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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Tourism is emerging as a leading global economic driver for the 21st century. In South Africa it is already an important contributor to employment and wealth creation, with a huge flow-through effect that touches all sectors of the economy. Between 1995 and 1998 tourism created 187 170 new jobs across the South African economy alone [WTTC, 1998]. It has enormous potential as a catalyst for future economic and social development throughout the entire Southern African region.

With a population of approximately 41 million and a land area of 1,27 million square km [nearly five times the size of the United Kingdom], South Africa's resource base for tourism is phenomenal. The country's tourism attractiveness lies in its diversity. Some of the features which make South Africa an attractive tourist proposition include: accessible wildlife, varied and impressive scenery, unspoiled areas, diverse cultures and generally sunny, hot climate, no "jet lag" from Europe, a well developed infra-structure and virtually unlimited opportunities for special interest activities such as hunting, whale watching and hiking [Lubbe, 2003: 98].

Tourism, however, has become a fiercely competitive business for tourism destinations the world over. Competitive advantage is no longer natural, but increasingly man-made, driven by science, technology information and innovation. As such it is not simply the stock of natural resources of South Africa that will determine her share in the tourism market, but rather how these resources are managed and integrated with other competences to create a competitive advantage.

As we enter the 21st century, many new and exciting opportunities await us in the tourism industry. The advent of globalisation has coincided with the boom in the tourism sector. This boom has presented new and exciting challenges. One objective

of this study was to develop a new paradigm to remain competitive within the international tourism industry.

To ensure that the benefits from increasing globalisation are shared, all countries need to ensure that they have the necessary level of competitiveness [Dwyer, 2001: 30]. As the WTTC recently stated, “maintaining competitiveness has become an increasing challenge for destinations” [WTTC, 2001]. However, it is not always clear where inefficiencies that could be rectified might exist. The constantly growing number of travel destinations and the enhanced quality of existing ones put great pressure on those responsible for a given destination to find better ways to compete in the tourism marketplace and to do so in a sustainable manner. The first step in achieving this goal is to better understand those forces and success factors that determine the competitiveness of major tourism destinations. Success factors of a specific destination can then be identified and integrated to ensure sustainable growth for the destination within a competitive environment.

1.2 PROBLEM MOTIVATING THIS STUDY

In recent tourism literature, researchers have introduced concepts and relevant models about tourism destination competitiveness for example, [Jones, 1995; Crouch and Ritchie, 1999; Ritchie and Crouch, 2000; Hassen, 2000; Thomas and Long, 2000; Kozak, 2001; Dwyer, 2001; and Yoon, 2002]. Most of these studies have focused on how effectively and efficiently destination competitiveness can be improved to respond to escalating market competition. By far the most comprehensive destination planning models that have been developed are those of Crouch and Ritchie [2000] and Dwyer [2001]. Although both these models are comprehensible in terms of including all important aspects that will impact on destination competitiveness, they fail to clearly identify the strategic relationships between the critical factors in the models and how they can be integrated for sustainable growth and competitive advantage.

Furthermore, although a number of studies have addressed concepts and relevant models concerning destination competitiveness, no empirical study has been undertaken to develop an integrative strategic model capable of identifying and integrating critical success factors in such a manner that the interrelationships

between all factors, as well as the contribution to international competitiveness and sustainable growth can be determined.

Tourism has enormous potential as a catalyst for future economic and social development. South African Tourism [2002: 25] set the following target growth rates for tourism in South Africa:

- Volume growth of between 5,5-6% CAGR between 2002 and 2005
- Revenue growth of between 12 and 13 percent CAGR between 2002 and 2005

To make these targets a reality, South Africa must become more competitive as an international destination. In this study it is argued that one of the best ways to do this is to identify and integrate the critical success factors that will boost competitive advantage and achieve sustainable growth over the longer term.

It is evident however, that South Africa's tourism growth is blocked by specific factors – most of them related to issues under local South African control. These problems include a poor perception of the security and safety of tourists when travelling in South Africa, a lack of adequate international and domestic marketing, shortages of well-trained, tourism-friendly staff, restrictions on international flights [closed skies], weak linkages within the private and public sectors, and fragmentation within the sector itself [SA Tourism, 2000: 27].

Given the new challenges related to the strategic identification and integration of critical success factors the following question arises:

How can critical success factors be identified and integrated to achieve competitive advantage and sustainable growth for South Africa as a tourism destination?

To develop a strategy for addressing and solving the main problem, the following sub-problems were identified:

- a] What is the nature and extent of critical success factors?

- b] What are the new developments in the field of strategic management and planning that can be used as a framework for the identification and integration of critical success factors?
- c] How can this framework be utilised to develop a model for the identification and integration of critical success factors in tourism destinations?
- d] What possible critical success factors will impact on the competitiveness of South Africa as a tourism destination?
- e] Which critical success factors should South Africa focus on and how they can be integrated?

1.3 PURPOSE OF THE STUDY

The purpose of the study was to develop a model that will enable the strategic identification and integration of critical success factors to achieve sustainable growth and competitive advantage for a tourism destination. The particular context for testing the model was international tourism flows to South Africa.

More specifically, the objectives of the study were:

- a] To provide an overview and strategic analyses of the international and South African tourism industries;
- b] To critically analyse the contemporary literature on critical success factors and strategic management;
- c] To develop a strategic destination competitiveness model for the identification and integration of critical success factors;
- d] To critically analyse the key components of this strategic destination competitiveness model;
- e] To determine possible critical success factors for a destination such as South Africa and how they can be integrated;
- f] To provide guidelines on the identification, integration and management of critical success factors to ensure destination competitiveness and sustainable growth.

1.4 SIGNIFICANCE OF THE RESEARCH

The significance and potential contribution of this study can be discussed from both theoretical and practical standpoints.

Basically the study contributed to a theoretical enhancement of the current level of knowledge in the existing literature on tourism destination competitiveness. This was achieved by developing a destination competitiveness model based on an extensive literature study, and testing this model in the practical context of the South African situation. In terms of its practical contribution, the findings of the study were used to make specific strategic recommendations on how to improve the competitiveness of South Africa as a destination.

One expected advantage of the proposed model is the framework that will enable any destination to identify critical success factors in a balanced, coordinated and integrated manner. This is not possible with any of the other existing destination competitiveness models. Since little research has focused on tourism destination competitiveness from the viewpoint of the inter-relationship between critical success factors, this study could provide new insights about how tourism destination competitiveness could be improved by examining the identification and integration of critical success factors for a destination.

1.5 METHODOLOGY OF STUDY

Both a literature study and an empirical investigation were undertaken.

1.5.1 The literature study

The initial step in the research effort was to undertake a comprehensive study of international as well as national literature in the following fields:

- New developments in strategic management and strategic planning
- Identification and integration of critical success factors

- Strategic planning in the tourism industry
- Competitive tourism destination planning and marketing

a] *The international literature study*

At an international level, the literature study entailed the use of various library and electronic library facilities to acquire relevant sources of information.

The international literature study provided no in-depth studies or research available on critical success factor identification or integration for a tourism destination. It did, however, provide information on the existence of:

- i] Some basic books on strategic management; examples are:
 - Porter [1985]; Porter [1990]; Mintzberg [1994]; Hamel and Prahalad [1994]; Ellis and Williams [1995]; Wright *et al* [1996]; Hax and Majluf [1996]; David [2001]; Thompson and Strickland [2002]; Stacey [2003]; Johnson and Scholes [2002]; Lynch [2003]; Hitt Ireland and Hoskisson [2003]; and Mintzberg *et al* [2003]..
- ii] Some relevant articles and books on critical success factor identification and integration include:
 - Rockart [1979]; Leidecker and Bruno [1984]; Hardaker and Ward [1987]; Jenster [1987]; Porter [1990][1995]; Fishman [1998]; Kaplan and Norton [1996]; Davidson and Maitland [1997].
- iii] Some recent articles and books on strategic planning and strategic destination planning in tourism include:
 - Poon [1993]; Smith [1994]; Bloom and Leipoldt [1995]; Dorsey [1995]; Muller [1997]; Bendixen and Cronsens [1996]; Trout [1996]; Chacko [1997]; Faulkner [1997]; Burns [1998]; Vellas and Bécherel [1998]; World Tourism Organisation [1999, 2000, 2001]; Crouch and Ritchie [1999]; Gouldner and Ritchie [2000]; Buhalis [2000]; Hall [2000] and Dwyer [2001].

- iv] Some recent and relevant theses on tourism destination competitiveness include Fabricius [2001] and Yoon [2002].

b] The national literature study

The national literature study comprised a comprehensive study of both published and unpublished information on all aspects pertaining to the South African tourism industry. Initially various organisations such as South African Tourism [SAT] and the Tourism Business Council of South Africa [TBCSA] were approached to:

- i] Obtain clarity on the problem motivating this study;
- ii] Acquire the necessary background information; and
- iii] Solicit support for this study.

A completed cluster study by the South African Government on tourism in South Africa [1999], was also obtained and studied.

1.5.2 The empirical survey

As indicated in the previous sections, one of the major goals of this study was to develop a destination competitiveness model that could be used to identify and integrate critical success factors for an international destination. This model was tested by conducting an empirical survey that used the model to identify and integrate critical success factors for South Africa as an international destination.

a] Objectives of the empirical investigation

To obtain clarity on the strategic identification and integration of critical success factors for South Africa as a tourism destination the aim of the empirical investigation was to:

- Identify critical success factors considered as important by South African tourism stakeholders;

- Demonstrate the integration of these critical success factors to achieve sustainable growth and competitiveness for the destination;
- Formulate specific strategic recommendations for South Africa as a tourism destination based on the empirical findings.

b/ Scope of the empirical investigation

The scope of the empirical investigation centered around two issues, namely:

- Which stakeholders to include in the empirical investigation; and
- What type of research procedure to follow?

On the basis of discussions with key stakeholders and in accordance with the objectives of this study, it was decided to take national tourism stakeholders as represented at the yearly national Tourism Indaba of South Africa 2002 as the population for this survey.

These stakeholders were chosen as they were regarded as the major stakeholders, directly or indirectly involved in attracting or servicing the international tourism market in South Africa. These stakeholders were also considered to be in the best position to identify critical success factors for South Africa as an international tourism destination. Table 1.1 reflects the distribution of stakeholders included in the population.

Table 1.1 Population size classification

	Stakeholder Segment	Number of Representatives
1	Accommodation/Conference facilities/Restaurants	327
2	Game Lodges/Game and Nature Reserves/Show farms	154
3	Tour operators and travel agents	275
4	Tourist attractions	59
5	Transport	30
6	Tourism associations	12
7	National Tourism Organisations	13
8	Provincial Tourism	11
9	Local/Regional Publicity Associations	15
10	Tourism marketing organisations	24
	TOTAL	920

The measuring instrument used in the survey was a comprehensive questionnaire developed by the researcher based on the information from the literature study. To test the validity of the questionnaire it was critically reviewed by six senior managers of the tourism sector in South Africa and by the promoter and the co-promoter of the study. Several improvements were incorporated in the layout and contents of the questionnaire based on the feedback received from the pilot group.

1.6 AN OUTLINE OF THE STUDY

The thesis was planned to include the following chapters:

Chapter 1 serves as a general introduction and states the background of the study, the problem motivating the study, the purpose of the study, the significance of the research, the study methodology and the outline of the study.

Chapter 2 provides an overview of the international and South African tourism industry. An in-depth analysis is provided of the “tourism industry”, “tourism product”, “international tourist” and “tourism destination”. Thereafter specific characteristics of the industry are outlined, the development and organisation of the tourism industry in South Africa is described and the international and South African tourism industries are strategically analysed.

Chapter 3 offers an explanation of the nature and extent of critical success factors, explores the sources of critical success factors and investigates the determination of factor importance as well as critical success factor indicators within a strategic management framework.

Chapter 4 develops a model for the identification and integration of critical success factors. In the first part of the chapter, a theoretical analysis of the evolution of strategic management thought is presented. The second part of the chapter applies the strategic management framework to tourism destinations and uses it to develop a destination competitiveness model.

Chapters 5, 6 and 7 critically analyse and develop the three components of the destination competitiveness model formulated in Chapter 4. **Chapter 5** examines the international competitive assessment component consisting of an international resource and factor analysis, an international market analysis, a competitor analysis and identifies international destination success factors. **Chapter 6** evaluates the destination strategic direction and positioning process as a component of the model. **Chapter 7** investigates how the critical success factors of a tourism destination can best be identified and integrated.

Chapter 8 summarises the destination competitiveness model developed out of the literature study and critically compares it with similar models found.

Chapter 9 documents the process used during the empirical study and the profile of the respondents to the questionnaire.

Chapter 10 discusses the results of the research while **Chapter 11** evaluates the research conclusions and findings of the study and makes strategic recommendations based on these. In conclusion, suggestions for future research arising from the findings of this study are made.

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CHAPTER 2

AN OVERVIEW AND STRATEGIC ANALYSES OF THE INTERNATIONAL AND SOUTH AFRICAN TOURISM INDUSTRIES

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CHAPTER 2

AN OVERVIEW AND STRATEGIC ANALYSES OF THE INTERNATIONAL AND SOUTH AFRICAN TOURISM INDUSTRIES

2.1 INTRODUCTION

In accordance with the objectives of this study, the purpose of this chapter is to provide an overview and strategic analyses of the international and South African Tourism industries.

To have a meaningful base from which to determine and integrate critical success factors for South Africa as an international destination, it is important to first define and classify the concepts of “tourism industry”, “tourism product”, “international tourist” and “tourist destination” .

An overview of the international and South African industries will provide the size, potential and the strategic components of these industries. An analysis of the development and organisation of the tourism industry in South Africa will clarify the role and main focus of the prominent organisation structures and tourism stakeholders within the destination.

A strategic analysis of the tourism industry is done in the last part of the chapter. The international analysis consists of the identification of international environmental trends, the World Tourism Organisation’s [WTO] 2020 vision, the future picture in Africa and key market segments of the future. The South African analysis identifies and discusses strategic objectives, strengths and weaknesses and future strategic considerations for South Africa as a tourism destination.

2.2 DEFINITIONAL ANALYSES OF TOURISM AND RELATED TERMS

The nature and extent of tourism is often misunderstood. This could be attributed to the fact that, from the literature it appears that there are various interpretations of “tourism”, “tourism industry”, “tourism product” and “tourism destination”. In this section these concepts will be analysed and defined as they should pertain to this study.

2.2.1 *The tourism industry*

It is important in terms of the objectives of this study to analyse tourism as an industry. Most traditional industries and economic production sectors are defined in terms of physical output and/or organisational competencies. This observation stems from an implicit assumption that consumers and producers exchange well-defined and specified products or commodities.

Viewing the production of a tourism commodity as a standardised process seems questionable because the tourism product is inherently heterogeneous and complex [Lash & Vry, 1994: 10]. A number of authors assert that tourism is not an industry, claiming instead that it consists of many industries connected through their function of supplying tourist needs.

Other authors [Baretje & Defert, 1972: 10; Leiper, 1979: 81; WTO, 1983: 17; and Smith, 1988: 180] argue that tourism should be recognised as an industry in its own right because of its commercial importance. They debate that many commonsense groupings of economic activities are referred to as industries even when they include multiple trades scattered across differentiated firms. Another reason is that the ultimate determinant of membership in the tourism industry should be the proportion of a firm’s business that arises from tourism. It is indeed a well-established practice to describe the national tourism sector by categorising tourism-related business enterprises into primary, secondary, and/or ancillary firms according to the percentage of sales attributable to tourists. These arguments will therefore shift the criterion of industry membership away from the tourism product towards organisational interdependence between tourism

stakeholders. For the purpose of this study the view will be adopted that tourism is an industry.

2.2.2 The tourism product

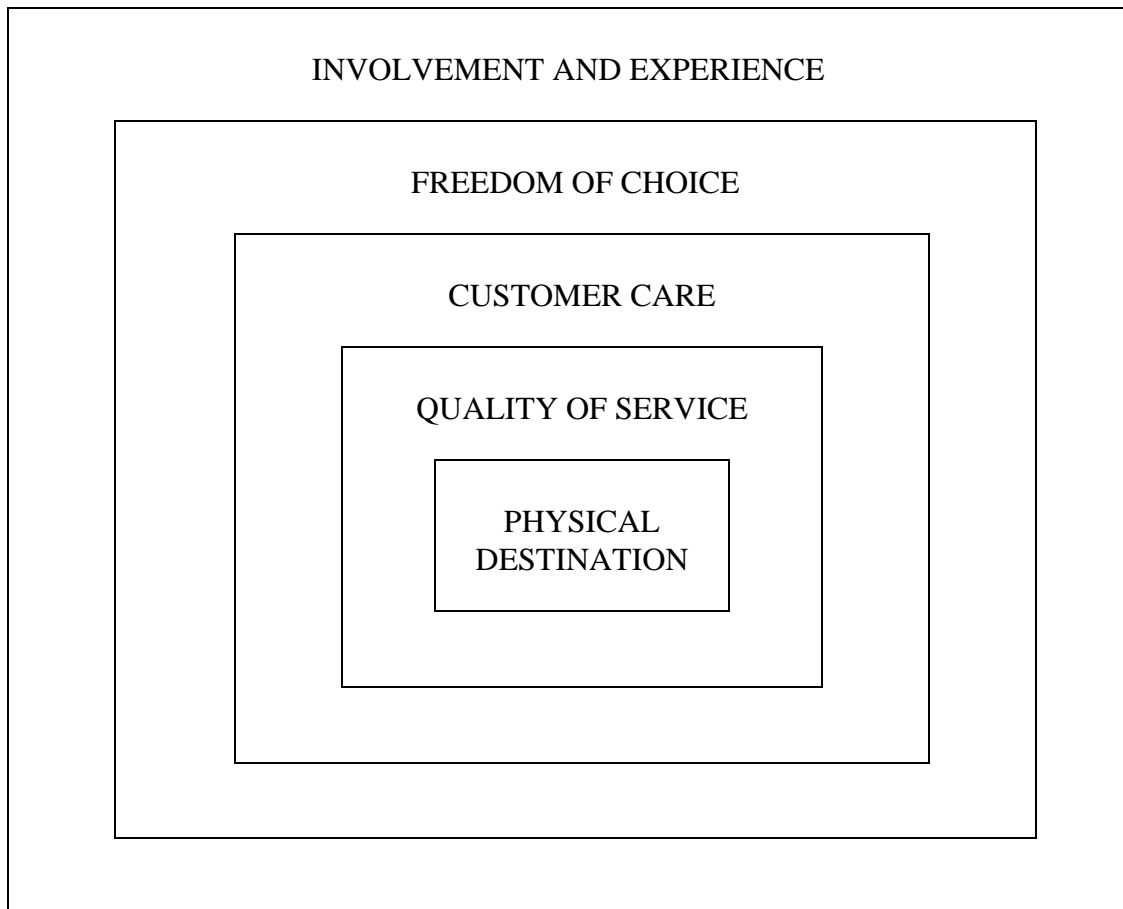
The tourism industry is a constellation of businesses, public agencies and non-profit organisations that create products to facilitate travel and activity for people away from their home environment. For the purpose of this study it will be important to analyse the nature of these products on a conceptual level.

Medlik and Middleton [1973: 201] conceptualise tourism products as a bundle of activities, services and benefits that constitute the entire tourism experience. This bundle consists of five components: destination attractions, destination facilities, accessibility, images and price. Medlik and Middleton's components model, has been borrowed by other authors, including Crampon *et al* [1976: 271]; Schmoll [1977: 115] and Gunn [1993: 71].

Middleton [1989: 51] also observes that the term "tourist product" is used at two different levels. One is the "specific level" which is that of a discrete product offered, such as a sightseeing tour or an airline seat. The other is the complete experience of the tourist from the time of leaving home to the time of returning. The "total" level is synonymous with Medlik and Middleton's "components model".

In a more recent study by Smith [1994: 582], the following model was developed based on the existing literature on the tourism product.

Figure 2.1 The Generic Tourism Product



Source: Adapted from Smith [1994: 590]

According to Smith, the tourism product consists of five elements as illustrated in Figure 2.1.

- a] The physical destination is the core of any tourism product and refers to a site, nature resource, facility or property. It also includes the attributes of the physical environment such as weather, water quality and tourist infrastructure.
- b] Quality of service refers to the performance of specific tasks required to meet the needs of tourists. For example, a hotel needs management, front desk operation, housekeeping, maintenance, and food and beverage provisions to function as a hotel.
- c] Customer care. Whereas service is the technically competent performance of a task, customer care is the attitude or style in which the task is performed. It is that “enhanced service” or “something extra”.

- d] Freedom of choice refers to the necessity that the tourist has some acceptable range of options in order for the tourism experience to be satisfactory.
- e] Involvement and experience represent the extent to which the tourist feels high levels of satisfaction, involvement and intrinsic reward.

In the preceding section an exposition was given of various authors' interpretations of the definition of the "tourism product". To clarify this concept for the purposes of the study, "tourism product" will be defined as the physical destination plus the quality of service and the quality of experience offered to the tourist at the destination.

2.2.3 The international tourist

The World Tourism Organisation [1999: 8] distinguishes between three basic forms of tourism:

- domestic tourism involves residents of the given area travelling only within that area;
- inbound tourism involves non-residents travelling as visitors in a given area; and
- outbound tourism involves residents travelling as visitors in an area other than the given area.

If a country is the area of reference, the terms "domestic", or "inbound" and "outbound" tourism can be combined in various ways to derive the following categories of tourism:

- Internal tourism, which comprises domestic and inbound tourism.
- National tourism, which comprises domestic tourism and outbound tourism.
- International tourism, which consists of inbound and outbound tourism.

a] The domestic tourist

For statistical purposes, the term "domestic tourist" describes any person residing in a

country, who travels to a place within the country, outside his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited [WTO, 1993: 3].

b] The international tourist

For statistical purposes, the term international tourist describes any person visiting a country other than that in which he/she has his/her usual place of residence but outside his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited [WTO, 1993: 32].

Vellas and Bécherel [1998: 3] point out that there are two factors that differentiate international tourists from other international travellers: their country of residence and the motivation to travel.

International tourists are international travellers who do not reside in the country they are visiting. These include nationals of the visited country living permanently abroad. A resident has lasting economic links with the country he is living and working in and would normally have lived in his adopted country for a minimum of one year. It is therefore the country of economic ties rather than the country of nationality that determines a person's residency.

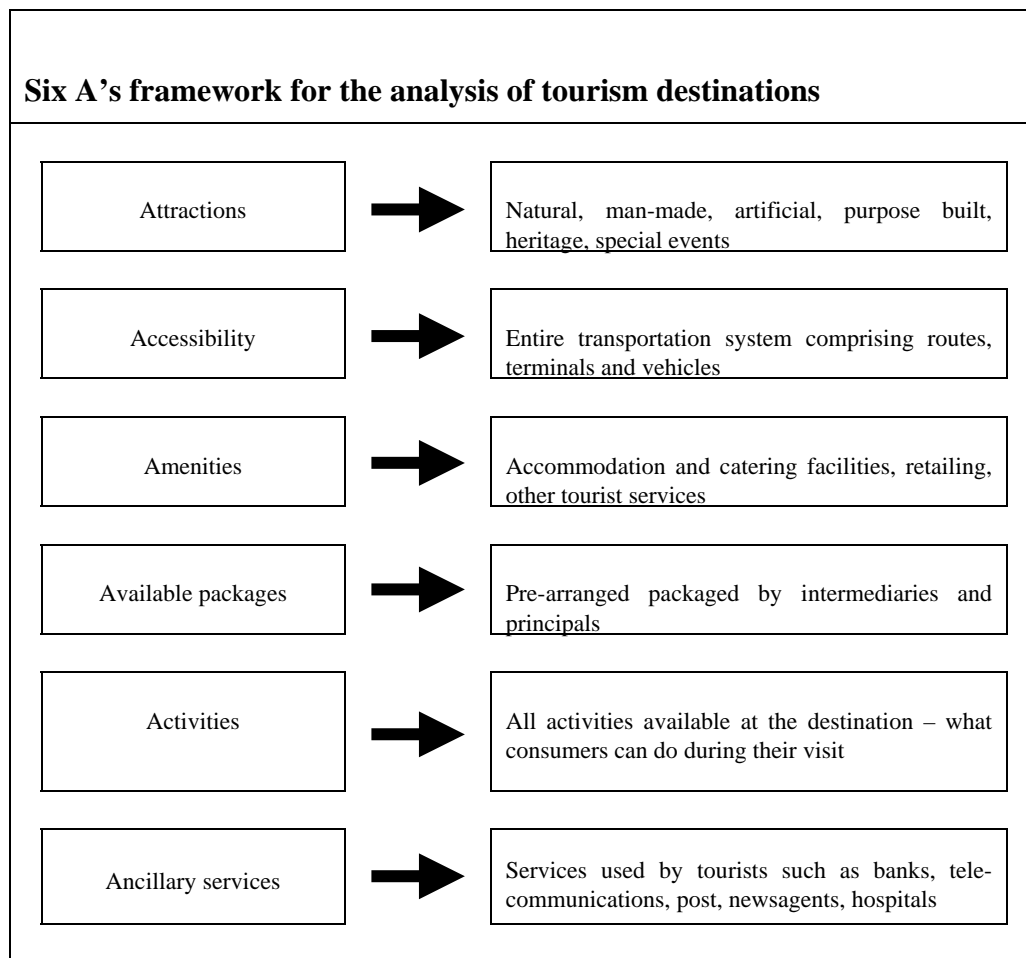
The WTO has devised a system of classifying international travellers who should be included in international tourism statistics based on motivation of travel, and those who should not. It is clear from the analysis that international travellers who should not be considered as international tourists are: border workers, temporary immigrants, permanent immigrants, nomads, transit passengers, refugees, members of the armed forces, representatives of consulates and diplomats. The main sources of international tourists are: leisure, recreation and holidays, visiting friends and relatives, business and personal, health treatment and religious pilgrimages.

2.2.4 The tourism destination

Tourist destinations have been defined as areas with different natural and/or man-made features, that will attract non-local visitors or tourists [Georgulas in Jenkins and Tosun, 1996: 519]. Mathieson and Wall's [1992: 12] definition of destination is in line with that of Georgulas: "a destination area is a place having characteristics that are known to a sufficient number of potential visitors to justify its consideration as an identity, attracting travel to itself, independent of the attractions of other locations". Gee *et al* [1994: 95] support the above definition by stating that "destinations are specific areas that travellers choose to visit and where they spend a significant amount of time".

The above definitions reveal that a tourism destination is a "geographical area containing a critical mass of development" [Gunn, 1994: 40] and a unique cluster of attractions that satisfy and attract a sufficient number of non-local visitors. Destinations further offer an amalgam of tourist products and services which are consumed under the brand name of the destination [Buhalis, 2000: 97]. Buhalis [2000: 98] summarises the core components of a destination in his "Six As" framework [illustrated in Table 2.1]

Table 2.1 Six A's framework for the analysis of tourism destinations



Source: Buhalis [2000: 98]

In conclusion, it can therefore be said that a destination for the purposes of this study can be defined as a specific geographical area that offers a unique cluster of attractions, products and services that will be consumed under the brand name of the destination.

2.3 OVERVIEW OF THE TOURISM INDUSTRY

One of the objectives of this study was to provide an overview of the international and South African tourism industries. This is done by first analysing the size and impact of the industry and then by evaluating and discussing the different components of the industry.

2.3.1 Industry size

a) International industry

The importance of tourism on an international level was established during the period between 1992 and 1994, when tourism outperformed exports in commercial services. In 1997 tourism receipts were established at more than 8% of the total export of goods, and 34% of that of services. During 1998, global tourist arrivals totalled 625 million people, a 2.32% increase over the previous year. These travellers were responsible for receipts in the region of US\$ 445 billion, a 2.01% increase over the previous year. This figure is about double that of the 1989 receipts. For 2000, an estimated 7.5% growth in world tourism was expected. This means that about 698 million international arrivals worldwide were recorded [Lubbe, 2003: 61].

The above picture illustrates the magnitude of the tourism industry on a global scale. It is important, however, to remember that the benefits of tourism are not equally distributed among all the nations of the world. Some countries have established themselves as preferred destinations for tourists, while certain countries contribute a far greater number of active travellers than others.

Table 2.2 shows that the world's top earners from tourism *and* destinations consist of very much the same countries. Table 2.3 reveals that the combined spending by tourists in the United States during 1999 exceeds the other countries in the comparison by far. It also shows that Europe will stay an important market for the future.

Table 2.2 World's top tourism destinations and tourism earners as estimated for 2000

Country	Rank: destination	Rank: earner*
United States	2	1
Italy	4	4
France	1	3
Spain	3	2
United Kingdom	6	5
Germany	9	6
China	5	7
Austria	12	8
Canada	7	9
Mexico	8	11
Russian Federation	10	15
Greece	15	10

Source: Lubbe [2003: 61]

*The term *earner* [from 'earnings'] refers to the destinations that receive income, usually in the form of foreign currency, from tourists spending at the destination. When referring to the top tourism *spenders*, an average figure from what tourists from a specific country spend per trip is calculated. This figure can also be expressed as the total spending on tourism per country. This figure is then compared with other countries.

Table 2.3 Top ten tourism spenders as estimated for 2000

Rank	Country	Expenditure US\$ million [*1999]
1	United States	67
2	Germany	48.5*
3	United Kingdom	35.6*
4	Japan	32.8*
5	France	18.6*
6	Italy	15.5
7	Canada	12.4
8	Netherlands	11.8
9	China	10.9*
10	Belgium	10.1*

Source: Lubbe [2003: 61]

b] Southern Africa and South Africa

Southern Africa, consisting of the regions of South Africa, Botswana, Lesotho, Namibia and Swaziland, experienced the strongest growth in the Africa region over the past ten years. International arrivals in 1999 totalled almost eight million. South Africa accounted for six million arrivals with Botswana second. Swaziland and Lesotho accounted for the remainder of the arrivals [Lubbe, 2003: 64].

Intra-regional travel accounts for a large proportion of arrivals for Southern Africa, with Africa accounting for 75 percent of all arrivals. The second largest group of visitors are from Europe [16%], while only 4% originate from the Americas [WTO Research Report: Africa 2001].

Tourism is already a strong and growing force in South Africa, generating wealth, jobs and investment across the economy and enhancing social development. It is estimated that tourism has in the three years since the 1994 election, created more than 180 000 jobs across South Africa [WTO, 1998]. The sector has therefore enormous potential as a catalyst for future economic and social development throughout the entire Southern African region.

The WTTC in their 1998 report, forecast three future scenarios for South Africa, namely pessimistic, baseline and optimistic. The baseline scenario is given in Table 2.4.

Table 2.4 South African Tourism forecast: Baseline case

South African Travel and Tourism Forecast: Baseline Case					
	----- 1998 -----		----- 2010 -----		Growth
	Rand	% of Tot	Rand	% of Tot	% Real **
Consumer Expenditures	23.3	5.8%	79.3	6.4%	3.5%
Business Travel	8.8	---	29.1	---	3.4%
Government Expenditures	0.8	0.5%	4.9	1.1%	9.2%
Capital Investment	12.8	11.4%	47.8	13.5%	5.1%
Exports	24.2	13.2%	109.2	17.5%	.8%
T&T Demand	69.8	---	270.2	---	5.2%
GDP*	53.2	8.2%	210.9	10.3%	5.5%
Imports*	16.6	9.2%	59.3	9.05%	4.6%
Taxes*	15.0	8.4%	55.1	10.6%	4.8%
Employment* [Thous]	737.6	7.1%	1,253.7	9.3%	4.5%
*T&T Economy Totals ** Annualised Growth All Rand figures are in Billions					

Source: WTTC [1998: 5]

According to this most likely “baseline scenario” the forecast shows that:

- ❑ South Africans will spend more of their disposable income on tourism which will grow to 6.4% of total personal consumption by 2010;
- ❑ Government expenditure will also increase by almost 10% per year;
- ❑ The share of private capital expenditure attributed to tourism will rise at about 5% per year, and will be focused not only on major hotel and resort developments, but also on game parks and guesthouses;
- ❑ Foreign visitor spending will continue to grow at double digit rates for the next two years and at more than 6% per year for the first decade of the 21st century.

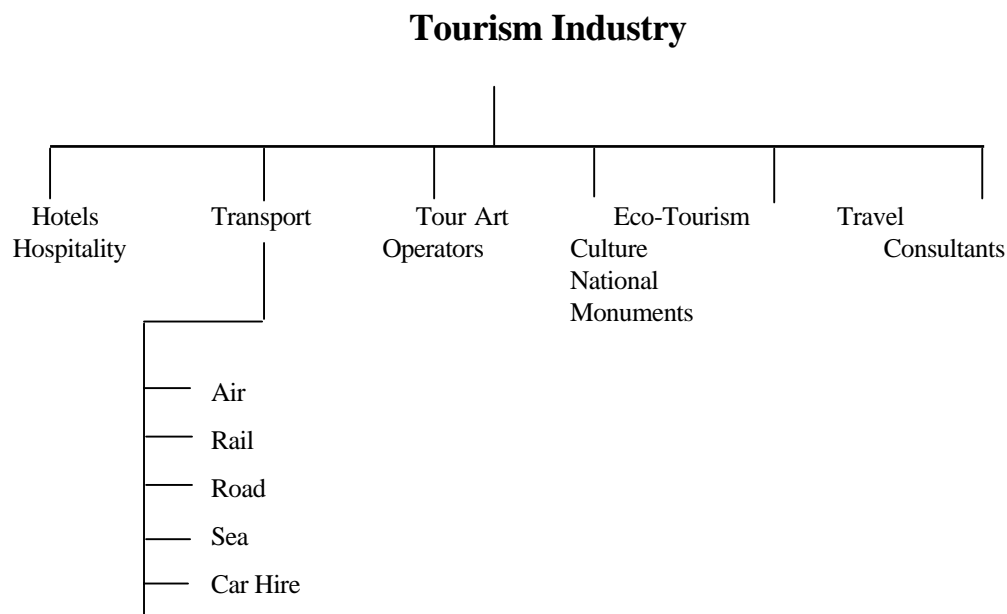
However it was pointed out in the report that to make this forecast a reality, and indeed reach towards the optimistic scenario, a climate needs to be created to encourage a relatively safe and hospitable environment for travellers, develop targeted marketing and clear branding and incentives for investment – particularly for improvement of infra-

structure; maintain quality; and progressively expand cooperative ventures in the South African region. It is clear from the preceding assumptions made by the report that an integrated strategic approach is necessary.

2.3.2 Components of the tourism industry

The WTO [1999: 13] divides the tourism industry into four components: transportation and infrastructure, accommodation and hospitality services, travel and distribution systems and public and private tourism organisations. Meyer [1996: 55] divides the industry according to clusters of competencies as illustrated in Figure 2.2.

Figure 2.2. Competency cluster components of the tourism industry



Source: Meyer [1995:55]

Gunn [1998:5] chooses to divide the tourism industry into three sectors:

- ❑ Business Sector
- ❑ Non-profit Sector
- ❑ Governmental Sector

In his analysis Meyer [1996: 55] concentrates only on business competencies and excludes the public and private tourism organisations. Gunn [1998: 5] portrays a broad sectoral analysis and classifies all business components under the business sector.

Although the classifications offered by Meyer and Gunn have their merits, the classification by the WTO is more comprehensive, internationally accepted and in accordance with the approach used in this study and will therefore be used. This classification will now be discussed.

a] Transportation and infrastructure

How visitors get to, from and within a given destination is the responsibility of the transportation component of tourism. Appropriate and accessible transportation is integral to the success of all the other components of tourism.

There is a direct relationship between advances in transportation and growth in the tourism industry. In particular, the automobile and the jet airplane have made travel accessible to a growing segment of the world's population. As the demand for travel expands, the capacity of transportation modes will be a critical success factor in facilitating or hindering the expansion of the tourism industry [WTO, 1999:45].

For many destinations, the constraints posed by transportation and its infra-structure – such as airports and roads – constitute the biggest obstacle to growth. In the case of island destinations, the availability of air access is a non negotiable for tourism development. Without such access, there is little or no tourist activity.

The infrastructure refers to components found on or below the ground level that provides the basic framework for effective functioning of development systems such as urban areas, industry and tourism [Inskeep, 1991: 119]. Infrastructure components such as water supply, electric power, sewage and solid waste disposal, drainage and telecommunications are but a few of the more critical elements required for the various tourism dimensions to operate efficiently.

b] Accommodation and hospitality services

[i] Accommodation

Accommodation or lodging facilities and their related services are where tourists stay overnight during their travels, and account for a good portion of the tourists' total expenditure, typically 20 to 30 percent depending on quality of accommodation, destination and purpose of trip. There is a wide variety of accommodation that meets the demands of various budgets, including bed-and-breakfast establishments, youth hostels, campgrounds and cruise ships. The hotel, the most common type of accommodation, has its own categories extending from luxurious urban or resort properties, to smaller budget-orientated motels or motor lodges.

Worldwide the number of hotels is increasing rapidly and in 1994 it was estimated that there were over 11 million rooms generating revenue of nearly US\$250 billion [International Hotel Association, 1996: 12].

[ii] Food and beverage

Food and beverage are required by tourists and represent another large source of competition for visitor expenditures. Unlike the accommodation sector, a large part of the food and beverage sector is not related to the tourism industry. These include major sectors such as institutional food services in schools, universities, hospitals and other establishments. The segments that are interrelated with the travel industry are commercial establishments that are primarily or partially tourism dependent, based on their location, clientele and seasonal traffic [Gee *et al*, 1989: 324].

[iii] Support services

Support services include shopping facilities and services at the destination that help fulfil the basic and the supplementary needs of visitors.

[iv] Distribution systems

The distribution of the tourist product resembles that of other industries and involves the participation of wholesalers, retailers and other intermediaries or middlemen, all responsible for bringing the product from the supplier to the consumer in a sales distribution system. In practice, however, two factors make the distribution of the tourist product unique. Firstly, unlike manufactured products that can be transported to the consumer, it is usually the consumer who has to be transported to the point of consumption of the tourist product. Secondly, unlike tangible products with a shelf-life, the tourist product is highly perishable. An unsold hotel room, meal or tour bus seat has no income value in the marketplace the day after [WTO, 1999: 95].

The travel distribution system involves a process that begins with the customer. The customer typically requires a tangible product – an airline ticket, a cruise booking, a hotel reservation or car rental. The direct distributor is the service or business that provides the product. The indirect distributor is the travel agency, tour wholesaler or operator who may or may not be used as an intermediary to get the product to the customer. These distribution channels serve to link the tourism suppliers and the customers.

c] Public and private tourism organisations

It is not enough for destinations to have beautiful scenery, luxurious hotels, the best tourist attractions, outstanding services and good transport networks. They must also lure tourists who will consume their products. Most destinations therefore have tourist organisations whose mandate is to see to it that tourism in their area is promoted and marketed correctly to the relevant market [Davidson, 1993: 71].

Most destinations rely on tourist organisations to be their representatives in tourist industry matters and to keep them informed about marketing, promotion and information about tourism practices, policies, research, statistics and forecasts.

National tourism organisations, whether government sponsored or private, help promote

and monitor tourism development within the context of a particular country, while provincial and local organisations promote the growth of tourism for a smaller area of reference.

Tourism organisations are found in both the public and private sectors and are organised by:

- ❑ Geography - international, regional, national, provincial, local.
- ❑ Ownership - government, semi-government or private.
- ❑ Function or type - regulators, suppliers, marketers, developers, consultants, researchers, educators, publishers, etc.
- ❑ Industry - transportation, travel agents, attractions, lodging
- ❑ Motive - profit or non-profit

[Gouldner, McIntosh and Ritchie, 1995: 71].

2.4 THE DEVELOPMENT AND ORGANISATION OF THE TOURISM INDUSTRY IN SOUTH AFRICA

In this section an exposition is given of the development and organisation of the tourism industry in South Africa. Firstly, the development of the industry from the turn of the century to 2000 and beyond is briefly outlined. Thereafter organisational arrangements in the industry and in particular, on the national level will be discussed.

2.4.1 The historical development of the tourism industry in South Africa

Tourism in South Africa has a long history dating back perhaps to the enthusiasm of Sir Francis Drake for “the fairest Cape in the world”. It was, however, only during the nineteenth century that the territory acquired a tourist reputation, especially as a health resort. In 1906 the South African Railways established a publicity department to promote tourism in South Africa and in 1926 the Kruger National Park was established and rapidly acquired a world-wide reputation [Heath, 1987: 61].

The South African Railways remained the main tourism body up to 1938 in that it was primarily responsible for the promotion of tourism through its publicity and travel department. The next important development was the development of the Tourism Development Corporation in 1938 with the major aim of promoting tourism to South Africa. As a result of World War II, the corporation could not fulfil its task. In 1947 after the war, the South African Tourism Corporation [SATOUR] was established with the aim of promoting tourism to South Africa. In 1963 the South African government established the Department of Tourism. In 1965 the Hotel Board was created with the objectives of improving the standard of accommodation, and making funds available for the establishment of new hotels and the improvement of existing hotels. In 1983 the tourism branch of the Department of Trade, Commerce and Industry was merged with SATOUR and the Hotel Board to form the new South African Tourism Board [Heath, 1987: 62].

In the eighties and early nineties, the apartheid regime drastically slowed down the growth of tourism in South Africa as international boycotts and sanctions took effect. The segregation policies enshrined in various apartheid laws also severely hampered the development of tourist markets among the previously disadvantaged. Places available to the previously disadvantaged were often very limited and of poor quality [Lubbe, 2003: 27].

After 1994, the following tourism opportunities opened up with the lifting of sanctions: increased, positive, international reporting on the country as a tourism destination; more airlines flying to South Africa; and increased cooperation between Southern African countries. South Africa was finally back in the international market [Bennett, 1995: 57].

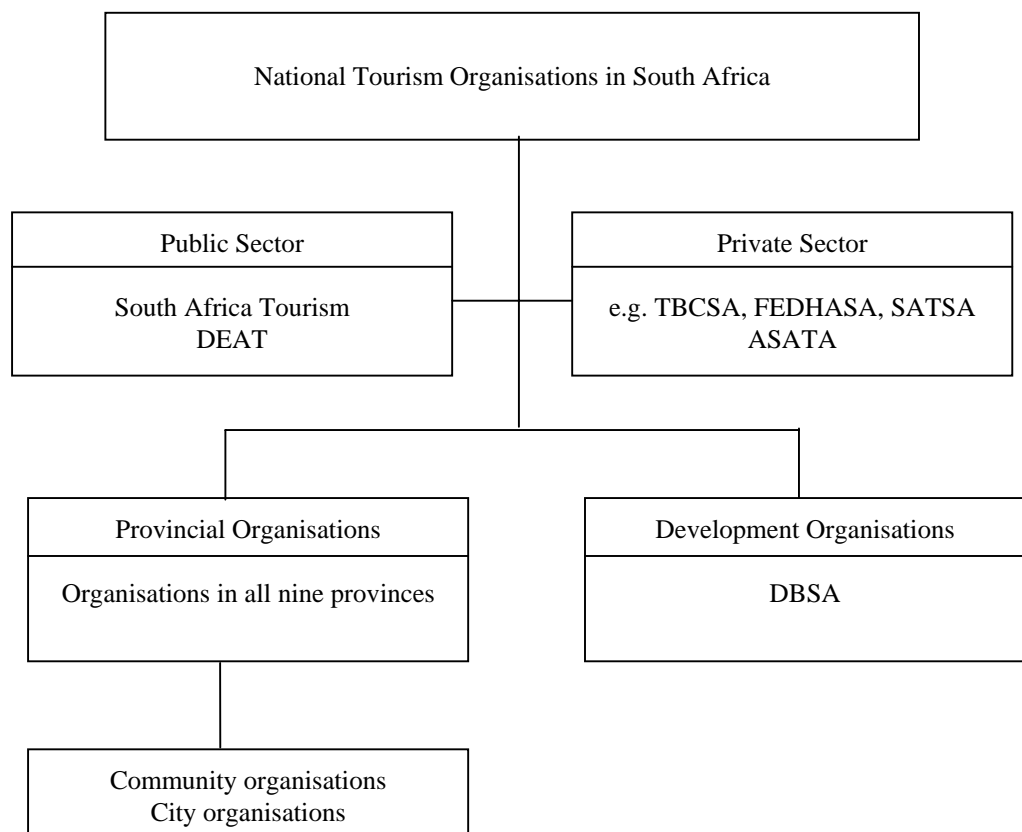
2.4.2 The organisation of tourism in South Africa

The success of any tourism destination lies in the ability of that destination or region to attract tourists because it is they who possess the buying power that makes it possible for the tourism business to be successful. It is because of the money spent by the tourists that services such as transport, accommodation, tourist attractions, catering facilities and even entertainment facilities can remain viable [Davidson, 1993: 104; Lubbe, 2003: 172].

Most destinations therefore have tourist organisations whose mandate it is to see to it that tourism in their area is promoted, marketed and managed effectively to reach the relevant market/s [Davidson, 1993: 104].

The organisation of the tourism industry in South Africa is depicted in Figure 2.3.

Figure 2.3 The organisation of the tourism industry in South Africa



Source: Lubbe [2003: 170]

The organisations will now be discussed:

a] *Public sector bodies*

[i] The Department of Environmental Affairs and Tourism [DEAT]

The Department of Environmental Affairs and Tourism [DEAT] is a public sector body that aims to develop the tourism sector as a national priority in a sustainable and acceptable manner so that it will significantly contribute to the improvement of the quality of life of every South African [Lubbe, 2003: 178].

The key priorities of DEAT are:

- ❑ To implement a tourism infrastructure investment programme that supports the development of South Africa as a leading destination worldwide;
- ❑ To provide the industry with regular and reliable information to support tourism growth;
- ❑ To provide mechanisms for the department to fulfil its obligations to the various international organisations of which South Africa is a member;
- ❑ To provide mechanisms for the development to fulfil its obligations as set forth in agreements entered into with other countries on tourism cooperation;
- ❑ To register and monitor core functions of tourism products and service providers;
- ❑ To mobilise public and private sector support to implement tourism strategies.

[Lubbe, 2003: 179].

[ii] South African tourism

South African Tourism is the national tourism agency [NTO] responsible for internationally marketing South Africa as a preferred tourist destination. South African Tourism promotes South Africa generically in terms of its unique selling points as an all-season destination and has adopted the theme of the African Renaissance as embraced by President Thabo Mbeki to help drive its marketing objectives. Its marketing strategy thus aims to promote and market South Africa's scenic beauty, diverse wildlife, eco-tourism and diversity of cultures and heritage, while also striving to realise the country's potential in terms of sport, adventure, and conference and incentive tourism [Lubbe, 2003: 170].

South African Tourism's main objectives are defined as:

- ❑ making tourism the leading economic sector in South Africa and promoting

sustainable economic and social empowerment to all South Africans;

- marketing South Africa as an integral part of Africa – and particularly the subcontinent of Southern Africa [Lubbe, 2003: 180].

b] Private sector bodies

[i] Tourism Business Council of South Africa [TBCSA]

Established in 1996, the Tourism Business Council of South Africa [TBCSA] is an umbrella body representing the business sector involved in tourism. It has entered into a formal agreement with government that ensures that South Africa's tourism policy will be a joint undertaking between the government and the private sector represented by TBCSA [Lubbe, 2003: 181].

TBCSA's main objectives are to:

- Ensure that the business sector is represented at national and provincial government levels;
- Develop partnerships with the public sector and with communities to maintain an environment in which international and domestic tourism will prosper;
- Spread the benefits of tourism to all sectors of the community [Lubbe, 2003: 181].

[ii] Federated Hospitality Association of South Africa [FEDHASA]

The Federated Hospitality Association of South Africa [FEDHASA] was established in 1949. It is an umbrella body representing the South African Hospitality Industry as the private sector's voice that is recognised by all decision-makers and policy-makers in government and industry. It democratically represents and negotiates all issues that its members deem necessary [Lubbe, 2003: 181].

FEDHASA aims to protect and enhance the travel and tourism environment and to act as a mouthpiece for the hospitality industry. It further acts as a watchdog on all new and

planned legislation and amendments. It is not a marketing organisation and therefore does not directly ensure increased business for its members. It has close ties with South African Tourism and the Tourism Business Council [TBCSA] and ensures member representation in official marketing campaigns [Lubbe, 2003: 181].

[iii] The Southern African Tourism Services Association [SATSA]

Established twenty-eight years ago, the Southern African Tourism Association [SATSA] represents nearly all the major role players and principals including airlines, coach operators, accommodation establishments, vehicle hire companies, attractions, conference organisers and related marketing organisations [Lubbe, 2003: 122].

SATSA aims to represent the views of the tourism industry and to make the needs of the tourism industry known to the authorities. It also supports its members with information on the latest developments in the tourism industry.

[iv] The Association of South African Travel Agents [ASATA]

The Association of South African Travel Agents [ASATA], formed in 1956, is a forum that represents the travel agents industry in South Africa [Lubbe, 2003: 182].

ASATA aims to:

- ❑ Promote knowledge and professionalism in the industry;
- ❑ Promote the industry's successful continuing operation in a free-market economy;
- ❑ Involve their members in the process of formulating legislation that affects the industry;
- ❑ Negotiate with the government on behalf of their members;
- ❑ Give financial guidance and support to its members.

c] Provincial tourism organisations

South Africa is divided into nine provinces and thus, apart from having a national

tourism body, it also has provincial tourism bodies that represent their respective provinces in national matters – although they also have the right to institute innovations that are appropriate to their specific provincial cultures and resources [Lubbe, 2003: 182].

The White Paper on Tourism [SA Government, 1996: 69] suggests that provincial tourism organisations have a critically important role to play in the development and promotion of tourism in South Africa and will ultimately be the drivers of tourism in South Africa. Each of the nine provinces have a tourism development authority, the organisation of which is left to the discretion of the provinces.

In 1999 the Gauteng Tourism Authority [GTA] graduated from agency status to being a fully fledged authority with a strong mandate to promote and develop tourism in the province. The organisation's five-year strategic plan explains the direction that the GTA has taken and how the achievement of objectives has made a profoundly positive impact on the province as a whole. The five strategic goals are:

- ❑ To increase the number of business visitors and every other category of tourist;
- ❑ To improve the capacity of the tourism industry by stimulating investment and job creation;
- ❑ To improve the safety of visitors;
- ❑ To harness the support of stakeholders;
- ❑ To fund tourism development and marketing [Lubbe, 2003: 182].

The organisation is working towards creating an understanding among the people of the province of the importance of tourism to the growth of the economy and job creation. It encourages people to promote the cultural and historical legacy of the province. The organisation also indicates its commitment to develop capacity through strategies, business plans, financial statements, marketing materials, press releases and branding within the province [Lubbe, 2003: 182].

d] Development organisations

Internationally there are organisations that promote tourism development. Examples of such organisations are The World Bank, The African Development Bank [Cote d'Ivoire],

The East African Development Bank [Uganda], and the European Bank of Reconstruction and Development [UK]. In the South African context, the Development Bank of South Africa [DBSA] and community tourism organisations, which are briefly discussed below, are mainly responsible for tourism development.

[i] The Development Bank of South Africa [DBSA]

Established in 1983, the Development Bank of South Africa [DBSA] seeks to meet the needs of the new South Africa and the Southern African Development Community [SADC] region as a whole. The DBSA aims to correct socio-economic imbalances and improve the quality of life of the people of South and Southern Africa. The DBSA is also mandated to invest in infrastructure, facilitate the provision of infra-structural development finance and finance sustainable development in partnership with the public and private sectors [Lubbe, 2003: 184].

[ii] Community Tourism Organisations

Because tourism normally occurs in and around communities, its impacts are community specific – that is, they occur first at a community level before any region can identify such impacts. It is therefore important that communities become involved in matters that affect them [Buckley, 1996: 10; WTO, 1996: 51; Ritchie, 1999: 273; and Lubbe, 2003: 184]. This can only be achieved if they are involved in the planning and management of the tourism services.

Lubbe [2003: 184] argues that it is important for members of a community to form a tourism organisation that will represent them in all matters pertaining to tourism in their area. The activities of such an organisation could include community needs assessment, the identification of attractions, community awareness, industrial legitimacy, opportunity recognition, cooperation, communication and compromise [Gartner, 1996: 213].

e] Tourism organisations in cities

Historically it is government and tourism organisations that promote and market tourism

for the country. However, some cities have come to realise the importance of the attractions and tourism products in their area. Tourism information centres in these cities disseminate information on what is available, bus services, sightseeing tours, festivals and other tourism activities, recreational facilities, where to stay and where to eat [Davidson, 1993: 203 and Lubbe, 2003: 185]. One major advantage of having city organisations is that they are normally a source of income and employment for the local inhabitants of the area. These organisations also liaise between prospective visitors to the area and the service provider who will host these visitors when they come [McIntosh *et al*, 1995: 71].

All the major cities in South Africa have tourism organisations that perform the services described above. In addition, they have information centres that will inform the public [both tourists and locals] about all the attractions and services that are available in the area.

2.5 A STRATEGIC ANALYSES OF THE TOURISM INDUSTRY

It is an objective of this study to do a strategic analyses of the international as well as South African tourism industries. The first part of this section is a strategic analysis of the international tourism industry where international trends, visions and future market segments will be identified. The second part looks at recent strategic assessments and strategic recommendations on the future of the South African tourism industry.

2.5.1 Analysis of the international tourism industry

This section identifies important international trends impacting on tourism, reports on the World Tourism Organisation's 2020 vision and forecasts the future tourism picture in Africa and key market segments of the future.

a] International environmental trends impacting on tourism

Seven major environmental trends were identified in the literature study, namely: changing demographics, technological advances, political change, sustainable tourism,

safety and health, change from service to experience economy, and human resource development. These trends will now be briefly discussed and analysed.

[i] Changing demographics

An important factor impacting on tourism is the changing demographic profile of the world's population.

The WTO [1999: 35] predicted that three well-defined groups of travellers, each distinct in its travel consumption and preferences, will be evident.

- Youth – The largest group [the 18 – 34 year olds] travel most and will continue to comprise much of the travelling public.
- Retiree travellers – In developed western countries and Japan, the fastest growing population segment will be over the age of fifty. Many will be early retirees close to the restructured job market of recent years. Longer visitor stays and greater overall visitor expenditures are expected from this group, who will be seeking physical adventure, intellectual enrichment and culturally rich destinations.
- Family market – The family market will also be visible as families with children and two income households continue to increase.

[ii] Technological advances

Since the end of World War II, the world has seen major advances in communication, information processing and transportation technology including, most recently, the explosive emergence of the Internet and World Wide Web [WWW].

Perhaps the most important innovation has been the development of the micro-processor, which enabled the explosive growth of high-power, low-cost computing. The phenomenal recent growth of the Internet and the associated WWW [which utilizes the Internet to communicate between WWW sites] is the latest expression of this development. In 1990, fewer than one million users were connected to the Internet. By

mid 1998 the Internet had about 147 million users [Hill, 2000: 10].

The Internet and the WWW promise to develop into the information backbone of tomorrow's global economy. From virtually nothing in 1994, the value of Web-based transactions reached US\$ 7,5 million in 1997. According to a recent report issued by the United States Department of Commerce, this figure could reach US\$ 300 billion in the United States alone by 2003 [Honleider, 1998: 18 and Hill, 2000:11].

The services provided by airline computerised reservation systems and telephone and cable companies, combined with the growth of electronic highways and on-line services are dramatically altering the way travel products are marketed and distributed. Accessible and user-friendly global distribution systems, accessed by millions of individuals throughout the world, have the ability to do what the travel agent or tour operator has traditionally done: to create a vacation package for the consumer that can be "tailor made" by the customer [WTO, 1999: 35].

Travel will also become more sophisticated, safer and more affordable as transportation technology improves. Modern aeroplanes have long-range capabilities, and just about directly link any two destinations in the world.

[iii] Political change [the changing world order]

Between 1989 and 1991 a series of remarkable democratic revolutions swept the communist world. In country after country throughout Eastern Europe and eventually in the Soviet Union itself, communist governments collapsed. The Soviet Union is now history, having been replaced by fifteen independent republics. Czechoslovakia has developed itself into two states, while Yugoslavia has dissolved as a result of a bloody civil war among its five successor states [Hill, 2000: 17].

Many of the former communist nations of Europe and Asia seem to share a commitment to democratic politics and free market economics. If this continues the opportunity for international business may be enormous as, for the best part of half a century, these countries were essentially closed to the Western world.

In addition to these changes, more quiet revolutions have been occurring in China and Latin America. Their implications for international business may be just as profound as the collapse of communism in Eastern Europe.

China may move from Third World to industrial superpower status even more rapidly than Japan did. The potential consequences for Western international businesses are enormous. On the one hand, with 1,2 billion people China represents a huge and large untapped market. Reflecting this between 1983 and 1997, annual foreign direct investment in China increased from less than US\$ 2 billion to US\$ 45 billion [Hill, 2000: 19].

The impact of China – with its population of over 1 billion – as both an inbound, but more importantly an outbound tourism market, attracts the interests of economists, business and government policy makers in neighbouring countries and beyond.

[iv] Sustainable tourism and the environment

With the projected international arrivals figure at one billion by 2010 [WTO, 1999], the strain on beaches, mountain resorts, historical city centres and small rural villages could threaten their survival. Environmental problems such as global climate changes, ozone loss, deforestation and toxic waste, promise to stay at the top of the international agenda. The tourism industry will see the continued need to combine sound economic development with the protection of natural resources [WTO, 1999: 36].

The WTO, the WTTC and the Pacific Asia Travel Association are among the many international and regional organisations to develop policies, codes and guidelines regarding conservation and protection of natural resources.

[v] Safety and health

Health as well as security concerns are of major interest to international travellers. The re-emergence of diseases such as cholera and malaria in developing countries, as well as

the global threat of AIDS and recently the SARS virus is making travellers more concerned about the sanitation standards applied to food, water and medical supplies and with human behaviour and preventative measures practiced by host destinations.

Safety has always been an important prerequisite for the attraction of international visitors. According to a 1994 survey, 66 percent of leisure travellers regarded crime as an important consideration in choosing a vacation destination, and 62 percent of travellers considering overseas travel had safety concerns as they made their plans [WTTC, 1995: 537].

In a study by Bendixen and Cronson [1996: 75] on the perceptions, attitudes and orientations of foreign tourists towards a post-apartheid South Africa, it was found that the potential safety risks associated with the tourist destination were still a concern.

[vi] *The change from “service” to “experience” economy*

Travellers are increasingly looking for opportunities to engage personally in activities rather than to be mere passive onlookers or spectators. This requires a change in product focus so that the product allows the consumer to become personally involved. Education also plays an important part in this kind of tourism because travellers are increasingly seeking opportunities not only to watch certain activities [as spectators]; they increasingly want to be able to *learn* how to carry out or perform these activities themselves. New marketing challenges are created by these trends because the requirement of *learning* means that suitable qualified teachers or instructors have to be able to communicate whatever skills are needed to interested tourists in the relevant segments [Lubbe, 2003: 64].

[vii] *Human resource development*

The travel and tourism industry continues to be a major source of employment in both affluent and poor countries, employing one out of every nine workers world-wide [WTO, 1999: 35]. According to the WTO [1999: 37], the need for workers in industrialised

nations will increase, especially now, after the turn of the century, as populations continue to age. Developing countries, by contrast, will be faced with burgeoning youth populations in need of work, but without the necessary skills. The WTO points out that the shortage of skilled workers plus the increased consumer demand for improved services, will pressure the industry to provide more education and training and greater incentives to work in the tourism sector.

b] The World Tourism Organisation's 2020 vision

In 1997, the WTO published a forecast of tourism in 2020 based on a survey conducted with national tourist authorities from 85 countries and a Delphi survey of 50 experts. The report, *Tourism: 2020 Vision* [WTO, 1999], which was updated in 1999 to include the economic crisis in Asia, presents predictions about the development of the sector and the market, arrivals and receipt trends worldwide and discusses factors shaping tourism in the 21st century [Lubbe, 2003: 261].

Some of the key trends outlined in the report that could direct the future shape and direction of tourism include:

- International tourist arrivals are forecast to top 1 billion in 2010 and reach close to 1.6 billion in 2020. These volumes represent an overall average annual growth rate of 4.1% between 1995 and 2020. Europe will remain the largest receiving region. East Asia and the Pacific will pass the Americas as the second-largest receiving region, holding a 26% market share in 2020 as against 15% by the Americas. The respective shares of Africa, the Middle East and South Asia will all record an increase to 4%, 2% and 1%, respectively, by 2020.
- One of the principal features of the expansion of international tourism over the 25-year period is the rise in the long-haul share of arrivals, with tourists travelling greater distances. By 2020, the global interregional long-haul split will be 76:24 – with average annual growth rates between 1995 and 2020 of 3.8% and 5.4%, respectively.
- The top ten tourist receiving countries will see a major change with China [currently not in the top ten] becoming the leading destination by 2020. Hong

Kong, if treated as a separate entity, will also become one of the main destinations. Also entering the top ten will be the Russian Federation, while the fast-growing Asian destinations of Thailand and Singapore, along with South Africa, will move rapidly up the league table, albeit not reaching the top ten [WTO, 1999].

c] *The future picture in Africa*

The *Tourism: 2020 Vision* study forecasts an above-global average rate of growth in international tourist arrivals in the African continent with an average annual rise between 1995 and 2020 of 5.5%. By 2020, the volume of international tourist arrivals in Africa will reach 77 million, almost four times the 20 million recorded in 1995.

Analysis of sub-regional prospects shows that Southern Africa [at 7.5% p.a. growth 1995-2020] will continue to be the leader, followed by Eastern Africa [5.2% p.a.]. By 2001 Southern Africa was said to have reached 10 million arrivals, five times the level of 1990.

Intra-regional travel within Africa will account for the largest number of arrivals in the region in 2020 [50 million] with Southern and Eastern Africa showing the strongest growth rates.

East Asia and the Pacific show the strongest growth of international tourist arrivals to the African region between 1995 and 2020 [6.8% p.a.]. The strongest growth will be from the Southeast Asian countries.

Arrivals from the Americas [5.1% p.a.] will grow faster than those from Europe [4.4% p.a.], but European arrivals will account for considerably more arrivals in the region [20 million in 2020]. Growth in arrivals from Central and Eastern Europe and East Mediterranean Europe will be strongest.

Tourism's contribution to GDP in South Africa is expected to increase from 7.1% in 1999 to 8.1% in 2010. It is also projected that, by 2010, 42% of Southern Africa's

business will be derived from international tourism [Lubbe, 2003: 262].

d] *Key market segments of the future*

In its *Tourism: 2020 Vision*, the WTO [1999] identifies five key market segments that are growing in importance, namely, eco-tourism, cultural tourism, thematic tourism, the cruise market and adventure tourism. The possible shape and direction of these key segments are briefly outlined below.

[i] *Ecotourism*

In 1997, it was established at the World Ecotour '97 Conference that eco-tourism was worth US\$2 billion a year and that nature-based tourism accounted for approximately 20% of total international travel [Vellas and Becherel, 1998].

A major question that faces every eco-tourism destination in the 21st century is whether it will be able to cope with the growing demand and at the same time sustain its natural and cultural preservation goals. The large number of travellers expressing an interest in taking an eco-tourism experience is already posing major challenges to eco-tourism destinations and operators [Lubbe, 2003: 263]. With environmentalism becoming more important to more people, the size of the eco-tourist segment is expected to increase dramatically in the 21st century. However, large numbers of tourists are contradictory to the philosophy and goals of eco-tourism. Responsibly managing the eco-tourism industry will therefore without doubt be one of the key tourism challenges of the 21st century [Lubbe, 2003: 263].

[ii] *Cultural tourism*

The WTO [1999] predicts a strong growth in cultural tourism particularly to Europe, the Middle East and Asia from virtually all source regions. The search for knowledge and culture is an important motive for travel and tourists increasingly want to combine learning and leisure.

One of the key motivations for travelling is to experience different cultures and ways of

life. From this point of view, tourism is helping to preserve cultural identity, as tourism demand is increasingly orientated towards understanding ethnicity, religion and the ways of life of other cultures. A point of concern however, is that one of the consequences of globalisation is the *homogenisation* of products and [to a certain extent] tastes [food, popular culture] and behavioural norms. This could lead to increasing conflict, particularly in developing countries, between identity and modernity [Vellas and Becherel, 1998].

[iii] *Thematic tourism*

The growth and power of thematic tourism is clearly seen in the fact that, in recent years it has been a catalyst for the growth of new destinations based solely on thematic leisure experiences. Probably the first global scale example of this is Orlando. The city of Orlando has become one of the largest tourism centres in the United States, primarily as a result of major theme parks such as Disney World, Universal Studios and Sea World.

In the WTO's *Tourism: 2020 Vision* report [WTO, 1999], it is argued that theme parks are becoming increasingly attractive to the consumer who has limited vacation time because [being what they are] they provide a condensed holiday product. Disney's new 'Animal Kingdom' in Florida replicates a safari park in East Africa where tourists travel around the park in safari vehicles and [as in the real situation] are not guaranteed to see all the animals. Each year, over 10 million visitors are expected to visit Disney's 'Animal Kingdom' [WTO, 1999, and Lubbe, 2003: 263].

[iv] *The cruise market*

The cruise sector, which is still relatively small in the Southern African context, is showing a phenomenal growth rate globally and is expected to grow well in the next decade. According to the WTO [1999], seven million people took cruises in 1997, increasing to more than nine million in 2000. As the cruise product has progressed through its life cycle, it has lost its elite status and is now being offered by mainstream tour operators [Lubbe, 2003: 264].

To keep pace with worldwide demand growth forecasts, 42 new cruise vessels are currently under construction, with larger and larger vessels being built – 29 of these weighing 60 000 tonnes [1 200 passengers] or above.[WTO, 1999].

[v] *Adventure tourism*

Adventure tourism, sometimes called **extreme tourism**, which involves activities with an above-average element of physical risk, is, according to all indications, likely to grow in popularity. Bungee jumping, parachuting, rock climbing, and cliff skiing/snowboarding are all examples of adventure or extreme activities. Growth in participation in these sports has been escalating in recent years [Lubbe, 2003: 264].

Extreme sports are typically outdoor or wilderness sports and go hand in hand with eco-tourism. A sea kayaking trip off the Wild Coast qualifies as both eco-tourism and adventure tourism. Cook *et al* [1999] argue that tourism suppliers, especially tour operators, will increasingly create at least two different broad types of eco-tourism packages. One eco-tour type will be more educational and observational, while the other will be more physically challenging [and will include one or more extreme sports] [Lubbe, 2003: 265].

The WTO [1999] notes that as the world becomes increasingly explored and few ‘new’ destinations are left for tourists to discover, there is a trend to travel to high places, underwater, the ends of the earth, or off the planet itself, illustrated by the latest emergence of the space tourist.

2.5.2 Strategic analysis of the tourism industry in South Africa

The purpose of this section is to identify and evaluate the strategic objectives, strengths and weaknesses and future strategic considerations reported on in the literature study on the South African Tourism industry.

a] *Strategic objectives*



There seems to be growing consensus concerning the important role that tourism should play in the sustainable economic and social development of the Southern African region [WTTC, 1998]. There is, for example, a strong correlation between the strategic objectives contained in the South African Government's Gear strategy, WTTC's Millenium Vision for Africa and the World Economic Forum's Namibia summit as illustrated in Table 2.5.

Table 2.5 Correlation of strategic objectives and visions for Southern Africa

“Tourism in Gear”	WTTC Africa Millenium Vision	WEF Namibia
Develop Tourism as a national priority	Highlight Travel & Tourism as a strategic economic/employment priority, based on its full economic impact	Recognise the full value of Tourism across the economy and measure it through Satellite Accounts
Implement a new international marketing strategy, freshen branding and particularly develop eco and cultural tourism	Advance sustainable growth, regional public & private sector marketing, majoring on Africa tourism to promote cultural and natural heritage	Establish an internationally recognizable brand, leverage natural wildlife and culture of Southern Africa into national strategies
Improve quality and quantity of skilled manpower in tourism, and upgrade hospitality front line service	Invest in education and training to raise operational quality, standards and competitiveness	Put education and training at the forefront of national and regional tourism development
Investigate infrastructure needs and resources, leverage government programs towards tourism and obtain special funding allocations.	Attract support from international financing institutions for Travel & Tourism infrastructure	Engage international/regional financial institutions in tourism growth, advance public/private sector initiatives, develop infrastructure for sustainable growth

Source: WTTC [1998: 6]

The strategic themes that stand out in this comparison are:

- ❑ Economic and sustainable growth as a national priority;
- ❑ Successful branding and international marketing;
- ❑ Human resource development, specifically education and training;

- Infrastructure development and funding.

b) Strengths and weaknesses

A summary of current strengths and weaknesses of the tourism industry in South Africa as identified by different literature sources is given in Table 2.6.

Table 2.6 Strengths and weaknesses of the tourism industry in South Africa

	Strengths	Source
1	The attributes of South Africa as a tourism	WTT: 1998; The Cluster

	destination are in line with world class conditions, especially the unique scenery, wildlife, environmental eco-systems.	Consortium, 1999: 220
2	Since 1994 there has been a significant increase in capacity for tourism in accommodation, transport, airlinks.	WTTC: 1998; The Cluster Consortium, 1999
3	There has been coordination of tourism initiatives in Southern Africa for expansion and increased diversity of products	WTTC: 1998
4	South Africa represents exceptional value for money for visitors from key origin markets	WTTC: 1998
5	South Africa has a positive international image for its democratic political transformation	WTTC: 1998
	Weaknesses	Source
1	Tourism security: Some parts of South Africa are increasingly seen as unsafe for tourists	Bendixen and Cronson [1996: 43; Kessel Feinstein [1996: 10] WTTC [1998]
2	Lack of infrastructure, particularly in rural areas	Bendixen and Cronson [1996:43]; WTTC [1998]
3	Poor access via roads and air [closed skies] and roads not well maintained	The Cluster Consortium [1999: 217]
4	Product quality and service levels do not always meet international standards	Mittner [1996: 48]; WTTC [1998]; The Cluster Consortium [1999: 220]
5	South Africa lacks a clear market focus with integrated tourism products	The Cluster Consortium [1999: 218]
6	South Africa's market research and statistics collection and analysis is inadequate.	The Cluster Consortium [1999: 218]
7	Inadequate training, education and awareness of local communities.	SA Government [1996: 10]; WTTC [1998]

From the analysis it is clear that South Africa has tremendous strengths and advantages in the international tourism market and some critical challenges. It is clear that the future prosperity of this sector will only be assured if the advantages are consolidated and the weaknesses minimised.

c] Future strategic considerations

The purpose of this sub-section is to identify future strategic considerations identified in the literature for South Africa as a tourism destination. Recommendations made by the WTTC, [1998] and South African Tourism [2003] will now be briefly discussed.

[i] Strategic recommendations made by the World Travel and Tourism Council [WTTC]

The WTTC made the following recommendations based on their report on the future of the Tourism Industry in South Africa [WTTC, 1998]:

□ Make tourism a strategic economic and employment opportunity

The WTTC [1998] encourages the South African government to recognise the scale, scope and characteristics of jobs created, directly and indirectly, by Tourism and to factor this into mainstream employment, trade, investment and education.

The WTTC [1998] underlines the importance of the catalytic “flow through effect” across many industrial sectors, and of public/private sector partnerships to support infrastructure and education that they consider as the key sectors to facilitate tourism and growth.

□ Move towards more open and competitive markets

The WTTC [1998] suggests that a liberal international and regional trading regime with free flowing markets for goods and services will help tourism grow, and in turn enhance wealth and job creation.

The biggest single challenge identified by the WTTC is to achieve competitive air transport activities. While it is the case that South Africa has gone far in liberalising its domestic and international aviation regions, more can be done to increase services, expand price/product options and encourage competing carriers. The recent

privatisation of airlines and airports was seen as a constructive step forward.

The second and related issue identified by the WTTC is the liberalisation of the telecommunications market. An increasing amount of tourism operations and virtually all distribution and sales transactions flow through telecommunication circuits. Where telecommunications are monopoly-controlled, there are often restrictions on access, high costs and unreasonable operating conditions. Opening telecommunications markets will therefore lower costs and enhance service for travellers and tourism companies.

□ Pursue sustainable development

The WTTC underlines the importance of establishing clear procedures and guidelines for planned and sustainable tourism expansions as proposed in “Tourism in Gear”; paying particular attention to eco-tourism and ensuring that park facilities are expanded sustainably. It is imperative to ensure that the economic and social benefits that the industry brings, and the investment which underpins it, are sustainable in the longer term. Within the African continent, South Africa has been gifted with such a wealth and variety of resources, that it has a leading edge position of comparative tourism advantage.

The WTTC recommends that sustainable tourism strategies should take into account the need for community development, engagement and empowerment. Incentives should be provided for local community based sustainable enterprises and projects.

□ Eliminate barriers to growth

The WTTC recommends the following strategies to encourage tourism growth:

Safety: Review models of visitor safety and security and build provisions into the national tourism strategy. Ensure that these are reflected in provincial and local tourism plans. Encourage law enforcement agencies to recognise and integrate specific tourism issues into local policing strategies.

Education and training: Place education and training at the forefront of tourism development, expand the range of school and college curricula and highlight industry career prospects and roles in the economy. Introduce measures to raise skills and standards, particularly front-line service. Develop mechanisms for public/business, private sector buy-in and involvement.

