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**The developmental impact of tourism in the
Western Cape, South Africa**

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Thesis presented for the Degree of Doctor of Philosophy
at the University of Glasgow

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University of Glasgow
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Abstract

This study analyses the dynamics and impact of international tourism in the Western Cape province of South Africa. It investigates how the Western Cape tourism sector interrelates with the international sector, and what developmental outcomes this has in the province. In terms of tourism's impact the study shows that it is geographically concentrated, with tourist activities focused in and around the Cape metropolitan area and along the south eastern coastline. The province's rural areas have a very small share in the tourism market. Overall, tourism is following long-established patterns, being centred on the promotion of a number of traditional attractions and tourist images. The nature and distribution of tourism is partly related to the role and actions of key producers. Tour operators, for example, have an important effect on travel flows. They, along with other producers and agents such as the media, significantly influence consumers' knowledge and perceptions, and consequently the image(s) of the Western Cape. This in turn has an important consequence on localities and destinations that are visited by tourists. Furthermore, investment trends show that there is limited infrastructural development and demand-stimulation by the government or other tourism producers in regions where tourism impact is lowest. The provincial government is pursuing an objective of sustained tourism growth, and greater tourism equity and impact distribution. This objective is hampered by several factors. The Western Cape tourism economy has significantly grown over the past seven years, but a number of aspects may constrain continued growth. Firstly, political, economic and social factors in the larger exogenous environment play an important role in restricting tourist demand. This, coupled with seasonal fluctuations in demand has led to a sector characterised by overcapacity. The regime governing flight access and availability to the Western Cape furthermore has a limiting effect on tourism production and consumption. In practice, the goals of growth and equity are difficult to balance. The government primarily seeks to do this by coupling the development of new products that involve the historically disadvantaged population of the province with an innovative product offer that appeals to both traditional and new market segments. There is however a generally low level of demand for new or alternative products such as township tourism in international source markets. Institutional deficiencies, such as inadequate marketing and funding structures, and the lack of a sufficiently skilled provincial labour force

also hinder the government's endeavours. In order to achieve the objective of growth, equity and sustainable tourism development, these, and other factors such as growth-impeding regulations and regimes and the dissemination of negative representation and destination images will have to be addressed. This will have to be coupled with adequate supply and infrastructural developments, particularly in areas of the province where tourism impact is lower. The dynamics of the international tourism production system of which the Western Cape is a part, suggest that tourism promotion actions should primarily be directed at key producer sectors.

ERRATUM

Please note the following changes:

p5, 2nd paragraph

As used in the study tourism sustainability refers to tourism activities where economic gains that are accrued are to the benefit of society at large, and do not detract from the natural resources upon which they are reliant.... This contrasts with the Western Cape government's concept of sustainability, which encompasses environmental protection and community participation, as well as institutional aspects.

p5, 4th paragraph

7. Significance of the study

....First with regard of the Western Cape, there are as yet few systematic analyses of the spatial distribution of tourism's impact, or assessments of what concrete advantages tourism offers the provincial population.

p 265, 2nd paragraph:

5. Primary issues

The primary research question concerned the contribution of international tourism to the development of the Western Cape and whether its structure and form constrained that development in any way. The research was also shaped by the more specific goals described in DEAAT's White Paper (DEAAT, 2001). The analysis revealed the following:

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously, in its entirety or in part, submitted it to any other university for a degree.

Signature *J. Conditis*

Date *23/10/02*

Introduction to the Study

1. Brief background to the subject

International tourism has become one of the largest sectors in the world and is seen as an important economic driver (WTTC, 1998). The economic significance of international tourism lies in its ability to generate foreign currency, income and employment for destination countries. In many countries, particularly in the South, the revenues generated by tourism surpass that of sectors such as manufacturing (Archer and Fletcher, 1996; Dieke, 1993; Sinclair, 1991). The very nature of tourism, furthermore, whereby a collection of industries and activities are involved in the production of a single tourist product, also means that tourism has an important multiplier potency (Fletcher and Archer, 1991; Sinclair, 1998; Witt et al, 1995). Consequently international tourism is now widely viewed as a valuable growth industry and is prominent on the economic policy agenda of most governments around the world (Clancy, 1999; Brohman, 1996; Fainstein and Judd, 1999).

In post-apartheid South Africa tourism is increasingly viewed as a vital economic catalyst. It is seen as an important conduit through which foreign reserves could be increased, foreign and domestic investment boosted, employment created, and economic growth attained (DEAT, 1996). Tourism is also seen as a means through which South Africa could successfully enter and compete in the international economic system (DEAAT, 2000). In the Western Cape, the foremost tourist destination in South Africa, boosting provincial economic development through tourism has become a prime policy focus (DEAAT, 2001).

The Western Cape government, through its White Paper on Sustainable Tourism Development and Promotion (DEAAT, 2001), aims to foster tourism growth in the province. Specifically, it aims to increase the total number of overseas and domestic visitors to above 8m, and to raise total tourist spending to above R14bn by 2010 (DEAAT, 2001). It also seeks to develop a sustainable and inclusive tourism sector. Tourism is treated as a vehicle through which the economic and social

transformation of the province could be achieved. In this respect, the chosen path for tourism development is one that emphasises:

- ◆ *social equity* through the promotion of accountable tourism management practices, and the development of tourist products that give equal representation to the peoples of the province;
- ◆ *economic empowerment* through the creation of opportunities for 'previously neglected communities' to participate in mainstream tourism production and consumption, and by encouraging the growth of small-scale enterprises;
- ◆ *an integrated approach* that seeks to enhance coordination among tourism sectors, and collaboration among the state, private sector, tourism employees and communities;
- ◆ economic, institutional, environmental and social *sustainability*, defined as the existence of a diversity of market opportunities and employment, a judicious balance between the protection, and use of the environment, the participation of host communities in tourism management, and their co-operation with public and private sector actors (DEAAT, 2001).

The tourism development framework in the Western Cape is geared towards maximising the number of residents who benefit from tourism. Capturing ever-growing proportions of a lucrative international market is an important aspect of this framework, even though domestic tourism is the mainstay of the provincial tourism economy.

International experience has shown that the purported economic and developmental benefits of tourism as envisaged by South Africa's political leaders are not automatic and not without dispute. Tourism has several negative externalities attached to it: it is subject to seasonal fluctuations and high elasticities of demand and can therefore be an unstable source of income and employment (Brohman, 1996; De Kadt, 1979; Mathieson and Wall, 1982; Sinclair, 1998). It can also lead to higher inflation and balance of payments difficulties in destination countries (Mathieson and Wall, 1982; Lea, 1988).

Research indicates that three structural factors influence the economic impact of tourism: the strength of backward and forward linkages among industries (Britton, 1991; Sinclair and Tsegaye, 1990), the ownership structures and patterns that characterise the tourism sector, and the spatial features of tourism production and related consumption in a given tourism economy (Britton, 1982; Pearce, 1995; Opperman, 1993). If weak linkages prevail among economic sectors and industries involved in tourism production, the flow-through effect of tourism's impact, particularly from core tourism to ancillary industries (e.g. construction, transport) will be weaker. Similarly, if the ownership of tourism producer and supplier companies does not lie in the tourist destination but in a different country, foreign exchange leakages, rather than earnings may characterise tourism in the destination country (Brohman, 1996; Sinclair, 1998). Finally, if tourism production and consumption occur in spatially concentrated locales in a country, the economic and developmental impact of tourism will be limited (Pearce, 1995).

One of the key objectives of the Western Cape government is to assist in the restructuring of the tourism sector to spread the gains from tourism. By emphasising local ownership of tourism production and strong connections between economic sectors, the development framework is furthermore aiming to root tourism into the local economy.

The developmental effect of tourism, and the factors that play a part in it, is however an under-researched area in the Western Cape. Firstly, the province's White Paper on Tourism keenly advocates the gains to be made from tourism, without focusing on the dangers or how to avoid them. Secondly, there is a distinct lack of knowledge of the structural and spatial features of the local tourism sector, and how this affects the economic impact. Research interests, thirdly, are weighted towards increasing tourist numbers to the province, without sufficient attention being paid to how this does or could translate into benefits for the local population. Fourthly, and most significantly, there is insufficient knowledge of how the Western Cape tourism sector links with the international sector, what the nature of interaction among actors at different levels are, and how this relates to the developmental outcomes of tourism in the province. Without well-grounded knowledge of vital aspects of the Western Cape sector such as these, the objective of the provincial government to bolster

economic growth and development through tourism may be compromised. This study is an attempt to fill the lacunae in existing knowledge on Western Cape tourism.

2. Research Problem

What is the dynamics of the international tourism system of which the Western Cape is a part, and how does this relate to the developmental impact of tourism in the province?

3. Research questions

The primary research question is:

How does international tourism contribute to and constrain development in the Western Cape?

The secondary research questions are:

- i) What is the approximate economic impact of the tourism sector in the Western Cape?
- ii) What is the spatial distribution of tourism's impact and benefits and what are the reasons for this form of distribution?
- iii) Who and what are the main domestic and international actors, forces and factors that shape the direction of growth and change of the Western Cape tourism sector?
- iv) What is the nature of interaction among main tourism actors, and what effects does it have?

4. Purpose of the study

The purpose of the study is to investigate the interrelationship between the Western Cape tourism sector and international shaping forces in order to establish its current impact and to draw conclusions on the prospects for realising the government's objective of attaining sustainable development through tourism.

5. Theoretical and Analytical framework

The study is embedded within an international political economy framework. In particular, it analyses how political and economic factors and actors intersect to

produce certain outcomes in tourism, and how this in turn, affects the impact and distribution of tourism in the Western Cape. The analytical framework that is applied – the tourism production system – focuses on the activities of tourism producers and tourism regulatory bodies and institutions, their interrelationship with consumers, and the effects of this.

As used in the study tourism sustainability refers to tourism activities where economic gains that are accrued from it are to the benefit of the society at large, and to the benefit of the natural and social resources upon which it is reliant. It is based on sustained growth and the equitable distribution of benefits and costs. This contrasts with the Western Cape government's concept of sustainability, which encompasses environmental, economic, social, as well as institutional aspects.

6. Methodology and Rationale

The methodology of the study is exploratory and interdisciplinary. It uses a set of qualitative methods (structured and semi-structured interviews and content analysis) and quantitative and qualitative instruments (analysis of secondary statistics, data and documents) to assess the dynamics and impact of tourism in the Western Cape. This is firstly due to the particular theoretical framework used in the study (international political economy), which lends itself to a multi-method approach. Secondly, the purpose and scale of the subject matter, which focuses on the interrelationship between actors at various levels (local, regional, national and international), and the developmental outcome of such interaction means that a comprehensive analysis that fully captures the complexity of tourism could only be attained through the use of a number of research methods.

7. Significance of the study

This study makes a number of contributions to research and knowledge on the Western Cape tourism sector, and, more broadly scholarship on the relationship between tourism and development. Firstly, with regard to the Western Cape, there are as yet few systematic analyses of the spatial distribution of tourism's impact, and what the concrete advantages are that tourism holds for the provincial population. Few existing studies also examine the dynamics of Western Cape tourism within an international context. In addition, there is a distinct paucity of theory-based research.

This study therefore generates findings on a number of key issues related to the provincial tourism sector that are located within a larger theoretical framework. It provides evidence-based guidelines for future policy development.

On a broader level, to date not many studies have been conducted that are framed within an International Political Economy perspective. This is despite the fact that an IPE framework is particularly well suited for analysing international tourism (Clancy, 1999; Hall, 1994b). This study may therefore be said to be contributing towards the conceptual, theoretical and methodological development of the field of IPE. In lieu of this, the study provides novel insights into the relationship between tourism and development.

8. Limitations of the study

The study derives a number of significant findings on what the nature of tourism is in a developing country context, and how it can play a role in economic growth. The Western Cape province, and South Africa, more generally, are in many ways however very atypical within an African context: both have a number of historical, economic and demographic features that distinguish it from many sub-Saharan African countries. As such, some of the study's findings on tourism's role in development and the interplay between the international and local tourism sectors, can not be generalised to the Southern African region, or other sub-Saharan African countries. This is an important drawback of the study.

During the course of the research, some practical problems were encountered. Most significantly, due to the political and social transformation that South Africa has been experiencing since the early 1990s, it was very difficult to obtain tourism data and statistics before 1994, the date of South Africa's first democratic elections. Historical analyses of the province's tourism sector are therefore limited to after 1994.

9. Thesis structure

Chapter One provides the theoretical and analytical context. It discusses the main approaches to the study of international tourism, and reviews empirical studies on the economic, physical and social impacts of tourism. The chapter reviews the main

theoretical works on the relationship between international tourism and economic development. Four bodies of theoretical approaches or discourses – modernisation; dependency; alternative/sustainable/community tourism; globalisation; neo-Fordism/flexible specialisation – are reviewed and critiqued. The theoretical and analytical framework that informs the study is subsequently discussed. The final part of the chapter outlines the central terms and concepts used.

Chapter Two details the research design and methodology and the epistemological and practical reasons for adopting particular methods. It outlines the specific procedures of data sampling and analysis that were followed.

Chapter Three is a background chapter on the Western Cape province, its economy and the tourism industry. The chapter reviews the economic, physical, infrastructural, administrative and social features of the province. It discusses the nature of the tourism sector in the province with reference to its location in the larger national sector. Drawing upon secondary data sources, the province's main domestic and international tourist market segments, and consumer profiles and patterns are highlighted. A final part of this chapter discusses some of the central physical and infrastructural qualities of the Western Cape that are important for tourism development, and sets the scene for the empirical analyses in the subsequent chapters.

Chapter Four focuses on the impact of tourism in the Western Cape. It describes the spatial structure and distribution of tourism. Through the application of quantitative and qualitative methods, and analysing tourism activity and tourism investments in the Western Cape, this chapter shows both the static (locational) and dynamic (tourism flows) elements of tourism's impact. It highlights the geographical variations in the impact of tourism.

Chapter Five investigates the nature and dynamics of the international tourism production system in which the provincial sector functions. It analyses the interplay among different types of producers, and between producers and consumers and the effect of this. Three aspects are focused on: prices and price conflicts among tourism

producers; the nature of the Western Cape tourist product, and the province's tourist image.

Chapter Six focuses on the international and domestic parameters that shape the Western Cape tourism sector. It reviews the international structures and regulations that set the context within which tourism production and consumption take place, the role of various intergovernmental and tourism regulatory bodies, and the effect of these on the tourism system. The second part of the chapter discusses the key factors, exogenous to the tourism system, that have an influence on the provincial sector.

Chapter Seven focuses on the role of the provincial and national state. It analyses the structures of tourism organisation and regulation and the tourism development policies that have been formulated. The chapter evaluates the state's tourism policies, plans and practices in light of the findings from the previous chapters.

Chapter Eight summarises the main outcomes of the study. It draws out the main findings from each chapter and links them to the central research problem. Recommendations are made for policies that should be adopted by role players, in particular the state.

Chapter One

Literature Review and Theoretical and Analytical Framework

1. Nature and definition of tourism

Tourism refers to the movement of people from one geographical location to another for the purpose of engaging in leisure and/or business acts, and the economic transactions that accompany this. It is essentially a service activity, and involves the flow of capital, finance, goods, knowledge and humans (Britton, 1991). Tourism has both a production and a consumption component. As a form of production, tourism is multisectoral and multifaceted, drawing upon the activities of a wide range of actors from a number of economic sectors (Debbage and Daniels, 1998). As an activity of consumption tourism is distinct in that the consumer has to travel some distance to a destination in order to consume the product. This feature of tourism means it is referred to as an invisible sector (Mathieson and Wall, 1982). It also means that tourism is the nexus between systems of production and systems of consumption. The tourist product is varied. It consists of both tangible (e.g. flights, hotel accommodation) and intangible (e.g. customer satisfaction or perception) elements (Smith, 1994). Given its ephemeral nature, the tourist product can be viewed as a highly perishable item (Mathieson and Wall, 1982).

The standard, and most widely accepted definition of what constitutes tourism is that utilised by the World Tourism Organization (WTO, *Basic References on Tourism Statistics*). A tourist is a person who travels to and stays in a place outside his/her usual environment for at least one night and less than one year, and whose primary purpose of travel is not remunerated from within the place visited. Tourism is defined as the set of activities engaged upon by a tourist. Domestic tourism refers to the movement of residents within their national borders, whilst international tourism involves people travelling to another country.

The WTO definition is a demand-side description of tourism, defining the activity from the point of view of the tourist (S. Smith, 1998). In the tourism literature there is a sharp theoretical division between scholars who promote a demand-side

approach to tourism and those who advocate a supply-side approach (e.g. S. Smith, 1989; Crick, 1989). According to S. Smith (1989), for example, many researchers commit a methodological error by defining tourism from the perspective of the product and those who consume it, a fallacy, he claims 'equivalent to defining the health care industry by defining a sick person'. Such an approach, according to Smith, leads to a disparate picture of what is essentially a collection of production activities. To many authors (e.g. Ioannides and Debbage, 1998) a supply-side approach – focused on the producer facets of tourism and the firms and institutions responsible for this – should be adopted.

A parallel and equally vigorous debate is on whether tourism constitutes a single industry. A number of authors argue that tourism should not be seen as a monolithic industry, but rather as a collection of industries that share similar functions and produce similar products (e.g. Tremblay, 1998). According to Leiper (1990), one of the most vehement proponents of this view, tourist activities do not constitute an industry in the conventional sense since no single or standard product is produced. The outcome is rather an array of products; the fact that these are both tangible and intangible leads Leiper to contend that tourism is in addition only partially industrialised. Specifically, Leiper argues, a large part of those economic sectors or functions involved in tourism can exist independent of any tourist activities, e.g. restaurants or retail stores whose primary market base comprise of households. This industrial duality, according to Leiper, precludes any logical typification of a single tourism industry.

2. The study of international tourism

Historically, scholarly analyses of tourism tended to be centred in the fields of Anthropology and Sociology, where works by authors such as Cohen (1972, 1974, 1979, 1984), MacCannell (1973, 1976), Lanfant (1980), and Urry (1990) provide a rich tradition. It is only in the last two decades that tourism has come to be more seriously treated as a research subject in other social science disciplines, most notably Geography, Politics and Economics (Ioannides and Debbage, 1998), and various sub-branches thereof (e.g. human geography, economic geography, environmental studies, marketing and management studies, development studies). As a consequence advances have been made over the past number of years in the

broader theorisation of tourism. This has been accompanied by a prolific rise in empirical research related to international tourism.

A broad categorisation may be made of demand-side and supply-side approaches to tourism. A simplified distinction is that the former is occupied with aspects and activities related to the buying and using (i.e. consumption) of tourist goods, while the latter is concerned with the creation (procurement and production) of those goods.

Demand-side studies by definition, are focused on the tourist consumer, and mainly on the behavioural aspects related to travel and tourism. Such studies seek to explain why it is that people (want to) travel, engage in leisure, or recreate, and the choices people make with regard to tourist destinations. These approaches are essentially motivation-based and delineate the psychological and psycho-social factors that cause people to undertake tourist activities - the 'push' and 'pull' factors of tourism (Uysal, 1998; Pearce, 1995). Motivational factors for tourism may be classed into personal characteristics (e.g. individuals' need for self-esteem or social status); changes in the economic capability of persons (i.e. rising disposable incomes); and increased leisure time (Lea, 1988). Supply factors such as easier access to destinations through enhanced and cheaper transport also play a role. Tourism motivation is in addition influenced by tourists' perception and evaluation of the physical, natural or tourist resources in particular destinations, and people's perceptions of the social, economic or political conditions in destinations. Specific marketing factors, and the sorts of images that tourism producers create about destinations, also influence people's decision-making (Uysal, 1998; Hall and Page, 1999).

Demand-side studies also focus on the manifest preferences and tastes of travellers and tourists. These are used to devise models of tourist demand and as bases to predict potential demand (e.g. Archer, 1976; Witt and Witt, 1995). Tourism production, development, marketing and management policies are largely informed by the perceived desires and needs of tourists (e.g. Perez and Sampol, 2000).

Supply-side approaches focus more specifically on the various components of tourism and the producer aspects related to it. Such analyses are usually industry-specific, and look at the firms and institutions responsible for creating tourism products, the various factors and forces that shape the industries, and the resultant impact on the tourism market. Studies that fall under this category generally investigate the structures, trends and changes in the core sectors of tourism, i.e. the airline industry (e.g. Wheatcroft, 1994, 1998; Page, 1999), the hotel sector (e.g. Dunning and McQueen, 1982; Milne and Pohlman, 1998) and the tour operator sector (e.g. Ioannides, 1998; Delaney-Smith, 1987; Sheldon, 1986). Within the realms of physical and economic geography, supply-side studies include research on the spatial features of tourism, such as the location of accommodation establishments or sites of tourist attractions within a given region (e.g. Pearce, 1995; S. Smith, 1983). Another focus of supply-side studies is the human resource or employment aspects of tourism, and more specialised subjects such as labour relations in tourism.

3. Tourism as a process of consumption

In recent years, new developments in cultural studies led to more sophisticated theorisation about tourist demand and consumption. There is today a greater understanding among scholars that tourism is a cultural affair, deeply locked into the changing nature and patterns of interaction, conduct and regulation within different societies, and that as an activity of consumption it provides important clues into the nature of the social complex (Zukin, 1995; Urry, 1995). Stemming from the work of Frankfurt School¹ theorists such as Herbert Marcuse, Max Horkheimer, and in particular Theodor Adorno on the *culture industry*, recent academic work has started treating tourism as an important facet of the increased commodification of culture and consumption as a contingent of modern (capitalist and Western) society.

As first conceptualised by Adorno, the culture industry refers to the production of cultural goods for mass consumption in capitalist societies, a process that follows from the economic organisation of capitalism which is predicated upon the continued

¹ The Frankfurt School refers to the works of a group of Marxist and neo-Marxist philosophers and other social theorists at the Institut für Sozialforschung founded at the University of Frankfurt-am-Main in 1923. As a collectivity, the works present a critical theory of society (Kellner, 2001). It has been very influential on social thinking in the twentieth century.

creation of goods for exchange and profit, rather than for fulfilling set uses (Featherstone, 1991; Bernstein, 1991). This involves the subjection of the cultural domain, which according to Adorno should have a higher value and intent, to the logic of capitalist production, with culture becoming commodified and marketable in the same way as other goods, and hence losing its higher value. Adorno (1991:34) contends:

..exchange value exerts its power in a special way in the realm of cultural goods. For in the world of commodities this realm appears to be exempted from the power of exchange, to be in an immediate relationship with the goods, and it is this appearance in turn which alone gives cultural goods their exchange value. But they nevertheless simultaneously fall completely into the world of commodities, are produced for the market, and are aimed at the market. The appearance of immediacy is as strong as the compulsion of exchange is inexorable.

For theorists such as Adorno and Marcuse the development of the culture industry is a process that leads to a division between high culture (based upon culture as use item) and mass culture (based upon culture as exchange item). It depends on the manipulation of the masses and on a false sense of fulfilment (Bernstein, 1991:8).

The theory of the culture industry draws attention to how culture is produced and reproduced for consumption. Building upon this, Baudrillard (1972) argues that the consumer society is one where agents such as the media continuously produce and reproduce signs and images that are consumed by people.

Due to its negative stance towards mass culture Adorno's theory on the culture industry has been criticised as elitist and deterministic (Bernstein, 1991). Featherstone (1991) notes that Adorno and other Frankfurt School theorists tend to overstate the power of manipulation in consumption and that they disregard the fact that different people respond to stimuli differently, and that consumers have own volition and choice. In this regard Urry (1995) argues that the increased ability to reflect upon the social environment is a characteristic of modern societies. This reflection, he argues, is both cognitive and normative, but can also be aesthetic. 'Aesthetic reflexivity' involves 'the proliferation of images and symbols operating at the level of feeling and consolidated around judgements of taste and distinction about different natures and societies' (Urry, 1995:145). The exercise of choice by

consumers in modern-day consumer societies is reflected in the emergence of manifold lifestyles. 'Lifestyle' is both a marker of social status and position (Sobel, 1982:8), and an expression of social identity and individuality in the consumer society. Featherstone (1991:86) for instance argues:

Rather than unreflexively adopting a lifestyle, through tradition or habit, the new heroes of consumer culture make lifestyle a life project and display their individuality and sense of style in the particularity of the assemblage of goods, clothes, practices, experiences, appearance and bodily dispositions they design together into a lifestyle.

This aspect of individuality and self-consciousness in consumption makes it the embodiment of the post-modern condition, where meanings, norms, and by extension social relations, are not fixed (Featherstone, 1991).

Tourism, in this frame, is a form of expression in the modern consumer society. For some it is a quintessential feature of the postmodern lifestyle. Tourism offers an escape, a transcendence from the everyday, and a chance to explore the 'Other' (Zukin, 1995; Craik, 1997; MacCannell, 1992). This view of consumption, and tourism as a subset of it, is a clear break from Adorno and others who emphasise the dominance, indeed control of consumers by producers (or capitalist agents). The debate on where power lies in tourism consumption, is however complex. It is taken up more extensively in a later part of the literature review.

The perspectives of other theorists is a middle way between the 'production of consumption' (Featherstone, 1991) postulate of the Frankfurt School, and tourism as a postmodern articulation. Cohen (1979) and Krippendorf (1987) hold that the tourist pursuit performs a vital function in modern societies, by creating the time and space for individuals to temporarily break from the work society and to recoup. In a similar vein Urry (1990) argues that tourism is a leisure activity that has evolved out of and stands in contradistinction to work in modern societies. He adds that the way in which people travel is socially structured, and arises out of the norms predominant within those societies. In particular, the way that people engage with the places, objects and societies they visit, and how they view these (what he terms the 'tourist gaze'), is 'socially organised and systematised.' 'The gaze is constructed through signs, and tourism involves the collection of signs' (Urry, 1990:1; 3).

It should be recognised that as a form of consumption tourism leads to the further development of economic activities, functions and institutions to sustain it (Britton, 1991). The tourist quest has gained large monetary importance in modern-day societies. It also means that the movement inherent in tourism brings social interaction on a much larger scale and intensity. Appreciation of this has stimulated a vast body of literature on the economic, social and cultural effects of tourism and theories on tourism and development.

4. Theories of tourism and development

4.1 The Modernisation and Dependency perspectives

Theoretical perspectives on the link between tourism and development have broadly followed trends in the larger development discourse (Hein, 1997; Ledbury, 1997). Historically two main approaches have dominated - modernisation and dependency (Clancy, 1999; Meethan, 2001; Opperman, 1993).

The modernisation perspective derives from the work of Walt Whitman Rostow. Rostow proposes that the developmental process is a linear, progressive one, whereby all societies characteristically evolve from a traditional to a modern state (Rostow, 1960:2). He postulates five stages of growth – the traditional society; the preconditions for take-off; the take-off; the drive to maturity; and the age of high mass consumption (Rostow, 1960). Traditional societies have low levels of industrialisation and economic production and interaction. They are highly stratified and hierarchical, with restricted upward social mobility. Social status is often achieved through ascription rather than performance, and authority usually lies with large agricultural (land)owners. The second stage of growth starts with a loosening of the cultural and social institutions that preclude any economic advancement in traditional societies. According to Rostow this transition towards modernisation may arise either endogenously with the creation and consolidation of centralised political authority in the form of a nation-state, or, in the case of colonialism, for example, may be induced by the entrance of more developed societies into traditional environments. The third stage of take-off involves the expansion of economic activities, technological developments, and increased income and savings that finance further development.

The fourth stage sees a consolidation of this economic expansion. Rostow defines this stage of maturity as 'the stage in which an economy demonstrates the capacity to move beyond the original industries which powered its take-off and to absorb and to apply over a very wide range of its resources the most advanced fruits of modern technology' (p10). This is eclipsed by the final stage of high mass consumption, characterised by high levels of income and consumption (beyond basic needs such as food or shelter), and a growth in both the urban, and services-sector population. Modern societies are marked by technological advance and a high degree of economic integration. They are characterised by an authority structure where a plurality of social bodies vies for economic and physical resources. This makes for a greater level of competition and allows for social achievement through performance. These features, in turn create an environment of constant change and progress (Weiner, 1966). A key assumption of the modernisation approach is that development in one economic sector and at one social level can permeate to other sectors and levels: development hence occurs through a process of 'trickle-down.' (Meethan, 2001).

According to the modernisation perspective the underdevelopment of traditional societies is the consequence of internal cultural and social factors, which, once removed, clears the path for development. The dependency perspective, in contrast, holds that the source of countries' lack of development is external. According to the dependency perspective there are unequal economic and political relationships between countries in the North and South² that lead to the underdevelopment of the South. The dependency perspective derives from Marxist theory. Briefly, Marxism is a critique of the capitalist system of production, which is defined by the private ownership of the means of production, the commodification of labour, and the

² The terminology 'North' and 'South' are political terms for what are also defined First World/developed, and Third World/developing countries. The concepts 'First World' and 'Third World' originated in 1955 with the establishment of the Non-Aligned Movement where a number of Asian, African and South American countries agreed not to ally with either the Communist, or the Capitalist bloc, but to follow a third, independent way (Strange, 1988). With the end of the Cold War, the usage of the terms 'Third World' and 'First World' has become (politically) inappropriate. Similarly, the terms 'developing' and 'developed' pertain to a certain theoretical/ideological framework that accepts that economic development follows a universal trajectory, a matter that is greatly under dispute. The terms 'North' and 'South' are used in this study, although for ease of reference, 'developing countries' is also used.

constant strive for profit maximisation and capital accumulation by production owners (Gilpin, 1987). These features result in a very specific dynamic that both drives the capitalist system, and leads to its eventual collapse.

In the earlier part of the twentieth century one scholar, Immanuel Wallerstein built upon the Marxist tradition to postulate a world-system. This is a concept that describes the economic and political division of power among states in the world. The world-system is composed of two main structures: a capitalist core, characterised by an integrated economy and high productivity; and a periphery, where capitalist development is not as penetrated. The world-system consists of a division of labour where the core mainly produces manufactured goods and the periphery mainly raw materials, and where there is an exchange of such commodities between the two. In the case of the periphery, those economic sectors involved in the production of raw materials are externally focused, and poorly integrated with the remainder of the home sectors. There is generally a high level of reliance on imports from the core.

In the 1960s and 1970s a number of theorists further developed Wallerstein's core-periphery postulate, and formulated the dependency theory. First geared towards explaining economic underdevelopment in South America (e.g Frank, 1967) the dependency theory had gained broad currency by the 1970s. Dependency theorists hold that the international political and economic system is characterised by a number of core capitalist countries that dominate and direct activities in this system, and countries in the periphery who, through (characteristically) dependent economic relations with the core are drawn into the system. This prevents periphery countries from developing sovereign economic bases upon which development can occur (Frank, 1967; Valenzuela and Valenzuela, 1978).

4.1.1 Modernisation and tourism

With regard to tourism, the modernisationist stance was most predominant in the 1960s, when the beginning of the growth of mass tourism led to optimism about the potentials of tourism. Indeed, a United Nations conference on Tourism and International Trade held in 1963 emphasised the advantages of tourism for countries in the South (Ledbury, 1997). Tourism was seen as an effective path to modernity

for developing countries (Meethan, 2001). It was seen as a means through which the social and cultural institutions and practices deemed so necessary by modernisationists for the transformation of traditional to modern societies, could be established (Ledbury, 1997; Khan, 1997). The tourism sector was also thought to present opportune growth poles, which through a process of diffusion and 'trickle-down' could stimulate further growth (Opperman, 1993; Meethan, 2001).

A vast body of literature couched in the modernisationist frame, has developed on the direct and positive economic benefits of international tourism. According to many authors (e.g. Mathieson and Wall, 1982; Lea, 1988; Bull, 1995; Beauregard, 1998; Sinclair, 1998) one of the prime advantages of tourism is its ability to generate foreign currency, and to help assuage balance of payments constraints. Several authors have noted the importance of tourism as foreign currency earner in some developing countries. For instance, according to Sinclair (1991) tourism receipts have surpassed that of the traditional export commodity, coffee, in Kenya, while in The Gambia tourism is the second largest foreign currency earner (Dieke, 1993). Tourism's potential contribution to the balance of payments have led it to be promoted as an important means to increase the export base of developing countries (Brohman, 1996). Since the 1960s, therefore, tourism has come to be seen as a way in which developing countries could enhance international trade (Sinclair and Tsegaye, 1990; Crick, 1989).

Authors have also stressed the internal growth potential of tourism as a key economic benefit. Archer (1977; 1982) has for instance argued that because of the diverse production structure of tourism, it has the ability to generate revenue/income in multiple ways: money spent by tourists induces spending by residents, businesses and governments in destinations. Tourism, in other words, is said to have a ripple effect. In this way, tourism can provide impetus to growth in ancillary economic sectors (e.g. construction, (public) transport, hospitality suppliers and contractors), lead to the improvement of economic and social infrastructure, and to more investments in destination countries (Mathieson and Wall, 1982; Beauregard, 1998). Using this principle, authors have investigated the flow-through effect of tourist expenditure in the Caribbean (Archer, 1977), the Seychelles (Archer and Fletcher,

1996) and Singapore (Heng and Low, 1990), where it was found that tourism makes significant contributions to the countries' economies.

A further advantage of tourism that has been noted is its potential to generate employment in destination countries. Elkan's (1975) study of Kenya and Sinclair and Bote Gómez's (1996) study of Spain for instance showed the tourism sector to be a large employer in these countries. Archer (1973) investigated the employment multiplier effect of tourism, and found there to be a strong relationship between increased tourist spending and employment-creation. Mathieson and Wall (1982:73) argue that because tourism involves a range of economic sectors, entry costs are not very high, and it is labour-intensive, it is seen as a vital source of employment for developing countries.

Notwithstanding, several authors have questioned tourism's employment creation capacity. In an analysis of the Turkish tourist sector, Diamond (1977) found that even though there was tourist expansion in this country, it was capital, rather than labour-intensive. He argues that tourism is not a very efficient means of employment creation in developing country contexts. Other authors have argued that because tourist activities can be subject to seasonal fluctuations and high elasticities of demand in source markets (De Kadt, 1979; Haywood, 1998), this can produce seasonal or part-time employment in destinations (Sinclair, 1998). Tourism's ability to provide a source of stable employment has therefore been disputed (e.g. Hall and Page, 1999; De Kadt, 1979). In a similar vein, Sinclair and Tsegaye (1990) have found that in numerous developing and medium-income countries in the Caribbean, Asia, Africa and the Middle East, tourist income as reflected in receipts, varied greatly due to varying demand levels. They concluded that tourism is a relatively unstable source of export earnings.

Following this, several authors (e.g. Brohman, 1996; Crick, 1989; Lea, 1988; Mathieson and Wall, 1982;) have cautioned that along with the economic benefits that tourism can bring, there are also a number of associated economic costs. Depending on the nature and structure of an economy, these factors can have a negative impact. In the case of many developing countries such costs may be high (De Kadt, 1979; Lea, 1988).

Brohman (1996) for instance argues that higher inflation levels may result from the raising of prices during peak tourist seasons. In destinations where tourists have purchased second or holiday homes, this has led to higher property values (Brohman, 1996). He also argues that there are opportunity costs related to whether investments made in tourism could have been made elsewhere.

Mathieson and Wall (1982) note that balance of payments gains through tourism may be offset when a destination country has a high propensity to import goods and services, particularly if it is to sustain the tourism sector; when a large proportion of those who are employed in tourism are expatriates; and when investments in tourism are predominantly from external sources. All of these factors increase the leakage of tourism income from an economy. Added to this, if intersectoral linkages within the destination economy are weak, the overall impact of tourism is also weakened. This, furthermore, reduces tourism's multiplier effect (Witt et al, 1995). In other words, the economic impact of tourism is conditional upon the nature and structure of ownership of its core sectors, and the strength of linkages among sectors.

Finally, several authors have cautioned that although tourism can carry economic benefits, an over-reliance on tourism can be detrimental. Bull (1995) for instance shows how in some smaller countries such as Antigua and the Bahamas tourism constitutes more than half of the economy. He argues that this leaves such economies 'vulnerable to single-sector climatic, political or trade cycles' (Bull, 1995: 131).

Given some of the disadvantages associated with international tourism a number of authors have argued that developing countries, in an effort to use tourism as pathway to development, should seek to build out their domestic tourist bases instead. Authors such as Ghimire (2001) and Sindiga (1996) note that domestic and regional tourism (among developing countries) can be important counterbalances to seasonal and other fluctuations in international demand and may provide more stable bases. Ghimire (2001:5) contends:

national and regional tourism (could) represent 'self-reliance' and become an economic dynamo for (developing countries) (as in theory it should be less

sensitive to international political instability and economic stagnation, less detrimental to the country's balance of payments, less 'leaky', and able to create substantial income and employment) (Ghimiri, 2001:5)

Domestic and intra-regional tourism in the South, its economic development impact, and the potentials and problems related to it, is however an under-researched area in tourism (Ghimire, 2001).³ Existing studies show that in the African context domestic and intra-continental tourism face several constraints. Dieke (1995) notes how concerns about over-dependence on international tourism by African countries led to a declaration by the UN Economic Commission for Africa as early as 1986 to foster domestic and intra-regional tourism within the continent. He contends that factors such as poor and expensive air connections in Africa, weak currencies, and political conflict hamper increased tourism trade among African states. In addition, many countries lack capital to build out their tourism sectors.

In a study of domestic tourism in Kenya, Sindiga (1996) notes that the government had attempted to foster this market segment since the mid-1980s. This is aimed at reducing an over-reliance on international tourism, limiting the effect of seasonal international tourist demand, to counter the impact of more intense competition with other tourist destinations, and to limit the outflow of foreign currency brought about by Kenyans visiting other countries (Sindiga, 1996:22). This strategy has not been successful as low per capita income, and poor transport facilities prevent most Kenyans from travelling (Sindiga, 1996).

In spite of the costs related to tourism, on balance literature on tourism's economic impact stresses that tourism holds significant prospects for fostering development. A key principle that underlies this is that tourism is an effective means for developing countries to bolster trade, generate employment, and through enhanced tourism exports (i.e. increased tourist arrivals) be integrated into the larger international economy (Crick, 1989; Opperman, 1993). Furthermore, tourism is viewed as

³ This is despite the fact that the bulk of tourist activity and earnings in most countries of the South are generated by domestic and regional tourism. Ghimire (2001:1) for instance notes that in 1998 55% of tourism in the Association of Southeast Nations (ASEAN) region, 73% of Southern African tourism, and more than 70% of tourist activity in the Mercosur area, originated from within the respective regions. As will be reviewed in Chapter Three, domestic and African tourism is significantly greater than overseas tourism in the Western Cape.

presenting low-cost opportunities for the populations of developing countries to move from 'traditional,' subsistence sectors to 'modern' sectors (Clancy, 1999:4). As such, much of the literature on tourism's developmental potential is both explicitly and tacitly embedded in the modernisation approach (Brohman, 1996; Ledbury, 1997).

4.1.2 The dependency perspective in tourism

During the 1970s and 1980s a strong counter-view developed that was an outright questioning of the developmental virtues of tourism. During this time an increasing number of researchers noted the undesirable social, environmental and economic consequences of tourism in destination countries. De Kadt (1979)'s publication *Tourism – Passport to Development?*, the outcome of another UN-sponsored conference constituted one of the first reviews of the physical impacts that tourism could have, which include environmental degradation and a drain on the physical resources of a destination country. V. Smith (1978) and MacCannell (1973) provided analyses of the social and cultural effects of tourists' interaction with host societies. Their work and that of others noted how apathy towards and ignorance about the values and cultural practices of host societies could lead to hostility on the part of hosts (V. Smith, 1978, Stock, 1997), social alienation and conflict (Koch, 1994), and loss of identity among host societies (MacCannell, 1973). This may be worsened by hosts' resentment at having to share resources with tourists. Other authors have also noted the negative effect of forms such as sex tourism on both host societies and tourists (Hall, 1994a; Karch and Dann, 1981; Phongpaichit, 1986).

Revisionist theoretical works on tourism and development, influenced by the world-systems analysis of Wallerstein, and the works of dependency theorists such as Frank (1967), became more prominent during this time, and a dependency perspective on the international tourism system developed. Turner and Ash (1975) for instance argued that an international 'pleasure periphery' had developed whereby countries of the South stood separate from the industrialised core, but were used for the leisure pursuits of Northerners. This, they argued was equivalent to 'the imperialist expansion of the nineteenth century' (Turner and Ash, 1975:15). Britton (1982) in his analysis of tourism in the South Pacific reached similar conclusions. He argued that multinational corporations dominated and controlled tourism in countries such as

Fiji, the Cook Islands and Tonga. This, he contended, precluded any economic advantages accruing to the destinations, and led to a condition of dependency.

Based on the examples of the South Pacific Britton (1989) contends that in order to understand the nature of the tourism industry in a specific developing country, it is necessary to develop an understanding of the international structure of the industry itself, through an analysis of 'particularly the power and dominance of certain activity components and ownership groups' (Britton, 1989:25).

More specifically, Britton argues that the international tourism industry is a peripheral capitalist economy and characteristically monopolistic. Its main features are the following: tourism production, the creation of tourist products, and ultimately power, are centralised in the core capitalist countries. This is most pertinent in the organisation of the various sectors of the tourism industry, such as hotels, airlines, cruise ships and travel and tour operations. Local elites in the peripheral countries provide services to overseas companies, and are connected to the international tourism industry in this way. However, because ownership of tourism infrastructure mainly lies in core countries, there is a repatriation of revenue from destination countries to the North. The nature of international tourism organisation, itself a function of neo-colonial relationships (Britton, 1989), therefore means that tourism is disembedded from destination countries' economies, and do not carry benefits for the larger populace in these countries. Instead, due to its structure, it 'frequently perpetuates class and regional inequalities, economic problems and social tensions' (Britton, 1982:332).

The dependency perspective significantly influenced scholarship on tourism in developing countries throughout the 1970s and 1980s. It provides a critique of the structure of international tourism. Central to this is the exploitative nature of international tourism over the economies and resources of developing countries, its domination by North-based multinational companies and the lack of local ownership in developing countries (Lea, 1988). By the beginning of the 1990s, however, following changes in the larger development discourse, both theories of modernisation and dependency fell into academic disfavour as explanatory frameworks for development processes related to tourism (Clancy, 1999).

4.2 Alternative, sustainable and community tourism

In recent years the discussion on the economic, physical and social impacts of tourism came to be increasingly framed within a discussion of how tourism can most optimally utilise, and contribute to the larger physical and economic environment. The discourses on *alternative tourism* and *sustainable tourism* gained increasing headway among tourism scholars and researchers in the 1990s. This was due to two factors: developments in the debate on *sustainable development* of the 1980s, and an increasing realisation that the vigorous growth international tourism had seen since the end of the Second World War held implications for the natural environment (Stabler, 1997).

‘Sustainability’ first entered the lexicon of development policymakers twenty years ago, when under the aegis of the United Nations, the World Conservation Strategy (WCS) was published in 1980, a document that sought to promulgate measures to attain economic development through the fortuitous utilisation of natural resources, and the preservation of the natural environment (Hall and Lew, 1998). Conservation, according to the WCS, was “the management of human use of the biosphere so that it may yield the greatest sustainable benefit to present generations while maintaining its potential to meet the needs and aspirations of future generations” (in Hall and Lew, 1998:2). The WCS represented the first attempt to define and develop solutions to what became increasingly recognised as internationally common environmental problems, in a multilateral forum. It was spurred on by a broad re-questioning of many of the postulates of modernist development theory (Hall and Lew, 1998).

As a follow up to the WCS, the World Commission on Environment and Development (WCED) was established in 1983, a body charged with concretising the principles enshrined in the WCS. In 1987 the WCED released a report entitled *Our Common Future*. This report, commonly known as the Brundtland Report, defined ‘sustainable development’ as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987:2). Sustainable development, in this sense, occurs through the considered utilisation of the natural environment - while economic growth for the sake of it is rejected, economic development is seen as an objective that is desirable

and necessary. Economic development however needs to be harnessed, and should not come through an overexploitation of natural resources.

4.2.1 Alternative Tourism

Within this context, by the 1980s, the negative effects of tourism experienced by many countries led to a popular questioning of the virtues of mass tourism, and growing calls for the development of a tourism that was less hurtful to the natural, cultural and social environments upon which it inevitably impacted. This form of tourism, which may broadly be termed 'alternative tourism' is meant to be the antithesis of mass tourism, and all the negative externalities associated with it, i.e. the large-scale movement of people from one locale to another, a process which, given the size of it, is assumed to place a heavy burden on natural, and often economic resources (Swanson and Barbier, 1992; France, 1997; Stabler, 1997).

Alternative tourism as used by tourism scholars and practitioners is a broadly encompassing term that includes a multitude of activities and tourist forms. It may varyingly refer to nature(-based), ecological, environmentally friendly, green, ethnic, cultural, indigenous, soft tourism, and ecotourism (Mowforth and Munt, 1998: 100). The defining feature of alternative tourism is that it attempts to be ecologically conscious, and social and culturally-sensitive, by impacting as little as possible on the physical and host environments in destinations. In terms of production, alternative tourism types are further distinguished in their form and nature of organisation: whereas conventional, mass tourism is characteristically large and dependent on the creation of economies of scale, alternative tourism forms usually cater for small tourist groups, and are geographically focused. Similarly, mass tourism producers, who themselves tend to be large corporations, are usually organised in a productive network that may be characterised as vertically integrated (Mowforth and Munt, 1998; Hall and Page, 1999). Alternative tourism producers, in contrast, tend to be smaller and function as independent operators. This feature, according to some authors (e.g. Brohman, 1996; Khan, 1997) enables a larger number of local residents to be involved in tourism production, allowing for a greater degree of local tourism ownership, greater linkages in the local economy, and a greater multiplier effect.

4.2.2 From alternative to sustainable tourism

Through the respect for the natural environment, and for the cultures, traditions and values of host destinations, proponents of alternative tourism posit that the negative consequences of tourism can be obviated, while the economic advantages of tourism can at the same time be optimised (V. Smith and Eadington, 1992). By virtue of this, alternative tourism is commonly propagated as a means to effect sustainable development. Hein (1997) notes that an uncritical equation of alternative tourism with sustainability is simplistic and short-sighted. This is because tourism of any form, even one that seeks to limit tourist numbers at a locale, still makes physical demands on that locale, and on the general environment, not least because tourists have to travel to a destination. Given its requirement for appropriate and efficient infrastructure, therefore, tourism poses an inherent threat to the environment.

In spite of these limitations, notions of 'sustainable tourism' have become ever popular. Recent years have seen attempts to develop the principles of sustainable tourism development into an academic field in its own right, with its own attendant epistemology and methodologies. This is reflected in the number of publications on Sustainable Tourism over the past number of years (e.g. Stabler, 1997; Mowforth and Munt, 1998; Hall and Lew, 1998; Hein, 1997; Honey, 1999). One definition for Sustainable Tourism sees it as:

...meeting the needs of present tourists and host regions while protecting and enhancing opportunity for the future. Sustainable tourism development is envisaged as leading to management of all resources in such a way that we can fulfil economic, social and aesthetic needs while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.

(Cited in Ledbury, 1997:30)

This definition echoes that put forward in the Brundtland Report. It acknowledges the tourist enterprise as an essential resource in itself, but one that should be applied and channelled in an appropriate fashion.

4.2.3 Community Tourism

In keeping with shifts in development discourse, it has become increasingly popular for tourism researchers to conflate sustainable development in tourism with democracy and participatory approaches. As a consequence, in recent years a large

body of work focused on community-based or community-involving approaches to tourism has developed (e.g.; Ashley, 1998; Koch, 1994; Mitchell and Reid, 2001; Murphy, 1985; Reid and Sindiga, 1999; Swanson and Barbier, 1992; Thomas, 1995). 'Community tourism' is an important subset of the broader sustainable tourism debate. It is characterised by two elements – its objective to involve host societies in the tourism process, and its selling of a tourist product that is based on the social and cultural traits of a given society. The fundamental proposition put forward by proponents of this form of tourism is that the active incorporation of communities in tourist destinations in the planning and production of tourism goods will increase local ownership of tourism goods, provide a direct source of income and lead to the empowerment of host communities (Mitchel and Reid, 2001; Murphy, 1985;). 'Participation' is the crux of community tourism (Ashley, 1998). All in all, the economic and social spin-offs from community tourism are held to be an effective means of achieving sustainability in tourism.

4.3 Globalisation, Neo-Fordism and Tourism

In recent years, it has become progressively more common to frame analyses of international tourism within broader discussions of *globalisation* and related trends of *neo-Fordism* or *flexible specialisation*.

4.3.1 Globalisation

The concept of globalisation has emerged as a significant influence on academic scholarship over the past number of years. The discourse on globalisation converges on two aspects. Globalisation is generally seen as a process that involves the compression of time and space dimensions (Mittelman, 1995), and is characterised by a greater degree of interconnectivity between social groupings at different levels. Globalisation is also seen to be a multiscalar process consisting of several dimensions. It refers in the first instance to an economic process whereby certain structural economic shifts are fashioning a distinctly different world economy. More specifically, authors such as Ohmae (1990), Mittelman (1995) and Jessop (1999) argue that the growth of the international financial system over the past few decades, the rise of the global telecommunications industry, comprehensive technological changes, and the increase and expansion of transnational corporations are producing

a world characterised by increased interdependence, where events and decisions in one part of the world can significantly affect and shape other parts.

Globalisation is also said to have social, cultural and political dimensions. Advances in technology, telecommunications and transport are said to lead to an intensifying and deepening of social interaction across national boundaries. According to some authors (e.g. Appadurai, 1996; Castells, 1997) this in turn produces extensive social and cultural change. Appadurai (1996) for instance argues that cultural flows (e.g. through migration) are a contingent of globalisation that on the one level lead to a dynamic engagement between different cultures, and on another, to the fundamental transformation of affected locales. Globalisation in other words impacts on the cultural landscape of societies, and provides new bases of identification. Appadurai identifies five categories whereby this occurs. In each category different actors are predominant: ethnoscapas (comprised of tourists, immigrants, refugees, guest workers); technoscapas (characterised by the mobility of technology); financescapas (indicating the role of global capital); mediascapas (broadly referring to the role of the media in fashioning imagined worlds through narratives and images); and ideoscapas (which refer to the role of political symbols and ideologies) (Appadurai, 1996:33-36).

Castells (1997) argues that in the era of globalisation identity formation is a dialectical process whereby forces of globalisation impinge upon and shape local identity construction, but identities are also formed to challenge globalisation (the process of 'localisation') (Castells, 1997:2). Other authors such as Yearly (1996) and Swarbroke and Horner (1998) contend that globalisation leads to greater convergence of lifestyles, or in a stronger form, to cultural homogenisation.

Globalisation is also said to produce far-reaching political changes. Most fundamentally, it is contended that as a consequence of globalisation new loci of power, actors and interests have emerged that shape national and international systems. According to some authors (e.g. Ohmae, 1995) the state is no longer the only, or for that matter the most important driver of national affairs. Instead, the primacy of non-state actors such as multinational corporations is often emphasised.

In addition political decision-making often resides with actors at sub-national, local or international/‘supranational’ levels (Hall, 2001; Wahab and Cooper, 2001).

One strand of the globalisation discourse focuses on the effect of globalisation on the geography of international capitalism, and, specifically, the salience of urban regions and cities in the world economy. The *world city/global city* perspective is a broad-spanning theoretical frame and set of propositions that mainly derive from the field of Economic Geography. World city/global city theorists propose that shifts in the international economy is bringing about the territorial re-organisation of the world, with cities emerging as new economic centres, replacing the nation-state as unit and actor within the world economy (e.g. Friedmann and Wolff, 1982; Sassen, 1991, 1993). They posit a hierarchical scaling of cities, based on their level of incorporation into the world economy. *World or global cities* are identified as urban regions that hold large shares of world production activities, transnational corporations and financial institutions and consequently form industrial and technological nuclei in the international system (Sassen, 1991). Economic, technological, financial and transport linkages among these centres, it is argued, so constitute the global economy (Brenner, 1998), which may be typified as consisting of ‘both a worldwide net of corporations and a global network of cities’ (Feagin and Smith, 1987:3). Sassen (1991, 1993) contends that global cities occupy a command position in the global economy. In addition, she argues that aside from constituting sites of international production, global cities such as New York, London and Tokyo also offer large consumer markets.

World/global city theorists essentially propose a power shift in the international economic system, away from the nation-state as locus of decision-making to urban regions. According to Jessop (1997) this leads to the emergence of ‘entrepreneurial cities,’ with regional and local authorities replacing national authorities as new power sites for economic development.

4.3.2 Globalisation and tourism

Several authors have applied globalisation discourses to tourism. Fayos-Solà and Bueno (2001) for instance contend that tourism is both a cause and effect of globalisation. They argue that three features of contemporary tourism - the

expansion of tourism demand internationally, increased similarities in tourism demand, and the concentration and convergence of tourism supply, in the form of tourism business mergers (Fayos-Solà and Bueno, 2001:47) - makes tourism a quintessential aspect of globalisation.

In his designation of ethnoscapas Appadurai (1996) contends that tourist flows across national boundaries is one of the most significant sources of global change. He for instance states:

'By ethnoscape I mean the landscape of persons who constitute the shifting world in which we live: tourists, immigrants, refugees, exiles, guest workers and other moving groups and individuals constitute an essential feature of the world and appear to affect a politics of (and between) nations to a hitherto unprecedented degree. (Appadurai, 1996: 33).

Hall (2001) argues that globalisation leads to the emergence of new, supranational policy issues, e.g. the environment or global labour standards that are 'intermestic', i.e. they straddle local, national and international policy arenas and necessitate coordination and formulation at various levels (Hall, 2001). Tourism, according to Hall, is one such intermestic policy issue, 'as subnational actors such as ... provinces, regions and cities respond to an increasingly globalised business environment and seek to attract investment, employment and tourists' (Hall, 2001:41). In addition globalisation produces the need for 'the creation of international and 'supranational' regimes to govern particular fields of action, and the broader development of modes of international and supranational systems of governance' (Hall, 2001:23). Fayos-Solà and Bueno (2001) note how a very specific international issue - the liberalisation of trade in services under the aegis of the World Trade Organisation - is likely to have a significant impact on international tourism.

Some of the tenets of the world/global city perspective have also been applied to tourism. Fainstein and Judd (1999) for instance contend that tourism is a key focus of the 'entrepreneurial city.' Law (1994) and Beauregard (1998) note that 'tourism enhancement' has become an important Local Economic Development strategy in many urban regions, and tourism promotion is an important facet of many urban regeneration policies. A common feature is the development of urban theme or

entertainment parks or the redevelopment of harbour areas into tourist destinations (Fainstein and Judd, 1999). Secondly, the economic spin-offs that the hosting of mega-events such as the Olympic Games, or other international sport events are perceived to hold for a city and adjacent regions, makes bidding for it a common aspect of regeneration policies (Cochrane et al, 1996; Euchner, 1999).

However several researchers have noted that mega-events seldom bring the economic returns they are expected to, with costs often far outweighing revenue (e.g. in the 1976 Montreal Olympics, the 1994 Lillehammer Winter Olympics, and the 1996 Atlanta Games) (Teigland, 1999; Hiller, 2000). As regards the tourism consequences of such events, very little knowledge exist on how publicity afforded by bidding processes have an effect on visitor numbers to competing cities, or whether indeed it boosts tourism (Hiller, 2000).

A third focus of strategies focused on urban regeneration through tourism, is the so-called MICE (Meetings, Incentive, Conferences and Exhibitions) market (Fainstein and Judd, 1999). Increased travel for purposes other than leisure, such as business or the attendance of conferences, and the expansion of such travel over international boundaries, has contributed to the growth of the international MICE market. In an effort to capture this market, and also as a means to boost urban development many cities are attempting to develop themselves into convention cities, and the competition for the international MICE market is very intense (Judd, 1999; Fainstein and Gladstone, 1999).

Sassen and Roost (1999) argue that cities are increasingly becoming sites of consumption and that tourism is increasingly a component of economic activities in global cities.

4.3.3 Neo-Fordism/flexible specialisation and tourism

The application of a globalisation analysis to tourism closely parallels developments in scholarship that see tourism as a manifestation of neo-Fordism or flexible specialisation.

The discourse on neo-Fordism maintains that the contemporary era is characterised by distinctly different forms of production, accumulation and management than had been the case in the earlier part of the twentieth century. According to Esser and Hirsch (1989) for example, the predominant mode of production since the end of the Second World War had been Fordist in nature. Fordism refers to a mode of capitalist accumulation and regulation that has several key bases: the creation of economies of scale through the mass production of goods (particularly in the car and electronics industries), produced for mass consumption. As a mode of regulation, Fordism usually dovetailed with the implementation of Keynesian economic practices, the expansion of the welfare state, and economic corporatism (Esser and Hirsch, 1989). Industrial production moreover, was driven by large centrally-organised corporations (Bernard, 1994).

Amin (1994) argues that there has been a steady decline in this form of production and institutionalisation in Western Europe, Japan and the United States since the 1970s. Instead, advanced economies are said to be increasingly based on systems of 'flexible accumulation and differentiation' (Parsdorfer and Cernay, 1999: 19), with production and decision-making not centralised in one firm, but spread among different sectors of a firm, and across firms. This decentralisation of large corporations is paralleled with the growth of medium and smaller companies as production units.

In recent years there has been a burgeoning of literature on the emergence of flexible accumulation, or neo-Fordist production and consumption forms in tourism. Ioannides and Debbage (1998) for instance argue that the decline of the popularity of mass, packaged tourism over the past number of years and the concomitant rise of alternative, cultural or eco-tourism is partly related to changes in neo-Fordist consumption patterns in Western societies. Urry (1995) characterises such changes as a greater degree of individualisation; the increased dominance of consumers and the need for producers to be much more consumer-oriented; a greater preference for smaller/non-mass forms of consumption; and consumption being less about serving a function, but undertaken for its aesthetic value (Urry, 1995:151). There is also a greater degree of market segmentation. In this, lifestyle marketing and market

niching have become important foci of tourism production and promotion activities (Featherstone, 1991; Ioannides and Debbage, 1998).

Williams and Shaw (1998) argue that the shift from large multinational corporations who have dominated the international tourism market since the 1960s, to smaller producers is a reflection of neo-Fordist production in tourism. Moreover, Mowforth and Munt (1998) argue that increased use of aspects such as subcontracting and outsourcing in tourism is a consequence of increased flexible specialisation in the tourism sector.

5. Present research and knowledge on tourism and development in the Western Cape

As stated, tourism is a key focus of policy-makers and development planners in the Western Cape. Tourism is seen as an important means for fostering economic development in the province. As will be shown below, although there has been a surge in research on tourism promotion, development and its impacts in the Western Cape, there is as yet a distinct lack of knowledge of how tourism could contribute to development.

The city of Cape Town has traditionally played a central role in the international and domestic tourist product (*cf.* discussion in Chapter Three). Because of this, interest in and research on Cape/Western Cape tourism predates the current emphasis on the tourism sector that arose after the end of apartheid. In the early 1990s several studies were conducted. These studies were mainly public-funded, and focused on the nature and scope of tourism supply, infrastructure and usage in the Cape metropolis (e.g. Cape Town City Council, 1993, 1994), and the larger province (e.g. Leibold, 1992; Bridgman, 1992). Large tourism-related events such as Cape Town's bid to host the 2004 Olympic Games⁴ and South Africa's hosting of the Rugby World in

⁴ In 1993 Cape Town started a bid to host the Olympic Games in 2004. The prime objective was to reap the financial benefits usually associated with the immediate event, and the expected tourism injection in its aftermath. The Cape Town bid was unique in that it also sought to utilise the Olympic Games as a way to boost economic and social upliftment in the city, and to contribute to the infrastructural transformation and redesign of the city (Hiller, 2000). In the end, when the announcement of the winning city was made in 1997, Athens was chosen over Cape Town.

1995 stimulated further, similar research (e.g. Deloitte and Touche, 1993, City of Cape Town, 1995).

Following a sustained growth in tourism activities in the Western Cape after South Africa's first democratic elections in 1994, there had been a large increase in analyses of the local tourism industry and its economic impact (e.g. WTTC, 1998; Western Cape Tourism Bureau, 1999; Bloom, 1998; Wesgro/KPMG 1999). Most of the research is occupied with analysing the main source markets for tourists to the province, with the aim of understanding these markets and developing policies to expand the size of the tourist economy through an increase in tourist numbers. In the main research looks at how to competitively position the Western Cape nationally and internationally. Research also focuses on selected tourism sectors, and analyses tourist expenditure and direct employment related to these sectors (e.g. Haydam and Vale, 1999 on the hotel and luxury apartment sector; and Haydam, (no date) on the human resource impact of tourism in the Western Cape). A great proportion of this research is public-initiated and -funded.

Two of the most recent comprehensive analyses of the Western Cape tourism sector have been conducted by the Western Cape Trade and Investment Promotion body, Wesgro. In a 1998 study it assesses the evolution, structure and scope of the provincial tourism sector. It analyses the accommodation and attraction infrastructure and plant, and the most significant international and domestic market segments. It also highlights investment opportunities in the sector. In 1999 Wesgro conducted a similar study of tourism supply and usage in one of the municipalities in the City of Cape Town, the Tygerberg. The study is a comprehensive review of tourist facilities and attractions and of existing consumer patterns in the municipal area. On the basis of this, the study evaluates the tourism development potential of the Tygerberg, and factors that have to be addressed towards tourism growth.

It is fair to say that there has been a proliferation of broad marketing-oriented research on Western Cape tourism. In contrast, academic treatments have been slow to emerge. There is indeed a dearth of theoretically-grounded studies. Visser (1996) investigates the guesthouse sector in the province, focusing on the Winelands region. He analyses the spatial distribution of guesthouses in terms of geographical theories

of location. He also examines the local economic and employment impact of the guest house sector in the region. He concludes that this sector fills an important niche created by developments in the provincial hotel sector, and that it presents growth opportunities, particularly in rural areas. Demhardt (2000) reviews trends in domestic and foreign tourism in the Western Cape and the broad structure of the provincial sector. He analyses the implications of these trends for further growth in the province. On the basis of main tourism flows he argues that rural areas are only marginally integrated in tourism activities. He concludes that aspects such as a lack of public resources and crime may negatively impact upon future tourism development.

