tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

FINAL REPORT

AN ASSESSMENT OF THE IMPACT OF MEGA TRENDS IN THE TOURISM SECTOR PHASE II

UNIVERSITY OF PRETORIA

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**EXECUTIVE SUMMARY**

The aim of the study was two-fold:

i.   to identify and analyse global shifts as well as tourism specific megatrends that impact the tourism sector at a global, regional and local level, from both the demand and supply side of the sector;

ii.   to develop a framework that will enable the sector to proactively respond to challenges and capitalise on opportunities for future development of sustainable tourism products and services over time.

The study was conducted over two phases, the **first phase (2018/2019)** concentrated on identifying megatrends that affect tourism and assessed the impact of these trends, particularly as they relate to the South African tourism industry.

The **second phase (2019/2020)** focussed on developing a framework that enables the sector to proactively and consistently respond, over time, to challenges and capitalise on opportunities brought about by the megatrends.

The research process followed is depicted as follows:

Figure 1: The research process
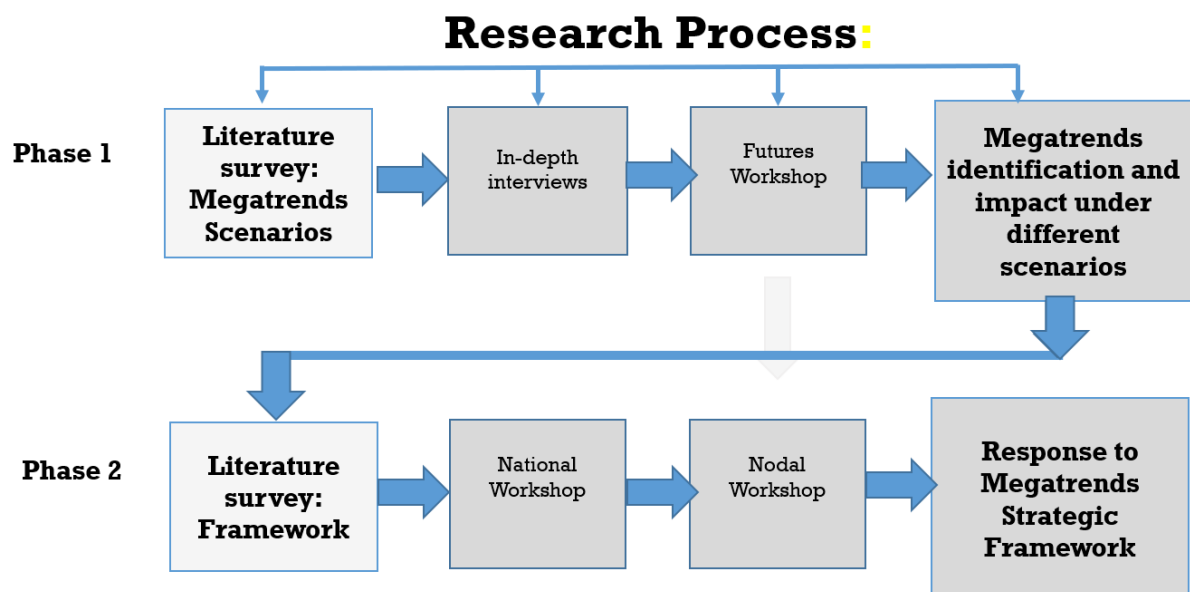
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The drivers of various trends were identified and consolidated into five major trends:
- Economic
- Political
- Social
- Technological
- Environmental

MEGA-TRENDS AND THEIR IMPACT ON SOUTH AFRICA'S TOURISM INDUSTRY

Economic trends

Globally tourism will continue to outperform GDP with emerging economies outperforming the developed economies, and Africa continuing to experience high economic growth. South Africa is lagging behind at an average of approximately 1.3% growth which is not predicted to increase substantially towards 2030 (under current conditions). This growth rate has further declined in 2019 to as little as 0.6%. Without economic and safety interventions the contribution of tourism to the GDP in South Africa is expected to decline.

The growing African middle-class and increased disposable income among many members of Africa's growing communities will increase their propensity to travel, with South Africa increasing its share of the African tourist market. China, despite its dramatic growth in outbound tourism, is not expected to grow substantially for South Africa. India will contribute more significantly to the expansion of tourism to South Africa and we should ensure that we adapt our product offering to welcome tourists from these countries.

Without interventions, the level of unemployment in South Africa is not expected to decrease over the next decade and the skills needed for the South African tourism industry will remain a challenge due to the quality of education. Information and Communication Technologies are predicted to have the greatest potential to help bridge the educational gap, especially in the rural areas.

The demand for air travel to South Africa may be negatively impacted by economic and accessibility concerns over the next decade.

Political trends

Continued uncertainty fuelled by issues such as land expropriation will inhibit investment and negatively affect tourism to South Africa. Unless addressed adequately the safety situation in South Africa (or lack thereof) is a major threat to tourism in the future, which will have an impact on the industry's ability to create jobs. The deterioration of the safety and security environment and lack of political will to deal with corruption, will far outweigh the advantages gained through incoming tourism.

South Africa still has accessibility problems for Chinese tourists with visa processes remaining inhibitive. China is expected to become the largest outbound market by 2025 but it appears that South Africa will not share equally in this level of growth for the foreseeable future. Safety and security will also inhibit the growth of this market to South Africa.

Social trends

Changing demographics will have a significant influence on visitor demand in the years to come. This is evident in:
- the sustained growth of the global middle class;

- o aging populations and increasing longevity;
- o a worldwide population which is generally wealthier;
- o the increasing popularity of multi-generational travel, involving families, and driven by aging travellers with high spending power and substantial leisure time.

Social media and User Generated Content (UCG) will become the most influential and extensively utilised travel information source, influencing the tourists' purchase path as well as upsetting existing travel agencies, guidebooks and traditional marketing approaches and star grading systems.

Africa will become an increasingly important source market for South Africa, particularly from neighbouring countries such as Angola.

Domestic travel is not predicted to increase dramatically in the foreseeable future.

Technology trends

New technologies are reshaping sectors and markets across the globe, and the speed and magnitude of disruption is speeding up. Tourism will be increasingly driven by developments that make travel more affordable, accessible and efficient to many people. These include:
- o The sharing economy
- o The Internet of Things
- o Autonomous vehicles
- o Artificial intelligence
- o Blockchain technology
- o Big Data analytics

The reconceptualization of middlemen such as intermediaries could signify that established models of tourism in areas like accommodation or travel agencies will continue to be drastically redesigned, with more travellers using technological platforms to link directly with the supplier.

New technology in transport is reducing the cost and increasing the speed of travel thus increasing accessibility to various tourist destinations.

Schemes to reduce carbon emissions are expected to negatively impact destinations far from markets, of which South Africa is one.

Environmental trends

Climate change is becoming the greatest environmental threat to economies and tourism in particular. Climate change will influence which destinations will be preferred by tourists and which ones will cease to be as attractive.

There will be rising pressure on many destinations' water resources as tourism grows and the demand for higher standard accommodations and more water-intense activities continues.

There is more emphasis on inclusive tourism with the growing use of tourism as a tool for social integration.

With the increasing threat of 'over-tourism' destinations are becoming more aware of implementing measures to combat this.

By 2030 aircraft will fly with bio or renewable fuel and long haul travel, of which South Africa is an example, could be affected by increasing awareness of environmental impacts.

FROM TRENDS TO FUTURES

The purpose of creating future scenarios is to present a set of alternative futures based on the identified trends and to assess how tourism can develop within the context of both certainties and uncertainties within the sector. The scenarios are based on those key uncertainties which can impact the future direction of the industry towards 2030 either negatively or positively. Four scenarios were developed that depict the possible direction of the tourism industry in South Africa. There will be changes affecting tourism in terms of global and local economic growth, challenges in developing an environmentally sustainable tourism industry, potential challenges in meeting changing demand driven by new markets, changing tastes and the pervasiveness of technology as well as pressures on infrastructure development, particularly through channels of international and local investment.

Figure 2: The Four Scenarios for South African Tourism

The South African Tourism Futures Scenarios
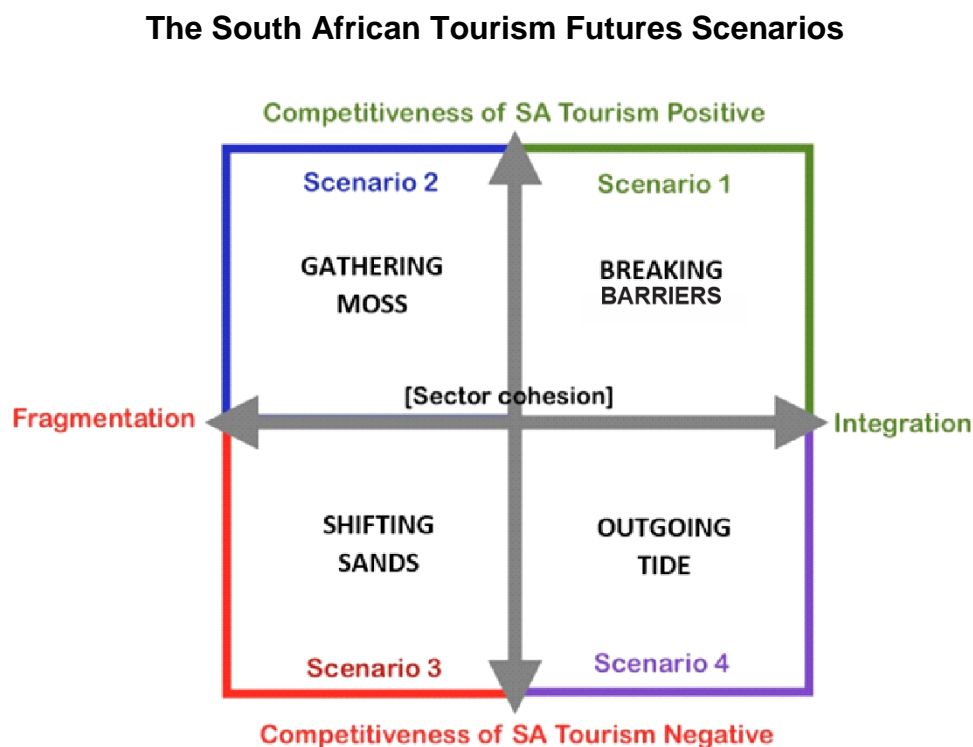
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1. **"BREAKING BARRIERS"**

The best-case scenario: An integrated tourism sector within a South Africa that is competitive with respect to tourism.

This scenario sees the tourism sector pulling together to break down the barriers of increasing unemployment levels, declining safety and security, both for international and domestic tourists, accessibility challenges, inclusivity challenges, a lack of innovation and a declining rate of investment. Under this scenario, sustainable tourism can be achieved in the next decade through the goals set by the Public-Private Growth Initiative and Tourism Business Council's Tourism Growth Strategy:

- 21 million international tourist arrivals by 2030 – double the current number
- 3.5 million more domestic leisure travellers – more than double the current number with growth of 54%
- 1.7 million direct jobs – 132% growth in tourism jobs
- 3.5 million jobs in total throughout the economy – also 132% growth in the labour force dependent on tourism.

2. **"GATHERING MOSS"**

A fragmented tourism sector within a South Africa that is competitive with respect to tourism.

This scenario will demonstrate a short-term retention of traditional markets but with a slow decline in growth as the sector does not embrace innovation and changing market demands to serve new and emerging markets, both international and local. Government departments do not 'pull together' to provide an enabling environment for entrepreneurship, lacking a 'whole' government approach to addressing the major concerns of safety and security and accessibility. Complacency has set in, and the sector is caught up in a 'fool's paradise'. Collaboration between government and industry remains fractured and does not embrace inclusivity or real transformation.

3. **"SHIFTING SANDS"**

The worst case scenario - A fragmented tourism sector within a South Africa that is uncompetitive with respect to tourism.

This is the worst prediction for tourism where safety and security impacts the willingness of both international and domestic travellers to experience South Africa, resulting in job losses, declining tourist numbers and a loss of market share. Accessibility issues remain unresolved where visa restrictions on travel remain unwieldy in process and prevent growth from new and emerging markets. While air access may be open, declining incoming traffic and the technical concerns related to the national carrier will increasingly restrict tourism. Safety and security within the country degenerate even further, with travel advisories abounding. The industry does not 'pull together' with each organisation, tourism sub-sector and government department scrambling to handle each crisis as it arises. As a result of the loss of skills within the tourism sector and the country as a whole, innovation is missing, the tourism

product remains tired and old and South Africa drops dramatically in the TTCI rankings.

4. "OUTGOING TIDE"

An integrated tourism sector, but within a South Africa that is uncompetitive with respect to tourism.

Here the tourism sector, both government and industry, is working together to try to stem the tide of weak economic growth, high levels of crime and negative perceptions, particularly those brought about by highly publicised attacks on tourists, political instability and unrest, protests and increasing unemployment. Under this scenario South Africa's attractiveness as a tourist destination is declining, despite efforts of collaboration between government and industry, against emerging attractive and safe destinations serving the needs of the emerging markets and providing authentic experiences through innovative programmes focussed on sustainable tourism.

RESPONDING TO MEGATRENDS

In building the framework for the tourism sector's response to megatrends, a futures approach was linked to strategic thinking at a sectoral level. It is well-recognised that strategic planning in tourism is not a simple process because tourism is a complex system:
- Composed of several interacting elements
- With multi-stakeholder activity that necessitates collaboration
- Where sustainability is a vital part of tourism growth and development
- That is influenced quickly and directly by global events and trends outside of its control, which is dynamic and resilient.

These characteristics formed the foundation of the framework which has been entitled: *A Strategic Framework for Responding to Megatrends.* The Framework was derived from theory, validated empirically and applied in a local context.

In building the Framework the first question that comes to mind is "Who will drive such an initiative?"

Strategic thinking in response to the impact of megatrends requires multi-stakeholder collaboration, particularly in tourism due to its interdependence within the value chain as well as its economic, social and environmental impact. In developing the potential future scenarios for tourism in South Africa the most important drivers that were highlighted was the involvement and contribution to tourism of both public (in the form of a 'whole' government approach) and private sectors, tourists, international and domestic institutions and organisations, communities and the environment. Widespread collaboration thus forms the basis for the institutional structure that is tasked to respond to megatrends. This institutional structure should:
- Focus on developing appropriate and effective responses to emerging megatrends;
- Be driven from the highest level, preferably the office of the Presidency;
- Consist of a permanent core team;
- Be agile enough to respond to the dynamic nature of megatrends;

- Include a team of "trends specialists";
- Be able to communicate effectively, outward and downward;
- Be accountable for driving implementation and execution.

The second question that comes to mind is "How will the task team (institutional structure) respond to the impact of megatrends?"

The Framework represents a process through which the sector can respond to the impact of megatrends as driven by the selected institutional structure (e.g. the permanent task team). This process is sequential but iterative and consists of a number of components, central to which is multi-stakeholder collaboration.

The process begins with the task team's awareness of emerging megatrends which becomes evident through signals, flags or environmental indicators signifying some evidence of change. These can be small, weak, slow but continuous signals, or they can take the form of catastrophic shocks. Constant monitoring of the environment by the task team is thus essential in understanding the potential impact of emerging megatrends. Indicators can impact the process at any point and have an effect on any component thus requiring continuous monitoring throughout the process so that adjustments can be made.

The task team (institutional structure) identifies the megatrends and constructs future scenarios as precipitation of the strategic response necessary by the tourism sector. This future view then moves towards the setting of an agenda of priority issues where the magnitude of emerging megatrends, based on supporting evidence, is considered. For a successful response to the impact of megatrends, strategic planning approaches used in the public as well as private sectors should be incorporated. The complexities of issues facing policy makers and the resource constraints in the public and private sectors place the setting of policy priorities as one of the key elements during the agenda setting phase.

The next step in the process is building the policy menu based on the list of priority issues derived in the agenda-setting stage. Given the long term nature of global megatrends, a strong focus is needed on anticipating future changes, including those that may not be apparent at present. Scenarios depict alternative futures resulting from a combination of trends and policies and are useful in projecting consequences of a particular choice or policy decision. A policy menu is derived where an assessment of costs and benefits of implementing the policy in preparation for the impact of the megatrends becomes necessary. At this stage the strategic partners relevant to the policy are identified. The policy/policies and the strategies that sit beside them need to be continuously tested against possible future conditions reflected in the scenarios.

The evaluation of scenarios in conjunction with policy formulation is capable of dealing with both quantitative and qualitative data and of detecting potential alliances or conflicts among stakeholder groups involved. The engagement of public and private stakeholders in the planning exercise is considered as the driving force towards a shared 'ground' of future developments. This collaboration supports the gathering of valuable information based on stakeholders' judgements on the proposed future scenarios, which further enrich the planning process and outcome. This ensures

credibility and transparency in the decision-making process and the necessary "buy-in" from all stakeholders.

The outcome of the analysis of the scenarios should lead to decision-making on policies that will achieve a best-case scenario for the tourism sector in South Africa. These policies will have been prioritised, aligned to the common vision for the sector, assessed in terms of current and future resources and capabilities, costs and benefits and what initiatives and actions will be required, both immediately and in the longer term, also taking the strengths and weaknesses of the sector into account. Based on this process decisions are made and actions identified that need to be executed.

Continuous monitoring of policy implementation and execution and regular policy evaluation once policies have been implemented for a period of time are crucial to the success of the process. Key features of policy evaluation are to assess the impacts of the policies on stakeholders and beneficiaries and to determine whether the policy should be maintained, modified or eliminated and whether an alternative policy should be considered.

Communication is fundamental to the process. Transparent and open two-way communication within the task team is essential and constant inputs from the tourism sector will provide direction to the prioritisation and policy formulation stages. Megatrend identification and scenario analysis is also dependent on constant feedback and input from stakeholders. Effective multi-sector collaboration is dependent on the quality of communication between all parties.

