



**tourism**

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Department:  
Tourism  
**REPUBLIC OF SOUTH AFRICA**

## **FINAL REPORT**

# **DEMAND AND SUPPLY MARKET ANALYSIS FOR DESTINATION DEVELOPMENT**

**DIVISION OF TOURISM MANAGEMENT  
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## Definitions

<b>Destination</b>	A destination in this study is defined as a pre-determined geographical area consisting of an amalgam of individual products and experience opportunities that combine to form a total experience of the area visited.
<b>Destination attractiveness</b>	Destination attractiveness refers to a destination's perceived ability to satisfy its visitors' needs (Vengesai, 2003: 638). The greater the destination's perceived ability to satisfy the needs of its visitors, the more attractive of a destination it is regarded to be and therefore more competitive when compared to other destinations. In determining the overall tourism attractiveness of a particular destination, there must be simultaneous measurement and comparison of the attractiveness of both the demand and supply perspectives (Formica & Uysal, 2006:426).
<b>Development</b>	Sharpley (2002) described development as "the continuous and positive change in the economic, social, political and cultural dimensions of the human condition, guided by the principle of freedom of choice and limited by the capacity of the environment to sustain such change".
<b>Foreign direct investment</b>	Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.
<b>Market analysis</b>	A market analysis is a quantitative and qualitative assessment of a market. It looks into the size of the market both in volume and in value, the various customer segments and buying patterns, the competition, and the economic environment in terms of barriers to entry and regulation.
<b>Primary resources</b>	According to Laws (1995) a destination's primary resources comprise its climate, ecology, traditions and architecture.
<b>Return on investment (ROI)</b>	Measures the gain or loss generated on an investment relative to the amount of money invested.
<b>Secondary resources</b>	Secondary resources are those developments brought in especially for tourists, such as catering, accommodation,

	transport and activities.
<b>Tertiary resources</b>	Tertiary resources include the auxiliary services and facilities of the destination such as telecommunication networks, health care and more.
<b>Tourism Demand</b>	A comprehensive outline of what motivates tourists to travel, where they travel to, and how often they travel.
<b>Tourism development</b>	Tourism development is defined as "a long-term process of preparing for the arrival of tourists. It entails planning, building, and managing attractions, transportations, services, and facilities that serve tourists" (Khan, 2005:9).
<b>Tourism Supply</b>	These are essentially all the components that a tourist requires to satisfy his or her ultimate needs and desires.

## Acronyms

DBSA	Development Bank of Southern Africa
DTI	Department of Trade and Industry
FDI	Foreign Direct Investment
GGDA	Gauteng Growth and Development Agency
GTAC	The Government Technical Advisory Centre, an agency of the National Treasury
IDC	Industrial Development Corporation
NCTA	Northern Cape Tourism Authority
NEF	National Empowerment Fund
NWPTB	North West Parks and Tourism Board
PIC	Public Investment Corporation
ROI	Return on investment
SEFA	Small Enterprise Finance Agency
TIKZN	Trade and Investment Kwa Zulu Natal
UNCTAD	United Nations Conference on Trade and Development
WTTC	World Travel and Tourism Council

## 1. INTRODUCTION

Destinations are a key feature of the tourism industry and can be regarded as a combination of all products, services and ultimately experiences provided in a particular area. They are amalgams of tourism products and services, offering an integrated experience to consumers. Traditionally, destinations are regarded as well-defined geographic areas, such as a country, an island or a town. However, destinations can also be interpreted subjectively by consumers depending on their travel itinerary, cultural background, and purpose of visit, educational level and past experience.

A destination's primary resources comprise its climate, ecology, traditions and architecture, which forms the primary attraction, either natural or manmade, while its secondary resources are developments brought in especially for tourists, such as hotels, catering, accommodation, transport and activities. Tertiary resources include the auxiliary services and facilities of the destination such as telecommunication networks, health care and more. Together, these resources contribute to the overall attractiveness of a tourist destination. However, tourist destinations compete with each other for various tourist segments and value added products and services in order to meet the needs of tourists on various aspects of the tourism experience. As tourists experience other destinations which are directly or indirectly in competition, their perceptions of quality and overall performance becomes important to determine, for example, loyalty, repeat visitation or positive word-of-mouth recommendations. Thus to remain attractive and competitive and to attract investment, it is important for destinations, including South Africa, to be involved in a continuous process of developing tourism products, infrastructure and services.

## 2. RATIONALE FOR THE STUDY

Development and investment requires an understanding of the needs of tourists, from the perspective of both the demand and supply side. This means that market analysis should be the starting point to inform product development, infrastructure development and investment facilitation. Unless there is an understanding of what the visitor would like to be provided with, it is difficult to be sure whether what is offered is acceptable and preferable. Moreover, the United Nations Conference on Trade and Development (UNCTAD) also identifies market analysis as critical in attracting tourism investment as investors are likely to put their money where demand and supply analysis has been conducted in order to get return on their investment. The Industrial Development Corporation (IDC) emphasises market analysis as one of the critical requirements for business plans and/or funding proposals submitted to them.

In assessing projects submitted by provinces for funding (from both domestic and foreign investors), the Department of Tourism observed the absence of a product-market analysis in some of these projects. In instances where this analysis was conducted, it was at an international and/or national level and not at a local

government or destination level where products are in fact located. It is on this basis that destination development master plans of the Department of Tourism (product development, infrastructure and investment) identified the need for a rigorous market analysis to inform product development, infrastructure development and investment facilitation. Given the lack of a framework against which product-market analysis can be done to inform product development, infrastructure development and investment facilitation, research is therefore required to address this gap.

### 3. PROBLEM STATEMENT

The concept of market analysis is very broad and generally used in different contexts. In tourism literature, the concept has often been used in the context of marketing and market segmentation (Wang, Chen & Prebensen, 2017; Brida, Pulina, Riaño & Aguirre, 2013). This is not surprising, since Legohérel (1998) identified segmentation as one of the main tools of market analysis. However, Alford (1998) warns that a market analysis should go beyond demographic profiling describing market analysis as one of three procedures (the other two being internal analysis and competitor analysis) which organisations must follow to develop a positioning strategy. An example of this is the study done by Mueller and Kaufmann (2001) where they conducted a market analysis of a special health tourism segment to provide implications for the hotel industry in terms of their marketing strategies. From a tourism economics perspective, Mohammed, Guillet and Law (2015) found that, in reviewing tourism journals to identify the contributions of economics to hospitality literature, most research topics focus on market analysis. They concluded that of all the microeconomics-related topics that have been studied in the hospitality economics literature, topics on market analysis such as demand and its determinants (Maier & Johanson, 2013; Song, Lin, Witt & Zhang, 2011; Lim, Chang & McAleer, 2009), supply and its determinants (Borooah, 1999; Lee, 1984; Lawson, 1980), elasticity and its applications (Tran, 2011; Petrick, 2005), and pricing and price determinants (Herrmann & Herrmann, 2014; Yim, Lee & Kim, 2014; Abrate, Fraquelli & Viglia, 2012) were dominant.

