

CARRYING CAPACITY OF THE COMMUNITY LODGE INDUSTRY IN SOUTH AFRICA

**TRACKING THE INDUSTRY IN SEARCH OF
OPPORTUNITIES FOR ASSET ACCUMULATION**

REPORT TO THE FORD FOUNDATION

Mai Salole

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INTRODUCTION

Policymakers in South Africa are embracing the current trend of encouraging community involvement in the tourism industry in the hope of developing models which will create economic opportunities for the previously disadvantaged in remote locations around the country. Many peripheral areas have an asset base which is considered weak for economic development, and land is often used for marginal agriculture or livestock. Studies reflect a lower investment and higher per hectare income from wildlife than cattle. Tourism is viewed as the best way of legally deriving income from wildlife and there is consensus among stakeholders that benefits should be channelled to people who carry the daily costs of its proximity. The consequences are a number of destinations which are either specifically created for the benefit of communities and conservation, or are traditional business ventures planned to generate positive spill over effects on local populations.

Local populations are often referred to as "communities". There is a general consensus that a community is not a homogenous group, with individual divisions and accords, defined by itself or others upon varying grounds of common locality, environment, and/or common interest. Reference to a community in this report is used to describe individuals defined as a group due to physical proximity to the same tourism development with potential impact on aspects of their lives. When reference is made to individuals who form part of the same village, they will be referred to by name.

The luxury lodge relies on non consumptive use of natural assets as its main resource, creates significant employment due to high guest to staff ratio and good profit margins expected from the low volume, high cost product. The extent of economic benefits is dependent on the community's collective rights, and individual preparation for inclusion in the sector. If the community has the legal right to resources in the form of either ownership or usage, they are in the position to negotiate with developers, participate in decision making to varying degrees and accumulate direct benefits from enterprises connected to their assets. If there are no rights associated with tourism development, the extent of benefits varies according to preparation and opportunities.

Communities who hold equity or land rights in lodge development generate income through turnover or lease fees. Multiple additional linkages are expected through employment, often seen as the main economic contributor, skills development, establishment of new enterprises as a consequence of emerging demand for procurement and services by the lodge or its guests, in some cases encouraging a sense of pride and skills for traditional crafts and other cultural activities, and empowerment through all the above.

This report considers the impacts of lodges on local communities. Due to the fact that lodges are part of a greater tourism system, there is an analysis of the tourism industry in South Africa, including existing and forecasted supply and demand for lodges. There are currently different models of lodges with community equity or land rights. This report conducts a comparative study between these different models of lodges and the traditionally owned lodge¹ with respect to linkages to communities and social impacts. It also reviews alternative options for integrating local communities into the lodge industry and analyses the potential for developing further lodges with community equity.

¹ These lodges will be referred to throughout the report as community lodges and private lodges respectively

THE TOURISM INDUSTRY

Tourism in Africa

Tourism is assuming considerable importance in the context of the global economy. The sector's evolution to the largest and fastest growing industry in the world reflects concurrent social and economic changes in steadily expanding originating markets. An increase in disposable income and leisure time combined with rapidly improving technology in transport and communications, is creating an unprecedented demand for travel reflected in United Nations World Tourism Organization (UNWTO) statistics: In 2005 the tourism industry represented 6% of the total value of exports of goods and services, generating international tourism receipts of US\$ 680 billion (excluding international passenger transport). Africa's share of global tourism is, however, a mere 5%. Until the past decade, North African countries had a major part of this share due to their attractive product and proximity to generating markets. Challenges to tourism development in Sub Saharan Africa have included political instability, health and safety concerns, distance, airfares among the highest in the world, infrequent connections, lack of infrastructure, weak tourism sectors with limited marketing budgets, an absence of real public private partnerships and a limited spectrum of products, most of which have been widely copied within the continent. Concurrently media coverage of wars, natural disasters and corruption has generated a negative image for numerous destinations.