Figure 3: Strategic Framework for Responding to Megatrends
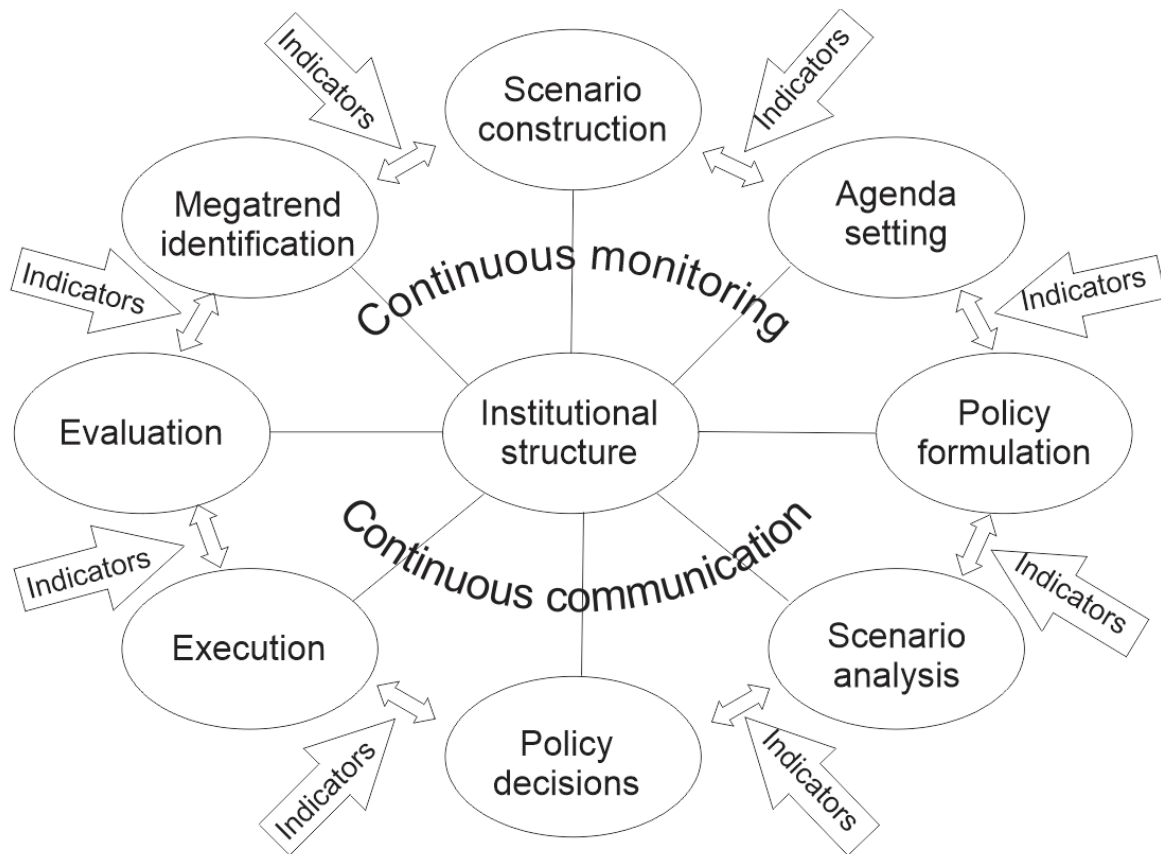
Source: Author generated

The Framework is proposed as a process to be followed by the multi-sectoral task team (institutional structure). While the process is depicted as sequential and iterative the practicalities of applying it will depend on the operational structure and management of the activities and functions of the task team. The actual design of the structure and its operations falls outside of the scope of the research project.

DEFINITIONS

Concept	Definition
Agenda setting	During agenda setting policy goals are defined. Permani *et al.* (2017) say that the objectives of government policy, the results from evaluation of past policies, the predicted impacts of the proposed policy and the concerns of different groups, should be considered.
Experience economy	The economy evolved from a service paradigm into an experience paradigm. Revenues would henceforth derive more and more from staging memorable, exciting and engaging experiences (Pine & Gilmore, 1999).
Future studies	Defined by Kubick (2009:x) as "A methodological based form of inquiry into alternative futures in terms of what is possible, probable, and/or preferable with the goal of anticipating and possibly influencing those futures".
Geopolitics	"Geopolitics is the study of influence of geography on the political character of states, their history, institutions, and especially relations with other states" (Faringdon, 1989:14).
Globalisation	The worldwide movement toward economic, financial, trade, and communications integration. Globalization implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers. However, it does not include unhindered movement of labor and, as suggested by some economists, may hurt smaller or fragile economies if applied indiscriminately (Business Dictionary).
Horizon scanning	Horizon scanning aims to spot changes in the world around us before they become 'old news', so that decision makers can plan on how to exploit or mitigate these changes, securing the most positive outcome for their organisation. This means systematically monitoring a wide range of information sources and indicators, with the intent of identifying patterns and 'weak signals' of coming disruptions that could have a severe or a transforming impact on our world, the way we organise our work, our economies, our social interactions, our travel habits and our communication channels (Marteaux, 2018).
Indicators	Indicators depict early warning signs of emerging trends. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process.
Macroeconomic	Study of the behavior of the whole (aggregate) economies or economic systems instead of the behavior of individuals, individual firms, or markets (which is the domain of Microeconomics). Macroeconomics is concerned primarily with the forecasting of national income, through the

	analysis of major economic factors that show predictable patterns and trends, and of their influence on one another. These factors include level of employment/unemployment, gross national product (GNP), balance of payments position, and prices (deflation or inflation). Macroeconomics also covers role of fiscal and monetary policies, economic growth, and determination of consumption and investment levels (Business Dictionary).
Megatrend	Megatrends describe overarching transformations in society which will have great and long-lasting impacts and are global forces at work that are affecting society as a whole, the state, the market, and society for many years in advance (Dwyer *et al.,* 2009: Prandecki, Nawrot, Fronia & Wawrzyński, 2013).
Policy	A policy is a deliberate system of principles to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol. Policies are generally adopted by a governance body within an organization (Althaus, Bridgman & Davis, 2007).
Scenario planning	Scenario planning (sometimes called "scenario and contingency planning") is a structured way for organisations to think about the future. A group of executives sets out to develop a small number of scenarios—stories about how the future might unfold and how this might affect an issue that confronts them.
Sharing economy	Collaborative consumption, often associated with the sharing economy, takes place in organized systems or networks, in which participants conduct sharing activities in the form of renting, lending, trading, bartering, and swapping of goods, services, transportation solutions, space, or money (Mohlmann, 2015).
Social Media	Social media have been widely adopted by travelers to search, organize, share, and annotate their travel stories and experiences through blogs and microblogs (e.g., Blogger and Twitter), online communities (e.g., Facebook, RenRen, and TripAdvisor), media sharing sites (e.g., Flickr and YouTube), social bookmarking sites (e.g., Delicious), social knowledge sharing sites (e.g., Wikitravel), and other tools in a collaborative way (Leung, Law, van Hoof & Buhalis, 2013).
Sustainable development	"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987: 43).
Urbanization	Urbanisation means an increase in the proportion of people living in urban areas compared to rural areas. An urban area is a built-up area such as a town or city. A rural area is an area of countryside (BBC, 2014).

1. INTRODUCTION

This report serves to present the results of the research project focussing on the process followed to develop a strategic framework which can serve as a foundation for responding to megatrends and future scenarios. The report presents the overall aim of the project, the research objectives over the two phases, the research methodology, a concise literature review and the results of the empirical work. The report provides a summary of the findings of phase one (conducted in the period Apr 2018-Mar 2019) where five major trends were identified that will impact tourism towards 2030, particularly as they relate to South Africa, namely: Economic; Political; Social; Technological; Environmental. The first phase also saw the development of four future scenarios depicting the possible future direction of the tourism sector in South Africa. The report then covers phase two (April 2019/March 2020) more comprehensively which focussed on developing a Strategic Framework for the response of the tourism sector to megatrends under the future scenarios.

The purpose of identifying megatrends and their impact on the tourism sector is to ultimately help tourism decision-makers and researchers to plan for a sustainable future. The more we know of the trends underpinning tourism development, the greater the capacity of destination managers and tourism operators to formulate strategies to achieve competitive advantage. This essentially means that businesses, destinations and industries can shape and/or modify their plans to ensure that their strategies and objectives are sufficiently robust to harness future opportunities brought about by trends.

2. CONTEXT/RATIONALE OF THE STUDY

Megatrends are macroeconomic and geostrategic forces that shape the world. By definition, they are large in scale and impact, and include some of society's biggest challenges and opportunities. These megatrends are slow to form, but once they have taken root, they tend to have lasting influence in different areas such as human activities, processes and perceptions, including tourism. The Organisation for Economic Co-operation and Development (OECD, 2017) advocates that an in-depth discussion of megatrends, including the consideration of plausible alternative scenarios, enables policy makers to bring unforeseen and emerging issues onto the strategic policy agenda, more effectively develop potential policy responses, and better enable the industry to capitalise on opportunities and respond to challenges as they arise. The construction of scenarios can act as a tool to help policy makers better manage long-term risks and proactively respond to the identification of emerging opportunities and threats.

The landscape of international and domestic travel is changing due to various transformations such as large-scale social, economic, political, environmental and technological changes, bringing new and often unseen challenges, threats and opportunities. Various organisations identify several megatrends that are likely to impact the tourism sector and these may include amongst others population growth, redistribution of wealth, geopolitical changes and conflicts, rising fuel costs, climate change and its consequences, new technologies and work patterns.

The depth and complexity of the resultant and inevitable challenges and

opportunities posed by these megatrends demand solutions that leverage the technological, collaborative and commercial benefits that the megatrends themselves will enable. Exploring the multi-dimensional implications of these megatrends is important to inform policy and planning and shape the future of tourism as well as to stay ahead of critical issues these megatrends may present.

> *"Sustainable tourism futures will be fundamentally shaped by a number of driving forces. Some drivers are already known, some are on the horizon whilst others are yet to emerge. It is this level of uncertainty that means the tourism sector and destinations need to build-in resilience in their systems in order to be prepared for an unpredictable future. It is a mistake to treat each driver in isolation as they are interlinked and reinforcing. For example, social and economic drivers will encourage the growth of tourism, but they will also determine social attitudes to processes such as climate change and as a consequence we will see the very nature of tourism operations begin to change. However, at certain points in time, some trends will tip and become significant – and irreversible; the adoption of the Internet in the 1990s is an obvious example here. Finally, underpinning these drivers will be cross-cutting variables such as technology that will pervade every aspect of sustainable tourism in the future."*
>
> Cooper (in Fennell & Cooper, 2019)

3. PROBLEM STATEMENT

Research is required to identify global shifts that impact on tourism as well as tourism specific megatrends that are changing the landscape of the tourism sector for future development of sustainable tourism products and services. It would appear that there are no set of guidelines, rules, processes or methodologies against which the sector can, with relative confidence, structure its response to the challenges and opportunities brought about by megatrends. In the context of South Africa and its numerous challenges the question that arises is how the need to respond to short-term priorities can be reconciled with the need to develop a long-term approach to address megatrends in tourism.

4. PURPOSE OF THE STUDY

The aim of the study was two-fold:

i.   to identify and analyse global shifts as well as tourism specific megatrends that impact the tourism sector at a global, regional and local level, from both the demand and supply side of the sector
ii.   to develop a framework that will enable the sector to proactively respond to challenges and capitalise on opportunities for future development of sustainable tourism products and services over time.

5. RESEARCH OBJECTIVES

In the first phase global shifts as well as tourism specific megatrends were identified and analysed that impact the tourism sector at a global, regional and local level, from both the demand and supply side of the sector. More specifically, the first phase achieved the following objectives:

- To 'deconstruct" the concept of megatrends.
- To identify and analyse megatrends from a global, regional and South African perspective.
- To assess, with specific reference to South Africa, how megatrends influence tourism, amongst others:
  - Tourism demand and consumption,
  - Tourism supply and infrastructure, and
  - The future of jobs in tourism

The first phase concluded with the construction of four scenarios that depict the possible direction of the tourism industry in South Africa. The purpose of creating future scenarios was to present a set of alternative futures based on the identified trends and to assess how tourism can develop within the context of both certainties and uncertainties within the sector. The scenarios are based on those key uncertainties which can impact the future direction of the industry towards 2030 either negatively or positively.

Phase two of the study explored:
- Best practices, policies and approaches that exist and have been successful in addressing the impact of megatrends.
- The need and possible institutional structures for optimal response to megatrends.
- How the need to respond to short-term priorities can be reconciled with the need to develop a long-term approach to address megatrends in tourism.
- How new technologies and other developments will impact on future decision-making from a tourism perspective.

6. RESEARCH METHODOLOGY

The research process as shown in figure 4 followed a qualitative approach over two phases:

- **Phase 1** (2018/2019) focussed on identifying the megatrends and analysis of the impact of these trends on the South African tourism industry;

- **Phase 2** (2019/2020) focussed on formulating a framework to respond to megatrends.

The comprehensiveness of the study as well as the adjustment of the objectives to include aspects such as exploring different institutional arrangements for the tourism sector to optimally respond to megatrends as well as the impact of new technologies on decision-making, resulted in the decision to do the study over a period of two years. This allowed more in-depth research and the formulation of a framework based on comprehensive data and consultation with stakeholders using both interviews and consultative workshops.

Figure 4: The Research Process
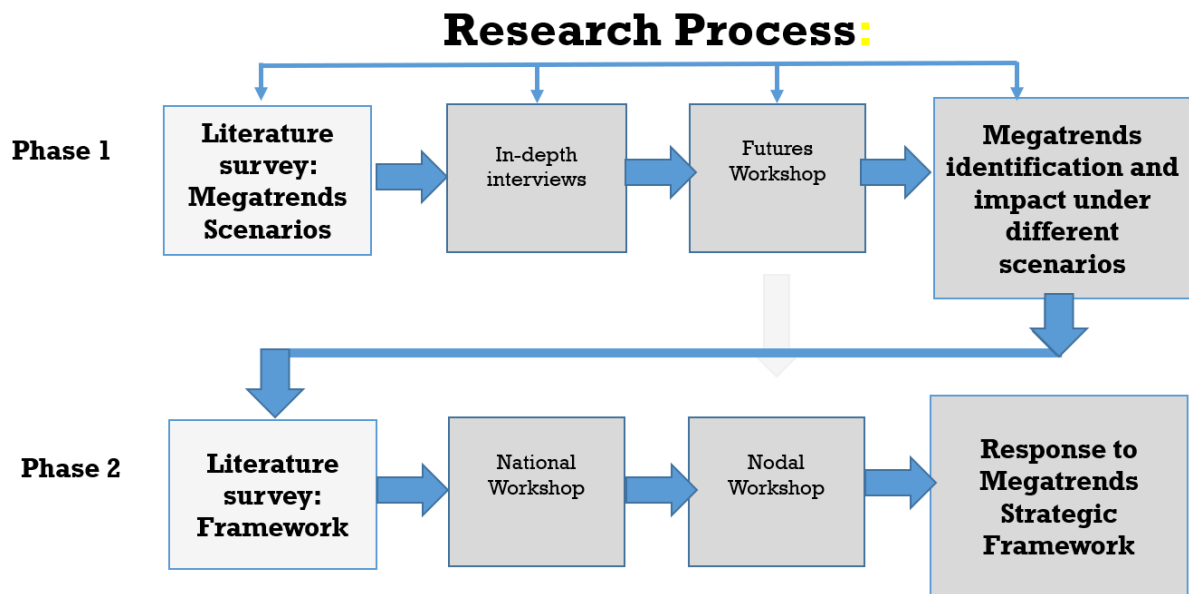
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Table 1 provides a summary of the methodology for the two-phase approach.

Table 1: METHODOLOGY: Phase 1 - 2018/2019 and Phase 2 - 2019/2020

AN ASSESSMENT OF THE IMPACT OF MEGATRENDS ON TOURISM		
PHASE ONE 2018/2019		
Identifying and assessing the impact of megatrends on the tourism industry, with particular reference to South Africa		
Objectives	**Methodologies to address all objectives in phase 1**	**Proposed Time Scale**
☐ To 'deconstruct" the concept of megatrends.	Analysis of documents, literature and approaches	2018-2019
☐ To identify and analyse megatrends from a global, regional and South African perspective.	In-depth interviews	June – Oct 2018
☐ To assess, with specific reference to South Africa, how megatrends influence tourism, amongst others: ο Tourism demand and consumption, ο Tourism supply and infrastructure, and ο The future of jobs in tourism	Consultative Workshop	12 Oct 2018
☐ To examine best practices, policies and approaches that exist and have been successful to address the impact of megatrends.	Analysis of documents, literature and approaches	2018-2019
Consolidation of findings, Report writing and submission as well as presentations followed as per 2018/2019 Project Schedule.		

PHASE TWO 2019/2020		
Developing a Framework to respond to megatrends		
Objectives	**Methodologies to address all objectives in phase 2**	**Proposed Time Scale**
☐ To examine best practices, policies and approaches that exist and have been successful to address the impact of megatrends.	Analysis of documents, literature and approaches	2018-2019
☐ To explore the need and possible institutional structures for optimal response to megatrends.	Analysis of documents, literature and approaches; Consultative Workshops	Mar – Nov 2019
☐ To investigate how the need to respond to short-term priorities can be reconciled with the need to develop a long-term approach to address megatrends in tourism.	Consultative Workshops	18 Oct 2019 8 Nov 2019
☐ To reflect on how new technologies and other developments will impact on the decision- making in future from a tourism perspective.	Analysis of documents, literature and approaches; Consultative Workshops	Mar – Nov 2019
☐ To develop a framework that will enable the sector to proactively and consistently respond to challenges and capitalise on opportunities over time.	Analysis of documents, literature and approaches; Consultative Workshops	Mar – Nov 2019
Consolidation of findings, Report writing and submission as well as presentations followed as per 2019/2020 Project Schedule.		

7. DATA ANALYSIS

7.1 Phase 1

7.1.1 Analysis of documents and best-case scenarios

A content analysis of relevant literature, documents and approaches was done to identify and analyse megatrends and their impact on the tourism industry. A number of publications relating to tourism futures and global trends were consulted and best cases studied. A number of "Futures" talks, webinars and seminars were attended.

7.1.2 In-depth interviews

Thirty-eight (38) in-depth interviews were held with high-level individuals in South

Africa (31), the UK (6) and Finland (1). Transcription of all interviews was done. Common themes were identified in the interviews and used in preparation for the Tourism Futures Workshop which was held on 12 October 2018.

7.1.3 The Tourism Futures Workshop

The purpose of the Workshop was to develop and gain consensus on a set of Future Tourism Scenarios which provided us with a view of the possible directions that the tourism industry and sector in South Africa may take, viewed against identified certainties and uncertainties within the tourism sector. The Workshop was facilitated by an experienced Futures Expert, Chantell Illbury from "Mind of a Fox". The Workshop was attended by 18 high-level participants. The development of a set of tourism scenarios provided a foundation for the second phase of the project, which focused on the opportunities and challenges, presented to the sector under different circumstances and the development of a framework enabling the sector to respond to the impacts of megatrends.

7.2 Phase 2

7.2.1 Analysis of documents and best-case scenarios

A content analysis of relevant literature, documents and approaches was done to assist in the development of a draft framework that will enable the sector to consistently and proactively respond to megatrends. Publications relating to policy formulation, scenario analysis, institutional structures and global trends were consulted and best cases studied.