Market analysis has also been studied in the context of tourism development with Reime and Hawkins, as far back as 1979, identifying in-depth market analysis as a start to successful tourism development. According to Moscardo (2005), prescriptive planning<sup>1</sup> approaches for development all emphasize the significance of market analyses, but even so, it appears to be a step that is often disregarded in practice, with the following reasons possibly contributing to this situation: an absence of government and other funding support for market research; a dependence on stereotypes of particular markets; a propensity to identify products and experiences before looking for suitable markets; and an over reliance on the experience of a restricted range of industry experts and consultants. This has implications for tourism investment and its role in informing product development,

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<sup>1</sup> According to Hall (2000) prescriptive planning presents a deductive approach to understanding development and sets out procedures for how tourism development should happen. The plans do not explicitly take into account the reality and context of actual tourism development.

infrastructure development and investment facilitation. Tourism planning occurs at the national, regional and local levels and in South Africa the national tourism plan provides a framework for provincial and local planning and integration of tourism and it is expected that local tourism development is informed and aligned to the national tourism plan. According to Pebane (2016) a regional or national tourism plan is a key source that guides an individual tourism business and a tourism business plan is guided by the generic regional or provincial tourism plan. Pebane (2016) notes that in the Eastern Cape many tourism projects have failed where the EC Government, in partnership with the national government and other agencies, has invested over R500m. The development of these tourism projects formed part of an effort to fast-track economic growth and job creation through the tourism industry, but despite this investment, most capital tourism projects are not operational. The value of these tourism projects that were not operating was R358 332 585.00, and included a combination of accommodation, conference facilities with restaurants, resorts, hiking trails and cultural villages. Although Pebane (2016) does not specify the lack of a market analysis as a reason for failure, he does indicate that most decisions for project investment were based on feasibility studies (of which market analysis forms part), and he firstly questions the lack of a market analysis requirement in the funding application template and secondly, whether the recipients of funding were comprehensive enough in providing information to inform such decisions. The results of his study suggest that the feasibility studies and funding applications were flawed or incomplete.

It would seem that studies on market analysis in general and also in terms of tourism investment focus on the demand-side or on the supply side but do not generally bring the two together. One study which does look at tourism development and investment from the perspective of demand *and* supply is that of Rosentraub and Joo (2009) and, although focused on investment and development in inner cities, provides a valuable foundation for a market analysis framework for matching tourism demand and supply "to properly inform the selection of tourism policies and programmes to advance a region's development". Another study by Lubbe *et al.* (2012) developed a model whereby a predefined market segment could be positioned in terms of how the current product offerings in each sector in a tourism node or region in South Africa would meet the needs of specific market segments, identifying the gaps in the product offerings. Although not from the specific perspective of tourism investment in a region, the study identified the gaps in product offerings in terms of market needs as an important starting point for further tourism development.

Rosenraub and Joo (2009) state that where public or private investments are made, substantial attention must be directed toward understanding which, if any mix of investments in entertainment, cultural, sports and tourism generates positive returns for the community. While the private sector's involvement in tourism is profit-driven, the public sector's participation is always "tied to an expectation of some level of economic enhancement". However, whether investment is generated through the public sector, the private sector, public-private partnerships or development agencies such as the World Bank, UNCTAD, the IDC or others, all investment decisions require financial and non-financial information, more particularly environmental and market analyses. As mentioned previously, the Department of Tourism observed the absence of a product-market analysis in



projects submitted for funding by provinces in South Africa. In instances where this analysis was conducted, it was at an international and/or national level and not at a local government or destination level where products are in fact located.

In isolating the problem it seems evident that on an academic level the concept of market analysis is extremely broad and studies have often focused on the demand side while on a practical level there does not appear to be a standard or generic format for doing a market analysis at a regional or local level. This study will therefore focus on developing a framework for market analysis which would better inform investment decisions at the local and regional level where such a framework should reflect the long term viability of the project.

#### **4. THE AIM OF THE STUDY**

In light of the above, the aim of the study is to develop a market analysis framework that can be used by different tourism stakeholders to inform product development, infrastructure development and investment facilitation with particular reference to the local level. The framework should address both the supply and demand sides.

#### **5. OBJECTIVES OF THE STUDY**

- To critically review appropriate market-analysis literature in tourism and other related fields to develop the theoretical framework.
- To identify market-analysis dimensions for tourism investment purposes from the literature
- To review the current tourism investment landscape and selected cases, globally as well as in South Africa, in terms of market analysis dimensions, criteria and templates.
- To determine the views of tourism and related stakeholders, from both the investor and project developer perspectives, on their experiences and challenges in developing and assessing a market analysis framework to inform product and infrastructure development and investment facilitation
- To develop a product-market match analysis framework which informs product and infrastructure development as well as investment facilitation mainly at the local/site level, while accounting for international, regional, national, provincial, and local trends and dynamics
- To identify information and data sources for populating the framework, identify gaps and make recommendations
- To conduct a workshop to capacitate stakeholders

## 6. LITERATURE OVERVIEW

### 6.1 The tourism investment landscape

As one of the world's largest industries, tourism has grown rapidly and continuously over the last half-century and has become a significant source of global employment and economic output. According to the World Travel and Tourism Council (WTTC) (2016) Travel & Tourism's contribution to world GDP outpaced the global economy for the sixth consecutive year in 2016, rising to a total of 10.2% of world GDP (US\$7.6 trillion). The sector supports 292 million people in employment – 1 in 10 jobs. The outlook for the Travel & Tourism sector in 2017 remains robust and also looks extremely favourable with predicted growth rates of 3.9% annually. In South Africa Travel and Tourism generated a total contribution of \$27 billion and with its direct, indirect and induced GDP impact generated 9.3% of South Africa's GDP in 2016. Furthermore in 2016 Travel & Tourism directly supported 716,500 jobs (4.6% of total employment). According to the WTTC this is expected to rise by 3.6% in 2017 and by 4.1% pa to 1,110,000 jobs (6.0% of total employment) in 2027 (WTTC, 2017).

Developing countries in particular benefit from the tourism industry's positive economic, environmental and social impacts, creating jobs, reducing poverty, promoting conservation and preserving indigenous culture. The public and private sectors of these countries, together with international development agencies, have recognised the positive impacts of tourism and have actively pursued tourism development to promote economic growth. Soon after democratisation South Africa recognised that its under-utilised world-class natural, cultural and heritage assets provided an opportunity to access a highly competitive global market. The White Paper on the development and promotion of tourism in South Africa (DEAT, 1996) states that tourism-led development does not only offer the potential for direct employment creation and the development of small and micro enterprises but also for much needed development of under-utilised sites located in the rural areas on communally controlled lands, presenting important opportunities to develop tourism on the basis of partnerships between marginalized rural communities and the private sector.

Investment in tourism from both the public and private sector is essential to support growth through expanding capacity, maintaining and enhancing current infrastructure and stimulating demand, both in the developed and developing countries. According to the WTTC (2016) globally Travel and Tourism investment in 2015 was USD774.6bn, or 4.3% of total investment and this was expected to rise by 4.7% in 2016, and again by 4.5% pa over the next ten years to USD1,254.2bn in 2026 (4.7% of total). Investment in tourism in South Africa amounted to ZAR68.9bn, 8.1% of total investment (USD4.7bn) in 2016 and was expected to rise by 0.6% in 2017, and again by 4.0% pa over the next ten years to ZAR102.5bn (USD7.0bn) in 2027, 9.6% of total investment (WTTC, 2017).

The growing demand to develop tourism is reflected in the wide range of development institutions supporting projects and programmes in this field, and providing technical advice in developing countries (Hawkins & Mann, 2007). These institutions, each driven by their own individual institutional development objectives, include *multilateral institutions* such as the African, Asian, and Inter-American Development Banks, the European Union and United Nations agencies such as the United Nations World Tourism Organization and UNCTAD; a range of *bilateral institutions* including Australia's Agency for Internal Development, the Netherlands' Development Organization, and a range of *nongovernmental organizations*, both external (non-national) such as the World Bank and internal (national) institutions (both public and private). Rosentraub and Joo (2009) says the role of the private sector is profit driven and when the risks are seen as too high, efforts are initiated to form partnerships between private investors, governments and foundations to pay for part of the costs of building amenities. The investments by the public or non-profit partners generally reduce the risks to the private sector partner and is also frequently responsible for any improvements needed in transportation, water, or environmental systems. At the *national level* governments around the world generally drive development through policy and through their investment agencies. For example in South Africa the IDC is the national development finance institution set up to promote economic growth and industrial development. Governments also offer a wide range of incentives to developers by acting to reduce capital costs and operating costs and to improve investment security. One such example in South Africa is the priority encompassed in the 2017 Draft National Tourism Sector Strategy where the introduction of a programme to incentivise investments in making facilities more accessible to people with disabilities, starting with the most visited attractions, is proposed (NTSS, 2017). At the *regional level*, investment in tourism is driven by provinces with policies and strategies aimed at creating an enabling environment for investors. Investment agencies at the regional level include the Gauteng Enterprise Development Agency, the Eastern Cape Development Corporation, Trade and Investment KwaZulu Natal, the Western Cape Investment Trade Promotion Agency and Trade and Investment Limpopo. At the *local level* the role of local government is generally to attract investors with their capital, undertake planning and provide leadership while the *private sector's* role is to attract customers with its capital and the quality of its tourism offering (LGTC, 2017).

