

South African Tourism Strategic Plan

2017 – 2022



SOUTH AFRICAN TOURISM

FOREWORD BY THE EXECUTIVE AUTHORITY

We are pleased to report that, after the number of tourists visiting South Africa declined in 2015, a robust recovery is underway and we can say with pride that our tourism growth trajectory is firmly back on track.

In 2016, 10 million international tourists arrived in South Africa, up by 12.8% compared to the same period last year. However, we cannot afford to be complacent as we are still playing catch-up after the 2015 dip, and must strive to meet and exceed the 4.1% compound annual growth rate we saw in international arrivals between 2009 and 2015.

It is with the dynamics of global markets in mind that South African Tourism presents its Strategic Plan for the 2017-2021 period. Although mindful of the impressive contribution tourism already makes to the economy, we are well aware that this could be so much higher – and that the tourism value chain and related industries could benefit immeasurably from sustained growth in this area.

To achieve such growth, we will continue to make South Africa far more attractive destination. Tourism is an important current and potential source of job creation, and it is vital that we leverage our country's existing natural and cultural assets and work with the trade to develop more enticing product offerings. The potential is vast for this industry to contribute meaningfully to reducing poverty and inequality, levelling the economic playing fields and ensuring that the National Development Plan (NDP) goals reach fruition.

South African Tourism is in the process of reviewing its Tourism Growth Strategy. The outcome of phase one of this strategy formulation journey is the overarching goal of attracting five million additional tourists within the next five years (informally known as "5 in 5") which is underpinned by the NDP and the National Tourism Sector Strategy (NTSS).

On an ongoing basis stakeholder relations with the public and private sectors are maximised to ensure strategy alignment to achieve tourism growth and increase tourism gross domestic product (GDP) contribution.

South African Tourism will be investing its marketing budget in strategically important regions that will deliver the maximum return on investment – in other words, increased tourist numbers and higher tourist spend. Hard work and exhaustive research has gone into formulating the marketing investment model, and we believe it is an important step in the right direction to elevating South Africa's status as a leisure and business tourism destination.

Our approach also targets the all-important domestic market, which we have meticulously segmented. South African Tourism and the industry will be using innovative means to try and get more of our citizens travelling within their own country and enjoying its many attractions.

We have every confidence that, working in collaboration with all stakeholders, this strategy will bear fruit and place tourism where it belongs: at the forefront of economic development.

Mr Derek Hanekom, MP

Minister of Tourism

INTRODUCTION BY THE CHAIRPERSON OF THE BOARD

Tourism is the bread and butter of many countries' economies. Here's why it matters: in 2015, international tourist arrivals grew by 4.6% to reach more than one billion, generating US\$1.5 trillion in export earnings. The United Nations World Tourism Organisation forecasts continued tourism growth in the region of 4% year on year, and that foreign tourists will total 1.8 billion by 2030.

The possibilities for South Africa to stake a more extensive claim to this fast-growing sector are limitless. We attracted 8.9 million international tourists in 2015, and 10 million in 2016.

It is therefore with great excitement and optimism that South African Tourism presents its latest Strategic Plan for 2017 – 2021, mapping out its short-term vision to achieve growth in numbers and revenue. Integral to this will be growing the domestic travel culture, in addition to international marketing. Currently, more than two-thirds of our people travel around the country to visit friends and family – but not so much for leisure purposes. South African Tourism wishes to change that mind-set, to show locals that going on holiday – or even taking a Sho't Left (a short journey or trip closer to home) – can enrich the mind and not cost a fortune.

Our business and trade stakeholders also need to continue playing an enabling role in giving tourists a compelling reason why they should travel here and have a memorable experience. Here, we are grateful for the support provided by the private sector through Tourism Marketing South Africa (TOMSA), which collects a 1% levy from tourism businesses to help South African Tourism extend its marketing reach. Furthermore, South African Tourism's quality assurance arm, the Tourism Grading Council of South Africa, helps maintain standardised service levels with its star grading system for accommodation establishments.

South African Tourism, through the South African National Convention Bureau, is also working tirelessly to attract more meetings and conferences to South Africa, and to convert those business tourists into leisure tourists.

The organisation is also undertaking an internal review to ensure we are optimally positioned to reach 5 million additional tourists in 5 years (5-in-5), and we are working to ensure our brand and communication messages are aligned across our various business units.

We are taking a holistic view to increasing tourism's contribution to the GDP, bearing in mind that the world is not standing still and that we will have to be agile to adapt to ever-changing domestic and international circumstances.

As the South African Tourism Board, we are confident that this Strategic Plan will see an increase in tourist numbers, create jobs and help fulfil the tourism potential of the country as envisaged by the NDP. We look forward to working with the government, the private sector and all stakeholders to achieve this goal.

Dr Tanya Abrahamse

Chairperson of the South African Tourism Board

PREAMBLE BY THE CEO OF SOUTH AFRICAN TOURISM

The current global economic challenges represent an opportunity for tourism to play a larger role in contributing to GDP, and this is where South African Tourism can play an enabling role: we are confident that we can grow tourism's direct contribution to gross domestic product, currently at about 3%.

South African Tourism's strategy must be similarly agile and visionary. In this we are guided by the NDP and its Vision 2030, which is essentially our country's business plan for achieving inclusive growth while eliminating poverty and reducing inequality.

The key word here is "inclusive", because if we grow tourism's contribution to the economy but in a non-transformed way, then we are not fulfilling our mandate. So, we have to sit down and map out a way to take previously marginalised South Africans along with us on this exciting journey.

In growing the South African tourism industry, we will strengthen our marketing efforts towards achieving inclusive growth. This approach will inform our collaborative marketing efforts to include refreshed itineraries that unlock hidden gems and new experiences. Such exposure will bring out South Africa's local flavours and unique quality experiences to make them an integral part of our tourism ecosystem.

With the additional funding for bidding support, we will strengthen our efforts to identify bidding opportunities particularly for conventions and incentives, followed by meetings and exhibitions. Close collaboration through membership of international associations as well as participation in international business events trade shows will assist in lead generation.

In recent years the depreciation of the Rand against major currencies improved South Africa's attractiveness as a value-for-money tourism destination as Total Tourist Foreign Direct Spend (TTFDS) increased.

Contrary to the positive market response the pressure on our currency reduced our ability to market abroad as the budget spent on overheads increased – thus reducing the marketing budget. This compelled us to strengthen partnerships between the private and public sector to expand our marketing budget. These strengthened partnerships will promote our country as a tourism destination, both to foreign tourists and our own residents.

This is why we should become receptive to innovative business ideas that can help us promote South Africa – such as digital applications (apps) that make it easier for tourists to navigate our country, for example.

Our medium-term strategy for 2017-2021 will take into account South African Tourism's limited resources balanced against the sector's vast wish list. We have had to decide where to strategically invest our marketing budget smartly for maximum potential returns, both in the value and volume of tourists – the number of tourists we attract and the amount of money they spend here. This is why we have simplified and narrowed our focus in our approach to investing in targeted international markets.

The goal we have set ourselves for the medium term is an ambitious but, we believe, achievable one: attract five million additional tourists to South Africa by 2021. This will be made up of four million international tourist arrivals (including from Africa) and one million domestic holiday trips. The achievement of this goal will lead to job creation and retention.

We are pleased to report that 2016 has shown a significant spike in international tourists visiting South Africa. The tourist source market showing the greatest growth was Asia, with a 40.7% jump in tourists from that region visiting South Africa in the first six months of 2016. Tourist numbers from Australasia, the Americas, Europe and the rest of Africa are also displaying positive, double-digit growth.

But the second prong of our goal is of equally vital importance: we want to encourage more South Africans to travel for leisure and explore their own beautiful country. This will be achieved through a number of marketing initiatives including the “I am Tourism” campaign which will encourage all South Africans to be tourism ambassadors.

Over the next five years it is envisaged that in line with the Tourism Act, 2014 quality accreditation of other products and services in the tourism value chain will be implemented – subject to budget availability.

South African Tourism’s Strategic Plan is aligned to National policy prescripts and approaches, and contributes to South Africa’s broader developmental goals. We will continue to join forces with other Departments and entities in the quest to boost tourist numbers.

South African Tourism has also begun the process of reviewing our operating model in order to complement our enhanced growth strategy. We are fortunate to have gifted and dedicated staff who form the organisation’s backbone, and it is our hope that our new strategic path and operating model will further galvanise and energise them towards the common goal.

In the meantime, South African Tourism will continue focusing on the business of tourism – and on making our 54 million citizens enthusiastic ambassadors for our country, showing the world and our neighbours that South Africa is alive with colours, flavours, smiles and experiences.

Mr Sisa Ntshona

CEO: South African Tourism

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of South African Tourism and approved by its Board in line with the basic minimum requirements issued by National Treasury, as the framework for Strategic Plans and Annual Performance Plans;
- Takes into account all the relevant policies, legislation and other mandates applicable to the operations of South African Tourism; and
- Accurately reflects the strategic outcome-oriented goals and objectives which South African Tourism will endeavour to achieve over the period 2017/18 to 2021/22.

Tom Bouwer
Chief Financial Officer

Signature:



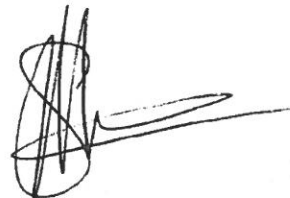
Sthembiso Dlamini
Chief Operating Officer

Signature:



Sisa Ntshona
Chief Executive Officer

Signature:



Tanya Abrahamse
Chairperson of the Board

Signature:



Derek Hanekom, MP
Minister: Tourism

Signature:



TABLE OF CONTENTS

PART A: STRATEGIC OVERVIEW

1. Vision	8
2. Mission	8
3. Values and Culture Cornerstones	8
4. Legislative and other Mandates	8
4.1. Constitutional Mandate	8
4.2. Legislative Mandates	9
4.3. Policy Mandates	9
5. Situational Analysis	9
5.1. Performance Environment	10
5.2. Organisational Environment	16
5.3. Strategic Planning Process	17
6. Towards The Enhanced Strategy for Growth	18
6.1. Optimising Marketing Investments	19
6.2. Reassessing and Realigning the Brand	22
6.3. Developing Effective Stakeholder Partnerships	22
6.4. Utilising Resources Effectively	23
6.5. Being an Inspired Organisation	23
7. South African Tourism's Strategic Goals	24
7.1. Strategic Outcomes-Oriented Goals of South African Tourism	24
7.2. Organisational Strategic Objectives	27

PART B: STRATEGIC OBJECTIVES

8. Programmes	28
8.1. Programme 1: Corporate Support	28
8.2. Programme 2: Business Enablement	30
8.3. Programme 3: Leisure Tourism Marketing	34
8.4. Programme 4: Business Events	42
8.5. Programme 5: Tourist Experience	49
9. Risk Management	52
10. Definitions	55
11. Abbreviations and Acronyms	57

PART A: STRATEGIC OVERVIEW

1. VISION

To position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique.

2. MISSION

To contribute to inclusive economic growth by increasing the volume of tourists and the value contributed to the South African economy.

3. VALUES AND CULTURE CORNERSTONES

In delivering its Strategic Plan, South African Tourism will put in place organisational culture-shaping programmes that will nurture and reward the following values:

- Respect: Everyone will be treated with utmost dignity, inclusiveness, openness, tolerance and a sense of appreciation of diversity;
- Integrity: Duties will be carried out consistently and with an ethical underpinning, no matter what the circumstances;
- Authentic caring: South African Tourism staff will show authentic care about each other, as well as to customers, shareholders, partners, suppliers and businesses;
- Responsibility: South African Tourism employees will take personal ownership for delivering work that exceeds internal and external customers' expectations; and
- Excellence: Staff will take pride in, and commit to, always meeting and exceeding, tourists' needs.

In living these shared common values as demonstrated through employee behaviours and actions, South African Tourism's organisational culture will be anchored on the following three cornerstones:

- Teamwork: Demonstrated by supportive and trustworthy relationships as well as fierce co-operation across departmental boundaries in co-creating innovative solutions;
- Excellence: Every employee's passion, unwavering drive for excellence and thought leadership will contribute significantly to innovate and create inspirational memories; and
- Ubuntu: In all dealings, South African Tourism will ensure that people come first and relate to each other with compassion and consideration.

4. LEGISLATIVE AND OTHER MANDATES

4.1 Constitutional Mandate

According to section 155 read together with Part A of Schedule 4 of the Constitution of the Republic of South Africa, tourism is a functional area of concurrent national and provincial legislative competence.

4.2 Legislative Mandates

The South African Tourism Board derives its mandate from Chapter 3 of the Tourism Act. The functions of the South African Tourism Board are to:

- i. Market South Africa as a domestic and international tourist destination;
- ii. Market South African Tourism products and facilities internationally and domestically;
- iii. Develop and implement a marketing strategy for tourism that promotes the objectives of the Act, and the NTSS;
- iv. Advise the Minister on any other matters relating to tourism marketing; and
- v. With the approval of the Minister, establish the National Convention Bureau to market South Africa as a business tourism destination by:
 - Co-ordinating bidding for international conventions; and
 - Liaising with other organs of state and suitable bodies to promote South Africa as a business tourism destination.

Additionally, the Minister assigned in terms of section 44 of the Tourism Act, 2014 the implementation and management of the national grading system for tourism to the Board.