7.2.2 Consultative workshop - National

There are several reasons why we selected consultative workshops as data collection instrument as opposed to interviews. First, to develop a framework (applicable at a national and a nodal level), we required input and critical discussion from all the stakeholders in the tourism sector. Second, to use interviews would have resulted in isolated and one-sided views, whereas the workshops allowed for multi-sided and consolidated views. Third, the workshops allowed for cross-pollination of ideas and viewpoints across the public and private sectors, and also the various tourism sub-sectors, resulting in richer and more representative findings.

The first Workshop was a National Workshop held on 18 October 2019 at the Protea Hotel Fire & Ice! Pretoria Menlyn. The aim of the workshop was to present the draft Strategic Framework, developed from literature, to the participants for critical discussion and adjustment. The desired outcome of the Workshop for the Tourism Sector was a Framework that has been evaluated, refined and validated by public and private sector tourism stakeholders to serve as the foundation for a practical solution for the sector to proactively and consistently respond to challenges and opportunities over time. The outcome for Tourism Stakeholders was a Framework/process that can be adapted to an organisation to enhance strategic planning in response to mega-trends.

The workshop was structured as follows: After the introduction of the Draft Framework, the workshop started with a group discussion where participants shared their initial comments on the components and the flow of the Framework. Thereafter, the group was divided into smaller groups, where every effort was made for a group to represent the tourism sector. Thus, each group had representatives from government, private sector and the different tourism sub-sectors. Each of the components of the framework were then discussed in these sub-groups, and after each discussion, feedback was given by the group spokesperson. Each group was also allocated one megatrend to ensure more focussed coverage of a particular topic. Group discussions were recorded.

The National Workshop included representatives from sub-sectors in the tourism sector. Even though 34 individuals confirmed their attendance, only 24 participants were present on the 18th. A list of confirmed participants and those who attended is given in Appendix A.

7.2.3 Consultative workshop – Nodal

In order to test the Framework in a real setting it was decided to apply the draft framework to a selected node. Durban (and surrounds) was selected as the node for a number of reasons. First, domestic and foreign visitor numbers and spending are declining in the province. Second, in order to get the most from the methodology followed and to answer the objectives of this research study successfully, a node with an active tourism industry was needed. Durban and surrounds satisfied this requirement. Third, to include air access and the important influence of it on the tourism sector, it was vital that the selected node included an airport, which is the case with Durban.

The purpose of this workshop was to apply the outcomes of the National Workshop on Durban and surrounds to determine:

- how the draft framework works in a specific region;
- the relevance of the draft framework in Durban and surrounds;
- any challenges or limitations of the framework;
- adjustments needed to the framework;
- a final framework that could be applied to the tourism industry in South Africa at a national, provincial and regional level.

The workshop was held on 8 November 2019 at the Durban ICC. The nodal workshop followed the same structure as the national workshop, with each of the components of the Framework being applied to Durban and surrounds. The group was again divided into smaller groups, with each sub-group representing the tourism sector as a whole. The outcomes of this workshop were to apply the draft framework to Durban and surrounds, and identify challenges or limitations and making adjustments accordingly, to arrive at a final framework. Also to develop policy and strategy options within the span of Durban and surrounds tourism sector's control to secure the best-case scenario. The Nodal Workshop included representatives from all sub-sectors in the tourism sector. Provincial representatives of associations and organisations were invited to participate. The Durban Chamber of Commerce also extended the invite to

their database. Even though 24 individuals confirmed their attendance, only 13 participants were present on the 8th.

7.3   Measurement instruments and data analysis

To guide and focus discussions during the workshops, worksheets were developed for each of the components of the framework. Each worksheet covered several discussion points related to the specific component of the framework. As mentioned before, participants were divided into smaller groups, each group representing the tourism sector as a whole. At the start of the discussions, each group was requested to select a spokesperson for the group. Groups were also asked to record their discussions on a tablet provided. The spokesperson was asked to write down their main points of discussion on the worksheet provided, and to provide feedback to the larger group once all the groups concluded their individual discussions.

For the national workshop, five worksheets were developed to provide structure to group discussions (available in appendix B):

1. Institutional structure
2. Identifying indicators
3. Agenda setting
4. Scenario Analysis
5. Policy formulation, decision-making and actions

The same format was followed for the nodal workshop, but some components were merged into one worksheet. Since the aim of the nodal workshop was to apply the framework to a selected node, discussion points were simplified, to allow for easy application to the node. Four worksheets were developed (available in appendix C):
1. Institutional structure
2. Identifying indicators and agenda setting
3. Scenario analysis
4. Policy formulation, decision making and actions

Recorded group discussions for both the national and nodal workshops were transcribed. The feedback sessions were recorded on a separate recorder, and these were also transcribed. Since groups were requested to provide feedback on their main points of discussion, researchers could use these main points and consolidate them to draw conclusions in terms of refining the framework and applying it to arrive at a validated framework. In the development of the final framework, all viewpoints, criticism and comments from participants were considered and included.

As the purpose of the workshops was to (a) refine the framework and (b) arrive at a validated framework, the findings are based on the consolidation of the main discussion points covering each of the components of the framework.

8. TRENDS AND SCENARIOS (Summary of Phase 1 Results)

8.1 Mega-trends and their impact on South Africa's tourism industry

8.1.1 Economic trends

- Globally tourism will continue to outperform GDP with emerging economies outperforming the developed economies.
- Africa will continue to experience high economic growth with sub-Saharan Africa growing at an average of between 4 to 4.5%. South Africa is lagging behind at an average of approximately 1.3% growth which is not predicted to increase substantially towards 2030 (under current conditions). This growth rate has further declined in 2019 to as low as 0.6%.
- Seven of the ten fastest-growing markets in percentage terms will be in Africa. The top ten will be: Malawi, Rwanda, Sierra Leone, Central African Republic, Serbia, Tanzania, Uganda, Papua New Guinea, Ethiopia and Vietnam. Each of these markets is expected to grow by 7-8% each year on average over the next 20 years, doubling in size each decade.
- The growing African middle-class and increased disposable income among many members of Africa's growing communities will increase their propensity to travel, with South Africa increasing its share of the African tourist market.
- Economic growth in emerging economies of the BRIC nations, especially China (although this market is not expected to grow substantially for South Africa) and India, will significantly contribute to the expansion of tourism, and South Africa should ensure that we adapt our product offering to welcome tourists from these countries.
- While the WTTC maintains that tourism in South Africa is increasing in its importance to the economy (from a 2.9% direct contribution to GDP in 2018 to 3.3% in 2028), this prediction can be disputed if one looks at the trend, according to Stats SA, from 2006 to 2017 where the contribution of tourism to the total GDP has declined from 3.3% to 2.8%. Without economic and safety interventions this contribution may decrease further.
- While employment is expected to rise in the tourism industry from 4.5% in 2017 to 5.2% of total employment in 2028, growing youth unemployment in South Africa remains a major challenge. Without interventions this level of unemployment is not expected to decrease over the next decade.
- Skills needed for the South African tourism sector will remain a challenge over the next decade as the quality of education is not showing signs of improvement, especially as there is a direct link between education and prosperity. Interventions to uplift the standard of education is a priority for job creation and innovation in the sector.
- Information and Communication Technologies are predicted to have the greatest potential to help bridge the educational gap, especially in the rural areas.
- Globally the demand for air transport continues to grow with 8.2 billion passengers expected to take the skies in 2037. The demand for air travel to South Africa may be negatively impacted by economic and accessibility concerns over the next decade.
- The recent rate of Foreign Direct Investment (FDI) into Africa has been among the highest in the world and in terms of number of projects, foreign direct investment in

South Africa's tourism sector was the highest in Africa between 2013 and 2017. However, investor confidence has been eroded in South Africa over the last decade and this must be turned around to ensure continued growth in investment in the economy and in the tourism sector.

8.1.2 Political trends

- South Africa is perceived as politically and economically unstable and continued uncertainty fuelled by issues such as land expropriation will inhibit investment and negatively affect tourism to South Africa.
- Globally, in Africa and in South Africa, terrorist acts, crime, cybercrime, white collar crime, protests and riots are on the increase. This will affect the flow of tourists towards destinations, with those perceived as 'safe' being preferred.
- Unless addressed adequately the safety situation in South Africa (or lack thereof) is a major threat to tourism in the future, which will have an impact on the industry's ability to create jobs.
- While the value of the rand falls and the exchange rate is favourable for inbound tourism, the deterioration of the safety and security environment and lack of political will to deal with corruption, will far outweigh the advantages gained through incoming tourism. The tourism industry will remain vulnerable and unless faith is restored in the police and justice system, tourism will be adversely affected over the next decade.
- South Africa still has accessibility problems for Chinese tourists with visa processes remaining inhibitive. China is expected to become the largest outbound market by 2025 (with international tourists from China growing from 120 million in 2015 to 220 million in 2025). It appears that Africa and South Africa will not share equally in this level of growth for the foreseeable future. Safety and security will also inhibit the growth of this market to South Africa.

8.1.3 Social trends

- Changing demographics will have a significant influence on visitor demand in the years to come. This is evident in:
    - the sustained growth of the global middle class;
    - aging populations and increasing longevity;
    - a worldwide population which is generally wealthier;
    - the increasing popularity of multi-generational travel, involving families, and driven by aging travellers with high spending power and substantial leisure time.
- Millennials, Generation Z and other emerging generations will make up the majority of domestic and international travellers by 2040 and will become important forces in mobility. They are increasingly moving away from traditional holidays (e.g. sea, sun and sand) and want unique and authentic experiences.
- There is a growing demand for accessible tourism.
- The tourism sector will have to adapt to these trends and embrace innovative ways to accommodate the new demands and exact preferences of these individual groups.
- Social media and User Generated Content (UCG) will become the most influential and extensively utilised travel information source, influencing the tourists'

purchase path as well as upsetting existing travel agencies, guidebooks and traditional marketing approaches and star grading systems.

- Developing countries will continue to increase their international arrivals at a higher rate than developed countries. Europe will still attract the highest number of international visitors in 2030 and the biggest total market share, but combining the market shares of Latin America, Asia-Pacific, Africa, and the Middle East in 2030, will exceed Europe's market share by about 10 percent.
- China will be overtaking the US as the country with the highest propensity to travel abroad, and will be the world's largest source of outbound tourism demand within the decade.
- Africa will become an increasingly important source market for South Africa, particularly from neighbouring countries such as Angola.
- Domestic travel is not predicted to increase dramatically in the foreseeable future.

The following issues need to be considered for the success of the tourism industry in South Africa in the future:
- The Chinese, Indians and Africans have very specific tastes and travel behaviours, and if these are markets worth targeting, our product offering should be adapted to appeal to them.
- Our product offering should be accessible to the ageing market, a growing and lucrative segment.
- Emerging generations are powerful consumers and have very specific requirements related to technology, social responsibility and sustainability when they travel, and we should ensure that our product appeals to this market.
- We need a tourism industry that is transformed. We need an inviting tourism product, for all races, ages and genders in South Africa.
- City tourism and business tourism are growing trends and provide significant opportunities for the South African tourism industry.
- The "people" part is becoming more noticeable in the tourism sector, causing greater promotion of employment, training and workforce partaking as key drivers for industry development.

8.1.4 Technology trends

- New technologies are reshaping sectors and markets across the globe, and the speed and magnitude of disruption is speeding up. Tourism will be increasingly driven by developments such as:
  - o The sharing economy
  - o The Internet of Things
  - o Autonomous vehicles
  - o Artificial intelligence
  - o Blockchain technology
  - o Big Data analytics
- These trends will make travel more affordable, accessible and efficient to many people.
- The reconceptualization of middlemen such as intermediaries could signify that established models of tourism in areas like accommodation or travel agencies will continue to be drastically redesigned, with more travellers using technological

platforms to link directly with the supplier, instead of dealing with a booking agent or professional travel agent.

- New technology in transport is reducing the cost and increasing the speed of travel thus increasing accessibility to various tourist destinations.
- Schemes to reduce carbon emissions are expected to negatively impact destinations far from markets.
- Technology could have a severe impact on the tourism industry and specifically job creation (or losses) in South Africa. The sharing economy provides enormous opportunities for job creation, but at the same time, other enabling technologies such as artificial intelligence could lead to job losses.

The tourism industry in South Africa should harness technology to personalise the tourism offering, appeal to emerging generations, and improve the visitor experience.

8.1.5 Environmental trends

- Climate change is becoming the greatest environmental threat to economies and tourism in particular. Climate change will influence which destinations will be preferred by tourists and which ones will cease to be as attractive. Climate change will also impact on the profitability of tourism through increasing energy use, seriously impacting on the 'bottom line' of operators.
- There will be rising pressure on many destinations' water resources as tourism grows and the demand for higher standard accommodations and more water-intense activities continues. This scenario has become a reality in South Africa, where the drought in the Western Cape badly affected the tourism industry.
- Social enterprises are becoming more involved in the tourism sector, partly due to the role of social media and mobile technology in linking people fast and simply.
- There is more emphasis on inclusive tourism with the growing use of tourism as a tool for social integration and new expectations created by the sustainable development goals (SDGs) that development should be inclusive. The Global North and the private sector will take increasingly more responsibility for this.
- There is a greater emphasis on measurement and assessment of sustainability initiatives.
- With the increasing threat of 'over-tourism' destinations are becoming more aware of implementing measures to combat this.
- By 2030 aircraft will fly with bio or renewable fuel.
- Long haul travel, of which South Africa is an example, could be affected by increasing awareness of environmental impact.

The environment is viewed as the core of our value proposition in South Africa. The challenge is thus to develop, engage and sustain our environmental assets into the future. The consequences of climate change are extensive and we should not think that the tourism industry in South Africa is immune to these consequences (as the water crises in Cape Town showed). The tourism industry should use resources sparingly and should educate tourists on sustainability initiatives. We should adapt our tourism offering to appeal to the growing demand for sustainable tourism.

8.2   From trends to futures

The purpose of creating future scenarios was to present a set of alternative futures based on the identified trends and to assess how tourism can develop within the context of both certainties and uncertainties within the sector. The scenarios are based on those key uncertainties which can impact the future direction of the industry towards 2030 either negatively or positively.

Four scenarios were developed that depict the possible direction of the tourism industry in South Africa. There will be changes affecting tourism in terms of global and local economic growth, challenges in developing an environmentally sustainable tourism industry, potential challenges in meeting changing demand driven by new markets, changing tastes and the pervasiveness of technology as well as pressures on infrastructure development, particularly through channels of international and local investment.

In building the scenarios the key uncertainties that could significantly impact the South African tourism sector are identified as:

1. Government policy and uncertainty in relation to the accessibility to South Africa through visas and airlift;
2. Increasing unemployment (especially youth) with increasing levels of inequality exacerbating crime and unrest;
3. Regulations around the ease of doing business (nationally and within the tourism sector);
4. Industry transformation for inclusive growth;
5. Collaborative partnerships within the sector and a whole government vision for tourism;
6. Tourism awareness in South Africa;
7. Sustainability, particularly in terms of the effect of tourism on the host community, also relating to inclusive growth where sustainable tourism reflects economic, social and environmental benefits;
8. The ability of the sector to respond/adapt to competition/change;
9. The effect of technology on tourism and developments in transport technology;
10. Infrastructure development and supply chain models;
11. The profile and preferences of future travellers (tourists);
12. Visitor experience and satisfaction;
13. The effects of global geopolitics;
14. The South Africa brand;
15. Tourism as a key priority strategic sector in South Africa;
16. The South African economy – business confidence, consumer confidence and investment.

Each scenario indicates the level of sector cohesion that is achieved under each scenario and the level of competitiveness of tourism in South Africa. Scenario 1, "Breaking Barriers", demonstrates the best-case scenario where there is an integrated tourism sector within a South Africa that is competitive with respect to tourism. Scenario 2, "Gathering Moss", demonstrates a fragmented tourism sector within a South Africa that is competitive with respect to tourism. Scenario 3, "Shifting Sands",

demonstrates a worst-case scenario where there is a fragmented tourism sector within a South Africa that is uncompetitive with respect to tourism. Scenario 4, "Outgoing Tide", demonstrates an integrated tourism sector, but within a South Africa that is uncompetitive with respect to tourism.

Figure 5: The Four Scenarios for South African Tourism
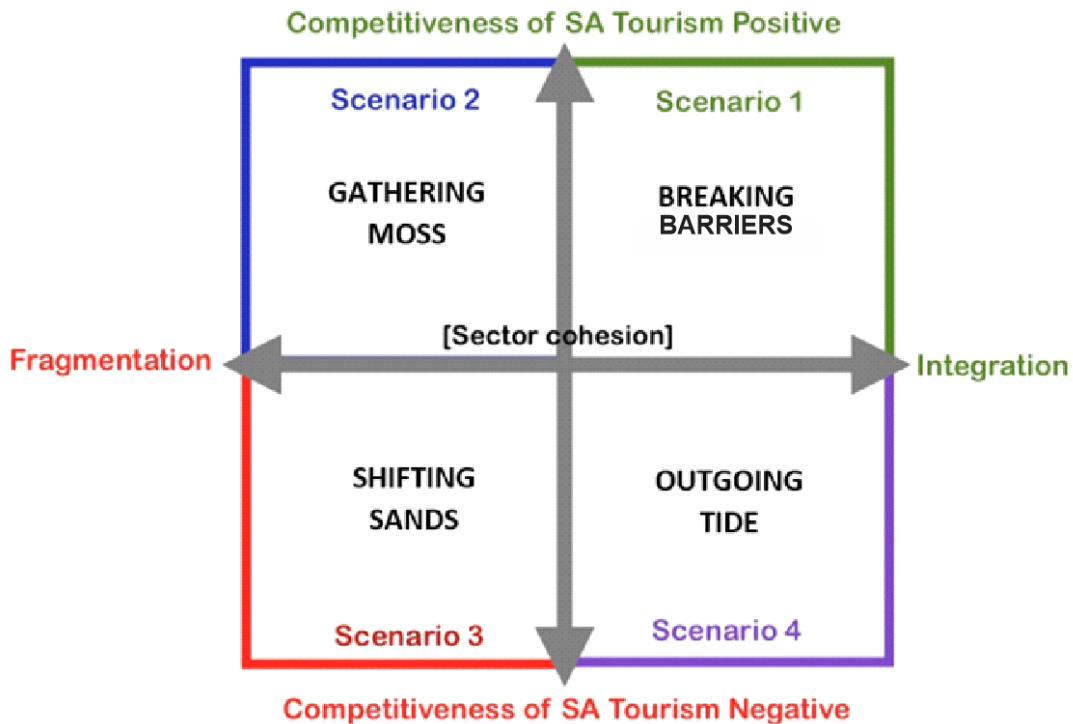
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"BREAKING BARRIERS"

The best-case scenario: An integrated tourism sector within a South Africa that is competitive with respect to tourism.
This scenario sees the tourism sector pulling together to break down the barriers of increasing unemployment levels, declining safety and security, both for international and domestic tourists, accessibility challenges, inclusivity challenges, a lack of innovation and a declining rate of investment. Under this scenario, sustainable tourism can be achieved in the next decade through the goals set by the Public-Private Growth Initiative and Tourism Business Council's Tourism Growth Strategy:

- 21 million international tourist arrivals by 2030 – double the current number
- 3.5 million more domestic leisure travellers – more than double the current number with growth of 54%
- 1.7 million direct jobs – 132% growth in tourism jobs
- 3.5 million jobs in total throughout the economy – also 132% growth in the labour force dependent on tourism.

