CITY OF CAPE TOWN
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City of Cape Town

Cape Town Tourism Development Framework

Detailed Market Assessment

April 2002

Contents

1 Introduction

A vision for tourism product development for Cape Town over the next 20 years must be based on two underlying principles. Firstly, market needs. Understanding the markets that Cape Town is attracting currently and its opportunity growth markets in the context of the competitive environment will ensure that future product development is appropriate and attracts increased visitors and economic return from these markets. Secondly, for Cape Town to make the quantum leap of being globally accepted into the calibre of cities such as Rio, Barcelona and Melbourne, ambitious projects must be undertaken to prompt aggressive growth in a wide range of markets over the next 10 years. Such projects must serve to increase market penetration, extend length of stay and expenditure, encourage short breaks and reduce seasonality.

On this basis, a parallel process of investment and general product development must be planned for and achieved over time. Investment will facilitate the development of icon products that fill a gap in existing product provision or anticipate a market trend, and will be the catalyst for significant job creation through construction and operations. General product development must be focused on increasing quality, standards and professionalism, encouraging small businesses and PDI (previously disadvantaged individual) involvement in the tourism industry, improving product provision and packaging through the travel trade and generally expanding the number and diversity of smaller products. General product development activities will create smaller numbers of jobs but will provide the necessary skills and experience for PDI's to play a greater role in the industry. Both processes are critical to ensure tourism contributes towards significant job creation and economic growth of the region. Direction as to the types of products required for development will be informed by market needs.

2 Product development versus investment

2.1 Introduction

To ensure sustainable tourism development and growth for Cape Town over the next 20 years, there must be both strategic product development and investment in the industry, working in parallel to achieve growth objectives. Product development includes programmes to increase the standards of quality, service and professional in the industry. It includes the encouragement of new small businesses and products, themes, touring routes, range of short tours, concepts and the linking of products, businesses and events. Product development also importantly includes making these products saleable to the travel trade in the form of packages that will suit travel trade and market needs and special deals. Investment involves funding for both basic infrastructure to support market consumption of experiences and for catalytic projects, which will fill a gap in the marketplace or anticipate significant growth capitalising on market needs.

Product development and investment complement one another and must not happen in isolation. If small product development programmes are funded to the detriment of larger catalytic projects, significant impacts on unemployment and economic growth and redistribution will take much longer to be achieved. A strategic vision for a number of catalytic projects over the next decade will provide the foundation to ensure that impressive growth and reduction in unemployment will be achieved. These processes must work in parallel towards substantial and sustainable growth.

2.2 Future focus

On the basis of global competition, trends in the tourism industry and existing and future market needs, there needs to be a paradigm shift in the evolution of tourism development.

Turning away from	***Turning towards***
Passive consumers →	Involved participants
Mass markets →	Identified segments and niche markets
City tourism →	Urban gateways
Separate activities →	Integrated experiences
Single activity focus →	Multiple activity focus
Seasonal visitation →	All weather visitation
Mega attractions →	Franchise opportunities
Fully packaged tours →	Menu of experience options
Theme parks →	Experience centres

Source: The New Tourism and Leisure Environment by Clive B.Jones, Economic Research Associates

Involved participants - Tourists need to have interaction with their physical and social environment, as they're no longer satisfied with being passive observers. Therefore high quality interpretation and entertainment value is important and individualised properties of high quality should be encouraged.

Identified segments and niche markets – Targeting high yield core markets and niche segment opportunities will focus development options and provide a clearer vision for the future development of the city.

Urban gateways – The role of cities will expand from a 2 or 3 night visit to an integration of urban experiences with rural or special interest excursions.

Integrated experiences – Multi-dimensional leisure development will move further to the true integration of shopping and recreation, entertainment and education and culture and meetings/business centre development.

Multiple activity focus – Providing a greater menu of activities to accommodate the increasingly wide range of activities and interests desired by the individual consumer and families.

All weather visitation – Becoming attractive to markets that are less weather dependent such as conventions, specialty markets such as eco-tourism, culture/heritage, education and training).

Franchise opportunities – Major leisure operators are looking to capitalise on their brand equity by franchising smaller scale, specialty recreation opportunities.

Menu of experience options – Tour operators are increasingly structuring their itineraries around optional programs increasing schedule flexibility.

Experience centres – Large theme parks will have to move from mass attendance attraction packages to smaller capacity, more personal products.

CMA must have a future vision in mind to position itself with other world class cities in the world that are already developing tourism product along these lines. Some key considerations will include interactive museums and technologically advanced entertainment centres, areas of focus within the city for both business and entertainment development, new niche markets, flexible packaging and high quality individualised and personalised products. Following the market assessment, these principles will be kept in mind when making specific recommendations in subsequent reports.

2.3 Facilitating growth

Within an understanding of the global trends of product development, CMA must carefully analyse the ways that it can most effectively facilitate growth in relation to its own markets and current and future product positioning. There are a number of strategies that can be undertaken to facilitate growth of markets and therefore the tourism industry over the next few years.

Market penetration – growing Cape Town's share of the UK, German and US markets through raising awareness of Cape Town's product strengths, by increasing Cape Town's presence in packages in these markets and offering special deals.

Extend length of stay and expenditure – through information provision and travel trade education, raising awareness of the wider range of activities in and around Cape Town, particularly stressing the proximity of the hinterland areas. Targeting special interest niche markets which generally stay longer and pay a premium for their special interest experience.

Reduce seasonality – increasing events in winter, produce themed winter packages and short break getaways throughout the year for the domestic market and focus on different international markets in the low season.

Expand and diversify product provision – to instigate and cater for future demand, Cape Town must continually grow the numbers, quality and different types of products and experiences it has to offer.

To be able to achieve these strategies there must be basic infrastructure provision to support this growth and there must be investment in larger scale projects which enhance the portfolio of visitor experiences. These strategies can only be achieved through a parallel product development and investment process.

2.4 Basis for growth

Support infrastructure and resources must be must be developed and maintained at the highest quality to sustain existing markets and provide a foundation for attracting new markets. The following trends in development programmes provide an indication of the areas of focus for tourism development in the future.

- Transportation and utility system improvements;
- Community education and training programmes;
- Environmental enhancement and heritage conservation programmes;
- Interpretation, entertainment and information sites around regional themes and identities;
- Product packaging and travel trade education programmes;

- Application of multi-media technology to improve information provision and the interpretation of tourism attractions and presentation of historical and cultural programmes.

More detailed recommendations relating to the actions which Cape Town must undertake in these areas will provided in subsequent reports.

2.5 Investing for future growth in these markets

To facilitate significant growth in visitor numbers, market share and economic returns there are key areas where large scale investment is required.

Major Attractions – Based on market preferences and needs, new major attractions should focus around ambitious museum, theatre, heritage, markets and nature attractions.

Accommodation – Cape Town must be prepared to accommodate growth in the markets identified to ensure that they will come, and presently there is an under supply of accommodation in the four and five star level to accommodate sophisticated, high spending travellers, MICE travellers and event attendees.

Transport Facilities – The area of most dissatisfaction with current visitors is the quality of the public transport system and its lack of linkages between attractions and areas of interest. If the public transport system is improved then length of stay and diversity of attractions visited will increase.

Event and Entertainment Facilities – Cape Town is developing a strength in sports and events and world-class facilities need to be developed to expand the range of sports and events that can be hosted in the city. For example a tennis centre with a retractable roof could double as a sporting venue and a concert venue.

Government/Business Facilities – World Class business complexes for government and other leading business activities would provide an opportunity for SADC committees to be hosted in Cape Town as well as other African and Southern African business centres.

Critical mass/areas of focus and connectivity – buildings and streetscapes which can be invested in to create a precinct with a particular theme, would create areas of focus and a sense of connectivity within the city. E.g. Muizenberg could develop into a seaside artist colony with the right investment.

These types of "hallmark" projects will only be successful if the foundations of basic infrastructure provision are being achieved at a level commensurate with that of other key competitive destinations. These projects will be prioritised on the basis of market opportunities, contribution to economic growth as per the level of job creation and how they add value to Cape Town's future product positioning.

2.6 Build on product strengths

Cape Town must build on its product strengths, which have historically formed a solid foundation to promote the city and gain brand recognition world-wide. Therefore product development and investment projects must support these product strengths. They must complement the fabric of Cape Town and its character as well as the other attractions. The Joint Marketing Initiative (JMI) identified a number of product strengths, the core ones being:

- Scenic beauty;
- Cosmopolitan lifestyle; and
- Entertainment & Music.

The following attributes have the potential for growth based on the needs of current target markets and future growth markets.

- Events;
- Shopping;
- Culture;
- Wine;
- Museums;
- Adventure
- Whales;
- Golf; and
- Conventions.

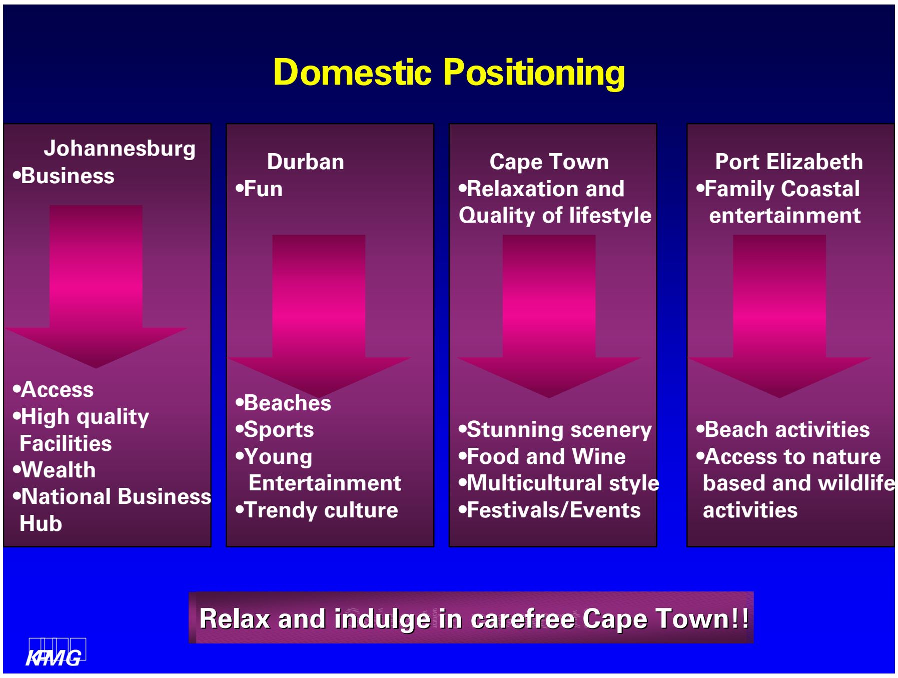
Product development should also focus on developing these strengths into unique selling points for Cape Town. For the international markets, the cultural and adventure elements should have increased emphasis, with activities such as events and adventure being particularly important for the domestic market. In the next phase we will identify how these strengths should be developed from the perspective of spatial relationships and linkages.

2.7 Product positioning

The success of future product development will, to a large degree, depend on the strength of unique product position that Cape Town can create for itself in both the international and domestic markets, in relation to its main competitors.

2.7.1 Domestic positioning

Historically, Cape Town has had a strong position domestically, being the natural summer playground for high income earners primarily from Gauteng. Looking toward the future and the objective of significantly increasing growth rates in domestic visitation per annum, Cape Town must consider attracting new opportunity markets. The significant travel market of the future will be the emerging young black traveller. Durban already has a strategy of attracting this market with beaches, sport and trendy culture and is proving quite successful in gaining visitors from the main source market of Gauteng. Therefore there is an opportunity to target the emerging mature black market for relaxing, entertainment or indulgent short breaks. Cape Town's product development should then support such a competitive position.



On the domestic front Cape Town's product must portray an element of indulgence and style but must not be exclusively international or elite. The broader domestic market, particularly the emerging travellers must feel comfortable that Cape Town is accessible to them.

2.7.2 International positioning

From an international perspective the location of Cape Town and the lack of access to regional markets dictates that a very strong product position needs to be developed to be successful in relation to competing destinations. We have chosen a few of Cape Town's main competitors based on their similar product attributes to compare emphasis on product attributes; some are established and some emerging.

Cape Town can distinguish itself from these competitors through emphasising its stunning coastal and mountain scenery, the particular Cape Town flavour of African culture and its stylish and individualised experiences rather than just a "big city" feel.

2.8 Conclusion

For Cape Town to be globally competitive and to be able to facilitate and sustain significant growth over the short to medium term, product development and investment must be recognised for the roles they play in stimulating the tourism industry. Product development programmes through SMME and entrepreneurship support, training, packaging of products for the travel trade and industry professionalism play an important role in transforming the industry. Investment in terms of capital projects that will provide additional attraction features, links to existing product and meet gaps in the market are also important from a job creation and diversity of infrastructure point of view. Both areas should be based on an understanding of market needs and where Cape Town wants to position itself in the future – a breathtakingly natural, stylish, progressive and world class tourist destination.

3 Target marketing and product development

Product and market development strategies and activities for the Cape Metropolitan Area (CMA) should be directed to those markets that will provide the greatest return on investment. In order to achieve desired strength in visitor numbers and high yield it will be important to build upon the base that already exists (from a product, market and infrastructure perspective) whilst planning for the future. This process will shape the identity, positioning and success of Cape Town.

The following diagram highlights the importance of this approach:

Tourism delivers markets to products and therefore is inherently spatial. Successful tourism destinations focus on matching product to markets and by providing the infrastructure required to link the two. By understanding the different travel motivational factors of market segments, emphasis is placed on the strength and diversity of products and both spatial and market linkages are forged to achieve critical mass, destination positioning and differentiation. This represents sound tourism planning practice which is based upon the belief that positive spatial patterns such as networks, clusters, circuits and other opportunities should be reinforced in order to capitalise on available market opportunity. On this basis individual products/attractions/areas can grow from strength to strength, achieving sustainable growth and ultimately job creation through tourism.