In a broader analysis Goudie et al (1999) examine aspects related to the post-apartheid transformation of the Western Cape tourism sector. They argue that historically tourism was exclusive of the black⁵ population, both in terms of industry access, and in social representation. This necessitates an evaluation of aspects such as 'power, access and identity' (p22) in tourism, alongside the objective of market development that forms the focus of most studies. They assess processes of transformation in three ways: by examining the degree of access to and empowerment of black people by public tourism institutions; by investigating the extent to which black culture and identity are represented in two tourism attractions in the province (the Victoria and Alfred Waterfront and Kagga Kamma, a Khoisan cultural village); and by examining township tourism in the province. They conclude that notwithstanding expressions by the public and private sectors of the importance of empowerment and social upliftment, very little change has taken place. Institutionally, this is evident in the 'racial' composition of tourism institutions, and in the barriers that black people still face in entering the tourism sector. The marginalised position of township tourism is another obstacle. Finally, the authors argue that while some progress is being made in including black culture in mainstream tourist products, it is based on 'romanticised and distorted' (Goudie et al, 1999:22) stereotypes. They conclude that in the interim, the financial gain that such

⁵ The authors use the term 'black' in a comprehensive sense, referring to the groups of people who had been disadvantaged by apartheid legislation. It includes black Africans, 'coloureds,' and 'Indians.'

stereotyping entails, may mean the perpetuation of cultural misrepresentation, which causes tourism to be disempowering, rather than empowering.

In a similar analysis Marks and Bezzoli (2001) investigate trends in post-apartheid urban development in Cape Town. They describe the emergence of casino theme parks and other leisure/tourist developments in the Cape metropolis as the 'disneyfication of Cape Town.' In this Cape Town is largely similar to other international cities where there is an increased 'themisation of public space' (p40) 'geared towards tourist consumption and voyeuristic pleasure' (p41). They argue, however, that the architecture of many of these developments (they examine a newly built casino and a large shopping/leisure/retail complex known as 'Century City') portray a neo-colonial cultural theme which sits ill with the history and cultural identities of the residents of the metropolis. They contend that the physical, economic and social exclusivity of such developments is inappropriate in a city such as Cape Town.

The studies by Goudie et al (1999), and Marks and Bezzoli (2001) are two examples of a critical analysis of tourism development in the Western Cape. To date, however, very few (critical) theory-based empirical studies have been carried out that explicitly examine how tourism could play a role in the development of the province.

As will be discussed in more detail in the next chapters, the path for tourism development opted for by policy makers in the Western Cape is one that emphasises enhanced local ownership and integration of local communities in the production of tourism products, and more direct economic benefits reaching the provincial population. These are objectives and principles that are very much in keeping with the international discourse on sustainable tourism and development. Similarly, by aiming at continued growth in tourist arrivals, expansion through increased investments and other trickle-down effects of tourism, policy-makers are following a modernisationist approach. For all that it purports to achieve, the Western Cape policy frame is however less lucid on how this will be attained. Mainly due to the lack of empirical research, little clarity exists on precisely how tourism could be of advantage for the larger proportion of the province's population.

In order to develop a tourism base in the Western Cape that benefits the majority of the population, several criteria have to be met. One is to have a sound understanding of how the Western Cape tourism sector functions, who the relevant role players are, and what their specific interests are.

The second is to recognise that the Western Cape tourism sector does not exist in a vacuum. With regard to how tourism could contribute to development in the Western Cape, it is for instance relevant to ask to what extent, and how, the international tourism sector is supportive of a developmental sector in the Western Cape. It is also important to understand the dynamics of the international environment in which Western Cape tourism operates, and the predominant factors that shape or have an effect on activities in various tourism spheres. In a similar fashion, it is important to recognise that a multitude of tourism actors – producers and consumers - with convergent and divergent interests, interact at various levels, and have a bearing on tourism's outcome.

Thirdly, in order to know how tourism could deliver most benefit for the residents of the Western Cape, it is necessary to understand the present state of residents' access to the tourism sector and the kinds of gains they accrue from it. Three key questions that should inform this analysis are:

- what are the advantages that tourism brings?
- what are the (social and) spatial distributional effects of tourism?
- what are the reasons for this and who are the main actors influencing this?

In lieu of this, several shortcomings characterise existing research and understanding of tourism in the province. First, even though official statistical bodies do document certain tourism trends in the province,⁶ these are mainly focused on aspects related to

⁶ The most important public statistics-gathering bodies are South African Tourism and the Western Cape Tourism Board. South African Tourism conducts bi-yearly surveys on South Africa's international tourist markets, during the winter and summer periods. The surveys assess visitor satisfaction, the places that tourists have visited and the types of accommodation utilised, tourist expenditure, and the origin of visitors. The Satour surveys provide the main source of information on the Western Cape international market, although the Cape Metropolitan Tourism Council, the government body responsible for tourism promotion, co-ordination and development in the Cape metropolis, also surveys international visitors to the City. Considerably fewer surveys of domestic tourism are carried out. In 1996 and 2001 research was done on domestic travel by South African Tourism. In 1999 the Western Cape Tourism Board conducted a survey of domestic travel patterns in the Western Cape.

tourism consumption – gaining knowledge of actual and potential consumers. Such research, furthermore, only focus on short- not longer-term trends. There is insufficient knowledge of the structural aspects related to the tourism sector – the forms and organisation of production in the sector as it is influenced by different role players, and the effect of such forms on the impact of tourism. Research is not being carried out on aspects such as the nature of tourism ownership, the kind of connections that exist among economic sectors, or even on precisely what benefits are being accrued from tourism flows in the province.

Added to this, there is an emphasis on a wholesale increase of impact, but a general neglect of how this impact is or could be distributed. No systematic or longitudinal research exists on regional and intra-regional differences in tourism activity, how tourism is affecting various parts of the province, or what the underlying causes of it are.

Despite the high policy premium that is placed on the international tourist market as an important source of revenue, there is no clear understanding of how Western Cape tourism functions within an international environment. There is a need for a comprehensive analysis of both the spatial structure of tourism in the province (Opperman, 1992; Pearce, 1989), the reasons behind it, and of the broader international factors that carry import for the development potential of tourism in the province.

Finally, research structures in the province are dominated by consultancy firms that are commissioned and funded by state bodies to conduct studies on an *ad hoc* basis. Such bodies generally do not have an interest in developing and sustaining continuous databases of tourism trends and features, or on focusing on more substantive, or ‘softer’ issues such as the distribution and/or physical and socio-economic effects of tourism. It also has the effect that tourism statistics only become available at a cost. More seriously, academic research tends to be peripheralised. This has the consequence that there is a paucity of theoretically-informed research that both could guide policies, and contribute to new theory development.

6. Theoretical framework used in the study

This study investigates the functioning of the Western Cape tourism sector within the larger international tourism sector, and the developmental consequences it has in the province. It also attempts to provide a more theoretically-based analysis of the dynamics and impacts of tourism in the province.

As reviewed, there are four main bodies of theoretical works and insights on tourism. There are however important shortcomings to these.

Both the modernisation and dependency approaches can be criticised on a number of counts. Firstly, by claiming that development involves the shift from tradition to modernity, a process that is seen as linear and natural, or, one that could be induced through exogenous stimuli such as international tourism, the modernisation approach reduces development to the attainment of certain cultural systems and values. In its most vulgar form it equates economic advance with westernisation.

Similarly, the core-periphery model that forms the basis of the dependency perspective on international tourism over-emphasises the structural aspects of tourism, and downplays the influence of individual factors, agents or environments/settings. It also is a simplified conception of economic and social exchange, particularly in countries of the South, where societies are portrayed as dependent and reactive. Its depiction of the international capitalist system in addition, does not fully capture the complexity of it, which has come to be defined less by a crude functional division between 'developed' and 'developing' and a one-way flow of production and goods, and is instead characterised by a greater degree of interdependency. Finally, as argued by Opperman (1993), by focusing exclusively on mass and international tourism, the dependency perspective overlooks important components of many countries' tourism markets (e.g. free, individual travellers).

Discourse on alternative/sustainable/community tourism has largely directed research on tourism and development in the recent past. However, as noted by Ledbury (1997) scholarship on alternative or sustainable tourism tends to be characterised by conceptual and definitional obfuscation. Secondly, a large part of this work tends to be descriptive rather than explanatory (Clancy, 1999). To date scholarship has thus

consisted of a disparate body of approaches and methodologies that lack coherence. A more fundamental drawback is that because alternative tourist products must of necessity be limited in scale, some authors have questioned whether an economic basis that can sufficiently serve the needs of a large social grouping can be accrued from such tourist forms (Forsyth, 1997; Hein, 1997).

In recent years scholarship has taken a new direction with the emergence of the concept of globalisation. As noted by Fayos-Solà and Bueno (2001) and Hirst and Thompson (1999), however, the discourse on globalisation in essence relates to processes of economic, political and cultural internationalisation that have long been in forming. In this sense, rather than being a discrete process driven by its own logic and having far-reaching economic, and in particular political, global consequences as the consensus view seems to be, globalisation is not new, but simply an intensification of developments that have been taking place for a long time. Indeed, Hirst and Thompson (1999), among the strongest refuters of the idea of globalisation contend that much of what is provided as evidence for globalisation – economic and political integration, the increased power of transnational corporations, and the emergence of a ‘global economy’ – are old processes, or are less forceful than generally claimed by most authors. They argue that the present level of economic internationalisation is not exceptional, and that in several ways, the world economy was more integrated and interdependent in the era before the Second World War. In addition, they contend that there are very few truly transnational corporations, and the fact that international investment and financial flows mainly are between Western Europe, Japan and North America, debases claims of a truly global economy (Hirst and Thompson, 1999:2). Hall (2001) and Meethan (2001) also note that while notions of the decline of the nation-state have become widespread, it is not supported by empirical evidence. Hirst and Thompson (1999) argue that the purported ‘supranationalisation’ of the international political sphere, where decision-making is said to be increasingly located in the hands of ‘supranational’ bodies, is a misnomer, as such bodies are still composed of national states.

The concept and process of globalisation, and relatedly, its consequences, can therefore be disputed. Added to that, the discourse on globalisation is largely an amorphous body of divergent theoretical positions, propositions and insights; there is

at present little theoretical convergence (Hall, 2001). Most significantly, however, the discourse as yet does not offer a coherent theory on the relationship between tourism and development. It may hence be seen as an important summation of emergent and accelerating economic, technological and political trends, but as yet, does not constitute a cogently developed theoretical exposition that could help guide analysis of how tourism could contribute to development in the Western Cape. A similar difficulty relates to the neo-Fordism/flexible specialisation discourse.

A comprehensive and contained theoretical explication of tourism's role in development therefore does not exist. The various theoretical approaches do however provide a number of theoretical insights that could be used in an analysis of the dynamics and developmental effect of tourism in a region such as the Western Cape. For instance, the globalisation discourse focuses attention on the role of different actors and sources of decision-making (particularly below and beyond the national level), and the various factors that influence actors. Similarly, despite the methodological shortcomings of the alternative/sustainable/community tourism discourse, some of its objectives and postulates are useful. These, which will be expanded upon in the last section of the chapter, will be used in the study.

Rather than adopting and applying a specific theory on tourism and development this study works within a broad political economy framework to explore the interaction between different actors, the relationships that pertain among them, and the consequences it has.

6.1 The international political economy perspective

At its most rudimentary, International Political Economy may be defined as the study of the intersection between states, markets, and societies, the interaction among actors predominant in each sphere, and the consequences of such interaction (Gilpin, 1987; Stiles and Akaha, 1991). Strange (1988:18) defines international political economy as that which involves 'the social, political and economic arrangements affecting the global systems of production, exchange and distribution, and the mix of values reflected therein.'

The study of international political economy has long theoretical antecedents, and stems from the eighteenth century works of Adam Smith and others on the relationship between economic activities and authority, and the role of the nation-state in the market. As it has evolved, three broad theoretical traditions predominate the academic discipline of international political economy. These are liberalism (embodied in the works of Adam Smith, and characterised by its emphasis on the primacy of the market over all other spheres); realism/statism/mercantilism (which holds that economics should be subordinate to, and directed by state interests), and the Marxist, or critical tradition (which, broadly, offers a critique of prevailing economic and political structures) (Gilpin, 1987). An international political economy perspective straddles most of the theoretical positions on tourism that have been reviewed. Modernisation and dependency stem from the political economy tradition (Clancy, 1999), while the debates on globalisation and neo-Fordism can also be seen through the analytic lenses of political economy (e.g. Hirst and Thompson, 1999; Hall, 2001; Meethan, 2001). As noted by Clancy (1999) and Hall (1994b), however, in spite of this tourism is as yet a neglected field of study within International Political Economy.

The international political economy framework draws attention to the fact that events are the consequences of actions undertaken by a range of actors present at a number of levels, whose (often conflicting) interests intersect to produce certain outcomes. Given the nature of international tourism, which is made up of a disparate number of producing and consuming bodies stemming from locales across international boundaries, the political economy framework constitutes a useful mechanism for analysing the international tourism system and its economic outcome in given locations (Clancy, 1999). In short, to understand the nature of the international economic system requires an understanding of the structure of this system, and of the events, forces and agents that shape it. Applied to a particular sector such as tourism this means *analysing the linkage(s) between the domestic and international sectors, in terms of the prevailing patterns of production, diffusion, consumption and regulation, and the economic and social relations evolving from these*

The study uses a number of theories on the interplay between tourism producers and consumers, on the one hand, and among different types of producers, on the other.

These are reviewed below. Since the theories provide insights into the interface and the nature and direction of influence among producers and consumer groups, they fit into a political economy approach. Furthermore, the type of interaction between these groups, have an important impact on the economic and other effects of tourism (Yamamoto, 2002; Britton, 1991).

The issue of who influences whom, what the outcome of this is, and how this shapes and explains tourism outcomes, is however a neglected aspect in tourism research, particularly with regard to the interaction between producers. With regard to the interaction, and relations of leverage between consumers and producers, a significant volume of work has been done in fields such as cultural studies and sociology (e.g. Keat et. al. 1994). This work focuses mainly on the nature of consumption in modern (Western) societies, and is largely framed within contemporary discourse on the 'consumer society,' a large part of which had been prompted by the critical theory of the Frankfurt School.

6.1.1 The political economy of the relationship between producers and consumers

The orthodox treatment in economics of the relationship between consumers and producers in a market economy attributes primacy to the consumer. In neoclassical economic theory producers compete to produce goods at the lowest possible costs and highest rates of return. Goods are only produced for which there is a demand, defined as 'the quantity of a good or service that prospective buyers are willing and able to purchase during a certain period' (Mohr and Fourie, 1995:177). Demand is determined by the price of the good, the price of related goods, and the income and taste(s) of the actual or potential purchaser (Mohr and Fourie, 1995). The fact that producers act so as to satisfy the needs and preferences of consumers, impart leverage to consumers in determining the flow of market (Keat, 1994).

This view of the sovereignty of consumers is one that is contested. In one of the stronger counter-views, Herbert Marcuse, in his theory of society postulates that modern capitalist society is characterised by the control of people by producers, who through the use of media and advertising attempt to create and perpetuate mass consumption. He states:

Now what is new in this form of society it seems to me, is a new relationship between rulers and ruled, between administrators on the one hand, and the administered population on the other. What we have is not adequately described as a mass society. The concept 'mass society' is itself, I think, an ideological concept. It suggests that the masses really determine, at least to a considerable extent, the intellectual and material culture. What we have in fact is a highly centralized society, systematically managed from above, in all spheres of culture. This management ... works through the control of the huge technical and technological apparatus of production, distribution, and communication; an apparatus which is so huge and so rational that individuals, and even groups of individuals, are powerless against it (Marcuse, 2001:83-84).⁷

According to Marcuse, this control of the masses is necessitated by economic and technological advances that ultimately reduce scarcity. In order to counter this, 'the very needs of the individual (even his instinctual needs and satisfactions) are manipulated' (Marcuse, 2001:85).

In a contrasting analysis Abercrombie (1994) argues that in contemporary societies goods are as much consumed by people for their meaning than for satisfying certain needs. Through advertising producers effectively give meaning to goods, what Abercrombie (1994:51) terms the 'commodification of meaning,' thus providing them with a degree of power over consumers. Abercrombie argues however that rather than being dominated by producers, consumers respond to, and give their own signification to what they (choose to) purchase.

Tourism literature and praxis in the main ascribe to the neoclassical economics view on the sovereignty of the consumer. This is particularly reflected in the proliferation of academic writing on the effect of neo-Fordist changes in consumption patterns on the tourism industry (e.g. Urry, 1995; Shaw and Williams, 1998), and in tourism promotion, of lifestyle marketing and market segmentation. With regard to the former Ioannides and Debbage (1998) for instance argue,

Under the logic of this post-modern culture of consumption, the constant search for novelty and alternative experiences is emphasised... As a result, in the travel industry, a premium has been increasingly placed on providing the post-modern citizen... with an unending range of novel travel experiences (p100).

⁷ This is an excerpt from a talk delivered to an academic audience in 1965. It is entitled 'The Containment of Social Change in Industrial Society' (Kellner, 2001).

These works make the argument that tourist preferences and tastes shape the production and location of tourist goods.

There is an opposite view in tourism literature that holds that tourism producers exert power over consumers. One example is Cheong and Miller's (2000) application of Foucauldian analysis to tourism. Michel Foucault was concerned with the power dimensions that exist and find manifestation in social institutions. Power, to Foucault, is a fluid, relational phenomenon – it exists in all social relationships but at any given time the direction and exerciser of such power may vary. Secondly, knowledge is intimately connected with power. According to Foucault, 'the exercise of power perpetually creates knowledge, and conversely, knowledge constantly induces effects of power (cited in Cheong and Miller, 2000:375). One way in which power is exercised is through what Foucault terms the gaze, broadly, the way in which people view upon reality, something which in turn derives from predominant forces of power in society. Urry (1990) borrowed Foucault's terminology to describe the 'tourist gaze,' the socially organised way that tourists look upon tourist attractions, objects and sites. Urry does not however extend Foucault's power analysis in his conceptualisation of the tourist gaze (Cheong and Miller, 2000).

Using Foucault's formulation Cheong and Miller (2000) argue that tourism consumers are subject to the influence of (producer) bodies such as government officials, tour guides, hotel or restaurant employees. Such bodies, they hold:

compel the tourist to function in a certain way. (p381),
by guiding tourists to certain locales and attractions, and through promotional and information material, even determining how tourists (should) see the places they visit.

According to these authors,

Tourists are power-bound and are influenced by (Foucauldian) agents (tourism producers) from the time they first seek information and make travel plans until they return home. (Cheong and Miller, 2000:381)

By this analysis, the power of producers specifically lies in the knowledge they hold and selectively filter through to consumers. A similar argument is made by Hollinshead (1999:9), who states:

Under the tourist gaze, some things/ideas/attractions are powerfully and/or commercially made dominant, while others are subjugated, silenced or ignored.

In their study of tourist representations of Wales, Pritchard and Morgan (2001) address the commercial use and signification of places through advertising and promotion by tourism producers. They argue:

the representations used in destination marketing are not value-free expressions of a place's identity – instead, they are the culmination of historical, social, economic and political processes... The nature of the representations used in marketing campaigns do not simply reflect destination marketers' (and advertising agencies') responses to a dynamic external environment – they are also constructed expressions of a destinations' cultural and political identities. (Pritchard and Morgan, 2001:177)

This echoes Appadurai's (1996) analysis of mediascapes, the (global) networks of disseminators and producers of information who create,

large and complex repertoires of images, narratives, and ethnoscaples to viewers throughout the world, in which the world of commodities and the world of news and politics are profoundly mixed (Appadurai, 1996:35)

As the transmitters and mediators of destination imagery and representation, tourism producers are afforded a specific power, both over consumers, and the destinations they market.

Using this argumentation Foster, (2001) analyses the way that South Africa is represented as a tourist destination in the brochures of British and Dutch tour operators. She identifies key features and themes from the brochures through an inductive approach. She finds that all of the brochures share a number of basic semiotic elements. They all use colour photography, maps, and welcoming texts to signify, respectively that tourists can 'possess the contents' (Foster, 2001:32), that they can explore the territory, and that they can do so legitimately. She identifies four main messages that the brochures convey through the photographs and texts that they use. These are: mobility; the possibility to experience places and nature in a subliminal/spiritual way; the ability to have adventure and to explore wildlife; and

the reassurance that all of this can be done within accepted European standards of comfort.

The portrayal of South Africa's people emphasises cultural diversity and traditional richness, but also tends to reinforce colonial- and apartheid-era stereotypes (for instance with photographs of 'colourful laughing Zulus and Xhosas' (p65), or of white tourists being guided or served by black persons). She argues that wildlife and nature are promoted as South Africa's main attractions. Representation both stems from colonial and neo-colonial discourse, and perpetuates neo-colonial relationships between South Africa and its former colonial powers. This is done through the use of various images of landscapes and peoples that express exoticism, excitement and exploration. The tourist brochures, Foster argues:

... imposed aesthetic conventions on exotic locations and used images that are iconic for European expectations of what Africa is. The apartheid myth of an empty land was echoed and the territory remapped to invite the traveller's inscription. The tourist, it was implied, could roam freely and there was an emphasis on mobility. The land was frequently presented as empty of people; where people were represented they willingly assisted or entertained the tourist. People were available as cultural curiosities, survivors of the apartheid regime's policy of separate development. South Africa appeared to teem with wildlife and game could be hunted, certainly through a camera lens. Colonial leisure was recreated at the game lodges where the inequitable relations between white tourists, black workers and animals were most clearly set out. (Foster, 2001:88-89).

All in all, Foster argues, South Africa is actively constructed through neo-colonial imagery that is used to appeal to and convince European consumers. She concludes that such tourist constructions limit, rather than contribute to social and political transformation in South Africa.

6.1.2 The political economy of the relationship and interaction among producers

As stated, the relationship and types of interaction among different types of producers, is an underdeveloped area in tourism research. There are a few studies that within a larger analytical frame of tourism production and supply have analysed the interrelationship between producers.

One example is that by Tremblay (1998), who contends that in order to gain a better understanding of tourism, more systematic analyses of its economic organisation is needed. He presents a conceptual model for studying the industrial organisation of and the nature of producer interplay in tourism. Tourism, he argues is a highly dynamic, highly fragmented system of production constituted of many diverse firms that both compete, but also co-operate in a number of ways to produce certain products. Co-operation in the tourism system takes place 'through a web of cooperative and competitive linkages fashioned by the nature of the capabilities they possess and the available complementary inputs in the market' (Tremblay, 1998:854). Following on from Tremblay's formulation, this implies that producer relations are organised into, and shaped by loosely structured networks of interaction that straddle different firms and tourism sectors. Secondly, firms that have more economic or other resources hold greater sway in the tourism system.

In a seminal article, Britton (1991) provides a similar analysis of producer relations in tourism. He groups the array of economic activities linked to tourism into what he designates the *tourism production system*. The tourism production system includes:

- i) those economic activities aimed at producing and selling travel and tourist products;
- ii) the social groups, cultural features and physical components which serve as tourism attractions;
- iii) the ordering institutions and bodies set up to regulate 'commercial behaviour and social externalities associated with such production' (Britton, 1991: 455).

According to Britton, tourism can be conceptualised

as having its own division of labour between diverse functions (transport, accommodation, travel and tour operators, marketing, ancillary services, attractions), its own markets (the demand for, and supply of, travel and tourist products), and formal regulatory agencies. Beyond these features are commercial practices, industry structures, and organisations which have evolved in response to the interrelated technical requirements of creating tourism products, changes in technology, and conditions shaping competition (including government licensing and controls) (1991:456).

All in all, tourism entails distinct markets based on the exchange between tourism producers and consumers. On the demand side it consists of societal groupings with

certain socio-economic and socio-cultural attributes, desires, needs and wants. On the supply side it consists of producers that interact, innovate and compete. The interrelationship between producers is monitored and ordered by various regulatory bodies that set the parameters for tourism production.

Britton makes a number of arguments on the specific nature of interaction on the supply side. The first is that since the tourism production system is made up of a number of separate and independent producer sectors (such as accommodation, transport), there is a need for co-ordination of activities. This role is typically played by intermediaries such as tour and travel operators. By implication this accords operators a strategic position in the tourism production system.

A second proposition is that given the loosely structured nature of the tourism production system, competition within this system is highly diffuse, it is 'as much between industries and subsectors of the system, as it is within each industry' (Britton, 1991:457). Thirdly, he argues there is a great level of interdependence in the production system, which necessitates intra- and intersectoral co-operation. Despite this, he fourthly argues, 'there are within the system... industries and industry segments with greater power to exert control than others. The two key sets of players in the tourism sector ... are usually the national airline(s) and tour wholesalers' (Britton, 1991:457).

6.2 Analytical framework

Britton's concept of a tourism production system is supply-side focused. It highlights the interplay between different producer groups, and some of the factors and forces that both underlie and govern such interaction. The advantage of such an approach is its ability to discern the diverse components that make up tourism. This enables key actors in tourism to be identified and for the flow of goods, ideas, money, and power to be traced. On the whole, Britton's tourism production system provides a useful analytical framework for a political economy approach to the study of tourism, and is adapted here.

However, only focusing on the producer aspects of tourism is not sufficient to explain tourism's outcome. Tourism consumers, their behaviour and motivations

and the factors that influence them are very important variables, and should be part of any analysis of the tourism system. As it stands, Britton's tourism producer frame does not satisfactorily portray the complex interface between producers and consumers. In the present study therefore, an additional analytical category, tourism consumers, is included.

Secondly, as reviewed earlier, the external environment in which the tourism system functions can have a very significant impact on this system (Mathieson and Wall, 1982). A great number of studies have been carried out on the effect of exogenous factors such as political instability, crime and terrorism on the tourism system. Central to all of these is that risk, perceptions of risk, or the potential of risk significantly affect tourist demand and behaviour. Seddighi et al (2001:182) for instance argue:

the way that bombings, coup d'etats, armed attacks, civil wars, attacks on tourists or even the probability of such occurrences, are perceived by tourists is the determinant factor which modulates tourist visitation and the travel behaviour of prospective holidaymakers.

In a comprehensive review of studies on the impact of terrorism and political instability, Sönmez (1998) highlights how tourists may be affected: by deciding not to travel; by travelling to another country ('destination substitution'); and by adopting risk-averse travel patterns and behaviour in the affected destination. The severe, negative effects of political instability on the tourist sectors of countries such as China in the wake of the Tiananmen Square incident, Egypt, Turkey and Israel, have been widely documented. In the 1990s the international tourism sector was also detrimentally influenced by the Gulf War (Seddighi et al, 2001; Pizam, 1999).

Crime in destination countries is another factor that influences the tourism system. Pizam (1999) notes how acts of crime both against tourists and local residents and/or political or known figures in tourism destinations such as New York City, Spain or Mexico have led to a decline in tourist numbers. Sönmez (1998) and Ferreira and Harmse (2000) argue that crime can cause a destination to have a negative image, and could deter people from travelling there.

Researchers highlight the pivotal role of the media as an external actor in the tourism system. In terms of factors such as political instability, crime or war, the media relays information to consumers. Sönmez (1998) for instance argues:

Media coverage of terrorism or political upheaval has the potential to shape the induced image individuals have of destinations... Negative media coverage can impact attitude formation quite easily. (p437)

Thus tourists' perceptions of destinations are shaped by the media (e.g. Pritchard and Morgan, 2001; Uysal, 1998).

Macroeconomic factors such as change in disposable income in source markets, and falling or rising exchange rates have been shown to be important exogenous determinants of demand (Uysal, 1998; Sinclair, 1998;). Other external factors that can affect tourism flows to a destination are natural disasters e.g. earthquakes, and social factors such as hygiene levels (Mathieson and Wall, 1982). All of these factors also affect producers.

The role and effect of external factors and actors are therefore important. These will be added to Britton's framework, and will be analysed in the study.

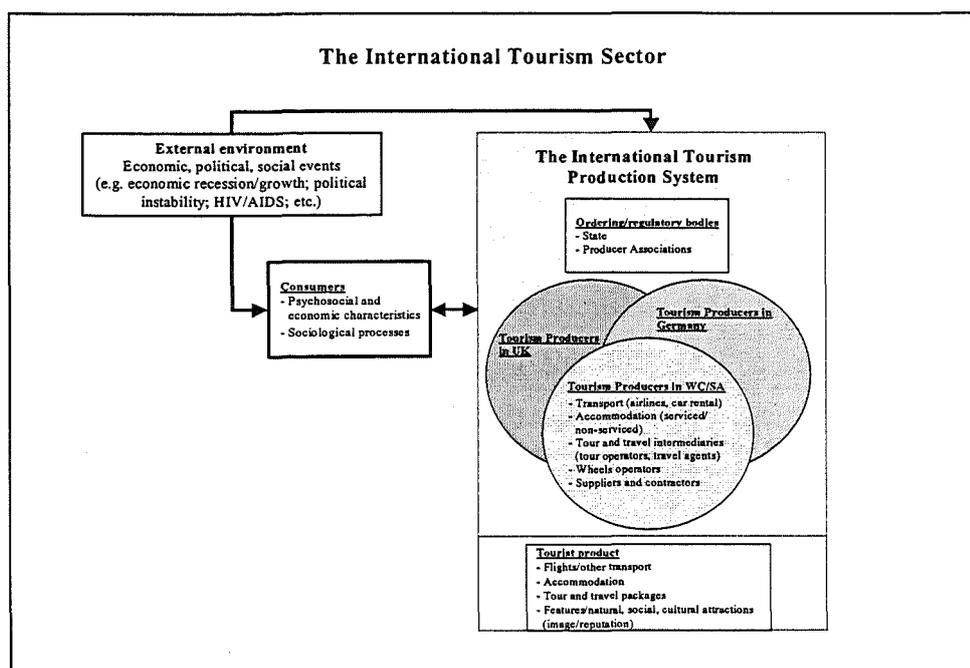
One purpose of the study is to discern the relationships that exist between the Western Cape and international tourist sectors, and to assess the developmental effects of these in the province. South Africa's international tourist market has two main segments – overseas and from the rest of Africa. In terms of visitor numbers the latter is by far the larger component. The travel and spending behaviour of the two components significantly differ. Visitors from the rest of Africa tend to come for the purpose of visiting relatives or friends, or to do business. Overseas visitors on the other hand tend to come for leisure purposes and they stay longer (DEAT, 1996). They are therefore a higher-yielding segment, and are regarded as the more lucrative international component (GTKF, 2001). Tourism policy and local producers for this reason tend to focus more on overseas tourism. The Western Cape's traditionally two largest markets for overseas tourism are the United Kingdom and Germany. The analysis of international tourism production and consumption focuses on these two source markets.

The analytical framework that is used, is designed to examine the types of domestic and international producers that are predominant in the Western Cape's tourism system, their actions, and the interests and motivations that underlie these actions, in an effort to discern the balance of influence between producers, and how this relates to tourism's manifest economic and developmental impact. The framework also investigates the characteristics and preferences of the consumers of the Western Cape tourism product, and in lieu of this evaluates the attractions, images and products that constitute the existing Western Cape tourist product. Thirdly the framework analyses the interaction between producers and consumers to assess the balance of power between producers and consumers and to draw conclusions on the consequences for tourism development in the province. The broader regulatory and exogenous environment within which the Western Cape sector operates, in many ways may be said to set the parameters for tourism production. The final component of the analytical framework hence examines various regulatory bodies to assess their relative importance on the tourism market, and analyses the nature of the larger economic, political and social environment to determine to what degree these shape the Western Cape tourism system.

The analytical framework is shown below in Figure 1.1

Figure 1.1

The international tourism production system



Author's own design. Based on Britton (1991).

Different components of the analytical framework are investigated in different parts of the thesis. Chapter Five explores the interplay among producers and between producers and consumers. It hence focuses on that part of the analytical framework designated as the international tourism production system. Specifically, it evaluates the dynamics of the interaction between German, UK and Western Cape tourism producers, and German and UK consumers, and the type of tourist product(s) that are sold. Chapter Six investigates the role and influence of ordering and regulatory bodies within the international production system, and the effects of external factors such as economic recession or political instability on the production system.

7. Definition of concepts and terms

As used in the study tourism producers refer to companies that are engaged in the production of tourist goods and services and/or are involved in the establishment of the infrastructure that enable people to undertake tourist trips to destination countries. Since the state performs these activities, either deliberately or as a contingent of other activities, the state also qualifies as a tourism producer. The state however is also a regulatory institution, as is discussed below.

A distinction may be drawn between core tourism producers and non-core tourism producers (or what S. Smith (1989) refers to as tier one and tier two firms). Core tourism producers (tier one firms) are those that produce for economic sectors that would not exist without tourism and travel (S. Smith, 1989), i.e. the core tourism sectors. These include:

- accommodation;
- transport providers (airlines, wheels operators, cruise ships);
- travel intermediaries (tour operators and travel agencies)
- contractors, suppliers, and service providers that only produce goods and services for the above three sectors.

Non-core tourism producers (tier two firms) are firms whose activities are not solely geared towards tourism and travel and would exist in the absence of tourism (S. Smith, 1989). These include:

- transport (such as taxis, public transport facilities, car rental companies);
- restaurants;

- retailers;
- attractions and events;
- contractors, suppliers and service providers who produce for these, and other non-tourism sectors.

Travel intermediaries refer to tour operators and travel agencies.⁸ Tour operators are companies that organise and sell tours and trips usually in a packaged form, i.e. all or most of the components of the trip are arranged by the company and sold as a unit to the consumer. To do this, they usually establish a network of contacts with corporations across the broad spectrum of the tourism sector, such as car rental companies, hotels, guest houses, lodges, bus companies, and so on. Travel agencies are also travel and tour retailers, but they usually do not arrange or organise their own tours or sell trips as a company-specific (brand) product in the way that operators do.

The tour operator sector comprises operators whose sole function is to act as brokers in the tourism production system, by putting together travel products from other producers, and selling these to consumers. Such operators are known in the industry as 'consolidators'. Distinct from them are tour operators who themselves provide a service or produce a product. These are commonly known as 'wheels operators.' The latter usually operate standard tours in destinations for which they utilise their own vehicle fleets. Tour operators can further be distinguished by size: wholesale tour operators are producers who capture a very large part of the organised travel and tour market through their sheer size, their ownership of a range of tourism modalities (i.e. accommodation, travel and leisure facilities) and the annual turnover they generate as a consequence.

It is important to recognise that whilst tourism producers fulfil an important intermediary function in the tourism system, they only absorb or represent a portion of the total tourism market. Tourists can bypass the tourist producer sector when they go to tourist destinations or consume tourist products, by not utilising established producer channels, e.g. not making use of tour operator services or not

⁸ The following two paragraphs are based on information obtained during personal communication with a broad range of tourism producers.

making use of accommodation facilities. Such consumers Leiper (1990) typifies as having a 'low index of industrial dependency'. An example is travellers whose main purpose is to visit friends and/or relatives.

Regulatory bodies. Britton (1991) notes that the tourism system is monitored and regulated by several overarching bodies. These bodies provide the larger script against which tourism production takes place. Two types of organisations play a key role in setting the parameters within which the tourism system operates – states and producer associations. State legislation controls to what degree travel producers may operate into and out of national boundaries; secondly all states exercise some degree of border controls at ports of entry (Pearce, 1995). The registration of travel and tourism operators also has to occur through state conduits. National and sub-national state agents lay down rules that govern tourism production – these bodies grant licenses to enable establishments to operate as restaurants, hotels or guesthouses.

The second type of organisation that has an important influence on the tourism production system, are industry-based interest and lobby groups, here termed 'producer associations'. A producer association is an organisation whose membership is drawn from a specific part of the travel and tourism sector, and which acts as a forum through which members' interests can be represented in exchanges with other actors (e.g. the state). Examples of producer associations include tour operator, travel agency and hospitality associations.

This study analyses the role and functions of several regulatory bodies and the effects they have on Western Cape tourism. A distinction is drawn between organisations (i.e. formal collections of producers who co-operate towards common goals) and the rules, values and practices of these organisations. In terms of the latter a further distinction is drawn between an institution, which refers to the values, objectives and regulations that underlie an organisation, and a regime. A regime is defined as 'sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge' (Krasner, 1983:12) and that govern economic and political behaviour. A regime is used to refer to the set of rules by which tourism production and interaction are regulated.

Tourism consumers as reviewed above, display certain socio-economic and socio-cultural features. Demand for tourist products are determined by a number of factors: the income levels of tourists; physiological and psychological needs to recuperate (Krippendorf, 1987), embark on leisure activities, or to explore or discover new places or societies (Cohen, 1979; MacCannell, 1976); and psychosocial needs to be accorded a certain social status or recognition or to be accepted within certain social groupings (Urry, 1990).

The tourist product. The tourist product is diverse. It includes accommodation facilities, restaurants, retail goods and transport. It involves a wide range of producers who are responsible for the production of only part of the final tourist product. Because of this multiplicity authors such as Leiper (1990) and Tremblay (1998) argue that there is a plurality of 'tourist products' linked to tourism. However, because of the nature of tourism and the peculiarities of what is produced – it is highly a perishable good (Mathieson and Wall); it is characterised by spatial fixity (Urry, 1990);⁹ and the quality of service and experience form an important part of the product - it is analytically useful to regard the tourist product as a singular concept, recognising that it is made up of both tangible and intangible elements. This study will make use of the concept 'tourist product.'

8. Conceptualising desirable tourism outcomes: sustainable tourism development

As will be extensively reviewed in Chapter Seven, *sustainability* is one of the key principles of the Western Cape government's policy for tourism development. This concept of sustainability is based on four pillars: economic sustainability, which refers to the existence of a variety of market opportunities and employment chances in a given area; institutional sustainability involves tourism collaboration and co-ordination between the government, the private sector, and local communities; environmental sustainability includes the balanced use, extraction from and protection of the environment; finally, social sustainability involves the participation of host communities in the management of tourism resources and development.

⁹ In other words, travel is an important component, and 'place' is as much consumed as other aspects (Urry, 1990).

The Western Cape government's concept of sustainability is very wide. Tourism literature suggests three general criteria for sustainable tourism development. The first relates to the structure of tourism production. In order for destination countries to optimise the economic gains from tourism, it is considered important that local ownership of the tourism supply sector and linkages between tourism and other economic sectors in the destination country, are enhanced (Mathieson and Wall, 1982; Brohman, 1996). This creates increased tourism opportunities for the residents of destination countries. The extent to which they are actively engaged in tourism as producers, the access that these producers have to consumers, and the connections that exist among various related sectors in the destination country at the local level, are taken as indicators of the degree to which tourism production is rooted in the destination country, and by extension, the degree to which local income is maximised.

A second criterion centres on how economic benefits are distributed. This is related to the spatial features of tourism. If production and consumption occur in geographically concentrated locales in a country, the economic impact of tourism will be spatially focused (Britton, 1982; Brohman, 1996; Pearce, 1995). The equitable social and regional spread of tourism benefits, in the form of income and employment, but also related aspects such as training and skills development in a given destination, is therefore taken as an important indicator of sustainability. Brohman (1996) notes that along with tourism's benefits, there also needs to be an even diffusion of the costs (such as more imports) associated with tourism.

Thirdly there are three interdependent dimensions to sustainability – economic, environmental/ecological and social (e.g. Stabler, 1997; Swanson and Barbier, 1992). When tourism activities take place in such a manner that economic gains accrued from it are to the benefit of the society at large, and to the benefit of the natural and social resources upon which tourism depend, the basis for sustainable tourism has been laid (e.g. V. Smith and Eadington, 1992).

Sustainability may also be said to be contingent upon sustained growth in tourism, in the form of tourist numbers, expenditure, investments and employment in tourism.

All in all, 'sustainable development through tourism' may be conceptualised as the outcome of tourism activities which bring tangible gains for the destination country and its society both in its present and future forms. It is based on (continued) growth and an equitable distribution of benefits and costs.

In the context of this study sustainability of tourism will be assessed by the following criteria:

i) Inputs and policy processes

- appropriate product and market development;
- legislative and business environments that encourage growth;
- training and skills development;
- promotion of local ownership, local linkages and a broader geographical and social spread of tourism facilities and benefits;

ii) Outcomes

- Sustained growth (as reflected in arrivals, investments and employment)
- widespread distribution of tourism benefits and opportunities, and costs;
- balanced use and protection of the ecology;
- limited leakage of revenue
- emergence of new products, producers and market segments (including domestic tourism).

9. Conclusion

Tourism and its developmental impact can be viewed from several theoretical vantages. There are four main theoretical approaches to international tourism. Traditionally modernisation and dependency perspectives have dominated tourism scholarship, although tourism has increasingly been framed within emerging discourses of alternative/sustainable/community tourism, globalisation, and neo-Fordism. None of these theoretical bodies however provides a comprehensive set of tools with which to analyse tourism's role in development in the contemporary era. This chapter reviewed several conceptual approaches to the nature of tourism, and tourism as a process of consumption. Tourism is a multi-faceted activity that involves the interplay between several actors – producers and consumers – at various levels. As a consequence tourism's developmental outcome has to be evaluated through an analysis of the interaction between and among producers, consumers,

regulatory bodies, and the larger exogenous environment. An international political economy frame that focuses on the interface between the political and economic spheres is very useful in this respect. On the basis of various theories of the relationship between producers and consumers, and among producers, and in lieu of the shortcomings of existing research and knowledge on tourism in the Western Cape, an analytical framework was developed that guides analysis of the dynamics and developmental impact of tourism in the province.

Chapter Two

Methodology

1. Introduction

This chapter describes the methodological approach that was followed in the study. It briefly outlines two of the major research paradigms in social science research, and the ontological and epistemological frameworks of each. It then details the methodology and research design of the study. Methods of data collection, sampling and data analysis are discussed.

2. The nature of social research

All social research has the generic purpose of rendering the social world and events, phenomena and forms of human interaction in this world, comprehensible through the systematised application of analytical methods. Social research is dominated by two main paradigmatic traditions, which Giddens (1976) denoted as positivism and interpretivism. The two paradigms are characterised by distinct, often opposing ontologies, epistemologies and methodologies.¹

The positivist paradigm has its roots in the modernist tradition in Western intellectual thought. It is distinguished by its assertion that the social world can be examined and understood in much the same way as the natural or physical world, through a similar set of methods. It posits that a separate, objective social reality, one that is independent from human perception, exists (Clarke, 2001:33). This world can be studied in an impartial manner through the application of scientific (-like) methods (Guba and Lincoln, 1998). The purpose and process of research in the positivist paradigm is to describe phenomena in the social world, to explain these, and to predict future phenomena. According to this paradigm, social phenomena can be quantitatively measured. The empirical process is deductive : the researcher attempts to validate or falsify a set of theoretically-based hypotheses or propositions, or to

¹ An ontology may be defined as a set of fundamental beliefs about the nature of the world and reality. An epistemology is related to this, and refers to understandings of what the position of a researcher is to that which is being researched. Methodology refers to the process of research, and the set of specific methods used to gain knowledge about the world. The choice of methodology is influenced by the ontological and epistemological positions of a researcher (Guba and Lincoln, 1998; Cresswell, 1994).

determine the strength of the relationship among predefined categories or variables. The method of enquiry usually entails the manipulation of variables, and the testing of these in a controlled environment (Cresswell, 1994). Common methods of enquiry include experiments, surveys and econometric modelling (Clarke, 2001).

The interpretivist paradigm, in contrast, holds that the only reality that exists is that in the minds of the individuals that are studied. A singular, objective social world does not exist. As a consequence, studying this world can never be objective, and the knowledge that is generated through social analysis is at best an approximation of the various social realities that occur. The role of the researcher is to systematically analyse and interpret the multiple realities. The researcher does not stand separate from those that s/he studies, but interacts with them.

In its purest form research in an interpretivist frame is of an inductive nature : rather than the researcher identifying *a priori* categories or variables that are subjected to empirical testing, such categories cumulatively emerge from the research. These are used to develop theoretical explanations or theories (Cresswell, 1994). The methodological enquiry sees the researcher engaging with those s/he studies. Common means of enquiry, commonly known as qualitative methods, include participant observation, non-standardised interviews, and discourse or conversation analysis (Clarke, 2001). At base the purpose of research in the interpretivist paradigm is to make sense of and explain phenomena in the social world. Stronger variants of the interpretivist approach, such as critical theory or constructivism, aim to critique and alter the social world and the political, economic, cultural, ethnic and gender structures and relations that colour and create social realities (Guba and Lincoln, 1998).

The ontological and epistemological differences between the interpretivist and positivist paradigms are profound, and social researchers are often divided into opposing camps informed by one or the other paradigm. This is equally true for the methodologies that are commonly associated with each of the paradigms – quantitative in the positivist tradition, and qualitative in the interpretivist. Two comments are in order. Firstly, the positivist paradigm, and the quantitative methods predominant in it, is viewed by many as being empirically more rigorous and hence

superior to the interpretivist paradigm (Denzin and Lincoln, 1998:10). The interpretivist paradigm however is not a non-empirical form of enquiry and is not necessarily any less rigorous. The findings and explanations from an inductive research process, for example, also need to be verified and criteria of validity and reliability need to be adhered to (Mouton, 1996).²

Secondly, as noted by Clarke (2001), a distinction needs to be drawn between the larger philosophical debates on interpretivism versus positivism, and the utility and applicability of qualitative and quantitative methods. Many researchers today accept that a research design does not need to use one methodological approach to the exclusion of the other, and can indeed be strengthened through the use of both (Bryman, 1988). A useful distinction is provided by Clarke (2001:34) who argues that quantitative methods usually give a macro-perspective of a phenomenon by providing the researcher with a ready set of empirical tools to analyse larger social groups or populations through drawn samples. Qualitative approaches on the other hand are micro-level or smaller scale analyses of smaller groups or individuals. The focus is on exploring the factors that influence social behaviour and events in these groups to gain greater knowledge about social processes and outcomes. Bryman (1988) summarises this by stating that quantitative research provides a structural or static, and qualitative research a processual, account of social life (p140).

3.1 Research methods applied in the study

This study investigates the Western Cape tourism industry, its interrelationship with the larger international economic environment, and its impact and distribution in the province. It uses a combination of quantitative and qualitative methods and instruments. This is firstly due to a philosophical stance that social phenomena can not simply be enumerated or quantified and in this way be fully captured and understood. Secondly, given the intricacy of the research 'object' (the tourism industry and the economic and social relations that constitute it), the scale of the 'object' (local, regional, national and international), and the purpose of the study (to look at the interrelationship between specific social actors, and the outcome thereof),

² In recent times a research paradigm that Guba and Lincoln (1998) denote as 'post-positivist' has emerged in response to some of the criticisms of positivism. Post-positivism combines epistemological and methodological aspects of both interpretivism and positivism.

an analysis that was quantitative-based would not grasp the complexity of what was being studied, nor would it illuminate complex social processes. Given this qualitative analyses proved to be particularly apt. At the same time, it was however felt that useful insight could be obtained from the analysis of systematically collected quantitative data sets that are relevant to certain social events, and that this type of information would enhance the qualitative analyses. The paucity of reliable data and statistics, however, often meant that qualitative analyses had to be substituted for quantitative material.

There are clear advantages and disadvantages to both quantitative and qualitative methods. Generically, a badly planned or conceptualised and executed research design produces invalid and unreliable findings. Rigour is an important benchmark, whether one uses quantitative or qualitative analytical methodology. This means that there should be a systematic application of methods, the methods should be chosen on theoretically and conceptually justifiable grounds, should be thoroughly reported, and hence be replicable (Mouton, 1996).

3.2 Analysing the impact and distribution of tourism

A multitude of methods has been devised to specifically measure the economic impact of tourism. Broadly, tourism impact can be defined in terms of the number of tourists who visit a specific area, the amount of money that they spend, and the employment and income that is generated in the area as a consequence of that. Impact can also refer to the investments or production activities that either evolve from tourist activities in a given area, or are undertaken to prompt tourist activity (Sinclair, 1998; S. Smith, 1989). Tourism's impact, in other words, can be assessed through its direct and indirect effects. For this, demand-side or supply-side data can be utilised.

Demand-side studies of impact make use of indicators of effective demand, defined as the number of people who partake in a tourist activity or visit a tourist location (Pearce, 1987:29; Hall and Page, 1999:51). Common measures of effective demand are tourist expenditure (for example the sale of bed nights in the hotel sector, or car rental days), visitor arrivals and departures at ports, and the duration of stay in a destination (Uysal, 1998). Studies can also assess employment related to tourism or

calculate tourism's trade effects (i.e. the effect of tourism on the balance of payments) (Sinclair, 1998). More comprehensive methodologies seek to combine these various methods in order to derive a measure of the overall impact that tourism has on a given economy. One example is of multiplier models (e.g. Archer, 1977) that attempt to measure the direct, indirect and induced effects of tourist expenditure on income. Another, related methodology is input-output analysis that attempts to measure the effect and flow-through of tourist or government spending, or tourism-related investments (e.g. Fletcher, 1989; Fletcher and Archer, 1991). A third, known as Tourism Satellite Account (TSA) methodology, has been developed by the World Tourism Organization (WTO) and the World Travel and Tourism Council (WTTC). TSA aims at providing a comprehensive delineation of all the economic activities related to, or influenced by travel and tourism in a given economy, by anticipating and depicting the flow-through effects of tourism-specific and tourism-related activities. Towards this end TSA methodology makes a distinction between the *Travel and Tourism Industry*, those economic activities which directly are *related* to tourism, and the sum total of which can be designated a separate economic sector (included in this are transportation, accommodation, catering, recreation and travel services), and the *Travel and Tourism Economy*, those activities which are directly and indirectly *affected* by tourism (World Travel and Tourism Council, 1998; S. Smith, 2000).

In this study it was decided not to directly assess tourism's impact through a series of economic indicators, or through an investigation of income multipliers in the province. This is firstly due to the objectives and scope of the study, which investigates not only economic impact, but also how it is spread in the province. Secondly, the study tries to integrate a range of factors in a conceptual frame so as to understand and provide explanation for tourism's features. Thirdly, the researcher had insufficient resources for the scale of investigation that a full economic impact assessment necessitates.

A variety of geographical methods can be used to assess the distribution of tourism impact. Geographical impact focuses on patterns of location, concentration (or spread), and flow. Specific analyses include assessments of the spatial structure of tourism in a given region. This entails examining the location and distribution of

facilities, attractions, accommodation stock, etc. Another involves examining tourist movement within destinations. A third focuses on the geography of tourist usage of facilities/supply.

The analysis of the spatial structure and variations in tourism constitutes an important first step in understanding tourism in given area. The location of specific types of tourist facilities or attractions may be indicative of specific kinds of tourist activity that pertain to that area, and relatedly, may indicate the existence of certain tourist markets (S. Smith, 1989). The volume of supply (facilities or attractions), or of consumer usage in an area, and its relation to the resident population can be taken as a measure of the tourism level or intensity of that area (e.g. Defert, 1966; Keogh, 1984; Potts and Uysal, 1992). Finally, the distribution of infrastructure in a destination may account for patterns of tourist movement through that destination, and may be related to patterns of tourism impact (Pearce, 1995/1987).

Accommodation statistics are most widely used to assess spatial variations in tourism (Pearce, 1995). This is because tourism accommodation (such as hotels, guest houses, etc) is the most discernible component of tourism. Such statistics are also generally available, also at the sub-national level. Finally, as far as the impact of tourism is concerned, since the accommodation sector accounts for the largest proportion of tourist expenditure once tourists reach their destination, accommodation statistics constitute a most ready and visible measure of tourism impact in a local economy (Potts and Uysal, 1992). However, since most inventories of accommodation supply and demand only focus on the commercial or serviced sector, and omit data on second homes, or tourists who stay with friends or relatives, accommodation statistics do not provide a full account of tourism impact (Pearce, 1995). In the absence of other data, and under time and resource constraints, accommodation supply statistics do however constitute useful surrogate indicators of two important features of tourism – the type, and level of tourist activity in a region (Pearce 1995).

One geographer, Defert (1967) had developed a simple index to indicate the importance of tourism in a given region on the basis of accommodation supply/stock, and relative to the population in that region. Defert's tourist function index $T(f)$ is

the ratio of accommodation capacity (N) to resident population (P), and is expressed as

$$T(f) = N100/P$$

The larger the value of T(f), the greater it can be assumed is the significance of tourism in a destination. The tourist function index is a rudimentary indication of the value that tourist activities hold in a particular area. Keogh (1984) argues that Defert's T(f) index is most useful in areas where there is not a wide diversity in accommodation type. He further argues relating accommodation usage, rather than supply, to resident population provides a better representation of the relative importance of tourism. He posits a tourist intensity [T(I)] index which is the ratio of the number of tourist beds sold in a region to the resident population.

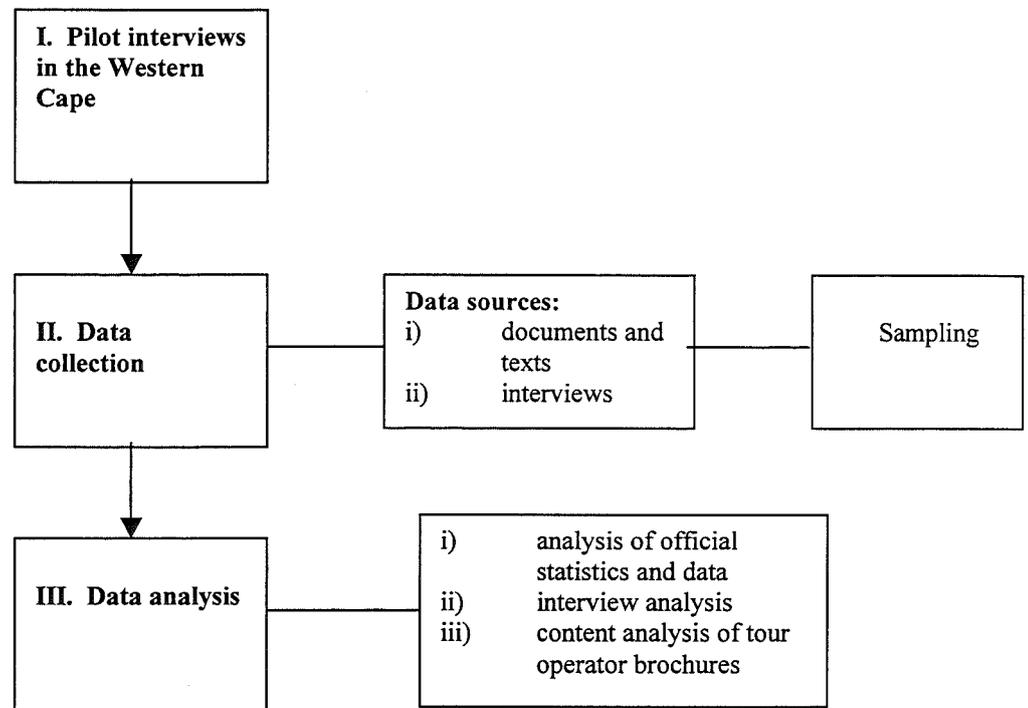
Keogh (1984) and Potss and Uysal (1992) note that supply statistics can be usefully augmented with analyses of tourist usage of available accommodation, allowing for more valid conclusions about the importance of tourism in a given region. The type and level of tourism investments are additional indicators of tourism impact (Sinclair, 1998).

In this study a set of quantitative and qualitative methods was used to assess the spatial distribution of tourism activity and impact. On a province-wide (macro-) level, three types of quantitative investigations were carried out. These were analyses of the level and location of tourism incidence as reflected in accommodation supply, tourist usage of accommodation, and tourism investments. The purpose of this was to investigate both the static (locational) and dynamic (tourism flows/usage) elements of impact in the province, and to highlight geographical variations. In addition, two types of qualitative analyses were carried out. This consisted of interviews with accommodation operators in three tourism regions in the province, and of analyses of tour operator brochures. All of these are discussed below.

4. Research process

Figure 2.1

Research process



4.1 Pilot interviews in the Western Cape

The first phase of the research consisted of preliminary interviews that were conducted in the Western Cape during March/April 2000. The purpose was to assess what gaps there were in knowledge about tourism in the province, where research lacunae existed, and what the main issues were that occupied tourism planners and policy makers and tourism scholars in the province. In total eight interviews were conducted with public officials and tourism researchers. The findings from these were used to guide the framing of the study in terms of the main research objectives and research questions.

5. Data collection

5.1 Data sources and sampling

Two main data sources were used in the study: documents and texts, and interviews.

5.1.1 Documents and texts

Documents or texts are widely used in social research (May, 2001). Singleton et al (1993: 364-365) note that documents, as secondary sources of data, fulfil key functions in research: they provide essential background information to what is studied, can show historical changes and trends, and can guide research design. From an interpretivist epistemological perspective documents (such as newspaper articles) can also be used to analyse social structures (May, 2001). Five specific types of documents were used in this study: official reports and consultancy studies that were reviewed for background information on main national and provincial tourism trends; policy documents; listings of accommodation supply in the province; official statistics; and tour operator brochures.

The accessing and collection of this material were guided by the research frame and objectives of the study. Literature, library and internet searches was one of the ways in which relevant data was located; the provision of documentation by interviewees, was another. In particular, policy documents, official reports, consultancy studies, and tour operator brochures were obtained from interviewees. The brochures of German and British tour operators were analysed to assess their role in the production of the Western Cape as a destination (see discussion below). Brochure material was collected from all of the tour operators who formed part of the interview sample. In total 21 brochures were collected.

Official statistics constituted a specific data source. Three types of statistics or official data were collected. The first was hotel trading statistics, specifically statistics on the number of hotel bed nights sold in South Africa and the Western Cape, and hotel income generated. This was extracted from Statistics South Africa's (SSA, the national statistical agency) survey of the hotel sector. This survey, which is carried out on a monthly basis, has been running since the mid-1980s. Access to SSA's archives was through a university library in the Western Cape. This archive contains statistics released between 1988 and 1998. The surveys, which are presented in the form of statistical reports, were photocopied. Additional statistics were downloaded from the SSA's website. For the purpose of this study statistics on hotel bed nights sold, and hotel income, were extracted between the years 1994 and 2001. 1994 was chosen as base year because this was when South Africa's first

democratic elections were held and when tourism to the country first increased. Because the researcher did not have the resources to collect and analyse statistical releases for every month, it was decided to use January and June as base months. Even though the university archive was fairly complete, a number of statistical releases were not available. In addition, since the SSA website only contained statistical releases for 2001 and 2000, no statistics were obtained for the year 1999.

Discussions with tourism actors in the Western Cape indicated that the accuracy and reliability of the SSA survey are questioned by industry players. Three interviewees (out of a total of 84) criticised the SSA surveys for being an inaccurate reflection of the state of the hotel sector. It was argued that surveys conducted by private groups such as consultancy firms were more reliable. Nevertheless, the SSA surveys are the largest and longest-running analyses of the hotel sector, and thus provide a databank of historical trends. Furthermore, they provide data disaggregated by region, a factor that was of importance for the regional analyses carried out in this study. In addition, the SSA surveys are public resources, and could be easily accessed. In contrast, most consultancy surveys are either inaccessible, or available at a cost. Consultancy studies are also not cross-checked or independently refereed by experts for validity or reliability. It was thus decided to use the SSA surveys.

Aside from the hotel statistics, two other types of official data were collected. These were data on accommodation supply, and on tourism investments in the Western Cape. Data on accommodation supply was obtained from the Western Cape Tourism Board's (WCTB) accommodation directory for 2000/2001. This directory provides a listing of all accommodation establishments in the province (hotels, guesthouses, bed and breakfast establishments, backpackers, and camping and caravan sites), and the number of rooms or beds in each establishment. Such data is disaggregated by tourism region and town. The WCTB listing is the single most comprehensive directory on accommodation in the province. However, since it is new, it does not provide historical information on how accommodation supply has changed. For this, the accommodation listing of the Automobile Association of South Africa was used. The AA directory has been compiled since 1985 and provides similar information, i.e. it also contains information on accommodation establishments in different regions and towns, and their capacity. Once again, 1994 was chosen as base year.

Data on tourism investments were extracted from the Western Cape Trade and Investments Promotion Agency's (Wesgro) database on Major Investments and Development Opportunities (MIDO). MIDO collates information on commercial, leisure/tourism and industrial/retail investments above a value of R10 million that are undertaken in the Western Cape. Such data are obtained from two main sources – local authorities, with whom applications for new developments have to be lodged, and the mass media. MIDO is the most comprehensive database on large-scale investments in the province. However, since it was only started in 1998, it does not provide any historical information on investment trends. Attempts to obtain historical information proved logistically difficult. This is due to the fact that local government, which is one of the primary sources of this data, had undergone substantial restructuring in 1994 and 1996. In this, much of the data had been lost.

5.1.2 Interviews

Interviews have the potential to provide insights into people's motivations, attitudes, experiences, values and opinions (May, 2001:121), and could help explain certain actions, events and outcomes. Interviews constituted the second principal research instrument of the study. Jones (1996) describes interviews as 'a social interaction between two people in which one, the interviewer initiates and varyingly controls the exchange with the other, the respondent, for the purpose of obtaining information bearing on predetermined objectives.'

May (2001) identifies four basic types of interviews: structured, semi- or partially-structured; unstructured or focused; and group interviews. The first three are characterised by differing degrees of standardisation and control by the researcher. In structured interviews, usually used in surveys, questions and the order in which they are asked are fixed, and the researcher does not deviate from them (Singleton et al, 1993:249). The purpose is to ensure comparability across responses, and to minimise the effect of the interview situation itself on the responses. In unstructured interviews no specific questions are drawn up beforehand and the researcher may devise questions spontaneously during the interview (Singleton et al, 1993). In a semi- or partially-structured interview the researcher has a number of set questions, but can seek clarification from respondents and enter into dialogue with interviewees

(May, 2001:123). This enables the researcher to probe responses and hence obtain a richer base of information, but also maintain a degree of comparability. Given these features, semi-structured interviews were utilised in this study.

A range of specific research aims were drawn up prior to the interviews; these were used to construct an interview schedule consisting of a number of questions, which in turn directed the interview. Most of the interviews were face-to-face, although, due to logistical reasons and time constraints, some were telephone interviews. In a few cases, and for similar reasons, the questions were emailed to respondents.

Three types of groups were interviewed in the study: tourism producers and representatives of regulatory bodies; international tourists; and accommodation operators. Because of the contrasting positions and characteristics of the groups and the different objectives that they fulfilled in the broad framework of the study, each group was sampled differently. The interview schedule utilised in each case was also different.

5.1.2.1 Interviews with tourism producers and regulators

The political economy approach that underlies this study entails investigating power relationships and differentials, and the effect thereof. As discussed in Chapter One, power in tourism can be conceptualised as operating between producers and consumers, and among producers. According to Hoffman-Lange (1987:29-30) powerful role players (or 'elites') can be identified and sampled in three ways: by asking experts to indicate the most powerful actors in a given social sphere (the 'reputational approach'), by measuring who has more power and effect (the 'decisional approach'), and by identifying power from the position that players occupy (the 'positional approach').

The decisional approach requires a level of resources beyond the scope of the study. The study used a combination of the positional and the reputational approaches to identify and sample tourism producers and regulators. First, the most important travel and tourism producers and non-producing actors who have a bearing on the Western Cape tourism industry were identified from reviews of documentation such as consultancy studies and newspaper reports. During the interviews other, relevant

players were usually identified by interviewees, who were subsequently included in the sample. This technique, also known as 'referral sampling' proved very time efficient. A drawback of such a method of sampling, however, is that it can create room for bias, and lead to unequal selection (Singleton et al, 1993:164).