At each level various sources of funding are available as depicted in Table 1.

Table 1: Sources of funding and support

Description	Source
Marketing / Investment facilitation	National, Provincial, District, Local Tourism Authorities (NWTPB, NCTA) Development Agencies (Wesgro, TIKZN, GGDA)
Loan funding	IDC, NEF, Commercial Banks
Equity funding	IDC, NEF, PIC, Private Sector (Venture Capital Firms)
Grant funding	NDT, National, Provincial, District, Local Authorities
Access to basic services, regulatory compliance issues	Local government

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Source: Debedu (2017)

## 6.2 Main stakeholder roles and responsibilities

In the development, implementation and operation of capital tourism projects there are several direct stakeholders that are involved, namely the private sector, the public sector and communities (Pebane, 2016). The public sector is mainly interested in the type of visitors and their spending habits; the products and services that the visitors seek; the importation costs and supply of goods required by visitors; the costs relating to infrastructure development; and maintaining an adequate work force with the required skills and training for the industry. From the private sector's point of view, financial risk and profitability are the primary concerns, including the sources of capital for the planned project, wage rates for the local labour force, extent of foreign ownership or control, and availability of private sector funds for investment. Communities need to identify and exploit opportunities, seek partnership and support sustainable tourism development. A more specific outline of the roles and responsibilities of these stakeholders are presented below and the discussion is based on the work of Pebane (2016).

### *National stakeholders*

The NDT is the first critical stakeholder, as they are responsible for policy and strategy development from a national perspective. The NDT plays a key role towards funding allocations for tourism development in provinces. The NDT is also responsible for the implementation of the component of the Expanded Public Works Programme (EPWP) on behalf of the National Department of Public Works.

### *Provincial stakeholders*

These include the provincial departments responsible for tourism such as the Department of Economic Affairs, Agriculture and Tourism in the Western Cape, the Department of Economic Development, Environmental Affairs

& Tourism of the Eastern Cape (DEDEAT) and similar departments within each of the nine provinces of South Africa. Pebane (2016) notes the mandate of the DEDEAT as a key stakeholder and says it is responsible for provincial tourism development and growth, provincial policy and tourism strategy. Year after year, during the opening of the provincial legislature, the Premier makes statements on a number of sectors, including tourism. Furthermore, the Member of the Executive Council (MEC) responsible for tourism makes policy statements and highlights priority tourism focus areas. It is important to examine the alignment of national and provincial tourism policies and strategies to determine whether there is an integrated approach towards tourism development.

#### *Districts and local municipalities*

District and local municipalities are recipients of capital funding from national and provincial government for tourism development. Municipalities are expected to convince national and provincial authorities that they have viable and bankable tourism projects for investment. Local municipalities are at the forefront of implementation of capital tourism projects funded by national and provincial governments. Tourism is the responsibility of municipalities at the local level. This is confirmed in the South African Tourism White Paper (1996) where, at the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion, are proposed. According to this White Paper (SA.DEAT, 1996:43), the following are specific functions of the local government pertaining to tourism:

- “Responsible land-use planning, urban and rural development” – the municipality must have an integrated land plan that identifies and zones areas for development. The zonation of the tourism industry must be part of the integrated planning;
- “Control over land-use and land allocation” - as part of the land plan, the municipality should indicate the mechanism for controlling the land-use and allocation for residential and commercial development. A by-law should be considered to regulate the issues of land;
- “Provision and maintenance of tourist services, sites and attractions, for example, camping and caravan sites, recreational facilities (parks, historical buildings, sports facilities, theatres, museums) and public services” – infrastructure provision and services thereof is the responsibility of the municipality as this encourages developers and investors to invest in the areas where the municipality plays an active role. Community tourism projects require infrastructure as a foundation for development;
- “Provision of road signs in accordance with nationally established guidelines” - most community tourism projects are located in rural areas that have no signage. This is direct responsibility as it seeks to ensure that visitors are directed to reach the tourism business and other experiences;
- “Market and promote specific local attractions and disseminate information in this regard” - the community tourism projects have a direct responsibility to market their businesses; the municipality has

a responsibility to market the municipal areas as a destination, which, in turn, benefits the individually owned businesses;

- “Control public health and safety” – health and safety are aspects that can have a negative impact on tourism businesses and the entire industry within the municipal area. Therefore, the municipality must have a health and safety plan to manage any possible risk that can affect tourism businesses;
- “Facilitate the participation of local communities in the tourism industry” – tourism is government-led and community-based. Therefore, this facilitation will ensure that communities are trained and understand the tourism industry so that they play a meaningful role;

### *Communities*

Communities are the owners and operators of these capital tourism projects, and they are involved in the implementation and operation. The capital funding that government makes available is meant for tourism development in local communities. The municipalities and communities are critical stakeholders towards the implementation of these projects. Communities are expected to play a vital role in the development of tourism. Many communities and previously neglected groups, particularly those in rural areas that have not actively participated in the tourism industry, are located at beautiful attractions and natural resources. According to the South African Tourism White Paper (SA.DEAT, 1996:45), the roles of communities in tourism include:

- “Identify potential tourism resources and attractions within their communities” - communities have a responsibility towards tourism development, it is not only a government responsibility. Communities also have a responsibility to play a proactive role to engage government about potential resources that can be pursued to develop and grow the sector;
- “Exploit opportunities for tourism training and awareness, finance and incentives for tourism development” – financial and non-financial support are available for communities to start their own businesses; however, communities must prepare themselves and visit different institutions that offer this support;
- “Seek partnership opportunities with the established tourism private sector” – This role seeks to enlighten communities that in order to grow their businesses, they must partner with established businesses, locally and abroad;
- “Participate in all aspects of tourism, including being tourists” – rural communities have emerged in the tourism industry, and most community representatives are still grappling with the concept and definition of their role in the sector. Although the guideline roles and responsibilities have been published almost two decades ago, they still lack the understanding of the sector. It is assumed that playing a role as a tourist may take a very long time;

- “Support and promote responsible tourism and sustainable development” – this is a critical role that is expected from communities; however, the question is: what is responsible tourism and sustainable development? This is an important question before they attempt to support and ensure that responsible and sustainable tourism development is integrated in their projects; “Oppose developments that are harmful to the local environment and culture of the community” – for communities to exercise this role education is key so that they understand development. Communities are vulnerable and are likely to accept any form of development irrespective of impacts as long as there are jobs created for the local inhabitants; “Participate in decision-making with respect to major tourism developments planned or proposed for the area” – communities have been involved in the development of most tourism projects; however, the extent of their involvement and participation in decision-making remains questionable. If they are not empowered to make decisions, it is doubtful whether they made correct decisions; “Work toward enhancing the positive benefits of tourism and minimise the negative impacts” – communities have been striving to develop tourism with the aim of ensuring that there are benefits across, however, the benefits have not been visible as tourism is still at its infancy stage;
- “Organise themselves to maximise the sharing of information and experiences, possibly facilitated through financial assistance by local government” – this role refers to knowledge-sharing and indicates the fact that there should be people from the communities who take leadership to educate the masses;
- “Have a representative voice in all tourism structures at national, provincial and local levels” – communities are represented at several structures in all spheres of government, but the challenge is the dissemination of information and platforms to engage the masses, to give feedback and listen to issues;
- “Encourage the press, particularly the radio and the print media, to proactively provide tourism information and awareness to communities” - there are many community newspapers and radio stations which communities should capitalise on to educate, but this is happening on a minimal scale. It is assumed that these newspapers and radio stations lack experience of the tourism industry. Often, these platforms require content to publish, however, in the absence of community representatives to provide content on issues that should be communicated, they would not serve a purpose.
- “Work closely with Non-Governmental Organisations (NGOs) to educate communities concerning tourism and engender tourism awareness” – this role is similar to the one above, and it can only materialise if there is interaction between the community and local NGOs. The community can also establish their own NGO, or any structure that can educate the broader communities;