Many governments in Africa are currently readdressing issues within their control in order to obtain a larger share of this increasingly competitive industry, a process which, for most African nations, is long term as a result of current levels of development. The consumer comes to the supplier and thus creates an internally consumed export. Tourism is therefore less fraught with global trade barriers while maintaining the potential to generate a contribution to the balance of payments through income, employment and an expanded tax base. It is the main source of foreign exchange for one third of developing countries, half the source of foreign exchange for LDCs. The fact that tourism is a volatile sector, highly influenced by both exogenous factors and specifically tourism related variables, remains a calculated risk generally associated with a variety of exports. An additional challenge lies in managing the industry's notorious leakages in order to keep revenue in the country.

Africa is currently regarded as the global "star performer" by World Tourism Organization with a 2005 growth rate of 9% for the second consecutive year. The main driver for this development is South Africa, attracting 20.5% of the continent's arrivals² and 34.1 % of its tourism receipts.³

Tourism in South Africa post 1994

The new South African government in 1994 inherited a tourism sector heavily influenced by recent history, driven by domestic demand and owned, managed and consumed by white middle to upper income groups. Political conditions had, according to the Department for Environment and Tourism "woefully protected"⁴ the industry from foreign competition, foreign investment and any significant numbers of international consumers – resulting in an industry which was static from catering to a homogenous clientele. Furthermore the sector had been deprived of the capacity to generate foreign exchange, new economic linkages and optimal employment opportunities. Apartheid had thus also had the effect of keeping the nation apart from the global growth of attractive long haul destinations.

² defined by UNWTO as visitors who stay at least one night in collective or private accommodation

³ defined by UNWTO as receipts earned in country from inbound tourism including those generated by same day visitors

⁴ DEAT 1996, White Paper on the Development and Promotion of Tourism

Tourism was proving to be a major, global economic force with more capacity for creating employment than any other sector. The government regarded tourism as having the potential to play a pivotal role in the transition phase to accelerate development in historically neglected areas and alleviate poverty due to its propensity to encourage economic activity in remote areas. It was to become an integral part of the new Reconstruction and Development Program. The timing was optimal for the development of a new tourism policy as the past two decades' prolific global tourism research offered a recent and extensive database of expertise and lessons learned. The latter formed the basis for the emerging trend of responsible tourism embraced by South Africa as part of its sustainable development policies. The White Paper on the Development and Promotion of Tourism in South Africa defines responsible tourism as

tourism that promotes responsibility to the environment through its sustainable use; responsibility to involve local communities in the tourism industry; responsibility for the safety and security of visitors and responsible government, employees, employers, unions and local communities

DEAT, 1996

The industry is regarded as government led and private sector driven, encouraging public/civil society - and community/private sector partnerships. The involvement of local communities in the tourism industry is an essential part of the South African strategic plan. The White Paper lists a fifteen point action plan to facilitate the implementation of responsible tourism.⁵ Eight of these points specifically refer to local communities, and all incorporate their interests due to their prominent role in the definition of responsible tourism. The White Paper also encourages "the active participation of all South Africans in tourism development, particularly at the local level" and has ambitions for the sector to "contribute significantly to the improvement of the quality of life of every South African". The White Paper identified numerous opportunities for communities to become integral parts of the tourism industry. Over time, however, failed community based offerings have emphasized the need for tourism to be demand driven and thus created a more realistic view of community involvement in the sector. The National Responsible Tourism Development Guidelines (2002) underscores this fact by clearly stating that the many perceived opportunities notwithstanding, community based and other tourism development processes must be planned, implemented and managed according to market demands in order to succeed. In 2002 DEAT produced The Responsible Tourism Manual for South Africa, reiterating the strategic role of communities in tourism development by including detailed and comprehensive guidelines for optimal social and economic impacts for local communities aimed at all stakeholders.

