Measuring the competitiveness of South Africa as a tourist destination

Berendien A. Lubbe Prof
University of Pretoria

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Berendien A. Lubbe
Anneli Douglas
Felicite Fairer-Wessels
Elizabeth Kruger
Division: Tourism Management
University of Pretoria
South Africa

ABSTRACT

The aim of the study was to identify the most appropriate set of factors and indicators of destination competitiveness that are relevant to South Africa as a tourism destination with a view to rating the country's competitiveness. The research was done on the premise that a destination competes with other destinations relevant to a particular source market and that determinant indicators are used as measures of comparison. Qualitative (Delphi and focus groups) and quantitative (adapted AHP) techniques were used. The study identified determinant indicators that influence source markets' perceptions of South Africa and found that the competitiveness of South Africa in relation to its competitors vary across these indicators. A model for measuring the destination competitiveness of a specific destination must show these variations in order to provide policy makers with information that can be converted into actionable strategies. The indicators highlight South Africa's strengths and weaknesses and provide the foundation for prioritizing actions to improve its competitiveness.

Keywords: *Destination competitiveness, source markets, competitors, determinant indicators, South Africa*

INTRODUCTION

Destination competitiveness is linked to the ability of a destination to deliver a better sustainable tourism experience to tourists than what other destinations do. Destination competitiveness can be defined as the sustained ability to increase tourism expenditure and capacity to attract visitors while providing them with satisfying, memorable and unique experiences in a profitable way, enhancing the well-being of residents and preserving the natural capital of the destination for future generations within a changing macro environment (adapted from Ritchie & Crouch, 2003). This definition encapsulates five essential components of destination competitiveness, namely a destination's ability to deploy the resources necessary for tourism demand; memorable experiences for tourists; superior performance relative to other destinations; the contribution to the economic welfare of the resident population; and sustainability. A number of models on destination competitiveness have been developed which include factors and indicators that measure destination competitiveness. These models vary from those focusing on generic factors and indicators that may not all be tourism specific or do not take into account the unique indicators that contribute to a particular destination's competitiveness, to those that are country or sector-specific. The purpose of this study is to identify the most appropriate set of factors and indicators of destination competitiveness that are relevant to a particular country as a tourism destination (in this case South Africa), with a view to developing and applying a model or instrument to measure and rate the country's competitiveness. Through this instrument the relative strengths and weaknesses of a particular

destination can be captured, and together with existing information from established secondary sources, can inform policy-makers and tourism stakeholders on initiatives that are needed to drive growth and improve overall destination competitiveness.

THEORETICAL FRAMEWORK

Measuring the competitiveness of a destination has elicited much research and debate from both academia and industry. A number of theoretical models have been developed, with the most widely published being the conceptual models of Ritchie and Crouch (2003) and Dwyer and Kim (2003). Although various criticisms have been levelled against these models, mainly relating to the sheer volume of the number of indicators and their practical application (Mazanec, Wöber & Zins, 2008; Oh, Kim & Lee, 2013), their comprehensiveness has been noted (Enright & Newton, 2004). Variations of these and other theoretically-based models have been used by researchers as a foundation to measure competitiveness in different countries and regions with some measuring closely competing destinations (Enright & Newton, 2005) and others creating new evaluation scales (Gomezelj & Mihalic, 2008; Oh, Kim & Lee, 2013; Croes & Kubickova, 2013).

The World Economic Forum's (WEF) Travel and Tourism Competitiveness Index (TTCI) is the most widely used "industry" index and provides a measure of the performance of the travel and tourism industry in each of 140 economies in the world, ranking each according to approximately 75 indicators using both "hard data" from public sources and "soft data" (expert opinions) from business leaders in each country. The index is based on three broad categories of variables which include (1) Travel and tourism regulatory framework; (2) Travel and tourism business environment and infrastructure; and (3) Travel and tourism human, cultural, and natural resources. These categories or sub-indexes are in turn comprised of 14 'pillars' (key components). When measuring destination competitiveness the TTCI appears to be a rather blunt instrument since all destinations are ranked on a generic scale and not enough attention is given to unique features that aften make a destination attractive. It is debatable whether all the indicators used are relevant from a tourist (consumer) perspective or even in a country specific context (Oh, Kim & Lee, 2013). In this respect March (2004) rightly states: *"Does the lack of five star hotels in the Maldives and the abundance thereof in the Caribbean make the latter destination more competitive than the former? For some travelling segments, the lack of carrying capacity of the Maldives is very attractive and the commercialisation of the Caribbean little short of abhorrent."* Other limitations to the TTCI relate to a destination's geographic location and proximity to generating markets. It is safe to assume that Switzerland's proximity to substantial source markets is a crucial factor in its destination attractiveness and position at the top of the 2013 TTCI rankings. The TTCI also applies the same measures to developed countries, where data is readily available, and developing countries, where finding suitable data for each measure is problematic – most developing countries fall in the lower end of the TTCI. While the economic indicators are meaningful for comparison in so far as they are quantifiable measures of generic and tangible attributes and outcomes (e.g. arrival statistics and Travel Satellite Accounting of a country), there are no absolute competitive measures in tourism because tourists choose destinations for a wide and complex number of reasons, financial, personal, cultural, emotional or psychological (March, 2004). As such, results from the TTCI are not necessarily always meaningful to tourism stakeholders and policymakers as it might not place sufficient emphasis on specific tourism drivers and vital linkages that need to be considered in tourism development and promotion efforts. An overall conclusion that can be drawn from the magnitude of the literature is that measuring the destination competitiveness of any region or country requires not only location (country)-specific criteria and data but also specific strategic and research objectives for it to be meaningful for policy-makers and stakeholders.