4.3 Policy Mandates

- The National Development Plan (NDP) is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment creation and economic growth through its mandate to market South Africa both domestically and internationally.
- The New Growth Path (NGP) identifies tourism as one of the six pillars of economic growth.
- The National Tourism Sector Strategy (NTSS), which was approved by Cabinet and launched in March 2011, is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for the development of a Domestic Tourism Growth Strategy aimed at increasing domestic tourism's contribution to the economy. Achieving the NTSS's objectives depends on a collaborative effort between government and the private sector.
- The framework for the development and promotion of tourism is currently reflected in the White Paper on the Development and Promotion of Tourism in South Africa, 1996.

5. SITUATIONAL ANALYSIS

An ever-increasing number of destinations worldwide have opened up to, and invested in tourism, turning it into a key driver of socio-economic progress through the creation of jobs and enterprises, export revenues, and infrastructure development, according to a 2015 United Nations World Tourism Organisation (UNWTO) report.

Over the past six decades, tourism has experienced continued expansion and diversification to become one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged in addition to the traditional favourites of Europe and North America.

Tourism has boasted virtually uninterrupted growth over time, despite occasional shocks, demonstrating the sector's strength and resilience.

Tourism is a major category of international trade in services which brought tourism exports up to US\$ 1.5 trillion, which represents 7% of the world's exports in goods and services, up from 6% in 2014.

5.1 PERFORMANCE ENVIRONMENT

5.1.1 Geopolitical Landscape

According to Euromonitor International's 2016 *Passport Travel* edition, the prevailing geopolitical situation has affected the travel industry in a number of ways, including mass migration and conflict. That notwithstanding, it has proved resilient, with domestic and international trips showing consistent year-on-year growth.

Terrorist attacks across the world have impacted travel negatively. Such attacks tend to cause a short, sharp decline in a country's tourist numbers, followed by a rebound. However, sustained and frequent attacks, as in Turkey and Egypt, have a more long-term effect.

Euromonitor also cites Brexit – the United Kingdom's decision to leave the European Union – as contributing to high levels of uncertainty regarding the British economy. The depreciation of the pound may constrain the UK market significantly.

Asia and especially China are continuing to hold great promise for the global tourism industry, as more Asian travellers venture beyond their region. Huge, largely untapped potential exists in populous nations like India and Indonesia.

The travel industry is expected to pay more attention to promoting sustainable tourism practices in 2017, which has been declared by the UNWTO the International Year of Sustainable Tourism for Development.

5.1.2 Global Tourism Performance

Global tourism is growing at a steady rate of more than 4% year on year, making tourism a lucrative growth and investment area for any economy. Updated figures released by the UNWTO in its 2016 *Tourism Highlights* overview, published in July 2016, reveal that international tourist arrivals (overnight tourists) grew by 4.6% in 2015 to more than 1.186 billion tourists, an increase of 52 million over the previous year. This tourism activity collectively generated about US\$1.5 trillion in export earnings worldwide.

It was the sixth consecutive year of above-average growth in international tourism following the 2008 global economic crisis. According to the UNWTO, tourism flows in 2015 were influenced by the unusually strong exchange rate fluctuations, the decline in the price of oil and other commodities, and increased global concern about safety and security.

Destinations around the world welcomed 956 million international tourists between January and September 2016, according to the latest UNWTO World Tourism Barometer. This is 34 million more than in the same period of 2015, a 4% increase.

Demand for international tourism remained robust in the first nine months of 2016, though growing at a somewhat more moderate pace. After a strong start of the year, growth was slower in the second quarter of 2016 to pick up again in the third quarter of the year.

While most destinations report encouraging results, others continue to struggle with the impact of negative events, either in their country or in their region.

Africa, Asia and the Pacific led growth across world regions, with international tourist arrivals (overnight tourists) up 8% and 9% respectively for the first nine months of 2016 compared to the Americas and Europe that grew by 4% and 2% respectively during the same period.

5.1.3 Outbound Tourism

According to the UNWTO's *2016 Tourism Highlights* report, published in November 2016, the majority of leading source markets in the world reported increases in international tourism expenditure during the first three to nine months of 2016.

Among the top five source markets, China, the world's top source market, continues to drive demand, reporting double-digit growth in spending (+19%). Likewise, robust results come from the United States (+9%), which benefited many destinations in the Americas and beyond. Germany reported a 5% increase in expenditure, the United Kingdom, a 10% increase, and France, 3% growth.

In the remainder of the top ten, tourism spending grew notably in Australia and the Republic of Korea (both +9%), and moderately in Italy (+3%). By contrast, expenditure from the Russian Federation declined 37% and from Canada a slight 2%.

Beyond the top 10, eight other markets reported double-digit growth: Egypt (+38%), Argentina (+27%), Spain (+19%), India (+16%), Thailand (+15%), Ukraine (+15%), Ireland (+12%) and Norway (+11%).

5.1.4 Tourist Arrivals in South Africa

Despite the 4.6% growth in tourist arrivals worldwide, South Africa witnessed a 6.8% decline in international tourists – from 9.5 million in 2014 to 8.9 million in 2015. The poor performance in 2015 was due to the negative impact of immigration regulations as well as the aftermath of Ebola. Despite shrinking tourist numbers, South Africa's revenue from international tourism grew by 6.2% and tourists' average length of stay was 9.5 nights in 2015, up from 8.6 nights in 2014. International tourists spent a total of R68.2 billion in South Africa in 2015 up from R64.2 billion in 2014.

Positive news is that we have recorded strong recovery in 2016. International tourist arrivals in South Africa grew by 12.8% to 10 million (compared to 8.9 million for the same period in 2015).

All regions showed positive growth in 2016 with Asia (30.3%), North America (14.9%), Europe (15.8%), Australasia (10.9%), Africa land markets (11.4%) and Africa air markets (5.3%).

International tourists spent a total of R75.5 billion in South Africa in 2016, from R68.1 billion over the same period in 2015.

5.1.5 Comparative Analysis

According to the UNWTO, in 2015 Africa welcomed 53 million international tourists and earned US\$33 billion in international tourism receipts (+2% in real terms) to maintain a 5% share in worldwide arrivals and a 3% share in tourism receipts.

The number of international tourists visiting Africa dropped by an estimated 3% in 2015 as the continent continued to struggle with health and security challenges.

In 2015, South Africa slid from 34th to 37th in the world in international tourist arrivals. Despite this decline, South Africa remained in third place in Africa, behind Morocco and Egypt, which both also saw their volumes of international tourists drop.

In North Africa (-12%), international arrivals in Tunisia and Algeria declined considerably in 2015 as a result of various acts of terrorism, the UNWTO reported. Morocco reported a 1% decrease in arrivals, while Egypt experienced a 5% drop.

International tourists started gradually returning to Sub-Saharan Africa (+2%) throughout 2015, although Kenya and Mozambique both reported declines. Most African island destinations performed well in 2015, with the Seychelles (+19%), Mauritius (+11%) and Madagascar (+10%) all boasting double-digit growth. Zimbabwe recorded a 9% increase in tourist numbers in 2015.

The UNWTO reports that in 2015, Thailand jumped from ninth to sixth place in international tourism receipts, and from 14th to ninth position in the number of international tourists. The country welcomed five million more international tourists (+20%) than the previous year.

Turkey remained sixth in international arrivals and 12th in tourism receipts in 2015. Oceania enjoyed a solid 7% increase in arrivals in 2015, boosted by New Zealand (+10%) and Australia (+8%).

In the Americas, Mexico (+9%) enjoyed robust growth, driven by US demand. In the Caribbean (+7%), growth was driven by Cuba (+18%), Aruba (+14%), Barbados (+14%), Haiti (+11%), the Dominican Republic and Puerto Rico (both +9%). International arrivals in South America increased by 6% in 2015, but Argentina and Brazil both reported slight declines.

Recent brand-tracking research shows that the South Africa brand ranks extremely favourably as a tourism destination particularly for “adventurous” and “wildlife experiences” attributes followed by “memorable”, “variety”, “breath-taking” and “enriching” in relation to its direct competitors.

5.1.6 Long-term Outlook

The UNWTO (2015) forecasts that international tourist arrivals worldwide are expected to increase by 3.3% a year to reach 1.8 billion by 2030, remains relevant.

5.1.7 International Travel Trends

South African Tourism’s medium-term Tourism Growth Strategy takes into account a number of global trends in tourism, including:

- **Technology**

Technology impacting travel: With travellers getting more and more acquainted with technology, the tourism industry is witnessing an increase in the use of mobile phones and the adoption of gadgets such as wearables. Such technologies are profoundly influencing how travellers interact with the tourism ecosystem, from bookings to using social media to review and analyse other travellers' experiences.

Visa on arrival: To boost tourism, and make travelling as hassle-free as possible for potential tourists, more countries are providing inbound travellers with visas on arrival.

Rise of the millennials: Millennials – people born in the 1980s and 1990s – are expected to boost international tourism in coming years, with trips by this group estimated to increase from 217 million in 2013 to 320 million in 2020. Millennials are by nature spontaneous, active on social media and are socially conscious. They crave adventure and are early adopters of technology.

- **Sustainability**

Rise of green travel: Sustainable initiatives are being increasingly championed by countries and businesses, including hotels, who are mindful of the increase in those seeking out "responsible tourism" experiences.

5.1.8 Domestic Tourism

Notwithstanding a 3.3% increase in the number of domestic tourists travelling in 2015, the total number of trips declined by 12.5%. On average, South Africans each took 2 trips in 2015 compared to 2.3 trips in 2014. Revenue from domestic tourism declined by 11.9%.

Domestic trips can be divided into holiday trips, business trips as well as trips to visit friends and relatives (VFR). The latter category makes up the majority of trips undertaken within South Africa. In 2015, holiday trips taken within South Africa fell by 2.6%, from 2.8 million to 2.7 million. However, the nearly 16% drop in VFR trips in 2015 was the main reason for the overall decline in domestic trips.

Domestic tourists' length of stay grew from 4 nights in 2014 to 4.2 in 2015. However, with the 12.5% decline in the number of trips, the total number of bed nights dropped by 9.4%.

The South African consumer was under pressure in 2015, with disposable income growing at a lower rate than inflation. The rand is expected to remain weak against major currencies, putting pressure on food imports and petrol prices, while interest rates may spiral up. The drought also contributed to food price inflation.

Domestic tourism accounted for 24.3 million of the tourism trips in 2016, a decrease of -0.7% compared to the 24.5 million trips taken in 2015. VFR remains the main purpose of travel, with holiday trips accounting for approximately 11% of total trips.

The total revenue generated by local travel between January and December 2016 amounted to R26.5 billion, a 12.3% increase over the same period in 2015. About 49% of this spend was generated by VFR, with 26% from holiday trips and 16% from business.

5.1.9 Global Meetings and Events Trends

Spend on business meetings, incentives, conferences and exhibitions (MICE) is rising globally and the international meetings market is expanding exponentially. According to the International Congress and Convention Association's rankings, the United States hosted the most meetings in 2015, trailed by Germany, the United Kingdom, Spain and France.

The South African business events industry has been growing steadily over the last 10 years, contributing towards the country's tourist arrivals. This growth comes from sectors where South Africa has developed cutting edge technology and/ or show potential for growth. This also includes opportunity emanating from the burgeoning African Association industry and government events. The South African National Convention Bureau, a business unit of South African Tourism, has been tasked to drive growth in the business events industry in South Africa.

South Africa is ranked 38th globally in 2015 and was listed in the top 15 long-haul business events destinations, cementing the country's status as the number one ranked business events destination in Africa and the Middle East.

In 2015 South Africa hosted 140 international and regional meetings and conferences, which attracted just under 80 000 delegates. These events represented 542 combined conference days and generated just over R1 billion directly to the economy.

Out of 12 076 conferences held globally that met the International Congress and Convention Association's (ICCA) ranking criteria, South Africa accounted for almost 1% of the conferences (108). Conferences that are ICCA accredited need to meet the following criteria:

- Only association conferences and meetings are counted;
- The meetings and conferences need to rotate to at least three countries; and
- The meetings and conferences need to be attended by at least 50 international delegates.

Key Trends in the Association Segment

- **Beyond the tourism numbers:** At international and regional association conferences and meetings, ideas are generated, discussed and debated. Knowledge and new research findings are presented, collaboration is fostered, investment is stimulated; networks are consolidated, initiated and expanded. For this reason, destinations are seeking to measure not just the immediate tourism benefits of business events but the longer lasting social legacies as well. Association conferences facilitate the dissemination of new knowledge, ideas, techniques, materials, and technologies to local educators, practitioners and researchers with access to a network of international colleagues. This networking affords local delegates with new business and research collaborations, which can generate innovation, ideas and research agendas for many years to come.
- **Economic and political instability:** Globally, safety remains an important consideration, and economic and political instability is also a key concern.

Latest Trends in Incentives

Millennials often seek exotic and cultural adventures. They are also motivated by doing good – leaving a location better than they found it. “Sun and fun”-style trips are slowly being replaced by those that involve hard work, either in the form of altruistic (corporate social responsibility) activities (building houses or other infrastructure, for example) or extreme recreational activities, such as climbing and survival skill challenges.

Younger employees want to feel that they’re making a direct impact on someone’s life. Incentive planners looking to cater to a predominately millennial audience can engage attendees with opportunities to explore the local geography and cultures while “giving back”.

5.1.10 Quality Assurance

All over the world, rating or grading systems are often used to classify accommodation establishments such as hotels according to the quality of service they provide, based on independent assessments by experts. Many major hotel brands are also beginning to embrace user-generated online reviews in addition to these formal classification systems.