Interviewees were selected in terms of the analytical framework outlined in Chapter One, i.e. the interview sample consisted of representatives from the main producer spheres (transport – airlines, car rental; accommodation; tour and travel intermediaries (tour operators); wheels operators). It also included representatives of tourism regulatory bodies and producer associations. In addition, several public officials at national, provincial and local government level were interviewed. The focus on German and British source markets was another discriminatory criterion. For example, only certain airlines operate between South Africa and Germany and the United Kingdom, while only certain tour operators promote South Africa in these two source markets.

Face-to-face interviews were conducted with role players in Germany (July to August 2000), the United Kingdom (November to December 2000) and South Africa (February to July 2001). In total 84 such interviews were conducted. Appendix 1 details the interviews that were conducted.

The broad objectives that informed the interviews are shown in Appendix 2(a).

Chapter One reviews a number of theoretical viewpoints on the influence of tour operators. The tour operators constituted a more specific group, and were sampled differently. To identify operators in Germany and the United Kingdom, the study utilised the databases of the German and British offices of South African Tourism, the national tourism promotion and marketing body, and of South African Airways. These databases are commercial directories of operators specialising on South Africa. Using the same positional and reputational/referral approach, 33 tour operators were selected – 18 of these in Germany, 14 in the United Kingdom, and one in South Africa.

An attempt was made to have both larger (wholesale), and small and medium-sized operators represented in the sample. The reason for this is that wholesale and small and medium producers occupy very different domains in the respective countries in terms of the products that they sell and their economic penetration. It is apposite to regard wholesale producers as the 'supermarkets' of the tourism sector, and small and medium operators as the 'boutiques' (Mecklenburg, 2000). It thus was useful to look at both wholesale and smaller producers and compare their operations. The operators were selected on two criteria : that the Western Cape is a destination region in tour and travel packages offered by them, and that these organisations have been selling the Western Cape as a destination for at least two years. The majority of the interviews were face-to-face, although, due to problems of distance or a lack of time, 13 of them were conducted either via telephone or e-mail.

With the exception of the telephone and e-mail interviews, all the interviews were tape-recorded.

The interview schedule is detailed in Appendix 2(b).

5.1.2.2 Interviews with international tourists

The second group of interviewees was international tourists. The resources for a large-scale survey of tourists were not available, and it was aimed to have a sample of about 50 respondents. Although the study focuses on British and German tourism to South Africa, only accessing tourists originating from these countries was logistically difficult. Given the small sample size and the impracticalities of drawing up a sampling frame, it was decided to use a non-probability sampling technique. This technique consists of the selection of interviewees in a purposive fashion (the selection of tourism producers by their position, described above, is an example of this). This stands in contrast to probability sampling where there is a random selection of respondents, and every individual in the population that is studied (in this case international tourists) have an equal chance of being included in the sample (Seale and Filmer, 1998).

Because random sampling generally yields more representative samples, it is generally considered a better way of ensuring external validity, i.e. generalisability

(Singleton et al, 1993). In this study the interviews with international tourists were exploratory, and aimed at getting an insight into the general interaction between producers and consumers, rather than specifically analysing their preferences or desires. The ability to generalise from these interviews was therefore not a prime consideration.

International tourists were sourced in two locations during May 2001: the tourism information office in Cape Town city centre, and the international departure hall of Cape Town International Airport. Formal permission was obtained from the relevant authorities in each location to access and conduct interviews with tourists. In the case of the airport, a permit had to be obtained from the Airports Company. The two locations were chosen for their potential to be the most convenient places to access foreign tourists. In addition the two sites yielded very different types of interviewees. The majority of the respondents sourced at the tourism information office were newly arrived, often first time, foreign visitors, with little knowledge of the province. In contrast those departing had had an opportunity to experience the region. It was therefore a useful way to assess how people have been affected by their stay in the region, their impressions upon and after their arrival, and how they chose to travel through the province.

Because authorities at both locations limited the time in which the researcher could conduct interviews, a total of 47 tourists were interviewed. All the interviews were semi-structured. The interview schedule took the form of a questionnaire, which is detailed in Appendix 3. Tourists were approached at random by the researcher and asked if they were willing to participate in the study. Since May is not a popular time for international tourists to travel to the Western Cape, few tourists were present in both locations. This made the task of accessing tourists easier. Even though the representativeness of the sample was not a significant factor, an important drawback of this method was that it was not possible to stratify the sample (e.g. in terms of tourists' origin, their purpose and mode of travel, composition of the travel group). This does influence what kind of findings emerge from the interviews.

Since a questionnaire was used, a tape-recorder was not necessary. The researcher noted all the responses on the questionnaire form.

5.1.2.3 Interviews with accommodation operators

To augment the quantitative macro-analysis of tourism impact through accommodation supply and usage statistics, a qualitative analysis of the nature and impact of the accommodation sector in three of the province's tourism regions – the Cape Town Unicity, the Overberg, and the Breede River Valley - was conducted. For this, a sample of accommodation operators were selected from the regions and interviewed. The choice of the regions was informed by three factors. Firstly, the regions are very dissimilar. Cape Town is a large metropolitan area, while the Overberg and the Breede River Valley are both rural. The Overberg is a coastal region, while the Breede River is situated inland, and is mainly mountainous. It was assumed that these differences may find reflection in the character of tourism that was predominant in each region. Secondly, the regions are proximate to each other, a factor that may have yielded some findings about tourist linkages between the regions in terms of tourist flows and circuits. Thirdly, given resource constraints, the regions could easily be accessed by the researcher.

Since this constituted a more focused analysis of impact and its distribution, an attempt was made to ensure a degree of generalisability. For this reason a probability sampling technique was used. In particular, serviced and non-serviced accommodation establishments were drawn from the three regions through a process of stratified sampling. In stratified random sampling a population is divided into different strata, from which samples are randomly selected (Singleton et al, 1993; Seale and Filmer, 1998). This particular approach was adopted here because of the differing ways in which international tourists use accommodation, and hence impact upon the accommodation sector. Stratified random sampling is a useful way of discriminating the effect of a particular variable on different groupings within a given population (May, 2001).

Secondary survey data compiled by South African Tourism on the travel and accommodation patterns of international visitors was used to guide the composition and selection of the sample. The findings from South African Tourism's survey conducted during January 2000 were used as a benchmark. According to the data, one-third of all foreign visitors to the Western Cape stay in hotels while close to one quarter stays with friends and relatives. The remainder stays in self-catering

establishments, country or guesthouses, and bed and breakfasts - each accommodation type roughly receives one-tenth of all foreign visitors. Game lodges, caravan camps, and holiday resorts collectively absorb only 5% of the total foreign visitors. Backpackers, finally, provide accommodation to around 5% of foreign visitors (Satour, 2000, *Share of visitor nights for types of accommodation in the various provinces*).

Given these patterns it was decided to use five accommodation categories – hotels, guesthouses, bed and breakfast establishments, self-catering establishments, and backpackers – in the sampling frame. The ‘hotel’ category was further subdivided into two groups according to official star grading. The first group consisted of non-graded, one- and two-star hotels, while the second consisted of three-, four-, and five-star hotels. The reason for this stems from South African Tourism surveys that indicate that international tourists who make use of hotel accommodation predominantly stay in three- to five-star hotels.

A sample of 40 accommodation establishments, weighted according to foreign tourists’ usage of accommodation types, was drawn from the Western Cape Tourism’s Board 2000/2001 accommodation directory. Half of the sample (50%) was made up of hotels, 20% of guest houses, 12.5% of self catering establishments, 10% of bed and breakfasts and 7.5% of backpackers. The sample was also weighted according to available capacity (i.e. number of beds) in each of the three regions. Ideally, 72% of the sampled establishments should have been located in Cape Town Unicity, 18% in the Overberg, and 10% in the Breede River Valley. Eventually, due to time and access limitations, Cape Town Unicity was overrepresented in the sample, constituting 85% of the sample. 10% of the sampled establishments were located in the Overberg region, while 5% were located in the Breede River Valley. Three-quarters (75%) of the sampled hotels, furthermore, were three-to-five star establishments. The table below illustrates the breakdown of the sample according to accommodation type and tourism region.

Table 2.1

Composition of sample by tourism region and accommodation type (number)

Tourism region	Hotels	Guest Houses	Self-catering establishments	Bed and Breakfast establishments	Back-packers
Cape Town	17	6	4	4	3
Overberg	2	1	1	-	-
Breede River	1	1	-	-	-

The case studies were geared at providing micro-level analysis of the conceptual aspects related to tourism's impact and distribution. Specifically, it was aimed at assessing:

- *urban and rural contrasts* in the benefits that tourism bring and the factors responsible for it;
- broad market characteristics and how these differ in urban and rural contexts;
- changes and trends in the market as indicated by trends in occupancy levels and room rates.
- the predominant *employment structures and features* in different types of accommodation establishment, and the factors that influence it;
- *demographic features of key suppliers*.

The interview schedule is listed in Appendix 2(c).

Interviews were conducted with the managers or owners of establishments. In Cape Town face-to face interviews were carried out with the managers/owners of all the hotels, while telephone interviews were conducted with the managers/owners of guesthouses, backpackers, bed and breakfast and self-catering establishments. In the Overberg and Breede River Valley regions all the interviews were face-to-face. With regards to the face-to-face interviews, the researcher established initial telephone contact, and arranged appointments with managers. Managers/owners generally responded favourably, although the researcher was unable to obtain access to seven of the 40 establishments that were approached. The main reasons for this was that managers refused to be interviewed due to a lack of time, or a reluctance to divulge information that they deemed confidential. In such events, the establishment was discarded from the sample and another one was (randomly) selected from the

remaining sampling frame. The interviews were not tape-recorded. This was mainly because of the sensitivity of the information that interviewees were providing and the competitive environment in which they were operating. It was felt that interviewees may feel uncomfortable if a tape recorder was used. The researcher took notes during all the interviews. Interviews lasted 45-60 minutes.

6. Data analysis

6.1 Analysis of official statistics and data

May (2001) and Slater (1998a) note that official statistics should not be used uncritically. The way in which statistics are produced (and used), and how it is constructed, need to be key considerations in the analysis of statistics.

The three types of official data were used to assess the impact of tourism and its distribution in the Western Cape. Firstly, accommodation supply statistics were used to determine the level and intensity of tourism activity in the province. This was done through an analysis of the volume and location of accommodation establishments in each of the eight tourism regions. Secondly, tourist usage of the existing supply was analysed. For this, an examination of tourist expenditure in the hotel sector was carried out. Attempts were also made to determine the relative importance of tourism in each of the regions, by relating accommodation supply and tourist usage to the resident population. Thirdly, analyses of public and private sector investments in tourism were carried out. Three factors were considered: a) the scale of the investment; b) the type of investment project; c) the geographical location of the investment project.

6.2 Analysis of interview data

All of the interviews with tourism producers, representatives of regulatory bodies and accommodation operators were fully transcribed. Since the accommodation operator interviews were not tape-recorded, transcription was usually done immediately after the interviews. Although very time-consuming, the transcription process enabled the researcher to become familiar with all of the interview data, and to draw up preliminary coding categories.

More comprehensive analysis of the transcribed material was done with the assistance of Nud*ist (Non-numerical unstructured data indexing, storage and theorising). Nud*ist is a software package that enables the analysis of qualitative data through the systematic arrangement, coding, searching and cross-comparing of qualitative data such as interview transcripts, but also materials such as photographs or policy documents. By virtue of its ability to store vast amounts of qualitative data, while at the same time allowing the researcher to manoeuvre data within a number of analytical categories, a computer-based package such as Nud*ist is a powerful qualitative data management tool (Gahan and Hannibal, 1998). The material obtained from the interviews were coded, categorised and thematically analysed in terms of the theoretical and conceptual framework outlined in Chapter One.

There is some debate in qualitative research about computer-assisted qualitative data analysis. Some of the criticisms against qualitative software packages are that they may create distance between the researcher and his/her data; that the analysis may become quantitative rather than qualitative, and that it may prevent creativity in data analysis (Barry, 1998). Nud*ist has also been criticised for its specific structure. Barry (1998) for instance argues that the interface of Nud*ist, and the linkages between commands and data are less user-friendly than in other software packages. The potency of Nud*ist to analyse data in a more visual way, is also less (Barry, 1998). Given the large volume of data generated in this study (with a total of 125 transcribed interviews), computer-based analysis proved much more time-efficient and useful than more traditional paper-based coding and analysis. Secondly, the researcher experienced none of the technical drawbacks of Nud*ist as highlighted by authors such as Barry (1998). Instead, Nud*ist proved particularly useful in the conceptual development of the data. It should be acknowledged however that Nud*ist, like any other qualitative software package, can only serve the function of data management and at best can help the researcher better engage with data.

6.3 Content analysis of tour operator brochures

The ways in which tourists travel through a destination, the modes of transport that they use, and the particular routes that they follow, have important implications for the kind of impact that tourism brings to a destination. If a tourism region does not lie on an established tourist route, tourism's impact – in terms of the number of

visitors, the number of bednights sold or other tourist expenditure – in that region, will be limited (Pearce, 1995). Scholars note how image, and the various media through which it is transmitted to tourism consumers, form an important component of a destination's overall product, and play an important role in how destinations are consumed (e.g. Dann, 1996; Markwick, 2001). Images are mainly communicated through photography, and as the prime tourist marketing tools, tourist brochures are key conveyors, but also creators of destination image (Ioannides, 1998; MacKay and Fesenmaier, 1997).

21 brochures of German and British tour operators who promote South Africa as a destination were analysed. The brochure analysis sought to serve two purposes: to determine the places, destinations and attractions that overseas operators mainly promote with regards to South Africa and the Western Cape; and to evaluate the destination images and representations that these brochures conveyed. Towards this end brochures were content analysed.

Content analysis has been defined as a method 'for making inferences by objectively and systematically identifying specified characteristics of messages' (in Carney, 1972:25). It refers to a set of techniques to analyse the meaning(s) of texts and other forms of communication. Content analysis can be approached both quantitatively and qualitatively. In the former, a text or other communication is analysed in terms of the frequency with which a certain element or category (e.g. a word, phrase or picture appears (Singleton et al, 1993; Slater, 1998b). In qualitative content analysis, more attention is paid to the process and social context within which communication takes place. According to May (2001:193), the researcher aims at 'reading ...the text in terms of its symbols...The text is approached through understanding the context of its production.' The content analysis of the brochures consisted of both quantitative and qualitative approaches.

First, an enumerative assessment was carried out of the places and destinations promoted in the brochures. This was done through an analysis of four types of tours that were advertised – fly-drive tour packages, self-drive tours; bus (group) tours; and escorted or guided tours. The analysis consisted of counting the number of times

that destinations were included as stopovers (i.e. had an accommodation component) on the different tours.

Secondly, representations of South Africa and the Western Cape were analysed. First, photographs were examined and arranged into three categories: the type of product sold; the type of activity depicted; and the type of place (rural or urban) that was depicted. Second, the way in which product, places and people were depicted, were analysed. Attention was given to the kinds of messages and meanings that were conveyed with photographs. In this regard it was looked at who were the main consumers (in terms of gender, 'race,' ethnicity), and what type of product they were consuming or engaging in. It was also looked at how place/space was presented in relation to people. Finally, the texts (captions) that accompanied photographs were reviewed.

Chapter Three

Background

The Western Cape - provincial and tourism characteristics

1. Introduction

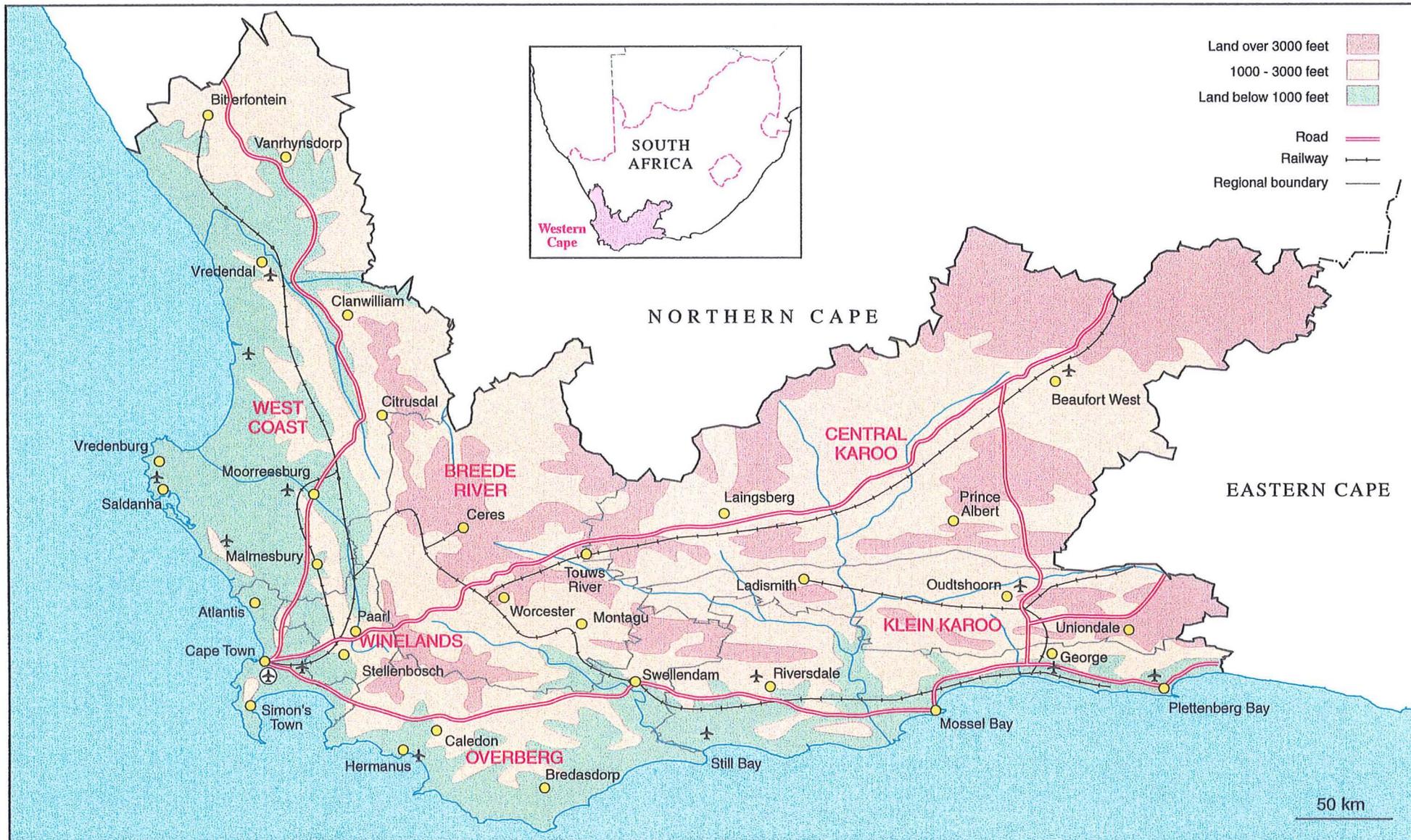
This chapter provides a background to the empirical analyses that follow in subsequent chapters. It discusses the physical, infrastructural, political and social aspects of the Western Cape. It reviews existing secondary survey data on the province's tourist markets in terms of the patterns, profiles and preferences of domestic and international visitors.

2. Physical, political and social features of the Western Cape

The Western Cape is one of the nine new provinces that came into existence after the end of apartheid in South Africa in 1994. South Africa's southernmost province, the Western Cape spans an area of 129 370 km². This represents 10.6% of the total land area of South Africa. It is bordered by two oceans – the Atlantic Ocean to the west, and the Indian Ocean to the east. A distinct physical landmark is Cape Agulhas, which is the most southern point of Africa.

Geographically, the Western Cape is comprised of three major landscapes : a vast expanse of arid and semi-arid plains that constitute the interior of the province (the so-called Karoo); a narrow coastal strip; and a series of mountain belts – the escarpment - which run parallel to the coastline and separates the coast from the interior (see Figure 3.1). Along the southwest coast the Western Cape has what is termed a Mediterranean climate, with mild winters and regular winter rainfall. The west coast is mainly drier with a harsher climate, while the southeast coast has a temperate climate with year-round rainfall. These geographic and climatic features significantly determine human settlement and social activity in the province, with the interior of the province being the most sparsely inhabited, and the southwestern coastal region being the most densely populated and constituting the economic and production core of the province.

Figure 3.1
The topography of the Western Cape



The Western Cape is distinguished by its natural vegetation, fynbos. Fynbos mainly consists of small shrubs and herbaceous plants and bulbs (most famous of which is the protea flower). This vegetation is endemic to the southwestern Cape region; it indeed uniquely occurs here. The Cape Floristic Region covers 35% of the Western Cape and has the richest known density of flora in the world (Wesgro/KPMG, 1998). The vegetation, along with other physical features such as Cape Agulhas and the province's mountain ranges, constitute important natural attractions to visitors.

The political administration of the province takes place along a three-tier division. Uppermost is a provincial government, which consists of a provincial cabinet and an administration. The provincial government is elected five-yearly on a proportional representation basis. The government is headed by a premier. Below that, the province is delimited into eight administrative districts:

- the City of Cape Town,
- the Breede River Valley
- the Central Karoo.
- the Klein Karoo
- the Overberg,
- Southern Cape,
- the West Coast, and
- the Winelands.

Each of these districts is governed by a district council. Each district, in turn is divided into municipalities administered by local councils. With the exception of Cape Town, all of the districts are mainly rural areas.

The political dynamics of the Western Cape province set it apart from the rest of South Africa. At the time of the research the Western Cape was the only province, along with Kwazulu-Natal, that was not governed by the African National Congress, the majority party in the central government. Instead the province was headed by the Democratic Alliance, a coalition between two minority parties, the New National Party (which was the former ruling party in apartheid South Africa) and the

Democratic Party. Following the local government elections in December 2000, the Democratic Alliance also dominated the metropolitan government in Cape Town.¹

The demographic features of the Western Cape are a further distinction. The demarcation of the new provincial boundaries left the Western Cape as one of the few provinces whose territory does not comprise of a former homeland region. Added to this, historically the region was a Coloured Labour Preference area.² These features cause the composition of the population to be quite specific. National census figures indicate that in 1996 the Western Cape had a population of 3 956 975 million, representing 9.7% of the total South African population (Statistics South Africa, 1998). Taking natural growth and migration into account, it is estimated that this had grown to 4.5 million in 1998, accounting for 10.9% of South Africa's population (Wesgro, *Western Cape Overview*). Based on the 1996 census, the 'coloured' population makes up 54% of the province's total population, while 'whites' and 'blacks' each make up 21%. 'Indians' or 'Asians' constitute only 1% of the population. The Western Cape is one of only two provinces in South Africa (the other being neighbouring Northern Cape) where the majority population is 'coloured.'³ Afrikaans is the majority mother tongue language in the province, spoken by 59% of the provincial population, again, with the Northern Cape, the only province where this is the case. English (20%) and isiXhosa (19%) are the other main mother tongue languages (Statistics South Africa, 1998).

The Western Cape is an overwhelmingly urban province – 3.6 million people or about 89% of the population resided in urban areas in 1996, well above the national average of 54% (Statistics South Africa, 1998). Also on other socio-economic

¹ In 2002 the political landscape in the province significantly changed after the New National Party split from the Democratic Alliance and entered into collaboration with the African National Congress. The division of power in the province depended on the repeal of a national act that prohibited members of Parliament from defecting to other parties (*Business Day*, 24/06/02). By June 2002 this legislation had still not been enforced, which meant that the political control of the province was still undetermined.

² The Coloured Labour Preference policy was under implementation in the former Cape Province since the 1950s. It entailed the restriction of employment and residence rights to 'blacks', while at the same time encouraging the growth of the 'coloured' labour force in the province.

³ The classification of population groups stems from the 1950 Population Registration Act introduced by the National Party as one of the corner stone legislations of the apartheid state. While the researcher does not agree with the 'racial' terminology, its usage persists in post-apartheid South Africa, both in the public and private sphere, and most official policies and laws make reference to them.

indicators, the province ranks higher. 1996 census data indicate that the population of the Western Cape is the most highly educated in the country, whilst the unemployment rate in the province is the lowest in South Africa (Statistics South Africa, 1998).

Most of the province's population lives in the City of Cape Town. It is estimated that Cape Town has a resident population of just under 3.1 million people (Wesgro, *Western Cape Overview*). Aside from the Cape metropolis, a few secondary urban cores – comprised of small regional cities and larger towns - exist throughout the province. The largest and economically most significant of these is the city of George in the Southern Cape District, the Boland Region which constitutes the metropolitan fringe to the northwest of Cape Town, and Saldanha in the West Coast district. In recent years, migration into the Western Cape and its urban areas, mainly from the poorer Eastern Cape province, have been on the increase, with the rate of urbanisation estimated at 2% per annum in 1998 (Bekker and Van Zyl, 1998).

Table 3.1 below provides information on the demographic features of the districts of the province.

Table 3.1
Provincial population distribution, 1998

District	Total population	Percentage of provincial population
City of Cape Town	3 035 500	67,33
Breede River Valley	298 000	6,61
Central Karoo	56 500	1,25
Little Karoo	107 000*	2,37
Overberg	178 000*	3,94
Southern Cape	280 000	6,21
West Coast	258 000*	5,72
Winelands	295 000	6,54

* 1997 estimates; SOURCE : Wesgro, www.wesgro.org.za

The City of Cape Town was previously known as the Cape Metropolitan Area (CMA) and consisted of six substructures – Cape Town, Helderberg, South Peninsula, Oostenberg, Tygerberg, Blaauwberg. Each was administered by a transitional local council. Collectively these local councils formed part of the Cape Metropolitan Council (CMC). In December 2000 after the introduction of legislation that redrafted local government in the province, (the Local Government Municipal

Structures Act of 1998), the CMC was transformed into a single metropolitan government through the coalescence of the administrations of the six substructures, so establishing what is known as a unicity. The City of Cape Town council, headed by an elected mayor, governs the city, although the six units of the city (now known as municipalities) have their own administrations.

Table 3.2
Metropolitan regions and share of population

Municipality	Area (km ²)		Population	
	Total area	Percentage of metropolitan area	Total population	Percentage of metropolitan population
Cape Town	286	13	1 104 000	36,4
City of Tygerberg	424	20	1 005 500	34
Oostenberg	160	7,4	296 000	9,7
Helderberg	424	16	136 500	4,5
Blaauwberg	551	25	168 000	6
South Peninsula	407	19	354 000	12

SOURCE : Wesgro, *Western Cape Overview*; www.wesgro.org.za

As shown in Table 3.2 Cape Town and the City of Tygerberg are the most populous municipalities in the Cape unicity. Blaauwberg, the largest of the municipal regions, is relatively sparsely populated, whilst Oostenberg has a high population density.

The enforcement of the Local Government Municipal Structures Act (Act 117 of 1998) after the December 2000 local government elections had a significant effect on the administrative form of some rural regions in the province. The Winelands and Breede River Valley regions, for example were merged into one administrative district, known as the Boland municipality.

3. The economy of the Western Cape

Historically, the mineral-poor Western Cape constituted a secondary aspect of the mining-dominated South African economy. In addition, economic growth in the Western Cape was constrained by apartheid policy-making that emphasised import substitution, and often coupled industrial development policies with rigid mobility and labour restrictions in the province (Bridgman et al, 1992). Such policies led to the establishment and support of unprofitable industries and regions, the starkest example being Atlantis, a 'coloured' satellite town created in the 1970s with the aim

of encouraging industrial deconcentration in the peripheral areas of the metropolis; 'coloured' settlement was meant to provide a ready labour reserve for industries that moved to Atlantis.

Political changes over the past ten years and the decline of the mining industry as national economic base led the Western Cape to experience rapid economic growth in recent years. At present the Western Cape contributes 14.3% to South Africa's GDP, making it the third largest provincial economy (Wesgro, *Western Cape Overview*). Agriculture, fishing, food processing, textile and clothing manufacturing and wine production constitute the most important economic activities in the province. The wine and clothing and textile industries, in particular have developed strong export bases over the past few years.⁴ In 2000 the Gross Regional Product was valued at R126 billion (Wesgro).⁵ Table 3.3 illustrates the relative significance of various economic sectors in the province, and how they have changed over the past number of years.

Table 3.3
Sectoral breakdown of the Western Cape economy

Sector	Percentage contribution to Gross Regional Product		
	1984	1990	2000

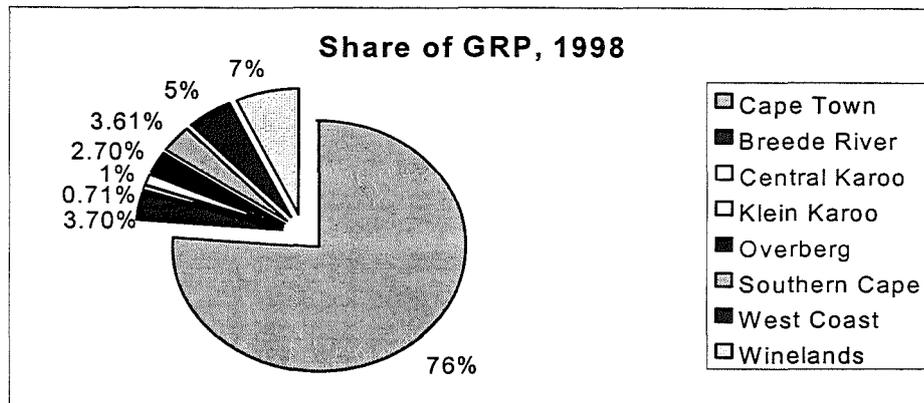
Sector	1984	1990	2000
Agriculture, forestry and fishing	8,9	7,8	5,9
Mining	0,3	0,2	0,2
Manufacturing	23,7	24,6	20,1
Electricity, gas and water	2,9	2,7	2,9
Construction	3,8	4,2	3,7
Trade and accommodation*	15,4	15,7	11,1
Transport and communication	10,7	9,9	9,2
Financial and business services	15,0	15,1	17,4
Government/Community/social services	19,3	19,8	20,4

* Figure for 2000 does not include accommodation activities; SOURCES : Bridgman, 1992; Wesgro

⁴ The Western Cape wine industry, centred in the Winelands region, for instance accounts for more than 90% of the total wine production in South Africa, and is the seventh largest wine industry in the world (Wesgro, (n/d), *Cape Sector Factsheet*).

⁵ Approximately £12.6m (2000 values). The Rand has significantly depreciated against the British pound over the past number of years. At the start of the research in 1999 the exchange rate was £1=R10. In December 2001 the South African currency had depreciated to R14 to the British pound.

Figure 3.2
Regional contribution to Western Cape GRP



SOURCE: Wesgro, www.wesgro.org.za

As shown in Figure 3.2 most economic activities take place in and around the Cape metropolis and the metropolitan fringe. In 1998, for instance, the City of Cape Town contributed 76% to the Gross Regional Product (GRP) (Wesgro). Although this marks a great degree of centralisation, the economic dominance of the metropolis is considerably lower than in the mid-1980s, when metropolitan Cape Town accounted for 85% of the GRP (Bridgman et al, 1992). Although a fair proportion of the province's secondary activities occurs in the metropolitan area, larger-scale industrial production is mainly based in smaller regional subcentres. Examples of such subcentres include Saldanha and Vredenburg in the West Coast district, where a large steel plant is located, and Mossel Bay in the Southern Cape district where natural gas extraction takes place. This accounts for the relatively higher contribution to the GRP in these districts. Agricultural production constitutes the prime economic activity of all of the seven rural districts of the Western Cape. Most tertiary activities are centred in the City of Cape Town. According to the Cape Town city council, services made up 17%, finance and real estate 19%, and transport 9,3% and trade and catering 22% of the city's Gross Geographic Product in 2000 (City of Cape Town, 2001). The services sector is relatively well developed throughout the Western Cape.

4. The tourism sector in South Africa and the Western Cape

In recent years tourism has emerged as an important economic sector in the Western Cape. The precise contribution of tourism to the provincial economy is however

disputed. Depending on what measures are utilised, and which activities are included, estimates of the value of tourism in the province vary widely. As discussed in Chapter Two the World Travel and Tourism Council and the World Tourism Organization had developed the TSA methodology to standardise the measurement of tourism's impact. This methodology has been applied in South Africa and the Western Cape.

The World Travel and Tourism Council assessed the value of the South African tourism economy to be R98.9 billion in 2000, estimating that for the same year travel and tourism contributed 7.9 % to the Gross Domestic Product, and provided 7.5% of total employment (World Travel and Tourism Council, 2000). The size of the tourism *industry* was estimated to represent 3.4% of total employment, and 3.6% of the GDP. It was projected that by 2010 travel and tourism will make up 9.3% of total employment, and contribute R632.7 billion (13.4%) to the GDP (WTTC, 2000).

With regard to the Western Cape, Bloom (1998) applied TSA methodology and estimated that the total contribution of the tourism economy to the Gross Regional Product in 1996 was 13%. A further estimate is that tourism provides employment to 9% of the Western Cape population (Wesgro, 2001 *Western Cape Sector Activities, 1999/2000*).

Domestic leisure and business tourism constitute the lion's share of tourism in South Africa, and indeed form the basis of the country's tourism industry. It is estimated that international tourism, as reflected in tourist arrivals, makes up only 13% of South Africa's total tourism (DEAT, 1999). International tourism is nonetheless considered a very important market segment since yields tend to be higher than in the domestic segment. It is therefore regarded as a more lucrative sector. As is the case in South Africa, domestic tourism constitutes the mainstay of the province's tourism sector, accounting on average for 85% of total tourism in the Western Cape.

4.1 Domestic tourism patterns in South Africa

It is estimated that 34 million domestic trips are undertaken in South Africa each year (DEAT, 2001). Well over half of them (53%) are made to visit friends and relatives (the so-called VFR segment), while one-fifth (20%) are for the purpose of

leisure or holidays. Religious excursions, business trips, and health trips comprise the remainder of domestic trips undertaken (DEAT, 2001). The main destinations, by province, are Gauteng and Kwazulu-Natal. The Western Cape is the third largest domestic destination in the country. However, the Western Cape is the largest leisure destination in the country. Domestic tourists also tend to visit the province for longer. In 1996 domestic leisure tourists visited the Western Cape for an average of 10 days, while they only spent an average of six days in Gauteng and five days in Kwazulu-Natal (Satour Domestic Tourism Survey, 1996).

In the apartheid era tourist activities were mainly undertaken by white, middle-to-upper income groups (Koch and Massyn, 2001). The post-apartheid era is characterised by the increased tourist consumption by 'previously disadvantaged groups,' although the traditional white consumer sector is still the largest. The 'emerging consumers' mainly fall into the VFR segment (Koch and Massyn, 2001).

4.2 Domestic tourism patterns and profiles in the Western Cape

The Western Cape is divided into eight tourist regions that roughly coincide with the province's administrative districts. They are: the City of Cape Town; the Winelands; the Overberg; the Garden Route; the Klein Karoo Kannaland region; the Central Karoo; the Breede River Valley, and the West Coast.

Survey data on domestic travel patterns in the Western Cape indicate that the City of Cape Town is the main destination for domestic tourists from other provinces (Western Cape Tourism Board, 1999), receiving 72% of all non-resident South African visitors. This is followed by the Garden Route, the West Coast and the Winelands. The Klein Karoo, Overberg, Central Karoo and the Breede River Valley, each receives only 1% of domestic visitors from the rest of South Africa (WCTB, 1999). Gauteng is the largest province of origin for domestic visitors to the Western Cape. Most tourists come to visit friends or relatives and/or to have a holiday. Considerably fewer people report travelling to the Western Cape for business purposes.

For domestic tourists who are resident in the Western Cape, the pattern is different, with the Garden Route and the West Coast ranking as the most visited regions

(WCTB, 1999). For this group of travellers, the geographic spread of regions visited is much more even, with the Overberg, Breede River Valley, and the Klein Karoo receiving substantial proportions of visitors. In addition, in contrast to the preferred destinations of tourists from other provinces, regions such as the City of Cape Town and the Winelands receive relatively fewer Western Cape-based tourists. This implies that Cape Town and the Winelands are important tourist-generating regions for the rest of the Western Cape province.

Domestic tourists to the Western Cape (both national and intra-provincial) tend to be well-educated, middle to high-income and overwhelmingly Afrikaans and English-speaking. The vast majority of visitors are older, with the greater component being in the 35-49 age range. Most domestic visitors (more than four-fifths) make use of private vehicles to travel to and through the province (WCTB, 1999). Most tourists stay with friends or relatives or in self-catering establishments such as caravans or camp sites, holiday or time share resorts. Guest house and bed and breakfast accommodation is utilised by about 15% of domestic visitors. Only one-tenth of domestic tourists make use of hotel accommodation (WCTB, 1999). The summer (December and January) and autumn (February to April) months are the most popular periods to visit the Western Cape province. In general there is a slump in visitor numbers over the winter period (May and August), although areas such as the Breede River Valley and the Central and Klein Karoo experience relatively high levels of tourism during the winter. As an illustration, while more than 50% of all national tourists to the Breede River Valley visit the region in summer, 40% of visits are also made in the winter period. This implies that there is not excessive seasonal fluctuation in domestic visitor numbers, particularly in the less visited tourism regions of the province.

4.3 International tourism patterns and profiles

4.3.1 The international context

In recent years international visitor numbers to South Africa and the Western Cape have risen sharply. This is partly related to the end of institutionalised apartheid in South Africa, marked by the first democratic elections in 1994, but is also linked to the growth of tourism internationally. In world terms, international tourist arrivals have more than doubled since 1985, from 327 million to 657 million in 1999 (WTO,

2000). The vast majority of international travel is intra-continental. 87% of all European travel in 1998, for instance, was within the European continent (WTO, 2000). For long-haul international tourism, the direction of travel is overwhelmingly North-North, between the European continent and North America. Europe and North America account for the largest share of international tourist arrivals (WTO, 2000). These two regions also generate the greatest amount of international travel. Africa's share of international tourism has risen over the past number of years; even so it is quite small, representing only 4,2% of all international tourism in 1999. Table 3.4 below illustrates Africa's position vis-à-vis other regional destinations.

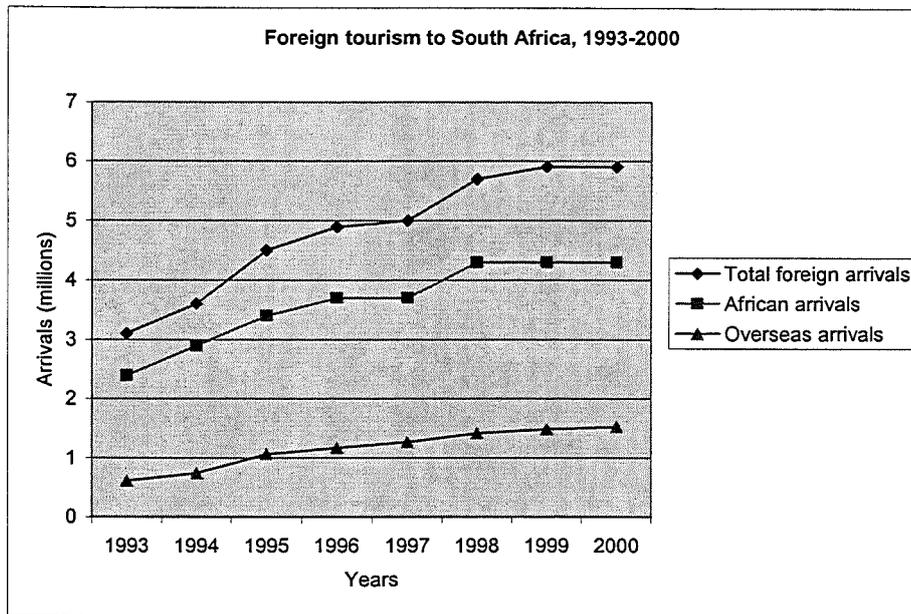
Table 3.4
World tourism patterns

Region	Share of international tourist arrivals (%)				Share of international outbound tourism (%)			
	1985	1990	1995	1999	1985	1990	1995	1998
Africa	3,0	3,3	3,6	4,2	3,4	2,6	2,4	2,5
Americas	19,7	20,4	19,5	19,3	23,2	21,8	19,5	19,4
East Asia/Pacific	9,5	11,9	14,3	14,3	9,9	12,3	15,1	14,4
Europe	64,8	61,7	59,7	58,7	57,0	55,1	53,7	54,7
Middle East	2,3	2,0	2,2	2,7	2,9	1,4	1,3	1,4
South Asia	0,8	0,7	0,7	0,8	1,3	0,7	0,8	0,8
Other countries*					2,3	6,1	7,2	6,7

SOURCE : World Tourism Organisation, 2000. *Country of origin not specified.

Within Africa the main tourist attracting regions are Southern and East Africa, respectively accounting for 36% and 17% of all international tourist arrivals in the continent in 1998 (WTO, 2000). Four countries however dominate the international tourism market for Africa. These are South Africa, Tunisia, Morocco and Zimbabwe. Together these countries captured two-thirds of all international tourist arrivals in Africa in 1998. At present South Africa is the top international tourism destination in Africa. This marks a significant change from the previous two decades, when the country's international pariah status and related economic and diplomatic sanctions curtailed tourist numbers. In 1986, for instance, international tourist arrivals to South Africa tallied 645 000, or 0.2% of world arrivals. By 2000 international visitor numbers to South Africa had risen to 5,9 million.

Figure 3.3
Foreign tourist arrivals in South Africa, 1993-2000



SOURCE: Statistics South Africa, various years.

4.3.2 South Africa's international tourism markets

It is customary to regard 1995 as a watershed in South Africa's tourism industry. In this year international tourism increased dramatically for the first time, when total arrivals into the country rose by 22.3%. Most accounts of South Africa's international tourism market emphasise the wholesale surge in visitor numbers; foreign tourism to SA has for instance seen an average year on year growth of roughly 10% between 1993 and 2000, well above the international average of 3%. It is however useful to break South Africa's international tourism markets down into its component parts. Statistically, a distinction is made between international tourists who stem from Africa and those whose country of origin is outside the African continent, and who usually arrive by air or ship. African arrivals indeed make up the greatest share of all foreign arrivals into South Africa,⁶ as is illustrated in Table 3.5.

⁶ Statistical differentiation between African and overseas arrivals are confounded by the fact that Statistics South Africa 'overestimates' the number of African arrivals by including 'unspecified' arrivals (those foreign arrivals who do not obviously fit into either of the two main categories, or who do not report their origin country) under the Africa category. The purpose of this is to deliberately underestimate the number of overseas visitors. The problem with this means of segmentation is that the African arrival category tends to be over-inflated and misleading.

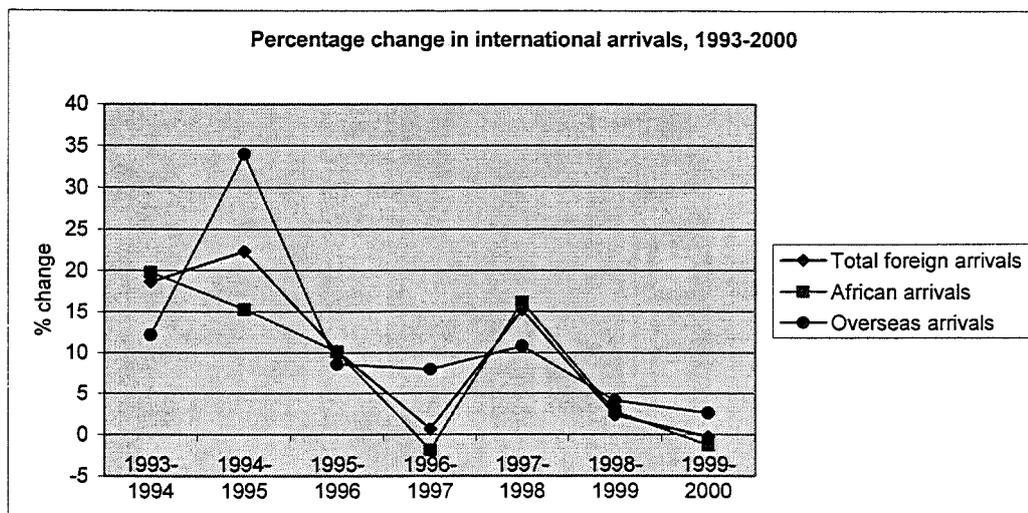
Table 3.5
Breakdown of South Africa's tourist markets, 1993-2000

Year	Total international arrivals (number)	Overseas arrivals		African arrivals	
		Number	Share of total(%)	Number	Share of total (%)
1993	3 093 183	618 637	20	2 474 546	80
1994	3 668 956	704 439	19.2	2 964 516	80.8
1995	4 488 272	1 072 697	23.9	3 415 575	76.1
1996	4 944 430	1 171 829	23.7	3 772 601	76.3
1997	4 976 349	1 273 945	25.6	3 702 404	74.4
1998	5 732 039	1 427 277	24.9	4 304 762	75.1
1999	5 917 700	1 491 260	25.2	4 426 440	74.8
2000	5 900 000	1 528 100	25.9	4 371 900	74.1

SOURCE : Statistics South Africa

From Table 3.5 it is clear that the number and share of overseas tourists to SA has steadily increased, while the share of African arrivals has decreased between 1993 and 2000. The overseas segment has enjoyed a greater rate of increase in this seven-year period. More importantly, however, the Figure 3.4 shows that the rate of growth in the number of international arrivals in South Africa has slowed down since 1995, with African arrivals dipping most in 1997 and 2000. In these years total international tourist arrivals have also declined or barely increased. The general levelling off, rather than growth in arrivals is one of the largest concerns among tourism role players in the country (Business Day, 05/09/01).

Figure 3.4



SOURCE: Statistics South Africa, various years

Most of South Africa's African visitors stem from its six neighbouring countries – Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe. Of these, Lesotho is the single largest source for international arrivals (DEAT, 2001). The official statistics on foreign arrivals in South Africa have to be read with caution, however. With regard to the Africa arrival category, Statistics South Africa does not differentiate between those short term (usually daily) visitors who generally cross the borders into South Africa to shop, sell goods, or seek employment, and those who intend to engage in tourist activities. As such the vast majority of African arrivals are not tourists in the true sense. Where African visitors do engage in tourist activities, their travelling and spending patterns differ markedly from that of overseas visitors. Overseas visitors tend to stay longer, and to spend more money. African visitors, on the other hand, tend to come for the purpose of visiting friends and relatives, or to do business, and hence do not contribute as much to the various tourist sectors, such as accommodation (Satour, 1998; 2000). As a consequence less tourism revenue is generated by African arrivals than overseas arrivals.

The most important source markets for overseas visitors are the United Kingdom, the United States, Germany, Italy, the Netherlands and France. The United Kingdom and Germany are traditionally the two prime source markets for overseas tourists to South Africa, as is illustrated in Table 3.6.

Table 3.6
Trends in SA's main overseas markets, selected years
Number of arrivals by origin and share of total overseas arrivals

Origin	1993		1995		1997		1998	
	Number	Share (%)						
United Kingdom	148 868	24	243 621	22,7	283 735	22,3	321 281	22,5
Germany	104 764	17,4	168 186	15,7	193 446	15,2	195 878	13,7
Netherlands	19 578	3,2	47 068	4,4	67 310	5,3	83 022	5,8
France	25 548	4,1	53 492	4,9	64 722	5,0	72 994	5,1
Italy	17 649	2,8	27 491	2,6	33 003	2,6	37 204	2,6
Europe (other)	96 393	15,6	157 681	14,7	203 454	16	239 886	16,8
United States	62 430	10	103 466	9,6	133 307	10,5	166 071	11,6
Canada	12 760	2,1	20 888	1,9	24 665	1,9	27 544	1,9
Total		79,2		76,5		78,8		80

SOURCE : Statistics South Africa, selected years

Other significant, albeit smaller, overseas source markets include Switzerland, Sweden, Austria, Spain and Belgium in Western Europe, and the Pacific countries of

Australia and Japan. Within Central and South America (which only account for 3% of overseas visitors to South Africa) Argentina and Brazil are the two prime source markets. Over the five-year period between 1993 and 1998, foreign arrivals from the United States and Netherlands have consistently shown the greatest increase.

For most overseas visitors (42% of all overseas visitors in 2000), leisure is the main reason for their visit, although a significant proportion of overseas visitors come for business purposes (28%) or to visit relatives and friends in South Africa (22%) (Satour, 2000).

4.3.3 The German and UK source markets

4.3.3.1 General characteristics

Germans are known for their proclivity to travel. In 1999, for instance, 48 million German people took at least one holiday trip of at least four overnight stays. This represents a travel propensity of 75% (Reiseanalyse Aktuell, 2000). These figures make Germans the most active travellers in the world. The British traveller market is similarly vigorous, albeit at a much lower volume. International travel dominates the German tourist market. In 1999, for instance, Germans undertook 62.2 million holiday trips of five or days more; 44.5 million or 71% of these were to international destinations (RA 2000). For British travellers, by contrast, less than one-third of all trips undertaken are international (Satour UK, 2001). The bulk of British travel is to destinations within the United Kingdom itself. West and Southern Europe are the preferred international destinations for both markets : for Germans the top three international destinations by the number of trips made are Italy, Austria and Spain (Satour Germany, 2001), whilst for the UK it is France, Spain and the Republic of Ireland (Satour UK, 2000).

Long-haul travel constitutes a small proportion of British and German international travel, for both markets accounting for less than one-tenth of all international travel. For both markets, however the Americas, and in particular the United States and the Caribbean are the most popular destinations.

Table 3.7
Main long-haul destinations for German travellers in 1999

Destinations in the Americas	No. of Visitors	Destinations in Asia Pacific	No. of visitors	Destinations in Africa	No. of visitors
United States of America	1.16m	South and Southeast Asia	0.65m	Tunisia	0.79m
Caribbean	0.79m	Australia and New Zealand	0.17m	Egypt	0.40m
Canada	0.28m	China	0.06m	Morocco	0.17m
Central America	0.17m	Japan	0.03m	South Africa	0.17m
				West/Central/ East Africa	0.1m

SOURCE : Reiseanalyse Aktuell, 2000

Table 3.8
Main long-haul destinations for British travellers in 1997

Destinations in the Americas	No. of Visitors	Destinations in Asia Pacific	No. of visitors	Destinations in Africa	No. of visitors
United States of America	3.13m	South and Southeast Asia	1.38m	North Africa	0.58m
Canada	0.57m	Australia and New Zealand	0.42m	South Africa	0.23 m
Latin America	0.44m	Japan	0.09m	West/Central/ East Africa	0.41m

SOURCE: Satour UK, 2001

Visitor numbers to South Africa shown in the above two tables differ significantly from those shown in Table 3.6. This is due to the use of different sources. The Reiseanalyse Aktuell (Table 3.7) and the Satour (Table 3.8) sources are estimates of German and British arrivals derived from tourist surveys, whilst the Statistics South Africa figures are derived from actual counting of arrivals at ports. The latter is therefore the more accurate source. Tables 3.8 and 3.9 however usefully show the share that South Africa captures of German and British travel relative to other long-haul destinations.

4.3.3.2 German and British tourist patterns in South Africa

South African Tourism (Satour) undertakes surveys of the country's international tourism markets. These surveys are conducted bi-annually, during the key summer and winter vacation periods. Structured interviews are conducted with international tourists in the departure halls of three South African airports (Johannesburg, Cape Town and Durban). Sample sizes are approximately 2 500. Samples are generally stratified to represent all the regions of the world (Satour, 2000). Such survey data provide useful information on British and German tourists' travel behaviour and patterns in South Africa.

Table 3.9
Profile of German and British tourists to South Africa

	United Kingdom		Germany	
	1998	2000	1998	2000
<u>Main Purpose of visit (%)</u>				
Holiday	44	52	55	60
Business/conference	17	14	15	15
Visiting friends/relatives	36	28	24	17
<u>Number of nights in SA</u>	21,5	19	19,7	21,3
<u>% First-time visitors</u>	44	43	59	60
<u>Destinations visited (%)</u>				
Other African countries	35	28	37	32
Gauteng province	39	36	82	39
Western Cape province	70	70	45	78
Kwazulu-Natal	25	24	29	28
<u>Main attractions before visit</u>	Climate Scenery VFR	VFR Climate Scenery Value for money	Scenery Climate Changes Wildlife	Scenery Wildlife Climate
<u>Main disappointments after visit</u>	Crime Service Infrastructure	Crime Service Infrastructure	Crime Infrastructure Service	Crime Service Poverty Dull cities

SOURCES : Satour Summer Survey 1998, 2000

The majority of German and British tourists to South Africa are holiday-makers, although in both markets visiting relatives and friends is an important motivator for travel to South Africa. The strength of the Visiting Friends and Relatives (VFR) segment is due to historical political and social linkages between South Africa and the two countries. In the case of the United Kingdom these ties also extend to business interactions, and account for the higher proportion of visitors that come for business purposes. The majority of German tourists to South Africa are first-time visitors. The proportion of first-time visitors among British tourists is comparably lower. South Africa's natural features –landscape, wildlife and climate – pose the greatest attraction to tourists. For the British market, the strength of the British pound vis-à-vis the South African Rand, which causes SA to be a value for money destination, is an added attraction. It is noticeable that tourists from both source markets rank crime and service levels in South Africa as major disappointments.

The vast majority of British and German tourists prefer to visit the Western Cape above any other province in South Africa. These tourists also spend more time in

Cape Town than any other urban tourist destination in the country. In 2000, for instance, UK tourists spent an average of 5.4 nights in Cape Town, 1.5 nights in Johannesburg and 1.4 nights in Durban. Following a similar pattern, German tourists spent an average of 6.6 nights in Cape Town (Satour, 2000).

4.3.3.3 International tourism patterns and profiles in the Western Cape

Comprehensive, systematic statistics on the travel behaviour and patterns of international tourists in the Western Cape as yet do not exist. The Western Cape has a significant share in South Africa's international tourism market, in 2000 receiving close to 60% of all international visitors to South Africa (Satour, 2000). The province moreover dominates South Africa's overseas tourism market segment. It is the main destination for overseas tourists in South Africa, drawing an average of 55% of all overseas tourists in 1998.⁷ In addition, the province receives the lion's share of visitors from non-neighbouring Africa to South Africa, in 1997 drawing 37% of South Africa's non-neighbouring African tourist market (Wesgro, 1999). These market profiles stand in sharp contrast to tourism in some of the Western Cape's main competitor provinces where, as in Gauteng, for example, business tourism or tourist arrivals from neighbouring Africa predominate. When one furthermore considers that the travel motivation and spending patterns of overseas visitors and visitors from non-neighbouring Africa tend to be markedly different from that of business tourists, these market segments are highly significant: it indicates that the Western Cape draws more leisure tourism than any other province, and as a consequence may be expected to draw a larger income from tourism.

No systematic breakdown as yet exists on what proportion of the overseas or foreign tourism market each of the province's tourist regions has. When one however considers that in 1998 international tourists spent an average of 8 days in Cape Town, and only 2 days in the rest of the Western Cape (Satour Winter and Summer Surveys, 1998), it seems reasonable to surmise that the Western Cape tourist allure is overwhelmingly *urban*.

⁷ Satour International Market Surveys, Winter 1997 and Summer 1998.

5. Main Western Cape tourism attractions

Satour surveys indicate that the Western Cape is very popular among international tourists. Eight of the ten main national tourist attractions as listed by international tourists are found in the Western Cape. In order of ranking these are the Victoria and Alfred Waterfront, Table Mountain, Cape Point, the Wine Route, the Garden Route, Kirstenbosch Botanical Garden, ostrich farms mainly found in the Little Karoo district, and Robben Island (Satour, 2000). Sights in Pretoria, the administrative capital of South Africa, and the Kruger National Park are ranked ninth and tenth, respectively, as main attractions by respondents. The Cango Caves, a natural phenomenon that occur in the Little Karoo, is another Western Cape attraction. In January 2000, foreign visitors ranked it as the 12th most popular attraction. Visits to townships are another, albeit smaller attraction to international tourists. In January 2000, 7% of foreign tourists visited Soweto in Gauteng province, while 5% visited townships in the Western Cape.

With the exception of the Winelands and the Garden Route, the top attractions in the Western Cape are all located in or close to the City of Cape Town. These attractions have traditionally formed the focus of South Africa's international marketing strategies. Due to the strong familiarity that these sites have gained in South Africa's international tourism market, and the association which they continue to have with the brand name, 'The Cape', they are regarded as the tourism 'icons' of the province (DEAAT, 1999).

6 Tourism-significant infrastructure

6.1 Transport

Air

Cape Town International Airport, situated in the City of Cape Town provides the main access point for international tourist arrivals in the province. The airport is considerably smaller than South Africa's primary commercial airport, Johannesburg International. Given the size and location of Johannesburg's airport, and its function as an air transport hub in Southern Africa it is an important feeder point for international tourists – both overseas and African - to the Western Cape. Through this hub-feeder structure Cape Town is currently connected to 21 domestic and 26 primary international destinations (ACSA data). The growth in tourist numbers to

the province has seen the concomitant growth in airline activity at Cape Town International airport. In 1991 only three international airlines flew to Cape Town. At present 12 international airlines (including the national carrier, South African Airways) fly there. Added to this, seven domestic airlines service the airport (ACSA, n/d). With regard to international flights, the majority of the 12 international airlines fly via Johannesburg International airport. There are very few direct international flights to Cape Town. In recent years this has presented problems to tourist authorities in the Western Cape as the demand for direct flights to Cape Town increases. There is further discussion of this in Chapter Six.

The airport facilities at Cape Town have proved inadequate for the swell in arrivals and departures since 1995. A large-scale project has recently begun to improve the passenger handling capacity of Cape Town International Airport. This project is discussed in more detail in the following chapter.

Aside from the international airport in Cape Town, a number of smaller airports or airfields are significant for tourist flows in the province. In the Southern Cape, George Airport forms an important secondary arrival point for international tourists who fly from either Cape Town or Johannesburg. Regional airports at Plettenberg Bay and Oudtshoorn perform a similar function, albeit on a much smaller scale. In addition, future plans will see the expansion of existing military airports and minor airfields throughout the province to carry some of the passenger load (Wesgro/KPMG, 1999). Such airfields may also be utilised for charter flights.

Road

Road travel constitutes the largest proportion of tourist travel within South Africa, both for domestic and international tourism. The country's road system is hence one of the most important aspects of its tourism infrastructure. In the Western Cape an extensive network of primary and secondary roads makes for easy access throughout the province. The province is linked with other provinces through a national road network. Three national roads constitute important provincial and national arteries. These national roads connect the Cape metropolis with the main tourist destinations throughout the province. The N2 for example, is an important route for travel between the city of Cape Town and the Garden Route. The significance of this is

that the established road network tends to direct tourist flows throughout the province.

Privately owned vehicles are the dominant mode of transport for domestic tourists. A sizeable proportion of international tourists to the province makes use of rented vehicles. The car rental sector in the Western Cape has seen considerable expansion as international tourism has increased over the last decade.

Rail, bus and taxi services

A rail network also links places within the province and the Western Cape to the rest of South Africa. However, this is not a significant component of the provincial tourism infrastructure. Important exceptions are the two luxury national trains, the Blue Train and Rovos Rail, which specialise in tourist trips along the main passenger rail route between Gauteng and the Western Cape. These railway companies have in recent years shifted their focus to the international market. The metropolitan rail network is not used extensively as a form of transport by international tourists. Some people consider that one of the deficiencies of Western Cape tourism is the lack of rail as a mode of tourist transport.

Public bus services are cheap but relatively low quality for international tourists since they are geared to low-income black commuters and travellers. Within the private sphere, tourist transport services are more established. A number of private luxury bus liners operate long distance services both in the Western Cape, and between the province and other South African cities. Minibus and sedan taxis also provide important services over shorter distances. Finally, the wheels operator sector in the Western Cape has expanded considerably over the last decade. It is particularly international tourists who make use of the services of this sector.

Harbours

The Western Cape has an extensive (750 km long) coastline, with main harbours at Cape Town, Saldanha (West Coast district) and Mossel Bay (Southern Cape). Even so harbours are not significant access points for tourists to the province. The utilisation of the numerous smaller harbour facilities along the coast for recreational purposes, is however an important feature of provincial tourism.

6. Conclusion

The Western Cape has several physical qualities that are important for its touristic appeal. Many of these (such as Table Mountain, Cape Point, Cape Agulhas) have long been marketed internationally and are well-established 'brand names' and important tourism icons not only for the Western Cape, but also for the rest of South Africa. This, along with the popularity of the Western Cape in general, means that the province is one of South Africa's most important international tourist attractions.

Tourism has gained growing significance in the Western Cape and is an important part of the provincial economy. Nevertheless the province's main tourist markets have not changed a great deal over the last decade: domestic visitors from Gauteng, and international visitors from the United Kingdom and Germany predominate. As such tourist travel patterns and profiles in the province are long established. International tourist arrivals greatly rose after 1995, but the rate of increase seems to have stabilised over the past two to four years.

The City of Cape Town is the principal destination of choice in the province, while the Garden Route and the Winelands, in the metropolitan fringe, are important secondary tourist loci. Areas such as the Klein Karoo and Central Karoo, and to a lesser extent the West Coast are peripheral, particularly for international tourist markets. Tourism infrastructure in the province is well developed in some aspects (e.g. roads), but lacking in others (e.g. public transport facilities).

Chapter Four

The spatial structure of tourism in the Western Cape

1. Introduction

This chapter describes and analyses the spatial structure of tourism in the Western Cape. It investigates the effect and spread of tourism in the province, and some of the reasons behind the manifest effect. Towards this end two particular facets are investigated:

- the spatial structure of the accommodation sector as evidenced in patterns of accommodation supply and tourist usage (demand), and changes in these over time; and
- trends in the nature, direction and distribution of public and private-sector tourism investments.

The first part of the chapter examines the overall accommodation supply in the Western Cape and in the City of Cape Town. This is followed by an analysis of supply and demand patterns in the provincial and city hotel sectors over the past decade. These are used to gain insight into levels of tourism intensity, the relative importance of tourism throughout the province, and of the type of tourist functions, activities and predominant markets that pertain to the various regions of the province. Qualitative data on various market demand and occupancy trends is used to explore the market dynamics of the province's broader accommodation sector.

The third part of the chapter examines patterns in large-scale tourism investments in the Western Cape. Major tourism-specific and tourism-related investments made in the province over the period 1998-2001 are investigated. Emergent investment trends are evaluated against trends in supply and tourist usage in the provincial accommodation sector. These are used to draw conclusions on the nature and direction of tourism development in the province.

The central argument is that tourism is geographically focused, with tourist activities concentrated in a few locales and regions. Trends in investments tend to reinforce the spatial concentration of tourism.

2. The spatial structure of the accommodation sector

2.1 The current accommodation supply in the Western Cape

Table 4.1 provides a breakdown of the supply of tourist accommodation in the Western Cape. Data was obtained from the Western Cape Tourism Board's accommodation listing for 2000/2001. It is a comprehensive directory of the accommodation stock in all of the tourist regions of the province, primarily compiled for commercial purposes. It provides the number of available rooms and tourist beds disaggregated per town. It lists accommodation establishments in six categories – hotels, guest houses, B&B's, backpackers, self-catering establishments¹ and camping and caravan sites - and provides data on the number of rooms and beds per establishment. In a few instances, the number of beds was not given. This was estimated from the number of rooms in the establishment. Estimation was done by relative occupancy – that is, a double room was estimated as providing two beds, and a single room one bed.

