

Executive Summary

- *South Africa has the potential to become a world-class player in tourism and to generate significant employment and economic opportunities throughout the country. Indeed, the number of overseas tourist grew from 700,000 in 1994 to 1.4 million in 1998. However, preliminary estimates for 1999 (Statistics SA) indicate that this growth is leveling off.*
- *The slowdown in SA tourism growth is blocked by specific factors—most of them related to problems under local South African control. These problems include: a poor perception of security and safety of tourists when traveling 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 sector and between the public and private sector sectors, and fragmentation within the sector itself.*
- *This report summarizes the results and lessons learned of the year-long “Tourism Collaborative Action Initiative” whereby tourism stakeholders at the national, thematic, and local levels got together to identify and launch actions to create a positive future for themselves and South Africa tourism. The so-called tourism clustering initiative was overseen by the joint business-government-labour Tourism Leadership Group (TLG).*
- *At the **National Clustering** level, over 650 tourism stakeholders or potential stakeholders, were involved in a series of meetings and working groups convened from April 1999 through to December 1999. Fifteen “action” initiatives at the national level survived the elimination and integration process. The national initiatives focused on priority issues such as improving access to finance for tourism businesses, improving awareness about tourism service, tourism human resources development, and marketing. Overall, the national clustering process was less successful than expected due to the limited participation of high-level business leaders.*
- *The **Thematic Clustering** process focused on two specific market segments—eco-tourism and heritage tourism. **Eco-tourism** is generally seen as one of the most successful and well-developed tourism products of the country (and region). With its proven track record, its existing infrastructure and branding, and its already high visibility as an internationally acknowledged South African brand, the theme represents a clear opportunity for addressing previously*

excluded people's participation - through investment and / or community involvement. Building on the success of this segment by fast tracking the development of State-owned dormant assets through public-private-community partnerships is regarded as the optimum option for moving forward. **Heritage tourism** has been identified as a vehicle for offering tourists with a unique South African "experience". It provides the substance of the tourists' visit, and is built upon the authenticity and culture of the South African people. This cluster initiative was the first time that all the key stakeholders had met to discuss heritage tourism. It was apparent that efforts to promote heritage tourism had been highly fragmented or non-existent with no frameworks in existence for driving tourism around South African heritage attractions. *The outcome of the heritage cluster work was a proposal to form a **National Heritage Association** under the joint stewardship of the Deputy Minister of Arts, Science, Culture and Technology and the Deputy Minister of Environmental Affairs and Tourism.*

- **Local Clustering:** Four pilots were selected to test and demonstrate the impact of local tourism clustering: Magaliesberg (North West Province); Khayelitsha (Western Cape Province); Fish River (Eastern Cape Province); and Valley of the Olifants (Northern Province). *Each of these pilots created local platforms for "action" to build more competitive tourism communities that are still working. In Khayelitsha a new team was formed, while in the other three pilots the clustering initiative brought more closely together stakeholders from a geographically wider community, giving these stakeholders the critical mass to more substantially address key issues. The learning has been expanded in the "How To Manual" to provide a practical guide for others facilitating the development of local tourism clusters.*
- *The results of the process at all three levels indicate good results, but there is little doubt that clustering from a tourism perspective will be most effective for South African tourism when focused on clustering activities at the local level. Local-level clustering seemed to bring a more immediate sense of clear personal benefit for the participants, which acted as a powerful motivating force to continue working. Stakeholders feel more empowered to make an immediate and measurable difference to their own situations. Even so, national issues do require a collaborative approach, since tourism is systemic by nature, but will be better tackled by small groups of decision-makers, focusing on specific issues such as international marketing and appointed for that purpose.*
- *At the national level, an operational plan/business plan with a budget for South African Tourism, based on 5 to 10 year strategic imperatives should be developed immediately. This will offer predictability and focus in the policy environment as a precursor improved investment flows for the tourism sector. Such a plan will ensure that the South African Tourism sector will begin to speak with one voice, and will prove invaluable in ensuring focus for the work of existing and new clusters.*

- *One of the keys to tapping South Africa's tourism potential is to develop more effective linkages and synergies within the cluster and invest in critically needed economic infrastructure.* A critical factor for success is to align all elements of the cluster or sub-sectors of the cluster to strategic tourist product offerings. This requires coordination and cooperation. And that is what clustering is about.
- *A key finding of the effort is that to ensure success of tourism clustering activities, there must be committed, high level, long-term joint government/business/labour leadership.* The extensive demands on time and commitment of leadership for this project were not able to be fully met by the TLG. The levels of commitment that would be required had not been fully understood at the beginning of the process and the process itself occurred in an election year. Future processes of this nature would benefit from a counterpart group with the capacity (time, resources etc) to fully manage and lead the process.
- *One of the greatest positive impacts from the process has perhaps been the development of partnerships and allies.* The tourism clustering process has seeded numerous different teams made up of people that would not otherwise have networked together. Many individuals either outside of the formal tourism sector arena or completely uninformed as to the potential for them to engage in the tourism economy at all, were engaged by this process. Specific mechanisms were reviewed and identified to improve aspects of black economic empowerment in tourism (refer to Chapter 6).
- Finally, the most important indicators of success of any clustering initiative lie in whether or not there is continuity and sustainability in the implementation of action initiatives. *Thus far, the overall result is positive—the TLG, along with a collective of cluster initiative champions, have decided to keep going and commit to overseeing a roll-out action plan for 2000, which will support the existing initiatives and launch new local clustering activities.* The key activities proposed for 2000 included the following: on-going support to existing four local pilots; the start-up of 5-15 new local clustering initiatives; and SA-wide tourism clustering training workshops and awareness raising tours. If the TLG can sustain the momentum over the next several years, South Africa's chances of creating a more competitive tourism economy will be greater.

The report is organized into seven chapters:

Chapter 1: Introduction and Overview—identifies key tourism trends and South Africa’s tourism challenge, describes the project objectives, and highlights key findings and recommendations, including the roll-out action plan for 2000.

Chapter 2: The South African Tourism Cluster—focuses on defining the clustering approach and evaluating the competitiveness of South Africa’s tourism cluster.

Chapter 3: Tourism Clustering Activities and Lessons - National Clustering Initiative—highlights the clustering process activities at the national level as it occurred, its designs and the successes and failures of the process itself.

Chapter 4: Tourism Clustering Activities and Lessons - Thematic Clustering Initiative—describes the two thematic clustering processes for eco-tourism and heritage tourism, lesson learned, and recommendations based on the outcomes.

Chapter 5: Tourism Clustering Activities and Lessons –Local Clustering Initiative—describes the objectives, selection process, and key outcomes and lessons learned from the four local pilot clustering processes, providing a framework for replication into other communities.

Chapter 6: Black Economic Empowerment and Tourism—defines Black Economic Empowerment in the context of tourism, outlines an analytical framework for BEE in tourism companies, summarizes tourism case studies that illustrate empowerment strategies and gaps and constraints facing empowerment initiatives, identifies key learnings, and presents two key BEE tourism initiatives for enhancing monitoring and disclosure of empowerment results.

Chapter 7: Conclusion – Overview of Learning—summarizes learning from the tourism clustering processes.

Appendices—This report has additional appendices that include:

- more in-depth analysis of the competitiveness of South Africa’s tourism cluster,
- results and lessons learned from the tourism clustering processes at the national, thematic, and local levels
- more in-depth analysis of Black Economic Empowerment and tourism
- international case studies of tourism competitiveness strategies
- a separate “How To Manual” on Local Tourism Clustering