Under this scenario, we will see the following:
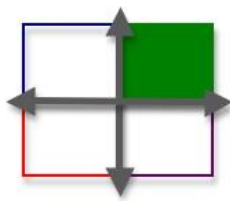
- Transformation is meaningful.
- Tourism is the leading job creating sector in South Africa.
- South African tourism is a meaningful player across multiple key markets.
- There is high connectivity between tourists and South African communities (citizens).
- The tourism sector is at the core of enhancing and embedding inclusive growth in South Africa.
- Tourism is a catalyst for economic growth; i.e. get tourism right and you get the economy right.
- Tourists have an amazing all-round experience; i.e. end-to-end (seamless), from planning to visit to return.
- South Africa and the tourism sector provide an enabling and attractive environment for investors.
- Easy access (i.e. flow) from both an external and internal perspective.
- Infrastructure is well-developed, and continually expanding and developing to enhance South Africa's relevant future competitiveness as a tourist destination.
- South Africa is a safe country for residents and tourists alike. Hence, residents become ambassadors who promote the country.
- There is a thriving SMME tourism sector.
- Collaborative partnerships are a key approach to a successful sector.
- Trust between stakeholders is high.
- Sustainable management of tourism resources.
- South Africa has adopted a 'whole government' approach to tourism.
- Continental, regional and country focus are key success factors for the sector.

"GATHERING MOSS"

**A fragmented tourism sector within a South Africa that is competitive with respect to tourism.**

This scenario will demonstrate a short-term retention of traditional markets but with a slow decline in growth as the sector does not embrace innovation and changing market demands to serve new and emerging markets, both international and local. Government departments do not 'pull together' to provide an enabling environment for entrepreneurship, lacking a 'whole' government approach to addressing the major concerns of safety and security and accessibility. Complacency has set in, and the sector is caught up in a 'fool's paradise'. Collaboration between government and industry remains fractured and does not embrace inclusivity or real transformation.

Under this scenario, we will see the following:
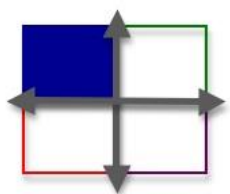
- A weak rand which encourages short-term tourism.
- But a slow, long-term decline and loss of market share.
- A stagnating sector.
- Traditional source markets still prevailing.
- Provision of traditional products.
- Little or no alignment between private sector and Government.

- Very few collaborative partnerships and whatever collaboration exists is in pockets.
- There are winners and losers within the sector – it is not inclusive.
- Low levels of innovation within the sector.
- Sustainable resource management is not mainstream.
- Complacency has set in and the result is a "business-as-usual" mind-set.
- A fragmented sector resulting in inefficiencies and unnecessary duplication.
- Short-term gains for the sector producing a 'fool's paradise'.
- There is no 'whole Government' approach to tourism.
- Government pays lip service to tourism.
- There are initiatives, but they are in silos. This has become the norm.
- Because the sector is fragmented, communication is poor. Associations (i.e. funding members) are also fragmented, and a number of different independent bodies exist.
- There is short-term support for transformation, and token compliance (lip service as opposed to real change).
- High barriers to entry for SMMEs:
  o Market access is difficult
  o Scale is not achievable
  o Inclusivity is not enabled
- Short-term Government planning inhibits a long-term strategic view for the sector. There is no alignment of planning horizons.
- Government does not consider tourism a key strategic sector for the country.
- Irresponsible 'over-tourism' is the outcome: short-term gains, winners and losers, and no meaningful contribution as a sector to GDP.

"SHIFTING SANDS"

The worst-case scenario - A fragmented tourism sector within a South Africa that is uncompetitive with respect to tourism.

This is the worst prediction for tourism where safety and security impact the willingness of both international and domestic travellers to experience South Africa, resulting in job losses, declining tourist numbers and a loss of market share. Accessibility issues remain unresolved where visa restrictions on travel remain unwieldy in process and prevent growth from new and emerging markets. While air access may be open, declining incoming traffic and the technical concerns related to the national carrier will increasingly restrict tourism. Safety and security within the country degenerate even further, with travel advisories abounding. The industry does not 'pull together' with each organisation, tourism sub-sector and government department scrambling to handle each crisis as it arises. As a result of the loss of skills within the tourism sector and the country as a whole, innovation is missing, the tourism product remains tired and old and South Africa drops dramatically in the TTCI rankings.

Under this scenario, we will see the following:
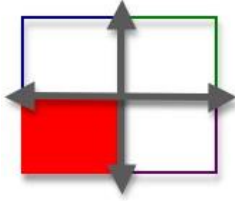
- The sector is suffering job losses.
- Declining tourist arrival numbers contribute to the job losses.
- South Africa is considered an unsafe destination.
- Lack of accessibility for tourists and increasing barriers to entry.
- Government policy uncertainty reduces investment in the country.
- Both the country and the sector lack an understanding of the shifting tourism market.
- A loss of market share in the traditional South African tourism market.
- Increased bureaucracy in South Africa makes it very difficult to do business.
- South Africa is inward-focused and oblivious to the broader continental and intercontinental perspectives.
- Loss of skills - in the tourism sector and the country as a whole.
- Poor management of human capital and natural resources leads to losses in both.
- Increased infighting for the same piece of the tourism pie.
- Perception of brand South Africa's is poor.
- Tourism's product offering is tired and old.
- South Africans are negative towards their own country – this spreads further harm with respect to South Africa as a tourism destination.
- Lack of geographic spread further exacerbates a declining tourism sector.

"OUTGOING TIDE"

An integrated tourism sector, but within a South Africa that is uncompetitive with respect to tourism.

Here the tourism sector, both government and industry, is working together to try to stem the tide of weak economic growth, high levels of crime and negative perceptions, brought about by highly publicised attacks on tourists, political instability and unrest, protests and increasing unemployment. Under this scenario South Africa's attractiveness as a tourist destination is declining, despite efforts of collaboration between government and industry, against emerging attractive and safe destinations serving the needs of the emerging markets and providing authentic experiences through innovative programmes focussed on sustainable tourism.

Under this scenario, we will see the following:
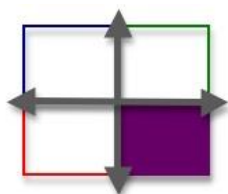
- Collaboration exists within the sector and between the sector and the Government, but South Africa is missing the changing market.
- A misalignment with market needs leads to unrealistic returns on investment.
- Both the country and the sector have underestimated the consumer.
- They have also missed the technology boat, and are playing catch up.
- South Africa's over-confidence with respect to its diversity of offerings has resulted in a sector that is not optimised compared to that of other countries that actually have less to offer.
- South Africa is an overpriced tourist destination.
- Over-regulated resource management has led to a loss of tourists.

- Persistent issues and challenges around safety.
- Macroeconomic factors impact tourism.
- False strategising produces an industry that is globally uncompetitive.

9. THE STRATEGIC FRAMEWORK FOR RESPONDING TO MEGATRENDS

9.1 Theoretical Foundation for the Strategic Framework

#### 9.1.1 Linking a futures approach to strategic thinking

A number of authors link a futures approach to strategic thinking, foresight, planning and management. Yeoman (2008) believes that being able to interpret how our society is changing and to forecast the likely impact of trends through future scenarios is vital to making strategic decisions that will remain relevant in our dynamic, changing world. He also says that organisations remain vulnerable to the changes the future will bring unless such decisions are made with an understanding of key trends and how they might impact the future. Dwyer *et al* (2009:63) state that "*In a world in which the broad global trends can be identified to some extent, their influences on tourists, destinations and tourism organizations (public and private) can be established. The challenge for tourism stakeholders in both private and public sectors is to account for these changes proactively to achieve and maintain competitive advantage for their organizations.*" Strategic planning often appears in the literature as more appropriate than other forms of planning for the management of change. Its main characteristic is the "fit" that it aims to achieve between resources and capabilities with the constantly changing environment (Soteriou & Coccossis, 2010).

In building the framework for a sectoral response to megatrends, a futures approach was linked to strategic thinking at a sectoral level. However, as literature demonstrates through the lack of current models and frameworks in this regard, strategic planning in tourism is not a simple process because tourism is a complex system:
– Composed of several interacting elements
– With multi-stakeholder activity that necessitates collaboration
– Where sustainability is a vital part of tourism growth and development
– Influenced, at every stage, by external signals, and
– Process-driven, sequential, dynamic and iterative.

These characteristics formed the foundation in building the framework entitled: *A Strategic Framework for Responding to Megatrends.* Figure 6 depicts the framework as derived from theory and is explained in the ensuing discussion. The framework consists of a number of components with mega-trend identification and scenario construction (as described in Phase 1 of the research project) precipitating the strategic response by the tourism sector and forming the first two components in the strategic process.

Figure 6: Draft Framework for Responding to Megatrends impacting the Tourism Sector
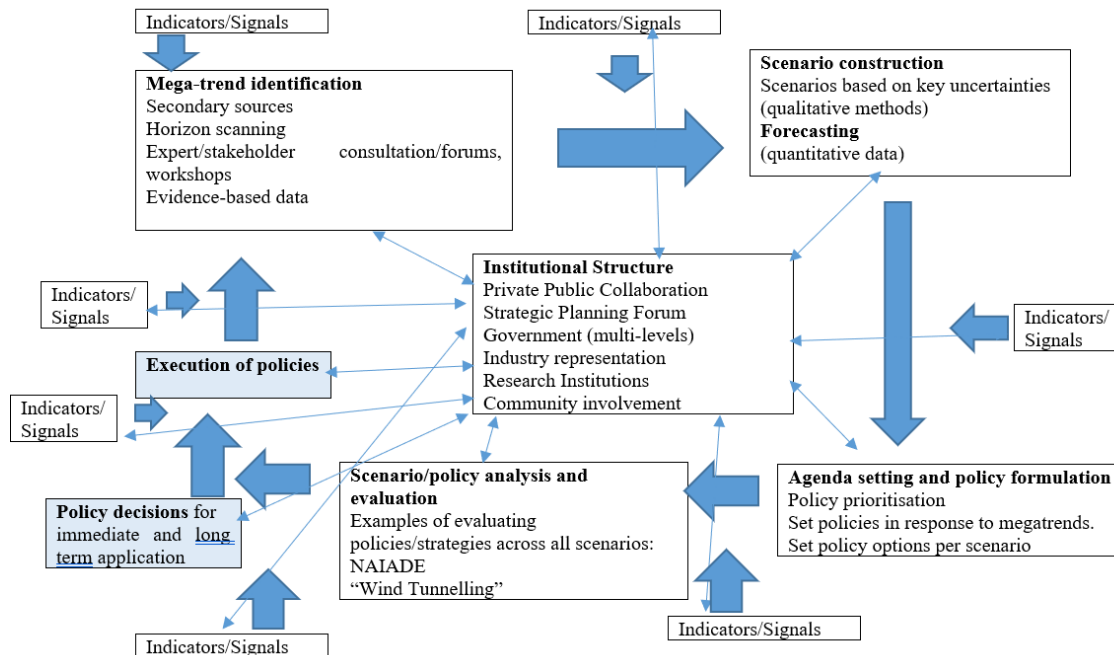
Source: Author generated

Awareness of emerging megatrends becomes evident through signals, flags or environmental indicators signifying some evidence of change. These can be small, weak or slow but continuous signals or they can take the form of catastrophic shocks. Constant monitoring of the environment is thus essential in understanding the potential impact of emerging megatrends. Indicators, as explained in the next section, take the form of continuous monitoring throughout the framework and, as shown in figure 6, can impact and influence each component throughout the process.

9.1.2 Identifying indicators or flags of emerging megatrends

Indicators are early warning signs of emerging trends. They are generally seen in the interaction of many, small micro-level trends, events and conditions – a force of change that has gathered its own self-sustaining momentum. These indicators or flags are often described as "weak signals" or "wild cards". A weak signal could be something seen in a news item, a photo or a story and may reflect something surprising and new. The term "flight shaming" may be an example of a growing discontent amongst the population, discouraging travel by air which, together with all the other environmental warnings, could potentially have a huge effect on the aviation industry. A wild card is generally seen as something with a low probability but, if it happens, could have a huge effect. The best example of this is probably 9/11. Other indicators that could seriously impact the tourism industry are warnings of water shortages, increasing crime statistics, protests against too many tourists at certain attractions or cities etc. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process as shown in figure 6.

A question that often arises in strategic planning is who is responsible for leading and managing the process. Authors agree that strategic thinking requires a multi-sectoral

approach, particularly in tourism due to its interrelationship with all other sectors and its impact on all communities. In developing the potential future scenarios for tourism in South Africa one of the most important aspects that was highlighted was the involvement and contribution of public and private sectors, a 'whole' government approach, tourists, international and domestic institutions and organisations, communities and the environment. This is central to the strategic approach and process.

9.1.3 Multi-sectoral and multi-stakeholder initiative

The process of developing a long-term strategy for tourism in response to the impact of megatrends requires the adoption of a clear vision for tourism built on an open discussion with all stakeholders and the involvement of all relevant ministries to achieve a comprehensive cross-government response, although national governments need to take the lead in the industry's strategic planning process (OECD, 2010). As a multi-sectoral interdependent system, essentially integrated with other sectors in the economy, tourism operates within an environment that is enabled by public-private sector cooperation and coordination. As such its success depends on what can be termed sector cohesion. Sector cohesion provides for planning and policymaking to achieve inclusivity and stability in the sector and initiating integration involves coordination of sectoral initiatives to help define national priorities, particularly in its efforts to adapt to the future. Figure 6 demonstrates multi-sectoral cooperation as the central component of the strategic process.

Considering that a multi-sectoral approach is fundamental to successfully responding to the impact of megatrends, strategic planning approaches in the public as well as private sectors should be incorporated. We have seen that scenarios depict alternative futures resulting from a combination of trends and policies and are useful in projecting consequences of a particular choice or policy decision. Policy options/strategies thus form part of the strategic planning process. Stakeholders often have differing aims in their "future-proofing" efforts. Generally businesses in industry are likely to alter their behaviour only if it results in clear competitive advantages and improved profits (Bramwell & Lane, 2013) whereas governments generally aim at maximising overall societal welfare and improving the allocation of resources. The first step in moving from futures to policies is setting an agenda of priority issues where the magnitude of emerging megatrends, based on supporting evidence, is considered.

9.1.4 Agenda Setting

In the Agenda Setting phase policy goals are defined, potential beneficiaries are identified and the current regulatory framework under which the policy will operate is considered. Permani *et al* (2017) say that the complexities of issues facing public policy makers and their resource constraints place the setting of policy priorities as one of the key elements. In this stage, the objectives of government policy, the results from evaluation of past policies, the predicted impacts of the proposed policy and the concerns of different groups, should be considered. Permani *et al* (2017) state that the evolving and dynamic nature of global megatrends implies that the agenda setting process should also be sufficiently "flexible", adapting to changing perspectives, needs and expectations over time. They say that the consideration of the impact of global

trends emphasises the need to not only collect quality indicators as baseline information but should direct possible scenarios.

9.1.5 Policy Formulation

The policy menu is built based on the list of priority issues derived in the agenda-setting stage. Given the long term nature of global megatrends, a stronger focus is needed on anticipating future changes, including those that may not be apparent at present. Permani *et al* (2017:154) emphasise the multi-sectoral approach in the agenda setting and policy formulation stages: *"The multidisciplinary nature of global megatrends strongly emphasises the importance of a whole-of-government approach, –featuring horizontal coordination and integration in policy design and implementation, by focusing on strengthening coordination between relevant agencies and facilitating stakeholder engagement with the government (OECD 2011; UN 2012). In addressing new focus areas such as megatrends, the appointment of focal points at local, regional or national level, either within an existing institutional unit or an institution newly established for the purpose, may be required."* A policy menu is derived where an assessment of costs and benefits of implementing the policy in preparation for the impact of the megatrends becomes necessary. At this stage the strategic partners relevant to the policy are identified.

Ramos (2017) states that policies are very often the legacy of the impersonal past, "developed by a previous bureaucracy, department or government". He suggests that while many of these policies may have been perfect solutions for the problems of their time, in the present moment they may be losing their relevance, or may even be detrimental in a future context. This is why policies and the strategies that sit beside them need to be continuously tested against possible future conditions generating a further component as part of the Strategic Framework, shown in figure 6.

9.1.6 Assessing the robustness of the scenarios, policies and strategies

The evaluation of scenarios is capable of dealing with both quantitative and qualitative data and of detecting potential alliances or conflicts among stakeholder groups involved. The engagement of public and private stakeholders in the planning exercise establishes a '*learning platform', facilitating information exchange and mutual understanding among participants and is considered as the driving force towards a shared 'ground'* of future developments of a specific region. This engagement supports the gathering of valuable information on stakeholders' judgments on the proposed future development scenarios. It further enriches the planning process and outcomes and ensures credibility and transparency in the decision-making process. As an example of a methodology Ramos (2017) says the Futures Action Model can be used to "wind tunnel' existing policies and policy assumptions against possible future states by asking the following questions:
- *"How well will the policy work in the emerging future, in light of particular trends and emerging issues, or in light of particular scenarios and images of the future?*
- *What global responses exist to a particular scenario, and how does one's policy compare to how others are pioneering responses from around the world?*

- *Does a particular scenario challenge our understanding of the ecosystem of stakeholders around a particular issue, or the way in which those stakeholders interact?*
- *How does our current policy's assumptions about stakeholders compare with what a hypothetical future says about stakeholders? Are we missing stakeholders? Do we need to revise our assumptions about stakeholders?"* (https://actionforesight.net/futures-action-model-for-policy-windtunneling/)

The outcome of the evaluation phase on the scenarios should lead to decision-making on policies that will achieve a best-case scenario for the tourism sector in South Africa which have been prioritised, aligned to the common vision for the sector, assessed in terms of current and future resources and capabilities, costs and benefits and what initiatives and actions will be required, both immediately and in the longer term, taking the strengths and weaknesses of the sector into account.

9.1.7 Policy decision-making and action plans

Decisions should be made to achieve the best case scenario. These decisions are prioritised based on how we see the magnitude of the emerging trend and its impact on the scenario. This is aligned with the common vision of the sector and assessed against the current and future resources and capabilities. These two stages, namely decision-making and actions to be executed, form the final two components of the proposed Strategic Framework as shown in Figure 6.

