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DOMESTIC TOURISM STRATEGY REVIEW

- *THEORY OF CHANGE APPROACH*

*“Research is to see what everybody else has seen,
and to think what nobody else has thought.”*

Albert Szent – Gyorgyi

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I. List of Acronyms

DAC	Department of Arts and Culture
DEA	Department of Environmental Affairs
DFI	Development Finance Institutions
DOT	Department of Transport
DPSA	Department of Public Service and Administration
DT	Domestic Tourism
ED	Enterprise Development
EXCO	Executive Council
JMA	Joint Marketing Agreement
LSM	Living Standard Measures
MINMEC	Ministers and Members of Executive Councils Meeting
MTEF	Mid Term Expenditure Framework
NDP	National Development Plan
NDT	National Department of Tourism
NEDLAC	National Economic Development and Labour Council
NGO	Non-governmental organization
NTSS	National Tourism Sector Strategy
PRASA	Passenger Rail Agency of South Africa
ROI	Return On Investment
SABC	South African Broadcasting Corporation
SAT	South African Tourism
Stats SA	Statistics South Africa
TBCSA	Tourism Business Council of South Africa
TOMSA	Tourism Market South Africa
TOR	Terms Of Reference
UK	United Kingdom



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1. Background and Overview

The National Tourism Sector Strategy (NTSS) of 2010, highlighted the importance and role of Domestic Tourism in developing and growing a sustainable and resilient tourism economy. To this end the Domestic Tourism Growth Strategy was developed and launched in 2012. This strategy outlined the areas of focus to develop a sustainable domestic tourism market, addressing geographic spread and seasonality. To address the aforementioned challenges, the following strategic objectives were adopted:

- Increase domestic tourism expenditure (revenue);
- Increase domestic tourism volume;
- Enhance measures and efforts aimed at addressing seasonality and equitable geographical spread; and
- Enhance the level of the culture of tourism/travel among South Africans.

During the period of implementation, the department secured ring fenced funding from treasury of R100 000 000 (one hundred million) per annum for the MTEF period 2015/16 – 2017/18. With this additional funding and the review of the National Tourism Sector Strategy (NTSS) it became necessary to review and update the strategy taking into consideration the shifts in the operating environment.

The approach to the review was first to undertake a review on progress to date on the actions and sub-actions of the strategy. Following this, literature review was conducted of various sources including the South African Tourism (SAT) Domestic Tourism Market Segmentation Report. In addition to this, the following source documents were consulted:

- Stats SA quarterly report on Domestic Tourism,
- SAT Domestic Survey 2015,
- Stats SA Domestic Tourism Survey 2015,
- Budget Resort Study,
- Tourism Satellite Account,
- National Development Plan,
- Thebe Tourism afropolitan study,
- SAT/NDT Think Tank report,
- Tourism Act, and

- Draft Sport tourism strategy.

2. Rationale for the Review

The Domestic Tourism Growth Strategy was launched in 2012 and immediately the implementation thereof commenced. However domestic tourism trips continue to decline with fewer trips undertaken in 2015, 12.5% less as recorded by the SAT Domestic Tourism Survey. The ring fencing of additional financial resources, must translate into growth in volumes and revenue, thereby addressing job creation in the sector, geographic spread and seasonality. It is also worth noting that whilst the intention is to develop domestic tourism as the backbone of the sector, activities/actions on the ground have not reflected the vigour necessary to achieve this – the status quo remains.

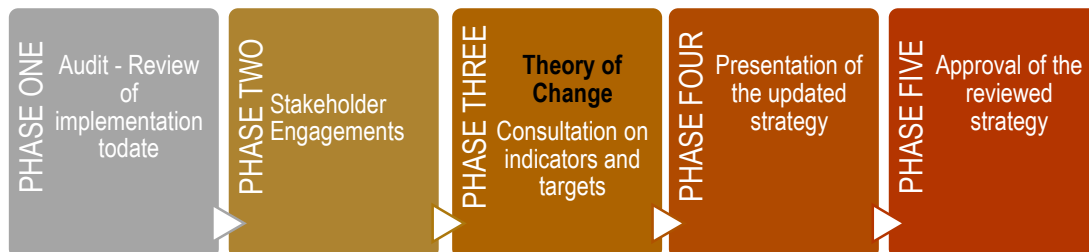
The number of South Africans traveling to visit friends and relatives (VFR) remains the biggest percentage of domestic trips and the 16% drop impacted total domestic trips for 2015 significantly. The consequences of this decline is seen in the decline in revenue, bed nights and geographic spread. The result is that we remain reliant on inbound tourism to sustain the sector a position the sector strategy has indicated is risky.

Affordability on the other hand remains one of the key reasons for lack of interest in travel and in addition pricing structures that are not inclusive are raised as a barrier. The rising inflation and unemployment has households' disposable income under pressure. From a supply perspective, the underutilisation and limited positioning of government tourism assets as well as limited product development overall remain a challenge.

Different measurement methodologies between Stats SA and SAT are also challenging especially in informing the development of indicators and targets that convincingly measure real growth.

3. Review Approach

The diagram below depicts the process that was undertaken for the review process which included the utilisation of the Theory of Change approach.



4. Domestic Tourism 2015 Performance Summary

Item	Objective	Target	SAT Performance	Stats SA
1	To increase Domestic Tourism Revenue	55% of internal tourism expenditure.	R23.6bn 34.6% Total direct domestic tourism spend 11.9% decline	R141bn 56.4% of internal tourism expenditure
2	Increase domestic tourism volume	40m trips	24.5m trips 2.6% decline in holiday trips 16% decline in VFR	45.4m overnight trips 44m day trips
3	To improve measures and efforts aimed at addressing seasonality and equitable geographical spread	5%-20% increase in share of bed nights in less visited provinces	102, 5 million bed night recorded -9.4% decline compared to 2014	No data
	Geographic Spread (visited more than one province)	No measurement	2% visited more than one province – 1% decline on 2014	No data
	Seasonality Index	7.7% increase in the share of bed nights during low season	Average night spent declined from 4.4 in 2013 to 4.0 in 2014 and increased to 4.2 in 2015.	No data
4	To enhance the level of the culture of tourism/travel among South Africans	No measurement	N/A	N/A

5. Domestic Tourism performance reports insights

A number of publications and stakeholder engagements were analysed as part of the review process and below including key insights pulled from these sources.

