CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

City of Cape Town

Cape Town Tourism Development Framework

Market Assessment

April 2002

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1 Market assessment

1.1 Introduction

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. 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 will create smaller numbers of jobs but will provide the necessary skills and experience for previously disadvantaged individuals (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.

1.2 Product development and investment

1.2.1 Introduction

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.

1.2.2 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 in Cape Town.

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

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, high quality individualised and personalised products and becoming a "24 hour" city where entertainment, shopping and dining needs are met over and above current service hours. Following the market assessment, these principles will be kept in mind when making specific recommendations in subsequent reports.

1.2.3 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 and 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. Based on our research, 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.

1.2.4 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.

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. Cape Town's location and product strengths would suggest that Cape Town should focus on the opportunity market that has not yet been specifically 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.

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 the "big city" feel.

1.2.5 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.

1.3 Target marketing

1.3.1 Introduction

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:

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. Understanding the product needs that motivate specific groups to travel allows us to tailor product specifically to attract these markets. 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.

1.3.2 Building volume with core target markets

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.

The international markets will be the main focus as they provide the greatest opportunities for growth. Cape Town currently attracts significant market share of holiday visitors coming to South Africa but ultimately a much larger proportion of the outbound markets from source countries can be attracted. South Africa and Cape Town are barely scratching the surface of the market available. South African Tourism has just completed research into these outbound markets and more detail on the size and profile of the markets is provided in the *Detailed Market Assessment* that accompanies this report.

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.

1.3.3 Core international source markets

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 in the survey showed that the international market thought that improvements to the Cape Town experience included safer, higher quality and more widespread public transport with better connections between key attractions and more integration, interpretation and showcasing of African cultures, in terms of restaurants, markets and museums.

1.3.3.1 Lifestyle segments

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.

Within the international market three key segments have been identified.

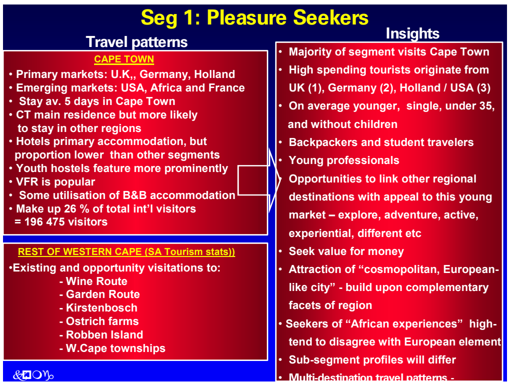
- The **"Vibrant and Energetic"** are primarily from the UK, North America and Germany and are at their peak earning potential. They enjoy experiencing something new and want enriching experiences. This segment spends more per day than the other segments and overall are the most valuable group. Cape 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.

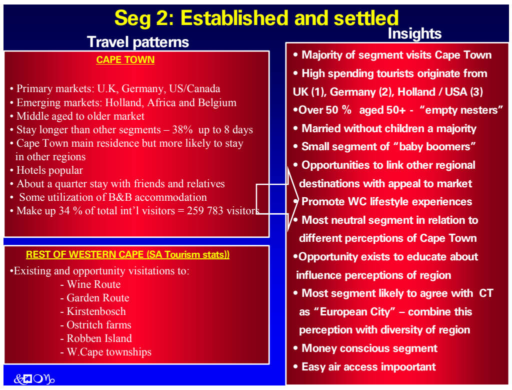
- The **"Established and Settled"** group is also from UK, Germany and North America and are the next most valuable segment. They are an older "empty nester" market without children at home. Linkages to regional attractions are important therefore public transport or packaged tours are critical. This 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.

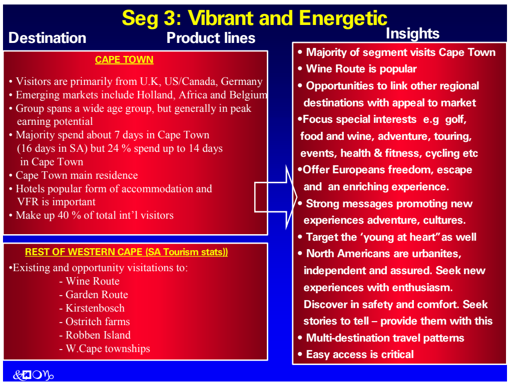
- The **"Pleasure Seeker"** group consists of backpackers and students as well as young professionals from UK, Germany and Holland. They're more likely to spend more money on activities rather than accommodation and they want adventure and activity. They love the cosmopolitan and social aspects of Cape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

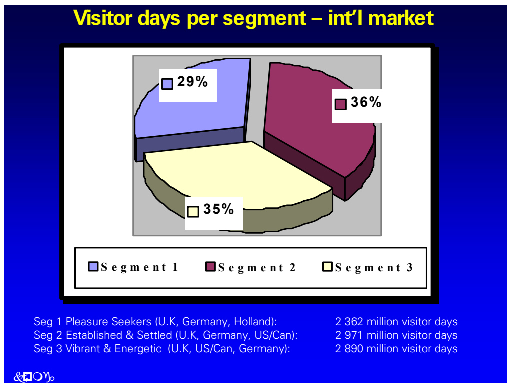
Characteristics of these segments are detailed below and overleaf.