Table 4.1
The Western Cape's accommodation sector, 2001

<i>Accommodation type</i>	<i>Number of beds</i>	<i>Percentage of total</i>
Hotels	21 147	39
Self-catering establishments	17 799	33
Guesthouses	6 968	13
Bed and breakfast establishments	4 823	9
Backpackers	2 267	4
Camping/caravans	1 115	2
Total	54 119	100

SOURCE: Western Cape Tourism Board, 2001

In 2001 there were more than 54 000 tourist beds in the province. Significantly, close to three-quarters of these were in only two types of establishments - hotels and self-catering establishments. Guesthouses and bed and breakfast establishments respectively provided about one-tenth of tourist beds, while backpackers and camping and caravan establishments together provided only 6% of total accommodation in the province. As far as the availability of tourist beds is concerned, therefore, hotels and self-catering establishments are by far the most

¹ 'Self-catering' is a very broad category and includes all types of accommodation such as lodges, holiday flats, and some hotels. The common element in self-catering accommodation is that meals are not provided.

important components of the provincial accommodation sector. Backpackers and camping and caravan sites do not constitute a significant element of the accommodation supply.

Figure 4.1 shows the relative share of tourist beds held by different accommodation types in each of the province's regions. Table 4.2 below shows the regional spread of tourist beds in the Western Cape more clearly. Tourist beds are generally concentrated in Cape Town and the Garden Route, followed by the Overberg and the West Coast, the latter two regions accounting for one-fifth of the province's tourist beds. Taken together, this means that over 80% of the total provincial accommodation is located in four of its tourist regions. Significantly these are all coastal areas. The hinterland of the province generally has a sparse supply of tourist beds. The two Karoo regions, in particular, provide a very small share of the province's tourist accommodation.

Table 4.2
Regional distribution of accommodation supply, 2001

	<i>Number of beds</i>	<i>%</i>
Cape Town	20 828	38.5
Garden Route	12 214	22.6
Overberg	6 133	11.3
West Coast	4 859	9
Breede River Valley	3 954	7.3
Winelands	2 832	5.2
Klein Karoo	2 581	4.8
Central Karoo	718	1.3

SOURCE: Western Cape Tourism Board, 2001

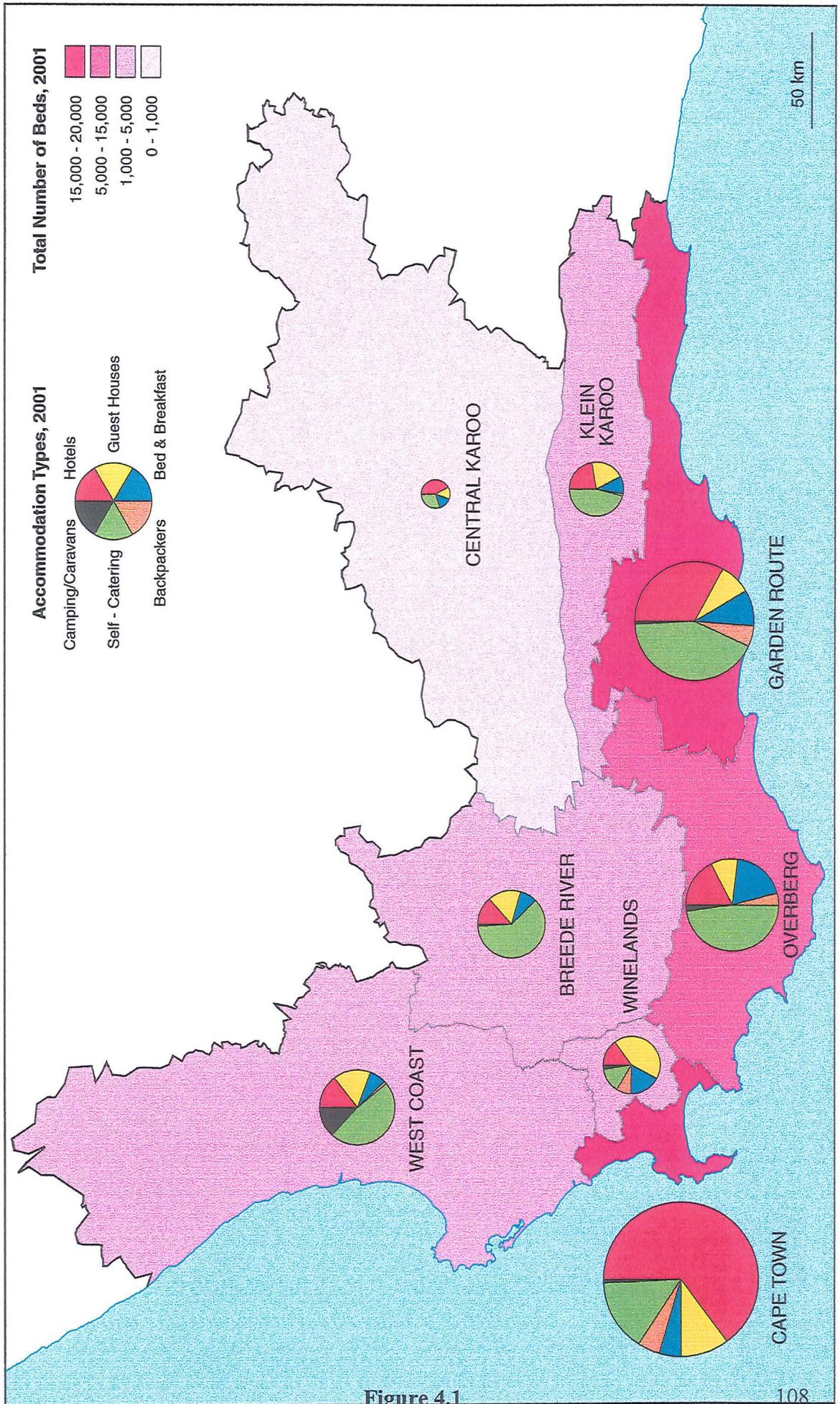


Figure 4.1
 Regional distribution of accommodation supply in the Western Cape, 2001

2.2 The accommodation supply in the City of Cape Town

Figure 4.2 presents a breakdown of the accommodation supply in the City of Cape Town in 1994 and 2001. There has been a significant increase in total accommodation supply throughout the city between 1994 and 2001. There have also been a number of changes in the various municipal areas of the city. Table 4.3 below illustrates this more clearly.

Table 4.3
Distribution of tourist beds in City of Cape Town, 1994 and 2001

Municipality	1994		2001		Increase 1994-2001	% change 1994- 2001
	Number of beds	% of total	Number of beds	% of total		
Cape Town	6 128	77	14 160	68	8 032	131
Tygerberg	544	7	1 940	9.3	1 396	257
South Peninsula	394	5	1 771	8.5	1 377	350
Blaauwberg	254	3.1	1 589	7.7	1 335	626
Helderberg	488	6.1	1 011	4.9	523	107
Oostenberg	182	2.3	357	1.7	175	96
Total	7 990		20 828		12 838	161

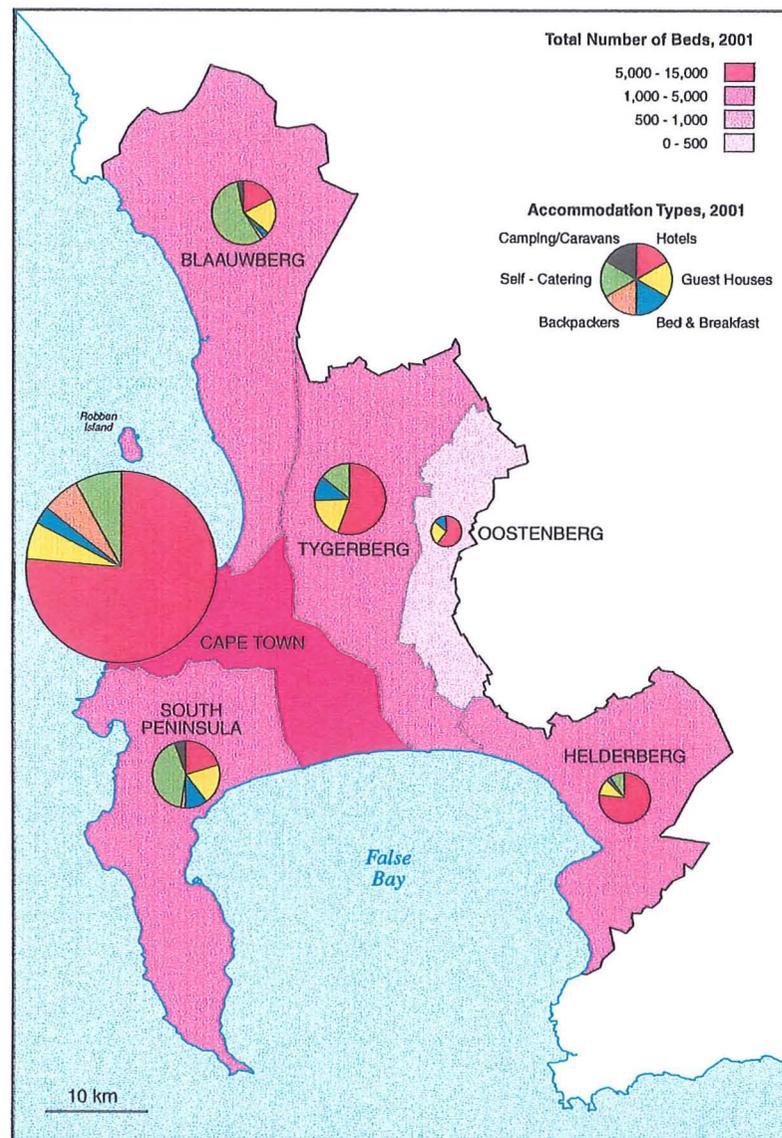
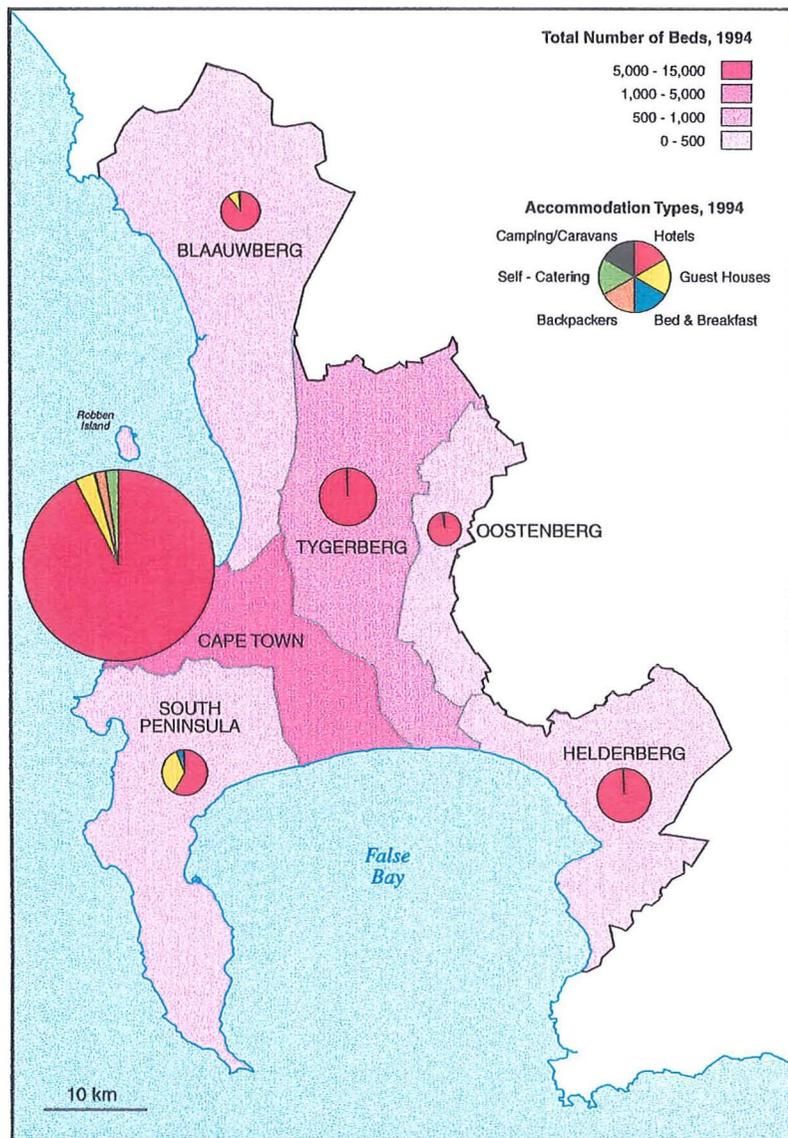
SOURCES: WCTB, 2001; Automobile Association of South Africa Accommodation Listing, 1994

Data for the city's accommodation displayed in Table 4.3 was obtained from two sources – the Western Cape Tourism Board's accommodation listing for 2000/2001 and the 1994 accommodation listing of the Automobile Association. The AA's listing is also a commercial directory. It contains data similar to that of the WCTB directory (i.e. types of establishments and number of beds or rooms per establishment), although its directory covers the boundaries of the former Cape province (i.e. pre-1994 and 1996 boundary changes that make up the Western Cape today). Since the AA 1994 listing provides data disaggregated per town, it was however possible to compare changes in accommodation supply at the town level. The use of two data sources was due to the fact that the WCTB listing was only compiled after 2000. The AA directory has been compiled annually since 1985 (personal communication, director, AA (South Africa)). It is hence the most consistent and comprehensive source of accommodation statistics for earlier periods. This, and the fact that the nature and content of both listings are similar, makes these two data sources highly comparable.

It can be seen that in 1994 and 2001 the Cape Town municipal area had the largest volume of tourist beds, followed secondly by the Tygerberg municipality. The largest increase in bed supply took place in the Blaauwberg and South Peninsula municipal areas, whose share of the total number of tourist beds in the City had also increased over the seven year period. The Oostenberg has the lowest volume of tourist beds in the city, indeed, it has seen the least change in its accommodation stock.

Between 1994 and 2001 there has been a general diversification of mode of accommodation: in 1994 the hotel sector predominated the accommodation supply, by 2001 the share of beds in other sectors has risen. Overall, the hotel sector is most important, while the self-catering sector is relatively important, particularly in the Blaauwberg and South Peninsula, where this sector provides the greatest number of tourist beds.

Figure 4.2
 Distribution of tourist beds in the City of Cape Town, 1994 and 2001



2.3 The hotel sector

2.3.1 Hotel supply in the Western Cape

Table 4.4
Hotel distribution in the Western Cape, 2001

Region	Number of hotel units	% of total	Number of Beds	% of total	Average number of beds per hotel unit	Hotel beds as % of total number of beds in region
City of Cape Town	100	47.4	13 523	64	135	65
Garden Route	42	19.9	4 020	19	96	33
Overberg	21	10	1 067	5	51	17
West Coast	20	9.5	704	3.3	35	14
Breede River Valley	11	5.2	533	2.5	49	13
Winelands	7	3.3	4 24	2	61	15
Klein Karoo	7	3.3	574	2.7	82	22
Central Karoo	3	1.4	302	1.4	101	42
Total	211		21 147		100	

SOURCE: Western Cape Tourism Board, 2001

Table 4.4 illustrates how hotels are distributed in the province. It shows that the spread of hotels follows the general pattern of accommodation supply in the Western Cape, with the metropolitan region having the most hotel units and beds, followed by the Overberg, the Garden Route and the West Coast. Hotels in other words, are clustered around the coastal regions of the province. It can be seen that the average size of hotels in the Cape metropolis is much larger than elsewhere in the province. So even though less than half the total number of hotel units is found in Cape Town, the City provides almost two-thirds of the hotel beds in the province. It is also clear that the hotel sector is very significant in Cape Town, making up 65% of total bed supply in the city. The only other regions where hotels constitute a sizeable component of the accommodation stock, are the Garden Route, the Central Karoo and the Klein Karoo.

2.3.2 The hotel sector in the Cape metropolis

Table 4.5 shows the distribution of hotel beds in the City of Cape Town in 2001.

Table 4.5**The distribution of hotel beds in the Cape metropolis, 2001**

Municipality	Number of hotel units	Number of hotel beds	% of total	Average no. of beds per hotel
Cape Town	67	10 812	80	161
Tygerberg	9	1 076	8	119
Helderberg	9	779	5.8	86
South Peninsula	9	360	2.6	40
Blaauwberg	4	280	2.0	70
Oostenberg	2	216	1.6	108
Total	100	13 523		

SOURCE: Western Cape Tourism Board, 2001

The table depicts a highly concentrated pattern: 80% of all hotel beds are located in the Cape Town municipality, with a relatively small number of beds located in the Tygerberg, the Helderberg and South Peninsula.

In the seven-year period between 1994 and 2001 significant changes have taken place in the city's hotel sector. This is illustrated in Table 4.6

Table 4.6**Changes in the metropolitan hotel sector, 1994-2001**

<i>Star grading</i>	<i>Units (number)</i>	<i>Number of beds</i>	<i>% of total</i>
1994			
Ungraded	21	1 728	25.4
One-star	1	106	1.6
Two-star	1	104	1.5
Three-star	12	1 862	27.3
Four-star	9	2 053	30.1
Five-star	4	954	14.1
Total	48	6 807	
1996			
Ungraded	17	1 885	26.2
One-star	-	-	
Two-star	6	514	7.1
Three-star	13	2 734	38
Four-star	9	1 493	21
Five-star	3	550	7.7
Total	52	7 176	
2001			
Ungraded	18	1 041	7.7
One-star	5	588	4.3
Two-star	10	1 361	10
Three-star	24	3 523	26
Four-star	31	4 820	36
Five-star	12	2 190	16
Total	100	13 523	

SOURCES: WCTB, 2001; Automobile Association, 1994; 1996

From the table it can be seen that there has been a great expansion of the city's hotel stock between 1994 and 2001. The greatest change has however taken place only after 1996, when within five years, the number of hotel beds has nearly doubled. It is clear that the three- and four-star sectors are the major components of the metropolitan hotel supply, and have consistently been since the beginning of the 1990s. By 2001 the five-star sector has however seen rapid growth, with the number of units quadrupling in the five years since 1996. During this time the ungraded hotel sector has shrunk, while the number of one- and two-star hotels has increased.

A large proportion of hotel expansion took place between 1996 and 1998/1999. According to Wesgro statistics, for instance, 32 new hotels were developed in the City of Cape Town between May 1996 and May 1998 – 13 hotels in 1996; 15 in 1997 and four in 1998. (Wesgro, 1998, *Hotel Accommodation Trends in the Greater Cape Town area, 1996-1998*).² While a small number of the new hotel developments was due to the entry of large international branded hotel companies into the Western Cape market,³ the vast majority of these were locally owned.

2.3.3 Patterns in demand in the provincial hotel sector

The next section examines demand trends in the Western Cape's overall hotel market, and the market for international tourists over the past ten years. This is done on a comparative basis with national trends. Sub-provincial trends and differences in tourism demand are subsequently more closely examined.

For this analysis, statistics drawn from Statistics South Africa's (SSA) monthly surveys on national and regional hotel trading, covering the period 1991 to 2001 are used. As a point of reference and analysis statistics on the sale of hotel bed nights and hotel income for two months – January and July, are used. There are two reasons for this. The first is that patterns in international and domestic visitor

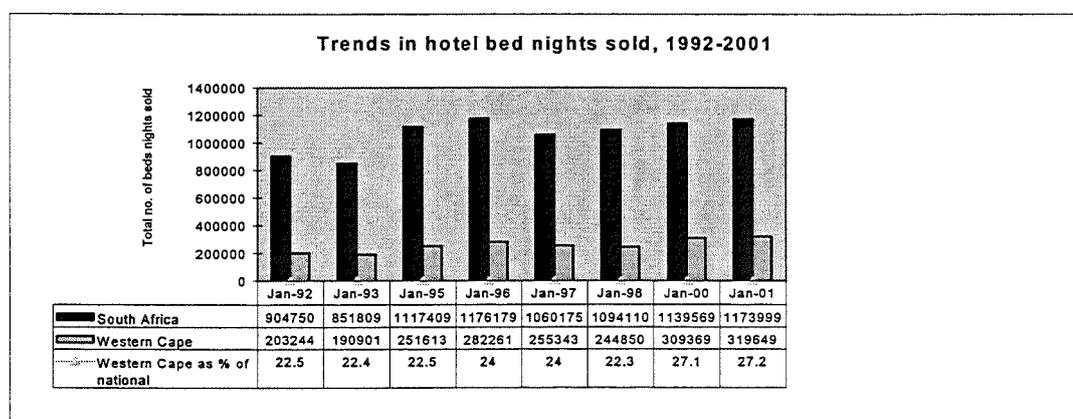
² Developments in the hotel sector between 1998 and 2001 are more fully discussed in a subsequent part of the chapter.

³ In 1996 Golden Tulip, a Dutch (KLM-associated) hotel company bought a five-star hotel in the Helderberg, whilst Radisson SAS, a Scandinavian company entered into a joint venture with a local partner to manage two hotels - one on Cape Town's Waterfront, and another in the Helderberg. Mövenpick, a Swiss company, made a large investment by buying a 55% stake in a local hotel group, Karos Hotels in 1998. In 2000 Arabella Sheraton, the German-based holding company of the Sheraton brand, built a five-star hotel in the Overberg region. This company will also operate a five-star hotel linked to Cape Town's new International Convention Centre.

arrivals (described in Chapter Three) show that the South African summer months are the most important time for arrivals, while during winter, there is a general decrease in arrivals. This makes it reasonable to assume that January and July are significant marker months for tourist demand for accommodation. Secondly, obtaining the statistics for every month and year under investigation posed logistically difficult: the researcher had limited access to archival sources, and found many archival records to be incomplete. Given this, while it is acknowledged that in some of the following analyses the use of year averages would have been better, it was decided to use January and July as basis months in order to get an indication of general patterns and year-on-year changes in hotel tourist usage. The lack of access to complete data sources also meant that statistics for some years could not be attained.

i) General trends in tourist usage and tourist demand in the overall hotel sector – the Western Cape in national context

Figure 4.3



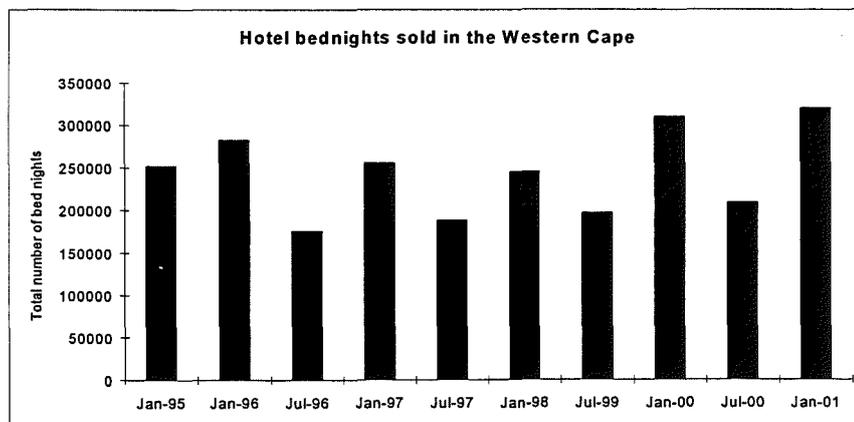
SOURCE: Statistics South Africa

As is evident from Figure 4.3, demand for hotel accommodation in terms of the number of bed nights sold, has shown a steady, albeit gradual increase over the past decade. During this period, the number of bed nights sold in South Africa as a whole rose significantly for the first time after 1993. January 1995 and January 1996 were the strongest periods for the South African hotel sector, with the greatest number of bed nights sold during these months. There was a slight decline in the sale of bed

nights thereafter, but January 2000 and 2001 saw a recovery to the high point of 1996, with just under 1.2 million bed nights sold nationally. The Western Cape province follows the national pattern closely, with the sale of bed nights peaking in 1996, declining during 1997 and 1998, and recovering strongly in January 2000 and 2001, the latter month seeing the sale of about 320 000 hotel bed nights in the province. It can be seen that the province's share in the national hotel market has been relatively consistent, although it has increased in 2000 and 2001.

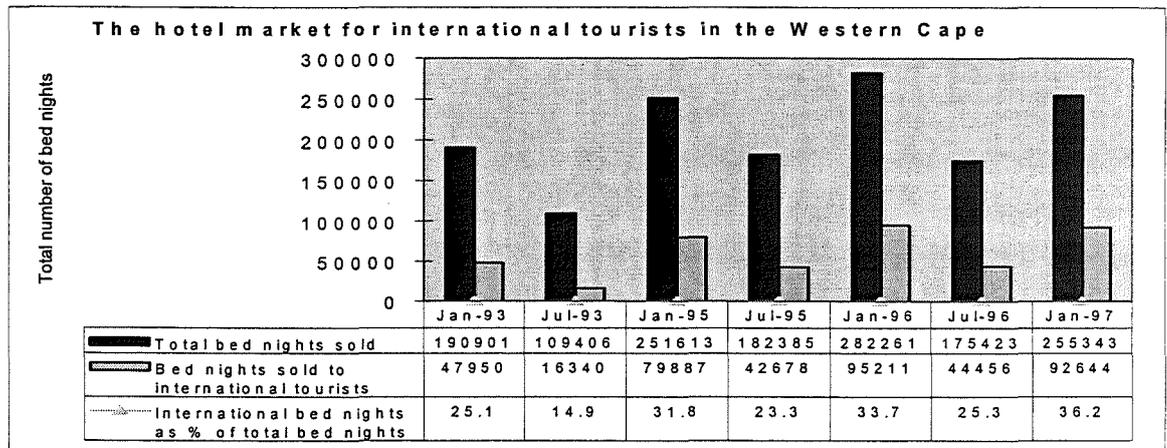
Figure 4.4 below shows the pattern of tourist usage of hotel accommodation in the Western Cape more clearly. The figure in addition shows another important feature - tourist usage significantly declines in the month of July, during the winter period, with the sale of bed nights dipping sharply from that in January. This indicates that tourism demand is highly seasonal in the Western Cape, with attendant effects on the hotel sector. This said, it is however also noticeable that there has been a steady year-on-year increase in the number of bed nights sold in the province during July.

Figure 4.4



SOURCE: Statistics South Africa

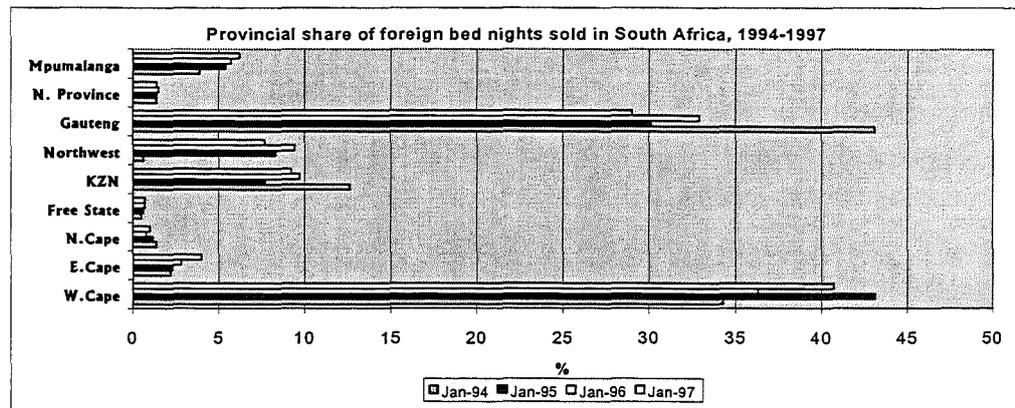
Figure 4.5



SOURCE: Statistics South Africa

Figure 4.5 illustrates trends in the international tourism market in the Western Cape. Statistics South Africa's survey of international tourist usage of the hotel sector was carried out between 1993 and 1997 and the last statistical release was made in January 1997. For this reason, trends can only be shown for the four-year period. Three things are of note in Figure 4.5. The first is that the international sector only constitutes a small part of the total hotel market in the Western Cape. In other words, domestic tourism, and not international tourism, makes up the bulk of the Western Cape's hotel market. Secondly, like overall hotel demand, international demand for hotel accommodation is highly seasonal, with demand peaking during summer and reaching a trough in winter. Relatedly, the percentage of bed nights sold to international tourists is much larger in summer than it is in winter. This indicates that international tourism is more important for the Western Cape's hotel sector over the summer period than in winter, when presumably, domestic tourism is of greater significance.

Figure 4.6



SOURCE : Statistics South Africa

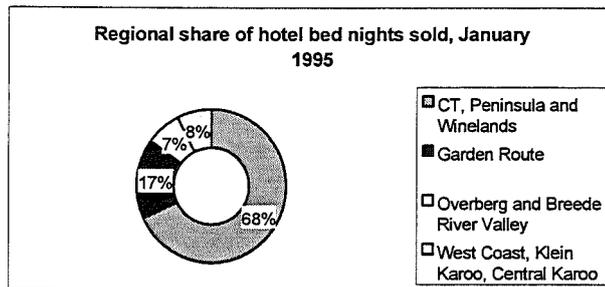
In comparison with the rest of South Africa's provinces, it is clear that international demand for hotel accommodation is most robust in the Western Cape. Figure 4.6 shows trends in hotel bed nights sold to foreign tourists by province for the period 1994 to 1997. It shows that in January 1997 the Western Cape held the largest share of the country's international tourist market, and that it has consistently increased its market share since 1994. Most significant is that the Western Cape has taken over the market share of provinces such as Gauteng and Kwazulu-Natal. Therefore, whilst international tourism is a small constituent of the Western Cape's hotel business, it is a significant component. More importantly, the Western Cape hotel sector is the strongest in attracting international business. At the same time, other provinces have also gained market share during this period, most notably Mpumalanga, the Northwest province and the Eastern Cape.

In sum, the statistics show that a number of shifts had taken place in the hotel markets of both South Africa and the Western Cape over the past decade. In the first instance, tourist usage of hotel accommodation has consistently grown. For the Western Cape demand for hotel accommodation has increased to the extent that on a national basis, the province has established a strong position in the overall hotel market. Within the Western Cape itself, domestic tourism forms the mainstay of the province's hotel market, although, by 1997, the province had secured a significant share of the national market for international tourists. The next section examines more closely patterns of usage in the various sub-regions of the Western Cape province.

ii) Regional share of hotel bed nights sold and hotel income

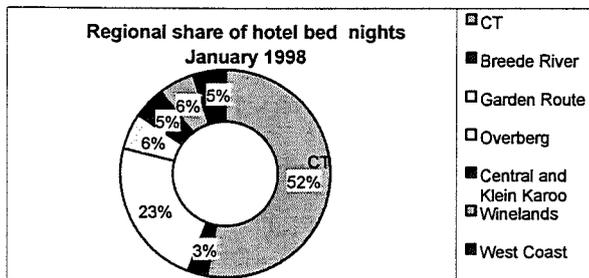
Below follows a series of figures that illustrate sub-regions' share of the total provincial hotel market over the past six years. Figure 4.7 shows the regional distribution of bed nights sold in the Western Cape in January 1995, whilst Figures 4.8 and 4.9 compare the regional distribution of sold bed nights in January 1998, and January 2001, respectively.

Figure 4.7



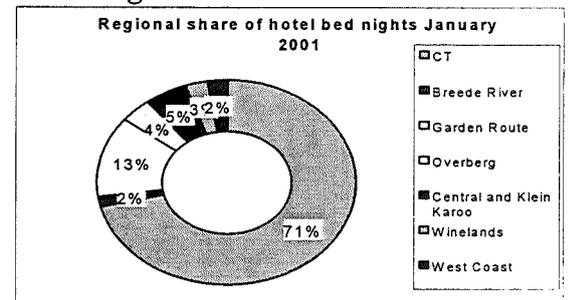
SOURCE: Statistics SA

Figure 4.8



SOURCE: Statistics SA

Figure 4.9



SOURCE: Statistics SA

It should be noted that prior to 1998 Statistics South Africa made use of a different geographical delimitation for the Western Cape, grouping regions such as the metropolis and the Winelands, and the Overberg and Breede River Valley into single statistical regions. Statistics on the sale of hotel bed nights in January 1995 are therefore given for four collective regions (Figure 4.7). The use of different geographical units between 1995 and 1998/2001 inhibits comparison somewhat, but the figures can be used to provide an indication of the general nature and direction of changes in the regional distribution of hotel impact over time. As far as the sale of hotel bed nights is concerned, regions' shares fluctuate extensively over the six-year

period, which makes temporal comparisons difficult. Nonetheless, it can be seen that market share is mainly held by Cape Town and the Garden Route, even though there is a great deal of share interchange between these two regions. The Overberg, the Breede River Valley and the Winelands generally have fair shares in the provincial hotel market, although the Winelands has lost market share since January 1995. Finally, demand for hotel accommodation is very low in the West Coast and Karoo regions.

iii) Tourist usage by star grading

Table 4.7

% of bed nights sold by star grading								
Star grading	Un-graded	One and two star	Three star	Four star	Five star	Three to five star	One to four star	Total
City of Cape Town		13	41	28	18			100
Klein and Central Karoo	6	48	46					100
Garden Route	41	7	52					100
Winelands	28					72		100
West Coast	35						65	100
Breede River Valley	69						31	100
Overberg							100	100
% of hotel income by star grading								
City of Cape Town		8	23	27	42			100
Klein and Central Karoo	25	29	46					100
Garden Route	19	13	68					100
Winelands	15					85		100
West Coast	37						63	100
Breede River Valley	43						57	100
Overberg							100	100

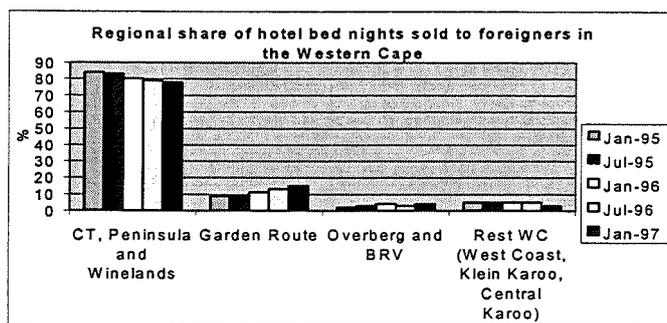
SOURCE: Statistics South Africa, January 1998

Table 4.7 presents data on the share of hotel bed nights sold and hotel income generated in various star grading categories in the eight tourism regions during January 2001. It shows interesting contrasts in the relative importance of different types of hotels in different sub-regions. In Cape Town city, for instance, it can be seen that tourism demand is highest in the three- and four-star sectors, with bed nights in the five-star sector making up less than one-fifth of the total number of bed nights sold in the city in January 2001. However, as far as hotel revenue is concerned, the five-star sector is the single most important earner in the city. It can also be seen that one and two-star hotels in Cape Town do not play such a significant role in the city's hotel market. Similar features characterise the hotel markets of the

Garden Route and the Winelands. In the Winelands region the higher-graded (three-, four- and five-star graded) hotels constitute the bulk of the region's hotel trade, while in the Garden Route the three-star sector is most important. These three regions aside, it is clear that the ungraded hotel sector plays a very large role in the Western Cape. In the West Coast, the Breede River Valley and the Karoo regions, the ungraded hotel sector accounts for a sizeable portion of the respective regions' hotel markets, and for the total hotel revenue generated in those regions. In the Karoo regions furthermore, one- and two-star graded hotels contribute significantly to the region's hotel income.

iv) International tourist usage by region

Figure 4.10



SOURCE: Statistics South Africa

Figure 4.10 shows the regional distribution of international usage of hotel accommodation. It shows the international hotel market to be regionally highly concentrated. The vast bulk of international visitors who make use of hotel accommodation in the Western Cape stay in Cape Town, the surrounding Winelands, and the Garden Route. Together, these three regions absorb more than 90% of the entire international hotel market. Very few international visitors stay in the other regions. Where there is foreign tourist usage of hotels in the other regions, this tends to be in the Overberg and the Breede River Valley.

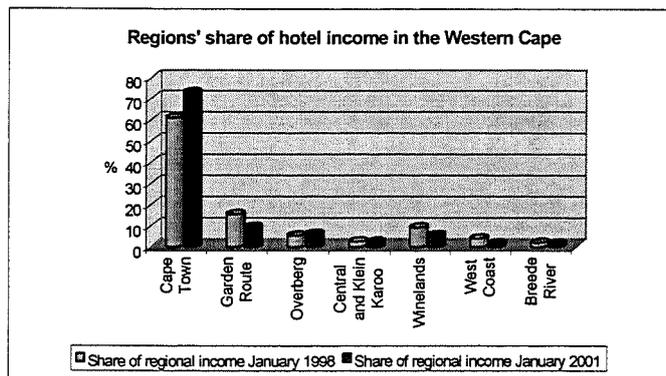
In sum, the higher-graded hotels is of much greater importance in the Cape metropolis, the Garden Route and the Winelands, than elsewhere in the province. In addition, there is greater international tourist usage in these areas. There are, in other words, distinct dissimilarities in the hotel markets of the City of Cape Town, the

Garden Route, and the Winelands, on the one hand, and the West Coast, the Overberg, the Breede River Valley and the Karoo regions, on the other.

2.4 The importance of tourism

Figure 4.11 indicates the distribution of hotel income in the province for January 1998 and January 2001.

Figure 4.11



SOURCE: Statistics SA

It can be seen that by far the largest share of the province's hotel revenue is accrued in the City of Cape Town. The Garden Route follows in a distant second place, while income is lowest in the Breede River Valley and the Central and Klein Karoo. Broadly, the coastal areas hold the bulk of the province's hotel income. Table 4.8 presents data on the number of hotel bed nights sold and income generated in relation to the resident population in each of the tourism regions.

Table 4.8

Regional impact of the hotel sector

Region	Population	No. of Hotel bed nights sold, January 2001	Ratio of bed nights to resident population (Tourism Intensity)	Tourism Intensity ranking	Hotel income (Jan. 2001) (R'000)	Hotel income per resident (Rand)	Ran-King	Ratio of hotel bed supply to resident population (Ranking)
Garden Route	280 000	40 538	14.47	1	12 337	44.0	2	1.44 (1)
Central and Klein Karoo	163 500	16 362	10	2	3 193	19.5	5	0.53 (3)
City of Cape Town	3 035 500	227 473	7.49	3	93 925	30.9	3	0.45 (4)
Overberg	178 000	12 978	7.29	4	8 149	45.8	1	0.59 (2)
Winelands	295 000	9 812	3.3	5	7 171	24.3	4	0.14 (7)
West Coast	258 000	7 643	2.96	6	2 155	8.35	6	0.27 (5)
Breede River Valley	298 000	4 843	1.62	7	1 875	6.29	7	0.18 (6)

SOURCE: Statistics South Africa

Following from Keogh (1984) and Defert (1968), Table 4.8 shows the *relative* importance of the hotel sector by region. The number of bed nights sold relative to population is largest in the Garden Route, the two Karoo regions, and the City of Cape Town. Ratios of hotel bed supply relative to resident population produces similar rankings (right column in Table 4.8). A simple correlation between hotel bed supply and hotel usage ratios also yields a high coefficient ($r= 0.92$) indicating a strong relationship between these ratios. In terms of income generated, the hotel sector is of greatest significance in the Overberg, the Garden Route and the metropolis. Overall, the *relative impact* of the hotel sector may be said to be high in regions such as the Garden Route and the City of Cape Town, and to a lesser extent in the Overberg and the Winelands. Hotel impact is lowest in the West Coast and the Breede River Valley.

3. Conclusion: Tourist activity and tourism intensity in the Western Cape

In sum, a number of significant changes have taken place in the accommodation sectors of the Western Cape and the City of Cape Town since the mid-1990s. There has been a sustained increase in supply across the province and the city. There has also been a diversification of mode of accommodation.

The location and patterns of distribution of the various accommodation types indicate certain kinds of tourist activity that pertain to the different regions of the province. Firstly, tourist activity geared towards hotel accommodation is concentrated in the four coastal regions, and is comparatively less present in the rural regions of the Western Cape. Secondly, the self-catering sector is widely spread throughout the province, but occurs particularly in the rural areas. It may indicate that there is relatively robust tourist demand for this type of accommodation, ahead of other accommodation types such as guesthouses or bed and breakfasts.

As far as other accommodation types are concerned, the following patterns arise: the guest house sector is relatively small, but significantly, guest houses are present in all parts of the province, indicating, possibly, that there is a broad level of demand for such accommodation. The limited supply of tourist beds in the backpacker sector would suggest that there is not a strong demand for backpacker accommodation in the province, particularly in the rural regions. Finally, in terms of bed supply, the camping and caravan sector is the smallest in the province.

In terms of overall, and hotel bed supply, Cape Town unicity has the largest share of the accommodation stock. The unicity, and specifically the Cape Town municipal area, may therefore be said to hold particular importance in the provincial accommodation sector. The differential location of accommodation types also points to differing tourist functions and types of markets that prevail in various parts. For example, the concentration of backpacker establishments along the coastal areas and in the metropolis suggests that backpacker tourism is of more significance there than in other parts of the province. Similarly, the high incidence of self-catering establishments, and to a lesser extent bed and breakfasts and guest houses, in rural areas may indicate that domestic tourism is more important in these areas.

There are disparities among the various regions' hotel markets. The City of Cape Town, the Winelands and the Garden Route are distinguished by the fact that they draw more international tourists, and more higher-yielding clients, than other parts of the Western Cape. Concomitantly, in these regions (the City of Cape Town, the Winelands and the Garden Route), a major share of impact is afforded through

international tourism. In contrast, in the more outlying rural areas of the Western Cape, domestic tourism is the mainstay of the hotel sectors.

Finally, there is a divergent distribution of relative hotel impact across the Western Cape, being mainly focused in the metropolis, the southern and eastern coastal areas, and the regions bordering it. Hotel impact is lowest in the West Coast and the Breede River Valley.

4. Qualitative analysis of trends in the provincial accommodation sector – interviews with tourism role players

The following section examines the underlying dynamics of the Western Cape accommodation sector. It appraises the main themes that have emerged from the qualitative analysis of the Western Cape accommodation sector and relates these to some of the features highlighted in the afore-going section. It more intensely examines tendencies in tourist demand, the factors that influence it, and how tourist demand differs across the general accommodation spectrum. This section also investigates the substantive components of tourism impact, focusing on aspects such as employment in tourism, training, and skills development.

4.1 Trends in supply

Interviews with bed and breakfast and guesthouse operators and other tourism role players indicate that the supply of these accommodation types has risen sharply in the Western Cape after 1995, or was what an interviewee had termed ‘an explosion.’ In the Breede River Valley, one role player stated that the number of bed and breakfasts and guesthouses had risen by 200% in the span of one year. She attributed this to South Africa’s hosting of the Rugby World Cup in 1995 and the influx of both international and domestic tourists to areas close to rugby venues. In the West Coast and the Overberg role players noted similar increases. They stated that this was partly due to higher levels of demand, but was also partly related to the weakening of agricultural economies in those regions. It was argued that guesthouses or bed and breakfasts were seen as feasible business ventures to counteract a decline in agriculture. Despite this, role players were quick to note the ephemeral nature of these types of establishments, which were said to ‘come and go.’

As far as the hotel sector is concerned, tourism role players noted that there has been a swell in hotel bed supply since 1996. This increase was however mainly concentrated in the Cape metropolis. It was noted that very little hotel development took place in the province's rural areas. The growth in the metropolitan hotel sector was attributed to a number of factors. Firstly, double-digit growth in international tourist arrivals in the aftermath of South Africa's first democratic elections was said to have led to a rise in demand for hotel accommodation. Secondly, the success of the Rugby World Cup in 1995 and Cape Town's bid to host the 2004 Olympic Games led to optimism over the future of the South African and the Western Cape tourism industries in the mid-1990s. These two factors had the effect that investment in the hotel sector once again became viable after the downturn of the sanctions-era of the 1980s.⁴ Within this context, many new hotel investments were made under a tax incentive scheme that had been introduced by the former government.⁵ According to role players, another reason why hotel investments expanded so rapidly during this period, was the rise of sectional title developments, whereby hotels are purposely built for multiple ownership. In the middle of the 1990s, the rising popularity of this type of investment meant that the number of hotels in the City rapidly increased.

4.2 Trends in demand in the hotel sector

Interviews with hotel operators and managers in different areas of the Western Cape (a total of 20 hotels) showed that the rise in hotel supply had a substantial effect on the hotel sector. Hotel operators spoke of a distinct lack of demand. They agreed that the sharp increase in international tourist arrivals had translated into rising demand for accommodation. Until 1996, 'business was booming.' By 2001 however, and after the significant increase in supply, the situation had reversed: the growth in international visitors had subsided, whilst supply had continued to

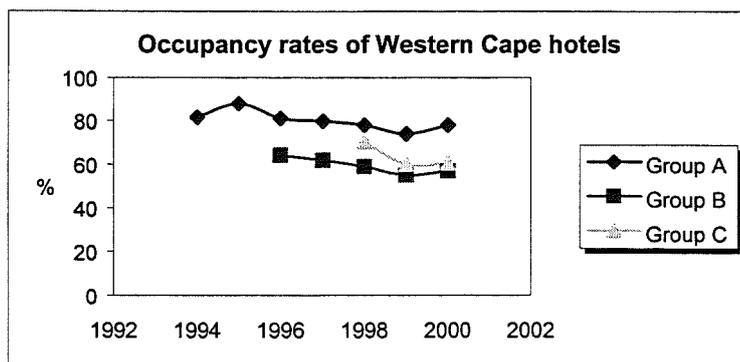
⁴ The director of one of the largest hotel chains in South Africa for instance argued: 'The situation in 1986 was such that we had a state of emergency, we had disinvestment, sanctions. That was the lowest period in apartheid era tourism, and this affected hotels severely. Occupancies in our hotels, in our industry was at an all time low, there were no new projects happening whatsoever. Hotels were unable to refurbish because they didn't have the revenues. Then, after the political transformation in 1994, things changed dramatically. We ended up having dramatic growth after 1996.'

⁵ Section 13.2 of the Income Tax Act of 1967 offers incentives for the construction and development of new hotels. Up until 1988 tax concessions were given for the development of three-to-five star hotels. Such concessions included the rescinding of building costs over 9, 12 and 14-year periods. In 1988 20-year write-offs for building costs were introduced for hotels of all star gradings. (DEAT, 1996).

increase. At present, therefore, operators agreed that demand is insufficient to sustain the hotel industry. Most operators spoke of a decided 'oversupply' in the province's hotel sector. According to operators this has had a substantial effect on occupancy rates in the province.

Figure 4.12 illustrates the occupancy rates for the hotels of three hotel chains in the Western Cape. The hotel chains together represent one-fifth of all the province's hotels, and are the three largest in terms of market share. The interview sample consisted of three hotels drawn from each of the respective chains. Figure 4.12 shows that average occupancies for these hotel chains have consistently dropped since 1996.

Figure 4.12



SOURCE: Individual hotel groups

The occupancy rates for the three hotel chains are relatively high. Interviews with the 17 remaining hotel managers suggest that occupancy rates for smaller hotels in the Western Cape are generally well below those illustrated in Figure 4.12. On the whole, according to operators there has been a general decline in occupancy rates over the past few years, which has affected some hotels more dramatically than others. According to one stakeholder,

‘the pie has basically gotten smaller and smaller, while the number of fingers in the pie have multiplied.’

This is compounded, according to operators, by the fact that tourism to the Western Cape, particularly international, but also domestic, is highly seasonal.

Concomitantly, demand for hotel accommodation, and hotel occupancy rates are very seasonal.

In the figures below the occupancy trends of the Cape Town-based units of three hotel chains (a total of 19 hotels, or one-fifth of the city's hotel supply) are shown. In these figures the effect of seasonal demand for hotel accommodation is clear. Hotel occupancy generally peaks in January and February, drops off during March and April to low levels in June, July and August, before rising again during the spring months of October and November.

Figure 4.13

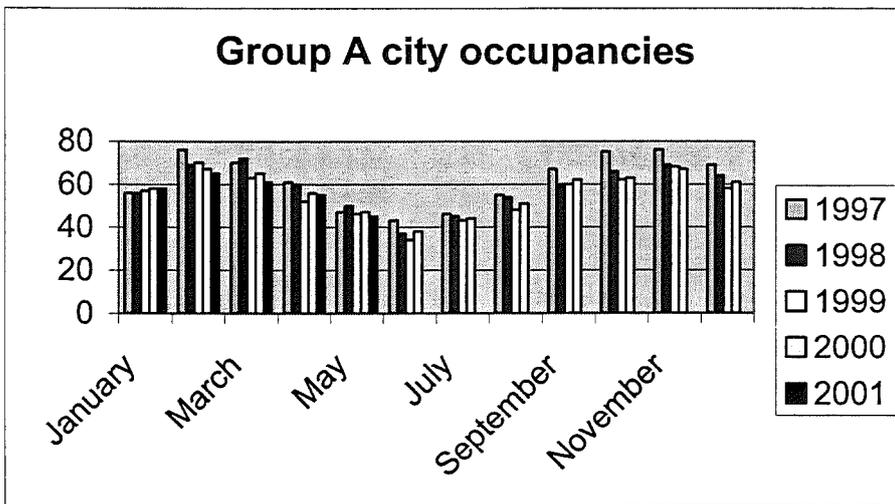


Figure 4.14

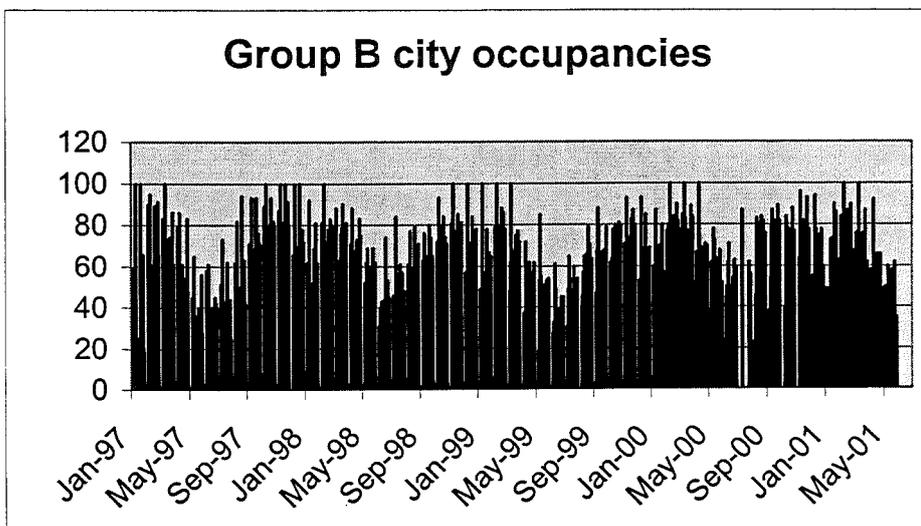
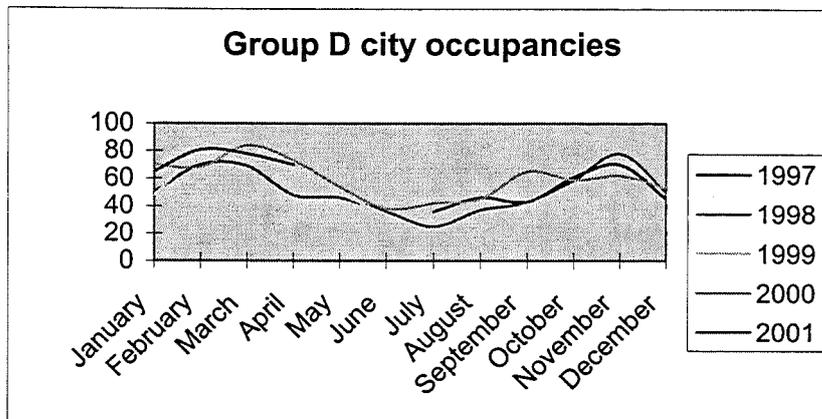


Figure 4.15



Hotel operators noted that the tourist in-season is long relative to other destinations that also have seasonal tourism flows. One operator for instance stated,

‘this period, October/November to April is quite lengthy when one compares it to other seasonal places.’

Operators argued, however that within the context of the current over-capacity in the metropolis, the effect of seasonal demand on the hotel industry became more intense.

One stakeholder stated:

‘We’ve got occupancy sitting at 50-60% at the moment, which is really an industry operating at half capacity, it’s not really a healthy industry.’

Literature and empirical studies on the hotel property market suggest a general lag between hotel investments and occupancies. In a study on the hotel sector in the United States of America over the period 1969-1995, Wheaton and Rossoff (1997), for instance found an approximate four-year interval between changes in hotel supply through new investments, and occupancy levels. The authors argued that this was partly explained by the fact that while changes in GDP were closely related to changes in demand for hotel accommodation, there was a weak relationship between changes in GDP and hotel supply; hotel investments in other words, occurred independent of macroeconomic fluctuations.

In addition, they found a weak, lagged relationship between hotel prices and changes in supply, indicating that as hotel stock in the United States has increased, price changes have been slow in response (Wheaton and Rossoff, 1997).

The current low occupancy levels in the metropolitan hotel sector could be a manifestation of the 'normal' lag between investments and occupancy. The question also has to be put, however, whether other deeper-lying and/or structural factors account for low occupancy rates. Interviewees noted that in recent years the growth in new hotel developments, particularly in the Cape metropolis, had slowed. There is anecdotal evidence that the investment boom in the hotel sector after 1996 has come to an end, and with the exception of a few large-scale projects in the unicity and other parts of the province (discussed in detail in section 5), very little new development will occur in the metropolis in the near future. A director of one of the large hotel chains for instance stated:

'the growth in the number of hotels in Cape Town has not been very good for the industry. As one of the market leaders, we think it is important that no more capacity is added in the city. We personally will not be building any more hotel rooms in Cape Town. I think the same goes for our competitors.'

If the pattern of slower growth in international tourist arrivals over the past few years (discussed in Chapter Three) continues, or if tourist arrivals indeed decline, hotel demand and occupancies will remain low. The question needs to be asked, therefore, what the factors are that affect tourist demand, and what the nature of the markets are that sustain the hotel sector.

Interviews with operators from other sectors – guesthouses, backpackers, B&Bs, self-catering and caravan and camping establishments, in total 20 establishments – affirmed that oversupply and seasonal demand are general problems in the Western Cape's accommodation sector. These operators agreed that the high number of available tourist beds is stifling the market.

4.3 Market composition of accommodation establishments

The vast majority of accommodation operators stated that the domestic market is their largest and most important market segment. The international tourist market,

nevertheless, is widely regarded as a more lucrative market by accommodation operators, and the majority of operators interviewed stated that they actively target, or attempt to target, international tourists. There are however important contrasts among accommodation establishments in terms of the types of markets they target based on location and the time of year. These contrasts are significant as they hold import for the eventual economic outcome of tourism on the Western Cape's accommodation sector.

There is a broad correlation between the location of accommodation establishments, and the markets that they target. On a province-wide level, accommodation establishments situated in the metropolis tend to target international tourists, while those in the more rural regions of the province, specifically the Breede River Valley, the West Coast and the Karoo regions, target domestic tourists. In the Breede River Valley, for example, one stakeholder stated that domestic tourists are seen as 'the bread and butter' of accommodation operators in that region, while international tourists are regarded 'as the cherry on top.' These trends are broadly consistent with the demand patterns discussed earlier that showed international tourist usage to be concentrated in the Cape metropolis. According to accommodation operators within the Western Cape's non-metropolitan regions, there is a general lack of international business in these regions. Two reasons were given for this: international tourists do not have knowledge of tourist locations beyond the Cape metropolis, and relatedly, the tour packages sold to international tourists do not include many non-metropolitan locations. As stated by one operator in the Overberg,

'due to the space that countryside places are given in international marketing.... the more outlying areas are not getting into the line of international tourist flows.'

According to some interviewees this is a factor that affects tourism growth in the rural areas. A number of operators argued that there tended to be a concentration on the Cape metropolis, which often worked to the detriment of the hinterland. In this regard, the following statement by a tourism role player in the Breede River Valley is significant. She stated:

'Cape Town does not have everything to offer, it can't provide jobs for everybody. So even though it is the biggest attraction, we have to ensure that

we get tourists into our region, and developments in the region, so that instead of people going to Cape Town to search for work, they stay here and can be employed here.’

This was a sentiment generally shared by interviewees in the rural areas of the province.

Even though the majority of international tourists to the Western Cape make use of accommodation establishments in the City of Cape Town, within the metropolis itself there are a number of important differences. Hotel supply statistics indicated that hotel-based activity was concentrated in the Cape Town municipal area (the city bowl and adjacent sea fronting areas) and that the impact of the hotel sector is largest there. This was borne out in interviews with accommodation operators. A stakeholder in the South Peninsula municipality for instance stated:

‘Because such a large proportion of beds are in the Central Business District and along the Atlantic coast (i.e. the Cape Town municipality), we don’t have so much revenue coming from tourism in the South Peninsula, although we’re one of the key tourism components of the city’s tourism products.’

There are also differences between various municipal areas in terms of the markets that they draw. In the main establishments based in the Cape Town municipality are more successful at drawing international tourists than those in the other municipal areas. All of the hotels and other establishments situated in the Cape Town municipality therefore reported that they actively target the international market ahead of the domestic market. In contrast, in the areas away from the city centre, operators mainly focus on domestic tourists. The operator of a four-star hotel located in the South Peninsula municipality, for instance stated:

‘For us our first priority is to draw local guests, international tourists are a bonus...My international marketing strategy is based on the principle that you allocate resources according to what part of your business is made up of international tourists.’

The 19 hotel, guesthouse and B&B operators in the sample who were based in the Helderberg, Tygerberg and Blaauwberg municipal areas echoed his statements. This

bears out the speculation that was made in section 2.2 on the basis of accommodation supply characteristics, that domestic tourism is more pervasive in the more outlying areas of the metropolis. The explanations given for this split in market focus were similar to those proffered by countryside operators. One operator of a South Peninsula hotel argued:

‘tour operators sell what sells. The typical travel circuit (for international tourists) is Johannesburg, the Kruger National Park, and Cape Town, where tourists spend four or five days in the city. Simon’s Town is not in that package, that market.’

This implies two things: that international tourist flows are concentrated around the Cape Town municipal area in the metropolis, and that aspects such as tourists’ knowledge about the tourist destination, and the dissemination of such knowledge, has a large influence on the nature of tourist flows.

4.4 Market dynamics

Interviews with accommodation operators underscored that the domestic and the international tourist markets are by no means homogenous. Important differences exist within these respective markets that are particularly sharpened by seasonal fluctuations in demand, have a major impact on how accommodation operators structure their marketing schedules throughout the year, and hold significant financial consequences for the accommodation sector. In general both the domestic and international markets consist of four traveller components: corporate/business, leisure, groups, and individuals.

The bulk of the 40 accommodation establishments interviewed reported having a varied client mix made up of the above traveller components. For most establishments, and for hotels and guesthouses in particular, the corporate or business sector (both domestic and international) is the largest and most important market sector. The backpacker sector is the only accommodation sector where this is not the case. All of the larger hotels reported that they actively source corporate clients. They do this in two ways : by securing key accounts with companies whereby companies are contracted to only use certain hotels or hotel chains; and by providing reduced rates to private companies or the government. Even some guesthouses,

particularly those focused exclusively on the corporate market, reported using this strategy. For the majority of establishments the domestic corporate sector is the most important, although some establishments noted that they draw a substantial flow of international business people.

The main reason why the corporate sector is the largest constituent of establishments' client mix is that it is seen to be more stable than other market segments. This is because business travel is not bound by seasons. Indeed, a common thread in the interviews was the importance that the corporate sector holds for accommodation businesses. Three-quarters of the operators noted that they focus on and use the (particularly domestic) corporate sector to offset seasonality effects and to make up for the shortfall in demand during the low tourist season. For this reason, in the majority of the establishments, corporate occupancies are highest during the winter period.

The group traveller market is another important segment in the Western Cape's accommodation business. The group traveller market poses two attractions to operators – the possibility to draw in large numbers of travellers, and the fact that such travel flows can take place throughout the year. Generally, after the domestic corporate market segment, incentivising the group traveller segment is another mechanism put to use by accommodation operators to pre-empt seasonal decreases in demand. Two sub-components of the group traveller market, in particular, are focused on – the MICE market, and the group leisure market. With regards to the former, a common sentiment among accommodation operators is that developing the province's MICE market further is a vital means to counter seasonality in the Western Cape's accommodation sector. Many noted that the new international convention centre under construction in Cape Town's city centre,⁶ is an important first step to address the province's seasonality problem.

Internationally, the MICE market is increasingly being accorded significance as an important growth market. This is partly due to international economic changes which have seen increases in corporate and/or meetings and trade-related travel, and

⁶ This is discussed in detail in the following section of this chapter.

the concomitant rise in the world wide demand for convention facilities (Beauregard, 1998). In many cities the development of convention centres are related to urban regeneration processes (Beauregard, 1998). However, the real economic or developmental spin-off of convention centres is a matter of dispute (Fainstein and Gladstone, 1999).

One noticeable aspect of the MICE market in the Western Cape, is that it is spread across the entire spectrum of the province's accommodation offer, with hotels, guesthouses, self-catering establishments and even camping and caravan establishments reporting drawing domestic and international MICE travellers. In fact, half of the accommodation operators noted that targeting MICE groups ensures their survival throughout the year. This feature of the MICE market suggests it to be a highly flexible market, and lends support to the view that the MICE market can boost the provincial accommodation sector.

The group leisure market is another highly targeted market segment. To gain access to the group leisure market (especially to international leisure groups), accommodation operators usually make use of tour operators. Specifically, accommodation operators contract tour operator companies to source group travellers. As an incentivizing mechanism, accommodation establishments charge lower group rates, and in addition pay commission fees to tour operator companies.

Aside from these three market segments, some accommodation establishments, particularly hotels, opt for a fourth means to boost its occupancies – by focusing on niche markets. An important niche that is strongly emerging in the Cape metropolis, and particularly affects the city's four- and five-star hotel sector, is the film and production market. This market consists of international film and advertising production companies that use Cape Town and parts of the Western Cape as location to produce films or advertisements. According to some stakeholders the favourable climate of the Cape, and relatively cheaper production costs are causing the Cape metropolis (and some other areas of the province) to gain increasing international popularity as a preferred destination for film and media production. Some interviewees have noted that in recent year Cape Town has steadily usurped the market position mainly held by the city of Miami in the United States. The

increasing arrival of international production companies has presented 'lucrative opportunities for the city's hotel sector', according to stakeholders. Consequently, a number of hotels, characteristically in the four- and five-star grading sector, is vying to capture the market. According to one hotel manager, the main reason for this is that the film and production sector

'is willing to pay above average room rates.'