Item	Report/Publication	Insights	Comment
5.1	Stats SA 2014 Domestic Tourism Survey	<ul style="list-style-type: none"> Overnight trips declined from 50.8m in 2013 to 47.2m in 2014, but expenditure increased from R68.5bn to R71bn respectively. Same movement noticed for day trips. Majority of the trips remain VFR. 	<ul style="list-style-type: none"> The release of the 2015 report has been delayed but some data will be received by end of calendar year to make comparisons to the SAT survey.
5.2	SAT Domestic Survey – 2014 and 2015	<ul style="list-style-type: none"> Holiday trips increased by 11.1% from 25.2m in 2013 to 28m in 2014. Expenditure decreased from R28.3bn to R26.8bn respectively. Holiday trips declined from 28m by 12.5% in 2014 to 24.5m in 2015. In line with the decline, expenditure dropped to by 11.9% to R26.3bn 	<ul style="list-style-type: none"> Measurement methodology focus on adult holiday trips. Process underway for Stats SA to take over the reporting.
5.3	SAT Domestic Insights Study	<ul style="list-style-type: none"> The new study has consolidated the segments into Build, Convert and Defend. Of concern is the size of the defend market at approximately 350k, said to be the number of the frequent travellers. Anomalies noted with domestic tourism in South Africa compared to other developing economies, (Brazil and India) is that domestic trip as a proportion of total trips is lower as well as receipts. 	<ul style="list-style-type: none"> When compared with international benchmarks, South Africa is behind most destinations in terms of the ratio of domestic receipts to international receipts; it lags on non-European markets in terms of domestic travel volume as well. It's important that in the development of activities to grow the domestic market, that there be an indication of what will be done with each segment to address the concern that resources will be focused on "defend"

Item	Report/Publication	Insights	Comment
		<ul style="list-style-type: none"> • Across the board South Africans travel to reconnect with family and some see their VFR as a holiday. Most people prefer to plan their holidays, a select few take spur of the moment trips. • Categorisation of the “Defend” market seems to communicate a different message to that which its intended to communicate i.e. some are more important than others 	<p>market with low impact activities channelled to the rest, thus maintaining the status quo.</p>
5.4	SAT Review Findings – Domestic	<p>In the 2015 ministerial review of SAT the advisory committee highlighted the lack of insights, focus and understanding of the domestic market across all stakeholders. This in spite of its 57% contribution to tourism revenue. An Exco member is said to have referred to it as a “step-child” of the organisation.</p> <p>In a poll by TBCSA, over 70% of associations felt SAT could improve its performance in marketing to the domestic tourist. There is a view that VFR should be seen as an opportunity, however SAT does not treat it that way.</p> <p>Recommendations in summary</p> <ul style="list-style-type: none"> • DT as a core mandate of SAT should be exercised in partnership with national, provincial and local role players. • DT marketing requires focus, long term thoughtful strategy. Focus to be on increasing travel by black South Africans. • Work in one single brand strategy for international and domestic 	<ul style="list-style-type: none"> • The observations of the report are in line with what other stakeholders have commented on. The focus of the entity and how it is operationally structured and resources allocated establishes its strength as an international marketing organisation. This creates a challenge in meeting the domestic marketing mandate, demonstrating its value in sustaining the sector.

Item	Report/Publication	Insights	Comment
		<ul style="list-style-type: none"> <li data-bbox="696 245 1368 319">• A “Tourism Nation” campaign in partnership with Brand SA needed (similar to Welcome Campaign) 	
5.5	Budget Resort Study	<ul style="list-style-type: none"> <li data-bbox="696 335 1368 869">• In the study conducted in 2013/14 approximately 700 government owned resorts were identified as underutilised or disused. The study confirmed that budget holiday destinations have been used successfully in developed tourism destinations to provide affordable holiday experiences for locals. These products also absorb high numbers of youth thus addressing youth unemployment. Shortlisted sites for the piloting of the recommendations and the proposed model are provided in the report. These outcomes are yet to be presented to relevant provincial, local and private sector stakeholders for further action. 	<ul style="list-style-type: none"> <li data-bbox="1400 335 2072 408">• Need to look at how recommendations from the study can be taken forward for action.
5.6	Tourism Satellite Account	<ul style="list-style-type: none"> <li data-bbox="696 888 1368 1129">• Day trips and expenditure are measured as part of the total tourism economy. A healthy and sustainable domestic tourism eco system needs an active day visitor market. Access to recreational and leisure facilities become critical in building a culture that values experiences. 	<ul style="list-style-type: none"> <li data-bbox="1400 888 2072 1050">• Current SAT survey does not include day trips whilst StatsSA does. Alignment to TSA and considering the expenditure contribution makes it logical to incorporate in measurement going forward <li data-bbox="1400 1059 2072 1177">• Local government must be engaged on the role of local attractions, recreational space in growing domestic tourism. <li data-bbox="1400 1187 2072 1260">• Use of big data to be considered in getting more details on domestic travel patterns and trends.
5.7	Thebe Tourism afropolitan study	<ul style="list-style-type: none"> <li data-bbox="696 1283 1368 1353">• Thebe Tourism has conducted an independent study to develop a better understanding of their market. 	<ul style="list-style-type: none"> <li data-bbox="1400 1283 2072 1353">• From these insights what is indicated is that it is not only the domestic traveller that needs to be convinced

Item	Report/Publication	Insights	Comment
		<p>Their survey focused on why Black South Africans are not exploring their own country.</p> <ul style="list-style-type: none"> The study came up with new segments that provide the spectrum of the Black consumer and the different psychographics. The two main barriers to travel are information, and pricing structure. With these two addressed, (i.e. information and pricing structure), this group is adventurous and ready to travel. Case studies captured in the study is the MSC cruise packages with Kaya FM which sell out every time and the trip to Switzerland for the snow and skiing experience. 	<p>to change their travel patterns but how the sector engages by firstly developing understanding of the this market is vital.</p>
5.8	SAT/NDT Think Tank	<ul style="list-style-type: none"> Need to develop in-depth understanding of Stokvel group travel and measure properly. Focus on international arrivals is compromising development of the domestic market. Insufficient human resource capacity to engage with all aspects and stakeholders. Open space to stakeholders not traditionally regarded as tourism trade. The use of race profiles in the market segmentation report was noted as an outdated approach for marketing purposes and has the danger of pre-empting marketing segments based on race, which further influences the authenticity of the messages directed at the different groups. Short comings of Living Standard Measures (LSMs) were discussed with Clear Creek sharing insights from 	<ul style="list-style-type: none"> Focus on international arrivals has meant that majority of resources, finance, human resources, strategies (intellectual capital), are invested there with very little left over for domestic to implement the action plan of the current strategy effectively.