Two broad approaches to measuring destination competitiveness can be identified from the literature. The first can be loosely termed the generic approach which embraces all the important factors and indicators that constitute competitiveness (Ritchie & Crouch, 2003; the TTCI). This approach has its limitations, some of which have already been mentioned above and include the daunting number of indicators; the fact that not all indicators are of equal importance or influence in determining competitiveness of destinations in general or individual destinations in specific market segments; the

geographic proximity to generating markets which is an indicator lacking in instruments such as the TTCI; and finding suitable data for each measure, particular in relation to developing countries. The second approach, which is taken in this study, is where the competitiveness of a country is evaluated relative to one or a number of selected countries (Enright & Newton, 2004; March 2004). This study assumes that a destination is competitive against relevant competitors, not generically and a destination's competitors can differ for different source markets. Furthermore, destination competitiveness has been shown to be a multi-dimensional concept including demand-factors (attractors) and supply-factors (policy & business-related) and measuring competitiveness should be based on determinant indicators rather than on important factors. In his study on developing insight into determinant attributes Crouch (2011) sought expert opinions within the tourism industry to make a distinction between what are regarded as "important" indicators and "determinant" indicators. Important attributes or criteria are not always influential while determinant attributes are those that are "judged to exert the greatest impact on destination competitiveness". Thus, while there is an extensive list of indicators which are relevant, they are unlikely all to be of equal importance or influence in determining the competitiveness of specific destinations. Where destinations are similar on an indicator (e.g. climate) the indicator may be regarded as important for competitiveness but it will not be a determinant indicator or attribute. In their study Oh, Kim and Lee (2013) used a combination of the Delphi technique and the Analytic Hierachy Process (AHP) to develop an evaluation scale for inter-country tourism industry competitiveness, again focusing on the relative importance of attributes and indicators to be included in the scale, as assessed by experts in the tourism industry, and not on the competitiveness of specific destinations in terms of the indicators.

In the current study the research first determines the relative importance of indicators that influence South Africa's destination competitiveness (making the study destination-specific). Secondly, the research measures the country's competitiveness against its main competitors (assessing actual tourism competitiveness against relevant competitors). In this way the research should clearly direct tourism practitioners in formulating and implementing strategies for improvement in areas highlighted through the results.

RESEARCH METHODOLOGY

The research process undertaken in this study and depicted in figure 1, comprised three main stages, the first being a survey of the literature to define competitiveness and establish globally accepted factors and indicators that have been used to measure competitiveness. The second stage was the identification of determinant indicators specific to South Africa according to tourism stakeholders, and the third, the measurement of the country's competitiveness against its main competitors from the perspective of source markets.

