

Introduction

PURPOSE OF THIS MANUAL

This manual is designed for public and private officials who have the lead responsibility for tourism development in a locality.

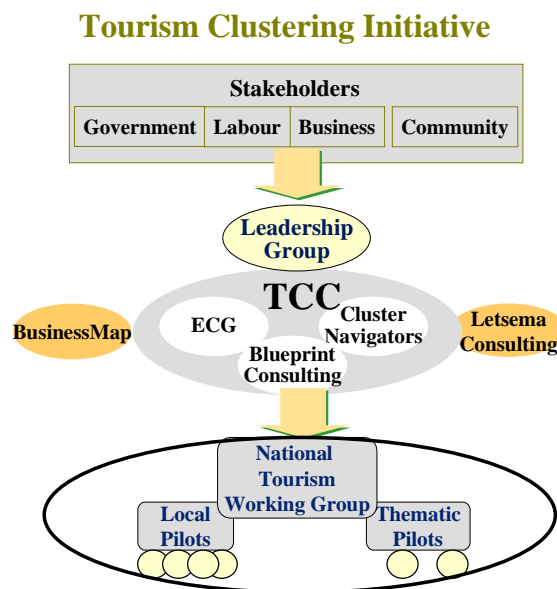
Used as a how-to guide, this manual will help accelerate local clusters.

It does not provide an academic description of the clustering process. What it does do is provide a practical source based on the international experiences of The Cluster Consortium, and on their experience gained in developing four South African local pilot projects.

The Cluster Consortium was active at three levels:

- National
- Thematic, with Eco Tourism and Heritage tourism being the two pilots
- Local level - The four demonstration pilots selected were in Khayelitsha, Magaliesberg, Fish River and the Valley of the Olifants.¹

The overall structure of the project was as follows:



¹ The background to the selection of these four pilots is provided in Appendix 3

The project is not just another study but is about ...

- Creating a shared vision
- Stimulating collaborative action
- Mobilising collective action
- Changing the way we engage in tourism development.

Clusters occur naturally, but the origins differ.

INTRODUCTION TO CLUSTERS

No one decreed that game lodges should be concentrated in Mpulamalanga, Bed & Breakfast facilities in the Cape Province's winelands, or craft outlets along what has become the Midlands Meander.

These concentrations of tourism activities have naturally developed.

The origins of each of these concentrations, or clusters, certainly differ. The initial stimulus may have been the local accessibility of the Big 5, or car-owners in a nearby well-populated area undertaking weekend excursions, or wineries offering wine tastings and then developing accommodation facilities.

The Local Clustering Process

The process outlined in this manual focuses on accelerating the development of such local tourism clusters.

The emphasis of the process is on identifying the roadblocks to development and then engaging the senior participants in the local tourism cluster in *action*.

The ultimate aim is job creation and local wealth generation.

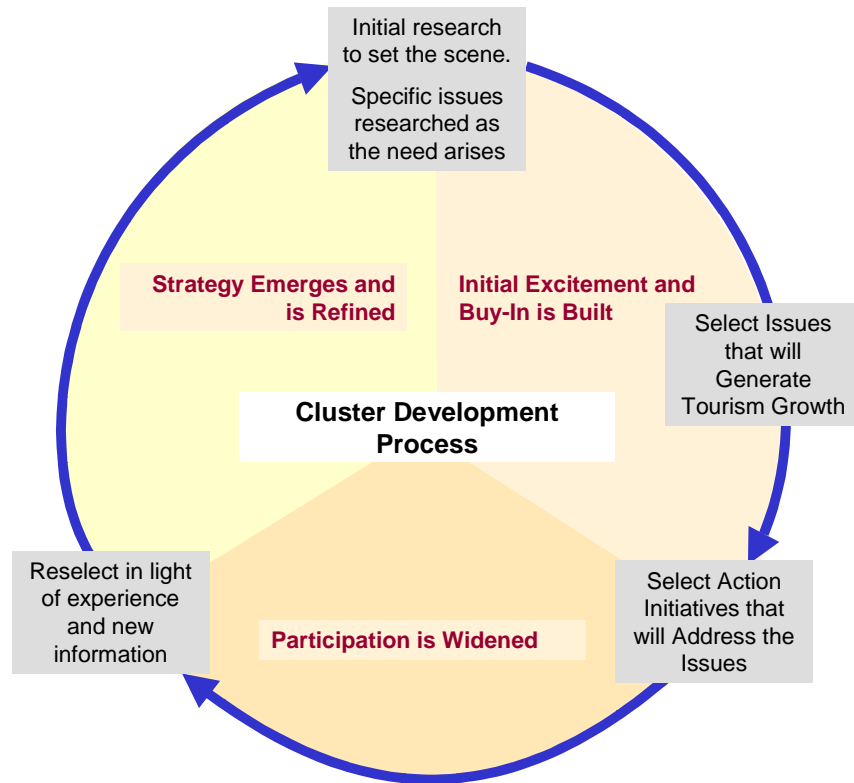
Job creation and local wealth generation are helped through increasing the involvement of local participants prepared to work on the cluster's development. Such involvement benefits the cluster as a whole, and importantly also the participants own organisation.