Item	Report/Publication	Insights	Comment
		<p>other marketing exercises that indicated how in emerging (black) markets, individuals often straddle the levels. An individual might be on a higher LSM but their friends, family who influence their consumption decisions reside at different levels.</p> <ul style="list-style-type: none"> • Visiting friends and relatives should be understood better and used to grow domestic holiday trips. • To inculcate a culture of travel, a national campaign to build pride and encourage citizens and residents alike to know their country was suggested. <p>Supply</p> <ul style="list-style-type: none"> • Government was challenged to facilitate partnership with private sector in the rehabilitation of government owned resorts. • Current products are experience changes in the demographics in line with other economic indicators of a growing black middle class. There is a need to update product accordingly and attract more new visitors. 	
5.9	Tourism Act 3 of 2014	<ul style="list-style-type: none"> • Key aspects of the Act looks at the functions of the marketing entity and its board. Other areas of importance such as grading and tourist guides are further lifted and provided support in the form of advisory committees. The establishment of the convention bureau and the board's responsibilities are clearly outlined. 	<ul style="list-style-type: none"> • Consideration to be given to the review of the Act to include a similar articulation/expression given to the convention bureau or even the grading council, which enable adequate focus to be realised. • Whilst the Act does not explicitly focus on international arrivals, the split of resources, budget, people, etc. indicate a core focus based on an inbound driven

Item	Report/Publication	Insights	Comment
			<p>strategy. The question can be asked that, is our international arrivals contributing more because we invest more or because the returns are high?</p> <ul style="list-style-type: none"> • The new approach demands that value placed on domestic be commensurate with actual action.
5.10	Draft Sport tourism strategy	<ul style="list-style-type: none"> • The draft strategy on sport tourism suggests that in order to continue harnessing the power of sport in promoting tourism, institutional relationships need to be strengthened. In addition it is recommended that Tourism be prioritised at a national government level. 	<ul style="list-style-type: none"> • The content of the document similar to others places more focus on international arrivals. However the value of domestic is highlighted. Prioritisation of tourism at a national level needs to go beyond strategic document but begin to live through actions of different ministries mandates.

6. Trends

The following trends were observed as having impact on the growth potential of the domestic market.

Trends	Overview
Economic	<p>Product diversification, enhanced marketing, affordability, access and service excellence.</p> <p>Tourism becoming a regional/ national rather than a global phenomenon.</p>
Competition	<p>Fluctuating state of economies will affect travel demand (high fuel and electricity costs: Reserve Bank, Q1 2011/3).</p> <p>Favourable interest rates, debt reduction focus and increase in disposable income.</p> <p>Increasing adoption of tourism as a leisure activity.</p> <p>Increasing demand for benefits from tourism resources by host communities.</p>
Political	<p>Political stability affects travel choices and decisions.</p> <p>Legislative environment in a destination, such as the Consumer Protection Act does impose obligations on destinations and products, and raise expectations from tourists.</p>
Industry	<p>Niche markets and special interest tourism (e.g. cruise, culture, heritage, etc.).</p> <p>Increased and frequent shorter holidays and increased use of new technology (booking channels and marketing, e.g. social media).</p> <p>Low cost travel will influence travel demand.</p> <p>The oversupply of undifferentiated travel products in a destination will impact on competitiveness.</p>
Technology	<p>Disruptive technologies e.g. uber, airbnb, couchsurfing, etc</p>
Environment	<p>Responsible tourism principles broadly adopted to ensure the negative human/tourist impact on environment and communities is reduced.</p> <p>Increased involvement of NGOs and CBOs in tourism and environmental issues.</p> <p>Potential impact of natural disasters on travel behaviour.</p> <p>Emerging approaches and perspectives of efficiency measures (e.g. green energy, responsible tourism and climate change).</p>
Social and Cultural	<p>Shifting domestic travel demographics due to growing black middle class</p> <p>Ageing, affluent and middle class will influence travel demand.</p> <p>Perceptions and concerns for safety and security will influence travel decisions.</p>

7. Theory of Change (Root Cause Analysis)

From the gathering of insights, information was taken through the theory of change in order to get to the core of the challenge. We have the declining and the reasons for the decline, however most of these reasons were there when the strategy was developed and is thus imperative to develop understanding of why the proposed interventions have only been partially implemented which could be a contributing factor to the decline. For the process we conducted a stakeholder analysis, mostly identified already in the roles and responsibilities of the current action plan, then performed a swot analysis, followed by construction of the problem tree to get to the root causes of the challenges, followed by the solutions tree from which we completed the log frame matrix. To guide implementation a resource schedule is provided as an addendum.

7.1 Stakeholder Analysis

Success in the implementation of the Domestic Tourism strategy depends on all role players being part of the planning and consideration given to their needs and expectations as well.

Table:1 Stakeholder Analysis

Stakeholder category	Problems (how affected by the problem)	Interests (and possible actions to address it)	Potential (capacity and motivation to bring about change)
Domestic Tourism Consumers			
<ul style="list-style-type: none"> VFR – visiting friends and relatives Leisure Business Stokvels 	<ul style="list-style-type: none"> Lack of inclusive packages Sparse Information Affordability “you do not see us” comment from stokvel trust. 	<ul style="list-style-type: none"> Discover and enjoy their country with friends and family with ease Discover their family heritage – reconnect with friends and family Discounted packages Travel solutions for groups e.g. stokvels 	<ul style="list-style-type: none"> High Leverage culture of group savings and layby
Attractions			

