Location, dependencies, safety and cost
- ◆ Destination management – Resource stewardship, marketing, organisation, information and service
- ◆ Core resources and attractiveness.

These groups of factors are integrated with comparative advantages, competitive advantages, competitive (micro) environment and global (macro) environment. All of these factors as well as those mentioned in Porter's model are successful when operating as a system that support each other.

The important lesson learned from Ritchie & Crouch (1993) is that quality, especially in tourism is the key word that unfolds the different factors that plays a role in being competitive as tourism destinations. According to Ritchie & Crouch (1993) **global competitiveness starts with service quality and experience quality**. These two important elements of competitiveness are upheld and developed with the management of all the various factors contributing to the destination competitiveness.

The management of the factors is the key to sustain global competitiveness in the following;

- ◆ The hedonic dimension of the experience
- ◆ The interactive dimension of the quality experience
- ◆ The novelty dimension of the experience
- ◆ The comfort dimension of the quality destination experience
- ◆ The safety dimension of the destination experience .
- ◆ The stimulation dimension of the quality destination experience

The definition of management includes the term quality.

In the concluding remarks of Ritchie & Crouch (1993:136) it is clear that the research on understanding and identifying the major factors that determine competitiveness still have a long way to go. In spite of this remark the importance of.. "The quality of services at the destination, and the quality of the experience that a destination provides, are among the significant determinants of destination competitiveness".

2.3. CONCLUSION

Ritchie and Crouch (1993: 34) as well as Porter (1989: 259), distinguish between comparative advantage, based on the abundance of natural resources in a country, and competitive advantage based on a country's ability to add value to its resources (Figure 2.10).

The comparative advantages (climate, beautiful beaches, landscape, cultural attractiveness of the country) are the factor conditions of a country's competitive advantage and are indirectly involved in the tourism trade. It triggers the tourism demand and enables the country to sell indirectly in the price of tourist products. At the same time the value of these elements for comparative advantage is not necessarily reduced by tourism use. The fact that certain visitors have experienced a particular country's attractions may enhance the appeal of the country and therefore increase its value. Comparative factors are close to primary tourism supply (natural, cultural and social attractiveness) that have not been produced or if manufactured in the past, cannot be reproduced with the same attractiveness. Competitive elements (tourism infrastructure, quality of management, human resources, tourism products, etc.) refer to secondary tourism supply, for example to factors that can be produced and improved by the tourist firms or government policy.

Porter focused more on the way nations can gain competitive advantages through enriching the different industries in a country and therefore has a broader view into competitive advantage in the managing and development of nations. Ritchie & Crouch, on the other hand, just focused on the tourism industry and mainly described quality to be the most important aspect of being globally competitive. Quality in the service and products that are delivered through out the quality experience. These two statements contain and explain all the other factors that play a role in the attractiveness of a tourist destination and the competitiveness of that destination.

The aim/purpose of this chapter was to become more informed with the terms involving global competitiveness. Porter (1990) has given a broader view on the factors involving global competitiveness and Ritchie & Crouch (1993) narrowed it down to the tourism industry. When realising that a destination has an advantage of being global competitive the next question is how to sustain that position.

The planning and management act is seen as the most important of sustaining global competitiveness (Habib, 1991). As a policy objective, integrating environmental and developmental concerns, sustainable development has achieved wide importance (Habib, 1996: 368). Butler (1991: 205) says the following of the relationship between tourism and sustainable development: "Not only are planning arrangements often contradictory and fragmented, but also they rarely include an integrative approach. It is unrealistic at the local level to attempt to minimise tourist numbers because of environmental impacts, when a higher policy is to increase numbers because of economic benefits, as it is often the case." He describes the successful linking of tourism and sustainable development as the.... "co-ordination of policies, proactive planning, acceptance of limitations on growth, education of all parties involved, and commitment to a long term view-point".

Porter (1990: 70) states the following "...Firms gain advantage initially through altering the basis of competition. They sustain it through improving fast enough to stay ahead. This involves not only progress in executing existing advantages but also widening and upgrading the bases of competitive advantage over time".

Future growth in the tourism industry will need to take global perspectives into consideration if a country wants to remain competitive in an increasingly saturated market place. A global perspective, which implies the understanding of the key determinants of market competitiveness, will be critical to sustain growth and vitality. This also implies taking tourist demands and needs into consideration. This will result (which is currently the situation) in niche or speciality tourism. The latter is a direct result of two forces operating in the global market place, namely (i) diversification of tourists' needs and (ii) growing global environmental pressures. One is aware of a change in tourism and travel patterns because of changes in tourists' needs.

Consequently, destinations are required to compete globally in reaching experienced tourists with high quality services. Therefore, it will be critical for destinations to develop a knowledge based on the determinants of market competitiveness. Four determinants have been identified by Hassan (2000):

1. Comparative advantage:

The destination's comparative advantage includes factors associated with both macro- and micro environments that are critical to market competitiveness such as natural resources.

2. Demand orientation:

The destination's ability to respond to the changing nature of market demand will influence its competitiveness, for example the shift to "green tourism".

3. Industry structure:

The existence or absence of an organised tourism-related industry structure can be associated with the destination's ability to compete.

4. Environmental commitment:

The destination's commitment to the environment will influence the potential for sustainable market competitiveness. Degradation of natural resources causes a decline in tourism.

Despite the fact that there has to be a lot more research on the topic of global competitiveness of destinations, effective management, planning, control and definition of destination experience types can help in sustaining and promoting of a destination competitiveness (Ritchie & Crouch (1993), Porter (1990), Butler (1991), Habib (1991), Habib (1996), Athiyaman and Robertson (1995)).

CHAPTER THREE

AN ANALYSIS OF SOUTH AFRICA AS A TOURIST DESTINATION

3.1. INTRODUCTION

As discussed in chapter one, South Africa is an emerging market in the global tourism industry, but already competes as one of the fastest growing destinations, engaging the twenty-fifth place of world top tourism destinations, and shown to have great potential in the global tourism industry (Taylor, 1999:1; Strydom, 1995:19; WTO, 1999).

This chapter aims at analysing South Africa's situation regarding the strengths, weaknesses, opportunities and threats (SWOT – analysis) as a global tourist destination. First, a background on the statistics done by the World Tourism Organisation of the international tourism arrivals, the overseas tourism markets and the length of stay in South Africa is given to provide some perspective on South Africa as a tourist destination. This study focuses on South Africa as a tourist destination and therefore chapter three gives an overview of the situation in South Africa being a tourist destination. This background and the summary of the SWOT-analysis will be used to compare and discuss the findings of the questionnaire in chapter four.

3.2. STATISTICS ON SOUTH AFRICA AS A GLOBAL TOURISM DESTINATION

Three prime factors determine if any geographical unit is a tourism destination: attractions, amenities and accessibility, which are sometimes called tourism qualities of the destination (Medlik, 1993:148).

Foreign tourism to South Africa has increased by more than 10 percent per annum since 1988 (Saayman, 1997a) where as world-wide tourism grew only 2,4 percent, making South Africa one of the world's fastest growing tourism destinations world-wide (Van der Merwe, 2000:2). Still, the tourism sector only contributes 4,6 percent to the South African Gross Domestic Product (GDP), compared to 10 per cent and more to the economies of the United States and Europe (De Beer *et al.*, 1998:2).

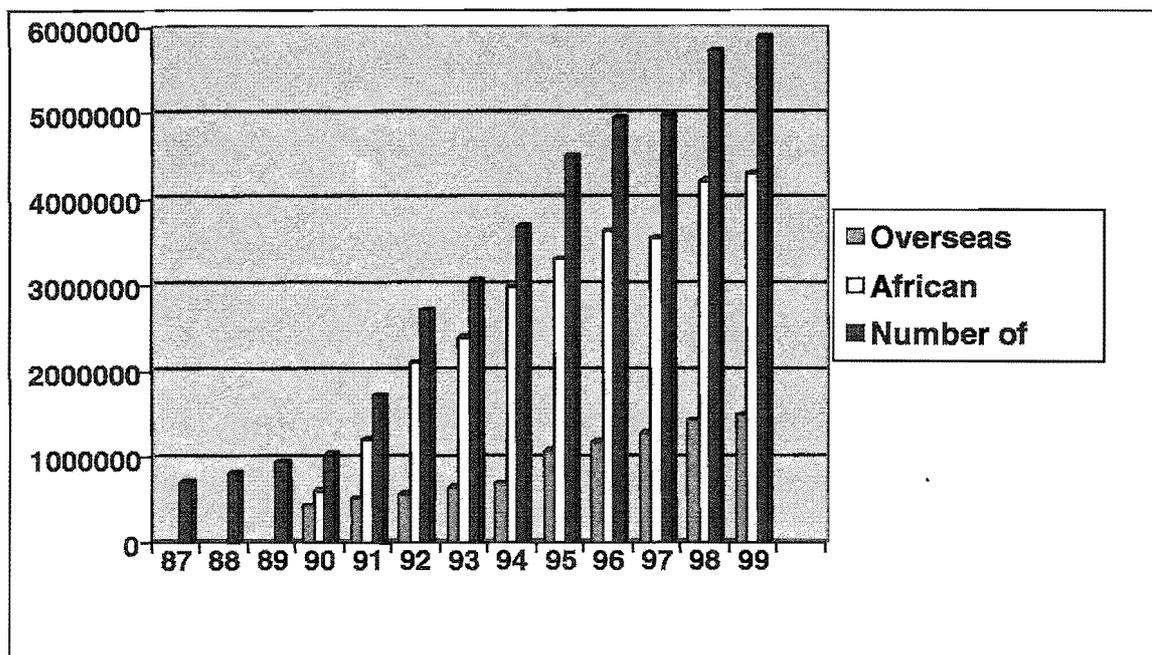


Figure 3.1: International tourism arrivals in South Africa: 1987-1999
(Source - South African Tourism, 2001)

Figure 3.1 indicates how tourist arrivals have increased since 1987. A high growth in tourism arrivals is evident in the period 1991 to 1996, with a small decrease in growth in arrivals since 1997. This high growth is known as the “Mandela bump” that is a result of the national democratic election of 1994. It is also evident that South Africa’s main tourism market is Africa, especially neighbouring countries that tend to visit friends and family regularly, and often come to South Africa for shopping purposes (Saayman, 2001).

South Africa's main tourism market source, in respect of the overseas markets, is Europe, especially Germany (205 955 tourists in 1999) and the UK (334 226 tourists), followed by the Netherlands (85 586 tourists) and France (84 460 tourists). USA (North America) is also classified as one of the main tourism markets with 166 236 American tourists visiting South Africa in 1999 (Figure 3.2).