The aim is not to produce a strategic plan prepared by outside consultants with little ownership by the industry stakeholders. It is by sweating through the issues in workshops and small working sessions that industry stakeholders develop the strategies, and more importantly, the ownership of the action.

The clustering process is also organic. It doesn't follow the normal pattern of analysis, → strategy → and recommendations. The requirement for action generates a different, much more positive, dynamic.

Initial analysis is necessary, but only to guide action.

The strategy which emerges from this clustering process is appropriate for those who developed it and for the location. The process ensures that the strategy is tailored to suit the particular circumstances of the locality.



Over time the issues and means of addressing them change to reflect changing circumstances.

A strategy-in-action is more flexible than a heavily developed plan.

International experience has shown that well informed industry stakeholders have sufficient knowledge to select the initial issues. They live and breathe the industry.

At a later stage there is often value in undertaking a more diligent strategic review in partnership with the participants. A cornerstone to such a review is to benchmarking against similar, but better performing, clusters.

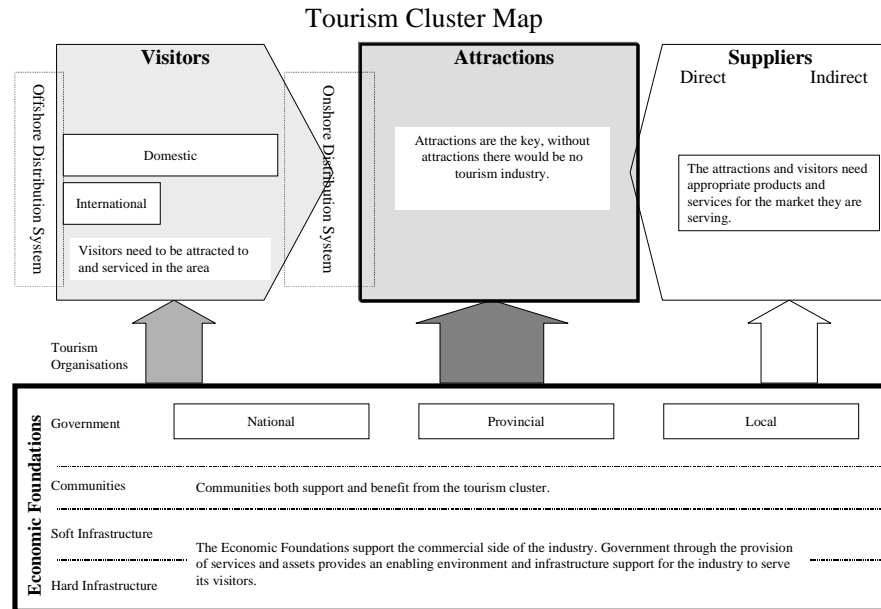
Tourism... a Team Sport

Tourism involves a wide range of participants. These participants can be divided into four categories:

1. The businesses and individuals that are the key participants in the local tourism activity. These participants directly earn their income from tourists and usually include the accommodation providers, the tour operators, the shops, the attractions, and sporting facilities such as golf courses.
2. Indirectly supporting these are a number of related businesses, for example vegetable and fruit growers, bakers, transport operators, the builders of hotels and other tourism facilities.
3. These first two groups do not work in isolation. Local schools, Technicians, local Community Tourism Associations, and Provincial Tourism Boards support their activities.