Stakeholder category	Problems (how affected by the problem)	Interests (and possible actions to address it)	Potential (capacity and motivation to bring about change)
<ul style="list-style-type: none"> • Family resorts • Beaches and Parks • Events • Heritage sites • Routes 	<ul style="list-style-type: none"> • Guest profile/demographics is changing but the product has not kept pace • Reduced occupancies • Culture friction • Lack of know how in leveraging the meetings/events 	<ul style="list-style-type: none"> • Increasing occupancy and revenue • Reduction in seasonality to improve cashflow • Understanding the needs of the new growing market • Create new experiences – increase yield • Incentives 	<ul style="list-style-type: none"> • Medium to high • Need incentives to bring the desired motivation
Suppliers			
<ul style="list-style-type: none"> • Transport • Tour operators • Guides • Accommodation • Restaurants • Retailers • Investors • Food & Beverage • Visitor Information Centres • Tourism authorities 	<ul style="list-style-type: none"> • Transportation costs high • Transit terminals focus on commuters • Product structured for inbound • Disused government resort inventory 	<ul style="list-style-type: none"> • Keeping abreast of technology • Revenue and cashflow • Opportunity to manage disused assets • Training of tour guides 	<ul style="list-style-type: none"> • Medium to high dependent on partnership and incentives

7.2 Swot Analysis

- National Development Plan (NDP)
- Infrastructure
- Vast heritage and culture tourism offerings
- Strong sporting culture (events)
- Increased focus (R100M)
- Market segmentation report
- Regular performance report

Strengths



- Limited Domestic tourism human resource capacity
- Poor maintenance of tourism infrastructure (local and provincial)
- All levels focus on inbound - policies, capacity, budgets
- Weak/ absent institutional arrangements (Intergovernmental relations)
- Failure to use incentives to stimulate domestic market (concession, grant funding and licensing)
- Conflicting research and statistics methodologies

Weaknesses



- Leverage VFR and business travel
- Partnerships to drive investment for rehabilitation of government owned resorts
- New packages and financial products
- Enterprise Development opportunity for township and rural experience (home stays)
- Increase awareness (including education; marketing; Tourism Month)
- Technology to improve access – disruptive technologies
- Group travel and savings/Stokvels
- Partnerships (civil, civil, labour and business – Nedlac) to drive desired behaviour change
- TOMSA levy to increase funding
- Articulate the domestic tourism economic opportunity beyond beds

Opportunities



- Transportation costs
- Lack of diversification and inclusive pricing strategies to respond to the new market
- Safety (safe to leave homes)
- Use of racial classification/filters for market segmentation process
- Lack of transformation (attitude service/experiences)
- Lack of investment in leisure products
- Limited Tour Operators capacity to cater for the emerging market
- Growing unemployment and inflation rate
- Increasing the doing business
- Sharing economies (e.g. uber)

Threats



7.2.1 Strengths

The national development plan (NDP) supports government's intention to gradually shift state resources towards investments that reshape the economy, broaden opportunities and enhance capabilities. Identifying and promoting practical opportunities for cooperation based on complementary national endowments.

7.2.2 Weakness

Limited Domestic tourism human resource capacity focusing on domestic tourism promotion and marketing is a sector wide weakness and thus overlook potential domestic tourism. The focus is mainly on international tourist arrivals in South Africa (inbound tourism).

7.2.3 Opportunities

Labour migration patterns influences travel patterns observed from the VFR provincial spread. With this understanding conversion tactics have to factor this for campaigns and packaging strategies. If tour packages can be designed in order to convert and encourages the VFRs to combine their travelling with leisure tours this will be an opportunity for the domestic tourism industry. The other opportunity is on government owned resorts. There is an opportunity for owning state agencies to partner with private sector in order to rehabilitate and effectively manage such resorts. Alternative accommodation experiences such as Home Stays and camping are an inexpensive opportunity for the locals, where local tourist can visit other provinces and have localised hospitality treatment from local residents household rather than use expensive traditional accommodation such as hotels and guest houses.

Resuscitation of rail as a popular travel option and consideration of collaboration with taxi industry which is the most used mode of transport.

7.2.4 Threats

The cost of transport remains a concern raised especially air travel and luxury busses. Another threat is a lack of diversification and inclusive pricing strategies to respond to the new market is a threat to domestic tourism safety. The government need to work hard on policies that promotes more transformation in the tourism business, this will increase a wider participation of ordinary citizens to participate in the sector. The Lack of investment on leisure tourism products serve a threat to domestic tourism as locals are only exposed to limited resources. Lastly the high unemployment and inflation rate discourage the locals to travel.