The UNWTO Report on Online Guest Reviews and Hotel Classification Systems shows that consumer reviews complement the quality grading programmes of a number of countries. Countries such as the United Arab Emirates (UAE) have already integrated consumer reviews in their quality assurance systems, with great success.

Despite the growing trends such as Airbnb and Uber as well as the influence of online platforms such as TripAdvisor quality assurance remains important to determine the standard of service level, certainty and reliability.

Recent market insights and trends show a dramatic increase in online user-generated consumer reviews. These put pressure on product owners to ensure service excellence and high-quality tourism offerings, over and above the quality of the building, furniture and fittings of the physical establishment.

A number of surveys show that graded establishments experience improved perceptions of value from customers, based on their participation in grading systems. Although the cost of grading is a factor, the value gained, as perceived by establishments, will need to become more compelling, particularly since grading is voluntary.

The number of graded accommodation and rooms in South Africa is just over 5 000 and 114 000 respectively, 85% being non-hotel establishments and 15% being large hotel chains and facilities for meetings, exhibitions and special events. The large hotel groups and conference facilities account for 50% and the remainder by SMMEs.

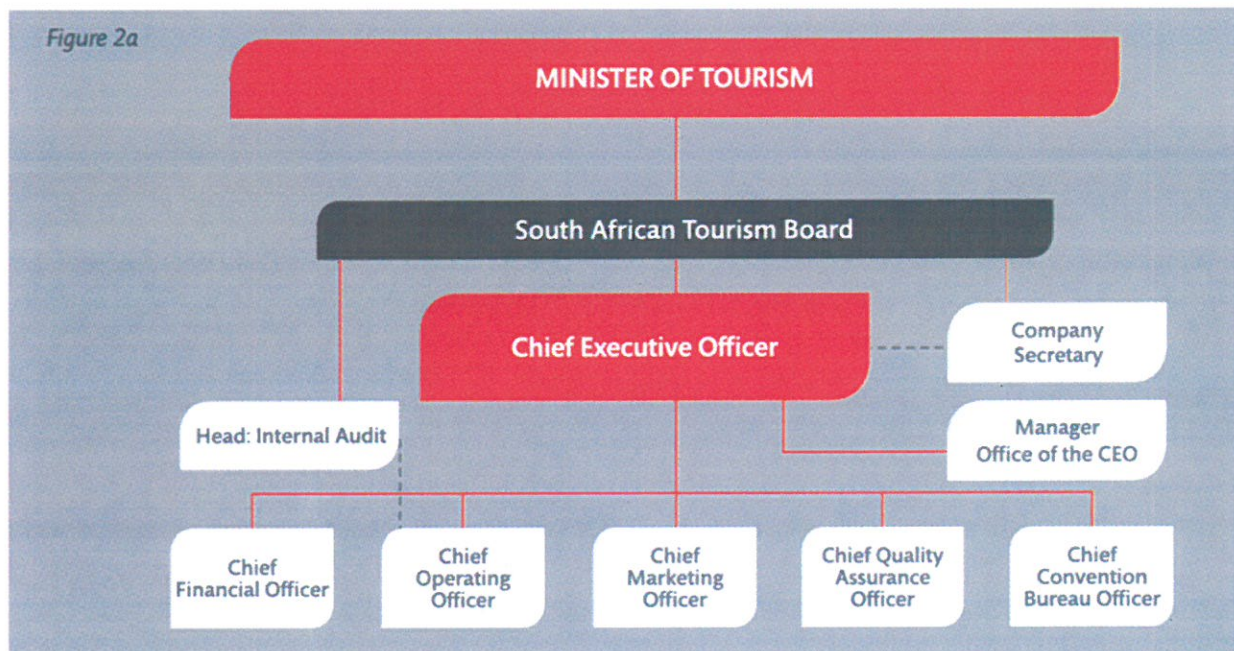
Similar to other tourism destinations in the world, South Africa established its quality assurance recognition and reward programme (Lilizela Awards) to encourage industry players across the value chain to improve tourist experience through service excellence, thus growing South Africa’s global destination competitiveness.

5.2 ORGANISATIONAL ENVIRONMENT

South African Tourism's business focus areas are leisure tourism, business events and business tourism, underpinned by quality assurance.

5.2.1 Organisational Structure

South African Tourism is in the process of reconfiguring its operating model to ensure delivery of our mandate as articulated in the Tourism Act. This review will be finalised towards the end of the 2016/17 financial year.



5.2.2 Funding

South African Tourism receives approximately 90% of its annual budget from government grants and subsidies, and 10% from the private sector – via the TOMSA levy allocated through the Tourism Business Council of South Africa (TBCSA).

South African Tourism delivers its mandate through collaborative funding and joint marketing investment, harnessed from private and public sector partners.

5.2.3 Organisational Efficiency

South African Tourism recently embarked on a review of its performance and the prevailing operating environment, in a bid to enhance its growth strategy. This review included interviews with key stakeholders from the government and the tourism industry.

This extensive canvassing process resulted in the following principles being identified for South African Tourism to implement internally.

This will enable the organisation to improve its efficiencies and have an optimal impact on the industry:

- **Agility and resilience:** The tourism landscape evolves at a rapid rate, and South African Tourism needs to be agile and flexible to stay ahead of the competition, respond to market realities, be resilient to external factors and evolve according to industry needs. Such agility is particularly important against a backdrop of tight budgets and a tough macro-environment.
- **Transparency:** South African Tourism needs to dispel the perception that it internalises its strategies, measures and knowledge. A culture of collaboration and stakeholder empowerment needs to be embedded.
- **Partnering through the value chain:** South African Tourism needs to work with its trade partners – from marketing campaigns to product development – to create better tourism offerings for consumers.
- **Positioning as an authority on tourism:** South African Tourism should improve its capability to communicate the impact of external factors or scenarios to stakeholders in the value chain, and position itself as an authority on tourism in South Africa.
- **Having measurable impacts:** South African Tourism must communicate its marketing efforts and successes in a manner that is measurable, to show stakeholders the tangible impacts and returns on investment.
- **Clarification of its corporate image and role:** The role and mandate of South African Tourism in the tourism value chain must be more effectively communicated to stakeholders.

It was resolved that organisational efficiency would be achieved by:

- Mapping and streamlining business processes and systems to improve operational efficiency;
- Reviewing policies to improve agility and operational efficiency; and
- Reviewing and designing an organisational structure to support South African Tourism's new five-year strategy (see 5.3 below).

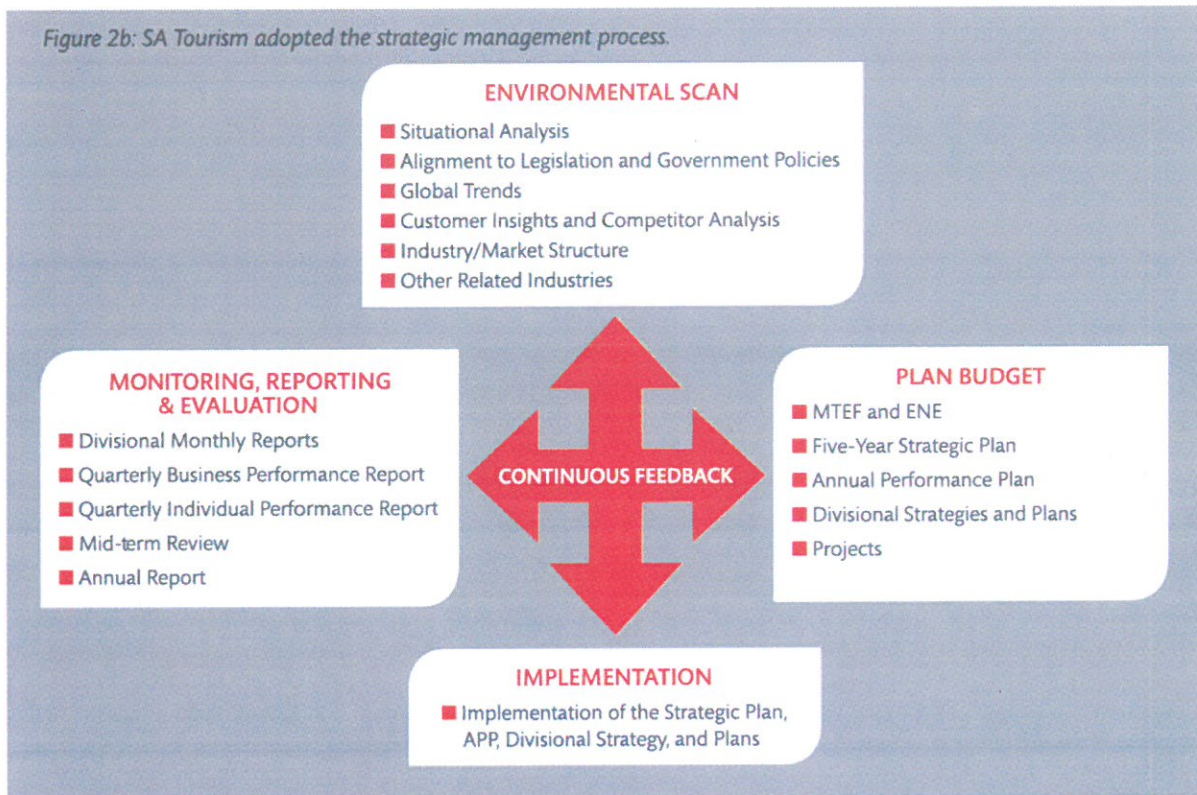
5.3 STRATEGIC PLANNING PROCESS

South African Tourism is revising its Tourism Growth Strategy in order to achieve five million additional tourists in five years (4 million international tourist arrivals and 1 million domestic holiday trips). This strategy for growth is an update to the 2002 Tourism Growth Strategy (TGS), which mapped out source markets that will deliver international tourist arrivals and domestic tourist as well as the strategy to achieve the set goals.

Phase 1 of strategy formulation – the outcome of which is the Marketing Investment Framework (MIF) - has been concluded in consultation with the stakeholders. In the next five years the MIF will guide where South African Tourism should invest its marketing budget for optimal return on investment (in terms of tourist numbers and tourist spend).

For the remainder of the 2016/17 financial year, South African Tourism's focus is finalising the development of the five strategic thrusts (detailed on page 19, section 6) that will synergistically drive the achievement of the goal – for full implementation effective 2017/18.

Figure 2b depicts the stages of South African Tourism's strategic planning process.



6. TOWARDS THE ENHANCED STRATEGY FOR GROWTH

In 2015–16, South African Tourism commenced with the revision of its Tourism Growth strategy (2002), now known as 'The Enhanced Strategy for Growth', taking into account a nuanced view and inputs from both the external and the internal environment. The integrated approach helped South African Tourism to arrive at a goal and key strategic thrusts that will help South African Tourism meet its objectives. Considering the growth forecasts and anticipations from the international tourist arrivals and domestic holiday-taking market, South African Tourism set an aspirational, yet realistic, goal to add five (5) million more high-value visits to its international and domestic base in the period 2017–21. The goal comprises four million international tourist arrivals and one million domestic holiday trips.

To meet the desired goal, South African Tourism needs to be an inspired and energised marketer of the tourism brand of South Africa. The organisation should be able to build a recognisable, resilient and vibrant destination brand, by targeting the most relevant set of markets and segments, optimally utilising the available resources and networks and partnering with the ecosystem for cohesive actions.

The following key thrusts were then identified as part of the 5-in-5 framework:

- **Optimising marketing investments** - Develop and implement an investment strategy that allows South African Tourism to focus on prioritised markets and segments

- **Reassessing and realigning the brand** - Build a recognised, appealing, resilient and competitive tourism (and business events) brand for South Africa across the target markets and segments
- **Developing effective stakeholder partnerships** - Collaborate with partners, both local and international, to maximise synergies, enhance traveller experience and close sales
- **Utilising resources effectively** - Drive operational efficiencies in all activities, including human, marketing and other resources available to South African Tourism
- **Being an inspired organisation** - Build an inspired and energised organisation that is motivated to meet the defined goal

6.1 OPTIMISING MARKETING INVESTMENTS

South African Tourism has developed a Marketing Investment Framework (MIF) to inform its decisions on source markets for South Africa's international tourist arrivals for the next five years. The current macro-economic situation of South Africa forms the background to this framework. A depreciating rand has made the operating environment for South Africa increasingly challenging; this is especially important as South African Tourism operates in foreign markets, where it has to spend in foreign currency. However, the budgets are made available in rands. Although the government funding for South African Tourism is set to increase consistently up to 2018, the effective funds available are significantly affected by the rand's continued depreciation against major global currencies. The depreciating rand makes it easier for the inbound international tourists; however, the currency movements limit South African Tourism's ability to attract them.