This theoretical framework formed the basis for the empirical work which consisted of two Workshops designed to test and validate the framework and eventually derive a Strategic Framework for responding to emerging megatrends that will impact the tourism sector.

10. REFINING THE FRAMEWORK - THE NATIONAL WORKSHOP

10.1 Purpose of the Workshop

The overall purpose of the Workshop was to present the draft Strategic Framework to participants for their critical analysis and inputs on the process and each component. The desired outcomes of the Workshop was framed as follows:

For the Tourism Sector:
A Framework that has been evaluated, refined and validated by public and private sector tourism stakeholders to serve as the foundation for a practical solution for the sector to proactively and consistently respond to challenges and opportunities over time.

For Tourism Stakeholders:
A Framework/process that can be adapted to an organisation to enhance strategic planning in response to mega-trends.

10.2 Structure

The workshop was structured as follows: After the introduction of the Draft Framework, the workshop started with a group discussion where participants shared their initial comments on the components and the flow of the Framework. Thereafter, the group was divided into smaller groups, where every effort was made for a group to represent the tourism sector. Thus, each group had representatives from government, private sector and the different tourism sub-sectors. Each of the components of the framework were then discussed in these sub-groups, and after each discussion, feedback was given by the group spokesperson. Each group was also allocated one megatrend to ensure more focussed coverage of a particular topic. Group discussions were recorded.

10.3 Results of the National Workshop

10.3.1 Participants' comments on the structure and flow of the Framework

The feedback session required that delegates give their overall impressions and initial thoughts on the theoretical Framework as a whole. Comments were:

- The Framework appeared to be logical, comprehensive and understandable with participants agreeing on the following that needed to be included/accentuated more pertinently in the Framework:
  - The institutional structure is central and needs to be at the highest level for the entire process to work effectively;
  - Responsiveness to the constant changes in the environment throughout the process was key to its success;
  - The conflicting aims of stakeholders needed to be highlighted in some way in the Framework;
  - An important focus of the institutional structure should be in the execution phases;
  - Measuring the effectiveness of policies should be included as a component in the Framework;
  - Funding always remains a challenge.

- Participants also indicated the following:
  - The process is basically being followed in Government but there are challenges in its implementation because of the multitude of stakeholders at the various levels of government, the complexity of maintaining momentum and execution of policies;
  - An ongoing challenge is consistency in the application of strategies, actions and policies since the changes at the political level often result in a different direction being pursued, thus changing or nullifying a previous process that was underway;
  - Some delegates felt that the public and private sectors collaborate well while others disagreed;
  - There will always be conflicting motivations between public and private sectors and even between organisations within a sector;
  - The length of time between addressing components is not clear;

o The challenge of coordinating long and short-term goals is not demonstrated in the Framework.

10.3.1 Indicators

Indicators depict early warning signs of emerging trends. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process. The purpose of the discussion was to identify the type of indicators that could be used to detect emerging trends.

For the discussion on the indicators the group was divided into five groups, with each group allocated a specific megatrend (social, environmental, economic, political or technology). A general comment made by participants in terms of the megatrends was that the data/information collected on megatrends must be interpreted effectively and seen within the context in which it will be used for example, when statistics show that the outbound market from China is 120 million visitors strong, it should be taken into account that the majority of that is to Hong Kong and there is a very small percentage, which is long haul and important for SA.

In general, groups had little difficulty in identifying the early warning signs or indicators that may be evidence of their allocated megatrend.

The environmental group mentioned the following indicators:

- Climate change (for example Cape Town drought and seasonal changes).
- Sustainable purchasing and supply chains.
- Resources under pressure and over tourism, for example the south of the Kruger National Park is such a popular destination because of the many good sightings, but the north not so much. Therefore, the impact on the environment in the south is much greater than in the north. Another participant in this group disagreed by saying: *"I do not think SA has a problem with over tourism yet, we have a huge capacity to see a lot more and the social and economic benefits outweighs the environmental impact".*
- Tourists are travelling more responsibly. They research destinations before they go there and the activities they can engage in while there. More and more tourists want to go to hotels that are sustainable, especially the millennial and the younger generations, whereas the traditional/older markets see it as a benefit but not yet a necessity.

The social group noticed some interesting indicators:

- National low self-esteem and negative psyches.
- Changes in the demographics of travellers and their booking behaviour.
- Changes in the requests and needs of tourists.
- Changes in technology that are actually affecting social behaviour. The social trends may change because of the technology that travellers choose.

The economic indicators that were identified:

- The trade war between the USA and China

- Brexit
- On a local level, one of the major signs is unemployment linked to skills development linked to education.
- The decrease in spending because of debt.
- The slow GDP growth.

From the responses, it seems that participants found it easy to obtain information on emerging megatrends and to assess the credibility thereof. The sources varied between the megatrends. Secondary sources that were mentioned were: the UNWTO, WTTC, the WWF, Skift, Ocean Tourism Strategy Agenda 2063, Africa Union Agenda 2063, the Global Sustainable Tourism Council, economic publications and the media in general. A number of groups also mentioned social media although others were wary of using it, and concerned about fake news, and relied more on print media for consistency. Some groups mentioned primary sources for example, requests from clients and individual survey data. Groups also mentioned that information should be shared in the sector for example at conferences, and stakeholder engagements. Participants shared a need for a team of individuals in the sector that will ensure that the sector has some level of trend analysis – "trends specialists". This team should also form part of the institutional structure.

The challenges experienced in reading such early warning signs also varied between trends. The environmental group seemed to experience the least challenges and said: "*We did not really think that there were too many challenges in breaking science. I think the environment is there and it is literally in our face now*".

The economic group was worried about the lack of reliable sources, and conflicting messages in the different economic publications. Their main challenge was: who do you believe? They also found it difficult to distinguish between a once off happening and a trend, and how to, from the start, realise that something could have a long term effect.

Other groups raised challenges in terms of interpreting the data, and adapting to these warning signals. They also mentioned the uncertainty of being able to predict future behaviours based on past behaviours. Some were concerned that they will not be able to react quickly enough and not be innovative enough to respond to early warning signs, while others questioned how they should distil a large amount of data into something meaningful and understandable. Other groups mentioned that resistance to change in general, old school thinking, myopic thinking, comfort zones, complacency and arrogance could prevent them from adapting and taking heed of the warning signals.

In conclusion, the following points should be highlighted in terms of the indicators used to measure the impact of megatrends on the tourism sector in South Africa:
- Data on the indicators must be interpreted effectively and seen within the context in which it will be used.
- The sector should be able to distinguish between a once off happening and a trend, and how to, from the start, realise that something could have a long term effect on the sector.
- The sector's ability to distil a large amount of data into something meaningful and understandable is crucial.

- Resistance to change in general, old school thinking, myopic thinking, comfort zones, complacency and arrogance could prevent the sector from adapting and taking heed of the warning signals.

10.3.2 Multi-sectoral approach - Institutional structure

As a multi-sectoral interdependent system, essentially integrated with other sectors in the economy, tourism operates within an environment that is enabled by public-private sector cooperation and coordination. As such, its success depends on what can be termed sector cohesion. The aim of this discussion was to propose an institutional structure that will allow the sector to optimally respond to megatrends.

Participants were first asked who they think should drive and take responsibility for an institutional structure to respond to megatrends. Responses were varied with some participants saying that an industry body such as the TBCSA should take the lead, whereas others suggested that a task team, as a sub-category of the TBCSA should be set up. Others suggested that the Department of Tourism should take responsibility, with involvement from other government departments as policy issues will come under discussion. Another suggestion saw the TBCSA and the Department of Tourism taking joint responsibility for such an institutional structure and funding for such an initiative coming from collaborative funders under the TBCSA. Perhaps the most interesting suggestion was that the Office of the Presidency should drive the institutional structure, if we want it to have "*teeth and accountability*". Specific mention was made of the Private Public Growth Initiative where leaders of government and business convene and report to the president on a quarterly basis on the five tourism game changers. Participants agreed and added that not only this institutional structure, but tourism as a sector should sit with the Presidency, because of its economic activity and the fact that it is probably the easiest sector for employment generation.

In terms of who should be involved in developing a long-term strategy for tourism in response to the impact of megatrends the following stakeholders were mentioned:

- Department of Tourism
- TBCSA
- SA Tourism
- Brand SA
- Industry Associations (SATSA; ASATA)
- Government departments
- Private sector
- Communities/local residents (i.e. Parks and People)
- Provincial/Local governments
- LTO/RTO
- Academic institutions
- StatsSA

Regardless of who drives the institutional structure and the stakeholders involved in this structure, it was agreed that a permanent core team should be established with their primary responsibility being to develop strategies and policies to respond to

megatrends affecting the tourism sector. This core team will thus address each of the components of the framework and be responsible for the cyclical nature thereof. Amongst others, their duties will include: identifying megatrends, scenario planning, scenario analysis, policy development etc.

Participants raised a number of challenges in establishing such an initiative:

- Creating and maintaining agility for a structure like this so that it does not become a big monolith.
- The ability to speak with one voice as an industry or as a sector. Communication outward and downward is critical.
- If we succeed in elevating this structure to the presidency's office then funding becomes much easier.
- Who would hold this task team or institutional structure accountable?
- There is a duplication of efforts. All the associations, government departments, academic institutions and industry representatives should convene once a year to pull resources together. The first week of January for example could be set aside as the national tourism strategy week where everybody comes together and looks at what has been done in the past year and what should be done for the year ahead. On an annual basis, there is a lot that takes place but the information is not extracted and the sector is not sitting down and implementing it as a country.
- The lack of implementation at grassroots level.
- How should the private sector be incentivised to buy-in because they are profit driven? In government, there are also targets and community stakeholders that need to be responded to, so how should participation and involvement be incentivised there?
- When you have different agencies and different departments in one room, it becomes very difficult to find consistency and a common vision.
- The development of policies and the execution thereof should be actionable fast enough.
- Roles and responsibilities need to be clarified. Where industry bodies are involved, it should be clear what each of them are doing, what their roles and responsibilities are so that whatever actions come out of these initiatives, everyone knows who is leading what actions and when they need to be done.

In summary, an institutional structure to respond to megatrends could potentially be constructed as shown in Figure 7:

Figure 7: A Proposed Institutional Structure
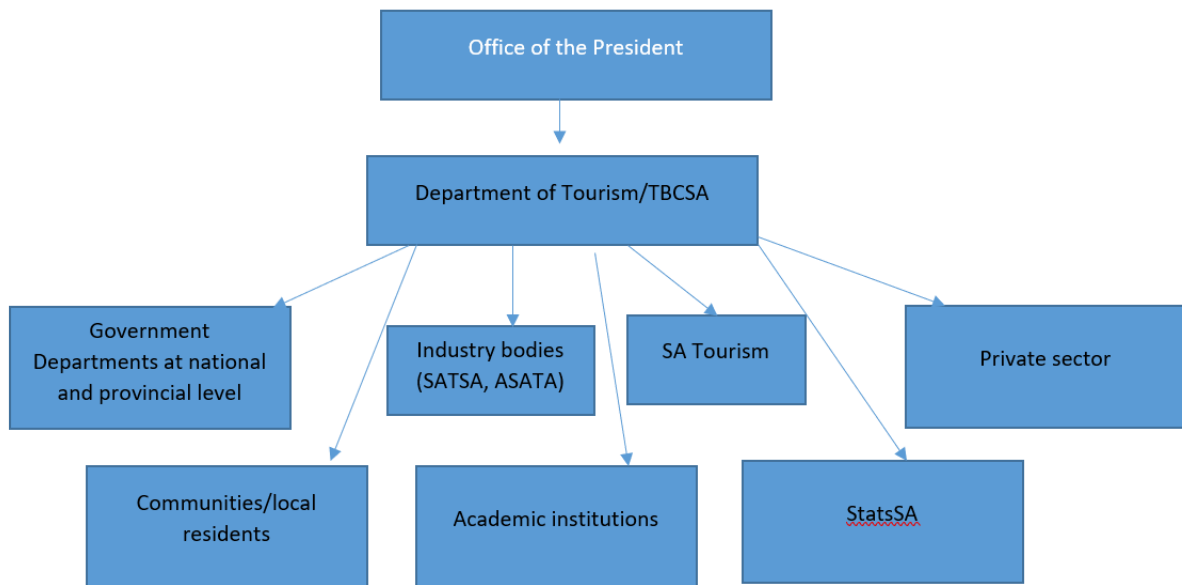
Source: Author generated

In summary, an institutional structure for South Africa should:
- Be driven from the highest level, preferably the office of the Presidency.
- Consist of a permanent core team.
- Be agile enough to respond to megatrends.
- Include a team of "trends specialists".
- Be able to communicate effectively, outward and downward

10.3.3 Agenda setting

In the Agenda Setting phase, the magnitude of the mega-trends is evaluated and prioritised in terms of their impact on SA's tourism. Relevant information should be considered during the agenda setting process using the global megatrends and a list of possible indicators to measure global megatrends. The complexities of issues facing public policy makers and their resource constraints place the setting of policy priorities as one of the key elements during agenda setting. The goal of the discussion was to provide direction to guide the industry to prioritise megatrends, but be flexible enough to allow for adaptations over time.

As expected, most groups seemed to think that their allocated trend is serious in terms of its impact on South Africa's tourism. The environmental group highlighted that environmental trends are global and hence also having an impact on us in South Africa. They added: "*Again going back to the Cape Town incident that drought has given all of us pretty much a big wakeup call*".

The economic group was just as convinced that the impact of their trend is serious. They mentioned that a weak economy or unemployment drains the state resources making developmental goals much more important than for instance tourism. At the same time, tourism is also a way of getting out of the negative economic cycle, and

the question is how to balance that. The competing priorities in a developmental state was also mentioned by the technology group.

The technology group also raised some concerns in terms of the impacts of technology on tourism. First, technology could have positive and negative impacts on visitors' travel experiences. Also, the speed of technological developments and the sector's ability to adapt and supply it could be a challenge. Lastly, although big data analytics provide a wealth of opportunities, it is unclear whether we, as a sector, have the ability to analyse and apply it.

After recognising the importance of their trend, groups had to identify the drivers of this mega-trend that will have the most impact on South Africa's tourism (Table 2).

Table 2: Examples of Drivers of Megatrends

TREND	DRIVERS
TECHNOLOGY	• Artificial Intelligence will have a big impact on job creation in the country. AI could also be beneficial in allowing the sector to personalise experiences. • Privacy of information.
SOCIAL	• National low self-esteem. • People are not feeling comfortable to travel in their own country. • New generations' travel choices.
POLITICAL	• Non-alignment within the industry: There are different agendas depending on the different interest groups. The inter-competition we have with ourselves has an effect on the political level. Therefore, the industry needs to understand where it is going from a marketing side. An example is the visa issue.
ECONOMIC	• World economic instability has an influence on the tourism sector. • Consumer spending is decreasing and has an influence on the unemployment in the country and the uncertainty as well. • Unemployment and a lack of skills. It starts with education (or lack thereof) with increases in crime and an influence on tourism.

Next, participants were asked whether they are aware of Government policies in terms of the drivers they identified. It was clear from the responses that participants struggled to identify policies and had low levels of awareness of current policies. Groups that had government representatives, in general, found it easier to identify current policies, than those with no government representation. Others were confused because of the high number of policies, and they felt that they are all disjointed and there is little action on it.

The discussion concluded with all groups agreeing that these drivers require immediate decision and actions, but they were less clear on what these actions should be.

> To sum up:
>
> - Prioritising megatrends is difficult as stakeholders with vested interests regard their specific area of interest as most important. This was demonstrated by allocating a 'megatrend' to each group who then seemed to think that their allocated megatrends were of equal importance to all the others.
> - Agenda-setting requires awareness of current policies. Participants had low levels of awareness of current policies.
> - All groups agreed that the identified drivers required immediate actions and decisions, but were less clear on the specifics.

10.3.4 Policy formulation

Participants were reminded that in developing policies, based on the priorities set in the agenda-setting phase, certain objectives have to be met that integrate the economic benefits with social and cultural developments. Policies at a national level are concerned with the welfare of the country and its inhabitants. Policies in the context of emerging megatrends should be experimental but, at the same time, consider the realities of today, which are reflected in current policies. We ask the question "How can we change?" Policies for the future should thus be informed, anticipative, systematic and iterative as well as flexible and collaborative. Scenarios are thus useful in projecting the consequences of a particular policy, decision or action with affected stakeholders being central to the whole process.

- The comments of participants from the initial feedback session were again taken into account:
  - o The process is basically being followed in Government but there are challenges in its implementation because of the multitude of stakeholders at the various levels of government, the complexity of maintaining momentum and execution of policies;
  - o An ongoing challenge is consistency in the application of strategies, actions and policies since the changes at the political level often result in a different direction being pursued, thus changing or nullifying a previous process that was underway;
- Participants commented on the following related to policy-formulation, decisions and execution:
  - o Policies must be dynamic;
  - o Implementation and execution of policies is a current challenge and this needs to be addressed for any future initiatives;
  - o An essential element of policy-setting for the long term is the multi-sectoral and 'whole government' approach;
  - o Short-term crises remain an important influencer when setting policies for emerging megatrends;
  - o Accountability of both government and private sector in the implementation of policies is a challenge, this issue was raised a number of times;

- o A current challenge is the lack of awareness of what policies actually exist to address tourism issues. Policies are not well communicated.
- o Policies are often multi-dimensional addressing more than one megatrend at the same time.

Participants were requested to take a practical approach and formulate one policy only per their table theme i.e. environmental, economic, political, social and technological, since they had already set priorities in the agenda-setting phase. They were also asked to drill down to actions that actually need to be taken immediately and in the future to set the policies in motion. Participants needed to address, amongst others, the following questions:

- – How does this policy relate to the best case scenario?
- – What has to change for effective implementation because we have a number of challenges?
- – How will this policy reconcile the different objectives of stakeholders?
- – How should the various stakeholders talk to one another on this policy?
- – What decisions have to be taken immediately to ensure implementation?
- – How can we use technology to effectively achieve the policy?
- – How should we measure the effectiveness of the policy?

An example of one such policy developed by the "Technology Table" is presented verbatim in Box 1.