Infrastructure: Review and expand infrastructure, particularly for airports and air traffic control and streamline border clearance, eliminating visas where possible. Encourage international financial institutions, including the World Bank and the African Development Bank, to support sustainable tourism infrastructure.

Government support: Apply principles of fair taxation, fair revenue generation and give tourism equitable access to industry export incentives and exemptions.

When reflecting on the above-mentioned recommendations by the WTTC it is apparent that tourism in South Africa represents a dynamic economic and employment opportunity for the future. This economic and social growth will only be achieved if South Africa as a destination competes effectively in the new international market. The tourism expansion should be planned and sustainable, and barriers to growth should be eliminated. Examples of issues that should be addressed are safety, education and training, infrastructure, promotion and branding, and policy mechanisms that promote tourism growth.

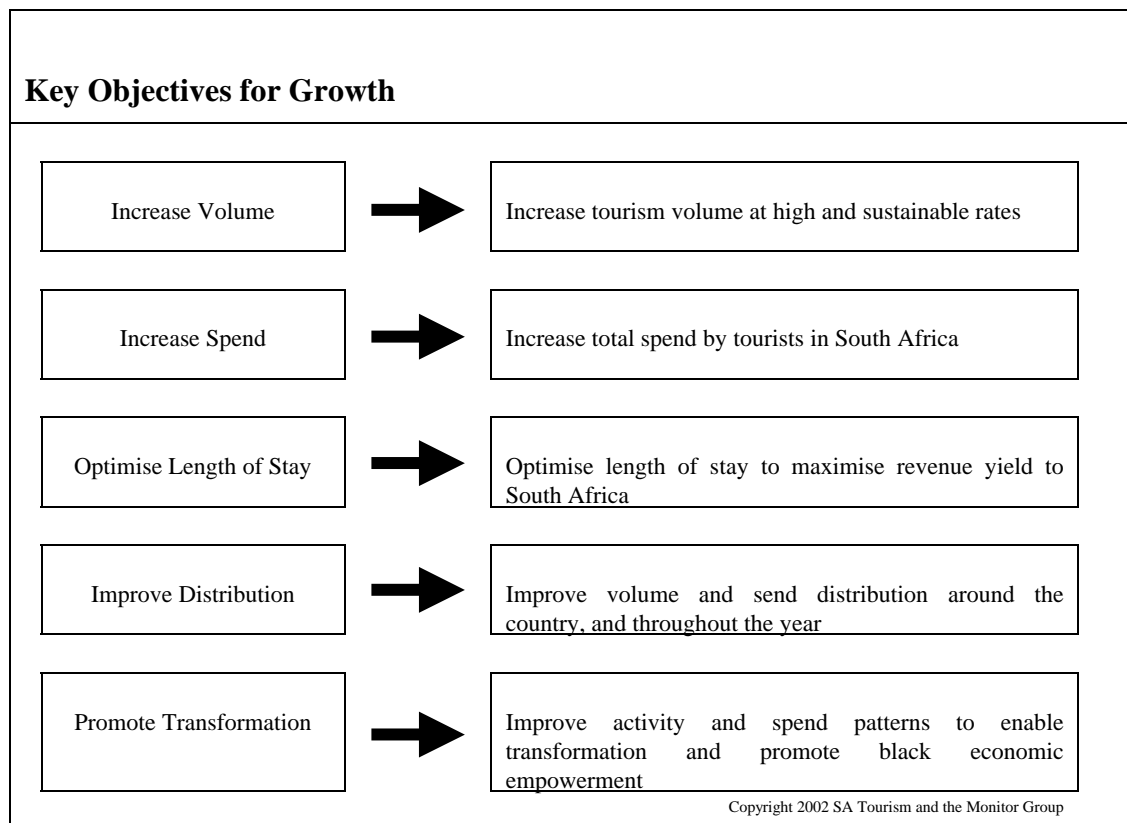
[ii] *The strategic growth strategy formulated by the South African Tourism Organisation*

In 2002, South African Tourism, the official national tourism organisation of South

Africa, released a tourism growth strategy with the aim of growing foreign tourist arrivals and their spending, length of stay and regional distribution through the country and throughout the year [South African Tourism: 2002].

The five key objectives of the growth strategy are shown in Table 2.7.

Table 2.7 Key objectives for growth



Source: SA Tourism [2002: 5]

The strategy identifies the following five strategic thrusts in terms of international markets:

- Increasing volume growth in markets where there is a high potential to increase

arrivals;

- Increasing revenue growth in markets where there is a high potential for growth in yields;
- Defending the market share in markets which are important to the portfolio, but where growth potential is limited;
- Focusing on growth from markets and market segments where there is potential to get increased volumes in off-peak periods to manage down seasonal fluctuations;
- Facilitating packaging the product offering with industry to further transformation and redistribution in South Africa.

To realise these objectives and results, SA Tourism has identified two main streams of action:

- At a macro level, South Africa's brand as a destination and the entire marketing fulfilment and product value chain supporting the brand will need repositioning to deliver the growth from the targeted market segments. According to SA Tourism [2002: 26] research showed that in most markets South Africa did not own key attributes in the mind of the consumer. In most cases South Africa was "stuck in the middle".
- At a micro level, South African Tourism has committed itself for each of the chosen segments to execute detailed segment activation strategies. These activation strategies that were not detailed in the report will define a data driven method for each segment: the competitive positioning message, channels, product and price-point that need to be deployed against this segment.

The literature review discussed in this section provides a number of pertinent strategic recommendations for South Africa as a tourism destination, namely:

- Economic and sustainable growth as a national priority with emphasis on employment creation;
- Successful branding and international marketing;
- Human resource development specifically education and training;

- ❑ Infrastructure development and funding;
- ❑ The enhancement of visitor safety and security;
- ❑ Government support in funding, taxation, access and promotion.

2.6 SUMMARY

In this chapter a broad overview and strategic analysis was given of the international and South African tourism industries. As it appeared that there was often confusion with regard to the meaning of the concepts “tourism”, “tourism industry”, “tourism product”, “international tourist” and “tourism destination”, an effort was made to clarify these concepts. After considering various perspectives as to whether tourism is an industry or not, it was concluded that despite the fragmented nature of the tourism related firms, the appellation of industry remains meaningful and for the purpose of this study the view will be adopted that tourism is an industry.

An aspect that is basic to the development of the tourism industry is a tourism product. Different firms in the tourism industry do not hold similar production and organisational competencies and the tourism product is therefore heterogeneous and complex. After considering various views on a generic tourism product, “tourism product” was defined as the physical destination plus the quality of service and the quality of experience that will be offered to the tourist at the destination.

An overview of the tourism industry provides information on the industry size and its components. The development and organisation of the tourism industry in South Africa was also analysed. This analysis clearly identified the prominent organisation structures and their missions within the national industry.

A strategic analysis of the tourism industry was performed in the last part of the chapter consisting of an international as well as a South African analysis. The international analysis looked at the most important international trends, visions and future market segments while the South African analysis studied the recent strategic analyses and strategy recommendations that were made on the South African tourism industry.

CHAPTER 3

CRITICAL SUCCESS FACTORS

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CHAPTER 3

CRITICAL SUCCESS FACTORS

3.1 INTRODUCTION

The purpose of the study was to develop a model that will enable the strategic identification and integration of critical success factors for tourism destinations. The objective of this chapter is to analyse the contemporary literature on critical success factors in order to:

- ❑ Provide a perspective on the nature and extent of critical success factors;
- ❑ Identify possible sources of critical success factors;
- ❑ Establish the relationship between critical success factors and core competences; and
- ❑ Determine success factor importance and how it can be measured.

3.2 THE NATURE AND EXTENT OF CRITICAL SUCCESS FACTORS

Fishman [1998: 10] points out that well-defined goals are critical to the success of any organisation or destination, but that it is just as important to identify the critical success factors needed to attain these goals.

The concept of critical success factors [or factors that are critical to success] was first mentioned by Daniël [1961: 111]. Daniël's main thrust was the need for the elimination of issues not directly related to the success of the firm in the planning process of management information systems.

Rockart [1979 : 81-93] took this further and used the idea of identifying the information needs of the executive manager based on the critical factors for success, suggesting that the critical success factors concept would be useful as an information systems

methodology. Rockart [1979 : 85] defines critical success factors as follows:

“Critical success factors thus are, for any business, the limited number of areas in which results, if they are satisfactory, will insure successful competitive performance for the organisation, they are the critical key areas where ‘things must go right’ for the business to flourish. If results in these areas are not adequate, the organisation’s efforts for the period will be less than defined”

The themes of both Daniel and Rockart’s approaches were the provision of better information to management for more effective planning and control. The important contribution of their work was the focus on critical areas, rather than a vague attack on all problem areas. However, while this early work on critical success factors widened the view beyond the traditional view of factors that decide the success of the firm, their approach was also limited by the view that success factors could be applicable only to the firm itself. Critical success factors for an *industry* were considered peripheral to the need for planning and control within the firm.

Hofer and Schendel [1978 : 77] suggest that the critical success factors concept could be used to analyse the relative competitive positions of the firms in an industry. Their definition reflects this expanded view:

“Critical success factors are those variables that management can influence through its decisions that can affect significantly the overall competitive positions of the various firms in an industry. These factors usually vary from industry to industry. Within any particular industry, however, they are derived from the interaction of two sets of variables, namely the economic and technological characteristics of the industry involved ... and the competitive weapons on which the various firms in the industry have built their strategies...”

This definition introduces the key feature that makes business strategy different from other kinds of business planning – the focus on competitive advantage. Another important aspect of this definition is the acknowledgement that the characteristics of the industry affect the critical success factors of the firms in that industry.

In the years that followed Hofer and Schendel's definition, many organisations used the critical success factor approach as a framework for strategic planning [Bullen, 1995: 13]. Definitions found in the literature study reflecting this approach are given in Table 3.1.

Table 3.1 Selected definitions of critical success factors

Critical success factors are “characteristics, conditions, or variables that, when properly sustained, maintained or managed, can have a significant impact on the success of a firm competing in a particular industry”

[Bruno, 1984: 24]

Critical success factors are “events, conditions, circumstances or activities. Specifically, they are the limited number of areas in which results, if they are satisfactory will ensure the successful competitive performance of the organisation”.

[Jenster, 1987: 102]

Critical success factors are “sub-goals, end statements, characteristics, conditions or variables that are critical for the attainment of the organisation's mission and ultimate success”.

[Hardaker & Ward, 1987: 114]

Critical success factors are “the limited number of areas in which results, if they are satisfying, will ensure the competitive performance of the organisation”.

[Daft, 1988: 618]

“The most important **factors** governing the **success** are those which are consistent with the company's goals and objectives”.

[Pollalis & Grant, 1994: 12]

“The critical success factor method directs managers to determine those things that must go right in order to succeed in achieving goals and objectives. The ultimate value that the CSF method brings is the ability to focus management’s attention on what needs to be done well to achieve success”.

[Bullen, 1995: 13]

“Critical success factors are those components of strategy where the organisation must excel to outperform competition”.

[Johnson & Scholes, 1999: 458]

“Critical success factors are those product features that are particularly valued by a group of customers and therefore, where the organisation must excel to outperform competition”.

[Johnson & Scholes, 2002: 151]

“Critical success factors are the resources, skills and attributes of an organisation that are essential to deliver success in the marketplace:.

[Lynch, 2003: 102]

While the definitions and views provided by the above authors differ, there appear to be a few common characteristics that help to explain the nature and extent of critical success factors, namely:

- a] Critical success factors are the sub-goals and/or success outcomes that are directly related and critical to the attainment of the vision, mission and long-term goals of the organisation.
- b] Critical success factors can be internal areas like resources, skills, competences, attributes, conditions or market related areas like product features and profitable market segments.
- c] Critical success factors are **limited** areas of success that will ensure the successful **competitive performance** of the organisation.

d] Critical success factors are result areas in which success can be measured.

Critical success factors are normally determined at two distinct levels: the industry level and the organisational level [Rockart, 1979: 86, Leidecker & Bruno, 1984: 24 and Lynch, 2003: 253]. Each industry, by its very nature, has a set of critical success factors determined by the industry itself. Each organisation in the industry will pay attention to these factors and use them as benchmarks for competitive performance. Organisations in the same industry would however, have different critical success factors as a result of differences in geographic location, strategies, product features and internal resources and competences. Bullen [1995: 14].

In this study, critical success factors will be identified at two levels. Firstly, at the industry level where the destination success factors of the international tourism industry will be identified and secondly, on an organisational level where the destination success factors of South Africa as a tourism destination will be determined. Critical success factors will, for the purpose of this study, be defined as: Those limited result areas that are critical for the attainment of the destination's vision and competitive position and when properly sustained and managed, will have a significant impact on the sustainable growth and competitiveness of the destination.

3.3 THE IDENTIFICATION OF CRITICAL SUCCESS FACTORS

Critical success factors can be identified at different levels and sources as pointed out in the previous sub-section. The purpose of this sub-section is to analyse the sources of critical success factors, investigate the relationship between critical success factors and critical competences and evaluate the criticism on the identification of critical success factors.

3.3.1 Sources of critical success factors

An analysis of the literature [Rockart, 1979: 87; Leidecker & Bruno, 1984: 26; and Lynch, 2000 : 253] indicates that, while the views provided by authors of the sources of critical success factors differ, there appears to be agreement on the following three

sources, namely:

- Environmental factors; flowing out of the socio-, political-, economic-, technological- and ecological and legal environments
- Industry factors; such as competition, geographic location, characteristics, markets
- Organisational factors; eg. resources, competences, skills, strengths, competitive advantages.

The above factors are briefly outlined below.

a) Environmental factors

Environmental scoring, econometric models, socio-political consulting services and governmental affairs departments are but a few of the diverse approaches used to monitor and assess environmental impact on the industry and the firms comprising that industry [Leidecker & Bruno, 1984: 27; Lynch, 2003: 20]. The major advantage of the environmental analysis is the breadth of the analysis as the scope goes well beyond the industry/firm interface. This is of particular importance to those industries whose survival is dependent upon forces outside the control of the industry environment [Cooper & Kleinschmidt, 1996: 18]. The external environment comprises economic, social, political, technological, ecological and legal factors that originate beyond, usually irrespective of any single firm's operating situation [Pearce & Robinson, 1991: 23; Shirvastava, 1994: 23; and Wright *et al*, 1996: 23]. As the world economy and political factors change and ecological factors becomes more important, critical success factors will also change for different industries and organisations.

The environmental scan is based on the identification of those critical success factors considered to be the central determinants of attractiveness of a particular industry [Hax & Majluf, 1996: 91]. The success of a particular industry is therefore influenced by the current and future impact of external factors. The external factors impacting on the Tourism industry were discussed in Chapter 2.

b) Industry factors

Lynch [2003: 102] defines industry success factors as “those skills and attributes of the organisations in the industry that are essential to deliver success in the marketplace”. Industry success factors are common to all the major organisations in the industry and do not differentiate one organisation from another [Leidecker & Bruno, 1984: 24 and Lynch, 2003: 103].

The industry success factors will relate to the external environment as well as to the resources and skills of the organisations in the industry [Lynch, 2003: 102]. Various authors for example, [Johnson & Scholes, 2002: 172 and Hitt *et al*, 2003: 64] agree that the best way to identify industry success factors is to do an industry analysis. Methods that are promoted by these authors are Porter’s Five Forces; a market analysis and a competitor analysis. Hitt *et al* [2003: 64] argue strongly that because of globalisation, international markets and rivalries must be included in the analyses.

Lynch [2003: 205] summarises the above views by indicating that industry success factors should be identified out of the assessment of three principal areas:

- ❑ **Customer.** Who are the customers? Who are the potential customers? Are there any special market segments? What are the market segments of the future?
- ❑ **Competition.** Who are the main competitors? What are the main factors in the market that influence competition? What is necessary to achieve market superiority?
- ❑ **Corporation or Organisation.** What are the key resources and competences compared with those of the competitors? What do they offer and deliver to the customers?

Crouch and Ritchie [1999: 149] in a tourism study identified tourism industry success factors, or so called “situational qualifiers” that will determine the competitive success of a tourism destination. These industry success factors are:

- ❑ Location
- ❑ Dependencies
- ❑ Safety
- ❑ Cost.

- [i] Location: refers to the destination's ability to attract visitors.
- [ii] Dependencies: refers to the competitive or complementary nature of destinations that could have an important influence on the competitiveness of the destination. For example, although South Africa is a destination in its own right, a sizeable proportion of visitors will see it as part of the destination configuration in Southern Africa, and South Africa's tourism could therefore in part be dependent on the competitiveness of these other nations.
- [iii] Safety and security: is internationally considered a critical success factor for a tourism destination to be competitive [Crouch and Ritchie, 1999: 150]. If potential tourists are gravely concerned about crime, drinking water, natural disasters, or the quality of medical services, other competitive strengths may account for very little in their minds.
- [iv] Cost, in its broadest terms [i.e. transportation costs, the effect of exchange rates and the cost of living in a destination – particularly of tourist goods and services], is also largely a destination success factor. Crouch and Ritchie [1999: 150] indicate that although the national tourism industry can impact on this cost, the cost of a destination is largely driven by much broader socio-economic and global forces.

Thompson and Strickland [2002: 81] view industry success factors as the major determinants of financial and competitive success in a particular industry. They show that the identification of the success factors in an industry is a top strategic issue as these factors normally serve as cornerstones for building an organisation's strategy. Leidecker and Bruno [1984: 17] go further and note that the leading firm or organisation in the

industry can itself provide significant insight into the industry's critical success factors. This is very applicable in industries that are determined by one of a few firms like SA Breweries in the beer industry or Sun International in the accommodation industry.

c] Organisational factors

Each organisation in the industry is in a unique situation determined by its history and current resources, competences and competitive strategy. Just as differences in industry position can dictate critical success factors, differences in geographical location, resources, competences and strategies can lead to differing critical success factors from one organisation to another [Rockart, 1979: 86; and Johnson & Scholes, 2002: 103].

One would expect, therefore that organisations in the same industry would exhibit different critical success factors as a result of differences in geographic location, strategies and other factors. A study by Mooradian [1976: 201] of the critical success factors of three similar medical group practices bears this out. The study shows that although several of the same success factors were shared by the three groups, several factors were identified that were unique to each institution.

An analysis of the various sources including Rockart, [1979: 82]; Hardaker and Ward, [1987: 113]; Kaplan and Norton, [1996: 10]; and Johnson and Scholes, [2003: 151] provides a number of steps in determining critical success factors at the organisational level. These steps can be summarised as follows:

□ Gather the team

The team should consist of the leadership of the organisation or destination and everyone in the immediate management team. The team should be cross-functional to ensure the integration of all functions.

□ Understand and clarify the vision, mission and strategic position

The team should reach consensus on the organisation's direction by agreeing on its vision and strategic position. Fishman [1998: 10] points out that it is important that each member understands the organisation's goals and how the critical success factors can

help to attain them.

□ Generate critical success factors

The next step is to generate the critical success factors. Critical success factors should have the following characteristics:

- Their attainment should be critical for success
- They should contain strategic as well as tactical factors
- Each critical success factor should be necessary and together they should be sufficient to achieve the overall vision, mission and strategies.

□ Identify the underpinning competences

Johnson and Scholes [2002: 156] define competences as “those competences that critically underpin the organisation’s competitive advantage”. They argue that critical success factors are underpinned by core competences. These competences are essential in gaining competitive advantage in each of the critical success factors.

According to Sims and Smith [2001: 38] this will involve a thorough investigation of the capabilities, skills, processes and resources that will deliver superior performance in each of the critical success factors.

□ Balance, integrate and measure critical success factors

Lastly, critical success factors should be balanced, integrated and measured for superior long-term financial and competitive performance according to the following guidelines:

- Critical success factors should be limited and balanced among all the important perspectives of the organisation.
- Critical success factors should be integrated with the processes that are critical for achieving breakthrough performance.
- Critical success factors should be measured by critical indicators that will direct and manage the process for optimum success..



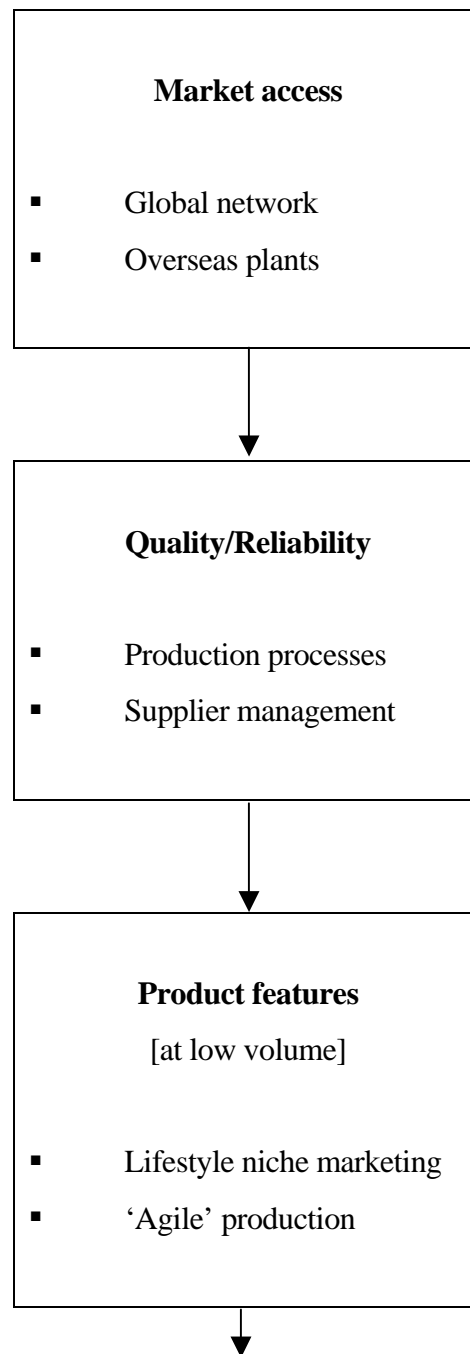
3.3.2 Competences and critical success factors

Critical success factors refer not only to the factors that are critical for success in the external and internal environment, but also to the competences that are needed for this success.

Johnson and Scholes [2002: 156] argue that critical success factors are underpinned by core competences. For example, if “speed to market” with a new product launch is a critical success factor, it may be underpinned by core competencies in the logistics of physical distribution and negotiating skills with key account retail outlets.

Critical success factors and core competences change over time as the basis of the competitive advantage of the industry changes. The example in Figure 3.1, illustrates how the critical success factors changed from market access to quality/reliability to product features for the world automotive industry. During the 1950s and the 1960s, United States giants such as Ford and General Motors dominated the global market through the critical success factor of market access supported by core competences of establishing dealer networks and later, overseas production plants. Meanwhile Japanese manufacturers were developing competences in defect-free manufacture. By the mid 1970s they were significantly outperforming Ford on quality and reliability – which became critical success factors. By the mid 1980s, both Ford and the major Japanese companies had achieved similar competence in achieving these critical success factors. The competitive arena then switched to competences which would create some uniqueness of product in an increasingly “commodity like” industry. The new critical success factor became the ability to provide unique product designs and features at low volumes of manufacture – underpinned by core competencies in “lifestyle niche” marketing by companies like Mazda.

Figure 3.1 Critical success factors and core competence change over time



Source: Johnson and Scholes [2002: 170]

Kaplan and Norton [1996: 92] suggest that core competences are part of critical success factors and classify them under the learning and growth component in their analysis. For the purpose of this study, taking note of the views of Johnson and Scholes' core

competences will be considered an integral part of critical success factors.

3.3.3 Criticism on the identification of critical success factors

Criticism of critical success factors has concentrated on four issues [Ghemawat, 1991: 7]:

- [a] Identification: It is difficult to pick out the important factors.
- [b] Casualty of relationships: Even though they have been identified, it may not be clear how they operate or interact.
- [c] Dangers of generalisation: The competitive advantage of a single organisation, by definition, cannot be obtained by seeking what is commonly accepted as bringing success to all organisations in the industry.
- [d] Disregard of emergent perspectives: Success may come from change in the industry, rather than the identification of the current key factors for success.

It is a fallacy that strategies and /or critical success factors can be identified in isolation. This view is supported by Mintzberg [1994: 256] who observes: “Effective strategists are not people who abstract themselves from the daily detail but quite the opposite : they are ones who immerse themselves in it, while being able to abstract the strategic messages from it”.

The interaction and integration of critical success factors is of extreme importance and one of the main objectives of this study was to investigate the integration of those factors to achieve optimum success. The criticism of generalisation is only true for the identification of industry success factors. These factors are general factors that will change from time to time. However, for the individual organisation these factors will be unique and will consist of external factors as well as internal competences that will give that organisation a distinctive, unique competitive advantage. Heene and Sanchez [1997: 6] support this statement by noting that organisations are characterised as open systems that pursue strategic goals that comprise sets of objectives distinctive to each organisation.

Mintzberg [1994: 23] points out that definitions of strategy that stress the role of planning ignore the fact that strategies can emerge from within an organisation without any formal

plan. Mintzberg defines strategy as “a pattern in a stream of decisions or actions”. These decisions on strategy and/or critical success factors, should therefore not only be formally planned factors but should be able to emerge from within the organisation.

3.4 CRITICAL SUCCESS FACTOR MANAGEMENT

To make critical success factors strategically manageable, it is important to determine the priority and importance of the factors and to identify indicators that can be used for the measurement of success within these critical success factors [Leidecker & Bruno, 1984; Goodstein *et al*, 1972 and Thompson & Strickland, 2002: 97].

3.4.1 Determination of factor importance

The impact of an activity or condition on the profit of the organisation is usually the most significant criterion for identifying a critical success factor and determining its importance.

Leidecker and Bruno [1984: 30] suggest four points for the profits impact analysis that will assist in determining factor importance:

- Major activity of business: Usually critical success factors are found in the major areas of business. According to Kaplan and Norton [1996: 45] these major areas can be divided into four perspectives, namely financial, customer, internal process and innovation and learning.
- Large amount of money involved: A major factor will probably have a large amount of money associated with it, for example, in a manufacturing firm direct labour may be a large cost component and the productivity of the workforce might therefore be a critical success factor.
- Major profit impact: An impact analysis will assess the sensitivity of overall results to changes in certain activities. For example, in some circumstances a small change in price might have an enormous bottom-line impact.
- Major changes in performance: It is a good idea to follow up on significant changes in the company's performance: for example, a dramatic drop in sales, a

major profit reversal in a segment of the operation, a sizable increase in bargains.

A significant change can often be linked to a major critical success factor.

The impact of critical success factors was briefly discussed above but it is important to note that more than one factor can cause the impact or change. Two techniques that can be used to determine the importance of a critical success factor are panels [brainstorming] and weighted values.

- Panels [brainstorming]: A management group or panel prioritises the critical success factors according to their importance [Fit-enz, 1985:55].
- Weighted values: Weights are attached to the different critical success factors that reflect their relative impact on overall profitability, market share, and other measures of competitive position. The final weights should add up to one. Weighted values are calculated by deciding how the organisation performs on each critical success factor [using the one to five or one to ten rating scale] and multiplying the value by the assigned weight to obtain the weighted value [Hofer & Schendel, 1978: 77; and Thompson & Strickland, 2002: 97;]. Table 3.2 shows an example of weighted values.

Table 3.2 Weighted critical success factor values

Critical Success Factor	Weight	Value out of 10	Weighted Value
Quality product performance	0,3	8	2,40
Technological skills	0,2	7	1,40
Marketing	0,3	5	1,50
Financial strength	0,1	6	0,60
Reputation/image	0,1	3	0,30
	1		6,20

Source: Adapted from Thompson and Strickland [2002: 97]

3.4.2 Critical success factor indicators

According to Goodstein *et al* [1992: 210], critical success indicators should be developed “to calibrate the progress toward achieving the organisation’s mission”. These indicators are typically a mix of hard and soft indices of success, such as opinions of customers about service, employee morale, and the attitudes of stakeholders inside and outside the company. An example of indicators and targets is depicted in Table 3.3.

Table 3.3 An example of critical success indicators

Critical Success Indicators	2000 – 2005 Target
1. Profitability	20%
2. Liquidity	No exceptions on payables; R100,000 line of credit; minimum of R15,000 per R1 million in sales or 117½% of revenue
3. Compensation-to-Revenue Ratio	1995 rate + 10%
4. Size/Growth	>15% but <20%
5. NPD Reserve	No decrease
6. Employee Satisfaction	At least as good as 1995 audit
7. Customer Satisfaction	Develop system for monitoring
8. Inventory Turnover	No worse than for last 3 years
9. Marketing-Revenue Ratio	Budget on basis of 1997 – 99.
10. Income-Tax Rate	12½% per year (average over 4 years).

Source: Adapted from Goodstein *et al* [1992: 210]

Elliot [1992: 62] shows that the measurement of success remains mainly anchored in an accounting model developed centuries ago. However, this financial accounting

model should, according to Elliot, be expanded to incorporate the valuation of a company's intangible and intellectual assets, such as high quality products and services, motivated and skilled employees, responsive and predictable internal processes and satisfied and loyal customers. Such a valuation of intangible assets and company capabilities would be especially helpful since, for information age companies, these assets are more critical for success than traditional physical and tangible assets.

Kaplan and Norton [1996: 8] developed "balanced scorecard" measures which complement financial measures of past performance with measures of the drivers of future performance. The success factors and measures of the scorecard are derived from the organisation's vision and overall strategy. The objectives and measures view organisational performance from four perspectives; financial, customer, internal business process and learning and growth.

In recent years, the renewed focus on customers and process quality has caused many organisations to track and communicate non-financial measures such as customer satisfaction and complaints, product and process defect levels, and missed delivery dates. In France, companies have developed and used for more than two decades, the Tableau de Bord, a dashboard of key indicators of organisational success. The Tableau de Bord is designed to help employees "pilot" the organisation by identifying critical success factors, especially those that can be measured as physical variables [Lebas, 1994: 478].

3.5 SUMMARY

In this chapter the nature and extent of critical success factors were discussed and it was concluded that critical success factors can originate from outside the organisation, for example, from the external environment and industry or from the internal processes of the organisation. Critical success factors can be events, conditions, circumstances, activities, characteristics, capabilities or competences that really hold the key to organizational success. From the literature review it was apparent that the organisation must identify the factors that are critical for success and

not just the general ones. It is natural to think “that all are important; we have to have good products and service; we have to satisfy our customers; we need good staff; we should keep costs down and more”. Those are make-or-break considerations that apply to all businesses. But each organisation is unique and must exploit those success factors that allow them to survive and beat the competition.

The relationship between critical success factors and competences were explored and it was found that critical success factors were underpinned by core competences in the organisation. It was concluded that for the purposes of this study, core competences will be considered as an integral part of critical success factors. Although certain criticisms were noted on the identification of critical success factors, it is a widely accepted and proven approach used for strategy formulation.

Critical success factors should be measured so that their measures can drive performance toward the achievement of the organisation’s objectives. Research shows that measures in the past remain mainly anchored in a financial accounting model [Elliot, 1992: 62]. This financial accounting model should, however, be expanded to incorporate the valuation of a company’s intangible and intellectual assets. Kaplan and Norton [1996: 8] developed “balanced scorecard measures” in which financial measures of past performance are complemented by measures of the drivers of future performance.

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CHAPTER 4

A STRATEGIC MANAGEMENT MODEL FOR THE IDENTIFICATION AND INTEGRATION OF CRITICAL SUCCESS FACTORS IN TOURISM DESTINATIONS: A THEORETICAL ANALYSIS

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CHAPTER 4

A STRATEGIC MANAGEMENT MODEL FOR THE IDENTIFICATION AND INTEGRATION OF CRITICAL SUCCESS FACTORS IN TOURISM DESTINATIONS: A THEORETICAL ANALYSIS

4.1 INTRODUCTION

The purpose of this chapter is to discuss the development of a strategic management model for the identification and integration of critical success factors.

The ideal point of departure in contemplating strategic management and planning is probably a consideration of the developments in thought. In the first part of this chapter a theoretical analysis of the evolution of strategic management thought is presented. Gluck *et al* [1980: 155] have suggested that there are four sequential stages in the strategic management process:

- ❑ Financial planning
- ❑ Forecast-based planning
- ❑ Externally orientated planning
- ❑ Integrated strategic management.

This chapter outlines the four phases identified by Gluck and then goes on to develop a 5th phase termed holistic strategic management based on the most recent literature, and thoughts on strategic management. The purpose of this analysis is to develop a theoretical base for the strategic management model proposed for identifying and integrating critical success factors.

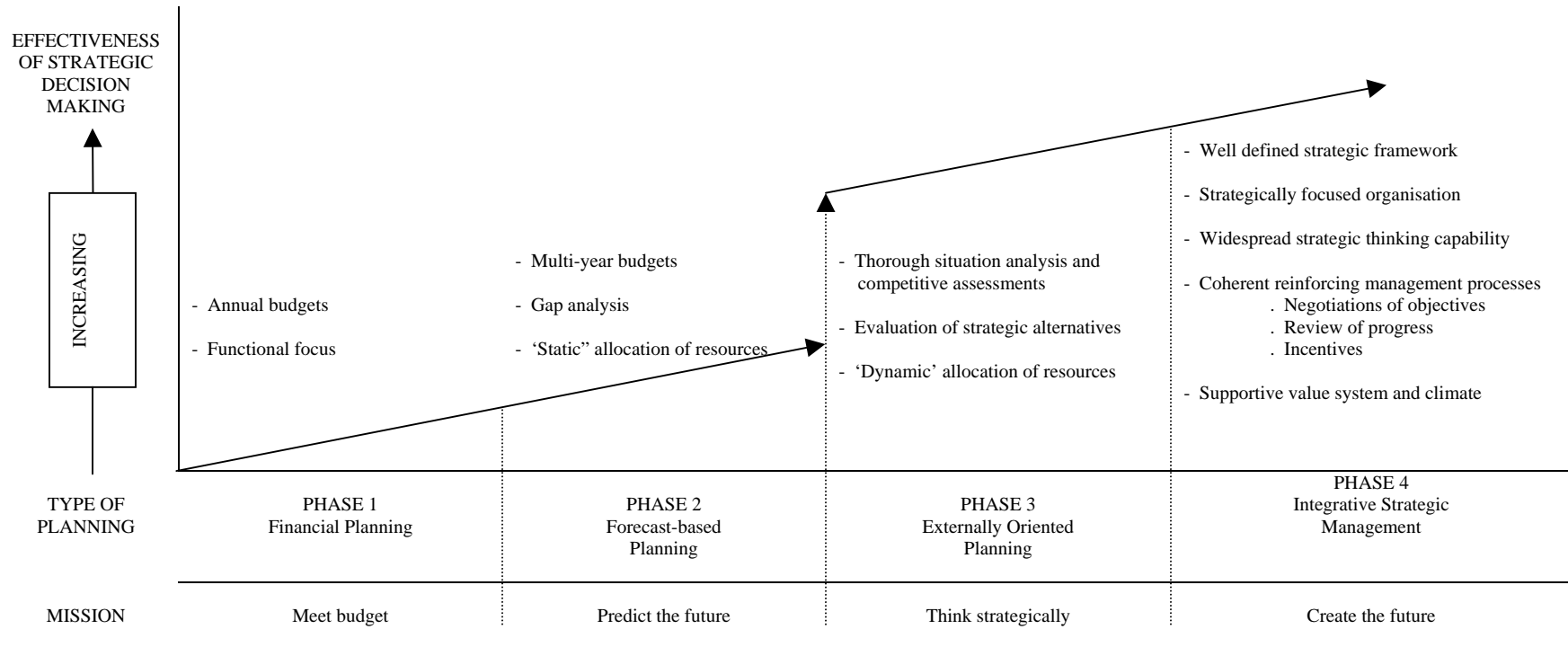
The second part of the chapter discusses the development of a strategic management model for tourism destinations. This discussion will place the main components of the

proposed model into perspective, which will then serve as a directive for the following chapters in which the components will be critically analysed and developed.

4.2 THE EVOLUTION OF THE STRATEGIC MANAGEMENT PROCESS

Gluck, Kaufman and Wallack [1982: 18] have proposed a scheme to identify four phases in the evolution of strategic management [Figure 4.1].

Figure 4.1 The four phases in the evolution of strategic management



Source: Gluck, Kaufman and Wallack [1982: 18]

[a] Phase 1 : Financial Planning

Phase one is based on financial planning. The organization limits itself to setting budgets on which forecasts of costs and profits are based. The bases for the planning are previous financial results and sometimes extrapolations of these results. The planning is rarely based on future activities and plans. Documentation of the plan is contained in the budgets themselves and no formal strategic plan is specifically formulated. Information systems are structured to report on the performance of the organisation in relation to the budgets set.

The process is heavily dependant on the knowledge and expertise of top management. Their view of the competitive position of the organisation and its capabilities is the basis of the planning process. The quality of the strategies planned therefore depends on the quality of the top managers of the organisation.

[b] Phase 2 : Forecast-based planning

In the second phase financial planning is supplemented with long-term planning. Because the time horizon of the previous phase is relatively short, the planners may find that the turbulence in the real world will cause their results to differ from the plans they have made. They may therefore need to employ more sophisticated methods such as trend analysis and regression models to forecast the future. These methods may eventually be developed into computer simulation models.

The planning in this phase is an improvement on the method in phase one. The longer-term view and the thought given by planners to the potential business impact of discernible current trends should lead to better decisions being made about the strategic direction to be taken. Resources may then be allocated more effectively. Furthermore, business units can share capital and other resources.

The relationships that are established based on previous developments, are assumed to hold true for the years to come. A frequent criticism is that this

system gives a false sense of security in that it supposes the future can be extrapolated from the past. Rapid environmental change may also result in the forecast becoming obsolete. Planners in phase two may therefore begin to recognize the forces driving change in the marketplace. To achieve this insight, they must understand the key determinants or factors of success in their industry.

[c] Phase 3 : Externally orientated planning

Contrary to the earlier phases, special attention is given to macro-economic, socio demographic, and technological trends which influence the organisation as well as the industry, and to the competitive forces in the marketplace.

Planners attempt to move the organisation to a more competitive position by developing new capabilities or by redefining their market according to their strengths. To do this they take an objective look at their enterprise from the viewpoint of an outsider. This will include an evaluation of the capabilities of their competitors.

They also identify the environmental factors that decide between success and failure for their industry, and then match their capabilities to those factors that they can address. Using this approach, they can re-engineer their processes and products to better advantage. This results in a dynamic allocation of resources with the focus on the external environment.

Many diversified companies in phase three also formally group related business units into strategic business units [SBUs]. The strategic decisions are then taken at two distinct levels – at a corporate level, where the entire organisation is affected, and at the SBU level, involving the SBUs and their own environment. This makes the development of strategy relevant to the individual decision-makers in the organisation.

[d] Phase 4 : Integrative strategic management

This phase not only covers long-term and environmental planning, but also the integration of thinking and actions which leads to sustainable competitive

advantage. Specific questions and problems are addressed through scenario analysis. Strategic thinking is spread into all levels of the organisation.

The phase is accomplished by implementing the following three mechanisms:

- i) A planning framework that cuts across organizational boundaries and simplifies strategic decision-making about customer groups and resources

Instead of the two-dimensional approach used in phase three, planning could be arranged on as many as five distinct planning levels.

At the top, direction is given to the planning process, but ideas and suggestions are sought from everywhere. Coping with this broad form of participation in the planning process is the most difficult, but also the most challenging aspect of integrative strategic management.

- ii) A planning system that stimulates entrepreneurial thinking

Phase four planners avoid the bureaucratic complexity of the formal planning process used in phases two and three, by making business units responsible for their own planning, including the environmental scanning required. An entrepreneurial mode, with a culture “to create the future”, must be established. In this phase the strategically important questions are known to all relevant participants. The integration of the decision-making process with strategic planning becomes essential. Keeping track of important issues is much more relevant than formal fixed planning schedules and their outcomes.

- iii) A corporate value system that reinforces management’s commitment to the company’s strategy

The values will be based on ideas such as the value of teamwork, entrepreneurial drive, open communication and a shared belief that the enterprise can largely create its own future.

An organisation's strategic planning process can be assessed against the definitions above. Knowledge of an organisation's position is very important for the internal discussion of strategic planning. Table 4.1 gives a summary of the most important factors in the four phases.

Table 4.1 Summary of factors in 4 phases of the development of strategic management

Factors	Financial planning	Long-term planning	Environmental planning	Integrative Strategic Management
Strategic Framework	budget	long-term plan	environment	Strategic issues
Strategic Thinking	business as usual	key factor unchanged	competition	integrated daily act
Planning Process	top down	extrapolation	interactive	iterative - several levels
Organisation Structure	historical	planning in staff	market orientated	integrated strategic framework
Control Process	budget reviews	'gap-analysis'	market factors	critical success factors
Reward System	no differentiation	subjective	management development	based on strategy
Leadership Style and Culture	make budget	keep it rolling	deal with issues	change the future

Source: Waalewijn and Segaar [1993: 26]

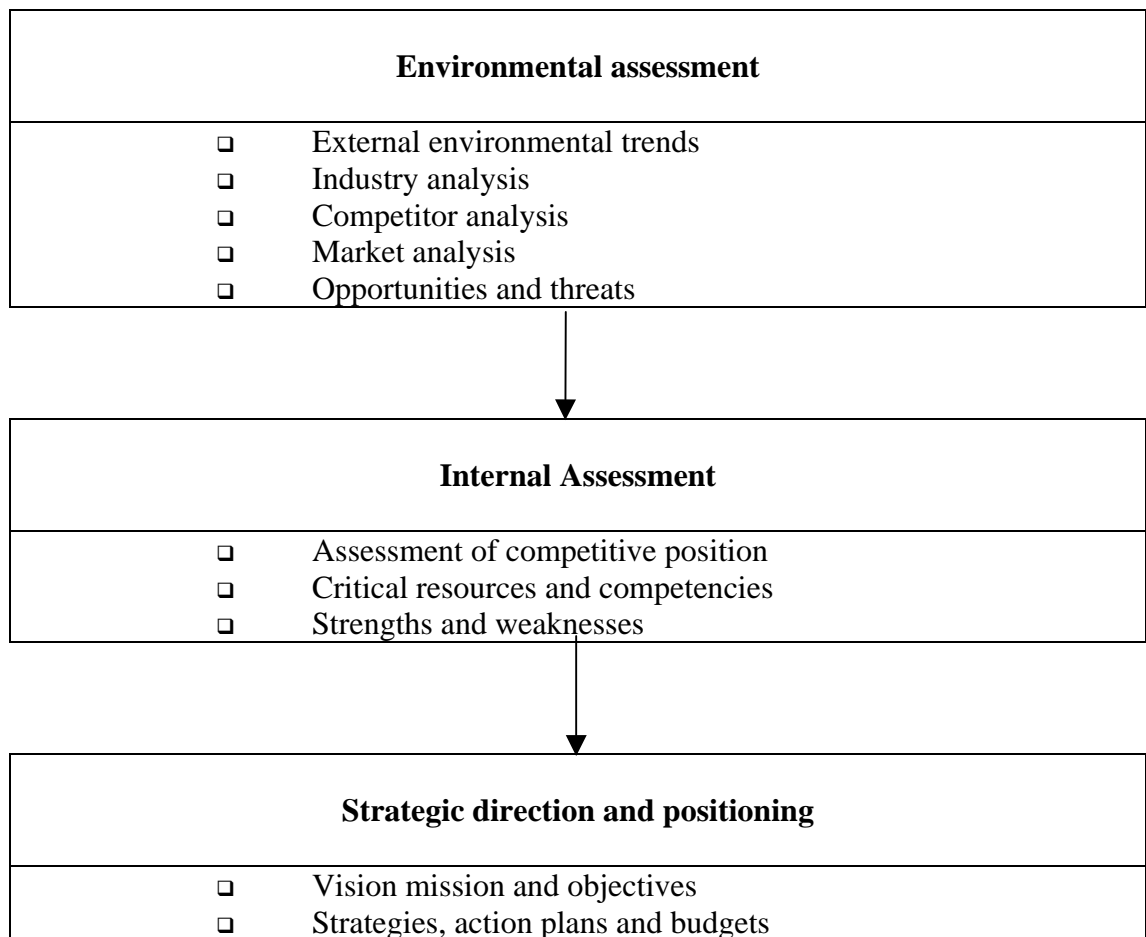
4.3 STRATEGIC MANAGEMENT : THE 5TH PHASE

The purpose of this section is to explore the most recent thoughts on the important characteristics of strategic management and to identify a possible fifth phase in the Gluck *et al* model described in the previous section. Criteria identified in Table 4.1 will be used to evaluate this phase, namely: strategic framework, strategic thinking, organisational structures, control and rewards, leadership style and culture.

4.3.1 Strategic framework

From the literature review it is apparent that the majority of authors for example [Row *et al*, 1994; Hax & Majluf, 1996; Wright *et al*, 1996; Thompson, 1997; David, 2001; Johnson & Scholes, 2002 and Lynch, 2003] still support the basic components of the strategic planning framework as developed in the fourth phase of Gluck *et al*'s model and depicted in Figure 4.2.

Figure 4.2 Basic Strategic Planning Framework



Source: Adapted from Hax and Majluf [1996: 27]

The different components will now be evaluated and discussed.

a] Environmental assessment

Strategists agree that an understanding of the environment is an essential element in the development of strategy. It is important to study the environment surrounding the organisation for three main reasons. Firstly, most organisations compete against others, so a study of the environment will provide information on the nature of competition as a step to developing sustainable competitive advantage [Porter, 1980: 15 and Lynch, 2003: 87]. Secondly, most organisations will perceive opportunities like new markets, that might be explored and threats that need to be contained [Andrews, 1987: 102 and Lynch, 2003: 87]. Thirdly, there are opportunities for networks and other linkages that lead to sustainable cooperation. Such linkages, with others, may strengthen an organisation in its environment by providing mutual support [Lynch, 2003: 88].

The nature of the environment, stages in environmental assessment and the importance of the environmental assessment will now be further analysed and discussed.

i] Nature of the environment

Most firms face external environments that are highly turbulent, complex and global conditions that make interpreting them increasingly difficult [Hitt *et al*, 2003: 43]. There are, however, according to Lynch [2003, 88], three difficulties in determining the connection between the organisation's strategy and its environment.

□ The prescriptive versus emergent debate

Some prescriptive strategists take the view that, in spite of the various uncertainties, the environment can usefully be predicted for many markets. Some [but not all] emergent strategists believe that the environment is so turbulent and chaotic that prediction is likely to be inaccurate and serve no useful purpose [Lynch, 2003:88].

□ The uncertainty

Whatever view is taken about prediction, all strategists regard the environment as uncertain. New strategies have to be undertaken against a backdrop that cannot be guaranteed. Strategies are sometimes made on the false assumption that the world is “supposed to hold still” while a plan is being developed and then stay on the predicted course while that plan is being implemented [Mintzberg, 1994: 109].

□ The range of influences

It is conceivable, at least in theory, that every element of the organisation's environment may influence corporate strategy. One solution might be to produce a list of all elements. This would be a strategic mistake because organisations and individuals could find it difficult to develop and manage every item. The production of comprehensive lists that include every major eventuality with no priorities, will therefore have no value. Lynch [2003: 88] suggests that a better solution would be to identify critical factors for success in the industry and then to direct the environmental analysis towards these factors.

[ii] Stages in environmental assessment

Various works on strategy, particularly those of Lynch [2003: 123], identify four important stages in environmental assessment, namely:

- macro environmental assessment
- industry assessment
- competitive assessment
- market assessment.

□ Macro environmental assessment

The two most popular techniques when considering macro environmental factors are the PESTEL analysis and the scenario based analysis. The PESTEL analysis serves as a checklist to identify the most important political, economic, socio-cultural,

technological, environmental and legal aspects in the environment impacting on the organisation [Hitt *et al*, 2003: 43 and Lynch, 2003: 92].

The organisation cannot directly control the macro-environmental segments and elements. Successful organisations will gather information required to understand each segment and its implications for selecting and implementing of the appropriate strategies. For example, the terrorist attack in the United States on September 11, 2001 surprised most businesses throughout the world. This single set of events had substantial affects on the United States and the global economy. Although organisations were differently affected and could not control the economy, they were challenged to understand the effect of this decline in the economy on their current and future strategies.

In the context of a scenario-based analysis, a scenario can be defined as a model of a possible future environment for the organisation, whose strategic implications can then be investigated [Lynch, 2003: 93]. It is less concerned with prediction and more involved with developing different perspectives on the future. For example, a scenario might be developed to explore the question: “What would happen if green environmental concerns forced private cars off the road by the year 2020 and the demand for steel in cars collapsed as a result? What impact would this have on steel companies like Yscor?”

□ Industry Assessment

The industry assessment consists of an analysis of the industry lifecycle, industry success factors and the five forces that will determine power in the industry [Haberberg & Rieple, 2001: 131 and Lynch, 2003: 103;]. Lynch [2003: 103] indicates that the nature of strategy will change as industries move along the lifecycle phases of introduction, growth, maturity and decline. He also points out that the identification of critical success factors for an industry can provide a useful starting point for an environmental analysis. Critical success factors are common to all the major organisations in the industry and do not differentiate one organisation from another. Porter’s Five Forces Model [1980: 136] helps the organisation to identify competitive

forces in the industry to enable it to develop opportunities in its environment and protect itself against competition and other threats. The five forces are:

- the bargaining power of buyers/customers
- the bargaining power of suppliers
- the threat of new potential entrants
- the threat of substitutes
- the extent of competitive rivalry

Haberberg and Rieple [2001: 163] point out that the most important purpose of the industry assessment is to identify the attractiveness of the industry as well as the strategic implications of its success factors.

□ Competitive Assessment

Lynch [2003: 113] emphasizes the importance of competitor profiling and analysis as part of the environmental assessment. He notes that it is important to analyse the leading competitors covering their objectives, resources, market strength and current strategies.

□ Market Assessment

Lynch [2003: 115] identifies three dimensions of market assessment:

- identification of the customer and the market
- market segmentation and its strategic implications
- the role of customer service and quality.

[iii] The importance of the environmental assessment

From the literature it is clear that although strategic management has evolved past the environmental planning phase described earlier in this chapter, it is still critical to assess the environment for strategic purposes. The reason for this can be found in the

observation that a changing, dynamic and competitive environment will have the biggest impact on strategy making in organisations.

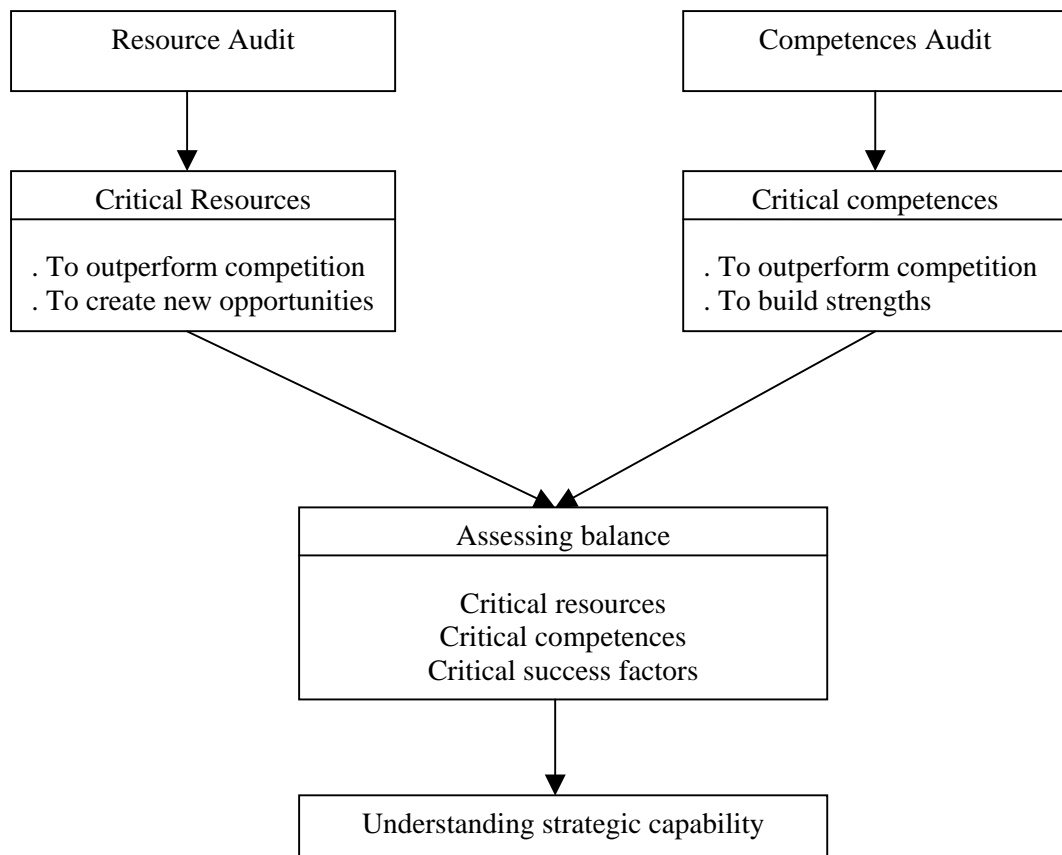
Given the amount of analysis that can potentially be undertaken, the question is raised as to whether each aspect of the analysis has equal priority. Lynch [2003: 116] argues that, although there are no rules, it is usually the case that the customer comes first, the immediate competition second followed by the broader national and international environment surrounding the organisation.

b) Internal assessment

The previous section underlined the importance of analysing and understanding the external environment in which an organisation is operating, but successful strategies are also dependent on the organisation having the internal strategic capability to achieve competitive success [Johnson & Scholes, 2002: 145, Campbell *et al*, 2003: 153 and Hitt *et al*, 2003: 72].

Hitt *et al* [2003: 78] reason that it is critical that managers view the organisation as a bundle of heterogeneous resources, capabilities and core competences that can be used to create an exclusive market position. This perspective suggests that individual organisations possess at least some resources and capabilities that other organisations do not – or at least not in the same combination. Resources are the source of capabilities, some of which lead to the development of an organisation's core competences [Peteraf, 1993: 18, and Brush & Artz, 1999: 223]. Analysing the strategic capability of an organisation is clearly important in terms of understanding whether the resources and competencies fit the environment in which the organisation is operating. Figure 4.3 provides a systematic way to move from an audit of resources and competences to a deeper understanding of strategic capability [Johnson & Scholes, 1999: 152].

Figure 4.3 **Analysing strategic capability**



Source: Adapted from Johnson and Scholes [1999: 151]

i] The resource audit

According to Pollalis and Grant [1994: 17], three major stages in resource development will prevail from the time that the vision and goals of the organisation are conceived and the strategy set to the time they are implemented:

- Scouting – This refers to the preliminary stage of collecting information regarding resources as well as identifying the organisation’s critical resources.
- Maintenance – This refers to the optimal allocation of available organisation resources to accomplish objectives efficiently and effectively.
- Dominance – This is where the organisation transforms its knowledge and experience into new and unique resources, thus creating sustainable competitive advantage.

The resource audit identifies the resources “available” to an organisation from both within and without, to support its strategies. Some of these resources may be unique in the sense that they are difficult to imitate, for example, patented products, a low-cost source of supply or the location of a facility. Resources could be both tangible [such as financial resources and physical assets] and intangible [such as reputation, customer orientation, product innovation, technology superiority].

ii] Competences audit

The difference in performance of different organisations in the same industry is rarely fully explainable by differences in their resource base per se. Superior performance will also be determined by the way in which resources are deployed to create competences in the organisation’s separate activities and the processes of linking these activities together to sustain excellent performance [Grant, 1997; and Johnson & Scholes, 1999].

Although the organisation will need to achieve a threshold level of competence in all of its activities, only some will be core or critical competences. These are the competences that underpin the organisation’s ability to outperform competition, or to demonstrably provide better value for money to the visitor. Critical competences will differ from one organisation to another depending on how the organisation is positioned and the strategies it is pursuing.

A very acceptable technique that can be used to describe the activities within and around an organisation and relate them to an analysis of the competitive strength of the organisation, is the value chain analysis [Johnson & Scholes, 1999; Porter, 1985; and Thompson, 1997].

One of the key aspects of the value chain analysis is the recognition that organisations are much more than a random collection of machines, money and people. These resources are of no value unless deployed into activities and organised into routines and systems that ensure that products or services are produced which are valued by the final consumer or user [Porter, 1985: 71]. In other words, it is these competences

to perform particular activities and the ability to manage linkages between activities that are the source of competitive advantage. Porter argues that an understanding of strategic capability must start with an identification of these separate value activities.

iii] Assessing balance

A further analysis of the literature [Pollalis & Grant, 1994; Grant, 1997; and Johnson & Scholes, 1999] indicates that the critical resources and competences should not only be identified, but should be balanced and integrated with the strategies of the organisation to ensure sustainable competitive advantage.

Johnson and Scholes [1999: 163] suggest the following steps for “unpacking” the competences:

- The first step is to identify the organisation’s business scope and critical success factors. These are the success factors that are the basis of perceived value for customers and will ensure the overall success of the organisation.
- The second step is to “unpack” each of these bases of success. The managers ask why the organisation is especially successful at providing good service, or an innovative product range and so on. These can be regarded as the secondary reasons for success.
- The next step is more challenging. The requirement is to unpack again each of the secondary reasons for success. It requires the managers to get down to tertiary reasons for success at operational levels of detail that may not be immediately obvious.
- The final step is to look for patterns of explanation. Johnson and Scholes [1999: 165] postulate that it is unlikely that one factor explains a core competence. It is more likely that there are linked factors.

In a similar way to Johnson and Scholes, Pollalis and Grant [1994: 18], suggest that critical resources should be directly linked to the critical success factors. They suggest the following process:

- First identify the critical success factors that apply to the market and organisation level strategic analysis [i.e. environmental and resource analysis].
- The second step is to identify the critical resources. Critical resources are defined as the resources that are unique to the organisation and have the potential to either minimise costs or maximise profits.
- The final step is matching and balancing the critical success factors and resources. For example, one of the critical success factors is cost control and one of the critical success resources is information technology. The secondary success factor resulting from this combination could be effective accounting information, or a distribution based information system.

It is important to note that the approach by Pollalis and Grant [1994: 17] is somewhat different from the traditional strategic management perspective. Strategic management has emphasized the traditional forward planning or ends-ways-means approach for strategy development. The traditional approach suggests that managers first identify the critical success factors, then define what strategies will help accomplish these and finally identify what resources they need to do so. The framework described by Pollalis and Grant tends to conform more with the notion of reverse-planning. Therefore an organisation should first build a resource infrastructure, i.e. emphasize such resources as expertise, reputation, know-how, leadership, information technology, and training and then match and balance those resources with appropriate opportunities and critical success factors towards the accomplishment of their vision and goals.

c] Strategic direction and positioning

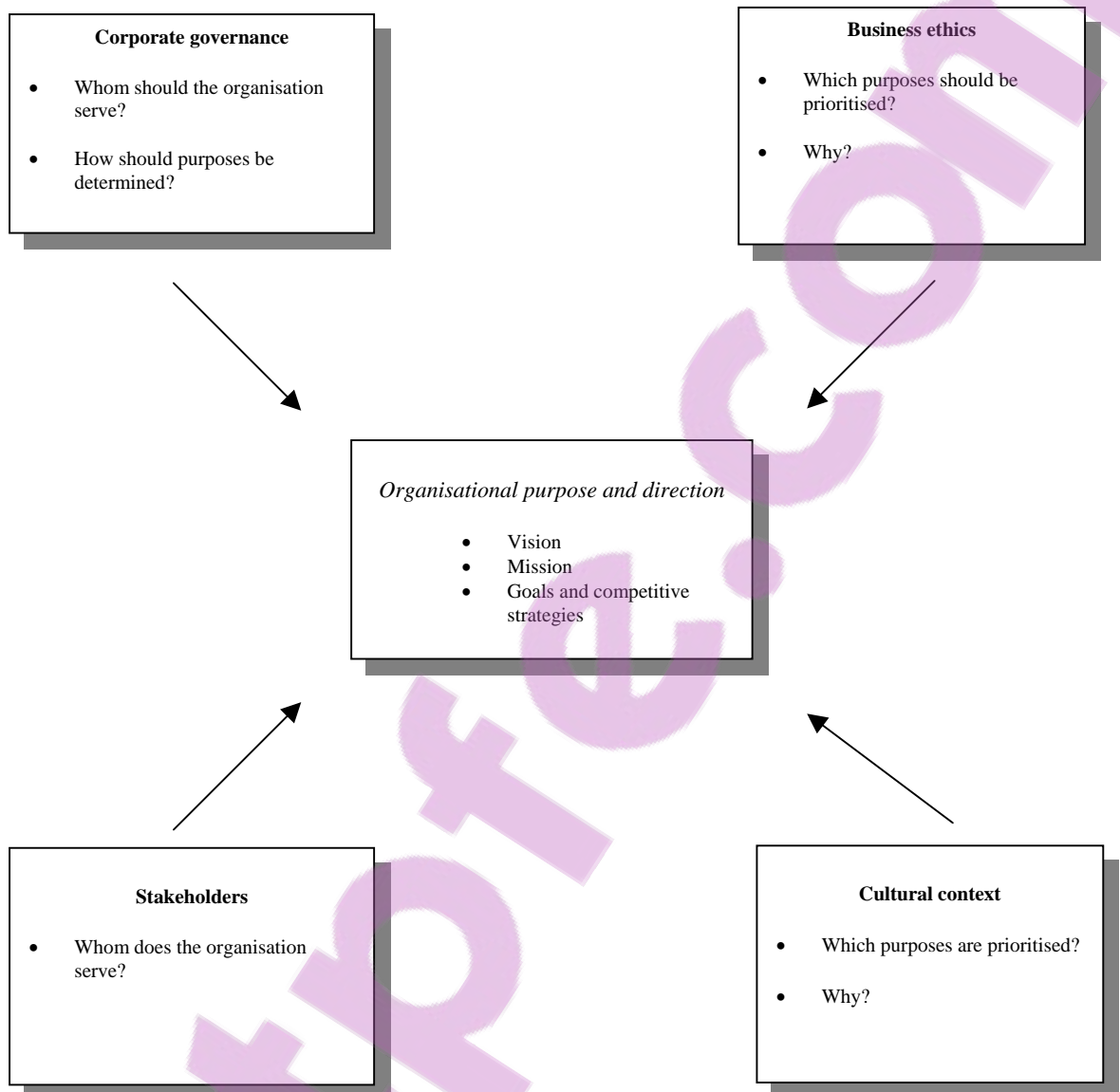
Strategic direction and purpose is the most important point of departure for strategy making [de Wit & Meyer, 1999: 444; and Lynch, 2003: 354]. The strategic direction will first be determined by the vision, mission and overall goals of the organisation [Campbell *et al*, 2003: 12], but will also be influenced by the values embraced by the stakeholders of the organisation [de Wit & Meyer, 1999: 444].

Strategic positioning and intent is leveraging an organisation's resources, capabilities and core competences to accomplish the organisation's goals in the competitive environment [Hitt *et al*, 2003: 22]. Campbell *et al* [2003: 16] call this the holistic view of strategy that strategically balances, integrates and coordinates all facets of the organisation [resources, capabilities, core competences and activities] and its interaction with the environment [customers, suppliers, competitors, government, legislation, technology].

i] Strategic purpose and direction

Johnson and Scholes [2002: 194] identify four broad influences on an organisation's purpose and direction. The influences are depicted in Figure 4.4.

Figure 4.4 Influences on organisational purpose and direction



Source: Johnson and Scholes [2002: 194]

Figure 4.5 identifies four broad influences that form part of a connected web of influences which shape the purpose and direction of an organisation at any given time.

The fundamental questions to be answered here are:

- Whom should the organisation serve and how should the direction and purpose of an organisation be determined?

This is the domain of corporate governance, and relates not only to the power to influence purposes, but also the processes of supervising executive decisions and

actions, and the issues of accountability and the regulatory framework within which the organisation operates.

□ Whom does the organisation serve?

This group is normally defined in the literature as the stakeholders of the organisation. Manning [1998: 5] calls this phenomenon the new proliferation of corporate stakeholders. He phrases it as follows: “Once owners ran their businesses. Then managers came along. Now everyone wants a say. Employees, customers, suppliers, government, unionists, environmentalists – even religious leaders – demand a share of voice”.

□ Which purposes and objectives should be prioritised and why?

In the broadest sense, ethical agendas refer to the accountability of the organisation, first to itself, but also to the various stakeholders including those with little formal power [such as the community at large].

□ Which purposes are actually prioritised?

The purposes are also related to the variety of factors in the cultural context in which the organisation is operating. This will include the broader issues of national cultures through to important reference groups – such as professional bodies to the sub-cultures within an organisation.

ii] Strategic positioning

The competitive positioning paradigm, drawing largely on the work of Porter [1980, 1985], dominated strategic management in the 1980s. It emphasized the idea of “strategic fit” between the organisation and the environment so as to achieve competitive advantage, referring to this as “competitive positioning”. The approach is often described as “outside in”, as the initial phase is an analysis of the environment before determining how to achieve a strategically desirable position [Campbell *et al*, 2003: 16].

In the 1990s, a strong movement developed which suggested that competitive advantage arises from an organisation's internally developed core competences or distinctive capabilities rather than from its environment [Stalk *et al*, 1992; Hamel & Prahalad, 1994; and Heene & Sanchez, 1997]. Whereas Porter [1980: 1985] stressed the importance of the industry in determining competitive advantage, this approach suggests that the core competence of the organisation is of far greater importance. The approach of "inside out" suggests that businesses seeking competitive advantage must first examine and develop their own distinctive resources, capabilities and competences before exploiting them in their environment [Campbell *et al*, 2003: 17].

The holistic view of strategy incorporates all facets of the organisation [resources, capabilities, core competences] and their interaction with the environment [customers, suppliers, competitors, government, legislation, technology]. This holistic approach is embraced by the learning or knowledge-based approach to strategic management which has developed in recent years [Nonaka, 1991; Pemberton & Stonehouse, 2000; and Campbell *et al*, 2003]. In essence, this approach suggests that competitive advantage depends upon the development of new and superior knowledge through the processes of organisational learning. According to Campbell *et al* [2003: 18], competitive advantage can only be sustained if the process of learning is both continuous and continual. According to these authors, organisations must learn by gathering information about their business, their activities, their resources, their core competences, their customers, their competitors and other aspects of the business environment. The information must then be analysed to develop new strategic knowledge that will act as the basis of the new core competences and strategies that will provide a superior competitive advantage and position [Campbell *et al*, 2003: 18].

4.3.2 Strategic thinking

Strategic planning has always been about analysis. Strategic thinking, in contrast, is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not too-precisely articulated vision of the future. Such strategies often cannot be developed on schedule. They must be free to appear at any time and at any place in the organisation. These strategies normally

flow from processes of informal learning carried out by people at various levels of the organisation, who are involved with the specific issues at hand. Mintzberg [1994: 108] came to the conclusion that formal planners should make their contribution around the strategy making process rather than inside it. They should supply the formal analysis and hard data that strategic thinking requires, and should act as catalysts who support strategy making by aiding and encouraging managers to think strategically.

David [2001: 7] argues that although creativity and intuition are particularly useful for making decisions in situations of great uncertainty, most organisations today benefit from strategic planning which is based upon integrating intuition and analysis in decision making. According to Hunger and Wheelen [2000: 4], the difference from the past is that strategic information is now available throughout the organisation and strategic thinking and decision making is now being executed by managers and key employees at many levels and from various departments and work-groups. These groups will develop and integrate a series of strategic plans based on information emerging from their groupings as well as analytical information available to help them in their decision making processes.

4.3.3 Organisational structures

If organisations have to integrate strategic decision at all levels, more flexible organisational structures are required, replacing vertical hierarchies with horizontal networks, linking together traditional functions through interfunctional teams, and forming strategic alliances [Hirshorn & Gilmore, 1992: 104]. Rather than seeing the organisation as a traditional hierarchy of static roles, a portfolio of three dynamic core organisational processes are suggested by Bartlett and Ghoshal [1995: 86-96].

The first process in the portfolio is an **entrepreneurial process**. The entrepreneurial process entails encouraging bottom-up ideas and proposals, changing the frontline manager's role from implementer to initiator; and defining senior management's role as providing the strategic direction and context in which entrepreneurship can take place. The second process challenges traditional values and wisdom, reconfigures the

information sources and rules for success and creates **learning organisations**. Management's role is to manage and balance this positive conflict to the advantage of the whole organisation. The third process, **competence building** sees senior management's role as creating and supporting an environment that will enhance the process of strategic competence development within the organisation. Management must ensure that the organisation's competences are emphasized in strategy creation and implementation [Hitt *et al*, 2003: 396].

4.3.4 Control process and reward systems

Strategic control systems monitor the main elements of the strategy and its objectives.

Lynch [2000: 787] points out that it is important to distinguish between financial monitoring [cash flow, earnings per share, etc] and strategic controls which may include these financial elements but will also have a broader perspective. Johnson and Scholes [1999: 463] identify three broad types of control: administrative control through systems performance measures, rules and procedures; social control through the impact of culture on the behaviour of individuals and groups and self-control which people exert over their own behaviour.

A popular form of administrative control is the development of performance indicators for the critical success factors in the organisation [Johnson & Scholes, 1999: 468]. Many managers find the process of developing a useful set of performance indicators for their organisation difficult. One reason for this is that many indicators give a useful but only partial view of the overall picture. Also, some indicators are qualitative in nature, while the hard, quantitative end of assessing performance has been dominated by financial analysis. In an attempt to cope with this very heterogeneous situation, balanced scorecards have been proposed as a way of identifying a useful, but varied set of key measures.

Kaplan and Norton [1996: 25], who developed the balanced scorecard approach, argue that the balanced scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of

performance measures, organized into four different perspectives: financial, customer, internal business process, and learning and growth. Kaplan and Norton reason that these measures are not used for control as in the traditional sense, but should be used in a different way – to articulate and communicate the strategy, and to help align and integrate individual, organisational and cross-departmental initiatives to achieve a common goal.

4.3.5 Leadership styles and culture

a) Leadership styles

A variety of possible leadership styles are identified by management literature, ranging from transactional leadership on the one hand to transformational leadership on the other [Du Toit, 1996: 26]. Following a transactional leadership style, autocratic leaders rely on giving followers clear instructions about what is required from them and how they will be rewarded. Transformational leaders use the interests of individuals to generate awareness and acceptance of the strategic direction of the organisation. A transformational leader thus has the ability to facilitate a shared vision that unites people and attempts to control the perceptions that others form about her/him through practicing behaviours that make her/him more acceptable and appealing to others [Hellriegel & Slocum, 1996: 470 and 471; Radder, 1997: 110].

Sachs and Stone [1995: 210-214] describe the transformational leader as a “high-value” manager and use eight core competencies to differentiate this leader from others. These competencies are briefly described below. The high-value manager:

- Sees his role as a coach, creating an environment where roles are shared, team members empowered, and learning enhanced towards achieving a unified strategic vision of the organisation based on a strong value system;
- Sees organisational learning as a critical process and creates an environment in which it will prosper;

- ❑ Ensures that all the team members can identify with the shared values and vision and secondly, that the vision and values serve as a clear directive for daily decision-making in the organisation;
- ❑ Practices preventive management and encourages the development of problem-solving and decision-making skills that will enhance the processes of problem solving, continuous improvement and creative thinking;
- ❑ Shares the organisation's values on quality and service to ensure that optimum customer satisfaction is achieved and the quality of the product is not compromised;
- ❑ Masters team leadership and facilitation across organisational, functional and discipline boundaries;
- ❑ De-emphasizes job titles to enhance cooperation, implementation and good relationships among people;
- ❑ Knows how to use networks, relationships and positive politics to win the support of individual players.

Hitt *et al* [2003: 393] identify six critical actions that characterise leadership that will positively contribute towards the effective use of the organisations strategies:

- ❑ Determining strategic direction
- ❑ Exploiting and maintaining core competences
- ❑ Developing human capital
- ❑ Sustaining an effective organisational culture
- ❑ Emphasising ethical practices
- ❑ Establishing balanced organisational controls.

From the preceding exposition, it is clear that strategic leadership should practice transformational leadership that will:

- ❑ Empower people and develop human capital
- ❑ Support a learning environment
- ❑ Support and embrace a shared value system and vision
- ❑ Master team leadership and integration
- ❑ Stimulate creative thinking

- ❑ Sustain an effective organisational culture
- ❑ Establish balanced organisational controls.

b) Organisational culture

Hitt *et al* [2003: 398] define organisational culture as “a complex set of ideologies, symbols and core values that is shared throughout the organisation and influences the way business is conducted”. Because organisational culture influences how the organisation does its business and controls employees’ behaviour it can be an important source of competitive advantage [Hitt *et al*, 2003: 398].

Organisational culture will also influence the ability of the strategic leadership of the organisation to sell their ideas and vision to other members of the organisation and to gain their support and commitment to change [Thompson, 1997: 110]. Thus shaping the context or culture within which organisations formulate and implement their strategies is a central task of strategic leadership. Hitt *et al* [2003: 399] argue that entrepreneurial orientation is often encouraged or discouraged by organisational culture. Organisational culture could therefore, for example, directly influence specific dimensions of an organisation’s entrepreneurial orientation like autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness.