6.1.1 Principles Informing the Marketing Investment Choices of South African Tourism

The responsibilities of destination marketing organisations (DMOs) span from ensuring effective marketing of the nation as a tourism brand to contributing towards a sustainable tourism economy. In most situations, the resources available to the DMOs are limited, forcing the organisation to adopt targeted approaches that maximise the return on investments. Thus, creating a marketing investment framework must consider the following principles:

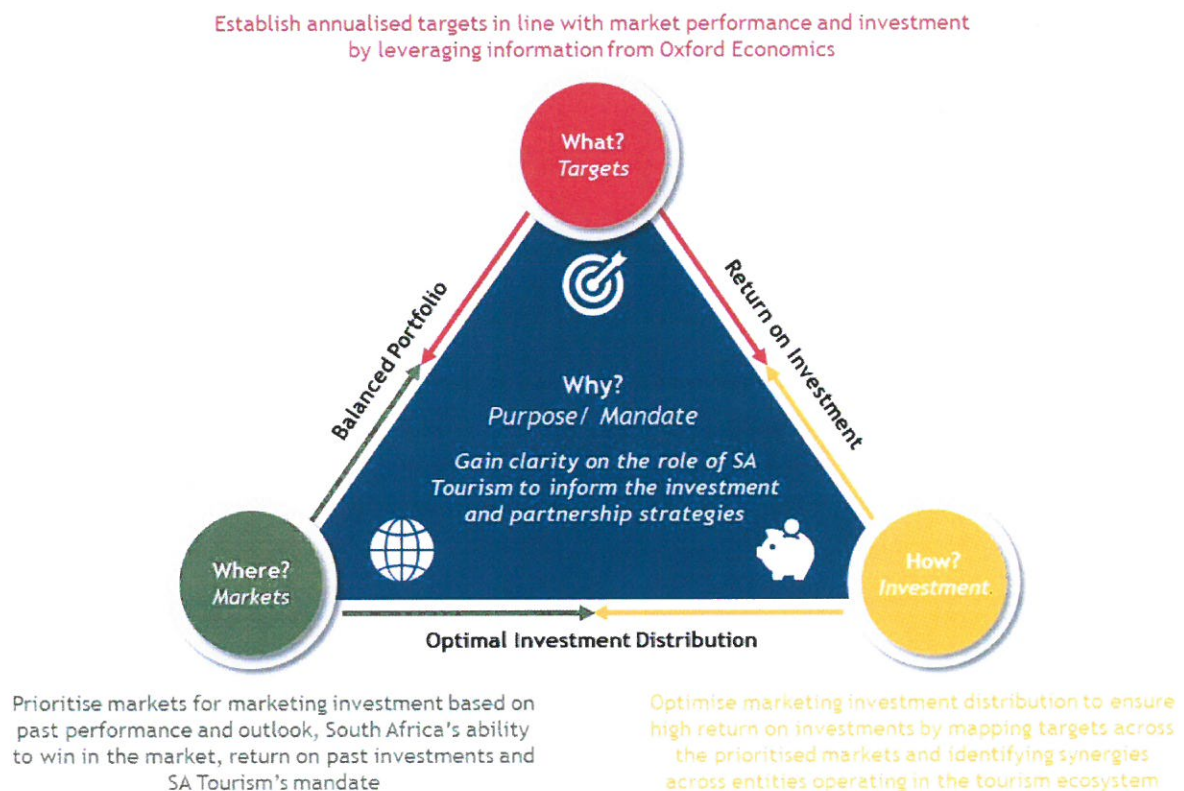
- Thorough, yet objective;
- Methodical, yet imaginative;
- Nuanced, yet prevalent;
- Robust, yet agile; and
- Reflective, yet forward-looking.

With the above principles in mind, South African Tourism began building a Marketing Investment Framework (MIF) that would inform its investment choices.

As an outcome of the Marketing Investment Framework, South African Tourism has identified a number of core markets that will deliver optimal return on investment. This framework took

into account the macroeconomic situation in South Africa, the depreciating rand and the fact that South African Tourism has to spend foreign currency on marketing in overseas markets.

This list of markets has been prioritised based on the attractiveness of each market and South Africa's "ability to win" in each market. Brand performance and targets within each market have been divided into two main global categories – core markets (focusing on the entire brand journey) and investment markets (focusing on closure and providing information through trade stakeholders). The available budgets will be apportioned to core source markets for maximum ROI.

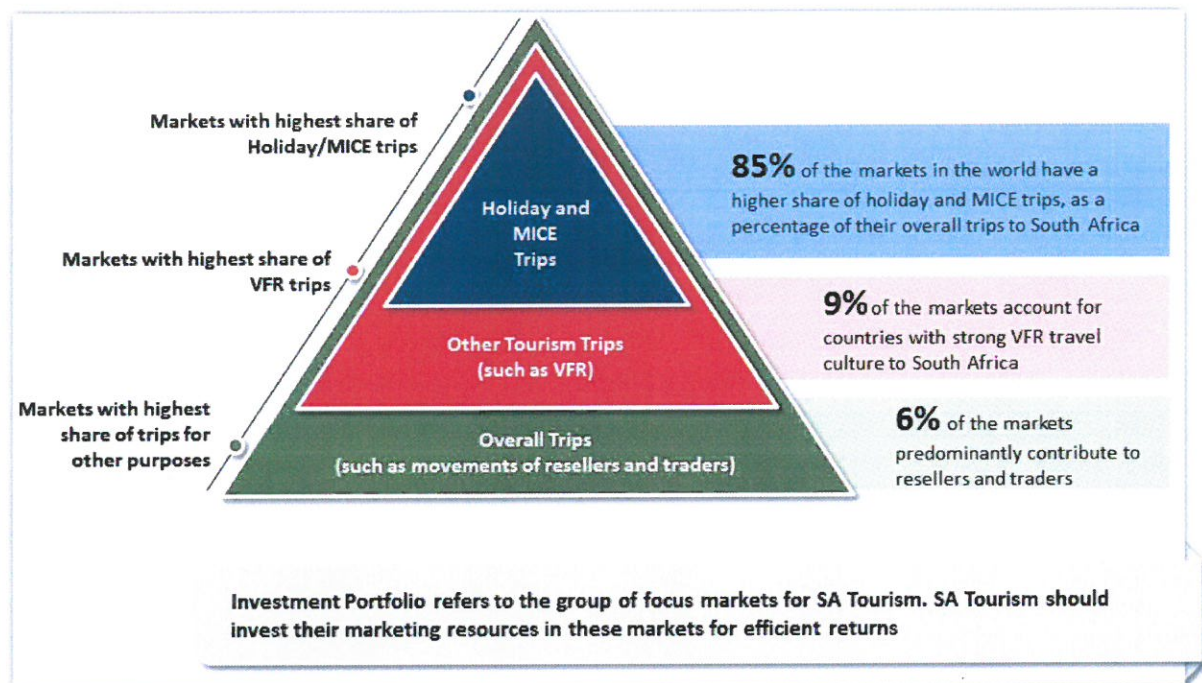


6.1.2 Market Classification

Observing the primary purpose of travel to South Africa, all the markets in the world have been classified across three tiers. Investment choices need to be made for the three tiers, considering South African Tourism's varied role across the different markets with their varying natures.

These have been divided into international markets with the highest share of holiday and MICE trips to South Africa, markets with the highest share of VFR trips to South Africa, and markets with the highest share of trips for other purposes, such as for trading purposes.

Classification of international markets across the three tiers is as follows:



Note: *Percentage of markets in the tier is indicative and is based on the number of markets demonstrating the behaviour depicted by the tier.

November 2016

17

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As South African Tourism has limited resources, it has prioritised its markets using a tiered approach with:

- Tier one: core markets;
- Tier two: strategic markets; and
- Tier three: the rest of the world.

Although South African Tourism's efforts need to focus on its core selection of markets, marketing efforts should be extended to the strategic markets as this will help to meet the following considerations for defining the portfolio:

- The portfolio considers markets that demonstrate long-term growth potential. Thus, strategic markets have been incorporated. Whereas core markets demonstrate strong potential for growth, strategic markets were considered as they can be developed into key source markets in the future.
- The portfolio represents a balance of concentration and dilution of investment; in other words, it will be appropriately spread. Highly concentrated investments pose higher risks in scenarios such as political or economic upsets in the source markets. A highly spread-out portfolio dilutes investments, diminishing the impact of marketing efforts (due to reduced budget share or operational complexities).
- The portfolio set will allow an appropriate spread across the key regions in the world; strategic markets can help with this objective.
- Supporting the rest of the world cost effectively through digital means.

6.2 REASSESSING AND REALIGNING THE BRAND

Building brand awareness is essential to build brand equity and it helps consumers become more familiar and knowledgeable with the South African experiences. Increased brand awareness and improved positivity, improves intention to visit and closure ratios

The key areas of this thrust is to:

- Review brand performance to develop a detailed understanding of the brand journey and identify the levers that can be pulled to grow the brand
- Build knowledge and understanding of South African Tourism's Brand Key – both within the organisation and across the external network
- Build a global communication plan for the brand that is to be implemented by all stakeholders to improve consistency and impact of our brand message

6.3 DEVELOPING EFFECTIVE STAKEHOLDER PARTNERSHIPS

The essence of this thrust is to partner with tourism and non-tourism entities in South Africa and our source markets (international, as well as domestic) to ensure South Africa is marketed, promoted and sold in a manner that would enhance our brand, tourist experience and budget by maximising synergies with those entities.

South African Tourism does not own the entire value chain in the marketing, promotion and selling of South Africa as a tourist destination; South African Tourism markets the destination, however, fulfilment of that marketing promise happens elsewhere and largely in private sector – outside of South African Tourism's control. In addition, in marketing the destination there are other influencers and entities that can assist in enhancing the efforts of South African Tourism. These range from trusted companies/brands, individuals with major consumer-following and media houses and/or journalists that South African Tourism can leverage to bring about brand awareness, positivity, reach and sales. All the above-mentioned entities and individuals offer South African Tourism the opportunity to do more with the limited resource, through partnering with them for a sustainable growth of tourism

It is, therefore, imperative that South African Tourism understands who these entities are and their business/profitability models in order to partner with them. South African Tourism can provide them with information and guidance on what the consumers want in a tourist destination and the necessary levers to pull to maximise collective effort to ensure increased international tourist arrivals and domestic holiday trips.

The key areas of this thrust is to:

- Develop a detailed view of the travel trade landscape
- Develop all-encompassing approach (i.e., business model) for South African Tourism's engagement with partners (trade, media, influencers)
- Develop a partnership toolkit

6.4 UTILISING RESOURCES EFFECTIVELY

With increasing pressures to work with limited resources, or those that are shrinking in 'real' value, it has become vital that South African Tourism works towards optimising the utilisation of the existing resources and streamlining the underlying processes. Furthermore, South African Tourism has identified the need to be 'agile' in terms of its operations – this will allow the organisation to tap into any immediate opportunities as well as adapt to the fast-evolving macroeconomic environment. This thrust will allow South African Tourism to bring in operational efficiency through all processes of the organisation. The key areas of this thrust is to:

- Review policies to improve agility and operational efficiency
- Map and streamline business processes and relevant systems to improve operational efficiency
- Review and design organisational structure to ensure achievement of the 5-in-5 goal

6.5 BEING AN INSPIRED ORGANISATION

To steer the organisation, and the tourism economy, towards the set goal, it is important that all actions of South African Tourism, as an organisation, and its employees are aimed towards meeting the defined goal. This will be achieved by ensuring that South African Tourism, as an organisation, stay inspired, energised and focused. All parts – from business units to individuals – of the organisation need to clearly know their role in meeting the defined goal. The key areas of this thrust is to:

- Develop strong, inspiring and effective leaders with the vision and energy to deliver on the South African Tourism objectives; improve Organisational development and business effectiveness to ensure delivery of our business objectives.
- Build and nurture talent within South African Tourism to achieve the organisation's goal
- Re-awaken passion among all employees by changing the culture within South African Tourism to contribute to achieving the goal

7. SOUTH AFRICAN TOURISM'S STRATEGIC GOALS

Emanating from the Ministerial Review of 2015, in 2015-2016 South African Tourism is in the process of restating its growth strategy, seeking inputs from both its internal and external environments. With inputs from the external landscape and taking cognisance of the internal environment, South African Tourism set itself a medium-term goal, steered by five strategic thrusts to contribute to the tourism sector of South Africa.

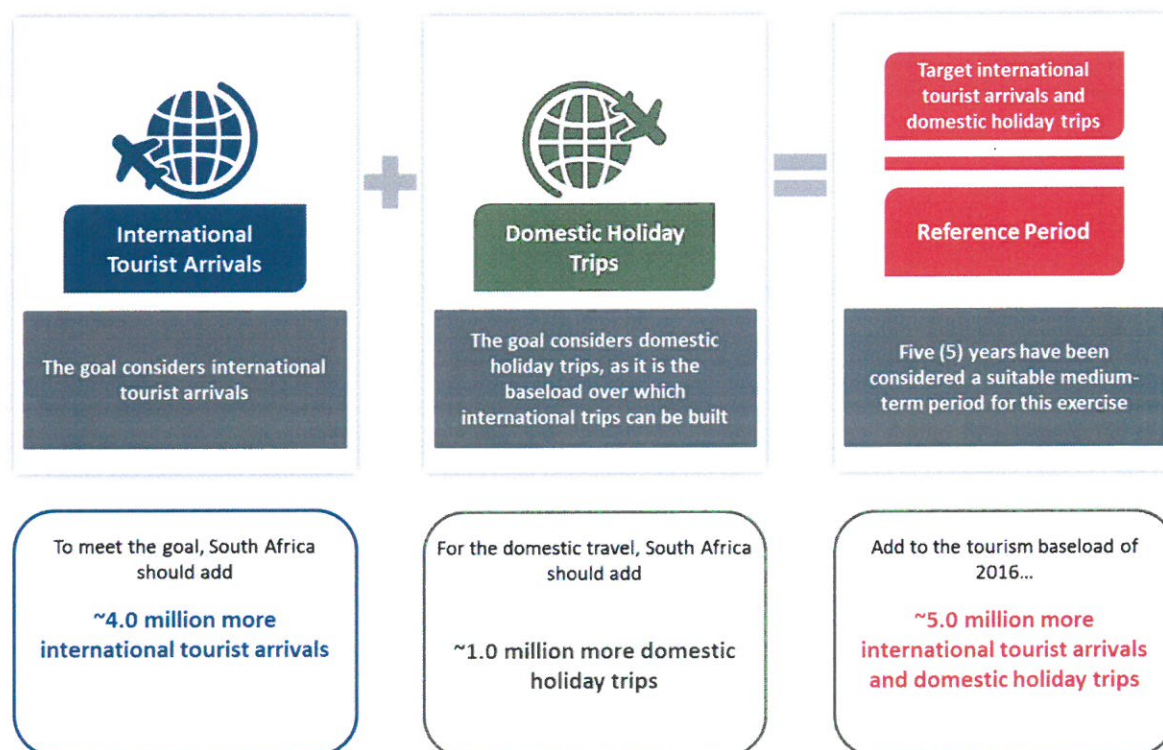
To meet the desired goal, South African Tourism needs to build a recognisable, resilient and vibrant destination brand, by optimally utilising the available resources and synergising efforts with its partner networks across a prioritised set of markets, segments or other business focus areas. To steer these activities, the organisation needs to serve as an inspired and energised custodian of the tourism brand of South Africa.