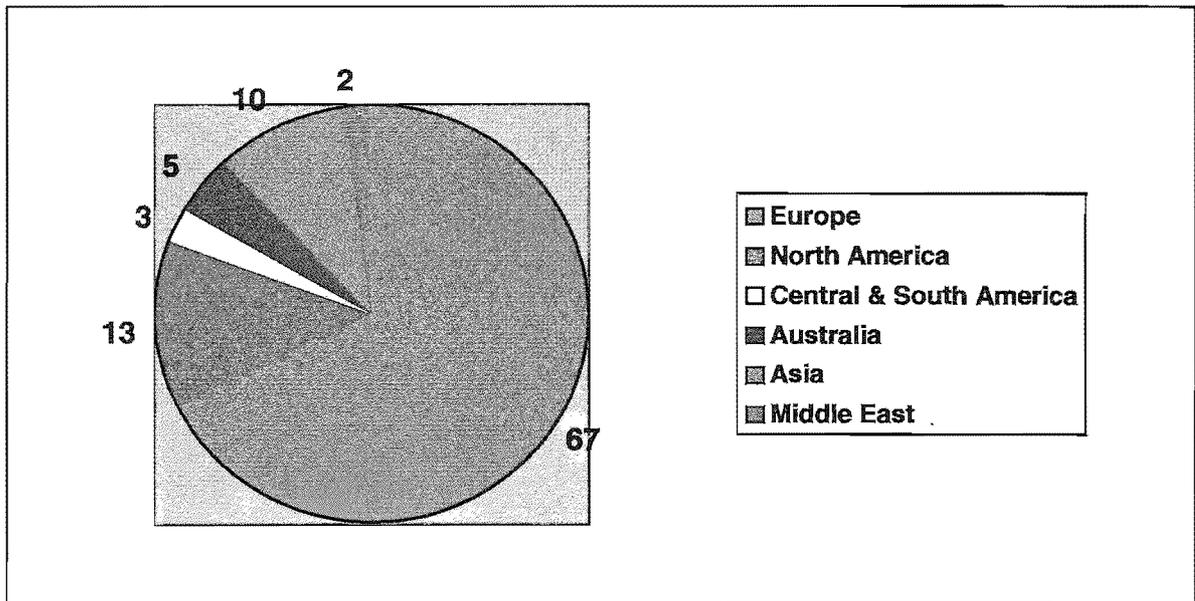


Figure 3.2: Breakdown of overseas tourism markets (1999)
 (Source - South African Tourism, 2001)

The dispersed nature of activity and income complicates the task of collecting relevant information on the amount and pattern of spending by tourists (Hugo, 1992; Foster, 1985; Inskeep, 1991; Bull, 1993; Mathieson & Wall, 1982; WTO, 1999). But it is estimated that the average tourist spent approximately R9800 on a trip to South Africa during 1999, excluding pre-paid expenses and airfare (South African Tourism, 2001) and stayed approximately 17 nights in the country (South African Tourism, 2000). The attributes most liked about South Africa remain the scenery and wildlife, while crime, infrastructure and service in South Africa remain disappointments to tourists (Satour, 1999).

It is noteworthy that the average time spent in South Africa has declined since 1989. In 1989, the average tourist spent approximately 27 days in South Africa (see Figure 3.3). The average length of stay has declined steadily to reach approximately 17 days in 1997 and has remained relatively constant since then.

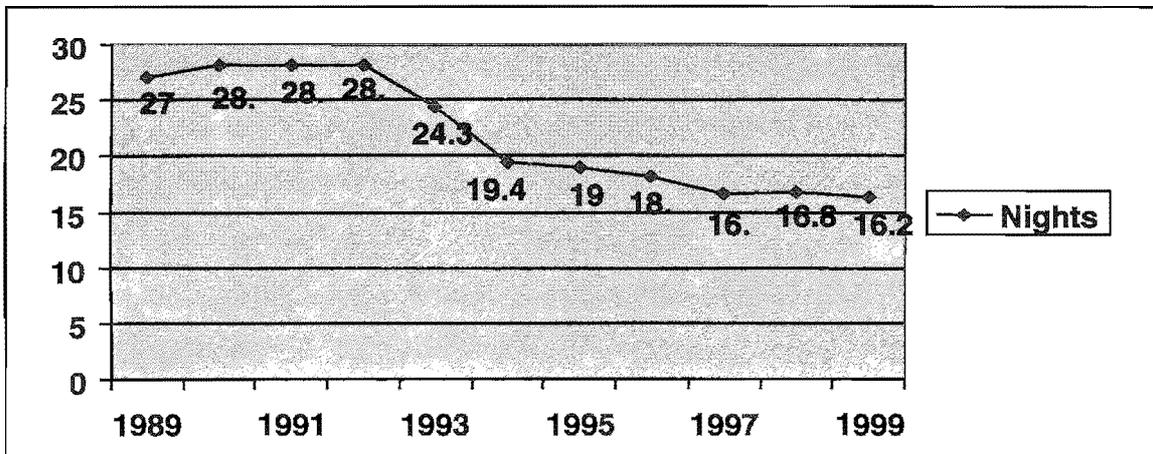


Figure 3.3: Length of stay in SA – 1989-1999

(Source - South Africa Tourism, 2000)

The multiplier effect, arising from direct spending by tourists, determine the magnitude of the economic impact on the local economy (Hugo, 1992; Foster, 1985; Inskeep, 1991; Bull, 1993; Mathieson & Wall, 1982; WTO, 1999). The

output multiplier for overseas tourists to South Africa is calculated on 1.9 (Saayman *et al.*, 2000).

The above statistics are shown to give an overview of what the current situation in South Africa is as a tourist destination and the tendency concerning the tourism markets visiting South Africa, length of stay, and tourist arrivals. This statistics are relevant to the study by giving a clear indication of the potential of South Africa as a tourist destination and the room for improvement and opportunity.

With the high growth in tourist arrivals since 1991, South Africa has experienced a number of difficulties, but also a number of advantages resulting from tourist growth. With this fact in mind one can further discuss the opportunities strong points, weaknesses and threats in South Africa.

3.3. SOUTH AFRICAN TOURISM INDUSTRY'S SWOT ANALYSIS

The situation of the competitiveness of South Africa can be understood and viewed more clearly with an overview of the country's strengths, weaknesses, opportunities and threats that play a role in the situation of being a tourist destination in a global competitive industry.

Saayman (2000:69) discussed tourism in a globalised society, and mentioned that major growth in the tourism industry of Africa is influenced by several factors such as poverty, crime, wars, political instability and the perception of Africa being home to viruses and terrible diseases. Tourism can also be one of the driving forces of economic growth and stability. The fact that the world does not easily distinguish between Africa and South Africa implies that these factors also apply to the situation in South Africa.

With the high growth in tourist arrivals since 1991, South Africa has experienced a number of difficulties, but also a number of advantages resulting from tourist growth. The strengths, opportunities, weaknesses and threats that have an impact on the attractiveness of South Africa as a tourist destination are listed, as discussed by Saayman (2000), Rapport (2001), WTO (1998), South African Tourism (2000), Interim Report (2001), North West Tourism (2000).

South Africa has a growing tourism industry. As such there is a wide area in which strengths, weaknesses, opportunities and threats can be identified. The strengths and weaknesses are classified according to whether they are related to the attractions and attractiveness of the destination, or whether they relate to the supporting environment and institutional structures.

3.3.1. STRENGTHS

A. Attractions

- Abundance of African wildlife.
- Contemporary history, historical events, dark tourism (Anglo-Boer War).
- Unspoilt wilderness areas, wildlife and game parks.
- Great variety of special interest attractions such as adventure activities, whale-watching, battlefields, winelands and winemaking, Fauna and Flora, bird-watching, deep sea fishing, diving, unique archaeological and palaeological sites and steam trains.
- Special icons, such as Table Mountain, Robben Island – Nelson Mandela, Kruger National Park, Cape of Good Hope, Sun City and Lost City just to name a few.
- Good value for money at the destination, South Africa is affordable because it compares favourable with other currencies.
- First world infrastructure in Africa.

- Minimal time change from Europe.
- Leading African business and diplomatic role.
- Excellent conference venue infrastructure.
- Retail shopping and medical facilities.
- Good beach products – major attraction for the market.
- South African festivals.

B. Support / Institutional

- Growing affluence of black population leading new holiday taking segment.
- Traditional market exploring new products and destinations.
- Government prioritising and supporting the tourism sector.
- The general business community prioritises and supports the tourism sector.
- Well-developed and active private sector.
- Strong tourism skills development thrust.
- Varied and extensive tourism resource base.
- Capacity to expand sustainable tourism.
- More parks and game reserves are being developed.
- More tourism infrastructure is created that serves not only the tourism industry, but also other industries.
- More guesthouses and other similar products are developed.
- More events take place, for example conferences and sport tourism.
- A momentum for tourism is created.
- Various major developments take place.
- Income is generated in a country with a lack of growth during the past decade.
- Awarding of new casino licenses.
- More Air Charter operators entering the market.
- New air links and cruise terminals.
- Indaba and other International tourism exhibitions.

- o Transformation of South African Tourism (SATOUR).

The dominant strength is scenic beauty followed by Africa wildlife and diversity of the country and the people. Icons such as Cape Point, Kruger Park and the variety of products ranked equally as strengths. Climate and good value for money are also ranked to be important strengths. The support strengths are generally lower in overall importance to the attraction strength. The most important is prioritising the sector and the underlining tourism resource base with further potential by the government.

3.3.2. WEAKNESSES

A. Attractions

- o Limited approach to packaging and selling products.
- o Not sufficient beach resorts for the foreign demand.
- o Lack of entertainment – night clubs, late-night shopping etc.
- o Poor culture and heritage attraction base.
- o Generally poor levels of interpretation.
- o High levels of crime – perceived and actual.
- o Evidence of poverty – tourists find it distasteful and a poor indicator of the country's humanitarian /poverty alleviation practices.
- o Poor environmental management – from litter to no re-cycling or energy conservation.
- o Poor quality service – whilst generally acceptable, is not always appropriate to the most discerning markets.
- o Infrastructure in context to Africa is sometimes described as 1st world infrastructure, but in many parts of the country it does not meet the criteria and quality of world class standards.
- o Dull cities in comparison with other world-renowned cities.

B. Support / Institutional

- Poor destination marketing campaigns.
- Lack of cohesive branding of the destination.
- Poor information provision and distribution for tourists.
- Dominance of larger players in industry forums.
- Supply-side approach to tourism development.
- Poor integration of communities into tourism.
- Tourism not seen as priority in all levels and departments of government.
- Lack of awareness of tourism as a leisure or economic activity – seen as elitist.
- Lack of inclusive effective tourism structures at all levels.
- Private sector not speaking with one voice.
- Lack /decline of inbound airline capacity – international airline industry impact.
- Lack of co-ordination. A lack of communication and co-operation between what has been described as..”far too many tourism associations” (Saayman, 2000:88) in South Africa.
- Control structure. Complaints regarding SATOUR (South Africa Tourism Board) to be politically initiated and managed, acts unilaterally. Actions are an extension of government, to sell government policy abroad. Provincial authorities as well as the Department of Environmental affairs and Tourism are acting independently in marketing and promoting tourism. A lack of communication and co-ordinations in tourism legislation and planning are of great concern.
- Availability of information – low knowledge levels regarding South Africa internationally, may be high awareness and, strong perceptions, but actual knowledge of the destination is lacking.
- Inflation. Foreign tourist gets value for money, with the current exchange rate, but the high inflation rate largely neutralise this benefit.

- o Ignorance. The ability to make local people aware and to provide the necessary knowledge about tourism and tourist results in ignorance from the South African people towards benefits gained from tourism for the country.
- o Poorly trained human resources and imported skills. One of the reasons for poor quality service is that people have not been properly trained in tourism related jobs. Training and education cannot meet the demand.