Rowe *et al*, [1994: 474] identify four internal sub-cultures, each with its own orientation to change.

- ❑ A productive culture, is highly resistant to change and focuses on efficiency, consistency, bureaucratic rules and procedures;
- ❑ A quality culture accepts change, focuses on effective planning and problem solving, and is geared towards achieving goals, norms and values;
- ❑ A supportive culture responds to change and stresses teamwork, cooperation and coordination;
- ❑ A creative culture, in turn, initiates change by means of innovation, entrepreneurship, risk-taking and learning.

Normally the strategic intent would be to ensure a balance so as to strengthen the creative culture in particular [Du Toit, 1996: 28]. Strong cultures, according to Weiss [1996: 271], are characterised by shared values and vision, results orientation, and open communication channels. Such a culture emphasizes the importance of people and focuses on customer service and satisfaction.

4.3.6 The 5th phase: Holistic strategic decision-making

Against the background of the preceding exposition the philosophy and factors supporting the identified 5th phase in strategic management is summarized in Table 4.2. Today's business environment has fundamentally changed from the environment of the past. Organisations are faced with unprecedented levels of turbulence and change. Competition is now a "war of movements" in which success depends on anticipation of market trends, the development of unique competences and quick response to changing customer needs. Meanwhile, as globalisation breaks down barriers between national and regional markets, competitors are multiplying and strategy cannot afford to be static anymore. In such an environment the essence of strategy is not the structure of the company's products and markets, but the dynamics of its organisational learning process, decision-making and behaviour. Strategy making is therefore no longer an isolated process, where plans or blueprints of the future are designed. On the contrary, it is a holistic and integrative process of strategic thinking, planning and learning, interwoven with all that it takes to manage the organisation.

Table 4.2 Holistic strategic decision-making

Factors of assessment	Characteristics
1. Strategic framework	<p>1.1 <u>Environmental assessment</u> Dynamic and continuous environmental assessment; assessment of industry attractiveness and success factors; competitor assessment; market assessment.</p> <p>1.2 <u>Internal assessment</u> Assessing resources, competencies and strategic capability;</p> <p>1.3 <u>Strategic direction and positioning</u> Stakeholders; shared vision, mission and goals; knowledge based competitive position; integrated strategies and critical success factors.</p>
2. Strategic thinking	2.1 Integrated strategies; intuition and creativity; planned and emergent strategies
3. Organisational structure	<p>3.1 Mental models that focus on organisational learning and competencies.</p> <p>3.2 Strong informal teams supporting innovation</p> <p>3.3 Flexible organisational structures.</p> <p>3.4 Integrated framework</p>
4. Control process and reward system	<p>4.1 Success factors and performance indicators that translate, communicate and integrate vision and strategies.</p> <p>4.2 Social controls and self-controls.</p> <p>4.3 Rewards linked to strategy.</p> <p>4.4 Balanced organisational controls</p>
5. Leadership style and culture	<p>5.1 Transformational leadership - empowers people and develop human capital - supports a learning environment - supports a shared value system and vision - masters team leadership and integration - stimulates creative thinking</p> <p>5.2 Culture and value system that supports a shared vision, learning, creative thinking and integration</p>

Source: Researcher's own construction

4.3.7 Strategic management and the identification of critical success factors

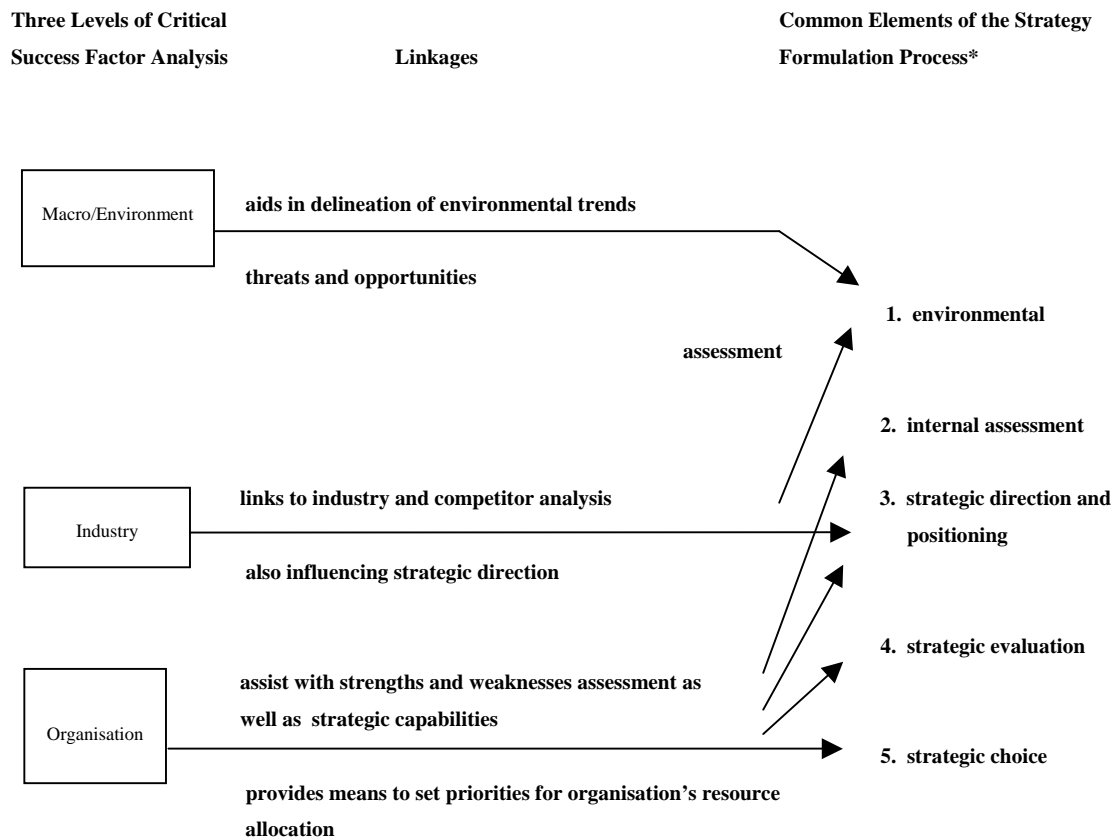
Critical success factors were defined in Chapter 3 as “those limited result areas that are critical for the attainment of the destination’s vision and goals and which, when properly sustained and managed, will have a significant impact on the sustainable growth and competitiveness of the destination”.

Various works on strategy, [Hofer & Schendel, 1978; Pollalis & Grant, 1994, and Gluck *et al* 1980: 31] indicate that identifying critical success factors provides a means by which an organisation can:

- ❑ assess the external environment
- ❑ assess the internal situation and identify competencies and capabilities
- ❑ identify strategies using critical success factors as anchor points.

These elements are cornerstones of the strategic planning and strategy development process. Figure 4.5 shows the linkages between three levels of critical success factor analysis and the strategy formulation process.

Figure 4.5 Critical Success Factor Analysis and the Strategy Formulation Process



Strategic alternatives can be evaluated against critical success factors and the relative importance of critical success factors may influence prioritisation of strategic alternatives

Source: Adapted from Hofer and Schendel [1978 : 47]

In Chapter 3 it was demonstrated how the environment, industry and organisation are the main sources for the identification of critical success factors. Pollalis and Grant [1994: 12] show that once critical success factors have been identified they can also be used as reference points for strategic analysis and strategy formulation as shown in Figure 4.7. For example, critical success factors identified in the tourism industry by Crouch and Ritchie, [1999: 149] include location, dependencies, safety and security, and cost. These critical success factors could be used to identify opportunities or threats for different tourism destinations as well as potential new entrants. They could also lead to the identification of strengths and weaknesses in a specific destination.

Pollalis and Grant [1994: 12] go further and indicate that organisational or destination success factors should be linked with critical resources and competences to ensure a competitive position for the organisation or destination. This view corresponds with the holistic view on strategic positioning discussed in section 4.3.3 of this study.

4.4 STRATEGIC MANAGEMENT MODEL FOR TOURISM DESTINATIONS

In the preceding section a theoretical analysis of the strategic management framework and the identification of critical success factors within this framework was critically discussed and presented. This background enables closer attention to a possible strategic management model as it could pertain to tourism destinations.

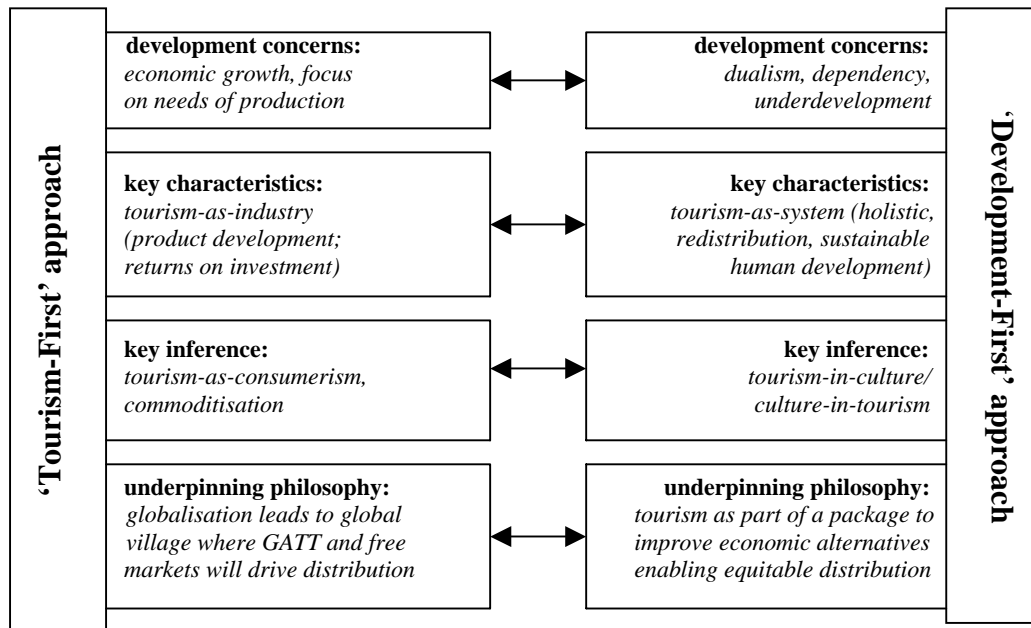
4.4.1 Strategic planning in tourism organisations: the existing paradigm

Blazer and Rovelstad [1983:2] concluded that strategic planning was less advanced in tourism organisations than in manufacturing ones. However, a study by Athiyaman and Robertson [1995b: 199] found the level of commitment to strategic planning in the tourism industry as strong as that in the manufacturing sector. This later study restricted its research to large tourist organisations. However, use of the strategic approach is not confined to large organisations and may be undertaken by the whole range of organisations in the tourism sector.

For example, organisations vary in size from sole proprietors and partnerships, to large, publicly quoted national and multinational corporations. Secondly, organisations range from private profit-making to governmental organisations to voluntary associations. Thirdly, organisations represent the key sectors of tourism – transportation and infrastructure, accommodation and hospitality services, attractions, distribution, national and local tourism and marketing organisations. Fourthly, the strategic approach can be extended to destinations, which are not organisations, but rather a complex mix of individuals, organisations, attractions and environments.

Burns [1998: 555] shows that approaches to tourism planning at the national destination level may be placed on a continuum, ranging from the tourism-first approach to the development-first approach as depicted in Figure 4.6. The tourism-first approach rehearses arguments concerning the economic and growth benefits to be gained from this industry through various multipliers and high tourist arrival numbers. Emphasis is on gross national receipts in a nation's tourism account and on applying the Keynesian multiplier mechanism to tourism. This, it is argued, remains the dominant model for aid-assisted planning at a national level for non-industrialised countries. The roots of the tourism first perspective are to be found in the supply-led approach to tourism development epitomized by the World Bank, and its executing agents [consultant planners].

Figure 4.6 Bipolarities in tourism planning and development



Source: Burns [1998: 556]

The opposite pole on the continuum, the “Development-first” approach, is concerned with using tourism as a tool for national development, and is based on the work of de Kadt [1976: 91] and Bryden [1973: 105]. This perspective takes a definite, multi-disciplinary approach to tourism and how it might be developed, placing emphasis on the relationship between tourism and its environments. Emphasis is placed on the net benefits to the nation in question [Harrison, 1992: 51] set against a broad range of costs, including the social, cultural and environmental. Such approaches are holistic since they acknowledge the difficulty of distinguishing economic impacts from other consequences of tourism. Their focus is on development, seeing tourism as a means, or a tool for achieving national, social and economic goals.

Burns [1998: 558] suggests a continuum [as depicted in Figure 4.8] as a way of categorising planning approaches. He concludes that one pole, tourism-first, remains the dominant paradigm but that, based on the analysis of especially developing countries like Eritrea, it must be acknowledged that most societies and communities

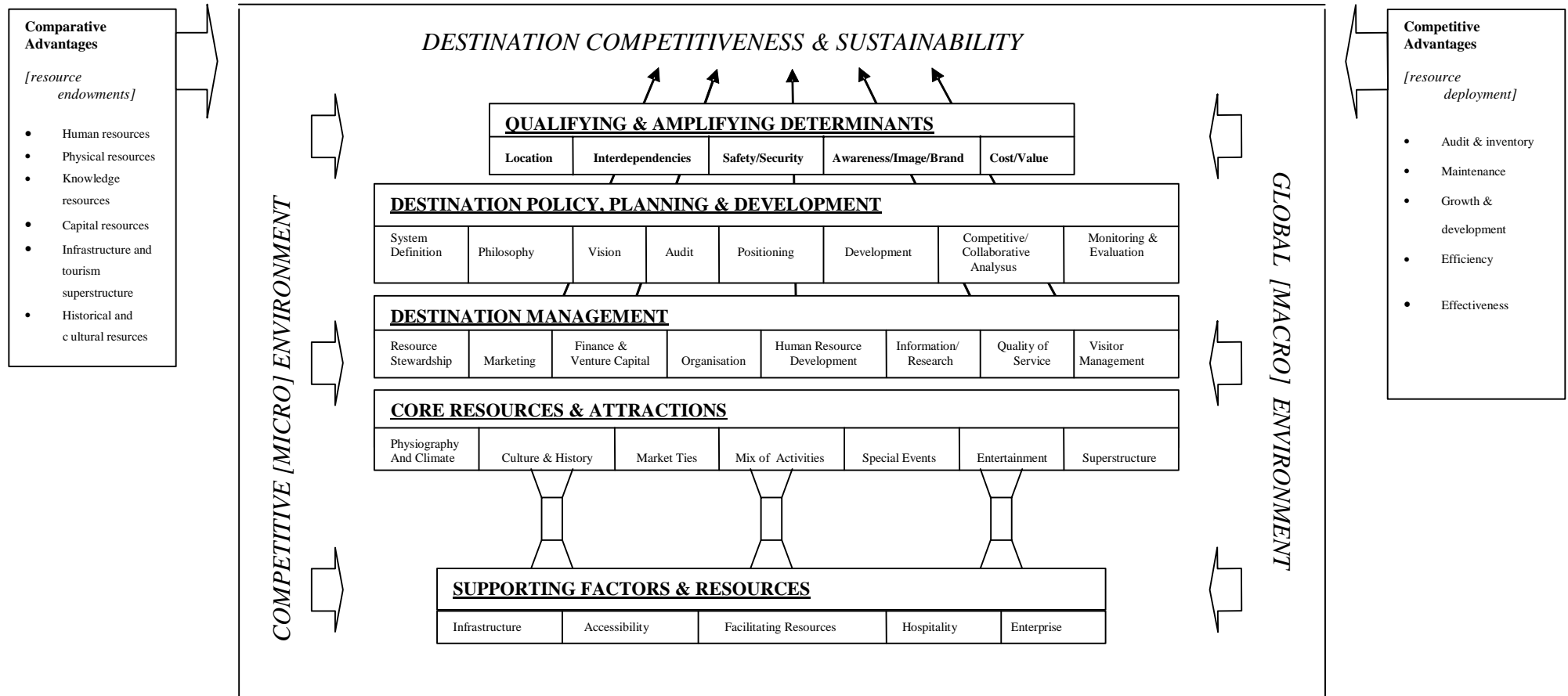
have the desire for material wealth and social improvement, and that it is a fallacy to assume that such aims can be achieved without impacts or sacrifices.

Tourism planning requires certain systematic processes and approaches. Depending upon the types of planning and the specific forms of application, certain approaches could be taken, but conceptually, all of the approaches could be applied to any level and type of tourism planning. Inskeep [1991: 29] describes several different approaches to tourism planning. Each approach emphasizes the concept of planning as continuous and incremental, systems-oriented, comprehensive, integrated, involving environmental and sustainable development, and considering the community approach.

4.4.2 Strategic destination planning frameworks

By far the most comprehensive destination planning model that has been developed is that of Crouch and Ritchie, [2000; Dwyer, 2001: 60; and Yoon, 2002: 28]. This model is depicted in Figure 4.7.

Figure 4.7 Destination competitiveness model



Source: Crouch & Ritchie [2000: 3]

Crouch and Ritchie claim that in absolute terms the most competitive destination is one which brings about the greatest success; that is, the most well-being for its residents on a sustainable basis. Crouch and Ritchie [2000] also argue that the true measure of destination competitiveness/sustainability must be a blend of two dimensions:

- ❑ The actual success of the destination which tourism makes in enhancing the sustainable well-being of destination residents;
- ❑ The extent to which the foregoing level of success has been achieved through an effective deployment of destination resources.

Comparative advantage represents the destination's factor endowments, both naturally occurring as well as created. Crouch and Ritchie [1999: 142] identify six broad categories: human resources, physical resources, knowledge resources, capital resources, infrastructure, and historical and cultural resources. The resources that make up a destination's factor endowments change over time, altering the comparative advantage of a destination. **Competitive advantages** relate to a destination's ability to use the resources effectively over the long-term. A destination endowed with a wealth of resources may not be as competitive as a destination lacking in resources [Crouch & Ritchie, 1999: 142].

A destination's **micro environment** constitutes the most salient elements that define its immediate arena of competition. Apart from the destination itself these include members of the travel trade, i.e. tour suppliers, travel agents, tourism markets, competitive destinations and destination stakeholders. As components of the tourism system, they shape the immediate environment within which a destination must adapt in order to compete.

The **global [macro] environment** recognises that the field of tourism is constantly influenced by a range of major global forces. These forces present a given destination with a number of special concerns, problems or issues that it must either adapt to, or overcome if it is to remain competitive. At the same time these forces provide destinations with a whole new spectrum of opportunities for innovation and market exploitation [Crouch & Ritchie, 1999: 146].

Qualifying determinants are factors that will determine or influence the success or competitiveness of a destination on an international level. These factors will therefore define, limit or govern the destination's competitive potential and include location, inter-dependencies, safety/security, awareness/image/brand, and cost/value.

Destination policy, planning and development module, consist of eight major components. System definition is a policy overlay that ensures that all those involved in policy formulation are dealing with the same set of parameters. Once destination stakeholders have reached agreement on a precise definition of destination constituents, they must formulate a basic philosophy concerning the role that they desire tourism should play within society. The next supporting and equally critical step, is crafting a destination vision. Once stakeholders have agreed to a tourism philosophy for the destination and formulated a vision reflecting their philosophy, they will undertake a critical analysis, or audit of the destination's existing tourism resources and capabilities, as well as the current functioning of its tourism operations.

The remaining components of the module deal with a number of more traditional aspects of strategic planning and destination development. Decisions regarding positioning are important in determining how potential visitors perceive and make choices among destinations. With positioning finalised, managers must then make a number of strategic decisions regarding the deployment of resources for effective destination development. In addition, the module includes a competitive/-collaborative analysis component and a strategic monitoring and evaluation component.

Destination management focuses on those management processes that can enhance the appeal and attractiveness of the core resources and attractors strengthens the quality and effectiveness of the supporting factors and resources and best adapt to the constraints imposed by the qualifying determinants. They include resource stewardship, marketing, finance and venture capital, organisation, human resource development, information research, quality of service and visitor management.

Core resources and attractors represent factors that have core appeal and that act to attract tourism. Crouch and Ritchie [2000] highlight physiography, culture, market

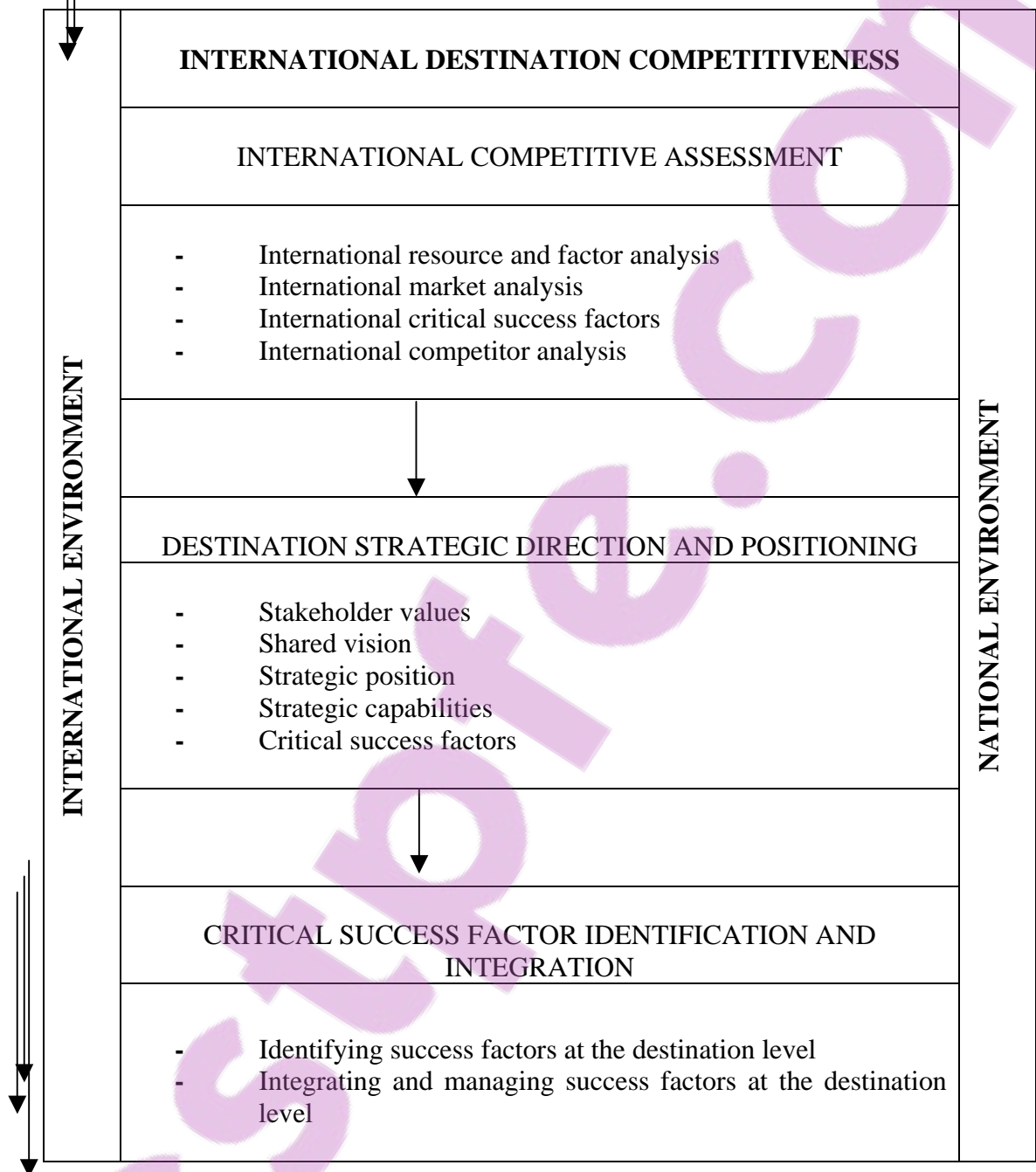
ties, mix of activities, special events, entertainment and superstructure within this group.

Supporting factors and resources provide a firm foundation upon which a successful tourism industry can be established. They include infrastructure, accessibility, facilitating resources, hospitality and enterprise.

4.4.3 A strategic management model for the identification and integration of critical success factors in tourism destinations

A strategic management model for identifying and integrating critical success factors is proposed [see Figure 4.8]. It is based on an analysis of the existing approaches suggested by contemporary authors on strategic management, and is put forward as a possible model that can be adopted and applied by national tourism destinations.

Figure 4.8 Strategic management model for the identification and integration of critical success factors in tourism destinations



Source: Researcher's own construction

The objective of this section is to place in perspective the main components of the proposed model. The step by step discussion of each component contributes to the final product sought, namely, the identification and integration of critical success factors to make the international destination competitive. This proposed model will serve as a base for the following chapters in which the components are critically analysed and discussed.

a] Important assumptions underlying the model

The following underlying assumptions are important for the success of the model:

- ❑ International destination competitiveness
- ❑ The influence of the international or global environment
- ❑ The influence of the national environment.

International destination competitiveness

Yoon [2002: 28] argues that one of the goals of tourism planning and development is to create more valuable tourism products and services for potential or current tourists so that destinations and their communities receive social and economic benefits. However, it has been suggested that there is a need for a clearer understanding of the ability of the tourism destination to compete effectively in an increasingly saturated market [Evans *et al*, 1995; and Crouch & Ritchie, 2000]. Planning and promotion of tourism destinations should therefore be guided by a thorough analysis of the destinations' competitive factors and development strategies [Hassan, 2000].

A number of studies have introduced and applied the concept of competitiveness in the area of tourism destination planning [Ahmed & Krohn, 1990; Crouch & Ritchie, 1993; Bordas, 1994; Pearce, 1997 Crouch & Ritchie, 1999; Kozak & Rimmington, 1999; Buhalis, 2000; d'Hautesserre, 2000; Go & Govers, 2000; Hassan, 2000; Long & Thomas, `2000; Michalic, 2000; and Kozak, 2001;]. The major interest of the existing studies has been to investigate how destination competitiveness can be sustained as well as enhanced while maintaining a strategic market position among other destination competitors.

Studies have also investigated the key environmental factors, determinants, or strategies that affect the enhancement of destination competitiveness. Specifically, it has been discussed that since tourism destinations involve multi-faceted components of natural/cultural resources and a multiplicity of businesses, a systematic framework or analytical model for destination planning and development is necessary [Hassan, 2000].

The influence of the international or global environment recognises that the field of tourism and specifically the international tourism destination is constantly influenced by a range of major global forces, trends and events [Crouch & Ritchie, 1999: 146]. The now well-known September 11 attack on the World Trade Centre in Manhattan, New York is an example of an event that impacted on each tourism destination. Environmental forces present a given destination with a number of special concerns, problems or issues that it must either adapt to, or overcome, if it is to remain competitive. At the same time, these forces provide destinations with a whole new spectrum of opportunities for innovation and market exploitation [Crouch & Ritchie, 1999: 146]. Analysing the global environment is therefore not just a step in the rational process of strategic planning, but an interactive process that will impact on all the components of the strategic planning process.

The national environmental assumption is based on the fact that the national environment of each national destination will be unique and dynamic and will therefore, like the international environment, influence the strategic process of that destination in a unique and dynamic way. National influences are normally categorised as political, economic, socio-cultural, technological, ecological and legal. The national government for example will influence this process on a continuous basis with decision-making that will influence the success of the national tourism destination.

b] Components of the framework

[i] International competitive assessment



The purpose of the international competitive assessment is to provide valuable competitive information to the destination that will create strategic knowledge and on which strategic decision-making can be based. This is achieved by:

- ❑ Comparing the destination's natural resources and factor conditions with that of their main competitors and world class conditions to ascertain the comparative and competitive advantages of the destination;
- ❑ Analysing the present and future international market segments and identifying success factors within these segments;
- ❑ Identifying international success factors that can be used as benchmarks;
- ❑ Analysing competitors to evaluate and identify the competitive strengths of the destination.

[ii] Destination strategic direction and positioning

Destination strategic direction and positioning describes the overall strategic direction of the destination within the context of international competitive demands as well as local stakeholder demands and capability constraints. The outcomes of this step could include shared vision, strategic position, strategic capability and critical success factors.

[iii] Strategic integration

The strategic integration phase concentrates on finding ways to identify and integrate critical success factors for the destination in such a way that sustainable competitive advantage can be assured.

4.5 SUMMARY

In this chapter a strategic management model for the identification and integration of critical success factors was developed.

According to Gluck *et al* [1980: 155], the evolution of the strategic management process can be divided into four sequential phases: financial planning, forecast-based planning, externally orientated planning and integrative strategic planning. This study developed a 5th phase, holistic strategic decision-making, based on the most recent thoughts and developments on strategic management. This shows that strategy making is no longer an isolated process conducted by top management only, but on the contrary, is an integrated, holistic process that involves strategic analysis, integration, learning and thinking at all levels of the organisation. The literature further indicates that there are direct linkages between the identification of critical success factors and the strategic formulation process and that critical success factors could assist in strategic assessment as well as strategy formulation.

In developing a strategic management model for tourism destinations, it was found that by far the most comprehensive destination planning model that has been developed previously is that of Crouch and Ritchie [2000]. The last part of the chapter proposes a strategic management model for identifying and integrating critical success factors in tourism destinations based on the literature study done in this chapter. Three assumptions are important in supporting the model: international destination competitiveness, the influence of the international environment and the influence of the national environment. The model consists of three main components: the international competitive assessment; destination strategic direction and positioning and critical success factor identification and integration. The identified components will serve as a directive for the following chapters in which they will be critically analysed and developed.

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CHAPTER 5

INTERNATIONAL COMPETITIVE ASSESSMENT

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CHAPTER 5

INTERNATIONAL COMPETITIVE ASSESSMENT

5.1 INTRODUCTION

The Strategic Management Model developed in Chapter 4 consists of three main components: international competitive assessment, destination strategic direction and positioning and critical success factor identification and integration. The purpose of this chapter is to examine the international competitive assessment component of the model.

One of the goals of tourism planning is to create more valuable tourism products and services for existing and potential target markets so that destinations and their communities receive social and economic benefits [Yoon, 2002: 28]. However, it has been suggested that there is a need for a clearer understanding of the ability of the tourism destination to compete effectively in the international market [Evan *et al.*, 1995; Ritchie & Crouch, 2000]. A number of studies have introduced and applied the concept of competitiveness in the area of tourism destination planning [Bordas, 1994, Crouch & Ritchie, 1999; Buhalis, 2000 and Kozak, 2001].

The notion of destination competitiveness must however also be consistent with the notion of international competitiveness in international economics and business literature. The literature on international competitiveness will therefore be critically reviewed in the first part of this chapter with a view to developing a framework for assessing of international competitiveness of the destination.

The components of this proposed competitiveness assessment framework will then be critically analysed and discussed in the rest of the chapter. The first component that will be examined is international resource and factor analysis, where the emphasis is placed on the national resources and factors of the destination compared with the resources of international competitors and/or world standards.

The next part of the chapter critically discusses the international market analysis so as to analyse existing and potential international market segments and to identify critical success factors within these segments. Current international demand for South Africa as a tourism destination will be analysed, followed by an outline of market segmentation methodology that can be used to identify market segments and critical success factors within these segments.

The discussion on the international market analysis is followed by the identification of international destination success factors for the tourism industry. These factors are the generic factors that will be important success pointers for all the international tourism destinations.

In the last part of this chapter attention is focused on the competitor analysis so as to identify and evaluate the competitive strengths of the destination in comparison with rival international destinations.

5.2 NATURE AND FRAMEWORK OF DESTINATION COMPETITIVENESS

5.2.1 Perspectives on competitiveness

The literature reveals various approaches in defining, understanding and measuring competitiveness. Perspectives in various disciplines reveal that competitiveness is a multi-faceted concept. Dwyer [2001: 44] regards the notion of competitiveness as associated with four major groups of thought. These are:

- ❑ A comparative advantage and/or price competitiveness perspective;
- ❑ a broad scheme and empirical studies;
- ❑ a strategy and management perspective;
- ❑ a historical and socio-cultural perspective.

While economists have placed emphasis on price and the country-specific economic characteristics of competitiveness, the management and strategy authors have focused

on the firm-specific characteristics, while the focus of sociologists and political theorists has been on various social, political and cultural characteristics underlying the notion of competitiveness. Moreover, each group has suggested different indicators to explain or measure competitiveness [Dwyer, 2001: 45].

The definitions offered in the literature provide both a micro and a macro connotation for the term competitiveness [Dwyer, 2001: 45]. From a macro perspective, competitiveness is a national concern and its ultimate goal is to improve the real income of its citizens. It is a very broad construct encompassing all social, cultural and economic variables affecting the performance of a nation in international markets [Dwyer, 2001: 45; and Yoon, 2002: 32].

On the other hand, from a micro perspective it is seen as an organisation level phenomenon; organisation-specific behaviours determine competitiveness. To be competitive any organisation must provide products and services for which customers or clients are willing to pay a fair return or price. In the long run, in a free enterprise system competitiveness is measured by the ability of the organisation to stay in business and to protect the organisation's investments, to earn a return on those investments, and to ensure jobs for the future [Porter, 1980: 113, and Dwyer, 2001: 45].

There seems to be no generally accepted definition of competitiveness. Crouch and Ritchie [1999: 140] developed a competitiveness framework that summarises the different perspectives on competitiveness [shown in Table 5.1].

Table 5.1 Elements and levels of competition

Elements of Competition	Level of Competition		
	Companies and Products	National Industries	National Economies
The structure	industry competitors substitutes potential entrants suppliers buyers [see Porter, 1980]	factor conditions demand conditions related and supporting industries firm strategy, structure, and rivalry chance government [see Porter, 1990]	science and technology people government management infrastructure finance internationalisation domestic economic strength [see <i>The World Competitiveness Report</i> , 1994]
The territory	target markets	resources global markets	jobs foreign investment trade
The stakes	marketshare profitability survival	favourable public policies respect industrial strength, growth, and prosperity international dominance	economic prosperity quality of life
The tools	goods and services corporate strategy market research competitor analysis	political lobbyists industry associations strategic alliances marketing authorities industrial policy cartels joint promotions	international trade policies and free trade agreements innovation and entrepreneurship education and training productivity improvement investment economic policy national culture

Source: Crouch and Ritchie [1999: 141]

This table summarises and contrasts the levels of competition, namely, companies and products, national industries, and national economies in terms of the principle elements of competition, that is, the structure, territory stakes and tools.

Porter's [1980] familiar "five forces of competition" model identifies the basic sources of competition at the organisation and product level. The five forces – industry competitors, substitutes, potential entrants, suppliers, and buyers – lie within the domain of the company's competitive micro environment.

Porter's [1990] national "diamond" addresses competition in terms of the determinants of national advantage in particular industries or industry segments. Whereas the five forces model could be applied at the level of the organisation in the tourism industry, the national diamond model suggests the fundamental structure of competition among national tourism industries; that is, the nation as a tourist destination. The four points that are the cornerstones of the comparative advantage of countries are factor conditions, related and supporting industries, demand conditions and industry strategy, structure and rivalry.

The structure of competition between national economies bears some resemblance to the determinants of Porter's diamond but is more generic and less industry specific. The factors listed in the table have been used for a number of years now in measuring the competitiveness of national economies [The World Competitiveness Report, 1994: 51]. According to various authors, for example, Crouch and Ritchie [1999: 141] and Grant [1995: 340], Porter's diamond model is the best model for evaluating competitive advantage at a national level and will therefore be used in this study.

5.2.2 Comparative and competitive advantages in tourism

The discussion of competitiveness in the general literature has tended to stress competitive advantage [resulting from value-added activities by firms and organisations], while de-emphasizing comparative advantage as a source of international competitiveness [Dwyer, 2001: 48]. For a tourism destination, comparative advantage would relate to inherited or endowed sources such as climate,

scenery, flora and fauna while competitive advantage would relate to a destination's ability to use these resources over the long-term such as quality of management, skills of workers, service levels, and government policy [Crouch & Ritchie, 1999: 142]. The importance of these two pillars of international destination competitiveness will now be shortly discussed.

a] Comparative advantages

Comparative advantages concern a destination's factor endowments, both naturally occurring as well as created. Porter [1990: 20], Crouch and Ritchie, [1999: 42], and Hill, [2000: 130] identify five broad categories of endowment: human resources, physical resources, knowledge resources, capital resources and infrastructure. In a tourism context it seems appropriate to add historical and cultural resources as an additional resource strategy and to expand the infrastructure category to include tourism superstructure [Crouch & Ritchie, 1999: 142].

The World Competitiveness Report [1992: 12] makes an important point concerning the role of resources in a nation's competitiveness. The report argues that under the traditional theory a comparative advantage can be based on having an abundance of natural resources in a country, for example, oil, whereas competitive advantage can only be based on an entrepreneur's ability to add value to the available resources, for example, by refining the crude oil. By merely selling its natural richness, a country does not become better off in the long-term. For this reason, The World Competitiveness Report model focuses on value added and ignores inherited factors.

Crouch and Ritchie [1999: 143] reason that these arguments concerning the relevance of natural resources do not apply to the tourism sector. They argue that a country's natural resources are an important source of comparative advantage in tourism. This view is supported by Grant [1995: 338], Crouch and Ritchie [1999: 143 and Fabricius [2001: 30]. Although a country's natural resources are an important source of competitive advantage in tourism, tourists do not return home with any significant physical elements from the "exporting" country [other than the odd artefact or photograph]. Consequently, these resources are not depleted, despite the fact that people have paid for their use. From the preceding exposition it can therefore be

argued that the tourism phenomenon represents a fundamentally different form of economic exchange than does the sale of physical resources. It can be further argued that natural and other resources are a critically important source of comparative advantage for tourism destinations.

b) Competitive advantages

Where comparative advantages constitute resources available to a destination, competitive advantages relate to a destination's ability to use these resources effectively over the long-term [Hamel and Prahalad, 1993: 56; Thompson, 1997: 23 and Crouch & Ritchie, 1999: 143;].

A destination endowed with a wealth of resources may not be as competitive as a destination lacking in resources because the latter is utilising the little it has much more effectively. A destination that has a tourism vision, shares this vision among all stakeholders, understands both its strengths and weaknesses, develops a positioning strategy and implements it successfully may be more competitive because of its effective strategic approach.

The main goal of strategic management is to produce sustainable competitive advantage for the destination [Campbell *et al*, 2003: 184]. Competitive advantage is not easy to achieve and is difficult to sustain. According to Campbell *et al* [2003: 154], competitive advantage can be built and sustained through continuous organisational learning in a constant process of strategy development and improvement of the destination.

Although there is no formula that can guarantee sustained competitive advantage, Campbell *et al* [2003: 156] identify certain behaviours that have shown to make success more likely:

- ❑ Constantly stretching the destinations' limits;
- ❑ Continuously improving products, attractions, services and destination management processes;

- ❑ Doing things differently from competitors – finding those critical success factors for the destination that will make it unique and better than the competitors;
- ❑ Being customer orientated – always seeking to make the destination attractive to the customer and satisfying the customer's needs;
- ❑ Building knowledge-based competences and distinctive capabilities;
- ❑ Developing clear and consistent strategies that are understood by all the tourism stakeholders;
- ❑ Being aware of the factors in the environment - potential international and national changes and their implications for the destination;
- ❑ Collaborating with other destinations.

Developing strategy and competitive advantage will inevitably draw upon the destination analysis, its objectives, resources, competences, activities and competitive environment [Hitt *et al*, 2003: 6].

5.2.3 Destination competitiveness

The most detailed work undertaken by tourism researchers on overall tourism competitiveness is that by Crouch and Ritchie [1994, 1999, 2000, 2001]. Crouch and Ritchie claim that in absolute terms the most competitive destination is one that brings about the greatest success, that is, the most well-being for its residents on a sustainable basis. Crouch and Ritchie [2000] state that competitiveness is illusory without sustainability. Thus the most competitive destination is one that most effectively creates sustainable well-being for its residents. This view is supported by Hassen [2000: 113] who defines destination competitiveness as “the destination's ability to create and integrate value added products that sustain its resources while maintaining market position relative to its competitors”.

The systematic model of destination competitiveness proposed by Crouch and Ritchie [1999] points out that it is necessary to investigate and understand the relationships of interplay among the determinants of competitiveness. Furthermore, it has been

suggested that a systematic analysis of the comparative and competitive advantages contributing to destination competitiveness is done.

The national competitiveness model and its four determinants [proposed by Porter, 1990] can be used as a fundamental source for explaining the determinants of destination competitiveness [Ritchie & Crouch, 1993]. These determinants are factor condition [e.g. skilled labour, infrastructures], demand condition [e.g. basic tourism services], related and supporting industries, and firm strategy, structure and competition. It has been said that these determinants do not operate independently, but are mutually dependent [Porter, 1990].

Competitiveness has often incorporated the concept of marketing assessment and planning [Bordas, 1994; Poon, 1994; Buhalis 2000 and Kozak 2001]. Particularly Bordas [1994; 78] argues that in a conceptual scheme of competitive marketing, once the strongest of the tourism resources [clusters] are identified, the most attractive markets/segments for each resource [cluster] should also be determined.

Similarly Pearce [1997: 139] describes destination competitiveness as destination evaluation techniques and methods that can systematically analyse and compare the diverse attributes of competing destinations within a planning context. Such a systematic evaluation and comparison of major tourism components among competitors can provide a better appreciation of the competitive advantages of these competing destinations.

Against the background of the preceding exposition, the philosophy underlying the concept of international competitive assessment for tourism destinations could be summarised as follows:

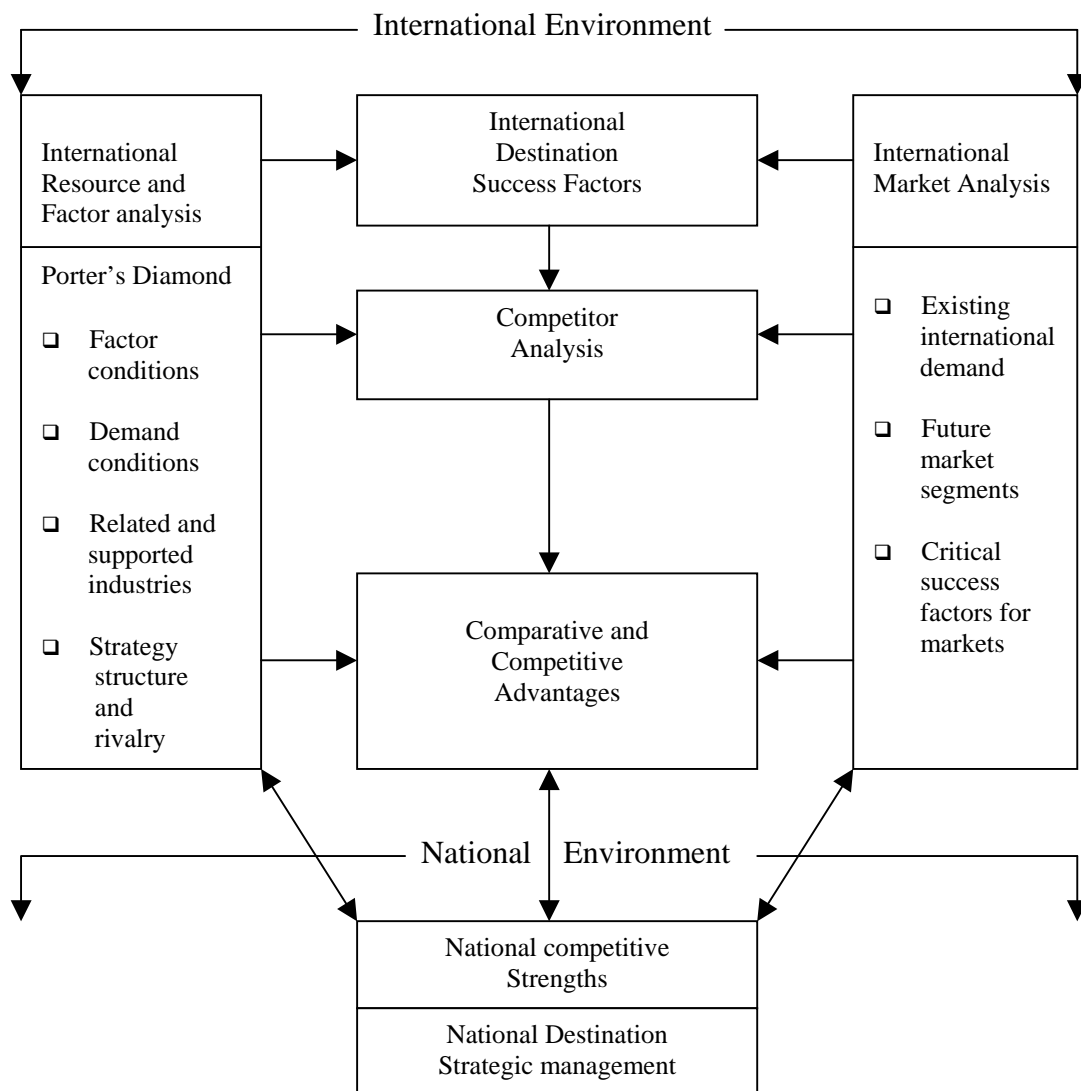
- ❑ An international resource and factor analysis can enable the destination to determine comparative and competitive advantages;
- ❑ Once the strongest of the tourism resources are identified, the most attractive market segments for these resources can be determined;
- ❑ International destination success factors can provide benchmarks against which a national destination's success can be measured. Crouch and Ritchie

[1999: 149] call these success factors “situational qualifiers”. These success factors will, to a great extent be determined by the needs of the international market, international competitive forces and critical international resources and skills;

- ❑ Finally, all the above elements can be used to do a full comparison, analysis and assessment of competitive destinations.

This background provides a base for a possible framework for the assessment of the international competitiveness of a tourism destination. The proposed framework is shown in figure 5.1.

Figure 5.1 International destination competitiveness framework



Source: Researcher's own construction

The different elements of the framework will now be critically discussed.

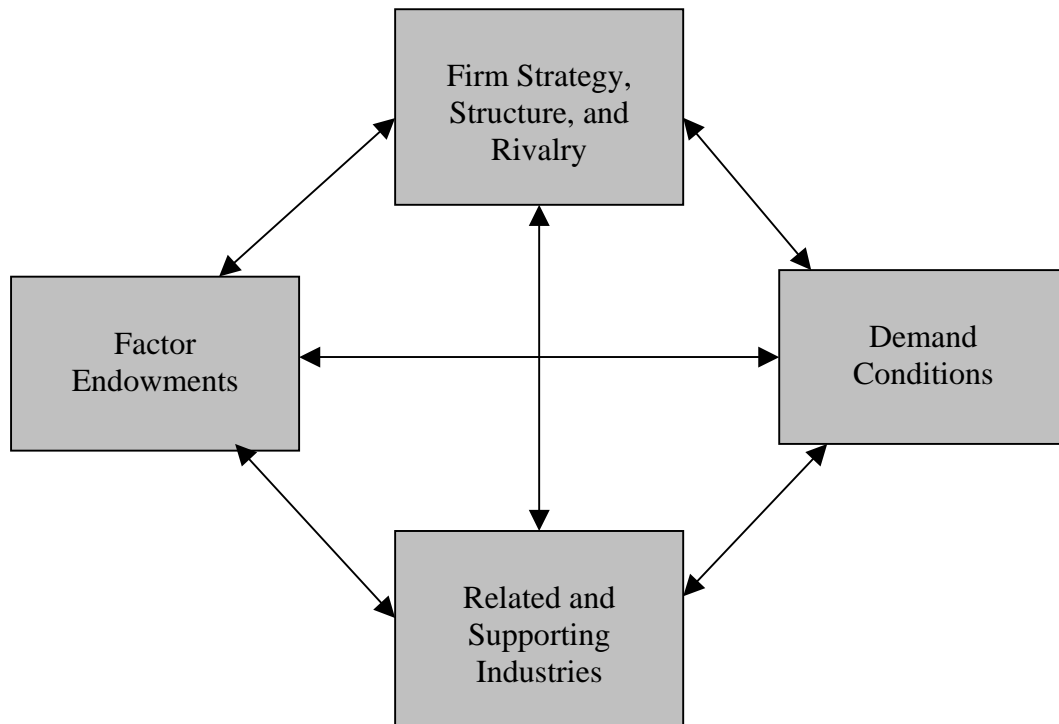
5.3 INTERNATIONAL RESOURCE AND FACTOR ANALYSIS

The purpose of the resource and factor analysis is to identify and analyse the resources, factors and attributes of a destination that can promote or impede the creation of competitive advantage.

Various contemporary works on international strategy, particularly those of Hill [2000: 139], Hough and Neuland [2000: 34], Stonehouse *et al* [2000: 107] and Daniels and Radebaugh [2001: 182], indicate that national resources and factors are important in determining competitive advantage, and identify Porter's [1990] Diamond Analysis as one of the best techniques to analyse these resources and factors. Crouch and Ritchie [1999: 141] also propose Porter's diamond as the best framework for analysing the international competitiveness of national tourism destinations as indicated in section 5.2.1.

In 1990 Michael Porter published the results of research that attempted to determine why some nations succeed and others fail in globally competitive situations. His conclusion was that the following four attributes [see Figure 5.2] of a nation shape the environment in which industries compete, and that they either promote or inhibit the creation of competitive advantage.

Figure 5.2 **Determinants of national competitive advantage: Porter's Diamond**



Source: Porter [1990: 77]

These attributes are:

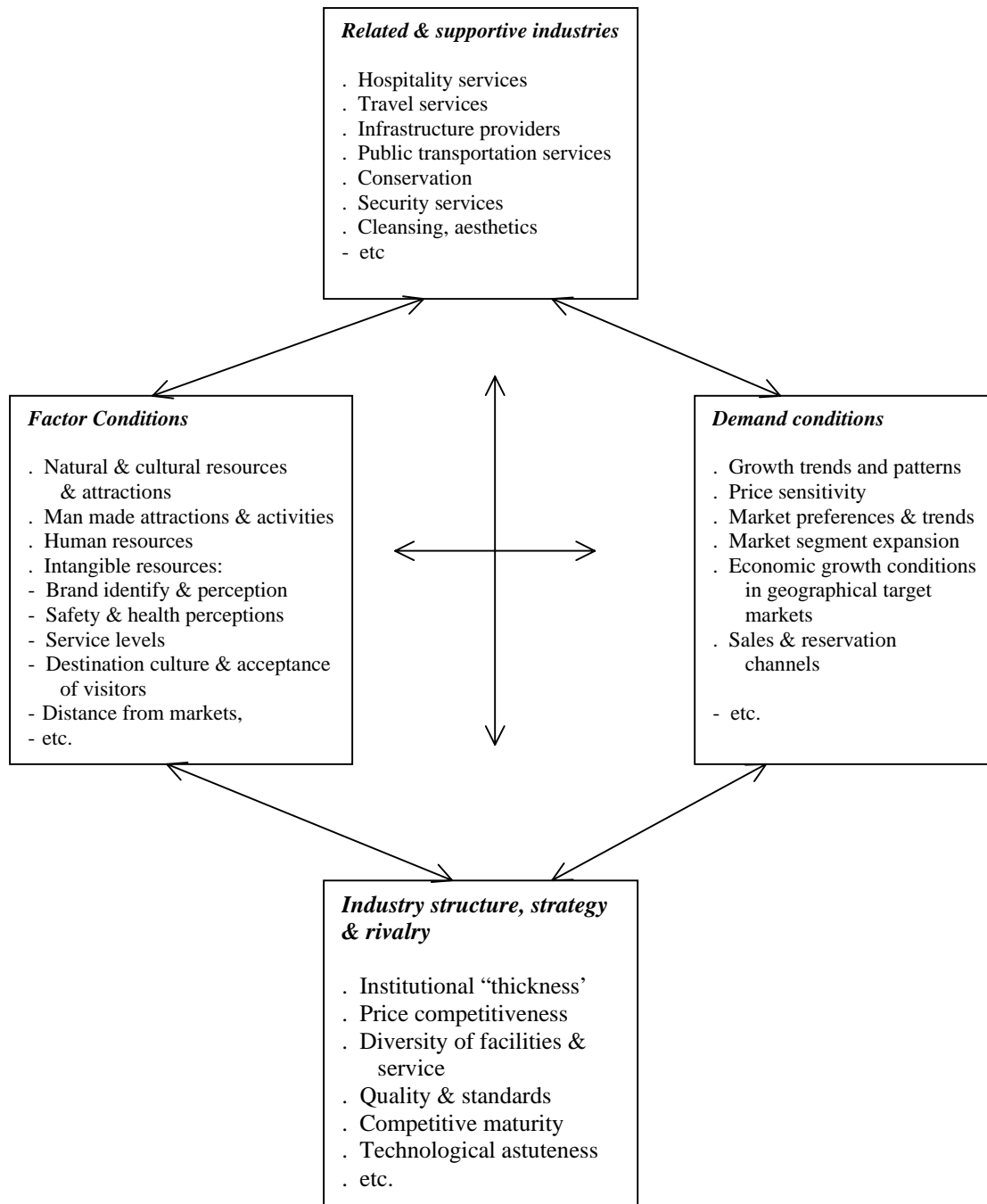
- ❑ Factor endowments – a nation's position in factors of production such as skilled labour or the infrastructure necessary to compete in a given industry;
- ❑ Demand conditions – the nature of home demand for the industry's product or service;
- ❑ Relating and supporting industries – the presence or absence in a nation of supplier industries and related industries that are internationally competitive;

- Firm strategy, structure and rivalry – the conditions in the nation governing how companies are created, organised and managed and the nature of domestic rivalry.

Porter [1990: 78] speaks of four attributes as constituting the diamond. He argues that firms are most likely to succeed in industries or industry segments where the diamond is most favourable. He also argues that the diamond is a mutually reinforcing system and that the effect of one attribute is contingent on the state of others.

Fabricius [2001: 30] applied Porter's diamond to a tourism destination [see figure 5.3].

Figure 5.3 Porter’s national diamond framework applied to a tourism destination



Source: Fabricius [2001: 30]

Fabricius [2001: 30-31] argues that various important qualities of the tourism industry need to be considered when applying Porter's diamond to tourism destinations. These are:

- ❑ The primary tourism product is an experience rather than a tangible product or service. Tourists travel to destinations to enjoy experiences and tourism is therefore highly driven by the discretion, tastes and attitudes of the consumers;
- ❑ The product cannot be delivered to the market. Rather the market is confronted with a "virtual" proposal often in the form of pictures, descriptions and perceptions based on media exposure and personal interactions;
- ❑ The tourism experience is not delivered to the consumer as a finished product. The consumer purchases various components of the experience, which are delivered at the destination as the experience unfolds. The comparative advantages of tourism are therefore mainly located in its factor conditions, i.e. its inherent attractiveness to specific market segments.

The components of Porter's Diamond will now be used to analyse and discuss the international competitiveness of South Africa as a tourism destination.

5.3.1 Factor conditions

Factor conditions are a nation's position in factors of production necessary to compete in a given industry [Porter, 1990: 80]. Porter recognises hierarchies among factors, and distinguishes between basic factors [e.g. natural resources, climate, location and demographics] and advanced factors [e.g. communication, infrastructure, sophisticated and skilled labour, research facilities and technological know-how]. Porter argues that advanced factors are the most significant for competitive advantage. Unlike basic factors [which are naturally endowed], advanced factors are a product of investment by individuals, companies and governments. Thus, government investment in basic and higher education, by improving the general skills and knowledge of the population and by stimulating advanced research at higher education institutions, can upgrade a nation's advanced factors.

Crouch and Ritchie [1999: 140] and Fabricius [2001: 29] argue that factor conditions [both basic and advanced] are a particularly important source of competitiveness to tourist destinations. Natural, historical, cultural and recreational resources often represent primary travel motivations. Other attributes include the sustainable use of these resources, the availability of human resources, infrastructure and basic services, and access to modern technology and capital resources.

Fabricius [2001: 30] emphasises that the comparative advantages of a tourism destination are mainly located in its factor conditions. Crouch and Ritchie [1999: 140] support this argument and point out that the wise stewardship of resources is critical to the long-term competitiveness of a tourism destination. Critical success factors that flow from this can therefore be the education and training of human resources; the protection and care of physical resources; the expansion and domestication of knowledge resources; the investment and growth of capital resources; the construction and maintenance of infrastructure and tourism superstructure, and the preservation and fostering of historical and cultural resources.

In pursuance of the objectives of this component of the study, it is essential to analyse the resource and factor attributes of South Africa and compare them with that of competitors or world-class conditions. An example of a comparison is shown in Table 5.2. The purpose of such an analysis is to identify the strategic gaps as well as the comparative advantages of the destination.

Table 5.2 Factor conditions: A comparison between South Africa and World Class Conditions

World Class Conditions	South Africa's Conditions
Unique climatic, geographic, cultural or historical attributes	South Africa is World Class: <ul style="list-style-type: none"> . Unique scenery, environment & ecosystems . Unique culture and history . World heritage sites . World famous landmarks
Access by large, and/or wealthy populations	South Africa is potentially World Class <ul style="list-style-type: none"> . Strong international transportation and gateways . Distance a current barrier to long-hauls
Smooth physical access to attractions and good communications and finance infrastructure	South Africa is inadequate for some segments <ul style="list-style-type: none"> . Poor access via roads and air [closed skies] and roads not well maintained . Poor communication outside major urban areas . Difficult financial rules e.g. petrol cards

Source: The Cluster Consortium [1999: 217]

5.3.2 Demand conditions

Porter [1990] emphasises the role home demand plays in providing the impetus for upgrading competitive advantage. Destinations are typically most sensitive to the needs of their closest customers. Porter argues that a destination can gain competitive advantage if its domestic customers are sophisticated and demanding.

Demand conditions, particularly domestic demand and its internationalisation to foreign markets, establish the “proving grounds” for the destination. A high domestic demand confers static efficiencies and encourages improvement and innovation. Most national tourism destinations depend upon domestic demand for the majority of their

business. Foreign demand thrives more readily when domestic tourism is well established [Crouch & Ritchie, 1999: 141].

The Cluster Consortium [1999: 5] identifies the characteristics of destination demand as “Volume and seasonal conditions, socio-economic and demographic characteristics, markets of origin, tourist motivation and behaviour, level of satisfaction demanded, previous knowledge of destination and image of destination among tourists”.

According to the Cluster Consortium [1999: 17], the overall demand for South African tourism is growing and remains strong, particularly from traditional European markets [like Germany]. Tourists are demanding higher service levels. According to the report South Africa has captured less than 2% of world demand for tourism, hence, there is significant latent demand in European, North American, Asian and South American markets yet to be tapped. The report proposes that in order to maintain an increase in long-haul tourists, South Africa must focus its promotion target on specific niches, contend with tough foreign competition and increase the quality of its own tourism products and services. A comparison between South Africa's and World Class demand conditions is given in table 5.3.

Table 5.3 A comparison between South Africa's and World Class demand conditions

World Class Conditions	South Africa's Conditions
Impulse, coordination and analysis of investigation of the tourist demand captured by destination: <ul style="list-style-type: none"> . Volume, . Seasonal conditions, . Origin, . Motivation, behaviour . Characteristics, satisfaction . Knowledge of the destination, . Image of the destination and its tourist products, etc. 	<p>South Africa needs a comprehensive system for permanent market research as well as ongoing basic statistics collection and analysis</p> <p>South Africa has to develop a clear market focus with integrated tourism products</p> <p>South Africa does not understand target segments. Needs based research is required.</p>
World class destinations have a clear market focus	South Africa has been one of the tourism success stories of the late 1990s
World class destinations supply changing market preferences	<p>Visitors to South Africa for holiday purposes have driven growth</p> <p>European market [holidays] have reached a plateau</p> <p>Countries preferred as destinations change over time influenced by fashion, perceptions of safety, promotion, marketing</p>
Facilitation of tourist information to the tourists at destination, including the different products and services favouring its use and compatibility	South Africa needs a comprehensive system for tourism information

Source: The Cluster Consortium [1999: 218]

5.3.3 Related and supporting industries

The third broad attribute of national advantage in an industry is the presence of internationally competitive suppliers or related industries. Related and supporting industries that pose their own advantages can stimulate an industry. For example, leisure and recreation, and retailing and entertainment industries share activities that complement the tourism industry. Supplier industries [accommodation, transportation, food services etc] that are either unique or cost efficient, confer advantages to the tourism industry.

The Cluster Consortium [1999: 21] made the following conclusions based on their analysis of the related and supporting industries of tourism in South Africa:

- The analysis reveals that the country possesses a sufficiently strong array of interrelated key and supporting businesses to build future success and development of the tourism industry. However, the tourism distribution system [travel agents and tour operators] and component providers [accommodation, attractions, transportation, etc.] require further development and integration to achieve either satisfactory or optimal levels, particularly as they relate to product development, delivery and marketing;
- The analysis also shows that tourism growth is threatened by fundamental weaknesses in the country's economic foundations including human resources, safety and security, and inadequate marketing of the South African tourism product. Public spending is currently increasing at a moderate pace at best and offers only gradual, incremental improvements;
- One of the keys to tapping South Africa's tourism potential is to develop more effective linkages and synergies within the industry and invest in critically needed infrastructure. A critical factor for success is to align all elements of the cluster to strategic tourist product offerings.

A comparison between South Africa and World Class Conditions regarding related and supporting industries is given in Table 5.4.

Table 5.4 Related and supporting industries: A comparison between South Africa and World Class Conditions

World Class Conditions	South Africa's Conditions
<p>A critical mass of interrelated supporting industries:</p> <ul style="list-style-type: none"> . Accommodation . Transportation . Restaurants . Entertainment . Travel Agencies and Tour Operators . Cleaning, Service and Repair Industries . Management and Development Services . Security, banking, communications and postal services . Other supplier industries 	<p><i>South Africa is expanding:</i></p> <ul style="list-style-type: none"> . 10,341 new beds—38% growth since 1993 . Declining occupancy rates . 300 private game lodges . Guesthouses, B&B, Hostels and self catering holiday resorts are growing . Deregulation of airlines has lowered prices . Competition in car hire has risen the standard of service . Coach service is increasing in importance for new destinations and emerging markets . 460 tour operators. Need for specialisation . High degree of competition in Travel Agents . Linkages between leading and supporting firms are generally inadequate . Packaging of tourism components are greatly lacking . South Africa lags behind in service excellence
<p>Excellent basic services and infrastructure</p>	<p><i>South Africa is Challenged:</i></p> <p>Services limited to high-end travellers Lack of Supporting service culture Five star services compare unfavourably with world standard Strong but regionally limited infrastructure Development and maintenance</p>
<p>Ease of arrival and movement within the country</p>	<p><i>South Africa is Challenged:</i></p> <p>Competitive car-hires attaining higher service levels, but taxi service and other public and private transportation services still substandard. Closed skies restricts growth</p>

Source: The Cluster Consortium [1999: 220]

5.3.4 Strategy, structure and rivalry

The fourth broad attribute of national competitive advantage in Porter's model [1990] is the strategy, structure and rivalry of firms within a nation. Porter makes two important points here. His first is that nations are characterised by different "management ideologies", which either help or do not help them to build national competitive advantage.

Porter's second point is that there is a strong association between vigorous domestic rivalry and the creation and persistence of competitive advantage in an industry. Domestic rivalry creates pressure to innovate, to improve quality, to reduce costs, and to invest in upgrading advanced factors. Supporting industries to the South African tourism industry are recorded by the Cluster Consortium [1999: 218] to require further development and integration to achieve satisfactory or optimal levels, particularly as they relate to product development, delivery and marketing. According to the Cluster Consortium report [1999:219], South Africa's tourism industry experiences varied but escalating levels of rivalry in key sectors [e.g. generally high in accommodation, transportation, and travel agency sectors, low among tour operators, etc].

A comparison between South Africa's and the World Class Conditions on strategy structure and rivalry is given in Table 5.5.

**Table 5.5 Strategy structure and rivalry: A comparison between
South Africa and World Class Conditions**

World Class Conditions	South Africa's Conditions
High levels of rivalry among competing service providers leading to:	Varying degrees of rivalry depending on type of industry
<ul style="list-style-type: none"> • Growing numbers of experienced firms • Increasingly sophisticated market segmentation • Continuous upgrading of service provision 	<ul style="list-style-type: none"> • Limited competition in some key Industries [e.g. luxury hotels, car hire] due to the industry's concentration in a few large companies. • Higher rivalry and competition among rapidly-growing B&B's, game lodges, tour operators and the gaming industry. <p>Resulting in: limited entry of new firms in hotels, car hire, transportation, entertainment sectors, slow upgrading in service provision, and limited diversification in new product/market segmentation</p>

Source: The Cluster Consortium [1999: 219]

An important aspect that was not included in the analysis of the cluster consortium is the “management ideologies” of the different stakeholders in the process. The influence of these stakeholder perceptions and ideologies will be discussed in the next chapter.

5.4 INTERNATIONAL MARKET ANALYSIS

The purpose of the international market analysis is to identify and analyse the trends and changes in the needs and perceptions of the destination's existing and potential market segments and identify critical success factors within these segments. A major step in undertaking a market analysis for a particular destination should involve, among others, a description of existing tourism demand utilising readily available sources of information.

5.4.1 International arrivals

In the five years from 1996 to 2000, international visitor arrivals to South Africa have grown from 4,9 million to 5,9 million, registering a moderate growth of 5,5 percent per annum [Table 5.6].

Table 5.6 International visitor arrivals from 1996-2000 by major source regions [thousands]

	1996	1997	1998	1999	2000	Average Annual Growth [%]
Grand total	4,944 [10.2%]	4,976 [6.5%]	5,732 [15.2%]	5,891 [2.8%]	5,872 [-0.4%]	5.5%
Overseas	1,172 [9.3%]	1,274 [8.7%]	1,428 [12.1%]	1,491 [4.4%]	1,532 [2.7%]	7.4%
Europe	771 [10.5%]	846 [9.7%]	950 [12.2%]	998 [5.1%]	1,023 [2.5%]	7.9%
N. America	137 [10.5%]	156 [15.3%]	194 [22.8%]	193 [-0.5%]	202 [4.7%]	10.3%
Australia	62 [3.3%]	63 [1.6%]	69 [9.5%]	69 [0.0%]	70 [1.5%]	3.1%
Asia [1]	118 [2.6%]	111 [-6.0%]	109 [-1.9%]	122 [11.9%]	122 [0.0%]	1.2%
India/Ocean [2]	27 [8.0%]	31 [14.8%]	34 [9.7%]	38 [11.8%]	40 [5.3%]	9.9%
Africa	3,607 [9.6%]	3,527 [-2.2%]	4,184 [18.6%]	4,272 [2.1%]	4,222 [-1.2%]	5.1%
Others [3]	221 [26.3%]	241 [9.0%]	192 [-20.4%]	198 [2.1%]	193 [-2.5%]	2.0%

- 1] Excludes India
- 2] India/Indian Ocean Islands
- 3] Central/S. America, M/East and Unspecified

Source: SA Tourism [2001: 2-18]

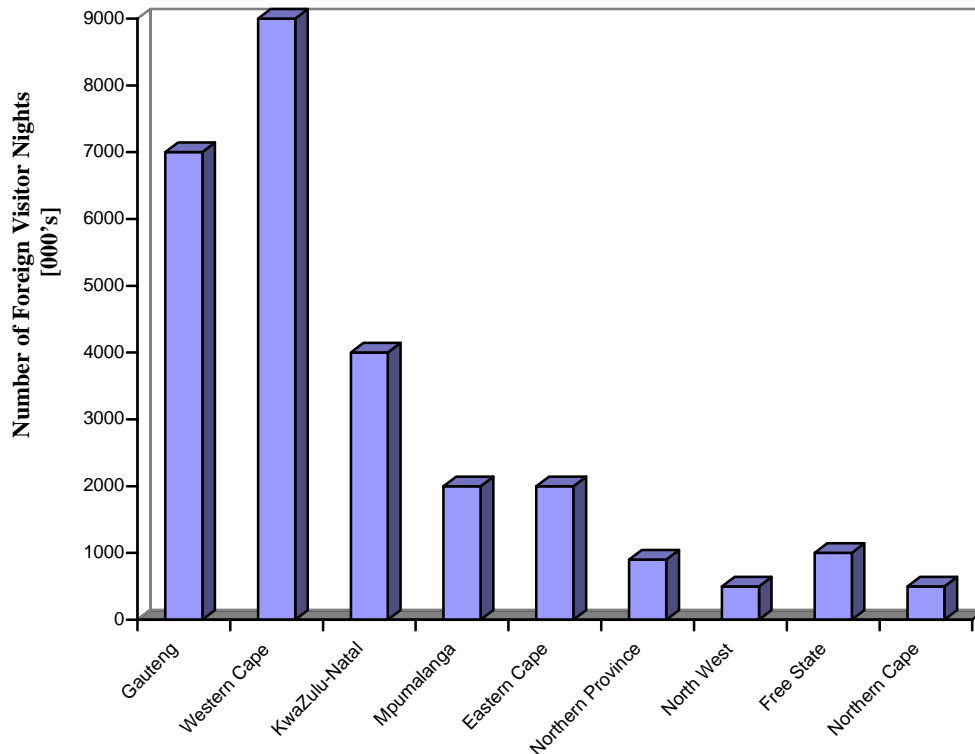
The majority of arrivals are intra-African arrivals averaging a share of 71% [1997] to 73% [1996 and 1998].

Overseas arrivals, as defined by SA Tourism to exclude African arrivals, has registered a growth of 7,4% per annum for the same period, expanding from 1,2 million to 1,5 million.

Europe has been and will continue to be the major generating source of visitors to South Africa because of its relative geographical proximity and post socio-political relations. Europe holds an average share of 66-67% of the total overseas arrivals. European arrivals expanded from 0,8 million to 1 million registering a very steady growth of 7,9% per annum. North America [USA and Canada] and India/Indian Ocean Islands are the two other source regions recording a notable annual growth rate of 10.3% and 9.9% respectively.

Figure 5.4 shows the number of overseas visitor nights spent in each province. It is clear from the table that the most overseas visitor nights are spent in the Western Cape, Gauteng and Kwa Zulu Natal.

Figure 5.4 Number of overseas visitor nights spent in each province



Source: Fabricious [2001: 21]

5.4.2 Market segmentation

Kay [1993: 10] points out that it is only when core competences or distinctive capabilities are applied in the context of one or more markets, that they become sources of competitive advantage. Fabricious [2001: 44] postulates that this is also true for tourism destinations and highlights the fact that a competitive strategy should identify the potential market segments and match these with the resources and capabilities of the destination to determine the basis on which it will compete in the marketplace.

A market segmentation analysis seeks to identify the largest and most profitable customers to group them according to shared characteristics. Such shared characteristics will result in specific customer groups to have different needs and to act and behave differently to other customer groups [Stonehouse, *et al*, 2000: 91]. Fundamentally, segmentation therefore means subdividing a market into customer

sub-groupings, each with their own distinctive attributes and needs. Customer groups are commonly segmented according to factors like age, sex, occupation, socio-economic grouping, race, lifestyle, buying habits and geography. Each segment is then analysed for its size and potential profitability, for customer needs and potential demand based on ability and willingness to buy [Stonehouse, *et al*, 2000: 91].

Heath [2000: 94] postulates that tourism destination markets can be analysed or subdivided according to various criteria, including choice of destination, travel method, demographic characteristics, purpose of trip and benefits sought. According to Heath the above criteria can be divided into four broad categories, namely, geographic, socio-economic and demographic, psychographic and behavioural categories. Table 5.7 provides examples of a breakdown of these variables that can be used as bases for tourism market segmentation.

Table 5.7 Tourism market segmentation bases and characteristics

SEGMENTATION	CHARACTERISTICS
Demographic and socio-economic	Age, education, gender, income, family size, social class, occupation, etc.
Geographic	Country, region, market area, urban/rural, city size, postal code, neighbourhood, etc.
Purpose of trip	Regular business travel, conferences, incentive travel, visiting friends and relatives, outdoors vacation, resort vacation, visit to theme park, exhibition or travel event.
Behavioural	Benefits sought, use occasions, activity participation patterns, length of stay, experience preferences, transportation modes used, etc.
Psychographic	Lifestyle, attitudes/interests/opinions, values.

Source: Heath [2000: 94]

Fabricius [2001: 49] adds an additional criterion for destination market segmentation, namely, “activity based segmentation”. This type of segmentation is based on the primary tourism activity types performed by the global tourism market. By identifying the activity groupings in the market, it is possible to clearly match the destination’s resources, capabilities and competences with the activities sought and to determine the destination’s competitive strengths in relation to each segment. Fabricius argues that this segmentation would also provide a solid basis for the application of other

segmentation variables, be they geographic, demographic, psychological or behavioural.

The Western Cape Tourism Board provides an example of an activity-based segmentation approach in defining its potential target markets. They maintain that since customers are primarily in search of experiences, these experiences are applied as a point of departure for segmentation [Western Cape Tourism Board, 2000]. They identify the five “E’s” as potential activity segments, namely: experiences, explorers, entertainers, engagers and eventers. These segments are defined in Table 5.8.

5.4.3 Identifying critical success factors in market segments

Differences in competitive structures and customer preferences between segments implies differences in the basis of competitive advantage. This means that an examination of differences between market segment purchase criteria and the way in which destinations compete in the market place could reveal specific critical success factors for each target market [Grant, 1995: 95; Fabricious, 2001: 66]. Fabricius [2001: 66] reasons that these principles could also be applied to the tourism market segments. Table 5.8 provides an example of critical success factors identified by Fabricius pertaining to the “Five E” activity segments identified in the previous section.