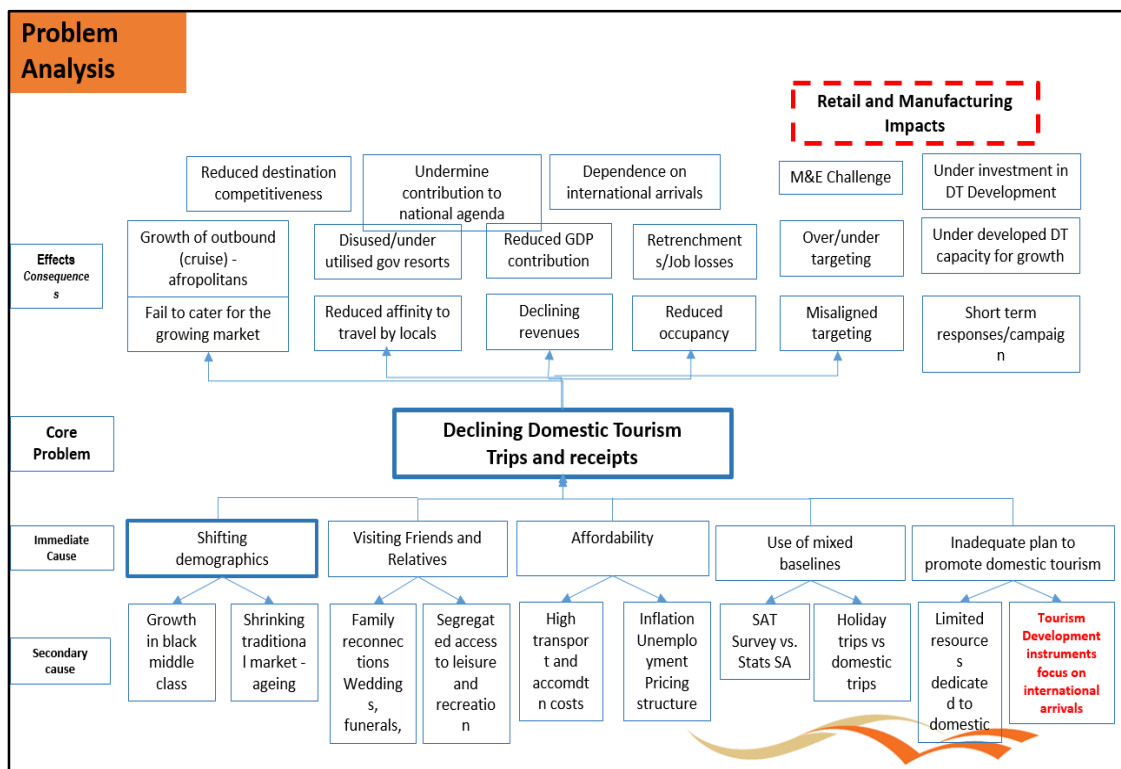
7.3 Problem Analysis

The challenge of declining trips was analysed to determine the root causes and consequences. The information was drawn from various stakeholder engagements reports, domestic tourism 2015 performance analysis by SAT including trends over the past three years and the budget resort study. The focus was internal and external aligning to the stakeholder and swot analysis approach.

“if you have a hammer, everything looks like a nail.”

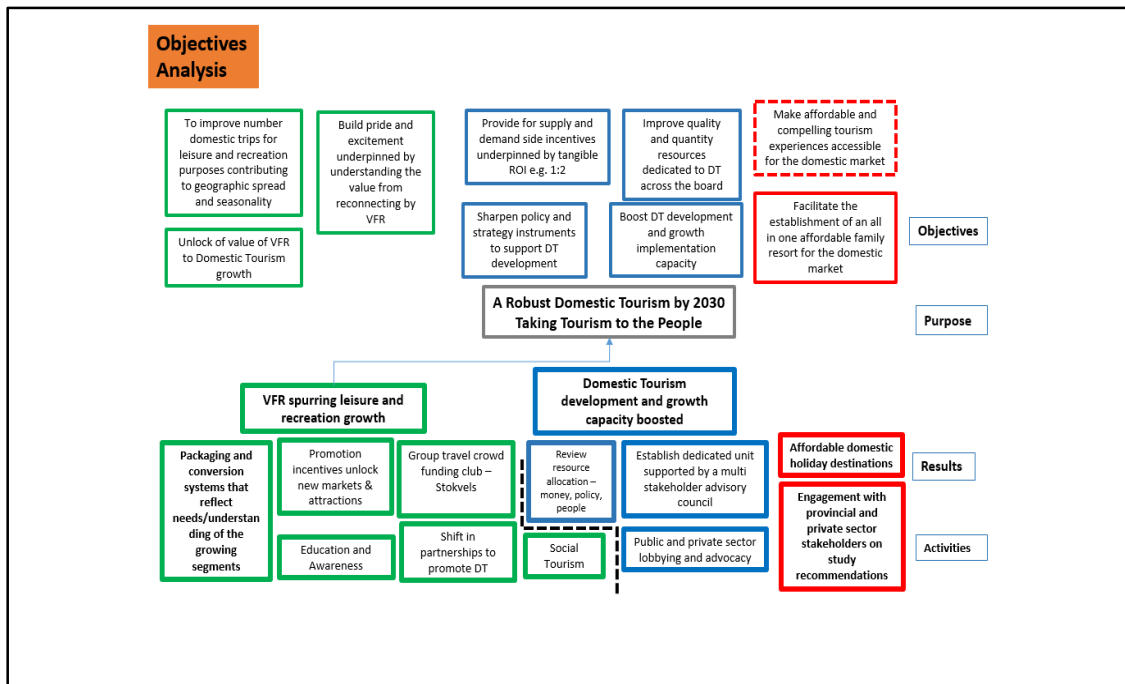
A Maslow – Law of the instrument

From this process the main challenge highlighted was the limited resources to support the intention to grow domestic and the continued focus of resources, human, financial and intellectual on inbound.



7.4 Objectives Analysis (Solutions Tree)

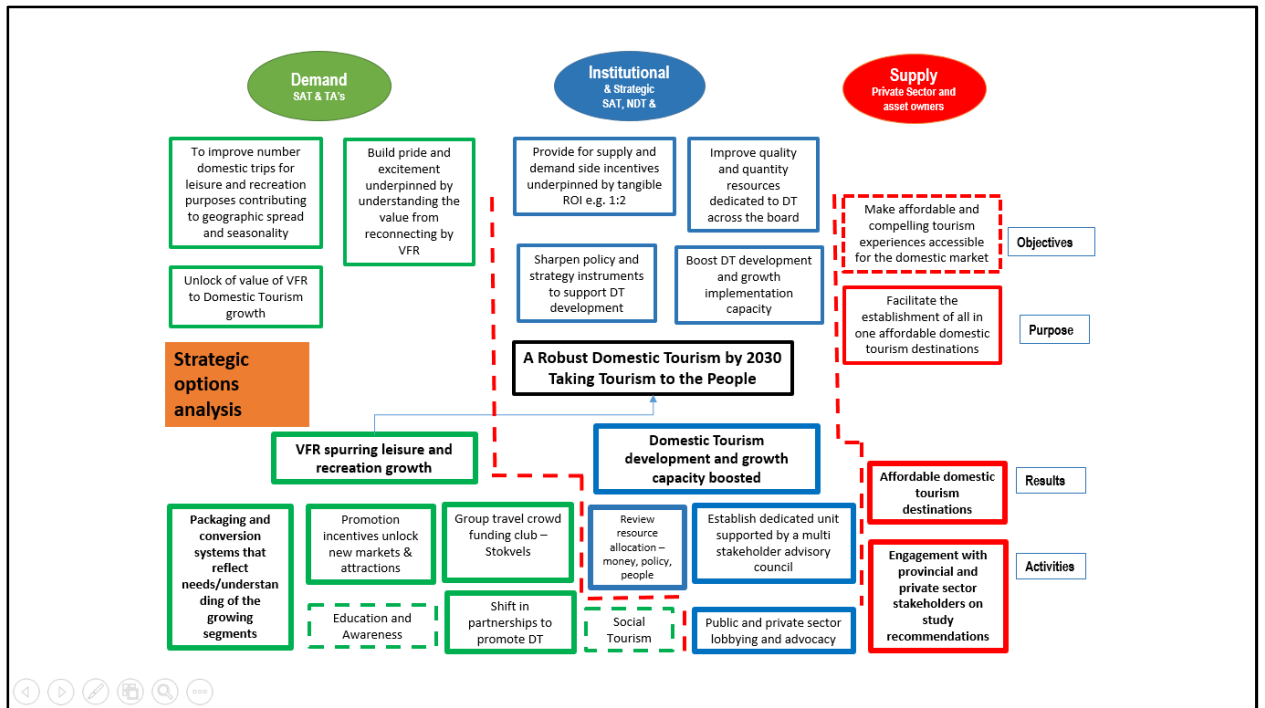
The problem analysis has presented a number of causes and consequences that we need to address towards reversing the declining trips and the associated impacts. The objectives analysis has in considering the challenges developed responses to mitigate the identified impacts, targeting the root causes.