Tourism "rush" takes place in terms of tourists and investors and the necessary skills are imported from other countries.

- o Local tourists cannot afford to compete against foreign tourist demand, making some areas inaccessible for local tourists due to the price hike.
- o Economic leakages are created because domestic supply cannot cope and products have to be imported to satisfy increasing needs of tourists.
- o Extensive media coverage of South Africa's crime problem.
- o SA banks unwilling to fund tourism products – perceived as risky ventures.
- o Lack of tourism investment incentives.

The most significant weaknesses are the actual and perceived levels of crime and the airline capacity constraints. After crime on the attraction / attractiveness side, the limited approach to packaging and selling score high points. Destination marketing, lack of cohesive branding and supply-side approach all rate as strong support weaknesses, followed by limited destination marketing budget, then poor information provision, lack of tourism awareness, lack of a national tourism strategy and lack of a positive / enthusiastic attitude.

3.3.3. OPPORTUNITIES

- Making South Africa more accessible in terms of more flights
- Better marketing should be done.
- All year round good climate.
- Scenic beauty in different diversities.
- Diverse cultures and lifestyles.
- Develop beach tourism for foreign demand.
- Developing of the adventure market.
- Developed, sophisticated and diverse economy.
- South Africa could be developed and marketed as an International conference destination.
- Developing of South Africa as a sport destination – golf, diving etc.
- Improved marketing locally and internationally.
- Target new generators – India, China, Eastern Europe and East Asian market.
- Grow the black domestic market.
- Develop the MICE (meetings, incentives, conventions and exhibitions) market.
- Leverage events – Earth Summit, Cricket World Cup.
- Job creation in all levels of the tourism industry, directly and indirectly.
- Tourism can be regarded as a generator for economic growth.
- The favourable exchange rate of South Africa for foreigners makes South Africa a desirable and affordable destination.
- Spatial Development Initiatives (SDI's).
- Better strategic marketing plan that would target key players in the international industry like tour operators, travel agents and tourism authorities.
- More job opportunities on all levels are created.
- The option for South Africa to use marketing much stronger and improve on the quality service as well as the quality experience to send

home satisfied visitors. Word of mouth and experience seems to be the biggest influence on visiting South Africa.

- o Promoting the nine provinces as destinations in South Africa as a destination, because each province provides something different to the tourist.

The opportunities listed are rated equal in importance, but job creation, economic growth, new markets and improved marketing for South Africa as a tourist destination were distinguished.

Conflict factors such as whether South Africa has good or bad infrastructure, if South Africa has enough good beach resorts or not, and if culture is a good or poor attraction base. This kind of conflict view, sets the opportunity for improvement and development to make South Africa more competitive globally as a tourist destination.

3.3.4. THREATS

- o Tourism will fail to deliver to expectations and be relegated in priority.
- o Crime escalation / failure to curb crime.
- o Limited destination marketing budget.
- o Limited inbound airline capacity constrains tourism growth.
- o Malaria – foreigners fear to travel to South Africa.
- o HIV/ Aids - foreigners fear this disease.
- o HIV Aids declining service and declining profitability – industry contracts.
- o Political instability in Zimbabwe.
- o Crime and political intolerance. Exaggerated reports by the media about South Africa and Africa' crime and political instability helped to increase the problem of the impression of South Africa to be unsafe.

Three threats; tourism failing to deliver to expectations, escalation / failure to curb crime and limited inbound airline capacity continuing, rate as of high importance.

3.4. SUMMARY OF THE CORE FACTORS OF SOUTH AFRICA

It is clear that South Africa's tourism growth is blocked by specific factors – most of them related to issues under local South African control. These problems include safety and security of tourists when visiting South Africa, a lack of adequate international and domestic marketing, lack of education and well-trained tourism friendly staff, high prices in travelling to and in South Africa, restrictions on international flights, weak linkages and communication between private and public sectors, and the fragmentation within the sector itself.

Crime and poor quality service are some of the biggest problems concerning tourism in South Africa. These two factors can be regarded as direct results of the other factors mentioned above such as; training, poor leadership in the form of the control structure, the tourism situation not seen as a national priority, ignorance and not sufficient information. It is clear that the role of the government in promoting tourism in South Africa is still not a leading one.

Studies have shown that customers tell twice as many people about bad service experiences as they do about good ones. Customers left unhappy, whether they complain or not may destroy a service organisation (Seller, 1988).

If the industry is well managed in South Africa, benefits will be reaped for many years to come (Saayman, 1997 ; White Paper on Tourism, 1996). In order to maintain a steady growth rate in tourism, South Africa needs to improve its marketing methods (Saayman, 2001). This will require products

to be packaged and attention to be focused on special interest marketing and on unique selling features (Swart & Saayman, 1998). Creating a comparative advantage measurement of the existing and potential tourism markets is also becoming extremely important.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ◆ Wildlife ◆ Beautiful scenery ◆ Cultural diversity ◆ Climate ◆ Value for money ◆ Variety of attractions ◆ Specific icons 	<ul style="list-style-type: none"> ◆ Crime ◆ Lack of co-ordination ◆ Lack of information ◆ Marketing ◆ Service quality ◆ Control structure ◆ Trained human resources ◆ Airline capacity and prices ◆ Ignorance
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ◆ Job creation ◆ Economic growth ◆ New markets ◆ Improved marketing ◆ Destination branding 	<ul style="list-style-type: none"> ◆ Political unstable ◆ Crime ◆ Airline capacity ◆ Diseases – malaria, HIV Aids

Figure 3.4: Summary – South African Tourism Industry’s SWOT analysis

National as well as international viewpoints states the following elements to be important concerning South Africa’s SWOT situation (Figure 3.4). It

seems that these particular elements are chosen to have the greatest impact on the tourism industry in South Africa.

One could draw the conclusion that the lack of communication between the key players in the tourism industry in South Africa, and the role that the control structure plays in the current time, are the direct results of most of the weaknesses and threats.

It is clear that South Africa has great potential to be very competitive globally, because of all the positive elements. The diversity of the country and its people make South Africa a unique destination and possibilities are uncountable for tourism in South Africa. **It is overall agreed upon that the uniqueness of South Africa lies in the wildlife and the scenery of South Africa and are regarded as the greatest draw cards for the attractiveness of the country.**

3.5. CONCLUSION

In the light of the discussion given in Chapter two of the three strategic pillars of tourism policy development for sustaining competitive advantage, it is seen as follows in South Africa.

The South African policies currently try to maintain a balance between economic development (growth) and ecological conservation. Therefore, trying to minimise the negative impact of development as far as possible. These policies namely the White paper on Tourism (1996), White paper on Biodiversity (1997) and one on Coastal Zone Management (1997) are implemented at national, provincial and local level. The main thrust being conservation, job creation, black empowerment, training, SMME (small, medium, and macro enterprises) development, and attracting greater numbers of tourists. For an emerging market all three pillars are essential. In

most cases government will predominantly focus on generating income and jobs because emerging markets are plagued with unemployment in general. The first problem is, that there is not enough focus on quality tourists rather than quantity. An approach of 100 people spending R10 rather than 10 people spending R100 applies. Secondly, only three provinces benefit directly and indirectly from tourism, making tourism development very selective and skew. The problems mentioned are, however receiving attention for an emerging market often does not understand the implications of policies until they are implemented. Thirdly, policy should address the issue of crime.

The summary of the SWOT elements in Figure 3.4 of South Africa as tourist destination will be compared to the findings of the questionnaire that is given in chapter four. This overview of the SWOT analysis and the results of the questionnaire can give a basic background of the elements that play a role in the competitiveness of South Africa as a tourist destination.

CHAPTER FOUR

QUESTIONNAIRE AND DISCUSSION

4.1. BACKGROUND

As indicated in chapter one, the focus of the survey is to gauge the ranking of importance of the core factors in global competitiveness as identified by Ritchie and Crouch (1993) and Porter (1990).

The questionnaire is divided into two sections. Section A focused on the factors pertaining to global competitiveness. This section was introduced where participants revealed some information about themselves, demographic information and what the main business of the company involved. The last two questions of section A, provided the opportunity to select factors as seen playing an important role in global competitiveness.

Section B focused on South Africa as a tourist destination switching the factors of global competitiveness towards South Africa's attractiveness. The participants were asked to indicate their involvement in the country in the first two questions. The last two questions were once again a selection of factors in global competitiveness, but regarding South Africa specifically as a tourist destination.

The aim of this chapter is to obtain information from a global point of view, of the important factors involved in global competitiveness and factors that play a role in South Africa's competitive position as a tourist destination. In this chapter the results of the questionnaire will be reflected. The identified factors will then be compared to the summary of the SWOT-analysis of South Africa done in chapter three. This chapter gives a guideline to whether the

Swot - analysis on South Africa and the opinions of the players in the tourism industry can be compared to state the global competitiveness of South Africa's situation as a tourist destination. This information can be useful to improve the competitive position of South Africa in the global tourism industry and to further develop and sustain that position.

4.2. QUESTIONNAIRE DATA ANALYSIS

The questionnaire consists of both open and closed questions in section A and B. Section A focuses on global competitiveness and section B on South Africa's competitiveness.

4.2.1. Section A

4.2.1.1. Countries represented

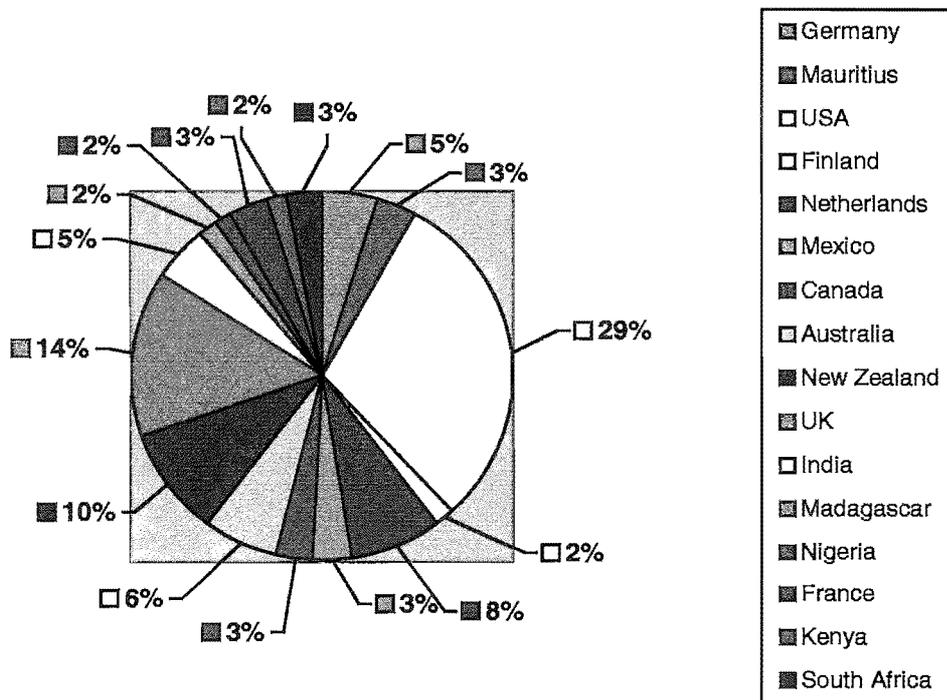


Figure 4.1: Countries that participated

The target population includes international Tourism Companies with South Africa as part of the itinerary. Sixteen countries formed part of this population of 150. The companies of the different countries were chosen randomly from the data base.