There are different ways to segment the markets. Primary target markets consume travel in different ways. We must understand the way they purchase travel, which will have implications for the way products are packaged and sold through the travel trade. Lifestyle and niche segments provide groups of people with similar motivations and interests that prompt travel. Lifestyle and niche segmentation allows us to have a clearer understanding of the product needs which motivate specific groups to travel. Product can then be more specifically tailored to attract these markets. Product must be tailored at all links in the value chain to influence all stages of the customer decision-making process. From raising awareness of what Cape Town has to offer, to making it attractive and easy to purchase a trip, to then converting that interest into action and securing a booking. Having the right mix of product is the first critical step in this equation. The tourism industry talks about "product" but in consumer terms, it is the *experiences* made up of product and the *benefits* of those experiences that will define a consumer's product need. Our market assessment will focus on the types of experiences that these markets are looking for and therefore the implications for future product development in the CMA.

4 Building volume with core target markets

4.1 Introduction

The success of Cape Town as a tourism destination will be informed by market demand and future investment opportunities created. Destination Cape Town faces the challenge to target, attract and grow a mix of different market segments. Investors are interested in return on investment, which is dependent on levels of demand and growth. Cape Town must build on existing markets to expand volume of core markets. It is only through increased volume of high yield mass markets that aggressive growth will be achieved, which will translate into increased investment, job creation and sustained growth of the tourism industry over time.

Recent SA Tourism research and Cape Metropolitan Tourism (CMT) research shows that the core international markets providing the greatest short term opportunity for South Africa and Cape Town are the UK and Germany, with the US also being a core market but providing a larger opportunity over the long term. The SA Tourism research also shows that we are not even scratching the surface of these markets. The size of these outbound travel markets is substantial in worldwide terms and South Africa is attracting a minimal proportion of these travellers to its shores. Cape Town is attracting a majority of the holiday-makers from these markets that travel to South Africa, however there is an opportunity to attract larger proportions of the outbound travellers from the source markets.

On a negative point, the international tourism market is more at risk of being significantly affected by global economic downturn, political events, war and natural disasters, which puts Cape Town at the risk of being reliant on favourable international environments to achieve and sustain growth over a period of time. Therefore Cape Town must not focus on the international market alone, but the opportunities in both the domestic and regional African markets must be defined in terms of the implications to product development.

The majority of domestic visitation is currently confined to the summer holiday periods from December to February, with events heightening March visitation. Johannesburg and Durban already have stronger positioning in the domestic market than Cape Town, therefore future product positioning and development to extend domestic visitation needs to be explored.

Similarly, if Cape Town is to compete with Johannesburg and Durban in the regional African markets given the closer proximity of these destinations, Cape Town must develop strongly tailored products and positioning for the needs of the regional markets. Both the domestic and African markets are less volatile and subject to global circumstances, therefore product development must take into account, strategies to develop these markets further.

4.2 Geographic source markets

The main drivers of tourism demand include *wealth, access, time, proximity, travel behaviour patterns, information* and *tourism demand generators.* An ongoing examination of geographic tourism markets must form the base of decisions made on future development and strategies adopted to maximise outreach, attract investment and achieve sustainable growth.

The following can be identified as core source markets for Cape Town.

International – United Kingdom, Germany and United States

Domestic – Gauteng, KZN and Eastern Cape

(Regional – Botswana, Mozambique, Namibia and Zimbabwe)

The international markets will be the main focus as they provide the greatest opportunities for growth. Growing the domestic market will be a more difficult job for Cape Town given the full occupancies throughout the summer months and the competitive positions of Johannesburg and Durban in tapping into the emerging local Africa market and the proximity between the two destinations. However high yield niche market growth could sustain Cape Town's visitation through the winter months and unstable international periods if substantial investment is provided. The regional markets are not a core market for Cape Town but should be included in domestic marketing strategies where relevant.

5 Core international markets

5.1 Introduction

Cape Town has a growing reputation as being an emerging international destination. Although it has the potential to significantly grow visitor numbers and market share from its core source markets, issues of proximity to source markets, airline access and perceptions of safety will continue to be constraints in the future. Therefore, tailored product provision, exciting new product development and product packaging will be critical for the expansion of these markets.

5.2 Source markets

5.2.1 Introduction

It is well known in the Cape Town tourism industry that the core international markets, in synergy with SA Tourism's priority markets, are the UK, Germany and North America. A brief summary of the demographics and characteristics of current international visitors to Cape Town in 2001, comes from Cape Metropolitan Tourism's seasonal visitor surveys and in shown below.

International Visitors to Cape Town 2001
Source markets
Over twenty percent of the international market is from the UK, 19% are from Germany and 11% from North America. 25% of international visitors have been to Cape Town at least once in the past 5 years.
Age, lifecycle and occupation
43% of international visitors are aged between 18 and 35 years, with just over one third aged 36 to 50 years. Nearly three quarters are single or married without children. Nearly half the international visits are professionals, executives or managers.
Purpose of visit and travel arrangements
The majority of international visitors were travelling for holiday reasons or because of word of mouth recommendations. VFR was also a strong draw card for international visitors. Again, attractions are not as popular in the winter months.

Average length of stay and seasonality
International tourists spend an average of 9 days in Metropolitan Cape Town in Summer and 7.5 in Winter. International visits are most likely to spend between 3 days and a week in Cape Town (54%). International arrivals are spread evenly throughout the year. The summer months are more favoured, but the fact that the northern holiday season is in mid-year, strengthens winter arrivals. Only 16% of the international market visiting Cape Town are part of an organised tour group.
Repeat Visitation
One quarter of the international market has been to Cape Town in the last 5 years. Of the business visitors, 51% have visited in the last few years.
Accommodation
The majority (37%) of international tourists stay in hotels. Nearly one third stay with friends and relatives, with 15% staying in a B&B or guest house.
Attractions and highlights of visit
The Waterfront and Cape Point were the two most popular attractions in Cape Town during 2001 attracting 85% and 59% of visitors respectively. These main attractions were followed by Table Mountain (50%), Wine Routes (37%), Kirstenbosch (30%), Aquariums (27%) and Robben Island (23%).
Facilities Utilised
Over 80% of visitors used the airport and Cape Town restaurants during their stay. Interestingly, 45% used car hire. Other facilities used included Meter Taxis (19%), Bureau of Exchange (18%), Tour Operators (15%) and Minibus, Bus and Train, 10%, 7% and 6% respectively.
Internet Access and Surfing for Information on Cape Town
Over 80% of the international market has internet access and conversely to the domestic market, over half of them (56%) used the web to access information on Cape Town.

Source: Cape Metropolitan Tourism Seasonal Surveys, 2001.

International visitors are generally young (between 18-35 years), without children, who are in professional or management positions. The majority of travellers are holiday free independent travellers (FIT) or VFR travellers. Only 16% of the international market travelled to Cape Town on a packaged tour, which presents an opportunity for Cape Town to substantially grow this proportion of the market. Additional comments provided, showed that the international market thought that improvements required were safer, higher quality and more widespread public transport with better connections between key attractions. More integration, interpretation and showcasing of African cultures, in terms of restaurants, markets and museums also came out strongly.

The following sections provide a brief summary of the characteristics of the core outbound markets, focusing particularly on recent South African Tourism research that provides profiles of segments and their motivations.

5.2.2 UK market

5.2.2.1 Introduction

The UK is one of the world's five largest tourism source markets having an estimated 7.1 million holiday travellers. Holiday travel accounts for over 70% of all outbound trips, with business comprising approximately 15%. *(source WTO, 1998).*The UK market is of particular importance to South Africa accounting for approximately 24% of all visitor arrivals in 2000. The current strength of the pound against other currencies, particularly the rand, and low cost airfares, means that South Africa is an affordable destination. Despite this, 2001 saw a total of 347,000 arrivals to the country, a decrease of 3% over 2000. *(Source SA Tourism).* The decline has largely been attributed to issues of safety. The UK market seeks attractive and safe destinations. The scenic beauty of South Africa has some recognition in this market, but the safety issue is a critical one to address in the promotion to this market. A decrease in the accessibility of South Africa as a result of fewer airline seats is also a contributing factor to the decline in arrivals.

5.2.2.2 Outbound Travel

There are two types of outbound holiday segments from the UK: one is the **sun & beach holiday** to relax, get away from everyday life and experience a warmer climate than the typical British one. The other is a **combination of city holidays and touring** to widen one's horizons and **experience other cultures and lifestyles.**

The use of the travel trade to book holidays through travel agencies and tour operators is very high compared to other markets and highlights the need to educate these demand generators as to the attributes of Cape Town as a destination.

5.2.2.3 Visitors to South Africa

Recent SA Tourism research found that although UK travellers preferred packaged tours to independent travel. Only 13% of UK travellers to SA in 2001 were found to be on packaged tours. CMT must ensure that the attributes of Cape Town are packaged in a unique and exciting manner in order to ensure that visitation from packaged tours is maximised.

Length of stay in South Africa rose from 16 days in 2000 to 16.4 days in 2001. Seasonality is high for trips to South Africa from the UK with dips experienced, particularly in May. Opportunities to maintain visitation levels during low seasons through discounted packages must be explored.

South African Tourism's younger UK market is called the "Short Stay Organised Breaks" segment and initial results highlight the following.*

'Short Stay Organised Breaks'	
Characteristics	Mindset
■ 25 – 35 years ■ well educated ■ high disposable income ■ experienced long haul travellers	■ Sense of adventure ■ See themselves as travellers rather than tourists ■ Want new experiences
Motivational Experiences	Travel Behaviour
■ Scenic offerings ■ Wildlife reserves ■ Cultural experiences ■ Nature ■ Museums ■ Art galleries ■ Challenging activities	■ Information sought through the internet ■ 39% book through travel agent ■ Visit Cape Town, including Waterfront, Table Mountain and Cape Point.

The CMA provides world class scenic and natural offerings in terms of Table Mountain, Cape Point which are strong draw cards for the UK market and other coastal and hinterland scenery. The younger market not only wants to understand the cultural aspects of the CMA in terms of its apartheid history such as that displayed at Robben Island but also wants to experience and understand cultural lifestyles.

The Lookout Hill project in Khayelitsha, with a sea view, craft centres and visitor centre to be developed is attempting to create a new focus for visitors and significant experience for coaches to utilise in itineraries. However, currently Cape Town is limited in showcasing the rich multicultural heritage of the region in one attraction and existing attractions are not cohesively linked in a product or marketing sense. Many museums are traditional in their customer displays and could be made more interactive and contemporary in their interpretation to heighten the quality of the experience for today's markets. Township tours, various museums such as Bo Kaap and the District 6 Museum are important cultural assets but are not currently an *integral* part of the tourists' experience. The quality of the visitor experience, transport linkages and marketing need to be improved.

The other particular product attributes that have not been fully developed or promoted, are the challenging or adventurous activities. This young market has a keen sense of adventure and although the scenery may be the main attraction, activities are an important element of the total experience. Hiking is an obvious strength already, but the various rock climbing and mountain biking experiences can be built upon. Backpackers particularly, spend large amounts of money on activities. Diving is not a competitive strength compared to KwaZulu-Natal due to the lower level of visibility in rougher waters, but other ocean based activities can be built upon instead. Sea kayaking and whale and dolphin watching boat trips are two examples.

The older market identified consisted of two sub-segments who had some similar characteristics as shown below

'Confident Golden Relaxers' and 'Luxury Tour Group'	
Characteristics	Mindset
■ Couples aged 45 + years ■ Children have left home ■ Growth segment of population	■ Young at heart ■ Keen to enjoy their freedom
Motivational Experiences/Attributes	Travel Behaviour
■ Scenic offerings ■ Warm climate ■ Wildlife ■ Value for money	■ Plan holiday extensively ■ Longer stay because of retirement status ■ Can be encouraged to stay in low season when prices are cheaper and other international visitation is low ■ Enjoy touring

These markets provide the opportunity to boost off-season visitation as they have fewer time restrictions and can wait until special deals for the winter, make the travel more cost effective. They have specified that wildlife attracts them to South Africa but this can also relate to bird watching and whale watching opportunities that the CMA has to offer. The link between Cape Town and other hinterland areas is also important for these markets as they enjoy extended touring.

The UK market will most likely continue to be attracted to the coastal areas of the Western Cape, KZN and the wildlife of Kruger National Park within the total South African experience. Specifically, Cape Town needs to focus on reinforcing the strengths of the natural attractions and the link to wildlife, art and cultural attractions, nature based and adventure activities, and promoting 'value for money' packages to Cape Town.

5.2.3 German market

5.2.3.1 Introduction

Germany is one of the most important source markets for outbound travel in the World, with an estimated 5.24 million long haul travellers. Germans are educated travellers and research a destination thoroughly. They are also explorers and enjoy new destinations.

5.2.3.2 Outbound travel

The most common type of holiday undertaken by Germans is **sun and beach**. Such a vacation involves swimming and sunbathing and generally spending time **relaxing and socialising with friends and family**. Enjoyment of **food and drink** is very important to this market, as is the ability to enjoy **local hospitality**.

The number of Germans booking through a travel agency is on the decrease. Less than 57 per cent used the services of a travel agency and 24 per cent booked directly with an airline or hotel company. New technology and a desire to be independent will impact greatly upon this market in the future. CMT must ensure that individual products within Cape Town are able to provide on-line booking services.

5.2.3.3 Visitors to South Africa

South Africa currently attracts only around 210,000 German visitors per annum, while it was found that some 17 million Germans could afford to visit. More German tourists come to South Africa on packaged tours than the UK market and value for money, beauty, no jet lag and a developed infrastructure are seen as strengths for South Africa.Once again the importance of packaging Cape Town as a unique and exciting product is highlighted.