Figure 1: Process and Outcomes
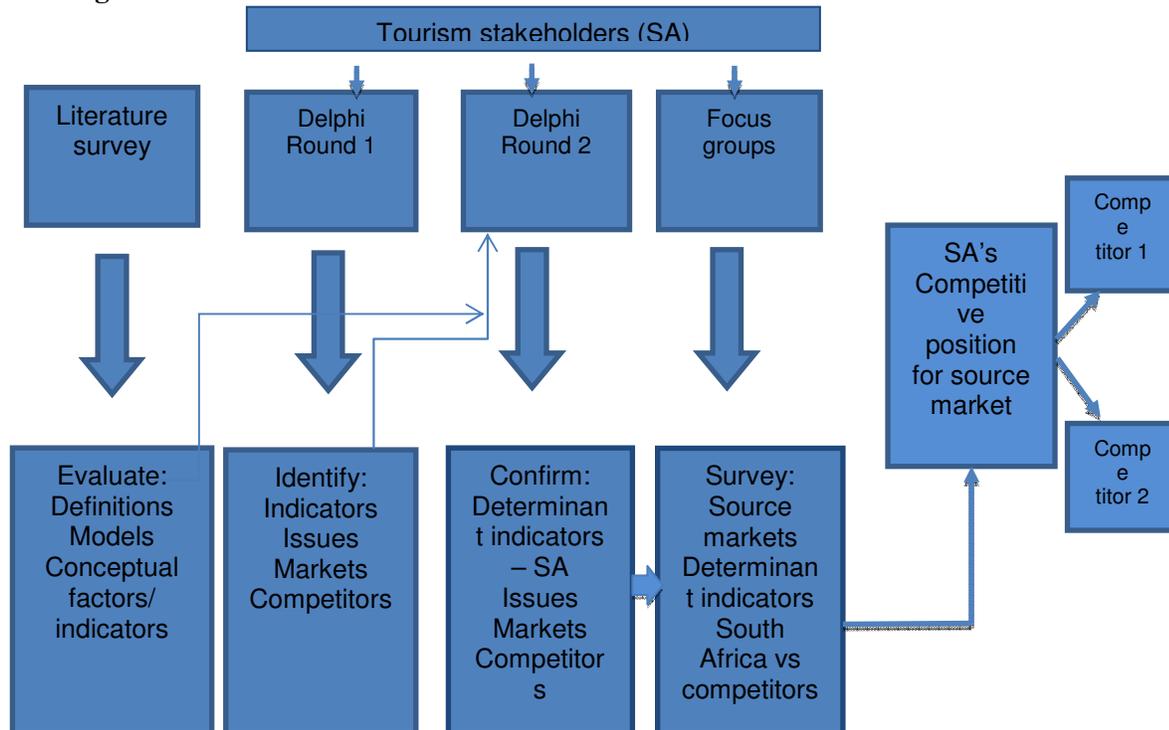
Once conceptual factors and indicators had been determined through the literature survey in the first stage, input from stakeholders in the tourism industry in South Africa were sought in the second stage, using a two-round Delphi technique and focus groups. Issues that were addressed in this qualitative phase included determining South Africa's main competitors and source markets; the performance of both the private and public sectors in tourism; as well as the indicators that should measure South Africa's competitiveness. Respondents were also asked what they believe the strategic vision for South Africa's tourism industry should be as, according to Ritchie and Crouch (2003:154), "the destination vision is the essence, and indeed the most critical component, of tourism policy." The dynamic nature of the environment in which tourism operates and its impact on competitiveness requires knowledge of current events thus respondents were also asked what they believe to be the "burning issues" in the industry that negatively impacts tourism to South Africa. The first round of the Delphi consisted of an open-ended questionnaire (to elicit spontaneous responses), sent to 726 potential participants representing all sectors in the tourism industry. A total of 94 responses was received from experts (all with more than 10 years' experience) representing all sectors. Results were consolidated and synthesized for use in the second round where an adapted version of the AHP technique was applied. Through pairwise comparisons in the questionnaire the relative importance of indicators was established as well as which attributes are regarded as determinant indicators and how the experts rate South Africa against main competitors on each indicator. A total of 35 responses were received from those who had completed the first round. Data in this round was analyzed through content analysis of the open-ended responses as well as frequency distribution and the mode and the means to assess relative importance of factors. Information was also elicited on South Africa's most important source markets and competitors (both emerging and traditional) and these results were used, also taking official data into account, to proceed to the final stage of the research. The results from this stage are presented in tables 1 and 2.

Table 1: Results from the First Round Delphi and Focus Groups

Burning issues in the Tourism Industry
Improve safety and security
Service education and training, skills development
Ease of access (Open Skies/Clear Visa regulations)
Promote unique products/variety of offerings
Improve value for money offering - (overpriced luxury accommodation, airfares and air travel to Africa, airport tax too high)
Upgrade/upkeep of general infrastructure (energy, water, roads, public transport)

Private Sector – Getting it Right	Private Sector – Getting it Wrong
Marketing	
Quality product offering/world-class facilities	High costs/overpricing
Service delivery focus	Fragmentation/no information sharing
Improvements: New technology/internet use/upgrades on buildings	Lack of staff training and empowerment/low pay
	Lack of vision/training for operator on the vision
Good value for money	No collaboration with public sector
Diverse product offering	Apathetic/not registering with existing structures
Staff training and upliftment	Not implementing sustainable business practices/ quality standards