Sixteen countries were part of the 150 companies asked to participate in the questionnaire as shown in Figure 4.1:

Germany, Mauritius, United States of America, Finland, Holland/ Netherlands, Mexico, Canada, Australia, New Zealand, United Kingdom, India, Madagascar, Nigeria, France, Kenya and South Africa.

The biggest five respondents (Figure 4.1) were the USA -29%, UK -14%, New Zealand - 10%, Netherlands -8% and Australia -6%. In chapter one (5.2.3. Participants) a full discussion and description is given of how the participants were selected.

4.2.1.2. Type of business

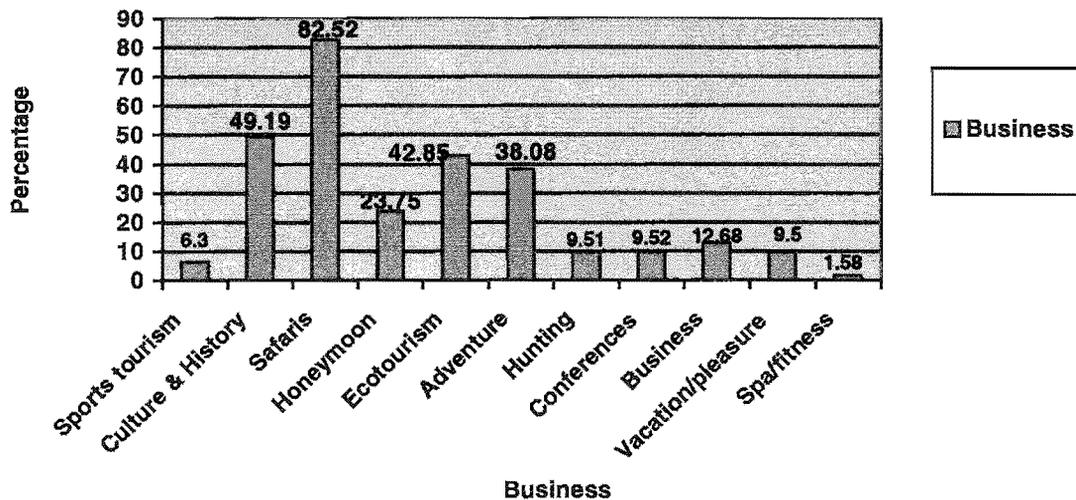


Figure 4.2: Main type of business

In Figure 4.2 the main type of business is shown. Participants made a choice to describe its main type of business. It seems that a large number of companies selected safaris (82,52%) as the primary main business, second was culture and history (49,19%) followed by Eco-tourism (42,85%) and then adventure tourism (38,08%) chosen by the operators. South Africa can definitely compete as a tourist destination when looking at the results, for the country can offer first class safaris, adventure tourism, culture and Eco-tourism. These results give South Africa the chance to identify various opportunities in selecting a new target market for a new kind of tourism possibilities.

4.2.1.3. Factors in global competitiveness

Each respondent was requested to indicate the factors that play a role in global competitiveness in determining the preferred choice between countries as a tourism destination.

RESPONSE:

- 1 No opinion
- 2 Of no importance
- 3 Of some importance
- 4 Important
- 5 Very important

Table 4.1: Factors in global competitiveness

FACTOR:	RESPONSE				
	1	2	3	4	5
1. Location; Long- haul destination	6.45	11.29	30.65	30.65	20.97
2. Dependencies on support services	14.52		19.35	30.65	35.48
3. Safety			3.23	32.26	64.52

4. Value for money			11.11	36.51	52.39
5. Marketing			20	43.33	36.67
6. Availability of information			8.06	54.84	37.10
7. Quality of Service			4.84	30.65	64.52
8. Geographical features			24.19	24.19	51.61
9. Marketing connections (networks)	3.23	6.45	38.71	33.87	17.74
10. Accessibility	4.92		27.87	36.07	31.15
11. Infrastructure & Tourism Suprastructure		5.08	23.73	38.98	32.20
12. Historical & Cultural Resources		6.45	40.32	30.65	22.58
13. Climate		9.68	30.65	37.10	22.58
14. Availability/ quality of accommodation			25.81	38.91	35.48
15. Sports/ recreational opportunities	12.90	30.65	38.71	16.13	1.61
16. Scenery		6.45	6.45	41.94	45.16
17. Food			27.42	50	22.58
18. Entertainment	3.23	22.58	48.39	24.19	1.61
19. Uniqueness of local people's life	4.84	3.23	20.97	54.84	16.13
20. Historical attractions		9.68	29.03	50	11.29
21. Museums, cultural attractions		11.29	38.71	45.16	4.84
22. Ability to communicate		4.84	33.87	33.87	27.42
23. Festivals	9.68	32.26	41.94	11.29	4.84
24. Shopping		29.03	37.10	17.74	16.13
25. Attitude towards tourists		11.29	19.35	17.74	51.61
26. Public transportation		30.65	50	9.68	9.68
27. Foreign exchange		12.90	53.23	20.97	12.90
28. Friends and family	3.23	17.74	41.94	27.42	9.68
29. Other: Airline links					3.23
30. Other: Easy requisition of visas					1.61

The factors identified in Table 4.1. are important in a global situation and give a perspective of important factors that would play a role in any country's competitiveness as a tourist destination in the world.

The following factors were identified in Table 4.1 as very important (5) in the choice of a tourism destination:

- Safety - 64.52%
- Quality of service - 64.52%
- Value for money - 52.39%
- Geographical features - 51.61%
- Attitude towards tourists - 51.61%

These factors represent a wide variety of factors for instance; safety that includes personal safety as well as a safe environment, safe transport, accommodation and safe exposure. Quality service means everything that is included to make it a quality experience (Ritchie & Crouch, 1993). Value for money and quality service almost walk hand in hand and value for money is that experience that you would gladly pay for. Geographical features are different in every country and are one of the factors that give a destination its uniqueness. South Africa has a variety of geographical features such as a flower kingdom, mountains, deserts, rain forests, two oceans, rivers and so much more, one can describe it as a world in one country! Attitude towards tourists can be described as the friendliness towards a tourist, a tourist welcoming community, informed locals with regard to tourists and the benefits of being tourism friendly, and making tourist feel at home in a foreign country. All these factors are definitely relative to the tourism industry in South Africa and are important when considered in tourism competitive strategy.

It was indicated that the following factors are important (4) in the decision-making:

- Availability of information - 54.84%
- Uniqueness of local people's life - 54.84%

The factors that were identified as having some importance (3):

- Foreign exchange - 53.23%

Quality of service and safety are seen as the most important factors that play a role in global competitiveness in countries that want to compete as a tourist destination. These two factors contain a number of other factors, as discussed above, that contribute to the importance of quality service and safety in global competitiveness.

Value for money, geographical features and attitude are part of the five most important factors in global competitiveness and are very significant to South Africa. Added to this is foreign exchange that makes it especially favourable to visit South Africa.

More than fifty percent said that the uniqueness of the local people's life and availability of information are important. These factors are relevant to all countries globally that compete as a tourist destination.

Making this information more descriptive; a factor analysis where principal components were rotated, was done. The following table (Table 4.2) gives the results. This factor analysis was done to determine the validity of the factors used in the questionnaire and if there were any constructions between these factors.

Table 4.2: Factor analysis

FACTOR	CUMULATIVE VARIANCE	PERCENTAGE VARIANCE EXPLAINED	NAME OF VARIABLES INCLUDED IN FACTOR	FACTOR LOADINGS
Factor 1 Construction 1	0.35	35%	<ul style="list-style-type: none"> ◆ Uniqueness of local people's life ◆ Ability to communicate ◆ Museums and cultural attractions ◆ Quality of service ◆ Safety 	0.86 0.79 0.70 0.67 0.52
Factor 2 Construction 2	0.47	11%	<ul style="list-style-type: none"> ◆ Marketing ◆ Entertainment ◆ Festivals ◆ Value for money ◆ Sport/ recreational opportunities ◆ Public transportation 	0.83 0.77 0.67 0.61 0.60 0.48
Factor 3 Construction 3	0.56	10%	<ul style="list-style-type: none"> ◆ Scenery ◆ Food ◆ Climate ◆ Availability / quality of accommodation ◆ Foreign exchange 	0.76 0.70 0.68 0.63 0.54
Factor 4 Construction 4	0.64	8%	<ul style="list-style-type: none"> ◆ Accessibility ◆ Location ◆ Geographical features ◆ Infrastructure and tourism suprastructure 	0.84 0.78 0.52 0.51

Factor 5 Construction 5	0.70	6%	<ul style="list-style-type: none"> ◆ Historical attractions ◆ Historical & cultural resources ◆ Availability of information ◆ Attitude towards tourists 	0.70 0.63 0.62 0.56
Factor 6 Construction 6	0.75	5%	<ul style="list-style-type: none"> ◆ Friends and family ◆ Shopping 	0.87 0.87
Factor 7 Construction 7	0.80	4%	<ul style="list-style-type: none"> ◆ Dependencies on support services ◆ Marketing connections 	0.87 0.74

Table 4.2 shows that seven factors (constructions or sub-scales) were identified. These seven factors (constructions / sub-scales) explain 79% of the total variance. It also shows how the variables are grouped within the different constructions.

The significance of a factor analysis is to describe the data more clearly and to show the relations between the different factors. This factor analysis shows that one could put all the items (variables) into seven groups that gives construction to thirty items (variables) as listed in Table 4.1.

The Commuality estimates are between 0.62 and 0.87. The Cronbach Alpha Coefficient is 0.91 which indicates a very good reliability of the study and results. The high reliability of the study shows the consistency of the factors in Table 4.2 to measure the competitiveness globally.

To determine how reliable these seven constructions can be used as a measuring instrument, the Cronbach Alpha Coefficient has to be determined for each of the constructions. If a construction consists of less than three items it is not sufficient to determine its efficiency or value, therefore the first five constructions of the Cronbach Alpha Coefficient were determined.

Table 4.3: Cronbach Alpha Coefficient values

Construction (Sub-scale)	Cronbach Alpha Coefficient
Construction 1	0.71
Construction 2	0.58
Construction 3	0.62
Construction 4	0.57
Construction 5	0.73

Each of the constructions in Table 4.3 can be considered to be very reliable and indicate that the items used in these constructions were very sufficient in measuring global competitiveness.

4.2.1.4. Most important aspects in global competitiveness

In question four the respondents had to list five important aspects for a country's attractiveness as a globally competitive destination.