- "Make information on community tourism resources and attitudes transparent and accessible to all levels of national, provincial and local governments" – this is an important role as it seeks to sensitise communities to package resources for potential investment. However, such responsibility requires education, and it is doubtful whether communities could perform such responsibility, due to a lack of experience in tourism; and "Sensitise the private sector, tourism parastatals, environmental agencies and NGOs to the importance of communities' involvement in tourism development" – tourism development is a two-way process and this role highlights the key stakeholders that the community interact with as they are key not only in involving the communities but also to lead the development of tourism in the communities.

Although these guideline roles and responsibilities were published many years ago, it appears that tourism remains a new industry for most communities, as the progress has been insignificant. While there is eagerness for communities to play their role in developing and growing the sector, it is assumed that a great investment will be required in capacity-building to ensure that they understand these roles and responsibilities, which are a point of departure and are applicable in all municipalities that have identified tourism as a pillar for economic growth.

#### *Tourism business associations*

Tourism business associations such as the TBCSA (Tourism Business Council of South Africa) plays an important role in promoting investment in the country's tourism sector. Indeed, investment promotion was identified as one of their 10 macro priorities, and as such they have been involved in organising. The annual Hospitality Investment Conference Africa (HICA) which remains a prime platform to showcase and promote sub-Saharan hotel investment potential.

#### *Public and private funding agencies*

An overview of the various funding agencies involved in tourism investment is provided in the previous section.

Whether investment is generated through the public sector, the private sector, public-private partnerships or development agencies, all investment decisions require that an assessment be done on the financial and non-financial information. Financial information includes mainly calculations and estimates of the future incomes and cash flows, initial costs and costs of capital, and non-financial information includes mainly information on the environment as well as market analyses (Tiainen, 2013).

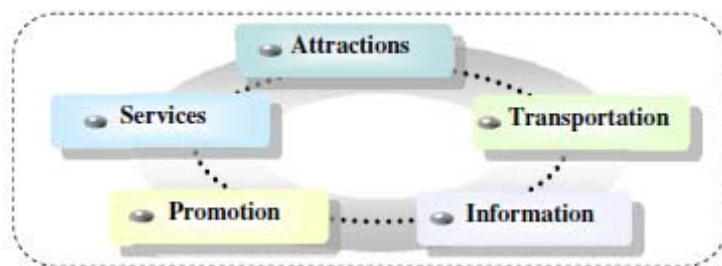
### **6.3 Market analysis in the context of tourism development and investment**

Tourism planning, development and investment in any area, simply stated, implies that there is a market that needs to be served and a product that meets or potentially can meet that market's needs.



In the broader sense market analysis strives to determine the attractiveness of a product to the market, currently and in the future. Rosentraub and Joo (2009) distinguish between a demand- and a supply-driven approach to market analysis. At the very core of demand lies the tourist's motivation to travel. The demand-driven approach is based on the assumption that the travel destination reflects the feelings, beliefs, and opinions that an individual has about a destination's perceived ability to provide satisfaction in relation to his or her special vacation needs. The demand-driven approach starts with the personal benefits perceived by visitors, in other words, tourists are "pushed" by their own motivation towards the places and/or events where they expect their needs to be satisfied. On the other hand a supply-driven approach to tourism focuses on available resources with the attractiveness of the 'destination/area/attraction' as the factor "pulling" visitors towards it. This "pulling power" is made up of the tourist's interests and preferences and the quality of the attractions. Around these attractors exist the needed services produced by businesses that facilitate and support but do not create tourism, they provide services that both enhance an area's attractiveness and support the appeal of an attraction such as restaurants and supporting activities and services that enhance and sustain the tourist experience. If areas are to attract large numbers of visitors the needed support services and complementing activities must be present. Figure 1 presents Gunn's 1994 simplified view of the supply-side of tourism.

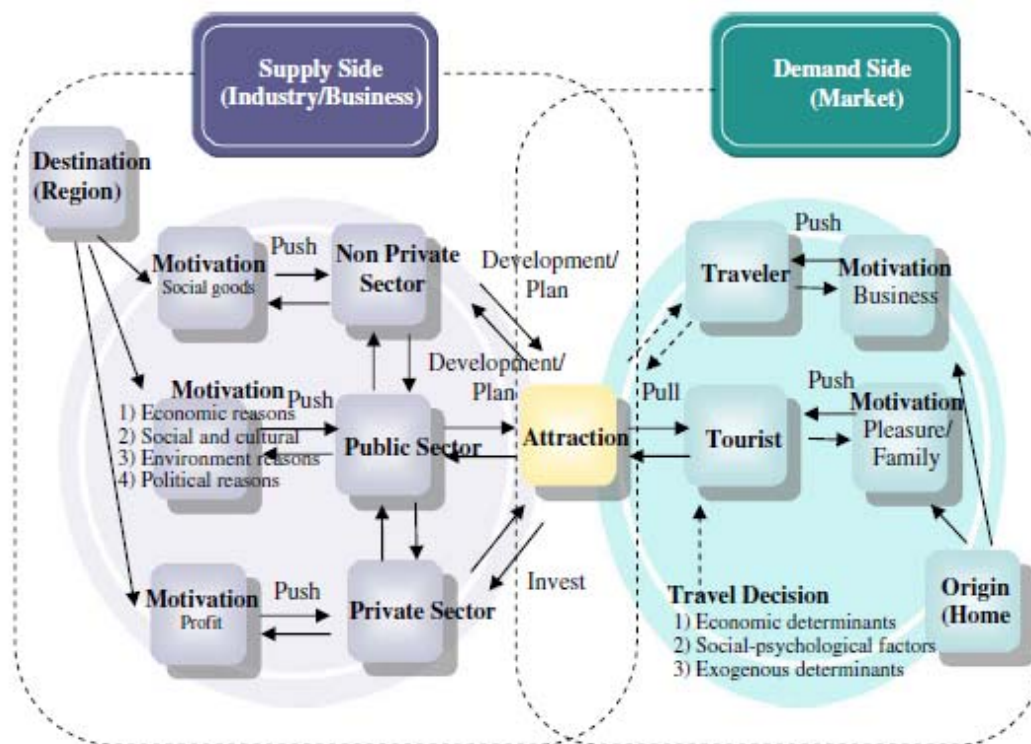
**Figure 1: A simplified view of the supply-side of tourism**



Source: Gunn (1994)

Against the background of which investments produce gains for regions Rosentraub and Joo (2009) developed a conceptual model (shown in figure 2) depicting the interaction between the supply of amenities and demand that forms the tourism attraction system.