Public Sector – Getting it Right	Public Sector – Getting it Wrong
Marketing	Marketing focus on current source countries only
Infrastructure development	No action against crime
Partner with private sector	Poor leadership/lack of guidelines ad policies
Good policies/standards	Inadequate education and training
Websites	Bad public transport
Prioritising tourism as economic growth point	Slow service delivery

Table 2: The determinant factors and indicators on which consensus was reached to measure South Africa's competitiveness as a tourist destination

Uniqueness of SA's Product Offering	Safety and Security	Mobility and Infrastructure	Ease of Access	Value for Money	Public Perceptions
Climate Wildlife Wine and food Sport participation (golf, surfing, mountain biking, etc.) Fauna and flora English is widely spoken Adventure tourism World heritage sites Beaches World class shopping/entertainment Friendly people Recent history Hiking Conference and meeting facilities Sport events (attending) Cultural diversity History	Tourist safety Ebola Health risks Bribery and corruption Crime	Exchange rates Service quality Cost of airfare Cost of airline taxes	VISA regulations Other entry requirements (e.g. vaccinations) Long haul flights Access to Africa via South Africa Border control	Exchange rates Service quality Cost of airfare Cost of airline taxes	Tourism branding and image Environmental management Socially responsible establishments and practices

The final stage of the research process was guided by the following research objective:

To assess South Africa's competitiveness as a tourist destination against major competitors in identified source markets.

Current or potential outbound tour operators for South Africa were identified, via official databases, in three traditional source markets: the USA, UK and Germany, and three emerging source markets, China, India and Brazil. Apart from the sections on the profile and demographics of respondents, the organizations for whom they work, and the travel characteristics of their clients, respondents were asked, via a structured online questionnaire, consisting of pairwise comparisons, to make judgments, on a scale from -5 to +5 on:
• The influence of indicators on the competitiveness of South Africa as a tourist destination
• The attractiveness of South Africa when compared to a selected competitor on each indicator
Figure 2 shows excerpts from the source market questionnaire.

Figure 2: Excerpt from questionnaire: the influence of an indicator

Figure 3: Excerpt from questionnaire: the attractiveness of an indicator when compared to competitor

Please assess the attractiveness of our *value for money offering.*

	-5: Far less attractive	-4	-3	-2	-1	0: Similar	+1	+2	+3	+4	+5: Far more attractive
Exchange rates	○	○	○	○	○	○	○	○	○	○	○
Service quality	○	○	○	○	○	○	○	○	○	○	○
Cost of airfare	○	○	○	○	○	○	○	○	○	○	○
Cost of airline taxes	○	○	○	○	○	○	○	○	○	○	○

The results are represented by the mean scores achieved by the items within each factor for each individual source market.

A total of 8270 e-mail invitations were sent out to tour operators of the traditional and emerging source markets, the number of invitations and responses per source market are indicated in table 3. It was decided to omit China from the results since there were only 3 responses. While Brazil also had a low number of responses it was decided to include the results since Brazil is the newest emerging market for South Africa and the respondents represented large and established outbound tour operators within Brazil. However, these results were viewed circumspectly against the low number of responses.
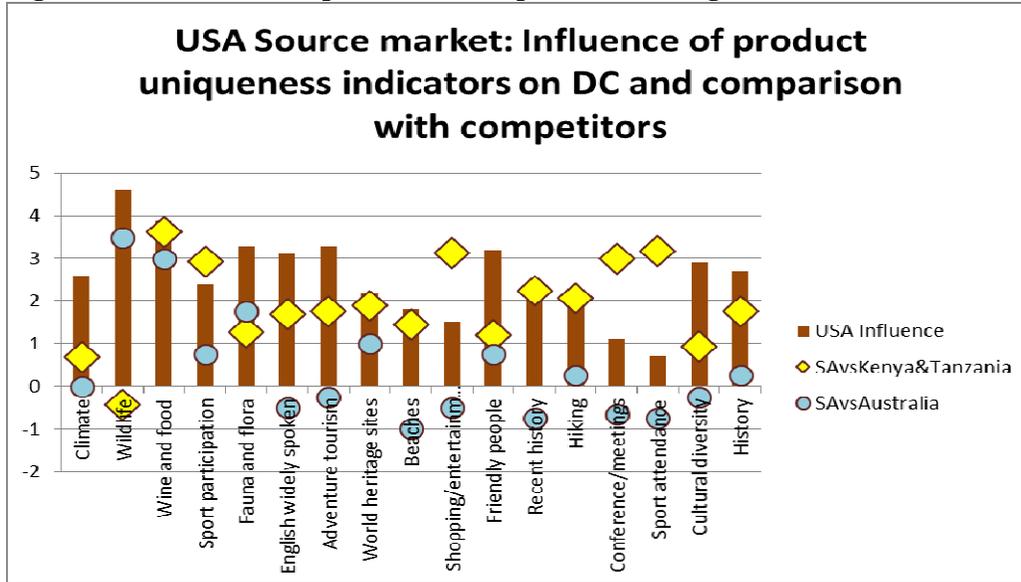
Table 3: Response rate from each country