The preliminary South African Tourism research suggested the following segments as the core focus. The younger market, the "German Medium Tour" market has a very similar profile to the young UK segment.

'German Medium Tour'	
Characteristics	Mindset
■ 25 – 35 years ■ well educated ■ successful and independent ■ regular travellers	■ Sense of adventure ■ See themselves as travellers rather than tourists
Motivational Experiences	Travel Behaviour
■ Scenic offerings ■ Local cultures ■ Wildlife	■ Travel in groups ■ Stay average of 16 days in South Africa ■ Stay in hotels and enjoy B&Bs too

One particular insight here is the growth of boutique and more individualised accommodation such as bed and breakfasts.

The "Luxury Tour" segment are the older market but their mind set is very much young at heart and exploratory.

'Luxury Tour'	
Characteristics	Mindset
■ Mature couples aged 45 + ■ No children at home	■ See themselves as young and fit ■ Ready to enjoy their freedom
Motivational Experiences	Travel Behaviour
■ Natural settings ■ Open spaces ■ Cultural heritage ■ Attractive scenery ■ Interested in political and social transformation of the country ■ Outdoor activities ■ Physically active excursion such as walking, cycling and riding	■ Stay average of 12 days in South Africa ■ Stay in hotels

They're extremely interested in the natural settings and open spaces South Africa has to offer so the CMA's coastal and hinterland experiences will be important. They are also particularly interested in the political and social transformation of the country which means that Robben Island, combined with other attractions such as the Bo Kaap Museum and the District 6 Museum are important attractions to profile and link.

5.2.4 US market

5.2.4.1 Introduction

The United States is one of the largest countries in the world with a population of 260 million. Over 95 per cent of US citizens travel domestically and as a result the number of outbound trips is very low. Since 1992 the number of US travellers abroad has continually increased by 20 per cent. The perpetuation of conflict and domestic fear following the September 11 attacks on the US will obviously inhibit propensity to travel, but the country's population continues to expand at such a rate that its potential outbound market will emerge even stronger once current fears and economic difficulties are eventually surmounted.

Proximity, access, comfort, safety, differentiated experiences, etc. are some factors influencing choice. Although the number of US arrivals to South Africa has increased within recent years accounting for 12 per cent of arrivals in 2000 (181 632), this base is significantly small in the context of total outbound trips – e.g. in 1997, WTO reports that approximately 21 million overseas trips were made.

5.2.4.2 Outbound travel

Two thirds of overseas trips are leisure trips (holiday and visiting friends and relatives), and approximately one third is business purpose. Main activities on leisure trips include visiting historical places and other sightseeing, shopping, touring, and visiting small towns and villages. Apart from hotels, other commercial accommodation is not of significant importance. The majority of outbound/long haul travel takes place between March and September

Approximately 67 per cent of overseas trips are booked directly through the travel trade. This is high in comparison to the UK and German markets.

5.2.4.3 Traveller characteristics

American long haul travellers are upper income, highly educated urbanites who are independent and self assured. They travel frequently, taking one long haul vacation every year where they seek new and unusual experiences with great enthusiasm.

The two key markets are older sophisticated travellers (mostly professional) aged 45 plus, who seek discovery of other cultures, safety and comfort, and younger single adventure seekers who are aged 25 to 49 who seek great stories to tell. Main regional source markets are New York, Philadelphia, Washington DC and California.

The Internet is having a profound effect on the business and personal lives of Americans. It is influencing how they receive information and how they buy products. It is a key distribution and communication channel and it is vital that CMT uses this global tool as a means of educating, informing and persuading the US market to visit Cape Town.

Product packaging and information provision and distribution through the Internet will be the key to reaching and attracting this market. From a South Africa perspective, establishing relationships with trade (e.g. travel agents, tour operators) in-market, will be critical as will be targeting media to influence perceptions and crate excitement about the South African experience. Cape Town's product strengths and the contrast of cosmopolitan and countryside experiences will position the region well to be included in the South African experience if the information is provided that motivates inclusion in traveller itineraries. The American market has a desire to experience "Africa". It is the promotion of African experiences that is a hook.

5.2.5 Conclusion

This market insight shows that Cape Town needs to build stronger linkages between traditionally strong product such as natural attractions and cosmopolitan lifestyle elements and the products that need further development such as museums, multicultural experiences and adventure. Museums and multicultural experiences need to be developed on the basis of providing a range of integrated experiences for the visitor. And in adventure product development, linking the city experiences with adventure activities will be important.

5.3 Traditional segments

5.3.1 Introduction

A broad based segmentation that has been traditionally used in the tourism industry provides distinct groupings based on ***purchasing behaviour*** and must be taken into account in product, market, positioning and investment strategies.

These principal segments include the following:

- Free Independent Tourists (FITs);
- Package Groups; and
- Corporate Travellers.

The CMA product will be in a position of strength to attract them, albeit for different reasons.

- **Free Independent Tourists (FITs) –** This segment consists primarily of tourists who choose a destination and arrange transport and accommodation for their vacation, making the reservation either directly with the service provider, through a travel agent or increasingly over the internet. They develop personal itineraries, generally have a high disposable income, are attracted by a destination's attributes, lifestyle images (relaxation, indulgence, health, activities etc), product quality, diversity of facilities and attractions, strength of brands, are loyal, influenced by word of mouth, increased internet usage and are generally a young to middle aged group.

  Cape Town attracts a large proportion of the FIT visitation to South Africa. This is largely due to Cape Town's growing reputation and brand awareness as an international destination. The combination of beautiful coastal scenery, quality cosmopolitan lifestyle experiences such as restaurants and shopping as well as entertainment and music, are highly attractive to this segment. Access, in terms of airline seat capacity, indirect links from certain source markets through Johannesburg International Airport to Cape Town International Airport and lack of accommodation capacity in summer months are constraints to growing this market. Building on product strengths such as events, museums and culture, wine and adventure activities as a set of complementary experiences will be important for the future growth of this segment. Events combined with competitively priced airfare and accommodation options for the first few days stay, will encourage more timely travel by this segment outside of peak periods.

- **Package groups** – tour operator/travel agent groups, are price sensitive, generally middle income and mature travellers, packaged holidays inclusive of accommodations, transfers and airfare and require recreational amenities and entertainment.

  Regardless of lifestyle segmentation or travel motivation, price sensitivity tends to be high amongst this market segment, as they have become accustomed to the bargain fares offered by wholesalers. The different sectors are described below:

  Wholesale packages – wholesale package holidays have been popular among middle-income tourists for several decades. Tourists appreciate the convenience and price associated with purchasing a package vacation. Wholesale packages may be purchased through retail travel agents or directly from wholesale travel agencies. Packages range from several days to several weeks and normally include airfare, lodging, a choice of meal plans, ground transport, taxes and gratuities. The significant volumes generated through packages of this nature allows wholesalers to command net room rates ranging from 35 to 50 per cent off published rack rates.

  Tour/travel groups – tour operator and charter groups are comprised generally of more price-sensitive, middle-income travellers who often travel in groups ranging from 60 to 90 persons. This market usually makes their reservation through a retail travel agent offering a reasonably-priced package that is put together by a wholesale travel agent. Again this package is usually inclusive of accommodations, transfers and airfare.

  Wholesale package and tour group demand is generally characterised by the following:

  - extensive recreational amenities and entertainment;
  - high double occupancy factor;
  - average length of stay between seven and fourteen days; and
  - room rate discounts generally ranging between 25 and 40 per cent, however, often reaching as high as 50 per cent in low season.

  When selecting a destination, wholesale package and tour groups are primarily concerned with accessibility and reasonable hotel, air and ground transportation costs. Cape Town has not fully capitalised on tour group opportunities and must focus on making package prices competitive. Special priced packages for the winter season in certain markets will encourage increased visitation and contribute towards addressing issues of seasonality.

- **incentive groups** – enjoy expense paid vacations offered for jobs well done, minimal price sensitivity as they are not directly paying, have high expenditure levels, often travel with spouses, require meeting space, banquets, upscale facilities and quality service, seek more recreation than work and eco-incentive destinations are becoming popular. This segment seeks more recreation than work so the availability of golf, tennis, boating and other entertainment is important.

Although constrained in the past several years due to adverse economic conditions, incentive travel is a growing business in Europe. As it is the purpose of an incentive to motivate, destination choice is dependent on the ability of a destination to provide an all encompassing "wow" experience for the incentive group. A diversity of quality product provision and excellent service are therefore key requirements when attempting to attract this market. The general increase in global competitiveness, growing strength of major corporate players and the ease of bringing people together is likely to see continued growth of this management tool.

Cape Town, often packaged with Sun City, Kruger National Park and Victoria Falls, currently attracts the majority of international incentive travel to South Africa. The current visitation only scratches the surface of the market world wide and there is opportunity to package up more unique experiences in the region to attract this market. The emphasis must be on "unique" activities that cannot be purchased "off the shelf" of any travel agency.

In addition since the purpose of the trip is to motivate, an upscale facility and good service is important in attracting this market segment. Affiliation with one of the world's pre-eminent hotel management companies, a unique offering of hotel and recreational amenities and facilities are important components of success.

- **business groups –** focus for the CMA lies in pre/post tours. Segment has established limits for accommodation, book meetings 2-5 years in advance therefore are definites, prioritise access, quality service and a variety of recreational amenities and attractions.

  The new Cape Town Convention Centre will begin to rectify the inability to attract significant proportions of the conventions market that was present in the past. The extensive conference and meeting facilities and adjacent new hotel developments are expected to create demand from this segment. This market segment is briefly summarised below.

  Convention and association groups – generate functions ranging from small board meetings to large membership meetings for professional, educational, political and social events. Also included in this market segment are trade fairs and exhibitions. These groups often range in size from 500 to 1 000 persons. These groups often have established limits for lodging expenses and are usually rate sensitive. These groups typically book two to five years in advance and prefer to host their meetings in the Spring and Fall. Average length of stay is between one and four nights and a high double occupancy is typical. Accessibility, quality service, state-of-the-art meeting facilities and a variety of recreational amenities is important in attracting this segment.

  Corporate meeting groups – generates a variety of functions including management and sales meetings, educational and training seminars, new product introduction ceremonies and social events. The group sizes generally range from 15 to 300 persons depending on type of function. The typical average length of stay is between one and four nights. Because many of these meetings are a combination of work and leisure, multiple occupancy can range from 50 to 90 per cent. Price sensitivity is moderate and fluctuating depending on group size, nature of meeting, food and beverage requirements and average length of stay. Typically the market seeks a quality hotel with consistently good service, state-of-the-art meeting facilities and a variety of recreational amenities. Proximity to major markets, easy access and good telecommunications are also important.

Government – South African and Southern African Government conventions and meetings comprise a large proportion of the South African business market. From our discussions it appears that groups range in size from 50 delegates to 200 delegates. Currently this market is focused in Johannesburg, Pretoria and Durban. The new convention centre provides an opportunity to attract a greater number of Government groups.

The new conference facilities combined with improved room stock available places Cape Town in a much improved position to attract demand from the above markets. Pre and post touring now needs to be linked to the attraction and servicing of these markets once in Cape Town.

5.3.2 Conclusion

The unique and diverse product portfolio of Cape Town creates significant opportunities to attract individuals and groups from these diverse market segments. Destinations around the world are however, competing for business from the same market segments and competition is intense. By obtaining a greater understanding of the lifestyle values of key segments, competitive advantage can be achieved.

5.4 Lifestyle segments

5.4.1 Introduction

Understanding the motivating factors associated with travel and the kind of experiences and products enjoyed, provides an opportunity to make informed decisions with regard to product development and positioning. Building on previous work, we have used the profiles derived from data on visitation to the Western Cape. The international data focused primarily on Cape Town and although the domestic data was wider regional visitation, most people incorporate Cape Town in their trip and therefore the profile will be generally representative of the profile of Cape Town visitors as well.

For both the international and domestic markets, understanding the emerging lifestyle segments begins to show some consistent themes in terms of favoured experiences and therefore the implications for product development in the future. For example, the "Vibrant and Energetic" and the "East Coast Professionals" are interested in the experiences of urban tourism such as shopping and entertainment, cosmopolitan culture including arts and theatre, as well as themed touring such as wine routes, nature and cultural experiences.

5.4.2 Segment profiles

Within the international market three key segments have been identified.

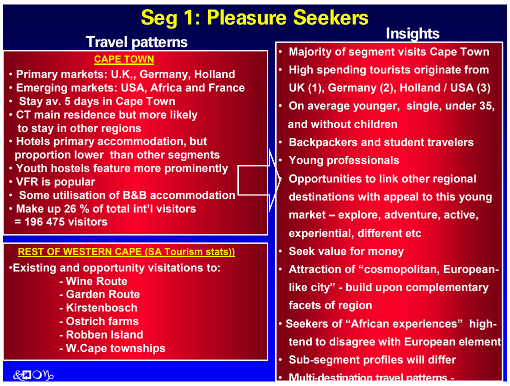
- The **"Vibrant and Energetic"** are primarily from the UK, North America and Germany and are at their peak earning potential. They enjoy experiencing something new and want enriching experiences. This segment spends more per day than the other segments and overall are the most valuable group. Cape Town linked to the wine route is an important concept with this segment. Easy access is critical in terms of packaged product, air access and transport availability. Products must focus on special interest such as golf, food and wine, adventure, touring, events and health and fitness.