The decline in trips has resulted in the decline of other key tourism performance indicators which ultimately impacts on the ability of the sector to create jobs and contribute to the overall government objectives of job creation and poverty alleviation. In our response we should take cognisance of this frame as well as considering that a declining domestic tourism means a fragile tourism sector overall. From the solutions tree a realignment of objectives begin to emerge with the central focus now being the creation of **“A robust domestic tourism economy by 2030”** and this is achieved from **“Making affordable and compelling tourism experiences accessible for the domestic tourism market”**

7.5 Analysis of Strategies

There are three strategic options that are identifiable from the objectives analysis phase. The tree has been segmented into these three being Strategic, Technical and Institutional, with possible lead role player identified. For planning each key role player working towards delivering on the shared vision, guided by the strategic option for their area will use the related objectives to develop their project structure, conduct the activity and resource scheduling incorporating the activities with timelines and allocating the necessary funding. This approach ensures that all commitments are adequately resourced and focus correctly placed.



Increasing the share of VFR contributing to Domestic tourism growth

The current trend indicates that with the decline in domestic holiday trips, there is an increase in VFR trips. This has been an ongoing challenge which according to the problem analysis, demands a different approach to how we view VFR. This objective highlighted in green in the diagram, is driven by unlocking the value of VFR, increasing conversion, responding to how this market is structured and responding accordingly. This is in line with recommendations in the Domestic Insight study and racial classification was not used to come to this conclusion. Indications are that innovation is required to address the cost structure as well as addressing the group travel savings schemes. The marketing entity together with the provincial and metro tourism authorities are better placed to mobilise all role players and resources to achieve the desired shift in focus that demonstrates commitment to the long term objectives.

Institutionalisation of Domestic Tourism Development

Weak institutional arrangements and capacity have been highlighted as a challenge that has resulted in most of the strategy actions being partially achieved, with no mechanism to hold anyone responsible for driving the disparate areas that contribute to growth. From the problem analysis what at first was identified as inadequate planning was found to be caused by the under resourcing of domestic tourism, leaving those tasked with the interventions, with difficult choices to make on what gets done and what is left behind. This has also affected the quality of engagement with different role players, limiting the emergence of game changing developments and the ability to respond quickly where there are negative elements in the market.

Through institutionalisation, critical aspects of development such as policy and strategy development, lobbying of other influential institutions not directly considered as tourism but essential to its growth, and most important mobilisation of financial resources based on

presenting a convincing and exciting case for support. A key component of the institutionalisation is the establishment of advisory capacity through a multi stakeholder committee to provide ongoing strategic insights, removing barriers by using influence in the sector, and promoting inclusive participation.

Supply

Increase investment in Budget Family Holiday destinations

Affordability remains a key challenge, one that increases as we move to the lower LSMs. The current economic climate with rising unemployment means even those in the higher LSMs who can afford holiday travel, will be under pressure as they end up supporting extended family and friends. The Budget Resort Feasibility study conducted in 2013/14 indicated that a budget resort brand was desirable for growing domestic tourism across different LSMs. The operating model of these resorts such as Butlins and Centre Parcs in the UK, which enjoy occupancies of over 70% annually significantly higher than the standards accommodation facility, offer inclusive packaging and layby type options which local consumers indicate they would prefer. Inventory in the form of government owned resorts is available however the challenge is the state of disuse most of them are in. Attracting investment from the private sector for the rehabilitation and upgrading of these facilities can open up an opportunity not only to address affordability but job creation in the construction phase, economic transformation, improved ROI for owning agencies of the assets and in the long term optimally used facilities contributing to growth in the internal tourism expenditure.

Table 2: Logframe Matrix

Overall objective	Objectively verifiable indicators	Sources of verification	Assumptions (external factors)
SO5: To contribute to the acceleration of the transformation of the sector by creating a robust domestic tourism economy	<ul style="list-style-type: none"> • Increase in trips (including day trips) • Increase in revenue • Improved geographic spread • Decline in seasonality 	Annual surveys	N/A
Purpose	Objectively verifiable indicators	Sources of verification	Assumptions (external factors)
To identify and implement interventions aimed promoting a culture of travel in the domestic market and make tourism experiences more accessible – Take Tourism to the people.	<ul style="list-style-type: none"> • Innovative package responsive to the interest and tastes of the build market • Common domestic tourism goals articulated in the NTSS and adopted by stakeholders • Advisory council to the Domestic Tourism unit established to provide stakeholder coordination • Investment increase in domestic tourism supply – government resort rehabilitation, day visitor facilities, 	<ul style="list-style-type: none"> • Domestic supply incentives distribution report • Advisory council ToR and Quarterly reports • Affordable Domestic Tourism Destinations (Budget resorts) action plan 	<ul style="list-style-type: none"> • Broader public and business community mobilised. • Funding secured for budget resorts project.
Results (Outputs)	Objectively verifiable indicators	Sources of verification	Assumptions (external factors)
<ul style="list-style-type: none"> • Increased awareness of domestic tourism offerings. • Increased VFR share of holiday trips 	<ul style="list-style-type: none"> • Increase in conversion rates from VFR to Leisure trips. 	<ul style="list-style-type: none"> • Minutes • Quarterly reports • AC Terms of Reference 	