Figure 2: Tourism Attraction System



Source: Rosentraub and Joo (2009:762)

The demand from tourists starts at their point of origin with the destination being the supply side that leads to the production of an attraction. Peoples' different motivations "push" them towards the destination while the available attractions, through their uniqueness, provide the major "pull". Visiting attractions could form part of tourists' business or leisure trips or local residents' desire to see the attraction. For both groups of visitors the quality of the amenity and the mix of services and activities are critical to the success of the tourist policy or program. This also applies to residents and the attraction of human capital as people choose a place to live and work, in part, based on local amenities. This model also assumes that the travel decision is influenced by factors such as economic determinants, social-psychological factors and exogenous determinants. In their study, Lubbe *et al.* (2012) followed a similar approach at the level of tourist needs by positioning each market segment in terms of how the current product offerings in each tourism sector (transport, accommodation, attractions, distribution channels and information) in a tourism node would meet the needs of that market segment. Pebane (2016) says that demand and supply analysis are processes which lead to the identification of the tourism system in terms of resources, organisation and markets. Demand examines the existing and intended visitor markets for the destination. It involves a market analysis that examines the likely tourist arrivals and characteristics, and the travel patterns and trends of the markets. According to Mkosana (in Pebane, 2016) demand analysis is essential in establishing a benchmark and understanding the competitiveness of the destination with other tourism destinations with similar attractions. Supply analysis examines the destination itself, including its attractions, accommodations, and facilities. The analysis should include transportation, infrastructure, human resources and

other factors which have a direct or significant impact on the quality of the visitor experience. This is echoed in the development plan of the Western Cape (Department of Economic Affairs, Agriculture and Tourism, Western Cape. 2012.) which aims to create an enabling environment to attract private sector investment and therefore stimulate employment and growth. They state that within any tourism planning initiative is the presence of a product and a market and infrastructure can be used to mediate the two. They further state that the presence of adequate transport infrastructure is a pre-requisite of a developing tourism industry and an important base on which tourism plans and investment initiatives can be built.

#### 6.4 Dimensions of market analysis

The importance of tourist motivations and needs was shown in the previous section to be at the core of the "push" towards destinations and attractions and as such can be regarded as a driver of tourist movements. In Tanzania, Wade, Mwasaga and Eagles (2001) conducted a market analysis of tourism and included aspects such as the following: number of tourist arrivals in selected African countries; tourism receipts in selected African countries; average expenditure per tourist in selected countries/regions; market share of visits to wildlife areas in sub-Saharan Africa; visitor numbers to Tanzania by purpose of visit; seasonality of arrivals to Tanzania; visitor arrivals to Tanzania by continent and European market demand profile. In her market analysis of Canary Islands, Garin-Munoz (2006) analyses, among other things, the evolution of the number of arrivals, composition by markets of origin, and the seasonality of arrivals.

According to Martin, Billaud and Chapoutot (2009) the first step of the tourism investment process consists of an assessment of the business environment with key issues being the attractiveness of the site, its unique characteristics as well as possible locations and transportation facilities. They suggest that a preliminary tourism market analysis should be considered in order to assess the market structure, competition, and current and potential niche and tourism products. Eugenio-Martin *et al.* (in Martin, Billaud & Chapoutot (2009) propose that tourism demand is studied in two stages: The first stage is a cross-section analysis which takes into account variables of the site or destination such as travel time, travel cost, tourist attractiveness, uniqueness and economic development variables such as infrastructure, education and safety. The second stage consists of tourism demand forecasting which can estimate a potential flow of tourists, and is valuable information for the final assessment. Aaker and McLoughlin (2010) although not tourism specific, provide a fairly detailed guideline, of the dimensions of market analysis. To this list is added the concept of market segmentation which, in the context of tourism forms an important dimension of market analysis:

- Market size (current and future)
- Market segmentation
- Market trends
- Market opportunity
- Market growth rate

- Market profitability
- Industry cost structure
- Distribution channels
- Key success factors
- Key success details

#### Market size

The market size is described through both the market volume and potential. The market volume shows the entirety of all realized sales volume of a distinct market. The volume is therefore reliant on the number of consumers and their normal demand. The following sources of information can be used to estimate market size:

- Government data
- Trade association data
- Financial data from major players
- Customer surveys

#### *Market segmentation*

Developing and sustaining tourism products and projects as well as competitive advantage in competitive tourism markets largely depends upon understanding customers in terms of who buys what, when, why, where and how. Koc and Altinay (2007) state that based on this understanding of customers, or potential customers, appropriate 4P strategies, namely, product, price, place and promotion, can be developed. Potential customers have different needs, motives, attitudes, behaviours, age, income levels, spending patterns and life styles and potential customers need to be put into separate sub-groups, or market segments. In order to match the needs of distinct groups of tourists effectively, many studies have been carried out to explore and/or determine the particular characteristics of tourists in a specific segment, or the similarities possessed by tourists in a specific segment (Kok & Altinay, 2007), the importance of which has been underlined for determining expenditure patterns in particular.

#### *Market trends*

Market trends are the upward or downward movement of a market, during a period of time. It is more difficult to measure the market size if one is starting with something totally new. Changes in the market provide new opportunities and threats. Moreover, they have the potential to dramatically affect the market size. Examples include changes in economic, social, regulatory, legal, and political conditions and in available technology, price sensitivity, demand for variety, and level of emphasis on service and support.

#### *Market growth rate*

The market growth rate can be predicted by studying market trends and sales growth in complementary products. Ultimately, many markets mature and decline. Some leading indicators of a market's decline include market saturation, the emergence of substitute products, and/or the absence of growth drivers.

#### *Market opportunity*

A market opportunity satisfies the requirement (s) of a (preferably increasing) market better than the competition and better than substitution products within the given environmental frame (e.g. society, politics, legislation, etc.).

### *Market profitability*

While diverse organizations in a market will have different profitability levels, they are all similar to different market conditions. Michael Porter developed a framework to assess the attractiveness of an industry or market. This framework, known as Porter five forces analysis, identifies five factors that influence the market profitability:

- Buyer power
- Supplier power
- Barriers to entry
- Threat of substitute products
- Rivalry among firms in the industry

### *Industry cost structure*

The cost structure is vital for recognizing key factors for success. The cost structure is also helpful for framing strategies to develop a competitive advantage.

### *Distribution channels*

Investigating the following aspects of the distribution system may assist with a market analysis:

- Current channels of distribution - can be explained by how direct they are to the customer.
- Trends and emerging channels - new channels can provide the chance to devise a competitive advantage.
- Channel power structure - for example, in the case of a product having little brand equity, retailers have negotiating power over manufacturers and can gain more margin.

### *Success factors*

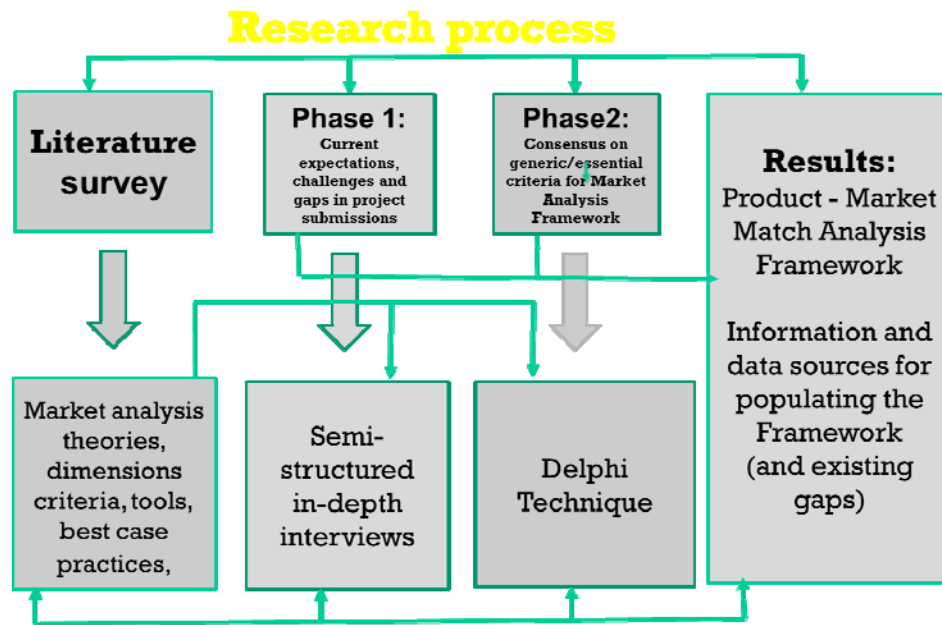
The key success factors are those elements that are needed in order for the firm to attain its marketing objectives. A few examples of such factors include:

- Access to essential unique resources
- Ability to reach economies of scale
- Access to distribution channels
- Technological progress

It is important to consider that key success factors may change over time, especially as the product progresses through its life cycle.