Another focal point for South African tourism strategy was the transformation of the industry and its image nationally and beyond borders. Ownership, management and market was to shed its status as an exclusive minority sphere through policies encouraging the previously disadvantaged in both consumption and production. Various campaigns aiming at extending the market to include the emerging black middle and upper class, as well as government funded programs to support SMMEs in linking into the tourism sector, were planned and implemented. Government induced black economic empowerment (BEE) is expected to become an integral part of the transformation of the tourism industry. The BEE scorecard for the sector was launched in 2005, and stipulates two five year plans aiming at gradually achieving extensive black involvement in the industry – in ownership, management and labour. The seven key targets for 2014 are⁶

- 30% of each firm should be owned by black people (excluding firms with less than 5 million rand turnover)
- 50% of boards of directors and 50 % of executive management should be black people, 50% of both categories women
- 75% of total staff should be black, 40 percent of total staff should be black women

⁵ See appendix 2

⁶ Adapted from The BEE Tourism Scorecard, DEAT, May 2005

- 75% of total expenses for skills development (3% of payroll) should be for black employees
- 50% of total cost of procurement should be to BEE compliant companies
- 1% of net revenue and 1% of employee time over total management time should be spent to support black SMME enterprise development
- 1% of net profits channelled into CSI aimed at developing local black tourism, 10% of new recruits should have no prior work experience

The South African tourism industry in the new millennium

South Africa is a destination with exceptionally diversified tourism products which encompass numerous pull factors known to be decisive to the dominating long haul generating markets. It is a vast country with varied and stunning natural beauty in a comfortable climate. The long coastlines along both the Atlantic and the Indian oceans include the southernmost point of the African continent, offering sand dunes, beaches, whale and dolphin watching, and indigenous fauna and flora. Six per cent of the country is protected as national parks with prolific wildlife. Historical heritage includes destinations and museums dedicated to the recent past, monuments and battle fields from the Anglo-Boer wars and the Anglo-Zulu wars, and ruins of enigmatic civilizations. The many cultures of South Africa, a country with 11 official languages, are reflected in a variety of crafts, tourism products, and daily life in some locations. Gauteng is an area prone to underground caves and known for the discovery of several of the world's oldest hominid. The famous wine route in the Western Cape and abundant golf courses fit in with current travel trends. In addition to the examples above, South Africa has no specific health risks, a stable political environment, an impressive infrastructure and modern cities that offer globally competitive shopping and entertainment. The first hurdle to achieving international tourism potential around 1994, however, was crime. Image is essential to destination success, and the crime factor cast a major shadow over future prospects. This was originally challenged through shoestring creative marketing to key stakeholders, constructing a specific place identity with emphasis on the innumerable positive experiences awaiting the visitor. Once the key stakeholders communicated with their public, either through written or visual media, arrival figures grew. Word of mouth from visitors and continuous marketing efforts gradually diminished the importance of crime in the image constellation. A parallel domestic campaign aimed at communicating the importance of tourism to the South African economy, put the sector's importance into public consciousness. It is impossible to speculate on the number of travellers who do not include South Africa in their itineraries on the basis of the crime factor, a variable which might be considered dormant demand in future forecasting. Although it is still an issue in 2007 and intermittently flares up as a particular concern to potential travellers,⁷ it is most often reflected in the choice of locations visited *within* South Africa. International arrival numbers, including the high rate of return visitors, are indicative of more positive expectations influencing travel patterns for the existing market. This correlates with tourism theory, image may be pivotal to tourist attraction, but it is *reality* which produces the experience and the potential wish to return.