Box 1: Example of a Policy-setting Process

We chose the **megatrend** of technology and the trend we talked about was some of the disruptive innovation that is coming around now, and the one we focussed on was autonomous vehicles or unmanned systems. What we talked about is the emergence of these autonomous vehicles particularly in terms of the drones and air users. What is **driving this new innovation** is consumer demand, external technology development which is making them more available, providing a different experience and there is commercial imperatives and efficiency in cost and the use of resources that come into this. **Possible policy response** we said would be creating an enabling environment for this industry to get onto the map and to work. We need to regulate the industry as well as stimulate from a commercial perspective. On the regulatory side we said we had to look at, and let me say there are already regulations in place for unmanned vehicles, but we need to look at licensing, operational procedures, the use of the air space, tracking them in terms of the use of transponders on each of these aircraft particularly as they became bigger and use more airspace. Technology specification, safety and security aspects and then transformation within our industry. On the stimulation side, you have to create the economic opportunity and then also comes into the transformation side as well and then create an environment where the regulatory framework is simple, more workable and easier to understand and implement. **Strategic partners** – Department of Transport, the Civil Aviation Authority, the Air Traffic and Navigation Services, the equipment manufacturers who make these drones, CASA in terms of use of the air space, CASA is commercial aviation association and they are the guys under which the unmanned vehicles reside, TBCSA in terms of look at the tourism side and international investors because they may be a way to get them to try and stimulate the development of this industry in South Africa, Then the next aspect is **how does the policy support the best case scenario**: we said the business in the industry will grow in a competitive environment driven by consumer demand, increase in tourism, for example medical tourism. It will also enable us to improve safety and security, we have used drones to monitor illegal activity such as poaching and

other illegal activity in and around our major tourist spots. So we need to create an environment for effective **implementation** – we need to simplify the current regulatory process and also introduce new regulations to accommodate the system, not only the drones because as we mentioned the air taxis might come in at any point in the future and we need to involve all stakeholders in the industry to get good feedback and regulations that will work for them as well because sometimes we tend to formulate regulation in isolation which is not good. Last page here: **what steps can we take immediately**? We said we have to decide who the custodian of the policy and we said it is the Department of Transport, but the regulations would sit with the Civil Aviation Authority. The key roles players need to be identified so we need to start concentration very quickly and we need to reach agreement on the purpose and what would make this industry work. **How can you use technology to effectively achieve this policy objective**, well this is technology so we are talking about implementing new technology, for example, use technology in the external sense to get stakeholders together instead of face to face, one of the **biggest problems** is getting everybody together and have meetings like this and use Skype so that someone can sit in the office and have multiple Skype meeting to facilitate the development of the policy. To use existing technology to monitor implementation and the operation of these drones and systems. **How do you think you would be able to evaluate the success of the implementation/policy?** You would certainly be able to monitor the development and growth and the amount of vehicles that are going up into the sky and working, I think you would also get feedback on whether the system is working or whether you would need to change it.

The most important inputs from the discussion on the policy-setting, policy decision and execution phases can be highlighted as follows:

- Execution of policies is a constant challenge;
- Multi-stakeholder participation is key;
- Policies must be dynamic and 'bold' to address emerging megatrends;
- Policies must consider short-term priorities to enable long-term success;
- Communication of policies is essential for increased awareness and effective implementation;
- Public and private sector accountability is fundamental to ensuring its success;
- Changes at political level have a negative impact since policies are not well-implemented in such an uncertain environment;
- Policy-formulation in response to megatrends should be driven by a specialised and permanently established task team supported by and reporting to the President.

10.3.5 Scenario analysis

Scenario analysis forms an integral part of the Strategic Framework because policies and the strategies that sit beside them need to be continuously tested against possible future conditions. Participants received a summary of the four scenarios before the Workshop but were briefly reminded of what each scenario represented (figure 8). The scenarios are based on the megatrends, uncertainties and certainties in the sector and measured against our competitiveness and sector cohesion.

Figure 8: The Four Scenarios for South African Tourism
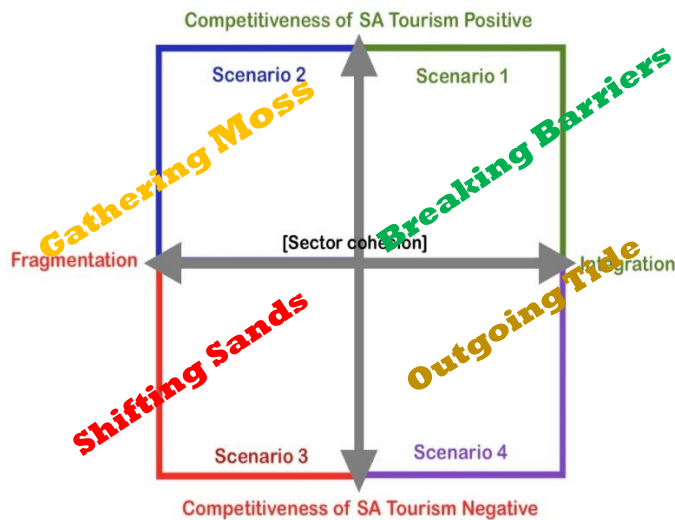
Source: Author generated

Based on the definition of competitiveness used by the researchers one participant suggested that the definition should include that competitiveness should be measured relative to South Africa's tourism competitors and not against all tourism destinations (as is done in the Travel and Tourism Competitiveness Index).

Due to the limited time available participants were not requested to try and analyse each scenario but in order to provide some context for the policy formulation phase were asked to present their view on which scenario best reflects our current tourism sector and which scenario we are able to achieve in the future (by approximately 2030).

Most participants were in agreement that the scenario that best reflects our current status is "Gathering Moss" but moving towards "Shifting Sands" and "Outgoing Tide" which represents a fairly negative view. Participants also agreed that, as a sector, we would have to break down numerous barriers to achieve a best case scenario. In assessing what our greatest barriers are we asked participants (each table) to identify three major threats and what we should focus on as our greatest opportunities:`

- Threats
  - Without a doubt the issue of safety and security and the perception of the destination as an unsafe destination for international tourists was at the top of the agenda. The issue of cyber-crime was also raised.
  - Poor service delivery
  - Low economic growth
  - Strong destination positioning by African competitors
  - Lack of transformation in the industry
  - Lack of appropriate skills
  - "Brain drain"

- Opportunities
  - The important role that small business and entrepreneurs can play
  - Utilising new technologies
  - Increasing air access
  - Sharing the good news
  - Collaboration between public and private sector needs to improve
  - Domestic market growth

We asked participants what the strengths of our sector are that we could utilise to turn the tide and which weaknesses should be addressed as a priority.

- Strengths
  - The most important one on which all tables were in agreement was the diversity of our tourism offering supported by a number of iconic attractions
  - Air and road transport and infrastructure, world-class medical facilities and financial services
  - A resilient tourism industry, with some participants saying that we are an industry working together while others disagreed
  - A price-competitive destination

- Weaknesses (many of which fall under threats as well)
  - Poor customer and service delivery
  - Poor public transport
  - Lack of transformation
  - Low economic growth
  - Lack of skills
  - Far from our international markets, long-haul destination
  - Slow to innovate
  - Pricing in some areas is inconsistent with a "low-cost" destination
  - Negative "national psyche"
  - Lack of accountability
  - Lack of co-ordination and alignment in the marketing of the destination brand

Participants were asked what needed to change with most not addressing this issue directly but inter-weaving it with the discussion on overcoming our weaknesses as a priority, particularly in terms of safety and security and stimulating economic growth through providing an enabling environment (not so much red tape). The issue of government policies came up with one table suggesting that there are a lot of policies but that they are fairly disjointed and not well-executed. Innovation, particularly in using technology was an important tool for change. This discussion fed well into the next exercise which was to have participants formulate specific policies that would address the megatrends and move us toward a best case scenario.

> To conclude:
>
> - Most participants were in agreement that the scenario that best reflects our current status is "Gathering Moss" but moving towards "Shifting Sands" and "Outgoing Tide" which represents a fairly negative view.

- Safety and security and the perception of the destination as an unsafe destination seem to be our biggest barrier in achieving a best case scenario.
- Our biggest strength as a tourism sector is the diversity of our tourism offering.
- Government policies could be used to address our threats and weaknesses and harness our strengths and opportunities, but participants felt that there are a lot of policies that are fairly disjointed and not well-executed

10.3.6 Policy decisions and execution

The discussion on these two components formed part of the discussion on policy-formulation.

10.4 The adjusted Strategic Framework for Responding to Emerging Megatrends

As a result of the feedback from the National workshop, the Strategic Framework was adjusted to incorporate the evaluation phase, showing continuous monitoring throughout the process and bringing in the communication component. The Framework also considers short-term priorities, resources and capabilities.

Figure 9: Adjusted Strategic Framework for Responding to Emerging Megatrends
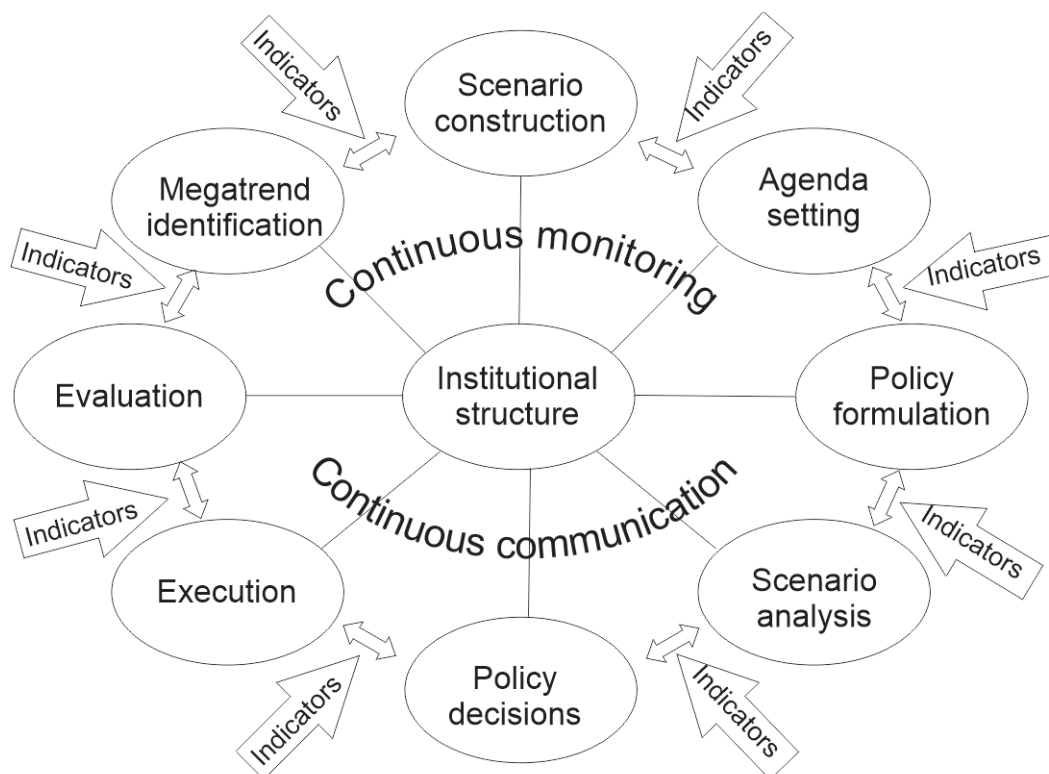
Source: Author generated

11. APPLYING THE FRAMEWORK - THE NODAL WORKSHOP

11.1 Purpose of the Workshop

The purpose of this workshop was to apply the outcomes of the National Workshop on Durban and surrounds to determine:
- how the draft framework works in a specific region;
- the relevance of the draft framework in Durban and surrounds;
- any challenges or limitations of the framework;
- adjustments needed to the framework'
- a final framework that could be applied to the tourism industry in South Africa at a national, provincial and regional level.

11.2 Structure of the Workshop

The nodal workshop followed the same structure as the national workshop, with each of the components of the Framework being applied to Durban and surrounds. The group was again divided into smaller groups, with each sub-group representing the tourism sector as a whole.

11.3   Results of the Nodal Workshop

11.3.1 Overall comments on framework

At the outset participants felt that we can propose all the frameworks and structures "in the world" but if there is no serious involvement from the ground level up, it "remains a pipe dream". The participants felt that the only way implementation of the framework could become a reality is if there is buy-in from the public at the local level. To quote one participant: "*TKZN brings out their mandate and plan and everybody else becomes confused*!" Participants had strong opinions on not being heard by regional and national structures and were at pains to explain that communities should feed through local level representation to the national structure. In this way alignment of goals will be achieved through a common interest.

A comment on the Framework was that as it stands the direction of the arrows between components is one-sided whereas the arrows should go both ways.

The most important insight in applying the Framework at the local level was probably that in Durban tourism stakeholders felt isolated and not heard by national structures so there was a certain resistance to what was probably regarded as "another initiative" that has little benefit at the local level. Participants felt strongly that there was a lack of political will to give tourism the priority it deserves, particularly at the local level.

11.3.2 Indicators and agenda setting

The purpose of this discussion was to not only identify megatrends that impact the tourism sector globally, but also to assess the impact of these trends on a regional/local level. In addition, to assess if all the global megatrends influence Durban and surrounds equally, and more importantly, which of these trends require immediate strategic actions.

Participants were first requested to indicate which megatrends they think have the most influence and impact on Durban and surrounds' tourism sector. Tables did not agree on the megatrends and three megatrends were mentioned namely, social, technology and the environment. Throughout the discussions, it became clear that participants struggled to see the global impact of megatrends, and how to proactively respond to these impacts. They had a localised view, and were much more concerned about local trends and challenges that affect them directly, and how to resolve and respond to these.

In terms of technology, participants mentioned the impact of the sharing economy on the hotel industry. Videoconferencing was also cited as a threat to the hotel industry, and lastly, the necessity of Wi-Fi access was discussed. Under environmental trends, education and awareness were mentioned as most important. In terms of social trends, participants mentioned that Durban and surrounds has a rich cultural resource base, and more should be done to promote it. Discussions also centred on how to incorporate street children into the tourism sector.

Again, when discussing the early warning "signs" or signals/indicators that may be evidence of mega trends, participants were more focused on local trends and how it affects them than on megatrends and its global (and local) impact. One participant mentioned that she becomes aware of possible problems when receiving the events calendar from the ICC, and noticing a decline in international conferences. National events have an impact on occupancy levels as well. Quite a few participants mentioned xenophobia as a warning signal, and having to prepare for its impact. Regarding environmental trends, rhino poaching was mentioned as a warning signal, pointing towards an environmental issue, and government was blamed for not showing enough political will to protect and save our species. Mention was made of the termination of Ezemvelo's contract to police the coastline, resulting in no control over fishing for crayfish, oysters and mussels. Lack of awareness and education was also mentioned as a warning signal for environmental trends with the absence of recycling bins given as an example. A question was then raised as to why the streets of Durban CBD are only swept when there is an event, and not every day.

Each table was then given a specific megatrend, and asked to identify three drivers for this specific trend.

Table 3: Megatrends and drivers thereof

MEGATREND	DRIVERS
TECHNOLOGY	4 IR (5 IR) - Electricity - Wi-Fi - Safety of technological equipment (if tourists' technology is not kept safe, it would spread like a wild fire on social media which would be harmful to an organisation's reputation)
ENVIRONMENTAL	- Land claims – closing down of iconic properties – no more research on the environment, no more school and community education. Unemployment because of land claims. - Loss of blue flag beach status – affects tourists' choices. Tourists rather go to the North Coast – risk of over tourism. - Global warming – killer whales in Richards Bay? - Over fishing – Chinese - Beach erosion - King Shaka – green airport – should be promoted more.

In summary:

- Participants struggled to see the global impact of megatrends, and how to proactively respond to these impacts.
- They had a localised view, and were much more concerned about local trends and challenges that affect them directly, and how to resolve and respond to these.
- Again, when discussing the early warning "signs" or signals/indicators that may be evidence of mega trends, participants were more focused on local trends and how it affects them than on megatrends and its global (and local) impact.

11.3.3 Institutional Structure

The purpose of this discussion was to propose an institutional structure that would allow the tourism sector in Durban (and surrounds) to optimally respond to megatrends. The first question asked to participants was if they were in agreement with the suggested national institutional structure, and if not, to suggest changes. Most participants were in agreement with the suggested national structure. However, one

participant mentioned that the structure is one-sided. The participant mentioned: *"At the end of the day we are the guys on the ground… The President that sits up there has no clue who has landed out here… I think that needs to be one of the prime things that we looked at, that they actually come and speak to us minions at the ground that actually drive the tourism sector. They need to speak to us who is already the tourism sector, you can make and implement all the policies and everything that you want, but will it work? Come and talk to us the real people that are on the ground and then we can actually recommend things".*

Another participant asked about the relevance of including local communities/residents at a national level. Although everyone agreed on the importance of including locals in the institutional structure at a provincial/regional level, they were uncertain as to who would be regarded as the local community at a national level.

A number of concerns were raised when participants were asked who should drive and take responsibility for an institutional structure for Durban (and surrounds). The first concern related to the lack of communication and alignment between Tourism Kwa-Zulu Natal (at a national level) and Durban Tourism (at a Metro level). Participants indicated that each of these entities does their own thing, with no common goal or vision. In addition, Community Tourism Organisations (established by Durban Tourism) then also run their own campaigns and this adds to the confusion in the tourism sector. Participants agreed that there has to be change, and that TKZN needs to take the lead.

Participants decided that the following stakeholders should be involved in the institutional structure:
- TKZN
- Durban Tourism
- Parks and Gardens
- The Police (Metro and South African Police)
- Public and Community involvement
- Libraries and heritage centres
- Provincial chapters of industry bodies
- Convention bureau
- PRASA
- ACSA
- Community Tourism Organisations (CTOs)
- EDTEA (Economic Development, Tourism and Environmental Affairs)
- Academic institutions

Next, participants were asked to draw a hierarchical institutional structure for Durban (and surrounds). One table asked why a new institutional structure is needed when existing structures are in place. The group unanimously agreed that the existing structures are not working, because people are not doing what they are supposed to be doing, and then makeshift plans are implemented to compensate and fix a failing structure. One participant highlighted the need to look at what is working, what is not working and how to fix what is not working, so that a common goal can be set and achieved.

The importance of CTOs as part of the institutional structure was raised by many participants. Under such a structure, participants felt that Durban Tourism should not exist in its current form, but should rather also act as a CTO. Tourism businesses in a specific suburb (represented by a CTO) should register with the CTO, to be given a voice within the institutional structure. CTOs then need to form a higher body which feeds through to TKZN, divided into beach, bush and battlefields (berg). This way, everybody within a CTO, and who is a member, stays informed and educated. It then becomes TKZN's mandate to make sure that everybody is informed, they will filter information through to the CTO who is responsible to send it to their members.