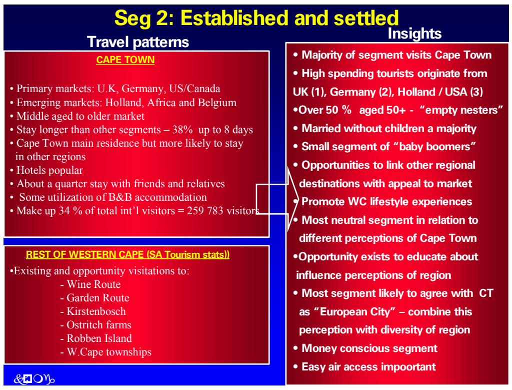
- The **"Established and Settled"** group is also from UK, Germany and North America and are the next most valuable segment. They are an older "empty nester" market without children at home. Linkages to regional attractions are important therefore public transport or packaged tours are critical. This older market is generally more interested in history and heritage and museums etc. but this does not come out strongly in this profile. They generally stay longer and enjoy touring.

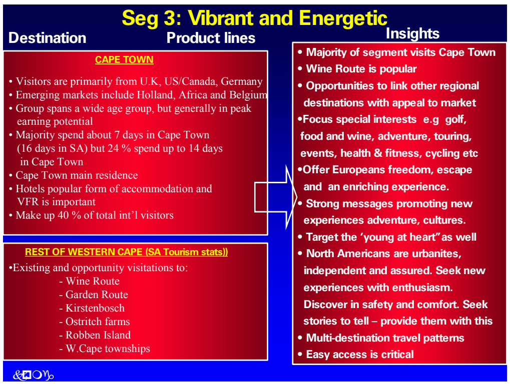
- The **"Pleasure Seeker"** group consists of backpackers and students as well as young professionals from UK, Germany and Holland. They're more likely to spend more money on activities rather than accommodation and they want adventure and activity. They love the cosmopolitan and social aspects of Cape Town such as bars, nightlife, restaurants and music. They also seek African experiences such as the craft markets and township tours.

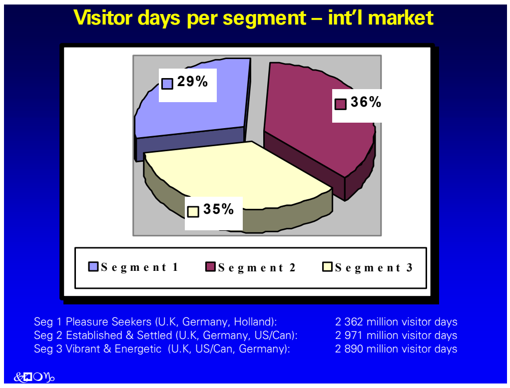
Characteristics of these segments are detailed overleaf.

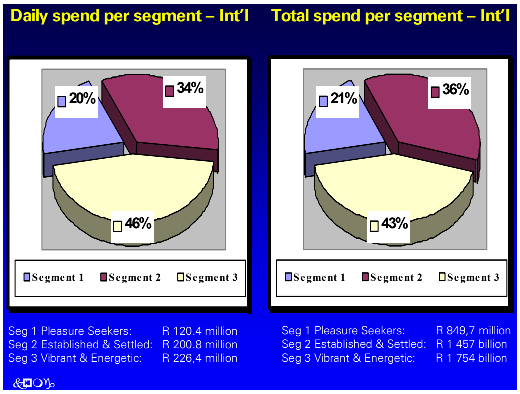
International Segments

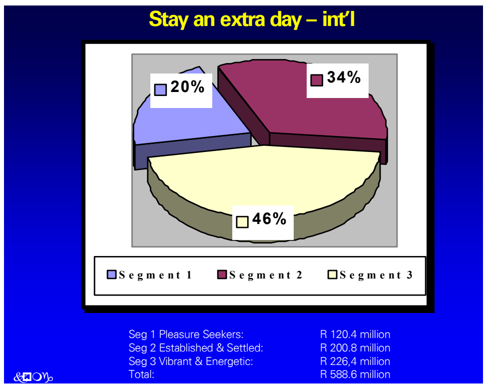












The combination of natural and scenic attractions and activities and the cosmopolitan features of restaurants, shopping, theatre and music are the strongest attributes that consistently appear as draw cards to these markets. High quality African cultural experiences can be increased to appeal to the international markets. For example, the quality of the Green Point market needs to increase to be fully appealing to these international markets.

5.4.3 Conclusion

The lifestyle segment analysis shows that the combination of cosmopolitan lifestyle attributes such as restaurants, shopping and entertainment combined with special interest products is important. Special interest experiences such as adventure, events, Cape multicultural elements and history and heritage require further development.

5.5 Conclusion

Having analysed the core international markets and associated segments compared to Cape Town's product strengths, consistent types of experiences emerge as driving a future product development focus. Museums, showcasing the mix of multiculturalism in the Cape region, adventure and events require a primary development focus for the international market.

6 Core domestic markets

6.1 Introduction

Historically, Cape Town's domestic visitation has been limited primarily to the summer holiday months over the Christmas break. The domestic markets must be analysed on the basis of opportunities to reduce seasonality and increase visitation of existing markets throughout April to November, as well as identifying new opportunity markets to expand and grow a new proportion of the domestic market for Cape Town.

6.2 Source markets

Following an analysis of the domestic markets on the basis of the drivers of wealth, access, time, proximity and travel behaviour patterns and consolidating these results with the seasonal domestic visitor surveys to Cape Town in 2001, the core existing domestic markets for the CMA have been identified as Gauteng, KwaZulu-Natal, and Eastern Cape. The characteristics of domestic visitation are provided in a summary below.

Domestic Visitors to Cape Town 2001
Source markets
In 2001 50% of the domestic market visiting the Cape Metro area were from Gauteng, 21% were from KwaZulu-Natal and 8% from the Eastern Cape. 64% of respondents have revisited the region in the past 5 years.
Age, lifecycle and occupation
41% of domestic visitors are aged between 18 and 35, with 38% being aged 36 to 50. Over 40% have children at home. One third of visitors are single with no children and 22% are married with no children. The majority of visitors are in professional, executive or managerial occupations. 55% of the visitors were not travelling with any children.
Purpose of visit and travel arrangements
Principal purpose of visit for the domestic market is visiting friends or relatives followed by holiday purposes. Visiting Friends and Relatives travel and Business visitation increase dramatically in the Winter months. Attractions are not as strong a draw card in the winter months.
Average length of stay and seasonality
Average length of stay is 13 days in the Summer and 8 days in the Winter. The peak holiday season is between December and April when conditions are favourable for a sun, sea and sand vacation. Autumn period between February and April is growing in popularity due to key sporting events, festivals and special marketing campaigns.
Repeat Visitation
63% of the total number of domestic visitors have been to Cape Town in the last 5 years. Of the business visitors, 77% are repeat visitors.

Accommodation
The largest proportion of the domestic market stay with friends and relatives (43%). Just over twenty per cent utilise hotels with 13% staying in an apartment. Holiday house use went down in Winter and Guest house use went up.
Attractions and highlights of visit
Cape Town and the Peninsula are the most popular areas. Around three quarters of the market visit the V&A Waterfront, nearly forty percent visit Table Mountain and the Canal Walk Shopping Centre. Ratanga Junction, Cape Point and Aquariums each attracted around a third of the domestic market. Visitation to Table Mountain drops off by ten per cent in Winter.
Facilities Utilised
Nearly three quarters of domestic visitors used Cape Town's restaurants. Over 40% used the airport. Other facilities utilised included Care Hire (17%), Banks – not ATM's (17%), and Bus Train, Meter Taxi and Mini bus with small proportions of use.
Internet Access and Surfing for Information on Cape Town
Two thirds of the domestic market has internet access but only 19% actually used the internet to gather information on Cape Town.

Source: Cape Metropolitan Tourism Seasonal Surveys, 2001.

Additional comments suggested that product development improvements should include improved public transport and signage, continuing to improve the safety issue and additional museums.

6.3 Lifestyle segments

6.3.1 Introduction

Understanding the lifestyle segments for the existing domestic market, assists in developing new product to attract these markets at different times of the year, as well as identifying potential segments of the South African population which Cape Town are currently not attracting. Other South African cities are becoming more sophisticated in understanding the attitudes and values which influences travel decisions of new emerging domestic markets. Cape Town must carefully plan how it is going to position itself in the domestic market in the future and understanding lifestyle segments is an important first step. Continual research at the next level in terms of understanding activities and experiences undertaken by existing and future markets, both in Cape Town and at other domestic destinations will be important in the future.

6.3.2 Segment profiles

The domestic lifestyle segmentation was developed on the basis of Cape Metropolitan Tourism visitor surveys and our cluster analysis identified three primary segments.

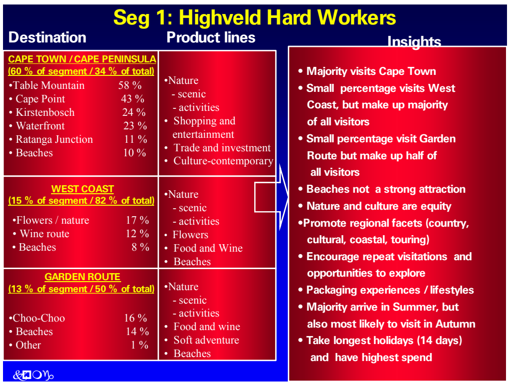
- The **"Highveld Hard Workers"** hail primarily from Gauteng and are by far the most valuable domestic segment. Natural and cultural attractions (theatre and music), shopping and entertainment feature highly in visits to Cape Town. More linkages between city product and the hinterland product are required.

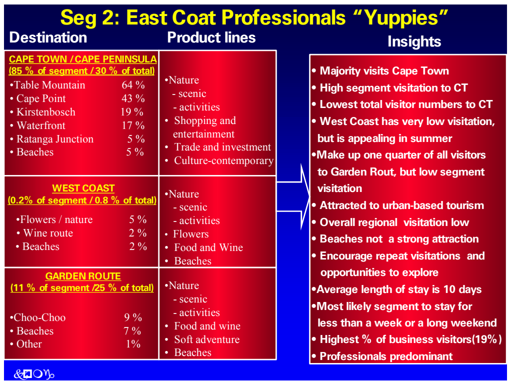
- **"East Coast Professionals"** mainly from the Eastern Cape and KwaZulu- Natal, are attracted to urban-based tourism and the lifestyle elements that go with it such as restaurants, shopping and nightlife.

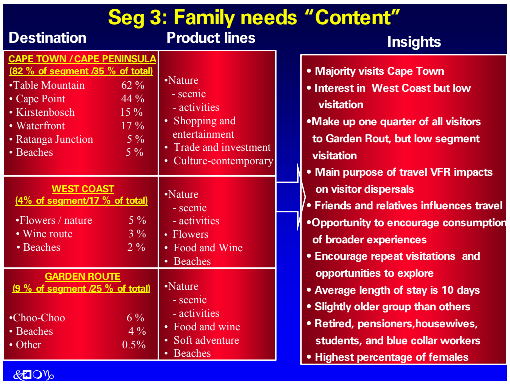
- **"Family Needs"** enjoy the scenery and nature based activities but primary travel is based on VFR. Therefore repeat visitation is high and must maximise linkages between different leisure options in terms of transport.

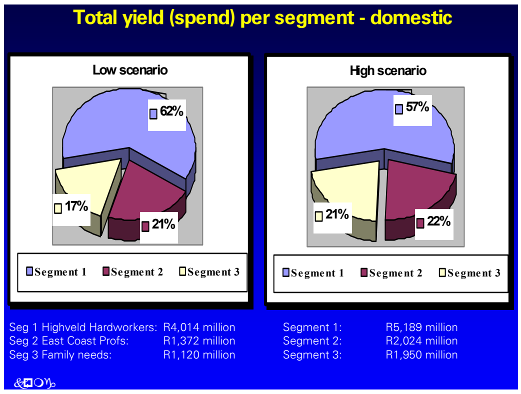
Characteristics of these segments are shown below and overleaf.

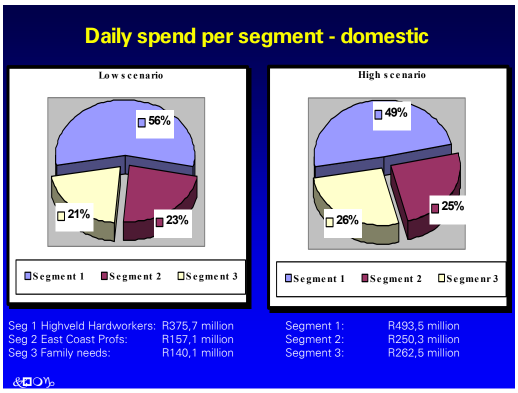
Domestic Segments

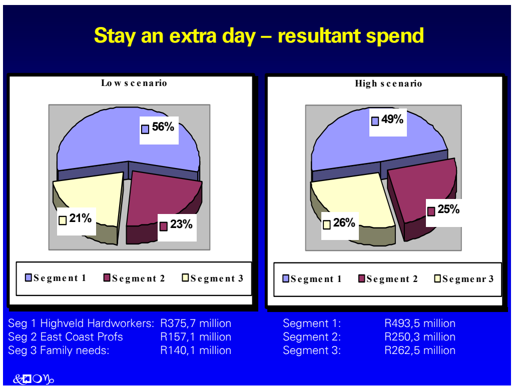












For the domestic segments, the shopping, entertainment and cosmopolitan culture such as theatre, art and music are the very important draw cards, along with nature-based activities.

The quality of these experiences and facilitating easy access through improved public transport and signage are obvious areas of focus for development.

6.4 Conclusion

Primary segments hailing from Gauteng and KwaZulu-Natal are the “Highveld Hard Workers” and “East Coast Professionals.” The East Coast Professionals are a younger group than the Highveld Hard Workers but they have similar taste in the types of experiences they enjoy whilst in Cape Town. The cosmopolitan lifestyle elements of restaurants, shopping and entertainment are important elements of visitation to Cape Town. Linking these experiences to nature based experiences in Cape Town and the surrounding regions will be important in future product development. The main areas for development to reduce seasonality will be events and entertainment, adventure and nature based activities.