For hotels, therefore, the yield on this sector is higher. Despite this, hotel operators have cautioned that the film and production business is a highly seasonal business. It mainly occurs during the summer season, and is generally concentrated during November and March. Added to that, operators are also concerned about the relatively short life span that other international film destinations have seen, and there is some anxiety that the present popularity of the Cape will be short-lived.

Other niche markets that hotels focus on include sports travel, and health and fitness travel.⁷

According to operators the leisure traveller segment is most subject to seasonal swings, and the least stable. As a consequence, this segment, particularly the individual leisure traveller segment, held the least significance for most of the establishments interviewed. Even so, the majority of the establishments reported that the share of occupancies held by the individual leisure segment considerably rises during the summer periods, peaking in December, January and February, when the demand for accommodation by this segment is much higher. Generally, however, where accommodation operators do focus on the leisure segment, this is on the group leisure, rather than the individual leisure market. All of the accommodation establishments in the sample stated that they reduce their room rates during winter in order to encourage a larger domestic leisure flow. A number of operators however noted that the domestic leisure segment has seen a sharp decline over the last two to

⁷ According to the manager of a four-star hotel in the Helderberg he has sought to develop a niche in international sports visitors who use the Helderberg area for sports training. He focuses on international cycling groups, whom he accesses through international sports tour operators. He noted that since the average duration of stay of these groups is longer, the revenue that is generated from them is greater. At another five-star hotel in Cape Town's city bowl area, the hotel management has opted to construct a wellness centre to draw more international tourists.

three years. Operators attributed several causes to this: rising consumer spending on items such as cellular telephones, and on the national lottery; the effect of heightened fuel costs; and the licensing and development of numerous casinos in South Africa.

Given that domestic tourism is the mainstay of the provincial tourism sector, the downturn in domestic leisure travel is a worrying trend. In the context of low occupancy rates and decreasing international tourist demand, the domestic leisure segment is an important counterbalancing factor, and may pose significant growth opportunities for the accommodation sector. It needs to be asked whether factors specific to the accommodation sector have contributed to declining domestic demand (for instance rising prices, or that operators have actively targeted the international market which is seen to be more lucrative), and if so, what could be done to foster more growth in the domestic sector.

4.5 The financial and employment impact of the accommodation sector

Despite the selective targeting and incentivising of market segments in an attempt to offset seasonal imbalances in occupancies, comments from accommodation operators made it clear that accommodation oversupply and seasonal demand is an enduring problem, with extensive financial consequences for establishments. Many hotel managers for instance remarked that since the sharp increase in luxury (four- and five-star) hotels in the city in 1996, competition in this sector has greatly surged. This coupled with low growth in demand and occupancies, have led hotels to depress their room rates in order to draw business. According to managers, in this environment tour and travel operators have gained significant leverage over hotel operators, and are seeking greater commissions from hotels. In fact, hotel operators commonly charged that

‘tour operators are putting the squeeze on us.’⁸

According to hotel managers this has had the consequence that the average room rates, or revenue per room available, of many hotels have decreased. The dependence of many hotels, furthermore, on corporate, MICE and group leisure market segments, which are all incentivised, means that hotel income is further

⁸ There is a further discussion of hotels’ relationship with tour operators in Chapter Five.

lowered. Many managers, for example, stated that only a fraction of their income is derived on standard advertised room rates, or what is known as rack rate. Commissions and rate discounts, in other words, are reducing the revenue of many establishments in the province's hotel sector.

Hotel operators noted that seasonality of demand greatly compounds their financial difficulties. All in all, operators argued, this affects the yield, the profitability and the sustainability of many hotels. To counter-act this, several hotel managers remarked that their establishments rely on alternate sources of income, usually that provided by the food and beverages division (e.g. restaurants) of the hotel, or the banqueting facilities and activities of the hotel. For this the local population is usually targeted.

The seasonal nature of accommodation demand further has a direct and major effect on how accommodation establishments, and specifically hotels, employ people. Four-fifths of the hotels interviewed stated that they seasonally alter their staff size according to occupancy trends. The most common employment practice is to make use of part-time and casual labour which, during periods of low occupancy, is discharged. Many hotels couple downscaled staff structures with part-time/casual employment, so that only certain positions, such as management positions, or kitchen staff, are permanent appointments. In general the level or intensity of services provided by hotel establishments also have an effect on staff complements. Broadly, full-service hotels (that is those providing meals and other services such as laundering, or business facilities) have the largest staff complements, while self-catering and limited-services hotels, have the lowest.

Three-quarters of hotels interviewed stated that they have high levels of staff turnover. Hotel managers attributed this to difficult working conditions and low levels of remuneration. All of the hotels interviewed stated that they provide in-house training to their staff. The high rate of staff turnover is a concern for hotel operators as this presents investment leakage for hotels. To add to that, according to one hotel manager, the increase in bed availability in the Cape metropolis over the past few years has led to a staffing shortage in the city. There was a broad consensus among hotel operators that a general need for skilled, qualified staff besets the

tourism sector in the Western Cape. It may be speculated that the high proportion of casual or non-permanent labour among Western Cape hotels further contributes to the shortage of skilled labour in the province. In addition, even though all the interviewed hotels claimed to provide staff training, it was striking that none of the hotels indicated that they are compliant with the state's new Skills Development Act that sets out to formalise and regularise training in the tourism industry.⁹

By their nature, the employment impact of establishments such as guesthouses, B&Bs, backpackers and camping establishments is limited. For this reason seasonal effects on the employment provided by these establishments are much reduced. Notwithstanding, a number of the larger guesthouse and self-catering establishment noted that staff reduction is a common practice for them during the winter period.

Finally, many hotel operators noted that affirmative action legislation introduced by the national state is having a significant effect on the employment structures within the hotel sector. The Employment Equity Act of 1998 compels, amongst others, businesses with a staff complement of 50 or larger, or those with a total annual turnover of R5m or more, to ensure that their staff composition is representative of the broader demographic environment within which the business functions. This also entails the provision of equal employment opportunity for individuals who had previously been disadvantaged under the apartheid system. The Act designates three categories of people who should benefit from employment equity. These are black people (a generic term that includes black Africans, 'coloureds' and 'Indians'), women, and disabled people (Government of South Africa, Act 55 of 1998).

The smaller hotels in the interview sample (those with less than 50 staff members) stated that even though the legislation does not affect them, they endeavour to fulfil its requirements. All of the larger hotels stated that they are in the procedure of complying with the legislation, although it is a long and difficult process. Importantly, all of the hotel operators noted that the implementation of the requirements of the legislation present additional financial and human resource costs. According to operators this is generally because a large proportion of the designated

⁹ The objectives and requirements of the Skills Development Act are further discussed in Chapter Six.

groups is under-skilled or inappropriately skilled; the appointment of such individuals therefore generally also involves supplementary training programmes. In addition hotel operators noted that appointing individuals from designated groups into management positions was difficult. One operator for instance stated:

‘It is a problem to get a representative management structure. All the managers in our hotel are white, although we have a black assistant banqueting manager. Black managers are a rare commodity.’

There was some anecdotal evidence that the affirmative action legislation has an effect on the staff sizes of hotels. At least one operator argued that the legislation has made it difficult for the hotel to increase its staff complement over the past few years. He stated:

‘Two years ago I had 90 staff members. But with the new labour laws and the staff unionising themselves, I have come under pressure to reduce staff. I now have 55 staff members. I have actively pushed a policy of non-replacement, because the new labour laws make it very unpleasant to employ somebody these days. It is more difficult to get rid of employees than it is to divorce your wife. I appreciate all the objectives behind the labour laws and the employment equity process, you know, trying to create jobs and income and so forth. But there is a bit of ‘nou gaan ons ’n slag vir julle wys’ (now we are going to teach you a lesson) in the legislation. It’s not wrong, but it is counterproductive. As an employer I can afford to employ fewer people. There are so many of my colleagues in the hotel industry who do not employ more people due to the legislation.’

The experiences of the hotels are significant, because it can indicate that some of the objectives and policies of the state to spread tourism’s benefits, and to foster growth and development through tourism may be offset by practical difficulties. This point is taken up further in Chapter Seven.

4.6 Conclusion – the accommodation sector in the Western Cape

In conclusion, the analysis of the Western Cape accommodation sector brings to light a number of key aspects. There has been a broad increase in accommodation supply after 1994, partially brought about by increasing demand after this period. This has

affected different parts of the province, and different components of the accommodation sector, differently. The supply and tourist usage patterns show that different tourist functions and activities prevail in various parts of the province. There is a clear functional division based on types of markets: in the rural hinterland the domestic (and leisure) tourist market is most important, whilst in the Cape metropolis (particularly in Cape Town municipality), international and corporate/MICE tourism, both higher-yielding sectors, play a very important role. Tourism intensity, and the importance of tourism, is also varyingly spread throughout the province. Broadly, most tourism takes place in the City of Cape Town (and specifically in the city bowl and Atlantic seaboard area), the Garden Route and, to a lesser extent, the Winelands. Concomitantly, accommodation impact, as reflected by actual tourist usage and income generated, tends to be concentrated in these areas.

The most significant finding emerging from the qualitative analysis is that increases in accommodation supply, decreasing levels of tourist demand, and seasonal variations in demand have a major impact on the accommodation sector, and set the context for the operations, practices and market traits of the sector. There is extensive divergence in the importance of different market segments. Overall the corporate and the group traveller segments, which are less subject to seasonal fluctuations in demand, carry the greatest significance in the province's accommodation business, whilst the individual leisure traveller segment carries the least. Given the effect of seasonality, however, variability in market composition is an important feature. Generally accommodation usage by different market segments interchange over different periods of the year. Accommodation operators alter marketing schedules and market targeting in accordance with seasonal changes in demand. As a consequence of high levels of supply and intense competition, furthermore, developing niche markets and alternative sources of income, is a vital aspect of the activities of operators.

Incongruities between supply and demand in the accommodation sector hold import for tourism growth and sustainability. Declining and seasonal occupation is a generic problem. The hotel sector, however, faces the added difficulties of reduced overall revenues, which in turn influence their employment and other operating practices (this includes the use of casual labour and reduced staff training), and also

affects the ability of accommodation operators to engage in aspects such as skills development or training.

5. Investment patterns in the Western Cape's tourism sector, 1998-2001

5.1 Introduction

This section investigates tourism investment trends in the Western Cape over the past three years. All the tourism-focused and tourism-related investments in excess of R10m that were made in the Western Cape between 1998 and 2001 are investigated. The objective of this section is to examine the direction of tourist development and of demand stimulation in the province since 1998. These trends are related with patterns of accommodation supply and usage highlighted previously, and conclusions are drawn on the implications for future tourism growth and distribution.

Data on investments were extracted from the Western Cape Trade and Investments Promotion Agency's (Wesgro) database on Major Investments and Development Opportunities (MIDO). The MIDO database gathers information on investment projects in the commercial, leisure/tourism, industrial and office sectors, the main source of which is local authorities who have to approve all new developments in their jurisdictions. It provides data on three categories of projects – those that are currently being constructed, those that have received approval from local authorities, and those that have been submitted, but have not been approved. Only projects of R10m or more are included in the database, therefore smaller-scale tourism investments are omitted. Even though this is an ongoing database, it only includes projects started from 1998 onwards. This is due to the lack of any information-gathering prior to this, and the existence of different municipal boundaries and bodies until 1996 (personal communication, projects development researcher, Wesgro).

The MIDO database is the most comprehensive public listing on investments in the Western Cape. A shortcoming is that since it only includes investments in excess of R10m, and generally does not incorporate smaller-scale expansion or refurbishment of existing projects, the database does not give a complete picture of all tourism development in the Western Cape. It does however provide useful information on investment patterns in the province. Because an expanded definition of tourist development was used in this analysis, the number of tourism investments analysed here extends beyond that classified by the MIDO database. Projects were drawn

from the database under two categories – tourism-specific and tourism-related. Tourism-specific investments refer to investment projects of which tourism is the core component, e.g. the construction of a hotel or golf course. Tourism-related investments refer to projects not specifically directed at the tourism sector, but which will have a tourism spin-off. This includes the development of infrastructure such as the expansion of airport facilities.

5.2 Tourism investments in the Western Cape province.

Figure 4.16 presents all the major tourism-specific and tourism-related investment projects undertaken in the Western Cape province since 1998. Table 4.9 below presents a further breakdown of these projects by their status and regional location.

Tourism Investments 1998-2001

-  Investments under construction
-  Approved investments
-  Planned investments

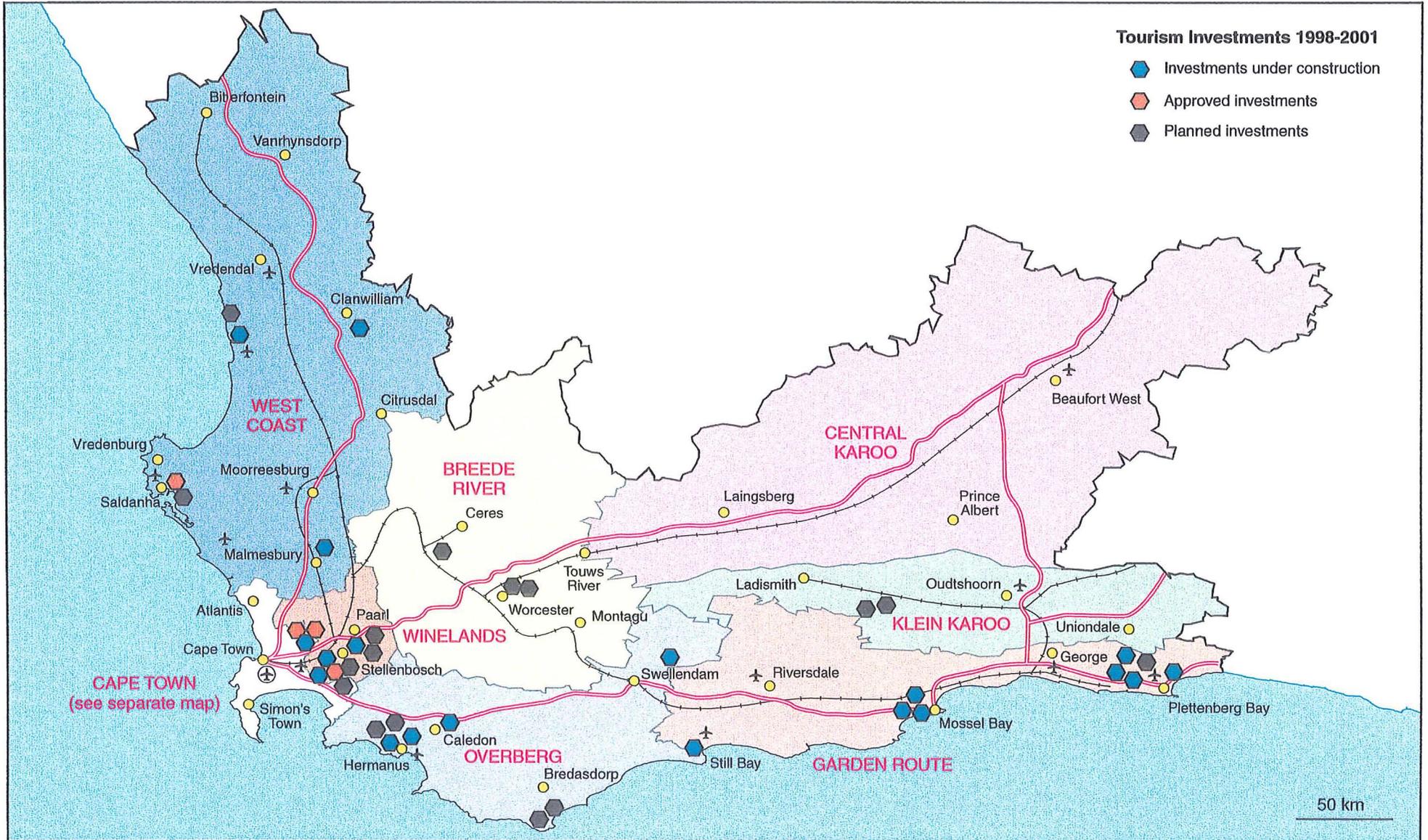


Figure 4.16
Distribution of tourism investments in the Western Cape, 1998-2001

Table 4.9
Tourism investments in the Western Cape, 1998-2001

Region	Total number of projects	Under construction (number)	Approved (number)	Planned (number)	Total known value of projects (R bn)
Cape Town	32	17	5	10	7.8
Winelands	11	4	3	4	1.95
Garden Route	9	8	-	1	5
Overberg	9	5	-	4	1.95
West Coast	6	3	1	2	0.31
Breede River Valley	3	-	-	3	0.15
Klein Karoo	2	-	-	2	0.005
Central Karoo	0	0	0	0	0
Total	72	37	9	26	R17.2bn

SOURCE: Wesgro, MIDO database

Between 1998 and 2001 72 tourism-related investment projects were being implemented or planned in the Western Cape. In total the projects represent more than R17 billion worth of investment into the provincial tourist sector.¹⁰ More than half (51%) of these projects were under construction in the year 2001, approximately one-eighth of these projects were pending implementation (i.e. approved by the relevant local authorities), and one-third of the projects was in the planning and design phase.

As can be seen from Table 4.9 the bulk of the investment projects are located in the Cape metropolis. The remainder of the province's investments projects are mainly located in the Winelands (11 projects), the Garden Route (9), the Overberg (9) and the West Coast (6) regions. Most striking is the fact that no tourism investments have been undertaken in the Central Karoo, and even though between them the Breede River Valley and the Klein Karoo hold five investment projects, none of these projects are under construction or have approval status. It is thus fair to say that to date very little investment attention has been directed at the rural hinterland of the province. Instead, most investments are being made in the province's coastal regions, and in the Winelands. In terms of value, the largest projects are located in the city of Cape Town, the Garden Route, the Winelands and the Overberg. Although only one-eighth of the province's tourism investments are being implemented in the Garden Route, the cumulative value of these projects is R5bn, one-third of the total known worth of investments in the whole province.

¹⁰ It should be noted that the value of 14 of the 72 tourism investment projects is unknown.

The Cape metropolis however is the Western Cape's most important tourism investment region. Figure 4.17 shows the distribution of investment projects in the city of Cape Town, while Table 4.10 indicates the status and value of these projects.

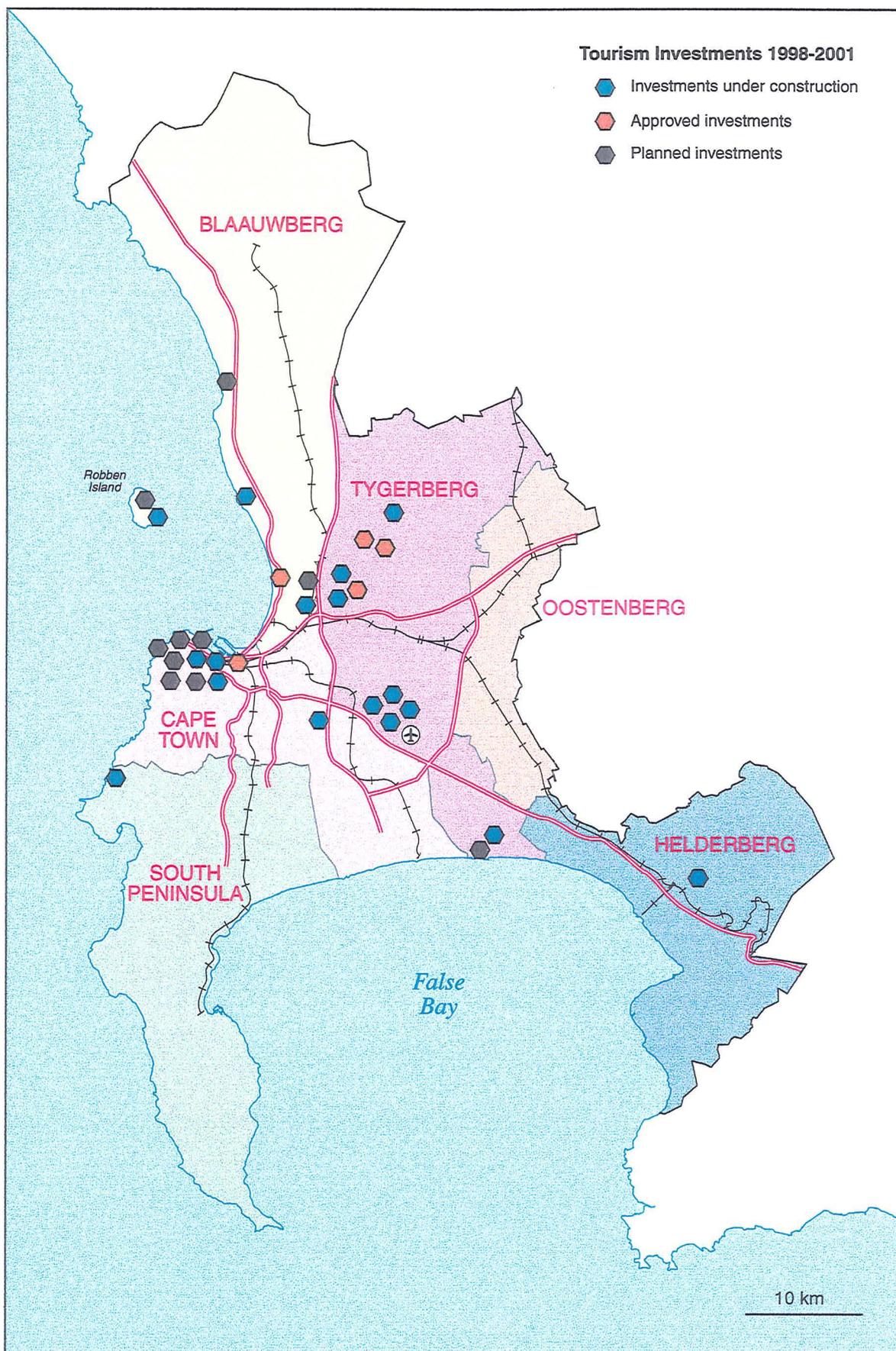


Figure 4.17
Distribution of tourism investments in Cape Town, 1998-2001

Table 4.10
Tourism investments in the City of Cape Town

Administration	Total number of projects	Under construction (no.)	Approved (no)	Planned (no.)	Total known value of projects (R bn)
Cape Town (including Robben Island)	13	6	1	6	0.68
Tygerberg	12	8	3	1	5.1
Blaauwberg	5	2	1	2	1.9
Helderberg	1	1	-	-	0.1
South Peninsula	1	1	-	-	Unknown
Oostenberg	0	0	0	0	0

SOURCE: Wesgro, MIDO database

Within the Cape metropolis the Cape Town and the Tygerberg municipalities hold more than three-quarters of the city's investment projects, making these two administrative areas the most significant for tourist development in the city. Some of the largest projects are being implemented in the Tygerberg, where investments of more than R5bn are being undertaken. A large part of this consists of extensive infrastructural developments in excess of R3bn in and around the Cape Town International Airport. A number of very large investment projects are also under construction or being planned in the Blaauwberg municipal area. In contrast, only one project is respectively being undertaken in the Helderberg and South Peninsula municipalities. No tourist investments are occurring in the Oostenberg municipality.

Interesting is the location of the investment projects in the City. The bulk of projects are located in the less populous, and wealthier parts of the metropolis. The only distinction is in the Tygerberg, where three investment projects are located close to more densely populated, poorer residential areas. These are: the developments at Cape Town International Airport, which are all in the vicinity of two black large townships (Nyanga and Khayelitsha); a large casino development, Grandwest Casino, which forms a triangle between black and low-income 'coloured', and white residential areas; and at the coast, two resort developments in Khayelitsha.

This closely parallels patterns in other types of investments made in the City. In a study on major property-related investments in the industrial, office and retail sectors, Turok (2000) found the vast majority of developments to have been made in the higher-income areas in the Tygerberg and Cape Town, and to an extent the South

Peninsula. A very small share of developments was located in the more densely populated and poorer Oostenberg. Turok (2000) argued that this was in part related to the higher spending power of residents in the more affluent regions, much lower security and crime risks in these areas, preferences by investors to invest in regions where financial risk was reduced, and a permissive regime at the local authority level. It can be speculated that these factors also play a role in the location of tourism investments. An added dimension could be that the more affluent areas have more attractive leisure sites, and that new investments may be building upon or benefiting from existing leisure developments, and probably, better infrastructure. As will be discussed in Chapter Seven, there are a number of initiatives, mainly driven by local state authorities, to bring tourism developments into poorer areas. The scale and nature of these (as argued in Chapter Seven these are mainly focused on cultural/heritage/township tourism) are markedly different from the major investments.

In sum, the figures and tables display a strong degree of investment concentration in the Western Cape and in the City of Cape Town. Investments are most dense in the metropolitan area, with the Tygerberg and the Cape Town municipal areas drawing the most numerous urban-based projects. Outside the city it is the Garden Route, the Winelands and the Overberg that are the prime investment regions, while a number of projects are taking place along the West Coast. In the remainder of the province very little large-scale tourist development is occurring. These investment trends closely parallel the accommodation supply and usage patterns identified and discussed earlier in the chapter.

There is in other words a high correlation between the investment and accommodation supply and usage patterns in the province. This has two implications. On the one hand, major tourism investments follow general levels of tourist activity, with investments being most focused where tourist activity is most intense. On the other hand, there appears to be very little in the way of large-scale demand stimulation in the regions where tourist activity is less dynamic (such as the Breede River Valley, the Karoo regions, and the Oostenberg administration in the metropolis). This in turn means that there is a compounded concentration of impact in select regions of the province and the city, and comparatively less impact in other

parts. An analysis of the direction of tourist development in terms of the kinds of investments being made in the Western Cape, hold further implication for the developmental impact of tourism in the province. Table 4.11 below presents a breakdown of the province's investment projects by investment type and location.

Table 4.11
Breakdown of provincial tourism investments by type of location

Primary investment category	Total number of projects	Location	
		Metropolitan	Non-metropolitan
1. Accommodation			
a) Hotel	10	Helderberg; Blaauwberg; Tygerberg (2) Cape Town (3)	Overberg (2) West Coast
b) Hotel + conference	4	Cape Town	Overberg Winelands (2)
c) Hotel and residential	2	Cape Town	West Coast
d) Tourist accommodation	2	Robben Island	Klein Karoo
2. Golf			
a) Golf courses	5	Tygerberg	Winelands (3) Garden Route
b) Golf complexes (golf + residential or golf + hotel)	12	Blaauwberg	Overberg (2) Winelands (4) Garden Route (5)
3. Combination recreation/leisure and residential	10	Cape Town (2) Tygerberg (3) Blaauwberg	Garden Route (2) Winelands Overberg
4. Combination recreation/leisure and commercial	3		Breede River Valley (BRV) West Coast Garden Route
5. Infrastructure	10	Tygerberg (5) Cape Town (3)	Winelands Klein Karoo
6. Convention centre	1	Cape Town	
7. Conservation			
a) Nature reserve complexes (nature reserve and residential)	3		Garden Route Overberg BRV
b) Conservation and tourist accommodation	2		West Coast Overberg
c) Conservation and recreation	2		West Coast Overberg
8. Tourist attraction			
a) Themed attraction	1	Blaauwberg	
b) culture/heritage attraction	5	Cape Town (2) Tygerberg	Winelands Overberg
9. Casino	2	Tygerberg	Overberg
10. Resort	3	South Peninsula	West Coast BRV
11. Waterfront development	1		West Coast

SOURCE: Wesgro MIDO database

The most noteworthy and surprising aspect to emerge from Table 4.11 is the salience of golf-related and property- or residential-related developments. As regards the

latter, it is noticeable that many tourist projects such as golf estates, nature reserves and recreation/leisure complexes entail a residential element. Most commonly this takes the form of middle to high-income houses and/or apartments that are constructed as part of leisure and/or tourism complexes. A number of investment projects conjoin tourism ventures with commercial developments, such as the establishment of shopping centres and office blocks with tourist facilities.

Golf-related developments constitute a major component of tourism investments in the Western Cape. By 2001 almost one-quarter (24%) of all tourist developments in the province were golf-related. In total, golf developments (both currently under construction and envisaged) carry a value of R7.9bn, making these projects of the most extensive in the province. A number of the golf projects are in the form of golf courses. The majority of the province's golf projects however consist of what is here termed golf complexes – the establishment of golf estates with residences (houses, apartments or villas) and/or hotels. In total there are 12 such developments in the Western Cape. These mainly are countryside developments; only one golf complex was being constructed in the Cape metropolis in 2001.¹¹ The combination of golf, hotel and residential investments - an integrated form of development – is a common and growing trend in real estate development internationally (Miles et al, 2000). International experience shows that two principal motivations underlie such developments from the perspective of investors – land use optimisation and profit maximisation. Close synergies between the three segments in terms of the primary market that is aimed at (i.e. wealthier, golf-playing clientele) enhances the return on investment and hence the attractiveness of such investments (Miles et al, 2000). In addition, diversification reduces the risk of financial loss. With this sort of development, investors in the Western Cape hence seem to be following an emergent tendency in international leisure development.

It is interesting that golf complexes and golf courses are concentrated in three regions of the Western Cape – the Garden Route, the Winelands and the Overberg, areas (particularly the former two) which, as shown in an earlier part of this chapter generally draw more higher-income and more international visitors than the other

¹¹ This project, located in the Blaauwberg administration is a massive development worth R1bn. In 2001 another golf development was planned for the Tygerberg.

non-metropolitan regions of the Western Cape. The two golf complex developments in the Overberg are due to investments by a single international developer, Arabella Sheraton, the holding company of the Sheraton hotel group. Part of one of the Overberg developments therefore entails the establishment of a large 5-star hotel that will be operated under the Sheraton brand. In the Winelands region the golf developments are of a very particular kind – usually it consists of wine estates where part, or the entire estate is being re-developed into golf estates.

The pertinence of the golf developments is significant. It indicates the targeting of a specific niche market – golf tourism. Given the high contingency costs that go along with golf tourism, this market generally consists of higher-income clientele. The fact that mainly 5-star hotels, and middle- to high-income residences form part of these complexes, make these very exclusive developments. An interesting element is that a number of golf-related property developments are also what are known as security complexes – security-controlled compounds with limited access points. This suggests that some of these developments are specifically aimed at being exclusionary.

Overall, the high coincidence of residential/commercial and tourism developments indicates a general attempt by investors to optimise investment returns and lessen as far as possible investment risks. In this regard it is noticeable that very few of the investment projects entail the development of single-modality tourist attractions. Only three of the investments, for instance, consist of the construction or refurbishment of resorts. In addition only one waterfront development, along the West Coast, is planned. A similar situation prevails for themed attractions. Only one, an indoor ski and ice-skating centre in the Blaauwberg, is planned. The development of culture/heritage attractions, furthermore, is also limited.

Several of the investments in the Western Cape are infrastructural development projects. It is noteworthy that very little infrastructure development is taking place in the non-metropolitan parts of the Western Cape. The single largest infrastructure project (both in scale and in financial value) is a medium- to long-term project at the Cape Town International Airport. In the medium term the project entails: the expansion of the cargo and freight centres at the airport; the refurbishment and

extension of the runways and the arrivals and departures halls to increase the airport's passenger handling capacity from 350 to 950 passengers per hour; the construction of office blocks and a cricket oval on the airport premises; and the establishment of a 5-star hotel. All of these developments, valued at R246m, are expected to be completed by 2005. Longer-term planning, set for completion by 2015 and valued at R2.8bn, will see a major property development for commercial, retail and warehousing occupation around the airport site, the construction of multi-storey car parks, and satellite terminals and runways (Airports Company of South Africa (ACSA) Masterplan, no date).

In total the value of the entire airport development is R3.1bn, making it the single leading investment project in the Western Cape. This infrastructure project is very important. It is premised on expected rises in passenger and tourist arrivals at Cape Town International Airport. It is projected that traffic at the airport will increase from 5m in 2000 to more than 12m by 2015, one-quarter of which will be international tourist arrivals (ACSA Masterplan, no date). More significantly, however, the airport development embodies many of the expectations for (particularly international) tourism in the Western Cape upon which all the other tourism investments in the province are predicated and wagered. If the anticipated growth in tourism numbers does not occur, the outlook for the province's tourism sector is bleak.

Hotel development is another major constituent of tourism investments in the Western Cape. By 2001 16 individual hotel projects were undertaken or planned in the province, just more than half of this (56%) located in the City of Cape Town. In comparison with the pattern of hotel development in earlier years, there seems to be a greater degree of diversion. Between May 1996 and May 1998, for instance 32 new hotels were established in the metropolis. Of this, more than three-quarters were located in the Cape Town municipality (Wesgro, 1998). As can be seen in Table 4.11, by 2001 several new hotel developments were taking place in other parts of the city and the province, suggesting a deconcentration out of the city bowl area. One reason could be that the market in the city bowl has become saturated – as sections 2 and 3 on the accommodation sector has evidenced, there is a large degree of over-capacity in the metropolis.

A second difference is that while earlier hotel developments were mainly mono-functional, several of the new developments that have taken place between 1998 and 2001 are dual- or multi-functional. Firstly, as mentioned earlier many of the golf-related or commercial and/or residential developments are dovetailed with the establishment of hotels. As discussed, this is aimed at offsetting risks. Secondly, some of the hotel developments are linked with the development of conference facilities. The largest and most important hotel/convention project is the construction of the Cape Town International Convention Centre on the foreshore of the city bowl. This project is jointly funded by the provincial state and by SunWest, the company to whom a licence was granted to construct and operate Grandwest Casino in the Tygerberg. The Convention Centre project is part of a larger development associated with the granting of this licence.¹² It is expected to start operating in the third quarter of 2003. Attached to the convention centre will be a 5-star 500-bedroom hotel that will be operated by Arabella Sheraton. The projected cost of the convention centre is R504m¹³ (Cape Town International Convention Centre Company). In a recent study commissioned by the Cape Town International Convention Centre Company (Convenco) it is estimated that in the two-year construction phase the centre will contribute an additional R400m to GGP, and create more than 4000 jobs. It is projected that the convention centre will in its first year of operation contribute R270m and 3000 new jobs. By 2012 this is estimated to rise to R1.5bn and 19 000, respectively (Convenco, 2001). Importantly, it is projected that international visitor nights will increase by 1.86% in 2003 and by 12% within the first ten years of operation, representing foreign exchange earnings of R1.5bn for the city (Convenco, 2001). As discussed in section 4.3, many stakeholders regard the promotion of conference tourism as a vital counterbalance to the seasonal nature of tourism in the Western Cape.

¹² The third component of the SunWest casino bid is the construction of a waterway canal that will link the Waterfront with the foreshore and the convention centre. The Roggebaai Canal is valued at R35m.

¹³ There is some dispute over this. On the basis of the costs of convention centres in Johannesburg and Durban, the provincial state has projected the construction costs to be R320m. Under the agreement with SunWest, the state has committed R180m and SunWest will contribute R140m. It is however widely expected that the construction of the Cape Town centre will far exceed R320m (personal communication, CEO, Cape Town International Convention Centre Company).

In terms of broader accommodation development it is noticeable that a very small proportion is geared towards that segment of the tourist market that does not reside in hotels. Three investment projects, in the Klein Karoo, the West Coast and the Overberg, respectively, consist of the construction of lodges or more informal tourist accommodation. In the latter two regions, furthermore, the accommodation developments are linked to broader conservation projects. This indicates that the number of large-scale investments aimed at accommodating the middle- to low-income, domestic or lower-paying tourist markets in the province, is limited. This may be because these market segments are absorbed by the local guesthouse, backpacker and B&B sectors in the various parts of the province. A second reason could be that the construction costs of informal or cheaper accommodation establishments such as lodges or chalets are relatively low, and hence not captured by the MIDO database.

One major investment project that combines the establishment of accommodation for both the upper, and the lower end of the tourist market, is being undertaken on Robben Island. This R75m project consists of the conversion of existing buildings on the island into accommodation facilities. Envisaged is a 5-star 25-bedroom establishment aimed at the international leisure market, and a 69-bedroom guesthouse operation, targeting two main niche markets – international educational groups, and the domestic corporate market. Added to this will be the development of 11 self-catering cottages and a 115-bed backpacker lodge. The latter two establishments are targeted at the domestic, low-income leisure and educational market, and according to a spokesperson for the primary developer, is aimed at ‘providing accessibility (to Robben Island) for previously disadvantaged individuals and groups.’ According to him the higher-paying clientele will effectively subsidise the low-income markets (personal communication, development director, Protea Hotels).

The Robben Island development is one of only a few examples in the province where a major private investor is involved in the development of accommodation infrastructure for the lower end of the market. The bulk of large investments target the upper end of the market. The proportion of resources directed at the domestic/local and/or lower-paying section of the tourist market in the Western

Cape, in other words, is small. In lieu of the fact that the domestic market is the basis of the tourism industry in the Western Cape, and on indications that international tourist demand may be waning, the aptness of this can be questioned.

In sum the following features of tourism investments in the Western Cape province may be highlighted. There is a high level of concurrence with property developments in the province (signalling investor attempt towards risk-reduction). Coupled with that, there is a broad concentration on multi-modal recreation/leisure complexes. Middle-to-high income tourist markets are generally targeted, but there is a particular targeting of the golf tourist market.

6. Conclusion: the spatial structure of tourism in the Western Cape and its consequences

This chapter focused on the spatial structure of tourism in the Western Cape. It looked at the kinds of changes that tourism has undergone in the province over the past seven years and the spatial effects this has brought about. First of all, in terms of accommodation supply and usage patterns, it was shown that tourist activity is generally concentrated. There are important differences between regions in the province and municipal areas within the metropolis in terms of the markets they draw, their tourist function, and the relative importance of tourism. Tourism is of greatest economic consequence in the Cape Town municipal area, although areas adjacent to the Cape metropolis, most notably the Garden Route and the Winelands also accrue a substantial proportion of the economic spin-offs of tourism. In the remainder of the province, however, the nature and level of tourism intensity is much less.

Patterns of tourist investment since 1998 have been very particular: the focus is on combination/multi-sphere developments of which tourism is just one aspect. Moreover, demand stimulation is geared at higher-paying, higher-yielding niche markets, rather than the lower-income, mass tourist market. The bulk of investments occur along the coastal areas of the province, and in the Winelands region. These features make the course of tourist development in the province very distinctive. Tourist development and value-adding through tourism investment converge in the areas of the province where tourism activity and impact is highest.

The question is what these spatial features and trends imply for tourism growth/development, sustainability and distribution in the Western Cape. With regard to tourism growth, indications that there is over-capacity in the accommodation sector (which due to its salient position in the overall tourism sector can be taken as a barometer for the larger sector), is a matter of concern. The question should be posed whether over-capacity is a temporary state of affairs, reflective of a general lag between increases in supply and demand, or if it is related to more fundamental problems of structure within the tourism sector.

As it currently stands the developmental benefits of tourism – *inter alia* employment, training, skills development – are regionally focused. Similarly, and equally vital, the costs associated with tourism – such as seasonal variations in demand and its related effects on employment, revenue and training – are mainly borne by certain regions.

The domestic sector is the basis of the province's tourism economy. In this regard, evidence from the investments section that there is a much greater fostering of the higher-income, higher-yielding (and probably international) market segments, is significant. This may possibly be to the detriment of further growth in the larger industry.

Chapter Five

The dynamics of the tourism production system

1. Introduction

This chapter investigates the structure, nature and dynamics of the Western Cape tourism production system. It examines the interface between tourism producers and consumers, and the types of interaction that exist among producers. The purpose of this analysis is twofold. It firstly seeks to determine loci of influence and leverage in the tourism production system. Secondly, through an analysis of the functioning of the tourism production system, it seeks to draw out some explanation for the patterns of tourism impact and distribution illustrated in Chapter Four. The overall purpose of the chapter is to gain an understanding of the power dynamics involved in tourism production, how this is related to features such as tourism growth, distribution and sustainability, and what this implies for development policy in the Western Cape. The interrelationship between tourism producers and consumers, and among producers themselves, are investigated in terms of three specific aspects: the content and nature of Western Cape tourism products; tourism prices in the province; and the image of the Western Cape as a tourist destination.

Three propositions are examined. Firstly, authors such as Britton (1991) and Tremblay (1998) contend that some producers have more economic power in the tourism production system than others, due to, *inter alia*, their size and their products. This is borne out by the investigation in this chapter.

Secondly, understanding the interaction between tourism producers and consumers and the relations of leverage that pertain, is an important aspect of understanding both the functioning and the outcome of the tourism production system. In this regard a large body of tourism literature follow the neo-classical economics approach by proposing that tourism consumers and their preferences shape tourism production (e.g. Urry, 1995; Shaw and Williams, 1998). In contrast some authors (e.g. Cheong and Miller, 2000; Pritchard and Morgan, 2001; Hollinshead, 1999) contend that producers hold sway over consumers and can steer tourism demand. The chapter investigates these two contending propositions. It shows that there is a mutually

affective relationship between producers and consumers, with the direction of influence varying, depending on the product component that engages them.

The chapter has five parts. The first details the structure and the various components of the Western Cape production system. It sets up the analyses of the three propositions by reviewing some of the main ideas linked to relations of power in tourism.

The second part provides an analysis of the nature of the Western Cape tourist product and the main international and domestic consumer segments linked to the Western Cape.

The third part of the chapter investigates the dynamics of the Western Cape production system. It shows the chains of commercial interchange that exist between producers and consumers and among producers, the forces that shape such interaction, and the consequence of this interaction. This is fourthly followed by a closer scrutiny of the interplay between tourism producers and consumers through an examination of the products that are produced and consumed and the tourist image(s) that are part of it. The final part of the chapter investigates tourism prices in the Western Cape and the role of various tourism actors in this regard.

2. The structure and nature of the international tourism production system

2.1 The producer-consumer and producer-producer nexus and relations of leverage

Figure 1.1 in Chapter One illustrates the international tourism production system and the Western Cape's position in it. The tourism production system is made up of four core producer spheres: transport (consisting of airlines, car rental); serviced and non-serviced accommodation (hotels and other accommodation types); tour and travel intermediaries (tour operators and travel agencies); and ground or wheels operators. Each producer sphere has several primary or ancillary tourism suppliers and contractors attached to it. As can be seen producer spheres crosscut at the international and the domestic levels.

The various producer spheres constitute different components of the final tourist product. As discussed in Chapter One, the tourist product is diverse. Here, reference is made to three types of tourist product elements: i) tangible components such as flights, accommodation, excursions/day trips; ii) tour itineraries (packages); and iii) intangible destination-specific components - the image and reputation of the Western Cape as international tourist destination. Price is an attribute of the first two of these elements.

With regard to producer-consumer interaction, there is a large body of literature that suggests that consumers and demand characteristics steer tourism production. Following from neo-classical economics on the sovereignty of the consumer, some authors for example link the rise of different ('post-Fordist') forms of tourism (such as alternative/cultural/eco-tourism) to 'post-Fordist' changes in consumption patterns (Shaw and Williams, 1998; Ioannides and Debbage, 1998). Furthermore, a number of authors argue that given the wide variability of the tourist product (which translates into a number of product options for the consumer), the consumer can exercise choice. Tremblay (1998:839) for instance states:

Consumers have much discretion in combining components of tourism bundles and shaping the attributes of particular services.

There are two implications to this argument – that the tourist product only gains characteristic once purchased or consumed by tourists (i.e. the tourist acts upon the product); and secondly that tourists are the shapers of the tourism system.

A similar notion informs the Western Cape tourism development policy. This policy has two prime objectives: to attain absolute growth in tourism numbers and to distribute the benefits of tourism in the province. These two facets are linked in two ways: through overall demand-stimulation, and through the creation and marketing of new and alternative products that focus on previously neglected communities and areas. The central principle informing the policy is that consumer needs and preferences should steer all tourism development. According to the *White Paper on Sustainable Tourism Development and Promotion in the Western Cape* (2001),

'[Since] tourism development is aimed at producing a total experience that is most appealing (of most value) to our target audiences, more so than those of

our competitors... this implies that the approach to tourism development must be based on programmes and initiatives related to current and potential market trends and requirements' (p30)

and,

'Tourism should be market-driven and the needs, requirements and travel patterns of consumers must be instrumental in directing the development of the industry' (p21).

Similarly, in an interview with the chief executive officer of the Western Cape Tourism Board, he stated:

'Distribution of tourism impact is definitely very important. But on the other hand one has to be realistic, because it doesn't help to say that tourism must be evenly distributed between all the regions of the Western Cape – this may not necessarily be what the market wants. It's about being market-driven.'

The assumption that underlies the Western Cape tourism policy is that tourism consumers are the primary drivers of the tourism system, and that a successful and apposite development policy is one that is cognisant of, and responsive to consumers' needs. The Western Cape policy is congruent with a large body of tourism literature that contends that tourists' preferences provide impetus to tourism production. As reviewed in Chapter One there is a contrasting school of thought that maintains that tourism producers, in the products they offer and the knowledge they produce, steer consumers and hence exercise power over consumers (e.g. Cheong and Miller, 2000; Hollinshead, 1999).

With regard to producer-producer interaction, literature on tourism production suggests that because competition is the driving feature of producer interaction, almost by definition, relations of unequal influence exist among producers. Britton (1991) for instance argues that airlines (and particularly the national airline in a tourist-receiving country) and what he calls tour wholesalers (in this chapter referred to as tour operators), have more power in the tourism system than other producers.

He states:

Because of the enormous sunk costs which must be recouped, and their substantial carrying capacity, airlines have both the financial imperative and

commercial clout to extract advantageous terms ... The competitive advantage of the tour wholesaler lies in their doubly strategic position between all principal suppliers and between suppliers and consumers. Their power derives from the enormous volumes they can command, their pivotal familiarity with diverse market segments, and the capacity to shift tourist flows from one destination to another or one supplier to another through the travel products (tour packages) they construct and promote. In other words, those sectors of the tourism system which intersect between the tourist in the home market and tourist destinations wield considerable influence over interindustry transactions and the geography of tourist flows. (Britton, 1991:457-458).

Following from Britton, a key proposition in the chapter is that some tourism producers are more powerful in shaping the tourism production system than others.

3. The nature of the Western Cape/South Africa tourist product and related consumer segments

The nature of the Western Cape tourist product and the consumer segments related to it can be usefully defined from the perspective of tourism producers. Interviews with tour operators indicate that in the context of the German and British source markets, the South African tourist product (and the Western Cape as part of it) is highly distinctive. This is firstly due to South Africa's position as a long-haul tourist destination. The distance, time and costs involved in travelling to South Africa means that the market tends to be smaller than for short- or medium-haul destinations. South Africa's second distinction lies in its status as an African country, and the touristic appeal that is linked to this. One tour operator encapsulated this:

‘(The reason why people go to South Africa) is that they want to see, to meet, to touch Africa. And this means three main things – nature, wildlife and culture.’

According to tour operators these characteristics set South Africa apart from many other international tourist destinations. Firstly, since the South African/Western Cape appeal centres around natural, physical and social features and attractions, the exploration of these forms a key component of the tourist product. Secondly, travellers spend a longer period of time in the country (on average two to three weeks). A tour operator argued:

‘Tourism in South Africa is not like in Spain and in the Caribbean. It’s not hotel-based or stay-put like in the Caribbean.’

In other words, South Africa is not a ‘sun, sand, sea and hotel’ destination such as the Caribbean or the Balearic Islands. Instead travelling through South Africa is an important aspect of the country’s tourist product. According to operators this makes South Africa comparable to destinations such as Australia, South America, other parts of Africa, or the United States of America.

Operators identified three broad consumer segments for international tourism to South Africa: those who go for the purpose of leisure or vacation; those whose visit to the country is business-motivated; and those who primarily visit friends and relatives (the VFR segment). Crosscutting these, and constituting two further segments, are travellers who are first time visitors, and those who are repeater visitors. Operators furthermore delineated consumer segments in terms of type of accommodation. A distinction was drawn between an ‘upmarket’ or luxury segment which includes three, four or five star lodges, guest houses and hotels, and a ‘budget’ segment which includes backpacker and less expensive (and usually lower-graded) hotels and guest houses. In general tourists who constitute the upmarket or luxury segment fall into an above-average income category and tend to be older. The budget segment tends to be younger.

Given the ‘nature, wildlife and culture’ appeal of South Africa, and the characteristics of the country’s international consumer segments, four broad market segments were identified by tour operators. These were safari and hunting tourism; adventure-/sports-/ecotourism; cultural or study tourism; and MICE tourism.

For domestic tourism, three main market segments were identified: leisure/vacation; the visiting friends and relatives segment; and business tourism. According to operators, even though the domestic VFR segment is one of the larger segments (this was also shown in Chapter Three), it carries the least tourism impact since it makes the least use of tourism components. As discussed in Chapter Four, the business tourist segment holds the most significance for the hotel sector in the Western Cape.

Interviews with other producers, such as representative of car rental companies indicate that this is also the case in the car rental sector.

4. The dynamics of the tourism production system: chains of commercial interaction and transactional processes and linkages

Interviews with tour and travel producers indicate that the international production, marketing and selling of the Western Cape tourist product is an interwoven process that involves a sequence of transactions among international and domestic (local) producers. It draws together a range of producers from various producer spheres who collaborate to produce tourist goods. A hotel manager described the production process as follows:

‘There is a chain of actors involved in the sale of tourism attractions and destinations. For international tourism to the Western Cape it flows from the international client to the hotel in the Western Cape via international travel agents and wholesalers and local ground operators here in South Africa.’

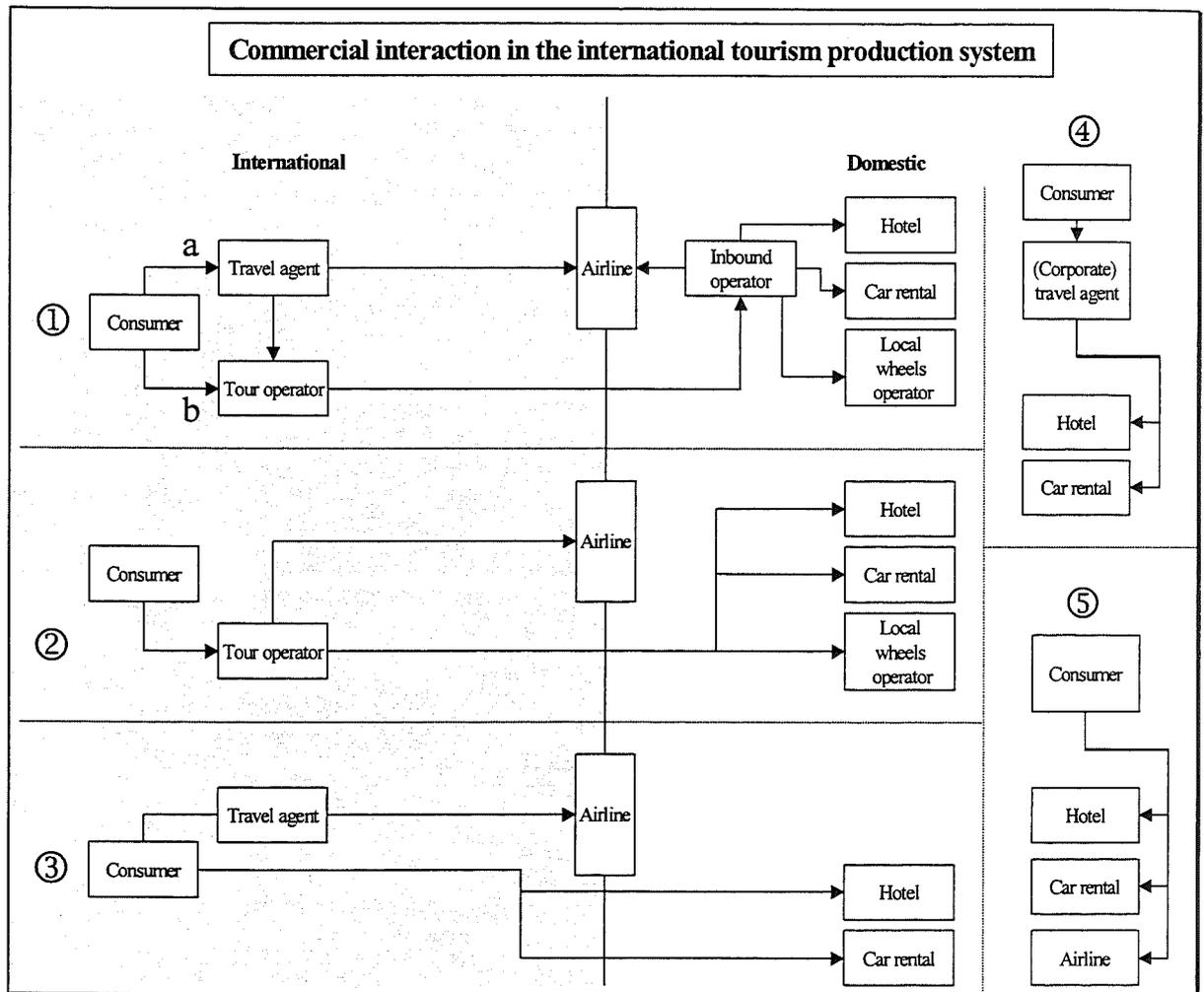
An airline representative stated:

‘There is a sequential flow of business involved in tourism. The tourism industry is a chain. The airline is part of a chain in the whole service provision for the passenger. There are also things such as hotels or car hire involved.’

The final tourist product is hence the outcome of the serial interaction and exchange among a diverse range of producers. Given the nature of the South African tourist product and its main consumer segments, producer activities are geared towards the production and selling of the country as an explorer destination. This means that transport in the form of flights, car rental or guided tours, is a particularly significant component of the tourist product. International consumers characteristically purchase travel packages to South Africa, varyingly consisting of flights, accommodation, car rental and day trips or excursions to local sites.

On the basis of interview data five commercial relationships between international and domestic producers and between producers and consumers may be delineated. This is depicted in Figure 5.1.

Figure 5.1



Author's own design; based on interview data.

The first commercial relationship involves an international tourist (based for example in Germany or the United Kingdom) purchasing a comprehensive travel package that includes an international flight to South Africa, domestic flights between different locations in South Africa, hotel (or other) accommodation in various locations, car rental, and day trips or excursions. The consumer may purchase the travel package from a local travel agent (a) or directly from an international tour operator (b). The international tour operator has in turn bought the various components of the travel package (flights, accommodation, etc) from a South African tour operator. This domestic inbound operator has negotiated and bought products from airlines, South African hotels, local wheels operators, and South African car rental companies. On the basis of this a travel package has been collated that involves a range of travel modalities and a number of South African destinations and locations.

In the second relationship an international tourist once again purchases a comprehensive travel package from an international tour operator. This time the tour operator has not made use of an inbound operator in South Africa, but has directly interacted and negotiated with different international and South African producers to compile a travel package.

In the third relationship the international tourist does not make use of the services of a tour operator, but directly purchases travel and accommodation components from the respective producers. The tourist may purchase the flight through a travel agent.

Fourthly, on the domestic side domestic tour operators and travel agencies act as conduits for domestic leisure and business tourism. These intermediaries interact with hotel and other accommodation establishments, car rental companies, domestic airlines and other transport producers to provide tourist products to domestic consumers. Corporate tour operators and travel agencies specialise in procuring and channelling business to domestic tourism producers.

Finally, domestic consumers can bypass tour and travel intermediary services and directly purchase tourist and travel components from producers in South Africa.

As is clear from Figure 5.1, the number of producers and the depth of commercial exchange involved in the tourist product that is eventually purchased by a consumer depend on the content of this product. Three aspects can however be highlighted. Firstly, as far as international tourism is concerned, some producers occupy positions of centrality in the tourism production system. Given that airlines provide infrastructure and constitute the primary means of access between the Western Cape and its international source markets, they may be said to be salient actors in the production process (Britton, 1991).

Secondly, it is also apparent that as far as the travel components related to the tourist product is concerned, tourism consumers have limited manoeuvrability in their interaction with producers: producers offer a contained set of travel products (flights, excursions, or car hire) and restrict consumers to certain choices. In this instance consumers don't shape the product offer; the tourist product, as far as it is centred on

travel elements, is generally fixed. Producers do however differentiate themselves on the type, price and quality of product they produce and offer to consumers. A representative of a car rental company for instance stated:

‘(In the car rental sector), we all have the same product, we’ve got the same vehicles, the same systems. The only thing we can use to distinguish ourselves from the rest is through service, and periodically by lowering prices. But service is our priority.’

Thirdly tour operators and travel agencies constitute a key link in the series of interactions that take place. There is a distinct division of labour between tour operators and travel agencies. Tour operators are producers, consumers and retailers in the production system. They purchase tour product components from other producers, which they on-sell. Travel agencies on the other hand only fulfil a retail function. Tour operators and travel agencies share however the function of brokerage.

With regard to tour operators there is a further division of function between larger, and smaller tour operators. An interviewee explained the difference as such:

‘The big operators sell over prices... that’s obviously the strength of a larger tour operator, because you wholesale. You put it all together in a package and pass it on to the client cheaper than if the client would do it for themselves. We set up contracts around the country and then we use our buying power. Smaller operators don’t have this buying power, they focus on niche markets.’

In the interviews some evidence emerged that established networks of interaction exist between international and domestic producers. This is firstly based on size. There was some evidence that commercial interaction is built around larger, rather than smaller firms. This is due to the greater market reach that larger firms proffer versus the smaller ones. A representative of a car rental company for instance argued,

‘Somebody like Dertour, the German tour operator,¹ would give us a huge amount of rental days, it’s a very lucrative client. Dertour in November and

¹ Dertour is the fifth largest tour operator company in Germany. It holds approximately 7% of the total German market (FVW).

December last year flew in about 3000 travel agents and tour operators and brought them into Cape Town to show them the market. So obviously it's to our advantage to have Dertour as a client, and to be their preferred car rental company.'

Transactional networks or links secondly seem to be based on the kind of penetration that firms have in overseas source markets. The manager of a foreign-owned hotel for instance argued:

'We are a global brand, and we have a strong presence in Europe. This places us in a very good competitive position in South Africa, because the feeder market for South Africa's international tourism is Europe.'

Similarly, the representative of a car rental company in South Africa attributed the company's leading market share in the car rental sector to,

'the company's presence in the source markets. In order to capture those source markets you really need to have a presence in those markets, that's our advantage, no matter what country you go to, we operate there.'

These statements support Britton's (1991) contention that a producer's proximity to both consumers and destinations provides a good vantage point from which to exercise influence over interactions in the tourism production system. On the basis of the statements, Britton's argument may however be extended: while Britton only assigns positions of power to airlines and tour operators, the statements above indicate that producers such as hotels or car rental companies can accrue competitive advantage over others in the production system if they are more proximate to target markets. In the car rental sector this conclusion is further sustained by the fact that the market for international tourists is dominated by only four big companies, all of whom are the local franchises of large international players.² There is therefore some indication that some producers, by virtue of providing both size and access to source markets are more dominant in the Western Cape tourism production system than others.

² Approximately 91% of the market for car rental by international tourists is held by Avis Southern Africa (33%); Europcar and Budget (each approximately 25%); and Hertz (6%) (Personal communication, car rental representatives).

Authors such as Tremblay (1998) and Britton (1991) draw attention to the fact that co-operation is a key feature of producer interaction in the tourism production system. Tremblay (1998) contends that networks of collaboration draw together producers from different producer spheres. He argues that such co-operation is strongly influenced by producers with more capabilities. This was evidenced in this analysis. A set of commercial agreements and rules governs the interaction between the various tourism producers. These rules and agreements stem from the regulatory organisations and institutions discussed in the next chapter, but are also commonly contracted among producers themselves. One hotel operator described the transactional process between hotels and tour operators as follows:

‘There is a standard tour operators’ (STO) fee. This is a special, lowered hotel rate that is given to tour operators. Usually this rate is 20-25% off the standard advertised or what we call rack rate for rooms. Tour operators can then put their own mark-up to the price they offer to the end client. On top of that tour operators can also get commission from hotels for making bookings. This commission varies. Now if there is a two-step booking process where a travel agent is involved, you pay commission to each partner in each step. When a travel agent books directly with a hotel they only charge 10% commission. But when a travel agent books through a tour operator, you have to pay 10% commission to each. That means you pay 20% commission in total.’

In the airline industry a similar structure prevails. According to an airline representative:

‘We apply a standard commission as laid down by IATA, which is 9%. So we’d give tour operators and travel agencies 9% commission for international flights bookings, although depending on how you want to incentivise different markets, commissions can vary between 7% and 12% of a flight ticket price.’

Interviews with representatives from the car rental sector indicate that a similar procedure is followed in this sector, whereby tour operators and travel agents are paid commission for business sourced.

Price discounts and commissions therefore constitute the primary mechanisms whereby the commercial exchange between international and domestic producers is directed, and is one of the important forms of co-operation among producers. Several tourism producers however heavily censured the current discount and commission structure. The criticism centred on two aspects: the higher operational costs it brought to producers, and consistent with Tremblay's (1998) contentions, the greater advantage that some producers enjoyed over others in the levying of commissions. The role and position of tour operators were particularly criticised. A number of hotel operators in the Western Cape for instance argued that the increased formation of consortiums³ in the tour operator and travel agent sectors afforded these bodies increased leverage in their exchange with hotels.

One hotel manager argued:

'At present there are significant shifts in the tour operator sector. Because of the consolidation of tour operator companies local operators are becoming larger and larger. They are now gaining more power, and are starting to demand more and more commission. At the moment there is a big conflict between hoteliers and tour operators about commission levels, tour operators are now demanding up to 30% commission.'

Another manager claimed:

'Tour operators are putting the squeeze on us, they continually squeeze for lower rates and sell it at a higher price.'

As was discussed in Chapter Four, the sample of hotel operators interviewed in the study partly attributed declining hotel revenues and yields in the province's hotel sector to the system of rate discounts and commissions operating between hotels and tour operators. The commission structure, in other words, was said to hold negative financial consequences for the hotel sector. In an attempt to assuage both the costs

³ The number of travel consortiums – conglomerates of tour operators and travel agencies who operate under one marketing brand - has significantly risen in South Africa over the past five years. With this, South Africa is following a strong international trend towards increased consolidation of the intermediary market, with very large travel firms merging, or buying up smaller operators. Seven mega-companies, for instance, dominate the German market. These companies are also of the largest in Western Europe. In recent years the West European market has become increasingly integrated. In 2000, for instance, Preussag, the owner of German operator Tui, bought up the British Thomson Group, so forming the largest tour operator in Western Europe (FVW Online, 11/10/2000). In South Africa consortiums that are increasingly gaining large shares of the market, and have important lobbying effect, are groups such as Harvey World Travel, the Sure Group and Tourvest. (Personal communication, CEO, Association of South African Travel Agents).

and increased pressures from tour operators, hotel producers advocated a change in the broader transactional structure, which entailed the phasing out of operator and travel agency commissions. A hotel manager explained:

‘Hoteliers in the Western Cape decided to no longer give commission. We are giving net rates and it is up to the tour operator to decide what mark-up or service fee they will put on whatever service they offer. In terms of the travel agencies, we will pay them a standard booking fee of probably R25, no matter what the value of the booking is. Travel agents will in turn have to secure their own clientele and charge them a service fee, that’s how they will survive.’