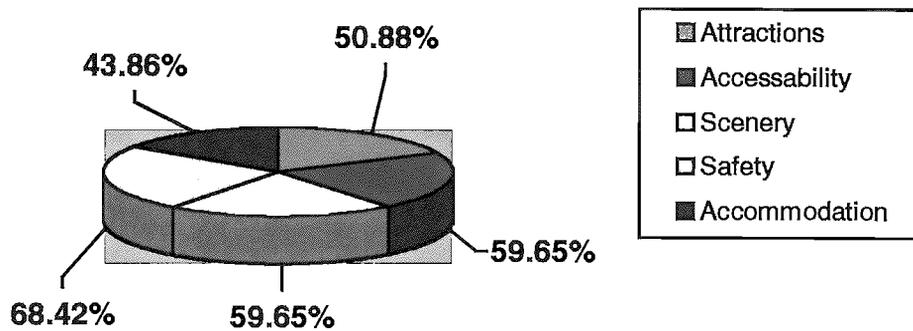


Figure 4.3: Five aspects for a country’s attractiveness as a globally competitive destination

In Figure 4.3 and Figure 4.4 the opinion of an average of 90.48% are reflected, who comment on the open question to state the important aspects involving global competitiveness. The opinions were categorised into 17 groups namely:

Attractions (nature & wildlife, museums & cultural attractions), safety, diversity (itineraries & adventure), quality service (sophistication), transportation (public transportation & flights), infrastructure, climate, accommodation, scenery, communications, shopping, positive attitude (attitude towards tourists), foreign exchange, accessibility, marketing, food and experience.

In Figure 4.3 the five most important aspects are shown; Safety (68.42%), Scenery (59.65%), Accessibility (59.65%), Attractions (50.88%) and Accommodation (43.86%) were selected as being important in a country’s attractiveness as a global competitive destination.

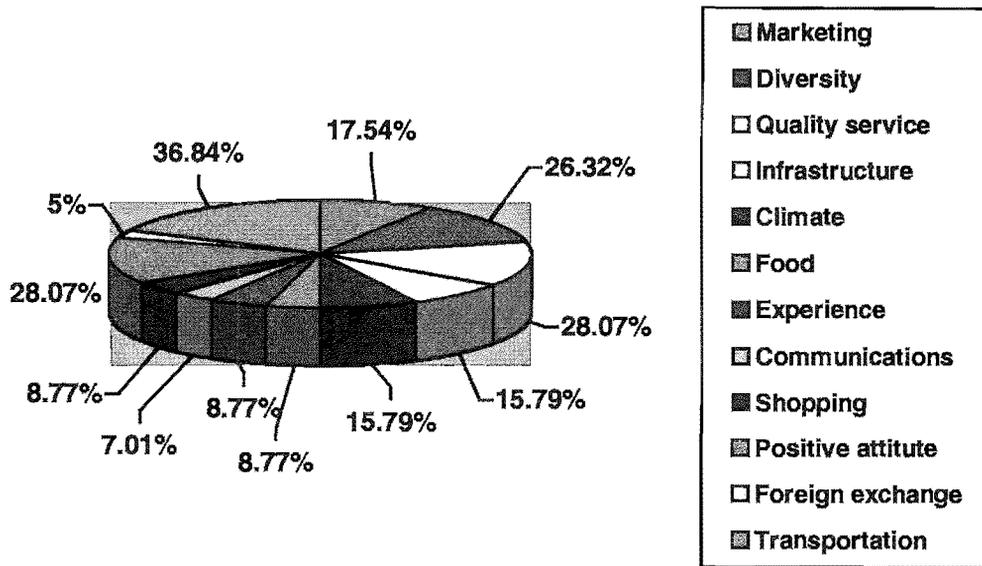


Figure 4.4: Important aspects for a country's attractiveness as a globally competitive destination

The results shown in Figure 4.4 just emphasise the results that are shown in Table 4.1 where the respondents were asked to indicate the factors importance of being globally competitive.

The rest of the seventeen aspects (Figure 4.4) mentioned must be seen as significant because of the role they play in decision making when choosing a destination.

4.2.2. Section B

4.2.2.1. Visitors to South Africa

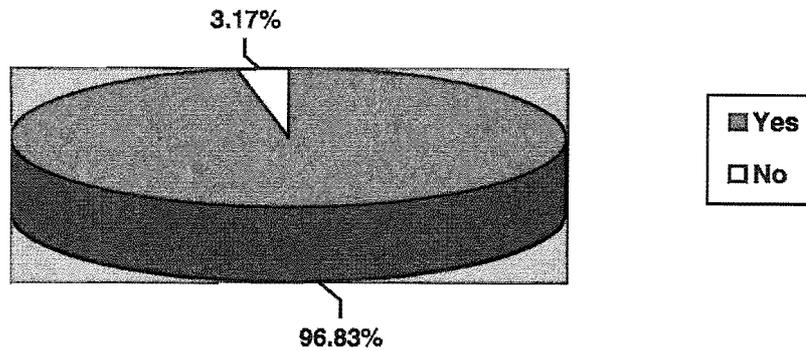


Figure 4.5: Visitors to South Africa

From the 63 respondents that responded to the questionnaire, 61 (96.83%) have visited South Africa, with just 2 (3.17%) that have never visited South Africa before as shown in Figure 4.5. The target market for this study is therefore familiar with South Africa as a tourist's destination.

4.2.2.2. Familiar with South Africa as a global destination

All sixty-three participants (100%) are familiar with South Africa as a global destination. This fact supports the comment on the target market that chose South Africa as a tourist's destination.

4.2.2.3. South Africa's strengths and weaknesses

As in 4.2.1.2. *Factors in global competitiveness*, the respondents were asked to indicate if the factors in Table 4.3 are seen as strengths or weakness of South Africa as a tourist destination.

Table 4.4: South Africa's strength's and weakness

FACTOR:	STRENGTH	WEAKNESS
1. Location; Long- haul destination	30%	70%
2. Dependencies on support services	50%	50 %
3. Safety	11.48%	88.52 %
4. Value for money	96.77%	3.23 %
5. Marketing	38.60%	61.40 %
6. Availability of information	58.06%	41.94 %
7. Quality of Service	62.90%	37.10%
8. Geographical features	100%	
9. Marketing connections (networks)	58.18%	41.82%
10. Accessibility	66.07%	33.93%
11. Infrastructure & Tourism Suprastructure	66.67%	33.33%
12. Historical & Cultural Resources	91.67%	8.33%
13. Climate	100%	
14. Availability/ quality of accommodation	88.71%	11.29%
15. Sports/ recreational opportunities	85.96%	14.04%
16. Scenery	100%	
17. Food	91.94%	8.06%
18. Entertainment	83.33%	16.67%
19. Uniqueness of local people's life	88.33%	11.67%
20. Historical attractions	87.93%	12.07%
21. Museums, cultural attractions	89.47%	10.53%
22. Ability to communicate	88.71%	11.29%
23. Festivals	54.17%	45.83%
24. Shopping	85.96%	14.04%
25. Attitude towards tourists	64.01%	35.19%

26. Public transportation	13.33%	86.67%
27. Foreign exchange	91.67%	8.33%
28. Friends and family	81.48%	18.52%
29. African Branding	61.11%	38.89%
30. Attractions	9.52%	
31. Nature & Wildlife	9.52%	
32. Diversity	1.58%	

A positive response is shown in Table 4.4 regarding South Africa as a global competitive destination. One hundred percent chose geographical features, climate, and scenery to be South Africa's biggest strengths. Value for money (96.77%), historical and cultural resources (91.67%), food (91.94%) and foreign exchange (91.64%) are selected by the respondents latter to be the strengths of South Africa.

It is unfortunate that safety (88.52%) is regarded as the biggest weakness of the country. This should however be seen in the following context. Firstly, tourists who visited South Africa have indicated that South Africa is not seen as an unsafe destination. This implies that those who have not travelled to South Africa have a perception that South Africa is unsafe. Secondly, South Africa has seen a growth in tourists since September 11, 2001. Tour operators indicated that many tours have been directed to South Africa after this disaster in America. Therefore one can state that the problem faced is one of perception. Public transportation (86.67%) is also identified as a problem. South Africa as a long haul destination (70%) is shown as a weakness, as well as the marketing (61.40%) done in the tourism industry in South Africa.

Attractions, wildlife, nature and diversity are added to the list of strengths of South Africa as a destination.

4.2.2.4. South Africa's draw cards as a globally competitive destination

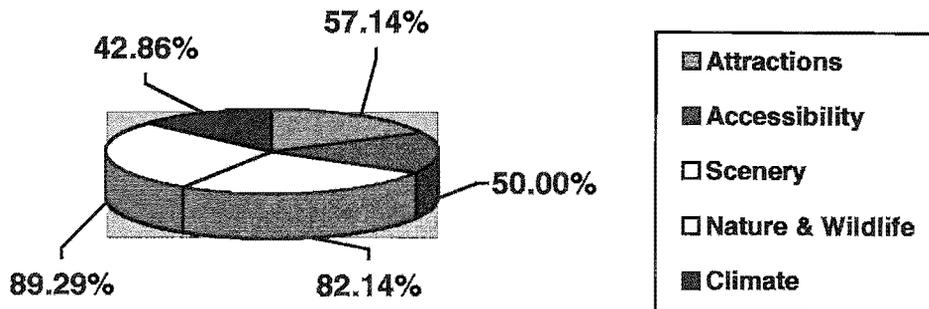


Figure 4.6: South Africa's five biggest draw cards as a globally competitive destination

The factors that are shown in Figure 4.6 are clearly South Africa's biggest draw cards selected by 88.88% of the 63 participants. Nature and wildlife (89.29%) is the biggest reason why people visit South Africa, followed by scenery (82.14%), attractions (57.14%) which include places like Cape Town, Kruger National Park and the variety of attractions experienced, accessibility (50%) and climate (42.86%) which some of tourists described as sun and sea. It is clear that South Africa's fauna and flora together with the favourable climate plays a major role in the decision-making of tourists when visiting South Africa.

With accessibility the following is included in the term friendliness toward tourists, no visa fees, fun and favourable economy.

The factors that are shown in Figure 4.7 were also selected as draw cards for South Africa as a globally competitive destination.

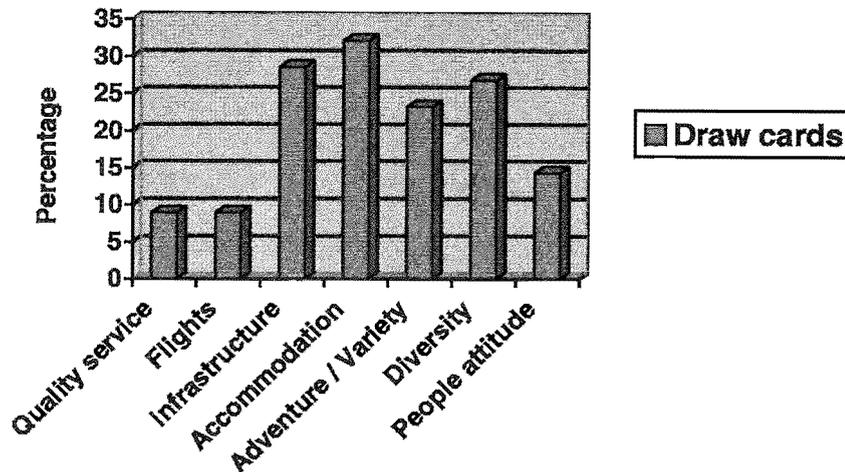


Figure 4.7: Draw cards for South Africa as a globally competitive destination

In Figure 4.7 draw cards are listed as having an impact on South Africa's attractiveness. The draw cards that follow the leading five factors described in Figure 4.7 are accommodation (32.14%), infrastructure (28.57%), diversity (26.79%), adventure / variety (23.21%) and peoples attitude towards tourists (14.29%). Flights (8.93%), food (5.36%) and African mystique (5.36%) also received nominations. The rest received less that five percent of the votes to be classified draw cards; safety (1.79%), experience (1.79%), transportation (1.79%), foreign exchange (1.79%), marketing (3.75%), sophistication (3.57%), communication (3.57%), and friends & family (3.57%).