7 Growing premium expenditure with niche markets

7.1 Introduction

Niche markets have special interest motivations for travel and are generally prepared to pay a premium for access to such products. As a result spend from such markets is generally high and it is therefore cost effective to target these high yield segments. However a clear understanding of niche market needs is critical if positive experiences, repeat visitation and competitive positioning is to be achieved.

On the basis of the niche markets that are the focus of Cape Metropolitan Tourism and our interpretation of those markets that drive visitation, the following key niche markets have been identified.

- MICE market;
- events;
- cruising;
- gay tourism;
- film; and
- eco-tourism, adventure and backpackers.

We have undertaken an assessment of these markets on the basis of profiling the markets and their associated segments, understanding their product consumption and identifying the basic infrastructure required to support the attraction of these visitors. Taking a broad view of these markets and the products they consume, we considered a number of opportunities for expansion, based on the following strategies:

- potential for new products/events;
- creation of critical mass and areas of focus for the city;
- linking and packaging of products to develop a unique experience; and
- opportunities to profile the city domestically and world-wide.

As a result, we have then provided direction for product development that will support the expansion of these markets and providing a base for identifying catalytic projects in the next phase that will stimulate aggressive growth and significant job creation.

7.2 MICE market

7.2.1 Introduction

The MICE market is an extremely important market for South Africa, and for Cape Town especially in light of the Cape Town Convention Centre development. This catalytic project provides the platform for this market to be aggressively pursued, but there are other development issues to be taken into account to service this market properly. Understanding the different needs of various segments with the MICE market is important if product provision is to position Cape Town effectively for the MICE market as a whole.

7.2.2 Key segments

Even though the traditional segments are Meetings, Incentives, Conventions and Exhibitions, the segmentation of this broad market has expanded to social events, trade shows and consumer shows. Key segments are as follows:

MICE Segments
■ **Conventions – Regional/International:** A forum for exchange between professional groups and associations, these events are typically attended by out-of-town delegates, in many cases accompanied by their spouses. The variety, scope and suitability of the tourism product/plant are key to attracting these events to a given destination. Due to the non-local attendance base, the economic impact from conventions is high.
■ **Conferences/meetings – Local/Regional:** More specific in purpose than a convention, conferences and meetings are typically organised by corporations or associations and may include local business meetings, management and board meetings, technical meetings, sales meetings, training seminars and the like. There is little economic impact associated with these events.
■ **Incentives –Regional/International**: Incentive travel comes in two forms: "pure" incentive programs that offer travel as an award, and motivational meetings that use travel as a means of inspiring the troops and communicating organisational goals. The uniqueness of the social aspect and overall experience is critical. Economic impact is high due to large volumes and company expenditure per person.
■ **Tradeshows – Local:** A forum to bring together buyers and sellers in a given industry, usually in a relevant market/location. Attendance is primarily from the concerned local industry with some foreign exhibitors. A local market focus translates into moderate economic impact to the destination.
■ **Consumer Shows – Local:** Similar to trade show except sellers are brought together in one event to sell their goods to the local public. Economic impact from Consumer Shows is nominal.
■ **Social Events -Local/Regional:** Include weddings, banquets and other special events such as concerts. Economic impact from these types of events ranges from low to medium.

In general the product needs of these segments are more about the quality and capacity of conference facilities, accommodation capacity, the cleanliness of streets and safety around venues first, and destination attributes second.

7.2.3 Product needs and opportunities

Facility requirements for these markets include high quality, technology equipped meeting rooms, banquet facilities, some exhibit space and adjacent or nearby hotel rooms catering to different price points. Convenience in terms of access to and from the airport and in arranging transport at the destination is also required. Inter-modal linkages between road, rail, air and sea are a must, especially to and from the airport and the major tourist attractions.

The convention centre has plenary seating for 10,000 people. At the current time Cape Town has 4,000 rooms of three star quality and above. If the convention centre is to position itself as a global player, an increase of capacity is required particularly within the four and five star market.

Safety and security issues are being positively addressed by the Cape Town Partnership and many improvements have been made, but there is still a concerted effort required to change perceptions. The co-operation of the police force and visibility around convention venues is key to attracting and sustaining the MICE market.

Segments	Key Product Consumption	Infrastructure required to support consumption
■ Conventions – Regional/National ■ Conferences/meetings – Local/Regional ■ Incentives – Regional/International ■ Tradeshows – Local ■ Consumer Shows – Local ■ Social Events – Local/Regional	Convention Centres Meetings Venues Exhibition Centres 3 – 5 Star Hotels Public Transport Restaurants	Clean streets Public transport World class taxi system Parking space at venues

7.2.4 Conclusion

Cape Town needs to add to the quality and breadth of unique accommodation to meet the needs of the MICE market in the future. Cities like Melbourne, Rio De Janeiro and Barcelona have more than 9,000 rooms of 3 star quality and above which equates to a capacity of 20,000 or more at any one time. For Cape Town to be considered in the league of these cities, the current 4,000 rooms of this standard needs to be substantially grown to cater for future demand.

7.3 Events

7.3.1 Introduction

The events market can be very lucrative if developed effectively, from the perspective of:

- reducing seasonality;
- showcasing the strengths of a region;
- creating an image or profile of the destination; and
- providing a catalyst for economic regeneration and urban development.

A major events strategy was undertaken for Cape Metropolitan Tourism in July 2000, which set a framework for events development in the city, but it did not identify particular new events, opportunities for new events or specific event development ideas to expand certain segments. This will be the aim of this assessment and the next phase.

There are a wide range of events in terms of scale and type. Each can be assessed on the role that it has to play in the development and growth of tourism. This assessment also needs to be undertaken on the basis of the particular event market segments and their needs and product consumption patterns.

In terms of scale, mega and hallmark events provide the highest profile for the city, invaluable media exposure and the largest number of direct and indirect jobs. These events require significant planning, management and investment but have large flow on effects in terms of economic benefits to the broader community, which justify major investment. Community events are significant catalysts for local regeneration and visitor exposure to other local products, which require event support programs in terms of sponsorships and marketing assistance.

In relation to the different types of events, the specific infrastructure required varies. For example, many sporting events and festivals utilise the streets and landscape of Cape Town as the basis for a venue. Other sporting, cultural events and exhibitions require very specific large-scale venues, a number of which already exist in Cape Town. Opportunities to expand the range of specific large-scale facilities available have been explored. Some conventions, meetings and cultural events require smaller flexible multipurpose facilities, and the existing capacity, location and layout of these facilities has been evaluated on the basis of their current usage patterns and opportunities for growth in the number of these events.

7.3.2 Key segments

The Events Strategy for Cape Town identified a number of key segments within the events market.

- **Sports lovers –** participants in or spectators of sporting events. Key events include rugby, cricket, marathons and cycling challenges in Cape Town;

- **Culture lovers** – participants in or spectators of cultural events. Events such as the North Sea Jazz Festival, Kirstenbosch Summer Sunset Concerts, African Summer Stage, Art Exhibitions and Theatre Programmes are examples of cultural events currently attracting people to Cape Town;

- **Festival goers** – attend organised cultural/community festivals. Cape Town Festival, Darling Easter Chocolate Festival, Cape Town International Kite Festival, SA Cheese Festival are just some of the festivals that attract visitors;

- **Conventioneers** – attend conventions and exhibitions; and

- **Incentives –** treated to a holiday as performance or client incentive.

These segments consume different products but all have a need for basic infrastructure to support these events.

7.3.3 Product needs and opportunities

In general, the events market utilises sporting venues, concert and musical venues, art centres, convention, exhibition and meetings venues, accommodation and public transport. The following table outlines the segments and the key facilities they utilise and the infrastructure required to support these events. Substantial growth will only be achieved over time through visionary large scale projects to facilitate significant job growth, global competitiveness and high profile exposure, as well as smaller scale initiatives aimed at expanding markets, building skills and involvement in the industry.

Segments	Key Product Consumption	Infrastructure required to support consumption
■Sports Lovers ■Culture Lovers ■Festival Goers ■Conventioneers ■Incentives	Sporting grounds/venues Theatres Arts Centres Convention Centres Meetings Venues Exhibition Centres 3 – 5 Star Hotels Public Transport Entertainment Venues	Clean streets Public transport Public toilets World class taxi system Road signage Parking space at venues

Cultural events, concerts and sporting events can be spread across the year to reduce seasonality. Smaller regional events require support through grants programmes and sponsorship.

7.3.4 Conclusion

Development of state-of-the-art sporting venues, arts centres and entertainment venues should be considered in relation to the growth of the events markets in Cape Town over the next 20 years. These types of projects would create many direct and indirect jobs for the region. Growth of regional events should be encouraged through grants and sponsorship based on a range of criteria.

7.4 Cruising

7.4.1 Introduction

Cruising is one of the fastest growing segments of the travel industry with annual global passenger numbers growing from 1,4 million in 1980 to 6,8 million in 2000. More than 60 million people have enjoyed the safety, comfort and excitement of travelling on cruise ships over the past two decades and nine out of ten of people who have been on a cruise say they'll "do it again".

The cruising industry was not able to escape the disastrous effects of the September 11 terrorist attacks, with some of the major players being forced to consolidate and others considering merging to survive. Share prices dropped and normal cancellation levels rose, however operators reacted to the situation by restructuring cruise programmes to adapt to passengers' sudden reluctance to fly. Despite these initial impacts the industry began to recover relatively quickly, and it is expected to continue to grow as 35 new ships are set to be brought into service by 2005.

There has been a sharp increase in the number of cruise ships visiting Cape Town in the past two years and it is possible that this market has the potential to significantly impact the city's tourism industry. We undertook a survey of cruise operators to better understand this market and determine whether Cape Town has the potential to become a successful cruising destination.

7.4.2 Global Cruising Industry 2002

The cruising industry is well established with liners exploring almost every corner of the earth. The Caribbean and Mediterranean are undoubtedly the most popular cruising destinations and are frequented by most of the lines. Numerous other destinations are popular however each of the operators tends to specialise in certain regions or themes. Cruises to Alaska have a strong following with a number of operators, as do those to Australia, South America and Northern Europe.

The average length of the most popular cruises ranges from seven to 14 days, with round trips being the clear favourites. This is primarily due to logistical reasons as well as passengers' reluctance to fly. A number of operators do not offer round trips but provide world cruises instead. They claim that one-way journeys are popular due to the fact that tourists have the opportunity to visit different destinations that are very far apart, such as experiencing two continents on a Rio to Cape Town cruise.

Cruise ships spend an average of 8 to 12 hours in each port of call, rarely staying overnight, and passengers spend this time exploring the destination, going on guided tours and shopping. Most of the shore excursions are organised by the cruise operator and it is therefore important that they are kept well informed as to what is available to do and see in the particular area. Passengers are estimated to spend between US$30 and US$150 in port on a variety of products ranging from food, tours, transport and souvenirs to goods that the particular destination is famous for, such as gold and diamonds.

7.4.3 Market profile

According to our research, cruise operators do not target their product at a particular market segment as their marketing activities are designed to try and attract a variety of segments. However the major market segment that is attracted to cruising is a specific lifestyle group, with only small proportions of passengers belonging to other groups.

On average the international operators interviewed stated that **75% of their clients are mature couples (over the age of 37)**, 20% are young couples (under the age of 37) and 5% are young couples with children. In general passengers are affluent and tend to be retired professionals, as cruising requires a considerable amount of time and money. They are educated and well travelled, showing a keen interest in the particular destinations visited by the ship.

The cruise line operators provide different types of cruises however they are not easily branded. A number of them offer themed ones for special occasions however do not like to classify their cruises as romantic, adventure or party cruises. They prefer to brand their cruises as contemporary and upscale, with a number of them focusing on exotic destinations. Passengers often have an explorer mindset with ships offering ‘soft adventures’ - passengers have the opportunity to discover new destinations in the safety and comfort of the ship.

The Cruise Lines International Association regularly undertakes research into the cruising market the results of which add insight into this tourism sector. The table below highlights the key aspects of the survey conducted in 2000.

Demographic profile of cruise market 2000		
	Cruised before 1995	**Cruised from 1995 to 2000**
Age		
25-40	27%	28%
40-59	42%	42%
60 +	32%	30%
Average	**51 yrs**	**50 yrs**

Demographic profile of cruise market 2000		
	Cruised before 1995	**Cruised from 1995 to 2000**
Gender		
Male	49%	52%
Female	51%	48%
Marital status		
Married	**76%**	**78%**
Unmarried	24%	22%
Household income		
$20 000 - $29 000	8%	5%
$30 000 - $39 000	12%	10%
$40 000 - $59 000	32%	31%
$60 000- $99 000	28%	30%
$100 000 +	20%	25%
Average	$72 600	$79 100
Median	**$58 500**	**$64 500**
Household composition		
Have children under 18	37%	35%
Adults only	**63%**	**65%**
Education		
Some college or less	42%	36%
College graduate or more	**58%**	**64%**

Source: Cruise Lines International Association 2000 Market Profile Study

7.4.4 Trends

The majority of cruise operators have not noticed a remarkable change in industry operations in the last 10 years however slight developments have been recognised and changes are foreseen for the future. Cruise lines have well-established routes and, though there are considerable risks in making changes to itineraries, they are always looking for new unique destinations to enhance their competitive advantage. South America, the Far East and Australasia are becoming increasingly popular due to the fact that a large proportion of the market has cruised before and they are looking for unusual places to visit. Cruising gives them the opportunity to go on an adventure but maintain a certain level of safety and comfort.

Cruise operators have also noticed that the market is getting younger. Cruises are becoming more affordable and more operators are catering for and targeting the younger market. This segment typically enjoys shorter cruises to destinations like the Caribbean, Mediterranean and Canary Islands.

Trends in the cruising market are not particularly dramatic as they take years to develop and change. A new destination does not become a permanent fixture on an itinerary overnight it is slowly introduced and through intensive marketing and positive feedback may eventually become popular. Cape Town has the potential to attract the cruising market and become a popular destination however the product needs to be developed and improved to meet world standards and then marketed extensively to create a demand among cruisers and attract the major cruise lines.