According to this interviewee the decision to phase out commissions was taken by several of the larger hotels in the province. He therefore anticipated a high level of success in implementing it. With the discontinuing of commissions and price discounts to travel intermediaries, hoteliers are following an emergent international trend, where, as stated by the director of the national body representing travel agents, there is increased pressure on travel agents ‘to professionalise’. Rather than receiving commissions from other producers, travel agents and tour operators will be expected to levy charges on consumers (Personal communication, CEO, Asata; Marketing Director, Protea Hotels). This means that a major transformation of the way in which trading between tourism producers is contracted and regulated, will take place in the near future. This raises the question of how the change will affect the current nature of interaction between tour operators and travel agencies and other tourism producers, and more importantly, relations of leverage among these producers.

The above becomes particularly relevant in light of two key arguments that were made with regard to tour operators by other tourism producers. The first argument related to the effect that tour operator activities had on price levels in the Western Cape, and linked to that, tourism demand, while the second related to the influence of tour operators on international travel flows through the Western Cape.

With regard to the first argument, a number of Western Cape hotel operators claimed that tour operators are responsible for large price discrepancies in the hotel market in the Western Cape. The following statements by two hotel managers are insightful:

‘Often what we’ve discovered is that sometimes tour operators are marking up to such a degree that when a guest comes to stay at our hotels and do a rack rate comparison, they’re finding that they’ve paid higher than our rack rates. So there’s already a premium on our most expensive rates.’

And,

‘Tour operators make a huge profit. We have the problem that international tourists arrive here and find that they have paid a much higher price than the rack rate. That’s because of the mark up that tour operators put on regular rates. This creates the problem that clients may be dissatisfied because they expect so much more compared to what we are actually charging them.’

Secondly, it was argued that tour operators have extensive influence in setting out and determining travel routes in the Western Cape. According to one hotel manager,

‘Tour operators market and sell certain destinations above others. That means that they have a large degree of control over where tourists travel to, they determine travel circuits. If you don’t fall into that travel circuit, you become a peripheral destination, like us. It is a battle for outside hotels like us to break the power structure.’

Another stated,

‘Visitors are flown into Johannesburg, go to the Kruger National Park, the Garden Route, etc. The more outlying areas are not getting into the line of international tourist flows.’

These arguments are very significant. It is attributing primacy to tour operators in two of the key issues linked to the impact of tourism and its distribution in the Western Cape: tourism costs and how this affect tourism demand, and the shaping of tourist flows through the Western Cape. The next two sections examine these aspects further.

5. Producer-consumer interaction – destination products and image

Britton (1991) makes the case that tour operators, by virtue of the tour packages and travel products they develop and promote, are powerful players in the tourism production system, principally because they can control the geography of tourist travel in a given destination. This section more closely investigates the interrelationship between tour operators and consumers from the vantage of the facets that link them – the tourist product and the destination image. It examines the destinations and attractions that are mainly sold by tour operators, and the image(s) that is tied to this. It scrutinises how this links with tourists' conception of the Western Cape as a destination. It seeks to determine what the nature of the relationship between tour operators and consumers is, and how this relates to the impact and distribution of tourism in the Western Cape. Three types of analysis are used to this purpose: tourist interviews, tour operator brochure analyses; and interviews with tour operators.

Interviews conducted with international tourists showed there to be an overwhelmingly common conception of the Western Cape product and image. In delineating their travel itineraries all of the 47 respondents stated that they visited, or intended to visit a few core locations in and around Cape Town. These were Table Mountain, Cape Point, the Waterfront, the Winelands, Robben Island, the Cape of Good Hope and Kirstenbosch. Further afield, in the rest of the province, the Garden Route was a popular destination. Some of the reasons given for visiting these places included,

- ‘they seem to be the highlights’;
- ‘that’s what Cape Town is all about’;
- ‘they are popular’; and
- ‘those are the places to see.’

There is in other words a strong, shared notion of what the essence of the Western Cape tourist product is in terms of its principal locales and attractions, and upon which tourist programmes are based. Common understandings of key attractions are characteristic of all tourist destinations. They are constituted by the image and reputation of a destination (Pritchard and Morgan, 2001; Markwick, 2001). They are significant because they serve as important markers for visitors to a destination and

effectively guide visitors through a destination (MacKay and Fesenmaier, 1997). Statements by visitors to the Western Cape indicate that the development of the province's tourist reputation is partly an organic process founded upon the word-of-mouth transfusion and relaying of touristic experiences. One respondent for instance stated:

'my friends recommended that I visit these places',

Other statements indicate that the provincial image and reputation stem from the tourism production process. One respondent stated;

'we visited the places we did because they were recommended by the guide books',

while another said,

'(the places) are in all the brochures.'

It is generally accepted that travel intermediaries (tour operators and travel agencies), through the products they create and sell, and the marketing related to that, have an important influence on a destination's image (Britton, 1991; Ioannides, 1998; Goodall and Bergsma, 1990). Image can also be attributed to the activities of state or semi-state bodies such as tourism marketing agencies or destination promotion organisations (in the case of the Western Cape these are bodies such as South African Tourism and the Western Cape Tourism Board), (Holcomb, 1999; Rogerson, 1999).

In order to establish what kind of travel routes and itineraries are mainly sold by tour operators in overseas source markets, and what destination image(s) they project, an analysis was carried out of the brochures of those tour operators who formed part of the interview sample. In total 21 – nine British and 12 German - tour operator brochures were analysed.⁴ The analysis of routes and itineraries looked at four types of tours advertised in the brochures – fly-drive tour packages; self-drive (so-called free independent travel (FIT)) tours; bus (group) tours; and escorted or guided tours (operated by local wheels operators). A total of 98 such tours were analysed. The tours were grouped according to the main destinations and attractions that formed

⁴ Even though 35 interviews were conducted with tour operators, only 21 tour operator brochures were collected. This was because a number of the interviews were conducted telephonically or by e-mail.

part of the tour, and importantly, included a stopover (i.e. entailed an accommodation element). Figure 5.2 presents the results of the analysis.

The analysis of the destination images and representations contained in the brochures was done by a two-fold approach. Firstly, it was looked at **what** was represented in terms of i) the type of product that was offered for consumption; ii) the type of activity that was related to the consumption; and iii) the type of place in which consumption could take place. Secondly, the **way** in which these representations were made was analysed. Specifically it was looked at how place/location, and people were represented in relation to what was offered. The results of this analysis are shown in Table 5.1.

Figure 5.2

Main destinations sold by overseas tour operators

Destination	Number of stopovers
Cape Town	## ## ## ## ## ## ## #
Gordon's Bay	/
<hr/>	
Rest of the Western Cape	
Breede River Valley	
Worcester	///
Montagu	/
Overberg	
Hermanus	##
Cape Agulhas	/
Arniston	///
Swellendam	//
West Coast	#
Great Karoo	//
Klein Karoo	//
Oudtshoorn	## ## ## ## //
Winelands	## ##
Garden Route	## ## ## ##
Knysna	## ## ## #
Plettenberg Bay	##
George	#
Wilderness	## ##
Tsitsikamma	## ## ##
Mossel Bay	///
Outeniqua Choo-Tjoe	//
<hr/>	
Rest of South Africa	
Eastern Cape	
Port Elizabeth	## ## ## ## ##
Gauteng	
Johannesburg	## ## ## ## ## #
Mpumalanga (game parks)	## ## ## ## ##
Kruger National Park	## ## ## ## ## ##
Kwazulu-Natal	
Zululand	## ## ##
Durban	## ## ## ##
Drakensberg	## #
Hluhluwe national park	## #
Northwest Province	
Sun City	##
Northern Province	##
Northern Cape	##
<hr/>	
Rest of Southern Africa	
Zimbabwe (Victoria Falls)	## ## ## //
Botswana	##
Namibia	## ##
Swaziland	## ## ## ##
Lesotho	//
Mauritius and Seychelles	##

SOURCE: Various tour operator brochures; / indicates one stopover

A key feature of the tour itineraries was that they combined different destinations in different parts of the Western Cape, South Africa and the Southern African region into single tour routes. Tour itineraries were thus made up of multiple locales. A second feature was that all of the tour operator brochures comprised a 'classical' tour of South Africa that formed the basis of their South African product. This tour ran from Johannesburg in the north of the country to Cape Town in the south, was usually of a fortnight's duration, and included at least one other Southern African country. An example of such a tour is presented below:

Arrive Johannesburg airport → Mpumalanga (private game reserves) → Kruger National Park → Swaziland → Zululand (visit to a Zulu cultural village) → Durban → Port Elizabeth → the Garden Route → Oudtshoorn → Cape Town → depart from Cape Town. (Source : Kuoni Worldwide 01/01/01 – 31/12/01).

A number of variations on the classical tour were apparent. These variations either:

- reversed the arrival and departure airports, so that tours ran from Cape Town to Johannesburg;
- extended itineraries to other Southern African destinations such as the Victoria Falls in Zimbabwe, Namibia, Botswana, Lesotho, Mauritius or the Seychelles; or
- broke down the main two-week tour into two smaller components, consisting of a one-week tour of Johannesburg, Mpumulanga and Durban, and a one-week tour of the Garden Route and Cape Town;

A great degree of product standardisation and convergence centred around a few key destinations is hence evident in overseas tour operators' itineraries. Interviews with tour operators established three reasons for this. The first relates to the infrastructure for air arrivals and departures, with only two South African airports – Cape Town and Johannesburg – servicing international operations. According to tour operators, this encourages the structuring of travel routes between the two cities. The second reason relates to the existence of key tourist attractions, which are widely known and promoted internationally, in certain locations. The third reason centres on the demand by consumers to visit these key attractions. One tour operator argued:

'There's prime sites that are really focus points that people want to see, that will stand out in world travel terms. They want to see the animals, so they

want to go on safari. They want to go to Cape Town, they probably want to go to the Victoria Falls. They want to combine at least two of those three things for their itinerary.’

Operators singled out Cape Town as the primary tourist attraction in South Africa. One tour operator for instance stated:

‘You’ve got to sell Cape Town, you can’t sell a tour that doesn’t include Cape Town because Cape Town is your honey pot. You need something that instantly attracts them, and Cape Town instantly attracts people. If you don’t have Cape Town in, it’s much harder to sell an itinerary.’

The classical route, according to one tour operator, is the most optimal way through which key attractions and locations can be combined and sold as a cohesive package that will enable consumers,

‘to see as much as possible (of South Africa) in quite a short time.’

All of this suggests that there is a delicate interplay between tourist demand and preferences, and tourism production, and that consumer preferences do mediate upon producer activities and the destination choices that are offered by tour operators. This is different to the relationship that pertains between producers and consumers in the case of transport elements, where consumer choice is limited.

From a production aspect, (and this links to the impact of tourism) it can be seen that select destinations and locales are included and marketed in tour itineraries. Figure 5.2 illustrates the effect of this - a number of destinations tend to be promoted above others. In the Western Cape there is a strong focus on the Cape metropolis and the Garden Route. In the rest of South Africa cities such as Port Elizabeth, Durban and Johannesburg, national and private game parks and other physical attractions in Mpumalanga and Kwazulu-Natal, and cultural attractions such as Zululand feature strongly. Beyond that a few of South Africa's neighbouring countries – in particular Zimbabwe, Swaziland and Namibia – are well marketed in tour operator brochures.

Within the Garden Route itself tour itineraries tend to include a number of specific destinations – Knysna, the Wilderness area, and the Tsitsikamma nature reserve. In

Cape Town itineraries usually focus on a number of main attractions. These are Table Mountain, Robben Island, the Cape Peninsula, Cape Point, the Waterfront, Kirstenbosch Botanical Garden and the Cape of Good Hope. Visits to townships in and around Cape Town are included in a minority of itineraries. In the other six provincial tourism regions it is only the Winelands region, the towns of Oudtshoorn in the Klein Karoo and Hermanus in the Overberg region, that are incorporated into a significant number of tour itineraries. The remainder of the province is not well represented in tour operators' travel itineraries. The popularity of Oudtshoorn is attributable to the presence of two attractions in and around the town – the Cango Caves, a geological formation, and a number of ostrich farms. Hermanus is a resort/fishing town and is known as a locale where whale-watching can take place during the whaling season, while the wine estates in and around the Winelands make up the main attraction in this region.

Table 5.1 shows the outcome of the analysis of the main representations of South Africa in the brochures. It categorises and ranks those images that most consistently appeared by: the type of product, the type of activity, and the place of consumption.

Table 5.1
Tourist representation of South Africa

Ranking	Product	Activity	Place	
			Rural	Urban
1	Hotels Guest houses Car rental Flights Luxury trains	Game driving/viewing	The African bush	The Waterfront
2	Animals (elephants, antelope; leopards; lions; zebra; giraffes; ostriches; buffalo; rhinoceros)	Hiking	Table Mountain	Cape Town Central Business District at the foot of Table Mountain
3	Cultural villages	Golf	Cape Dutch architecture	Sun City/Lost City
4	Culture (e.g. women/children dancing in traditional clothing; Zulu dancers)	Casino/gambling/resort	The Cape Peninsula	Durban
5	Arts and crafts	Bathing/swimming	Drakensberge	Cape Town Parliamentary buildings
6		Sky/hang gliding	Wine estates (Winelands)	Union buildings in Pretoria
7		Horsriding/ponytrekking	Blyde River Canyon (Mpumalanga)	
8		Abseiling	Chapmans Peak	
9		Helicopter ride around Cape Town	Cedar Mountains	
10			Cango Caves (Oudtshoorn)	
11			Traditional huts in rural area	

In terms of the product offered all of the brochures contained detailed layout of car rental, flights and accommodation (mainly hotel) offers. Often this formed the core of many brochures. These sections consisted of photographs of the different types of cars and hotels that were promoted by the particular tour operator, along with price lists.

Aside from the accommodation and transport products, all the brochures widely featured animals. A wide variety of animals was imaged, although the 'Big Five' (elephants, lions, buffalo, leopards and rhinoceros) were mainly shown. Some brochures also contained photographs of different species of flora, particularly fynbos. In addition, cultural villages and arts and crafts were often depicted as specific products for consumption.

In the main, the outdoor theme was one that pervaded all of the brochures. This is firstly evident in the importance of animals. Secondly there was a strong focus on nature. In all of the brochures, images of landscape, nature, and to a lesser extent, countryside dominated. The most important type of activity that was depicted, and one that consistently featured in all brochures, was game driving or game viewing. Wildlife and safari was clearly the focus of the brochures. Where urban environments were depicted, this was usually done through a few core locations, most important of which were the Waterfront and the Cape Town CBD at the foot of Table Mountain. All of the brochures showed photographs of Cape Town; with the exception of Durban, other South African cities featured much less. The large Sun City/Lost City casino and gambling resorts in the Northwest province were also shown in a majority of the brochures.

The Western Cape was a central part of South Africa's overall destination image, and constituted the thrust of many brochures' marketing material. The province itself was however only represented through four core sites or attractions – the Victoria and Alfred Waterfront, Table Mountain, the Winelands (or wine estates), and Cape Dutch architecture – in other words, the traditional, established tourism icons of the province. Even though cultural elements such as Robben Island or visits to townships were promoted in many of the group or individual tours (discussed above), the bulk of the brochures contained no photographs of these. The overall

representation of the Western Cape, therefore, had little space for new, emergent or alternative tourism sites and offers.

People were much less prominent in the brochures. Photographs of people were mainly in relation to wildlife or nature consumption – i.e. people could be seen partaking in game viewing, hiking, or bathing. Significantly, the vast majority of these photographs portrayed white individuals or families. Black, ‘coloured’ or Indian South Africans were generally portrayed as cultural products: Ndebele women displaying and selling arts and crafts; isiZulu dancers; a Bushman woman in the Kalahari; or ‘coloured’ Coon Carnival troops in Cape Town at New Year. Emphasis was laid upon the diversity of the cultural heritage of black South Africa, although significantly, there was very little depiction of black people consuming, or engaging in leisure.

All in all the brochures encapsulated and reinforced the international tourist image of South Africa cited earlier on in the chapter: ‘wildlife and nature’ through safaris, and ‘culture’ through staged events and opportunities (e.g. cultural villages) where tourists can come into contact with the local population. It is worth noting that this parallels the contentions of Foster (2001), who in her study on tour operator representations of South Africa argues that depictions of wildlife and scenery/nature in British and Dutch tourist brochures are used to promote a fixed interpretation of South Africa as a tourist destination. As reviewed in Chapter One Foster argues that the particular portrayal of wildlife, nature, and people can be read as a perpetuation of a relationship between South Africa and its European source markets that may be said to be neo-colonialist in form.

In her study Foster (2001) found that the way in which landscape and territory/space was presented in brochures, conveyed messages of adventure, discovery and subliminality to tourists. Similar findings emerged from this analysis: ‘place’ and territory was represented through wide, open spaces, suggesting opportunity and exploration. This was reinforced in the captions that accompanied many photographs, examples of which were:

‘Unbegrenzte möglichkeiten’ (unlimited possibilities)

‘Alles was man sieht, atmet Große und Freiheit und unvergleichbare vornemheit’ (Everything one sees embodies size, freedom and inimitable exceptionality)

‘We carry within us the wonders we seek without us; there is all Africa and her prodigies in us’

Finally, Virgin Holidays, the tour operator arm of Virgin Atlantic Airways, defined South Africa as ‘Virgin Territory.’

Even though Cape Town and the Western Cape are important components of the overall national attraction, the Western Cape seems to refract from the main tourist image. The province does not offer a wildlife/safari experience. Furthermore, given the demographic features of the province (described in Chapter Three), cultural experiences are mainly in the form of township or heritage tourism (such as visits to Robben Island or museums), qualitatively different from the image of ‘tribal culture’ promoted by visits to isiZulu, isiSotho or isiXhosa villages in other parts of the country. In addition the ‘nature’ image of the Western Cape is mainly constituted of the natural attractions along the Cape Peninsula, the Winelands, and towns such as Oudtshoorn and the Klein Karoo. This differs from the nature/landscape image that other parts of South Africa have. A tour operator for instance argued,

‘The Western Cape is not known for providing typical African sceneries.’

The tourist image of the Western Cape, in other words, is very distinct from that of the remainder of South Africa. This provincial image closely ties in with the provincial products and destinations that are sold by tour operators. The focus is on the social, cultural and natural peculiarities that set the province apart from the rest of the country. Following Foster’s (2001) argument on the neo-colonial representation of South Africa in brochures, this would suggest that the attempt is to emphasise the European/non-African distinctions of the Western Cape. In this regard the centrality of the Victoria and Alfred Waterfront in the provincial (and national) destination image, is significant. A number of authors have criticised the architecture of the Waterfront, which varies from post-modern to neo-Victorian/neo-colonial (e.g. Marks and Bezzoli, 2001). Goudie et al (1999) argue that the architectural form of the Waterfront represents mainly the white history of Cape Town. They contend:

This Victorian leisure-world... is far from being a true reflection of local cultures. What is presented is a sanitised and carefully reconstructed history; the lives of black dockworkers, slaves, convicts, beggars and others whom made up the social fabric of everyday life in early Cape Town, lie buried beneath these depthless and romanticized images. (Goudie et al, 2001:26)

Significantly the destinations that are predominantly marketed and sold (the Cape metropolis, the Garden Route and the Winelands) are also those where, as was shown in Chapter Four, tourism activity and impact is highest. Conversely, very few of the Western Cape locales that have a low level of tourism impact, are promoted by tour operators. This lends credence to the claim by some Western Cape hoteliers (cited earlier on) that the way in which tour operator brochures are structured leads to the advancement of some provincial destinations, and the peripheralisation of others.

In other words tour operators do seem to have some role to play in the eventual outcome of tourism in the Western Cape. The mechanism whereby this takes place is related to the position of tour operators in the larger production system, and the dual functions of brokerage and production that they fulfil in this system. Tour operators constitute an important (often first) point of contact between tourism consumers and destinations. They act as information conduits, relaying knowledge and information about the destination and its products to the consumer. But they also 'produce' the destination, by selecting and combining certain images and products/destinations and offering these as tour itineraries and packages. Through this they have a fair degree of effect on the nature and direction of international tourist flows. Chapter Seven addresses tourism development policy in the Western Cape, and discusses some of the provincial government's attempts to change the geographical impact of tourism by stimulating tourist demand, and directing tourist flows to lesser known regions in the province. Given evidence that tour operators play a significant role in representing and transmitting information about destinations, the government, in its attempts, should primarily address tour operators.

6. The issue of prices in Western Cape tourism : price wars and the price debacle.

One of the most important and conflictual aspects to emerge from the interviews with tour and travel producers with regard to Western Cape tourism relates to the issue of

tourism prices, and the effect of prices specifically on international tourism demand. As noted earlier on, the attribution of responsibility was mainly towards tour operators. The investigation however shows that the price issue is much more complex and interminable than suggested by some producers.

Interviews with tourism producers based in international source markets yielded a common argument that South Africa in general, but the Western Cape in particular, is increasingly becoming expensive vis-à-vis other long-haul tourist destinations. This, it was argued, is tempering demand to travel to South Africa, causing potential consumers to instead opt for other cheaper destinations. The following three statements are reflective of this sentiment:

‘Price is a huge factor. It’s one of the constant worries that German tour operators are bringing back to Germany after Indaba (the travel trade fair held annually in South Africa), having done the negotiations for the next tourist season, prices of South African land arrangements in the various brackets, accommodation, transportation, sight seeing and so forth, and coming back home into Germany with usually two price hikes year on year. And the worry with German tour operators is that South Africa may be outpricing itself versus other long-haul tourist destinations.’

‘People are getting upset about the fact that they’re being ripped (off) (through high prices). So that is why the market is now actually going down. (Companies in South Africa) really have to take a good look at the structuring of their rates.’

And,

‘At this stage South Africa will never receive the tourists that are received elsewhere in the world because of the prices.’

Interviews with tourism producers in the Western Cape confirmed that price levels are seen as a problem in the province. It is however also an important point of contention among producers in the province, with conflicting statements made over who is responsible for the state of affairs. According to a tour operator:

‘The Western Cape is an expensive destination, because the hotel accommodation is very highly priced, it’s ridiculous, it’s out of most man’s pocket’.

The manager of a hotel group argued:

‘People say that hotels in the Western Cape are expensive. Impossible, it’s simply impossible. It is essentially a factor of tour operators trying to squeeze hotels for more money. What is also a problem, are airline prices. What makes South Africa expensive in a package sense is that it’s dollar-based airline fees.’

The argument about higher airfares raising the overall cost of travelling to South Africa, was made by a number of other producers. According to a British tour operator,

‘The airfares make South Africa an expensive destination. It is cheaper for us to send our clients, and we do send a lot more to Australia, the airfare is cheaper for us to get to Australia than it is to South Africa.’

Another argued:

‘What is an issue, particularly for the UK and German market, is aviation policy. Aviation policy is getting more relaxed since 1994, but it’s still restricted. The policy aims to protect the South African airline’s market share. What that does is it artificially limits supply. As a result of this, possibly, prices are being kept artificially high’.⁵

According to all of the airline representatives who were interviewed, however, international airfares to South Africa from Europe ‘are too low’, a factor that is affecting the profitability and yield of airlines operating to South Africa. An airline representative argued:

‘Everyone expects the airlines to lower their prices. South Africa, if you look at airline prices is the cheapest market in the world, if you want to buy an airline ticket, the cheapest you can buy is in South Africa (and in Thailand). And that’s mainly because the airlines have been so forced to bring their prices down, it’s been at the expense of the airlines. And now the airlines

⁵ South Africa’s aviation policy and the debates around it are discussed in the next chapter.

can't go any lower with their prices. And the reason why some international airlines have withdrawn from the South African market, is because the prices to South Africa are so low.'⁶

The high costs for tourism to South Africa, according to this interviewee, is due to the fact that,

'hotel accommodation is so expensive. And you have to take into consideration the price of hiring a car. South Africa is one of the most expensive places to hire a car.'

Added to this, several producers referred to the emergence of price wars in a number of local tourism sectors, that was said to negatively impact on those sectors.

According to a hotel manager, for example:

'At present we are having a price war in the local hotel sector. Many five-star hotels in Cape Town are charging the same rates as three-star hotels during the winter period, with the effect that they're squeezing the three-star hotels out of the market. I know of a three-star hotel which only had 8% occupancy this past May.'

A representative of a car rental company stated:

'In the whole car rental sector revenue has decreased over the past number of years. This is because we've had a very bad price war on in the sector. What happened on the international side, especially, was we go to shows like Indaba, or in Germany, and we'd give set prices to our tour operators. Just after that another car rental company will come in and say we'll give you the same service at a lower rate, they'd knock everyone out of the market, they would try and get the bulk of the share like that. We're offering prices now that we were using five years ago. So it's hurting us badly because our costs have shot through the roof, the prices of cars have shot through the roof, but our revenue has declined. So we're all hurting at the moment. We are undercutting each other in the car rental sector.'

⁶ Chapter Six discusses the withdrawal of a number of international airlines from South Africa more fully.

All of these statements indicate that the issue of prices is highly divisive in Western Cape tourism. The government's perspective on this also appears to be diffuse. The chief executive officer of South African Tourism, the agency responsible for the international marketing of South Africa, stated in a media interview that the national government acknowledges high tourism prices to pose an obstacle to its growth agenda, and that it will seek to engage with local tourism producers to address the price issue (SABC Newsmaker, 02/12/01).

In personal communication with the director of tourism in the Western Cape, she stated:

'The issue of pricing is a difficult one. I believe that the market determines how much people should charge, and that government shouldn't intervene much in terms of how much people charge. But what you can do is you encourage competition and more investment. Our supportive role is to ensure that we encourage more investment and competitive prices.'

Rather than being contradictory, the two official viewpoints indicate that a coherent policy on the question of prices in Western Cape tourism has not yet been devised by the state.

The survey of international tourist in this study suggests that concerns about high tourism prices in the Western Cape are not as strongly shared by consumers. Of the 47 tourists surveyed, 85% stated that Cape Town is comparable to or cheaper than other international tourist destinations such as Spain, Hong Kong, Thailand, the United States of America, Italy, Malta or London. Most of these tourists argued that the weakness of the South African currency against other major currencies made the city 'good value for money.' British tourists, in particular, noted that the strength of the British currency against the South African Rand (at the time of the survey the exchange rate was approximately £1 = R11,40) meant that Cape Town was 'ridiculously cheap to visit when one makes currency comparisons.' A number of respondents noted that even though Cape Town was cheaper relative to other destinations, it was generally more expensive than other South African cities such as Johannesburg or Port Elizabeth, and the rest of the Western Cape province. According to one respondent, for instance,

‘Cape Town, the Winelands and the Garden Route tended to be more expensive because they are major tourist centres.’

The Western Cape was also judged to be more expensive than other African countries such as Namibia, Swaziland, Egypt, Ethiopia and Kenya. Statements by respondents that they would visit the Western Cape and Cape Town again, and also recommend the province to family, friends and colleagues, may suggest that price is not a major deterrent to international tourists. It should be cautioned however, that the survey sample is not sufficiently large to provide conclusive findings on factors that affect tourist decision-making or have an influence on tourist behaviour. The make-up and travel motivations of the sample may furthermore be related to the responses. Of the 40 respondents who stated that the Western Cape is cheaper than other international destinations, more than half were visiting friends and/or relatives or were on business/conference/work purposes. One-quarter of the sample furthermore made use of budget accommodation and cheaper public transport facilities. Given this it could be argued that a large component of the sample fell out of the purview of the main tourism production system described in the first section of this chapter. The industrial dependence (after Leiper, 1990) (or integration with the production system) of the sample, in other words, was low. Finally, the sample was constituted of international visitors who had had an opportunity to experience local conditions and prices for themselves.

There are strong indications that there is a pervasive and forceful perception among the populace in overseas source markets that South Africa is an expensive tourist destination, and that this significantly influences demand. According to consumer surveys conducted by the South African Tourism offices in Germany and the United Kingdom, South Africa is widely regarded as a high-priced destination by the general population. In the United Kingdom South Africa is known as the second-most expensive long-haul destination to visit (*Business Day*, 04/03/2002). A similar perception pertains in the German market (personal communication, head of South African Tourism, Germany, 14/08/2000). Several producers who were interviewed made the argument that South Africa is competing against much cheaper long-haul destinations such as Vietnam or Thailand. It was also noted that while with the weakness of South Africa's currency, the country was highly affordable for some

international tourists (particularly from the United Kingdom), it was not for all. A tourism representative in Germany for instance stated:

‘I often receive comments from German private or business individuals that South Africa is putting itself out of business because the prices are too high. It has to be recognised that the German consumer is very price-conscious. For South Africa the issue will have to be addressed of how to combine attractiveness with price-consciousness.’

Given the limited resources, it was not possible to test the contentions made by different tourism producers in this study. The role of the more dominant players in determining price levels needs to be further examined.⁷ The significance of the price debacle picked up during the interviews with travel and tourism producers lies in the implications it holds for the Western Cape production system. From a producer perspective the price debacle is problematic: it is reflective of a sector where the pursuit of producer interests is leading to conflict rather than collaboration. Furthermore, it points to a very fragmented tourism sector where the articulation of common objectives may be difficult to achieve. Authors such as Britton (1991) and Tremblay (1998) in their analyses draw attention to collaboration and competition in the tourism production system, but make little mention of conflicts that arise, and the effects of it on the whole system.

An obvious example of how cross-sector co-operation can benefit Western Cape tourism is in the provision of price discounts. One means of incentivising international source markets can be in the short-term offer of travel packages incorporating international and domestic flights, accommodation and car hire at much reduced prices. This could also entail the introduction of charter flights. Such an initiative will require the collaboration of producers from several producer spheres. In the interviews a number of overseas tour operators noted how similar projects based on wide-ranging price cuts significantly stimulated tourist demand in

⁷ An attempt was made to determine the origin of price contrasts across different producer segments - lists of airfares for the last five years were for instance obtained from airlines, and comparisons of tour package and hotel prices were made. This was however not sufficient to provide solid conclusions. In addition, it was difficult to gain access to price lists. There was a great degree of unwillingness by several producers to provide information on product prices, possibly indicating that this is a very sensitive issue.

long-haul destinations such as Southeast Asia or Kenya. In 2001, in an attempt to raise tourist numbers during South Africa's traditional low season (May to September), South African Airways launched a price scheme in the UK market whereby a four-day flight-and-accommodation package (in a five-star hotel) was offered at £499. (In 2002 this has been repeated, with the offer being extended for seven nights, *South African Tourism media release, 22/02/2002*).

It remains to be seen however what successes such an initiative bears, and indeed, whether it is sustainable over the long term. The more important aspect is that the price conflict is indicative of a deeper-lying problem in the Western Cape tourism production system. It stems from an attempt by provincial producers to gain a stake in the growing international market after 1994, and the higher yields attached to this market. It is possible that this has been at the expense of the domestic tourist market. Chapter Four discussed trends in the impact of various domestic market segments on the hotel sector, and illustrated that the domestic leisure segment is one of the smaller segments in the provincial hotel sector. Price-sensitivity on the part of the domestic leisure segment may be an important reason for this.

Sindiga (1996) has noted how differential prices for international and domestic tourists had been levied in Kenya. During the off-peak tourist seasons, concessionary prices have been charged to Kenyan residents for hotel accommodation and entry into national parks (Sindiga, 1996). Sindiga (1996) however points to the fact that such price concessions are offset by the low average income levels of the Kenyan populace. In addition, there is an assumption that Kenyans have the same travel motivations and desires as international tourists, and domestic tourists are generally steered towards destinations and attractions frequented by international tourists. Furthermore, tourist infrastructural development has taken place in only certain parts of the country, often far from where people stay. Sindiga argues that a greater degree of diversification, both geographically, and in terms of the product offer, should be undertaken by the government. He also advocates the development of a network of small and medium sized hotels aimed at the domestic market. Such measures would reduce the environmental pressures on current locations, and diffuse tourism's economic impact (Sindiga, 1996).

7. Conclusion

This chapter examined the structure and functioning of the Western Cape tourism production system.

The production process is highly dynamic. There is evidence that some producers have more leverage in the production process than others. This leverage is based on the size of the producer, and relatedly market access and penetration, but also, in the case of airlines and tour operators, the positioning and function of the producers in the production system.

The evidence emerging from the chapter suggest that rather than there being a one-way direction of influence, there is a mutually affective relationship between producers and consumers, which varies depending on the type of product element that is involved in the commercial exchange between producers and consumers. On aspects such as travel components (flights, car rental, excursions), consumers have limited choice. In this case it is tourism producers who steer tourism demand. On aspects such as the content of tour itineraries (the focus of the fourth part of the chapter), it is clear that demand impulses do impinge upon what is produced and offered by producers. Even so, it was shown that tour operators do have a significant influence on international travel flows, and that this relates in a crucial way to impact (tourist numbers in a given locale). The findings hence partially support literature that postulates the power of the tour operators over consumers. Tour operators affect tourist behaviour in four ways: i) by sending out certain messages in the way that marketing brochures are constructed; ii) by, in the setting up of travel packages and itineraries, promoting certain destinations and locales above others, and limiting destination choice for consumers; iii) by acting as selectors and conduits of information (and knowledge) about destinations; and, relatedly, iv) in the manner in which destinations are represented by tour operators. This suggests that tour operators should be the prime focus of attempts (e.g. by the government) to alter tourist flows and to spread tourism impact.

Tourism prices are problematic in the Western Cape production system. There are two dimensions to the price debacle. The first centres on the issue of high prices for tourism products. There are differential views to what or whom this could be

attributed. The perceptions that different international market segments have of price levels and the effect of such perceptions on tourist behaviour is something that needs to be further investigated. Another key factor is how much the domestic sector is affected by changing price levels in the Western Cape. The second dimension is the existence of price wars in different producer spheres. This holds negative implications for the whole production system.

Chapter Six

The regulatory dynamics and parameters shaping Western Cape tourism

1. Introduction

This chapter analyses the nature and effect of the organisations, institutions and regimes that govern tourism production in the Western Cape, and of the external environment within which the provincial system functions.

The chapter consists of two parts. The first analyses the overall regulatory framework of the production system, and the rules and regimes that set the parameters for tourism production. This entails a mapping of those international, national and sub-national tourism regulatory bodies that are of significance for the Western Cape, and a description of the position and functions of such bodies. This is followed by an analysis of how these bodies interact with producers, and the effect that they have on the tourism production system. The second part of the chapter analyses how non-tourism forces, events and actors impact on the Western Cape tourism sector.

Two key arguments are made in the chapter. Firstly, external factors constrict tourism production and demand in the Western Cape. Secondly, some regulatory institutions or regimes limit tourism growth. In the context of exogenous factors regulatory regimes may reinforce constraints.

As used in the chapter, an institution refers to a social body of tacit or explicit values, rules and principles that direct or influence social interaction and behaviour and around which expectations converge. Following from Krasner (1983) a regime is an institution based on a set of commonly agreed regulations, norms and principles that govern political or economic behaviour.

2. Analytical framework: the parameters of tourism production

2.1 The international tourism production system and its regulatory features

The previous chapter had demonstrated the kinds of collaborative and competitive interaction that occurs among producers in the tourism production system, and conflicts (e.g. over price) that can emerge in the course of this interaction.

Pearce (1992) argues that given the complexity and intractable nature of tourism, the development of organisations and institutions to co-ordinate and regulate it, is essential. He contends:

Tourism is characterized by the interdependence of its different sectors, by the generally small scale of its many operators, by the fragmentation of its markets and by the spatial separation of origins and destinations... Interdependence, small size, market fragmentation and spatial separation are all factors which may lead to a desire for combined action, a willingness to unite to achieve common goals, a need to form tourist organizations. (Pearce, 1992:5)

According to Britton (1991) the tourism production system has a number of overarching organisations, structures and institutions that oversee commercial interaction between tourism producers.

Pearce (1992) draws a distinction between private sector and public (state) regulatory organisations. The activities of the former are determined by their primary tourism motivations, i.e. profit maximisation. Co-operation, co-ordination and regulation are therefore geared towards the creation and maintenance of stable environments within which competition among producers can take place. Although state tourism organisations share this aim, they generally also collaborate towards certain developmental objectives, such as 'economic diversification, regional development and the stimulation of non-tourism investments' (Pearce, 1992:6). They also monitor and regulate the social, economic and political effects that tourism production has (Britton, 1991:455). All in all, tourism regulatory bodies and institutions set the parameters for the tourism production system.

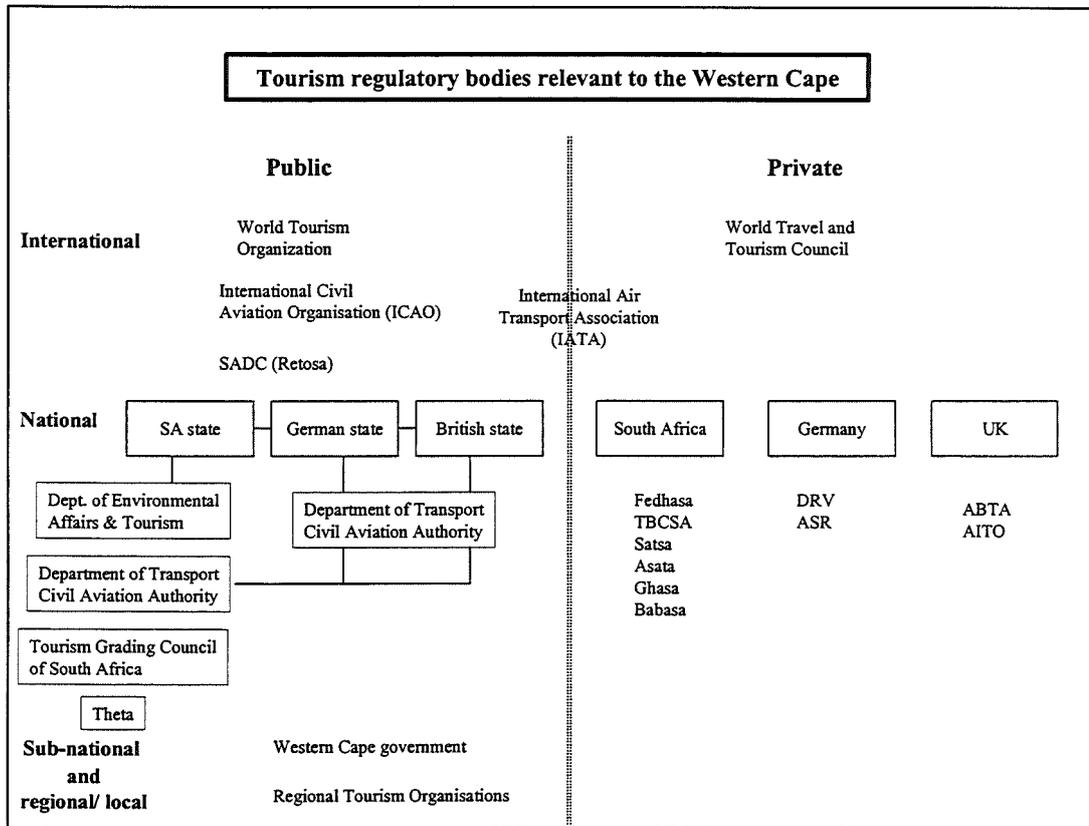
As noted in Chapter One, regulatory bodies can themselves act as tourism producers, most notably by partaking in activities such as marketing. They may also be involved in tourism research and the development of statistical databases. Finally,

most state organisations fulfil the function of tourism planning and development (Pearce, 1992).

2.2 Tourism regulatory bodies in the Western Cape tourism production system

Interviews with tourism producers and other tourism actors indicate that several regulatory bodies exert influence on the Western Cape tourism sector. Such bodies are present at different levels (international, sub-national, local), and are both public (i.e. constituted of states or governments) and private (consisting of firms). The organisations that have been identified as most important in Western Cape tourism by interviewees are illustrated below. The Western Cape's position in the international tourism production system, and in particular the intersection of Western Cape/South African, British and German, and other international tourism regulatory bodies are shown.

Figure 6.1
Tourism regulatory bodies relevant to the Western Cape



Author's own design. Based on interview data

The following section describes the functions and roles of each of these organisations.

2.2.1 International regulatory bodies

a) The World Tourism Organization and the World Travel and Tourism Council

With a membership of 139 states and territories, the World Tourism Organization (WTO) is the largest public tourism body.¹ It is an intergovernmental organisation and forms part of the United Nations system. The WTO has the explicit objective of promoting and developing world tourism, and to foster economic and social development through tourism (WTO, 2002). Towards this end it provides guidelines to members on tourism development policies. It also has an important tourism education function. Structurally the organisation is made up of six regional

¹ Aside from state-membership, the WTO also consists of affiliate members from the private sphere.

commissions that formulate and implement tourism development objectives and programmes in six regions in the world – Africa, the Americas, East Asia and the Pacific, South Asia, Europe and the Middle East. Along with co-operating with individual member countries, these regional commissions also interact with regional tourism promotion organisations present in the respective regions. One of the most important functions of the organisation resides in its compilation and production of research on world tourism trends. The WTO is indeed regarded as the premier source of statistics on international tourist movements (Witt et. al, 1995). The WTO also seeks to standardise research and discourse on international tourism. It has for instance formulated definitions on what constitutes tourist activities. These definitions, also used here in this study, are widely applied in policy and academic spheres (Witt et. al, 1995). One of the main focuses of the WTO is to articulate policies and practices that entrench sustainable tourism development internationally (WTO, 2002). As a member of the World Trade Organization South Africa is subject to the regulations, directives and policies drawn up by the organisation.

The World Travel and Tourism Council (WTTC) is the private sector equivalent of the World Tourism Organization. Like the WTO the WTTC has the objective of developing and maximising the positive economic effects of international tourism. It also lays an emphasis on developing sustainable tourism bases. The WTTC is however a more closed organisation. Consisting of 84 full members, the membership of the WTTC is made up of individuals in executive positions in some of the world's largest tourism companies (e.g. airlines such as British Airways and Lufthansa, tour operator wholesalers such as Preussag and Thomas Cook, and hotel groups such Hilton International and Sun International). The majority of these companies are present in the South African market.

The WTTC represents the interests of tourism producers and businesses, and in this capacity engages with other tourism regulatory organisations and associations. Among the stated aims of the WTTC are the attainment of more liberalised travel and tourism regimes, and demonstrating the economic contribution of tourism (WTTC, 2002). With regard to the latter, the WTTC part-funded the development of a Tourism Satellite Account to assess tourism's contribution to the South African economy in 1998 (WTTC, 1998). This had been discussed in Chapter Three.

Concerning the liberalisation of regimes, the WTTC lobbies national governments and intergovernmental organisations to lessen aviation regulation and to increase privatisation within the airline industry.

b) The International Civil Aviation Organization

The International Civil Aviation Organization (ICAO) is an inter-governmental organisation consisting of 187 members. It is a United Nations agency. It has the objective of regulating, systematising and setting standards for international civil air transportation. It thus draws up rules on aviation safety, the licensing of aircraft and personnel, aircraft operation and aircraft noise and emission, that all contracting states have to comply with and enforce in their respective territories (ICAO, 2002). The ICAO also formulates guidelines for the functioning of national and international aviation systems which includes the provision of air traffic services, agreements on air transportation, and aspects such as air taxation. The ICAO was set up through the adoption of the *Convention on International Aviation* in 1944, commonly known as the Chicago Convention. This Convention constitutes the broad framework for the international provisions, rules and accords reached under the aegis of the ICAO.

The extension of commercial landing rights is an important facet of the international aviation regime, and an aspect that is particularly germane to international tourist volumes and the direction of international travel. One sub-component of the Chicago Convention, the *International Air Services Transit Agreement* seeks to provide a multilateral framework that governs the reciprocal extension of commercial landing and traffic rights between signatory countries on a world wide basis. To date, however, the granting of rights to operate commercial flights between different countries have generally been contracted on bilateral bases. Such bilateral agreements however still need to be registered with the ICAO. The opening up and the multilateralisation of the international aviation regime is an important focus of attempts to increase international tourist movements and expand the tourist economies of different countries. This issue is further discussed below in the section on the dynamics of regulatory tourism institutions.

c) The International Air Transport Association

The International Air Transport Association (IATA) represents the international airline industry. The association is made up of more than 270 airlines. IATA was set up in 1919 with the aim to cohere international civil aviation. In its present form the association has two components around which its functions are organised. On the first level IATA is a trade association that provides a forum for the co-ordination of airline activity. This entails the drafting of agreements on airline security and on technological aspects such as air navigation and requirements for airport structures. In addition, IATA sets the rules whereby inter-airline co-operation on route networking and interlining (the involvement of more than one airline on one journey) takes place. Finally, IATA is involved in providing aviation training and accreditation (IATA, 2002). The second component of IATA's activities centres around collaboration on and the co-ordination of air tariffs. By levying agreed prices and price increases for passenger travel, cargo movements, and for the commissions given to travel intermediaries (such as travel agents and tour operators), IATA is responsible for determining and maintaining the international air fare regime. IATA therefore regulates international airline activity and competition.

d) The Southern African Development Community

The Southern African Development Community (SADC) is a regional intergovernmental organisation consisting of 14 Southern African states.² It has the purpose of fostering technical, economic and political co-operation, and eventually economic and trade integration among its member states. Organisationally SADC consists of a number of directorates that oversee regional co-ordination in various technical, economic and political sectors. Tourism is one such sector. Through its tourism directorate, the SADC aims to homogenise tourism activities in the Southern African region. This entails the drafting of common tourism development goals (articulated in a Tourism Protocol), the pooling of tourism resources and collaboration on tourism production and marketing.

Tourism co-operation takes place on a number of levels and through different fora. Tourism development policy is devised inter-governmentally on a ministerial basis.

² These are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Regular meetings by the tourism ministers of the 14 member states are set up to cohere national policies with regional objectives. Thus far the inter-ministerial forum has produced agreements on a common visa regime that exempts tourists from certain countries from requiring visas to travel through SADC countries (SADC, 26/05/00). Similarly, within the broad SADC framework, a number of countries where national parks border each other, have bilaterally contracted to jointly manage these parks as single units, and to remove physical and legal restrictions on the movement of human beings and animals within these parks. These areas are known as transfrontier conservation areas or parks³. To date two transfrontier parks have been established.⁴ One of the purposes of the transfrontier parks is to enhance tourism in the Southern African region.

The promotion and marketing of the Southern African region takes place through a marketing agency set up by SADC, the Regional Tourism Organisation of Southern Africa (Retosa). Retosa has the function of co-ordinating the tourism marketing undertaken by the respective tourism associations of the member countries, and to develop an independent regional tourism identity (personal communication, Chief Executive Officer, Retosa). Its activities mainly consist of producing promotional literature and material on Southern Africa and marketing the Southern African region as a tourist destination in international source markets.

2.2.2 National regulatory bodies

a) State bodies

The South African state

On a national level a number of public and private regulatory bodies affect tourism in the Western Cape. The most significant body at this level is the South African state which provides the policy and legal framework for tourism in South Africa and its

³ A transfrontier park is an area where different governments co-operate to manage conservation and other resources, and where physical barriers to human and animal movement between two separate parks are removed. A transfrontier conservation area, on the other hand, is an area where conservation activities of different statuses border each other (e.g. a national park bordering a private game reserve), and where countries or stakeholders agree to co-operate on common objectives, but international boundaries and limitations on movement remain intact (Department of Environmental Affairs and Tourism, 2002).

⁴ These are Kgalagadi Transfrontier Park between South Africa and Botswana (that merges the Kalahari Gemsbok National Park and the Gemsbok National Park), and the Great Limpopo Transfrontier Park (that coalesces bordering parks in South Africa, Zimbabwe and Mozambique). A further four transconservation areas may be established in the future.

provinces. The national Department of Environmental Affairs and Tourism sets the policy and promulgates the legislation that direct tourism development and management in the provinces, although, under the South African Constitution, provincial governments have certain tourism powers. Tourism policy, legislation and the division of function between national and sub-national governments with regard to tourism development form the focus of Chapter Seven, and will not be further dealt with here.

The South African state has however two other functions that are relevant to the discussion in this chapter. The first pertains to its role in setting and monitoring the legal boundaries whereby international travel into and out of the country is regulated, and conditions are applied. As stated in the foregoing section the South African state is involved in the drawing up of a common Southern African visa regime that is aimed at streamlining and increasing tourist movement in the region. The second function relates to the South African government's establishment of bilateral air transport regimes with other countries. In this regard the South African state, through its Department of Transport engages with transport departments in other countries (e.g. Germany and the United Kingdom) and draw up reciprocal air services agreements that control the frequency and volume of air traffic between the countries. This function, and the effect of air services agreements on tourism in the Western Cape is discussed in a subsequent section in the chapter.

The Tourism Grading Council of South Africa and Theta

The South African state exercises a standards-setting and –monitoring function through two agencies – The Tourism Grading Council of South Africa, and the Tourism, Hospitality and Sport Education and Training Authority (Theta). The Tourism Grading Council of South Africa (TGCSA) was set up by the national Department of Environmental Affairs and Tourism in September 2000. It has the task of developing and implementing a national grading and classification system whereby tourism products and establishments are assessed and accredited according to agreed upon standards of quality and service. Towards this end a National Star Grading Scheme was launched in November 2001 (South African Tourism Media

Centre, 09/01/02)).⁵ To date this scheme has only been applied to the accommodation sector. The national grading system is aimed at standardising tourism services and products in South Africa. This process has the dual function of converging standards on the supply side, and of creating expectations (for certain levels of quality) on the demand side. The grading system is however non-compulsory, and works on a voluntary application basis.⁶

In an attempt to standardise training and skills development in the tourism sector, another agency, the Tourism, Hospitality, and Sport Education and Training Authority (Theta) was created in April 2000. Theta forms part of a larger national skills development and qualifications frame set up under the Skills Development Act of 1998. This Act promulgates the establishment of a number of education and training authorities to oversee skills development and accredited training within different economic sectors (so-called Sector Education and Training Authorities (Seta's)). The purpose of the national legislative frame is to bolster the development of skills in industry through the creation of formal and non-formal channels of training, and the systematised certification of formally and informally acquired knowledge. The overall objective is to contribute to employment creation and economic development in South Africa.

As the tourism education and training authority Theta sets the criteria for skills development and training that tourism businesses in South Africa have to fulfil. These criteria are embodied in a tourism skills plan that is drawn up and annually reviewed by Theta (Theta, 2001). Theta also acts as the certifying body for acquired skills and competencies in the tourism sector, and relatedly, accredits employers or institutions as tourism trainers. Theta is thus responsible for the management of structured apprenticeships, or what is known as learnerships (i.e. practical and theoretical training within a work environment, which lead to a qualification) in

⁵ The National Star Grading Scheme is based on a classification system whereby tourism establishments and products are ranked from a level of one to five, with a ranking of five indicating the highest level of quality and service.

⁶ Prior to the creation of the Tourism Grading Council the task of levying and supervising standards in the South African tourism industry was shared between South African Tourism, the South African Bureau of Standards, and the Automobile Association. Interviews with tourism stakeholders indicate that the old system was fragmented, haphazard and inconsistently applied.

tourism.⁷ To finance skills development in tourism, a skills development levy, which ranges between 0.5% and 1% of total employee remuneration has to be paid by tourism employers. This skills levy is administered by Theta (Theta, 2001).

b) Non-state bodies – national producer associations

A number of South African tourism producer associations, and counterpart associations based in international source markets are of significance for the Western Cape tourism sector. Producer associations are collections of tourism producers that represent and interact on behalf of members' interests with other organisations and with the state. In South Africa the largest and most important tourism associations are:

- The Federated Hospitality Association of South Africa (Fedhasa), a body that represents the national hospitality sphere, and whose membership is made up of hotels, guest houses, bed and breakfast, backpackers, and camping and caravan and self-catering establishments; restaurants; gaming and gambling establishments (its core membership) and tourism suppliers and service providers (allied membership) (personal communication, CEO of Fedhasa).
- The South African Tourism Services Association (Satsa). This is an organisation of tourism producers who promote inbound tourism to South Africa (i.e. international tourism). Members are drawn from the accommodation, tour and travel intermediary and transport spheres and consist of accommodation establishments, tour operators, airlines, attractions and marketing bodies. The main function of Satsa is to ensure that its members maintain set standards of service and quality; it also lobbies and interacts with the national state, other public and private organisations, and producers (personal communication, CEO of Satsa).
- The Association of Southern African Travel Agents and Tour Operators (Asata). Asata fulfils a similar function as Satsa, but its main constituency is travel agents and tour operators who produce and sell outbound tour products from South

⁷ As part of its function to support learnerships in the tourism sector, Theta has been charged with implementing a learnership project financed by the national Department of Labour, and a collection of private companies, known as the Business Trust. The Tourism Learnership Project aims to provide training and qualifications to 15 000 unemployed and previously employed individuals within the span of four years, thus fast-tracking skills development in tourism (Theta, no date).

Africa (i.e. international tourism by South Africans) (personal communication, CEO of Asata).

- The Tourism Business Council of South Africa (TBCSA) is an umbrella organisation whose membership draws together a number of tourism associations (such as Satsa and Fedhasa), individual businesses, and producer groups. The main focus of the organisation is to provide a conduit whereby the objectives of tourism producers are represented and communicated to the South African state. The organisation also co-ordinates marketing initiatives to promote South Africa as an international tourist destination.⁸
- The Guest House Association of South Africa (Ghasa) and the Bed and Breakfast Association of South Africa (Babasa). Ghasa and Babasa are the two largest officially recognised national associations representing, respectively, the guesthouse and the bed and breakfast sectors in South Africa. The two organisations share the objectives of setting and assuring certain standards in these sectors, and of negotiating with the state and other producers on behalf of their members (personal communication, CEO of respective organisations).

In South Africa's international source markets tourism producers responsible for bringing tourists to South Africa (i.e. tour and travel intermediaries) are subject to the rules and conditions applied by tourism producer associations in those countries. Internationally-based producer associations therefore have an effect, albeit less directly, on tourism in South Africa, and by extension, the Western Cape. In Germany the Deutsche Reisebüro und Reiseveranstalter Verband (DRV, the Association of German Travel Agents and Tour Operators), and the Arbeitsgemeinschaft Selbständige Reisebüros (ASR, the National Association of the Independent Travel Trade) are important. In the United Kingdom the Association of British Travel Agents (ABTA) and the Association of Independent Tour Operators (AITO) are of significance. All the organisations represent and protect the interests of their members nationally and internationally.

⁸ Towards this end it has set up and administers a voluntary marketing funding scheme, entitled Tourism Marketing South Africa (TOMSA) which involves consumers paying a 1% accommodation levy. The levy is collected through participating producers and is used to finance international marketing undertaken by South African Tourism (TBCSA, 2002)

2.2.3 Summary

From this description of tourism regulatory bodies a number of key features may be highlighted. These bodies perform several functions:

- they draw the perimeters for the activities of tourism producers;
- they set the rules of engagement and competition under which producers within their respective producer spheres have to interact, vie and do business;
- they formulate policies that guide producers' behaviour and inform producers' objectives;
- they levy standards and benchmarks that producers have to comply with, and they also monitor set standards and levels of quality in the various producer spheres;
- they represent the interests of producers in various fora; and
- they adjudicate in disputes;

These tourism regulatory bodies perform an important ordering function within the production system. Through their lobbying role they constitute conduits through which producer interests are cohesively articulated and represented. They also seek to standardise output in the various producer spheres and to act as industry watchdogs.

Beyond that tourism regulatory bodies fulfil a norms-setting role. They formulate and enshrine both explicit and tacit values and norms that on the first level provide the larger script for interaction, and secondly govern behaviour and expectations within the tourism production system. In this way, for example 'sustainable tourism development' is both a value and an objective that bodies such as the World Tourism Organization and the World Travel and Tourism Council, through their size and position can promote as discourse and praxis.

The following section analyses the interaction between regulatory bodies and producers, the institutions and regimes that these bodies fashion and their consequences on Western Cape tourism. It explores the balance of influence between regulatory bodies and producers and assesses whether regulators are in

practice reactive or proactive. Towards this end analyses are carried out of the nature and effect of South Africa's air transport regime and the role of regulatory bodies in the price issue discussed in Chapter Five. Two central arguments are made – that some institutions and regulations act in a constrictive fashion on tourism growth in the Western Cape, and there are some issues central to the tourism production system that regulators and institutions fail to address.

3. The dynamics and effects of tourism regulatory institutions

3.1 The international air transport regime and its tourism consequences in the Western Cape

3.1.1 The larger structural framework

As discussed above, the ICAO's International Air Transit Services Agreement, a sub-component of the 1944 Chicago Convention, provides the overall framework for the regulation of international air traffic. Specifically, the International Air Transit Services Agreement makes provision for the ceding of traffic rights between countries. It specifies five kinds of air traffic agreements (or what is entitled 'Freedoms of the Air') that countries could enter into. Each successive freedom entails a greater degree of depth:⁹

- the First Freedom of the Air entitles the airline(s) of one country to fly over the territory of another without landing in that country;
- the Second Freedom entitles the airline(s) of one country to land in another country only for technical purposes (such as refueling) but not to carry or drop off passengers or cargo in that country;
- the Third Freedom enables a country's airlines to carry passengers and/or cargo to a second country;
- the Fourth Freedom is the reciprocal of the Third Freedom and entitles the second country to carry passengers and/or cargo to the first country;
- the Fifth Freedom of the Air allows the carrier of one country to pick up or drop off passengers or cargo between three or more contracting foreign countries.

These agreements are contracted by states on behalf of their airlines. As discussed above, whilst the International Air Transit Services Agreement provides for the

⁹ The following is based on an untitled and undated document obtained during an interview with the Senior Manager, Route Planner for Europe, South African Airways, conducted on 26 March 2001.

multilateral extension of traffic rights among different countries, most countries use the agreement as a basis to draw up bilateral accords with partner countries. In addition, depending on the size of an airline, its capacity and the routes and networks it services, the depth of such bilateral agreements may vary. A few very large international airlines (such as, in Europe, British Airways, Lufthansa, KLM or Air France) command such extensive networks that their contractual requirements stretch beyond the five Freedoms. There are a further three supplementary Freedoms of the Air that are not officially recognised under the Chicago Convention, but which prevail in practice. These are:

- the Sixth Freedom of the Air. This entails the right imparted to a carrier to transport passengers or cargo from one country to a second via its own hub;
- the Seventh Freedom allows the carrier of a country to pick up and drop off revenue traffic between two other countries;
- the Eighth Freedom of the Air, or Cabotage involves the right imparted to a carrier to carry revenue traffic between two points *within* a foreign country (i.e. to operate domestic flights within another country).

3.1.2 *South Africa's bilateral air regimes*

Under this broad international frame South Africa has entered into air transport agreements with a number of countries. With regard to South Africa's two largest source markets for international tourists – the United Kingdom (UK) and Germany – the following regimes have been established : With both countries third and fourth freedom traffic rights have been contracted. This means that South African airlines may carry passengers or cargo between South Africa and the UK, and between SA and Germany, but may not fly to any destination other than South Africa from, respectively, the UK or Germany. Conversely, German and British carriers may transport passengers from their own hubs to South Africa and back, but are not allowed to transport passengers from South Africa to any other international destination. Fifth, sixth, seventh or cabotage rights, in other words, do not exist between South Africa and these two source markets.

In addition to that South Africa has concluded bilateral air services agreements with Germany and the UK. These lay out the number of reciprocal flights that may take place between South Africa and its two source markets on a weekly basis, the origin

and destination airports that may be involved, and the type of aircraft that may be utilised in these flights. These agreements in other words, govern the frequency, the specific routing, and the volume of air traffic between South Africa, Germany and the United Kingdom. The general process whereby such agreements are made, is as follows: Air services agreements are contracted between the national transport departments of each country. Under the agreements equal quotas of weekly flights are allotted to each country. This quota, which is subject to periodic review, is generally determined by actual and projected demand for flights on the routes (personal communication, airline representatives). The quota of flights is in turn divided among each of the national carriers who operate to the other international destination and who all vie for their share of the available flight capacity on the route. Once the weekly quotas have been fixed by the national governments, the Civil Aviation Authorities within each country apportion landing slots to all the competing carriers.

With regard to the British source market, three airlines service the route between South Africa and the United Kingdom. These are South African Airways (SAA), the domestic carrier, British Airways (BA) and Virgin Atlantic Airways. Under the present bilateral air services agreement a total of 60 weekly flights may take place between the two countries, i.e. 30 flights per week each for South African and British carriers. According to the agreement a further two flights per week in either direction may be added on an annual basis. The agreement makes provision for flights between Heathrow airport in London, and Johannesburg and Cape Town International Airports in South Africa. In 2001 the allotment of slots for the weekly flights were as follows:

- South African Airways operated 14 flights per week between Johannesburg International Airport and Heathrow (two daily flights), and seven flights per week between Cape Town International Airport and Heathrow. This made for a total of 21 flights operated by the South African airline;
- British Airways also operated 21 weekly flights between London and South Africa - 14 weekly flights from Heathrow airport to Johannesburg, and seven weekly flights from Heathrow airport to Cape Town;
- Virgin Atlantic Airways operated seven weekly flights between Heathrow and Johannesburg and two weekly flights between Heathrow airport and Cape Town.

It is clear that in the British market, British Airways holds a much stronger position than its rival, Virgin Atlantic Airways, in providing flights to and from South Africa. Overall, though, South African Airways, because it is the only South African airline offering flights on the route between London and South Africa, is the only carrier that is able to expand its operations between the two destinations under the present regime.

Given that only 30 flight opportunities are available from the United Kingdom, an intense competition exists between the two UK airlines. More flights are operated to Johannesburg than to Cape Town International Airport. Interviews with British airline spokespersons indicate that this is due to the greater size and capacity of the Johannesburg airport, a stronger demand for flights to Johannesburg, the particular clientele mix on the route (with business travellers making up a significant component of the overall fare), and the proximity of Johannesburg to the national and game parks in the north of South Africa. In recent years, however, rising passenger demand for direct flights to Cape Town have made routing between London and Cape Town more lucrative, and attaining more slots at Cape Town International Airport increasingly became the focus of contention between the airlines (personal communication, British Airways and Virgin Atlantic Airways representatives).

In 1999, after three years of lobbying, Virgin Atlantic Airways was granted the right to operate one weekly flight to Cape Town,¹⁰ alongside South African Airways (which at that time offered nine weekly flights) and British Airways (which offered six flights) (*Cape Times*, 14/07/1999). In 2000 the British Civil Aviation Authority allocated an additional slot to Virgin Atlantic Airways, a decision against which British Airways appealed (*Cape Times*, 26/01/2000). Virgin Atlantic Airways is still seeking to gain more slots from London to Cape Town (personal communication, Virgin Atlantic Airways representative). The rivalry between the two UK carriers

¹⁰ Virgin Atlantic Airways first entered the South African market in October 1996, when it operated three flights a week between London and Johannesburg (personal communication, Virgin Atlantic Airways representative).

for greater access to Cape Town, is part of the larger controversy surrounding the South African air regime (see discussion below).