This support infrastructure is one of the most important keys to the development of a local tourism cluster.

4. The final element in the local tourism team are the organisations responsible for the development of roads, airports, telephones...the supporting physical infrastructure. The quality of the physical infrastructure needs to at least match competitive destinations, be they in South Africa or further afield.



A Tourism Cluster is...

...firms and others within a concentrated geographical area co-operating towards common goals, and establishing close linkages and working alliances to improve their collective competitiveness².

A local tourism cluster often includes a number of tourism areas working together to achieve results that would not be possible individually.

Clustering is More Than

- Joint Promotion
- Plans
- Committees
- One-off talk fests
- Rule by a few

A cluster is not...

A cluster is not...lobbying government under a different name. A clustering approach certainly does provide a more effective means of accessing government agencies and making local priorities clear. Often

² This definition is based on 'Clusters as a Vehicle for Small Medium Enterprise Development: an alternative perspective' Small Business Project, Johannesburg, 1999

much more important than this is creating a means for a wide scope of improvements in areas of common concern.

A cluster is not... a new buzzword for 'Promotion'. Marketing is often a key clustering activity, but as we shall see later a full clustering initiative has a much wider range of action programmes underway.

A cluster is not... a few deciding for many; it is an inclusive, collaborative process. For tourism especially clustering involves developing a community wide momentum.

How Clusters Work

People Dimension

Clustering success is dependent upon people forming quality relationships and networking to achieve results.

It works best at a community level where participants in the local tourism industry already have formed a wide variety of relationships, and there is already some degree of dialogue and trust. Clustering builds on the teamwork that is already in place.

The clustering process:

- Involves people to people contact
- Is informal more than formal
- Involves local stakeholders rather than outsiders
- Involves collaboration at multiple levels
- Builds competitive advantage.
- Results in more income and more jobs for the community

A clustering approach offers benefits at multiple levels:

Company Specific

Organisations like an individual craft person, a Bed & Breakfast provider, a tourist retail outlet, a taxi operator, or a 5 star lodge, are part of a system.

The system is a local, community based system. The overall quality of the local system that has a major impact on the success of each individual tourism business.

Poor service by just one participant in the local tourism community can leave a lasting impression on the tourist which is shared with others when the tourist returns home.

A clustering initiative focuses on developing the system to the benefit of all stakeholders across the community.

Community and National Benefits

Communities benefit by the increasing visitor spending in their locality, and the job creation which follows.

Much of an individual tourist company's potential to achieve growth lies outside of the company.

Tourism is a community wide activity, involving local schools, police, and politicians as well as the businesses in the community.

At a higher level tourism involves a wide range of participants, including larger corporates (airlines, hotel chains, car hire firms) and a range of government agencies with responsibilities covering roads, airports, education and health. A collaborative approach between these senior players is being developed through the National clustering initiative.

Clustering helps align private and public investments, so tourism is better able to fulfil the promise of job creation.

Change can open up new opportunities.

Positive environments for a clustering approach

A change in the local situation often provides the stimulus for clustering.

Change can be driven by a number of factors:

- Improved tourist accessibility, perhaps the recent opening of a new airport, the arrival of direct charter flights, a road being upgraded, or a tour operator now bring in coaches.
- A realisation that the current tourism organisations in the community no longer reflect the new South Africa, causing possibly a gridlock within the community. The historic white domination of tourism - both the ownership of facilities and the numbers of tourists - has made it difficult for the disadvantaged to participate in full.
- Unlocking new potential, eg through a major new tourism investment in the community, such as a 5 star game lodge, drawing in more tourists.
- Recognition that the community is losing out to neighbouring tourist destinations that are better organised.
- Realisation that the local tourism industry is under performing and not creating the much needed employment opportunities.
- The availability of resources to the locality, eg through an SDI focus on local tourism, or other National or Provincial agencies committing resources - such as were committed to the four local pilots.

Taking full advantage of such change demands a team approach that includes all participants in the cluster.

Is Clustering the answer? Clustering is not the answer in every situation. Check the flow chart and list of preconditions to see if clustering is a suitable development tool for your locality.