7.1 STRATEGIC OUTCOMES-ORIENTED GOALS OF SOUTH AFRICAN TOURISM

Strategic Outcome-Oriented Goal 1: Increase the tourism sector's contribution to inclusive economic growth

Government Outcomes	Strategic Outcome-Oriented Goal 1	Goal Statements
Outcome 4: Decent employment through inclusive economic growth Outcome 11: Creating a better South Africa, and contributing to a better and safer Africa in a better world	Increase the tourism sector's contribution to inclusive economic growth	Market South Africa to attract 5 million additional international tourist arrivals (including business delegates) and domestic holiday trips that will contribute approximately R117 billion to the economy by 2021.

South African Tourism's goal seeks to improve both international tourist arrivals and domestic holiday trips, as they contribute significantly to the economy.



The value contribution from the two markets (international and domestic) is expected to reach R126.0 billion by 2021 (based on 2016 estimated performance).



Note: ²Based on the audited 2015 performance, and not adjusted for inflation or currency fluctuations; NB reported domestic spend excludes expenditure by Business, VFR and other tourist) Overall Total Tourism Revenue will be ~ ZAR 141.4 Bn based 2016 est.

Strategic Outcome-Oriented Goal 2: Achieve operational efficiency and good governance

Government Outcomes	Strategic Outcome-Oriented Goal 2	Goal Statements
Outcome 12: An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Achieve operational efficiency and good governance	South African Tourism works towards optimising the use of existing resources and streamlining the underlying processes, while continuing to improve its internal controls to achieve an unqualified audit. South African Tourism has identified the need to be agile in terms of its operations to tap into any opportunities while adapting to the rapidly evolving macro-environment.

Globally, the travel and tourism landscape is constantly evolving and South African Tourism is expected to operate within this context with a clear role, governed by the principles of transparency and agility, and serve as the foremost authority for tourism market insights and analytics.

Furthermore, the increase in South African Tourism's resources has been offset by currency fluctuations and inflation, underpinning the need to have operational synergy and efficiency.

Following inputs from the Ministerial Review and stakeholders, it was therefore resolved that South African Tourism would increase its efforts to drive operational efficiency and agility in all activities, including in human resources and marketing.

7.2 ORGANISATIONAL STRATEGIC OBJECTIVES

Strategic Outcome-Oriented Goals	Strategic Objectives	Programme
Increase the tourism sector's contribution to inclusive economic growth	SO1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists	Programme 3 & 4
	SO2: To contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments	Programme 3 & 4
	SO3: To enhance stakeholder and partnership collaboration, both local and international, to better deliver on South African Tourism's mandate	Programme 2
	SO4: To contribute to an improved tourist experience in line with the brand promise	Programme 5
Achieve operational efficiency and good governance	SO5: To position South African Tourism's corporate brand to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics	Programme 2
	SO6: To achieve operational efficiencies in all activities, including human, marketing and other resources available to South African Tourism	Programme 1

PART B: STRATEGIC OBJECTIVES

8. PROGRAMMES

8.1 PROGRAMME 1: CORPORATE SUPPORT

Programme	Sub-programmes	Purpose
Corporate Support	<ul style="list-style-type: none"> Office of the CEO Human Capital Finance Supply Chain Management 	To provide support services to the organisation, as well as ensure compliance with statutory requirements

Corporate Support Strategic Objectives

Strategic Objective	Objective Statement	Baseline	Justification	Links
SO6: To achieve operational efficiencies in all activities, including human, marketing and other resources available to South African Tourism	To attract, energise, retain and develop people in a conducive work environment	Staff satisfaction score (baseline to be set in March 2017)	South African Tourism and its employees need to be inspired and energised, with leadership that nurtures talent within a transformed organisation in order to achieve the goal of the organisation.	Outcome 12: An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship
		7.6% Staff turnover as at 31 March 2015		
		100% implementation of Work Skills Plan (WSP)		
		0.5% representation of employees with a disability (new indicator)		
		Percentage implementation of the new organisational structure (new indicator)		
	To maintain an unqualified report by the Auditor-General of South Africa (AGSA)	Unqualified audit as at 31 March 2016	Good governance practices are embraced.	Outcome 12: An efficient, effective and development-

Strategic Objective	Objective Statement	Baseline	Justification	Links
	To promote inclusive tourism growth through preferential procurement	75% spend from B- BBEE - compliant suppliers	Compliance to preferential procurement.	oriented public service and an empowered, fair and inclusive citizenship

¹South African Tourism's Employment Equity targets have been benchmarked against the National Economically Active Population.

Corporate Support Focus Areas over the MTEF Period

As a response to the recommendations from the Ministerial Review, the organisation embarked on an organisational review project (Project Ignite). Over the MTEF period, Project Ignite has been earmarked as an opportunity to drive improved efficiency across South African Tourism's operations, with an emphasis being placed on meeting the following objectives:

- **Removing silo operations:** This will be achieved through integrated processes that encourage standardised practices across the board, and seamless operations and information sharing.
- **Driving a performance-based culture:** This will be achieved by understanding what outputs need to be, and ensuring that the outputs are results-oriented and measurable. Furthermore, Project Ignite will help bridge skills gaps, and will retain and manage talent optimally through a skills audit as well as training.
- **Strengthening the South Africa brand through partnerships:** South African Tourism will work collaboratively with the industry, private sector and government, to co-create solutions and share outcomes.

The spending focus over the medium term will be on mapping and streamlining business processes and relevant systems while reviewing policies to improve operational efficiency and agility, as well as on reviewing and designing a new organisational structure to deliver the 5-in-5 goal.

8.2 PROGRAMME 2: BUSINESS ENABLEMENT

Programme	Sub-programmes	Purpose
Business Enablement	<ul style="list-style-type: none"> • Insights and Analytics • Performance Evaluation • Regulatory affairs • Stakeholder and Partnership management 	<p>To ensure strategy development and integration with business performance monitoring, governance and evaluation</p> <p>To provide centralised research insights and analytics to support core business and provide an open source for information sharing with the tourism sector</p>

This programme identifies the core business enablers that support the execution of the South African Tourism's mandate. Areas covered by the programme include amongst others:

- Research and insights capabilities which is at the centre of our business as South African Tourism
- Stakeholder Management – designed to ensure the continuous management of all stakeholders across the various country office operations
- Business Performance – designed to ensure that strategy development is centralised to enhance strategic integration, and performance across business

Business Enablement Strategic Objectives

Strategic Objective	Objective Statement	Baseline	Justification	Links
SO3: To enhance stakeholder and partnership collaboration to better deliver on South African Tourism's mandate	To engage stakeholders to drive long-term, sustainable performance, accountability and stakeholder value	50% implementation of the Stakeholder Engagement Framework	South African Tourism needs to partner and explore synergies with stakeholders to remove barriers and enhance the brand and traveller experience.	Outcome 4: Decent employment through inclusive economic growth

Strategic Objective	Objective Statement	Baseline	Justification	Links
	To ensure availability of reliable performance information for stakeholders	7 strategic reports approved: <ul style="list-style-type: none"> – 2016/2021 Strategic Plan – 2016/17 APP – 2015/16 Annual Report – 4 Quarterly reports (2015/16) (new indicator) 	Enhance stakeholder confidence South African Tourism by providing reliable performance information	
SO5: To position South African Tourism to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics	To provide tourism market intelligence and collateral for internal and external stakeholders using Open Source	7 market intelligence reports approved: <ul style="list-style-type: none"> – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports (South African Tourism index) – 2 Global BrandTracker Reports (2015/16) (new indicator) 	In the current dynamic tourism environment, it is vital to ensure innovation and the interconnectedness of various tourism-related industry players through the generation and sharing of market-related information.	Outcome 4: Decent employment through inclusive economic growth

Business Enablement Focus Areas over the MTEF Period

South African Tourism aims to bolster its strategic research capability to move the primary focus of work away from tracking to growth-related research. The research capability will become a distinguished unit that provides strategic insights to inform the choices of the organisation. Following the Ministerial Review of South African Tourism, it has been advised that the research unit needs to expand, allowing it to widen the scope of research activity – with a view to it adding value through “analytics, insights and market intelligence”. The areas of focus for augmenting research capability over the MTEF are as follows:

- **Decision making:** Provision of leverage in decision making by delivering insights on target segments, key core markets for investments and other markets of strategic importance.

- **Marketing campaigns:** Provision of market intelligence to design a platform for building marketing campaigns and developing organisational strategy. Additionally, it will offer insights into market developments and opportunities.
- **Monitoring:** Conduct studies on capturing five-yearly market segmentation studies, three-yearly portfolio reviews and annual brand tracking in priority markets.
- **New methodologies and tools:** Create industry interconnectedness with trade, stakeholders and partners to promote innovation and best practice in generating fresh market insights and improving the integrity of tourism statistics.
- **Sharing of market intelligence:** Use of online and offline platforms to compile, analyse and disseminate integrated marketing intelligence, insights, data reports and analytics with an emphasis on:
 - Continuously tracking consumer perceptions about South Africa's brand as a destination for leisure and business events against its competitors;
 - Gathering insights from international tourists that have visited South Africa on how they have experienced the brand;
 - Gathering and analysing domestic travel patterns as well as contextualising domestic tourism performance;
 - Providing region/market-specific insights for strategy development and execution; and
 - Conducting benchmarking studies and surveys.
- **Latest Available Data:** The unit will provide the latest available information on tourist data and identify credible sources for deriving insights.

Stakeholder and Partnership management

Managing sustainable stakeholder partnerships is critical to the delivery of South African Tourism's mandate. The entity seeks to ensure that there is a continuous effort to bring all stakeholders and potential partners in the tourism ecosystem closer to its business. They will actively participate in the development, planning and implementation of the upcoming South African Tourism's Tourism Growth Strategy, plans and objectives in the next five years. This is to ensure that South African Tourism:

- Keeps the industry and stakeholders informed about what South African Tourism is doing, so as to build better co-operation within the sector. This will ensure better delivery of the tourism mandate and grow a sustainable, thriving tourism industry;
- Gets a better understanding of the issues facing the industry and the choices they are making, so as to find synergies on which to co-operate;

- Finds the levers and platforms available to South African Tourism to positively, continuously and consistently impact on the tourism sector and stakeholders in order to ensure delivery of the tourism mandate;
- Identifies activities that will enhance engagement with the industry and the tourism bodies of government; and
- Promotes collaborative marketing investment and sector transformation.