For the purposes of this study these, and other, theoretical frameworks were assessed as a pre-cursor to the empirical stage of the data collection where selected individuals, based on their experience or expertise were asked to share their knowledge on the importance, role and dimensions of market analysis in tourism investment. The research process follows in the next section.

## 7. THE RESEARCH PROCESS



## 8. RESEARCH METHODOLOGY

A qualitative methodology was used. Qualitative data was collected in two phases. In-depth interviews were conducted in the first phase, and the Delphi method was used in the second phase. Participants for both phase 1 and 2 were purposively selected based on certain criteria. For this study, judgement sampling were chosen where sample members had to conform to certain criterion (for example, industry experience and knowledge of the investment environment and tourism industry).

### 8.1 Phase 1:

The aim of the first phase was to determine what the participants experience as shortcomings and challenges in relation to market analysis when it comes to project submissions and what their recommendations would be in terms of a market analysis framework. Semi structured in-depth interviews (refer to **Appendix A**) were conducted with a cross section of participants from both the investor and the project developer side (list of participants shown in **Appendix B**). Participants from the investor side were selected based on their experience in tourism investment and their knowledge of the tourism industry. The interview schedule followed certain pre-determined themes to solicit responses, leaving room for additional questions to explore the research objectives given the nature of particular organisations, and to get clarification and probe an interviewee's reasoning. The order of the questions also varied depending on the flow of the conversation. Data was recorded by audio-recording.

## 8.2 Phase 2:

The aim of the second phase was to reach consensus on generic/essential criteria for a market analysis framework. In this phase the Delphi was used as a group facilitation technique that sought to attain agreement on the views of 'experts' by means of a fairly open questionnaire (**Appendix C**). It was intended that at least two rounds would be done with the same participants, who took part in the first phase. The Delphi Technique proved to be unsuccessful as there was a very low response rate and no new information came to light. It was thus decided to abandon the process.

## 9. DATA ANALYSIS

Content analysis was done to analyse the interviews. With qualitative data, a researcher has many options as to how to change the 'raw' data into final patterns of meaning. Due to the methodological frame of inquiry and the corresponding aim of the analysis procedure qualitative coding and categorisation was used. This means that the data was separated into small units of meaning, which was then methodically 'named' per unit and then grouped together in categories that contain related codes. Each category therefore included codes that are semantically related (Henning, 2004).

## 10. RESULTS

A number of open-ended questions were asked to participants during the interviews (and the Delphi) relating to the dimensions and indicators that should be included in a market analysis framework. The findings focussed on the themes that were identified in responses to each of these questions.

### 10.1 Market analysis dimensions

Participants were asked what they thought should be included in a market analysis when applying for funding. During the interviews, it soon became clear that most participants were uncertain about the dimensions that should be included. When probed and given examples, they either agreed or disagreed on the inclusion of a specific dimension, or they elaborated on their own experience in terms of the dimension. During the Delphi, an open-ended question was asked to respondents requesting them to list the six most important dimensions that should be included in a market analysis. Responses from both the interviews and the Delphi were first listed, and then divided into supply side and demand side. Broad dimensions were then identified, and the specific items describing each dimension added. When comparing the responses with the literature and existing market analysis templates available it was evident that very little new information was added, but the context (type of funding, type of project; rural vs. urban projects; motivation of funding bodies) within which a market analysis is to be conducted will determine the specific dimensions to be included, the structure and the content of the market analysis.

The following broad dimensions were highlighted during the interviews. The items used to describe the dimension are also included:

Dimensions	Indicators
<b>On the demand side:</b>	
<b>Target Markets</b>	Demographic characteristics such as age, gender, income, LSM Tourist preferences-what do they do, where do they stay, is there wi-fi in the room, method of booking Travel patterns-are they already coming to the area, length of stay Purpose of visit (main purpose), for example business, leisure, academic Demand or need: Will the product satisfy a primary (essential) or secondary need. What are the domestic market expectations (emerging market) Key purchasing characteristics, visitor spend, spending patterns and what do they spend on Who are the source markets- have they been sustainable – this will also give the maturity, visit and repeat visits and expenditure according to currency How do our target markets travel? Are they part of organised tours or individual tours, alone or families etc.
<b>Market size</b>	Who are our current markets Who are our potential markets What is our market share What is the return rate of our current markets Visitor numbers to the destination where the new tourism product is to be developed Number of visitors currently visiting similar sites in South Africa?
<b>Seasonality</b>	What is our target markets' travel season How will you address seasonality Implementation date/time - high season, cluttered months How often does the area get visited, time and season Which are the high seasons and low seasons of the destination and what are the factors influencing that Climate of area, it will determine when people will visit.
<b>Marketing</b>	How will you distribute your product Identify the possible intermediaries (.e.g tour operators, travel agents, OTAs, meetings planners) that work in the segment Which distribution channels will you use What are the costs How will you gain market access Level of brand awareness of target market Brand assets How will you drive visitor numbers How will you create demand Tentative packages – networking with Tour operators Quality of destination promotion Pricing strategy and positioning Marketing plan
<b>On the supply side</b>	
<b>Location</b>	Accessibility to the area Is there existing tourism potential in the area How many flights to the area Geographic spread The size of the town/destination and the services which are provided in the area Profile the destination and determine a key anchor Road access Location of the site in terms of other attractions and activities



	<p>Ease of access</p> <p>Local (some time small hidden gems) resources- ask locals</p> <p>Look at land available (make sure there is no land claim) and services which are available on the land</p>
<b>Infrastructure</b>	<p>Quality and reliability of supporting infrastructure e.g. access routes, state of roads, water &amp; electricity supply, etc.</p> <p>Access to infrastructure</p>
<b>Supporting amenities</b>	<p>Are there any additional planned developments in the destination in any sector, e.g. tourism, retail, transportation</p> <p>Essential commodities in the area such as hospitals and medical facilities, food outlets (capacity to meet dietary requirements), availability of entertainment facilities, safety (crime), transport capacity-public or private service providers, information dissemination centres that will serve the number of tourists that we are targeting, shopping experiences</p> <p>Are attractions and sites ready to receive visitors? Are they well maintained?</p> <p>Level of services in tourism, and general service standards in area- friendliness of other establishments; how clean are our streets, is the municipality aware of the importance of cleanliness for our market</p>
<b>PRODUCT</b>	<p>Project description</p> <p>Growth potential</p> <p>Projected occupancy rate</p> <p>Value proposition</p> <p>Niche products</p> <p>Trends in the area</p> <p>Size of facility (capacity)</p> <p>Type of facility</p>
<b>Competitors</b>	<p>Who are the competitors</p> <p>Provide information on what the competitors are offering, what is the rate of their product</p> <p>Identify competitor and identify comparable. A comparable might be somewhere else, but a competitor is the direct competition to the plan</p> <p>Look at trends and occupancy rate of competitors and their target markets. What do they spend, how much do they spend, where do they come from</p> <p>Number and quality of accommodation sites in the area</p> <p>Market comparison</p> <p>What edge do we have on our competitors</p> <p>Unique selling proposition: what is our unique offering-product differentiation</p> <p>How polished is our product, how trained is our staff, how much attention to detail</p>
<b>Applicant</b>	<p>Level of experience and skill in field of investment</p> <p>Capacity of management in the business (this includes the staff)</p> <p>Previous efforts, even if it failed there are still some lessons learnt</p> <p>Commitment</p> <p>Passion</p> <p>Credit history</p> <p>Management of personal household affairs</p> <p>Character</p>
<b>Local community involvement:</b>	<p>Real knowledge of the local champions - working for the bigger picture or focus on own priorities</p> <p>Benefit to the community-address community beneficiation</p> <p>Are there any town-based interest groups or organisations who can work together to develop attractions</p> <p>Local community stability (poverty levels, unemployment levels, protest action, land claims, etc.)</p> <p>Level of tourism awareness of local community</p>
<b>Sustainability:</b>	Sustainable viability

	Future consistency and sustainability Economic, social and environmental responsibility of the new product Financial viability
<b>Partnerships</b>	Potential partnerships in industry Existing or potential off-take agreements Linkage with other suppliers in the industry Address regional spread Supply value chain
<b>Legislation:</b>	Required legislation Legalities eg zoning

## 10.2 Challenges/barriers

During the interviews, participants were requested to elaborate on the barriers/challenges that they experience in the funding process, either from an investor/applicant's point of view. Responses were again listed and then divided into three categories based on their similarities.