4.3. SUMMARY AND CONCLUSION

The uniqueness of South Africa as a tourist destination can be described as fauna and flora. Unique factors of South Africa as a tourist destination are identified as wildlife, geographical features, climate and scenery.

Cooper *et al.* (1993; 81) discussed the development of destinations and the important role it plays in the tourism system for its significance in bringing all the components together. The destination is where the most significant and dramatic elements of tourism occur, that is where the attractions and all the other support facilities needed by the visitor are found. A destination can be described as the “focus of facilities and services designed to meet the need of the needs of tourists”. To be competitive in the globalisation of tourism destinations, countries have to look at the quality of the four elements described by Cooper *et al.* (1993) in the system of a successful destination;

- Attractions
- Access (local transport, transport terminals)
- Amenities (accommodation, food and beverage outlets, entertainment, retailing and other services)
- Ancillary services, in the form of local organisations

Tourism can be supported when all these components are in place and well managed.

In the light of the above discussion by Cooper *et al.* (1993) it is clear that the findings made in the SWOT –analysis as well as in the questionnaire are relatively compatible to each other and a conclusion can be made that South Africa has key factors in global competitiveness to become one of the world’s leading destinations. This statement can be support by the findings described in Figure 4.8. and Figure 4.9. that state that South Africa’s biggest draw cards; wildlife, scenery, climate, diversity in geographical features as well as the people, and a form of first world infrastructure have to be a favourable destination. The opportunities lie in the weakness such as marketing, safety, public transportation, crime, lack of co-ordination and information, service quality, control structure, trained human resources, airline capacity and prices and ignorance, that can be improved and turned into advantages if its well they are managed and developed.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. INTRODUCTION

Prediction is always dangerous, but it seems safe to suggest that tourism will not become less important in the future, since the natural urge to travel is increasing (Brown, 1998: 118).

By 2007, it is expected that worldwide employment in tourism will to have grown by 46 per cent (Bar-On, 1997). The World Tourism Organisation (WTO, 1997) forecasts a threefold growth in international travellers by 2020 compared to 1996, estimating that 1,6 billion tourists will be visiting foreign countries annually.

Brown (1998: 119) mentioned South Africa, together with China and Russia, as offering enormous additional scope both as generating and receiving countries. This will be the case if they are able to develop successful domestic tourism industries and capitalise on continued interest in long haul travel to meet the expectation set by the World Tourism Organisation (WTO).

A study on future trends conducted by the WTO and discussed by Cooper *et al.* (1993) identifies two groups of factors which will shape tourism in the future:

- Exogenous variables

These include demographic and social trends, economic and financial issues, political, legislative and regulatory trends, technology, transport, trade and safety.

- Market forces of demand

This includes tourism-related trends, supply and distribution of tourism and travel products and services.

Tourism will be an acceptable and successful industry in the future only if a well trained and professional workforce is in place and able to implement the very best practices in managing tourism (Cooper *et al.*, 1993:275-276).

In view of the above statements it was the motivation of this study to determine South Africa's part in the future of tourism. The main aim of this study was to *determine the competitive advantages of South Africa as a global tourist destination*. To attain this aim, the following objectives were met:

Firstly, the literature on global competitiveness was analysed and the relevant aspects thereof were related to the tourism industry (this was done in chapter two).

Secondly, the core factors of growth in global competitiveness and the relation of these to the South African tourism industry were determined (chapter three and four.)

Thirdly, the core factors were identified in terms of strengths, weaknesses, opportunities and threats (SWOT analysis), in order to determine South Africa's competitive advantage as a global tourist destination (chapter three).

The aim of this final chapter is to provide certain conclusions and make recommendations to the South African tourism industry concerning the issues described in the study.

Therefore the conclusions and recommendations below were organised under the sub-headings: competitive advantage, the SWOT analysis of South Africa, and the core factors involved in global competitiveness. The

recommendations were organised under the following: management, marketing, development and further research.

5.2. CONCLUSIONS

The following are the main conclusions of this study.

5.2.1. Competitive advantage

The conclusions made from the literature are mainly from the work of Porter (1990) and Ritchie & Crouch (1993).

Conclusions made by Porter is that competitive advantage is gained through:

- ◆ altering the basis of the competition
- ◆ competing for a good price
- ◆ offering a superior or a unique product
- ◆ cost control
- ◆ involvement of the government in the formulation of strategies, because of the important role the government plays
- ◆ innovation that leads to successful competition
- ◆ upgrading the home environment
- ◆ when acting locally when one thinks globally.

The conclusions reached by Porter (1990) are also very relevant to the tourism industry, and can be used successfully as guidelines in being global competitive.

In spite of the fact that there is still a long way to go in research to understand and identify the major factors involving global competitiveness in the tourism industry, Ritchie and Crouch (1993) gave some guidelines in being globally competitive:

- ◆ the *quality of services* at the destination
- ◆ the *quality of the experience* that the destination provides
- ◆ destination must provide *value for money*
- ◆ providing “*authenticity*” of the travel experience
- ◆ the *management* of the factors in the following areas is the key to sustain the advantage;
 - ◆ *hedonic* dimension of the experience
 - ◆ *interactive* dimension of the quality experience
 - ◆ *novelty* dimension of the experience
 - ◆ *comfort* dimension of the quality destination experience
 - ◆ *safety* dimension of the destination experience.

The advantage that South Africa has as a tourist destination lies in the uniqueness of the country’s diversity in wildlife, scenery and attractions. The fact that a tourist gets value for money in terms of the exchange rate and the quality of accommodation it contributes to this advantage. South Africa’s advantage can also be seen in the drawbacks in the current situation of South Africa, such as crime, marketing, communication, training and information, these are all aspects that can be turned around to be favourable for the tourism industry and could be used to develop South Africa’s position globally as a desirable tourist destination.

5.2.2. The Swot analysis of South Africa

National as well as international viewpoints state that the following factors to play an important role concerning South Africa’s strong points, weak points, opportunities and threats:

◆ **Strong points**

An abundance of wildlife, beautiful scenery that varies from part to part as far as one travels through the country, cultural diversity, favourable climate, value

for money, a variety of attractions and specific icons such as the Kruger National Park, Cape Town and so much more are the strong points of South Africa as a tourist destination.

◆ **Weak points**

The crime in the country, lack of co-ordination between key players in the industry, lack of information, marketing, service quality, control structure where the government plays a huge role, not sufficient trained human resources, airline capacity that could not meet the demand and high prices, ignorance towards the potential of the tourism industry in South Africa are considered as the weak points.

◆ **Opportunities**

Tourism can provide more jobs, economic growth, new markets, new improved marketing strategies, and can be the reason for branding of the destination.

◆ **Threats**

The threats to South African tourism lie in the politically unstable situation in neighbouring countries, the crime situations, airline capacity and diseases such as HIV aids and malaria.

It is clear that South Africa consists of factors that could give the country the competitive advantage as a tourist destination. Unfortunately some factors such as crime, a lack of adequate marketing, lack of training and information, high prices on aviation, communication between key players and fragmentation in the sectors itself seem to be drawbacks in becoming more competitive as a tourist destination.

The uniqueness of South Africa lies in the diversity of the overall picture including the wildlife, scenery and attractions as a tourist destination.

Table 5.1 is a summary of the SWOT analysis done in chapter three that contains the most significant factors involving South Africa's situation as a tourist's destination.

Table 5.1: Summary of South Africa's SWOT-analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ◆ Wildlife ◆ Beautiful Scenery ◆ Cultural diversity ◆ Climate ◆ Value for money ◆ Variety of attractions ◆ Specific icons 	<ul style="list-style-type: none"> ◆ Crime ◆ Lack of co-ordination ◆ Lack of information ◆ Marketing ◆ Service quality ◆ Control structure ◆ Trained human resources ◆ Airline capacity and prices ◆ Ignorance
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ◆ Job creation ◆ Economic growth ◆ New markets ◆ Improved marketing ◆ Destination branding 	<ul style="list-style-type: none"> ◆ Political unstable ◆ Crime ◆ Airline capacity ◆ Diseases – malaria, HIV Aids

5.2.3. The core factors involved in global competitiveness

The results received from the questionnaire involving mainly the identification of the most important factors in global competitiveness and the factors involved in South Africa's industry are summarised as follows;

- ◆ Factors in global competitiveness
 - ◆ Safety
 - ◆ Quality of service
 - ◆ Value for money
 - ◆ Geographical features
 - ◆ Attitude towards tourist
 - ◆ Availability of information
 - ◆ Uniqueness of local peoples' life
 - ◆ Foreign exchange

The most significant of these are; attractions, accessibility, scenery, safety and accommodation.

- ◆ South African tourism industry's factors
 - ◆ Geographical features
 - ◆ Climate
 - ◆ Scenery
 - ◆ Value for money
 - ◆ Food
 - ◆ Historical and cultural resources
 - ◆ Foreign exchange

The resemblance that appears in the factors identified in the questionnaire to be South Africa's draw cards as a tourist destination and the strengths of South Africa identified in the SWOT analysis done on South Africa's tourism situation is significant in the problem statement of this study.

Table 5.2 is a summary of the significant factors that plays a role in global competitiveness as well as in South Africa competitiveness as a tourist destination.

Table 5.2: Summary – Questionnaire results on factors in global competitiveness and specifically of South Africa

<p style="text-align: center;">FACTORS IN GLOBAL COMPETITIVENESS</p> <ul style="list-style-type: none"> ◆ Quality of service ◆ Safety ◆ Value for money ◆ Geographical features ◆ Attitude towards tourist ◆ Availability of information ◆ Uniqueness of local peoples' life ◆ Foreign exchange 	<p style="text-align: center;">SOUTH AFRICA' STRENGTHS</p> <ul style="list-style-type: none"> ◆ Geographical features ◆ Climate ◆ Scenery ◆ Value for money ◆ Food ◆ Historical and Cultural Resources ◆ Foreign exchange
<p style="text-align: center;">FIVE MOST IMPORTANT FACTORS</p> <ul style="list-style-type: none"> ◆ Attractions ◆ Accessibility ◆ Scenery ◆ Safety ◆ Accommodation 	<p style="text-align: center;">SOUTH AFRICA'S WEAKNESSES</p> <ul style="list-style-type: none"> ◆ Safety ◆ Public transportation ◆ Long-haul destination ◆ Marketing

5.3. RECOMMENDATIONS

The following recommendations can be made:

5.3.1. Management

- Managers as well as the local government should realise globalisation's impact on tourism policies, management of tourism resources and marketing of tourism in a competitive scenario.
- Managers as well as the government should invest in effective management, planning, and control, with training of human resources.
- Health and security concerns could become a major tourism deterrent to tourism travel.
- Recognition by governments should be given to the tourism industry and its importance to social and economic development and well-being of regions.
- Conservation, preservation and restoration present new themes for the design of tourism experiences. Regions that are presently undeveloped or in a natural state have the opportunity to provide an attractive experience to visitors.
- ◆ The management and interaction between attractions, facilities, amenities, quality service, accessibility, environmental quality and hygiene, are factors of prime importance.
- ◆ Communication and co-operations of strategic alliances in the tourism industry are necessary. Controlling and management of service quality, variety and specialisation of tourism products, creating and sustaining a safe environment, flexibility of opening hours, working hours, vacation times, financial conditions of SMME's and eliminating bureaucratic hurdles are important.