Table 5.8 Examples of critical success factors for the “Five E” tourism market segments

<i>SEGMENT</i>	<i>CRITICAL SUCCESS FACTORS</i>
<p><i>Experiencers:</i> Tourists who want an introductory overview and fairly superficial experience of the destination highlights and its main attractions within a limited time period. Specific activities include visiting the tourism “icons” or “must see” attractions, general sightseeing, general sport participation (e.g. golf, surfing, gyming, cycling, etc.), socializing with the local population, general eco-tourism.</p>	<ul style="list-style-type: none"> • Ease of access (adequate airline capacity) • Emigration procedures capable of handling large numbers • Quality airport facilities to accommodate volume flows • Adequate tourist and first class hotel capacity • Adequate number of high quality tour coaches • Tourist attractions geared to handling substantial numbers • Well established wholesale and retail travel sales channels • Aggressive and focused marketing of major tourism attractions and highlights, mainly to the travel trade • Flexible, cost competitive and creative tour packaging • Excellent perceptions of safety and security • Excellent service levels • High quality tour guiding skills • Excellent visitor recreation facilities • Sustained environmental quality and high carrying capacity
<p><i>Explorers:</i> Tourists who want to have an intensive experience, travel to lesser-known areas, risk more, “rough it up”, get “behind the scenes”. Specific activities include self-drive exploration, backpacking, hiking-, biking-, horse- and 4x4 trails, adventure tourism activities, delving into the heritage and culture of the destination and special interest activities such as birding, botanical tourism, hunting,.</p>	<ul style="list-style-type: none"> • Ease of access [adequate airline capacity] • Range of tourist class hotel capacity • Adequate public transportation and independent travel modes, e.g. car rental, taxis, train system, bus service • Good internet and other communication capabilities • Good quality market research and very targeted marketing aimed at special interest groups • Flexible and creative travel routes and themes • Adequate perceptions of safety and security • Excellent environmental and cultural management • Access to a variety of off the beaten track attractions
<p><i>Entertainers:</i> Tourists who want to relax in a limited action, entertaining environment. Activities include “sun & surfer” beach activities, shopping, enjoying food and wine, attending music and theatre, romantic break-aways, nightlife activities/-partying.</p>	<ul style="list-style-type: none"> • Ease of access [adequate airline capacity and access roads] • Quality airport facilities to accommodate volume flows • Adequate variety of tourist and self catering accommodation • Basic public transportation • High quality and variety of recreational and entertainment facilities • Recreational facilities geared to handling substantial numbers • Affordable accommodation, restaurants and facilities • Excellent beach facilities

<p>Engagers: Those who travel to a destination to meet a particular parties to build relationships, exchange common ideas and conduct business. Activities include business meetings, attending political meetings or gatherings and attending academic meetings or lectures. While these are the main reasons for visiting the destination they could also engage in various other activities</p>	<ul style="list-style-type: none"> • Ease of access [regular air links] • Quality airport facilities • Adequate tourist and first class hotel capacity • Well established wholesale and retail travel sales channels • Excellent service levels • Excellent visitor and restaurant facilities
<p>Eventers: Travellers who visit a destination to partake in an organised event. Such activities may include participation in sports or cultural events, attending festivals, attending conventions and conferences or participating in a company incentive.</p>	<ul style="list-style-type: none"> • Ease and regularity of access [adequate airline capacity] • Emigration procedures capable of handling large numbers • Quality airport facilities to accommodate volume flows • Adequate tourist and first class hotel capacity • Adequate number of high quality tour coaches • Main tourist attractions geared to handling substantial numbers • High quality meeting and convention facilities • Well established convention sales channels • Aggressive and focused marketing as a convention destination and bidding for conventions • Flexible pre and post tours • Excellent perceptions of safety and security • Excellent service levels • Excellent visitor recreation facilities • Sustained environmental quality

Source: Fabricius [2001: 67]

There are a range of broad critical success factors that are crucial to the overall success of the destination. The more targeted the segmentation becomes, the more specific will the critical success factors be that will be added to the general list. While various critical success factors will be generalizable, specific critical success factors will be applicable to specific target markets. The result is a “pyramid” of critical success factors.

The basis of the pyramid consists of those critical success factors that are common to a wide spectrum of market segments and that are therefore fundamental to the overall success of the destination. There are a number of such fundamental critical success factors evident from Table 5.8. These include ease of air access, perceptions of safety and security, excellent service levels, environmental sustainability.

5.5 THE IDENTIFICATION OF INTERNATIONAL DESTINATION SUCCESS FACTORS

This study has made a clear distinction between international success factors and destination success factors. International success factors could be used to direct the national destination's efforts in developing strategic plans and to evaluate international competitiveness. The advantage of a focus on the essential issues provided by the critical success factors makes it a useful tool for the development of a competitive strategy [Ohmae, 1982: 42].

An international destination success factor survey was undertaken in this study to determine international critical success factors as perceived by national tourism organisations in different countries. This was done by means of a Delphi Survey.

The survey asked the respondents to identify the critical success factors as well as the main strategic issues of concern for international destinations. Twenty-one respondents representing a broad range of international countries took part in two rounds of the survey. The survey was done by means of an open questionnaire that was e-mailed to a random sample of 100 prominent national tourism organisations, government departments and research institutes out of a population of 840 that could be identified in Canada, the United States of America, the European countries, the Scandinavian countries, New Zealand, Australia, Israel, Japan, Taiwan, Hong Kong and selected countries of Africa and South America.

The six most important critical success factors, as well as the six most important strategic issues identified by the respondents, are shown in Table 5.9.

Table 5.9 Results of International Delphi Survey: The identification of international critical success factors and future issues of concern

International success factors	Future strategic issues
1. Safety/stability/security of the destination	1. Easy access to major destinations
2. Unique and diverse attractions	2. Creating a safe and secure destination
3. Accessibility of destination and attractions	3. Decreasing cost
4. Quality of tourism experience	4. Providing an up-to-date product offering
5. Effective and collective marketing effort	5. Distributing effective information
6. Destination image and reputation	6. Achieving sustainable tourism development

- **Safety/Stability/Security** was identified as the most important international critical success factor. Creating a safe and secure environment was also identified as one of the main issues of concern for the future success of destinations. In a similar survey by Crouch and Ritchie [1999: 149], safety was also identified as one of four important critical success factors. It is clear that if tourists are gravely concerned about crime, violence, political unrest, natural disasters, or the quality of medical services, other competitive strengths may account for very little in their minds.

- **Image of the destination** Various works on tourism, particularly those of Fakey and Crompton [1991: 12] and Kim [1998: 341] indicate that the primary goal in promoting a destination is to project a positive image to potential tourists so that the product becomes desirable to them. The Delphi survey confirms that destination image is critical for success. The attributes of the destination, unique and diverse attractions and accessibility could be included under image. The latter two factors were also identified as issues of concern by the respondents. In conclusion it can therefore be said that the image of the

destination will be critical particularly in terms of the unique and diverse attractions that it offers as well as the accessibility [Davidoff & Davidoff, 1994: 10; and Kim, 1998: 341].

- **Quality of tourism experience** is also critical according to the respondents. According to Otto and Ritchie [1996: 168], quality of experience refers to the internal experience satisfaction of the visitor. The quality of the tourism experience plays an important role in the international tourist's sense of customer satisfaction.
- **Effective and collective marketing effort** was identified as critical and can therefore be considered as one of the most important destination management processes. A tourism destination will only succeed if it completely understands its markets. Crouch and Ritchie [1999: 49] point out that this includes attention to product packaging, promotion, branding and effective distribution channels and sales. Destination marketing is almost always the key responsibility of government agencies such as national destination marketing organisations [DMOs] and their provincial, regional and community counterparts, a fact that reinforces the key role of destination governments within the overall tourism system. Two strategic issues identified that link with the marketing effort of DMOs are providing an up-to-date product offering and effective information distribution. According to Poon [1993: 243], marketing should be linked with product development to ensure that the product reflects as closely as possible the needs of the people who will make use of it. DMOs are also responsible for information distribution, especially on market research, sales and marketing functions.
- **Achieving sustainable tourism development** was identified as a strategic issue of concern for the future. Sustainable tourism development connects tourists and providers of tourist facilities and services at tourist destinations with advocates of environmental protection and community leaders who desire a better quality of life. The sustainable growth of the destination is therefore dependent upon its economic success, balanced with the continued well-being of the physical and social environment on which it is based. To achieve this

goal successfully, sustainability seems to be an issue of concern for international stakeholders [Brookfield, 1988; and Butler, 1991].

5.6 INTERNATIONAL COMPETITOR ANALYSIS

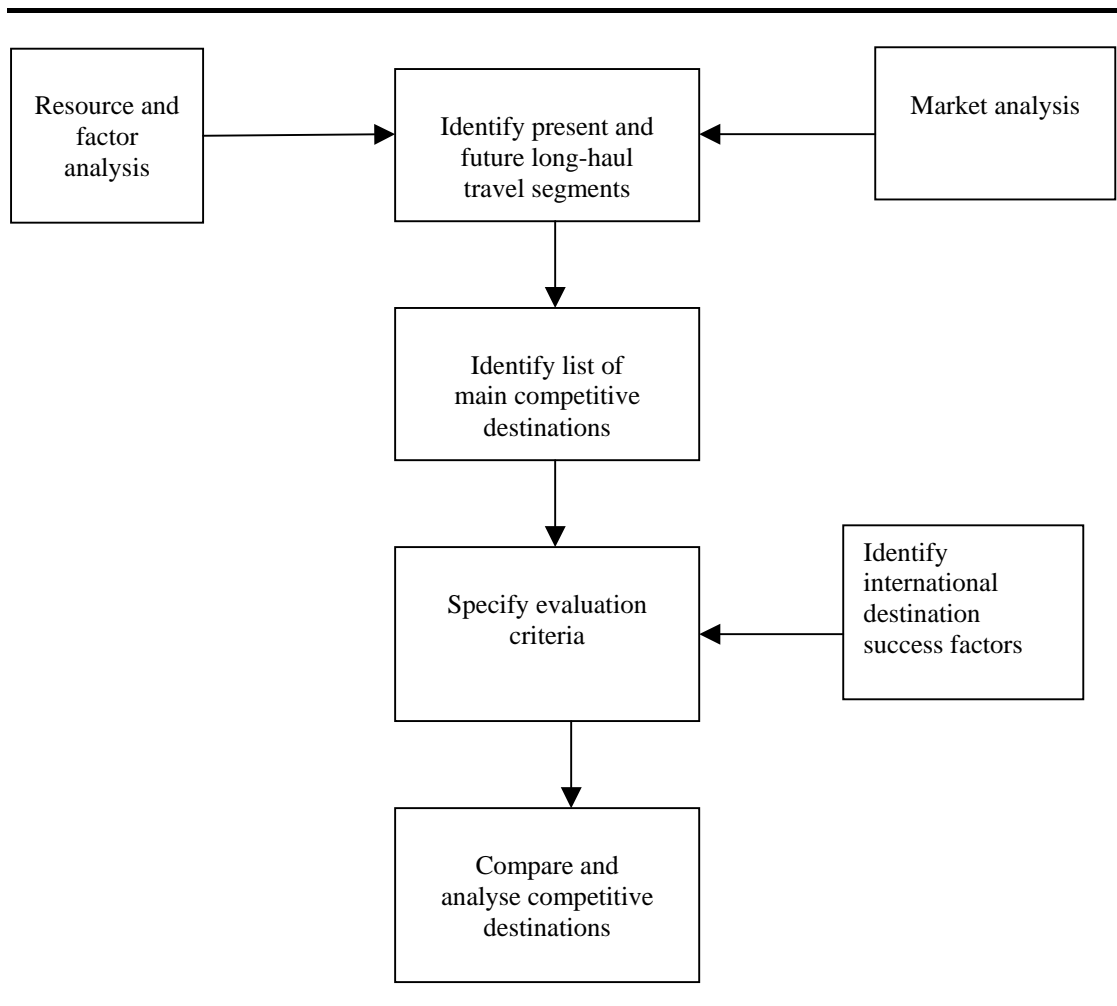
The actions and attributes of competitors are widely recognised factors that should be taken into account when preparing tourism destination plans and programmes [Middleton, 1988; Cullen, 1989; and Morrison, 1989]. Competitors are seen to be a significant part of the “external environment” [Morrison, 1989: 103] and a “powerful external factor” [Middleton, 1988: 71] over which destination management may have some influence but no control.

Pearce [1997: 16] argues that the systematic appraisal and comparison of key tourism elements, resources and success factors can constitute a more objective basis for evaluating the strengths and weaknesses of a destination and provide a better appreciation of its competitive advantage. Three basic questions need to be addressed during a competitor analysis [Pearce, 1997: 17]:

- ❑ What destinations are to be compared?
- ❑ What are the criteria that will be used for evaluation?
- ❑ How can the destinations be analysed and compared?

This process could be graphically illustrated as shown in Figure 5.5.

Figure 5.5 Destination competitor analysis



Source: Researcher's own construction

The first step is to define the key competitors of the host destination. Key competitors could be identified based on the requirements of the present and future long-haul travel segments identified earlier in the study. The list could be narrowed down to a list of main rivals by further highlighting the main characteristics of each competitor destination and synchronising these with those of the home destination.

The next step is to identify the criteria that could be used for evaluation. The comparative criteria identified by this study are resource and factor conditions and international critical success factors. The final step is to analyse and compare the

different competitive destinations by using the evaluation criteria. A hypothetical example of how this analysis and comparison could be done is given in table 5.10.

Table 5.10 A destination comparison evaluation sheet

Competitive destination evaluation criteria	Weight	Rating			Weighted Score		
		Destinations			Destinations		
		A	B	C	A	B	C
<u>Resource and factor conditions</u>							
<u>Basic factors</u>	0,20	4	5	3	0,80	1,00	0,60
- Physical resources							
- Historical and cultural resources							
- Climate							
- Location							
<u>Advanced factors</u>	0,20	3	4	5	0,60	0,80	2,00
- Human resources							
- Knowledge resources							
- Capital resources							
- Infrastructure							
<u>Demand conditions</u>	0,10	3	4	2	0,30	0,40	0,20
<u>Related industry factors</u>	0,10	3	4	3	0,30	0,40	0,30
<u>Strategy and rivalry factors</u>	0,10	3	4	3	0,30	0,40	0,30
<u>Other destination success factors</u>							
- Safety	0,10	1	2	3	0,10	0,20	0,30
- Destination image	0,05	3	1	4	0,15	0,05	0,20
- Accessibility	0,05	2	1	4	0,10	0,05	0,20
- Effective marketing	0,05	3	4	3	0,15	0,20	0,15
- Quality of tourism experience	0,05	2	5	4	0,10	0,25	0,20
	1,00*				2,90	3,75	3,45

* The total weights must always equal 1

* The rating scale suggested is as follows:

5 = very strong competitive position, 4 = strong, 3 = average, 2 = weak, 1 = very weak

Source: Researcher's own construction

Once appropriate criteria have been selected, they are weighted to reflect their importance to a destination's success. The competitor is then rated on the criteria according to a rating scale as shown in table 5.10. The ratings are multiplied by the weight and the weighted scores are summed to yield a numerical profile of the competitor [as shown in the example for destinations A, B and C]. The process could also be further refined by attaching individual weights to the basic and advanced factors in the analysis.

5.7 SUMMARY

This chapter focused on the development of an international competitive assessment framework for tourism destinations that comprises the following elements:

- ❑ the comparison of resource and factor conditions of the destination with that of the main rivals and/or world class conditions to identify comparative and competitive advantages;
- ❑ the analysis of existing and future international market segments and the identification of critical success factors within these market segments;
- ❑ the identification of international destination success factors;
- ❑ the determination of the competitive strengths of the home destination in comparison with rival destinations.

The international resource and factor analysis has four major components: factor conditions, demand conditions, relating and supporting industries and strategy, structure and rivalry. Factor conditions consist of basic factors like natural, historical, cultural and recreational resources and advanced factors like human resources, knowledge resources, capital resources and infrastructure. Demand conditions emphasize that there is a direct relationship between domestic demand and international competitiveness. Related and supporting industries that possess their own advantage can stimulate an industry. One of the keys for tapping South Africa's tourism potential is to develop more effective linkages and synergies between the related and supporting industries. The fourth point concerns strategy structure and rivalry. A climate of competition stimulates improvement and discourages stagnation. High levels of rivalry among domestic tourism industries will therefore enhance international competitiveness.

The international market analysis requires an analysis of present and future international market segments and the identification of critical success factors within these market segments. This analysis could include current market trends but should also identify future market segments. Market segmentation is an important step in this process and markets should be identified based on relevant segmentation criteria.

Each market segment will have unique characteristics, needs and critical success factors. Characteristics and critical success factors that are shared by all the target markets can also be identified and will be important indicators for future strategic development.

One of the objectives of this study was to identify international destination success factors on an international level. A Delphi survey was used to identify critical success factors considered to be important by international experts.

The six most important critical success factors identified by respondents in a Delphi survey were: Safety/Stability/Security of the destination, unique and diverse attractions, accessibility of the destination and attractions, quality of tourism experience, effective and collective marketing effort and destination image and reputation. The six most important strategic issues of concern for future success identified in the same study are: providing easy access to major destinations and attractions, creating a safe and secure destination, decreasing costs, providing up-to-date product offering, distributing effective information and achieving sustainable tourism development.

The last part of the chapter examined the execution of a competitive analysis where the rival competitive destinations were analysed and compared with the home destination by using the criteria identified in the previous sections. The outcomes of this analysis were to identify competitive strengths and advantages of the destination in comparison with other rival destinations.

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CHAPTER 6

DESTINATION STRATEGIC DIRECTION AND POSITIONING

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CHAPTER 6

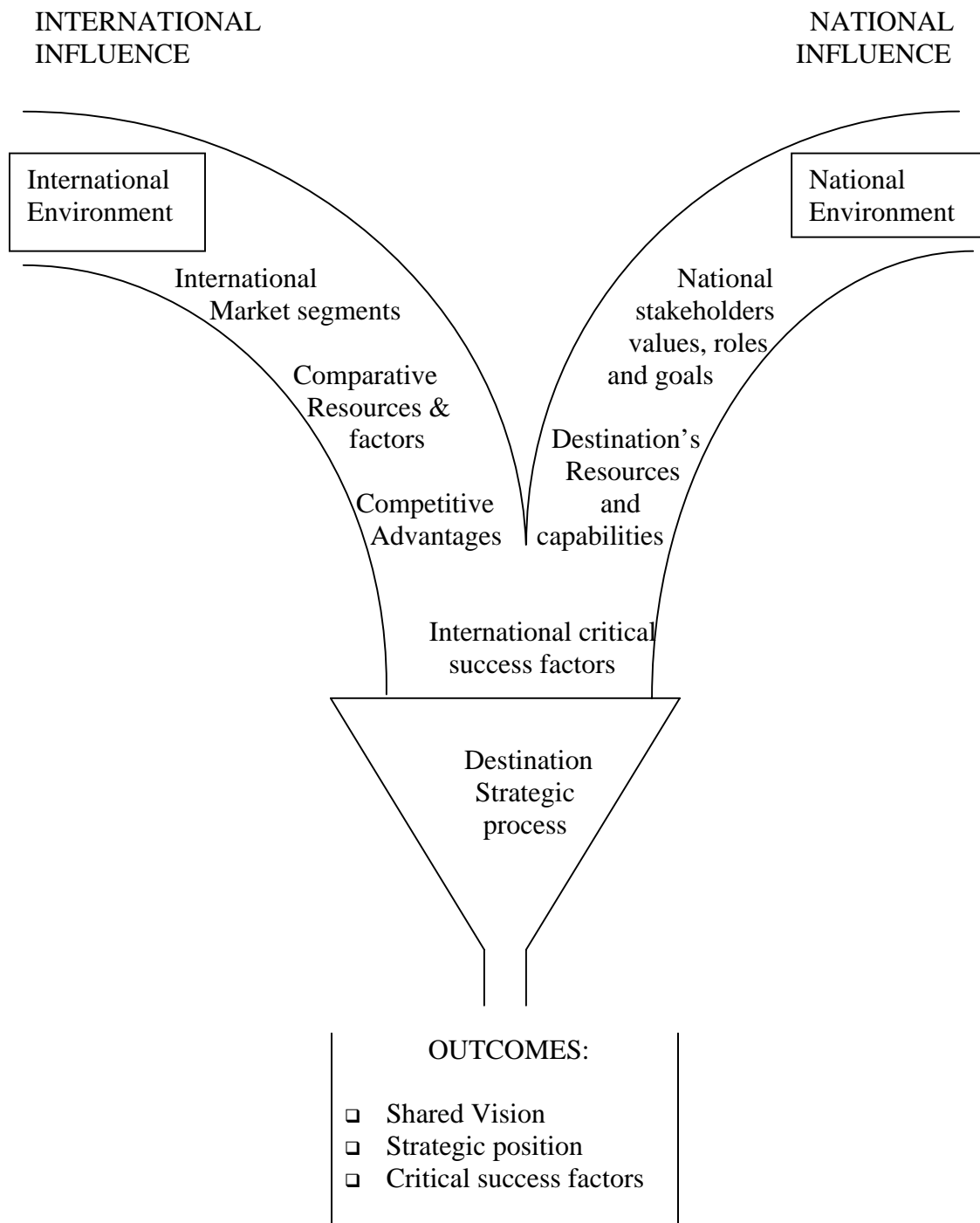
DESTINATION STRATEGIC DIRECTION AND POSITIONING

6.1 INTRODUCTION

The Strategic Management Model developed in Chapter 4 consists of three main components: international competitive assessment, destination strategic direction and positioning and critical success factor identification and integration. The previous chapter examined the international competitive assessment to determine success factors and comparative and competitive advantages of the destination compared with other international destinations. The purpose of this chapter is to investigate how the destination will decide on its strategic direction and positioning and how this process, as well as the outcomes of the international competitive assessment will influence the identification of critical success factors at the destination level.

In the strategic planning context it is important to be clear about the relationship between the vision of the destination and its strategic position and critical success factors. The destination strategic management process will be influenced by international as well as national strategic factors that could impact on the competitive advantage of the destination [as shown in Figure 6.1].

Figure 6.1 Main streams of influence on the destination strategic process



Source: Researcher's own construction

The international factors that were identified in Chapter 5 are future market segments, comparative advantages, competitive advantages and international critical success factors. The national factors that will be discussed and analysed in this chapter are

national stakeholder values, roles, vision and overall strategy as well as the internal strategic capability of the organisation.

Determining the strategic direction of the destination will be discussed first. This section will be introduced by an analysis of the tourism stakeholder's influence on the strategic direction of the tourism destination. Visions, strategies and critical success factors grow out of and reflect the shared vision and values of the most important stakeholders. Unless the overall direction has been clarified, there is no purpose identifying critical success factors and strategies. This process is articulated in the formulation of a shared vision for the destination.

The next part of the chapter will examine the strategic positioning of the destination. A holistic approach will be followed by identifying how the destination will effectively compete in the marketplace as well as developing the critical resources, competences and capabilities that are needed to achieve sustainable competitive advantage.

The last part of the chapter will indicate, in the form of a framework, how critical success factors for the destination can be identified based on the outcomes of the International Competitive Assessment [Chapter 5] as well as the National Assessment [Chapter 6].

6.2 STRATEGIC DIRECTION

In Chapter 4 it was pointed out that the strategic direction will mostly be influenced by the group whom the organisation serves. This group is normally defined in the literature as the stakeholders of the organisation. Various authors, for example, [Lea, 1988: 216; Leisen and Sautter, 1999: 31; and Buhalis, 2000: 99] agree that all parties, or stakeholders interested in or affected by tourism within a particular market or community should collectively be involved in influencing and managing the tourism system. The first part of this section analyses the influence of these stakeholders on the strategic direction of the destination. The second part of this section investigates the important aspects in the formulation of a shared vision.

6.2.1 Stakeholder analysis

Tourism planning and development are increasingly important components of societal planning and development. As such, tourism planning decisions must be increasingly integrated into a society's overall social, economic and environmental planning decisions [Buckley, 1996: 10; WTO, 1996: 51; and Ritchie, 1999: 273].

Tourism exists as a powerful economic force in the development of both community-based and international markets. Despite its economic significance, debate continues as to whether or not tourism benefits all entities involved in its system [Leisen & Sautter, 1999: 312]. At the most basic level two schools of thought exist regarding its role in community and/or market development [Lea, 1988: 215]. The political economy standpoint views tourism as an exploitive force and suggests that residents of a destination have little, if any, voice in the development process of the tourism function. Indeed, the industry is often criticised for its rather “imposed” planning decisions on the local population from outside groups [Keogh, 1990: 449; and Leisen & Sautter, 1999: 312].

Alternatively, the functional standpoint approaches tourism as a proactive force which, if developed appropriately, seeks to maximise the contributions to the environment and culture. A functional approach suggests that all stakeholders should collectively manage the tourism system [Leisen & Sautter, 1999: 313]. The South African government supports the functional standpoint and made it clear that the tourism industry must play a central role to strengthen rural communities and create employment [Government of South Africa, 1996: 4]. The perspective provided in this study supports the functional view that all stakeholders should be involved in the strategic decision-making of the tourism destination.

The stakeholder theory, pioneered by Freeman [1984], suggests that an organisation is characterised by its relationship with various groups and individuals, including employees, customers, suppliers, governments and members of the communities. According to Freeman [1984: 46], “a stakeholder in an organisation is [by definition]

any group or individual who can affect or is affected by the achievement of the organisation's objectives". Thus a group qualifies as a stakeholder if it has a legitimate interest in aspects of the organisation's activities and performance. From a managerial perspective, the stakeholder theory suggests that the various groups can and should have a direct influence on managerial and strategic decision-making [Jones, 1995: 404].

Freeman [1984: 53] identifies three important concepts in the effective management of stakeholders:

- The identification of the stakeholders and their respective perceived stakes;
- The processes necessary to manage the organisation's relationships with its stakeholders;
- Management of a set of transactions between the organisation and its stakeholders.

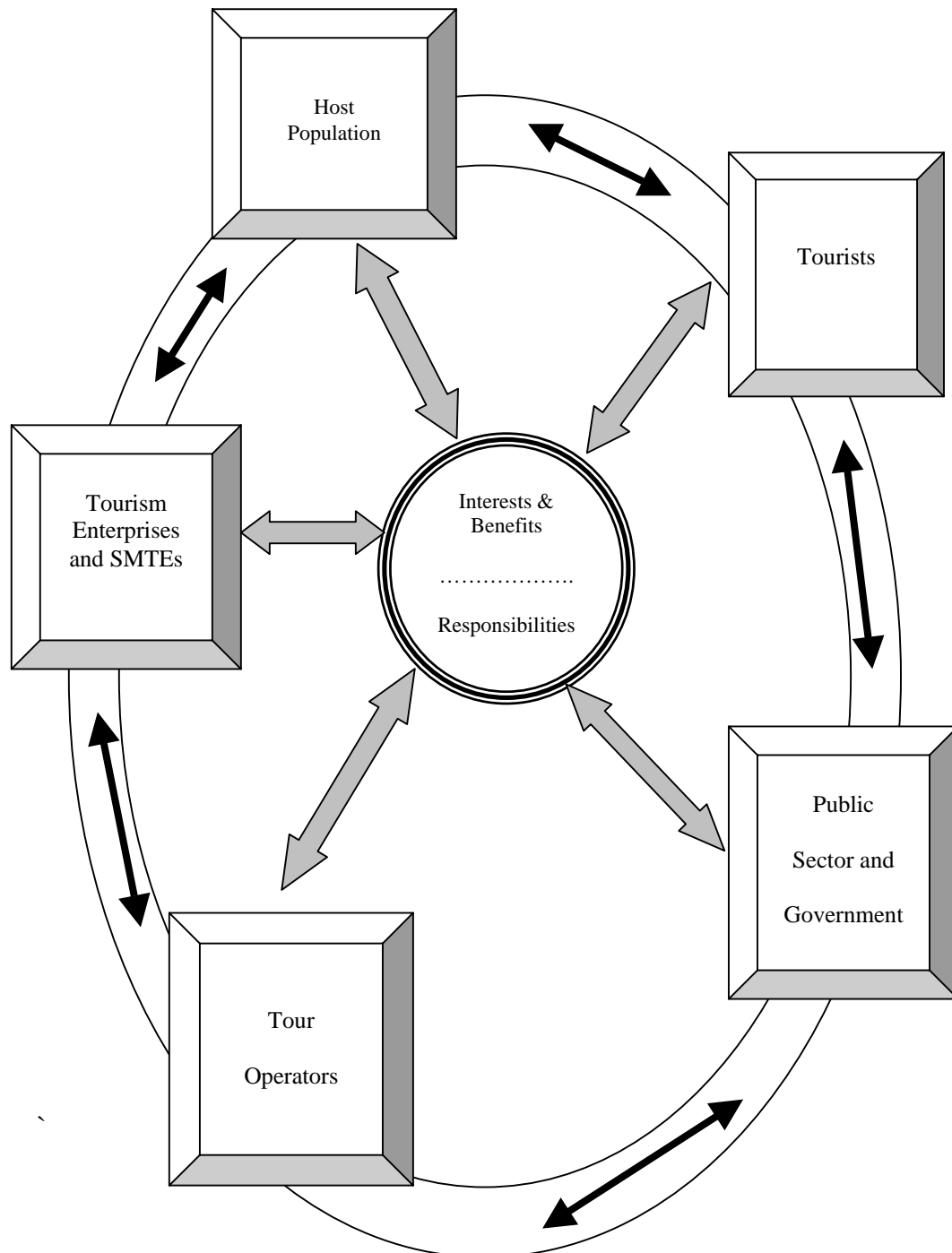
For purposes of this study, stakeholder groupings will be identified and mapped and their influence on the strategic direction and the critical success factors of the destination discussed. Stakeholders also have a basic philosophy concerning the role that they desire tourism should play within their society. Crouch and Ritchie [2000: 3] argue that it is important that these philosophical issues be debated and resolved prior to, or at least as part of the strategy formulation process.

a) Identifying stakeholders and their stakes in the tourism destination

The first of Freeman's [1984: 53] key concepts requires the destination management organisation to have a full appreciation of all the persons or groups who have interests in the planning process[es], delivery and/or outcomes of the tourism service. Leisen and Sautter [1999: 315] warn that destination management often underestimates the complexity of this step and defaults to a simplistic report of only the most obvious stakeholders, like tourists, business owners and government officials. They suggest that destinations must be more careful in identifying various types of persons/groups that affect or are affected by the tourism service.

Figure 6.2 demonstrates the dynamic wheel of tourism stakeholders at a national tourism destination.

Figure 6.2 The dynamic wheel of tourism stakeholders



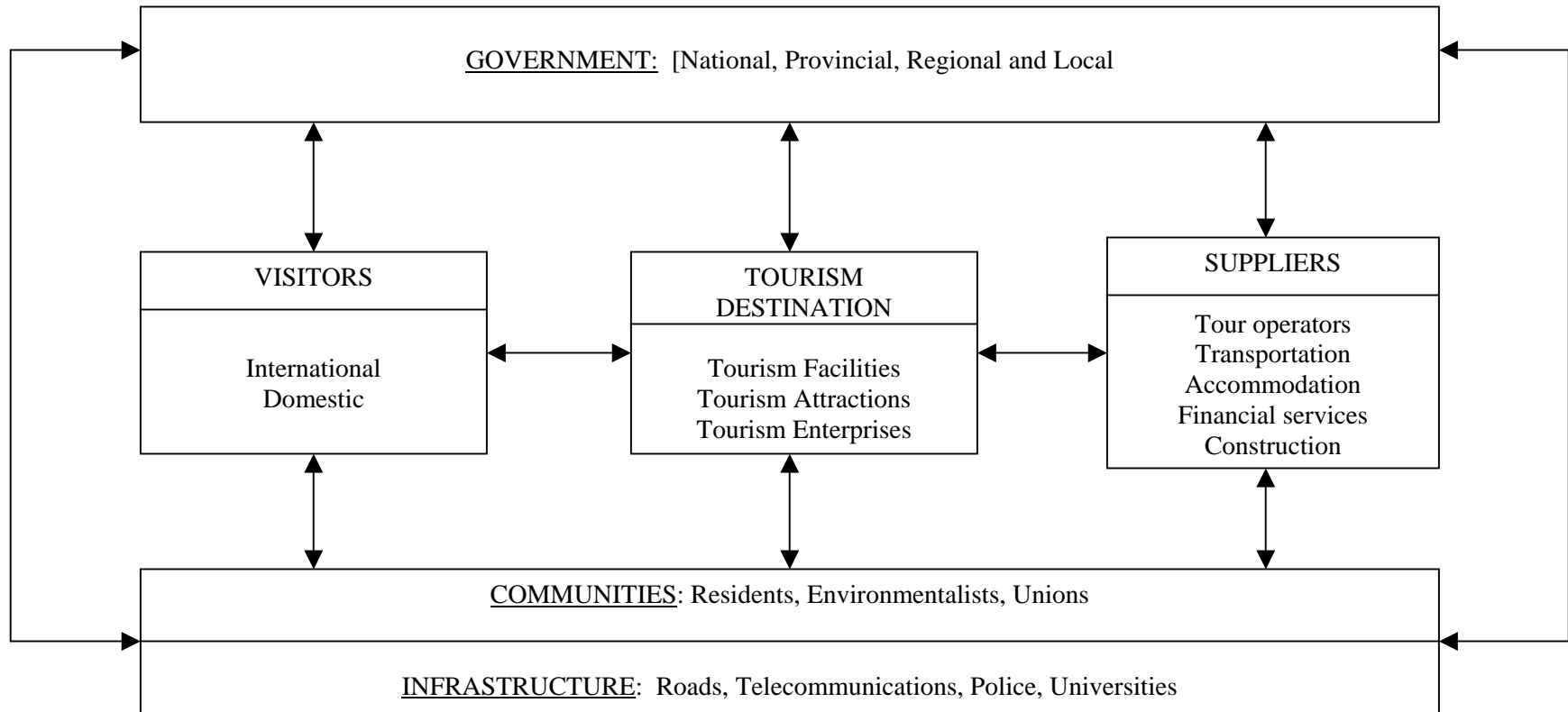
Source: Buhalis [2000: 99]

Leisen and Sautter [1999: 316] argue that a clear distinction should be made between a stakeholder's role and a group. Any person or entity classified as a member of a particular group, often shares other perspectives or serves multiple roles within the larger macro environment. As tourism organisations it is therefore important to consider the stakes or perspectives of different stakeholder groups as defined by the roles they serve with regard to the particular tourism destination. A local councillor, for example, should represent his/her community interests in tourism development, but within the larger community, he/she could play an additional role as political activist for his/her political party.

b] The influence of stakeholder relationships and values on the strategic direction of the destination

Having generated a list of stakeholders, destination managers must analyse the primary relationships between the stakeholders in the system. Row *et al* [1994: 137] suggest that a stakeholder map be used to indicate primary relationships. An example of such a map for a national tourism destination is shown in figure 6.3.

Figure 6.3 National tourism destination stakeholder map



Source: Researcher's own construction

Row *et al* [1994: 139] are of the opinion that the central lesson to be learned from the analysis of stakeholder maps is that actions taken by one stakeholder affect other stakeholders in the system. Stakeholder maps can also be used to identify trends based on past events and actions that were taken by various stakeholders. These maps are also useful in predicting the impact of trends on future strategy. This can be done by identifying and analysing assumptions about how stakeholders will respond to a given strategy.

Leisen and Sautter [1999: 317] go further and analyse stakeholder relationships and influence by means of a stakeholder orientation matrix. The matrix is based on a relationship/transaction strategy continuum that was developed by Grönroos [1995: 253]. According to Grönroos, relationship type approaches to services marketing must manage the interactive aspects of the delivery process. In contrast, a transaction approach takes a more short-term orientation towards the service offerings and emphasizes getting customers “whereas the goal of relationship marketing is to get and keep customers” [Grönroos, 1995: 253].

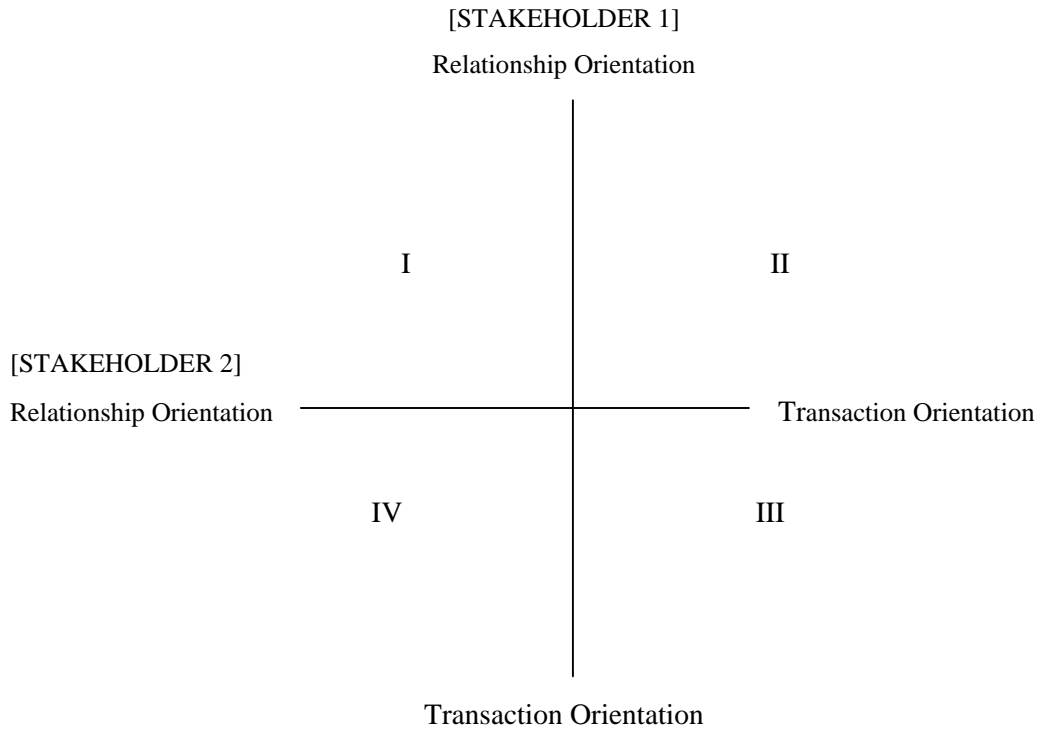
When interpreting the implications of the strategy continuum and related process outcomes literature, it is important to realise that neither the relationship nor the transaction approach is promoted as the ideal basis for strategic development. On the contrary, Grönroos [1995: 251] notes that the appropriate orientation is ultimately dependent upon the selected mission of the service organisation. Using a tourism example, this point is clearly illustrated:

“A traveller who decides to stay at a hotel in a town where he never has been before and does not expect to return, is not a profitable target for a relationship approach. Instead transaction marketing that aims at getting the traveller to choose this particular hotel is probably a good marketing strategy in this case” [1995: 252].

Leisen and Sautter [1999: 318] argue that destination management should proactively consider the strategic orientations of all stakeholder groups before proceeding with strategic decision-making. As congruency across stakeholder orientation increases, so does the likelihood of collaboration and compromise. A stakeholder orientation matrix [shown in Figure 6.4] can be used as a guide to analyse stakeholder

orientations.

Figure 6.4 Stakeholder orientation matrix



Source: Leisen and Sautter [1999: 318]

Depending on the tourism strategy initiatives, various stakeholder permutations must be examined for congruency [Leisen & Sautter, 1999: 319]. These might include the government-resident permutation, the government-tourism business permutation, the resident tourist permutation, the tourist-business permutation and the business-resident permutation. Destination management should strive to encourage congruency of strategic orientation across all permutations and using figure 6.4 as a guide, planners should therefore seek to maximise the number of stakeholder interactions that fall either in quadrant I or III.

The incongruent orientations of quadrants II and IV represent the most difficult scenarios in trying to promote co-operative planning initiatives. In these situations, the perspectives of the stakeholders are dramatically opposed and thus dramatically reduce the probability of successful compromise or collaboration. A government can,

for example, support a transaction-based development based on financial revenues and jobs, while the residents might prefer a more relational approach to development and may take offence at the government's strategies.

There seems to be general agreement that the vision or strategic direction of the tourism destination should reflect the values of those stakeholders for whom it is developed [Ritchie, 1993: 38; Ritchie, 1999: 274; and Leisen & Sautter, 1999: 312]. Because of the number and diversity of the stakeholders involved in crafting a destination vision for tourism, the value systems brought to the process can be greatly different, even to the point of being dramatically opposed. The task of reaching consensus and obtaining endorsement of the destination vision is therefore a challenging task [Ritchie, 1993: 381]. The influence of stakeholder values on the vision of the destination will be further discussed in the next section.

Against the background of the preceding exposition, the following important observations can be made:

- It is important to identify and map important stakeholders that will influence the strategic direction of the destination;
- Roles, relationships and value systems of the stakeholders will influence the strategic process and critical success factors and should therefore be analysed;
- Managing often conflicting stakeholders' interests make the planning of tourism destinations a challenging task;
- The shared values of the stakeholders is an important input in determining the strategic direction of the destination.

6.2.2 The formulation of a shared destination vision

“A vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world”

[Joel Barker, 1992]

It has been argued that the most significant step in the process of strategic planning as it relates to tourism development is the formulation and acceptance of a shared idealised vision [Ritchie, 1999: 274]. The concept of visioning is not a new one. The importance and use of visioning has been reported by an expanding number of authors, for example, Collins and Porras [1994]; Amelio and Sinn [1996]; and Lear, [1997].

Some authors view a vision statement as a concise statement of organisational purpose and do not distinguish between the vision and mission. Others envisage a vision as a very detailed statement or integrated statements, which attempt to portray or describe the destination in question at some point in the future. While there may be a divergence of views as to the precise definition of an organisational vision, there seems to be general agreement that the vision for a tourism destination should reflect the values of those stakeholders for whom it is developed [Ritchie, 1999: 274; and Leiser & Sautter, 1999: 312].

Ritchie [1993: 381] postulates that in extending the concept of visioning from organisations to tourism destinations, three aspects need to be considered:

- The vision of a tourism destination must bring together the views of many organisations and individuals in the industry and the community. As such, the process is much more complex than that carried out within a single organisation;
- Because of the number and diversity of the stakeholders involved in crafting a destination vision for tourism, the value systems brought to the process can be greatly different, even to the point of being diametrically opposed;
- Compared with an organisation, the vision developed for a destination tends to define the nature of long-term major developments, many of which are relatively irreversible. While the choice of a right vision is critical for any entity, it is absolutely critical for a tourism destination as it will set in motion the development of facilities, events and programmes which will do much to define the very essence of that destination for years to come.

a) Guidelines for vision development

The concept of vision has not yet received extensive attention in the tourism or tourism-related literature. An analysis of the sources including Inskip [1991], Barker [1992], Ritchie [1993] and Ritchie [1999] indicates that the development of a vision for a destination will have to take into account a number of key aspects:

- Firstly the process of “strategic envisioning” is seen as a dynamic interactive phenomenon. It should therefore be the envisioning of an image of a desired future organisational state, which, when effectively communicated to followers, serves to empower those followers so they can enact the vision;
- Secondly, stakeholder input and collaboration in the development of the vision is of extreme importance. However, great care must be taken in identifying the kind of inputs from stakeholders that are desirable and useful. The process cannot be a pure democratic exercise but should reflect the aspirations of all important stakeholders;
- Thirdly, it is the role of destination leadership to develop the vision. While leaders need to listen to the reactions of followers, it is the leader’s responsibility to synthesize these reactions into a final vision;
- Fourthly, the vision should be shared and supported by the broader community. For example, in the case of the tourism vision for Calgary city [Ritchie, 1993: 382], the draft report of the vision was circulated widely and discussed extensively by residents of the city;
- Fifthly, the vision should be comprehensive and detailed. It should therefore provide enough detail and direction so that everybody can find their specific place in it. In the formulation of a vision for the Banff-Bow Valley in Canada, the team identified a limited number of supporting themes that expanded and explained the core vision statement [Ritchie, 1999: 277];
- Finally, the vision should be positive and inspiring. It must be a dream that motivates everyone. The vision must therefore not only be accepted by everyone in the stakeholder community but must also motivate people to act on it.

Ritchie [1999: 274] adds that while a common vision may not obtain the unqualified support of all community residents, particularly with respect to the details of implementation, it should provide a development framework where none of the key components are judged to be totally unacceptable by any significant stakeholder group. As such, once agreed upon, a destination vision should provide a context in which initiatives to secure its realisation will not be blocked, even if they may not be enthusiastically supported in every case.

With regard to the contents of the vision, the following aspects will have to be included:

- ❑ The **core vision** that consists of a brief statement that consolidates all key dimensions of the desired future for the destination. This will be the heart of the visioning document, a portrait describing how the destination will evolve as it moves into the future;
- ❑ **Key characteristics and/or key themes** that describe the desired future state of the vision. The purpose is to identify and describe the main characteristics that the destination should have ten to fifteen years from now. The purpose of this step is to give substance to the vision. This can also be done by way of key themes. Banff-Bow Valley in Canada for example included the following themes in its vision: ecology, awareness, visitor experience, economy, community and governance [Ritchie, 1999: 276].

The vision statement itself should not be too long so that it can communicate effectively to all the stakeholders. Ritchie [1999: 277] suggests that the following supporting documents also be prepared in order to support the implementation of the vision for a tourism destination:

- ❑ A preamble – an introduction which seeks to put the purpose, structure and content of the vision into context;
- ❑ The anchor values – that determine the main values on which the development of the vision is based;
- ❑ Strategic guidelines and principles underlying the vision;

- Major strategic developments in facilities, programmes and attractions needed to realise the vision.

Various works on critical success factors, particularly those of Hardaker and Ward, [1987]; Pollalis and Grant, [1994]; and Kaplan and Norton, [1996] indicate that the crafting and implementation of a shared vision is an important directive step in the identification of critical success factors at a destination level. It is the shared vision that helps to establish unified direction for the destination.

b] Vision statements in practice

An analysis of the South African literature reveals two visions developed by different groups for South Africa as a tourism destination. The two vision statements developed by the South African Government and The Cluster Consortium are shown in table 6.1 and table 6.2 respectively.

Table 6.1 Vision: South Africa

Vision:	South African Tourism
<p>Our vision is to develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of the quality of life of every South African. As a lead sector within the national economic strategy, a globally competitive tourism industry will be a major force in the reconstruction and development efforts of the government.</p>	

Source: Government of South Africa [1996: 23]

Table 6.2 Vision: South African Tourism: 2010

Vision: South African Tourism
<p>South Africa is one of the most sought-after adventure, eco-tourism and cultural destinations in the world, combining its people and diverse cultural experiences with its natural wonders, and presenting itself as a world-in-one destination.</p> <p>It is the tourism hub of Africa, providing quality experiences and services in a community-based, environmentally responsible manner. Tourism is the leading generator of new jobs in the country and is contributing to the quality of life of every South African.</p> <p>South Africa's tourism offer is globally competitive and encompasses domestic, regional and international tourism.</p>

Source: The Cluster Consortium [1999: 16]

Based on the criteria outlined, the first vision statement [table 6.1] is too general and broad and does not distinguish the unique characteristics that are sought in the future of South African tourism. The only aspect that stands out is the focus on the social development role of tourism.

The second vision statement [table 6.2] identifies specific and detailed information on the desired state and can be analysed as follows:

Core vision:

To be:

- ❑ One of the most sought-after adventure, eco-tourism and culture destinations in the world;
- ❑ The tourism hub of Africa

Specific future characteristics:

- ❑ Combine people and diverse culture experience with natural wonders;
- ❑ Provide quality experiences and services in the community in an environmentally responsible manner;
- ❑ Be the leading generator of new jobs;
- ❑ Be globally competitive.

The second vision statement was developed at the first national meeting of the Cluster Consortium [1999: 1.6] by a working group representing all the important stakeholders. This group also identified the following important stepping stones to move towards this “preferred future” for South Africa:

- ❑ Create a positive enabling environment for tourism development – This calls for the development of a clear and integrated tourism development plan by government at national, provincial and local levels;
- ❑ Develop and integrate the tourism sector – Promote greater alignment, teamwork and collaboration among players in the tourism industry and between government and business;
- ❑ Attract long-haul tourists to South Africa;
- ❑ Develop domestic and regional tourism;
- ❑ Develop and align specialized economic foundations locally – Address key internal constraints that are within South Africa’s control – most importantly safety and security, education/training and physical infrastructure;
- ❑ Support growth of existing and new business.

Although the latter vision formulation complies with all the content guidelines as set out in the previous section, the process guidelines could not be judged because they were not described.

An example found in the literature that complies with nearly all of the content requirements and also describes the process that was used to develop the vision is that of Banff-Bow Valley, a National Park in Canada [Ritchie, 1999: 275].

The following observations can be made about the group's process:

- ❑ Team – The vision was developed by a round table taskforce with leaders from fourteen “interest sectors”. Stakeholders were invited to take part in the decision-making based on their interests rather than their positions;
- ❑ An informed vision – In preparing its draft vision, the group made a considerable effort to draw on information from a variety of sources;
- ❑ A shared vision – At every stage in the process, the working group tried to ensure that the interests of all citizens were fairly and accurately represented;
- ❑ Values – Consensus was reached on the values that would achieve the final vision;
- ❑ Acceptance – A series of draft visions were prepared for review and revision. Copies of the final draft vision were sent to organisations as well as one thousand people along with a questionnaire to invite feedback and acceptance.

Strategic direction is the most important point of departure for strategy making [de Wit & Meyer, 1999: 444; and Lynch, 2003: 354]. As indicated in this section, stakeholder values and a shared vision are two of the most important determinants influencing the strategic direction of the destination. With a clear strategic direction, it will be expected from the destination to strategically position itself to such an extent that it will ensure sustainability, competitiveness and growth.

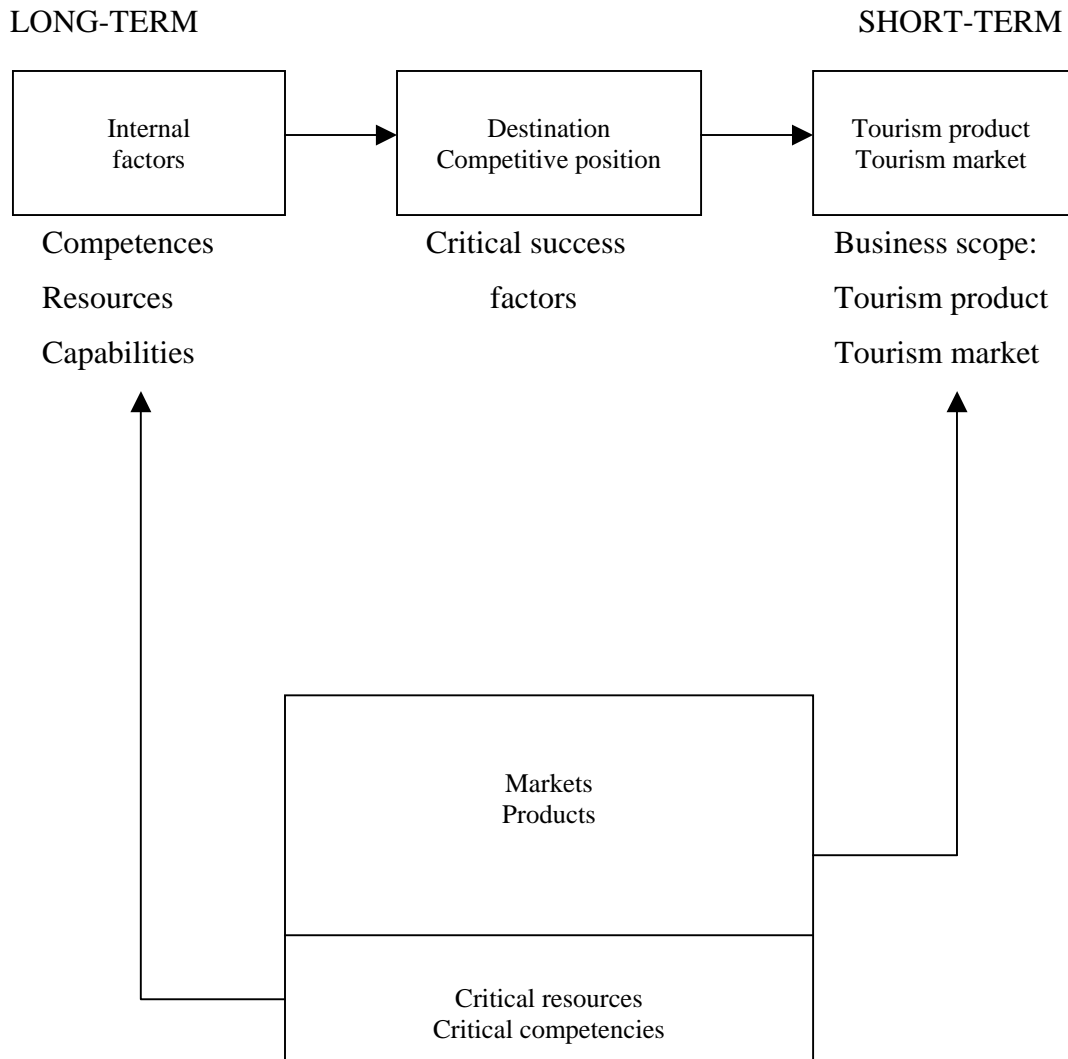
6.3 DESTINATION POSITIONING

The competitive positioning paradigm, drawing largely on the work of Porter [1980, 1985], dominated strategic management in the 1980s. It emphasised the idea of “strategic fit” between the organisation and its environment to achieve competitive advantage, [referred to as “competitive positioning”]. The approach is often described as “outside-in” as the initial phase is an analysis of the environment before determining how to achieve a strategically desirable position [Campbell *et al*, 2003: 16].

In the 1990s a strong movement developed which suggested that competitive advantage and positioning arise from an organisation’s internally developed core competences or distinctive capabilities rather than from its environment [Hamel & Prahalad, 1994; and Heene & Sanchez, 1997]. Whereas Porter [1980, 1985] stressed the importance of the environment in determining competitive advantage, this approach suggests that the internal core competence of the organisation is of far greater importance [Campbell *et al*, 2003: 17]. This “inside out” approach suggests that businesses seeking competitive advantage must first examine and develop their own distinctive resources, capabilities and competences before exploiting them in their environment.

Hax and Majluf [1996: 13] postulate that a unified or “holistic” approach to strategic positioning integrates the “outside in”, or business scope paradigm with the “inside out”, or strategic capability paradigm. What the framework in Figure 6.5 shows is a reconciliation between the business scope and strategic capability approaches, the bridge being the destination’s competitive position.

Figure 6.5 The competitive position of a destination



Source: Adapted from Hax and Majluf [1996: 13]

The competitive position captures two central questions that link these approaches, business scope and strategic capability. The business scope specifies where the organization/destination is competing and how it serves the dynamic needs of the market in the most effective way. The second dimension of the competitive position is how to compete. This refers to developing those unique or critical competencies and the protecting, maintaining and developing critical resources that will allow the destination to achieve a sustainable competitive advantage.

Although considerable support for this holistic view of competitive positioning could be found in the general strategic management literature, for example, Hax and Majluf, [1996]; Stonehouse, [2000] and Campbell *et al*, [2003], very little evidence could be found in the literature review applying this principle in a tourism destination context. In fact, the literature concentrates on the business scope or market aspects of competitive positioning and does not integrate the strategic capability input. The first part of this section will critically evaluate the business scope or market perspective in competitive positioning for destinations while the second part will look at the role of the strategic capability of the destination.

6.3.1 Strategic business scope of the destination

Heath and Wall [1992: 115] define destination positioning as the art of developing and communicating meaningful differences between a region or destination's tourism offering and those of competitors serving the same target markets. This subsection reviews three strategy models, namely, Porter's generic strategies, Gilbert's proposition for "differentiation of the destination" and Poon's analysis for "flexible specialisation". The section then evaluates a synthesis of their propositions to propose a generic strategy on how destinations should develop their offerings in terms of the marketplace.

a) Porter's generic strategies

According to Porter [1985], competitive advantage arises from the selection of a generic strategy that best fits the organisation's competitive environment. There are three main alternatives:

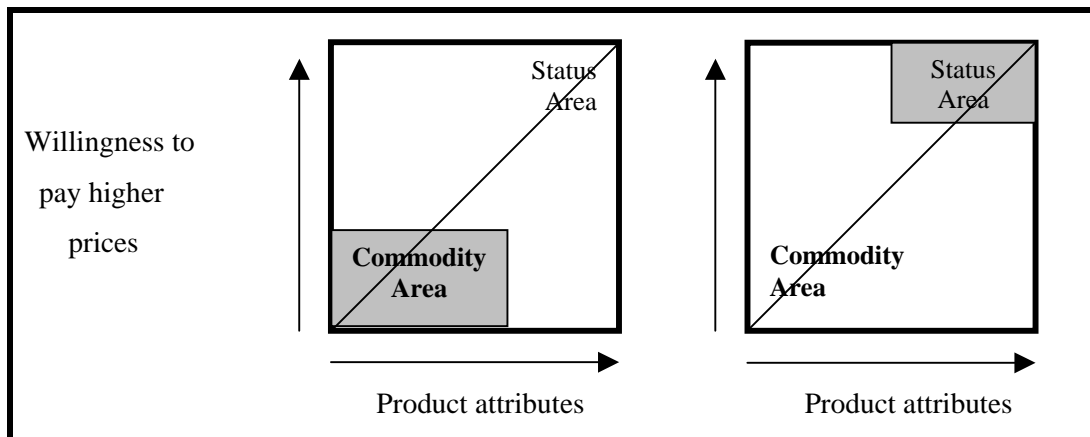
- ❑ **Differentiation** – creating a customer perception that a product is unique and superior so that a premium can be charged;
- ❑ **Cost leadership** – being the lowest cost producer of a product based on mass production and strict cost control;
- ❑ **Focus** – utilising either a differentiation or cost leadership strategy to focus on a narrow segment of the market and serve their specific needs.

According to Buhalis [2000: 106], Porter's model fails to address the specific needs of tourism and in particular, the scarcity of resources at the destination level. He argues that this model suggests that unlimited resources are available to reproduce an endless number of products. This is particularly the case with the cost leadership strategy where organisations are urged to increase their volume and to reduce their profit margin. Unfortunately, environmental resources have a limited capacity that they can accommodate. Resources in tourism are irreplaceable once destroyed and therefore a strategy should ensure that their use is limited to the degree that it does not threaten their sustainability in the long-term. Once this is understood and appreciated, Porter's model enables tourism destinations to focus on differentiation strategies and develop their mix accordingly. This view is supported by Fabricius [2001: 59], who points out that since the travelling cost to a destination is one of the key costs associated with tourism travel, South Africa would find it almost impossible to compete on a cost basis in markets such as the United Kingdom and Germany. The cost of accessing South Africa from these markets is high, compared with that of accessing the Spanish South Coast or France, for example. Therefore, South Africa and other long-haul destinations need to differentiate themselves from their competitors to secure a strong competitive position.

b] Gilbert's strategic framework

The second strategic framework, introduced by Gilbert [1990], argues that destinations can be classified on a continuum between a "status" and a "commodity" as are illustrated in figure 6.6.

Figure 6.6 Gilbert's differentiation strategy



Source: Gilbert [1990: 25]

“Status areas” achieve intentional demand as a result of the special attributes perceived by the tourism market. These unique attributes make the destination unique or irreplaceable, which increases consumers’ loyalty and willingness to pay. In the “commodity” case, destinations are substitutable and very sensitive to price and consumers have a low awareness of any special attributes. Thus travellers base their decision to visit the area merely on price. “Status areas”, on the other hand, manage their resources as product attributes and therefore are perceived by customers as adding special value and they are willing to pay more.

Gilbert [1990: 28] asserts that destinations should attempt to become “status areas”, rather than “commodity areas” to improve their image and economic benefits. It is suggested that destinations should differentiate their tourism products to achieve a unique “tourist product benefit”. This will enable them to strengthen their competitive position in the international market and attract both high spenders and loyal tourists, who appreciate the uniqueness of their resources and product offerings.

Although the model clearly differentiates destinations from distinctive categories, it fails to recognise that the majority of destinations lie between the two ends of the continuum [Buhalis, 2000: 107]. It also fails to relate to the different stages of the lifecycle and the inevitability [experienced in several regions], that those destinations are launched as status areas and gradually slip to commodity status [Buhalis, 2000:

107]. Nevertheless, the model clearly illustrates that destinations should decide on what direction to take and plan and manage their resources and facilities accordingly.

c] Poon's flexible specialisation

A third strategic approach for tourism is proposed by Poon [1993] based on the concept of “flexible specialisation” of the tourism business. Poon argues that “flexible specialisation” is a strategy of “permanent innovation” and “ceaseless change” which provides for “new” tourism. New tourism is flexible, segmented, customised to the tourist's needs and diagonally integrated [Buhalis, 2000: 108].

In contrast, old tourism can be characterised as “mass standardised and rigidly packaged”. The main sources of flexibility for service firms lie in organisation, management, marketing, distribution and other forms of interaction and interrelationships among guests, hotels, suppliers and distributors. What is important however, is how they are coupled to create competitive advantages for the destination [Poon, 1993: 71].

Innovation is critical in this strategy and the utilisation of new technology [especially information technology] provides the opportunity to customise products according to customer's specific needs and requirements. Hence destinations can organise their resources and attributes in such a way that will enable them to specialise their tourism product according to particular customer needs.

Although Poon's model revolutionised tourism thinking, it is considered difficult to implement at the destination level [Buhalis, 2000: 108]. This criticism is based on the fact that most infrastructure and super-structure is based on fixed assets which cannot be altered easily and therefore have a limited degree of flexibility. Nevertheless, the model clearly contributes to the field by encouraging tourism destinations to challenge existing strategies and practices and introduces flexibility and innovation based on technology [Buhalis, 2000: 108].

c] Synthesis of strategic frameworks and importance for strategic positioning

Buhalis [2000: 108] did a synthesis of the three models that reveals that they share a similar base. Porter's "differentiation", Gilbert's "status area" and Poon's "flexible specialisation" all describe how destinations can achieve value and unique competitive advantages. Consumers appreciate special attributes and are thus inclined to visit destinations more regularly to increase their loyalty and to pay higher prices. In contrast, "cost leadership", "commodity area" and "standardisation" describe the efforts of the firms or destinations to achieve "cost competitive advantage" by offering their products at a lower cost than their competitors.

Buhalis [2000: 108] points out that tourism destinations should avoid the cost advantage strategies as they are based on mass production and consumption and assume unlimited production capacity and resources. He argues that although economic benefits can be achieved in the long-term, this approach reduces tourism satisfaction, consumer willingness to pay and has catastrophic social and environmental impacts on destinations.

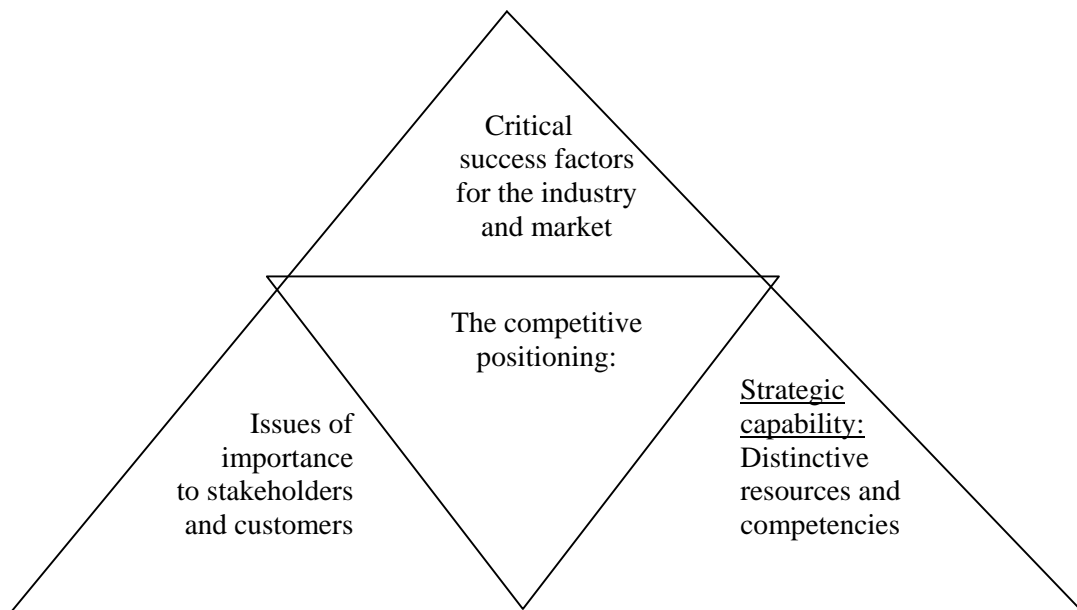
Destinations should therefore not exceed their carrying capacities to sustain resources and at the same time not compromise customer satisfaction. This is reflected in both Gilbert and Poon's strategies that agree that destinations should aim to achieve a "status area" or "niche" orientation through differentiation in order to increase consumer satisfaction as well as to maximise the benefits for the tourism destination. However, this strategy should not serve as an excuse to management at destinations for not improving their efficiency and minimising their production costs. Although providing unique service to satisfy tourist needs should be management's priority, offering perceived value for money will determine their competitiveness in the marketplace [Murphy and Pritchard, 1997: 18; and Buhalis, 2000: 109]. It can therefore be concluded that destinations following a "status area" strategy would probably enhance tourist satisfaction as well as the international competitiveness of the destination and should be the preferred overall strategy.

6.3.2 Strategic capability of the destination

Thompson [1997: 19] postulates that if organisations are to satisfy their stakeholders, especially their customers, while outperforming their rivals, their competitive positioning should comprise:

- The ability to meet the recognised critical success factors for the industry or market;
- Distinctive resources, competencies and capabilities which yield some form of competitive advantage; and
- The ability and willingness to deploy these resources, competencies and capabilities to satisfy the special requirements of customers. [This process is illustrated in figure 6.7.]

Figure 6.7 The competitive offering: criteria for effectiveness



Source: Adapted from Thompson [1997: 21]

Analysing the strategic capability of a destination is clearly important in terms of understanding whether the resources and competences fit the environment in which it is operating and the needs of the customers and stakeholders [Johnson and Scholes, 1999: 150].

According to Johnson and Scholes, understanding strategic capability is also important from another perspective. The destination's capability may be the leading edge of strategic developments in the sense that new opportunities may exist by stretching and exploiting the destination's unique resources and competences in ways which competitors find difficult to match.

In assessing destination capabilities it is important to reflect on the extent of the competitive advantage established and the sustainability of such competitive advantage. It would, for example, be of little use for a destination to invest heavily in the development of cultural tourism resources [e.g. museums, living culture, cultural entertainment] if these do not have a particular appeal to its target markets [Fabricius, 2001: 70].

b) Analysing strategic capability

The literature study in chapter 4 identified three important steps in the assessment of strategic capability:

- ❑ The resource audit
- ❑ The competences audit
- ❑ Assessing the balance

i) The resource audit

The resource audit identifies and classifies the resources that a destination owns or can access to support its strategies. It should attempt to assess the quantity of resources available, the nature of these resources and the extent to which the resources are unique [Pollalis & Grant, 1994: 17 and Johnson & Scholes, 1999: 151]. Table 6.3 provides a simple framework that can be used to assess the resources of a tourism destination.

Table 6.3 **Classifying and assessing tourism destination's resources**

Resource category	Main characteristics	Key indicators
Physical assets	The destination's physical assets, including its natural, cultural and man-made attractions are the major determinants of its tourism potential. Also, the infrastructure [e.g. roads, communication] is very important to tourism. Tourists travel to destinations to have special experiences, and their expectations are mostly determined by the attractions offered.	<ul style="list-style-type: none"> • Topographical & scenic variety e.g. bathing beaches, nature reserves, forests, fauna & flora. • Nature & extent of unique features • Nature & extent of special sites ["icons"], e.g. World Heritage Sites or attractions that have received special recognition. • Climatic levels [e.g. temperature, rainfall, wind] • Variety and quality of activities e.g. events, festivals, shopping, entertainment. • Distance from markets • Quality ratings of public infrastructure [airports, roads, public transportation, communication] by visitors. • Numbers, quality and variety of hospitality and tourism services on offer
Financial resources	The financial resources allocated to developing and marketing the destination, as well as the cost factor of accessing the destination	<ul style="list-style-type: none"> • Marketing budget of DMO • Funds allocated to tourism-related projects by public authorities • Cost of transportation, accommodation, etc. of visiting the destination
Technological resources	The ability of the destination to attract the host visitors is dependent upon airline and aviation technology, communications technology	<ul style="list-style-type: none"> • Speed and capacity of telecommunications infrastructure • E-business and e-commerce networks • Airline & aviation systems • Number and quality of booking & reservations system
Reputation/culture	The brand reputation and perception of the destination in the marketplace. The reputation of the DMO's of the destination among suppliers and intermediaries	<ul style="list-style-type: none"> • Brand recognition and evaluation in the marketplace • Unique features/events/personalities/heritage that destination is known for • Percentage of repeat visitors • Seasonal arrival trends • Percentage of visitors to region who visit destination • Customer survey ratings of performance • Messages conveyed by media – newspaper reports, travel publications, etc
Human resources	<p>The skills and expertise of employees in tourism</p> <p>The commitment, destination pride and loyalty among employees who deal with tourists</p> <p>The hospitality, friendliness and acceptance of foreigners by the local population</p>	<ul style="list-style-type: none"> • Educational, technical and professional qualifications of tourism employees • Pay levels of tourism employees • Labour stability indicators • Visitor quality & satisfaction ratings • Awareness and acceptance of tourism benefits/responsibility among population • Number and frequency of tourism safety incidents

Source: Fabricius [2001: 40]

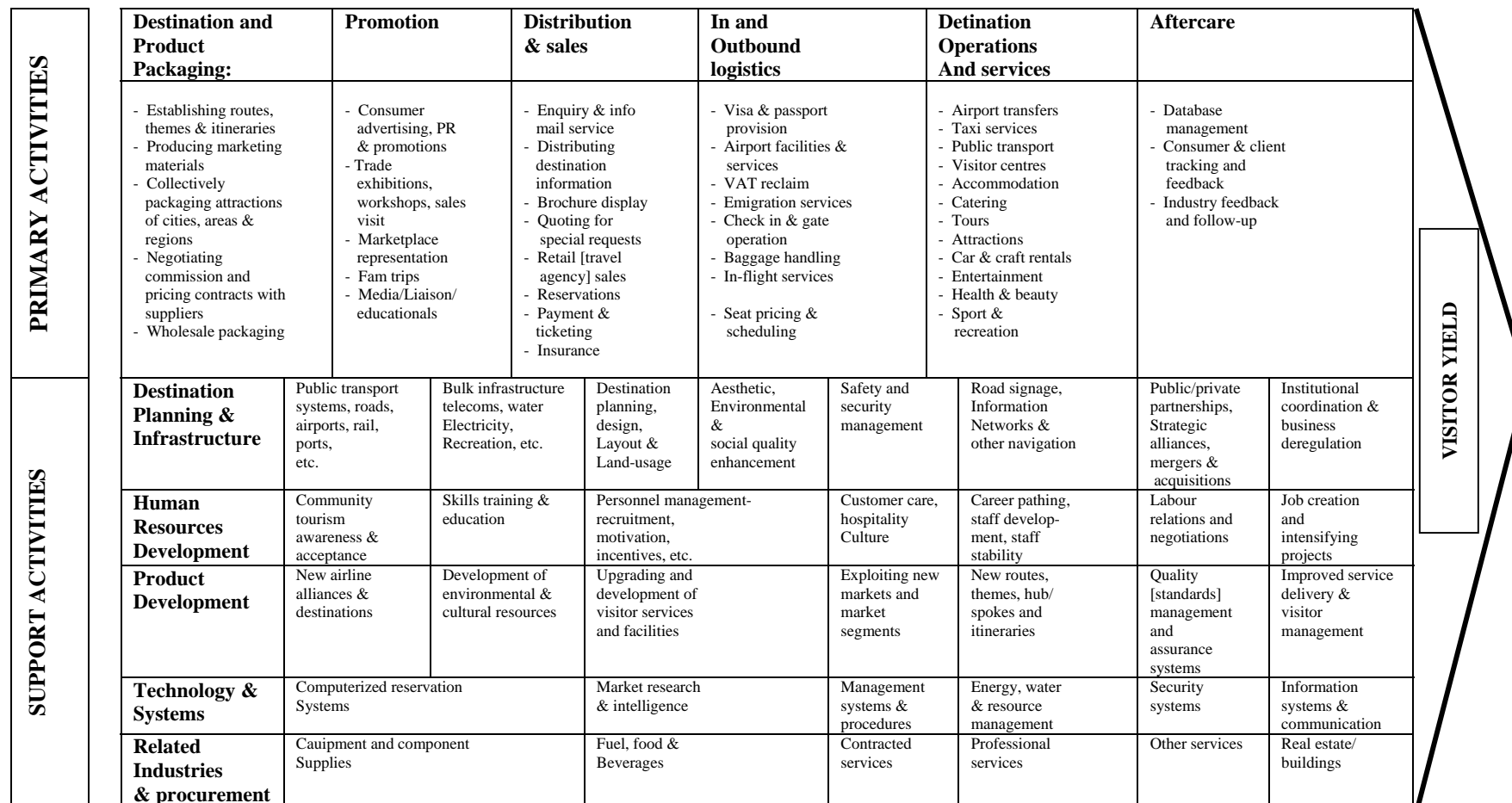
Johnson and Scholes [1999: 151] indicate that unique or critical resources should be identified within the wider list of resources necessary to pursue a strategy. Critical resources are those that create competitive advantage and are difficult to imitate.

ii] Competences audit

Assessing competences requires an analysis of how resources are being deployed to create competences in separate activities, and the processes through which these activities are linked together [Pollalis & Grant, 1997; Johnson & Scholes, 1999]. Although a destination will need to reach a threshold of competences in all activities that it undertakes, it is only some of these activities that are core competences. These are the competences that underpin the destination's ability to outperform competition. The value chain can be useful in understanding and describing these activities and linkages [Johnson & Scholes, 1999].