8.3 PROGRAMME 3: LEISURE TOURISM MARKETING (INCLUDING AFRICA)

Programme	Sub-programmes	Purpose
Leisure Tourism Marketing	Tourism Operations <ul style="list-style-type: none"> • International Leisure Marketing • Africa Leisure Marketing • Domestic Leisure Marketing • Marketing Strategy 	To provide destination tourism marketing for leisure tourists for both international and domestic markets

Leisure Tourism Marketing Strategic Objectives

Strategic Objective	Objective Statement	Baseline	Justification	Links
SO1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists	To implement an international marketing strategy that contributes to increased	10 044 163 as at December 2016	An enhanced brand recognition will increase international tourist arrivals.	Outcome 11: Creating a better South Africa, and contributing to a better and safer Africa in a better world
	– International tourist arrivals (including international business delegates) from 10 044 163 million in 2016/17 to 14 million in 2021.	R75.5 billion as at December 2016	Inclusive growth in the tourism economy will boost job creation, in line with the NDP, and increase the contribution of tourism to GDP.	Outcome 4: Decent employment through inclusive economic growth
	– Total Tourist Foreign Direct Spend from R75.5 billion in 2016/17 to R116.0 billion in 2021.	13% geographic spread as at 31 December 2015 (new indicator) (unaudited)	Implement collaborative marketing initiatives with provincial and city tourism agencies in order for each province to achieve a share in tourism growth.	
	– improve geographic spread of international tourist arrivals; and – improve seasonality of international tourist arrivals	1.36% seasonality as at 31 December 2015 (new indicator) (unaudited)	Implement collaborative international marketing initiatives with trade to improve seasonality patterns for sustainability of	

Strategic Objective	Objective Statement	Baseline	Justification	Links
	by December 2021 (based on estimated performance for 2016/17)		the tourism sector.	
SO1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists	To implement a domestic tourism marketing strategy to increase <ul style="list-style-type: none"> – The number of total domestic trips from 24.3 million in 2016/17 to 27.3 million in 2021. – Number of holiday trips from 2.6 million in 2016/17 to 3.6 million in 2021. – Total Domestic Direct Spend from R26.5 billion in 2016/17 to R32.0 billion in 2021. – Domestic Holiday Revenue Spend from R7.1 billion in 2016/17 to R9.8 billion in 2021. – improve geographic spread of domestic tourists; and – improve seasonality of domestic tourists by December 2021	24.3 million total domestic trips as at December 2016)	To implement a domestic tourism marketing strategy to build the culture of travel through access whilst retaining existing holiday-makers.	Outcome 4: Decent employment through inclusive economic growth
		2.6 million holiday trips as at December 2016		
		TDDS: R26.5 billion as at December 2016	Inclusive growth in the tourism economy will boost job creation, in line with the NDP, and increase the contribution of tourism to GDP.	
		Domestic holiday revenue: R7.1 billion as at December 2016) (new indicator)		
		2% as at 31 December 2015 (new indicator) (unaudited)	Implement collaborative marketing initiatives with provincial and city tourism agencies in order for each province to achieve a share in tourism growth.	
		24% as at 31 December 2015 (new indicator) (unaudited)	Implement collaborative domestic marketing initiatives with trade to improve seasonality patterns for sustainability of the tourism sector.	




Strategic Objective	Objective Statement	Baseline	Justification	Links
SO2: To contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments	To market a coherent destination South Africa brand to improve <ul style="list-style-type: none"> brand positivity from 38% in 2015/16 to 40% and brand awareness from 78% in 2015/16 to 80% by February 2022 	38% positivity as at 28 February 2016 78% awareness as at 28 February 2016	Increased brand awareness and positivity improves intention-to-visit-South Africa ratios and arrivals in South Africa.	Outcome 4: Decent employment through inclusive economic growth

Leisure Tourism Marketing Focus Areas over the MTEF Period

Target Markets for Leisure Tourism Marketing

Based on the desired growth in market share, relative cost of acquisition in each market and the available budgets, South African Tourism has defined a selection of prioritised markets from the list of attractive opportunities. These markets are expected for account for 95% of total international trips to South Africa.

The MIF's selection of markets is as follows:

	Europe		Asia Pacific	Americas	Africa
Holiday and MICE 	Germany UK France Switzerland Netherlands Italy Norway Austria Spain	Denmark Belgium Portugal Sweden Ireland Turkey Finland	Australia China India Singapore New Zealand Malaysia UAE	US Brazil Canada	Tanzania Kenya Namibia Nigeria DRC Uganda Ghana Ethiopia Angola
VFR 					Lesotho Swaziland Zimbabwe Botswana Mozambique
Overall 					Malawi Zambia

Strategy Execution to Achieve Goals

In the next five years, South African Tourism will use the following strategies to “win” in the markets as defined by the MIF:

- **Marketing a Unified Brand**

Develop and execute a unified brand of South Africa that resonates across all markets and segments, domestically and internationally. This will enable appropriate marketing strategies that are flexible, agile and innovative to be created and implemented across all markets and segments identified in the MIF.

Notwithstanding improvements in the “closure ratio” (the proportion of people booking trips relative to those seeking information regarding South Africa) over the past few years, the South Africa brand experienced a decline in awareness. South African Tourism’s ability to promote the South African brand was impacted negatively by currency loss as a result of the rand’s depreciation. Despite this, more people sought information and considered South Africa as a travel destination.

South Africa’s position as a destination for wildlife experience and adventure remains dominant relative to most markets. Perceptions recorded in the BrandTracker survey show concerns regarding safety and cost, which make other destinations more appealing for many tourists.

Efforts by South African Tourism to market a unified brand will improve brand awareness and positivity by building brand appeal among first-time and repeat tourists, through the provision of information that shows South Africa as a value-for-money and safe and secure destination.

This will be achieved in the following ways:

- Marketing South Africa in different markets and segments using different channels in a consolidated digital solution that will provide user-friendly content to trade and partners that sell South Africa as a tourism destination;
- Implementing an enhanced 360-degree global communications plan that will convey appealing messages to both consumers and trade; and
- Supporting Brand SA’s reputation management strategy.

- **Partnering with Global Trade for Conversion**

Work closely with all stakeholders including trade and partners to inspire all to work towards the same brand and marketing plan.

South African Tourism markets South Africa as a tourist destination, but that marketing promise is often fulfilled by tourism trade entities such as tour operators. South African Tourism therefore will partner and explore synergies with tour operators, media, airlines and influencers, both in South Africa and in source markets, to ensure South Africa is marketed in a manner that enhances the brand and the traveller experience.

In the next five years, South African Tourism will, in collaboration with partners, embark on the following:

- Trade mapping: South African Tourism has completed a detailed view of the travel trade landscape;
- Partner engagement matrix: Create a trade engagement framework that will set out an all-encompassing approach for partnerships;
- Partner engagement: Proactively engage with trade, media, influencers and related partners to improve conversion – that is, for potential tourists to move from considering visiting South Africa to booking a trip. Relationships with domestic and international trade partners will also provide tactics, campaigns and packaged deals that seek to reduce seasonality variations and improve geographic spread in South Africa in line with the respective countries travel patterns;
- Enhanced brand knowledge and familiarity: Expose targeted partners to the South Africa brand to enable them to inspire tourists and close deals;
- Provide access to stakeholders, (both internal and external) to all appropriate marketing collateral, images and market insights in an easy, open source manner
- In conjunction with trade and partners such as Provinces and cities ensure seasonality and geographic spread are always a core competent of the marketing and trade strategies;
- Work together with key partners such as Brand South Africa, Proudly South Africa and Department of International Relations and Cooperation (DIRCO), to build the South African brand in a cohesive, consistent manner; and
- Monitor partnership successes: Evaluate the effectiveness of trade partnerships to determine return on investment.

- **Marketing Directly to Consumers**

In the next five years, South African Tourism will continue to position South Africa as the ultimate year-round explorer destination, highlighting the country's points of difference and unique selling points. This consumer plan, which is customised according to target markets, is premised on the experience "pillars" of the South Africa brand: wildlife safari, active adventure, scenic outdoors, city lifestyle, coastal beach and cultural roots. The messaging is that these experience pillars, and the multiple experiences and attractions that are in close proximity to them, are what make South Africa a destination like no other – underpinned by the country's warm, welcoming people who enhance the overall tourist experience.

Domestic Tourism

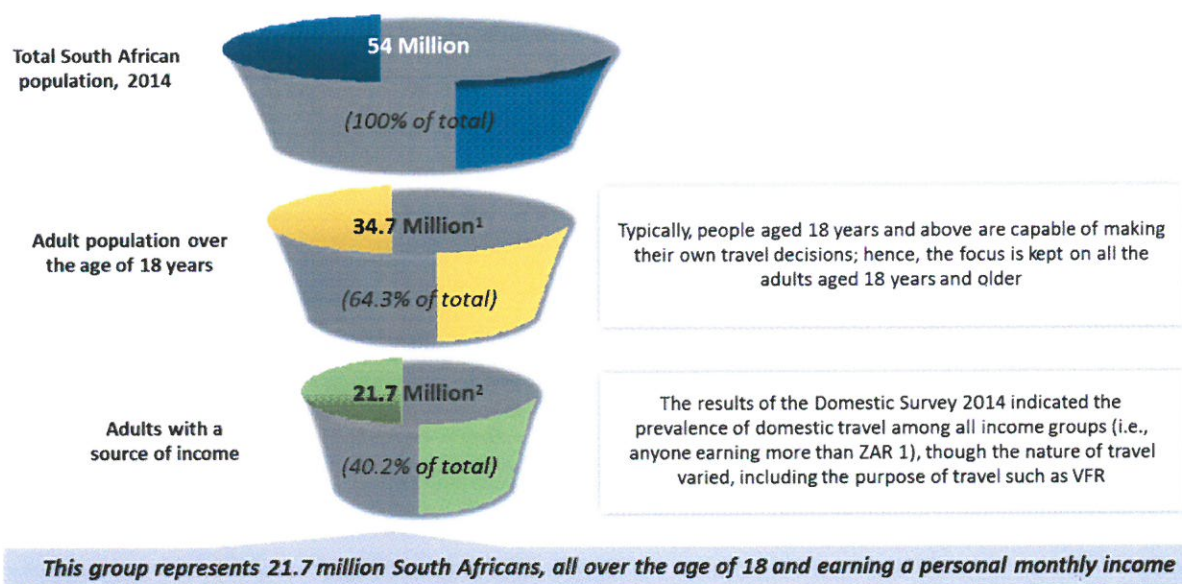
Domestic tourism, presents an opportunity to be a cornerstone of South Africa's tourism economy. A target has been set to achieve one million additional holiday trips in five years.

The graph below depicts the projected trajectory of domestic holiday trips, with forecasted trips (growth rate calculated through an econometric model) juxtaposed with “thrusted” trips (growth rate set in accordance with the strategic “thrusters” that have been set to meet South African Tourism’s five-year goal), which should achieve a compound annual growth rate of 7%.

South African Tourism’s Domestic Tourism Marketing Strategy will be encouraging domestic tourists to take holiday trips more frequently, and encouraging VFR and business tourists to become part of the tourism economy by cross-selling to them.

In order to increase the baseline of domestic tourists and transform how domestic tourism is consumed and by whom, South African Tourism will also continue to build a culture of travel among the broader population as well as work with provinces to encourage geographic spread (motivating tourists to visit a broader spread of provinces when they visit).

The Domestic Tourism Marketing Strategy is informed by a segmentation refresh study that was recently undertaken, to enable better targeting of the identified consumer segments, which will inform refreshed messaging and communications. The domestic study found that there are almost 22 million South Africans with a source of income, who can be seen as potential tourists.



Note: ¹We have estimated the population in above 18 category by equally distributing the population in the category 15–19 years across all the ages in the category, and deducting population for 15, 16 and 17 years from the total population estimates; ²Based on the data from the 2014 Domestic Study, we observed that 63% of the adult population or 40% of the total population has a source of income
Source: 'Mid-year population estimates', 2014, July 2014; Grail Research

The Domestic Tourism Marketing Strategy will focus on **building** the culture of travel, **converting** the travelling population (especially those who travel mainly to visit friends and relatives) to start taking holidays, and **encouraging existing** holiday-makers to take more holidays.

The research identified three groups of people to target:



- **Build Culture of Travel**

In order to broaden the opportunity for growing domestic tourism, South African Tourism will build the culture of travel among South Africans. Initiatives and programmes to build a travel culture will target 3.6 million consumers with adequate disposable income yet not travelling as much as they could.

- **Convert Travelling Population**

This population of approximately 1.5 million people is already travelling to a certain extent, but not necessarily for holiday purposes. They buy into the “experience economy” and aspire most to travelling overseas and exploring other countries, prioritising such trips over domestic trips – especially if they are offered a good deal. Since they do not always have the means to travel, they are looking for affordable options, and will prioritise travel if and when inspiration strikes.

- **Encourage Existing Holiday Makers**

This group of about 350 000 people are considered “mature” in terms of holiday travel. They are happy to pay for convenience when travelling, because their time is precious. They enjoy going on holiday seasonally to spend time bonding with their family, and their children are their main priority.

With these domestic tourism focus areas in mind, as well as taking into account key barriers to travel such as affordability and accessibility, South African Tourism aims to:

- **Excite and Entrench a tourism culture** among South Africans by partnering with community structures across all provinces (including rural areas), supporting affordable trade offers and other catalytic platforms supported by media and influencers for first-time tourists.

- **Grow the number of domestic tourists** and the frequency of trips by targeting the prioritised segments. This will be done by engaging in activities (including product placement through media channels) that will drive demand by changing consumers' attitude towards the desirability and value of domestic travel.
- **Increase the contribution of tourism revenue** to the economy by targeting holiday leisure tourists as well as business tourists, with the intention of converting business tourists into leisure tourists by promoting leisure tourism add-ons to business trips in partnership with the trade. VFR tourists will also be motivated to embrace more leisure tourism activities.
- **Enhance efforts to address seasonality** by developing deal-driven tactical campaigns with trade partners to stimulate bookings during the low season, from May to September. Day trips will be encouraged through initiatives such as special offers or discounts to make attractions affordable for all.
- **Achieve improved geographic spread** by partnering with provincial tourism agencies to build content and itineraries of new and innovative products for packaging by trade partners. This will include highlighting the "hidden gems" in less-visited provinces and promoting World Heritage Sites and other iconic cultural attractions. The strategy will leverage off provincial strategic events and resources to grow domestic tourism and increase the share of tourism for the respective provinces. This calls for the alignment of plans and strategies, as well as for the monitoring of their successful implementation.

8.4 PROGRAMME 4: BUSINESS EVENTS

The South African National Convention Bureau (SANCB) promotes and sells South Africa as a world-leading business events destination for holding meetings, incentives, conferences and exhibitions, which will have major macro-economic benefits. Business events are a key driver of economic development but also drive the advancement of the country's knowledge economy, equipping the South African workforce with skills, cutting-edge knowledge, global networks and collaborative projects to drive innovation.