7.4.5 Perceptions of Cape Town

A large percentage of the cruise operators, both those which currently include Cape Town in their itineraries and those which do not, believe that Cape Town has the potential to become an important stopover port for long distance cruises. It is already a popular destination with a number of the cruise lines as it is well positioned for their world cruises. It may feature in itineraries between South America and the Far East or between Europe and Australia, in which cases some passengers may choose to begin or end their cruise in Cape Town. These types of cruises provide Cape Town with the best opportunities to take advantage of this market as passengers may be encouraged to fly to Cape Town a week or two before the cruise begins or stay a while longer once it ends to explore the Western Cape and South Africa.

Foreign tourists are attracted to Cape Town by the great weather during the Northern hemisphere winter and are known to enjoy the interesting guided tours and friendly people. Cape Town appeals primarily to the UK and European markets, with interest from the American market growing. The European and UK markets tend to be better informed of what South Africa has to offer and are also closer to Cape Town than the American segment. They also consider Cape Town to be an attractive destination to begin or end a cruise due to the minimal time difference, good flight prices and opportunities to experience more of South Africa. Cape Town is seen as a more exotic destination on most cruise lines' itineraries and therefore does not necessarily attract the bulk American cruisers who are generally not well informed about the rest of the world and are not aware of South Africa and Cape Town as a holiday destination. Passengers visiting the region have a keen interest in it, are well educated and tend to have a broad general knowledge.

In terms of lifecycle breakdown Cape Town appeals to a wide range of segments. As a world tourism destination Cape Town attracts a variety of people of different ages and backgrounds, however as a cruising destination Cape Town must understand what motivates tourists to undertake a cruise. It is not just one destination that facilitates cruise visitation that will attract them to a particular cruise. The mature cruise market will be attracted by the cruise line, it's image and the ship's facilities, the structure of the itinerary and the key destinations within the itinerary. If Cape Town's attractions are developed and marketed aggressively it may have the potential to become a key destination that will motivate tourists to select a particular itinerary. However it must be understood that each destination on an itinerary is only one factor amongst many that influence and motivate the cruising market.

Cape Town has the potential to become a popular cruising destination however the cruising lines are driven by what their markets demand. It is therefore incredibly important to not only market Cape Town as a cruising destination to the operators but to the source markets as well. If cruisers show an interest in South Africa and demand for cruises that include Cape Town grows, then the major cruise operators will begin to adapt their itineraries accordingly.

7.4.6 Competitive destinations

The cruising sector of the tourism industry is a relatively difficult one in which to compete as it is well established. Many of the operators have a number of successful routes and they are reluctant to explore new ones. The Caribbean and Mediterranean are undoubtedly the most popular cruising destinations however in terms of successful cruising ports it is important to look at other successful examples such Miami and Sydney.

Miami is one of the cruising capitals of the world due to the fact that it is the starting and ending point of so many cruises, offering a wide variety of destinations including Mexico, Bahamas, Caribbean, South America, Europe and the Far East. Miami boasts the largest and most technologically advanced passenger terminals ever built, accommodating nearly 3.4 million passengers in 2001, and is also home to 18 international cruise ships. One out of every three North American passenger ships sails from Miami and the port's impact on Miami-Dade County is estimated at more than $8 billion and 45 000 jobs.

Sydney harbour is comparatively less active however as a long haul destination it is an interesting comparison and does attract a significant number of tourists. 100 000 tourists arrive and depart by cruise ship every year and in 2002 the two dedicated cruise passenger terminals are expecting 95 calls by cruise vessels. Cape Town has experienced a dramatic increase in the number of cruise ships visiting her harbour in the past year - 39 as compared to the previous year's 11- however these numbers will have to continue to rise significantly if she is to compete with the other major ports of the world. One of the reasons for this significant growth is the unrest in the Middle East, which has caused a number of cruises usually touring the region to be rerouted around Africa and they subsequently use Cape Town as a stopover. It is debateable whether this trend will continue once the turmoil in Israel and Afghanistan has come to an end. Cape Town needs to make a powerful impression on both the passengers and cruise operators who visit during this time, so as to motivate them to include Cape Town in their itineraries on a regular basis.

7.4.7 Product needs and opportunities

In order to become an internationally competitive port Cape Town will have to increase its presence in the cruising market and become a regular stop on a number of the major lines' itineraries.

Various factors determine whether a port is included in a cruise ship's itinerary both with regards to marketing and logistics. Before cruise line operators even begin to consider adding a destination to their itineraries there needs to be a noticeable demand for it. Previous and prospective cruisers must show an interest in visiting a particular area or city and thereby influence the operators' decisions. Powerful marketing to potential source markets is therefore a vital part of attracting cruise lines and becoming a popular destination.

A number of other factors are taken into account once an operator has identified a destination with potential. Weather conditions on route and in port are vital. The city's potential as a cruising destination is also severely affected by the weather as the South African winter causes a lull in cruising activity from April to September. The logistical issues such as size of the harbour, whether it has the infrastructure to cope with thousands of tourists at a time, port taxes and customs and immigrations controls are also key issues. Ease of air access is only considered to be important if a port is used to begin or end a cruise, and Cape Town can certainly cater to this market.

Perceptions are also essential in determining the success of a destination, with regards to safety and security as well as places of interest and things to do. Crime levels and safety conditions in the country and general calm in the region are always considerations when tourists choose a cruise. The destination must be perceived as being safe and must also have the general appeal and reputation to draw tourists. It needs to be unique, unusual and have a variety of attractions to visit that are easy to access from the ship. The port must also be positioned in such a way that the cruise operator could develop a full cruise itinerary in the region, linking it to other ports, for example cruising from Cape Town to Durban and Mombassa, however the availability of a local market as hop-on hop-off passengers is not considered necessary when developing a route.

Cape Town is already a popular destination with a number of the cruise operators however there is huge proportion of the market that needs to be introduced to the region. There is great interest in Southern Africa however there are mixed opinions as to whether it can be developed as a closed-circuit destination. **Numerous operators offer cruises from Cape Town to the Seychelles and India however are reluctant to establish circular cruises in**

the area. Operators claim that there are not enough ports and places of interest and the ports that exist need to be made more accessible. Although Cape Town is becoming more popular there is a lack of interest in other African countries. These perceptions impact to a great degree on the potential for continued impressive growth in this market and must be carefully considered in the planning of future developments for Cape Town.

7.4.8 Conclusion

Cape Town is already a popular destination with a number of cruise line operators and is becoming an increasingly fashionable destination to visit with the European and British markets. It must be noted that a great majority of the ships visiting Cape Town do so as part of their world cruise, and though there are opportunities to attract other cruise lines who undertake world cruises but do not stop in the city, these ships only come round South Africa once or twice a year. A significant increase in the number of cruise ship visitations was noted in 2001 however this was not entirely a result of Cape Town's efforts and the sustainability thereof is questionable. There certainly is the opportunity to grow Cape Town's cruising market as it has the potential to be a popular destination, however due to her positioning in relation to other places of interest and the great distance from the American and European source markets it will be a long term prospect for Cape Town to be developed into a globally competitive cruising destination.

7.5 Gay tourism

7.5.1 Introduction

Although a controversial market politically for Cape Town, from a tourism growth perspective, the gay market offers huge potential as one of the biggest spending niche segments. The growth of this niche segment globally has resulted in more specific research being conducted in key source markets such as the United States and continued understanding will result in segments within the market being identified. We undertook a survey of gay tourism demand generators to gain some insight into the gay segments and the results, combined with the US research are summarised below.

7.5.2 Market profile

Community Marketing Inc. from the United States has just undertaken a comprehensive study into the American Gay and Lesbian market and suggests that it represents an estimated 10 percent of the US travel industry, a US$54 billion travel market. Overall, the results show that the gay market represents an even larger percentage of the overall travel market in terms of actual gay and lesbian dollars invested in travel.

American gay and lesbian travellers in 12 months…
91% took vacations (national average is 64%) 54% took an international vacation (national average is 9%) 20% took a cruise (national average is about 2%)
Demographics…
76% have household incomes above the national average ($40,000 or more) 84% hold a valid passport (national average is 29%) 67% belong to frequent flyer programs (national average is about 25%) 55% hold professional/executive/management positions 69% have internet/online access (national average is 33%) 85% purchase through travel agents (national average being 42%)
Travel Behaviour
Many gay travellers do prefer to travel only in large gay groups, or on gay-chartered cruise ships. Others prefer smaller group travel, identifying a desired destination and class of service first, and then seeking out a group tour operator. **But the vast majority are FIT: travelling alone or with a partner or friends, looking for a "gay friendly" environment and gay friendly carriers, operators and accommodations.** This is where mainstream suppliers will identify the greatest opportunity.

Source: 6th Annual Gay & Lesbian Travel Industry Survey by Community Marketing Inc, a San Francisco-based gay and lesbian travel consulting and communications firm, California USA. For more information please visit http://www.mark8ing.com

The greatest challenge lies in overcoming internal "homophobia" among personnel. Ensuring sensitivity and receptivity of their vertical organisation, all the way from the operation's front line reservation staff through to destination tour guides and hotel personnel.

From KPMG's demand generator survey, the following specific segments were identified within the overall gay market.

"Pink Ravers" – a young, carefree group that tend be single or in young relationships who like to travel to well known and popular gay destinations i.e. Miami, Quay West, Palm Springs, Grand Canaria, Mykonos, Sydney and Thailand. A well-established gay scene with busy and glittering nightlife is a strong draw card for this market segment. Other specific features of the destination that attract this segment include gay nudist beaches, hot sunny climate, pro-gay events (Gay games, Gay Mardi Grass, etc), cultural attractions and value for money.

"Mature Explorers" – are older, wealthier and hold professional positions. They are normally couples in an established relationship and their choice of travel destination is not so much dependant on the presence of a large gay scene and energetic nightlife. This market segment is less price sensitive than the "pink ravers" and their choice of destination is based on less well-known and undiscovered destinations that are gay friendly or tolerant and offer a combination of attractions, high standard facilities, good quality restaurants and a unique experience. Natural (wildlife, scenery), historical and cultural (art, traditions, human behaviour) attractions, outdoor activities and the "good life" are appealing to this market. A strong gay community and infrastructure is a secondary consideration and added bonus.

7.5.3 Perceptions of Cape Town

The majority of tour operators interviewed had a very positive perception of both South Africa and of Cape Town. Among those who have been to the country and to Cape Town or have booked clients here, the perception was overwhelmingly positive and operators described their experience as "superb", "fantastic", "loved it" and "Hot!". Among operators who have not been here or have never booked clients to South Africa, the perception was also positive, based on their knowledge gained through press exposure.

South Africa is generally known in the international gay community as a gay friendly country with a gay tolerant public. Although Cape Town seems to have a vibrant and active Gay/Lesbian community with a good gay infrastructure (bars, restaurants, accommodations and retail), the city is not well known as a gay tourism destination internationally. It is however growing in popularity and some operators are selling the city as an alternative to other gay destinations that are becoming too expensive. In general the gay market is attracted to a tourist destination that offers the following:

- strong and established gay scene (gay community, gay and gay-friendly infrastructure);
- seaside location with beaches;

- exciting and vibrant nightlife - party atmosphere;
- natural, historical and cultural attractions; and
- safe and comfortable environment.

A recurring comment by operators was that South Africa must market itself more actively to the gay community as it has more to offer than just a strong gay community and infrastructure. Attractions such as Winelands, Garden Route, history and culture, natural scenery and good access to wildlife and natural areas are some of the attributes mentioned that will attract this market.

7.5.4 Primary Attractions

Cape Town has a setting that rivals those of other well known gay tourist destinations such as Sydney and San Francisco and is considered by some to have the potential to become the Miami of Africa.

"Pink Ravers" - are primarily attracted to Cape Town by the cities well established gay scene and infrastructure, seaside location, beaches, easygoing atmosphere and wide range of cultural attractions.

"Mature Explorers"- tend to be attracted to new emerging destinations such as Cape Town that has a gay friendly and tolerant atmosphere combined with a wide range of interesting attractions, rather than just a strong gay scene with a pulsating nightlife. Attractions cited by operators that are appealing to this market segment include, Table Mountain, Garden Route, Winelands, high standard of accommodation facilities, good gastronomic experiences, museums and historical sites. The "mature explorers" also see Cape Town as a gateway to other tourism attractions (game reserves and cultural/historical attractions, etc.) in both South Africa and Southern Africa.

7.5.5 Timing and travel companions

The most popular time for the gay market to visit Cape Town is during the southern hemisphere summer months, but due to the city's Mediterranean climate it is also popular during winter months and prices tend to be lower. The majority of gay travellers to Cape Town tend to travel alone, with a partner or with one or two friends. Group travel to South Africa is not common. Only a small number of operators sell group tours to the gay market. Their clients tend to be groups of "mature explorers" ranging between 15 and 30 people per group. Such groups normally consist of both couples and single travellers who buy a package to interesting and unusual destinations. These tours take tourists to a "once-in-a-lifetime" destination.

Among the "pink ravers" there is a higher occurrence of travellers that travel alone or with one or two friends while the "mature explorers" often travel with their partner. Through our research it emerged that most gay travellers buy fully inclusive packages or a combination of different components. A popular option is to buy airfare and accommodation for the first few days through the operator or travel agent and to buy the rest during the holiday.

7.5.6 Sources of information

The sources of information that influence gay travellers' decision to visit Cape Town varies depending on the market segment they belong to and also the specific source market.

"Pink ravers" tend to be influenced by advertisements in free newspapers (Boyz, Gay times) available in gay bars and clubs that they frequent, gay internet websites, tour operator catalogues, gay magazines and word of mouth.