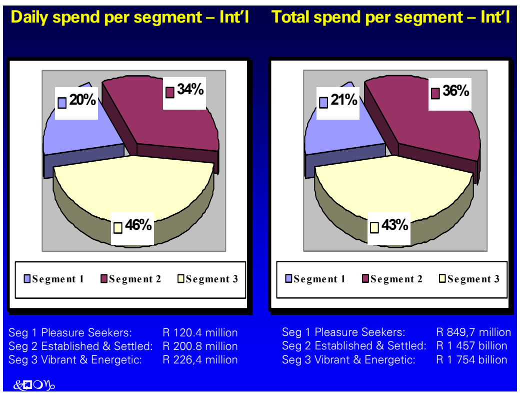
International Segments

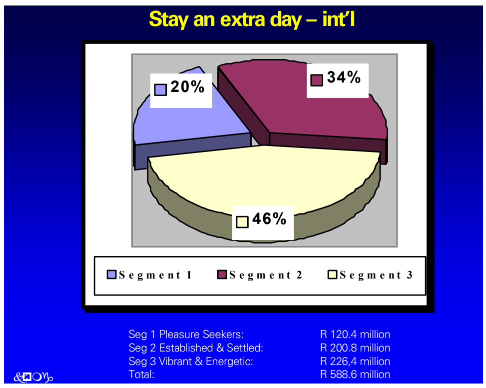












The combination of natural and scenic attractions and activities and the cosmopolitan features of restaurants, shopping, theatre and music are the strongest attributes that consistently appear as draw cards to these markets. High quality African cultural experiences can be increased to appeal to the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

1.3.4 Core domestic 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.

1.3.4.1 Lifestyle segments

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

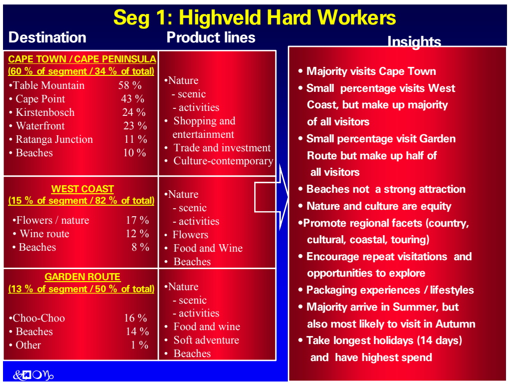
- The **"Highveld Hard Workers"** hail primarily from Gauteng and are by far the most valuable domestic segment. Natural and cultural attractions (theatre and music), shopping and entertainment feature highly in visits to Cape Town. More linkages between city product and the hinterland product are required.

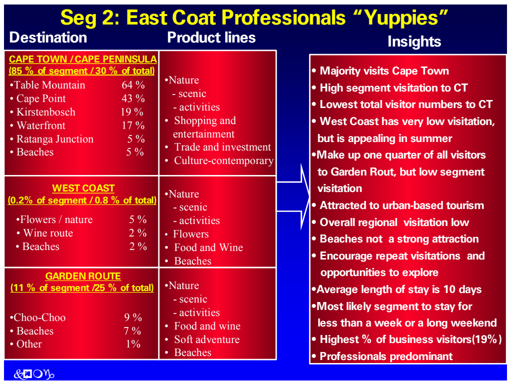
- **"East Coast Professionals"** are mainly from the Eastern Cape and KwaZulu- Natal and are attracted to urban-based tourism and the lifestyle elements that go with it such as restaurants, shopping and nightlife.

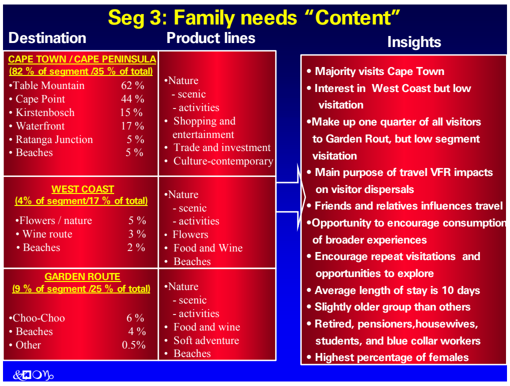
- **"Family Needs"** enjoy the scenery and nature based activities but primary travel is based on VFR. Therefore repeat visitation is high and linkages between different leisure options in terms of transport must be maximised.

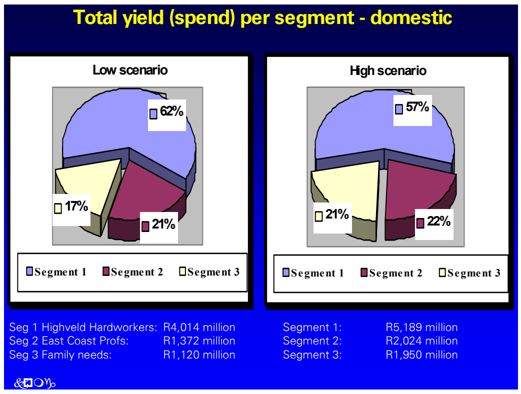
Characteristics of these segments are shown below and overleaf.