Source Country	Number of invitations	Number of responses	Response rate
Brazil	40	7	17.5%
China	48	3	6%
Germany	285	19	6.66%
India	7420	420	5.6%
UK	138	23	16.6%
USA	381	40	10.5%

RESULTS

Due to the space constraints of the paper, the results for the USA only will be presented. Respondents from the USA indicated that Australia and 'Kenya & Tanzania' (which were regarded as "one" destination) were South Africa's main competitors.

Figure 4: Indicator - Uniqueness of SA's product offering

USA Source market: Influence of product uniqueness indicators on DC and comparison with competitors

Legend:
- USA Influence
- SAvsKenya&Tanzania
- SAvsAustralia

When considering the uniqueness and diversity of the product offering and its influence on South Africa's competitiveness as a tourism destination, it becomes clear that all the variables measured have a positive influence on the country's competitiveness. According to the USA market South Africa's wildlife (M=4.6) has the most positive influence on its competitiveness, followed by its wine & food (M=3.9), fauna and flora (M=3.3) and adventure tourism (M=3.3).

When compared to Kenya & Tanzania, South Africa only features as much more attractive in terms of wine and food (m=3.6). Given that wildlife is our most positive influencer, it should be noted that we are seen as less attractive (m=-0.4) than Kenya & Tanzania in terms of wildlife. Other aspects where we are seen as much more attractive include sport events (m=3.2), world class shopping/entertainment (m=3.1) and conference and meeting facilities (m=3.0). We are more attractive, slightly more attractive or similar in all other aspects.

When compared to Australia as competitor South Africa harnesses the power two of the most influential features, as we are regarded as much more attractive in terms of wildlife (m=3.5) and more attractive in terms of wine and food (m=3.0). However, we feature as less attractive than Australia on a number of variables including South Africa's beaches (m=-1.0), recent history and sport events (m-0.8), conference and meeting facilities (m=-0.7), world class shopping/entertainment and English being widely spoken (m=-0.5), as well as adventure tourism and cultural diversity (m=-0.3).

The next set of figures representing the results for the remaining five factors are presented without the explanations being included as they follow the format provided under figure 4.