<b>Dimensions</b>	<b>Indicators</b>
<b>Personal</b>	Lack of skills and training Lack of experience Lack of knowledge Lack of entrepreneurial spirit Unaware of existing opportunities because of lack of research Aware of opportunities but they haven't thought of "how is it going to work" Market access Funding (equity) contribution from owner; Personal surety (collateral) Lack of management skills (for example financial) Do not understand the tourism product-haven't experienced it as a consumer Lack of offset agreements. For example, hotels have an agreement with a tour operator to do day-trips in Knysna. Businesses are not market ready Lack of mentorship programmes to help new start-up businesses People don't know where to network, where is my network, where do I find my target market?
<b>Local level</b>	Limited natural resources for example: water scarce province Retrogressive development Data not collected at local level Municipal challenges: lack of cooperation from local municipalities for tourism development; lack of support from municipality because of a lack of resources and skills; municipal legislation; tourism development not included in the Integrated Development Plans (IDPs) of municipalities; changing leadership in municipality; tourism is not seen as a priority Application fails at political screening phase No world class tourism attractions in vicinity Lack of understanding of tourism potential; no cooperation from community; Capacity of the community is lacking to manage the project Land ownership - government wants to develop something that belongs to private owner Lack of quality supply Infrastructure lacking Government don't have the expertise to look at risk when assessing applications. For example the Gauteng Enterprise Propeller (GEP),
<b>Macro level</b>	PPP process is delaying development and investment. Cannot do any commercial or concession agreements. Commercial viability No partnership with private sector, other government departments, municipalities, funding

	institutions Technology lacking - no online presence Safety and security No travelling culture amongst domestic tourists Lack of demand from foreign and domestic tourists Land claims Red tape in terms of legislation for example from arts and culture (heritage buildings) High risk industry - dependent on outside factors for example unabridged birth certificates. Natural disasters – drought Influences in the source markets Perceptions about province must change Travel disruptors for example Airbnb, Uber etc.
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## 11. DEVELOPMENT OF THE FINAL MARKET ANALYSIS FRAMEWORK

The literature survey, the empirical results presented in section 10, meetings with officials at the Department of Tourism, the GTAC, the INVESTOUR Workshop attended by Prof Lubbe in Las Palmas and numerous team discussions, guided the formulation of the final Market Analysis Framework which is presented below.

The objectives of the Framework are to:

- assist communities/entrepreneurs/municipalities etc. to determine the market feasibility of a potential tourism product/project
- Provide an understanding of the types of data and information required to assess the market feasibility
- provide a framework and guidelines for the funding applicant to effectively structure the information and data on the market analysis in the funding application
- provide the funding body with an effective tool for evaluation of the funding application in terms of the market analysis

The Framework is designed to guide the market analysis process of a new tourism project/resource for which funding will be sought. Market analysis is done through a

- Sequential iterative process consisting of 7 steps, with
- Each step representing the main dimensions and indicators for determining the market feasibility of the project, where
- Information and data is gathered using 'diagnostic' tools through
- Secondary and primary sources, which
- Represent each dimension, and are also
- Designed to 'flag' potential challenges which could either lead to:

- Project dismissal
- Proposals for adjustments to overcome challenges

Templates were designed for each diagnostic tool. Due to the comprehensive nature of the data required it was decided to produce a Workbook to assist funders/communities/entrepreneurs/municipalities etc. to determine the market feasibility of a potential tourism product/project on using the Framework. This Workbook would include definitions, objectives and instructions for each diagnostic tool/template.

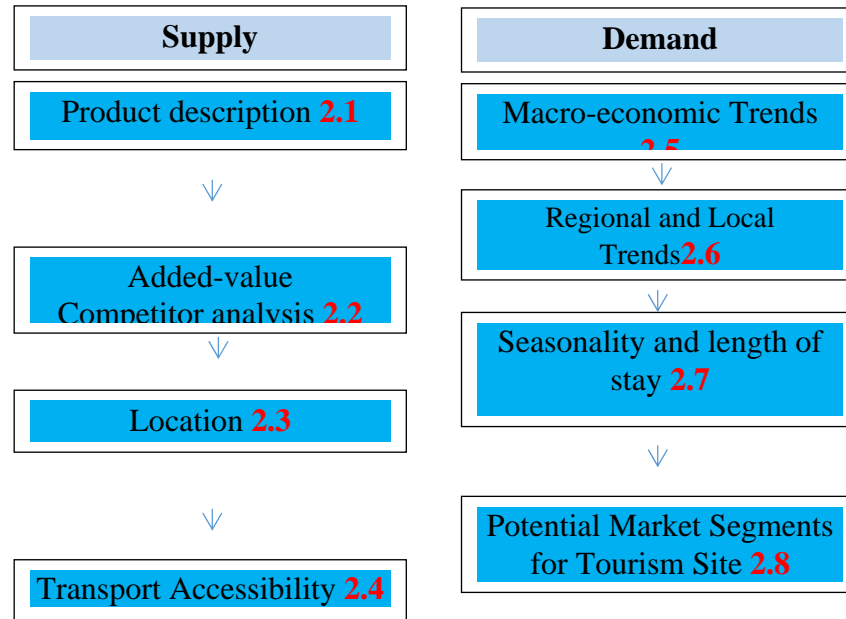
**The Workbook is separately attached as an Appendix to this report.**