The aim, as outlined in the new "5 in 5" Framework, is also to convert business tourists into leisure tourists.

Programme	Sub-programmes	Purpose
Business Events	South African National Convention Bureau Strategic events and exhibitions	To market South Africa as a business events destination

Business Events Strategic Objectives

Strategic Objective	Objective statement	Baseline	Justification	Links
SO1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists	<ul style="list-style-type: none"> – international meetings to South Africa from 140 in 2015/16 to 805 by December 2021; – international delegates hosted in South Africa from 79 366 in 2015/16 (unaudited) to 453 187 by December 2021; and – bids supported from 54 in 2016/17 to 323 by 31 March 2022 	140 as at 31 December 2015 (138 as at 30 September 2016 unaudited)	South Africa should take advantage of the growing international business events industry to attract tourism revenue	Outcome 4: Decent employment through inclusive economic growth
		79 366 as at 31 December 2015 (143 727 as at 30 September 2016 unaudited)		
		54 as at 31 December 2016		

Strategic Objective	Objective statement	Baseline	Justification	Links
	To create market access platforms for South African tourism experiences locally and abroad	<ul style="list-style-type: none"> – Indaba 2016 – Meetings Africa 2017 (new indicator) (unaudited) 	Grant market access for South African tourism experiences in order to increase the number of international and domestic tourists	
	To leverage off Provincial signature events to grow domestic tourism	6 international tourism market access platforms that South Africa participated in 2015/16 (new indicator) (unaudited)		
		10 Provincial signature events supported as at 31 March 2016 (new indicator)	Encourage domestic travel through events	

Business Events Focus Areas over the MTEF Period

South African Tourism in order to deliver on its mandate as stated in the Tourism Act, 2014 has to promote South Africa as a Leisure and Business Events destination (MICE).

For Business events South African Tourism through the National Convention Bureau has a two prong approach:

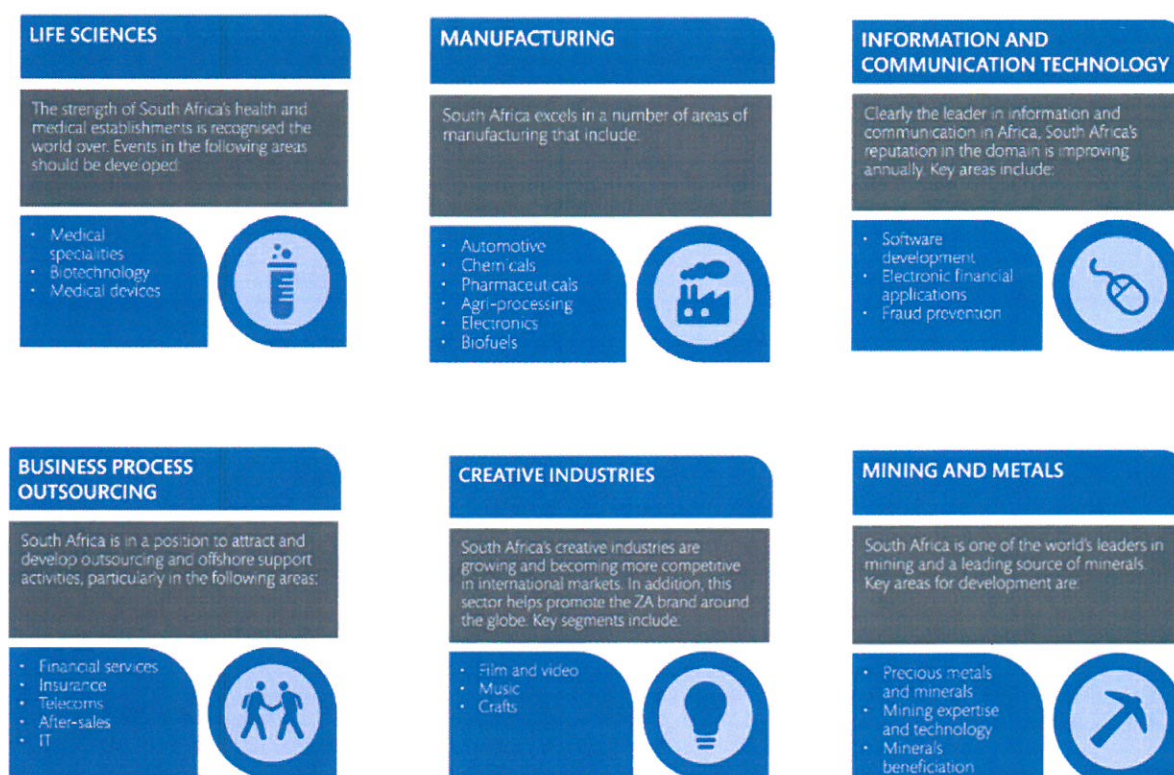
- Identify bidding opportunities, which focus on conventions and incentives followed by meetings and exhibitions. The National Convention Bureau develop these leads for bidding opportunities through its membership of international associations such as ICCA, UFI and UIA as well as its participation at international business events trade shows. This enables the National Convention Bureau to develop a detailed sales database. This approach identifies the MICE sector that is different from the manner South African Tourism selects and identifies markets for leisure. The focus of the National Convention Bureau is to identify headquarters and decision makers of the events that can be targeted. Additional budget allocated will improve the number of bids supported, project pipeline as well as the number of future events likely to be hosted. Given the fact that lead time for bidding is between 18 and 24 months, increase in the number of events hosted is only expected in 2019/20.
- Develop delegate boosting campaigns in collaboration with global marketing, by targeting delegates with membership of secured conventions for the next 5 years in the selected markets with the highest share of Holiday/MICE trips. The international association sector meetings and conferences are secured 2 to 4 years in advance and this segment offers the country great opportunity to market South Africa to captive audiences through the official delegate boosting event (marketing South Africa as a host destination for the next

meeting or conference) and campaigns focussing on pre- and post-tour extensions, accompanying person programmes and return visit opportunities.

The SANCB is adapting its structure and focus to generate more quality association leads that convert into more bids.

Target Sectors to Grow Business Events

The bureau is seeking to attract events in economic sectors that can have significant macro-economic spin-offs, including manufacturing, mining and metals, business process outsourcing, the creative industries, information and communication technology, and life sciences.



The SANCB will focus in the following areas:

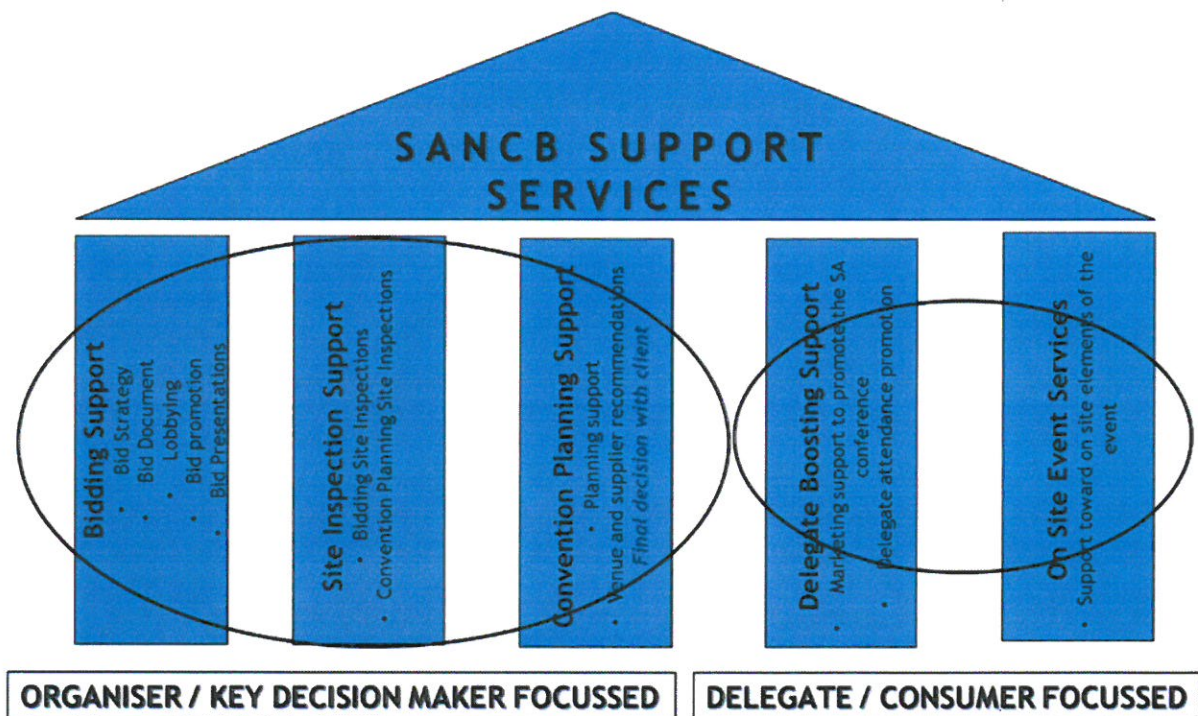
- **Conventions:** The focus is on European, American and African associations headquarters;
- **Incentives:** The focus is on incentive houses and corporate travel agencies, with Europe and the United States regarded as strong, established markets and China, Brazil and India seen as rapidly developing markets;
- **Corporate meetings:** The focus is on promoting South Africa as Africa's best staging place for product launches and user groups organised by companies in the SADC region, Europe, the US and Asia;

- Exhibitions: The focus is on working with the partners to regionalise South African and regional trade shows, including attracting international exhibition organisers to South Africa.
- Africa: African opportunities are seen as key – there are 770 active associations on the African continent, and 178 of these are based in South Africa. The SANCB will focus on growing South Africa's market share of the African meetings that rotate on the continent.

Strategy Execution to achieve Goals

The SANCB provide dedicated assistance to meeting planners, as well as incentive and exhibition organisers, who are considering South Africa as their next destination. Support is provided on every level, using our expertise, strategic planning and destination knowledge to ensure conferences, exhibitions or incentives in South Africa are memorable for delegates and hassle-free for organisers and associations.

These support services are internationally benchmarked and business events planners expect these services from destinations. The SANCB will be focussing on providing more value added services to the business events industry under these key service pillars as a value added proposition to planners wanting to host conferences, incentives and exhibitions in South Africa.



Marketing a Unified Brand

While South Africa has a strong leisure brand, success in business events requires a complimentary focus of its business on business events. As a business events destination, South Africa offers a convenient and efficient value proposition.

In addition to the tourism brand building opportunities that business events offer South Africa, the industry also provides a platform for the country to profile our knowledge economies including:

- Focus: Business Events attracts the world's industry and thought leaders to South Africa.
- Platform: It showcases innovation, products and expertise.
- Profile: Generates media attention as a place to do business.
- Investment: Provides a world stage – “if they see it, they will invest.”
- Exports: Stimulates international markets for locally produced goods and services.
- Networks: Builds business contacts, trade and research links.
- Access: Delivers access to new technologies and exchange of ideas.
- Knowledge: Strengthens professional expertise.

The SANCB will focus on attracting business events that are able to provide these brand building opportunities for the country.

Global Sales

One of the key challenges for the SANCB is to develop an aggressive and coordinated approach to developing leads for business events. Lead development is a coordinated process that is executed in conjunction with the provincial and city Convention Bureaus and the broader business events industry in South Africa.

South Africa will be targeting the following Sales Channels as part of the Global Sales plan for the country.



Delegate Boosting

International association sector meetings and conferences are secured 2 to 4 years in advance and this segment offers the country great opportunity to market South Africa to captive audiences in the following ways:

- South Africa as a host destination for the next meetings or conference.
- Pre and Post Tour extensions.
- Accompanying person programmes.
- Return visit opportunities.

The decision making process for the host cities and countries of these meetings and conferences have already been taken by an association executive, association board or meeting planner.

Over the next five years the SANCB will be targeting delegates from international and regional association conferences that are already secured for the country with targeted delegate boosting campaigns. South Africa's main source markets for delegates will form the core of these campaigns and will focus on promoting SA and the host destination for these secured conferences.

Other areas of activity will be to:

- Convert business delegates into leisure tourists and extend their stay in South Africa in conjunction with the leisure marketing department;
- Allocate more resources to delegate boosting activities to promote pre and post tour extensions.
- Identify opportunities at international business events to conduct delegate boosting campaigns;
- Obtain market intelligence by creating a database of African associations and national associations based in South Africa;
- Through a national business events survey (extended to incentives and exhibitions), conduct research to build a baseline for the local industry and track key indicators for economic impact; and
- Maintain an all-encompassing approach or business model for engagement with partners such as regional and/or city convention bureaus in bidding for key events.

Strategic Events and Exhibitions

To improve brand visibility and market access for South African tourism products and experiences, South African Tourism will implement its events plan domestically and abroad.

This plan will continue to position South Africa as a leisure and business events destination. It will also consolidate and expose South African tourism products/experiences to buyers, including Small Medium and Micro Enterprises (SMMEs) and new entrants to the tourism industry.

This consolidation is inclusive of products/experiences from Southern Africa, particularly relating to Indaba and Meetings Africa, in line with the regional approach of tour operators' buying patterns. South African Tourism will also further entrench the position of its trade exhibitions for regional recognition as well as build its international stature to feature on the calendars of international events that will attract buyers. In pursuit of international recognition for its trade shows, South African Tourism will improve the shows' content and attract international media exposure.