Overall objective	Objectively verifiable indicators	Sources of verification	Assumptions (external factors)
<ul style="list-style-type: none"> • Dedicated capacity and resources established. • Distinct domestic tourism branding and messaging. • Budget resort project initiated. • Group travel information platform accessible. • Domestic tourism definitions and measurements revised. 	<ul style="list-style-type: none"> • Innovation from improved pool of resources – pricing and packages. • Dedicated resources ring fenced established. • Advisory committee (AC) established • Budget resorts incentives released. 	<ul style="list-style-type: none"> • Published Incentives guidelines 	

Table 3: Activity Scheduling

Activities	Means	When		Dependency
		Start	End	
Institutional				
Establish domestic Tourism directorate – address the capacity challenge	<ul style="list-style-type: none"> • Organisational structure review (NDT & SAT) 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2018 	Department of Public Service and Administration (DPSA) processes
Establish Advisory Council to support and grow domestic tourism capacity.	<ul style="list-style-type: none"> • Identify/invite suitable candidates from sectors that drive and supply the domestic tourism market, to serve for 3-5 yrs. 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2020 	DT directorate establishment

<p>Policy and legislative review to align the intention to grow domestic tourism to appropriate actions and enable the adequate resourcing thereof.</p>	<ul style="list-style-type: none"> • NTSS update • Tourism Act review 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2018 	<p>NTSS Review</p>
<p>Training and development in the sector to improve packaging and understanding of the domestic market.</p>	<p>Private Sector</p> <ul style="list-style-type: none"> • Expand ED programme to include domestic tour operator training • Collaborate with trade. • Promote domestic tourism facilitation amongst new tourism graduates. 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2020 	<p>SAT trade engagement programme</p>
	<p>Public</p> <ul style="list-style-type: none"> • Training workshops for officials unpacking the components of domestic tourism in order to encourage more effective planning and management of resources. 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2020 	<p>DT unit approval, budget inclusive</p>
<p>Public sector mobilisation – partnership with departments and institutions that drive domestic tourism requires incorporation/adoption of the common vision at all levels</p>	<ul style="list-style-type: none"> • Cabinet dialogue • Nedlac • Portfolio committee workshop • Host capacity building workshops • Incorporate Taking tourism to the people in Imbizo concept • Partner Ministries- Sports and Recreation, Arts and Culture, Transport (Prasa, Transnet, etc), Water and Education 	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2020 	<p>Availability of identified stakeholders</p>

Private sector mobilisation -	<ul style="list-style-type: none"> • TBCSA and member associations • BUSA • Black Business Council • SA chamber of commerce 	• 2017	• 2020	Tourism part of current agenda
Strengthen Social Tourism programme	<ul style="list-style-type: none"> • Partner with relevant NGO's • Formalise partnership with Social Development and Education • Partnership with SABC education 	• 2017	• 2020	Agreements with clear roles and responsibilities in place
Infrastructure incentive – funding to unlock private sector investment in appropriate products (budget family resorts)	<ul style="list-style-type: none"> • NDT, Provinces, Municipalities and Development Finance Institute (DFI)collaboration 	• 2017	• 2027	Availability of funds DFI support/buy-in
Broaden domestic tourism definition - Including day trips, school trips, pilgrimage, etc	<ul style="list-style-type: none"> • Stats SA, SAT and NDT collaboration 	• 2017	• 2018	Stats SA collaboration
Review Tourism Month programme – differentiate between the month long programme and world tourism day celebrations	<ul style="list-style-type: none"> • Heritage month collaboration • Tourism trade collaboration • Improve consumer shows reach to targeted markets – agricultural shows 	• 2017	• 2018	Provincial and local government participation Marketing forum ownership Department of Arts and Culture collaboration
Demand Side				
Increase the number of day visitors by incorporating promotion of day visitor activities.	<ul style="list-style-type: none"> • Promote parks and recreational activities. • Partner with local and provincial government. 	• 2017	• 2026	Investment in tourism infrastructure improvement.

	<ul style="list-style-type: none"> Partnerships with popular attractions e.g. uShaka Marine, Gold Reef, Zoos etc. 			
<p>Incentives to stimulate innovative packaging reflecting a better understanding and appreciation of the target market, as consumers and designers of authentic experiences.</p>	<ul style="list-style-type: none"> Use appropriate incentives to unlock innovative packaging opportunities resulting in value for money experiences. Consider use TOMSA levy to increase resources to support domestic tourism growth balance portfolio of investment between international and domestic tourism. Develop relevant policy guidelines to support the effective distribution of the incentive to promote heritage and culture, diversify products/experiences. Develop local rating platform to promote feedback on experiences and address deficiencies in the market. 	<ul style="list-style-type: none"> 2017 	<ul style="list-style-type: none"> 2026 	<p>TOMSA board and SAT concurrence Incentive budget</p>
<p>Promote and secure partnerships with non-traditional domestic travel drivers e.g. sports, arts and culture, creative industries, etc.</p>	<ul style="list-style-type: none"> Collaborative partnerships – mobile telephony companies, banks, post office, top consumer brands 	<ul style="list-style-type: none"> 2017 	<ul style="list-style-type: none"> 2020 	<p>Review of SAT Joint Marketing AgreementsMA's for domestic tourism to extend reach to key domestic tourism drivers.</p>

Table 4: Responsibilities

Activity	Inputs Required	Responsibility
Establish domestic Tourism directorate	Minister's concurrence DPSA approval	NDT
Establish Domestic Tourism Advisory Committee	Executive buy in Minister concurrence	NDT
Review SAT domestic tourism unit's capacity	SAT Exco and Board concurrence	SAT
Increase domestic tourism allocations	Provincial treasury Provincial tourism authority boards	Provinces, local government and trade
Contribute TOMSA levy to domestic	Sector consultation SAT and TOMSA board concurrence	TOMSA/TBCSA
Domestic tourism marketing conditional matching grant @ R5m pp	Provincial domestic tourism budgets Minmec concurrence	SAT
Policy and legislative review	Minister's concurrence Sector consultations	NDT
Mobilisation of partner departments – sport, arts and culture, broader public service	Sport tourism strategy Calendar of events	NDT
Private sector mobilisation	Engagement plan with current trade	SAT
Broader business and labour sector mobilisation	Broader stakeholder engagement and advocacy plan	NDT
Strengthen Social Tourism programme Facilitate discounted trips for target groups Maintain and publish directory	Agreements with social partners Social tourism inventory list	NDT
Infrastructure incentive (including technology)	Incentive concept and guidelines Publish guidelines Invite industry to submit proposals	NDT