Three carriers are active on the route between South Africa and Germany – South African Airways, Lufthansa (the German national carrier) and LTU.¹¹ The bilateral air services agreement allows a set quota of flights per week between the two countries. On the German side the agreement provides for flights from two airports - Frankfurt and Düsseldorf/Munich – whilst from South Africa, flights may be operated from the Johannesburg, Cape Town and Durban airports. In 2001 flight frequencies were as follows:

- South African Airways operated daily flights to Frankfurt from Johannesburg (i.e. seven weekly flights);
- Lufthansa operated seven weekly flights to Cape Town via Johannesburg; and
- LTU offered three weekly flights to Cape Town from Düsseldorf via Munich.

Given these flight frequencies it is clear that the volume of traffic, and by extension, demand, is less on the South Africa-Germany route than on the South Africa-UK route. In contrast to the competitiveness of the UK route, furthermore, the market relationship between the larger carriers on the route, SAA and Lufthansa, is one of co-operation rather than competition. This co-operation takes two specific forms. Firstly South African Airways codeshare flights with Lufthansa. The carriers therefore operate flights to and from South Africa that bear each other's marketing flight numbers. Secondly, through common agreement, SAA has in 2001 stopped offering direct flights between Frankfurt and Cape Town, but instead only flies to Johannesburg from Frankfurt and offers onward domestic shuttle flights to Cape Town. Direct flights to Cape Town from Germany are operated by Lufthansa. Through this co-operation the two carriers share markets and sell the capacity of the other (personal communication, SAA and Lufthansa representatives).

¹¹ LTU Airways is one of the largest charter airlines in Germany. It is owned by LTU Touristik, the third largest tour operator group in Germany, which makes LTU one of the more important charter companies in the German market. LTU commenced its operations to South Africa in 1992. All of its flights to South Africa are scheduled, not chartered.

3.1.3 *The impact of the air regulatory regime*

The wider aero-political framework of South Africa and its source markets has a large impact. It not only sets flight capacity on the respective routes, but also, as is evident in the case of British Airways and Virgin Atlantic, directs competition among operating airlines. This, according to airline spokespersons serves to limit the market manoeuvrability of airlines, and effectively restricts the mechanisms available to airlines to influence the market. As argued by one airline representative this presents particular constraints to airlines since,

‘We can’t make commercial decisions based on commercial performance, we’re forced to make decisions based on the number of flights we’re allowed.’

It is the bilateral framework airlines are subject to, in other words, as much as or often more than market conditions, that influences the operations of airlines.

As the case of the SA-UK route shows, the granting of slots and the conclusion of bilateral agreements are highly contentious. This is because the allocation of slots often takes place on an unequal basis, and often is determined by the market position and influence the airlines hold. According to a South African Airways representative,

‘the bigger you are, the bigger a mouthpiece you can have. So British Airways has always been able to increase their frequencies.’

This resonates with findings in the previous chapter that had shown that some producers, by virtue of size and market penetration are more powerful in the production system than others. This also indicates that even though regulatory regimes can constrain the activities of producers, some producers have more leverage or manoeuvrability in the system.

The context within which South Africa’s air transport regime is fashioned is highly political. A common criticism lodged against the South African government is that it operates a restrictive aviation regime. More specifically, some commentators argue that the way in which the South African government sets quotas in its air transport services agreements, and the manner in which landing slots are accorded to foreign

airlines, limits foreign airline access into the South African market. In November 2000, for instance, the British Minister of Trade criticised the South African air regulatory regime, stating that ‘foreign airlines (are) not allocated sufficient slots to fly to South Africa, to protect the market for South African Airways’ (SAA news release, 23/11/00).’

Some of the tourism role players interviewed argued that although South Africa has liberalised its aviation regime since the beginning of the 1990s,¹² it is operating a protectionist regime that is working to the detriment of South Africa’s wider tourism sector. According to some estimates, for example, demand for flights to South Africa from its major West European tourist source markets exceeds supply by 4 500 seats per week (*Hotel and Restaurant*, 2002). As discussed in Chapter Five, some interviewees also made the contention that the restriction of airline seats leads to high travel costs from South Africa’s source markets, and contributes to high tourism prices. In terms of its effect on tourist volumes into the country, South Africa’s aviation regime is in other words said to have negative consequences.

In recent years an increasing number of airline sector and other tourism stakeholders have lobbied the government to liberalise South Africa’s aviation regime through two measures: by the privatisation of South African Airways, and the adoption of what is termed an ‘open skies policy’. As defined by the International Civil Aviation Organization ‘open skies’ refers to a regulatory regime driven mainly by market competition, and where governmental control is largely, or completely absent (ICAO, 2002). Such a system is in operation *inter alia* in Singapore and Spain.

Advocates of an open skies order in South Africa argue that the removal of entry barriers for foreign airlines into the South African market will improve competition, greatly stimulate international tourist flows into the country, and will provide a boost to the country’s tourism economy (*Cape Times*, 26/01/00). With the weakening in the growth of international tourist arrivals in the country, tourism stakeholders have become increasingly vocal about the need for a greater flight capacity for South

¹² Domestically, aviation deregulation and liberalisation started in 1990, when competitors to South African Airways were allowed to operate. Since 1994 South Africa had contracted bilateral agreements with more than 100 countries (Horwarth, 2000).

Africa's main source markets, and the availability of more flights (*Financial Times*, 12/11/00).

In the Western Cape, the opportunity to draw in more international tourists through direct flights to Cape Town has produced a strong lobby from both the private and public sphere in the province for an open skies policy. According to some tourism role players in the province, more international flights to Cape Town will greatly bolster the Western Cape tourism sector. The manager of Cape Town Tourism, the tourism office in the metropolis, for instance argued, 'the issue of flight frequency to and from Cape Town is one of the most important issues facing Cape Town' (*Cape Times*, 26/01/00). The rationale behind the lobby for a greater allocation of direct international flights is that the larger number of tourist arrivals will translate into a larger tourist flow-through in the province, leading to a greater economic impact. In effect the lobby attempts to alter established international travel patterns and shift the balance away from Johannesburg to the Western Cape.

In the interviews a number of stakeholders also argued that the privatisation of the national carrier would bring the dual benefits of capital inflow into the South African economy, and of a streamlined, and possibly more efficient and competitive airline.¹³

In response to arguments that the present aviation regime should be opened up, the South African government and South African Airways maintain that given the smaller size of SAA, the limiting of traffic rights into the country is essential. A senior representative of SAA stated :

'If the accusation is that SAA and the government co-operate to protect certain traffic rights, then I would agree that we're on the right track because we are doing what each intelligent country and national airline do together in

¹³ At present South African Airways is majority state-owned, with a parastatal, Transnet, having an 80% stake in the carrier. The Swiss airline, Swissair, owns a 20% share in the South African airline, although after financial difficulties experienced by the latter, this equity will be re-bought by the South African government (*Business Day*, 05/02/02) . Two related recent events at South African Airways – sustained commercial losses over the past number of years, and the appointment and subsequent early departure of an American citizen as Chief Executive Officer of the airline who upon resignation received a R232 million severance payment – has added impetus to demands that the privatisation of SAA be quickened (*Sake-Rapport*, 17/06/01). The privatisation of the airline is however subject to developments in the South African government's wider privatisation/restructuring programme, which to date, has progressed slowly and is a highly political affair.

order to protect jobs that are directly connected to the national airline. Because if the two partners, the country and the national airline would not do this, then the national airline would gradually be eaten up by other global players, and would eventually be reduced to a domestic little player, used by other global airlines to feed into their global network. And surely, this is not something the South African government would want to be co-responsible for'.¹⁴

The debate on open skies is compound. In the case of the UK source market where demand for air transport between South Africa and the United Kingdom exceeds current supply, the aviation regime does act in a restrictive fashion. On the other hand there is little empirical knowledge about what the effects of aviation liberalisation between countries with differential economies and markets would be, and specifically what indeed the impact on South Africa would be. More practically, the removal of air transport barriers in South Africa since the end of apartheid has not automatically produced a greater influx of carriers. In addition, as the market collaboration between Lufthansa and South African Airways on the South Africa-Germany route shows, producers can negotiate regulatory regimes.

As far as it limits competition, though, and limits tourist volumes to South Africa, the South African aviation regime is a constraint to tourism growth. A different view propounded by some stakeholders is that rather than fully extract itself from the regulation of its skies by the implementation of 'open skies', the South African government should practise the 'managed liberalisation' of its aviation policies or implement 'liberalised bilaterals' (*Financial Times*, 12/11/00). An example of what this could entail is that South African Airways makes available its unused capacities to other foreign airlines. On the SA-UK route this will see SAA conferring part of its remaining nine flights to British Airways, Virgin Atlantic Airways, or any other

¹⁴ This is a common argument made by many states, which under the General Agreement on Trade in Services (Gats) of the World Trade Organization, increasingly are compelled to slacken not only aviation regimes, but also broad tourism services. The South African airline also accuses British authorities of restricting landing slots at Heathrow airport to the benefit of British airlines (SAA statement, 23/11/00). According to officials at South African Airways, even though the airline is able to operate more flights between South Africa and the United Kingdom under the current air traffic services agreement, restricted slot capacity at Heathrow airport precludes the carrier from doing this (personal communication, SAA representative).

carrier who wishes to enter the South African market. In addition, bilateral air traffic services agreements could expand origin and destination airports for international flights to some of South Africa's larger airports (e.g. Durban, or George¹⁵).

This could be accompanied by the encouragement of charter flights from South Africa's source markets. Such moves will have the effect of increasing the supply of flights into South Africa, expanding international arrival points, and concomitantly providing greater physical access for other parts of South Africa to international source markets. A further consequence could be that patterns and routes of tourist travel through South Africa become more diffused and that tourism impact is spread. In sum some changes in air regulation and investments in airport development by the South African state could enhance international tourism growth not only in key access points, but in many other parts of the country.

An important, related aspect, is the issue of tourism prices and whether air transport prices (amongst others) do contribute significantly to tourism costs, and what role regulatory bodies can, and do play in this regard. This is examined below.

3.5 Regulatory bodies and the price debacle in Western Cape tourism

The previous chapter had detailed the discord that surrounds the issue of prices in the Western Cape tourism production system. As discussed, this has two facets: firstly, conflict exists among different producer spheres (hotels, airlines, car rental) about the causes of high tourism prices in the province. Secondly, within individual producer spheres (specifically the provincial hotel and car rental sectors), there is the existence of price wars.

With regard to the first facet, some interviewees argued that seat capacity restrictions imposed by the national aviation regime artificially raises the prices of international flights to South Africa. Interviews with airline representatives indicate that airline prices are subject to two prime influences: directives by IATA, who sets the airfare regime, and by specific conditions in the South African market. An airline official explained:

¹⁵ This will require public investments in the infrastructural and technical upgrade of such airports.

‘On April 1, 2001 airfares to South Africa rose by 10-14%. So all three airlines – Virgin, SAA and British Airways raised their prices. This was mainly due to the fact that airfares have simply been too low because the value of the Rand has decreased and fuel prices have risen over the past few months. And then on May 1, IATA imposed a global increase, although April 1 is linked to the South African market. Normally one airline is bold enough to make the move, and the others will decide to match it or not. Based on the bookings they get, on the load factors, a whole bundle of stuff. So it just depends, each carrier will have different market conditions to worry about.’

In other words airline prices are the outcome of a confluence of factors – primarily IATA stipulations, but exogenous economic factors (such as currency fluctuations and rising fuel costs) are important mediating influences. Within the context of externally impinging forces the effect of the aviation regime becomes more intense. The lack of airline seat availability from international source market is for instance also related to the fact that a significant number of international airlines that have entered the South African market after 1994, have, due to unfavourable market conditions, withdrawn. In 1997, 74 airlines operated to South Africa. By 2001 this had decreased to 52. In 2001 three of the larger European carriers who entered the South Africa market after 1994 – Austrian Airlines, Alitalia and Sabena - withdrew from the country.

In contrast to this direct role interviews indicated that with regard to the second component of the price debacle - intra-industry price wars – regulatory bodies are much less proactive in influencing tourism outcomes. As described, producer associations such as Fedhasa, Satsa, and Asata should properly be the fora where price discords within individual producer spheres are attempted to be resolved. Interviews with representatives of these associations however indicated that in the main, this is not the case. This is firstly due to the structure and nature of the organisations. Interviews indicate that there is a great degree of membership overlap among the different producer associations. An interviewee described it as:

‘an amazingly incestuous problem...(many companies) are dual members, especially the travel partners, the car rentals like Avis, Budget and Imperial

will be Satsa members, and they'll probably be Fedhasa members, and they'll probably be our members.'

According to interviewees this has a limiting effect on different producer associations to act as adjudicators. An interviewee further argued that industry trends such as increased consolidation of producers constrain the activities of producer associations. He stated:

'Consolidation of companies is a big constraint for us. Consolidation is munching up smaller diversified groupings into big conglomerates. It makes membership of an organisation like ours threatened, because (a company like) Rennies now have 50 travel agents, but they can be one member. Concord can have 20 and there's one member. This actually dilutes the lobbying power that we could have.'

Thirdly, it was argued that rivalry existed among different producer associations, a factor that limited the attainment of common goals. Organisational fragmentation, cross-membership and competition among different private regulatory bodies hence curtail the ability of these bodies to proactively and effectively address the price debacle. This may potentially have a negative impact upon tourism in the Western Cape.

4. The external environment

The tourism production system operates within and is impinged upon by a larger political, social and economic environment. As reviewed in Chapter One, the characteristics of, and events in the external environment can have an influence on tourist demand to travel to certain destinations and tourist behaviour once they are in destinations. Factors such as political instability, insecurity and crime and tourists' perceptions thereof can be particularly influential (Sönmez, 1998; Seddighi, 2001). As argued by Sönmez (1998) incidents of crime or political unrest can stem tourist flow to a given destination. It may also impact upon neighbouring countries, either positively, whereby tourist flow is diverted to another country ('destination substitution'), or negatively, whereby events in one country affect tourist demand in another ('spill-over effect'). The media can have a particularly significant role to play in influencing tourist perceptions and demand (Sönmez, 1998). Economic

factors can also have very important impact on the tourism system (Mathieson and Wall, 1988).

This section focuses on the external environment that affects Western Cape tourism. Interviews with tourism producers and tourism regulators indicate that a range of variables exogenous to the tourism system moderate the productive environment within which producer interaction takes place. It also serves to attenuate tourist demand. A number of non-tourism variables were identified by tourism role players. These may be discussed under the broad headings of political, economic and social events.

4.1 Political, economic and social events and their effect on Western Cape tourism

From the interviews with tourism producers and tourism regulatory bodies it is clear that the most important external variables that pertain to the South African and Western Cape tourism sectors, are political. Specifically, factors of political (in)stability and perceptions around political (in)stability were said to be the most directive, in terms of setting the context for tourism production, influencing the activities of tourism producers, and vitally, affecting consumer decision-making. Close to 90% of the role players interviewed ranked political events as the main exogenous variable having an effect on them. After this economic factors were said to be of significance.

This is similar to findings in other studies. In a review of the impact of external factors Pizam (1999) found politically-motivated events and actions to have the most 'intense, widespread and lengthy effects on tourism demand...(that) can ultimately lead to the demise of a tourist destination. Economic and social motives have the second strongest effect' (Pizam, 1999:8).

In this study tourism role players singled out one particular factor – political developments in Zimbabwe over the past number of years – as impacting most strongly, not only in the Western Cape and South Africa, but also in the broader Southern African region. Since the end of 1999 Zimbabwe has experienced a sequence of incidents that by 2001 have deepened into a political crisis. This crisis

centres on the Zimbabwean government's programme of redistributing agricultural land owned by white farmers to black people, the disputing of this programme by opposing groups, and the often explosive conflict that has resulted. The larger context of the crisis is the emergence and steady growth of political opposition to the present regime, and increased pressures for political change in the country.¹⁶ According to tourism stakeholders, the conflict in Zimbabwe, and fears that the conflict may spill over into neighbouring Southern, and in particular, South Africa, have had very detrimental consequences on demand for travel to the region. One tour operator for instance stated :

'Zimbabwe has had a huge effect on the South African market, because people who go to Zimbabwe usually also go to other countries as well, so it's had a knock-on effect. South Africa is linked to the whole of southern Africa, it's a network. That's why if Zimbabwe has problems, South Africa has a knock-on effect.'

Given that the United Kingdom, which has strong historical linkages with both Zimbabwe and South Africa, and is an important source market for both countries, is politically embroiled in the Zimbabwean conflict, it seems that British tourism to both countries was particularly affected. Many of the British tour operators interviewed noted that a lack of demand for travel to Zimbabwe caused financial problems for many tour operator companies. One tour operator stated :

'(British travel to) Zimbabwe just stopped...and there's a lot of companies in the United Kingdom who've gone to the wall this year. If you specialise in Zimbabwe, there's just not enough tourism there to support those markets.'

Aside from the negative spill-over effect, there are also indications that some Southern African countries are benefiting through a destination substitution effect. For instance, all of the other tour operator companies interviewed in the United Kingdom noted that they had opted to remove Zimbabwe as a tourist destination from their marketing programmes. Many have simply removed the name

¹⁶ In June 2000 the ruling party, ZANU-PF, which has been incumbent for 20 years received its most direct electoral challenge when it nearly lost power to the largest opposition group in parliamentary elections. Since then, political tensions in the country have intensified. In this environment a presidential election was held in March 2002. The outcome of this election, won by incumbent Robert Mugabe, has been widely disputed in international circles (*Mail and Guardian*, 15/04/02).

'Zimbabwe' from their marketing material and have replaced it with the Victoria Falls. The statement by two of the larger British tour operators are insightful:

'We've taken out Zimbabwe of our new brochure. The numbers don't justify a brochure like this, the space. There are other countries which could give you much more revenue;' and

'We've made the decision to scrap Zimbabwe from our new brochure, and we're going to advertise another (hotel) in Zambia, which is the other side of the (Victoria Falls), really.'

Appendix Five is an example of one such change. It is an indication of the devastating consequences that the Zimbabwean tourism sector could experience in the medium to long term. Depending on the nature and extent of events in Zimbabwe tourism in the Southern African region could continue to be both positively and negatively impacted.

Aside from Zimbabwe, tourism role players mentioned the continuing civil war in the Democratic Republic of Congo, the recommencement of hostilities in Angola and periodic outbreaks of ethnic tension in the East African region as adversely affecting international tourism to South Africa. Some role players argued that South Africa's vulnerability to political events in other parts of Africa is related to how Africa is viewed internationally. One tour operator argued :

'Certainly for Africa there is this instability image about it, and customers don't book early for Africa, they will wait nearer the time to see how things are, and if there are any elections coming up.'

Another stated,

'Africa is a dream to visit : the wildlife, the nature, the scenery, the peoples and their cultures. And then you would ask (people) "why don't you go to Africa?" and the majority would say health, hygiene, security and infections. The people always see this is Africa. Everything of Africa immediately influences the feelings of people, and makes them hesitant.'

Because of this, argued a representative of South African Tourism, it was important for South Africa in its marketing activities to distinguish itself from other African destinations,

‘to actually put South Africa out there as *South Africa* and not as *South Africa*.’

Indeed, a number of tourism role players noted that even though South Africa was evaluated as an African destination, the country had a number of characteristics that set it apart from its neighbours. In particular, it was argued that the supply of tourism accommodation, leisure and recreation facilities is seen to be superior in quantity and quality to other comparable African destinations. The statement by one tourism producer encapsulates this viewpoint :

‘South Africa’s attraction is that it is Africa, but it’s not that kind that you see in the news, for example Uganda where tourists were slaughtered, or West Africa where there is no infrastructure. It is an African destination where you have perfect infrastructure.’

Perceptions of political instability and security difficulties within South Africa was stated as another major influence on tourism by role players. Some of these relate to conceptions of conflict in post-apartheid South Africa (‘there is still a degree of hostility between blacks and whites’), uncertainty about the political future of the country (‘people are concerned what will happen after (former state president) Mandela dies’), and perceptions of the course of development in South Africa (‘it seems nothing is being done, things are getting worse’). The most important influencing factor within South Africa, however, is crime. It is significant that in all the interviews with tourism role players perceptions about rising crime, and in particular, violent crime was mentioned as the main disincentive to people travelling to South Africa. According to role players crime is a deterrent in two ways : by creating the impression that South Africa is a dangerous and unstable country, and by creating the fear that tourists may be targeted for criminal activities.

This is consonant with other studies on the impact of crime on South Africa’s tourist sector. For example, Ferreira and Harmse (2000) review foreign tourists’ views of crime in South Africa. They argue that high crime levels have a detrimental effect on tourists’ perception and desire to visit South Africa. Through an analysis of

patterns of crime, the authors argue that there is a strong geographical overlap in the areas where the incidence of crime is highest (i.e. in the metropolitan areas of Cape Town, Johannesburg and Durban), and where tourists stand a risk of being victim to crime.

A number of tourism producers interviewed in this study argued that although the incidence of crime in South Africa is high, with regard to tourism, crime was more a problem of perception, than of reality. All of the tour operators interviewed, for instance, observed that none of their clientele had indeed been the victim of a crime while on a visit to South Africa. The following statement by a tour operator is representative:

‘We’ve sent lots of people to South Africa, but we’ve never had any complaints, nobody’s been attacked, which just makes the situation more galling.’

Role players attributed the perceptions of the crime situation in South Africa to sustained adverse publicity by the international media. Indeed, the role of the media as an important (and often harmful) external influence in South African and Western Cape tourism, was a common theme in the interviews. According to role players persistent unfavourable reporting by the media on South Africa produces an unfavourable view of the country. One British tour operator lamented:

‘(Through the British press) you hear so much about another hijacking in Soweto, but never about how wonderful it is to stand at God’s Window (a geographical landmark in northeast South Africa), it’s frustrating.’

Another stated :

‘The press does not help to put things in perspective for South Africa. For example, it’s wide knowledge that a woman gets raped in Johannesburg every three seconds, because of the press. And this is the thing, whether it be Johannesburg or Nairobi, the press, for some reason, love Africa, as an example of all different social scales, structures, etc. So yes, it’s the imagery that the press portrays that’s problematic.’

According to tourism role players the depiction of South Africa by the media is negative, a factor, they argue, effectively shape tourism consumers’ perceptions of

South Africa, and reduce the attraction of the country as an international tourist destination. These arguments attribute a distinct primacy to the media in the outcome of tourism. In this view the media is a powerful player in Western Cape tourism. While on the one hand the media is an important conduit for relaying tourism information from tourism producers to consumers (i.e. it is a marketing instrument used within tourism production), the media is itself also an independent actor and producer within the tourism system : through the selection of signals and messages it actively creates a representation of South Africa that it sells to consumers. This representation, according to some tourism producers, works to the detriment of their own activities, and of the tourism sector as a whole. This supports contentions by other authors about the centrality of the media. Weimann and Winn (1994:154) for instance argue:

Media coverage ...has an especially powerful potential influence because (it) is frequently the only source of information on an issue available to the audience. Media coverage is not only frequently a unique source of information but it may also be a unique source of interpretation' (Cited in Sönmez, 1998:437).

Other literature suggest that the ability of producers and the state to influence perceptions and media coverage of a destination, is an important counter- or recovery measure for destinations where tourist demand has declined as a consequence of crime or political instability. Sönmez (1998) and Witt and Moore (1992) note how the governments of destinations such as Northern Ireland and Egypt had embarked on aggressive promotional campaigns. This took the form of sustained advertising in source markets and extended networking with the international media. The success of such campaigns had not yet been established (Sönmez, 1998), although it does raise an important role for the South African government. In this regard an argument made by three interviewees that the government lacks experience in engaging with the media and in promoting favourable conceptions of the country ('what we need is positive spin, positive propaganda'), is significant. It suggests that the government is ineffectually responding to one of the most important exogenous variables affecting tourism.

Ferreira and Harmse (2000) argue that the provision of risk information to tourists by the government can have a positive consequence for tourism. Such measures were

implemented in destinations such as Egypt (Sönmez, 1998). Additional measures undertaken by many countries involve the promulgation and enforcement of legislation that heavily sanction crimes against tourists, increased policing in tourist areas, and the installation of safety and security equipment in these areas (Pizam, 1999). In an attempt to reduce the effect of crime on tourism, the Western Cape government and other role players have been implementing some of these measures.¹⁷

Tourism role players within the Western Cape noted that on the whole the international image of the province was more sanguine than that of the larger South Africa. Many tourism producers for instance argued that Cape Town has the reputation of being a safer city than Johannesburg, where violent crime is believed to be more rampant. Role players however noted that a series of bomb blasts in Cape Town over the past number of years had serious consequences on the province's tourism sector. The bomb blasts are linked to the activities of a Cape-based vigilante group, the People Against Gangsterism and Drugs (Pagad), who between 1998 and 2000 are believed to have been responsible for 20 bomb attacks in the Cape metropolis (*Mail and Guardian*, 21/09/00). A number of the city's prime international tourist destinations were targeted in the attacks.¹⁸ The extent of the impact of the bomb blasts is encapsulated in the statement of one tourism producer:

‘When we had those bomb blasts, in (our hotel) we lost R5 million worth of business in one day. It wasn't all the next day's business, but it have been bookings that have been built up for the next 18 months.’

After political factors, tourism role players emphasised a number of economic variables to influence South African and Western Cape tourism. One of the key factors is economic recession in source markets. One airline representative for instance stated :

‘If there is a downside in the economy, people stop flying.’

¹⁷ In 1999 public and private sector role players established an organisation, the Cape Town Central City Partnership, with the task of improving safety and cleanliness in the Cape Town CBD. In 2000 the Cape Town Partnership established a Central Improvement District in the CBD, whereby through the levying of local taxes, funding is created that is used for additional policing and municipal services in the city (Cape Town Partnership, *Backgrounder*).

¹⁸ In August 1998, for instance, a bomb was exploded at the Victoria and Alfred Waterfront, South Africa's top international tourist attraction.

Similarly, according to one Western Cape hotel operator,

‘The moment that there’s a bit of a dip in the economy, the first thing people sacrifice is travel.’

The state of the wider economy therefore has a clear consequence on tourism demand. Economic factors and events in the international economic sphere however also strongly affect the production aspects of tourism. As discussed earlier producers from the airline sector noted that continued increases in international oil prices during 2000 and 2001 negatively affected airline operations. For the airlines operating to and from South Africa, the simultaneous depreciation of the Rand during 2001 (in the first six months of 2001 the Rand lost 15% of its value) created added strain. Since part or all of their operations are Rand-denominated, the depreciation negatively affected the yield of airlines. It also increased production costs.

Representatives of car rental companies noted that international increases in fuel costs and fluctuations in the Rand also affect the operations of the car rental sector in South Africa. However, it was stated that costs related to the buying and purchasing of vehicles, and conditions in the broader (international and domestic) motor industry also have a strong influence on car rental companies. According to one representative because Toyota is the largest player in the South African motor industry, and because vehicle rental fleets in South Africa are mainly composed of Toyota vehicles, the car rental sector is particularly vulnerable to Yen fluctuations.

Aside from political and economic events tourism role players noted that concerns about hygiene was an important factor in international tourists’ decision to visit South Africa. In particular, the high incidence of HIV/Aids in the country was stated by many as an effective deterrent to international tourism demand. According to one tour operator,

‘An Aids threat is something you can’t handle as a tourist, people will rather go somewhere else where there is not this threat.’

All of the role players were in agreement that Aids is one of the most imperative factors that will impact upon the South African tourism sector in the future.

Subsequent to the conducting of the interviews, a terrorist attack was carried out on the city of New York in the United States of America in September 2001. In the aftermath of the attacks there were predictions that an impending international economic recession may gain momentum. The attacks had a significant impact on the international airline industry.¹⁹ It is widely expected that the attacks and the subsequent military campaign by the United States and partner countries against terrorism will negatively affect international travel and tourism (*Business Day*, 16/09/01; WTTC, 2002; IATA, 2002). There are expectations that international tourism to South Africa and the Western Cape will also be affected, although it is not clear what the nature or extent of the impact will be. One indication is that different source markets will be affected differently. It is widely expected that demand in the US source market will decline. At the same time, because of expectations that European travel to the United States may decrease, a diversion of European tourism to South Africa, is possible (*Business Day*, 04/10/01), i.e. that the country can benefit from a destination substitution effect.²⁰

5. Conclusion

This chapter discussed the role of regulatory organisations and institutions in Western Cape tourism, and the impact of the larger external environment. It had shown that regulatory bodies and the rules they propound have both a direct and indirect effect on the tourism production system. Often these bodies proactively shape tourism production by laying down the rules of engagement and setting the parameters for production. As the section on aviation regimes shows, this may serve to be a constraint upon tourism growth. In some cases, in the context of exogenous

¹⁹ In September 2001 Boeing, the largest producer of aeroplanes, announced that it would reduce staff in its commercial aircraft division by 30 000 (*Business Day*, 19/09/01). International airlines such as Virgin and British Airways also announced operational and staff reductions, while some, such as the Belgian carrier, Sabena, were liquidated (*Business Day*, 18/09/01; 21/09/01). After temporarily ceasing operations Swissair received financial assistance from the Swiss government in October 2001, which enabled it to resume its activities (*Business Day*, 01/10/01), although the Swiss airline will re-sell its 20% share in South African Airways to the South African state.

²⁰ Indeed, there are some early indications that South Africa had been positively, rather than negatively affected by the events of 11 September. During January and February 2002, for instance, overseas arrivals increased by 7% over the same period in 2001. German and British arrivals rose by 21% (*Business Day*, 13/06/02)

factors such constraints are compounded. Regulatory bodies can also be reactive in the system, as the price debacle in the province is illustrative of. This could have an equally adverse effect.

The larger external environment is highly dynamic, often commanding in its impact upon the tourism system, and in many instances beyond regulation. It has a very direct effect on tourism production and demand. Political and economic events can exercise a positive influence by diverting tourist flows to the Western Cape. On balance, however, exogenous factors negatively affect the province's tourism sector. To some degree the external environment and some regulatory regimes have a mutually reinforcing impact in terms of constricting tourism growth.

International representations, images and perceptions play a particularly central role in South African and Western Cape tourism. There are some indications that the government is not doing enough to counter negative representations by agents such as the media, or to promote a more positive international image.

Chapter Seven

Tourism development policy in the Western Cape and the role of the state

1. Introduction

This chapter analyses the policy for tourism development in the Western Cape, the organisational features of tourism in the province, and the role of the provincial state. It evaluates the provincial policy in the context of findings made in the afore-going chapters. It argues that three objectives underlie policy – *tourism growth* (which dually entails sustained demand and continued production in response to demand); increased *distribution* or *equity* (both geographically and through economic and social empowerment and job creation); and *sustainability* (an overarching objective). A number of factors however limit the attainment of these aims. Firstly, there is a tenuous relationship between the growth and the equity objectives of the policy. Secondly there are incongruities between several of the strategies contained in the policy, and its objectives. Institutional deficiencies furthermore, constrain the implementation of many strategies and goals.

The structure of the chapter is as follows. The first part reviews the larger framework within which provincial tourism policy is located. The second part reviews the content and objectives of the national tourism policy. This is followed by a description of the provincial policy as contained in the Western Cape *White Paper on the Sustainable Development and Promotion of Tourism* (DEAAT, 2001) and of the present institutional structure of tourism administration. The next part evaluates and analyses the provincial policy. Four aspects are focused on: the interrelationship between product development and marketing, and tourism distribution; tourism growth; institutional arrangements and their shortcomings; and broad aspects related to development and empowerment.

2. The institutions and policies governing tourism development and promotion in the Western Cape

Background

There is a dearth of documentation or literature on tourism policy before the end of apartheid. Suggestions are that it mainly involved below the surface promotional campaigning in key international source markets such as Germany and the United Kingdom during the sanctions era, and, domestically, was focused on developing and sustaining leisure travel among mainly affluent, white South Africans (Koch and Massyn, 2001; Goudie et al, 1999; personal communication, tourism role players). As such, policy can be said to have been very limited. After the end of apartheid several policy documents and pieces of legislation have been developed that set the context for tourism development. The nature and content of these reflect an attempt to significantly break from the apartheid era. As will be seen, they are primarily aimed at growing the tourism sector and at broader economic development through tourism.

The South African Constitution proclaims tourism to be both a national and provincial competence. This means that although provincial governments are able to structure and legislate for provincial tourism programmes, this has to be in line with national programmes and policies. Nationally, the policy framework is provided by the national Department of Environmental Affairs and Tourism's 1996 *White Paper on the Promotion of Tourism in South Africa*, and the Tourism Act of 1993. Together, these outline several development objectives and strategies and the institutional frame within which tourism development should take place. The Tourism Act of 1993 (amended in 1996 and 2000) saw the establishment of the South African Tourism Board, a statutory body responsible for the promotion of tourism in, and to South Africa. Since the late 1990s, the membership and composition of this body have been significantly transformed in an attempt for it to be more reflective of the larger South African population (personal communication, tourism role players).

In the Western Cape the provincial policy-making process started with the promulgation of the Western Cape Tourism Act of 1997. This Act set out the aims and objectives for tourism in the province, and the institutions through which tourism

promotion and development activities are cohered and regulated. In October 1999 a Green Paper on tourism development in the Western Cape was drafted (DEATT, 1999). This was revised and redrafted in May 2001 into the *White Paper on Sustainable Tourism Development and Promotion in the Western Cape* (DEATT, 2001).

3. The national and provincial policy frameworks

As stated, the South African Constitution proclaims tourism development as a concurrent function that is to be jointly shared by national and provincial administrators. In practice this means that provinces are able to develop their own tourism policies, institutions, and legislation, but have to follow national programmes and policies. As such, the national *White Paper on the Development and Promotion of Tourism in South Africa*, released by the national government in 1996, provides direction for the policy objectives of the Western Cape.

a) Characteristics of the national White Paper.

The national White Paper attempts to formulate a tourism policy through which both economic growth and development can be attained in South Africa. Tourism is seen as a crucial means through which the South African government's economic and social development objectives, encapsulated in the Reconstruction and Development Programme (specifically, meeting basic needs, developing human resources, building the economy, and the democratisation of state and society) (RDP, 1994) can be attained.¹ A key objective of the national policy is to foster 'responsible tourism,' defined as,

'tourism that promotes responsibility to the environment through its sustainable use; responsibility to involve local communities in the tourism industry; responsibility for the safety and security of visitors and responsible government, employees, employers, unions and local communities,' (DEAT, 1996).

¹ The Reconstruction and Development Programme is the first development programme formulated by the post-apartheid national government. It was introduced in 1994. In 1996 the RDP was succeeded by a second four-year development programme, the Growth, Employment and Redistribution programme (Gear), that attempts to draw up an economic development framework for South Africa.

b) Characteristics and objectives of the provincial tourism development policy

The Western Cape's tourism policy is contained in the *White Paper on Sustainable Tourism Development and Promotion* (DEAAT, 2001), a document that outlines development objectives and strategies for tourism development over the next decade. It is informed both by the national objectives of reconstruction and development, and by the provincial government's economic growth and development strategy.² It aims to establish sustainable tourism in the province through continued growth, increased employment in tourism and through the development of a tourism sector that provides benefit to 'the whole population of the Western Cape' (DEATT, 2001). Its vision is to have the Western Cape become 'renowned as a premium world tourism area,' by the year 2010 (DEATT, 2001).

Based on trends in tourist arrivals over the past decade, and the size of the provincial tourism economy at the end of the 1990s (reviewed in Chapters Three and Four), the White Paper sets out a number of growth targets for the ten year period to 2010. Specifically, it aims to:

- increase the number of overseas visitors to the province from approximately 790 000 in 1999 to 4 million by 2010;
- quadruple overseas tourist spending by 2010;
- increase the Western Cape's share of overseas tourist nights (from 40%) to 48% during summer and (from 26%) to 40% during the winter season;
- raise the number of domestic tourist trips made to the Western Cape from 2,3 million in 1999 to 4.7 million; and
- increase domestic tourist spending by a factor of 1.7 by 2010 (DEATT, 2001).

The concept of 'responsible tourism' that informs the national tourism policy also underlies the provincial White Paper. The provincial White Paper however articulates a more comprehensive set of goals that are aimed at addressing specific needs of the Western Cape. The provincial White Paper is an attempt to realise the projected economic potentials of tourism, and to meet the developmental imperatives

² This strategy has four objectives : to fashion the Western Cape into the prime learning region in Southern Africa; to link the province to the rest of the world; to bolster and support entrepreneurship and innovation; and to improve employment creation, particularly in labour-intensive economic sectors (DEATT, 2000). *Preparing the Western Cape for the knowledge economy of the 21st century.*

of the province. It seeks to address historical inequities and imbalances in the provincial tourism sector, both in terms of what is produced, and who gains from tourism.

A number of principles underlie the Western Cape White Paper that are of significance for the attainment of tourism growth and development. The section below briefly discusses them. A later part of the chapter will analyse these principles more extensively in relation to some of the programmes and projects that have been developed in the province.

Five principles form the basis of the provincial tourism policy:

- **Social equity.** It is proposed that tourism should benefit the larger provincial populace, and should be inclusive of 'previously neglected or disadvantaged' population groups. Tourist products should also reflect the cultural diversity of the province.
- **Environmental integrity.** Tourism development should not be at the expense of the environment; conversely, the environment should be considered as an important tourism asset that needs to be judiciously developed and managed.
- **Economic empowerment.** Although regulation is needed to appropriately guide economic growth and to protect citizens, the environment and tourists, avid regulation of the tourist sector by the government must be avoided. Since there are many linkages with other economic sectors, the involvement of stakeholders from such sectors should be sought in decision-making. Finally, the participation of and ownership by 'emerging entrepreneurs,' particularly small, medium and micro enterprises (SMMEs) in tourism needs to be actively encouraged and supported.
- **Co-operation and partnership.** The provincial government, tourism businesses, local communities, and the labour force all have different roles and responsibilities in tourism development. The development and promotion of tourism should be based on active collaboration between these various groups.
- **Sustainability.** Sustainability is a key objective but is also a guiding framework for tourism policy and actions. According to the White Paper tourism is economically sustainable if it provides a diversity of market opportunities and

employment, and easier access to ‘productive resources.’ It is institutionally sustainable when it involves co-operation between the public and private sectors, and local communities. The environmental sustainability of tourism is based on a balance between the protection of the environment and the beneficial use of the environment. Finally, the socially sustainability of tourism is based on the involvement and participation of host communities in tourism management (DEAAT, 2001).

On the basis of the five fundamental principles the White Paper proposes an integrated tourism development framework involving a wide range of goals and strategic objectives. These are fully listed in Appendix Five, but may be summarised as follows:

Categories of goals and strategic objectives in the Western Cape White Paper
Strategy development
Safety and security
Product development and marketing
Developing a brand for the province
Infrastructure development
Tourism investments and investment incentives
Tourism promotion and awareness
Service improvement, standard-setting and standard-monitoring
Education, training and skills development
Research, Information-gathering and –dissemination
Empowerment and impact distribution
Institutional development through co-operation and partnership
Promoting sustainable practices

A number of secondary principles underlie the strategies and actions put forward by the White Paper. The first is that tourism development has to be market-driven. The White Paper for instance states that, ‘tourism development must be based on programmes and initiatives related to current and potential market trends and requirements’ (p30). In lieu of the findings in Chapter Four that factors such as oversupply and the seasonality of demand threaten tourism growth, the principle to have a market-driven tourism sector can be seen as an attempt to pre-empt such factors, and therefore to maximise tourism growth.

Linked to that is the notion that all product development, marketing and market actions need to be targeted and focused. This firstly entails the identification and

packaging of core attractions in the province, and the promotion of these through themes and an autonomous, well-disseminated provincial brand. Product development and offer should furthermore be directed at specific market segments. Strategy 17 proposes to ‘focus on the lucrative end of the international (tourist) market,’ whilst strategy 20 recommends the diversification of the existing market base

‘based on effective segmentation of the marketplace to ensure .. the most effective application of resources. The segmentation approach should focus on consumer preferences that could be linked to the products and attractions ... in the province.’

Given that the quantitative targets that inform the White Paper are aimed at increasing arrivals and spending by overseas tourists, it is reasonable to surmise that ‘the lucrative end of the international market’ in strategy 17 refers to the overseas tourist segment, rather than visitors from other African countries.

The targeted approach to market and development activities should also be institutionally reflected. A further principle is hence to streamline all activities by means of an institutional frame where line functions and responsibilities are clearly defined and where institutions are set up or evolved to deal with dedicated tasks. In terms of marketing, the White Paper proposes to, ‘promote a single brand for the province incorporated into the national branding’ (strategy 16); and to ‘position the Western Cape as part of the South African “stable”’, whereby all international marketing of the province occurs under the aegis of South African Tourism (strategy 18).

A final principle is to enhance the distribution of the benefits accrued from, and opportunities related to tourism. This is encapsulated in the strategic objective to,

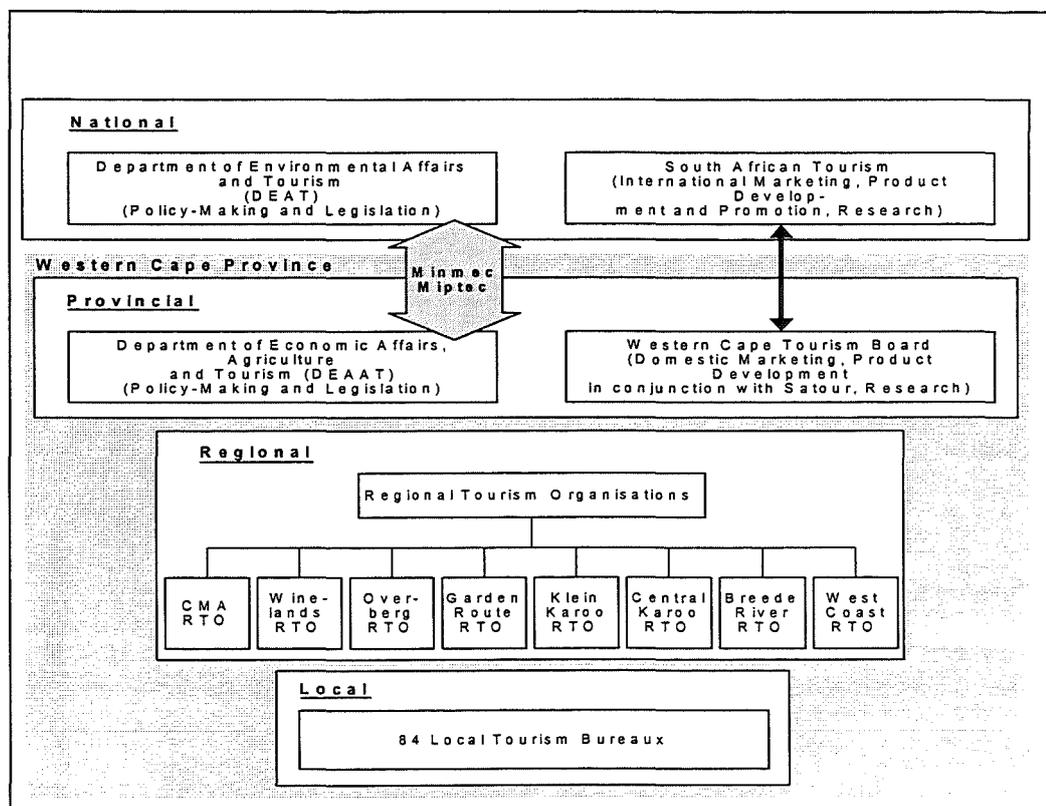
‘reduce the current pattern of over-concentration of tourism facilities and physical development by encouraging the proposed development of tourism in underdeveloped areas. This should be undertaken as an attempt to spread the availability of tourism facilities to a greater proportion of the province’s population and to create job opportunities’ (p31).

Tied into this is the goal to foster and facilitate the greater involvement of the province's residents in both the development and management of the tourism sector, through a broad process of capacity building. Strategy 13 aims to 'promote entrepreneurship, with special emphasis on neglected communities,' while strategy 14 proposes to 'improve (the) participation of local communities in tourism development.'

4. The institutional structure of tourism administration in the Western Cape

The structure of tourism administration is currently determined by the Western Cape Tourism Act of 1997. Following the adoption of the provincial White Paper the organisational arrangement will change in the near future. At present three levels of tourism administration exist in the province – provincial, regional, and local. At national level there are a number of overarching institutions. This is shown below in Figure 7.1.

Figure 7.1
Institutional framework of tourism in the Western Cape



Author's own design.

As can be seen in Figure 7.1 tourism policy-making and legislation in the province falls within the remit of the Department of Economic Affairs, Agriculture and Tourism (DEATT). The Western Cape Tourism Board is responsible for the marketing of the Western Cape within the province, and in the rest of South Africa. These two bodies are independent, and have sole administrative powers over the Western Cape. They however co-ordinate policy formulation and programmes with the national government. This is done through two forums – Minmec, which consists of the national, and provincial ministers of tourism, and Miptec (the Minmec Interprovincial Technical Committee), a body that is comprised of the heads of national and provincial government departments, and the chief executive officers of tourism bodies such as South African Tourism (DEAAT, 1999). International marketing of the Western Cape is done jointly by the WCTB and South African Tourism (Personal communication, CEO, Western Cape Tourism Board).

At lower levels, Regional Tourism Organisations and Local Tourism Bureaux are responsible for, respectively, regional and local tourism development.

The present institutional arrangement had resulted in extensive activity overlap and had produced what some stakeholders described as institutional fragmentation. The Western Cape White Paper (2001) notes that the current administrative frame has too many institutions from different tiers of government involved in the same activities, which leads to a duplication of efforts and resources. The White Paper also contends that this produces perplexity among tourism administrators themselves about their role and function and leads to a vaguely defined destination identity and brand and confusion among tourists about the provincial tourism product. Finally, according to the White Paper, the institutional structure misallocates local development functions such as the establishment and maintenance of infrastructure and attractions which properly should be dealt with by local authorities, to Regional Tourism Organisations and Local Tourism Bureaux and that it accords a product development function to these bodies while they do not have the requisite financial and other resources to carry out this function (DEATT, 2001).

The White Paper seeks to address these shortcomings and proposes a number of institutional reform measures. The most important reform entails a proposed

separation between marketing and development functions: where currently marketing and tourism development are shared between the various local, regional and provincial institutions, it is proposed that there should be a clear division of function. Specifically, it is proposed that a marketing agency is set up that will bear sole responsibility for tourism marketing. By proposition the Western Cape Tourism Board will be evolved into the marketing agency (and re-named as 'Cape Tourism'). The function of tourism development will fall under the ambit of the provincial state, led by the Department of Economic Affairs, Agriculture and Tourism and supported by metropolitan, district and local municipal councils. These bodies will be responsible for policy-making, implementation and regulation.

5.1 Strategies

To date a few of the objectives and strategies contained in the White Paper have been implemented through a number of programmes and projects undertaken by tourism officials. In the main these are centred on the development and marketing of new tourist products, and on tourism distribution.

a) Product development and promotion

Product development and promotion are two of the key focus areas of Western Cape policy. The provincial White Paper sets out a framework for the development and marketing of tourism products. Its approach can be read as an attempt to foster tourism growth in the province through a more attractive and wider product offer that stresses the competitive advantage of the province over rival destinations and will hence attract more tourists to the province. Specifically, the following goals are laid out in the White Paper. Strategy 9 proposes to 'package tourism themes and attractions in the form of suggested routes and itineraries,' whilst strategy 10 proposes to 'promote unique selling propositions and initiate special attraction programmes.'

Unpacking this, the strategies entail three facets: firstly core physical, social and cultural attractions (termed 'magnets' or 'icons') have to be identified in each of the eight tourism regions of the province; secondly, cross-cutting tourism themes (e.g. scenery, wine and food, culture, sports), and tourism programmes (specifically proposed are heritage, eco-tourism, adventure, and events tourism programmes) have

to be developed. Thirdly, these attractions and themes have to be combined into single product offers that take the form of different tourist routes and itineraries. Tourist routes should all originate from the city of Cape Town, and radially extend into different parts of the province. The corollary of this is that tourists are encouraged to visit larger parts of the province (i.e. to spread the impact).

All of this should be contingent with the development of a distinctive provincial tourism identity. Strategy 16 proposes to 'promote a single brand for the province, incorporated into the national branding.' This brand should competitively position the Western Cape against other national and international destinations and should therefore be based upon the unique traits of the province. It is hence proposed that the Western Cape is marketed as the 'Gateway to Africa,' and that emphasis is laid on the salience of the province in South Africa's history, its natural and scenic beauty, cultural diversity, relaxed atmosphere, opportunities for outdoor activities, and the high quality of its infrastructure. The brand should be driven by the marketing slogan, 'Explore Africa's fairest Cape.' Finally, it is proposed that given the international eminence of products that use the term, 'the Cape' (such as 'Cape Fruit', or 'Cape Wine'), the marketing agency should be known as 'Cape Tourism,' rather than 'Western Cape Tourism.'

b) Product development and distribution

Product development should also be geared towards the economic and social empowerment of the province's previously disadvantaged groups. As such, the White Paper places a great deal of emphasis on the development of new, or alternative tourism products that dually are reflective of the cultural landscape of the province, and through which opportunities could be afforded to previously disadvantaged groups to enter the tourism sector as producers. Strategy 14 aims to improve the involvement of local communities in tourism development, through two means – the proactive identification and development of 'local assets that could complement the programmes' and goals described above, and the strengthening of 'the representation of local indigenous arts and cultural expressions' in the Western Cape tourism product offer (DEAAT, 2001:43).

Another primary goal of the Western Cape policy is to diffuse the economic and developmental benefits that can be gained from tourism. Through the encouragement, expansion and support of new products, people from previously disadvantaged backgrounds (termed 'emerging entrepreneurs') can be integrated into the main tourism system. In a similar fashion, through the promotion of tourism themes and routes, it is projected that the province's hinterland enjoys as much exposure as Cape Town unicity. The routes-and-themes concept means that with Cape Town as stronghold, the weaker tourism regions will effectively be linked into a single product offer, and will be able to draw gain from tourist flows.

5.2 Programmes and projects

Interviews with tourism producers and officials in the Western Cape show that a number of the propositions are already practised in many parts of the province. In particular a number of tourism routes have been developed and are marketed in various parts. Examples include a whale route (in the Overberg, Blaauwberg administration and West Coast), a factory route (Blaauwberg), a mission route (the Overberg), a flower route (West Coast) and several wine routes (many of which, e.g. in the Winelands have long been in existence). One of the most extensive new route developments is a wine route, branded as Route 62, that runs through and links three tourism regions – the Breede River Valley, the Klein Karoo and the Winelands.

In addition to this, many regional and local tourism and government officials indicated that they seek to stimulate local tourism production as far as possible. One of the prime focus areas in this regard is the promotion of arts and craft production and marketing. A South Peninsula municipal government representative for instance described the municipality's involvement in the development of both informal and formal arts and crafts markets in the South Peninsula. This comprises the training of local communities in arts and crafts production and the establishment of physical infrastructure (e.g. the construction of buildings and roads), that provides tourists access to markets, and enables communities to sell their produce to tourists. According to a representative of the Blaauwberg municipality similar projects are being implemented there. A tourism official in the Winelands region described the conceptualisation and likely implementation of a number of small projects that have the history and heritage of communities of the region as focus. Examples of such

projects are the founding of cultural festivals in Paarl and Stellenbosch, and the establishment of a cultural village and arts and crafts market in the black township of Stellenbosch.

The development of tourism facilities and attractions in the province's townships is a second focus of activity. There is a myriad of examples of township or township-related tourism developments. One of the financially most significant³ is located in Khayelitsha, a large, mainly black residential area in the Tygerberg municipality, along the southeast coast of Cape Town Unicity. This project, entitled Lookout Hill, consists of the development of the highest coastal dune in Khayelitsha (which, due to its size provides a panoramic view of the southeast coastline) into a tourist attraction. The project aims to establish tourism-related facilities (a restaurant, museum, craft market, tourism information centre, and boardwalk) on the dune. This development has the purpose of facilitating tourist access into Khayelitsha, and to create an opportunity where residents can directly generate income from tourism. For this reason, the development of a craft market facility where there could be direct interface between tourists and local residents, is a focal point of the project (personal communication, Manager: Investments and Trade Promotion, City of Tygerberg). The project is also aimed at stimulating and supporting other economic developments in Khayelitsha (Wesgro, 1998). Although the Lookout Hill development is primarily aimed at the domestic tourist market, it is also geared at attracting international tourists. The vision is to increase international tourist numbers to Khayelitsha from the present level of 6 000 per annum to 35 000, and to make it one of the prime attractions in Cape Town (personal communication, Manager: Investments and Trade Promotion, City of Tygerberg).

Aside from such large-scale developments, various smaller township-based projects occur throughout the province. Such projects are sometimes initiated, but are mainly supported by tourism and regional and local government structures. Examples include the redevelopment of a labour hostel in Lwandle in the Helderberg municipality into a museum; the establishment of a market in Atlantis (the Blaauwberg), and the development of a township route in Khayelitsha (personal

³ The estimated cost for the project is R7.5m (Tygerberg City, 2000, *Lookout Hill Environment and Tourism Facility*, Draft Business Plan, May 2000).

communication, local government officials). Two increasingly common forms of private sector developments and investments in townships that are encouraged by the government, are the setting up of bed and breakfast accommodation establishments, and the operating of group excursions into townships. Township tours generally are organised and operated by local wheels operator companies and involve tourist visits to township sites of historical or political significance (e.g. places that held importance during the anti-apartheid struggle), or to cultural attractions (such as shebeens (local pubs)).

In rural areas, the establishment of nature-based or eco-tourism projects, is gaining increasing popularity. According to officials in the West Coast and Breede River Valley, for instance, farm tourism, where tourist accommodation and activities such as hiking or 4X4 driving are offered, are increasingly being implemented as an additional or alternative source of income by farmers. Such initiatives are also actively encouraged by regional officials.

6. Analysis and evaluation of Western Cape policy, strategies and programmes

From the preceding discussion it is clear that the Western Cape policy seeks to develop a tourism framework that coalesce the development and promotion of products with the substantive targets of economic empowerment/job creation and impact distribution. In theory such an approach could lead to a virtuous circle of tourism expansion: a likely spin-off from wider product development could be increased growth (in the form of increased demand, supply and employment) in the province. For this to be attained, however, tourism products have to satisfy both tourist demand and the requisites for job creation/empowerment. There also needs to be the adequate supply (and management) of such products.

Interviews with a wide range of tourism producers, regulatory organisations, and provincial, regional and local tourism and other officials yielded a number of findings that have import for the likely success of the Western Cape policy. Briefly, there is an imbalance between some of the goals and strategies contained in the White Paper, and how they are implemented. This is due partly to inadequacies in the institutional structure of tourism administration, and partly to practical difficulties related to the implementation of the goals themselves. Secondly, there is a tenuous

relationship between the principle of ensuring a market-driven tourist sector, and the equity objective of the government.

6.1 Contending objectives and goals

6.1.1 Equity and growth: new, alternative products and distribution

Interviews with tourism and regional and local government officials show that a key motivation that underlies their tourism activities, is the economic integration and employment of local residents in tourism. An official from the South Peninsula municipality for instance stated,

‘At the top of our agenda is community development, that was the objective of our various developments in the region, what we call spreading the benefits.’

Similarly, according to an official from the Breede River Valley Regional Tourism Organisation,

‘Our focus is exclusively job creation. All our activities are geared towards providing jobs to our people here in the region.’

As the examples of the programmes and projects above intimate, there appears to be a strong conception among tourism and government officials that aspects such as the development of craft markets, or of township-based tourism are propitious means to integrate previously disadvantaged groups in tourism production. On a national basis, too, preference seems to be given to the cultural tourism sphere in the funding and support of development projects (e.g. the DEAT Poverty Relief Programme). In other words, the promotion of cultural/heritage tourism seems to be the overriding mechanism whereby product development and local economic development/empowerment are in practice conjoined. This is also a key recommendation of the provincial White Paper on tourism development.

A crucial question to ask is to what extent expansion of the cultural/heritage product offer is supported by the tastes and preferences of tourists to the province. The likelihood of attaining economic empowerment through a broader, more inclusive product offer that offers participation to previously disadvantaged communities depends in part on whether sufficient demand exists for such products. This

becomes particularly important when one considers that a key strategy proposed in the provincial White Paper is that product development and promotion are geared towards attracting the upper end of the international market (strategy 17). It has to be asked whether there is (or can be) any congruence between this objective, and that of economic empowerment and distribution through new product development.

In order to evaluate the market attractiveness and demand for cultural tourist products by a specific market segment, overseas tourists, interviews were conducted with a wide range of tourism producers located both in South Africa and internationally, and with a group of overseas tourists. This yielded interesting results. Statements by South African producers – hotel and other accommodation operators, tour operators, producer representatives and destination marketers – showed a widespread confidence that cultural/township/heritage tourism is a rapidly growing (niche) market, that international demand for it is high, and that there is large scope for further development. The leader of the South African Tourism office in Germany for instance stated,

‘Cultural and township tourism is exceptionally important. The moment you start talking about township tourism, they (German tourists) say that’s what I want. Not one would tell you it’s not important. They want it.’

The marketing manager of one of the largest hotel chains in South Africa stated,

‘Rapidly developing, and we are firmly behind it, is cultural and township tourism. We’ve got some exciting packages we’re putting together now. We are championing the whole Khayelitsha route at the moment. There is a need to provide new products to our customers, there is a market demand for it.’

And according to a local wheels operator who offers tours to some of Cape Town’s townships,

‘There is a huge level of interest in township tourism. It’s a market that’s completely untapped. There’s still lots of room for development.’

According to domestic tourism producers overseas tourists constitute the most important market for cultural/heritage and township tourism in the Western Cape. As such overseas tourists are at present the main targets for cultural/heritage tourism

production in the province. It was noted that Scandinavian, German and Dutch tourists are the largest market segments. This is supported by consultancy studies that have investigated the feasibility of township developments. For instance, a study that assesses the Khayelitsha Lookout Hill development has found that tourists who visit the township are from mainly from Germany, the UK, the Netherlands or Scandinavia (City of Tygerberg, 2000). According to producers overseas tourists generally partake in cultural and/or township tourism on second or repeat visits to the province.

In contrast to the optimism displayed by Western Cape producers interviews with overseas-based tour operators produced yielded views on the success and prospects for cultural and township tourism in the Western Cape. Only four of the 35 German and British tour operators reported interest for these tourism forms among their clients, although they noted that it was low. A German tour operator for instance stated,

‘Cultural tourism is beginning to be one of the reasons to go to South Africa, but the beginning is very slow. Disappointingly slow. We all thought it would be much more.’

And according to the marketing manager of South African Airways in Germany who co-ordinates promotion activities of tour operators in that country,

‘The feedback I get from the German travel trade, is that cultural tours are not very well booked.’

The majority of tour operators recounted little interest for cultural tourism, and also stated that they do not actively seek to promote such tourism to the Western Cape. Generally, cultural tourism would be offered by specialist operators such as those who operate study or culture tours, or who organise specialist group tours (e.g. church or religious groups, or academics). Notably, all of the operators who cater for the golf market, or the luxury traveller segment, reported no interest among their clientele for cultural tourism.

According to overseas operators, the low level of demand for cultural tourism among German and British tourists was partly due to the leisure-seeking incentive for travel to South Africa/the Western Cape. One operator for instance argued,

‘The main reason why people go on holiday, the main motivation, first of all, is relaxation. If you say culture then people think they have to learn something, or it’s not fun, or it’s work, it’s not holiday any more. (People who travel to South Africa) don’t want to go because they want a beach holiday, so they want something more, but not too much. So now we always try to balance it, we include a cultural element in our tours, but it’s not the major point to get to customers.’

A second reason given for low interest was the type and quality of product that was offered. One operator noted that whilst cultural tourism has the potential to develop into a significant market, it is principally offset by the lack of an appropriate concept and product offer. He stated,

‘Culture is not a big market at the moment, because there’s still a lag – what is culture, what is cultural tourism? If you go to Lesedi Cultural Village (a Sesotho village in the Free State), which is not the kind of culture you normally expect, it’s good for groups to spend a nice evening with traditional food and dances, but it’s not culture. With cultural events it’s not easy to find the line between culture and tourism trends, or dummy culture. And as more tourists are coming I think good cultural tourism is deficient.’

Another operator similarly contended,

‘The clients who are interested in culture will not be satisfied with a visit to South Africa, because what they’re interested to see and to learn about they will not do. Those who are culturally-minded must have a chance to satisfy their demands, and they don’t have it yet.’

As regards township tourism, while some operators reported an interest in it, all noted that security concerns among tourists, and negative views about South African townships means that it is not a good market. A few were of the opinion that even though the township product is new and different, and therefore appealing to some

tourists, the product is still too limited to attract a broad base of interest, in that it mainly consists of bus rides through townships. One operator stated,

‘township tours are still done as if you are going to a zoo.’

This, he argued, alienated, rather than stimulated tourists.

Four operators also noted that poor infrastructure and low quality of accommodation in townships stemmed the attractiveness of the township product to international tourists. This is consonant with findings made by Goudie et al (1999) who, in their analysis of transformation processes in Western Cape tourism found perceptions of a ‘lack of safety and security,’ and a ‘stereotype of township conditions’ (p29) dissuaded many tourists and also prevented many producers from operating in townships.

Findings from on-site interviews with overseas tourists broadly parallel the observations made by overseas tour operators. All of the 47 tourists interviewed indicated that they visited or intended to visit Robben Island, and that they included visits to museums in the city of Cape Town in their itineraries. As discussed in Chapters Three and Five, Robben Island is a key historical site and well promoted as a core attraction in the Western Cape. Considerably fewer of the tourists reported, however, that they have visited or had an interest to visit other cultural sites in the province. Seven of the tourists reported having visited townships during their stay in the Western Cape. These tourists all participated in organised township tours. Only six of the others indicated that they had an interest in visiting the province’s townships, but did not have the time. According to these tourists they would seek to include townships in their itineraries on a second or repeat visit. The vast majority of the respondents (close to three-quarters) indicated that they had no interest in visiting townships. Some of the reasons given included that townships offered no touristic appeal, that as areas of poverty and deprivation townships were not places to visit, and that townships ‘get bad press at home, so it does not come across as very safe for tourists.’ One tourist stated that the ‘township tour model’ was unappealing.

In sum, what the findings from the interviews indicate, is that the overseas market for cultural/heritage tourism is still very small. This can partially be attributed to the

primary motivation(s) for travel to South Africa by the country's two largest overseas source markets - leisure (and, probably VFR). Where tourists do exhibit an interest for cultural products, this is mainly for well-established, high profile sites such as Robben Island, or mainstream products such as museums. It is possible that there is a lack of knowledge about alternative (non-mainstream) cultural products on the part of consumers and that this is related to what is promoted and advertised by tour operators, and how it is done. Chapter Five shows that the township product, per se, is not extensively profiled in overseas tour operator brochures.