5.3.2. Marketing

- South Africa needs to improve its marketing methods by means of products to be packaged and to be focused on special interest marketing and on unique selling features.
- ◆ Nations that can read, anticipate, and respond to the specific needs/desires of high quality niche or special interest markets in innovative ways will have great opportunities for success.
- South Africa's tourism marketing institutions need to package and brand the products, build the image, increase product differentiation and focus on the unique selling features of the destination.
- The safety and stability in South Africa, and the positive image of local and international media are very important for future investment and development in tourism.

5.3.3. Development

- Developing a comparative advantage measurement of the existing and potential tourism markets.
- Government should focus on conservation, job creation, training, SMME development, and attracting greater numbers of tourists.
- Residents' responsive tourism is the watchword for tomorrow: community demands for active participation in the setting of the tourism agenda and its priorities for tourism development and management cannot be ignored.
- Cultural diversity should be recognised and developed within the context of global society.
- Technology advances can give rise to both opportunities and pressures for improved productivity, human resource development, and restructuring of the tourism industry.
- Development or supply of highly trained manpower is necessary for the country to sustain its competitiveness over the long term.

- Tourism can be described as a vehicle for development that should be a process of evolution for a better future in developing countries. These countries should have a developed structure that aims to balance the rate of change that should be consistent with the socio-economic, politico-cultural, educational, organisational and environmental conditions in the destination.

Developing of season-independent packages, and a holistically oriented local, regional and countrywide policy.

South Africa's diversity in all the country's features is a valuable point for development. New innovations, marketing, communication and better involvement and management of the government are essential for South Africa's global competitiveness.

5.3.4. Further research

The following themes can be proposed for future research;

- ◆ Threats and weaknesses of South Africa's global competitiveness position as opportunities for the future.
- ◆ Sustaining South Africa's global competitive position as a tourist destination, when established as one of the top tourist destinations.
- ◆ The impact that crime has on the tourism industry in South Africa, and the size of the actual problem.
- ◆ Marketing as a powerful tool in the quest for global competitiveness.

BIBLIOGRAPHY

ANON. 1999. Competitiveness reinforcement initiative of the tourism industry in San Sebastian. [Available on Internet]. <http://www.clustercom.com/sst.htm>

ATHIYAMAN, A. & ROBERTSON, R.W. 1995. The interface of tourism and strategy research. *Tourism Management*, 16(6): 447-453.

BAR-ON, R. 1997. Databank: Europe. *Tourism Economics*, 3, 399-411. (IN:

BROWN, F. 1998. Tourism Reassessed: Blight or Blessing. Oxford. Butterworth – Heinemann).

BITNER, M.J. 1992. Servicescapes: The impact of physical surroundings on customers and employees. *Journal of Marketing*, Vol. 56, p 57-71, April. (IN:

RITCHIE, J.R.BRENT. & CROUCH, G.I. 1993. "Competitiveness in International Tourism: A Framework for Understanding and Analysis", In: Proceedings of the 43rd Annual Congress of the International Association of Scientific Experts in Tourism (AIEST), Argentina, October, Vol. 39).

BOLTON, R.N. & DREW, J.H. 1991. A Multistage model of customers, Assessments of service quality and value. *Journal of consumers Research*

BOWMAN, C. 1992. Interpreting Competitive Strategy. Chapter 4. 64-83 (IN:

FAULKNER, D. & JOHNSON, G. 1992. The Challenge of Strategic Management. London. Kogan Page Ltd.

BROWN, L. 1997. Competitive Marketing Strategy: Dynamic manoeuvring for competitive position. Melbourne: Nelson ITP.

BROWN, F. 1998. *Tourism Reassessed: Blight or Blessing*. Oxford. Butterworth – Heinemann.

BRYNARD, K. 1995. Toerisme: Suid Afrika se nuwe hoop. *Insig*, 12:12-13, Des.

BULHALIS, D. 1994. Information and telecommunications as a strategic tool for small and medium tourism enterprises in the contemporary business environment. (IN: SAAYMAN, M. 2000. *En route with tourism*. 2nd edition. Potchefstroom : Leisure Consultants and Publications.)

BULL, A. 1993. *The economics of Travel and Tourism*. Melbourne: Pitman.

BUTCHER, J. 1997. Sustainable Development or Development (IN: STABLER, M.J. (ed). 1997. *Tourism Sustainability: principles to practice*. Oxon: CAB International.)

BUTLER, R.W. 1980. The Concept of a tourist area Cycle of Evolution: Implications for Management of Resources. *Canadian Geographer*, 24(1): 7.

BUTLER, R.W. 1991. Tourism environment, and sustainable development. *Environmental conservation*. Vol., 18(3), p. 201-209.

COOPER, C., FLETCHER, J., GILBERT, D. & WANHILL, S. 1993. *Tourism; Principles and Practice*. London: Pitman Publishing.

DE BEER, G.R.M., MAHLALELA, S.G., MAHHUMANE, A., MMATLI, R.A. & MASEKO, A.T. 1998. *A Regional Approach to Tourism Marketing, Management and Development*. South and Southern Africa Spatial development Initiatives Policy Research and Capacity Building Programme. Department of Trade and Industry. July.

DE KEYSER, R. & VANHOVE, N. 1994. The Competitive Situation of Tourism in the Caribbean Area – Methodological Approach. *Revue de Tourisme* 3/1994,. St Gallen. (IN: MIHALIC, T. & SIRŠE, J. 1998. Slovenian tourism and tourism policy – Case study. Faculty of Economics, University of Ljubljana, National Tourist Association, Slovenija.)

DE VILLIERS, D. 1996. Opening statement (IN: SAAYMAN, M. (ed). Urban and regional tourism : balancing the economy and ecology. Proceedings of the International Conference on Urban and Regional Tourism. Potchefstroom : Leisure Consultants and publications).

ECHTNER, C.M. & RITCHIE, J.R. 1993. The measurement of destination image: an empirical assessment. *Journal of travel research*, 31: 3-13. Spring.

EDGEELL, D.L. & SMITH, G. 1994. International tourism policy and management (IN: RITCHIE, J.R.B. & GOELDNER, C.R., eds. Travel, tourism and hospitality research: A handbook for managers and researchers 2nd edition. USA: New York: Wiley).

FELLMAN, M.W. 1998. Destination: culture-travel industry aims for bull's eye with niche marketing. *Marketing News*, 32(4):1.

FOSTER, D. 1985. Travel and Tourism Management. London: MacMillan Education.

FUTLER, M. & WOOD, L. 1997. Tourism and development: No short events. *Indicator SA*, 14(2).

HABIB, A. 1996. Tourism development within planning paradigms. *Tourism Management*, Vol. 17, No. 5. P. 367-377.

HAMEL, G. & PRAHALAD, C.K. 1994. *Competing for the future*. Boston: Harvard Business Scholl Press.

HARDY, L. 1987. *Successful Business Strategy. How to win in the market – place*. London: Kogan Page.

HASSAN, S.S. 2000. Determinants of market competitiveness in an environmentally sustainable tourism industry, *Journal of Travel Research*, 38(3): 239-246. Feb.

HU, Y. & RITCHIE, J.R.B. 1993. Measuring Destination Attractiveness – A Contextual Approach, *Journal of Travel Research*, Vol 32, No 2, p 25-34, Fall.

HUGHES, G. 1995. Authenticity in Tourism, *Annals of Tourism Research*, Vol 22, No 4, p 781-803.

HUGO, M. 1992. A quantification of the role of foreign tourism in the South African economy. *Journal for Studies in Economics and Econometrics*, 16(2):41–51.

INSKEEP, E. 1991. *Tourism Planning; An integrated and sustainable development approach*. New York. John Wiley & Sons, Inc.

INTERIM REPORT 2001. The study on Tourism promotion and development plan in the republic of South Africa. Japan International cooperation Agency, Department of Environmental Affairs & Tourism and South African Tourism. Republic of South Africa: Padeco Co., Ltd. Pacific Consultants International.

IVANCEVICH, J. M., LORENZI, P., SKINNER, S.J. & CROSBY, P.B., 1997. Management: Quality and Competitiveness. Boston, USA: Irwin Book Team.

JOYCE, P. & WOODS, A. 1996. Essential Strategic Management. Oxford: Butterworth – Heinemann.

KELLER, P. 1996. Globalisation and tourism. Reports of the 46th Congress, Rotorua, New Zealand. Suisse : St-Gall.

KELLER, P. & KOCH, K. 1995. Die globalisierung des tourismus. Eine Herausforderung für die Schweiz als traditionelles tourismusland. Die Volkswirtschaft (68):5 (IN: SAAYMAN, M. 2000. En route with tourism. 2nd edition. Potchefstroom : Leisure Consultants and Publications.)

KRUGER-CLOETE, E. 1995. Funding the development of tourism in South Africa. Development Southern Africa, 12(5).

LALL, S. 1990. Building Industrial Competitiveness in Developing Countries. Paris: OECD.

LAZONIC, W. 1993. Learning and the Dynamics of International Advantage. Chapter ten. 172- 197. (IN: THOMSON, R. (Editor). 1993. Learning and Technological Change. Great Britain: ST Martin's Press, Inc.)

LETTIERE, A. 1996. The social dimensions of globalisation. [Available on Internet]. <http://tap.epu.org/iess/left.html#1> (20.07.98).

LICKORISH, L.J. 1991. Developing Tourism Destinations: policies and perspectives. London: Longman Group UK Ltd.

LUK, S.T.K., CORINNA, T.D.L., FOO-WENG, L. & ESTHER, L.Y.L. 1993. Value Segmentation of Tourist' Expectations of Service Quality. *Journal of Travel & Tourism Marketing*, Vol. 2(4) p.23-38. (IN: GUNN, C.A., 1972. *Vacationscape: Designing Tourist Regions*. Austin, Texas: Bureau of Business Research, University of Texas. p.24.)

MATHIESON, A. & WALL, G. 1982. *Tourism – economic, physical and social impacts*. England: Longman Scientific and Technical.

MEDLIK, S. 1993. *Dictionary of Travel, Tourism and Hospitality*. Oxford: Heinemann. (IN: WAHAB, S. & PIGRAM, J.J. *ed.* 1997. *Tourism Development and Growth – the challenge of sustainability*. London: Routledge. p 102).

MCINTOSH, R.W., GOELDNER, C.R. & RITCHIE, J.R. 1995. *Tourism, Principles, Practices, Philosophies*. 7th ed . New York: John Wiley & Sons. Inc.

MIHALIC, T. & SIRŠE, J. 1998. Slovenian tourism and tourism policy – Case study. Faculty of Economics, University of Ljubljana, National Tourist Association, Slovenija.