Activity	Inputs Required	Responsibility
Broaden domestic tourism scope to include awareness of day visitor attractions/activities	Research committee inputs and consensus	NDT
Develop nationwide domestic tourism campaign (Tourism Month)	Domestic tourism awareness and education campaign	SAT
Celebrate World Tourism Day as part of the global tourism community	UNWTO theme Research from academia Social tourism activations - Community participation	NDT
Taking tourism to the people Imbizo <i>Tourism fare</i>	Imbizo objectives and framework List of rural tourism nodes to be visited Imbizo draft programme	NDT
Tour Operators Training and development	Content for domestic tourism	SAT CATHSSETA
Domestic packaging incentive	Guidelines Invitation to prospective partners	SAT
Promote and secure non-traditional partnerships	Guidelines Identification and engagement with prospective partners Partner activations	SAT
Revamp domestic tourism branding and messaging	Targeted message e.g. AUS Campaign "No leave, no Life"	Marketing Forum
Budget resort investment promotion	Budget Resort study recommendations List of lodges assessed for upgrading Incentive guidelines	NDT
Awareness and education	See Tourism Month	

Activity	Inputs Required	Responsibility
Domestic trade show promotion Getaway, cherrie festival, etc	Establish a dedicated Domestic Tourism trade show Promote/local and regional trade shows	
Group travel facilitation schemes e.g. model similar to international school trips	Include in Tour Operator Training content	NDT

8 Key Findings and Recommendations

The key finding below are related to different actions to be taken under the different strategic thrusts outlined in 6.2 above. These should find articulation in the activities and resource scheduling processes.

Table 5: Key Findings and Recommendations

Item	Finding	Recommendation	Comment
8.1	From the audit, indications are that actions from the current strategy have been partially implemented. The reason being that there is no dedicated focus.	Capacity to drive the implementation of the strategy must be established through the institutionalisation of the function.	Without this capacity, the intention to establish domestic tourism as the backbone of the sector will need to be revised.
8.2	Limited focus on domestic has led to the under resourcing of the function across public and private sector. National, provincial and local tourism authorities all battle for space at the international level. Domestic Tourism marketing is not prioritised strategically and financially.	Tourism development structures for Domestic market to be strengthened together with institutional arrangements with contributing partners. Since the mandate is shared with provinces, consideration should be made in funding a portion of the provincial activities.	Funding support for provinces can be in the form of conditional grant funding that requires matched funding. In this way the funding for domestic tourism can be increased significantly.

Item	Finding	Recommendation	Comment
8.3	Over 70% of associations believe SAT can improve their performance in marketing tourism to the domestic market.	<p>Private sector through the tourism levy raise funds for marketing which is currently dedicated to international marketing efforts. A contribution of this fund to the Domestic budget has the potential of doing for domestic what the fund achieved at its inception for international marketing i.e. increasing reach with lasting impact.</p> <p>In addition, an advisory council consisting of key role players must be established as part of the support structure ensuring there is a dedicated forum of experts to support and help domestic recover from the decline and grows.</p>	It has been highlighted by stakeholders that domestic travellers are significant contributors to the fund and shifting such funds for the growth of the domestic tourism market is logical.
8.4	Prioritisation of tourism by government only from an international arrival perspective.	<p>The understanding of the value of tourism is often one sided and whilst additional funding has been allocated for the promotion of the DT, to build this culture and grow a resilient tourism sector will require adoption of this mandate by other influential departments. A government wide awareness campaign is recommended starting with sister departments such as DAC, DEA, DoT and Education.</p>	Support for a campaign to entrench a culture of travel needs to be lobbied and supported at an executive level of government.
8.5	Narrow view of stakeholders leaves critical stakeholders such as labour out.	Engagement with the broader business and labour community is necessary in mobilising more resources extending the reach of the	Lobbying activities to be targeted at Nedlac.

Item	Finding	Recommendation	Comment
		message especially from the perspective of Domestic Tourism as a significant revenue driver and therefore job creator.	
8.6	Understanding VFR differently is needed – not as a negative but the fuel to power up domestic.	Conversion strategies should use VFR as a positive catalyst for increasing holiday trips and not see it as the reason holiday trips are declining. Based on this approach activities should be focused on increasing share of holidays trips in the total domestic trips	How we see and respond to the domestic tourism environment has to change in order to unlock the potential.
8.7	Research methodologies different between SAT and Stats SA.	A uniform methodology needs to be adopted to enable proper measurement of progress and impacts	Process underway for Stats SA to take over the reporting by 2018.
8.8	No incentives to stimulate investment in product development/investment.	Develop/design demand and supply incentives to encourage innovation in packaging and investment in relevant products (e.g. budget resorts) to support the growth of the market.	Demand incentives can be in the form of partnerships that reduce the cost for the domestic tourist on inclusive packaging. Supply side incentives should stimulate investment in the right products.
8.9	Group travel (e.g. Stokvels) not adequately catered for.	With better understanding of the travelling population understood, there is a need for training and development for trade to better service the different target markets.	Role players in the implementation of the agreed action should have a change management plan demonstrating how they shift from where they are to the desired goal.
8.10	Current resorts need updating to respond to the tastes of the new traveller	Develop incentive to stimulate investment partnerships for the rehabilitation of government owned resorts.	Engagements with resorts will be part of acting on the Budget Resort study recommendations.

Item	Finding	Recommendation	Comment
8.11	Drivers of domestic travel such as sport, cultural and heritage societies are often not part of the planning and implementation.	Partnerships/linkages with domestic travel drivers to become a key component of the new marketing approach.	The added responsibility to operate outside the current frame further motivates for better resourcing and operating structure for domestic tourism
8.12	Affordability due to economic circumstances will impact the building of a culture of travel. It's necessary to expose those with limited means to travel.	Social tourism efforts are to be strengthened to ensure that we bring along as many people as we can as part of building the culture by focusing mainly on day trips.	Improvement and taking stock of the day visitor facilities will be necessary.