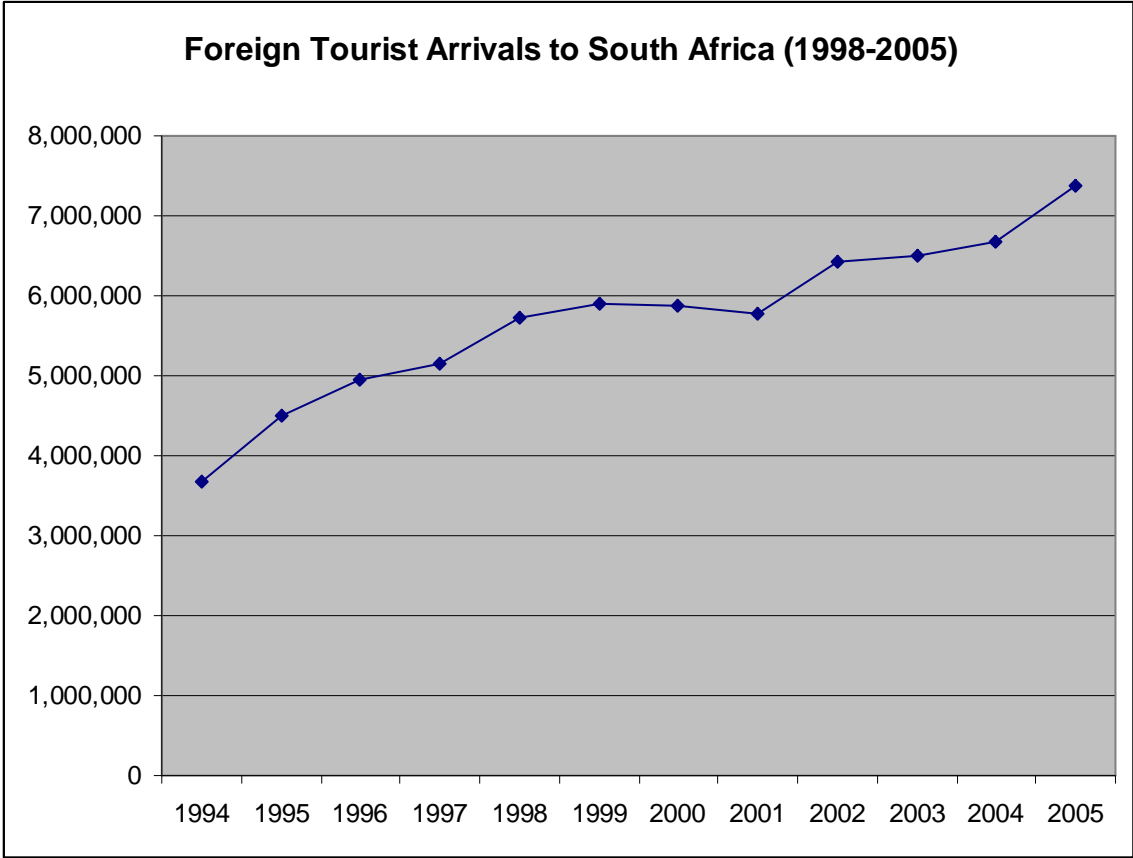
South Africa has attempted to distance itself from the traditional image of underdeveloped, but exotic Africa. Emphasis has been on conveying the country's social, geographical and historical distinctiveness incorporating the traditional icons of Table Mountain, Cape of Good Hope and Kruger Park into a destination image including heritage such as Robben Island, historical locations in Soweto, the diversity of cultures, rock paintings and archaeological sites. "Brand South Africa" was launched in 2000 with the slogan "South Africa....alive with possibilities" dominating its advertising campaigns in its quest to reposition the destination internationally. Tour operators outside South Africa, while incorporating new and earlier slogans of "a world in one country" and "the rainbow nation" in their effort to include limited heritage and cultural features, still predominantly market South Africa as a wildlife and nature destination with the added attraction of its famous landmarks.

⁷ There was a marked decrease in Chinese arrivals in 2005 following a much publicized incident involving Chinese tourists

Concurrently to marketing the country as a holiday destination, South Africa has developed the infrastructure to host major events. This strategy is invaluable to the tourism industry as both events and international business typically create linkages to leisure tourism prior, during or immediately after the actual event. In addition, exposure to the business traveller has often translated into future leisure travel choices. Diversification and expansion of the tourism product has also included deregulating the aviation industry to encourage cheaper fares for the major generating markets. A domestic open skies policy is an attempt at spreading tourism attractions geographically to alter the traditional tourist flows and develop more opportunities for a larger part of the population.

The tourism industry is intrinsically unpredictable, and in the short time frame following 1994, South Africa has already had its share of ebb and flow in the sector. The end of apartheid placed the country firmly on the list of popular long haul destinations, based partly on interest in the physical context of recent political processes and outcomes, partly on access to a country which had been politically incorrect as a pleasure destination. Many long haul travellers were ready to explore something new, and arrival figures grew steadily during the first five years.