An example of a value chain for a tourism destination is given in figure 6.8.

Figure 6.8 Destination value chain



Source: Fabricius [2001: 76]

Primary activities – these are activities that are directly concerned with the creation or delivery of a product or service. When applied to a destination, they are the activities that directly involve the packaging, promotion and delivery of the tourism experience to the consumer. Fabricius [2001: 76] groups the primary activities into six main areas:

- ❑ Destination and product packaging - The tourism product is not marketed as a physical product or visible service that can be tried and tested before the tourist makes a very substantial investment. This, and the fact that the travel package consists of a range of attractions, experiences, products and services, makes it very important that the destination and the experiences are packaged as attractively and appealing as possible.
- ❑ Promotion – The destination package needs to be promoted to the marketplace. This could be done directly to the consumer or to the intermediaries [travel agents and tour operators].
- ❑ Distribution and sales – The fact that the tourism product on offer is not available for physical inspection in the source markets makes it very important that travel opportunities are made as easily accessible as possible. Both generic and commercial information should be distributed through the most appropriate channels.
- ❑ In- and outbound logistics – Ease and speed of access, especially to long-haul destinations, has an increasing influence on destination choice.
- ❑ Destination operations and services – These include all aspects of the tourist visit e.g. transfers, transportation, visitor services and centres, accommodation, food/catering, tours, attractions, car and craft rentals, entertainment.
- ❑ Aftercare – Client care and follow-up is essential to establish loyalty and positive attitude among clients.

Support activities – Support activities help to improve the effectiveness and efficiency of primary activities. Since the tourism product is delivered at various geographical points at the destination source, and visitors have to travel to the destination to experience the product, the tourism experience is influenced and affected by almost every facet of the destination environment. The provision of these support activities is especially challenging, since they are delivered by a range of public and private agencies that do not have tourism as their core business, yet their performance is vital to the success of any tourism destination. Fabricious [2001: 78] grouped the support activities into five main areas:

- ❑ Destination planning and infrastructure: The physical image and infrastructure of the destination are key determinants of the quality of the visitor's experience;
- ❑ Human resource development: Since tourism is a service industry, the quality of the visitor experience is largely determined by the quality of the service and personal interaction experienced at the destination. This means that the development of human resources is an important support element to the tourism value chain;
- ❑ Product development: is of key importance to ensure constant rejuvenation of the destination offering. This includes developing and upgrading of commercial services offered to visitors to satisfy their accommodation, catering and transportation needs and "attractions", i.e. natural, cultural and man-made products that provide the major reasons for travellers wanting to visit and experience destinations;
- ❑ Technology and systems development: Technology is increasingly becoming a driving force in support of the value chain. Global reservation systems are key levers of competitive advantage for airlines, hotels and car rental companies. Operational and management information systems are also of major importance;
- ❑ Related industries and procurement: are vitally important to the primary destination value chain. The primary tourism industry activities such as accommodation, transportation, catering, entertainment and recreation are underpinned by a wide range of related enterprises that supply services to the industry sectors. These are an integral part of the tourism "cluster" and the

success of the value chain is highly dependent upon the effective provision of these services and products.

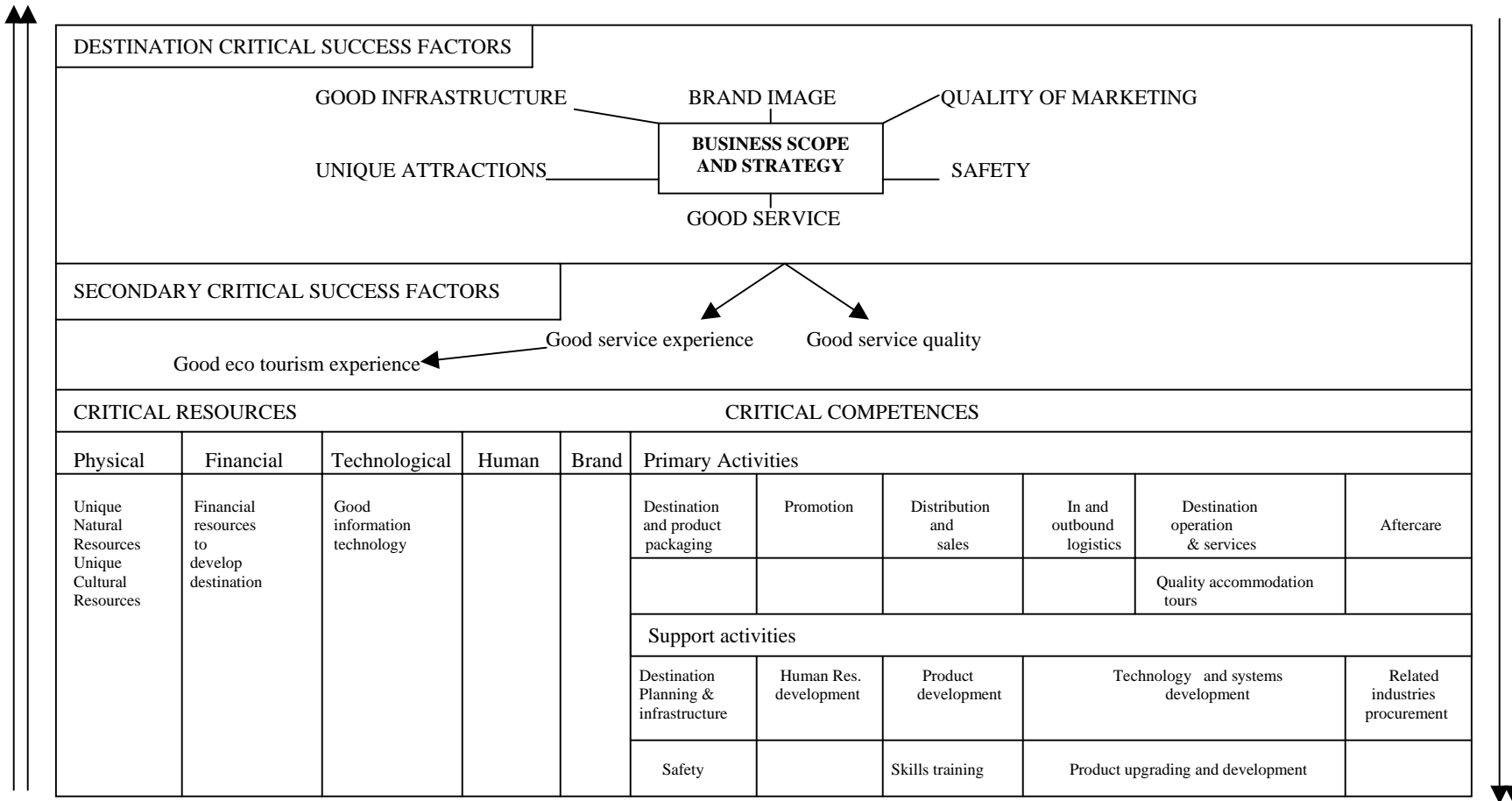
The value-chain analysis is helpful in describing the separate activities that are necessary to underpin a destination's strategies and how they link together, both inside and outside the destination. Although a threshold competence in all of these activities is necessary to the destination's successful operation, it is important to identify the critical competences within this. Critical competences will differ from destination to destination depending on how the destination is positioned and the strategies it is pursuing. The competitive rivalry between destinations is achieved through unique resources [such as unique natural and cultural features, specialised skills and knowledge] or critical competences [such as unified sense of direction, effective communication and good promotional abilities].

iii] Assessing balance

Based on the preceding literature study, the philosophy underlying strategic positioning when applied to tourism destination could be described as follows: The competitive position will be achieved by matching the strategic business scope of the destination with the critical resources, competences and capabilities in such a manner that a unique and competitive offering is created. The destination's overall competitive position will be influenced by the extent to which resources, competences and the strategic business scope are integrated and balanced as a whole.

An example of how this process could work for a tourism destination is illustrated in Figure 6.9.

Figure 6.9 Determining the strategic position of a tourism destination



Source: Researcher's own construction

The first step in the process will be to determine the business scope and strategy of the destination based on the requirements of the international market, international critical success factors, and competitive and comparative advantages of the destination's tourism offering. For the example in Figure 6.9 it is supposed that the destination's aim was to achieve a "status area" or "niche" orientation through differentiation in order to increase customer satisfaction and achieve sustainable growth for the destination.

In this example [Figure 6.9] six destination critical success factors were identified, namely: good infrastructure, unique attractions, quality of marketing, safety, brand image and good service. One of these factors, good service was used as an example to indicate how secondary critical success factors can be identified and the strategic capability of the destination be evaluated.

To determine the secondary critical success factors for good service the destination management must ask what the destination must have or be able to do to be successful at providing good service. In this example the secondary factors were identified as good service experience and good service quality. Service quality refers to the functional and technical aspects of the service delivery while service experience refers to the internal experience satisfaction of the visitor [Otto & Ritchie, 1996: 165]. Examples of such experiences are extended leisure pursuits like white-water rafting and bungee jumping.

The next step is to determine what competences the destination needs to have to be successful in achieving the critical success factors? This process could also be started by asking what the existing competences are that will make an important contribution to the critical success factors? Or how can competences be developed and/or combined to enhance the competitiveness of the destination? In the example in Figure 6.9, critical competences for good service quality were identified as safety, skills training of personnel, and quality of accommodation facilities. Critical competences for good service experience were identified as tours and product upgrading and development.

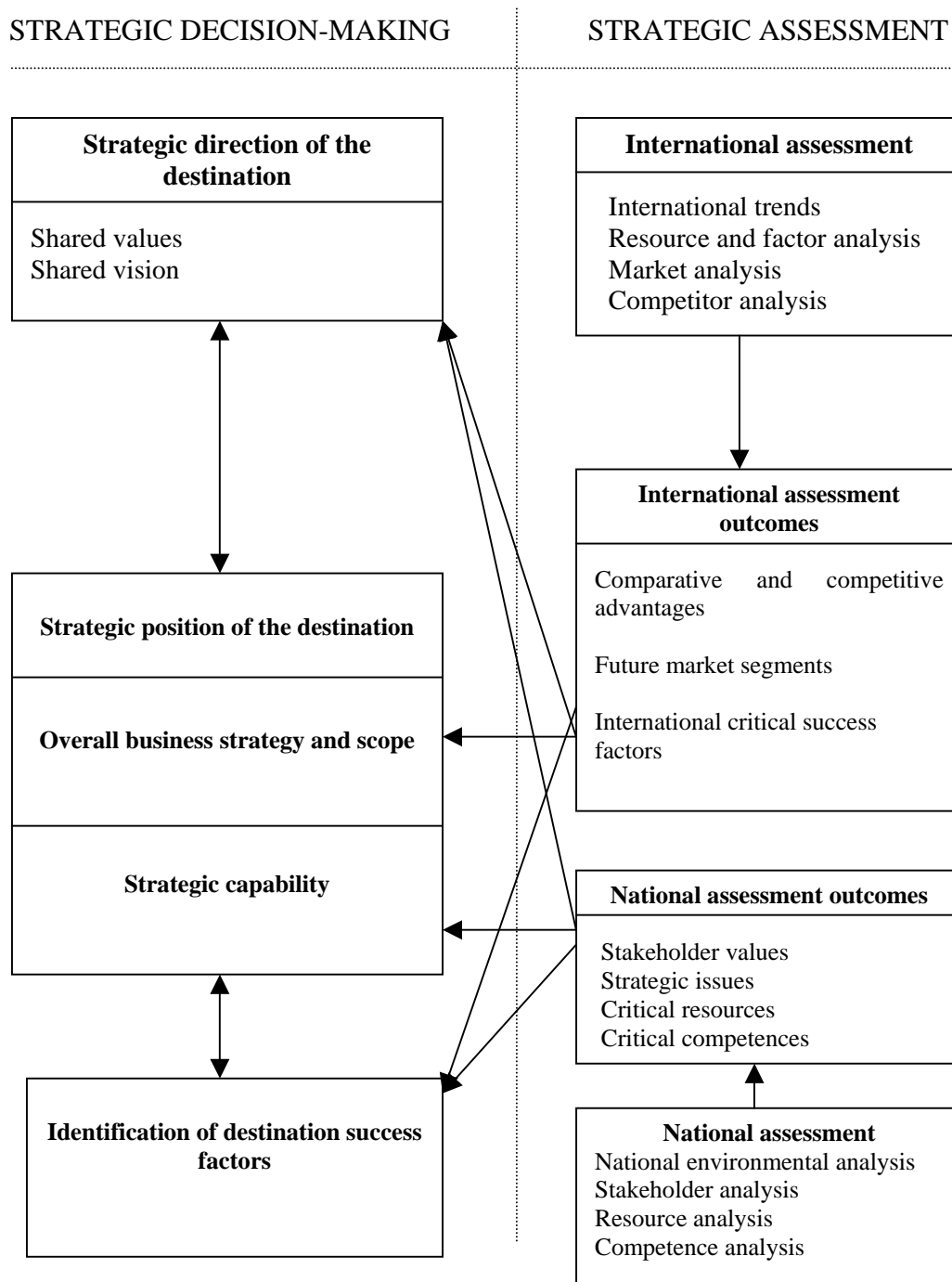
The final step is to identify critical resources that will contribute to the critical success

factors and/or lead to the identification of more secondary critical success factors. In the example in Figure 6.9, critical resources for a good service experience were identified as the unique natural and cultural resources that the destination has. The unique natural resources in this example could also lead to the identification of another critical success factor: good eco-tourism experience. The critical resources of a destination can therefore also lead to the identification of additional success factors that could create strategic knowledge and give the destination a competitive edge.

6.4 THE IDENTIFICATION OF CRITICAL SUCCESS FACTORS AT THE TOURISM DESTINATION

In the preceding sub-sections, the national destination's strategic direction and position were analysed and critically discussed. This background, together with the background of the previous chapters, enables the researcher to establish the relationships between these concepts and the identification of critical success factors for the destination. A framework that summarises these relationships is shown in Figure 6.10.

Figure 6.10 Framework for identifying critical success factors for a tourism destination



Source: Researcher's own construction

The framework can be divided into two specific sections: strategic assessment and strategic decision-making. The purpose of the strategic assessment is to obtain strategic information that is critical for the strategic decision-making process.

Participants in the strategic decision-making process will take specific decisions on the strategic direction of the destination and the specific strategies that will be followed.

a] Strategic assessment

Strategic assessment consists of an international and a national assessment. The international assessment aims to determine the comparative and competitive advantages and future market segments of the destination on an international level. The critical success factors of the international tourism industry are also determined. The international assessment was outlined and discussed in chapter 5.

The purpose of the national assessment is to analyse the national environment and the strategic capability of the national destination. This can be done firstly by identifying environmental impacts and secondly, by identifying critical resources and competences. These are then combined with the critical success factors to achieve competitive advantage. This process was analysed and critically discussed in the previous sub-sections of this chapter.

b] Strategic decision-making

The strategic decision-making process takes place in three important phases: determining the strategic direction of the destination, determining of the strategic positioning of the destination and determining of the critical success factors.

Deciding on the strategic direction of the destination will be greatly influenced by the comparative and competitive advantages, the future market segments as well as the shared values and vision of the primary tourism stakeholders.

Decisions on the strategic positioning will be influenced by the outcomes of the strategic direction process as well as those of the international and national assessments. Three important decisions can be distinguished here:

- Deciding on the overall strategy and business scope;

- Formulating the strategic capability of the destination;
- Achieving balance and determining destination success factors.

6.5 SUMMARY

In this chapter the strategic direction and positioning of the national tourism destination has been examined and a framework of sources for identifying critical success factors discussed.

The formulation of a shared destination vision is an important process to ensure a challenging strategic direction and unified support from all the stakeholders. It was concluded that the influence of the stakeholders' relationships and values on the strategic decision-making and overall strategic direction is substantial and crucial and should be analysed and incorporated in determining the strategic direction of the destination.

Having formulated a national shared vision, a positioning strategy has to be developed that will ensure the competitive advantage and growth of the destination. This positioning strategy is viewed from a holistic perspective and includes both the "business scope" or market paradigm as well as the "strategic capability" paradigm. The literature study showed that tourism management tends to focus on the "business scope" or market paradigm and tends to neglect the "strategic capability" view. This study suggested a holistic approach incorporating both these paradigms in determining the competitive position of the destination.

In the last part of the chapter a framework was developed that explains the sources for identifying of critical success factors. The framework is divided into two specific sections: strategic assessment and strategic decision-making. The strategic assessment obtains strategic information from both the international and the national assessments that are important for the strategic decision-making process. The international assessment was discussed in chapter 5. The outcomes of this assessment, namely, comparative and competitive advantages, future market segments and international critical success factors will be important inputs in determining the

vision, overall business strategy and critical success factors of the destination. The outcomes of the national assessment, namely, stakeholder values, strategic issues, critical resources and critical competences will also be important inputs to determine the shared vision and strategic position of the destination.

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CHAPTER 7

THE INTEGRATION OF CRITICAL SUCCESS FACTORS FOR A TOURISM DESTINATION

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CHAPTER 7

THE INTEGRATION OF CRITICAL SUCCESS FACTORS FOR A TOURISM DESTINATION

7.1 INTRODUCTION

The strategic management model developed in chapter 4 consists of three main components: international competitive assessment, destination strategic direction and positioning and critical success factor identification and integration. The previous chapter investigated destination strategic direction and positioning. The purpose of this chapter is to establish how the critical success factors of a tourism destination can best be integrated to achieve sustainable growth and international competitiveness for the destination as a whole.

The second part of the chapter reviews two models of integration, namely Porter's [1987] value chain analysis and Kaplan and Norton's [1996] balanced scorecard model. Both these models are evaluated, critically discussed and their relevance for identifying and integrating of critical success factors for a tourism destination are determined. The section then evaluates and synthesizes the propositions of the two models to propose a generic model that could be used by tourism destinations to integrate critical success factors.

7.2 IMPORTANT PRINCIPLES UNDERLYING THE INTE- GRATION OF CRITICAL SUCCESS FACTORS

Three underlying principles are involved in the integration of critical success factors. They are:

- ❑ The community involvement principle
- ❑ The principle of sustainable and responsible tourism
- ❑ The holistic principle.

7.2.1 The community involvement principle

Scholars have identified a significant evolution in tourism planning paradigms from narrow concerns with physical planning to a more balanced form of planning that recognizes the need for greater community involvement and environmental sensitivity [Timothy, 1999: 371]. As such, tourism planning decisions must be increasingly integrated into a society's overall social, economic and environmental planning decisions [Buckley, 1996: 10; Ritchie, 1999: 273; and WTO, 1996: 51].

Timothy [1999: 372] emphasizes a strategy that focuses on identifying the host community's goals and desires for and capacity to absorb tourism. According to Timothy, each community is supposed to identify its own goals and pursue tourism to the extent that it satisfies local needs. This style of planning recognizes that social and environmental considerations need to be included in planning and that tourism should serve both tourists and local residents. In addition, community-based planning also recognizes that various stakeholders need to be involved in the decision-making [Timothy, 1999: 373]. The public sector, private businesses and organizations, and environmental advocates are independent stakeholders in a complex tourism domain, where no single individual or group can resolve tourism issues by acting alone [Gunn, 1996: 103]. The influence of stakeholder relationships and values on the strategic direction of the destination was discussed in chapter 6.

In South Africa, it will become increasingly important, especially with tourism related development in rural areas, that the host communities are empowered rather than exploited [Feinstein & Thornton, 1998: 70]. Community involvement is often seen as ranging from provision of employment to community participation in the ownership and management of destinations.

The need to involve and empower communities has been recognized by the South African government at all levels. The Communal Property Association [CPA] Act of 1996 enables defined communities to acquire, hold and manage property. A CPA act, approved by the Department of Land Affairs, is a legal entity that may contract with entities in the private sector and others. The CPA act paves the way for communities

to participate in commercial ventures. Other alternative structures include Section 21 [i.e. not-for-profit] companies and trusts [Feinstein & Thornton, 1998: 71].

Communities often need assistance with capacity building and organization, benefit-distribution mechanisms and training. Feinstein and Thornton [1998: 72] suggest the following guidelines for developing and operating tourism destinations and facilities with community involvement:

- ❑ Involve the community in the decision-making process;
- ❑ Give equity participation to the community in the decision-making process;
- ❑ Clearly define the respective roles of the various parties;
- ❑ Work with local and regional authorities – they can often provide valuable assistance;
- ❑ Tap into available subsidies or other funding from conservation programmes, NGOs, sponsorships, donations of equipment; and
- ❑ Pro-actively stimulate community small micro and medium enterprise development..

7.2.2 The principle of sustainable and responsible tourism

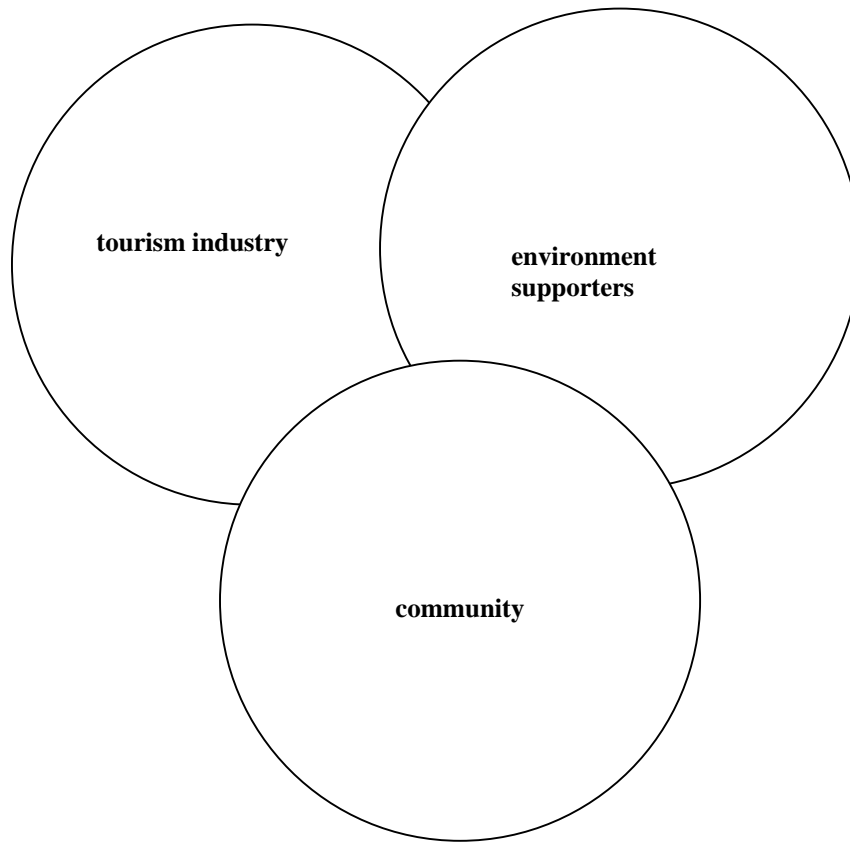
Sustainable tourism is now being recognized as an essential approach to achieving development goals without depleting natural and cultural resources or degrading the environment [WTO, 1993: 1]. The report of the World Commission on Environment and Development [WCED, 1987] provided substantial impetus to the concept and practice of sustainable development. Five basic principles of sustainability were identified in the report. Firstly, the idea of holistic planning and strategy-making. Secondly, the importance of preserving ecological processes. Thirdly, the need to protect both human heritage and biodiversity. Fourthly, the need to develop in such a way that productivity can be sustained over the long-term for future generations [the concept of inter-generational equity]. Fifthly, the goal of addressing a better balance of fairness and opportunity between nations [Bramwell & Lane, 1993: 2].

The term “sustainable development” suggests that the lessons of ecology can, and

should, be applied to the economic processes. Therefore sustainable development stresses that economic success is dependent upon the continued well-being of the physical and social environment on which it is based [Brookfield, 1988; and Butler, 1991]. A purely economic approach to strategic planning does not give any appreciation of the environmental and social implications of decision-making. Similarly, an economic approach alone does not give any appreciation of the productive utilization of resources – for example, whether or not the resources are renewable. A solely economic approach will also not assess the environmental and social costs that may be associated with implementing the strategic plan [Hall, 2000: 5]. The principle of sustainable tourism development is an important underlying principle for integrating critical success factors in the tourism destination.

Sustainable tourism development connects tourists and providers of tourist facilities and services at tourism destinations with advocates of environmental protection and community residents and their leaders who desire a better quality of life. Each group has its constituents. As they realize how their interests overlap and identify common goals, they will be more inclined to collaborate [see Figure 7.1]. An important function of destination management is to assist in this collaboration through the planning, development and coordination process [WTO, 1993: 16].

Figure 7.1 Sustainable tourism



Source: WTO [1993: 17]

It is now generally accepted that it is no longer admissible for the tourism industry to exploit and to “use up” destinations without due consideration of the long-term consequences of such an approach for the environment and the community [Davidson & Maitland, 1997: 8; and WTO, 1993: 15]. Sustainable tourism aims to reconcile the tensions between the three partners and keep the equilibrium in the long-term. It aims to minimise environmental and cultural damage, optimize visitor satisfaction and maximize long-term economic growth [Lane, 1994: 10].

The WTO [1993: 40] suggests the following principles as basic guidelines that can be followed in the strategic development process:

- ❑ Tourism planning, development and operation should be part of conservation or sustainable development strategies for a region, a province [state] or the nation;
- ❑ Destinations, groups and individuals should follow ethical and other principles which respect the culture and environment of the host area, the economy and traditional way of life, the community and traditions, leadership and political patterns;
- ❑ Tourism should be planned and managed in a sustainable manner, with due regard for the protection and appropriate economic uses of the natural and human environment in host areas;
- ❑ Tourism should be undertaken with equity in mind to fairly distribute benefits and costs among tourism promoters and host peoples and areas;
- ❑ Good information, research and communication on the nature of tourism and its effects on the human and cultural environment should be available, especially for the local people, so that they can participate in and influence the direction of development and its effects;
- ❑ Local people should be encouraged and expected to undertake leadership roles in planning and development of the destination;
- ❑ Integrated environmental, social and economic planning analyses should be undertaken prior to the commencement of any major projects;
- ❑ Throughout all stages of tourism development and operation, a careful assessment, monitoring and mediation programme should be conducted to allow local people and others to take advantage of opportunities or to respond to changes.

From the literature review it is apparent that although the balancing interests of the three important tourism groups are emphasized, very little attention is given to positioning these factors to achieve sustainable competitive advantage. Grant [1995: 138] postulates that sustainable competitive advantage could depend upon the durability of the resources and capabilities upon which competitive advantage is based, and upon rivals to imitate these critical resources and capabilities. Natural and cultural resources should therefore be protected and developed so that the uniqueness of these resources can be enhanced. Participation by communities should also not only be a goal in itself, but should focus on specific critical success factors and the

development of capabilities and competencies that will enhance the sustainability of the destination's competitive advantage. An increasingly important conception of sustainability is that of maintaining and growing environmental capital [Jacobs, 1991] and, in terms of the ideas of equity which are a component of sustainability, the notion of social capital [Hall, 2000: 100]. Maintaining and growing environmental and social capital can thus be important critical success factors that will enhance the sustainability of the competitive advantage of the destination.

7.2.3 The holistic principle

Hall [2000: 101] argues that strategic tourism planning should be holistic, integrated and comprehensive. According to Hall, integration in tourism planning and management refers to an awareness that tourism is a system of interrelated social, economic, physical and political variables and the corresponding establishment of a series of institutional arrangements and planning processes which reflect such a system.

Tourism South Australia [1991: 28] noted that traditional approaches to tourism planning were limited because they ignore research and evaluation of tourism demand [market needs and expectations] and tourism supply [resource utilisation consistent with demand preferences and environmental sustainability]. Therefore, to provide the unique, satisfying tourism experiences which differentiate products and destinations in the marketplace, and to create long-term appeal and sustain the resource base on which tourism products and destinations are based, it is argued that tourism planning must be holistic and integrative. According to Tourism South Australia [1991], such an approach provides for a “synergistic” tourism planning process that is goal orientated, integrative, market driven, resource driven, consultative and systematic [see Table 7.1].

Table 7.1 Elements of a holistic tourism planning approach

Goal oriented	Recognizing tourism's role in achieving broad community goals.
Integrative	Including tourism planning issues in the mainstream of planning for the economy, conservation, parks, heritage, land use and infrastructure.
Market driven	Planning for development that meets the needs of people and so operating successfully in a competitive marketplace.
Resource driven	Developing assets which build on the destination's inherent strengths while protecting and enhancing the attributes and experiences of tourism sites
Consultative	Determining what is acceptable to the local population through meaningful community input.
Systematic	Drawing on, or undertaking research to provide conceptual or predictive support for planners. In particular, drawing on the experience of other tourism destinations.

Source: Tourism South Australia [1991: 28]

This view of Tourism South Australia corresponds with the literature study [reported on in chapters 4 and 6] on competitive positioning where the “holistic” approach in which market and resource driven processes and success factors are integrated for competitive advantage were strongly supported. Critical success factors must further be integrated within a framework of national goals, values, policies and a shared vision. According to Hall [2000: 8], the terms planning and policy are intimately related. He argues that planning is a kind of decision-making and policy-making that deals with a set of inter-dependent and systematically related decisions rather than individual decisions.

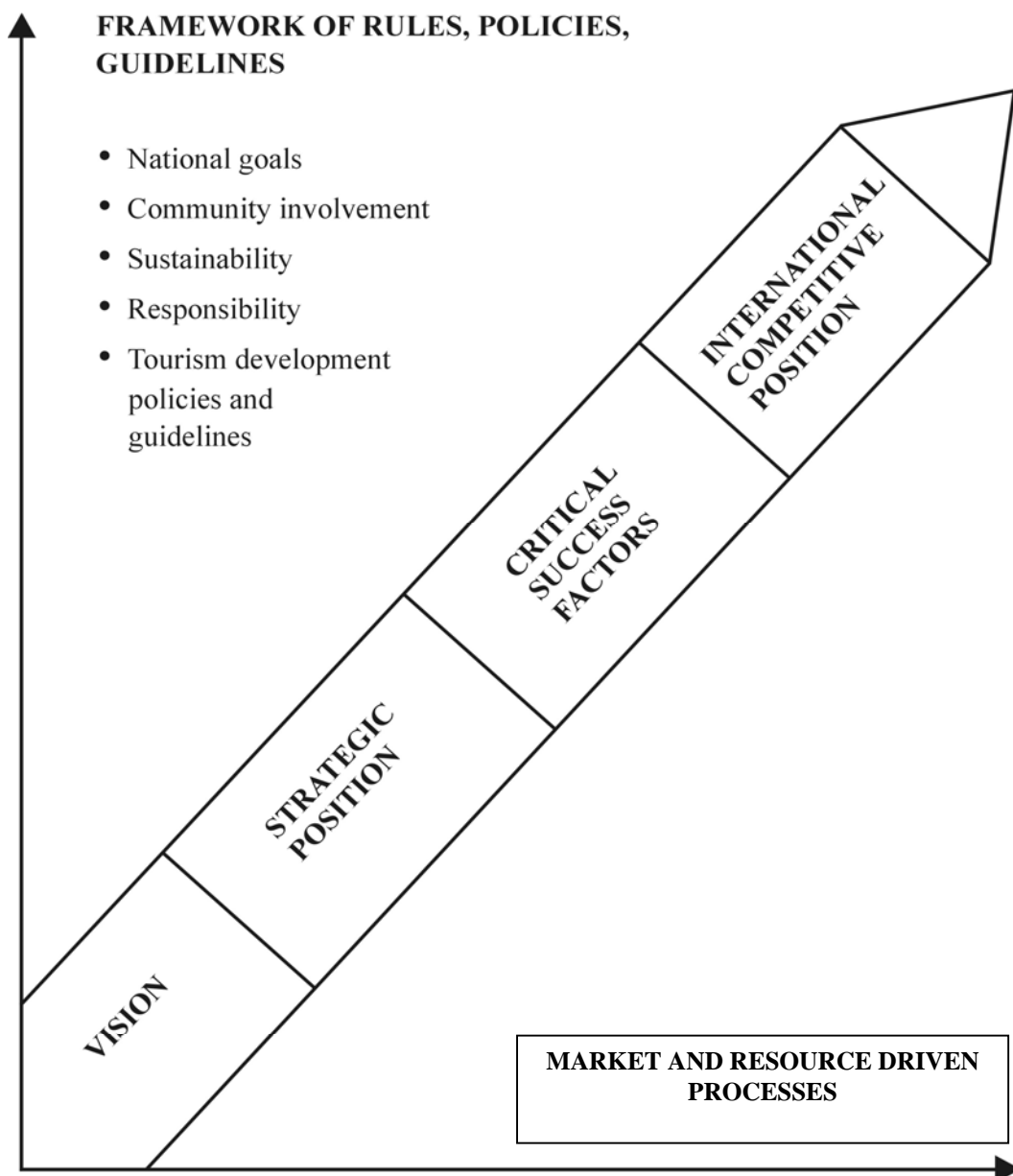
Against the background of the preceding exposition, the holistic principle and philosophy underlying the integration of critical success factors at a national tourism destination could be summarized as follows:

- Critical success factors must be integrated, monitored and evaluated within a framework of values, vision, policies, principles, goals and objectives of the stakeholders and destination management organizations;

- ❑ The tourism planning process must integrate market and resource driven processes and critical success factors;
- ❑ The tourism planning process must coordinate the critical success factors of relating units so that they fit in with one another.

The holistic principle can be graphically illustrated, as shown in Figure 7.2.

Figure 7.2 Integration of critical success factors within a policy and guideline framework



Source: Researcher's own construction

The strategic planning process of the tourism destination must integrate the market and resource driven critical success factors within a framework of national goals, values, policies and a shared vision. These critical success factors should be integrated in such a manner that they reflect the national aspirations and will of the stakeholders, and at the same time add optimum value to international visitors to the destination. This is not always an easy task as the end-result should always be obtaining and sustaining an acceptable international competitive position. This integration process could further be complicated if consensus cannot be reached on those critical success factors that will enhance this process.

7.3 MODELS OF INTEGRATION

This section reviews two integration models, namely, Porter's Value Chain and Kaplan and Norton's Balanced Scorecard Model. The section then evaluates and synthesizes the propositions to propose a generic model that could be used by tourism destinations to integrate critical success factors for competitive advantage.

7.3.1 The value-chain as integration model

a] Introduction

The concept of value-added can be used to develop the organisation's sustainable competitive advantage [Lynch, 2000: 266]. Every organization engages in activities that link together to develop the value of the business: purchasing supplies, manufacturing, distribution and marketing of goods and services. These activities taken together form the value-chain of the organization [Porter, 1987].

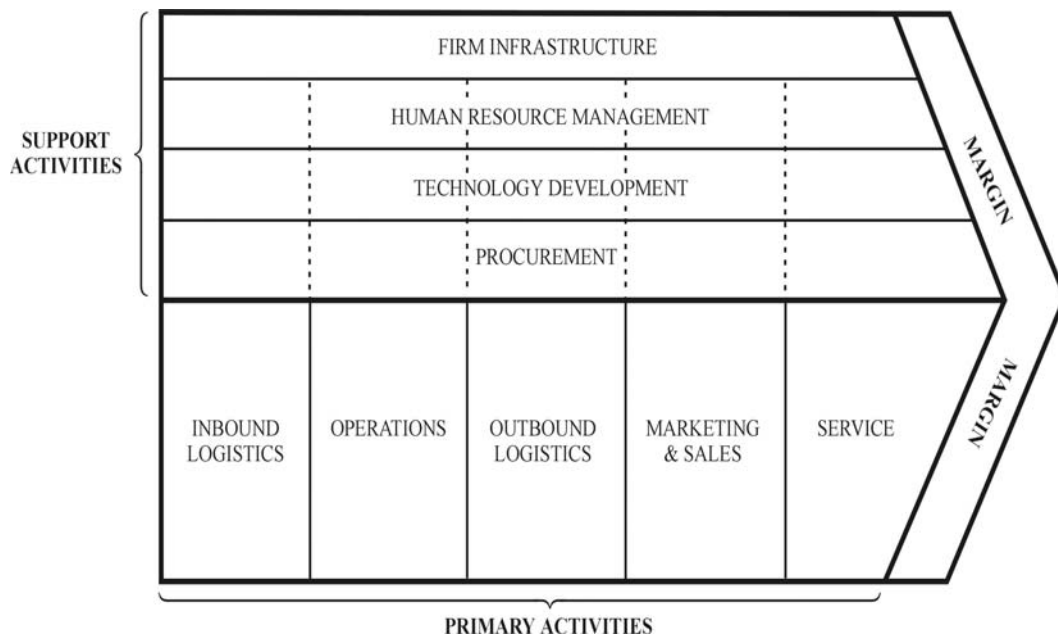
Value analysis was originally introduced as an accounting analysis to shed light on the "value-added" by separating steps in the manufacturing processes to determine where cost improvements could be made or value creation improved, or both [Miles, 1961]. These two basic steps of identifying separate activities and assessing value-added for each were linked to an analysis of an organisation's competitive advantage

by Porter [1985]. Essentially he linked two areas together:

- The added value that each part of the organization contributes to the whole organization; and
- The contribution to the competitive advantage of the whole organisation that each of these parts might then make.

The value chain was developed in the 1980s and has been applied mainly in the manufacturing sector. This sub-section will apply the value chain to a tourism destination to provide insights into how critical success factors and critical competences could be integrated to create optimum value for the tourist and other stakeholders and at the same time achieve sustainable competitive advantage. The value chain developed by Porter is shown in Figure 7.3.

Figure 7.3 The value chain



Source: Porter [1985: 37]

Porter [1985: 37] used the word “margin” in the diagram to indicate the added value. Margin is the difference between the total value and the collective cost of performing the value activities.

The activities within the chain may be classified into primary activities and support activities. Primary activities are those that directly add value to the final product. Support activities do not directly add value themselves but indirectly add value by supporting the effective execution of primary activities. Table 7.2 summarises the primary and supporting activities.

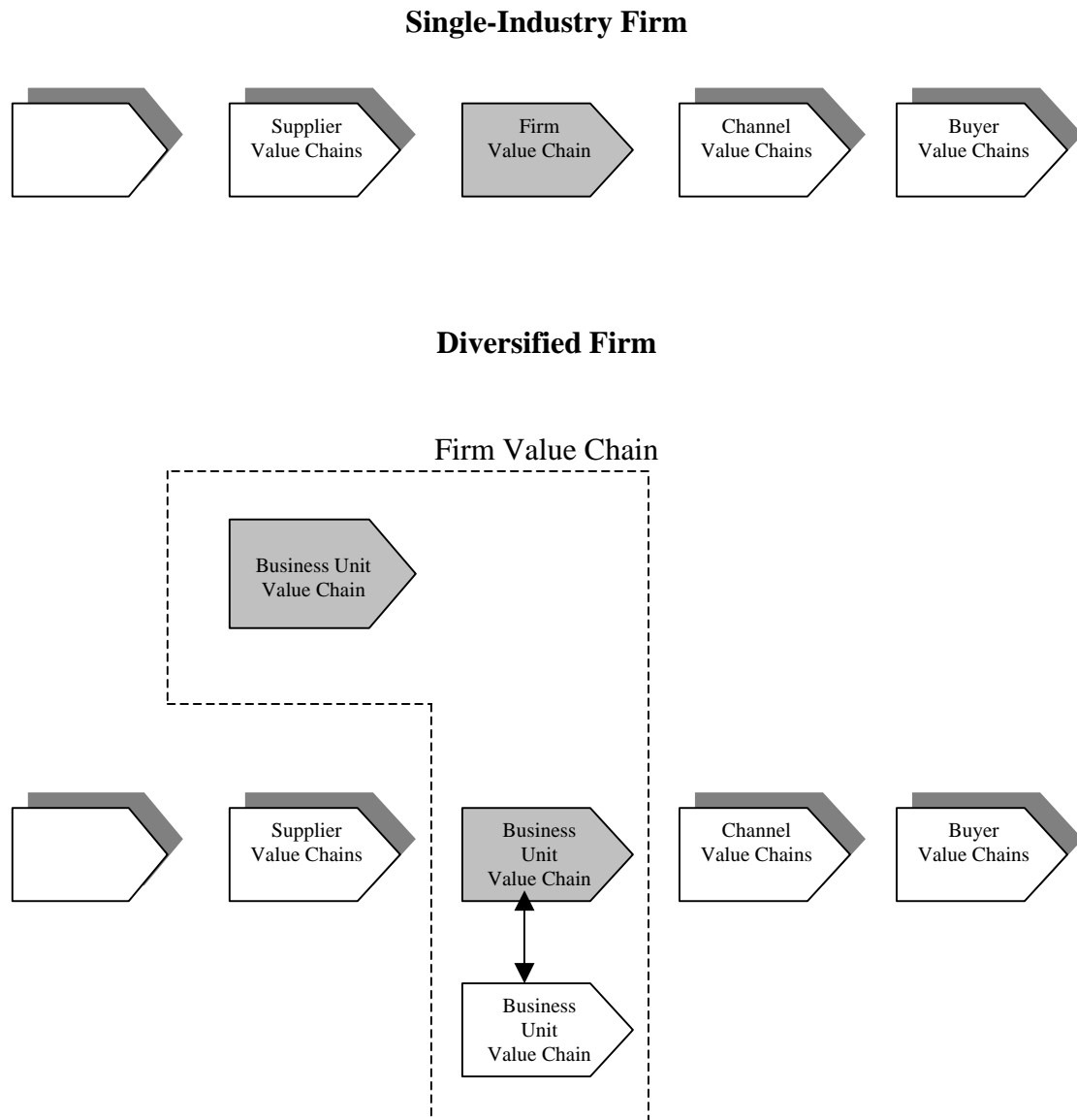
Table 7.2 A summary of the activities in the value chain

A summary of the activities in the value chain		
Primary activities	Inbound logistics	Receipt and storage of materials [inputs] Stock control and distribution of inputs
	Operations	Transformation of inputs into final product
	Outbound logistics	Storage and distribution of finished goods
	Marketing and Sales	Making the product available to the market and persuading people to buy
	Service	Installation and after sales support
Support Activities	Procurement	Purchasing of resources
	Technology development	Product, process and resource development
	Human Resource management	Recruitment, selection, training, reward and motivation
	Infrastructure	Planning, finance, information systems, management

Source: Campbell *et al* [2003: 44]

In addition to the analysis of the organisation's own value chain, Porter argues that an additional analysis should also be undertaken. Organisations are part of a wider system of adding value involving the supply and distribution value chains and the value chains of customers. This is known as the value system and is illustrated in Figure 7.4.

Figure 7.4 The value system



Source: Porter [1985: 35]

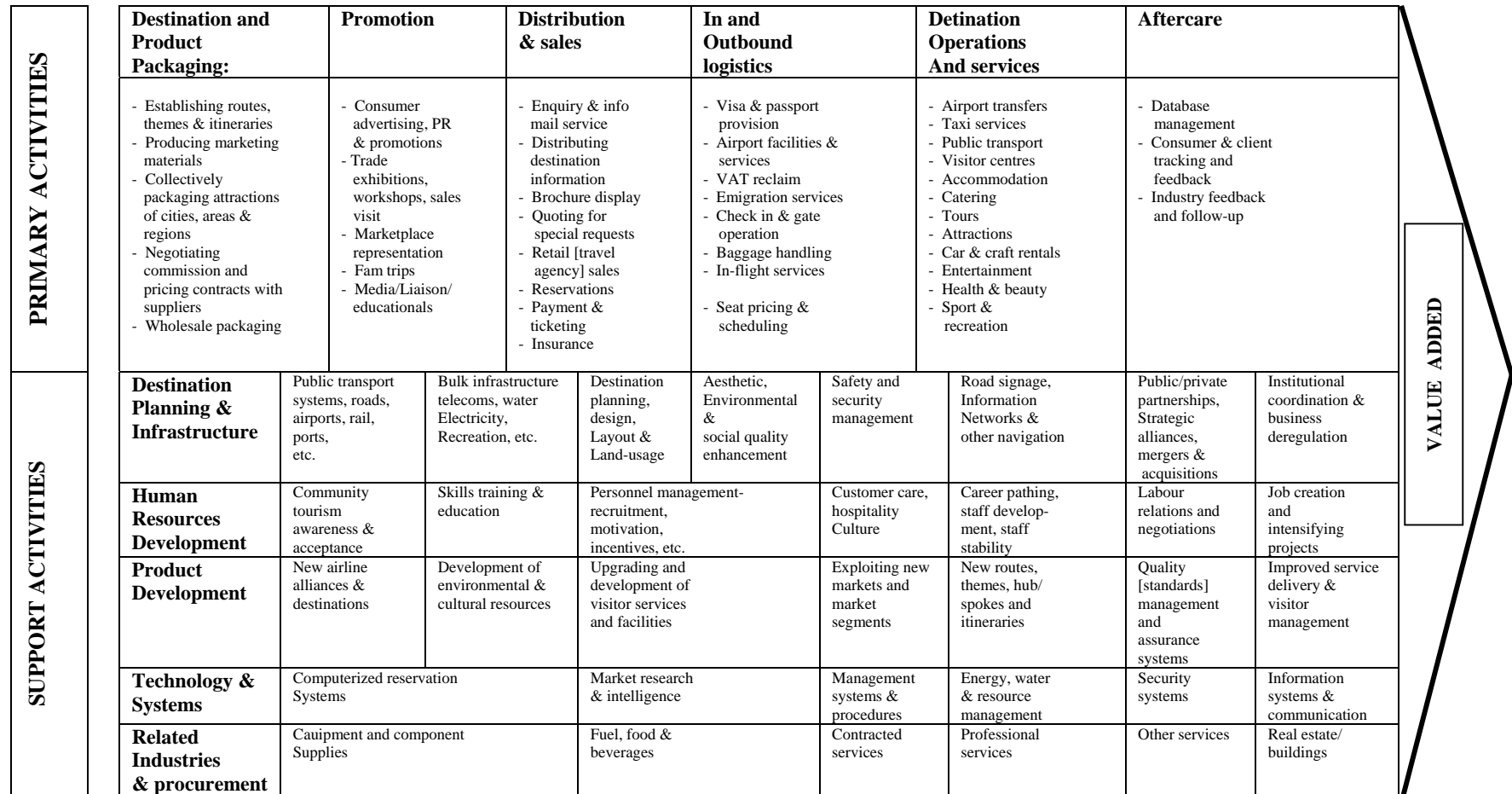
In most industries it is very rare that a single organization undertakes all of the value activities from the product design through to the delivery of the final product or service to the consumer. There is usually role specialization and any one organization is part of a wider value system that creates a product or service. Much of the value creation will occur in the supply and distribution chains, and the whole process needs to be analysed and understood. The ability of an organization to influence the performance of other organisations in the value chain may be a crucially important

competence and a source of competitive advantage [Porter, 1985: 36; and Johnson & Scholes, 1999: 160].

b) The tourism destination value chain

Only two examples could be found in contemporary literature where the value-chain concept was applied in the tourism industry [Poon, 1993: 211; and Fabricius, 2001: 72]. Poon developed a travel and tourism value chain for a tourism organisation. Fabricius [2001: 75] argues that while Poon's travel and tourism value chain is applicable to individual tourism firms in the industry, it does not fully and effectively demonstrate how the destination adds value to the overall tourism experience. He notes that in order to analyse and understand exactly where and how value is added to the destination experience, a model is needed that is clearly focused on the consumer's requirements and activities. Fabricius' model is shown in Figure 7.5.

Figure 7.5 Destination value chain



Source: Fabricius [2001: 76]

The primary and support activities of the tourism destination value chain identified by Fabricius [2001: 76] were described in chapter 6.

c) Integrating of critical success factors by using the value chain model

An example of how critical success factors can be integrated by using the value-chain is shown in Figure 7.6[a] and 7.6[b].

Figure 7.6[a] Integration of critical success factors for primary activities in the value-chain

PRIMARY ACTIVITIES		Destination and Product packaging	Promotion	Distribution & Sales	In and Outbound logistics	Destination operations and services	Aftercare	VALUE ADDED
	Should have: [Result areas]	<ul style="list-style-type: none"> * Attractive routes, themes and itineraries * Successful collective attraction packaging 	<ul style="list-style-type: none"> * Effective marketing of destination * Effective branding of destination * Large marketing budget 	<ul style="list-style-type: none"> * Sales * New growth markets 	<ul style="list-style-type: none"> * Effective transportation * Quality service 	<ul style="list-style-type: none"> * Unique attractions * Quality accommodation * Sufficient entertainment * Tours availability * Safety * Customer satisfaction 	<ul style="list-style-type: none"> * Good management information system 	
	Should be able to: [Capabilities]	PRESENT						
		<ul style="list-style-type: none"> * Production and distribution of brochures * Negotiating commission 	<ul style="list-style-type: none"> * Good brand image 	<ul style="list-style-type: none"> * Reservations 	<ul style="list-style-type: none"> * Airport transfer and facilities 	<ul style="list-style-type: none"> * Combine nature attractions with cultural attractions * Offers diversity of nature attractions 	<ul style="list-style-type: none"> * Produce good customer feedback 	
		DESIRED						
		<ul style="list-style-type: none"> * Develop attractive tour packages 	<ul style="list-style-type: none"> * Launch effective promotional campaigns 	<ul style="list-style-type: none"> * Effective marketing segmentation 	<ul style="list-style-type: none"> * Access - air capacity * Human resource development 	<ul style="list-style-type: none"> * Increased accessibility of attractions * Increased security 	<ul style="list-style-type: none"> * Information accessibility 	

Source: Researcher's own construction

Figure 7.6[b] Integration of critical success factors for secondary activities in the value-chain

SECONDARY ACTIVITIES		Destination planning and infrastructure	Human resourced development	Product development	Technology and systems	Related industries and procurement	VALUE ADDED
	Should have: [Result areas]	<ul style="list-style-type: none"> * Good hard infra-structural support: roads, airports, * Good soft infra-structural support: universities, police, banks * Environmental and social quality enhancement 	<ul style="list-style-type: none"> * Community tourism awareness * Competent staff * Job creation * Quality of service 	<ul style="list-style-type: none"> * Development of environmental and cultural resources * Development of new markets * New routes, themes, hub/spokes and itineraries 	<ul style="list-style-type: none"> * Good information systems * Good security systems * Good management systems 	<ul style="list-style-type: none"> * Good professional services * Good and effective supply chain * Availability of products: food, fuel, beverages 	
	Should be able to: [Capabilities]	PRESENT					
		<ul style="list-style-type: none"> * Destination planning and design 	<ul style="list-style-type: none"> * Community involvement 	<ul style="list-style-type: none"> * Unique cultural and natural assets * Market research 	<ul style="list-style-type: none"> * Computerised reservation system * Market research 	<ul style="list-style-type: none"> * Quality of equipment and supplies 	
		DESIRED					
		<ul style="list-style-type: none"> * Public/Private partnerships * Environmental management * Infrastructure development 	<ul style="list-style-type: none"> * Effective skills training and education * Customer care 	<ul style="list-style-type: none"> * New airline alliances and routings * Excellent service delivery * Tourism security 	<ul style="list-style-type: none"> * Information partnerships that share resources 	<ul style="list-style-type: none"> * Just-in-time delivery * Relationships with suppliers 	

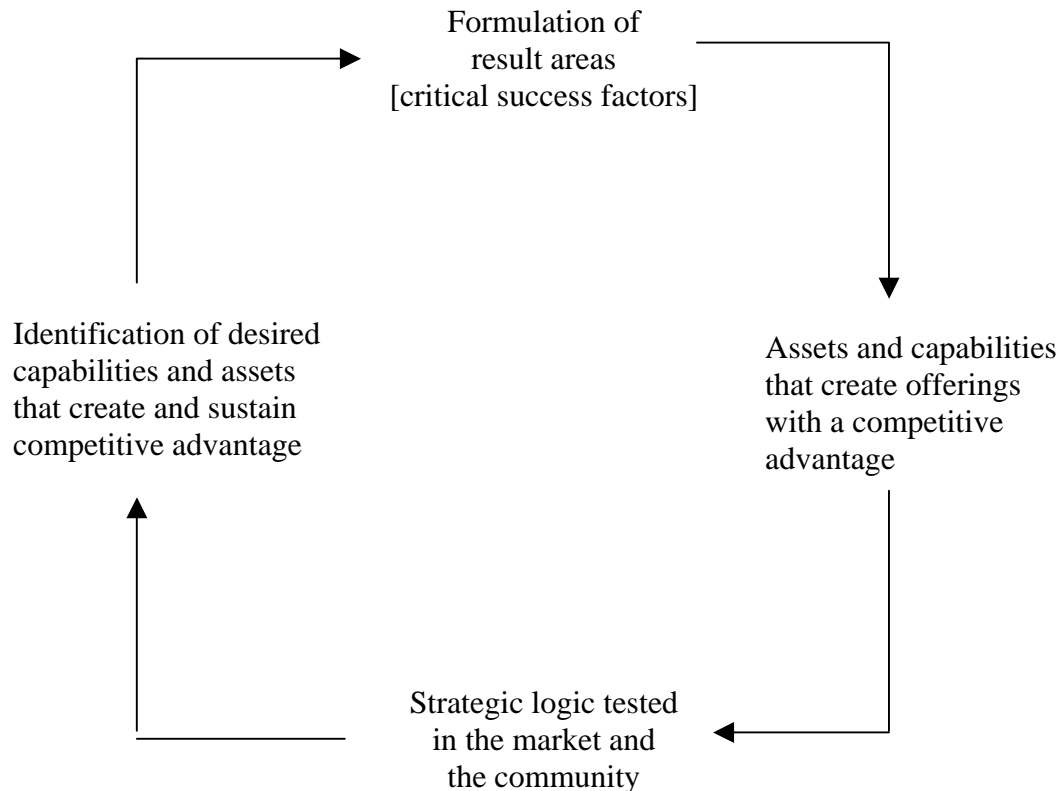
Source: Researcher's own construction

Figure 7.6[a] illustrates the integration of critical success factors for primary activities in the value chain while figure 7.6[b] illustrates the integration of critical success factors for secondary activities of the tourism destination value chain. Each value chain is divided into two main divisions. The first or upper division identifies the critical success factors that are the result areas or critical outcomes of the destination within the designated value sub-categories. These factors are thus the result areas that the destination should perform in, to achieve and sustain competitive advantage and success.

The second division or lower part of the value chain refers to the success factors that are the critical capabilities of the destination. The critical capabilities are those that the destination is able and should be able to provide, to create and sustain competitive advantage. These capabilities consist of critical technologies, skills, talents, processes, resources and competences. This division could be divided further into two subdivisions: namely, present capabilities and desired future capabilities. Present capabilities are the present capabilities of the destination on which its present competitive advantage is based. The desired capabilities are capabilities that can, and should, be developed to ensure sustainable competitive advantage for the future. Strategic competence gaps identified between the present and the future could be important focus areas for strategy development in the destination [Heene & Sanchez, 1997: 138].

The strategies and action plans could be directed towards achieving success in the result areas identified in the upper division. The development of critical capabilities that are unique and difficult to imitate can also lead to the identification of new critical result areas that will enhance the competitiveness of the destination. This phenomenon can be illustrated by the feedback system loop shown in Figure 7.7.

Figure 7.7 Feedback loop system of critical success factor integration



Source: Adapted from Heere & Sanchez [1997: 51]

The secondary value chain category of human resource development will now be discussed as an example of how the process could be used. Since tourism is a service industry, the visitor experience is largely determined by the quality of service and personal interaction experienced at the destination. The key result areas that were identified in figure 7.6[b] as the first category of critical success factors were: community tourism awareness, competent staff, job creation, and quality of service. Awareness of tourism within the broader community determines whether visitors feel welcome when travelling to a destination. Competent staff, as a key result area, are necessary to provide tourists with the quality of service and quality of experience required by them. Job creation is an important result area for most destinations and is also identified in South Africa as critical for tourism development. Provision of a quality service by the human resource component is important for destinations to receive and manage substantial numbers of tourists.

The present capability could be identified as community involvement. Important desired capabilities of the future could be effective skills training and education and customer care. The development of human capital is an essential part of the building blocks of any business: it is them who shoulder the daily responsibility of satisfying clients. Tourism destinations who understand this and take their time to educate and train their workforce are the ones who develop critical competences that enhance the competitive advantage of the destination [Poon, 1993: 261]. To care for customers, tourism staff are requested to get even closer to them – to understand and monitor their behaviour, to listen to them and to provide them with what they want. According to Poon [1993: 240], profitability and competitive success will come to those who can create the best match between their own products and services and the needs and demands of the customers.

d] Managing linkages in the destination's value chain

According to Johnson and Scholes [1999: 170], critical capabilities and competences are likely to be more robust and difficult to imitate if they relate to linkages within the organisation's value chain and linkages into the supply and distribution chains. Johnson and Scholes argue that managing these linkages provides levels of performance that are difficult to match. Competitive advantage can therefore be gained by the ability to complement, coordinate and/or integrate the critical success factors within the destination with those of the other players in the value chain.

Poon [1993: 276] supports this viewpoint and postulates that tourism organisations could strengthen their strategic position by:

- seeking an advantageous position in the destination's value chain;
- integrating diagonally;
- influencing the competitive environment.

[i] Seeking an advantageous position in the destination value chain

Poon [1993: 215] argues that it is no longer relevant whether a company is an airline,

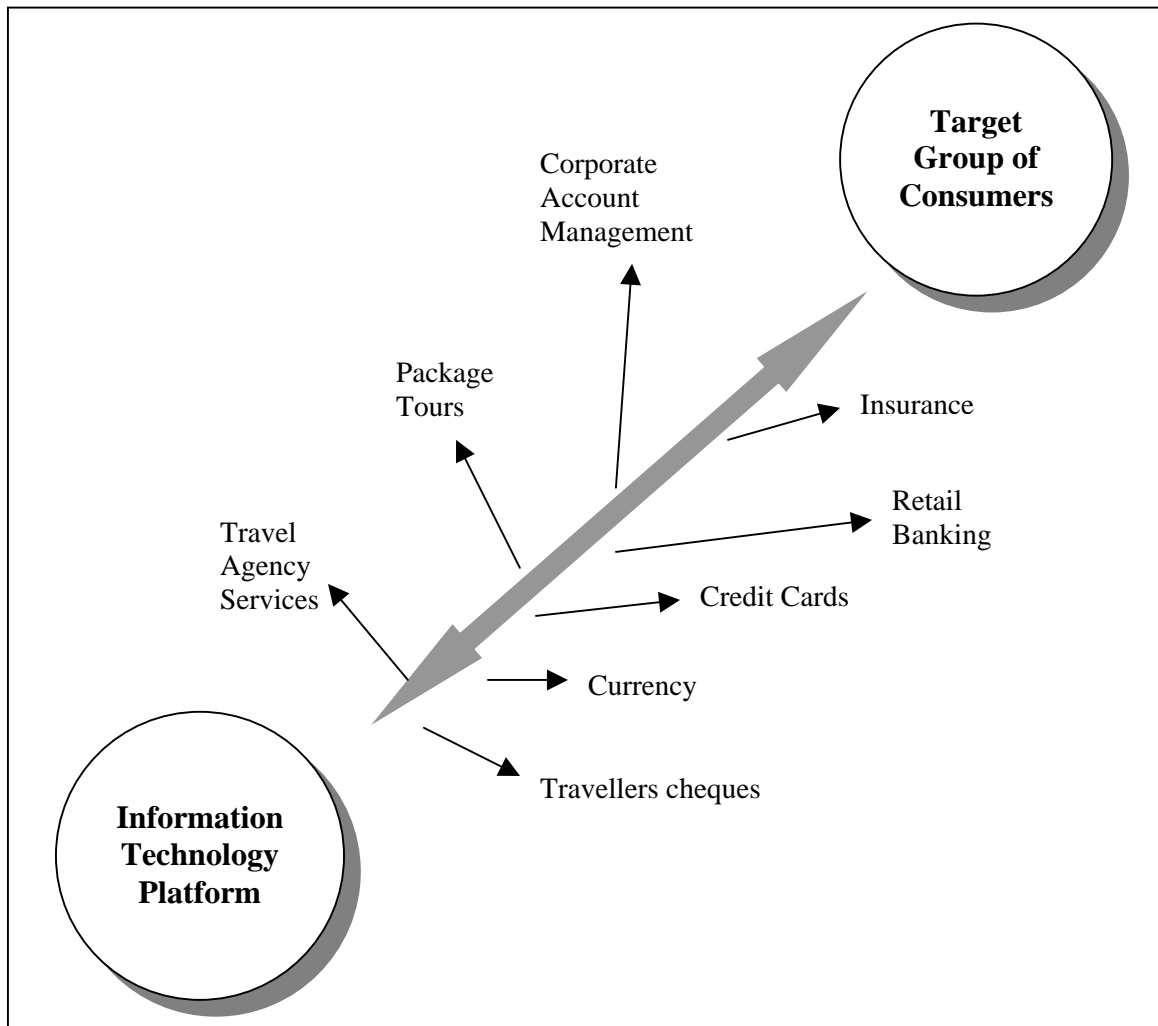
a travel agent, hotel or tour operator. As the boundaries among players are re-defined, what becomes relevant are the activities along the value chain that they control and therefore the critical success factors on which they could have the biggest impact. Influencing this process of wealth creation requires, according to Poon, control over two key elements of wealth generation: information and customers. Those players in control of the information will therefore increase their share of the destination's value. Those players closest to the customer will also gain. Travel agencies and suppliers on site, such as hotels and resorts, are therefore expected to increase their importance in the industry.

[ii] Integrating diagonally

As the industry increasingly becomes driven by information and customers, firms can diagonally integrate to control the more attractive areas of value creation [Poon, 1993: 216]. Diagonal integration is created by new information technologies. According to Poon, "it is the process by which firms use information technologies to logically combine services [e.g. financial services and travel agents] for best productivity and most profits". Firms such as American Express, are diagonally integrated to produce a whole package of services including financial, investment and travel-related services.

The concept of diagonal integration is graphically represented in Figure 7.8.

Figure 7.8 Diagonal integration in the travel and tourism industry



Source: Poon [1993: 225]

From Figure 7.8 it can be seen that information technologies provide a key platform for destinations to integrate diagonally. Destinations can use information technology to identify their target group of consumers as well as to integrate production of services to satisfy their consumers. Diagonal integration between the players of the destination can, according to Poon [1993: 224], be achieved through strategic alliances and information partnerships. With information partnerships, firms can: [1] collaborate to share resources information and client bases; [2] reduce operating costs; [3] share the costs of technology development; and [4] gain bargaining power. It is important to note that diagonal integration does not imply ownership changes as in the case of horizontal and vertical integration, but implies collaboration and coordination

between the most important players. When players diagonally integrate they are in fact combining services for optimum value to the customer.

[iii] Influencing the competitive environment

A destination can influence the competitive environment by creating barriers to mobility. According to Poon [1993: 281], barriers in the tourism industry are intangible and are related to the critical capabilities of the destination such as the skills, quality, knowledge and experience, service delivery and customer care the destination has accumulated over time. According to Poon, the combined actions of players in the industry should be directed towards enhancing the capabilities of the destination, especially in the following three areas:

- ❑ Development of employees;
- ❑ Client and worker loyalty;
- ❑ Long-term relationships with suppliers.

The only asset that the destination has that cannot easily be copied is its human capital. Destinations should therefore invest in adding value to their human resources, empowering them and keeping them happy. It is also important to build loyalty among workers and customers. Capabilities should be developed that ensure the loyalty of workers and customers. Service delivery, friendliness and safety can be important competences in this respect. Building long-term relationships with suppliers also contributes to success. The closer the destination is to its suppliers, the more readily suppliers can respond to the changing needs of their clients. The critical success factors of suppliers should therefore be linked with the critical success factors of the destination so that suppliers can deliver quality to the clients and enhance the competitiveness of the destination.

The purpose of managing linkages in the value chains of the most important players in the destination's value chain is therefore to develop and integrate unique capabilities for the destination that will contribute to the critical result areas in such a manner that the international competitiveness of the destination will be maximised. It is apparent from the literature that the development of human capital and the delivery of quality service are two important areas in developing critical capabilities for the destination.

7.3.2 The balanced scorecard as integration model

a/ Introduction

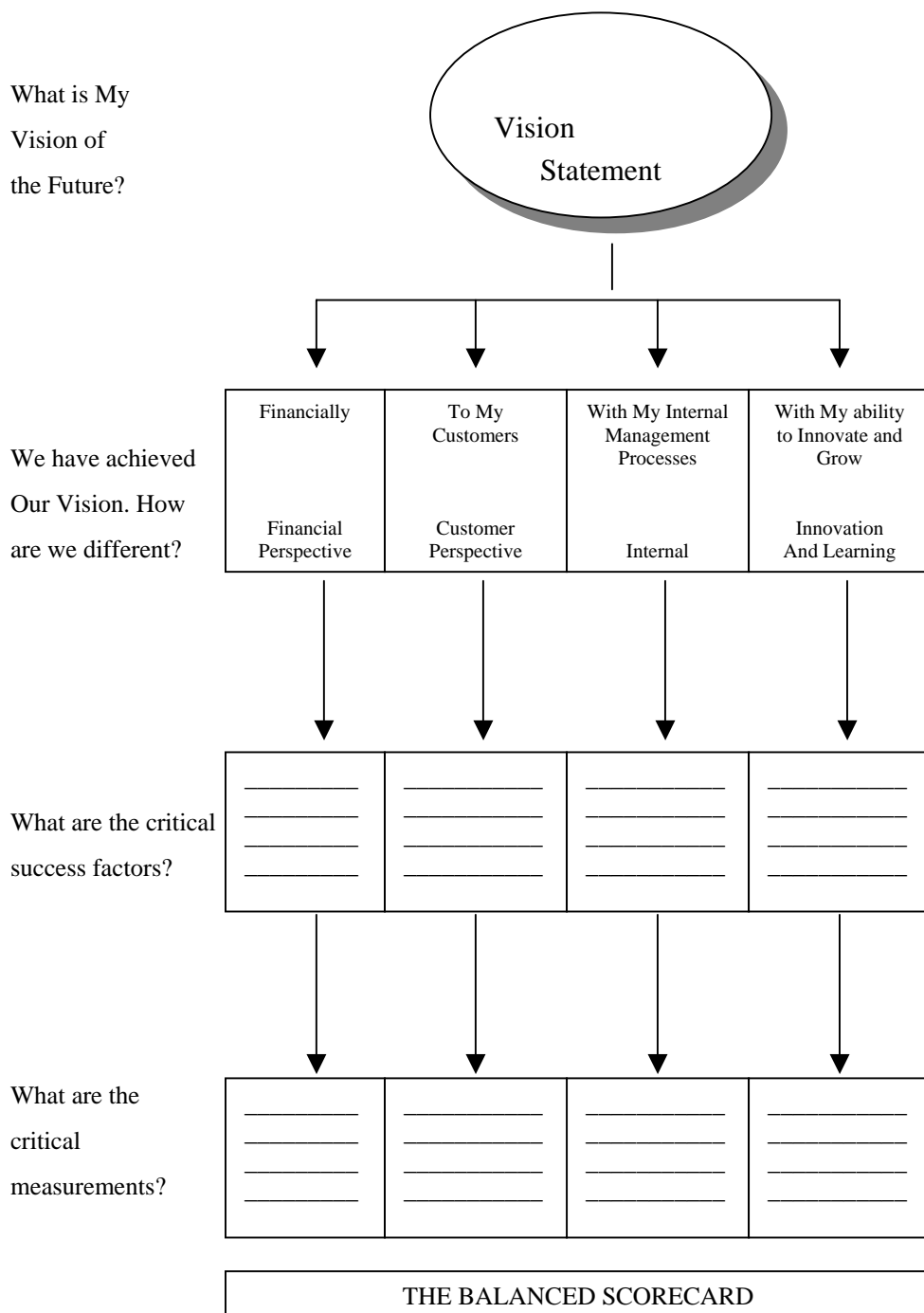
During the course of researching and implementing strategy at a number of US corporations in the early 1990s, Professor Robert Kaplan of the Harvard Business School and David Norton of the international strategy consultants, Renaissance Solutions, developed the balanced scorecard [Kaplan & Norton, 1996: IX].

The balanced scorecard arose from their perceptions about two significant deficiencies in the implementation of many corporate plans:

- Management gap: Although most companies measure performance ratios, quality and productivity, these are mainly focused on historical figures, for example “How are we doing compared with last year?” The two authors discovered that although such ratios are important, they often did not measure important aspects of future strategy. For example, future strategy might stress the importance of customer satisfaction and loyalty, employee commitment and organisational learning, but none of these might be measured.
- Strategy gap: The authors claimed that many companies began new strategic initiatives but these often had little impact on the organisation. The reason was that the strategies were often not integrated and linked to achieve the vision and overall strategy of the organisation.

The model proposed by Kaplan and Norton [1996: 10] for the integration and measurement of critical success factors and strategies is shown in Figure 7.9.

Figure 7.9 The Balanced Scorecard



Source: Adapted from Kaplan and Norton [1996: 12]

The proposed framework developed by Kaplan and Norton consists of the following steps:

- Choose a core team: The first step is to put a cross-functional management team together to develop the balanced scorecard.
- Clarify the vision and overall strategy: The scorecard process starts with the management team clarifying the overall direction, vision, and strategic position of the organisation or business unit.
- Translate vision and strategy into strategy objectives [critical success factors]: Vision and strategy are now translated into specific critical success factors. The critical success factors view organisational performance from four perspectives: financial, customer, internal business processes and learning and growth [see Figure 3.12]. The balanced scorecard facilitator meets with the management team to answer four basic questions: “If we succeed with our vision and strategy, how will our performance meet and exceed the expectations of:
 - shareholders?
 - customers?
 - our internal processes?
 - our ability to learn and grow?

The order and inter-relationship of the four perspectives is important. Financial performance or shareholders’ expectations is the starting point. To satisfy shareholders’ expectations the next question is: “What is needed to be done from a customer’s perspective?” With financial and customer objectives established, an organisation then identifies those processes that are most critical for achieving breakthrough performance for customers and shareholders. The final linkage to learning and growth objectives reveals the rationale for significant investments in re-skilling employees, in information technology and systems and in supporting organisational procedures.

- ❑ Critical success factor measurement: The next step for the team is to agree on measures. These measures have to be keyed to the objectives and critical success factors with sufficient precision. Kaplan and Norton advise that “balanced scorecard” measures should be developed which complement the financial measures of past performance with measures of the drivers of future performance.
- ❑ Setting targets: Once measures have been decided upon, targets will be set for the reporting period - usually a year. These targets give personnel something to aim for and let them measure progress.

Kaplan and Norton [1996: 51] point out that the scorecard is not a way of formulating strategy. It is a way of understanding and checking what you have to do throughout the organisation to make your strategy work. The strategic direction of the organisation in terms of its vision, overall goals and strategic guidelines must therefore be clarified before critical success factors and critical measurements can be identified and integrated. The balanced scorecard is further a strategic management system that channels the energies and abilities held by people in the organisation towards achieving organisational goals [Kaplan & Norton, 1996: 30]. The aim of the scorecard is to help organisations to create future value. Focusing on four areas instead of one creates a balanced approach to integration that will increase the chances of success for the organisation in the long run.

Viedge and Canderis [2000: 38] came to the conclusion that the “packaging” of the balanced scorecard has great appeal to CEOs and business leaders because it effectively addresses the dilemma of strategy implementation especially in the following aspects:

- ❑ The scorecard helps organisations to continuously focus on their strategic vision and develop actions plans that will influence the critical success factors and indicators.
- ❑ The process of establishing critical success factors and measures automatically begs the question: How do we get people to perform to impact on the critical result areas and measures?

- The scorecard increases both the manager and employee's capacity to see the integration and inter-dependence within the entire organisation.

b] The development of a balanced scorecard framework for a tourism destination

No evidence could be found in the literature review of the application of the balanced scorecard model in the strategic management of a tourism destination. The aim of this sub-section is therefore to develop a balanced scorecard framework for tourism destinations that could be used for the successful integration of destination critical success factors. The balanced scorecard will be developed by analysing the four perspectives and determining the relevance of each for a tourism destination, whereafter a generic framework that can be used by destinations will be put forward.