# MARKET ANALYSIS

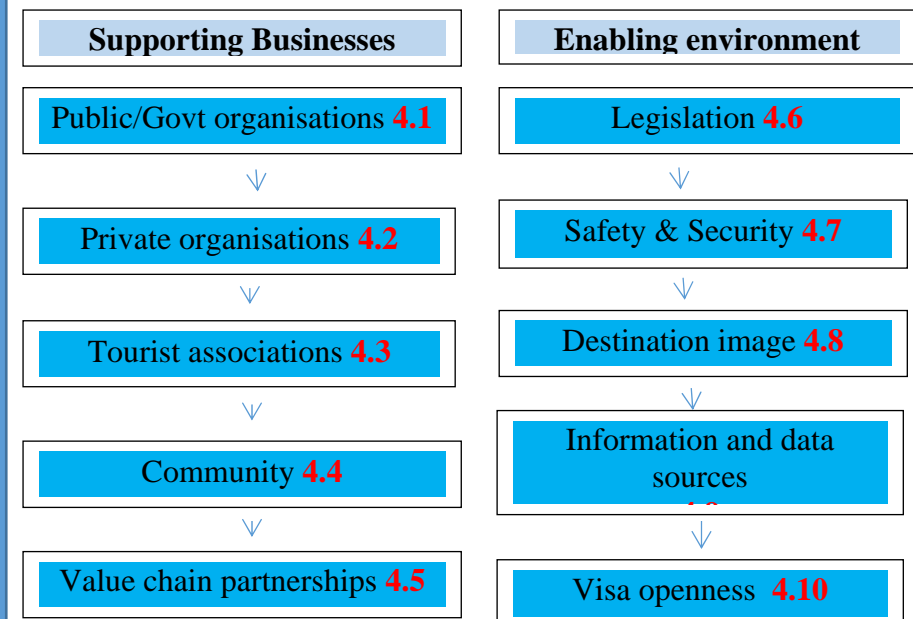
## STEP 1

### Opportunity identification **Diagnostic 1** Natural/Cultural/Core/Supporting/Tourist Serving Facility

## STEP 2



## STEP 4



## STEP 3

**Product Market Match Analysis 3**

## STEP 5

**Marketing/Promotion/Distribution 5**

## STEP 6

**SWOT Analysis - Positives/Negatives/Challenges/Opportunities/Threats 6**

## STEP 7

**Formulate concise Market Analysis section of Project Proposal 7**

## **12. APPLYING THE FRAMEWORK AND DIAGNOSTIC TOOLS TO A CASE STUDY**

After discussions with the GTAC it was decided to use an existing (but currently failed project) on which to do a market analysis. The project selected was the Limpopo Vha Tsonga Cultural Village Project. The approach taken was to describe the project as it was intended and to do the market analysis on the intended project.

**This Case Study forms part of the Workbook.**

## **13. ETHICAL ASPECTS**

Ethical clearance was obtained from the Ethics Committee of the Faculty of Economic and Management Sciences, University of Pretoria.

## **14. CONCLUDING REMARKS**

The project proved to be a very comprehensive work which had to fulfil a practical need. Thus, the report and results of the empirical study had to be accompanied by a Workbook. The application of the Framework on a case study proved to be a valuable exercise in assessing whether the diagnostic tools could be applied to a tourism product that is in a Province where most of the tourism is VFR where information is harder to come by.

This study is by no means a rigid prescription of what should be done but rather a guideline of what should be thought of when doing a market analysis for a new or existing tourism project. Each project will have unique considerations.

The Product/Market Match Analysis (Step 3) is directed towards plotting markets on a grid where a quick assessment can be made. However, this analysis requires some thought within the context of each unique project to be effective.

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**APPENDIX A**  
**INTERVIEW SCHEDULE**

1. In your opinion, and in general terms, what are the factors that contribute most to a successful tourism investment?
2. What are your views on the current tourism investment trends globally and in South Africa, as a developing country:
  - a. Countries that are currently favoured by investment agencies for tourism development?
  - b. Who are the main investors to developing countries?
  - c. What are there general expectations?
  - d. Popular type of investments
3. How important would you rate the market analysis aspect of an application in terms of the other factors such as financial viability, experience, *etc.*, from both the
  - a. Demand-side
  - b. Supply-side
4. What do you experience as the most prominent shortcomings and challenges in relation to the market analysis when it comes to project submissions?
5. What do you believe **MUST** be included in the market analysis for a project proposal to have the best chance of success?
6. Is there a difference between a market analysis conducted at an international and/or national level and a market analysis conducted at a local government or destination level? Elaborate.
7. Any other ideas/comments that you wish to share?

**APPENDIX B:**  
**LIST OF INTERVIEW PARTICIPANTS**

<b>Date</b>	<b>Name</b>	<b>Position</b>	<b>Organisation</b>	<b>Province</b>	<b>Region</b>
23-Aug	Alfred Tau	Chief Director: Special economic Zones	Department Trade and Industry	Gauteng	Pretoria
25-Aug	James Daniels	Business development Manager	SANParks	Gauteng	Pretoria
11-Sep	Fezeka Mlungu	Business Development Manager	Eastern Cape Tourism Board	Eastern Cape	East London
12-Sep	Sandy Bird	Tourism Manager	Sunshine Coast Tourism (Ndlambe Municipality)	Eastern Cape	Port Alfred
12-Sep	Mpho Pebane	Director: Tourism	Nelson Mandela Bay Municipality	Eastern Cape	Port Elizabeth
14-Sep	Mr Mabunda	Business Development Manager	North West Parks and Tourism	North West	Mahikeng
14-Sep	Itumeleng Ditlhoise		North West Development Corporation	North West	Mahikeng
18-Sep	Joh-ne Jansen	LED Manager	Sol Plaatjie Municipality	Northern Cape	Kimberley
18-Sep	Eddie Manual	LED Manager	Dikgatlong Municipality	Northern Cape	Barkly West
19-Sep	Doreen Atkinson	Professor	NMMU	Free State	Philipolis
19-Sep	Frank Thlomelang		Free State Development Corporation	Free State	Bloemfontein
20-Sep	Tello Tebesi	LED Manager	Mangaung Municipality	Free State	Bloemfontein
20-Sep	Mahlatsi Matsehoa	Director: Tourism	DESTE	Free State	Bloemfontein
27-Sep	Lisa Sheard Tom Vorster	Executive Director Social Media and Marketing	Kruger Lowveld Ehlanzeni Tourism	Mpumulanga	Mbombela
28-Sep	Athol Stark	COO	Highveld Tourism	Mpumulanga	Ermelo
02-Oct	Mogi Moonsamy	Senior Dealmaker	IDC	Gauteng	Johannesburg
02-Oct	Gillian Saunders	Director	Grant Thornton Consultants	Gauteng	Johannesburg
10-Oct	Kate Rivett-Carr	Consultant	Consultant (previously DBSA)	Western Cape	Cape Town
10-Oct	Leigh Franks	Marketing Manager	Cape Town Tourism	Western Cape	Cape Town

10-Oct	Linda Mase	Product Development	Wesgro	Western Cape	Cape Town
13-Oct	Kiewiet van Rooyen	Manager	West Coast District Municipality	Western Cape	Moorreesburg
13-Oct	Yvette Odendaal	Manager	Bergrivier Tourism Organisation	Western Cape	Velddrif
30-Oct	Riaan Coetzee Don Mashele	Executive Direct Lending Executive Direct Lending	SEFA	Gauteng	Centurion
2-Nov	Jerry Mabena	CEO: Thebe Services	Thebe Investment Corporation	Gauteng	Johannesburg

APPENDIX C  
DELPHI SCHEDULE

**Definition of market analysis:**

Market analysis strives to determine the attractiveness of a product to the market, currently and in the future. It is a quantitative and qualitative assessment of a market, both from a supply- and demand side perspective, taking environmental influences into account. The market analysis is generally done for planning purposes, for launching a new product, for new projects, for expansions, to enter into new markets *etc.*

**Question 1**

We have listed a number of broad categories typically included in any market analysis assessment. In considering the tourism sector and more particularly, when doing a market analysis for a new project investment, kindly list items that you believe are essential for assessing each of these categories.

For example under the category of 'Target Market' you may look at items such as demographics, where they come from, behavioural characteristics, lifestyle, interests, *etc.* You may list any number of items, in any order

<b>Demand</b>	<b>Items</b>	<b>Where would you look for reliable data on the items you have listed?</b>
Target market		
Competitors		
Market size		
Market trends		
Market economics		
Distribution channels		
Other ..... .....		
<b>Supply</b>		
Core product/service/opportunity		
Supporting businesses		
Enabling environment		
Other ..... .....		

**Question 2**

What do you think are **generally** the barriers or challenges that potential entrepreneurs face when applying for funding to start a tourism business (small or medium enterprise; product or service; rural or urban)? At the:

**Personal level (e.g. lack of skills)**

**Local level (e.g. lack of cooperation from municipalities)**

**Macro level (e.g. legislation)**

**Question 3**

3.1 If you were asked to make an “informed” decision on an application for funding a new tourism venture/project/product/service, what would be your most important considerations in terms of the market analysis?

3.2 Do you believe there is a way to quantitatively assess whether demand meets supply? If yes, kindly elaborate on how you think this can be done.