Figure 1



Source: South African Tourism, 2005 Annual Tourism Report

The largest segment, African arrivals⁸, has a growth pattern which can often be traced back to economic and political conditions in source countries. They may also be part of the large contingent referred to as “visiting friends and relatives” (VFR), which constituted 20-25% of all tourists in 2003-2005. Other foreign arrivals, to the extent it is possible to single out pull factors for travel choices other than attractions of the destination, have been influenced by the changing value of the South African currency and global political events, health scares and natural disasters. Terrorist attacks (Kenya bombings, 9/11, Bali bombings), the SARS outbreak, and the Tsunami

⁸ See fig. 2

diverted some of the traditional long haul tourist flows to South Africa. Despite the fact that UNWTO has recently speculated that travellers are becoming less influenced by political turmoil and more resilient in their choices, the immediate aftermath of shocking events affect some travel patterns. In this case, tragedies in other tourism destinations contributed to unprecedented arrival figures in South Africa. Another important factor was the temporary and relatively sudden weakness of the rand to major foreign currencies towards the end of 2001 and the first part of 2002. South African Tourism declared South Africa the world's fastest growing tourism destination in 2003 due to the sector's recent 20% growth.

The domestic market is still a very important part of South African tourism, reflected in the R 21,2 billion tourism spend in 2005. It is characterised by extreme market segmentation, a propensity for VFR and high seasonality linked to school, religious and traditional holidays. Domestic tourism contributed an estimated 4,1% to GDP and was the fourth largest sector in the domestic economy.⁹ The emerging local market created by post apartheid transformation has the potential to strengthen the industry further.

The most recent statistics at the time of writing reveal an industry creating an estimated 1,06 million direct and indirect jobs, with a 101% growth curve for arrivals since 1994 and a current contribution of 8,6% to the GDP. The 2005 growth rate of 10.3% exceeds global average by 6.1%. Concurrently South African 16.6% increase in receipts diverges markedly from the global trend of receipts which typically lag behind arrival figures. It is important within the framework of this report to analyse these figures more closely, specifically with regards to segments which constitute the potential luxury lodge market.

DEMAND AND SUPPLY FOR GAME LODGES

International demand

Measuring tourism demand is never an accurate science as it depends on two key elements which by definition are either prone to inaccuracy (statistics)¹⁰ or unpredictable (individual preferences and choice). The following section is a trend analysis based on statistics which must be viewed in the context of being short term in addition to containing a series of changes in focus and methods of collection and reporting of data during this period. The available statistics are thus not comprehensive. They do, however, contain key indicators regarding volume of arrivals from major markets, spend and repeat travel patterns, post trip evaluation of destination, and trends in recorded bed-nights in game lodges. As a consequence of the latter, all statistical reference to lodges is therefore game lodge specific. Much of the data covers all foreign arrivals. Due to the fact that the African segment constitutes a large percentage of total arrivals, and only a small indistinguishable part of this segment travels for leisure purposes, this group largely falls outside the scope of this study. Their behaviour pattern is included in much of the statistical material and may distort data which is relevant to the study. Some data can be narrowed down to intercontinental arrivals, and this will be clarified within its context. This segment, despite having diverse behaviour patterns and reasons for visiting South Africa, are all, visiting friends and family (VFRs), holiday makers and business travellers, part of a potential lodge market. The main challenge to this analysis is, however, that available statistics contain limited data necessary to research the demand for lodges. The data missing is notably an all inclusive source of existing lodges and occupancy rates for known lodges. The only indication of occupancy rates is Statistics South Africa's most recent finding at the time of writing, indicating 53.8% occupancy across all forms of commercial accommodation.