[i] Financial perspective

The financial perspective measures the shareholder's view of future financial performance for profit making organisations. While most of these organisations will emphasize profitability critical success factors, other critical success factors are also possible, based on the unique circumstances and financial challenges of the organisation. Kaplan and Norton [1996: 57] found that organisations use four financial themes to achieve their business strategies: revenue growth and mix; cost reduction; productivity improvement; and asset utilisation investment strategy.

For the non-profit or mission driven organisation the focus will be on satisfying the financial contributors and meeting the fiscal obligations of the organisation. Critical success factors will thus be set in the areas of financial contributor expectations and budgetary control [Kaplan & Norton, 1998]. The difference between the different perspectives for profit-driven and mission driven organisations is shown in Table 7.3.

Table 7.3 The four perspectives as applied to mission driven and profit driven organisations

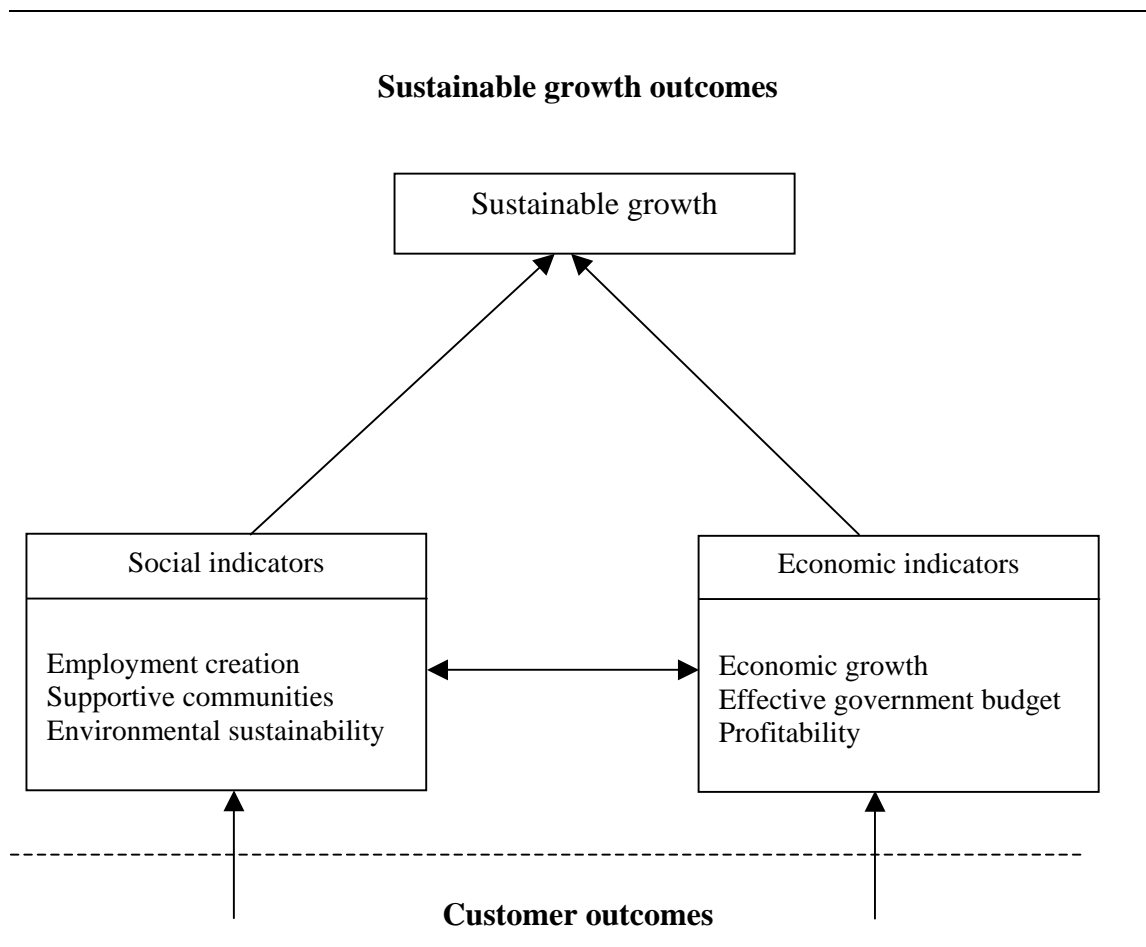
Profit Driven		Mission Driven
<ul style="list-style-type: none"> • What must we do to satisfy our <u>shareholders</u> 	<i>Financial Perspective</i>	<ul style="list-style-type: none"> • What must we do to satisfy our <u>financial contributors</u>?
<ul style="list-style-type: none"> • What do our <u>customers</u> expect from us? 	<i>Customer Perspective</i>	<ul style="list-style-type: none"> • What are our fiscal obligations?
<ul style="list-style-type: none"> • What <u>internal processes</u> must we excel at to satisfy our shareholders and customer? 	<i>Internal Perspective</i>	<ul style="list-style-type: none"> • <u>Who</u> is our <u>customer</u>? • What do our customers expect from us? • What <u>internal processes</u> must we excel at to satisfy our fiscal obligations, our customers and the requirements of our <u>mission</u>?
<ul style="list-style-type: none"> • How must our people learn and develop <u>skills to respond</u> to these and future challenges? 	<i>Learning & Growth Perspective</i>	<ul style="list-style-type: none"> • How must our people learn and develop <u>skills to respond</u> to these and future challenges?

Source: Kaplan & Norton [1996: 61]

In Table 7.3 it can be seen that the major differences in the two types of organisations vest mainly in the financial perspective.

From the literature review it is apparent that tourism destinations will fall between these two described categories in that it has important economic orientation which is profit driven and important community development significance which is mission driven [Lea, 1988: 215; and Leisen & Sautter, 1999: 312]. The tourism industry should therefore not only maximise profit but also play a central role in involving and strengthening communities and creating employment. The above aspects were analysed and discussed in chapter 6. Both these outcomes should be perceived within the framework of sustainable growth and development. Sustainable development stresses that economic success is dependent upon the continued well-being of the physical and social environment on which it is based [Brookfield, 1988; and Butler, 1991]. A purely economic approach will not show any appreciation of the environment and the social implications of decision-making. The financial perspective should therefore be changed to a sustainable growth perspective that will be more applicable to tourism destinations. The sustainable growth perspective is illustrated in Figure 7.10.

Figure 7.10 Tourism destination balanced scorecard: Sustainable growth perspective



Source: Researcher's own construction

The optimum goal of the sustainable growth perspective for a tourism destination is therefore to achieve sustainable growth for all the stakeholders. The sustainable growth should be measured not only by financial or economic indicators, but also by social indicators that include community and environmental measures.

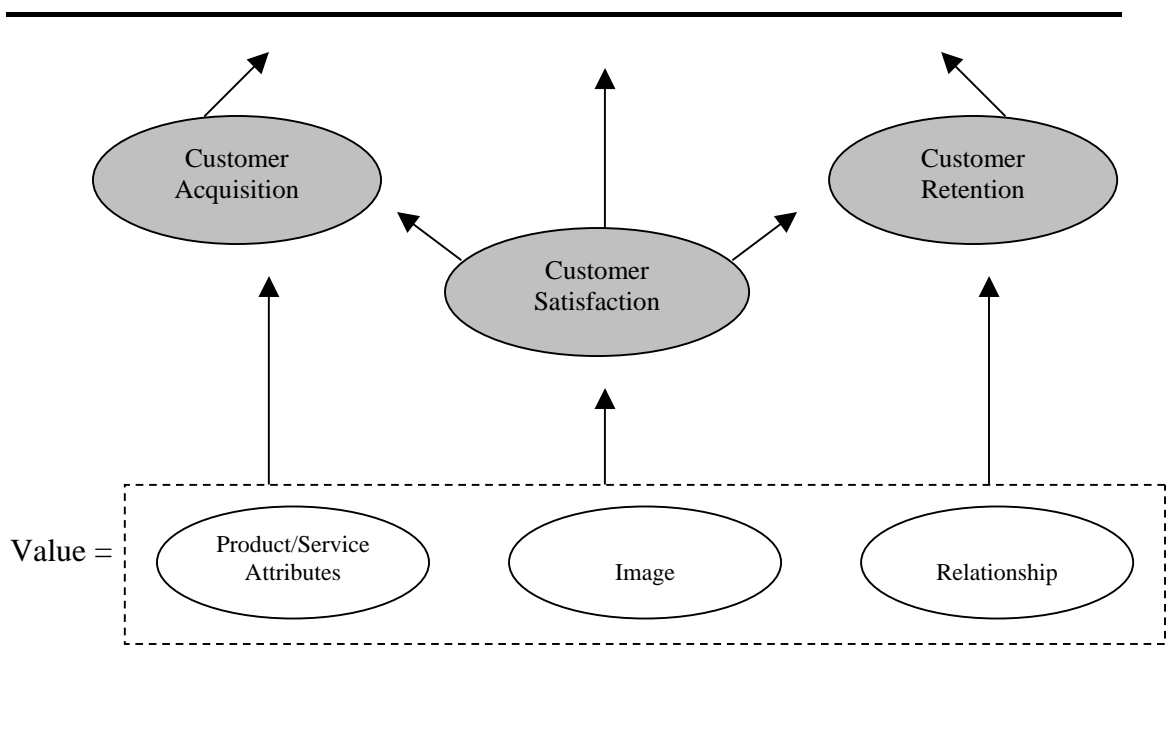
[ii] Customer perspective

In the customer perspective of the balanced scorecard, managers identify the customer and market segments in which the destination will compete and the critical success factors and indicators in these targeted segments [Kaplan & Norton, 1996: 58]. An example of how this could be done was given in Table 5.8 in chapter 5 where the

critical success factors were identified for the so-called 5 E-segments in the South African market, namely experiencers, explorers, entertainers, engagers and eventers.

The ultimate goal of the customer perspective is to add optimum value to the customer experience at the tourism destination. Customers value propositions represent the attributes that destinations provide through their products and services to create satisfaction and loyalty in targeted customer segments. While value propositions vary across industries, Kaplan and Norton [1996: 62] observe a common set of attributes that organises the value propositions in most of the industries. These value propositions is shown in Figure 7.11.

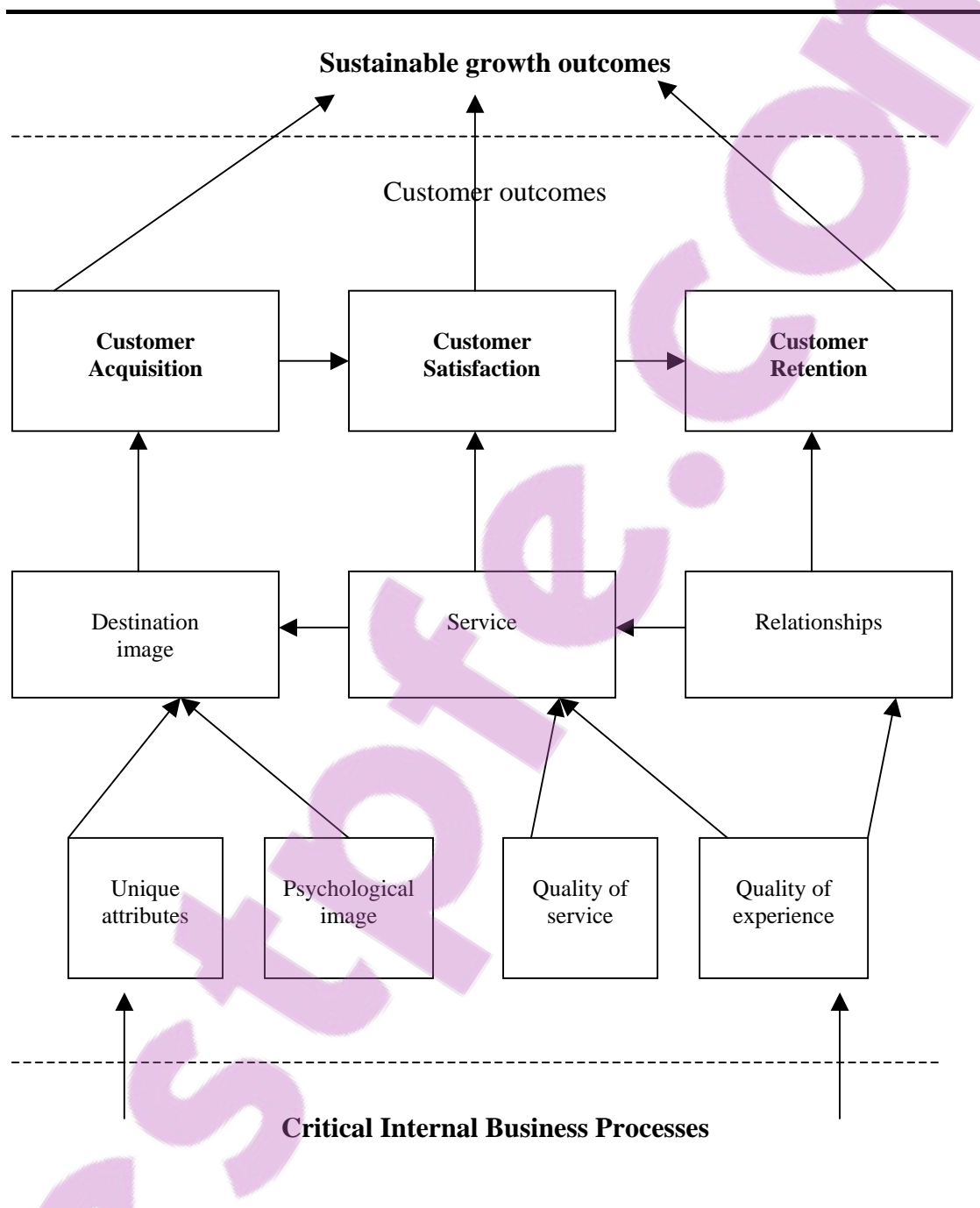
Figure 7.11 Linking unique value propositions to customer outcomes



Source: Kaplan & Norton [1996: 62]

The value categories identified are customer acquisition, customer satisfaction and customer retention. From the preceding exposition the customer perspective for a tourism destination could be portrayed as shown in Figure 7.12.

Figure 7.12 Tourism destination balanced scorecard: Customer perspective

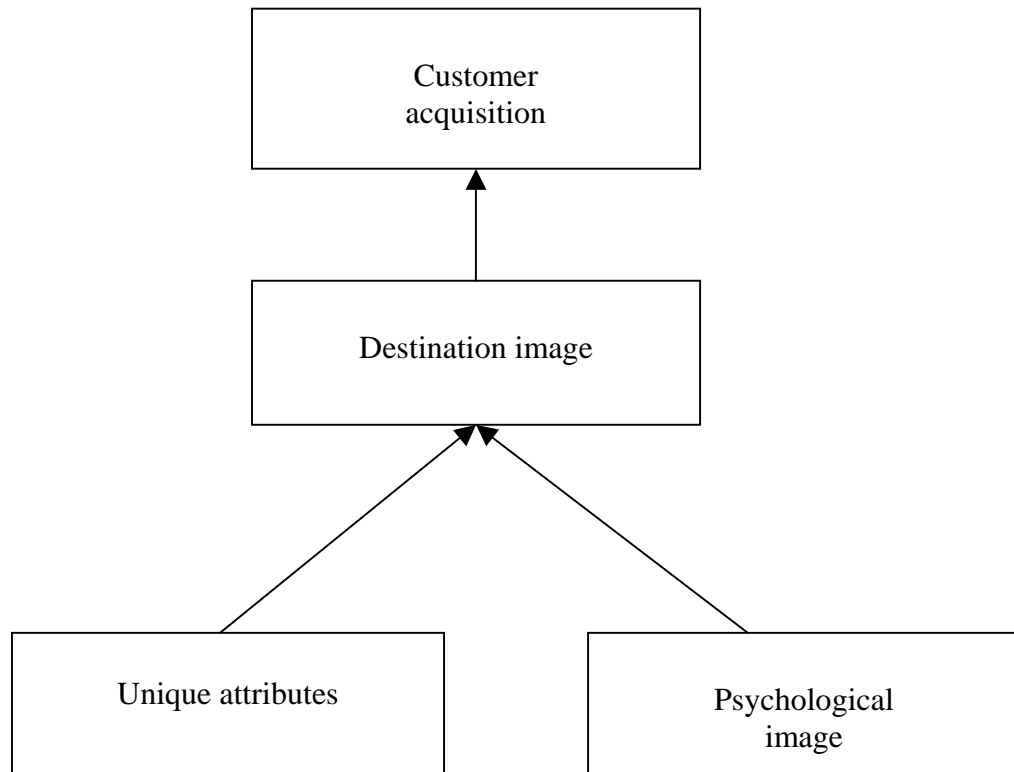


Source: Adapted from Kaplan & Norton [1996: 62] and applied to a tourism destination

□ *Customer acquisition*

The customer acquisition perspective with its supporting success areas are portrayed in Figure 7.13.

Figure 7.13 Customer acquisition perspective



Source: Researcher's own construction

Various literature on tourism, particularly that of Fakey and Crompton [1991: 12] and Kim [1998: 341], indicate that the primary goal in promoting a destination is to project a positive image to potential tourists so that it becomes desirable to them. Kim [1998: 341] postulates that it is necessary to thoroughly examine an area's image in terms of its psychological or perceptual value, as well as its various potential tourism-orientated activities and attractions. A destination image may be referred to as the visual or mental impression of a place or product experienced by the potential customer [Milman & Pizam, 1995: 102]. When initial credibility differs from the customer's perceptions of a destination, the perception of the image will determine

that destination's success or failure. It is therefore critical for any destination to sustain an impression that matches that of the customers' it tries to serve [Davidoff & Davidoff, 1994: 100]. Kim [1998:341] argues that despite the availability of a wide variety of attractions, some destinations fail to fulfil their tourism potential mainly because their promotion is not themed or targeted effectively.

Kim [1998: 358] found that critical success factors for customers can be identified by the perceptual map of major destination attributes and tourist seasonal preferences. These destination attributes include tangible as well as intangible attributes that determine the attractiveness of a destination to a particular tourist in a given travel situation. The individual choice of whether a destination is attractive or not will be founded on evaluations of these attributes. The attractiveness success factors identified by Kim [1998: 354] in his study, are given in Table 7.4.

Table 7.4 Attractiveness success factors with applicable variables

Factor Name [% of Variance]	Variables Loading on Factor
F1. Seasonal and Cultural Attractiveness [21.1%]	Seasonal attractiveness Uniqueness of the place Plenty of fun and sightseeing Cultural experience and historical sites
F2. Clean and Peaceful Environment [9.6%]	Quiet and peacefulness Cleanness and sanitation Natural environment of fresh air and clean water Price levels
F3. Quality of Accommodations and Relaxing Facilities [8.2%]	Available, quality of lodging/accommodations Restful, relaxing facilities A variety of types of foods and beverages
F4. Family-oriented Amenities and Safety [6.8%]	Suitability for families with children Safety of the place New and different lifestyle experience with others
F5. Accessibility and Reputation [6.5%]	Time spent to the place Site reputation and famous image Convenient traffic and location
F6. Entertainment and Recreational Opportunities [5.4%]	Night life and evening entertainment Scenery and landscape Sports and recreational opportunities

Source: Kim [1998: 354]

Similar attractiveness research done in South Africa on international tourists is shown in Table 7.5.

Table 7.5 Attractiveness factors listed by international tourists to South Africa prior to visit

	Jan '95 %	Aug '95 %	Jan '96 %	Aug '96 %	Jan '97 %	Aug '97 %	Jan '98 %	Aug '98 %	Jan '99 %
Scenic beauty	33	24	29	30	34	31	33	31	36
Wildlife	19	23	21	30	26	33	26	34	30
Climate	20	7	15	8	22	7	21	8	24
Visiting friends/relatives		19	19	21	22	18	22	20	22
Experience African cultures	17	17	15	21	17	23	16	20	21
See SA after political change	24	26	21	26	24	25	23	22	18
Business interests		18	19	18	17	17	16	19	17
Curiosity	10	10	10	13	13	13	13	13	14
Value for money	8	3	5	6	8	6	8	5	10
Diversity of attractions	8	7	7	9	8	8	8	9	9
Medical facilities	2	2	2	4	4	3	4	2	2
Other attractions	9	2	3	4	2	4	2	4	3
Not a matter of choice	9	6	4	1	1	2	2	2	1
Total	159	164	170	191	198	190	194	190	207

Note: "VFR" & "Business interests" were only pre-listed in the Aug '95 survey. Respondents were allowed to mention two items.

Source: SATOUR [1999:46]

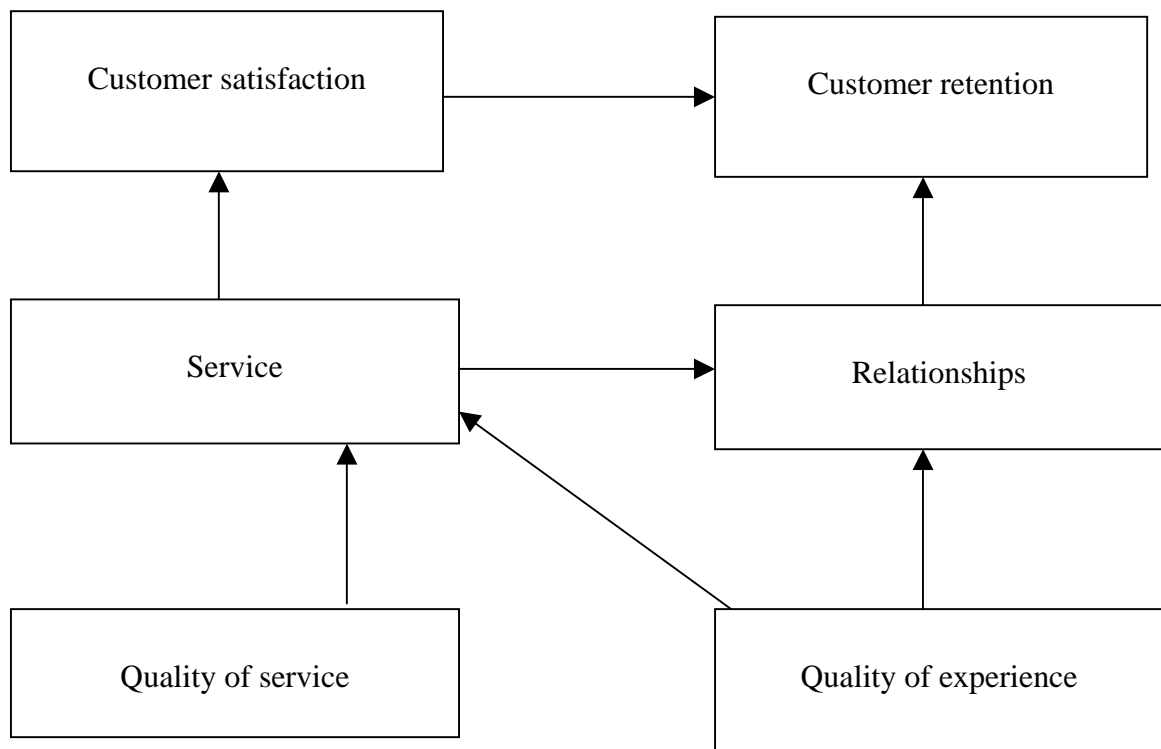
From Table 7.5 it is apparent that South Africa's wildlife and beautiful scenery were important and enduring reasons for foreign visitors to come to South Africa. Interest in wildlife has grown from 19% in January 1995 to 30% in 1999, to become an important draw card even in summer. Political changes continue to attract visitors, although this is showing a steady downward trend from a high of 26% in August 1996. Climate is, according to the research, an important attraction in summer.

The important question to be answered here is: What are the future attributes that will attract potential visitors to South Africa? And what are the factors that will positively influence the perception of potential visitors of South Africa as a tourism destination? Answers to these questions will be addressed in the empirical research.

□ **Customer satisfaction and retention**

Customer satisfaction and retention perspectives with their supporting success area and critical success factors are shown in Figure 7.14.

Figure 7.14 Customer satisfaction and retention perspective



Source: Researcher's own construction

The generic critical success area identified for customer satisfaction [shown in Figure 7.14] is service. Tourism is specifically a service industry or an amalgam of service industries. Consequently, its management practices are typically concerned with such issues as quality and productivity, as they fall within the aegis of services marketing [Kirker & Crouch, 1994; and McCutcheon *et al*, 1994]. The above concerns are critical, and refer to the functional and technical aspects of the service delivery. Quality of experience, on the other hand, according to Otto and Ritchie [1996: 165], refers to the internal experience satisfaction of the visitor. Perhaps more than any other service industry tourism holds the potential to elicit strong emotional and experiential reactions by consumers.

Otto and Ritchie [1996: 167] point out that it is important to understand the range of needs which people seek to satisfy through their touristic behaviour and that these needs will move along a continuum from extrinsic to intrinsic as participants gain experience. Otto and Ritchie conclude that the measure of quality of the experience is

a useful complement to traditional quality of service measures. Table 7.6 depicts from a measurement standpoint the difference between the “quality of service” and the “quality of experience”.

Table 7.6 Comparison of quality of service and quality of experience Factors

FRAMEWORK	QOS	QOE
Measurement	Objective	Subjective
Evaluative model	Attribute-based	Holistic/Gestalt
Focus of evaluation	Company/service provider/service environment [external]	Self [internal]
Scope	Specific	General
Nature of benefits	Functional/Utilitarian	Experiential/Hedonic/Symbolic
Psychological representation	Cognitive/Attitudinal	Affective

Source: Otto & Ritchie [1996: 168]

In their study Otto and Ritchie [1996: 169] identify six specific dimensions in the quality of experience domain. The dimensions, with examples, are shown in Table 7.7.

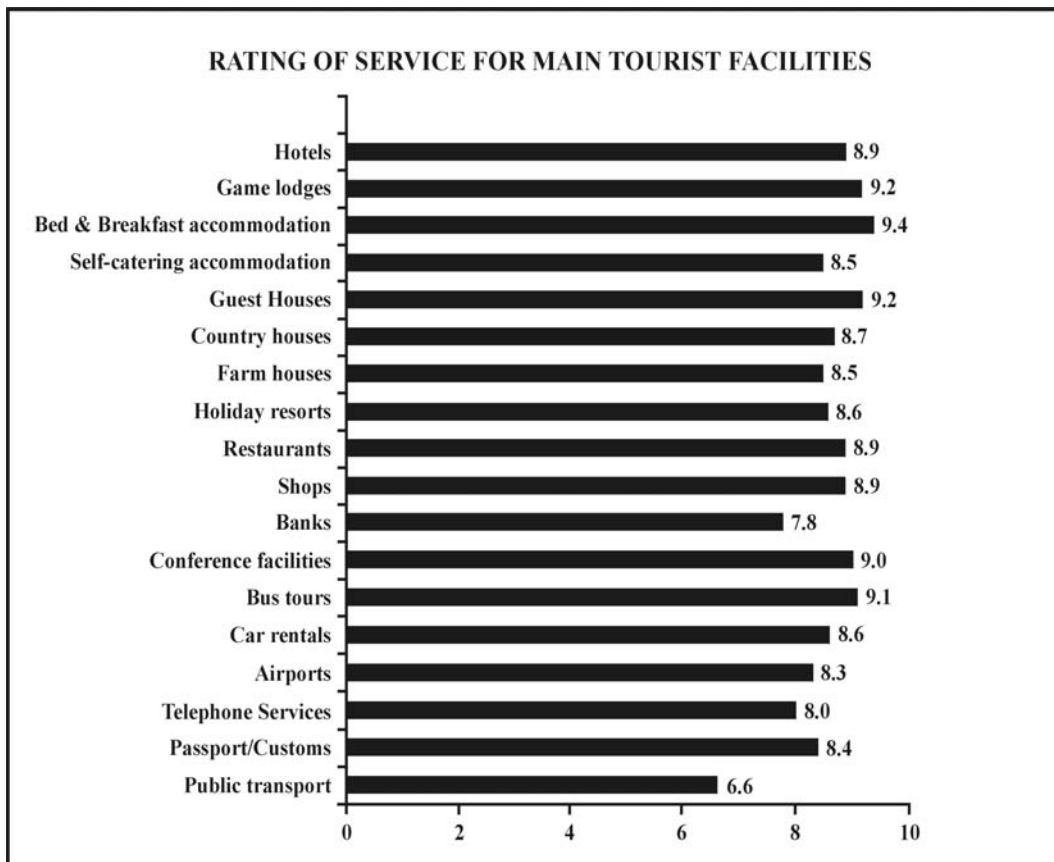
Table 7.7 Dimensions of the quality of experiences domain

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

Source: Otto & Ritchie [1996: 169]

Research conducted in South Africa on the quality of service for main tourist facilities is shown in Figure 7.15.

Figure 7.15 Rating of service for main tourist facilities in South Africa



Source: SATOUR [1999: 93]

All the main tourist facilities achieved very good ratings for service with the exception of banks and public transport. It thus seems that these two sectors should receive attention in the future. Specific service aspects that were also measured by the SATOUR survey were friendliness and helpfulness, cleanliness and personal safety. High ratings were received for friendliness [9,0%] and helpfulness [8,7%] while cleanliness [7,7%] was below acceptable levels. Foreign visitors' perceptions of personal safety in South Africa was low [6,3%] and over half of foreign visitors [55%] feared for their personal safety, rating personal safety either "fair" [36%] or below "average" [19%] [SATOUR, 1999: 95].

[iii] Internal business process perspective

In the internal business process perspective managers identify the critical internal processes in which the destination must excel [Kaplan & Norton, 1996: 62].

According to Kaplan and Norton the critical internal business processes will enable the destination to:

- deliver on the value propositions of customers in targeted market segments; and
- satisfy stakeholders' expectations of sustainable growth.

The destination critical internal processes that will have the greatest impact on customer satisfaction and the achievement of the stakeholders sustainable growth objectives, should be identified and measured. Where traditional approaches monitor and improve existing business processes the balanced scorecard can identify entirely new processes in which the destination must excel to meet customer and sustainable growth objectives. [Kaplan & Norton, 1996: 63].

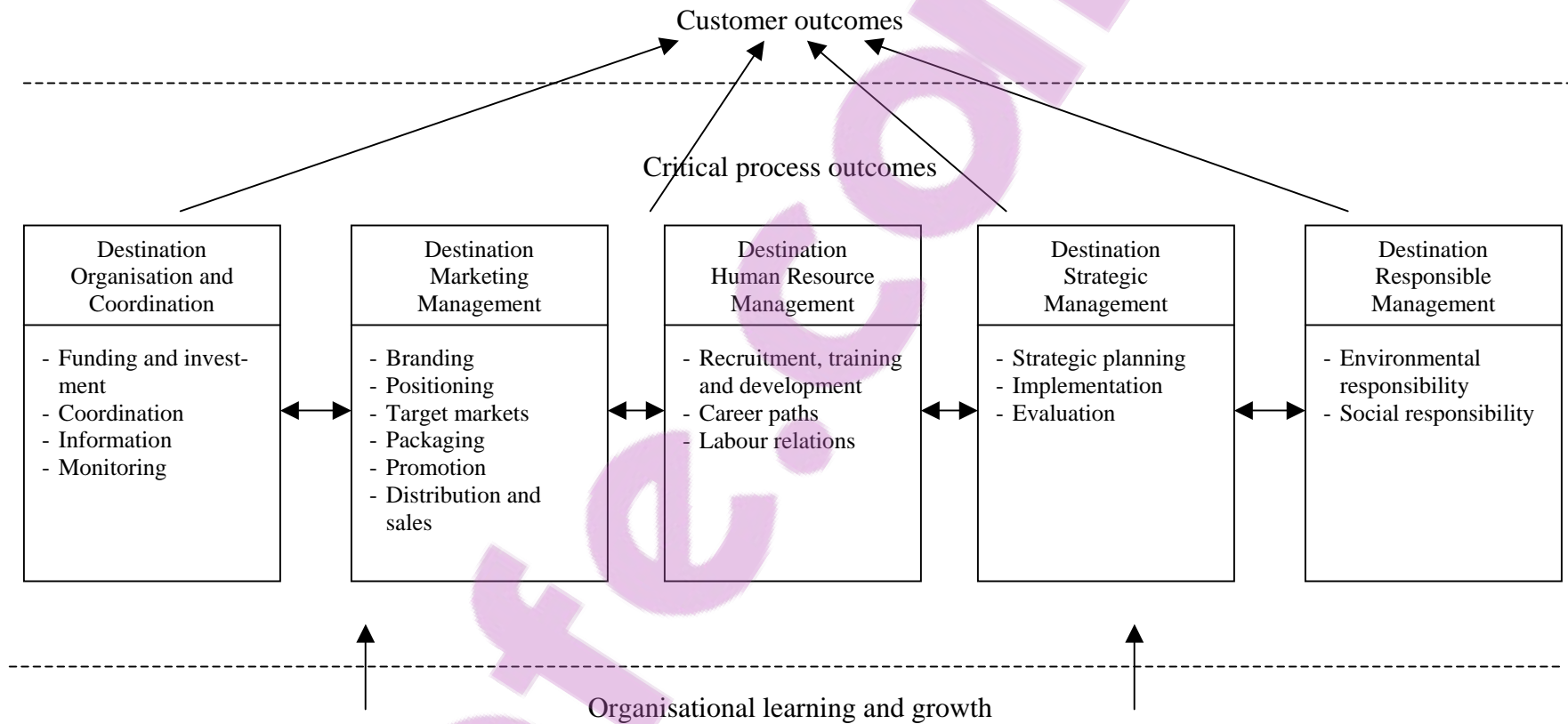
Crouch and Ritchie [2000: 3] and Dwyer [2001: 74] emphasize the importance of management processes in their destination competitiveness models. Mihalic [2000: 66] postulates that “a carefully selected and well executed programme of destination management can serve to improve the tourism competitiveness of the destination”.

Destination management processes are, according to Dwyer's model, those that can enhance the appeal of the core resources and attractions, strengthen the quality and effectiveness of customer service and the supporting factors and best adapt to situational conditions. The processes included in Dwyer's model are: destination management organisation, destination marketing management, destination policy planning and development, human resources development and environmental management [Dwyer, 2001].

The Crouch and Ritchie model [2000] puts all management processes together in the category “Destination Management” which comprises resource stewardship; finance and venture capital; organisation; human resource development; information research; quality of service and visitor management.

The critical process perspective for a tourism destination could therefore be portrayed as shown in Figure 7.16.

Figure 7.16 Tourism destination balanced scorecard: capital process perspective



Source: Researcher's own construction

The different management processes identified will now be discussed.

□ **Destination organisation and coordination**

Various areas and levels of government are involved in the promotion, regulation, presentation, planning, monitoring, maintenance, coordination, enhancement and organisation of tourism resources. As Buhalis [2000: 108] notes, Destination Management Organisations [DMO], which include visitor buros and national and regional tourism organisations “have overall responsibility for the entire destination product and facilitate the development of products, and create local partnerships for the delivery of seamless experiences”

Many of the factors underlying destination competitiveness are “public goods” and therefore government has an important role to play in achieving and maintaining destination competitiveness [Bueno, 1999: 323]. Dwyer [2001: 77] identifies three aspects of destination management organisation that are especially important to competitiveness. These are coordination, the provision of information and monitoring and evaluation. All three aspects are included in the framework portrayed in Figure 7.18, and the fourth aspect funding and investment is added. Crouch and Ritchie [2001: 11] identify finance and venture capital as important aspects for destination organisation and coordination.

The primary function of the destination management organisation is to serve as a coordinating body for the many public and private sector organisations involved in tourism. Secondly, each destination gathers and uses information effectively to improve its competitive position. Thirdly, strategic scanning and monitoring of the competitive environment is an integral part of strategy formulation and includes the need to systematically evaluate the effectiveness of previously implemented strategies. Lastly, ensuring appropriate funding and investment to sustain destination marketing operations specifically is critical to the competitiveness of the destination [Crouch & Ritchie, 2001: 12; and Dwyer, 2001: 79].

□ **Destination Marketing Management**

Destination marketing management refers to the overall marketing and promotion of the destination. Crouch and Ritchie [1999: 149] point out that it also includes attention to product packaging, promotion and effective distribution channels and sales. Branding, positioning and target-markets were added based on the literature review conducted in this study. Heath [2000: 14] also considers these aspects as important in the strategic marketing plan for tourism destinations.

Destination marketing is almost always the key responsibility of government agencies such as national destination marketing organisations [DMOs] and their provincial, regional and community counterparts, which again reinforces the key role of destination governments within the overall tourism system [Weaver & Opperman, 2000: 223].

□ **Destination Human Resource Management**

The human resource function is critical to the performance of any organisation. Bueno [1999] argues that in a tourism context “human resources are a central factor in achieving competitiveness because competition between organisations is determined by skills and competences”. Human resource development refers to a responsibility on a macro level to manage the human resources of the destination and includes recruitment, training and development, labour relations and career pathing [Fabricius, 2001: 76].

□ **Destination Strategic Management**

Destination strategic management starts with strategic direction and positioning where the philosophy, vision, strategic position and critical success factors for the destination are identified and formulated. It is the responsibility of the organisations at the macro-level to ensure that all stakeholders buy into the vision and the overall strategy to manage the strategic implementation and evaluation of these strategies. Crouch and Ritchie [2000: 3] refer to this process as tourism policy, planning and development and include in it philosophy, vision, audit, positioning, development,

competitive analysis and monitoring and evaluation.

□ **Destination Responsible Management**

Destination responsible management refers to the management of the social as well as the environmental responsibility of the destination. The economic success of the destination is dependent upon the continued well-being of the physical and social environment on which it is based [Brookfield, 1988; and Butler, 1991].

Crouch and Ritchie [2000: 3] and Dwyer [2001: 80] include destination responsible management as part of their competitiveness model. Dwyer calls it environmental management and includes the social aspects while Crouch and Ritchie call it resource stewardship. Stewardship recognises the importance of long-term “sustainable competitiveness” which is represented by the stewardship of ecological, social and cultural resources.

The Department of Environmental Affairs and Tourism [DEAT: 2003] proposes that responsible tourism is the key guiding principle and challenge for the future development of tourism in South Africa. They define responsible tourism as “a proactive approach by the tourism industry partners to develop the market and manage the tourism industry in a responsible manner to create competitive advantage. Responsible tourism implies a tourism industry that shows:

- responsibility to the environment through the promotion of sustainable tourism;
- responsibility of government and business to involve local communities;
- responsibility of local communities to become involved; and
- responsibility of the tourists to observe the norms and practices of the specific country with respect to the environment and culture.

[iv] **Organisational learning and growth perspective**

The fourth balanced scorecard perspective identifies the infra-structure that the destination must build to create long-term growth and improvement [Kaplan &

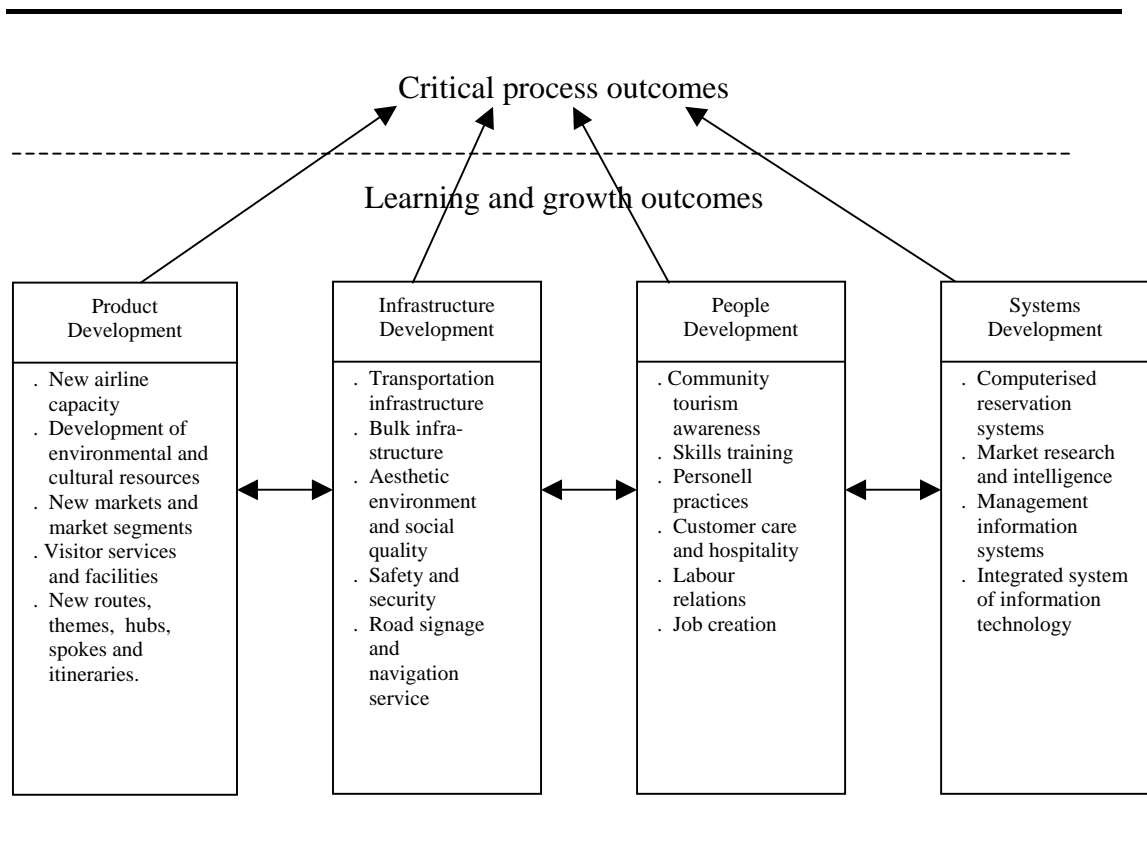
Norton, 1996: 63]. Destinations are unlikely to meet their long-term targets for customers and internal processes by simply using today's technologies and capabilities. International competition also requires that destinations continually improve their capabilities for delivering value to visitors and shareholders.

Kaplan and Norton [1996: 64] postulate that organisational learning and growth come from three principal sources: people, systems and organisational procedures. They argue that the customer and internal process perspectives on the balanced scorecard will typically reveal large gaps between the existing capabilities of people, systems and procedures and what will be required for success. To close these gaps destinations will have to invest in re-skilling employees, enhancing information technology and systems, and aligning organisational procedures and routines.

Fabricius [2001: 76] identifies five important support processes in his tourism destination value chain: destination planning and infrastructure; human resource development; product development; technology and systems; and related industries and procurement.

The learning and growth perspective for a tourism destination can be portrayed as shown in Figure 7.17.

Figure 7.17 Tourism destination balanced scorecard: Destination learning and growth perspective



Source: Contents from Fabricious [2001: 78-82]

□ **Product development**

Product development is of key importance to ensure constant renewal of the destination offering. Fabricius [2001: 81] points out that a distinction should be made between “plant”, ie. commercial services offered to visitors to satisfy their accommodation, catering and transportation needs, and “attractions”, ie. natural, cultural and man-made products that provide the major reasons for travellers to visit and experience destinations. While plant is mainly developed in support of the attractions of the destination and does not act as a primary motivator for travel, attractions are pre-requisites for stimulating travel to a destination. It is therefore of utmost importance that the attractions are constantly improved and expanded in accordance with new trends and developments in the marketplace. Fabricius [2001:

81] identifies the following value adding success factors for product development:

- ❑ airline capacity and destination access points;
- ❑ environmental and cultural resources;
- ❑ visitor services and facilities;
- ❑ new markets and market segments; and
- ❑ new routes, themes, hub/spokes and itineraries.

❑ **Infrastructure development**

Infrastructure development is an important supporting factor for the future growth of the destination. According to Fabricius [2001: 78], the physical image and infrastructure of the destination are key determinants of the quality of the visitor's experience. Murphy *et al* [2000: 103] found that the level or lack of infrastructure affects tourist experiences and that "tourism infrastructure" is an important predictor of both destination "quality" and perceived "trip value".

Fabricius [2001: 28] identifies the following success factors for the development of infrastructure for a tourism destination:

- ❑ transportation infrastructure such as public transport systems, roads, airports, rail ports;
- ❑ bulk infrastructure such as telecommunications, water, electricity, recreation;
- ❑ aesthetic environment and social quality;
- ❑ safety and security management; and
- ❑ road signage, navigation service.

❑ **People development**

Since tourism is a service industry, the quality of the visitor experience is largely determined by the quality of service and personal interaction at the destination. It is here where the competence gaps must be identified and addressed to enhance the competitiveness of the destination.

Fabricius [2001: 78] defines the following success factors for people development:

- ❑ community tourism awareness;
- ❑ skills training and education;
- ❑ appropriate personnel management practices;
- ❑ customer care and hospitality;
- ❑ labour relations; and
- ❑ job creation.

❑ **Systems development**

Poon [1993: 169] argues that tourism information technology should not be a stand-alone technology that is adopted by tourism suppliers, but a whole, integrated system of information technologies that should be adopted by all players in the industry. These include global reservation systems, and operational and management information systems. Poon concludes that the diffusion of an integrated system of information technology could have four key learning and growth impacts, namely:

- ❑ it will improve the efficiency of production;
- ❑ it will improve the quality of services,;
- ❑ it will lead to the generation of new services [image communications, satellite printers, flexible holidays]; and
- ❑ it will lead to a whole new industry best practice that will substantially enhance the destination's competitiveness.

Fabricius [2001: 83] identifies the following success factors for systems development:

- ❑ computerised reservation systems;
- ❑ market research and intelligence;
- ❑ management information systems; and
- ❑ integrated systems of information technology.

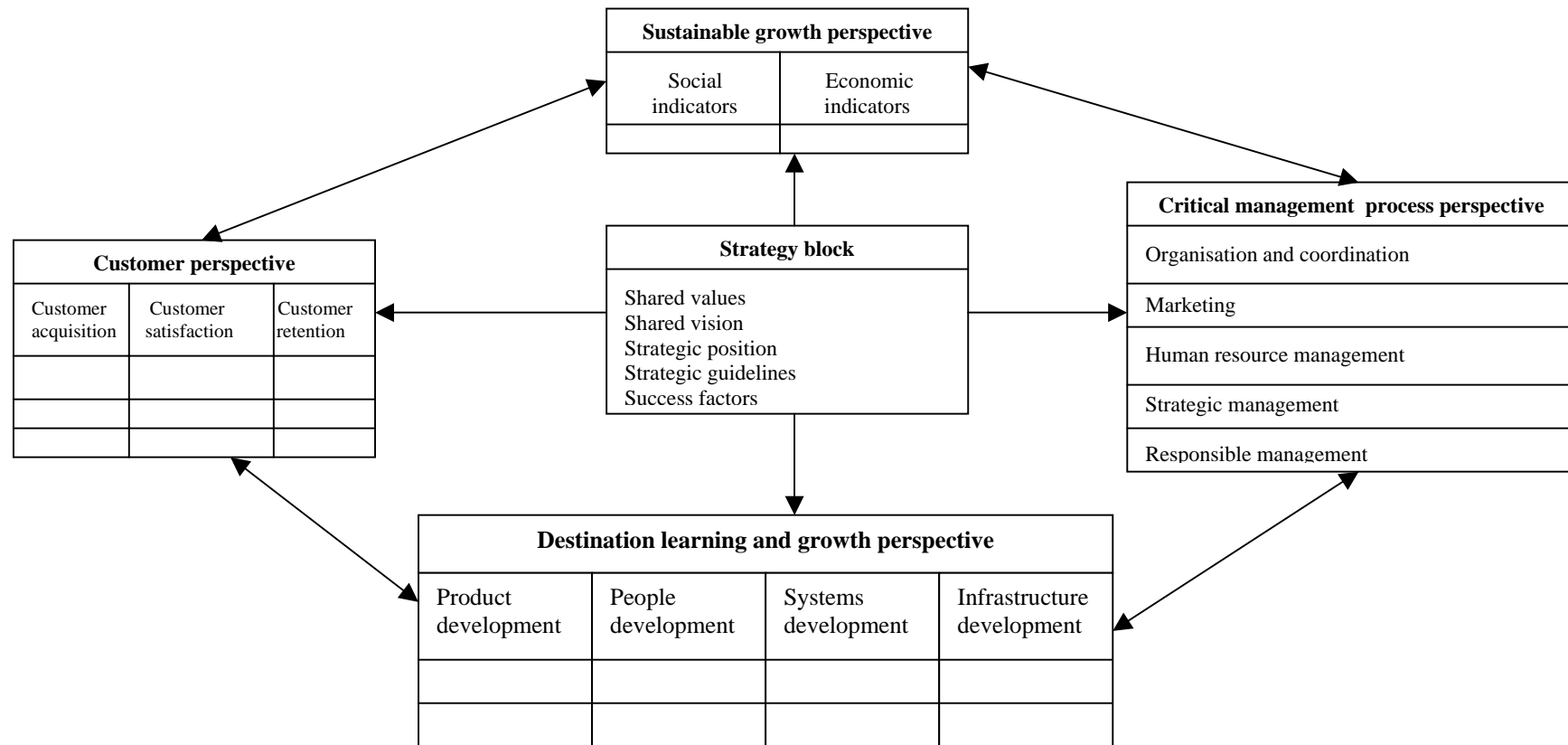
[v] **A balanced scorecard framework for a tourism destination**

Based on the preceding expositions in this section and the analysis of the balanced

scorecard perspectives for a tourism destination, a basic balanced scorecard framework was put forward. The framework is shown in Figure 7.18.

.

Figure 7.18 Generic balanced scorecard framework for a tourism destination



Source: Researcher's own construction

The starting point is the strategy block [or 5 S block] consisting of the stakeholder values, a shared vision, a strategic position and guidelines, and success factors. All these factors were analysed earlier and discussed in this study. The purpose of this block is to provide a unified strategic direction and position point for the destination from which critical success factors and strategic guidelines will be developed.

The next step is identifying sustainable growth success indicators. These indicators are divided into social indicators to measure the social sub-goals of the tourism destination, and economic success indicators that will measure the economic sub-goals of the destination. This step is followed by the customer perspective where the most important customer acquisition, customer satisfaction, and customer retention success factors are identified. The ultimate goal of the customer perspective is to add optimum value to the customer experience at the tourism destination.

The critical process perspective identifies the critical internal processes in which the destination must excel to enable the destination to:

- ❑ deliver on the value propositions of customers; and
- ❑ satisfy stakeholders expectations and sustainable growth objectives.

The fourth balanced scorecard perspective identifies the infrastructure that the destination must build to create and sustain long-term growth, innovation and learning. Product, people systems and infrastructure critical success factors are identified that will bridge the gap between the present and future capabilities of the destination.

c] *The integration of critical success factors using the balanced scorecard model*

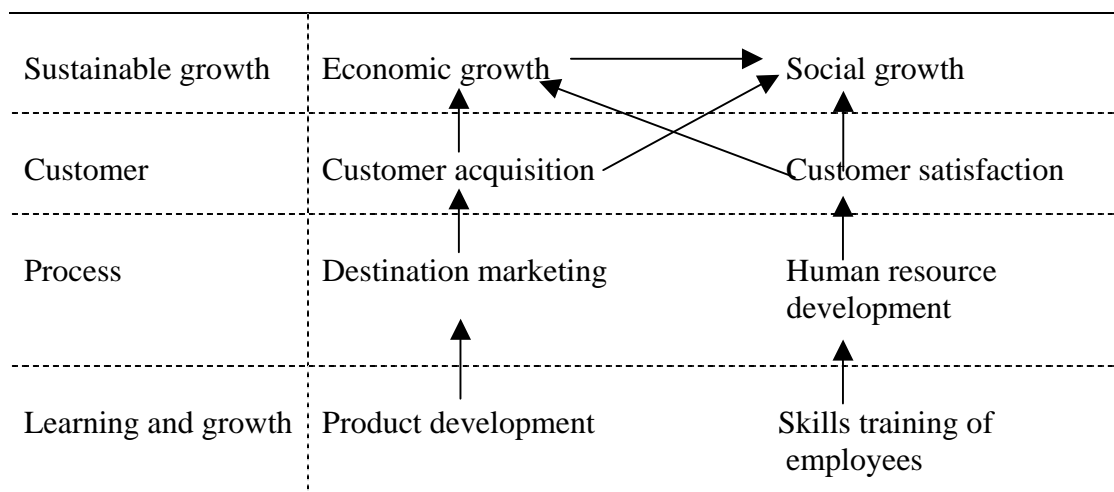
Kaplan and Norton [1996: 64] argue that balanced scorecards are much more than collections of critical success factors organised into several perspectives and argue that a properly constructed balanced scorecard should consist of a linked series of critical success factors and critical measures that are both consistent and mutually reinforcing. They illustrate this point by using the flight simulator as a metaphor. Like

the flight simulator, the scorecard should incorporate the complex set of cause-and-effect relationships among variables, including leads, lags and feedback loops that describe the trajectory, the flight plan, the strategy and vision of the destination.

Cause- and effect relationships can be expressed through a sequence of if-then statements.

Figure 7.19 shows the link that can be established between product development and employee skills training and sustainable growth.

Figure 7.19 Cause and effect relationships in a tourism destination balanced scorecard



Source: Researcher's own construction

Product development will enhance the destination marketing process and will ultimately increase customer acquisition. If employee skills training is enhanced employees will become more knowledgeable and their effectiveness in servicing customers will improve. If their service effectiveness improves, then more customers will be satisfied and retained. If the described processes lead to better customer acquisition, customer satisfaction and retention, it will lead to economic and social growth and thus increased sustainable growth for the destination as a whole.

7.3.3 Evaluation of integration models

Two models of integration were critically analysed and discussed in this chapter, namely, the Value Chain Analysis and the Balanced Scorecard. These models can now be evaluated by using the integration criteria identified in this chapter. A summary of this evaluation is shown in Table 7.8.

Table 7.8 An evaluation of the value chain and the balanced scorecard

Integration Criteria	Evaluation of integration:				
	1	2	3	4	5
	Not at all	To some extent	Reasonably	Largely	Absolutely
	Value chain			Balanced scorecard	
A. <u>Integration within strategy framework</u>					
Stakeholders' values	1			5	
Shared vision	2			5	
Strategic position	3			5	
Strategic guidelines					
- Social guidelines	1			4	
- Environmental guidelines	1			4	
- Sustainable guidelines	1			4	
- Competitive guidelines	3			5	
Success factors [primary]	3			5	
B. <u>Integration of market & resource driven processes</u>					
Competences, resources and capabilities integrated with product and market processes	5			5	

Source: Researcher's own construction

Two evaluation criteria categories were used in the valuation: integration with the destination strategy framework and integration of market and resource driven processes.

The value chain model does not make specific provision for direct integration of the 5S factors as shown in Table 7.11. The value chain was originally introduced to shed light on the value added by separate steps in the manufacturing process with the focus on the analysis and integration of these value activities. This process was then linked to Porter's [1985] analysis of competitive advantage. It can therefore be assumed that the value chain will be developed within a specific strategic framework and that different strategic frameworks will lead to different value chains [Ambronis, 1998: 29].

In this study it was found that the integration of other strategic guidelines such as social guidelines, environmental guidelines and sustainable guidelines are of equal strategic importance for tourism destinations and should therefore be part of the integration process. The value chain model does not provide for this integration. A close examination of a value chain analysis for tourism destinations reveals that it is a very useful model for identifying and integrating critical success factors and capabilities within the primary and secondary value activities of the destination and is thus successful in integrating market and resource driven processes for competitive advantage.

The balanced scorecard model makes the overall strategic framework the centre of the model [Figure 7.18]. Kaplan and Norton [1996: 57] note that the main purpose of the model is to translate this strategic framework into specific critical success factors and measures. The strategic framework that serves as the "nerve centre" of the balanced scorecard made provision to clarify and integrate the strategic direction and position, as well as other strategic guidelines of importance for the destination. The balanced scorecard allows the destination to look at the destination from four important and balanced perspectives. The important market and resource driven processes are addressed in the critical process perspective which are balanced and integrated with the customer, learning and growth perspectives. By combining the four perspectives into one model, the balanced scorecard can help management to understand the inter-relationships and linkages between the different critical success factors.

An examination of the models thus reveals that the balanced scorecard model provides the best framework for identifying and integrating of critical success factors

for a tourism destination. The value chain analysis, however, could be valuable in analysing the value activities and identifying the gap between the present and desired capabilities of a destination. It could be used to supply information that could help in the formulation of critical success factors in the balanced scorecard framework. The balanced scorecard framework, as adapted for tourism destinations [shown in Figure 7.18], will therefore be accepted in this study as integration framework.

7.4 SUMMARY

The purpose of this chapter was to establish how the critical success factors of a tourism destination can best be identified and integrated in achieving sustainable growth and international competitiveness for the destination as a whole.

The important principles underlying the successful integration of critical success factors for a tourism destination were fully identified and critically discussed. Three principles were identified, namely the community involvement principle, the principle of sustainable and responsible tourism and the holistic principle. Two important integration phases were identified based on the above principles. The first phase was the integration of critical success factors within a policy and guideline framework. This means that the strategic planning process should be integrated within a framework of national goals, shareholder values, guidelines and a shared vision. Critical success factors should therefore be integrated in such a way that they reflect the national aspirations and will of the stakeholders and at the same time add optimum value to the international tourist. The second phase is the integration of market and resource driven critical success factors that will add optimum value for the tourists and stakeholders. Market factors refer to the business scope of the destination that specifies how the destination is competing and serving the dynamic needs of its market. Resource factors refer to the development of unique or critical competences and the protection, maintenance and development of critical resources that will allow the destination to achieve a sustainable competitive advantage.

A framework was needed to identify and integrate these critical success factors. Two integration models were critically evaluated and discussed, namely, the value chain

analysis [Porter, 1987] and the balanced scorecard [Kaplan & Norton, 1996]. The value chain analysis was found to be a useful analysis to identify and evaluate the critical success factors and capabilities in the destination's value chain. The balanced scorecard framework was, however, found to be the most appropriate. The most important advantages of using this framework for tourism destination success factor integration are the following:

- It allows full integration with the strategic framework of the destination: The starting point is the formulation of the strategy block consisting of the shared values and vision, and the strategic position and guidelines of the destination;
- It offers a balanced approach whereby critical success factors can be identified in four different perspectives;
- It allows for the integration of a linked series of critical success factors that are consistent and mutually reinforcing;
- It shows a logical pathway of strategic development leading to sustainable growth and international competitiveness for the destination as a whole.

This chapter concluded the discussion and investigation on the different components of the strategic management model developed in chapter 4.

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CHAPTER 8

INTERNATIONAL DESTINATION COMPETITIVENESS MODEL

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CHAPTER 8

INTERNATIONAL DESTINATION COMPETITIVENESS MODEL

8.1 INTRODUCTION

Chapters 5 to 7 addressed the different components of the strategic management model that was developed in chapter 4. The purpose of this chapter is to summarise this contribution and to critically compare it with similar models identified in the literature study. Success indicators identified in the literature study will also be summarised. The development of success indicators will enable the researcher to use these indicators in the empirical study that will follow.

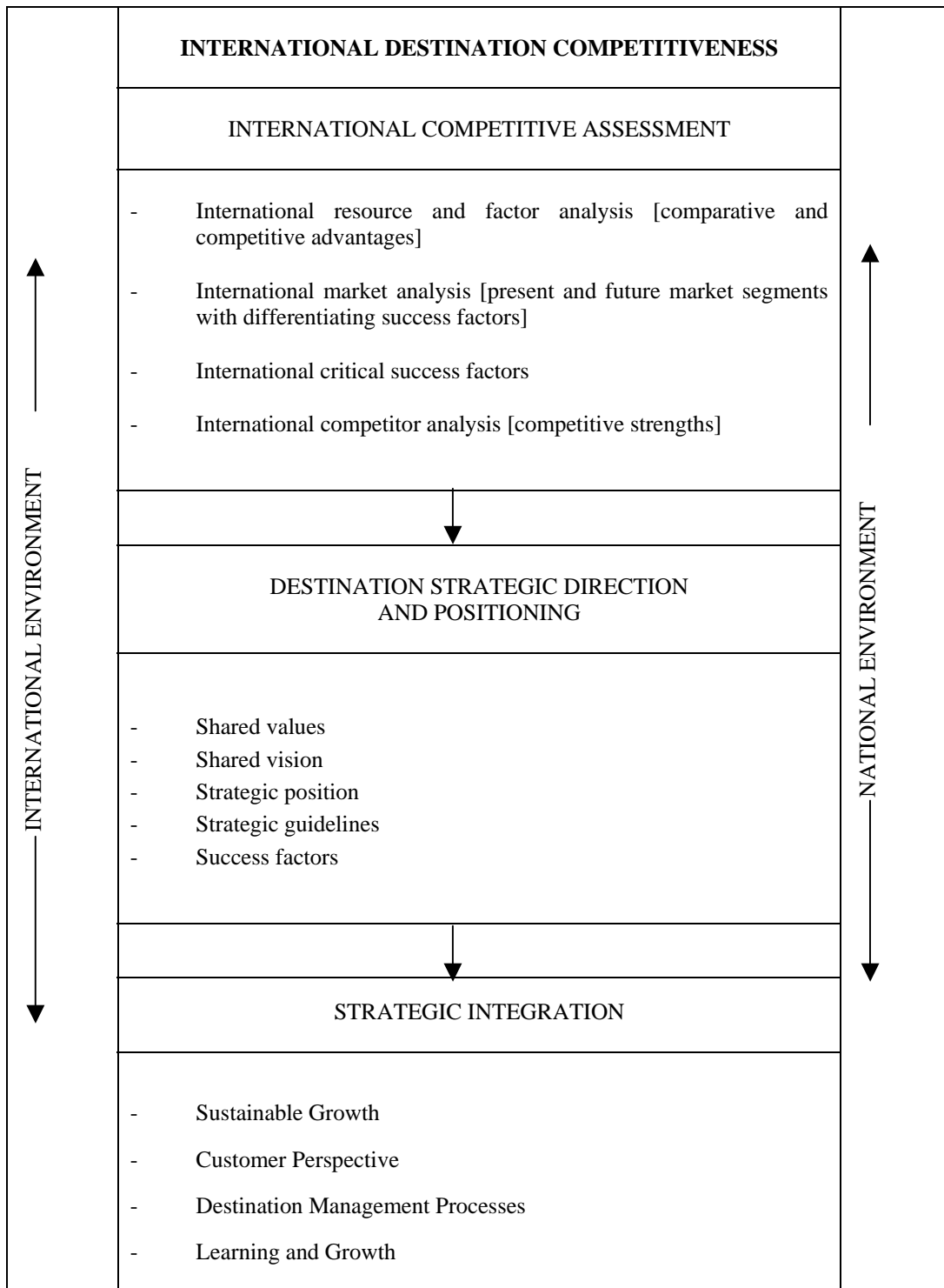
The first part of the chapter will describe the different components of the model and will then identify strategic indicators for all the components of the model. The second part of the chapter will critically evaluate this integrated model in comparison with others that have been proposed in the literature, specifically those of Crouch and Ritchie [2000] and Dwyer [2001].

8.2 AN INTEGRATED MODEL OF DESTINATION COMPETITIVENESS

8.2.1 Introduction

The integrated model of destination competitiveness that has been developed in this study is shown in Figure 8.1.

Figure 8.1 International destination competitiveness model



Source: Researcher's own construction

The model brings together the main elements of national and organisational competitiveness as proposed in the wider literature and the main elements of

destination competitiveness as proposed by various tourism researchers. It contains some of the variables and main points identified by Crouch and Ritchie [1993, 1994, 1995, 1999, 2000] in their comprehensive framework of destination competitiveness, but incorporates other contemporary views on the identification and integration of strategy for a competitive destination. Figure 8.1 shows that the main elements of destination competitiveness fall into three major sections: international competitive assessment, destination strategic direction and positioning and strategic integration.

The purpose of the international competitive assessment is to provide valuable competitive information to the destination on which strategic decision-making could be based. This is achieved by:

- ❑ Comparing the destination's natural resources and factor conditions with that of their main competitors and world class conditions to ascertain the comparative and competitive advantages of the destination;
- ❑ Analysing the present and future international market segments and identifying differentiating success factors within these segments;
- ❑ Identifying international success factors that can be used as benchmarks;
- ❑ Conducting a competitor analysis that will evaluate and identify the competitive strengths of the destination.

The destination's strategic direction and positioning describe the overall strategic direction of the destination within the context of international competitive demands as well as local stakeholder demands and capability constraints. The outcomes of this process include: shared values, shared vision, strategic position, strategic guidelines and destination success factors. The purpose of this section of the model is to give an externally competitive and internally unified strategic direction to the destination.

The box representing strategic integration concentrates on identifying and integrating those critical success factors and indicators that will lead to the strategic vision and ensure international competitiveness.

In developing the model, it was important to recognise that the tourism field is constantly influenced by a range of national and international environmental forces.

National forces include the components that shape the immediate industrial environment as well as impacts from national factors such as the political, economic, social, ecological and technological environment.

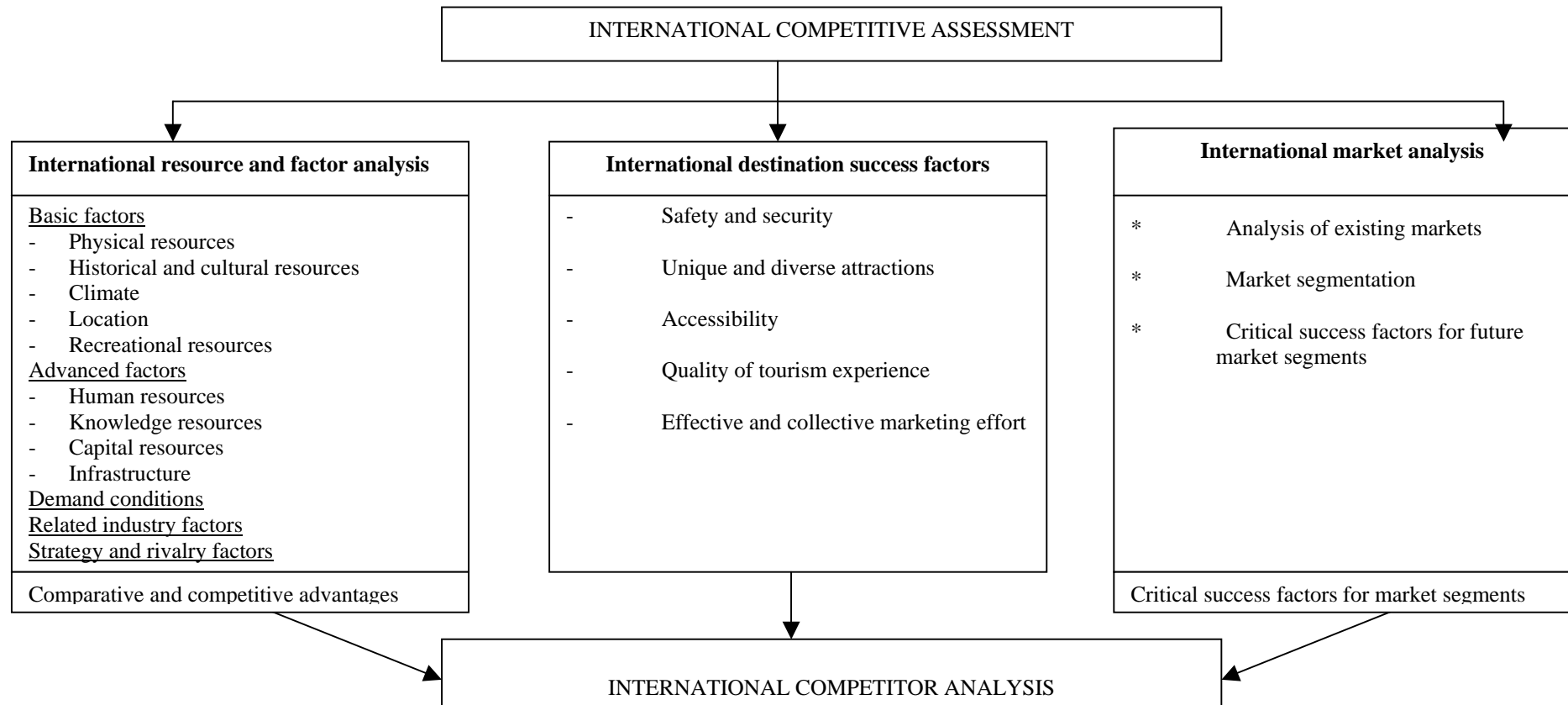
Tourism is also influenced by a range of international forces including changing demographics, technological changes, the changing world order, growing concern for the environment, sustainability of safety and health and human resource developments. These important international trends were analysed and discussed in chapter 2. The national and international forces present a given destination with a number of special concerns, problems or issues that it must either adapt to, or overcome if it is to remain competitive [Crouch & Ritchie, 1999: 146]. It must therefore be kept in mind that both the national and international environments are in a constant state of change and evolution resulting in changing competitive environments. In this model it is essential that these environments are regularly monitored and that this information is constantly fed into the tourism destination management system. This information will be applicable to all the different elements of the model.

The various elements of the model will now be further summarised and discussed.

8.2.2 International competitive assessment

Figure 8.2 shows the elements of the international competitive assessment.

Figure 8.2 International competitive assessment



Source: Researcher's own construction

In the resources and factor analysis, the basic, advanced and other factors of the destination are compared with World Class Conditions and competitors to establish comparative and competitive advantages. The international resource and factor analysis has four major components: factor conditions, demand conditions, relating and supporting industries and strategy structure and rivalry. Factor conditions consist of basic factors like natural, historical, cultural and recreational resources and advanced factors like human resources, knowledge resources, capital resources and infrastructure. Demand conditions emphasize that there is a direct relationship between domestic demand and international competitiveness. Demand conditions, particularly domestic demand and its internationalisation to foreign markets, establish the “proving grounds” for the industry. Foreign demand thrives more readily when domestic demand is well established [Crouch & Ritchie, 1993: 38].

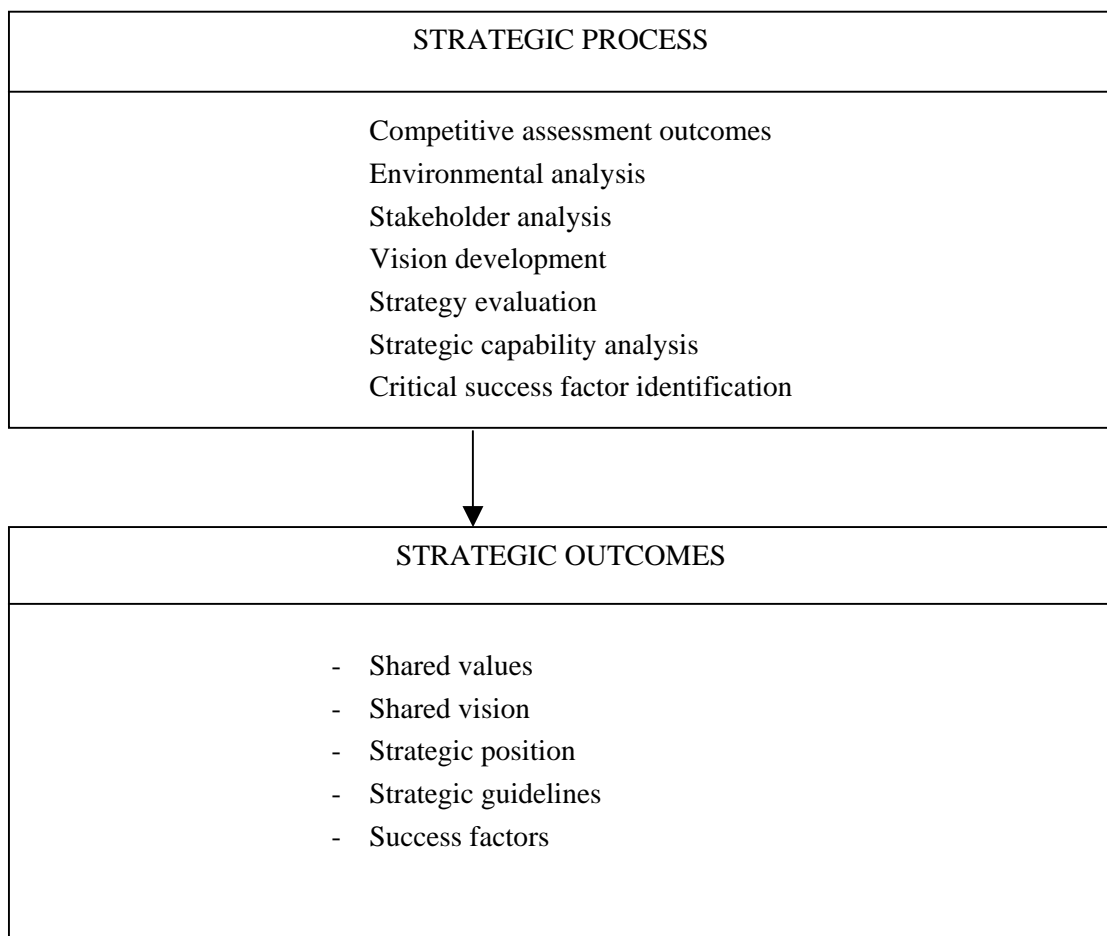
Related and supporting industries that possess their own advantages can increase the competitive strength of an industry. One of the keys for tapping South Africa’s tourism potential is to develop more effective linkages and synergies between the related and supporting industries. The fourth point in the assessment concerns strategy structure and rivalry. A climate of competition stimulates improvement and discourages stagnation. High levels of rivalry among domestic tourism industries will therefore enhance international competitiveness.