MURPHY, P.E. & PRITCHARD, M. 1997. Destination Price-Value Perceptions: An Examination of Origin and Seasonal Influences, *Journal of Travel Research*, Vol 32, No 3, p 16-22, Winter.

NORTH WEST TEC. 1998. *A Tourism Master Plan for the North West Province of South Africa*.

NORTH WEST TOURISM. 2000. Market intelligence bulletin for North West Province. Winter bulletin. July 2000.

NIEDERMEIER, L. 1998. International tourism and economic development: A South African perspective. Unisa : Pretoria.

NIEDERMEIER, L. & SMITH, J. 1995. Tourism in Southern Africa a catalyst for development. *Indicator SA*, 12(4).

OLSEN, M.D., TEARE, R. & GUMMESSON, E. (ed) 1996. Service Quality in Hospitality Organisations. London: Cassell.

OTTO, J.E. & RITCHIE, J.R.B. 1995. Exploring the Quality of the service Experience: A Theoretical and Empirical Analysis. *Advances in Services Marketing and Management*, Vol. 4, p 37-61, JAI Press Inc. (IN: RITCHIE, J.R.BRENT. & CROUCH, G.I. 1993. "Competitiveness in International Tourism: A Framework for Understanding and Analysis", In: Proceedings of the 43rd Annual Congress of the International Association of Scientific Experts in Tourism (AIEST), Argentina, October, Vol. 39).

PARASURAMAN, V., ZEITHALM, V.A. & BERRY, L.L. 1985. A Conceptual model of service quality and its implications for future research. *Journal of Marketing Management*. 49, Fall, p 41-50. (IN: PAYNE, A., CHRISTOPHER, M., CLARK, M. & PECK, H. 1999. Relationship Marketing for competitive advantage. Oxford: Butterworth Heinemann.)

POON, A. 1993. Tourism, Technology and Competitive Strategies. Oxon: CAB International.

PORTER, M.E. 1979. How Competitive Forces Shape Strategy. *Harvard Business Review*. April. Harvard College: Harvard Business Press. (IN: Editors: ASCH, D. & BOWMAN, C. 1989. Readings in Strategic Management. London: Macmillan.)

PORTER, M.E. 1985. Competitive Advantage. Creating and Sustaining Superior Performance. New York: The Free Press.

PORTER, M.E. 1989. The Competitive Advantage. Creating and Sustaining Superior Performance. The Free Press. London.

PORTER, M.E. 1990. Competitive Advantage of Nations. New York: The Free Press.

PORTER, M.E. 1995. "The rise of the Urban entrepreneur", Inc., July 1995, p104-119. (IN: IVANCEVICH, J. M., LORENZI, P., SKINNER, S.J. & CROSBY, P.B., 1997. Management: Quality and Competitiveness. Boston, USA: Irwin Book Team.)

RAPPORT. 2001. Sondag 30 September. Waar is al die toeriste dan? Perspektiewe, Rubrieke. p 27.

RITCHIE, J.R.BRENT. & CROUCH, G.I. 1993. "Competitiveness in International Tourism: A Framework for Understanding and Analysis", Proceedings of the 43rd Annual Congress of the International Association of Scientific Experts in Tourism (AIEST), Argentina, October 1993.

RITCHIE, J.R.B. 1999. Crafting a value-driven vision for a national tourism treasure. *Tourism management*, 20 (1999) 273- 282.

RITCHIE, J.R.B. & CROUCH, G.I., 2000. The competitive destination: A sustainable perspective. *Tourism Management*. 21(1):1-7.

ROUX, A. 1999. Where to find opportunity. *Financial Week*. 8 January 1999. P 39.

SAAYMAN, M. 1997(a). Tourism marketing in South Africa. Leisure Consultants and Publications: Potchefstroom.

SAAYMAN, M. 1997. En route with tourism. Potchefstroom : Leisure Consultants and Publications.

SAAYMAN, M. 1998. Globalisation and the impact thereof on tourism in Africa. World Leisure and Recreation Conference, Sau Paulo, Brazil.(26-30 Oct).

SAAYMAN, M. 2000. En route with tourism. 2nd ed. Potchefstroom : Leisure Consultants and Publications.

SAAYMAN, M. 2001. Tourism Marketing in South Africa, 2nd Edition. Potchefstroom: Leisure Consultants and Publications.

SAAYMAN, A., SAAYMAN, M. & NAUDE W.A. 2000. The impact of tourist spending in South Africa: Spatial implications. *South Africa Journal of Economic and Management Sciences*, 3(3):369-386. Sept.

SANT, A. 1998. The Malta Experience, Mediterranean Conference, Valetta. [Available on Internet]

http://www.magnet.mt/press_release/1998/february/opm1202.htm
(12.02.98).

SATOUR. 1995. A survey of South Africa's international tourism market. Summer.

SATOUR. 1999. Synopsis by purpose of Visit. August.

SCHUMACHER, E.F. 1973. Small is beautiful. London: Blond & Briggs. (IN: WAHAB, S. & PIGRAM, J.J. (ed). 1997. Tourism Development and Growth – the challenge of sustainability. London: Routledge. p 136).

SEATON, A.V. & BENNETT, M.M. 1996. Marketing Tourism Products. Concepts, issues, cases. London: International Thomson Business Press.

SELLER, P. 1988. How to handle customer's gripes. Fortune October 24. P 88-100. (IN: IVANCEVICH, J. M., LORENZI, P., SKINNER, S.J. & CROSBY, P.B., 1997. Management: Quality and Competitiveness. Boston, USA: Irwin Book Team.).

SHETTY, Y.K. & BUEHLER, V.M. (ed). 1991. The Quest for Competitiveness. New York: Quorum Books.

SIRŠE, J. 1998. Evaluation of Slovenian tourism strategy, International Tourism Institut Preliminary results – Unpublished materials, Ljubljana. (IN: MIHALIC, T. & SIRŠE, J. 1998. Slovenian tourism and tourism policy – Case study. Faculty of Economics, University of Ljubljana, National Tourist Association, Slovenija.)

SMERAL, E. 1998. The impact of globalisation on small and medium enterprises: new challenges for tourism policies in European countries. *Tourism Management*. Aug/Sept .

SOUTH AFRICA. Department of Environmental Affairs and Tourism. 1996. White Paper on the development and promotion of tourism in South Africa. Pretoria : Government Printer.

SOUTH AFRICA. Department of Environmental Affairs and Tourism. 1997. White Paper on Biodiversity: Government Printer.

SOUTH AFRICA. Department of Environmental Affairs and Tourism. 1997. White Paper on Coastal Zone Management. Pretoria : Government Printer.

SOUTH AFRICAN TOURISM. 2000. A Survey of South Africa's Foreign Visitor Market. January.

SOUTH AFRICAN TOURISM. 2001. Report on Tourism budgets, arrivals and expenditure. Pretoria.

STABLER, M.J. (ed). 1997. Tourism Sustainability: principles to practice. Oxon:CAB International.

STEEL, L. 1996. The issue of globalisation and cultural identity in "amusement parks". (*In*, KELLER, P. *ed.* 1996. Globalisation and tourism. Reports of the 46th Congress, Rotorua, New Zealand. Suisse : St-Gall.)

STEVENS, B.F. 1992. Prime values Perceptions of Travellers. *Journal of Travel Research*, Vol 31, No 2, p 44-48. Fall.

STRYDOM, A. 1995. Toerisme kan miljoene verdien. *Finansies en tegniek*, 47(20):19, Mei 19.

SWART, S. 1997. Legislative restrictions on the South African Tourism industry. Potchefstroom : PU for CHO.

SWART, S. & SAAYMAN, M. 1998. Conceptualising of global legislative restrictions imposed on tourism development and flow. World Leisure and Recreation Association 5th annual conference - São Paulo, Brasil. 26-30 October 1998. Poster presentation.

TAYLOR, R. 1999. South Africa rockets to 25th in the world's top 40 tourism destinations as WTO rates Africa as the fastest growing tourism region. [Available on Internet]. <http://www.cmc.gov.za/Press/Lou%20Anderson%20Press%20Releas> (13.11.99).

TAYLOR, T. 1995. Customers Sense Insecurity, *World's Eye View on Hospitality Trends*, Vol 9, No 3, p 26-28, Fall.

TRIBE, J. 1997. The indiscipline of tourism. *Annals of tourism research*, 24(3):638-657.

VAN DER MERWE, P. 2000. Training analysis of the Tourism Industry of the Northwest Province. Unpublished: MA dissertation. University of Potchefstroom for Christian Higher Education. Potchefstroom.

VANHOVE, N. 1996. Globalisation of tourism demand: the underlying factors and the impact on marketing strategy. [In, KELLER, P. ed. Globalisation in tourism. Reports of the 46th AIEST Congress, Rotorua, New Zealand. Suisse : St-Gall]

WEBSTER'S COMPLETE REFERENCE DICTIONARY AND ENCYCLOPEDIA. 1954. The World Publishing Company: New York.

WAHAB, S. & PIGRAM, J.J. (ed). 1997. Tourism Development and Growth – the challenge of sustainability. London: Routledge.

WHITE PAPER (see SOUTH AFRICA).

WORLD BOOK DICTIONARY, 1987. The Volume One A-K, A Thorndike-Barnhart Dictionary, Edited by: Clarence L. Barnhart and Robert K. Barnhart. World Book, Inc., Chicago. (IN: RITCHIE, J.R.BRENT. & CROUCH, G.I. 1993. "Competitiveness in International Tourism: A Framework for Understanding and Analysis", In: Proceedings of the 43rd Annual Congress of the International Association of Scientific Experts in Tourism (AIEST), Argentina, October, Vol. 39)

WTTC (World Travel and Tourism Council). 1995. World Travel Forecast: 1995 and beyond. Brussels: WTTC.

WTO (World Tourism Organisation). 1995. Agenda 21 For the Travel and Tourism Industry, Madrid: WTO. (In, WAHAB, S. & PIGRAM, J.J. ed. 1997. Tourism Development and Growth – the challenge of sustainability. London: Routledge. p. 277).

WTO, 1996. What tourism managers has to know: Apractical guide to the development and Use of indicators of sustainable tourism. Madrid: World Tourism Organization.

WTO. 1997. Tourism; 2020 Vision. World Tourism Organisation.

WTO (World Tourism Organisation). 1998. Hot tourism trends for 21st century. WTO News. July/August 1998.

WTO (World Tourism Organisation). 1999. Global tourism slows due to Asian financial crisis. [Available on Internet].

<http://www.world-tourism.org/pressrel/1997res>

ZEITHALM, V.A., PARASURAMAN, A. & LEONARD, L.B. 1990. Delivering Quality Service: Balancing Customer Perceptions and Expectations, New York: The Free Press, A division of Macmillan, Inc. (IN: RITCHIE, J.R.BRENT. & CROUCH, G.I. 1993. "Competitiveness in International Tourism: A Framework for Understanding and Analysis", In: Proceedings of the 43rd Annual Congress of the International Association of Scientific Experts in Tourism (AIEST), Argentina, October, Vol. 39).

ZEITHAML, V.A., BERRY, L. & PARASURAMAN, A. 1993. The nature and deterrents of customer expectations of service. *Journal of the Academy of Marketing Science*, 21(1) p 1-12.