These business-to-business facilitated engagements are undertaken with qualified buyers that have gone through a rigorous selection process. For South African Tourism to achieve optimal value from these events, offline and online platforms will be created to facilitate lead generation, negotiations and the closing of deals.

These events will continue to be used for product awareness and product capacity building, aimed at promoting new and innovative tourism products/experiences and fresh itineraries. This will contribute to an enhanced experience of the South African brand.

8.5 PROGRAMME 5: TOURIST EXPERIENCE

Programme	Sub-programmes	Purpose
Tourist Experience	Global Product Tourism Grading Council	To deliver a quality experience expected by international and domestic tourists through: <ul style="list-style-type: none"> - Grading establishments - Product capacity building - Itinerary building

South African Tourism strives to deliver a quality tourist experience and level of service expected by international and domestic tourists.

The organisation (in partnership with industry and government stakeholders) aims to drive South Africa as a brand in a holistic manner, in order to meet its strategic objectives. This includes product awareness and product capability building, as well as the Tourism Grading Council of South Africa (TGCSA), which aims to drive positive perceptions about grading among the industry and consumers.

Tourist Experience Strategic Objectives

Strategic objective	Objective statement	Baseline	Justification	Links
SO4: To contribute to an improved tourist experience in line with the brand promise	To increase the number of <ul style="list-style-type: none"> - quality graded establishments from 3 851 in 2016/17 to 7 210 - graded rooms contributing to the supply pool from 88 378 in 2016/17 to 156 582 by 31 March 2022 	3 851 graded establishments as at 31 December 2016	Delivery of the brand promise is a competency of industry therefore South African Tourism will continue to explore synergies with trade partners.	Outcome 4: Decent employment through inclusive economic growth
		88 378 graded rooms as at 31 December 2016 (unaudited)		

Tourist Experience Focus Areas over the MTEF Period

The quality assurance of tourism products is central to the achievement of marketing efforts in the growth of tourism in both the leisure and business events space.

This is about driving and delivering quality experiences for international and domestic tourists, by constantly increasing the number of graded establishments.

South Africa is privileged to have a huge base in quality establishments and experiences and that allows for the credible and effective marketing of South Africa. Without this, it would be difficult to showcase the value and variety of the destination.

South African Tourism through the Tourism Grading Council will develop and implement an optimal business model to contribute to an improved tourist experience. This revised model will ensure that the business supports the larger NTSS themes of the sector such as transformation, enterprise development, skills development and inclusive growth. This business model should support the rollout and establishment of criteria and for other products and services in the tourism value chain over and above hospitality product, as outlined as a mandate of the TGCSA in the Tourism Act, 2014.

The TGCSA will further enhance the value proposition of grading and quality assurance, then communicate the benefits thereof through a national trade- and consumer-centric marketing and communications plan. The team will utilise unique and existing methods and programmes, such as speed marketing, to promote quality-assured products and services to consumers and trade partners who are active participants in the tourism sector. The 2004 Cabinet decision, as well as the Treasury Instructions of 2016 linking the utilisation of graded facilities to all government spend, should be enforced.

The TGCSA will increase its utilisation of technology to aid and improve the efficiencies and accuracies of its operating systems, procedures and accompanying deliverables while refining the integrity and credibility of the entire system. This includes improving tourist experience and service as well as customer feedback mechanisms to monitor customer satisfaction levels. Improving the utilisation of the Tourism Analytics Programme in the adjudication of the Lilizela Tourism Awards annually is paramount. Tourism Analytics Programme will provide inputs on training, development and skills requirements in the sector, to be supported by the NDT Service Excellence programmes.

Stakeholder engagement initiatives to develop and secure joint marketing partnerships with travel management companies and associations will be secured. These arrangements will allow for the execution of comprehensive and co-operative growth and engagement strategies with key stakeholders such local/provincial tourism authorities, associations and hospitality trade unions.

South African Tourism's Contribution to Sector Transformation

Sustainability is a key driver to organically entrench quality assurance in the industry. It is a thread that runs through all elements that hold it together. At the core of it, is sector transformation.

South African Tourism will endeavour to establish and promote new products that enable access and drive sector transformation. Approximately 85 % of the quality assurance portfolio is currently made up of SMMEs. It is clear that the biggest growth opportunity lies in supporting the SMME segment and investing in long term collaboration with various partners and stakeholders.

South African Tourism will partner with Provincial Tourism Agencies, among others and the private sector to support transformation by increasing support of SMMEs at Indaba, Meetings Africa and Lilizela.

Geographic Spread and Stakeholder Engagement

Stakeholder engagement initiatives to develop and secure joint marketing partnerships with travel management companies and associations will be secured. These arrangements will allow for the execution of comprehensive and co-operative growth and engagement strategies with key stakeholders such as local/provincial tourism authorities, associations and hospitality trade unions.

The unearthing of new gems will be stimulated especially in provinces that lack product capacity to host business events and tour groups. Tourist experience will work with partners in those municipalities and provinces to create capacity through training programmes.

The development of products will generate demand for the provinces and will be promoted by South African Tourism through the inclusion in itineraries.

Tourist experience touches on the various sectors and industries in South Africa, therefore the understanding by South Africans of the impact of tourism on the economy is paramount and encouraged.

The exploitation of existing programmes to reward and recognise product and service providers for commitment to quality and service excellence, will also be made to further enhance the value proposition.

9. RISK MANAGEMENT

South African Tourism has embarked on a risk assessment process to identify risks that might have a negative impact on the achievement of its strategic objectives. The matrix below consists of identified risks and mitigating strategies.

No.	Risks	Consequences	Mitigating Strategies	Link to Strategic Objectives
1	Inadequate Operating Model (Inability to carry out the Mandate successfully)	Failure to achieve set objectives	<ul style="list-style-type: none"> • Project Ignite • Company-wide competency framework, placement and skills audit • Development and implementation of a targeted training programme 	Strategic objective 6
	Further description: Lack of management of Human Capital (People Management, talent management, etc.)	High staff attrition rate	<ul style="list-style-type: none"> • Integrated Talent Management Strategy with a specific focus on talent retention 	
		Impact to operational efficiencies and decline in productivity	<ul style="list-style-type: none"> • Robust Internal Communications Plan • Employee Wellness Programme • Review and update existing policies and procedures on HR to achieve better efficiency, agility, etc. 	

No.	Risks	Consequences	Mitigating Strategies	Link to Strategic Objectives
2	Limited ease of access	<ul style="list-style-type: none"> Decline in tourism industry performance due to change in customer needs, among others Country losing being the preferred destination for tourism purposes and for the hosting of business events destinations 	<ul style="list-style-type: none"> Ministerial Workstream on Market Access Continuous tracking of customer perceptions and insights regarding the South African brand relative to competitors Consistent and continuous collating of information on market access in country offices and from relevant stakeholders and escalating to the relevant authorities Positive messaging and PR and Communications Strategy 	Strategic objective 1
3	Lack of capitalising of technology trends on travel, i.r.t. opportunities offered by new technologies - Digitisation	<ul style="list-style-type: none"> Targets not achieved Ineffective organizational marketing strategy 	<ul style="list-style-type: none"> South African Tourism Social Media accounts Google Digital Monitoring Analytic tools Keep abreast of developments of technology and adequate resource allocation and determine capacity requirements 	Strategic objective 1 and 4

No.	Risks	Consequences	Mitigating Strategies	Link to Strategic Objectives
4	Possible non sustainable financial model for South African Tourism	<ul style="list-style-type: none"> Inability to deliver on mandate due to inadequate funding Reduction of the marketing budget Inability to influence brand positioning and positivity 	<ul style="list-style-type: none"> Joint project with industry to grow the TOMSA Levy base Advance release of marketing budget to country office On-going engagement with National Treasury (NT) in collaboration with National Department of Tourism (NDT) to address budget shortfall mitigating strategies and funding Expanded marketing budget through co-operative and joint marketing initiatives Optimised ROI through partnership agreements. Exploration of alternative funding opportunities 	Strategic objective 1 – 6
5	Information Technology Risks: (System Integrity (QIT), IT security, Governance, Business Continuity, IT Strategy supporting Business Strategy)	<ul style="list-style-type: none"> Unavailability of Systems and unsatisfactory user experience Uncontrolled - Access to South African Tourism System Unauthorised data and or email indexing Compromise of data security 	<ul style="list-style-type: none"> IT Steering Committee, supported by Change Control Committee and Monitoring of SLA's with contracted service providers Align IT & Business Strategy including BIS policies and process Business Information System (BIS) Policies and ICT Strategy Build capacity informed by a business case on the necessary requirements 	Strategic objective 6

10. DEFINITIONS

5 in 5 refers to South African Tourism's medium-term goal of attracting an additional five million high-value tourists (four million international tourists; one million domestic tourists) within five years (2017-2021).

Activities are the processes or actions that use a range of inputs to produce the desired outputs and, ultimately, outcomes. In essence, activities describe "what we do".

Annual Performance Plan is a plan that sets out what South African Tourism intends doing in the forthcoming financial year and during the MTEF to implement its Strategic Plan.

Audit is an examination of records or financial accounts to check their accuracy and conformity with norms and criteria set out in advance. An internal audit is an assessment of internal controls undertaken by a unit reporting to management, while an external audit is conducted by an independent organisation.

Baseline is the current level of performance that the institution aims to improve on. The initial step in setting performance targets is to identify the baseline, which, in most instances, is the level of performance recorded in the year prior to the planning period.

Brand Equity is the value premium derived from perceptions of South Africa's tourism brand.

Conversion Curve reflects the brand journey of a tourist from brand awareness, positivity and long-term consideration to planning to gather information and planning to visit.

Deputy Minister refers to the Deputy Minister of Tourism.

Evaluation is the systematic and objective assessment of an ongoing or completed programme, project or policy, and its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, and the development of efficiency, effectiveness, impact and sustainability. Evaluation provides information that is credible and useful – enabling the incorporation of lessons learnt into decision-making processes.

Impact is the positive and negative, primary and secondary, long-term and short-term effects produced by a development intervention, or the results of achieving specific outcomes such as reducing poverty and creating jobs.

Input is all the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work", and include finances, personnel, equipment and buildings.

Long-Haul refers to any travel by air of more than five-and-a-half hours.

Minister refers to the Minister of Tourism.

Monitoring is to a continuous process of collecting and analysing data to compare how well a plan, programme, project or policy is being implemented against the expected results. It is a function that uses systematic collection of data on specified indicators to provide management and stakeholders with information on progress and the achievement of objectives.

Outcome refers to the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives that are set out in its plans. Outcomes are "what we wish to achieve".

Output means the final products or goods and services produced for delivery by South African Tourism. Outputs may be defined as "what we produce or deliver".

Performance is the degree to which a development intervention operates according to specified criteria, standards or guidelines, or achieves results in accordance with stated goals or plans.

Performance Indicator is a variable that allows the verification of changes or shows results relative to what was planned.

Performance Information in the public sector is used as a generic term for non-financial information about government services and activities. In addition, "performance indicator" and "performance measure" are sometimes used interchangeably. The Strategic Plan and Annual Performance Plan use the term "performance indicators".

Performance Standards express the minimum acceptable level of performance that is generally expected.

Quarterly Report is a report that provides progress updates on the implementation of South African Tourism's Annual Performance Plan in the previous quarter – with particular reference to monitoring delivery against performance targets.

South African Tourism is the South African Tourism Board as defined in the Tourism Act, 2014 (Act No. 3 of 2014) (as amended), and the destination marketing organisation of the South African Tourism Board.

Strategic Objective states clearly what South African Tourism intends to do (or produce) in order to achieve its strategic goals.

Strategic Outcome-Oriented Goals identify areas of organisational performance that are critical to the achievement of South African Tourism's strategic objectives.

Strategic Plan is a plan that sets out South African Tourism's priorities, programmes and project plans for a five-year period, as approved by the Board and the Minister of Tourism, within the scope of available resources.

Target is an expected level of performance or improvement required in the future.

Tourism Act means the Tourism Act, 2014 (Act No. 3 of 2014)..

11. ABBREVIATIONS AND ACRONYMS

AGSA – Auditor-General of South Africa
APP – Annual Performance Plan
B&B – Bed and Breakfast
CEO – Chief Executive Officer
CFO – Chief Financial Officer
COO – Chief Operating Officer
CPI – Consumer Price Index
CPIX – Consumer Price Index (excluding mortgage costs)
CQAO – Chief Quality Assurance Officer
DG – Director-General of the NDT
DIRCO – Department of International Relations and Co-operation
DTGS – Domestic Tourism Growth Strategy
ENE – Estimates of National Expenditure
GDP – Gross Domestic Product
ICCA – International Congress and Convention Association
MICE – Meetings, Incentives, Conferences and Exhibitions
MIF – Marketing Investment Framework
MTEF – Medium-Term Expenditure Framework
NDP – National Development Plan
NDT – National Department of Tourism
NT – National Treasury
NTSS – National Tourism Sector Strategy
PFMA – Public Finance Management Act, 1999 (Act No. 1 of 1999)
ROI – Return on Investment
SA Tourism/ SAT – South African Tourism
SANCB – South African National Convention Bureau
TDDS – Total Domestic Direct Spend
TGCSA – Tourism Grading Council of South Africa
TGS – Tourism Growth Strategy

TOMSA – Tourism Marketing South Africa
TTFDS – Total Tourist Foreign Direct Spend
UNWTO – United Nations World Tourism Organisation
VFR – Visiting Friends and Relatives