The international market analysis calls for the analysis of present and future international market segments. Market segmentation is an important step in this process and markets should be identified based on relevant segmentation criteria. Each market segment will have unique characteristics, needs and critical success factors. Characteristics and critical success factors that are shared by all the target markets can also be identified and will be important indicators for future strategic development. International destination success factors that are generic to the international tourism industry should be identified and used as benchmarks for own destination performance. The competitor analysis could be used to determine the relative competitiveness strength of the tourism destination.

8.2.3 Destination strategic direction and positioning

The destination strategic direction and positioning box is shown in Figure 8.3. The destination “vision” provides direction for development. Crouch and Ritchie [1993, 1999] emphasize the importance of vision emanating from a process based on stakeholder values and consensus rather than from an “expert driven” process based solely on market forces.

Figure 8.3 Destination strategic direction and positioning



Source: Researcher’s own construction

Having formulated a national shared vision, a positioning strategy has to be developed that will ensure the competitive advantage and growth of the destination. This positioning strategy is viewed from a holistic perspective and includes both the

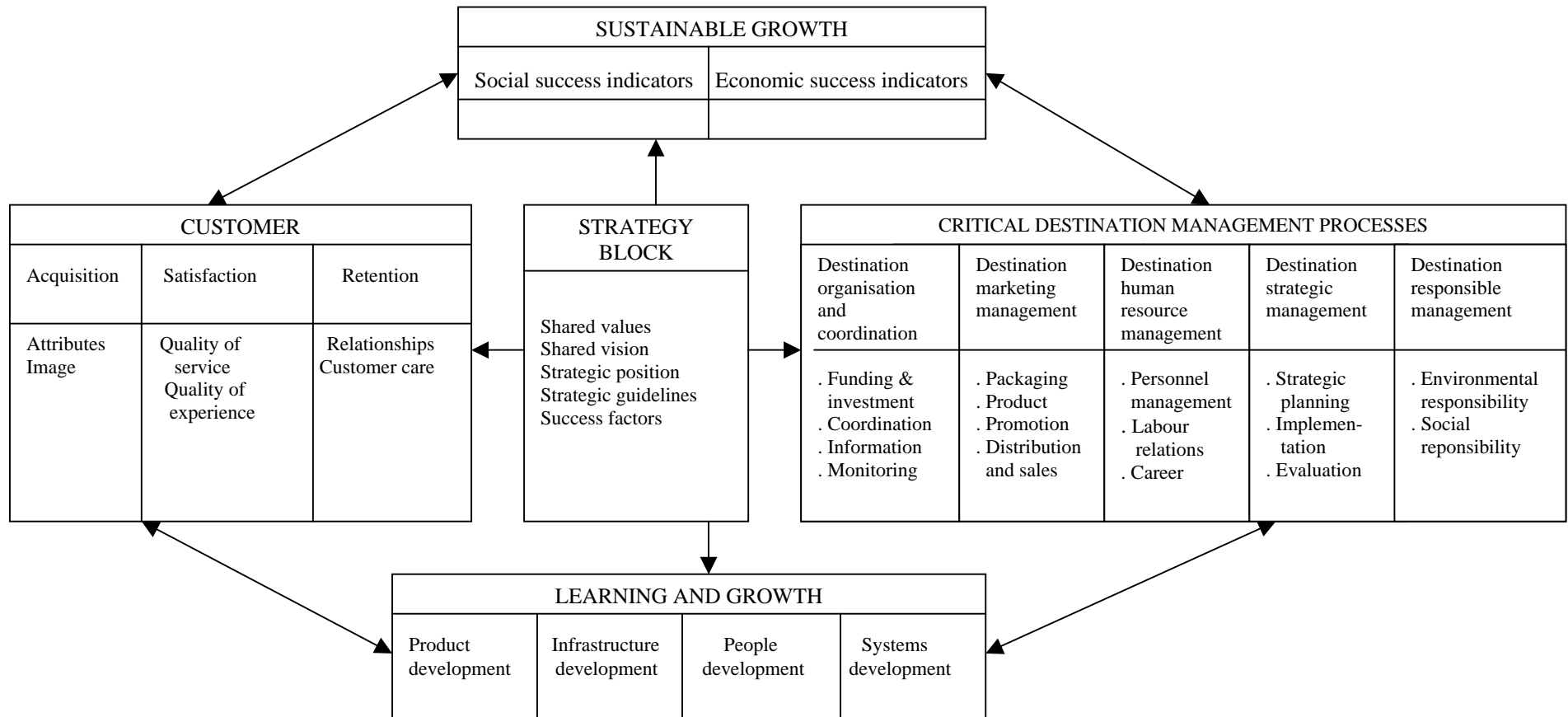
“business scope” or market paradigm as well as the “strategic capability” paradigm.

The extent to which destination planning will enhance destination competitiveness will depend on issues such as whether it is driven by shared values, a destination vision, awareness of the destination’s tourism products and services and understanding of visitor needs, as well as the correct positioning of these in the marketplace [Crouch & Ritchie, 2000]. Important outcomes of the desired process will therefore be shared values, shared vision, strategic position and destination success factors. Strategic guidelines on social development, sustainability and environmental management specifically, should also be incorporated.

8.2.4 Strategic integration

The strategic integration section makes provision for identifying and integrating critical success factors by using four perspectives: sustainable growth, customer, destination management processes and learning and growth. The section is shown in Figure 8.4.

Figure 8.4 **The strategic integration of destination success factors**



Source: Researcher's own construction

A two-step process for integrating critical success factors was identified. The starting point is formulating and classifying the 5S “Strategy Block”, consisting of stakeholder values, shared vision, strategic position, strategic guidelines and success factors which are the outcomes of the strategic direction and positioning box. This strategy block serves as the “nerve centre” from which secondary critical success factors can be identified and integrated in four different categories:

a] Sustainable growth

The sustainable growth perspective measures the sustainable growth that the tourism destination generates for all the stakeholders. This measurement is arrived at through economic indicators and social indicators. Profitable enterprises are critical for the economic development of the industry. However, according to Hassen [2000: 239], it is also critical for destination development plans to be compatible with environmental and social integrity for the tourism industry to maintain its economic viability. The WTTC [2001] notes that “sustainable travel and tourism development relies upon policies which support harmonious relationships among travellers, local communities, the private sector and governments to balance natural, built and cultural environments with economic growth and stability”. Social success indicators that will measure sustainable growth can therefore include environmental sustainability, employment creation and supportive communities.

b] Customer perspective

The market segments in which the destination would like to compete and the differentiating factors in each section are important inputs into the customer perspective.

The ultimate goal of the customer perspective is to add optimum value to the customer experience at the tourism destination. Kaplan and Norton [1996: 62] divide customer value proportions into three parts: customer acquisition, satisfaction and retention. The critical success area identified for customer acquisition is destination image. Various works on tourism, particularly those of Fakey and Crompton [1991: 12]; and Kim [1998: 341], indicate that the primary goal in promoting a destination

and acquiring customers is to project a positive image to potential tourists so that the product becomes desirable to them. These destination attributes include tangible as well as intangible attributes that determine the attractiveness of a destination to a particular tourist in a given travel situation [Kim, 1988: 388].

The generic critical success factors identified for customer satisfaction are those of quality of service and quality of experience. Otto and Ritchie [1996: 167] point out that a measure for the quality of the service experience is a useful complement to traditional quality of service measures. The relationship experience with the tourist is critical if customer retention is to be ensured. According to Gronroos [1995: 250], relationship type approaches must also manage interactive aspects of the delivery process which go beyond traditional management of the marketing mix elements.

c] Destination management processes

Destination management processes that will have the greatest impact on the value proportions of customers and the achievement of sustainable growth objectives must be identified and measured [Kaplan & Norton, 1996: 63].

Various areas and levels of government are involved in the promotion, regulation, presentation, planning, monitoring, maintenance, coordination, enhancement and organisation of tourism resources at the macro level [Dwyer, 2001: 77]. As Buhalis notes, Destination Management Organisations [DMOs], which include convention and visitor bureaus, and national and regional tourism organisations, “have overall responsibility for the entire destination product and through incentives and policies facilitate the development of product and create local partnerships for the delivery of seamless experiences” [Buhalis, 2000: 108].

The model in this study identifies five types of destination management processes that are important for destination competitiveness: destination organisation and coordination; destination marketing; destination human resource development; destination strategic management and destination responsibility management. These activities correspond with the destination management activities identified by Crouch and Ritchie [2000: 3] and Dwyer [2001: 74] in their destination competitive models.

Destination management organisation refers to the organisation of tourism activities on a national and regional level. Four aspects of destination management organisation are particularly important to competitiveness. These are funding and investment, coordination, the provision of information and monitoring and evaluation [Dwyer, 2001: 77]. The next element, destination marketing management, refers to the overall marketing and promotion of the destination. Crouch and Ritchie [1999: 149] point out that it also includes attention to product packaging, promotion, effective distribution channels and sale of the destination. Human resource development refers to a responsibility on a macro level to manage the human resources of the destination and includes personnel management, labour relations and career pathing. Bueno [1999: 321] argues that “since competition between firms is determined by skills, human resources are a central factor in achieving competitiveness”.

Destination strategic management starts with the strategy block where the values, vision, strategic position and strategic guidelines are identified and formulated. It will be the responsibility of organisations at the macro-level to ensure that all stakeholders buy into the vision and overall strategy and to manage the strategic implementation of these strategies and guidelines. Strategic management and implementation will also include taking specific strategic decisions such as the deployment of resources. These strategic decisions should be taken within a policy framework of regulations and strategic guidelines and objectives. Destination responsible management refers to the management of the social as well as the environmental responsibility of the destination.

d] Learning and growth

The fourth integration perspective identifies the infra-structure that the destination must build to create long-term growth and improvement [Kaplan & Norton, 1996: 63]. Destinations are unlikely to meet their sustainable growth targets by simply using today's technologies and capabilities. International competition also requires that destinations continually improve their products, infrastructure, systems and capabilities for delivery to customers and stakeholders.

Kaplan and Norton [1996: 94] note that learning and growth come from three

principle sources: people, systems and organisational procedures. The integrated model adds one more source, namely, product development. The present and desired capabilities, competencies, products and infrastructure of the destination should therefore be analysed to reveal the strategic gaps. To close these gaps, the destination may have to develop new products, build new infra-structure, invest in re-skilling employees, enhancing information technology and systems and aligning organisational procedures and routines.

8.3 INDICATORS OF DESTINATION COMPETITIVENESS

8.3.1 Introduction

Having developed a framework for destination competitiveness, the next step is to develop indicators of competitiveness. For purposes of this study, a set of indicators was selected based on a literature survey. Dwyer [2001: 97] emphasizes that there is no single or unique set of competitiveness indicators that apply to all destinations at all times.

Kaplan and Norton [1996: 8] developed indicators and measures which complement financial measures of past performance with measures of the drivers of future performance. The integrated model for destination competitiveness developed in this study has in a similar manner, developed indicators of performance in the following strategic perspectives: sustainable growth, customer, destination management processes and learning and growth.

8.3.2 Selected indicators of destination competitiveness

For purposes of this study, a set of indicators was selected which were used in the empirical study to indicate the competitiveness of South Africa as a tourism destination.

a] Sustainable growth indicators

The selected sustainable growth indicators of success are shown in Table 8.1.

Table 8.1 Sustainable growth indicators

CRITICAL SUCCESS FACTORS	INDICATORS OF SUCCESS
Economic growth	<ul style="list-style-type: none">* Destination market share* Tourism growth trends [eg. Visitor numbers]* Tourism contribution to GDP [SA Tourism, 2002: 5]
Social growth	<ul style="list-style-type: none">* Increased community involvement* Transformation of the tourism industry* Responsible environmental practices [Dwyer, 2001 : 77] [SA Tourism, 2002: 5]

The ultimate goal of the destination is to achieve sustainable growth for the population by being socially responsive and internationally competitive.

b] Customer indicators

Customer indicators that were identified are shown in Table 8.2

Table 8.2 Customer indicators

CRITICAL SUCCESS FACTORS	INDICATORS OF SUCCESS
1. Customer acquisition [attributes and image]	1.1 Climate 1.2 Cleanliness and sanitation 1.3 Wildlife 1.4 Scenic beauty 1.5 Historic/heritage sites, including museums 1.6 Artistic and architectural features 1.7 Traditional arts 1.8 Variety of cuisine 1.9 Unspoiled nature 1.10 Special events/festivals 1.11 Amusement/theme parks 1.12 Water based activities [e.g. swimming, boating, fishing] 1.13 Nature based activities 1.14 Adventure activities 1.15 Value for money [Dwyer, 2001: 93; Kim, 1998:354; and SATOUR, 1999: 48]
2. 2.1 Customer satisfaction Quality of service	2.1.1 Airport transfers 2.1.2 Taxi services 2.1.3 Public transport 2.1.4 Visitor centres 2.1.5 Accommodation 2.1.6 Catering 2.1.7 Tours 2.1.8 Attractions 2.1.9 Car and craft rentals 2.1.10 Entertainment 2.1.11 Health and beauty 2.1.12 Sport and recreation [Fabricius, 2001: 76; Augustyn, 1998: 145]
2.2 Quality of experience	2.2.1 Hedonistic - excitement - enjoyment - memorability 2.2.2 Interactive - meeting people - being part of the process - having choice 2.2.3 Novelty - escape - doing something new 2.2.4 Comfort - physical comfort - relaxation 2.2.5 Safety - Personal safety - Security of belongings

CRITICAL SUCCESS FACTORS	INDICATORS OF SUCCESS
3. Customer retention	2.2.6 Stimulation - education and informative - challenging [Crouch & Ritchie, 1996: 168]
3.1 Relationships	3.1.1 Interaction of tourist with destination and community 3.1.2 Willingness of community to interact with tourists [Gronroos, 1995: 250]
3.2 Aftercare	3.2.1 Database management 3.2.2 Consumer and client tracing and feedback 3.2.3 Industry feedback and follow up [Otto and Ritchie, 1996: 169]

c/ Critical destination management processes

The indicators of success for the critical destination management processes are shown in Table 8.3.

Table 8.3 Critical destination management processes: Indicators of success

CRITICAL PROCESS	INDICATORS OF SUCCESS
1. Destination organisation	1.1 Funding and investment in destination 1.2 Coordination of destination 1.3 The provision of information 1.4 Monitoring and evaluation [Dwyer, 2001: 77]
2. Destination marketing	
2.1 Product packaging	2.1.1 Established routes, themes and itineraries 2.1.2 Quality marketing materials 2.1.3 Collective packages of attractions of cities, areas and regions 2.1.4 Commission and pricing contracts with suppliers 2.1.5 Wholesale packages [Heath, 2000: 14]
2.2 Promotion	2.2.1 Consumer advertising, PR and promotion 2.2.2 Trade exhibitions, workshops, sales visits 2.2.3 Marketplace presentation [Fabricius, 2001: 76]
2.3 Distribution and sales	2.3.1 Enquiry and information service 2.3.2 Effective distribution information 2.3.3 Brochure display 2.3.4 Retail [travel agency] sales

CRITICAL PROCESS	INDICATORS OF SUCCESS
3. Destination strategic management	2.3.5 Reservations 2.3.6 Payment and ticketing 2.3.7 Insurance [Fabricious, 2001: 76] 3.1 Strategic direction 3.2 Strategic planning 3.3 Strategic implementation 3.4 Monitoring and evaluation [Crouch & Ritchie, 2000: 3; Dwyer, 2001: 77; Researcher's own contribution]
4. Destination human resource management	4.1 Personnel management, recruiting motivation 4.2 Labour relations and negotiations 4.3 Career pathing [Fabricius, 2001: 76]
5. Responsibility management	5.1 Environmental protection targets 5.2 Development of environmentally based tourism activities Responsibility to local communities 5.3 Development of local cultures and protection against over-commercialisation 5.4 [Government SA, 1996: 19; Mihalic, 2000: 67]

d) Learning and growth indicators

Indicators for the learning and growth perspective are shown in Table 8.4.

Table 8.4 Learning and Growth Perspective: Indicators of success

CRITICAL SUCCESS CATEGORY	INDICATORS OF SUCCESS
1. Product development	1.1 New airline alliances and destinations 1.2 Development of environmental and cultural resources 1.3 Upgrading and development of visitor services and facilities 1.4 Exploiting new markets and market segments 1.5 New route themes/hub/spokes and itineraries 1.6 Service delivery and visitor management [Fabricius, 2001: 76]

CRITICAL SUCCESS CATEGORY		INDICATORS OF SUCCESS	
2.	Infrastructure development	2.1	Destination planning, design layout and land usage
		2.2	Public transport systems, roads, airports, rail, ports
		2.3	Bulk infrastructure, telecoms, water, electricity, recreation
		2.4	Environmental and social quality enhancement
		2.5	Safety and security management
		2.6	Road signage; information networks [Fabricius, 2001: 76]
3.	People development	3.1	Skills training and education
		3.2	Community tourism awareness
		3.3	Customer care
		3.4	Hospitality culture
		3.5	Job creation
		3.6	Filling competency gaps [Fabricius, 2001: 76]
4.	Systems development	4.1	Integrated system of information technology
		4.2	Market research and intelligence
		4.3	Computerised reservation system
		4.4	Management information systems [Fabricious, 2001: 76; Poon, 1993: 196]

In the above tables the main critical success factors and certain indicators of success were listed. It is not possible to list all the associated indicators in a single table. For example, the “uniqueness” of the wildlife can be determined objectively with reference to whether it exists in the same form in other locations. However, some wildlife may not be perceived by the tourist to be unique. The perceived uniqueness of some aspects of a destination often assume importance in the eyes of the tourist. Crouch and Ritchie [1993] give the following as examples: unique religious centre, unique landmark or symbol, unique historical site, unique current event site and unique cultural events. Destination management and visitors may differ in their notion of what constitutes uniqueness.

8.4 A COMPARISON WITH OTHER DESTINATION COMPETITIVENESS MODELS

8.4.1 Introduction

It was found valuable in this study to compare the developed integrated model with

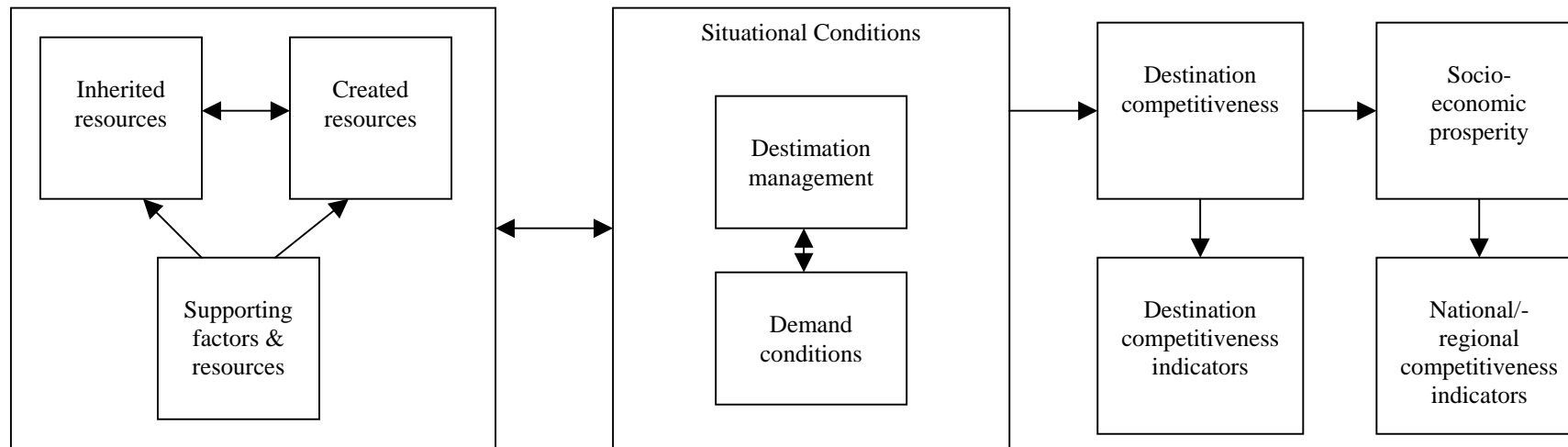
others that have been proposed by researchers. By far the most comprehensive model that has been developed previously is that of Crouch and Ritchie [2000]. The model that has been developed in this study owes much to the work of Crouch and Ritchie and has its basis in many of their ideas. A more recent model that is also based on Crouch and Ritchie's model is that of Dwyer [2001]. This model is also of great importance in that as in this study, it emphasizes the importance of integration in the model.

It is appropriate therefore to outline and compare the models to determine areas of similarity and differences between the different frameworks. Crouch and Ritchie's model was described in chapter 4. Dwyer's model will now be shortly discussed before the comparison will be made.

8.4.2 Dwyer's model of destination competitiveness

Dwyer's model is depicted in Figure 8.5

Figure 8.5 **Dwyer's model of destination competitiveness**



Source: **Dwyer, 2001 : 49**

“Inherited and Created Resources” are each allocated their own box, as are “Supporting Factors and Resources”. These three boxes are, in turn, grouped within a larger box. Together, these factors provide the various characteristics of a destination that make it attractive to visit and indicate the foundations upon which a successful tourism industry is established. Together, they provide the *basis* for destination competitiveness.

“Destination Management” factors are, according to Dwyer’s model, those that can enhance the appeal of the core resources and attractors, strengthen the quality and effectiveness of the supporting factors and resources and best adapt to the situational conditions. The destination management category includes the activities of destination management organisations, destination marketing management, destination policy, planning and development, human resource development and environmental management.

The model contains a separate box for “Demand Conditions”. This category comprises three main elements of tourism: demand-awareness, perception and preferences. Awareness can be generated by various means including destination marketing activities. The image projected can influence perceptions and hence affect visitation. Actual visitation will depend on the match between tourist preferences and perceived destination product offerings.

“Situational Conditions” are forces in the wider environment that define the limit, or influence the potential of destination competitiveness. These forces can moderate, modify or mitigate destination competitiveness by filtering the influence of the other groups of factors and thus may be positive or negative in their influence on competitiveness.

The box representing “Destination Competitiveness” is linked backwards to the various determinants of competitiveness and forward to one representing “Regional/National Prosperity”, indicating that destination competitiveness is itself an intermediate goal toward the more fundamental aim of economic well-being for residents. Each of these objectives is associated with a set of indicators. Indicators of “Destination Competitiveness” are many and varied and comprise both subjective

attributes [destination ‘appeal’, ‘scenic beauty’] as well as those that are more objectively determined [destination market share, foreign exchange earnings from tourism]. Indicators of National/Regional Economic Prosperity relate to key macro-economic variables including productivity levels in the economy, aggregate employment levels, per capita incomes and rate of economic growth.

Dwyer’s model attempts to provide a more realistic display of the linkages between the various elements of destination competitiveness than does the Crouch-Ritchie model. The double arrows linking the separate boxes indicate two-way interactive effects. For example, a destination may create certain resources [eg. Accommodation] that harmonise with its natural assets. The types of natural assets, in turn, may determine the appropriate type of tourism infrastructure development. A destination’s core resources [inherited and created] can influence the types of “Supporting Factors and Resource’s that are developed and these, in turn, provide an important foundation for the tourism industry. Similarly, there are two-way flows between the various other major elements of the model, Destination Management and Demand Conditions.

8.4.3 Comparison of Integrated Model with the Crouch-Ritchie and Dwyer Models

The Integrated Model of Destination Competitiveness proposed in this study shows certain similarities with but also important differences from the other two models. These similarities and differences will now be discussed:

a] Strategic management framework

- The Integrated Model follows a strategic management framework that is consistent with contemporary strategic management theory. All the pertinent elements of this framework, namely, environmental assessment, competitive assessment, strategic direction and positioning and the identification and integration of strategies are clearly visible, links between these elements clearly explained and the integration of these thoroughly explored.

- The Crouch-Ritchie and Dwyer Models contain all the elements of the framework but inter-dependencies and integration links between these elements are not that clear.

b] Environmental assessment

b.1] International and national environmental assessment

- In both the Integrated Model as well as in the Crouch-Ritchie Model, the international and national assessments are considered as important sources of information for the entire process and are therefore indicated as such.
- The Dwyer Model includes the macro- and micro-environment among situational conditions. Accordingly, the micro-environmental analysis of the integrated model is more a situational analysis consisting of elements such as the capabilities of strategies and competitive environments of destination firms. The macro-environmental analysis is based on the impact of global forces and corresponds with that of the other two models.

b.2] Competitive assessment

[i] Resource and factor analysis

- All three models considered resources and supporting factors as a critical element in the destination's competitiveness model. This is consistent with Porter's Competitiveness Diamond [1990: 77] which stresses the importance of basic and advanced resources and factors in competitive advantage.
- Crouch and Ritchie [1999: 137] and Dwyer [2001: 49] regard core resources and attractors as the main reasons why prospective visitors choose one destination over another. They argue that these factors provide the various characteristics of a destination that make it attractive to visit and are the foundations upon which a successful tourism industry is established.

- The Integrated Model first compares the destination's resources and factors with that of its main competitors and/or world-class conditions. The purpose of this assessment is to determine the competitive strengths and comparative advantages if the destination is compared with its main rivals. Secondly, the model identifies the characteristics and attributes that will determine the attractiveness of the destination to a particular tourist. This is part of the customer perspective of the model as it refers to the important tangible and intangible attributes and resources that are important to the prospective tourist.
- The Integrated Model also includes other factors such as demand conditions, related industry factors and strategy and rivalry factors in the assessment. The Dwyer Model includes demand conditions as well as related industry factors and strategy and rivalry under 'situational conditions'.

[ii] International market analysis

- The Integrated Model includes international market analysis as part of the competitive assessment and emphasizes the importance of considering the present and possible future market segments and the differentiating factors in each of these segments. This information then becomes important to determine marketing and promotion strategies that are part of the critical process perspective of strategy identification.
- The other two models consider market analysis as an integral part of destination marketing in the block "destination management".

[iii] International critical success factors

- Crouch and Ritchie identify five international critical success factors and name them qualifying and amplifying determinants. These factors are location, inter-dependencies, safety/security awareness/-image/brand and cost/value.

- The Integrated Model identified six international critical success factors by means of a Delphi study. The critical success factors are safety and security, unique and diverse attractions, accessibility, quality of tourism experience, and effective and collective marketing effort. The Integrated Model uses these factors as international benchmarks rather than qualifying determinants.
- The Dwyer Model incorporates the qualifying and amplifying determinants of the Crouch-Ritchie model into “Situational Conditions”. For example, awareness is included as a “Demand Condition” whereas image and brand are considered to be part of “Destination Marketing Management”. It is the researcher’s view that these are important benchmarks and that they should be used for that purpose.

c/ Strategic direction and positioning

- In 2000 Crouch and Ritchie [2000: 3] updated their original model and added a destination policy, planning and development module. The module consists of eight major components: systems definition, stakeholders philosophy and values; vision; internal audit; positioning; development; competitive analysis and monitoring and evaluation.
- The Integrated Model considers the strategy block as the central focus of strategy identification and integration for the destination. The outcomes include shared values, shared vision, strategic position, strategic guidelines, and success factors. The information from the competitive assessment as well as other environmental assessments is fed into the process and is not an element of this process. Development and monitoring and evaluation are seen as part of the strategic management function of the destination and are included under destination management processes.
- The Dwyer Model does not provide a separate box for strategic planning for the destination but subsumes this determinant under destination management. The Integrated Model also considers strategic management an important part

of destination management but feels that strategic direction and positioning should be the central focus-point of the model.

d] Strategic identification and integration

d.1] Sustainable growth

- The Integrated Model explicitly recognises that destination competitiveness is not the ultimate end of the strategic planning process but that it is an intermediate goal toward the achievement of regional or national economic prosperity and sustainable growth. Sustainable growth is divided into two sections, namely, social factors and economic factors.
- The Crouch-Ritchie Model indicates that their process ultimately leads to competitiveness and sustainability.
- In his model Dwyer includes a separate box for socio-economic prosperity and there is therefore more clarity on the ultimate outcomes of the process than in the Crouch-Ritchie Model.

d.2] Customer

- All three models recognise the importance of the customer/tourist and acknowledge that customer value propositions represent the attributes that destinations provide through their products and services.
- The Crouch-Ritchie Model identifies core resources and attractors as the factors that have core appeal and that act to attract tourism. Within this group, Crouch and Ritchie highlight physiography and climate, culture and history, market ties, mix of activities, special events, entertainment and superstructure.
- Dwyer uses a similar approach but makes a distinction between inherited and created resources.

- The Integrated Model divides the value propositions of customers into three parts: customer acquisition, customer satisfaction and customer retention. The critical success factors for customer acquisition are image and unique destination attributes that will appeal to the tourist. The critical success factors for customer satisfaction are identified as quality of service and quality of experience whereas the success factors for customer retention are relationship building and customer care.
- Crouch and Ritchie classify quality of service under destination management and the emphasis is therefore more on the management of the quality of services whereas the integrated model classifies it under the customer satisfaction perspective.
- In the Dwyer Model, quality of service appears under supporting factors and resources as Dwyer regards quality and hospitality as foundations for a successful tourism industry.

d.3] Destination management processes

- Destination management processes refer to the management processes that can enhance the appeal of the destination, will have the greatest impact on customer value propositions and will directly contribute to the sustainable growth objectives of the destination.
- The Crouch and Ritchie Model lumps all management processes together in the category “Destination Management”, which comprises resource stewardship; marketing; finance and venture capital; organisation; human resource development; information research; quality of service and visitor management.
- Dwyer’s “Destination Management” category includes destination management organisation, destination marketing management, destination policy planning and development, human resource development and environmental management.

- The Integrated Model includes management processes under critical destination management processes. This section is similar to that of the other two models and comprises destination organisation, destination marketing, destination human resources management, destination strategic management and destination responsible management. The focus is therefore on the macro-management function of the overall destination. The term responsible management is used to include the environmental responsibility as well as the social responsibility of the destination.

e] Learning and growth

- The Integrated Model clearly indicates that the sustainable competitiveness of the destination is dependent on addressing learning, growth and the infrastructural development of the destination. Product, infrastructure competency and capability gaps should therefore be identified and strategies developed to address these. The learning and growth consists of five primary sources; product, infrastructure, people, systems and organisational structures and procedures.
- Although the other two models address some of these aspects neither of them clearly shows the relationship between these elements and the future development of the destination.

f] Integration

- The Integrated Model clearly shows how strategic information and strategic and policy guidelines should be integrated into the strategic direction of the destination. It also clearly shows the relationship and integration process between the four different strategic perspectives and the strategic direction to ensure sustainable growth and international competitiveness for the destination.
- The Dwyer Model attempts to provide a more realistic display of linkages between the various elements of the destination competitiveness category

than does the Crouch-Ritchie Model. In neither of these models are integration relationships explored to the extent that they are in the Integrated Model.

g] Indicators of destination competitiveness

- Both the Integrated Model and Dwyer's Model allow for selected success indicators to be included and highlighted.
- The Crouch-Ritchie Model does not make provision for the use of indicators.

8.5 SUMMARY

The purpose of this chapter was to summarise the contributions of chapters 4 to 7 in a destination competitiveness model. The model seeks to capture the main elements of competitiveness highlighted in the relevant literature, while appreciating the special issues involved in exploring the notion of destination competitiveness as emphasized by tourism researchers. Associated with the model is a set of indicators that can be used to measure the competitiveness of any given destination.

The second part of the chapter compared the developed integration model with the models of Crouch and Ritchie [2000] and Dwyer [2001]. The most important advantages of the integrated model proposed in this study can be summarised as follows:

- The integrated model follows a strategic management framework that is consistent with contemporary strategic management theory [explored in chapter 4].
- The integrated model emphasizes the importance of strategic direction and strategic positioning by the development of a strategy block that serves as the “nerve centre” for the identification and integration of critical success factors [chapter 6].

- The integrated model offers a logical framework for the development and integration of critical success factors within a balanced framework that enables the model to explain the relationship between these, and show the ultimate contribution of these factors to sustainable growth and international competitiveness [chapter 7].

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CHAPTER 9

EMPIRICAL RESEARCH PROCESS

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CHAPTER 9

EMPIRICAL RESEARCH PROCESS

9.1 INTRODUCTION

In chapter 4 a model of destination competitiveness in which critical success factors could be identified and integrated was proposed. Chapters 5 to 7 discussed and critically evaluated the components of this model while chapter 8 summarised and compared it to similar models identified in the literature study.

The aim of this chapter is to document the process used during the empirical survey and the results of Section A of the survey representing the profile of the respondents to the questionnaire. The following key aspects will be addressed:

- Firstly, the research approach will be outlined in order to explain the objectives and application of the empirical investigation;
- Secondly, the planning of the empirical survey will be described: particularly focusing on the questionnaire design, testing procedure, questionnaire layout and contents, as well as the population and sample size;
- Thirdly, the methodology used to disseminate the questionnaires will be described;
- Finally, the response to the questionnaire dissemination will be evaluated. This will include the response rate, processing of the response data and analysis of the demographical data of the respondents.

9.2 THE RESEARCH APPROACH

Research involves the application of various methods and techniques to create knowledge through the use of scientific methods and procedures. Allison *et al* [1996: 4]; and Welman and Kruger [1999: 2] add that research is a systematic enquiry that is reported in a form that allowed the research methods and outcomes to be accessible to others. Research also involves seeking solutions to problems or answers to questions. Riley *et al* [2000: 8] refer to two types of research: pure and applied research. Pure research is that which has no obvious practical implications beyond contributing to a particular area of intellectual enquiry. Applied research, on the other hand, is problem-focused and is directed towards solving some particular intellectual question

that has practical implications for a client outside the academic world.

This study attempts to develop a model to solve a problem and its focus is thus applied. According to Welman and Kruger [1999: 12], a research problem refers to some difficulty that the researcher experiences in the context of either a theoretical or practical situation. In the case of this study, the problem posed by the researcher is:

“How can critical success factors be identified and integrated to achieve competitive advantage and growth for South Africa as a tourism destination?”

In addressing the problem, the objectives of the empirical investigation were:

- To identify critical success factors considered to be important by South African tourism stakeholders;
- To investigate the integration of these critical success factors to achieve sustainable growth and competitiveness for the destination; and
- To formulate specific strategic recommendations for South Africa as a tourism destination based on the empirical findings.

9.3 PLANNING THE EMPIRICAL STUDY

The empirical survey was conducted by means of an electronic-mail survey with the use of a questionnaire [see Annexure A] developed from the literature study. The results of the survey were tabulated and statistically analysed. The process followed during the empirical survey is described below.

9.3.1 The questionnaire

The questionnaire is a common instrument for observing data beyond the physical reach of the observer [Leedy, 1997: 191]. Riley *et al* [1998: 82] state that in a questionnaire there may be open and closed questions. A closed question is one where responses are restricted to a small set of responses that generate precise answers. Open-ended questions do not impose restrictions on the possible answers, but are difficult to aggregate and computerise. However, the response is often richer and more detailed. Jancowitz [2000: 269] notes that a structured questionnaire must provide questions that possess an element of “steering” information from the respondent without any prompting from the researcher. This is the method that was used in the questionnaire developed for the empirical study.

In designing the questionnaire, a five point Likert-type scale was used. The Likert scale is the most widely used form of scaled items where the respondent chooses a point on a scale that best represents his/her view [Allison *et al*, 1996: 83]. Scoring for the scale was as follows: 1 indicated not important, 2 some importance, 3 reasonably important, 4 very important and 5 extremely important.

The questionnaire instructions should ensure that all respondents are treated equally. Two principles form the foundation for good instructions; clarity and courtesy. Anonymity was also ensured as the identity of the respondent was not required and an indication of the name of the organisation was optional.

Riley *et al* [1999: 96] name the following key issues pertaining to questionnaire design:

- ☐ Use simple and concise language;
- ☐ Do not make unrealistic demands on those who complete the questionnaire;
- ☐ Ask about only one topic;
- ☐ Have no “escape route” for example, don’t know, no comment;
- ☐ Use polite language;
- ☐ Ensure that each question is straight-forward and guard against ambiguity;
- ☐ Order the questions correctly;
- ☐ Make the layout easy to follow;
- ☐ Give clear instructions; and
- ☐ Test the questionnaire first.

According to Thomas [1996: 121], a questionnaire should not be too long and complicated. More pages with a clear and user-friendly layout are better than fewer pages with cramped and forbidding layout. All of the above principles were followed in designing the questionnaire. In addition, the draft questionnaire was tested in a pilot study.

9.3.2 Testing the questionnaire

To test the validity of the questionnaire, it was critically reviewed by six senior managers in the tourism sector in South Africa and by the researcher’s promoter and co-promoter. The questionnaire was completed in close collaboration with the

researcher who particularly focused on the following key aspects of the process:

- The time taken to complete the questionnaire was measured. In the preliminary process of obtaining agreement to participate, a few potential respondents suggested that they would be reluctant to complete a questionnaire if the time to do so exceeded 20 minutes.
- The level of comprehension regarding the wording of the questions.
- The difficulty of allocating a score to each question. No specific difficulty was noted here, although test subjects ranked most of the critical success factors in the last three categories on the Likert scale. For example, reasonably important, very important and extremely important. This was anticipated as all of the success factors are expected to have at least some importance for the industry.

Several improvements were incorporated in the revision of the layout and the contents of the questionnaire based on the feedback received from the pilot group.

9.3.3 The layout and contents of the questionnaire

The questions in the survey were prefaced with detailed instructions to the respondents on the actions required from him or her to complete the questionnaire properly. These instructions were then followed by the questions themselves, grouped into the following sections:

Section A required general detail about the respondents' position and the classification of the organisation that he/she represented. It also indicated the locality of the organisation that is represented as well as the percentage split between domestic and international business.

Section B tested the significance of indicators of performance for sustainable growth. This section was divided into economic indicators and social indicators in order to determine the significance of these indicators of performance. The indicators were identified in the literature study in chapter 8, Table 8.1.

Section C represented the customer perspective and consisted of two parts: in C1 respondents were requested to identify the most important attributes of a destination that would attract international tourists. In C2 respondents identified the success factors that could lead to optimum customer satisfaction and retention. The attributes

were derived from the list as identified in the literature study and tabulated in Table 8.2. The factors identified for customer satisfaction consisted of quality of service factors and quality of experience factors.

Section D focused on the destination management processes that could have the greatest impact on customer satisfaction and the achievement of sustainable growth objectives. Respondents were requested to identify the most important key elements for success in each of the identified processes. The destination management processes were identified in chapters 7 and 8.

Section E portrayed the learning and growth perspective that reflected future development factors that were critical to create long-term growth and competitiveness for the destination. Four categories for these success factors were identified in the literature: product development; infrastructure development; people development and systems development. The general success factors for these categories were identified in the literature and summarised in Table 8.4. Respondents were asked to identify the most important success factors in these categories for the future growth and sustainable development of South Africa as an international tourism destination.

The questionnaire was accompanied by an introductory letter explaining the purpose of the research.

9.3.4 The population and sample size

a] Population

Population can be defined as the entire group under study as specified by the objective of the research [Burns & Bush, 1998; and Yoon, 2002: 59]. Since the objective of this study was to investigate tourism stakeholders' perceptions regarding the identification and integration of critical success factors for South Africa as a tourism destination, the population of this study were South African tourism stakeholders. Specifically, the target population includes members or groups that are attracting or servicing the international tourism market in South Africa.

b] Sampling

Sampling is a procedure that uses a small number of units of a given population as a basis for drawing conclusions about the whole population [Zikmund, 1997: 112]. The

major source of the sampling frame was the official 2002 Tourism Indaba address list. The South African Tourism Indaba is an annual event aimed at providing a platform for exhibiting South Africa as a destination to the international world. Indaba 2002 had a total of 1300 tourism products and 1316 delegates. All primary stakeholders involved in international tourism in South Africa were represented at the Indaba. The address list classified stakeholders into ten formal classifications namely: Accommodation/Conference Facilities/Restaurants; Game Lodges/Game and Nature Reserves/Show farms; Tour Operators and Travel Agents; Tourist Attractions; Transport; Tourism Associations; Tourism Authorities of neighbouring countries; Provincial Tourism; Local and Regional Publicity Associations and Tourism Marketing Organisations. The remainder of the members were listed in a general and addendum section. All the members on the ten official classifications lists were used for this study. Forty-two members who did not have e-mail addresses were omitted from the list. The number of representatives in these categories are shown in Table 9.1.

Table 9.1 Population size classification

Stakeholder Segment	Number of Representatives
1 Accommodation/Conference facilities/Restaurants	327
2 Game Lodges/Game and Nature Reserves/Show farms	154
3 Tour Operators and Travel Agents	275
4 Tourist Attractions	59
5 Transport	30
6 Tourism Associations	12
7 National Tourism Organisations	13
8 Provincial Tourism	11
9 Local/Regional PublicityAssociations	15
10 Tourism Marketing Organisations	24
TOTAL	920

The sample size for this study, therefore, consists of 920 attendees at the 2002 Tourism Indaba conference representing all the major stakeholders involved in the South African tourism industry. Yoon [2002: 60] argues that, in general, there is no correct sample size although larger sample sizes are always preferable. A low response rate for the survey was anticipated, partly due to the electronic mail out

method and the length of the questionnaire. In recent similar studies on stakeholder perceptions on tourism development in Virginia, USA, the response rate was less than 15% [Yoon, 2002: 61].

9.4 DISTRIBUTION OF THE QUESTIONNAIRE

In order to achieve the largest possible response, a total of 920 questionnaires were sent out by electronic mail to the representatives identified in Table 9.1. Twenty-eight questionnaires were returned uncompleted. Thus, of the remaining 886 questionnaires, 139 usable questionnaires were completed and returned, representing a 15,7% response rate overall. This is considered satisfactory, given the nature of the mail-out collection method and the length of the questionnaire.

The questionnaires were distributed and collected in May and June 2003. Two reminder e-mails were sent out to the group after the responses on the first request were not received. The outcome of the original request as well as the follow-up requests is shown in Table 9.2.

Table 9.2 Responses to electronic mail survey

Responses on first due date	82
Responses after first follow-up	31
Responses after second follow-up	26
Total	139

9.5 THE RESPONSE

9.5.1 *The response rate*

The response rate as per classification for the questionnaires as at 20 June 2003 is shown in Table 9.3 below:

Table 9.3 Total responses from the electronic mail survey

Stakeholder Classification	Questionnaires distributed	Final sample [after adjustments]	Response frequency	Response rate
1. Accommodation/Conference Facilities/Restaurants	327	315	45	14,29%
2. Game lodges/Game and Nature Reserves/Show farms	154	150	20	13,33%
3. Tour Operators and Travel Agents	275	253	36	13,69%
4. Tourist Attractions	59	57	10	17,54%
5. Transport	30	29	6	20,69%
6. Tourism Associations	12	11	2	18,18%
7. National Tourism Organisation [Including neighbouring countries]	13	13	4	30,77%
8. Provincial Tourism	11	11	6	54,55%
9. Local/Regional tourism/- Publicity Association	15	15	5	33,33%
10. Tourism Marketing Organisations	24	22	5	20,83%
Total	920	886	139	15,69%

All the respondents in the different categories were more than 13% and this therefore correlates well with the overall response rate of 15.7%. The classifications with a small sample segment like the national, provincial, local and other marketing tourism organisations has a high response rate that can be a result of the small sample size in these categories. Taking the big sample size into consideration, the final response rate of 15,7% is acceptable. In a similar study that was done on a sample size of 1096 a response rate of 17% was considered satisfactory [Collie & Sparkes, 1999: 5].

9.5.2 Processing of the response data

Once the data had been captured, the data was processed by the Research Support Unit of the Department of Mathematical Science at the Port Elizabeth Technikon using the software package Statistika.

9.5.3 Analyses of respondents

Section A of the questionnaire required respondents to complete general information about the respondent's position and the classification of the organisation that he/she represented. It also indicated the locality of the organisation as well as the percentage split between domestic and international business.

The results of the questions posed in Section A are provided in Tables 9.4 to 9.9.

Table 9.4 Position of the person completing the questionnaire

Category		Response frequency	Percentage
A	Senior Management eg. Owner, Managing Director, Director	69	49,64
B	Middle Management eg. Marketing Manager, General Manager, Administration Manager	38	27,34
C	Public Relations Officer; Marketing Official; Administrative Personnel	18	12,95
D	Unanswered	14	10,07
TOTAL		139	100,00

Table 9.4 shows that more than 75% [76,98%] of the respondents who completed the questionnaire were at management level, while nearly half [49,64%] were at senior management level. Taking into account that the feedback reflects the strategic perceptions of respondents, the high conceptual insight represented by the percentage of management responses were encouraging.

Table 9.5 Nature of responding organisations

Type of organisation	Response frequency	Percentage
<u>Domestic stakeholders</u>		
1. National [DMO]	3	2,16
2. Regional [DMO] [including provincial]	6	4,32
3. Metropolitan [DMO]	5	3,60
4. Tourist Attraction	10	7,19
5. Accommodation and Conference facilities	45	32,37
6. Game Lodge/Nature Reserve/Show Farms	20	14,39
7. Distribution channel	12	8,63
8. Transport [Air and ground]	6	4,32
9. Other	3	2,16
<u>International stakeholders</u>		
10. Tour Operator	24	17,27
11. National Tourism Organisation	1	0,72
12. Unanswered	4	2,87
TOTAL	139	100

Table 9.5 shows that the biggest response was from the accommodation and conference sector which also represented the largest segment in the sample as shown in Table 9.3. The next biggest group was tour operators followed by game lodges/nature reserves/show farms. It must, however, be noted that twenty of the twenty-four international tour operators also classified themselves as domestic tour operators and they can thus also be classified under domestic stakeholders. If the stakeholders are grouped into five categories, namely, accommodation and conferences, attractions, marketing and distribution, the response can be illustrated as shown in Table 9.6.

Table 9.6 Classification of responding organisations

Type of organisation	Response frequency	Percentage
Accommodation and Conference	45	32,37
Attractions	30	21,58
Marketing	15	10,79
Distribution	42	30,22
Unanswered and others	7	5,04
TOTAL	139	100

Table 9.6 shows that there was a fair distribution of responses representing accommodation, attractions, distribution and marketing.

Table 9.7 Location of responding organisations

Location	Response frequency	Percentage	Cumulative percentage
Eastern Cape	11	7,91	7,91
Gauteng	30	21,58	29,49
Kwazulu-Natal	16	11,51	41,00
Western Cape	50	35,97	76,97
Limpopo	6	4,32	81,29
Mpumalanga	9	6,48	87,77
Free State	2	1,44	89,21
Northern Cape	1	0,72	89,93
TOTAL: South Africa	125	89,93	89,93
International	14	10,07	100,00
TOTAL	139	100,00	100,00

Table 9.7 shows that 89,93% of the respondents were from South Africa and 10,07% from other neighbouring countries. The biggest response from South African stakeholders was from the Western Cape [35,97%], followed by Gauteng [21,58%] and Kwazulu-Natal [11,51%]. These figures correspond with previous research that was done on the number of nights spent by international tourists in the different

provinces [Fabricius, 2001: 21].

Stakeholders were asked to estimate the percentage share of their domestic and international business. The results of these are shown in Table 9.8.

Table 9.8 Percentage share of international business

Category	Response frequency	Percentage	Cumulative percentage
0 – 10%	22	14,38	14,38
10 – 20%	6	5,76	20,14
20 – 30%	5	3,60	23,74
30 – 40%	8	5,75	29,49
40 – 50%	10	7,20	36,69
50 – 60%	9	6,47	43,16
60 – 70%	19	13,67	56,83
70 – 80%	13	9,35	66,18
80 – 90%	18	12,95	79,13
90 – 100%	29	20,87	100,00
TOTAL	139	100,00	100,00

Table 9.8 indicates that 36,69% of the respondents' international share of their business is less than 50% while 63,31% of the respondents' international business share is more than 50%. For 33,82% of the respondents, the international share of their business is more than 80%. It is clear from the data that the weight of respondents business share is overwhelmingly in favour of international tourism and is, therefore, acceptable.

Table 9.9 Years the organisation has been in operation

Category	Response frequency	Percentage	Cumulative percentage
Longer than 10 years	46	33,09	33,09
6 – 10 years	45	32,37	65,46
1 – 5 years	40	28,78	94,24
Unanswered	8	5,76	100,00
TOTAL	139	100	100,00

Table 9.9 shows that 33,09% of respondents have been in operation longer than 10 years, while 65,46% of the respondents have been in operation for more than 6 years. About two-thirds of the respondents, therefore, have 6 years and more experience in the tourism industry.

9.6 RELIABILITY AND VALIDITY OF THE MEASURING INSTRUMENT

Validity and reliability are terms that, according to Leedy [1997: 32] are encountered repeatedly in research methodology. They are primarily concerned with the measuring instrument and contribute to the integrity of the research. Each term is discussed below.

9.6.1 Validity

As validity is concerned with the soundness and effectiveness of the measuring instrument [Leedy, 1997: 32], it must be asked whether the measuring instrument measures what it is intended to measure or not, and the degree of accuracy of that measurement. Therefore the following questions were asked regarding this study namely: Does the questionnaire measure what it is intended to measure and; does the questionnaire comply with the following validity criteria?

- ❑ **Face validity:** Face validity refers to whether the questions seem appropriate or not in the context of the study.
- ❑ **Criterion validity:** This is where validity is determined by relating a performance measure to another measure that may be used as a standard against which results are measured.
- ❑ **Content validity:** This is related to face validity. Content validity is where the accuracy of the instrument in measuring the factors of concern to the study is scrutinised.
- ❑ **Construct validity:** This is the degree to which the content of the study is measured by the questionnaire. In the case of this study “How can critical success factors be identified and integrated to achieve international competitiveness for South Africa as a tourism destination?”
- ❑ **Internal validity:** This is concerned with the information of conclusions based on the actual results obtained from the study and not based on any opinion that is influenced by research bias.
- ❑ **External validity:** This is the degree to which conclusions reached in the study may be applied to the broader population and not merely the sample study.

In this study, face validity, content validity, construct validity and external validity were applied. These criteria were chosen after consulting experienced senior managers in the tourism industry as well as academics in the pilot study described earlier in this chapter. The face validity, content validity and construct validity were confirmed by the pilot study. The external validity is based on the extensive literature study that was undertaken in order to develop a model of destination competitiveness.

9.6.2 Reliability

Reliability is the consistency with which the measuring instrument performs [Leedy, 1997: 35]. This means that, apart from delivering accurate results, the measuring instrument must deliver similar results consistently.

Riley *et al* [2000: 126] feel that reliability refers to whether the measuring instrument,

in this case the questionnaire, measures what it was intended to measure. Singleton, Straits and Straits [1993: 121] feel that reliability may be improved through conducting exploratory studies in the area of interest, or by conducting pre-tests on a small sample of persons similar in characteristics to the target group. In this study, both of the above activities were conducted by the researcher – in the form of a comprehensive literature study [see Chapters 2, 3, 4, 6, 7 and 8], and a pilot survey conducted on senior managers and academics in the tourism industry. The aim of the pilot study was to ensure that all questions were understandable and relevant.

9.7 SUMMARY

The aim of this chapter was to document the planning and process used in the empirical study as well as a quantitative analysis of the demographic details of the respondents. This was conducted through a brief overview of the literature relevant to the research methodology as well as detailed documentation of the process used to obtain information from the respondents.

The demographic details of the respondents reported in Section A of the questionnaire were presented in tabular form. The chapter concluded with a brief discussion of the validity and reliability of the data gathered through the use of the questionnaire.

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CHAPTER 10

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CHAPTER 10

RESULTS OF THE EMPIRICAL RESEARCH

10.1 INTRODUCTION

A key objective of this study was to determine possible critical success factors for a tourism destination such as South Africa and how these factors can be integrated. The previous chapter describes the empirical research methodology used to reach this objective. This included the research approach, the questionnaire, the population and sample size, the distribution of the questionnaire and the response. Chapter 9 also discussed the results obtained from Section A of the questionnaire pertaining to the demographics of the respondents.

The purpose of this chapter is to discuss results obtained on the identification of critical success factors and the integration of these factors based on the correlation between them. It also includes a discussion on the identification of economic and social indicators to measure the sustainable growth of the tourist destination, in this case, South Africa.

The results of Section B of the questionnaire, will be discussed first. Section B's results reflect the most important economic indicators and social indicators that can measure sustainable growth for South Africa. This will be followed by a discussion of the results of Section C that represent the customer perspective and consists of two parts. The results of C1 shows the most important attributes of South Africa as a tourist destination while the results of C2 indicate the most critical success factors that could lead to optimum customer satisfaction as identified by the respondents.

The results of the critical success factors identified within the management processes [Section D] will then be discussed. Five different management processes were identified; destination organisation and coordination; destination marketing management; destination human resource management; destination strategic management and destination responsible management.

The last section of the questionnaire [Section E] portrays the learning and growth perspective that reflects the future developmental critical success factors that are important to the long-term growth and development of a tourism destination. The results of the future success factors identified will be discussed in the four broad categories namely: product and market development; infrastructure development; people development and systems development.

The last part of the chapter analyses results on the integration of critical success factors based on the correlation between the different success factor categories.

10.2 SUSTAINABLE GROWTH: INDICATORS OF PERFORMANCE

The ultimate goal of the tourism destination is to ensure sustainable growth for the destination. The sustainable growth can be measured by means of economic indicators as well as social indicators. In Section B of the questionnaire, the respondents were presented with six economic indicators and four social indicators and were asked to indicate the importance of these for the measurement of sustainable growth in South Africa.

The results are shown in Table 10.1[a] and 10.1[b]

Table 10.1[a] Sustainable growth: Economic indicators for South Africa

INDICATORS OF PERFORMANCE		1	2	3	4	5	
		Not at all significant	To some extent significant	Reasonably significant	Largely significant	Absolutely significant	Mean
B1.1	South Africa's share of the long haul tourism market	0,7	5,8	16,5	22,3	46,8*	4,17
B1.2	The number of international visitor arrivals to South Africa	5,8	2,9	9,4	19,4	55,4*	4,24
B1.3	Tourism's contribution to South Africa's gross domestic product [GDP]	2,9	2,2	10,8	21,6	55,4*	4,34
B1.4	Volume of revenue composition of foreign portfolio	1,4	7,9	15,1	19,4	47,5*	4,13
B1.5	Foreign exchange earned	2,2	5,8	11,5	19,4	53,2*	4,26
B1.6	Tourism's contribution to employment and new job creation	0,7	7,2	8,6	18,0	58,3*	4,36

* Highest response percentage

Table 10.1[b] Sustainable growth: Social indicators for South Africa

INDICATORS OF PERFORMANCE		1	2	3	4	5	
		Not at all	To some extent	Reasonably significant	Largely significant	Absolutely	Mean
B2.1	Increased community involvement in tourism	0	10,8	18,7	32,4	33,8*	3,93
B2.2	Transformation of the tourism industry	2,2	17,3	16,5	30,2*	26,6	3,66
B2.3	Increased entrepreneurial opportunities for previously disadvantaged persons	2,2	10,8	22,3	28,8	30,2*	3,78
B2.4	The implementation of responsible environmental practices	0	7,9	10,8	23,7	52,5*	4,27

* Highest response percentage

Table 10.1[a] shows the response percentages as well as the overall mean of the responses to each question in Section B.1. It is clear from the table that the respondents considered all the economic indicators listed as critically important in the measurement of sustainable growth. The indicators with the highest score and highest mean is tourism contribution to employment and new job creation which is a reflection of the hope that is placed on the tourism industry in South Africa to help

address the high unemployment problem. Other additional indicators listed by the respondents are:

- ❑ Number of return visits by foreign visitors [1]
- ❑ Number of new tourism enterprises registered [1]
- ❑ Growth in performance indices: actual year on year [1]

Table 10.1[b] shows the response percentages and mean for the social indicators. The most important indicators identified are as follows:

- ❑ Responsible environmental practices implementation;
- ❑ Increased community involvement; and
- ❑ Increased entrepreneurial opportunities.

Other social indicators that were listed by the respondents are:

- ❑ Product sustainability [1]
- ❑ Funds allocated to tourism products [1]
- ❑ Government attitude towards tourism [1]

It is interesting that although transformation is considered as largely important, it is not considered to be as important by the respondents as the other three indicators. The analysis further indicated that with the exception of responsible environmental practices, all the means were below four, whereas for the economic indicators, they were all above four. This shows that respondents in South Africa still consider the economic factors to be more important than the social factors.

10.3 CUSTOMER PERSPECTIVE: THE IDENTIFICATION OF CRITICAL SUCCESS FACTORS

Section C represents the customer perspective and consists of two parts: C1 requested the respondents to identify the most important attributes of the destination that would attract international tourists. In C2 respondents were requested to identify the success

factors that could lead to optimum customer satisfaction and retention for the visiting tourist.

10.3.1 The most important attributes that will attract international tourists to South Africa

The most important attributes to attract international tourists to South Africa as perceived by the respondents are shown in Table 10.2.

Table 10.2 The most important attributes to attract international tourists to South Africa

Attributes	1	2	3	4	5	
	Not at all significant	To some extent significant	Reasonably significant	Largely significant	Absolutely significant	Mean
C1.1 Scenic beauty	0	0	10,8	32,4	54,7*	4,45
C1.2 Wildlife experiences	0	0,7	1,4	33,1	61,9*	4,60
C1.3 Cultural experiences	0,7	7,2	26,6	37,4*	25,2	3,81
C1.4 Eco tourism experiences	0	3,6	17,3	44,6*	30,9	3,99
C1.5 Adventure experiences	0	3,6	36,7	43,9*	12,2	3,67
C1.6 Climate	1,4	2,2	12,2	39,6	41,0*	4,20
C1.7 Family-orientated experiences	1,4	12,2	46,0*	25,9	10,8	3,34
C1.8 Entertainment and recreational Experiences	2,2	8,6	42,4*	29,5	13,7	3,46
C1.9 Participation in major events [eg. World Summit in 2002 and Cricket World Cup in 2003] level	1,4	10,8	34,5*	30,20	18,7	3,56
C1.10 The quality level of tourism facilities and amenities	0,7	0,7	8,6	36,7	50,4*	4,39
C1.11 Visits to friends and family [VFR]	1,4	10,8	41,7*	23,7	17,3	3,47
C1.12 Visits for business purposes	0,7	12,2	35,3*	33,1	14,4	3,50
C1.13 Perceived safety of the destination	0,7	3,6	3,6	20,9	67,6*	4,57
C1.14 Accessibility to the destination [flying time, Visa requirements]	0	4,3	6,5	25,9	59,7*	4,46
C1.15 Perceived image of the destination relative to competing destinations	0	2,9	9,4	15,8	68,3*	4,55

* Highest response percentage

The most critical attributes of the destination that were identified by the respondents in order of importance are:

- ☐ Wildlife experiences
- ☐ Perceived safety
- ☐ Perceived image
- ☐ Accessibility
- ☐ Scenic beauty
- ☐ Quality level of tourism facilities
- ☐ Climate

In research that was done among international tourists visiting South Africa [SATOURL, 1999: 51], scenic beauty, wild life experiences and climate were listed as the three most important attributes attracting international tourists and corresponds, therefore, with the findings of this study. The results of this research were discussed in chapter 7 and illustrated in Table 7.6[a].

It is, however, interesting that all the other critical attributes identified by respondents namely, perceived safety of the destination, perceived image of the destination, accessibility of the destination and quality level of tourism facilities were also identified in the international Delphi survey as critical success factors. The results of this survey were discussed in chapter 5.

With the existing safety and security problems that South Africa is experiencing, it is clear that the management of the safety of tourists will be a critical success factor to manage and monitor in the future. Three success factors that were indicated as largely significant, but not critical, are cultural experiences, eco-tourism experiences and adventure experiences. Lubbe [2003: 79] points out that eco-tourism and adventure tourism are some of the fastest growing trends in tourism worldwide. Taking into account the potential of South Africa in these areas, as well as the cultural richness, these attributes can become critical for the future. Family-orientated experiences, entertainment and recreational experiences, participation in major events, visits to friends and family and visits for business purposes, were considered reasonably significant but not critical. Other attributes listed under C1.16 are:

- ☐ Value for money [4 responses]
- ☐ Available information [1]

Although not included in the questionnaire, it was evident from the above that value for money could also be an important attribute to consider.

10.3.2 *Success factors that will lead to optimum customer satisfaction*

Section C2 requested the respondents to identify the success factors that could lead to optimum customer satisfaction for the international tourist to South Africa. These critical success factors include quality of service and quality of experience factors as reflected in Table 10.3[a]

Table 10.3[a] Customer satisfaction: Quality of experience and quality of service

Customer satisfaction	1	2	3	4	5	
	Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
C2.1 Tourism experience is enjoyable and memorable	0	0,7	0,7	25,9	69,8*	4,70
C2.2 Tourism experience is interactive	0	10,1	34,5*	33,1	17,3	3,60
C2.3 Tourism experience is novel and authentic	0	3,6	31,7	38,8*	22,3	3,83
C2.4 Tourism experience is comfortable and relaxing	0	2,9	12,2	40,3	40,3*	4,23
C2.5 Tourism experience is safe	0	1,4	2,2	9,4	82,7*	4,81
C2.6 Tourism experience is stimulating [educational, informative and challenging]	0,7	5,0	32,4*	31,7	24,5	3,79
C2.7 Airport quality and efficiency	0	2,2	17,3	32,4	46,0*	4,25
C2.8 Quality and availability of tourist information	0	0,7	10,1	41,7	44,6*	4,34
C2.9 Quality and availability of taxi services	0,7	7,2	27,3	33,8*	28,1	3,84
C2.10 Public transport efficiency and quality	3,6	11,5	28,1	30,2*	23,7	3,60
C2.11 Availability of knowledgeable tour guides	0	2,9	13,7	34,5	46,8*	4,27
C2.12 Variety and quality of accommodation	0	0	4,3	28,8	63,3*	4,61
C2.13 Quality of restaurant/eating facilities and services	0	0	5,8	28,1	62,6*	4,60
C2.14 Visitor accessibility to natural areas	0	1,4	8,6	36,0	48,9*	4,39
C2.15 Quality and capacity of convention and conference facilities	0	2,9	28,8	39,6*	25,2	3,90
C2.16 Availability and accessibility of recreation facilities [eg. parks, leisure facilities, horse riding]	0	4,3	28,1	38,8*	25,9	3,89
C2.17 Availability and accessibility of sport facilities [eg. golf, tennis]	1,4	6,5	35,3	36,7*	17,3	3,63
C2.18 Availability and quality of health/medical facilities to serve tourists	0	2,9	12,9	34,5	46,8*	4,29
C2.19 Access to quality financial institutions and currency exchange facilities	0,7	0,7	15,1	38,8	41,0*	4,23
C2.20 Access to affordable telecommunications facilities	0	2,9	24,5	29,5	39,6*	4,10
C2.21 Extent of technology and e-commerce usage by tourism industry	1,4	7,2	23,0	40,3*	25,2	3,83
C2.22 Quality and availability of tours	0,7	2,2	12,9	44,6*	36,7	4,18
C2.23 Quality and diversity of shopping facilities	0	3,6	29,5	39,6*	23,0	3,85

* Highest response percentage

When viewed within the identified categories of quality of service and quality of experience the most important critical success factors are summarised in Table 10.3[b].

Table 10.3[b] Classification of customer satisfaction critical success factors

Quality of service	Quality of experience
<ul style="list-style-type: none">* Variety and quality of accommodation* Quality of restaurant/eating facilities* Visitor accessibility to natural areas* Quality and availability of tourist information* Availability and quality of health/medical facilities* Availability of knowledgeable tour guides* Airport quality and efficiency* Access to quality financial institutions* Access to affordable telecommunication systems	<ul style="list-style-type: none">* Tourism experience is safe* Tourism experience is enjoyable and memorable* Tourism experience is comfortable and relaxing

Only one additional factor was added by the respondents under C2.24, namely, road infrastructure and accessible highways.

Service factors that were considered of lesser importance were: taxi services, public transport, convention and conference facilities, recreation facilities, sport facilities, e-commerce, tours and shopping facilities. Experience factors that were considered of lesser importance were interactive, novel and authentic and stimulating [educational, informative and challenging] experiences.

10.4 DESTINATION MANAGEMENT PROCESSES: THE IDENTIFICATION OF CRITICAL ELEMENTS

Section D focused on destination management processes that will have the greatest impact on the customer satisfaction and the achievement of sustainable growth objectives. Respondents were requested to identify key elements within each of the following five destination management processes namely: destination organisation and coordination; destination marketing; human resource management; strategic destination management and responsible destination management. These processes are briefly discussed below.

10.4.1 *Destination organisation and coordination*

The results of the critical elements identified by the respondents for the destination organisation and coordination management process is shown in Table 10.4.

Table 10.4 Destination organisation and coordination: The identification of critical elements

DESTINATION MANAGEMENT PROCESS			1	2	3	4	5	
			Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
D.1 DESTINATION ORGANISATION AND COORDINATION	D1.1	Ensuring appropriate destination marketing organisations at all levels [national, provincial]	0	2,2	10,8	28,1	56,1*	4,42
	D1.2	Continuous co-ordination and co-operation between tourism stake-holders	0	0,7	10,1	37,4	48,9*	4,38
	D1.3	Ensuring appropriate funding to sustain destination marketing organisations	0	2,2	7,2	35,3	52,5*	4,42
	D1.4	Implementing appropriate benchmarking, monitoring and evaluation mechanisms	0	7,2	18,7	35,3	35,3*	4,02

* Highest response percentage

Respondents regarded all the elements listed as critical and placed them in the following order of importance:

- ❑ Ensuring appropriate marketing organisations at all levels;
- ❑ Ensuring appropriate funding to sustain destination marketing organisations;
- ❑ Continuing co-ordination and cooperation between stakeholders; and
- ❑ Implementing appropriate benchmarking, monitoring and evaluation.

The following additional elements of importance were identified by the respondents under D1.5:

- ❑ Work as one to sell South Africa not as provinces [3]
- ❑ Flow of communication to be timeless [1]
- ❑ Provide effective visitor information [1]

It is clear from the critical elements listed as well as the additional elements identified that the respondents wanted a well-organised and integrated marketing organisation that would focus more on selling South Africa as a tourism destination.

10.4.2 *Destination marketing*

The results of the critical elements identified by the respondents for the destination marketing management process is shown in Table 10.5.

Table 10.5 Destination marketing: The identification of critical elements

DESTINATION MANAGEMENT PROCESS			1	2	3	4	5	
			Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
D.2 DESTINATION MARKETING	D2.1	Developing an effective branding strategy for the destination	0	0	7,9	30,2	60,4*	4,53
	D2.2	Developing an effective positioning strategy for the destination	0	1,4	11,5	33,1	51,1*	4,37
	D2.3	Determining relevant, viable and sustainable target markets	0	0	10,8	30,2	56,8*	4,47
	D2.4	Packaging theming and routing current tourism attractions and experiences and developing those with potential	0,7	2,2	15,8	40,3*	38,1	4,16
	D2.5	Ensuring integrated promotion strategies [eg. advertising, exhibitions, internet, workshops].	0	0,7	10,1	34,5	51,1*	4,41
	D2.6	Ensuring effective distribution and sales [effective information dissemination, brochure distribution, reservation systems]	0,7	1,4	9,4	30,2	56,1*	4,43

* Highest response percentage

The most critical elements identified by the respondents for destination marketing in order of importance are:

- ❑ Develop an effective branding strategy;
- ❑ Develop relevant, viable and sustainable target markets;
- ❑ Develop effective distribution and sales;
- ❑ Ensure integrated promotion strategies; and
- ❑ Develop an effective positioning strategy.

Packaging, theming and routing of attractions and experiences were considered less important than the ones listed above. Elements that were listed under the open question D2.7 are:

- ❑ Market South Africa as a whole [2]
- ❑ Develop effective marketing tools [1]
- ❑ Obtain government assistance with funding and platforms [1]

- ❑ Integrate synergies into branding [1]

Most of the respondents regarded marketing as an extremely important process with specific emphasis on branding, target markets, distribution and sales and the integration and coordination of the funding and marketing effort.

10.4.3 *Destination human resource management*

The results of the critical elements identified by the respondents for the destination human resource management process is shown in Table 10.6.

Table 10.6 Destination human resource management: The identification of critical elements

DESTINATION MANAGEMENT PROCESS		1	2	3	4	5	
		Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
D.3 HUMAN RESOURCE MANAGEMENT	D3.1 Effective recruitment, training and development of staff	0	0,7	6,5	30,2	60,4*	4,54
	D3.2 Implementing appropriate transformation strategies	5,0	6,5	28,1	34,5*	22,3	3,64
	D3.3 Providing appropriate career paths	2,2	6,5	22,3	42,4*	21,6	3,78
	D3.4 Ensuring appropriate labour relations and negotiations strategies and processes	3,6	11,5	20,9	36,7*	23,0	3,67

* Highest response percentage

The respondents identified only one critical element, namely: the effective recruitment training and development of staff.

Other elements identified by the respondents under question D3.5 are:

- ❑ Country student exchange programmes [1]
- ❑ Professional codes and procedures [1]

All the above also relates to the training and development of personnel and it can, therefore, be concluded that respondents considered this element as the most critical in terms of human resources management.

10.4.4 *Strategic Destination Management*

The results of the critical elements identified by respondents for the destination strategic management process is shown in Table 10.7.

Table 10.7 Strategic destination management: The identification of critical elements

DESTINATION MANAGEMENT PROCESS		1	2	3	4	5	
		Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
D.4 STRATEGIC DESTINATION MANAGEMENT	D4.1 Providing strategic direction [shared vision and strategic framework]	0,7	2,2	19,4	33,8	39,6*	4,14
	D4.2 Continuous macro, competitive and market analysis	0,7	4,3	19,4	36,0*	35,3	4,05
	D4.3 Formulation and implementation of integrated destination strategies	0	3,6	16,5	43,2*	31,7	4,08
	D4.4 Strategic benchmarking, Monitoring and evaluation	0,7	2,2	20,1	37,4*	34,5	4,08

* Highest response percentage

It is evident from Table 10.7 that most of the respondents regarded the strategic management of the destination as critical. All the elements listed have an average mean above four, with strategic direction the highest mean of 4,14. The high importance rating given to strategic direction confirms the findings of the literature study that was done in chapter 6 on strategic direction.

The other elements added by respondents are:

- Eco-tourism strategy [1]
- Implementation strategy [1]

10.4.5 *Responsible destination management*

The results of the critical elements identified by the respondents for responsible destination management is shown in Table 10.8.

Table 10.8 Responsible destination management: The identification of critical elements

DESTINATION MANAGEMENT PROCESS		1	2	3	4	5	
		Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
D.5 RESPONSIBLE DESTINATION MANAGEMENT	D5.1 Putting mechanisms in place to protect the interests of local communities	2,2	5,8	12,9	31,7	44,6*	4,14
	D5.2 Putting mechanisms in place to preserve cultural integrity and authenticity	0,7	5,0	12,2	29,5	49,6*	4,25
	D5.3 Ensuring environmental and social impact assessments as a base for future tourism development	0,7	0,7	9,4	28,1	58,3*	4,47
	D5.4 Incentivising tourism stakeholders who adhere to the principles of sustainable development	0,7	3,6	14,4	39,6*	37,4	4,12
	D5.5 Promoting the importance of responsible tourism practices on the part of tourists, communities and the tourism industry	0,7	2,2	5,8	35,3	53,2*	4,42

* Highest response percentage

The most critical elements identified by the respondents in order of importance are:

- ❑ Ensuring environmental and social impact assessments as a base for future tourism development;
- ❑ Promoting the importance of responsible tourism practices;
- ❑ Putting mechanisms in place to preserve cultural integrity and authenticity;
- ❑ Putting mechanisms in place to protect the interests of local communities; and
- ❑ Incentivising tourism stakeholders who adhere to the principle of sustainable development.

It is evident that most of the respondents considered responsible destination management, with all its elements, as critical. Other elements that were added under D5.6 are:

- Continuous development [1]
- Communications improvement [1]

10.5 LEARNING AND GROWTH PERSPECTIVE: THE IDENTIFICATION OF CRITICAL SUCCESS FACTORS

Section E of the questionnaire represents the learning growth perspective that portrays future development factors that are critical to create long-term growth and improvement for the destination. Four categories were identified in the literature study: product development; infrastructure development; people development and systems development. The results of these four categories are discussed below.

10.5.1 Product and market development: The identification of future critical success factors

The respondents' view on product and market development is depicted in Table 10.9.