⁹ In 2005 African tourism contributed 2.4%, and other foreign arrivals contributed 2.2% to the GDP

¹⁰ World Travel and Tourism Council has "high confidence" (the best of three categories) in South African Tourism Data

A lodge is defined by The Grading Council of South Africa as “an accommodation facility located in natural surroundings. The rates charged are usually inclusive of an experience offered at the lodge, viz. game drives, battlefield tours, etc. In general food and beverage services are provided for all meals”¹¹. The “experience” offered by the lodge as part of this type of product is invariably wildlife related, as it is particularly appropriate for remote areas and experiences of nature due to its inflexible design which would be less appealing in an environment with a selection of competing attractions. The only notable exception to this in the South African context is a small number of lodges located in battlefield areas, also located in remote areas with natural attractions. It is the fixed, all-inclusive product which separates the lodge from operators who trade accommodation, meals and a multiplicity of experiences as standalone units, thus giving the consumer the choice of purchase. It is also the all-inclusive product which, based on an exclusive image and standard, allows for premium pricing strategies and higher margins. Lodges are developed for mid market, luxury and extreme luxury oriented consumers. They are typically independent, although a small minority are operated by large companies. Lodges have recently multiplied as they are considered excellent products for the growing trend of ecotourism. Most lodges cater to this market as game viewing lodges, but South Africa also has numerous lodges which either combine the latter with hunting or indeed exclusively offer a hunting product. The different types of game lodge include share-block entities, syndicates or joint venture between owners and private commercial businesses. In 2002 a World Travel and Tourism Council report suggested that game lodges were typically expected to have an average occupancy of 40-85%, with high seasonal fluctuations.¹²

African countries source the majority of international tourism arrivals. Purpose of travel varies, they typically stay for a shorter time, are more likely to be repeat visitors and are less seasonally bound. The African segment, unlike intercontinental tourists, predominantly strengthens retail and medical sectors, and is comparatively less important to the leisure industry. According to Grant Thornton, Kenya, Nigeria, Tanzania and Zambia are the most important markets for leisure tourists, but the current number of “real tourists” is minimal. The African segment does, however, still have a role to play, exemplified by the fact that in 2005 this segment constituted 23% of recorded foreign game lodge usage - partly fuelled by expatriates resident in these source countries. Despite the large proportion of bed-nights, however, the actual proportion of arrivals who had been to a game lodge was a mere 2%, the latter accentuating the current status of the game lodge as a product with limited attraction to a majority of arrivals.

Some emerging markets exemplified by India and China are showing interest in wildlife, but only a small minority of this segment currently stay in lodges. Statistics indicate that approximately 25% of all foreign tourists included one or more wildlife activity in their itinerary during 2003-2005, and among holidaymakers that percentage was consistent at 56% in 2004 and 2005 (no breakdown figure is available for 2003). The generic term “wildlife activity”, although often referred to in the context of the “big five”¹³ and other African plains species, may include an array of diverse animal viewing. South Africa offers a variety of opportunities to enjoy wildlife, exemplified by whales, dolphins, sharks, penguin colonies and nesting sea turtles. Even in the context of the big five, wildlife activity is not synonymous with visiting a game lodge. Some national parks, including Kruger National Park, are open to the public to traverse in private or commercial vehicles, and the necessary lodgings can be either in private homes or in a wide variety commercial accommodation with choices ranging from camping and rest camps in the parks to the whole spectrum of accommodation usually found within reach of such a destination.