"Mature explorers" are generally a more informed market and are influenced by magazine articles (Our World, Out & About, etc.), word of mouth, internet searches and gay websites and travel agent brochures.

Tour operators in the United Kingdom and North America observed that South Africa is not well marketed among the gay community by tourism marketing organisations, while tour operators in Europe pointed out that SA Tourism offices in Europe (Amsterdam, Frankfurt, Milan, Paris, etc.) are a popular information source for their clients.

7.5.7 Competitive Destinations

Through our research we found that destinations competing with Cape Town as a gay tourism destination differs depending on the market segment targeted and the location of the source market in relation to the destination. The main competitors for Cape Town in the "pink ravers" segment include Ibiza, Grand Canaria, Mykonos, Barcelona, Sydney, Miami, Quay West, Palm Springs and San Francisco, while Mexico, Rio de Janeiro, Buenos Aires and Puerto Vallarta are also popular.

Although competing destinations for the "mature explorer" segment tend to overlap with those for the "pink raver" segment, long haul destinations such as Sydney, Rio de Janeiro, Buenos Aires and other gay friendly destinations are more popular among the "mature explorers". Few destinations can compete with Cape Town for the "mature explorer" segment as it offers such a wide range of attractions and activities apart from a lively gay scene. Other destinations that compete with Cape Town for this market segment include central and eastern Europe, Australia, New Zealand, Canada and Thailand.

Cape Town is considered as an emerging destination for gay travellers, but it is important for the city to keep up with travel patterns and trends in the gay travelling market. Apart from competing with existing gay hotspots, the city must also compete with new emerging gay tourist destinations for the "Pink dollar/ Pound/ Euro". Tour operators identified Toronto and Montreal in Canada; Bangkok, Phuket, Bali, Sri-Lanka and Dubai in Asia; and Mexico, Rio de Janeiro, Buenos Aires, Equador, Peru and Sao Paulo in Latin America as emerging gay destinations.

Sydney has been very successful in attracting the gay market and is a popular destination, but the length and cost of flights is a deterring factor. Major gay events hosted here i.e. the Gay Mardi Gras and the Gay Games draw large volumes of gay tourists, but also drives up prices making it unattractive to a large part of the gay market. Cape Town is in an advantageous position in that the flight time is somewhat shorter than to Sydney, the rand exchange rate is favourable and the existing strong gay scene is complimented by a wide variety of natural, historical and cultural attractions.

7.5.8 Strengths and Weakness of Cape Town

Tour operators observed a number of other strengths that make Cape Town an attractive destination for both segments in the gay tourist market. Very few weaknesses were sighted by operators interviewed and the main negative issues raised included the support infrastructure issues and lack of marketing focus and information provision.

Strengths	Weaknesses
■ scenic seaside location with pleasant climate and year round sunshine ■ vibrant gay scene with established gay infrastructure and nightlife providing a comfortable atmosphere for gay people to relax in ■ favourable exchange rate providing value for money ■ wide variety of attractions in and around the city V&A Waterfront, Table Mountain, beaches, Winelands, Garden Route and easy access to other attractions in the country and southern Africa (KNP, Victoria Falls, etc.) ■ high standard of facilities and service for tourists ■ cosmopolitan city with a mosaic of cultures represented	■ long flying time and high cost of flights; ■ perception of high crime rate in South Africa, not so much Cape Town; ■ negative reputation as a result of Apartheid history, although this is seen as slowly changing; ■ expensive public transport (taxi's); and ■ inefficient marketing of Country and Cape Town as a gay friendly destination and a general lack of information available to gay travellers.

In general, most tour operators see Cape Town as a growing market with tremendous potential as a gay destination. Opportunity exists to further diversify the market, for example by specifically targeting gay couples and selling the city as a romantic breakaway destination.

7.5.9 Case Studies

Many government agencies are now recognising the value of this market and are targeting their promotions specifically at attracting this sophisticated travel market.

Tourism Quebec

Tourism Quebec has become the first government agency to openly market to the gay community with an explicit gay message “Visit Gay-Friendly Quebec” to increase gay and lesbian arrivals. Tourism Quebec recognises the economically strong demographic profile of the gay community but also because the government wants to encourage the rising popularity of the province among gay travellers and recognises the potential of increasing gay tourism market share through the implementation of effective promotional efforts. Research found a 50% increase of prospective arrivals into Montreal over the next 3 years. The Tourism Quebec model consists of a multi-faceted plan which has been developed over the last 4 years, which includes product development, public relations, education, promotion and advertising.

Product Development
The first priority was to assist in the development of new tour products. Both gay wholesalers and gay friendly mainstream operators were invited to participate in strategy sessions along with government tourism representatives, ground handlers and hospitality representatives. In an effort to increase gay and lesbian arrivals, participants decided to market “co-operatively” highlighting their own specialties in the market such as party events, skiing, culinary and cultural tourism, FIT packages and so forth. With the support of Tourism Quebec and the cities of Montreal and Quebec City, local inbound operators, attractions and accommodations, the resulting impact on the gay market is far greater than attempting to market independently.

Public Relations
In co-ordination with Tourism Quebec, Community News Service developed and implemented a comprehensive media campaign to publicise Quebec’s involvement in the gay tourism market. Targets include both the travel trade press and the gay press.

Education, Promotion and Advertising
A striking art-deco image was developed for the “Visit Gay Friendly Quebec” campaign and is now seen as a logo on all posters, advertisements, brochures and direct mailers concerning the campaign. Tourism Quebec is gaining exposure by training travel agents about the gay friendliness of the destination in educational programs such as Gay and Lesbian Travel Workshops. They are also exhibiting at gay travel expos for both the travel trade and the public, operating a toll-free number and web sites that gay travellers and retail agents can reference to receive free promotional materials including gay maps, activities and events in the province and more.

Tourism Quebec is specifically promoting itself as a gay friendly destination but other authorities are targeting the gay market with the product that meets their needs.

Berlin
With its diverse gay and lesbian scene, numerous meeting points and facilities for this group of visitors and a first class infrastructure … Berlin has the ideal preconditions for the professional tourism marketing of this segment. The existing initiatives, activities and institutions of the local community are not going to be reinvented or reorganised but rather made available to the visitors. Local contact points, gay and lesbian media and the preferences of the gay community for cityscapes, top events, culture and nature, open up numerous marketing possibilities for the destination Berlin. The high level of the tourist attractions is ideally tailored to this target group. This does not mean that Berlin will be turned into an explicit homosexual travel destination. Instead the integration of gays and lesbians into the general work of the Berlin Tourismus Marketing (BTM) is to the fore.

Cape Town already has a base of gay friendly and gay specific venues, as well as a host of product strengths that attract the gay market. Harnessing these attractions and further product development in terms of packaging, as well as focused marketing will encourage increased visitation from this high spending market.

7.5.10 Product needs and opportunities

Arts and cultural products, restaurants, gay nightclubs and events such as the Gay and Lesbian Film Festival and the Cape Town Pride week are the key product draw cards that need to be more specifically packaged and promoted to the gay market in Europe and the United States.

Segments	**Key Product Consumption**	**Infrastructure required to support consumption**
■ **“Pink Ravers”** Young Seek Value for Money Like popular gay destinations with well established gay scene ■**“Mature Explorers”** High disposable incomes Professional/executive managerial positions High level purchase through travel agents Both segments internet savvy	Art and Culture Restaurants, food and wine Theatre and music Architecture and design Film Street parties Dance parties Nightclubs Established gay district Beaches Wine route	Clean streets Public transport World class taxi system Parking space at venues Gay friendly accommodation and venues Information distribution points

Opportunities exist for improvements in overall quality and expansion of art and cultural attractions, training to understand gay market needs and additional entertainment venues.

7.5.11 Conclusion

Cape Town has a very good reputation as a gay destination and will continue to emerge as a more popular destination with increased marketing. Probably the key product development areas of focus should revolve around training establishments in being gay friendly and understanding the gay markets needs. If this occurs, there will be more widespread use of Cape Town's attractions and facilities.

7.6 Film industry

7.6.1 Introduction

Wesgro estimates that the production of local content contributes ± R.1.4 billion out of a total industry value in South Africa of R 7.7 billion. "Of the local productions, television makes up 36%, followed by commercials (25%) and corporate videos (21%). Feature films and interactive CD-Rom, DVD etc contribute a further 10% and 8% respectively. The Western Cape share of the film industry has grown substantially over the past few years and is estimated to represent at least 25 percent of total activities. Despite production costs having doubled over the past decade, filming in Cape Town remains 20% cheaper than in Australia and 30-40% cheaper than Europe or the United States." *Cape Sector Factsheet, Wesgro, March 2001.*

7.6.2 Segment profile

The following information has been sourced from the Wesgro Factsheet, as well as industry research conducted by KPMG with film bodies in Cape Town and overseas, primarily Australia and Hong Kong.

International source markets: UK, other European countries such as Germany, Holland and Sweden, with increasing numbers from the US.

The Wesgro fact sheet also outlines that Western Cape companies engage in a wide range of activities including:

- Production of original material for domestic consumption (mainly TV programmes, commercials and corporate videos);
- Facilitation of commercials;
- Television and feature film productions that originate overseas and are mainly intended for distribution and exhibition of films and television programmes;
- Provision of equipment and services for film and television productions;
- Provision of financial services to the film and television industry; and
- Distribution and exhibition of films and television programmes.

Of these, facilitation of overseas-originated productions is the most financially lucrative, acting as a significant foreign revenue earner in the local economy.

Average length of shooting depends on the type of project. Still photography takes between 7 and 10 days, a music video can take three days and a full feature film can take over a year. Few feature films are currently being shot in Cape Town.

7.6.3 Attractions of Cape Town as film destination

The attractions of the Western Cape to foreign film-makers include:

- better production value given low value of the rand;
- long daylight hours in summer;
- availability of sunny locations during northern hemisphere winters;
- presence of professional, technically proficient crew;
- diversity of locations within a small geographic area;
- excellent transport and communications infrastructure;
- wide range of luxury accommodation and upmarket restaurants; and
- high standards of medical care.

Some of these may be strengths in African terms, but globally some of these strengths may still be competing closely with other destinations. For example, the transport and luxury accommodation can still be improved on a global scale.

7.6.4 Competitive destinations

The most popular film locations in the world are Cape Town, Canada, New Zealand, Czech Republic, Australia and Romania. Factors that make these destinations popular are price, diverse locations, high quality facilities, competitive exchange rates and professional crew.

The most popular locations for still photography are: Cape Town, Miami, California, Mexico, Brazil, Southern France, Spain, Mallorca, Greece and Canary Islands. Factors that make a destination popular for still photography are scenery, conducive climate, infrastructure, competitive price, production facilities and a wide base of models.

7.6.5 Product needs and opportunities

Key facility requirements depend on the type of production, but basic requirements are:

- electricity;
- ablutions;
- catering;
- parking;
- professional crew;
- equipment; and
- professional services to arrange accommodation, transport, catering, drivers, models and on-set security.

New businesses are springing up to provide niche services to the film and television production industry eg. catering companies exclusively, vehicle rental companies serving the special needs of film shoots; and an aerial film company offering highly qualified aerial camera operators, pilots and special equipment.

The reputation of South African crew has spread internationally, so development and retention of good crews has become a key issue. Training facilities are required to sustain growth as there will not be enough crew to service incoming productions if marketing goals are met in the future.

Use of post production facilities are not very common in Cape Town as demand is not high yet, whereas in Australia they're quite often in demand. Studios with international standard sound stages and peripheral services such as film processing, post-production and animation have made the industry less dependent on good summer weather and full scale filming can continue during rainy winters. Obtaining a larger proportion of post-production work for overseas commercials facilitated in Cape Town would increase profitability for service providers. Cape Town post-production firms are internationally competitive but keen to form joint ventures with international players to further improve access to overseas markets.

The business aspects of making film and television products are not well known in the financial services sector and there remains a dearth of financial resources available to production companies. While overseas banks and financial institutions have 'film divisions', local financial institutions are cautious in what they still perceive as a "high risk" industry. The opportunity exists for certain sectors to be funded on the basis of contractual agreements clearly stating conditions and schedules of payments or where production companies merely need bridging finance. This will allow the production companies to enter into agreements with international partners and contribute to the growth of the film industry in Cape Town.

The opportunity to build a film studio in Cape Town seems a lucrative one, but in the context of the global and local film industries and their futures, it appears that other investments in this sector could prove more successful.

Full feature film production has, and will always have its core in Hollywood. Executives heading up the film industry there will not move to Cape Town and they drive the bulk of films produced. Locally, the film industry driven by the SABC is embedded in Johannesburg. The television series *Backstage* is being moved from Cape Town back to Johannesburg because the cost per month of signal transmission between the two cities is exorbitant. Therefore the risk of a film studio in Cape Town being a vastly unused facility is too great.

More viable product development opportunities revolve around complementary new film technology industries such as animation, digital filming and component production of films television and commercials. Celluloid film production will remain centred in Hollywood and will be challenged by these new industries, as digital filming and animation processes are more mobile and easier to transport. The music industry is another complementary area where there may be potential for growth in Cape Town.

7.6.6 Case study

Australia

Ausfilm is in the business of attracting offshore Film, Television, TVC and Music Video Production in Australia and targets all people involved with these sectors. Potential groups are targeted in many ways; from sponsoring tribute reels of prominent Australian talent at large industry functions, to hosting industry specific cocktail parties where they may screen and audio/visual presentation explaining the benefits of shooting in Australia. Ausfilm promotes and screens newly released Australian movies in Los Angeles. Ausfilm also distributes information on behalf of their members and attends tradeshows like “Locations Expo” every year.

Ausfilm’s target markets are primarily Feature Film, Television ‘Movie of the Weeks’ (MOV’s), Television Series, Television Commercials and Music Videos. The average length of shooting depends very much on the individual project. Australia is currently hosting “The Matrix 2/3”, which has been in production in Sydney since July 2000 and will wrap shooting in approx. July 2002. At the same time, ‘Farscape’ is in its 4th series of TV Production; there are a number of MOW’s in production, many other large feature films in production throughout the country and countless Television commercials being shot at any one time. Length of shooting can range from 2 days to 2 years.