Figure 5: Safety and security

USA Source market: Influence of safety and security indicators on DC and comparison with competitors
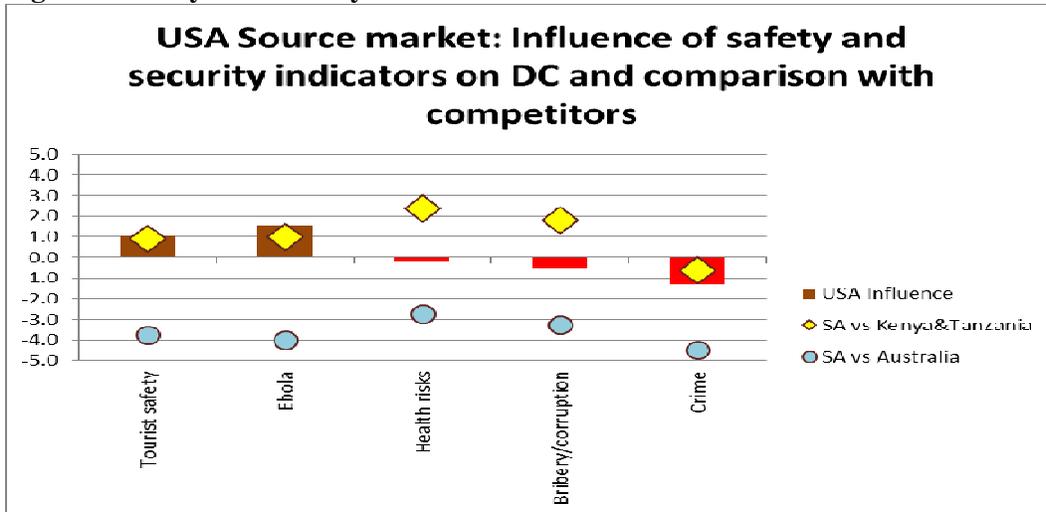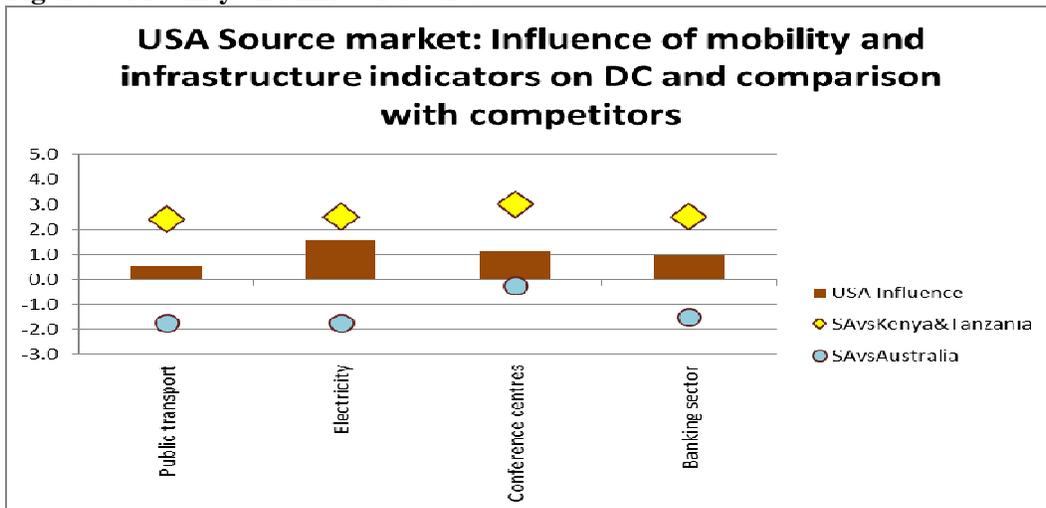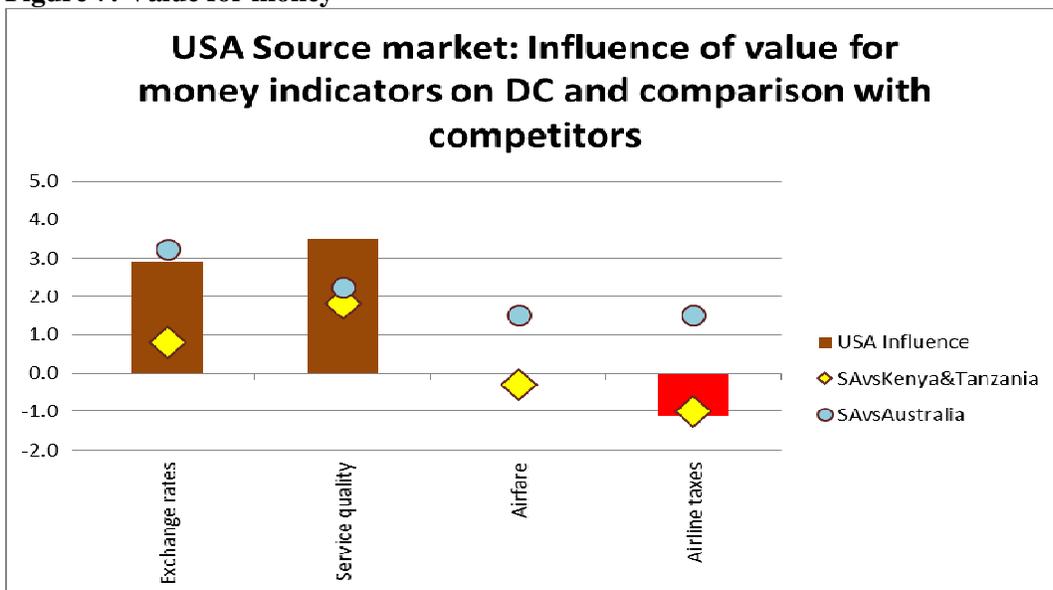
- USA Influence
- SA vs Kenya&Tanzania
- SA vs Australia

Figure 6: Mobility and infrastructure

USA Source market: Influence of mobility and infrastructure indicators on DC and comparison with competitors

- USA Influence
- SAvsKenya&Tanzania
- SAvsAustralia

Figure 7: Value for money

USA Source market: Influence of value for money indicators on DC and comparison with competitors