In summary, an institutional structure for Durban and surrounds could potentially be constructed as shown in Figure 10:

Figure 10: A Proposed Institutional Structure for Durban and surrounds
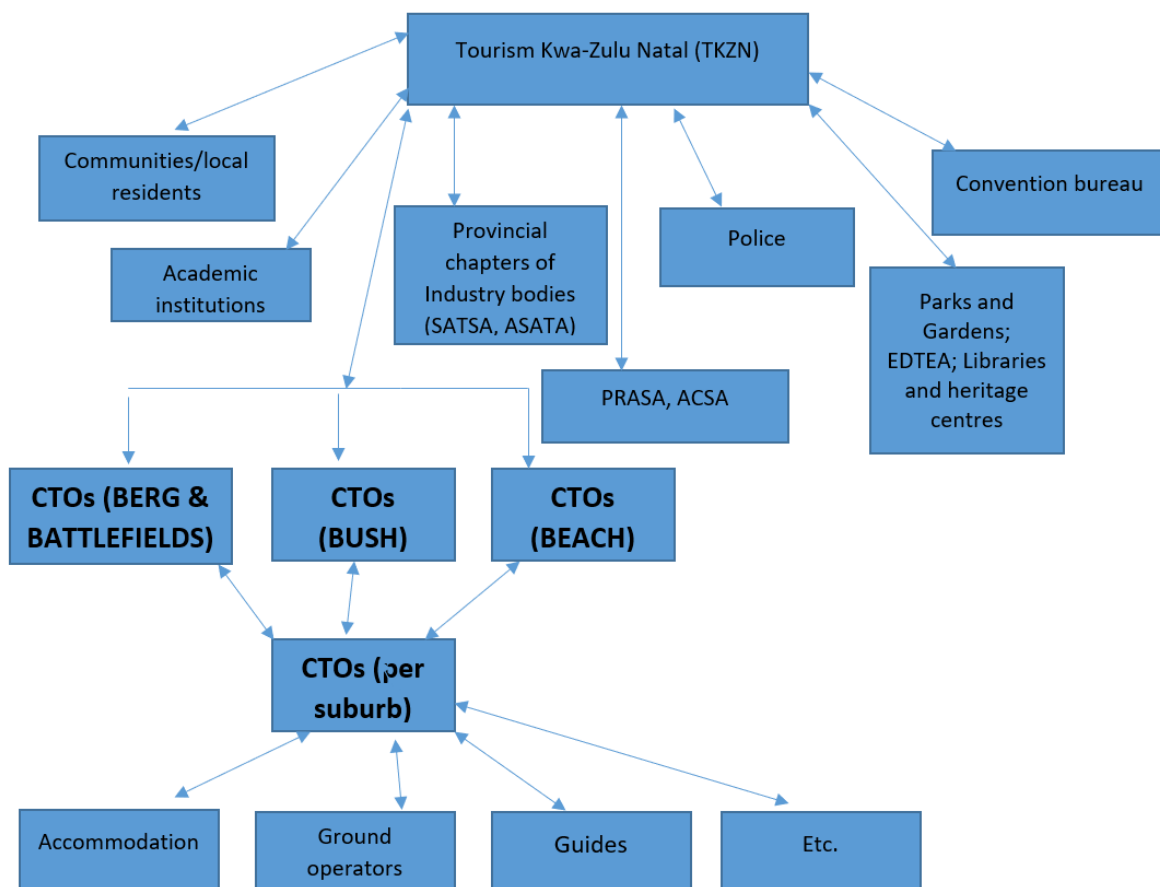
To summarise:

- Institutional structures (National and regional) should allow for two-way communication between stakeholders. From the top-down and from the bottom up.

- The importance of CTOs as part of the institutional structure was raised by many participants.
- Where structures exist, there is a need to look at what is working, what is not working and how to fix what is not working, so that a common goal can be set and achieved.
- There is a lack of communication and alignment between stakeholders who make up the institutional structure.

11.3.4 Policy formulation, decision-making and execution

Participants had great difficulty in applying the impact of megatrends at the local level in terms of policy formulation. They were intent on focussing the discussion on the challenges and opportunities that Durban is currently experiencing rather than taking a long term view. It was important for the participants that actual problems or challenges were being addressed and that current warning signs should activate local plans and actions. These actions were often discussed at the product level. An example of this is where one group, in considering climate change and its effects, suggested a strategy related to the installation of JoJo tanks to combat water shortage.

An important insight in policy formulation at local level is that it must be meaningful for local stakeholders, address current concerns while at the same time laying a foundation for the future. Furthermore local communities must play a significant role in establishing the priorities for policies and actions.

11.3.5 Scenario analysis

Most participants agreed that South Africa as a whole as well as Durban (and surrounds) are in the Shifting Sands scenario. One group felt that Durban (and surrounds) is in the Gathering Moss scenario. Even though the outlook is not as bright as hoped for, participants believed that we will survive on the quick sand and roll over and stand up eventually – if the role players, from the least to most important, all walk and work together.

Even though participants were asked about the strengths of South Africa's tourism sector, they focused more on their own local environment in their discussion. Participants agreed on the following strengths of our tourism sector:

- World class infrastructure
- Diverse tourism offering
- Iconic attractions
- Wealth of natural resources
- The hospitality of our people
- Durban has everything that Cape Town has and more.
- Durban's weather is phenomenal
- Ease of access

The following weaknesses were listed:

- We don't brag about ourselves and market ourselves.

- There is a misalignment of goals.
- Lack of communication.
- Crime and grime.
- We are a long-haul destination.
- Universal accessibility in terms of people that come with special needs.
- More direct flights, international flights into Durban.
- More education on our industry and letting other industries know how important the tourism sector is.
- Communication amongst all the different tourism sub-sectors. All of us need to get together on a more regular basis.
- Lack of proper statistics of how many people and how many families are earning a living from the tourism sector.

Opportunities that were mentioned were:

- Transport levy should be used to educate and upskill entry level employees in the tourism sector.
- Cruise ships.
- Business and incentive tourism.
- Cross promotion of regions and products.
- Businesses need to stay open longer. This will obviously enhance visitor experiences. There should be more activities after 20:00.
- Airbnb hosts should be forced to also contribute to the 1% tourism levy. Instead of this levy going to the TBCSA, it should be paid to local CTOs, who should use it for training purposes and skills development.

Some threats that were mentioned:

- Lack of implementation
- We also lack courageous leadership where we want somebody to take a bold step and make the changes.
- Crime is a huge factor
- Transport permit issues, this is a serious stopper of tourism growth
- Overpricing
- Lack of government will to make tourism work - again there is talk but not action.
- Lack of education

To sum up:

- Most participants agreed that South Africa as a whole as well as Durban (and surrounds) are in the Shifting Sands scenario.
- Even though the outlook is not as bright as hoped for, participants believed that we will survive on the quicksand and roll over and stand up eventually.
- Even though participants were asked about South Africa's tourism sector, they focused more on their own local environment.
- Again, all the participants highlighted crime, safety and security as a serious threat and weakness.

12. RECONCILING SHORT- AND LONG-TERM OBJECTIVES

While reconciling short- and long-term objectives is a complex issue which can be comprehensively debated and presented, this brief overview highlights two points made in the Workshops on this topic:

In reviewing the tourism scenarios and based on the responses of participants at the workshops, there is a general consensus that tourism in South Africa finds itself moving between a scenario where we are losing our competitiveness as a tourist destination ("Gathering Moss") and a scenario where the sector is increasingly fragmented despite the efforts of the President to prioritise tourism as an economic driver ("Outgoing Tide"). Some participants, particularly at the local level, are of the opinion that we are moving towards a worst-case scenario ("Shifting Sands"). Participants broadly identified the challenges faced by the tourism sector in South Africa as indicated in Table 4.

Table 4: Challenges to reach the best-case scenario

NATIONAL WORKSHOP	NODAL WORKSHOP
• National low self-esteem (negative psyche) • Safety and security • Tourism is not seen as a priority • The weak economy and growth • Lack of innovation • Differing political aims and agendas undermine unity and growth • Skills shortage • Skills drain	• Lack of implementation • We also lack courageous leadership where we want somebody to take a bold step and make the changes • Crime is a huge factor • Transport permit issues, this is a serious stopper of tourism growth • Overpricing • Lack of government will to make tourism work - again there is talk but no action • Lack of education

Under these circumstances the challenges faced by the sector are numerous and to achieve a best-case scenario ("Breaking Barriers") these challenges need to be overcome. The best-case scenario is reflected in the goals set by the Public-Private Growth Initiative and Tourism Business Council's Tourism Growth Strategy:
- 21 million international tourist arrivals by 2030 – double the current number
- 3.5 million more domestic leisure travellers – more than double the current number with growth of 54%
- 1.7 million direct jobs – 132% growth in tourism jobs
- 3.5 million jobs in total throughout the economy – also 132% growth in the labour force dependent on tourism

12.2 Trade-offs between objectives

To reach these goals multiple objectives have to be set to overcome the current challenges facing the industry. Many of these objectives have already been set by Government and policies have been formulated. What is evident is that there is no chance of achieving all of them simultaneously and current decisions are driven by

trade-offs of the objectives. These trade-offs are dependent on resource and capacity capabilities. Short-term objectives such as increasing the safety and security of tourists may take precedence over longer-term objectives such as developing new markets to harness the opportunities presented by a new type of tourist evident from emerging megatrends.

12.2 Sustainable objectives

Short-term interests will dominate in current decision-making, while the long-term interest is kept in the background as a useful but rather abstract guideline. However, participants agreed that objectives and policies that consider short-term priorities would enable long-term success. This is particularly true against the background of sustainable tourism development on which the Strategic Framework rests. Sustainable tourism development creates economic, social and environmental benefits for society and where short- and long-term objectives contradict each other, this cannot be achieved. A good example of this may be the contradiction between an objective set for increasing the number of tourists to an already compromised tourist attraction impacting the environment negatively. Thus the long and short term objectives should be in agreement to ensure sustainable development. An important pre-requisite for the successful attainment of both short- and long-term objectives is if the objectives represent a common interest, i.e. where the public and private sector goals, as reflected in the policies, are in agreement.

13. HOW NEW TECHNOLOGIES WILL IMPACT FUTURE DECISION-MAKING

Reflecting on how new technologies will impact decision- making in the future from a tourism perspective is a difficult task and can be viewed from many perspectives. Although workshop participants did not address this issue in isolation, it was continuously raised when discussing many of the components of the framework.

Participants had concerns about the impacts of technology on tourism, since it could have positive and negative impacts on visitors' travel experiences.

The institutional structure should anticipate how enabling technologies will unlock new opportunities and pose challenges to the tourism sector, in order to make policy decisions based on these challenges and opportunities. In this regard, participants raised a concern about the speed of technological developments and the sector's ability to adapt and supply it. Regular review processes of how specific sectors are susceptible to disruption and potentially can be re-oriented to stay ahead of the disruption curve should be held, where all key stakeholders, including innovators' perspectives should be taken into account. Participants mentioned that innovation, particularly in using technology was an important tool for change.

Regulatory and compliance frameworks should be strengthened to make them more permissive of innovation and receptive to swift technological changes. These approaches need to be considered within the context of overall economic and social policy frameworks which necessarily overlap and touch on the operations of both national, provincial and local governments and many different sub-sectors, ranging from transportation to security issues. Participants acknowledged the fact that technology (such as big data analytics) provide a wealth of opportunities, but they were

unclear on whether we, as a sector, have the ability to analyse and apply it, and make decisions based on it.

Technologies have persistently and progressively redesigned tourism value chains, and will remain doing so. The continuing evolution of business models within the sector will provide new opportunities for many entrepreneurs while disrupting others. A greater emphasis on communication, networking and partnership management skills for businesses will be crucial. Thus, working in close partnership with government bodies to design strategies should be the highest priority to take advantage to offer better services for travellers (OECD, 2018). Participants agreed that technology could also be used to monitor the implementation and operation of such strategies.

14. CONCLUSIONS - MOST IMPORTANT INSIGHTS FROM THE WORKSHOPS

In closing, the following conclusions can be drawn from the national and nodal workshops, in finalising the framework to respond to megatrends.

Indicators

Indicators depict early warning signs of emerging trends. Signals could be weak or unexpected. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process. The data/information collected on megatrends must be interpreted effectively and seen within the context in which it will be used. A variety of sources can be used to identify indicators and warning signals, and the institutional structure should be able to distinguish between credible and unreliable sources.

Challenges in terms of interpreting the data should be addressed, to adapt to the warning signals. The institutional structure should also be agile and innovative enough to respond to early warning signs, while at the same time having the capacity to distil a large amount of data into something meaningful and understandable. While identifying indicators and reading warning signals the institutional structure should guard against complacency and arrogance, becoming resistant to change and falling into comfort zones, which will lead to an inability to adapt and take heed of these warning signals.

At a provincial/regional level, grassroot level problems and issues in the sector should first be addressed. Failure to do so, will result in the regional institutional structure being unable to focus on the impact of megatrends on the tourism sector at a national and provincial level, since they will become fixated on addressing and solving these grassroot, operational problems.

Institutional Structure

The institutional structure is perhaps the most important component of the framework, and the success of the framework will depend on the efficiency and agility of the institutional structure. The combination of stakeholders to be included in the structure and the functions of the institutional structure will differ from region to region and from national to regional structure, but the requirements of the structure will remain the same. Regardless of who drives such an institutional structure, it should be placed at

the highest level within a country or region. This institutional structure should be a formalised/permanent unit with particular expertise. It should include trend analysis experts, and specialists should be invited on an ad hoc basis to form part of the structure, to evaluate specific trends and their impact on the tourism sector. For this institutional structure to be successful, communication between stakeholders is key, and information between them should flow from national level to local/regional level, and also from local/regional level back to the national level.

CTO's are vital in regional/local institutional structures and could act as a solution to the challenge of filtering information from a strategic level to the ground level.

Thus, when determining an institutional structure to respond to megatrends, decisions have to be made on:
Who will drive such an institutional structure?
Which stakeholders should be involved?
How often should such a structure meet?
What should be the functions of such an institutional structure?
Who will hold this institutional structure accountable?

Agenda-setting

In the Agenda Setting phase, the magnitude of the mega-trends is evaluated and prioritised in terms of their impact on SA's tourism. The agenda setting process should be sufficiently "flexible", adapting to changing perspectives, needs and expectations over time. Relevant information should be considered during the agenda setting process using the global megatrends and a list of possible indicators (collected in the previous component) to measure global megatrends.

The competing priorities in a developmental state become an important issue to deal with in this component. The institutional structure should be clear on how to reconcile the need to respond to short-term priorities with the need to develop a long-term approach to address megatrends in tourism. The institutional structure should also guard against viewing each of the megatrends as equally important, since this will hamper the effectiveness of the remainder of the strategic process. In order to develop policies to address the impact of megatrends, the institutional structure should be aware of current policies. A current challenge is the lack of awareness of what policies actually exist to address tourism issues. Policies are not well communicated.

Again, at a regional/provincial level, it becomes difficult for the institutional structure to see the global impact of megatrends, and how to proactively respond to these impacts. Their view is much more localised with an increasing concern about local trends and challenges that impact them currently, and how to resolve and respond to these.

Policy formulation, decision-making and execution

Policies for the future should be informed, anticipative, systematic, dynamic and iterative as well as flexible and collaborative. Attention should be paid to the implementation of policies as a multitude of stakeholders at the various levels of government are involved, which adds to the complexity of maintaining momentum. Accountability of both government and private sector in the implementation of policies

is a challenge. Changes at the political level often result in a different direction being pursued, thus changing or nullifying a previous process that was underway. Scenarios are useful in projecting the consequences of a particular policy, decision or action with affected stakeholders being central to the whole process.

At a local level, it becomes difficult to apply the impact of megatrends in terms of policy formulation. An important insight in policy formulation at local level is that it must be meaningful for local stakeholders, address current concerns while at the same time laying a foundation for the future. Furthermore local communities must play a significant role in establishing the priorities for policies and actions.

Scenario analysis

The likelihood of each scenario playing out in the future can be assessed through various methodologies. In our Framework a simple SWOT analysis was used to present participants' overall view on which scenario best reflects our current tourism sector and which scenario we are able to achieve in the future (by approximately 2030).

Most participants were in agreement that the scenario that best reflects South Africa's current status is "Gathering Moss" which represents a fairly negative view. At a nodal level, participants were more negative about the tourism sector's current scenario (pointing to the negative psyche as highlighted at the national workshop). Even though the outlook is not as bright as hoped for, participants were able to identify changes that need to be made to achieve the best case scenario. These changes related to overcoming our weaknesses as a priority, particularly in terms of safety and security and stimulating economic growth through providing an enabling environment.

Evaluation and monitoring

As a result of feedback from the national workshop the Strategic Framework was adjusted to incorporate the evaluation and monitoring phase, which requires continuous communication between stakeholders. Continuous monitoring of policy implementation and execution and regular policy evaluation once policies have been implemented for a period of time are crucial to the success of the process. Key features of policy evaluation are to assess the impacts of the policies on stakeholders and beneficiaries and to determine whether the policy should be maintained, modified or eliminated and whether an alternative policy should be considered.

15. CONCLUSION

The aim of the project was to identify and analyse global shifts as well as tourism specific megatrends that impact the tourism sector at a global, regional and local level, as well as to develop a framework that will enable the sector to proactively respond to challenges and capitalise on opportunities for future development of sustainable tourism products and services over time. A Framework was developed from the literature and evaluated, refined and validated by public and private sector tourism stakeholders to serve as the foundation for a practical solution for the sector to proactively and consistently respond to challenges and opportunities over time. For

Tourism Stakeholders the framework/process can be adapted to an organisation to enhance strategic planning in response to mega-trends.