The key facility requirements on location also depend on the nature of the production. Some productions require enormous studio facilities; some productions require high-end special effects and VFX facilities. Other productions may require recording studios and specialist sound stages. Each production is assessed due to their script and production requirements.

As for post-production facilities, more and more productions are choosing to use Australia’s state-of-art Post Production Houses during a post shooting. Not only due to tax-incentives which makes this desirable, but due to Ausfilm’s award-winning specialist technicians in areas of editing, special FX, VFX, Music and Sound engineering, to name a few.

Ausfilm is based out of the Australia Trade Commission in Los Angeles where several factions of the Australian Government have offices. The Australian Tourist Commission works closely with Ausfilm, providing additional information especially when organising special events. The Australian Government has recently announced a 12,5% tax-offset for offshore production shooting in Australia and this together with an attractive exchange rate of 0.53 Australian cents to USD 1.00 is one of Australia’s most desirable attractions.

7.6.7 Conclusion

The vision for growth of the film industry should be facilitating the development of complementary new technology such as animation, digital film and music production, while continuing to train people to be part of professional crews to support all types of filming projects. This will enable Cape Town to be a leader in a much more flexible industry while growing this important segment.

7.7 Eco-tourism, Adventure and Backpackers

7.7.1 Introduction

Nature based tourism and adventure activities are major motivators for trips to South Africa and on the basis of Cape Town's coastal scenic beauty, the hinterland and natural icons such as Table Mountain, an opportunity exists to build on these product strengths and extend these markets. Backpackers particularly consume these products and cross over into they eco-tourism and adventure segments. They are a key niche segment to target due to their specific mode of travel, their long travel periods and high expenditure over the total period of their stay.

7.7.2 Eco-tourism segment profiles

Eco-tourism can be defined as nature-based tourism that involves interpretation of the natural and cultural environment and ecologically sustainable management of natural areas. It is a fast growing sector of the tourism industry and offers potential for foreign exchange earnings, private sector investment, employment and other economic and social benefits, particularly in the hinterland areas.

Although little formal research into eco-tourist profiles and behaviour has been undertaken in South Africa, we can draw some parallels with other long haul destinations such as Australia.

The following Australian research provides some insight into the profile of international eco-tourists. Eco-tourists or nature based visitors were defined as those who visited a national park, participated in snorkelling and scuba diving, whale watching, horse riding, rock climbing, bushwalking, four wheel drive tours or outback safaris.

International Source markets: Scandinavians, Germans and other areas of Europe, UK and America.*

Domestic Market: Gauteng, KZN and Eastern Cape weekend recreation such as walking, hiking trails and wildlife such as birdwatching provides a large opportunity to develop the eco-tourism segment.

Nature based visitors have been identified as falling into 3 segments:

Dedicated nature tourists – who place a high importance on learning about nature and are also strong on participating in physical activities;

General interest nature tourists – who want to see and experience something new in a natural area; and the

Escape segment – that seeks a natural setting in which to rest and relax.

Main motivations was 'to see the natural beauty of sites,' or 'to experience something new.' Seeing wildlife in detail, being close to nature and an educational experience were also prime motivations. Eco-tourists have a greater than average expenditure than mainstream tourists. The research showed that average expenditure per trip for international visitors undertaking bush walks during their stay was 46% above the average expenditure of all inbound visitors, scuba divers spend 82% more on average and outback safari tour enthusiasts spend 86% more.* Backpackers have higher participation than other international visitors in a range of nature based activities. The difference is particularly significant for dolphin/whale watching.

**Source: Sport and Tourism Division, Department of Industry, Science and Resources. Australian National Government. March 2001.*

*** Source: Nature Based Tourism Research Bulletin, South Australian Tourism Commission Aug 2001.*

7.7.3 Adventure segment

The Travel and Tourism Analyst estimates that the adventure segment is around 5 million travellers a year, or approximately 1% of all international tourist arrivals worldwide. *(Travel and Tourism Analyst No 4, 2001).* Adventure travel can be defined as leisure activity involving high levels of activity, mostly outdoors, including some form of risk and excitement and personal challenge. There are two extremes of adventure travel. The first is hard adventure describing rougher conditions, higher levels of risk and the requirement for experience. Hard adventure would include climbing expeditions, arduous trekking or hang gliding. Soft adventure involves less physical risk and less experience is necessary, such as with hiking, snorkelling, surfing or horse riding.

International Source Markets: North America, Germany, UK, Holland, and Japan

Domestic Market: Gauteng, KZN, Eastern Cape. Large proportions of South Africans have an active part to their holiday.

Adventure travellers can be broken down into three segments as described below.

Globe trotting youth: young adults concentrating on adventure activities such as hiking and camping, in different parts of the world. Includes backpackers.

Baby boomers refusing to age: this group are moving away from standard holidays to activity based holidays.

Experienced activity travellers: more mature travellers who are experienced in a particular activity and are attracted by a unique or different setting.

The adventure segments seeks an experience that is more than just lying on the beach and are increasingly looking for something that is radically different to their day-to-day lives. They like to look and feel fitter after a holiday and enjoy telling good stories about their adventure to people on returning home.

Adventure travel is both destination and activity driven. The destination itself can motivate adventure travel and it is the unique landscapes and cultures that appeal. For activity driven travel the activity itself is critical in choosing a destination and the overall quality or range of other experiences is secondary, but still needs to be included. Cape Town must therefore link the scenery and the activities available much more closely and develop activities that can be profiled in different ways to different segments.

7.7.4 Backpacker segment profiles

Backpackers have a unique travel planning style: they prefer not to pre-plan or pre-book travel, activities or accommodation. They prefer to think of themselves as ‘travellers’ not ‘tourists’. Backpacking provides travellers with a sense of freedom and independence, an inexpensive and adventurous way to travel independently for a long time and opportunities to meet new people and enjoy the outdoors. There are two distinct segments of backpackers.

“First timers” – young travellers away from home in a break in study between secondary and tertiary education, or on first leave from first job.

“Older backpackers” – aged 25-35 years who are single and tertiary educated with no dependents. They have worked for a few years and have chosen backpacking as an extended break from working life before settling down.

Backpackers plan as little of their trip as possible, preferring broad travel outlines to detailed itineraries that restrict the feeling of spontaneity. They strongly prefer not to book pre-tour accommodation or activities if they feel they can get by without booking. Some believe it’s cheaper to book activities when they arrive at the destination.

Backpackers see themselves as:

- travelling for a longer period of time;
- through careful budgeting, spending long periods of time in different countries;
- seeking the unexpected, enjoying challenges, being spontaneous and flexible;
- having a relatively high degree of physical confidence; and

- more exposed to people from other cultures with similar interests and perceptions.

Backpackers do not differ a great deal by country of origin, as the backpacking experience attracts a group of people with a remarkably similar world view. They are all people who wish to explore and travel in a relatively unstructured and independent way.

The core drive for independence means that backpackers have more similarities than differences. They usually prefer travel that meets their needs to:

Physically interact with the environment (a need for energising) – these backpackers seek a destination that offers physical activities that provide them with a challenge and/or feeling of excitement such as bungy jumping or sky-diving. They may also seek more traditional but challenging activities such as mountain climbing or diving.

Meet new people (a need for socialisation) – backpackers with this need look for social activities that allow them to feel a general sense of togetherness and sociability, such as a shared bus trip or the opportunity to join the party or bar scene. Older travellers tend to prefer a small group while younger travellers in general prefer larger groups.

Seek renewal and restoration (a need for relaxation) – This need means backpackers will seek out experiences that allow them to feel relaxed, restored and reflective, such as bush walking. The ideal backpacking experience embodies an introspective and calm experience in a beautiful natural environment.

Be exposed to different cultures (a need for learning) – these backpackers seek experiences that allow them to learn about other cultures, such as staying at home-stays, being invited into a township home and undertaking a working holiday. The ideal destination is an exotic land where the culture is very different from their own, such as non-western countries.

7.7.5 Product needs and opportunities

To compete effectively with other high profile natural environments in South Africa, Cape Town will need to focus initially on identifying, developing and profiling icon product that will improve competitive positioning and tourism performance both domestically and internationally.

Segments	Key Product Consumption	Infrastructure required to support consumption
■ Dedicated nature tourists ■ General interest nature tourists ■ Escape segment ■ Backpackers ■ Adventure segment	Coastal scenery Bushwalking Hiking trails Mountains Indigenous culture/villages Gardens Health and well being Marine activity Seals/Whales/Dolphins Birdlife	Clean streets Public toilets Transport links Parking space at sites Interpretation on walks and at sites

	Horseriding Rafting Sea kayaking Hang gliding/paraglidging Rock climbing/abseiling Kloofing Specialist backpacker facilities Activities Transport	

Integrating natural attractions and activities is important for these segments. Quality of interpretation and maintenance of natural environments contributes significantly to their satisfaction.

7.7.6 Conclusion

Cape Town cannot be developed as a wildlife or wilderness destination but its natural attractions and links to nature-based experiences outside of the city centre can be developed and promoted more aggressively. A large part of development on the ground will include interpretation on walks and at sites, with other initiatives such as a whale viewing platform requiring investigation.

8 Implications for product development - two options

8.1 Introduction

Cape Town has a strong mix of product which appeals to, and attracts a diversity of target markets. This product includes its stunning natural scenery, cosmopolitan lifestyle and quality of restaurants and its entertainment and music. It also has a range of additional product strengths which are not yet developed to a scale or level of cohesiveness which would put Cape Town on the same level as other world class destinations, such as museums, adventure and attractions showcasing African culture. Demand must drive this development. The drivers of this demand consist a combination of high volume source markets in close proximity, the capacity to accommodate additional demand in terms of rooms available and ultimately, the link which facilitates visitation, the distribution chain including wholesalers, retailers, airlines and hospitality companies. The travel industry is increasingly being controlled by global agglomerations of these companies and encouraging these major players to invest in a destination is critical to its ability to compete worldwide and attract significant increases in visitation in the future.

Based on an understanding of Cape Town's existing markets and their level of satisfaction with current experiences, Cape Town's current position in the global and domestic market place and the changing trends in product development as they apply to future destinations, we have concluded that Cape Town has two options in terms of a vision for tourism development. These options are explained below.

8.2 "Boutique" coastal destination

The first option consists of a strategy to continue to maintain Cape Town's major focus on the international market while trying to improve off season visitation with traditional domestic and niche markets. This strategy is in line with the desired outcomes for the Economic and Tourism Portfolio as set out in the IDP. This approach would not radically change the face of the product provision in Cape Town but would improve on what is available and through marketing, aim to increase visitation.

From a product development point of view, this would mean creating a "boutique" coastal destination where the "status quo" is maintained in terms of current accommodation supply, encouraging the development of small-scale accommodation given that recent convention centre development is attracting additional hotels. Emphasis will be placed on improving support infrastructure and systems such as public transport, signage, safety programmes, cleanliness and increased levels of service.

On the basis that the existing product mix meets a high proportion of the international markets' needs, marketing will play a greater role in market growth through improving information provision, advertising, travel trade knowledge and product packaging to raise awareness of what Cape Town has to offer and provide competitive pricing to encourage bookings.

In terms of long term results, this approach will improve the quality of the Cape Town experience and should attract some increase in visitation, but it will not make an impact in economic growth significant enough to meet the growth targets of the IDP and goals in terms of considerable unemployment reduction. The IDP states that Cape Town would have to grow at 7% to *prevent* more unemployment. Therefore conversely, to considerably reduce the level of unemployment, economic growth must be two or three times greater to make an large enough impact on new jobs created. From the perspective of tourism's contribution to this contribution, it therefore stands to reason that targets for increased visitor numbers need to be more ambitious than the 6% for international visitors and 11% for domestic visitation.

8.3 World class destination of integrated experiences

Secondly, Cape Town can aim to achieve a vision of becoming a world-class destination with a series of integrated experiences for a range of target markets. This approach requires a "paradigm shift" in product development for the city by packaging investments in accommodation supply and capital projects to attract the major players in the distribution chain to invest in the future of Cape Town as a destination, creating significant increases in room supply to cater for substantial increases in demand over time.

This approach also requires a bold strategy in the domestic and regional markets of actively attracting the emerging African travel market and aiming for Cape Town to become a "24 hour city" to position Cape Town as a truly progressive African city which will ultimately compete with Sydney, San Francisco and Dubai.

Planning will include the development of zones which bring new areas of focus into the city and will have spin off effects to the disadvantaged areas of the region. Ultimately this option requires a bold vision, a change of mind set and a set of clearly defined product development initiatives and investment packages that will be the first step towards achieving the vision.

9 Conclusion

Cape Town's current product mix provides a strong base upon which to increase visitation from existing and opportunity markets. The main improvements in product from the point of view of existing international markets includes events, museums, showcasing of the mix of Cape culture, and adventure. Domestic market product improvement should focus on events, adventure, regional touring and entertainment. Improvements in supporting infrastructure provision will increase satisfaction and will increase consumption of a wider diversity of products and length of stay. Cape Town has a growing reputation as an international destination but if it is to compete effectively with other global destinations then a bold product development vision must be implemented. Investment must provide the catalyst for large increases in visitor volumes to the city from the core mass markets and support aggressive targeting of growing high yield niche markets such as MICE, the gay market and events.

Only through a bold approach to product development will significant reductions in unemployment be achieved through tourism. Small-scale investment will not deliver the desired numbers of jobs. Only a long term vision and cleverly packaged investment projects will enable Cape Town to become a truly competitive city, achieving ambitious increases in visitor numbers and ultimately delivering jobs to whole communities, not handfuls of residents.