The evidence shows that the demand for new or alternative products such as township tourism is limited. This is further constricted by an indeterminate product concept, which, according to some overseas tour operators is ill-suited to the needs and preferences of international tourists, by poor infrastructure in lesser developed areas (such as townships) where alternative products are offered, and perceptions that such areas are unsafe. If the government's aim of stimulating economic development in underdeveloped areas and of providing tourism employment to the residents in these areas is to be reached, primary attention will have to be given to the issues emerging from the interviews – aspects such as perceptions of insecurity, and of more alluring product offers. It is significant that all of the tourists interviewed visited Robben Island. Its contained, sterile and secure environment contrasts sharply with general perceptions of townships. It however also indicates that the considered development and marketing of cultural products can bear (commercial) fruit. It implies that cultural products need to be built around other attractions, such as attractive landscapes, need to be secure, and should have adequate infrastructure.

An important finding is that the higher-paying segments of the overseas tourist market (such as golf tourists, or luxury travellers) have little to no interest in cultural/heritage/township tourism. This sits uneasy with the provincial objective of attempting to more intensely draw the higher-yielding sector of international tourists to the province (strategy 17 of the provincial White Paper). It may therefore be said that there is a (potentially) tenuous relationship between the strategies of focusing on the more lucrative end of the international market, and of the economic empowerment of the province's residents.

Finally, an interesting phenomenon emerging from the interviews with overseas tour operators was that the majority had a particular concept of what cultural or heritage tourism in the South African context referred to: in general it was dominated by notions of 'tribal culture,' as for example in displays of isiZulu or isiXhosa dances, customs and dwellings. A number of cultural villages, reflecting particularly isiZulu, isiXhosa, and isiSotho lifestyles and cultures, are based throughout South Africa, and as was shown in Chapter Five, are promoted as cultural attractions by overseas tour operators. As discussed in Chapter Five, the Western Cape does not have a predominant 'tribal culture' as it appears to be commonly understood by tour operators and is reflected in South Africa's international tourist image. This has implications for how 'cultural tourism' is conceptualised and promoted by relevant players in the Western Cape.

6.1.2 Routes-and-themes

Chapter Four shows that tourist activities in the province are geographically concentrated. Chapter Five argues that this is partly related to the activities of certain tourism producers such as tour operators, who in the way they present and image the Western Cape tend to focus on certain types of products and certain destinations. The provincial government's programme of routes-and-themes is indicative of an acknowledgement that the current tourist image and the product related to it is limited. It signals an attempt by the government to redraft the Western Cape tourist product and image and to stimulate tourist demand in spheres, territories and activities where interest is low. It also aims to link lesser known locales and attractions with more established tourist destinations and through this diffuse the geographical impact of tourism from high to lower-level tourism active regions in the province.

There is however evidence that there is a disjuncture between these objectives, that there is opposition to the policy, and more seriously, that the policy could have counter or detrimental effects in the province.

In general there was broad support for the provincial routes-and-themes policy among tourism officials. A representative of the Overberg Regional Tourism Organisation for instance stated,

‘Even though we lie on one of the main national roads (the N2) we still are not able to draw tourists to our region. Our biggest challenge in the Overberg is to get people off the national road into our region. At the moment people drive past on the N2 en route to the Garden Route from Cape Town and vice versa, they don’t turn off to visit the towns in the region. That is why marketing themes and routes can be beneficial for us, if we could draw tourists’ attention to all the places they can visit in the Overberg itself. If we could get a fraction of the traffic passing us to stop, to stay over, or even just to spend some money, that would be a massive boost for the region, because aside from agriculture there are no other economic factors in the Overberg.’

A tourism official of the West Coast District Council however cautioned that the policy could have a counter effect. She argued:

‘The provincial marketing is going to consist of theme brochures and route brochures, and eventually they’re going to do away with the current system where each region produces its own brochures which highlight attractions in that region. The danger with this is that the nuances and specific appeal of a region can get lost. Already, with the current marketing of the province, because the marketing agencies (the Western Cape Tourism Board and South African Tourism) are looking at the big picture, the detail gets lost. Many of us in the rural areas feel that we do not get enough exposure.’

Another tourism official contended that the intended development of a tourism brand based on the name ‘Cape’ could also be to the detriment of rural regions. He argued:

‘They are also planning to change the name of the Western Cape Tourism Board to simply ‘Cape Tourism.’ That’s likely to place the focus of the market only on Cape Town, and not on the hinterland. We may lose out on tourism this way.’

The latter two statements may suggest that there is a sense of peripheralisation among tourism officials in the province’s rural areas that may be deepened by the implementation of the routes-and themes policy. This implies that a balance has to be attained between attempting to have very strong image and brand centred around Cape Town, and also successfully promoting other parts of the province.

6.2 Institutional deficiencies and its effect on implementation

6.2.1 Marketing and funding

Marketing is a key component of successful market stimulation and development, and requires strong institutional bases. Interviews with role players indicate that there are a number of shortcomings to the structures whereby the Western Cape is marketed. The role and efficacy of South African Tourism was heavily criticised. A producer stated:

‘I think South African Tourism have been somewhat remiss due to various structure changes within the organisation. I think they were looking at how to run the organisation and I think within that the destination suffered because not enough emphasis was placed on marketing the destination. There were severe cutbacks in budgets. We’ve now gone through a period of two, three years where there’s been no kind of marketing.’

There was a general feeling among provincial tourism role players that the marketing endeavours of South African Tourism had to date been ineffective and that this partially contributed to lower overseas tourist numbers. The statement by a tour operator is reflective of this sentiment:

‘I think that South African Tourism was quite misdirected in their international marketing, (certainly for the British market). It hasn’t worked because there’s so much other advertising for other destinations going on that’s in your face. We need to get in-your-face advertising, with for example bill board adverts in the large overseas centres.’

A general argument was made by tourism role players that a far larger amount of money had to be spent on international tourism marketing than had heretofore been the case. However, there are problems related to this. First of all, a lack of funding was a pervasive problem that was noted by officials from all spheres of government. As discussed, the provincial policy seeks to address this. One of the proposals in the White Paper is to establish a provincial tourism development fund and/or a system of tourist taxes. This would be one option for generating additional income. As far as tourist taxes are concerned, such a system already is underway on a national level

(the TOMSA levy, discussed in Chapter Six). It is not clear how the provincial system could link in to (or perhaps conflict) with this existing system.

More elementally, the division of function between South African Tourism and the province can be problematic to the province's objective of spreading tourism impact. One hotel operator located in the Breede River Valley, for instance attributed the lower number of international tourists to that region to an imbalance in the coverage of urban versus rural areas on the part of South African Tourism. He argued:

'At present the international visitor is not made aware of the other tourism regions in the province. People do not realise that there is a lot more beyond Cape Town. It is imperative that international marketing is refocused away from the traditional icons, as it presently is, to the outlying areas. In other words, the international concept of South Africa should be broadened. That's the only way the hinterland areas will get more visitors.'

What this implies is that any endeavours of the provincial government to diffuse tourist flows through marketing will need to be accompanied by the adequate communication of this to South African Tourism.

6.2.2 Institutional flux

Restructuring and transformation have been persistent features of South Africa and the Western Cape since 1994. The tourism White Paper and its aims are clear indications of this. As discussed in an earlier section, the current administrative structure of tourism is seen to be cumbersome, fragmentary, and in need of reform. The vast majority of role players also articulated this in the interviews.⁴ However, the institutional restructuring process in itself is presenting significant problems for some of the other objectives of the policy, and is a significant limitation on the implementation and attainment of those objectives.

At the time of the interviews there was a great degree of uncertainty, notably among tourism officials, over the institutional reform measures that had been put forward in

⁴ One tourism producer for instance stated: 'It's such a confusing situation because you've got all these different organisations, doing different things, and nobody knows what's really going on. It's been confusing for a long time.'

the provincial White Paper, and the implications it had. One area of concern related to the specific form institutional changes would take, and how this would affect existing Regional Tourism Organisation and local tourism offices. One regional tourism official stated:

‘Things are rather confused at the moment, nothing has been concretely decided, even though the policy has been developed. Many of the grassroots tourism bureaux, there is no clarity on whether they will continue to exist, whether jobs will have to go, whether these bureaux will be led by the local municipality or a local committee.⁵ Everything is still hanging in the balance, and we’ll just have to wait and see what happens.’

Confusion over tourism administration reform was further exacerbated by the fact that the introduction of the Local Government Municipal Structures Act (discussed in Chapter Three) in December 2000, necessitated the redrafting of the entire framework for regional and local governing in the rural and urban areas of the province. In some regions the Municipal Structures Act had far-reaching consequences on political and administrative boundaries. The Winelands and Breede River Valley, for instance, were integrated into one regional and administration entity, known as the Boland, and were in the process of reorganising jurisdictional precincts. The fact that tourism institutional reform co-occurred with the wholesale restructuring of local and regional government posed practical problems of implementation for tourism officials. A tourism official in the West Coast stated:

‘You have to remember, it’s not only tourism that’s being restructured, it’s all the municipal amenities, such as water provision, ambulance services, health. Where everything was previously done by the local municipality in each individual town, (with the new legislation) all the tasks have to be grouped together on district level. That’s a dramatic turnabout. It can’t all happen

⁵ At present local tourism bureaux are organised in two ways at the municipal level: in some municipalities tourism functions are undertaken by the local municipality, while in others, local committees (consisting of representatives of local businesses, residents and government officials) have been set up to carry out local tourism tasks and co-ordination. These committees are independent from, but funded by local municipalities (personal communication, CEO of West Coast Regional Tourism Organisation). The Western Cape White Paper attempts to homogenise the relationship between local tourism bureaux (LTBs) and local municipal councils. It proposes that LTBs function independently, but receive funding from local municipalities. Local municipal councils, for their part should set up development committees that conceptualise and manage tourism development projects in the local precincts, and liase with LTBs (DEAAT, 2001).

overnight. The tourism section is only one of the sections that will have to be reformed, and things such as water provision and health, obviously enjoy priority above tourism, because the basic needs of the people first have to be addressed before you can start looking at tourism. So we have to wait our turn.'

In the Breede River Valley and the Winelands tourism officials expressed uncertainty over the implications the amalgamation held for tourism administration in the new region. For the representative of the Winelands Regional Tourism Organisation, a further concern was that even though both were wine producing regions, they had very different products and market positions. She argued that the Winelands, due to the success and prominence of several wine estates, had developed a strong branding that enabled it to become a well-established tourist destination. The Breede River Valley, on the other hand, had a different product offer and attracted a different market. The Winelands tourism official was concerned how this could jointly be managed in an efficient way. She stated:

'We'll end up with a large, unwieldy area that stretches from the outskirts of Cape Town, encompasses the Winelands, and goes right to the end of the Breede River Valley. I can't see how it can be practically implemented. This is a political process, but it will not be good for tourism. It seems that politicians and municipal structures are busy deciding on things that are not the best solutions for the grassroots.'

The implication of this interviewee's argument is that tourism institutional reform (as part of the larger municipal restructuring) is being carried out with little forethought for its likely outcome, or how best to use and capitalise on the existing tourism strengths of the regions.

The larger implication of the above statements is that institutionally, tourism is in flux, with little clarity on what will come. This is compounded in the rural regions by processes of territorial-political restructuring. In the medium term this is likely to play a substantial role on tourism in the province in that it may constrain the implementation of tourism growth and development strategies, particularly at local

level. Finalising institutional reform hence has to be a first priority of the government.

6.2.3 Implementing empowerment and development through tourism

Finally, one of the primary aims of the provincial policy is to instil a developmental tourism sector in the province where tourism growth is coupled with economic development and the creation and transfer of tangible benefits to the majority of the province's residents, particularly the previously disadvantaged. This involves the economic empowerment of the population through the establishment and encouragement of opportunities for residents to be participants in the tourism sector. As discussed, this is seen to be an essential condition for attaining an economically and socially sustainable tourism base in the province.

Tourism literature suggests that both objectives – sustainability and empowerment – are in practice difficult to realise. In lesser-developed countries this is due to factors such as insufficient infrastructure and resources, the lack of capacity (Goudie et al, 1999), poverty (e.g. Singida, 1996), low levels of education and weak institutions (Reed, 1997). In South Africa authors such as Koch (1994), Goudie et al (1999) and Bonzaaier (1996) have noted how the shortage of skills, capital and other resources have posed obstacles to community-focused tourism programmes. This study yielded similar findings. Interviews with provincial role players indicate that there is an important deficiency in capacity or basis capabilities in many of the communities targeted by the provincial policy, a factor that constrains the implementation of development programmes. A representative of Cape Metropolitan Tourism, the Regional Tourism Organisation in the unicity described the difficulties encountered by them:

‘Cape Metropolitan Tourism has set up a fund, called the Community Based Tourism Development Fund. And the idea of that fund is to create meaningful ownership of tourism businesses or enterprises of projects owned by black people in a meaningful way, either in terms of management, benefit, equity. It should benefit the host community either directly through infrastructure or through education. This is the second year that the fund has been in operation. We found however that there was a lack of applications in terms of real wow ideas. Part of the problem was that those who we were

targeting were people who have no access to conventional sources of funding. And there was just no capacity at that level. We found that we had to refocus our efforts, to assist people to put together basic proposals for applications, let alone business plans. So the emphasis now is on capacity building.'

Similarly a local government official in the Blaauwberg recounted the municipality's experience in the establishment of community-based projects in the area. He stated:

'We see our role as local government as that of facilitator. We have tried to start a number of self-help tourism projects in the Blaauwberg, particularly in those areas where the need is greatest. Many of these have failed because there is a lack of local initiative in taking up the opportunities that we try to give. There is also a lot of distrust in the communities. On the whole, I would say there is a lack of entrepreneurial spirit, the opportunities are there, but it's up to the people to take it up. For example, in one project we have trained people, we have paid for their training course, we have given them a project to do, we even bought the equipment. There is only so much that you can do, otherwise you haven't bred any entrepreneurs.'

Tourism producers noted similar constraints. As was discussed in Chapter Four, the survey of hoteliers indicates that a skills shortage is a severe limitation. This, and what was described as a lack of motivation among the populace, was said to significantly impact upon hotels. The statements by the following hotel operator is representative:

'We have our own service schools in the hotel through which we train people. The problem is that it is not so easy to motivate people, and this is true for people from all population groups. Perhaps this is because of the schooling background of people, and the education.'

As a consequence of this, an operator argued,

'hotels, due to the shortfall in skilled people, don't look for people with the right skills but with the right attitude, e.g. former school leavers, that means people who perhaps don't have the requisite skills but can be trained'

In other words institutional features related to the broader society, such as the lack of skills and human resource capacities, can impede the empowerment objective. Authors such as Goudie et al (1999) and Koch (1994) argue that skills training and capacity building need to be focus areas of tourism development programmes. A drawback is that institutions that have been set up towards this goal have their own deficiencies that hamper skills development and training.

Nationally, a framework has been set with the introduction of the Skills Development Act and the establishment of Theta. As discussed in the previous chapter, the Skills Development Act seeks to broaden, formalise and systematise training in different economic sectors in South Africa. Theta is the body that has to monitor and accredit training and skills development in the tourism sector. There are some indications that this process is slow to take off the ground. Theta is impeded by a lack of awareness of its aims and operations by tourism producers (personal communication, Theta official). In addition, logjams between the Department of Revenue, who collects skills levies from producers, and Theta, constrains the operations of the body (personal communication, Theta official). Furthermore, as noted in Chapter Four, the survey of accommodation operators indicated that very few indeed are compliant with the Skills Development Act. One operator argued that implementing the requirements of the Act necessitated additional finances and time that many operators either could not, or were not able to commit.

All in all, the objective of empowerment is something that is difficult to implement. The provincial policy objectives are sound, but it has to be acknowledged that acute practical problems may constrict reaching this objective. The findings indicate that although institutions do exist that attempt to promote skills development and training, these are hampered by a number of factors. It suggests that innovative ways need to be found to foster skills development, transfer, and eventual economic empowerment. The difficulties related to this means that it will be a long-term process. In this regard the provincial policy does not provide a sufficiently comprehensive framework of strategies.

7. Conclusion

This chapter assessed the tourism development policy in the Western Cape, and the structures of tourism organisation in the province.

The provincial policy seeks to achieve its three primary goals – growth, more equitable distribution and sustainability - through a particular approach to product development and promotion. Firstly, the development of targeted and market-focused tourism products is aimed at stimulating tourism demand, and hence growth; secondly, product development is geared towards fostering the wider participation (and empowerment) of the provincial populace, and hence aims to increase the distribution of tourism in the province. As concerns the latter, both in practical application and in policy focus, cultural tourism (e.g. township tourism, the establishment of arts and crafts markets) constitute the main interface between product development and economic empowerment.

Empirical evidence suggests that this type of product sphere may not at present be the most appropriate for achieving the goal of empowering local communities by drawing them into the main tourism production system. This may be related to how these products are promoted or not promoted by producers. The success of Robben Island indicates that demand for cultural products can be successfully stimulated. Similarly, a great deal of emphasis is placed on the higher-yielding international markets, specifically the overseas segment. However focusing on the ‘lucrative end of the market’ may be short-sighted as far as the provincial objective of attaining growth (both in the sense of sustained demand and supply/production) is concerned. Overall, empowerment is in practice difficult to realise. In its present form the provincial policy does not provide an adequate schedule of strategies towards empowerment.

It seems as if in the case of international marketing, the marketing actions by South African Tourism are circumspect, and are hence not as effective in drawing tourists to South Africa, and the Western Cape. Overall, the present marketing structures may be an impediment to some of the provincial objectives such as increased distribution by means of the routes-and-themes programme.

A number of institutional shortcomings affect the provincial tourism sector. Firstly, there are some indications that funding structures are inadequate. An important aspect is that the institutional restructuring which the provincial tourism sector is currently subject to, poses significant challenges, and constrains product and other development endeavours, particularly at local and regional levels, where implementation matters most.

Chapter Eight

Conclusion and Recommendations

1. Introduction

This chapter draws together the findings that emerge from the empirical chapters, and relates them to the central research problem and research questions. It assesses key issues that pertain to tourism development and growth in the Western Cape, and draws conclusions on the implications of the findings for provincial and national policy-makers. It also highlights a number of factors that have import for other African and developing contexts. The final part of the chapter discusses areas for further research.

2. Contribution to knowledge

This study systematically analysed the ways in which tourism impacts upon the Western Cape and demonstrated how this impact is spatially distributed. It detailed the political, economic, social, institutional, and market factors that affect the developmental impact of tourism in the province. It also showed the interrelationship between the international and provincial tourism sectors, the nature of the interaction among different actors at various levels, and the effects this has in the province. Finally, on the basis of evidence on the dynamics of tourism production and consumption in the province, and the present spread of tourism benefits, the study comprehensively assessed and critiqued the provincial tourism promotion and development policy and institutions. It used an International Political Economy framework and applied a number of theories on the interplay between producers and consumers, and among different producers, to the Western Cape tourism sector. As such it provided an analysis that is more theoretically-informed than most of the available studies of the provincial sector, and also contributed to the field of IPE.

3. The concept of the thesis

Tourism has emerged as one of the important policy focus areas in post-apartheid South Africa. In the Western Cape, the prime international tourist destination in the country, tourism is increasingly viewed as a means to promote economic

development. The provincial government tourism strategy, the *White Paper on Sustainable Tourism Development and Promotion* is aimed at attaining continued growth, and dispersing the benefits of tourism. It is an attempt to maximise the positive outcome of tourism by encouraging appropriate developments in the province.

Research on tourism in the province has proliferated in recent years, but important areas remain under-researched. There is for instance insufficient knowledge of how tourism could specifically contribute to development and be of benefit to the larger provincial population. Furthermore, little research is being done on the structural features of the province's tourism sector, and how the local sector fits into and is affected by the international tourism sector. These factors are important indicators of the prospects for developing a sustainable tourism sector through which economic development could be attained.

This study hence attempted to develop a better understanding of the nature, structure and impact of the Western Cape tourism sector, its interrelationship with the international sector, the interaction between different actors that are predominant at various levels, and the consequences this produce in the province. It also set out to evaluate the government's policy in the context of the international, structural, institutional and market factors and forces that affect and constrain the provincial sector.

The study used an International Political Economy frame and made use of the concept of the international tourism production system to develop an analytical framework. The analytical framework focused on the interaction of producers and consumers, the nature of the tourism market that is so created, and the various regulatory bodies and other economic, political and social forces that define the broad parameters within which the tourism market is shaped.

An interdisciplinary methodology was adopted. A combination of qualitative and quantitative methods and instruments was applied. This was because the research topic was multi-levelled and multi-faceted. In particular, structured and semi-structured interviews were conducted with tourism producers, regulatory bodies and

consumers to gain insight into the interests and motivations of these various groupings and to understand the interaction and direction of influence among them; secondary and official data and statistics were analysed to assess the geographical impact of tourism in the province; finally, tourist brochures were content analysed to provide insight into the type of provincial tourist product and image that was predominantly sold, and to help identify power relations in the interaction among different groups of actors.

4. The characteristics of the thesis

Chapter One reviewed the main bodies of theoretical works related to tourism and development. It showed that the major theoretical approaches – modernisation; dependency; alternative/sustainable/community tourism; globalisation; and neo-Fordism/flexible specialisation – provide a number of theoretical insights into the nature of tourism. As comprehensive theoretical explications on the relationship between tourism and development, they were however found to be inadequate. The chapter also showed that existing research on tourism development in the Western Cape insufficiently addresses aspects such as the structural features of the provincial tourism sector, and its interlinkage with the international sector. The chapter subsequently detailed the International Political Economy framework that informed the study, and reviewed a number of theories that explore and provide propositions on the interplay between producers and consumers and the effects this produce. The final part of the chapter detailed the analytical framework that was applied in the study, and provided a conceptualisation of sustainable tourism development.

Chapter Two discussed the research design and methods that were used. It reviewed several techniques to analyse the developmental outcome of tourism, and developed a schedule of methods to assess the spatial features of tourism's impact in the province. The chapter also discussed the other qualitative and quantitative methods and instruments used to analyse interaction among various actors, and the sampling and data collection procedures that were applied.

Chapter Three reviewed the Western Cape tourism sector in terms of its main international and domestic market segments, the characteristics of the province's existing tourist product, and the physical infrastructure, such as transport linkages,

that are of relevance for tourism activities. The chapter illustrated that the Western Cape has a number of physical features and attractions that historically have been an important component of the province's international and domestic appeal, and have become important tourism icons.

Chapter Four described and analysed the spatial structure of tourism in the Western Cape. It examined patterns of accommodation supply and usage since 1994, and tourism investments trends over the past three years to determine the distribution of tourism impact. It demonstrated that impact is spatially concentrated, being focused in certain parts of the Cape metropolis and in the Winelands and Garden Route. The benefits and opportunities, but also the costs related to tourism are therefore geographically focused. This is partly a consequence of the historical development of tourism, arising from the promotion of a number of traditional, core attractions and sites, and partly is related to the physical, demographic and infrastructural features of the province. However, investment patterns indicate that geographically there is little new tourism or infrastructural development or demand-stimulation in regions (such as the West Coast, and the Klein and Central Karoo) where impact is lowest. The chapter also showed that factors such as seasonal swings in demand and oversupply in the accommodation sector pose severe difficulties and are threats to the sector.

Chapter Five examined the structure and nature of the Western Cape tourism production system and its interlinkage with the international sector. It investigated the interaction and power dynamics between domestic and international producers in terms of their commercial and transactional linkages. It showed that differential levels of leverage among producers influence the production process. The size of a producer, and related market access and penetration, but also the positioning and function of a producer in the production system (as in the case of airlines and tour operators) determine how much leverage it has in production outcomes. The chapter showed that one specific aspect that arises from producer-producer interaction, and is of significance for the sustainability of the province's tourism sector, is conflict about the levying of tourism prices, and resultant price wars in several producer sectors. The chapter also investigated the relationship between tourism producers and consumers by focusing on how the province is produced and sold, the nature and

content of the provincial tourist product, and its tourist image. It illustrated that, in contrast to theories that posit that producers control consumers (as in Foucauldian analyses of tourism), and others that maintain that consumer preferences shape production activities, there is a mutually affective interplay between producers and consumers. It was however shown that tour operators do have an important influence on international travel flows in the way that they principally market and image selected destinations in the Western Cape, and that this relates to the distribution of tourism's impact in the province.

Chapter Six investigated the domestic and international regulatory bodies and rules that affect the Western Cape tourism sector, and the external factors that have an influence on the sector. It demonstrated that on the whole, the larger external political and economic environment has a constraining effect on tourism production and consumption. Adverse events in the larger Southern and sub-Saharan African regions lead to negative perceptions and tourist images that reduce international demand. Representation by the media is an important influence on perceptions of the Western Cape and South Africa. There are indications that the state is insufficiently addressing such negative representation. This chapter also examined the relative influence of regulatory bodies and regimes on the province's tourism production system, and showed that often regulatory bodies proactively shape the tourism system by setting the parameters for tourism production. Tourism regulatory regimes and rules also define the boundaries whereby tourism activities occur. Some regulatory regimes, in particular the aviation regime, can serve to constrain tourism activities.

Chapter Seven analysed the policy for tourism development in the Western Cape, and the institutional arrangements and programmes and projects that have been established in the province. It showed that the policy has three underlying objectives – to attain absolute growth; to effect a greater degree of equity in tourism (through an increased distribution of tourism's benefits, and through social and economic empowerment); and to establish a sustainable tourism sector in the province, i.e. one that continually expands and is of gain for the larger population. The chapter demonstrated that the objectives of growth and equity may be incompatible. In addition many of the project and programmes that were developed may not be

successful in the light of findings on the preferences and characteristics of the main targeted markets. Finally, inadequacies in present institutional and marketing arrangements, and contradictions between some of the provincial policy's principal objectives, and its strategies, may limit the attainment of policy goals.

5. Primary issues

The following primary issues emerge from this study.

Firstly, the role and actions of certain producers in the tourism production system have a significant effect on the developmental impact of tourism. Consumers' knowledge about the Western Cape and its regions, the dissemination of information, and linked to this, product offer and image are important in determining the nature and direction of tourism flows. In this regard tour operators play a central role in maintaining established travel and tourism patterns. They do this by the destinations, and the image(s) around that, that they predominantly sell. They display a degree of conservatism in their production and promotion activities, and thus play an important role in sustaining the focused nature of impact. As was demonstrated in Chapter Four, this conservatism is further reflected in new, large-scale tourism investments by private and public provincial actors, which reinforce established patterns.

Secondly, there has been a significant level of growth since 1994, but further tourism growth is inhibited by four main factors: a precarious balance between supply and demand; seasonal changes in demand; events and forces in the exogenous environment, and their effect on destination image and tourists' perceptions; and a restrictive aviation regulatory regime.

Tourist demand rapidly increased after 1994. This was followed by a significant rise in tourism supply. Demand has however levelled off over the past three or four years and is insufficient to sustain the growth in supply, leading to a tourist sector characterised by over-capacity. Seasonal swings in demand constitute a further constraint.

Declining demand is to a large degree the outcome of broader structural factors. Political events and in particular political instability in Africa, and security and

violent crime in South Africa produce a negative international image. These factors are major constrictions on inbound tourist volumes. Within this context the disparity between supply and demand levels is at risk of becoming larger.

Limitations to current product development, product promotion and policy also account for low demand. Indications are that the present product offer does not fulfil the preferences of the main target market(s), and that this is compounded by limited promotion campaigns in source markets.

Growth opportunities are further confined by the regulatory institution governing international aviation to and from the Western Cape. It is an important example of how state actions and policies restrain growth and development. In the context of a generally constricting external environment the effect of such constraints are magnified.

Finally, tourism growth, greater distribution of impact, and sustainability are the prime objectives of provincial policy. These components are interrelated and mutually reinforcing. Growth is necessary to ensure greater impact and the diffusion of this impact. Sustainability, in turn, pertains when conditions of continued growth and distribution are in place. Provincial policy is aiming to satisfy many of the criteria for sustainability set out in Chapter One. It is seeking to improve the nature and quality of the province's tourist product, to promote local ownership and economic linkages, and to have greater skills development. In terms of outcome, however, there are several shortcomings. Some government strategies are inadequate to fulfil the distribution objective and some government actions indeed have a stymieing effect.

6. The implications of the findings

i) Implications for policy-makers in the Western Cape.

The findings that emerge from the study have several implications for provincial tourism policy-makers.

New provincial tourism policy as contained in the Western Cape's White Paper is a highly ambitious attempt to merge two very different, often contending objectives –

growth, and equity or distribution. This means satisfying both the needs of the market and the requirements for distribution. The policy is also an attempt to address many of the inadequacies of the present product offer and the image(s) linked to it.

In practice the goals of growth and distribution are difficult to balance. There is an acknowledgement by the government that impact is too focused. It seeks to couple impact distribution and demand-creation through two main avenues – the development of new, alternative products, and the linking and promotion of different locales and attractions through packaged routes and themes.

In terms of product development, the government places a great deal of emphasis on cultural tourism as a growth market. 'Culture' is also an important element of the overall South African attraction and image. Findings about how cultural tourism is viewed within the larger South African context by overseas source markets have import for product conceptualisation and promotion in the Western Cape. The predominant notion of culture sold in source markets, and upon which the South African destination image is based, focuses on 'tribal culture.' The Western Cape does not fit into this national image. At the same time, however, its tourist image is largely exclusive of the broader population of the province. In order to have a greater degree of tourism equity, more needs to be done to have an inclusive representation of the province as reflected in its product and image.

This however also provides opportunities for establishing comparative advantage through products. In order to develop a competitive niche vis-à-vis rival domestic and international destinations, the Western Cape will have to gear product development and destination branding on the distinctive aspects of the province. In this the cultural sphere is one that could be developed more. There has to be a clearer conceptualisation of what 'culture' in the Western Cape entails, and the proposed 'Cape' destination brand is one that should incorporate all of the cultural elements that make up Western Cape society (e.g. Khoisan, Malay, Griqua, 'coloured,' Afrikaner, isiXhosa). Ways need to be found to effectively communicate this to the market.

The study showed that demand in the international market for alternative products such as township tourism, is still small. Infrastructural insufficiencies, tourist concerns for safety in the case of township or township-related tourism, and below standard products, offset demand. There is also a lack of knowledge and information about new/alternative products within source markets. The success and prominence of Robben Island indicates that there is scope for the profitable development and promotion of such products. In order to ensure a return on the development strategies of the government, attention will have to be given to a number of factors. Firstly, the government needs to address the security and quality concerns that tourists have about townships. This secondly needs to be coupled with the development and maintenance of adequate physical infrastructure. Thirdly, there should be the appropriate channelling of information about new/alternative products to markets. Effectively publicising the existence of such products to, and possibly incentivising producers to promote these, is important. Established producers, who have much better access to international markets, should also be challenged to be less conservative in their product focus.

Added to this, attention will have to be given to infrastructural developments. The government's goal of demand-stimulation in lower impact areas is inconsistent with current tourism investment trends in the province. Large-scale tourism investments follow established patterns, occurring mainly where tourism activity and impact is already largest. There is very little infrastructure and product development in the hinterland of the province. In addition, in terms of size the domestic and African markets are very significant; the domestic market is the base of the province's tourism sector. However, very few tourism investments over the past half-decade have been targeted at the mass domestic market. Indeed, it may be said that both tourism policy and producer interests are focused on capturing the overseas market to the disadvantage of the domestic (and also African) market segment. This may be said to reinforce the concentration of tourism impact. To allay this, investments and development projects should lay more emphasis on developing the less traditional domestic market, particularly in the hinterland of the province and the metropolis. The government should encourage this by providing incentives to investors.

The issue of tourism prices may be one of the factors that in the future impact most negatively upon Western Cape tourism. Firstly, conflict among producers concerning the levying of tourism prices does not bode well. Too stringent competition, resulting in the oft-occurring price wars that have characterised many producer sectors in the Western Cape over the past number of years, is to the detriment of the larger production system, and particularly for smaller producers. If the viability of small or medium-sized tourism firms in the Western Cape is affected by price wars, the product variation and offer in the Western Cape may similarly be affected. This could significantly hamper tourism growth. Given this, it is significant that both the government and tourism regulatory bodies have to date not effectively addressed price conflicts in the province's tourism production system. The resolution of the price debacle is an exigency.

A second concern relating to tourism prices is its effect on tourist demand. Indications are that perceptions of high price levels for tourism products in the province restrict demand in key overseas markets. Price is a central component of the overall product offer and can be instrumental in demand-stimulation.

The effect of increasing tourism prices on other market segments is also important. There are some indications that high tourism prices adversely affect domestic demand, and may limit its further expansion. Given the primacy of this market, more should be done to stimulate and develop it. The levying of differential prices for the domestic and international markets is one option. However, in other countries with similar social and economic structures, such as Kenya, the charging of concessionary rates was not sufficient to fuel a domestic market characterised by low average income levels. In the case of Kenya it has been argued that policies should rather focus on the more widespread development of affordable tourist products for the low-income, mass domestic market. The same may hold true for the Western Cape.

ii) Implications for provincial and national policy-makers

A number of broader factors are significant for growth and distribution, and need to be addressed at both the provincial and national levels.

Tourism growth in the Western Cape is adversely affected by the current national aviation regime that governs direct international flight availability and access to the province. The easing of restrictions posed by the aviation regime may be an important counter to seasonal tourism flows. One option may be the licensing and promotion of chartered flights from international source markets by the national government. This, coupled with price incentives may significantly stimulate international demand during traditional off-peak seasons. There are a number of other opportunities for promoting tourism growth through a more relaxed aviation regime. This includes a reformulation of South Africa's accords with other states to allow greater access to international airlines. Secondly, space could be created within South Africa's present bilateral aviation agreements for available slots to be shared between airlines. Finally, some of South Africa's larger airports could be upgraded and used as international arrival and departure points. This will have to be accompanied with investments in infrastructural developments in and around airports.

In terms of influencing tourist demand negative images and representations constitute major impediments. In this regard two related factors – South Africa's positioning in Africa, and the role of the media in shaping perception - are problematic. The international image of Africa is overwhelmingly negative, and the media, as conduits, but also selectors of information, occupies a powerful position in forming this image. As a way of obviating the effects of Africa's negative connotation South Africa's international marketing campaign seeks to extricate itself from Africa and emphasise its 'non-African' qualities (i.e. more developed, better infrastructure, facilities and hygiene). But there is an inherent tension in this approach, as a significant aspect of South Africa's attraction lies in it being an African destination, with all that Africa has to offer (such as wildlife, nature, the promise of a different experience).

Indications are that the government is not doing enough to counter negative international representation by the media. Allaying negative images should be a key concern, specifically of the national government. In the long term this requires addressing many of the political and social factors (e.g. crime, HIV/Aids) around which adverse representations are built. A shorter-term aim should be to engage in

international and domestic propaganda exercises, whereby a positive image of South Africa is promoted.

The findings suggest that marketing structures need to be improved. Firstly, the present marketing arrangement, where domestic marketing is carried out by the Western Cape Tourism Board, and international marketing by South African Tourism, the national promotion body, may prevent the rural areas of the Western Cape from gaining essential international exposure. Space should be provided for the hinterland to develop and promote their own regional identities within the larger marketing frame, and provincial and national marketing structures should give sufficient coverage to the hinterland. Secondly, indications are that limited funding restricts the international promotion activities of South African Tourism. To have a larger international impact, there needs to be a much larger allocation of funds to South African Tourism coupled with a more coherent marketing programme. In order for the Western Cape to draw benefit from it, mechanisms will have to be put into place to ensure that there is adequate transfer of provincial product and marketing endeavours to South African Tourism.

On a broader level, the study had shown that in the South African context policy goals such as the empowerment of previously disadvantaged communities through the creation of opportunities for economic participation is hindered by factors such as the lack of capacity within these communities. This means that capacity-building has to be a crucial component of any tourism development policies. In the Western Cape, and on a national level, there is an acknowledgement of this, with the implementation of programmes and projects geared towards skills development in tourism. This however is hampered by present institutional instability created by institutional transformation.

iii) Implications for policy-makers in other African and developing contexts

As previously stated, the Western Cape has many idiosyncrasies and an own dynamic that sets it apart from the rest of South Africa and the broader Southern Africa region. A number of general factors may however be identified that have import for tourism development in a wider African context.

Firstly, demand-stimulation through new product offer is an important policy course for many governments. Chapter Five had demonstrated the power relations within the international tourism production system, how a destination is produced and imaged and what particular actors are predominant in this. In theoretical terms the study has found there to be a mutually affective interplay between tourism producers and consumers. For policy-makers this means that they should exercise discretion in the targeting and fostering of markets. Given the centrality of tour operators in affecting travel flows, the marketing and promotion of tourism products to *producers* (specifically tour operators) should be the first focus of governments.

Secondly, interaction and commercial exchange among producers in the international tourism production system is closely related to the developmental outcomes of tourism in a given destination. Producer-producer interaction is highly dynamic and based on the establishment of mainly co-operative transactional linkages among producers. The case of the price debacle in the Western Cape however shows that often producer interaction and competition can be detrimental to growth in a given destination.

Thirdly, the tourism development policy of the Western Cape government is in essence a combination of modernisation and alternative/sustainable/community tourism approaches: it is geared, on the one level towards achieving large-scale impact through absolute growth in tourist arrivals, and the trickle-down of this impact throughout the province; on another, the policy is promoting the establishment of smaller-scale tourism initiatives such as eco-tourism and encouraging the entrance of small and micro local producers into the sector. Some lessons could be learned from this approach. On the whole, such an approach could have desirable developmental outcomes, but it requires the existence of favourable growth conditions in the first instance (i.e. sustained demand, products that meet the preferences of tourists, and a favourable exogenous environment). In order to ensure a diffusion of growth opportunities within the destination it also requires targeted infrastructural developments, the establishment of strong institutions, and institutional co-ordination.

Lastly, three broad elements may be identified that are of significance for increased growth, and a greater distribution of the economic spin-offs of tourism. The first relates to the nature of the tourism market itself, and in particular the processes through which tourist markets are created and/or influenced. Linked to this are aspects pertaining to product development, market enhancement, and value-creation. The second element centres on the role of various tourism actors in the attainment of a greater spread of impact and the division of tasks towards this end. The third concerns the factors and forces that negatively affect both tourist markets and actors, and how these could be addressed or attenuated.

7. Areas for further research

The study had shown how the Western Cape tourism sector interrelates with the international sector, and the effect of various producer, regulatory and other tourism bodies and forces on the provincial sector. A number of aspects emerge from this study that require further investigation.

The seasonality of tourist demand is an important constraint to tourism growth in the Western Cape. It needs to be looked at why demand is seasonal, and how the seasonality effect can be reversed or minimised. This involves looking more deeply at markets and their characteristics, and the type of product that is sold to market segments.

As it was shown, price wars among producers, and tourism prices more broadly, have a negative effect on the provincial sector. The study had demonstrated how larger producers and those who occupy a focal position in the tourism production system (such as airlines) are very influential in this system. The role of the more dominant players in influencing price levels in the Western Cape needs to be further examined. Added to this, there are indications that strong perceptions exist in international source markets that the Western Cape is an expensive destination. The origin of such perceptions and their effect on tourist behaviour is something that requires further investigation.

Finally, the bulk of tourism development and promotion activities in the Western Cape tend to be levelled at the overseas market. The domestic and African markets

may pose significant opportunities for further tourism growth. Further research is needed on the needs, preferences and capabilities of these market segments, what particular programmes should be adopted to stimulate them, and how this could best be done.

8. Conclusion

The Western Cape occupies a distinct position in the overall South African tourism offer, and enjoys a degree of prominence in international markets. There is great potential for fostering tourism growth if the constraints highlighted in the study are addressed. The provincial government's objective of encouraging tourism distribution and equity, and through this sustainability, is sound. As showed, there are difficulties related to this, although by attending to several factors, this objective can also be achieved.

Appendix 1 List of interviewees

<i>Interviews conducted in Germany</i>			
	<i>Interviewee</i>	<i>Organisation and position</i>	<i>Date of interview</i>
1	Gaby Piocentini and Hans-Fredrich Schmeding	South African Embassy, Berlin	10 August 2000
2	Annemarie Ferns	General Manager, South African Tourism, Frankfurt	14 August 2000
3	Merve Kallenbach,	Manager Network Planning, Middle East, Africa, Central Asia, Lufthansa	15 August 2000
4	Herr Ratse	Marketing manager, Lufthansa	15 August 2000
5	Klaus Ludwig	President, Berufsverband Mittelständischer Reisebüros, Germany	16 August 2000
6	Michael Bentele	Marketing Manager Germany, South African Airways Germany	17 August 2000
7	Barbare Zieme	Manager Marketing Communications, SAA Germany	17 August 2000
8	Leonhard Reeb	President, Deutsches Reisebüro- und Veranstalter Verband	17 August 2000
9	Gustav Friedel	President, Arbeitsgemeinschaft Suedliches Afrika	18 August 2000
10	Axel Boëttcher	Flight Operations manager, LTU, Düsseldorf	24 August 2000
11	Hans-Peter Främbis	Manager, Central Europe, South African Airways, Frankfurt	26 April 2001
TOUR OPERATORS INTERVIEWED IN GERMANY			
12	Alexander Krombach	Ikarus Tours	16 August 2000
13	Frauke Schirmer	Impala Tours	16 August 2000
14	Reinhard Zeisner	Select and Collect-Schöner Reisen	17 August 2000
15	Walter Peters	Safaris Voyages und Tours Afrika	23 August 2000
16	Sigrid Kallweit	Windrose Fernreisen	24 August 2000
17	Detlef Krause	Lernidee Reisen	25 August 2000
18	Ingrid Hoffmann	Jetstream Reisen	28 August 2000
19	Frau Clemens	Chamäleon Reisen	29 August 2000
20	Gerd Oelschlägel	Safari Reisebüro und Business	29 August 2000
21	Anke Wilke	African Marula Tours	4 September 2000
23	Astrid	Toucan SA	4 September 2000
24	Ulrich Rosenbaum	Studiosus Reisen	4 September 2000
25	Helga Eickmann	Cape Tours	4 September 2000
26	Lars Dreyer	Faust-Golfreisen	5 September 2000
22	Herr Stanschuss	Monorama Touristik	6 September 2000
27	Kirsten König	ae-reiseteam	15 September 2000
28	Eva Riedel	Feria Reisen	21 September 2000
29		Jakaranda Tours	25 September 2000
<i>Interviews conducted in the United Kingdom</i>			
30	Robert Schaerer	International Sales Manager, Three Cities Hotels	27 November 2000
31	Patricia D'Arcy	Marketing Manager, South African Tourism, United Kingdom	29 November 2000

32	Russel Barlow-Jones	Marketing director, South African Airways, UK	7 December 2000
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TOUR OPERATORS INTERVIEWED IN THE UK

33	Julian Harnimann	STA Travel	30 May 2000
34	Langdon Temple	Progressive Tours	27 November 2000
35	Lynda Woodin	International Travel Destinations	28 November 2000
36	Alison Holmes	Okavango Tours and Safaris	28 November 2000
37	Roger Diski	Rainbow Tours	29 November 2000
38	Gareth Zimmerman	South African Affair	29 November 2000
39	Greg Young	Cox and Kings	30 November 2000
40	Gordon Dirker	Contiki Tours	30 November 2000
41	Ellis Jones	Kuoni Travel	30 November 2000
42	Ron Simms	Virgin Holidays	1 December 2000
43	Helen Fletcher	British Airways Holidays	1 December 2000
44	Sheena Noakes	Thomas Cook Holidays	6 December 2000
45	David Oxworth	Kumuka Expeditions	7 December 2000
46	Roy Sutton	Golf 4 Africa	7 December 2000

Interviews conducted in the Western Cape

47	Anton Groenewald	Manager, investments and trade promotion, City of Tygerberg	16 February 2001
48	Rhema van Niekerk	Western Cape representative, Federated Hospitality Association of South Africa (Fedhasa)	21 February 2001
49	Lyndsay Lowe	Genera Manager, Guest House Association of South Africa (Ghasa)	21 February 2001
50	Joseph Aminzadeh	Director, Horwarth Tourism and Leisure Consulting (South Africa)	27 February 2001
51	Mike Fabricius	CEO, Western Cape Tourism Board	5 March 2001
52	Alan Rhomburg	CEO, Relais Hotels	6 March 2001
53	Petra Clemens	Sales Representative, LTU, Cape Town	7 March 2001
54	Marlene Jacobs	Public Relations Officer, Airports Company of South Africa	9 March 2001
55	Dave Gretton	Director, Economic Development and Tourism, South Peninsula municipality	12 March 2001
56	Uri Amiram	Sales Manager, Lufthansa, Cape Town	13 March 2001
57	Iegshaan Ariefdien	Manager, Economic Development Directorate, City of Cape Town	14 March 2001
58	Stanley Visser	Manager, Planning and Economic Development Directorate, Blaauwberg municipality	14 March 2001
59	Catherine Colleen	Manager, Oostenberg Tourism Bureau	16 March 2001
60	Elmarine Bernhardt	Overberg Regional Tourism Office	19 March 2001
61	Jolene Roberts	West Coast Regional Tourism Office	20 March 2001
62	Janetta Marais	Breede River Valley Regional Tourism Office	22 March 2001
63	Chanel Marais	Winelands Regional Tourism Office	23 March 2001
64	Bernard Cassar	Director Developments, Protea Hotels	11 April 2001
65	Carol Nhlumayo	Chief Director Tourism, Western Cape Department of Economic Affairs, Agriculture and Tourism	4 May 2001
66	Mark Comley	Development Director, Sun International	14 May 2001
67	Allan Duke	Marketing Director, Protea Hotels	17 May 2001
68	Wayne Mee	District Manager, Budget South Africa	18 May 2001
69	Nombulelo Mkefa	Manager Tourism Development, Cape Metropolitan Tourism	22 May 2001

70	Rizahn Hendricks	Social Equity Manager, Sunwest/Grandwest	28 May 2001
71	Leon Reddy	Chair, employment equity committee, The Table Bay Hotel	12 June 2001
72	Mohammed Baba	Legend Tourism Services	19 June 2001
73	Ian Douglas	Interim Chief Executive, Cape Town International Convention Centre	20 June 2001
74	Christopher Cumming	Chief Marketing Officer, Arabella Country Estate	4 July 2001
<i>Interviews conducted in Johannesburg</i>			
75	Pansy Mekwa	Senior manager, Route planner for Europe, South African Airways	26 March 2001
76	Cliff Joffe	Marketing Manager, Virgin Atlantic Airways	27 March 2001
77	Barbara Hamm	Bed and Breakfast Association of South Africa (Babasa)	25 May 2001
78	Fiona Miles	Administrator, Tourism, Hospitality and Sport Education and Training Authority (Theta)	29 March 2001
79	Christ du Toit	CEO, Association of South African Travel Agents (Asata)	29 March 2001
80	Ken Tweedie	International Sales Manager, Avis, Southern Africa	30 March 2001
81	Shepherd Nyaruwata	Executive Director, Regional Tourism Association of Southern Africa (Retosa)	3 April 2001
82	Gail McCann	CEO, Southern African Tourism Services Association (Satsa)	4 April 2001
83	Johann Kotze	Deputy-director, Enterprise development, Department of Environmental Affairs and Tourism	4 April 2001
84	Amanda Ryles	General manager, British Airways, South Africa	5 April 2001

<i>Interviews with accommodation operators</i>				
	<i>Name of establishment</i>	<i>Accommodation Type</i>	<i>Location</i>	<i>Date of interview</i>
1	Holiday Inn Garden Court	Hotel	Waterfront	28 May 2001
2	The Best Western Cape Suites	Hotel	Cape Town	29 May 2001
3	Oudekraal Hotel	Hotel	South Peninsula	31 May 2001
4	Romney Park Luxury Suites and Wellness Centre	Hotel	Cape Town	31 May 2001
5	Breakwater Lodge	Hotel	Waterfront	31 May 2001
6	The Fritz Hotel	Hotel	Cape Town	3 June 2001
7	The Table Bay	Hotel	Waterfront	4 June 2001
8	Simon's Town Quayside Lodge	Hotel	South Peninsula	4 June 2001
9	Leisure Bay Luxury Suites	Hotel	Blaauwberg	5 June 2001
10	Radisson SAS	Hotel	Waterfront	5 June 2001
11	Winchester Mansions	Hotel	Cape Town	5 June 2001
12	Golden Tulip The Lord Charles	Hotel	Helderberg	6 June 2001

13	Straightway Head Country Hotel	Hotel	Helderberg	6 June 2001
14	Villa Via Gordon's Bay	Hotel	Helderberg	6 June 2001
15	City Lodge	Hotel	Waterfront	7 June 2001
16	Protea Hotel Victoria Junction	Hotel	Cape Town	11 June 2001
17	The Mount Nelson	Hotel (interview with rooms division manager)	Cape Town	11 June 2001
18	The Mount Nelson	Hotel (interview with human resource manager)		18 June 2001
19	The Avalon Springs Hotel	Hotel	Breede River Valley	20 June 2001
20	Nuy Valley and Restaurant	Guesthouse	Breede River Valley	20 June 2001
21	Caledon Casino Hotel and Spa	Hotel	Overberg	21 June 2001
22	The Marine Hotel	Hotel	Overberg	21 June 2001
23	Lakeview Chalets	Self-catering/camping	Overberg	21 June 2001
24	Auberge Burgundy	Guesthouse	Overberg	21 June 2001
25	Globetrotters	Backpackers	Cape Town	13 June 2001
26	Cape Town YMCA	Backpackers	Cape Town	13 June 2001
27	St. John's Lodge	Backpackers	Cape Town	13 June 2001
28	Boulder's Beach	Guesthouse	South Peninsula	13 June 2001
29	Island View	Guesthouse	Blaauwberg	14 June 2001
30	La Chaumere	Guesthouse	Tygerberg	14 June 2001
31	Birkenhead Manor Guest House	Guesthouse	South Peninsula	14 June 2001
32	Tarragone Lodge	Guesthouse	South Peninsula	14 June 2001
33	Bloemhof Guest House	Guesthouse	Tygerberg	14 June 2001
34	Mountain Magic Garden Suites	Self-catering	South Peninsula	14 June 2001
35	Makapa Lodge	Self-catering	South Peninsula	15 June 2001
36	Atlantic Beach Holiday Homes and Conference Centre	Self-catering	Blaauwberg	15 June 2001
37	Oatlands Holiday Village	Self-catering	South Peninsula	15 June 2001
38	Sea Cliff Lodge	Bed and breakfast	South Peninsula	15 June 2001
39	B+B on Briza	Bed and breakfast	Cape Town	15 June 2001
40	The Palm House	Bed and breakfast	South Peninsula	16 June 2001
41	The Penny Lane Lodge	Bed and breakfast	Helderberg	16 June 2001

Appendix 2

Interview schedules and objectives

Appendix 2(a)

Interview objectives of producer and tourism regulatory interviews

Interviews were tourism producers and representatives of regulatory bodies were geared towards discerning:

1. the specific nature of the activities of the various groups as they pertain to tourism and tourism development in the Western Cape,
2. the broad industry-specific and exogenous factors that have an effect on or constrain their operations,
3. the priorities, objectives and interests that are held by the various groups of actors;
4. the ways in which role players go about attaining their objectives;
5. the relative effect of role players' activities on the Western Cape tourism industry and market; and
6. information dissemination and marketing distribution channels that producers have established, or make use of;

Appendix 2(b)

Interviews schedule of tour operator interviews

1. Which specific Western Cape tourist attractions do you promote?
2. Why do you sell these specific attractions or products?
3. What is the nature of your clientele?
4. What are your marketing strategies with regard to the Western Cape?
5. Do you think the image and attraction of the Western Cape as a tourist destination has changed since 1994? If so, how?
6. Do you promote cultural, heritage or township tourism in the Western Cape?
7. How do you think German/British clients perceive cultural, heritage or township tourism? What do you think will be future developments in this regard?

8. What cooperative linkages do you have with other tourism-related businesses or organisations in the UK/Germany and/or South Africa/the Western Cape, and how does this affect the marketing and information dissemination channels that you make use of?
9. What major changes do you foresee for Western Cape tourism in the next five to ten years? What do you think will be the major causes of it?

Appendix 2(c)

Interview schedule of accommodation operator interviews

1. What are your main market segments, and what are the reasons for this?
2. Which component of your business consists of international trade? Could you please differentiate between the various international market segments?
3. What is the nature of the international market as reflected in occupancy levels and average room rates?
4. Do you market internationally, and if so, what marketing channels do you use?
5. What is your total staff complement, and what are the general demographic features of your labour force?
6. How are staff members sourced?
7. What effect have legislation such as the Employment Equity Act and the Skills Development Act had on your staff composition, and your operations more generally?
8. By what criteria are your main suppliers and contractors selected/sourced?
9. What are the constraints that you face?

APPENDIX 3

May 2001

TOURIST SURVEY

Dear Sir/Madam,

I am conducting a doctoral study on international tourism to the Western Cape. I would like to ask you a few questions about your visit to the Western Cape province. The information that I collect is anonymous and confidential and will only be used for my PhD study.

Thank you for your kind assistance.

Have a wonderful stay in the Western Cape!

Scarlett Cornelissen

1. GENERAL INFORMATION

a) Home Country

b) Size and type of travelling group

c) Main purpose of visit

d) Number of visits to South Africa

e) Reasons for visiting the Western Cape

2. LENGTH OF STAY IN THE WESTERN CAPE

3. LENGTH OF STAY IN CAPE TOWN

4. MAIN TYPE OF ACCOMMODATION

a) In Cape Town

Hotel	Ungraded, 1-star, 2-star	3-, 4- or 5-star
Guest House		
Bed and Breakfast		
Self-catering		
Backpacker		

Reasons

b) In rest of Western Cape

Hotel	Ungraded, 1-star, 2-star	3-, 4- or 5-star
Guest House		
Bed and Breakfast		
Self-catering		
Backpacker		

Reasons

5. TRAVELLING ARRANGEMENTS

a) Before departure from home country

	Travel Agent*	Tour Operator*	Direct*
Flight			
Accommodation			
Car Rental			
Transport Services (bus; minibus; guided)			

* Name optional

b) After departure from home country

	Travel Agent*	Tour Operator*	Direct*
Flight			
Accommodation			
Car Rental			
Transport Services (bus; minibus; guided)			

** Name optional*

6. MAIN DESTINATIONS/ATTRACTIONS TO VISIT OR VISITED IN WESTERN CAPE

7. DIRECTION AND ROUTES OF TRAVEL TO FOLLOW/FOLLOWED THROUGH THE WESTERN CAPE

8. OPINION ON PRICE LEVELS IN WESTERN CAPE VIS-À-VIS :

a) Other provinces

b) Other countries

9. COMMENTS ON THE WESTERN CAPE AS VISITOR DESTINATION

Appendix Four

Note attached to brochure mailed to the researcher by UK tour operator in December 2000.

Miss Carlotte Cornelissen please note important changes to tours.

Due to recent events in Zimbabwe, we have amended some of our tours which begin or end in Harare. While we have complete faith in Zimbabwe as a safe tourist destination, we have made these changes to ensure your holiday is as enjoyable as possible.

East African Explorer - HN21

This tour now commences in Johannesburg NOT Harare. We have replaced Matobo National Park with Chobe National Park in Botswana. The tour remains 21 days in duration

South East Adventure - NH29

This tour now ends in Victoria Falls NOT Harare. The tour remains 29 days in duration and will spend a little longer in Zanzibar and Victoria Falls.

Desert Tracker - CH21

The tour now ends in Victoria Falls NOT Harare. The tour remains 21 days in duration and will spend a little more time in Swakopmund and Victoria Falls.

South West Safari - HC25

This tour now commences in Victoria Falls NOT Harare. The tour remains 25 days in duration and will spend a little more time in Victoria Falls and Swakopmund.

NB : Due to floods earlier in the year and political events in Zimbabwe, we are no longer offering the Zimbabwe Adventure(HH14) , Extreme Adventure (ZIM4) Zim Highlights (ZIM1) Madagascar Dive (Dive 5) and the Mozambique Dive (Dive 8) Programs.

Should you have any queries about the above amendments, please feel free to contact our London office.



Appendix Five

Goals and Strategies proposed in the Western Cape tourism White Paper (2001)

	Goal	Strategic objective/Strategies
1.	Strategy development Develop and promote a lucid tourism development strategy	<ul style="list-style-type: none"> - tourism development needs to be market-driven. In particular the needs and requirements of the priority market segments need to be focused on - development needs to be in line with larger national and provincial programmes - new infrastructural developments in the province should be geared towards tourism expansion - the present overconcentration of tourism facilities and development in certain geographical location needs to be reduced. This means that development should be spread to underdeveloped areas and should benefit a larger section of the population than is presently the case - foster the development of cultural, heritage, political, and geological attractions.
12.	Ensure that the tourism sector is market-driven and avoid unnecessary state regulation	<ul style="list-style-type: none"> - government should not interfere in product pricing, although attempts should be made to avoid over-pricing, particularly in so far as opportunities for local tourists may be offset by increasing tourist prices. The discounting of prices during off-peak seasons should be encouraged - encourage increased flight capacity to South Africa, direct flights to Cape Town International Airport, and more airline competition
20.	Expand and diversify the present market base	<ul style="list-style-type: none"> - target specific market segments, in particular the 'experiencer' and 'entertainer' segments - target the 'explorers' and 'eventers' segments as important growth markets CHANGE THIS
17.	Concentrate on the lucrative segments of the international market, and make available affordable travel opportunities to the domestic market	<ul style="list-style-type: none"> - attract the lucrative end of the international market. Income-generation, rather than tourist numbers, should be used as a benchmark for success - value-for-money, rather than a price-based strategy should form the basis of the international marketing programme - continually conduct research on existing and potential international market segments
2.	Safety and security Ensure the increased security of tourists	<ul style="list-style-type: none"> - co-operate with appropriate provincial departments to decrease crime and violence in key tourism areas - provide information to tourists to ensure their security - research trends in tourist security - publicise successes in safety and security measures
9.	Product development and marketing Package tourism themes and attractions in suggested routes and itineraries	<ul style="list-style-type: none"> - identify tourist attractions in each of the province's tourist regions, package and collectively promote these. Cape Town should be used and promoted as a gateway city. - Promote generic themes that interconnect different destinations and regions - market Cape Town as a year-round tourist destination
10.	Advance unique selling propositions and launch special attraction programmes built around the central attractions of the Western Cape, i.e. the physical environment, cultural diversity and relaxed lifestyle	<ul style="list-style-type: none"> - develop heritage, eco-tourism, adventure tourism and 'events' tourism programmes
18.	Work within the marketing framework of South African Tourism, and encourage inter-provincial competition for the domestic market	<ul style="list-style-type: none"> - work with South African Tourism in the international marketing of the province - compete with other provinces for a share in the domestic

		<ul style="list-style-type: none"> - market - provide affordable tourism resorts and camping areas for the domestic market
16.	<p>Developing a brand for the province Promote one tourism brand in the province</p>	<ul style="list-style-type: none"> - the Western Cape should be promoted as the 'Gateway to Africa.' The historical centrality, natural beauty, cultural diversity, relaxed atmosphere, opportunities for outdoor activities, and the high quality of infrastructure of the province should be promoted - internationally, the province should be advertised through the following statement, 'Explore Africa's Fairest Cape' - the tourism brand of the province should be 'The Cape,' rather than the Western Cape - the province should be strongly linked and promoted with the national brand
3.	<p>Infrastructure development Ensure the development and provision of tourism-related infrastructure</p>	<ul style="list-style-type: none"> - have Cape Town International Airport identified and sufficiently resourced as a major international gateway - expand public transport and improve access to and maintenance of tourist sites - work for the improvement of roads and other provincial infrastructure - improve roads and tourist signage - work towards the development and improvement of provincial harbours for cruising opportunities
15.	<p>Tourism investments and investment incentives Advance investment opportunities and establish investment incentives in underdeveloped regions</p>	<ul style="list-style-type: none"> - assist in the development and maintenance of a database on tourism investment opportunities - identify opportunities for tourism development
6.	<p>Tourism promotion and awareness Put into operation a programme that facilitates tourism awareness, education and customer service</p>	<ul style="list-style-type: none"> - institute a customer care programme that is offered to front-line tourism staff - create awareness of the economic importance of tourism among the general population, local and provincial authorities and the media - encourage positive coverage of the province by the media
4.	<p>Service improvement, standard-setting and standard-monitoring Develop legislation to regulate the registration of tourism businesses and develop mechanisms whereby complaints can be dealt with</p>	<ul style="list-style-type: none"> - establish the compulsory registration of tourism businesses - establish a tourism protector who can investigate complaints against registered tourism businesses
5.	<p>Education, training and skills development Invest in skills development and training programmes</p>	<ul style="list-style-type: none"> - help develop provincial training programmes and standardised curricula in languages, tourist guiding and service training
7.	<p>Research, Information-gathering and dissemination Build up a provincial tourism information system</p>	<ul style="list-style-type: none"> - provide information on provincial tourist products, tourist facilities and registered businesses on the internet, and link it to the web-based information system of South African Tourism - research new development projects, and monitor progress on established projects - set up means of measuring and monitoring the impact and performance of tourism in the province
13.	<p>Empowerment and impact distribution Foster entrepreneurship, particularly in previously neglected communities</p>	<ul style="list-style-type: none"> - set up a tourism entrepreneurship support programme in the provincial government that co-operates with existing development organisations and projects - set up marketing assistance programmes to aid the market access of previously disadvantaged businesses
14.	<p>Improve the involvement of local host communities in tourism development</p>	<ul style="list-style-type: none"> - work towards the greater participation, ownership and entrepreneurship of local communities particularly in rural and disadvantaged areas - advance indigenous arts and culture in tourism development
11.	<p>Institutional development through co-operation and partnership Found public-private partnerships</p>	<ul style="list-style-type: none"> - institutionalise means to encourage the participation of the private sector in product development and decision-making, e.g. through the establishment of tourism associations and provincial marketing campaigns - outsource public services to the private sector
19.	<p>Launch joint marketing opportunities between</p>	<ul style="list-style-type: none"> - establish a marketing agency comprised of provincial and

	tourism business and local tourism organisations	local government representatives, and the private sector
8.	Promoting sustainable practices Foster sustainable tourist practices	<ul style="list-style-type: none"> - promote the sustainable development of cultural and environmental attractions; - work to promote urban cleanliness
21.	Manage the potentially detrimental effects of tourism	<ul style="list-style-type: none"> - attempt to address sex tourism and other negative social consequences of tourism through awareness-creation, training, advocacy, the implementation of a code of ethics, and legislation - the spread of HIV/Aids needs to be limited

Adapted from DEAAAT (2001), *White Paper on Sustainable Tourism Development and Promotion in the Western Cape*.

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