- USA Influence
- SAvsKenya&Tanzania
- SAvsAustralia

Figure 8: Ease of access

USA Source market: Influence of ease of access indicators on DC and comparison with competitors
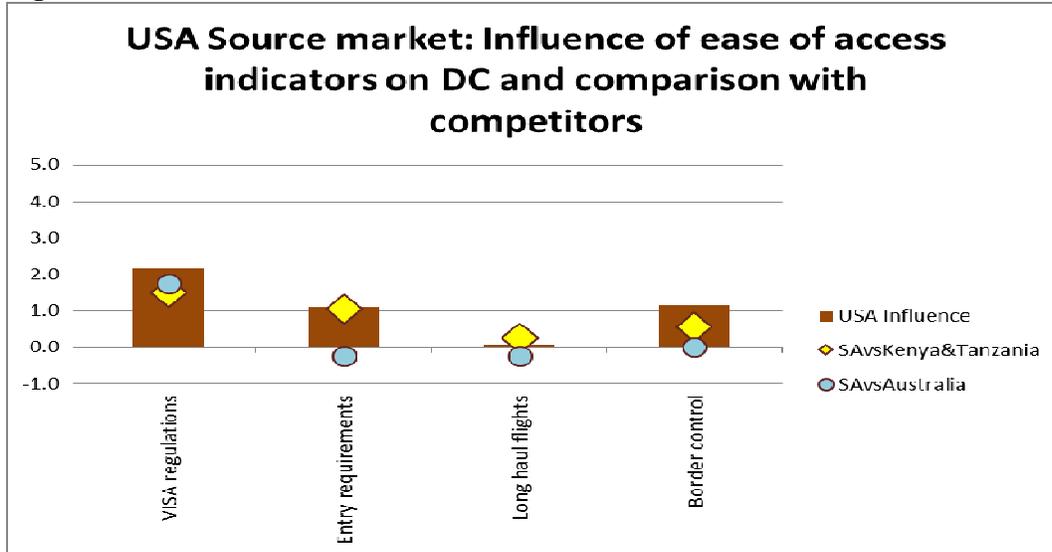
Figure 9: Public perception

USA Source market: Influence of public perception indicators on DC and comparison with competitors
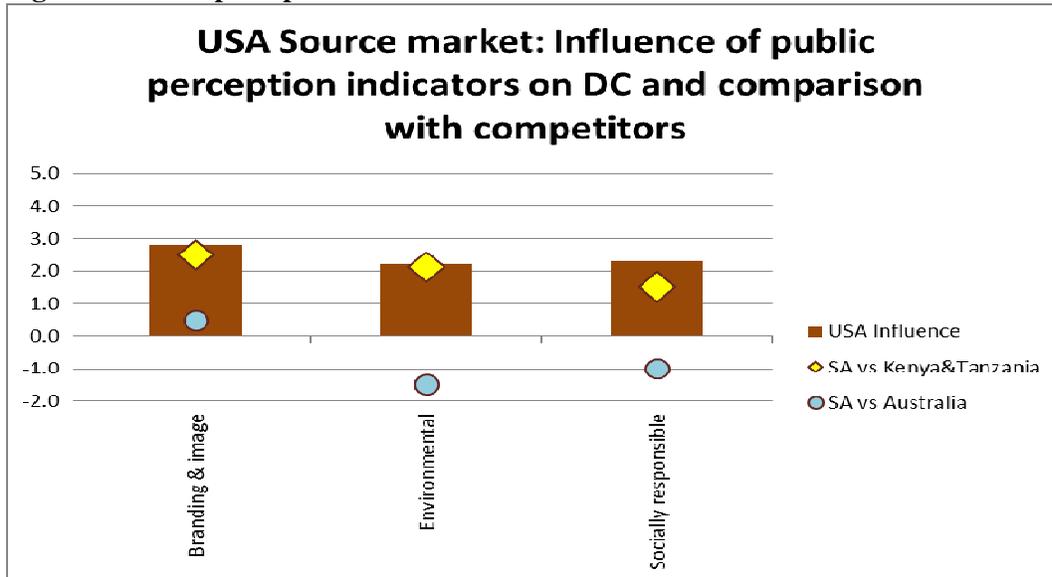
DISCUSSION