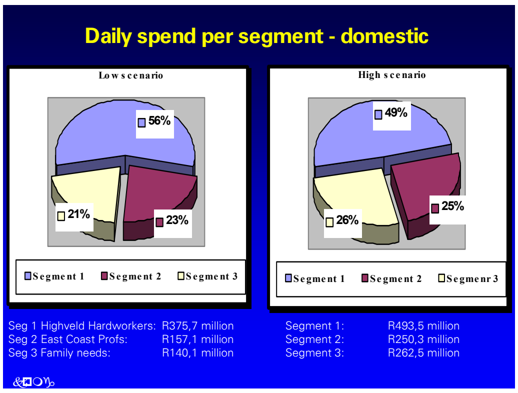
Domestic Segments

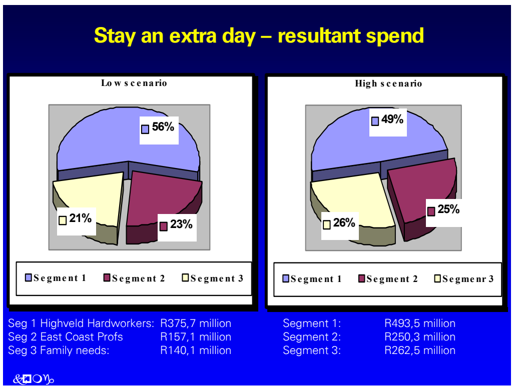












For the domestic segments, the shopping, entertainment and cosmopolitan culture such as theatre, art and music are the very important draw cards, along with nature-based activities. The quality of these experiences and facilitating easy access through improved public transport and signage are obvious areas of focus for development.

1.3.5 Growing premium expenditure with niche markets

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. Special interest travel is growing at a fast rate as travellers become more mature, more discerning, have more choice and are wanting experiences that are increasingly diverse from their day to day lives. 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. This understanding will form the basis for future product plans, development initiatives and priorities.

1.3.5.1 MICE market

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.

Segments	Key Product Consumption	Infrastructure/services 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 Visible security

International organisers of these events consider quality of facilities and accommodation capacity, access to venues and safety and security first and destination second. 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.

1.3.5.2 Events

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 product provision or infrastructure to facilitate expansion of new market segments.

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 will be 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.

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. 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.

1.3.5.3 Cruising

Demand generator surveys are still in progress for this market.

1.3.5.4 Gay tourism

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 in the Market Assessment attachment.

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. Cape Town has a very good reputation as a gay destination and will continue to emerge as a more popular destination with increased marketing. The key product development areas of focus should revolve around building on existing product strengths such as art, culture and wine as well as 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.

1.3.5.5 Film tourism

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.*

Segments	Key Product Consumption	Infrastructure/services required to support consumption
Local productions: ■ Commercials ■ Television programmes ■ Corporate videos Overseas productions: ■ Music videos ■ Still photography (model shoots etc) ■ Occasional feature film	Beach, mountain and streetscape scenery Upmarket restaurants, food and wine Luxury accommodation Transport and communications infrastructure Production crews Pre-production services Occasional post production services	Electricity Ablutions Clean streets Catering Parking Professional crew Vehicle rental companies serving special needs of film shoots

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. Feature film production in Cape Town is currently a small proportion of the international film market. Still photography and music videos make up a larger component of the international market.

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.

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 whilst growing this important segment.

1.3.5.6 Eco-tourism, Adventure and Backpackers

Eco-tourism or 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 the nature based 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.

To compete effectively with other high profile natural environments in South Africa and throughout the worlde, 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**
Eco-tourism/Nature based tourists: ■ Dedicated nature tourists ■ General interest nature tourists ■ Escape segment Adventure: ■ Globe trotting youth ■ Baby boomers refusing to age ■ Experienced activity travellers Backpackers: ■ First timers ■ Older backpackers	Coastal scenery Bushwalking Hiking trails Mountains Indigenous culture/villages Gardens Health and well being Marine activity Seals/Whales/Dolphins Birdlife Horseriding Rafting Sea kayaking Hang gliding/paraglidging Rock climbing/abseiling Kloofing Specialist backpacker facilities Activities Transport	Clean streets Public toilets Transport links Parking space at sites Interpretation on walks and at sites Information distribution points

Integrating natural attractions and activities is important for these segments. Quality of interpretation and maintenance of natural environments contributes significantly to their satisfaction. Cape Town cannot be developed specifically as a wildlife or wilderness destination but its natural attractions and links to nature-based activities and 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.

1.4 Implications for product development – two options

1.4.1 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 of 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.

1.4.2 "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 a large enough impact on new jobs created. From the perspective of tourism's contribution to this goal, 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, identified in the IDP.

1.4.3 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 internationally.

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.

1.4.4 Investing for future growth

To augment Cape Town's product strengths and 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 for example, as well as other African and Southern African businesses.

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.

1.5 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.