Table 10.9 Product and market development: The identification of future critical success factors

LEARNING AND GROWTH PERSPECTIVE			1	2	3	4	5	
			Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
E.1 PRODUCT AND MARKET DEVELOPMENT	E1.1	Development of new attractions and experiences	0	7,9	29,5	36,0*	23,7	3,79
	E1.2	Development of new tour routes and tour packages	0,7	8,6	32,4*	29,5	25,9	3,73
	E1.3	Exploiting new market opportunities and focusing on new market segments	0	4,3	13,7	38,1	41,0*	4,19
	E1.4	Development of new airline alliances	0,7	5,0	17,3	20,9	52,5*	4,24
	E1.5	Upgrading and further developing visitor services and facilities	0	1,4	11,5	28,1	54,0*	4,41

* Highest response percentage

The critical success factors identified by respondents, in order of importance, are:

- ❑ Upgrading and further development of visitor services and facilities;
- ❑ Developing new airline alliances; and
- ❑ Exploiting new market opportunities.

Most of the respondents regarded the development of new tour routes and tour packages as well as the development of new attractions and experiences as not as critical. This is interesting as both of these are critical elements of innovative development to ensure competitive future products and attractions. Other success factors listed by respondents under the open question E1.6 are:

- ❑ Increase charter airline flights and the promotion of off-peak marketing [1]
- ❑ Develop a creative approach [1]
- ❑ Ensure sustainability of new products [1]

10.5.2 *Infrastructure development and management: The identification of future critical success factors*

Respondent feedback in terms of infrastructure development and management is shown in Table 10.10.

Table 10.10 Infrastructure development and management: The identification of future critical success factors

LEARNING AND GROWTH PERSPECTIVE			1	2	3	4	5	
			Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
E.2 INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT	E2.1	Responsible destination planning and resource usage	0	1,4	15,8	36,7	43,9*	4,26
	E2.2	Provision of appropriate public transport systems, roads, airports, rail ports.	0	1,4	10,8	33,8	51,1*	4,39
	E2.3	Provision of appropriate infrastructure [eg. water, electricity]	0	0	12,2	33,8	51,1*	4,40
	E2.4	Safety and security management	0	0	0	16,5	80,6*	4,83
	E2.5	Road signage and information networks	0,7	0,7	5,0	27,3	62,6*	4,56

* Highest response percentage

The most important future critical success factors identified by respondents, in order of importance, are:

- ❑ Safety and security management;
- ❑ Road signage and information networks;
- ❑ Appropriate infrastructure provision;
- ❑ Appropriate public transport systems, roads, airport and rail ports provision; and
- ❑ Responsible destination planning and resource usage.

It is evident from the above that the majority of the respondents consider infrastructure development and management as critical towards the future success of South Africa as a tourism destination. The most important of these is safety and

security management. Other future success factors that were added by the respondents under open question E2.6 are:

- ❑ Cleanliness throughout the country [1]
- ❑ Integrating IDP and LED processes [1]

10.5.3 *People development: The identification of future critical success factors*

The people development success factors identified by the respondents as important are shown in Table 10.11.

Table 10.11 People development: The identification of future critical success factors

LEARNING AND GROWTH PERSPECTIVES		1	2	3	4	5	
		Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
E.3 PEOPLE DEVELOPMENT	E3.1 Skills training and education	0	0,7	5,8	33,8	58,3*	4,52
	E3.2 Community tourism awareness programmes	0	2,9	12,2	33,8	48,2*	4,31
	E3.3 Customer care programmes	0	1,4	3,6	33,1	59,0*	4,54
	E3.4 Transformation programmes	2,2	7,2	30,9*	30,2	25,9	3,73
	E3.5 Entrepreneurial support programmes	1,4	4,3	15,8	38,1*	37,4	4,09

* Highest response percentage

The most important future people development critical success factors identified by respondents, in order of importance, are:

- ❑ Customer-care programmes;
- ❑ Skills training and education;
- ❑ Community tourism awareness programmes; and
- ❑ Entrepreneurial support.

Skills training and education were again highlighted as an important critical success factor for future development. Customer care, community awareness and entrepreneurial training were also considered to be critical. Transformation programmes were again viewed as not as important by the respondents. Other factors that were listed by the respondents are:

- ❑ Selecting the best person for the job [1]
- ❑ Having public sector tourism training programmes [1]
- ❑ Simplifying and reducing the cost of training [1]

10.5.4 Systems development and usage: The identification of future critical success factors

The systems development factors identified by the respondents as important are shown in Table 10.12.

Table 10.12 Systems development: The identification of future critical success factors

LEARNING AND GROWTH PERSPECTIVE			1	2	3	4	5	
			Not important	Some importance	Reasonably important	Very important	Extremely important	Mean
E.4 SYSTEMS DEVELOPMENT AND USAGE	E4.1	Integrated systems of information technology	1,4	4,3	23,0	36,0*	33,1	3,97
	E4.2	Market research and intelligence	0,7	3,6	11,5	36,7	45,3*	4,25
	E4.3	Computerised reservation system	2,9	10,1	16,5	37,4*	28,8	3,82
	E4.4	Optimal utilisation of the Internet and other technology-based tools [eg. CD Rom]	2,2	11,5	15,1	35,3	40,3*	4,10

* Highest response percentage

The most critical systems development success factors chosen by respondents, in order of importance, are:

- ❑ Market research and intelligence; and
- ❑ Optimum utilisation of the Internet and other technology tools.

The other factors identified by the respondents under open question E4.5 are:

- Continuous upgrading of information systems [1]
- Development of e-commerce skills [1]

10.6 THE INTEGRATION OF CRITICAL SUCCESS FACTORS

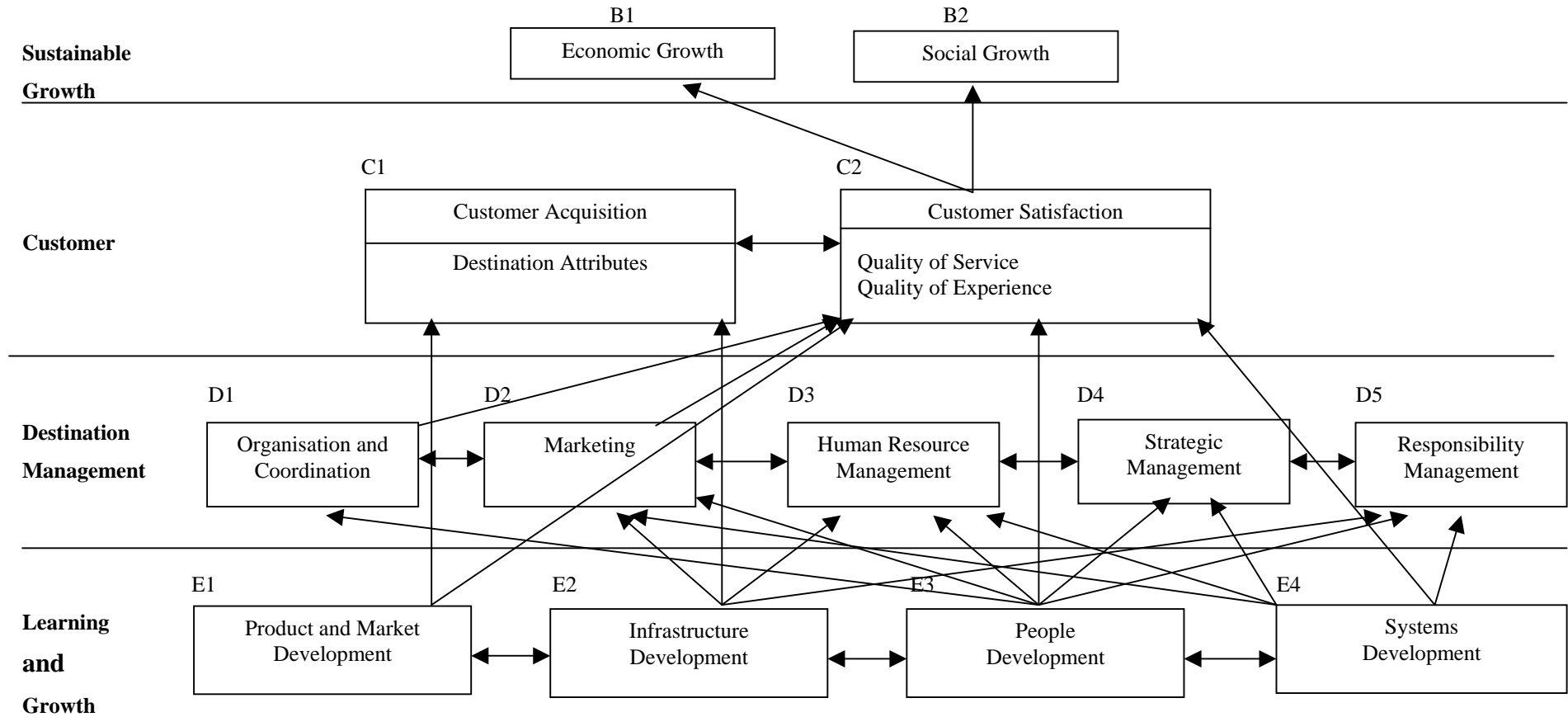
The correlations between the primary critical success factor categories are given in Table 10.13. The correlations above 0,5 are considered to be significant. These correlations were used to construct a success factor integration tree shown in Figure 10.1.

Table 10.13 Correlations between critical success factors

Correlations - Marked correlations are significant at $p < 0.5000$											
Variable	C1_to	C2_to	D1_to	D2_to	D3_to	D4_to	D5_to	E1_to	E2_to	E3_to	E4_to
C1_to	1.0000	.6490	.3175	.3811	.3399	.2933	.2302	.4936	.5315	.3804	.4645
	N=128	N=105	N=125	N=125	N=122	N=122	N=123	N=125	N=127	N=124	N=125
	P=---	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000
C2_to	.6490	1.0000	.5868	.5547	.5797	.4931	.4043	.5801	.6580	.5480	.6248
	N=105	N=111	N=108	N=109	N=105	N=106	N=106	N=107	N=110	N=108	N=109
	P=.000	P=---	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000
D1_to	.3175	.5868	1.0000	.7104	.5352	.6001	.4975	.4736	.3966	.5406	.5957
	N=125	N=108	N=132	N=131	N=128	N=128	N=128	N=126	N=130	N=128	N=129
	P=.000	P=.000	P=---	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000
D2_to	.3811	.5547	.7104	1.0000	.5072	.7228	.4884	.4838	.5240	.5242	.6324
	N=125	N=109	N=131	N=132	N=127	N=127	N=128	N=126	N=130	N=128	N=130
	P=.000	P=.000	P=.000	P=---	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000
D3_to	.3399	.5797	.5352	.5072	1.0000	.6811	.6534	.4114	.4659	.7618	.6671
	N=122	N=105	N=128	N=127	N=130	N=126	N=128	N=123	N=127	N=126	N=127
	P=.000	P=.000	P=.000	P=.000	P=---	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000
D4_to	.2933	.4931	.6001	.7228	.6811	1.0000	.5624	.4336	.4703	.6486	.6233
	N=122	N=106	N=128	N=127	N=126	N=131	N=126	N=123	N=127	N=125	N=126
	P=.000	P=.000	P=.000	P=.000	P=.000	P=---	P=.000	P=.000	P=.000	P=.000	P=.000
D5_to	.2302	.4043	.4975	.4884	.6534	.5624	1.000	.3991	.5025	.6324	.5162
	N=123	N=106	N=128	N=128	N=128	N=126	N=131	N=124	N=128	N=127	N=128
	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=---	P=.000	P=.000	P=.000	P=.000
E1_to	.4936	.5801	.4736	.4838	.4114	.4336	.3991	1.0000	.5425	.3980	.5463
	N=125	N=107	N=126	N=126	N=123	N=123	N=124	N=130	N=130	N=126	N=127
	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=----	P=.000	P=.000	P=.000
E2_to	.5315	.6580	.3966	.5240	.4659	.4703	.5025	.5425	1.0000	.5104	.5243
	N=127	N=110	N=130	N=130	N=127	N=127	N=128	N=130	N=134	N=130	N=131
	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=----	P=.000	P=.000
E3_to	.3804	.5480	.5406	.5242	.7618	.6486	.6324	.3980	.5104	1.0000	.6519
	N=124	N=108	N=128	N=128	N=126	N=125	N=127	N=126	N=130	N=131	N=129
	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=----	P=.000
E4_to	.4645	.6248	.5957	.6324	.6671	.6233	.5162	.5463	.5243	.6519	1.0000
N=125	N=125	N=109	N=129	N=130	N=127	N=126	N=128	N=127	N=131	N=129	N=133
	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=.000	P=----

The correlation above 0,5 are considered to be significant. These correlations were used to construct a success factor integration tree shown in Figure 10.1

Figure 10.1 South Africa – success factor integration tree



Source: Researcher's own construction

The correlation relationships of the strategy tree, reflecting the responses received will now be discussed starting with the learning and growth perspective and working up the tree.

10.6.1 *Learning and growth perspective*

This perspective reflects the developmental actions that the destination must undertake to create long-term growth and improvement.

The learning and growth perspective consists of the following critical success factor categories:

E1 – Production and market development

E2 – Infrastructure development

E3 – People development

E4 – Systems development

All the learning and growth components correlate strongly with each other. People development and systems development correlates strongly upwards with all the destination management processes while infrastructure development correlates strongly with customer satisfaction, marketing management and responsibility management. Product and market development do not correlate with any of the management processes, but directly with customer acquisition and customer satisfaction. This might indicate that product and market development should be a destination management process rather than a learning and growth component.

The strongest upward correlations for the learning and growth components are given in Table 10.14.

Table 10.14 Strongest upwards correlations of learning and growth components

Learning and growth component	Strongest upward correlation
E1 Product and market development	C2 Customer satisfaction
E2 Infrastructure development	C2 Customer satisfaction
E3 People development	D3 Human resource management
E4 Systems development	D3 Human resource management D2 Marketing management D3 Human resource management D4 Strategic management

It is evident from Table 10.14 that product and market development and infrastructure development should be directed towards customer satisfaction and integrated with the customer satisfaction success factors. People development and systems development correlate strongly with the management processes and should be integrated with their critical success factors to ensure optimum performance.

10.6.2 Destination management processes

Destination management processes refer to those processes that can enhance the appeal of the destination; have the greatest impact on customer acquisition and satisfaction; and can directly contribute to the sustainable growth of the destination. The respondents identified critical success factors in each of the following categories:

- D1 – Destination organisation and coordination
- D2 – Destination marketing management
- D3 – Destination human resource management
- D4 – Destination strategic management
- D5 – Destination responsibility management

Firstly, all the destination management processes correlate strongly with each other. In addition, all the processes further correlate strongly upwards with customer

satisfaction. However, it is interesting that the correlation with customer acquisition is not as strong and are for all processes under 0,4. The purpose of the destination management processes is to enhance the appeal of the destination and to add the maximum value for the customer. The strongest correlations downward for the different management processes are shown in Table 10.15.

Table 10.15 Correlations of destination management processes with learning and growth

Management process	Strongest downwards correlation
D1 Organisation and coordination	E4 Systems development
D2 Marketing management	E4 Systems development
D3 Human resource management	E3 People development
D4 Strategic management	E3 People development
D5 Responsibility management	E3 People development

It is again evident from the above that systems development and people development are considered to be the most important future critical success factors that will support the destination management processes of the South African Tourism Industry.

10.6.4 Customer perspective

The ultimate goal of the customer perspective is, firstly, to attract successfully international tourists and, secondly, to add optimum value to the tourist experience at the destination. The critical success area identified for customer acquisition is destination attributes while the critical success areas identified for customer satisfaction are: quality of service and quality of experience.

Section C represents the customer perspective and, therefore, consists of two parts:

- ❑ C1 that requested the respondents to identify the most important attributes of the destination that will attract customers.
- ❑ C2 that requested the respondents to identify the critical success factors that would lead to optimum customer satisfaction and value.

The data analysed shows that the biggest correlation is between C1 and C2. Product and market development and infrastructure development show a strong correlation with customer acquisition, while people development and systems development shows strong correlation with customer satisfaction. All of the management processes, except responsible management, show a strong correlation with customer satisfaction. The strongest correlations are with organisation and coordination, marketing and human resource management.

No upward correlation was measured as Section B represents the indicators or measurements of sustainable growth. Customer satisfaction will therefore lead to sustainable growth as measured by the economic indicators as well as the social indicators of the destination.

10.7 SUMMARY

The purpose of this chapter was to discuss the results obtained on the identification of critical success factors and the integration of these for South Africa as an international tourism destination.

The results of the most important economic and social indicators that can measure sustainable growth for South Africa were discussed first. The respondents rated all the economic indicators listed as important while the social indicators received lower ratings. The customer perspective represented the most important attributes and quality of service and quality of experience factors identified by respondents. Most of the respondents felt that to satisfy the international tourist, the experience must be safe, enjoyable, memorable, comfortable and relaxing. The respondents further indicated that to satisfy the tourist, the quality of accommodation, restaurants, access

to natural areas, tourist information, tour guides, airports and financial and communication institutions must be of a high standard.

Most of the critical success factors in the destination management processes were considered to be critical. The analysis of the results of the learning and growth critical success factors indicated that the most critical factors for product and market development were exploring new market opportunities; the development of new airline capacity and the upgrading of visitor services and facilities. All the infrastructure development success factors were considered to be critical. For people development, the most critical factors were skills training and education, community awareness training and customer-care programmes while for systems development, it was market research and intelligence and the optimum use of the Internet and technology based tools.

Three critical success factors that surfaced very strongly in the results are safety, marketing and skills training and education. The last section of the chapter shows how the critical success factors can be integrated in a success factor integration tree-based on the correlation data between the different success factor sub-categories. The analysis shows that product- and market development shows strong correlation with customer acquisition and customer satisfaction and consideration should be given to reclassify it as a destination management process rather than a learning and growth component.

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CHAPTER 11

SUMMARY AND RECOMMENDATIONS

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CHAPTER 11

SUMMARY AND RECOMMENDATIONS

11.1 INTRODUCTION

This chapter will provide an overview of the conclusions of the study in relation to its objectives. Recommendations based on these conclusions will be proposed that could result in improved strategic decision-making for South Africa as a tourism destination.

This chapter also proposes a destination competitiveness model that can contribute to tourism management science in general and particularly to the enhancement of the competitiveness of destinations. Suggestions will finally be made for future research that can contribute to the competitiveness of South Africa and other international tourism destinations.

11.2 OBJECTIVES OF THE STUDY

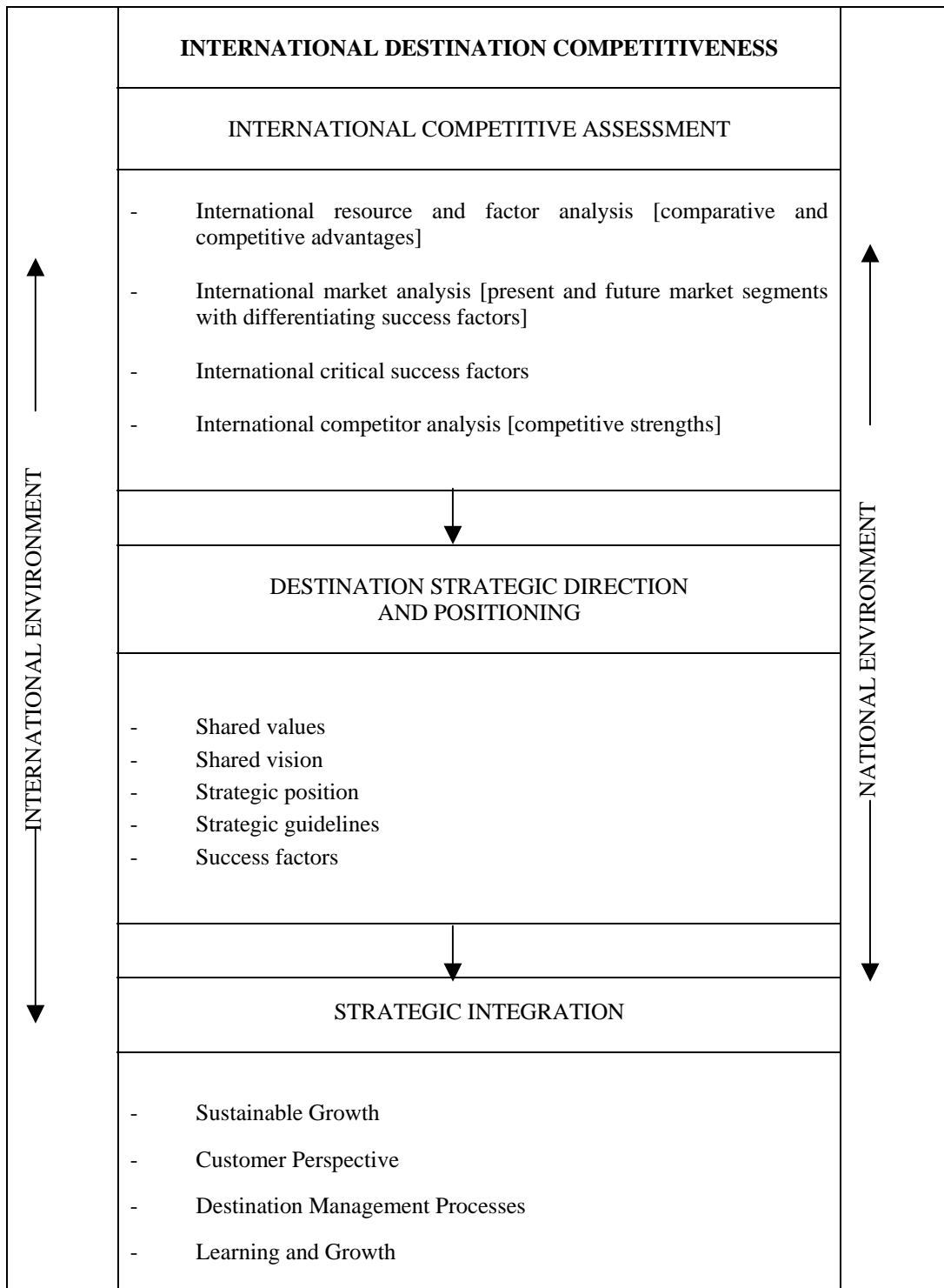
The main objective of this study was to develop a strategic model that can be used to identify and integrate the critical success factors of an international tourism destination and to apply this model in a South African context.

More specifically, the objectives of the study were:

- **To provide an overview and strategic analysis of the international and South African tourism industry [Chapter 2].** In order to have a meaningful base from which to approach the analysis of the national tourism situation and the development of a framework and model, it was deemed to be important for this study to:
 - Define the concepts tourism industry, tourism product, international tourist and tourism destination

- Explain the historical and organisational development of tourism in South Africa
 - Do a strategic analysis of international tourism as well as the South African tourism industries
- **To critically analyse the contemporary literature on critical success factors and strategic management [Chapters 3 and 4].** The main purpose of this study was to develop a model that can be used for the strategic identification and integration of critical success factors. The nature and extent of critical success factors were critically analysed and defined in chapter 3. It was reasoned that the identification of these critical success factors should take place within a strategic management framework. Chapter 4 was used to theoretically analyse the evolution of strategic management thought and to develop a strategic management framework based on the most recent literature and thoughts.
- **To develop a strategic destination competitiveness model for the identification and integration of critical success factors [Chapters 4-7].** A basic model was proposed in chapter 4, based on the literature survey that was done. The model consists of three main components: international competitive assessment; destination strategic direction and positioning and strategic integration. The components served as a directive for chapters 5, 6 and 7 in which each of the components were critically analysed and developed. A final model was developed and presented in chapter 8. The model is shown in Figure 11.1

Figure 11.1 International destination competitiveness model



Source: Researcher's own construction

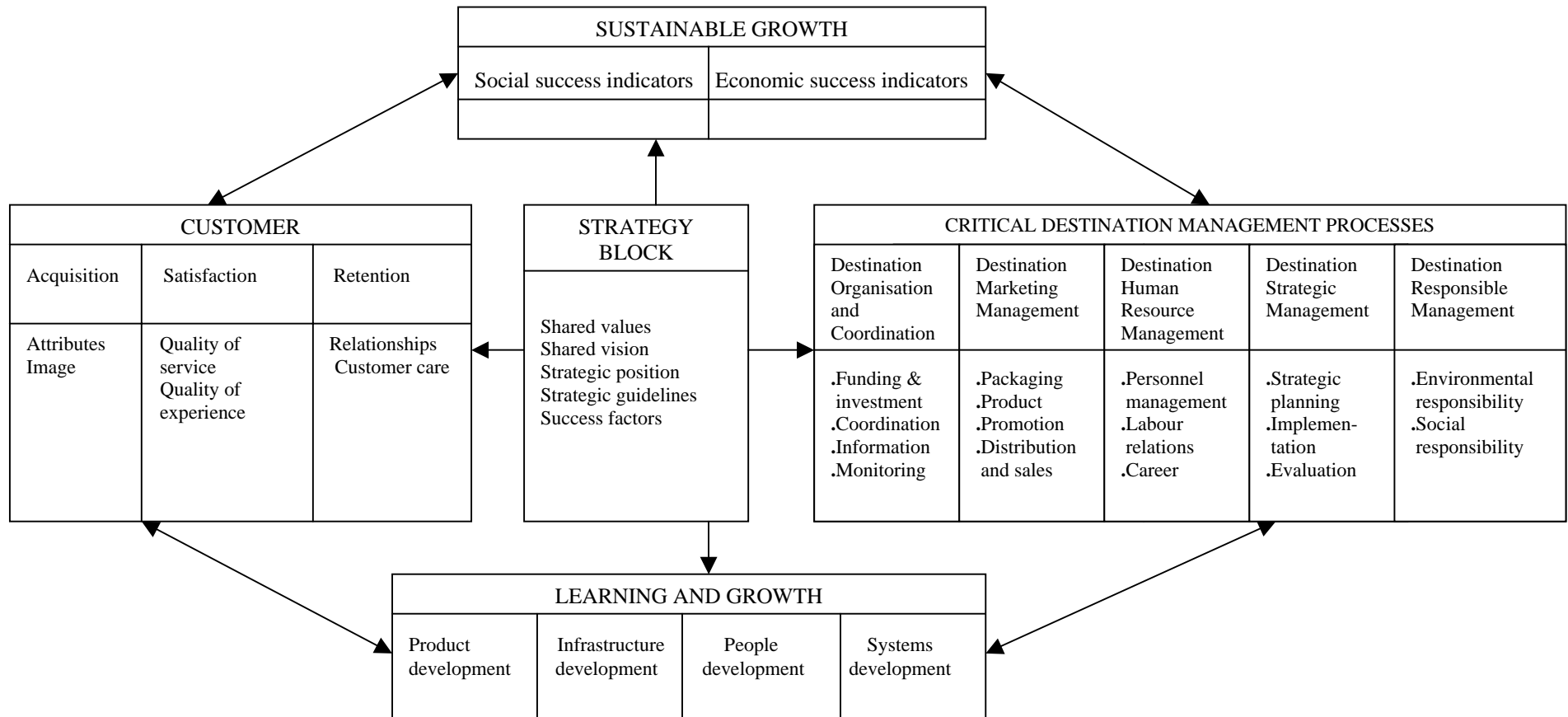
- **To critically analyse the key components of this strategic destination model [Chapters 5-7].** The international competitive assessment component was analysed and developed in chapter 5. The principle outcome of this analysis was the identification of international comparative and competitive advantages and international destination success factors that will provide meaningful direction to the destination for the development of a competitive strategy.

The second component: destination strategic direction and positioning was analysed and discussed in chapter 6. The focus of this component is on the strategic direction and positioning of the national destination and the outcomes of this process are shared values, a shared vision, strategic position and strategic guidelines.

The third component: strategic identification and integration was analysed in chapter 7. The first step was to do a literature survey of the important principles underlying the identification and integration of critical success factors.

The second part of the chapter reviewed two models of integration, namely Porter's Value Chain [1987] and Kaplan and Norton's Balanced Scorecard Model [1996]. The propositions of the two models were then evaluated and synthesized and a generic framework proposed. The framework is shown in Figure 11.2.

Figure 11.2 The strategic integration of destination success factors



Source: Researcher's own construction

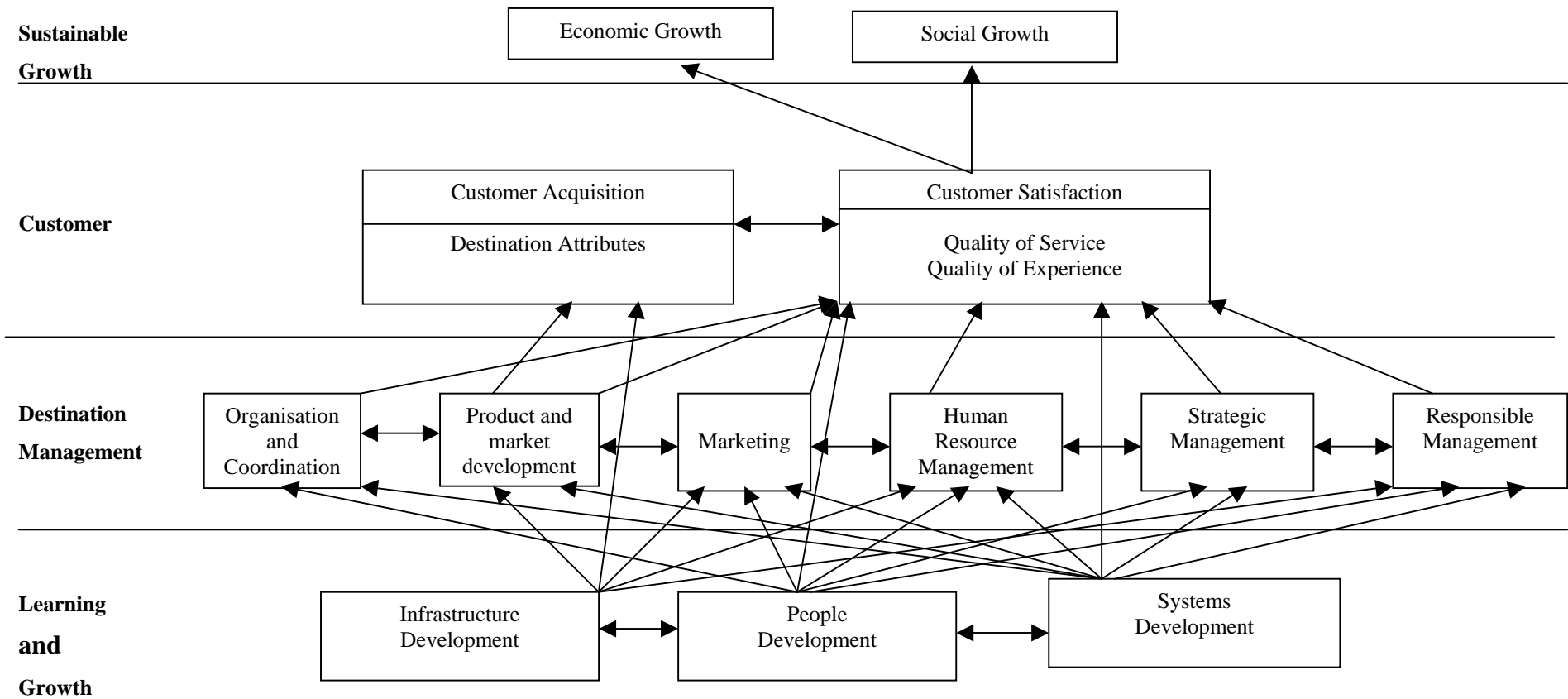
The framework makes provision for the identification and integration of critical success factors by using four perspectives: sustainable growth, customer perspective, destination management processes and learning and growth. The sustainable growth perspective measures the sustainable growth that the tourism destination generates for all the stakeholders. It is divided into economic indicators and social indicators. The ultimate goal of the customer perspective is to identify critical success factors that will add optimum value to the customer experience at the tourism destination. Destination management processes that are critical for the destination are identified in the destination management process segment. Critical success factors within this process can then be identified and integrated. The fourth perspective: Learning and growth identified the critical success factors necessary for future development of products, infrastructure, people, systems and organisational structures. The model also proposes the integration of the critical success factors to achieve the vision and strategic objectives of the destination.

- **To determine possible critical success factors for a destination such as South Africa and how they can be integrated [Chapters 9 and 10].** This objective was achieved by means of the empirical research that was done. The results of the empirical research were discussed in chapters 9 and 10.
- **To provide guidelines on the identification, integration and management of critical success factors to ensure destination competitiveness and sustainable growth [Chapter 11].** These guidelines will be outlined and discussed in this chapter based on the empirical results and conclusions reached in chapter 9 and 10.

11.3 AN EVALUATION OF THE RESEARCH CONCLUSIONS

In this section, the findings and research conclusions will be discussed using the critical success factor integration tree, identified in chapter 10 as a point of reference. The results described in chapter 10 suggest that market and product development should be classified as a destination management process rather than a learning and growth component. The success factor tree shown in Figure 11.3 is accordingly adapted to make provision for this change.

Figure 11.3 South Africa – Success factor integration tree



Source: Researcher's own construction

a] Learning and growth perspective

The critical success factors identified in this perspective are the factors that can ensure that the destination achieves long-term growth and improvement so that it can stay competitive. These success factors are represented by three components in the tree: infrastructure development; people development and systems development.

The **infrastructure development success factors** are all considered to be of critical importance by South African stakeholders. These factors correlate directly with product and market development; marketing and responsibility management factors as indicated in Figure 11.3. Infrastructure development factors will, therefore, impact directly on the product, the market as well as the environment and society and should be integrated with these success factors to ensure success.

These factors will, however, also directly and indirectly through the management process, impact on the customer acquisition as well as customer satisfaction of the destination. If the infrastructure is good, it will contribute in making the destination more attractive on the one hand while customer satisfaction will also increase owing to the increase in quality of the infrastructural base.

The most important **people development success factors** identified by the respondents are skills training and education; community tourism awareness programmes; customer-care programmes and entrepreneurial-support programmes. The tree indicates that the people development success factors will impact on all the destination management processes except for product and market development. The development of human capital is, therefore, crucial for the management of all the destination processes and people development success factors should be integrated with the success factors of the destination management processes to ensure success. People development will also indirectly influence customer satisfaction through the management processes but also directly by initiatives like customer-care training. The effective recruitment, training and development of employees was also identified by respondents as the most important critical success factors for human resource management. This confirms the finding that people development and specifically, training and education, is regarded as critical for the success of South Africa as a

tourism destination.

Systems development factors that were identified as critical are: market research and intelligence and the optimum utilisation of the Internet and other technology tools. Systems development correlates very strongly with all the destination management processes and customer satisfaction. Systems development will ensure that the destination is able to generate and disseminate the information that is needed to take strategic decisions. Shapiro [1988: 120] postulates that to be of great use, “customer information must move beyond market research, sales and marketing and influence every organisational function”. The Cluster Consortium [1999: 218] find in their analysis that South Africa needs a comprehensive system of market research and tourist information.

b] Destination management processes

Destination management processes are those that can enhance the appeal of core resources and attractions, strengthen the quality and effectiveness of the customer satisfaction and adapt best to situational conditions [Dwyer, 2001: 74].

Five destination management processes were identified in the literature study with a sixth process being added, based on the results of the empirical study. The different processes can be seen in Figure 11.3.

Destination organisation and coordination was regarded as an important destination management process by the respondents and all the elements of this process were listed as critical by the respondents. More than 50% of the respondents considered the following elements as extremely important:

- ❑ Ensuring appropriate marketing organisations at all levels; and
- ❑ Ensuring appropriate funding to sustain destination marketing organisations.

For the open question, respondents added the following element as critical:

- ❑ Work as one to sell South Africa as a whole and not the provinces in isolation.

From the above it is evident that respondents wanted a well organised, coordinated, adequately funded and integrated marketing effort that would focus more on selling South Africa as a whole. This management process correlates strongly upwards with customer satisfaction as well as sideways with the other management processes. The strongest correlation downwards is with systems development, which shows that the respondents consider good systems, especially information systems, as important for the effective organisation and coordination of the destination.

Product and market development was added as a process based on the results of the empirical analysis. According to Poon [1993: 243] product development should be linked to marketing to ensure that the product reflects as closely as possible, the needs of the people who will make use of them. It is important to note that although the development of new attractions, experiences, tour routes and tour packages were considered in the literature as being important for the future growth of any destination, the respondents did not consider it as critical as some of the other factors. This may be the result of a lack of innovative thinking or not realising the importance of future thinking. Factors that were considered to be critical are upgrading of visitor services and facilities, development of new airline capacity and exploiting new market opportunities. There is a strong correlation upwards with both customer acquisition and customer satisfaction that shows that good product and market development will not only attract visitors, but will also lead to customer satisfaction. The strongest correlations downward are with infrastructure development and people development. Infrastructure development will be particularly important to support the product and market development.

Marketing as indicated earlier should be connected to product and market development to be successful. Most of the respondents regarded marketing as an extremely important process with specific emphasis on branding, target markets, distribution and sales and the integration and coordination of the marketing effort and funding. Here again it was indicated strongly by the respondents that there should be an integrated and coordinated marketing effort. Packaging, theming and routing of attractions and experiences were again considered not as critical. The strongest correlation downwards is with systems development, once again indicating the

importance of market research and information systems in this process.

In **Human Resource Management**, the respondents identified only one critical element namely: the effective recruitment, training and development of staff. The strongest correlation upwards is with customer satisfaction while the strongest correlation downwards is with people development. It was concluded earlier that the development of human capital was considered as being critical by the respondents in all the sections where it was listed as an element. It is interesting that although transformation is considered to be an important strategic issue in the South African tourism context, it was not considered to be critical by the respondents relative to other factors. This might indicate a lack of unified sense of direction and shared vision among stakeholders.

Most of the respondents regarded the **Strategic Management** of the destination as critical. All the elements listed have an average mean of above 4 with strategic direction having the highest mean of 4,14. The high importance rating given to strategic direction confirms the findings of the literature study in Chapter 6 on strategic direction. The strongest correlation upwards is with customer satisfaction and the strongest correlation downwards is with people development. People must be developed and trained in strategic management to make the process successful.

Responsible Management was considered by the respondents as critical and all the elements received an average rating of above 4 [extremely important]. It is evident that the respondents realised the importance of sustainable development and the protection of the environment and societies. This is also in line with the international Delphi survey that indicates that internationally respondents consider the achievement of sustainable development in tourism a strategic challenge. The process correlates strongly upwards with customer satisfaction and the strongest downward correlation is with people development factors that show that there should be investment in people to make sure that responsible management succeeds.

c] Customer perspective

The ultimate goal of the customer perspective is to add optimum value to the

customer experience at the tourism destination. It consists of two parts: customer acquisition and customer satisfaction. The destination management processes will organise, lead and coordinate this value-adding process, while the learning and growth factors will ensure that competencies are developed and critical resources maintained so that future value can be created.

Customer acquisition represents the most important attributes of the destination that will attract international tourists. The most critical attributes of the destination as identified by the respondents in order of importance are:

- ❑ Wildlife experiences
- ❑ Perceived safety
- ❑ Perceived image
- ❑ Accessibility
- ❑ Scenic beauty
- ❑ Quality level of tourism facilities
- ❑ Climate

International tourists visiting South Africa listed scenic beauty, wildlife experiences and climate as the three most important attributes [SATOURL, 1999: 51]. It is evident that these factors had always played an important role in attracting tourists to South Africa. The other critical attributes identified by respondents namely: safety, image, accessibility and quality of tourism facilities, were also identified by respondents in the international survey as critical for success. This shows the importance of using international critical success factors as benchmarks in strategic planning. Three success factors that were indicated as largely significant but not critical are cultural experiences, eco-tourism and adventure experiences. Lubbe [2003: 79] points out that eco-tourism and adventure tourism are some of the fastest growing tourism segments in the world. It seemed that South African stakeholders might not be pro-active enough in identifying these as critical. The results show that the biggest correlation is between customer acquisition and customer satisfaction, while the biggest downward correlation is with product and market development and infrastructure development. Both these processes will have a huge influence on the attractiveness of the destination.

The literature study shows that **customer satisfaction** for the tourism destination can best be represented by quality of service and quality of experience. Most of the respondents' views are that to satisfy the international tourist, **the experience** must be safe, enjoyable, memorable, comfortable and relaxing. It was not considered to be critical that the experience be interactive, novel and authentic and stimulating. The respondents further indicated that to satisfy the customer, **the quality of service** of accommodation, restaurants, access to natural areas, tourist information, tour guides, airports and financial and communication institutions must be of a high standard. Services that were considered of lesser importance were taxi services, public transport, conference facilities, recreation facilities, sport facilities, e-commerce, tours and shopping facilities.

d] Sustainable growth

The ultimate goal of the national destination is to achieve sustainable growth in an international competitive market. All the previous processes and activities should, therefore, lead to sustainable growth for the destination. The literature study shows that sustainable growth can be measured, targeted and monitored by using economic and social indicators.

The results of the empirical study indicated that the respondents had no preference for specific indicators and considered all the indicators listed as critical. It is interesting that, although transformation is considered as largely important, it is not rated by the respondents as a critical social indicator. The data further indicated that with the exception of responsible environmental practices, all the means were below 4, whereas with the economic indicators, they were all above 4. This shows that respondents in South Africa still consider the economic factors to be more important than the social factors.

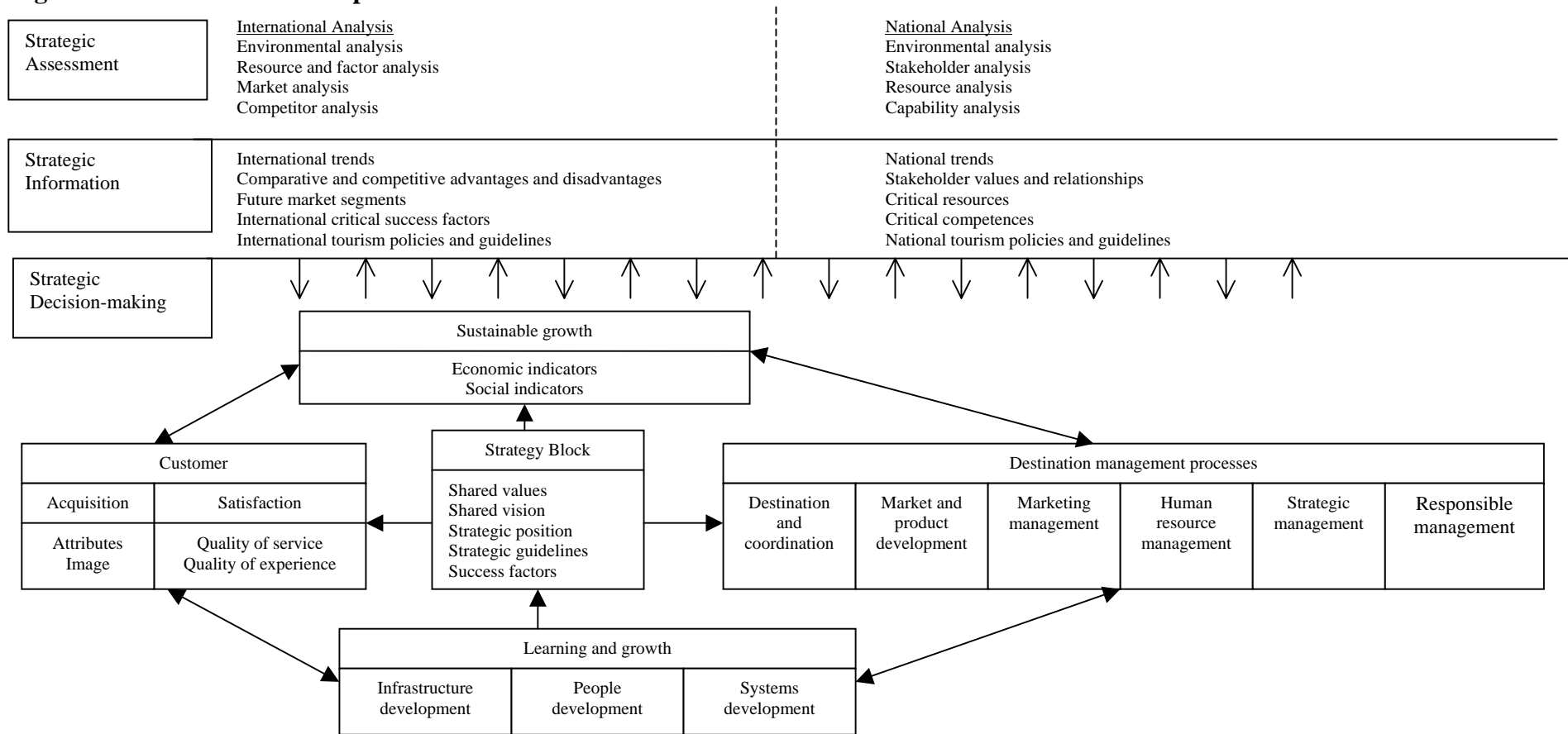
11.4 A PROPOSED DESTINATION COMPETITIVENESS MODEL

One of the objectives of this study was to develop a destination competitiveness model. A basic model was proposed in chapter 4, based on the literature survey that was done. The initial model consisted of three components: international competitive assessment, destination strategic direction and positioning and strategic integration. The components served as a directive for chapters 5, 6 and 7 in which each of the components were analysed and developed. A model, based on the literature, was then presented and compared to other destination competitiveness models in chapter 8. Certain changes were proposed to the model based on the results of the empirical study and were described in chapter 10.

The aim of this section is to summarise the final proposed model derived from this study. This model could have wider application and could be utilised by other national tourism destinations and also in an adapted form by provincial, regional and local tourism destinations.

The final model is illustrated in Figure 11.4.

Figure 11.4 Destination competitiveness model



Source: Researchers own construction

The destination competitiveness model is divided into three sections: strategic assessment, strategic information and strategic decision-making. Continuous assessment should take place to ensure that the necessary information is provided to the destination on which sound strategic decisions can be based. The strategic information should not only be the outcomes of the strategic assessment but should also include available and applicable information such as international and national tourism policies and guidelines. The model's success depends on the effectiveness of the organisational learning that took place. Destinations must learn by gathering strategic information based on relevant assessments. This information must then be analysed to develop new strategic knowledge that will act as the basis of new critical competencies and critical success factors that will produce superior performance, competitiveness and sustainable growth for the destination. The three components will now be discussed.

11.4.1 Strategic assessment

The strategic assessment consists of an international analysis as well as a national analysis. The international analysis should focus on the national environmental analysis [Chapter 2], a stakeholder analysis [Chapter 6] and a resource and capability analysis [Chapter 6]. The international analysis should focus on the execution of an international competitive assessment [Chapter 5], as well as international environmental trends [Chapter 2]. The purpose of the strategic assessment is to produce strategic information that could enable decision-makers to develop new knowledge on which to base their decisions.

11.4.2 Strategic information

The strategic information phase will consist of the information outcomes of the strategic assessment as well as other information that will be important for strategic decision-making. International trends, for example, will flow out of the international environmental analysis, while comparative and competitive advantages will be the outcomes of the resource and factor analysis and the competitor analysis. The market analysis will produce existing and future market segments and the critical success

factors within these segments [Chapter 5]. The national information will flow out of the national environmental analysis, the stakeholder analysis and the strategic capability analysis [Chapter 5].

Other information that is important for the strategy making process is international and national tourism policies and guidelines, especially sustainable development guidelines [Chapter 7]. The assessment and information gathering process should, therefore be a continuous process that produces a constant flow of useful information for strategic decision-makers. The destination should further have systems in place to ensure that this process is effective and contributes to destination learning.

11.4.3 *Strategic decision-making*

The strategic decision-making phase will consist of two parts. The first one is the determination of the strategic direction and positioning of the destination [Chapter 6] [This is represented by the Five S Strategy Block in Figure 11.4 consisting of shared values, shared vision, strategic position, strategic guidelines and success factors]. The second part is the identification and integration of critical success factors within four perspectives: sustainable growth, customer, destination management process and learning and growth. Critical success factors cannot be identified and integrated if the strategic direction and position of the destination is not clarified. The strategy block should, therefore, serve as the “nerve centre” from where critical success factors will be identified and integrated. The identification and integration of critical success factors for South Africa as a tourism destination, as was outlined in section 11.3, was applied in this study by means of an empirical survey.

11.5 RECOMMENDATIONS

Based on the information obtained in the literature study and the results of the empirical survey, certain recommendations can be made to the South African tourism industry. These are discussed below under the headings of sustainable growth; safety and security management; people development and systems development; marketing and product development; responsible management; attracting international tourists;

satisfying the customer; and destination strategic management process.

a] *Sustainable growth*

In contrast to the triple bottom line approach, the respondents considered the economic factors as more important and the social and environmental factors as less important in the determination of sustainable growth for the destination. The respondents had no further preference for specific indicators and considered all the indicators listed as critical.

It is, therefore, recommended that sustainable growth objectives be clarified, that clear indicators are identified, and specific targets are set in terms of these growth objectives. A balanced holistic approach to sustainable tourism that takes into account the needs for community development, engagement and empowerment should be promoted.

b] *Safety and security management*

Safety and security management was identified as the most important international critical success factor in the international survey. In the national survey, it was identified as a critical attribute to attract international tourists as well as the most important customer satisfaction success factor. Safety and security management was also identified as the most important critical success factor for infra-structure development and management.

It is evident from the above that safety and security are considered the most important critical success factors by international as well as national tourism stakeholders.

It is clear that steps to reduce safety risk will have to play a key role in future tourism strategy. Steps such as encouraging the government and police to reduce levels of violence and crime in the country as a whole and increasing foot patrols in tourism areas, are essential. It is, however, also clear that safety and security management should be integrated with tourism management who should be expected to address this problem innovatively. For example, safety and security provisions should be

built into national, provincial and local tourism, resulting in specific tourism security initiatives.

c/ People development and systems development

People development and systems development were identified as the most important components under learning and growth of the success factor tree with the strongest correlation being with the destination management processes.

People development refers to development in customer-care, skills and education, community tourism awareness and entrepreneurship. The tree indicates that people development success factors will impact on all the management processes. The development of human capital is, therefore, crucial for the management of all the destination management processes and people development success factors should be integrated with the success factors of the destination management processes to ensure success and specifically to lead to optimum customer satisfaction.

The South African tourism industry, therefore, requires a multi-disciplinary and integrated approach to addressing the perceived inadequate training and education. It is evident that appropriate tourism training courses should receive priority attention, and that more effort should be directed towards achieving international standards of professionalism in the South African tourism industry. Education and training should, therefore, be at the forefront of tourism development and should be expanded to school curricula and tertiary institutions.

The respondents indicated that **systems development** with specific reference to market research and intelligence and the optimum utilisation of the Internet, and other technology tools, was important. Appropriate systems development can ensure that the destination will be able to generate and disseminate the information that is needed to take strategic decisions. The purpose of the system should be to provide sufficient and useable information that will enhance the process of strategic knowledge creation.

d] Marketing and product development

Effective and coordinated **marketing** effort was identified in the international Delphi survey as one of the most important critical success factors for international tourism destinations. Most of the South African respondents regarded marketing as an extremely important process with specific emphasis on branding, target marketing, distribution and sales and the integration and coordination of the marketing effort. It was also strongly indicated by respondents that there should be an integrated and collective marketing effort and that South Africa should be marketed as a whole. It is therefore recommended that the marketing efforts of provinces be integrated and coordinated in a South African effort. Marketing also shows a strong correlation with systems development once again increasing the importance of market research and information systems in this process.

Selected future strategic trends in destination marketing thinking identified by studies conducted by the WTO [1999] and Heath [2000] and applicable to this study are as follows:

- ❑ Increasing utilisation of appropriate tourism intelligence and market research as a base for strategy development;
- ❑ Increasing, more focused and more aggressive marketing;
- ❑ Placing strategic emphasis on destination branding and competitive positioning;
- ❑ Diversifying and enhancing the product offering and selling experiences rather than products;
- ❑ Capitalising on the collective attractiveness of destinations; and
- ❑ Increasing utilisation of new technology based communication and promotional vehicles.

Product development should be linked to marketing to ensure that the product reflects as closely as possible the needs of the people who will make use of them. It is important to note that, although the development of new attractions, experiences, tour routes and tour packages were considered in the literature as being important, the respondents did not consider it as critical. This must be addressed to ensure that

innovation will be enhanced in product development. There is a strong correlation with customer acquisition and customer satisfaction that shows that good product development and marketing will firstly attract customers, and secondly make sure that their visit is satisfying. South Africa should therefore devote attention to innovative product development and link the marketing process to this to ensure synergy and sustainable product/market matches.

e] Responsible management

It is recommended that responsible management principles become an important factor for the identification and integration of critical success factors in South Africa as advised in chapter 7. There should also be a direct relationship between this process and the achievement of social and environmental protection targets as defined by the sustainable growth indicators identified by the destination.

The Department of Environmental Affairs and Tourism [DEAT, 2003] identified the following applicable guidelines for responsible tourism:

- ❑ Responsibility of the tourism industry to promote balanced and sustainable tourism with the focus on the development of environmentally based tourism activities.
- ❑ Responsibility of government and business to involve the local communities through the development of meaningful economic linkages.
- ❑ Responsibility of the tourism industry to respect, invest in and develop local cultures and protect them from over-commercialisation and over-exploitation.
- ❑ Responsibility of local communities to become actively involved in the tourism industry, to practice sustainable development and to ensure the safety and security of the visitors.
- ❑ Responsibility of both employers and employees in the tourism industry to each other as well as to the customer.

f] Attracting international tourists

Tourists will be attracted by the important attributes of the destination. This research

has shown that the traditional attributes associated with South Africa, namely, wildlife experiences, scenic beauty and climate are still used to attract international tourists to South Africa and are considered to be critical. A recent report by South African Tourism [2002: 26] indicates that South Africa did not own any key attributes in the minds of the consumer and, in most cases, South Africa was “stuck in the middle”.

It was advised that South Africa identified growth segments and redefined its attributes in successful brands that will cater for the needs of the new segments. In its Tourism 2020 Vision, the WTO [1999] identified five key market segments that are growing in importance, namely, eco-tourism, cultural tourism, the cruise market and adventure tourism. With environmentalism becoming more important to more people, especially to North Americans and Europeans, the size of the eco-tourist segment is expected to increase dramatically in the 21st century [Lubbe, 2003: 263]. Adventure tourism is, according to all indications, likely to also grow in popularity [WTO, 1999]. Adventure tourism are outdoor- or wilderness related, and go hand in hand with eco-tourism. Bungee jumping, parachuting and rock climbing are all examples of adventure activities. Although eco-tourism and adventure tourism are indicated as two of the fastest growing segments in the world, they were not considered as critical to attract international tourists by the respondents of this study.

Other factors that need to be in place to attract tourists are safety and image, accessibility and quality of tourism facilities. Accessibility, especially for a long-haul destination such as South Africa is also important. The development of new airline capacity was identified as critical for the success of product and market development. All of the above should be incorporated into an image of the organisation that will attract tourists and ensure growth and competitiveness for the destination as a whole.

g] Satisfying the customer: Quality of service and quality of experience

The **quality of service** is important for South Africa as a tourism destination. The Cluster Consortium [1999: 220] found that South Africa lags behind in service excellence. To satisfy the international tourist, the quality of service of accommodation, restaurants, access to natural areas, tour guides, airports and financial and communications institutions must be of a high standard. Infrastructure

development factors such as provision of appropriate transport systems, roads, airport and rail-ports should be integrated with the other factors to support service excellence.

Quality of experience is becoming an ever-increasingly important factor in the satisfaction of the customer. The international Delphi survey indicates that quality of experience was also considered to be critical by the international respondents. The key to the satisfaction of the international tourist is that the quality of the experience of the trip to South Africa delivers on the marketing promise. Market segmentation and the experience critical success factors within these segments will, therefore, be important for South Africa. South Africa should be very clear on what experiences different target markets seek. The perception, as indicated by the respondents, that the experience should be enjoyable, memorable, comfortable and relaxing may not be enough and potential visitors might increasingly seek an experience that is interactive, stimulating, novel and authentic.

According to Lubbe [2003: 247] tourists from knowledge-based economies [e.g. Western Europe and the USA, which comprises approximately 70% of overseas arrivals to South Africa] are increasingly found to be more experienced and are seeking interactive, highly involved, quality travel experiences, focusing on in-depth coverage of the special topic or destination explored. This shift has major implications for tourism provided in South Africa as the motivations for travel move away from comfortable and relaxing experiences to experiences that are more interactive, stimulating and educational. It is clear from the research that South African tourism stakeholders have not adapted to this new paradigm shift yet.

h] Destination strategic management process

This study proposes a holistic approach to the strategic management process of destinations in which knowledge creation and strategic learning will be a priority. This process will only be successful if it is supported by a proper strategic assessment process and the continuous flow of formal and informal strategic information to all strategic decision-makers of the destination.

Although examples were found in recent literature of competitive assessments,

specifically resource and factor analysis [The Cluster Consortium, 1999] and market analysis [SATOUR, 1999; and The Monitor Group, 2001] that was done for South Africa, there seemed to be no coordinated effort of doing a complete competitive assessment for the destination as a whole. Information flowing out of these assessments, strategic guidelines as well as other emergent strategic information should further be available to strategic decision-makers at all times. It was admitted in a recent report [South African Tourism, 2002: 4] that South Africa was in the past hamstrung and limited in its strategic effectiveness by the absence of proper data and market intelligence.

Destination success factors can only be identified and integrated within clear and unified strategic directives that are shared and supported by all the stakeholders. The two most important outcomes of the strategic direction process as discussed in chapter 6, is the shared vision and the strategic position of the destination.

Existing visions of South Africa as a tourism destination were critically analysed in chapter 6. The vision of the Cluster Consortium [1999: 16] was found to be the most comprehensive and representing stakeholder's expectations. More should, however, be done to ensure that a unified vision is shared and supported by everyone in the industry. No evidence could be found that a central vision formulation exists that is detailed enough to serve as a direction-measuring instrument for all strategic decisions that are taken.

The strategic competitive position of South Africa should be determined and clarified to ensure a coordinated and integrated effort of all stakeholders to accomplish and sustain it. Effective market research, market segmentation and the identification of critical success factors within these market segments can enhance the process of identifying and evaluating existing and future market segments. Product development should be innovative and should be linked to the marketing process. The holistic approach, however, also advocates the incorporation of the strategic capability into this process. This will entail the identification of core resources and competency gaps and the development of unique competences and resources that will sustain the competitive advantages of the destination.

The strategic process should not only identify factors critical for success, but integration relationships between these factors should also be explored. The approach, motivated by this study, will ensure that the strategic effort is coordinated and integrated with increased effectiveness opposed to a fragmented approach that could lead to failure and the wasting of resources.

11.6 SUGGESTIONS FOR FUTURE RESEARCH

Based on the results of this study, the following suggestions are put forward for consideration regarding future research:

- ❑ The testing of the destination competitiveness model developed in this study in other rival national destinations and comparing the results of these with the results of South Africa.
- ❑ An investigation into the effectiveness of strategic direction and position formulation, communication and implementation in the South African context.
- ❑ An investigation into the effectiveness of the strategic assessment and strategic information dissemination in creating strategic knowledge for a destination such as South Africa.
- ❑ A critical analysis of the strategic capability of a destination such as South Africa and the matching of these with the product offering and market focus.

11.7 CONCLUDING COMMENTS

The identification and integration of critical success factors are important in the achievement of international competitiveness for a tourism destination. The model developed in this study can be used to identify and integrate critical success factors for South Africa or for any other destination in the world.

This study has identified and integrated possible critical success factors for the tourism industry in South Africa. The factors that are critical for the international competitiveness of South Africa have not been the subject of any previous research. These factors were identified by means of a literature review as well as an empirical

study. Empirical research was conducted in a survey to collect data among South African stakeholders and their responses were analysed by means of statistical methods.

This study contributes to the tourism management science by developing a destination competitiveness model that can be applied to any international destination. The model also suggests an effective way of identifying and integrating critical success factors that will lead to international competitiveness and sustainable growth.

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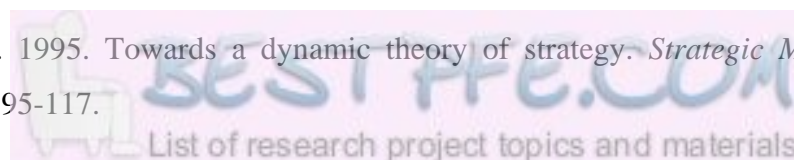
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ANNEXURE “A”

SURVEY TO IDENTIFY AND INTEGRATE THE STRATEGIC FACTORS THAT WILL DETERMINE THE SUCCESS OF SOUTH AFRICA AS A TOURISM DESTINATION

The Department of Tourism Management at the University of Pretoria is currently conducting a study with the following objectives:

- To develop a model of destination competitiveness
- To use this model to identify and integrate the strategic factors that will determine the success of South Africa as an international tourism destination
- To provide guidelines and develop a framework for identification and integration of critical success factors for an international tourism destination

As a stakeholder in South Africa's tourism industry, you will have valuable insights which can assist us to achieve the study objectives. We would greatly appreciate it if you could spend some time answering questions about South Africa as a tourism destination.

This survey is an attached word document and should take around twenty minutes to complete. We have tried to make it as "user friendly" as possible. You can type your responses directly on the questionnaire, save it and return it to the e-mail address below or fax it to the number below.

A copy of the final report will be sent to all participants with our grateful acknowledgement.

Thank you

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ANNEXURE B

DOMESTIC STAKEHOLDER SURVEY

SURVEY ON THE COMPETITIVENESS OF SOUTH AFRICA AS AN INTERNATIONAL TOURISM DESTINATION

SECTION A: GENERAL INFORMATION

1. Name of your organisation (optional):
2. Position of person completing the questionnaire:
3. What is your type of business?

3.1 Is it a Destination Marketing Organisation (DMO)?

Yes	No
-----	----

If yes, which one of the following is it? Please tick the appropriate block

National (e.g South African Tourism)

1

Provincial (e.g. Gauteng Tourism Authority)

2

Regional (e.g. Winelands Regional Tourism)

3

Metropolitan (e.g Tshwane Tourism Association)

4

Other (Please specify)

5

3.2 Are you a Private Sector Stakeholder?

Yes	No
-----	----

If yes, which of the following is it? Please tick the appropriate block(s)

Tourist attraction

1

Accommodation facility

2

Conference facility

3

Game lodge/nature reserve / show farm

4

Distribution channel (e.g. Tour operator/travel agent)

5

Airline

6

Ground transport (rail, coach, car rental, etc.)

7

Other (Please specify)

8

4. Where is your organisation located?

Gauteng	<input type="text" value="1"/>	Free State	<input type="text" value="2"/>	Mpumalanga	<input type="text" value="3"/>
Kwazulu-Natal	<input type="text" value="4"/>	North-West	<input type="text" value="5"/>	Limpopo	<input type="text" value="6"/>
Eastern Cape	<input type="text" value="7"/>	North Cape	<input type="text" value="8"/>	Western Cape	<input type="text" value="9"/>

5. What are the estimated percentage shares of your domestic and international business?

	<input type="text" value="Percentage"/>
Domestic	<input type="text"/>
International	<input type="text"/>
100%	Total:

6. For how long has your organisation been in operation? Tick the appropriate box.

1 – 5 years	<input type="checkbox" value="1"/>
6 – 10 years	<input type="checkbox" value="2"/>
Longer Than 10 years	<input type="checkbox" value="3"/>

INTERNATIONAL STAKEHOLDER SURVEY

**SURVEY ON THE COMPETITIVENESS OF SOUTH AFRICA AS AN
INTERNATIONAL TOURISM DESTINATION**

SECTION A: GENERAL INFORMATION

1. Name of your organisation (optional):
2. Position of person completing the questionnaire:
3. What is your type of business? Please tick the appropriate block.

Airline	<input type="checkbox"/>
Tour operator	<input type="checkbox"/>
Tour wholesaler	<input type="checkbox"/>
Travel agent	<input type="checkbox"/>
Other (Please specify)	<input type="checkbox"/>

4. What other destinations do you market? Please tick the appropriate block(s).

Southern African countries	<input type="checkbox"/>
Africa at large	<input type="checkbox"/>
Destinations in Europe	<input type="checkbox"/>
Destinations in North America	<input type="checkbox"/>
Destinations in South America	<input type="checkbox"/>
Destinations in Asia	<input type="checkbox"/>
Destinations in Australasia	<input type="checkbox"/>
Other (Please specify)	<input type="checkbox"/>

5. What is the estimated number of visitors that your organisation brings to South Africa annually?

Estimated number of visitors per annum	<input type="text"/>
---	----------------------

6. In order of importance, please indicate your top 3 destinations in terms of market share

Destination	Approximate percentage share of your business
1.	
2.	
3.	

7. What is the importance that your organisation attaches to South Africa as a tourism destination? (Please tick)

	Very important	Of increasing importance	Of diminishing importance	Not important
Currently				
In the future				

SECTION B: SUSTAINABLE GROWTH

- B1. In your opinion, how significant are the following indicators to **measure the economic performance** of South Africa as an International Tourism Destination?

INDICATORS OF PERFORMANCE	1	2	3	4	5
	Not at all significant	To some extent significant	Reasonably significant	Largely	Absolutely significant
B1.1. South Africa's share of the long haul tourism market					
B1.2. The number of international visitor arrivals to South Africa					
B1.3 Tourism's contribution to South Africa's gross domestic product (GDP)					
B1.4 Volume of revenue composition of foreign portfolio					
B1.5 Foreign exchange earned					
B1.6. Tourism's contribution to employment and new job creation					
B1.7. Other (please specify)					

- B2. In your opinion, how significant are the following indicators to **measure the contribution of international tourism to South Africa's social and environmental objectives?**

INDICATORS OF PERFORMANCE	1	2	3	4	5
	Not at all	To some extent	Reasonably significant	Largely significant	Absolutely
B2.1. Increased community involvement in tourism					
B2.2. Transformation of the tourism industry					
B2.3. Increased entrepreneurial opportunities for previously disadvantaged persons					
B2.4. The implementation of responsible environmental practices					
B2.5. Other (Please specify)					

SECTION C: CUSTOMER PERSPECTIVE**C1. THE ATTRACTIVENESS OF THE DESTINATION**

The attractiveness of a destination to a potential visitor is largely determined by specific attributes inherent to the destination. In your view, how significant are the following **attributes** in attracting international tourists to South Africa in the future?

Attributes	1	2	3	4	5
	Not at all significant	To some extent significant	Reasonably significant	Largely significant	Absolutely significant
C1.1. Scenic beauty					
C1.2. Wildlife experiences					
C1.3. Cultural experiences					
C1.4. Eco tourism experiences					
C1.5. Adventure experiences					
C1.6. Climate					
C1.7. Family-orientated experiences					
C1.8. Entertainment and recreational experiences					
C1.9. Participation in major events (e.g. World summit in 2002 and cricket world cup in 2003) level					
C1.10. The quality level of tourism facilities and amenities					
C1.11. Visits to friends and family (VFR)					
C1.12. Visits for business purposes					
C1.13. Perceived safety of the destination					
C1.14. Accessibility to the destination (flying time, Visa requirements, etc.)					
C1.15. Perceived image of the destination relative to competing destinations					
C1.16. Other (Please specify)					

C2. QUALITY OF EXPERIENCES AND SERVICES

The level of satisfaction of the international tourist will depend on the quality of experience and the quality of service at the tourism destination. In your view, how important are the following factors **to ensure optimum satisfaction for the international tourist who visits South Africa.**

CUSTOMER SATISFACTION	1	2	3	4	5
	Not important	Some important	Reasonably important	Very important	Extremely important
C2.1. Tourism experience is enjoyable and memorable					
C2.2. Tourism experience is interactive					
C2.3. Tourism experience is novel and authentic					
C2.4. Tourism experience is comfortable and relaxing					
C2.5. Tourism experience is safe					
C2.6. Tourism experience is stimulating (educational, informative and challenging)					
C2.7. Airport quality and efficiency					
C2.8. Quality and availability of tourist information					
C2.9. Quality and availability of taxi services					
C2.10. Public transport efficiency and quality					
C2.11. Availability of knowledgeable tour guides					
C2.12. Variety and quality of accommodation					
C2.13. Quality of restaurant/eating facilities and services					
C2.14. Visitor accessibility to natural areas					
C2.15. Quality and capacity of convention and conference facilities					
C2.16. Availability and accessibility of recreation facilities (e.g. Parks, leisure facilities, horse riding, etc).					
C2.17. Availability and accessibility of sports facilities (e.g. Golf, Tennis)					
C2.18. Availability and quality of health/medical facilities to serve tourists					
C2.19. Access to quality financial institutions and currency exchange facilities					
C2.20. Access to affordable telecommunications facilities					
C2.21. Extent of technology and e-commerce usage by tourism industry					
C2.22. Quality and availability of tours					
C2.23. Quality and diversity of shopping facilities					
C2.24. Other (Please specify)					

SECTION D: DESTINATION MANAGEMENT PROCESSES

In your view, what role will each of the following **national destination management processes** play to **ensure the success** of international tourism in South Africa

DESTINATION MANAGEMENT PROCESS ACTIVITY		1	2	3	4	5
		Not important	Some importance	Reasonably important	Very important	Extremely important
MANAGEMENT PROCESS	KEY ELEMENTS					
1. DESTINATION ORGANISATION AND CO-ORDINATION	1.1 Ensuring appropriate destination marketing organisations at all levels (national, provincial, etc.)					
	1.2 Continuous co-ordination and co-operation between tourism stakeholders					
	1.3 Ensuring appropriate funding to sustain destination marketing organisations					
	1.4 Implementing appropriate benchmarking, monitoring and evaluation mechanisms.					
	1.5 Other (Please specify)					
2. DESTINATION MARKETING	2.1 Developing an effective branding strategy for the destination					
	2.2 Developing an effective positioning strategy for the destination					
	2.3 Determining relevant, viable and sustainable target markets					
	2.4 Packaging themeing and routing current tourism attractions and experiences and developing those with potential					
	2.5 Ensuring integrated promotion strategies (e.g. advertising, exhibitions, internet, workshops, etc.)					
	2.6 Ensuring effective distribution and sales (effective information dissemination, brochure distribution, reservation systems, etc.)					
	2.7 Other (Please specify)					

DESTINATION MANAGEMENT PROCESS ACTIVITY		1	2	3	4	5
		Not important	Some importance	Reasonably important	Very important	Extremely important
3. HUMAN RESOURCE MANAGEMENT	3.1 Effective recruitment, training and development of destination marketing staff					
	3.2 Implementing appropriate transformation strategies					
	3.3 Providing appropriate career paths					
	3.4 Ensuring appropriate labour relations and negotiations strategies and processes					
	3.5 Other (please specify)					
4. STRATEGIC DESTINATION MANAGEMENT	4.1 Providing strategic direction (shared vision and strategic framework)					
	4.2 Continuous macro, competitive and market analysis					
	4.3 Formulation and implementation of integrated destination strategies					
	4.4 Strategic benchmarking, monitoring and evaluation					
	4.5 Other (please specify)					
5. RESPONSIBLE DESTINATION MANAGEMENT	5.1 Putting mechanisms in place to protect the interests of local communities					
	5.2 Putting mechanisms in place to preserve cultural integrity and authenticity					
	5.3 Ensuring environmental and social impact assessments as a base for future tourism development					

DESTINATION MANAGEMENT PROCESS ACTIVITY		1	2	3	4	5
		Not important	Some importance	Reasonably important	Very important	Extremely important
5. RESPONSIBLE DESTINATION MANAGEMENT	5.4 Incentivising tourism stakeholders who adhere to the principles of sustainable development					
	5.5 Promoting the importance of responsible tourism practices on the part of tourists, communities and the tourism industry					
	5.6 Other (please specify)					

SECTION E: LEARNING AND GROWTH

In your view, how important are the following factors for the **future growth and sustainable development** of South Africa as an international tourism destination.

LEARNING AND GROWTH FACTOR		1	2	3	4	5
		Not important	Some importance	Reasonably important	Very important	Extremely important
SUCCESS FACTOR	FACTORS					
1. PRODUCT AND MARKET DEVELOPMENT	1.1. Development of new attractions and experiences					
	1.2. Development of new tour routes and tour packages					
	1.3. Exploiting new market opportunities and focusing on new market segments					
	1.4. Development of new airline alliances					
	1.5. Upgrading and further developing visitor services and facilities					
	1.6. Other (Please specify)					
2. INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT	2.1 Responsible destination planning and resource usage					
	2.2 Provision of appropriate public transport systems, roads, airports, rail ports etc.					
	2.3 Provision of appropriate infrastructure (e.g. water, electricity, etc.)					
	2.4 Safety and security management					
	2.5 Road signage and information networks					
	2.6 Other (Please specify)					

LEARNING AND GROWTH FACTOR		1	2	3	4	5
		Not important	Some importance	Reasonably important	Very important	Extremely important
3. PEOPLE DEVELOPMENT	3.1 Skills training and education					
	3.2 Community tourism awareness programmes					
	3.3 Customer care programmes					
	3.4 Transformation Programmes					
	3.5 Entrepreneurial support programmes					
	3.6 Other (Please specify)					
4. SYSTEMS DEVELOPMENT AND USAGE	4.1 Integrated systems of information technology					
	4.2 Market research and intelligence					
	4.3 Computerised reservation system					
	4.4 Optimal utilisation of the Internet and other technology-based tools (e.g. CD Rom)					
	4.5 Other (Please specify)					

Please feel free to provide any further comments and/or suggestions regarding this study:

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Would you like to receive a summary of this study?

YES	NO

**THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY.
YOUR INPUT IS MUCH APPRECIATED.**