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APPENDIX A: LIST OF CONFIRMED PARTICIPANTS FOR THE NATIONAL WORKSHOP

Name	Organisation	Attendance
Chris Zweigenthal	Airlines Association of SA	Yes
David King	Wesgro	Yes
Lebusa Mabolloane	ACSA	Yes
Hannelie Du Toit	SATSA	Yes
Vanya Lessing	Sure Travel	Yes
Maylene Broderick	Department of Tourism	Yes
Glenton de Kock	SAACI	Yes
Molefi Moeketsi	Jurni	Yes
June Crawford	BARSA	Yes
Liandi Slabbert	SANParks	Yes
Nivashnee Naidoo	ASATA	Yes
Ana Lemmer	Fair Trade	Yes
Don Scott	Timbavati	Yes
Neesha Pillay	SA Tourism	Yes
Bernie Meyer	Department of Tourism	Yes
Moses Ngobeni	LEDET	Yes
Judiet Barnes	Thebe Investments	Yes
Nicola Wakelin-Theron	University of Johannesburg	Yes
Mikha'il Ernest	Travelstart	Yes
Martin Jansen van Vuuren	Futureneeradvisors	Yes
Ciná van Zyl	UNISA	Yes
Sean Bradley	BARSA	Yes
Penny Ndlela	Soul Traveller Tours	Yes
Joseph M Ndlovu	Department of Tourism	Yes
Rian Grobler	StatsSA	Apology

Sibongumusa Ngidi	Department of Tourism	No show
Thabo Manetsi	Department of Tourism	No show
Tshepo Matlou	Jurni	Apology
Nonkqubela Silulwane	Department of Tourism	No show
Schalk Cilliers	FEDHASA	No show
Craig Allenby	Pretoria Zoo	Apology
Telly Chauke	SALGA	No show
Tebogo Umanah	TBCSA	No show
Joachim Vermooten	Consultant	No show

APPENDIX B: NATIONAL WORKSHOP DISCUSSION DOCUMENTS

Discussion Session 3
Institutional Structure

Rationale for including this component in the framework

The process of developing a long-term strategy for tourism in response to the impact of megatrends requires the adoption of a clear vision for tourism built on an open discussion with all stakeholders and the involvement of all relevant ministries to achieve a comprehensive cross-government response. As a multi-sectoral interdependent system, essentially integrated with other sectors in the economy, tourism operates within an environment that is enabled by public-private sector cooperation and coordination. As such its success depends on what can be termed sector cohesion. *Sector cohesion provides for planning and policymaking to achieve inclusivity and stability in the sector and initiating integration involves coordination of sectoral initiatives to help define national priorities, particularly in its efforts to adapt to the future.*

What the discussion should achieve in the Workshop

The discussion should propose an institutional structure that allows the sector to optimally respond to megatrends.

Relevant questions to validate the component

- Who should drive and take responsibility for such an initiative?
  _____

- Who should be involved in developing a long-term strategy for tourism in response to the impact of megatrends?
  _____
  _____
  _____
  _____
  _____

- What challenges do you foresee in establishing such an initiative?
  _____
  _____
  _____
  _____
  _____

- Draw a hierarchical institutional structure that will allow the sector to respond to megatrends?

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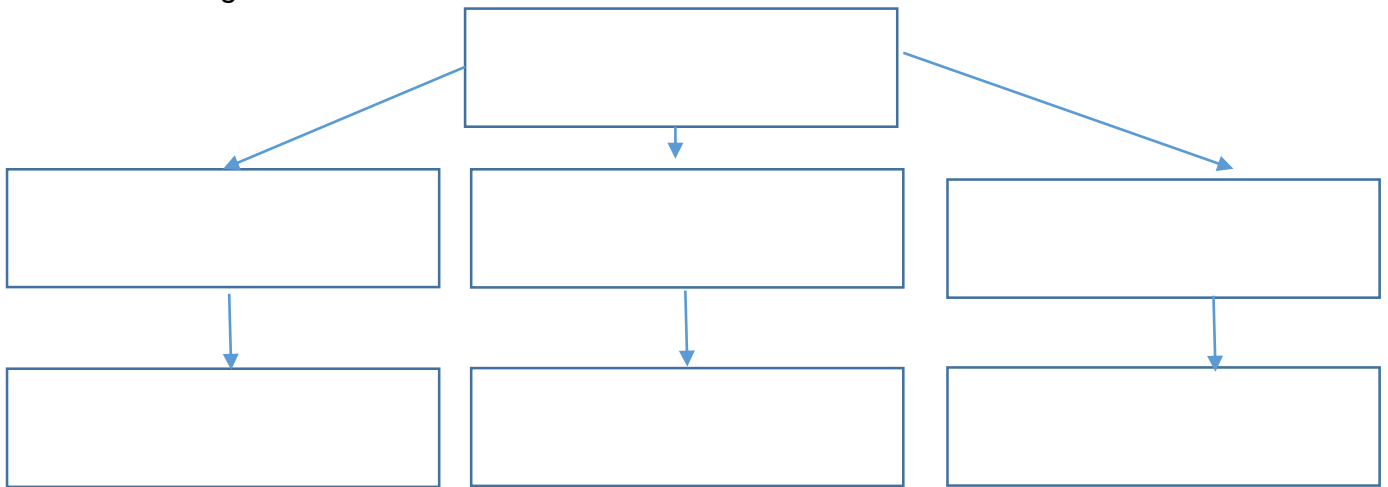
OR DRAW YOUR OWN HIERARCHY BELOW

Discussion session 4

Identifying indicators

Rationale for including this component in the framework

Indicators depict early warning signs of emerging trends. They are generally seen in the interaction of many, discrete micro-level trends, events and conditions – a force of change that has gathered its own self-sustaining momentum. Signals could be weak (early signs that seem unimportant or indicate a small change) or unexpected (wildcards e.g. voting in President Trump). In tourism, indicators can be water shortages, crime statistics, protests against too many tourists at certain attractions or cities etc. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process.

What the discussion should achieve in the Workshop

The discussion should identify the type of indicators that could be used to detect emerging trends.

As a group you have been allocated one major trend (i.e. economic, political, environmental, social and technological). Each of the groups can be seen to represent the tourism sector – so you are considering the impact on the sector, rather than on your particular organisation (which would undoubtedly also be impacted).

Relevant Questions to validate the component

- What early warning "signs" or signals/indicators can you identify that may be evidence of this emerging trend (both globally and locally)?
  _____
  _____
  _____
  _____
  _____

- Where do you typically 'pick-up' information on emerging mega-trends and what sources would you regard as the most credible?
  _____
  _____
  _____
  _____
  _____

- What challenges do you have in "reading" such early warning signs?
  _____
  _____
  _____
  _____
  _____

Agenda setting

Rationale for including this component in the framework

In the Agenda Setting phase, the magnitude of the mega-trends is evaluated and prioritised in terms of their impact on SA's tourism. Evaluation must also include looking at the mega-trend in terms of the overall vision of SA Tourism so that overall policy goals can be set. In this stage, the objectives of government policy, the results from evaluation of past policies, the predicted impacts of the proposed policy and the concerns of different groups, should be considered. The agenda setting process should also be sufficiently "flexible", adapting to changing perspectives, needs and expectations over time. Relevant information should be considered during the agenda setting process using the global megatrends and a list of possible indicators to measure global megatrends.

What the discussion should achieve in the Workshop

The complexities of issues facing public policy makers and their resource constraints place the setting of policy priorities as one of the key elements during agenda setting. The discussion should provide direction to guide the industry to prioritise megatrends, but be flexible enough to allow for adaptations over time.

Relevant Questions to validate the component

- How serious do you believe this megatrend is in terms of its impact on South Africa's tourism?

_____
_____
_____
_____
_____

- Which three 'drivers' of this mega-trend do you think will have the most impact on South Africa's tourism, from most to least (e.g. if it's environmental, you would be looking at drivers such as CO_2 emissions, climate change, drought, overtourism etc.)?

_____
_____
_____
_____
_____

- Select the one you listed first and indicate what kind of credible evidence you would look for to substantiate/argue for setting policies in this regard?

  _____
  _____
  _____
  _____
  _____

- Are you aware of Government policies in this regard?

  _____
  _____
  _____
  _____
  _____

- Do you believe this requires immediate decision and actions, and what would you suggest?

  _____
  _____
  _____
  _____
  _____

Scenario Analysis

Rationale for including this component in the framework

Scenarios depict alternative futures resulting from a combination of trends and policies and are useful in projecting consequences of a particular choice or policy decision. Scenarios, as a strategic planning tool, allow public policy-makers to involve multiple agencies and stakeholders in policy-decisions. The likelihood of each scenario playing out in the future can be assessed through various methodologies.

What the discussion should achieve in the Workshop

Present **YOUR VIEW** on which scenario best reflects our current tourism sector and which scenario are we able to achieve in the future (by approximately 2030).

Relevant Questions to validate the component

Using a simple SWOT analysis (and taking into account that the information you have at your disposal is fairly broad) present your overall view on the:

- Current Scenario by identifying:

    Three strengths of our tourism sector
    _____
    _____
    _____

    Three weaknesses
    _____
    _____
    _____

    Three opportunities
    _____
    _____
    _____

    Three threats
    _____
    _____
    _____

- Future Scenario by identifying what needs to change (three most important changes) to reach this scenario.
    _____
    _____
    _____

Discussion Session 5

Policy formulation, decision-making and actions

Rationale for including this component in the framework

The policy menu is built based on the list of priority issues derived in the agenda-setting stage. Policy options/strategies thus form part of the strategic planning process.

What the discussion should achieve in the Workshop

Deriving a practical example of policies formulated based on the strategic process followed in the draft Framework.

Relevant Questions to validate the component

Using the trend, indicators and drivers identified in your group, select one and:

- Formulate one policy to address the issue, considering the practical realities and a future orientation to achieving a best case scenario.

Megatrend	Possible Indicators	Drivers	Possible Policy Responses	Strategic Partners

- How will the policy support the best case scenario?
  _____
  _____
  _____
  _____
  _____

- What has to change to provide an environment for effective implementation?
  _____
  _____
  _____
  _____
  _____

- What decisions have to be taken immediately to ensure implementation?

_____
_____
_____
_____

- How can you use technology to effectively achieve the policy objective?

_____
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- How do you think you will be able to evaluate the success of the implementation of the policy?

_____
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_____

APPENDIX C: NODAL WORKSHOP DISCUSSION DOCUMENTS

Discussion Session 3

Institutional Structure

Rationale for including this component in the framework

The process of developing a long-term strategy for tourism in response to the impact of megatrends requires the adoption of a clear vision for tourism built on an open discussion with all stakeholders and the involvement of all relevant ministries to achieve a comprehensive cross-government response. As a multi-sectoral interdependent system, essentially integrated with other sectors in the economy, tourism operates within an environment that is enabled by public-private sector cooperation and coordination. As such its success depends on what can be termed sector cohesion. *Sector cohesion provides for planning and policymaking to achieve inclusivity and stability in the sector and initiating integration involves coordination of sectoral initiatives to help define national priorities, particularly in its efforts to adapt to the future.*

What the discussion should achieve in the Workshop

The discussion should propose an institutional structure that allows the tourism sector in Durban (and surrounds) to optimally respond to megatrends.

Relevant questions to validate the component

- Are you in agreement with the suggested national institutional structure? If not, please suggest changes.

_____
_____
_____
_____

- Who should drive and take responsibility for an institutional structure for Durban (and surrounds)?

_____

- Who, in Durban (and surrounds), should be involved in **developing** and **implementing** a long-term strategy for tourism in response to the impact of megatrends?

_____
_____
_____
_____
_____

- Draw a hierarchical institutional structure that will allow the tourism sector in Durban (and surrounds) to respond to megatrends? Also indicate how this institutional structure should feed into the national structure?

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                    │              │
                    └──────────────┘
          ┌──────────────┼──────────────┐
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    ┌──────────┐   ┌──────────┐   ┌──────────┐
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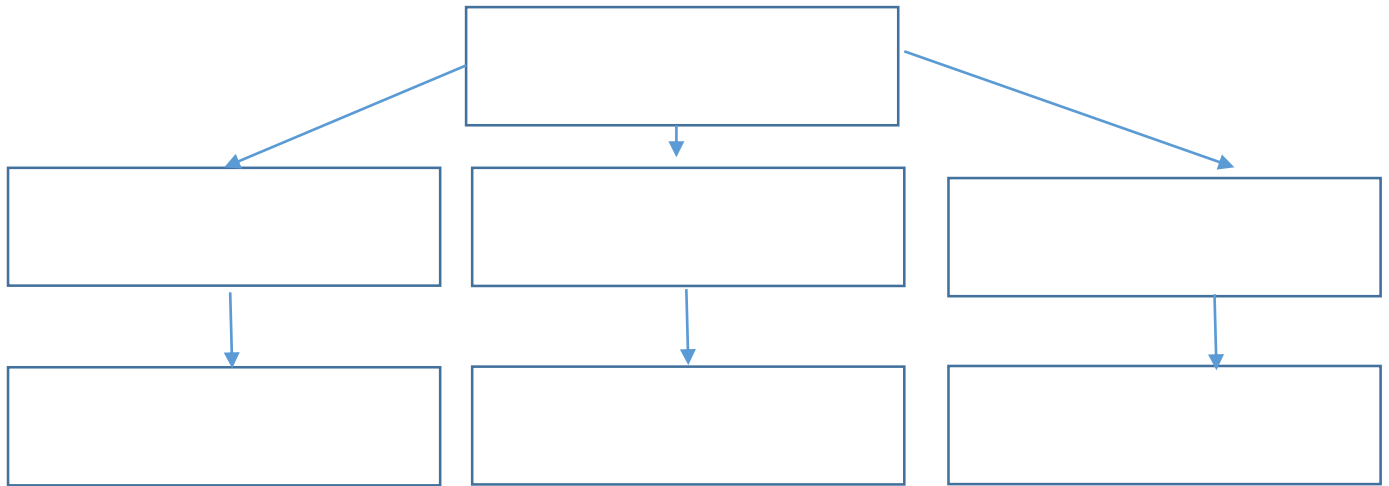
OR DRAW YOUR OWN HIERARCHY BELOW

- (a) How often should this institutional structure meet? (b) How and how often should this institutional structure for Durban (and surrounds) communicate with the provincial structure?

_____
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_____

Discussion session 4

Identifying indicators and agenda setting

Rationale for including this component in the framework

Indicators depict early warning signs of emerging trends. They are generally seen in the interaction of many, discrete micro-level trends, events and conditions – a force of change that has gathered its own self-sustaining momentum. In tourism, indicators can be water shortages, crime statistics, protests against too many tourists at certain attractions or cities etc. These indicators or "early warning signs" should be monitored on an ongoing basis throughout the strategic process.

In the Agenda Setting phase, the magnitude of the mega-trends is evaluated and prioritised in terms of their impact on SA's tourism. Evaluation must also include looking at the mega-trend in terms of the overall vision of SA Tourism so that overall policy goals can be set. In this stage, the objectives of government policy, the results from evaluation of past policies, the predicted impacts of the proposed policy and the concerns of different groups, should be considered. The agenda setting process should also be sufficiently "flexible", adapting to changing perspectives, needs and expectations over time. Relevant information should be considered during the agenda setting process using the global megatrends and a list of possible indicators to measure global megatrends.

What the discussion should achieve in the Workshop

The discussion should identify the type of indicators that could be used to detect emerging trends and provide direction to guide the industry to prioritise megatrends, but be flexible enough to allow for adaptations over time.

Relevant Questions to validate the component

- Which megatrends do you think have the most influence and impact on Durban and surrounds' tourism sector, and why do you think they have the most impact?

  _____
  _____
  _____
  _____
  _____

- What early warning "signs" or signals/indicators can you identify that may be evidence of mega trends [both globally, nationally and locally (in Durban and surrounds)]?

  _____
  _____
  _____
  _____
  _____

As a group you have been allocated one major trend (i.e. economic, political, environmental, social and technological). Each of the groups can be seen to represent the tourism sector – so you are considering the impact on the sector, rather than on your particular organisation (which would undoubtedly also be impacted).

- Which three 'drivers' of the allocated mega-trend do you think will have the most impact on Durban and surrounds' tourism, from most to least (e.g. if it's environmental, you would be looking at drivers such as CO_2 emissions, climate change, drought, overtourism etc.)?

_____
_____
_____
_____
_____

- Select the driver you listed first and indicate what kind of credible evidence you would look for to substantiate/argue for setting policies in this regard?

_____
_____
_____
_____
_____

- Are you aware of any regulations / Government policies in this regard? If yes, please provide an example.

_____
_____
_____
_____
_____

Discussion document 5

Scenario Analysis

Rationale for including this component in the framework

Scenarios depict alternative futures resulting from a combination of trends and policies and are useful in projecting consequences of a particular choice or policy decision. Scenarios, as a strategic planning tool, allow public policy-makers to involve multiple agencies and stakeholders in policy-decisions. The likelihood of each scenario playing out in the future can be assessed through various methodologies.

What the discussion should achieve in the Workshop

YOUR VIEW on which scenario best reflects our (South Africa's) current tourism sector and which scenario are we able to achieve in the future (by approximately 2030).

Relevant Questions

Using a simple SWOT analysis (and referring to your handout on the characteristics of each scenario) present your overall view on the:

- Current Scenario by identifying:

  Three strengths of our tourism sector
  _____
  _____
  _____

  Three weaknesses
  _____
  _____
  _____

  Three opportunities
  _____
  _____
  _____

  Three threats
  _____
  _____
  _____

- Do you believe that the "national" scenario is a reflection of the current scenario in KZN? If not, what is different in KZN? (Focus on the criteria of the scenario/s in the handout)
  _____
  _____
  _____

- Do you believe that the "national" scenario is a reflection of the current scenario in Durban and surrounds? If not, what is different in Durban?

  _____
  _____
  _____

- If we wish to achieve a "best case scenario" what do believe are the most important changes that have to be made (highlight three):

  - On a national level:

    _____
    _____
    _____
    _____

  - On a provincial (KZN) level:

    _____
    _____
    _____
    _____

  - On a local (Durban and surrounds) level:

    _____
    _____
    _____
    _____

Discussion Session 6

Policy formulation, decision-making and actions

Rationale for including this component in the framework

The policy menu is built based on the list of priority issues derived in the agenda-setting stage. Policy options/strategies thus form part of the strategic planning process.

Types of Policy Instruments
A government uses policy instruments when wanting to change society. There are four basic resources that the government possesses in the implementation of policies (Halkier, 2006):

- **Authority**: the token of authority that gives governments the power to officially demand or prohibit something;
- **Information:** which is the collection and distribution of information for various purposes;
- **Finance:** which is money or other financial resources that the Government can use to provide incentives or aid; and
- **Organisation:** which is the coordination of physical and human capital and most often used in combination with one or more of the three other instruments. Organisational instruments give governments the possibility to act directly and control an issue.

What the discussion should achieve in the Workshop

Deriving a practical example of policies for Durban and surrounds based on the strategic process to address megatrends as explained in the Framework.

Relevant Questions

Using the trend allocated to your group and the indicators and drivers identified and with specific reference to Durban and surrounds:

- Formulate one policy for Durban and surrounds to address the issue, considering the practical realities but also with a future orientation to achieving a best case scenario.

Megatrend	Drivers	Possible Policy Response	Type of Policy Instrument	Strategic Partners that should be involved in this policy response

- How will the policy support the best case scenario for Durban and surrounds?

_____
_____
_____
_____
_____

- What challenges do you foresee in implementing this policy in Durban and surrounds?

_____
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_____
_____

- What decisions have to be taken immediately to ensure implementation?

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_____
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_____

- How can you use technology to effectively achieve the policy objective?

_____
_____
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_____
_____

- How and when do you think the implementation of the policy should be evaluated to assess its effectiveness?

_____
_____
_____
_____
_____

Reference

Halkier, H., 2006. *Institutions, Discourse and Regional Development: The Scottish Development Agency and the Politics of Regional Policy.* Brussels: P.I.E.-Peter Lang.