The results show that in the USA market the following factors are seen to have an overall positive influence on South Africa's destination competitiveness: Product Uniqueness; Mobility and Infrastructure; Ease of Access and Public Perception. In terms of the indicators under each factor, wildlife is seen to have the greatest influence on South Africa's competitiveness. Certain indicators under the factors: Safety and Security and Value for Money show a negative influence on South Africa's competitiveness. These are Airline Taxes, Health Risks, Bribery and Corruption and Crime. In the Travel and Tourism Competitiveness Index safety and security are areas of weakness that have brought down South Africa's overall ranking. The TTCI states that safety and security remains quite worrisome (ranked 117th against 140 competitors), as does the level of health and hygiene (87th) which, according to the TTCI are the result of low physician density and concerns about access to improved sanitation (TTCI, 2103: 25). Health issues are essential for competitiveness. In the event that tourists become ill, the country's health sector must be able to ensure they are properly cared for, as measured by the availability of physicians and hospital beds (TTCI, 2013: 5). Information from www.statssa.gov.za/health, on

perceived health indicators is dated 2004 and not deemed accurate. Information from the www.WHO.int/South Africa only indicated malaria and tuberculosis and did not mention HIV/Aids. The results of this study shows that misperceptions are also evident in the source market. According to the results there is a perception that SA is 'close' to the countries where Ebola is rampant, although South Africa is geographically far away and no cases have been reported in South Africa to date.

Under the factor Value for Money where airport taxes are shown to have a negative influence on South Africa's competitiveness as a tourist destination, the TTCI shows South Africa lying 105th in the category ticket taxes and airport charges (105th) in 2013. This has diminished its price competitiveness (TTCI, 2013: xxvi, 25). Price competitiveness will remain a key differentiator across a variety of dimensions. On the macro level, exchange rate fluctuations will continue to be a major and unpredictable factor that influences travel behaviour. These fluctuations will have a particularly severe impact on 'budget travellers' who are less loyal to specific destinations than they are keen on finding inexpensive traveling opportunities. Today, tourists enjoy near-perfect price-versus-quality transparency through user-generated online reviews. Tourism planners need to make pricing for inbound tourism more flexible and should ease access to a country by tax reduction if and when needed (TTCI, 2013:45-46; www.iata.org – SRS Analyser*).

In terms of how South Africa compares to its competitors from the perspective of the USA market, table 4 provides a summary.

Table 4: Key indicators making South Africa either more or less attractive than the two main competitors as seen by the USA market

Compared to Kenya & Tanzania	
More attractive	**Less attractive**
- wine and food - tourist safety - number and quality of conference centres - public perceptions (tourism branding and image)	- wildlife - crime - cost of airfare - cost of airline taxes
Compared to Australia	
More attractive	**Less attractive**
- wildlife - wine and food - exchange rate	- safety and security (all variables) - public transport - access to electricity - other entry requirements - long haul flight aspects - public perceptions (environmental management and socially responsible practices)

RECOMMENDATIONS

Since the study was aimed at highlighting areas on which policy-makers and stakeholders can take action, the main problem areas are presented. The influence of Safety and Security (as substantiated by the primary and secondary sources) appears to be the most pressing factor in terms of South Africa's competitiveness that needs urgent attention from policy makers since tourists are likely to be deterred from traveling to dangerous countries or regions. The influence of Mobility and Infrastructure is important for any destination, especially public transport within the South African context as evident in the quality of roads and railroads – an issue that needs attention from policy makers. The influence of Value for Money remains an important indicator as price competitiveness is important in the travel and tourism industry where especially budget travellers (including domestic travellers) are seeking competitive destinations in terms of price. Within the South African scenario airline taxes are seen as the most pressing issue to be addressed. Ease of access appears less problematic than anticipated in terms of visa regulation, entry requirements, although it must be stressed that the issue of 'new' visa regulations only came into effect after the commencement of this study, and the effect was not evident through the survey data. Clearly, pressing or burning issues that spontaneously erupt/occur in the macro environment need to be monitored closely in terms of any destination's competitiveness.

When looking at these results, it becomes evident that existing models which measure destination competitiveness should include a mechanism whereby the unique features of a destination are highlighted

and should take into account that the competitiveness of destinations against their main competitors should be considered and a value placed on their strengths and weaknesses. Information drawn in this way and combined with data from established models such as the TTCI can result in more effective strategies being developed by policy makers and stakeholders in a specific destination. This study thus argues for the inclusion of a further component in the measurement of destination competitiveness when ranking destinations.

LIMITATIONS

The fact that the study was cross-sectional prevented the testing of the influence of different current issues as they arose. For example, at the time of the survey Ebola was a new emerging issue that was included in the primary fieldwork, but visa regulations were not yet an issue. Although the survey was sent out in good time, it did not achieve equal samples in all of the source markets, limiting the ability to do comparative analyses. Feedback from the Chinese market was extremely poor with only three usable responses and was discarded for purposes of analysis. Although being limited, the responses in the remaining markets are in line with acceptable response rates achieved in academic research. Combining Kenya and Tanzania as a single competitor made it difficult to compare or add to the secondary data in the TTCI.

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