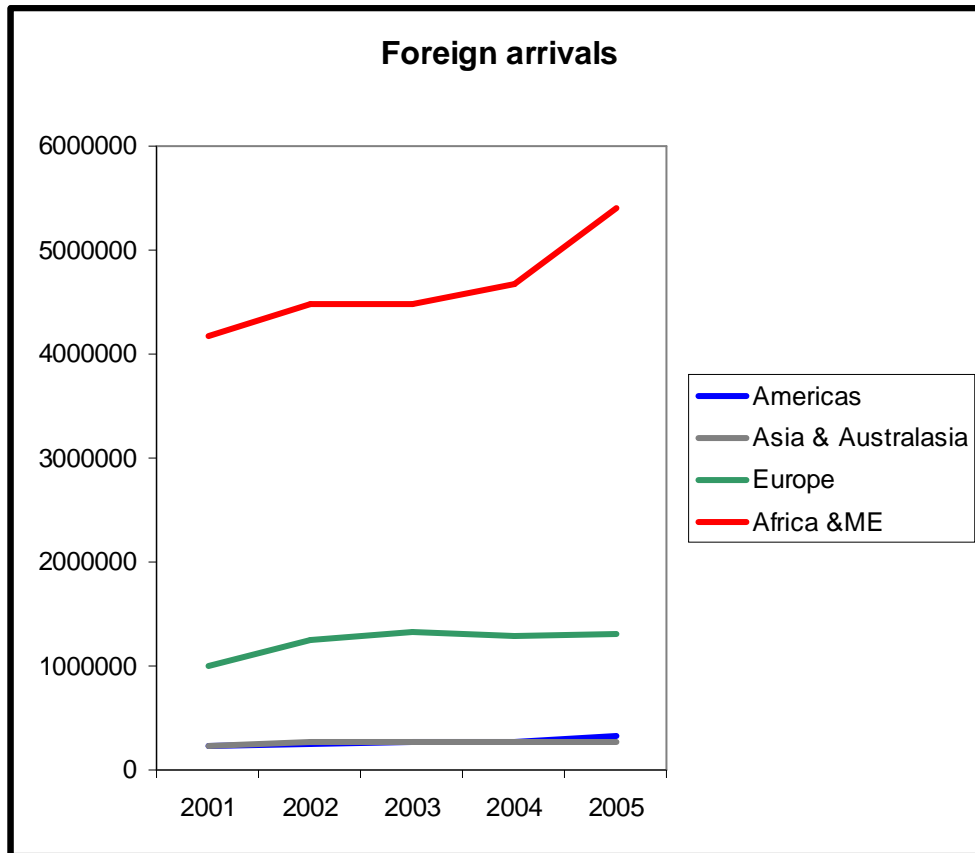
¹¹ www.tourismgrading.co.za/tgcsa/view/tgcsa/en/page211

¹² www.wttc.org/publications/pdf/06South%20Africa.pdf

¹³ lion, leopard, buffalo, elephant and rhino, originally a list of difficult animals to hunt

Game lodges are, in fact, a niche within a niche, predominantly sourced in the European, American and Australian markets.

Figure 2



Based on South African Tourism Annual Reports Statistics

The steady growth of arrivals post 1994 evened out around the change of millennium and took a sharp upward turn in 2002 which lasted into 2003 when the industry experienced unprecedented growth due to the weakness of the rand and political events in competitive destinations. The two years that followed had the inevitable correction to sustainable growth. The US is the only main market which has had a continuous rebound since 2001,¹⁴ reaching 12% in 2005. This could be contributed to the US travel pattern influenced by 9/11 which kept the country on a mere 7% growth in 2002 when the major European generating markets soared.¹⁵ Arrival figures for 2006, known to be good from high value source markets although exact figures are yet to be published at the time of writing, seem to indicate that the abnormal growth has finally been absorbed. The three core non African source markets are the UK, Germany, USA, followed by The Netherlands and France, all countries among top spenders and top outbound source markets in the global context. Concurrently these generating countries are the main markets for lodges. Statistics for 2005 reveal that the most common length of stay in South Africa for air tourists is 14 nights, with a trend of lower peaks at 10, 14 and 21 nights. This may be influenced by the increase of independent travel of approximately 10% for all European segments, a slight decrease in VFRs, a slightly lower rate (-1.5%) of first time tourists and an increase in repeat visitors. It is important to note that all four major markets had a 20-25% repeater rate (2-3 times) in 2005, an indicator of the success rate of first time visits and popularity of destination.

¹⁴ 2.7% (2003), 11% (2004)

¹⁵ UK +24.1%, Germany +22.1%, The Netherlands +14.9%, France +35.4%

Fully independent travellers (FITs) may constitute a captive market while in country, while for participants in organised tours, demand for accommodation has definitely been determined before arrival, brokered by an inbound tour operator and purchased outside the holiday destination. Numerous factors influence the choice of staying in a game lodge. A package holiday will have a set itinerary with few options. Higher end products typically include four or five star game lodges, and more affordable packages offer either 3 star lodges or accommodation in hotels, BBs or guesthouses combined with stand alone safaris contracted by the tour operator. Tour operators also offer made to measure individual tours with a wide choice of accommodation including game lodges. FITs who plan their own holiday on the basis of the internet, brochures or advice from friends, tailor their choices according to available information, individual preference and affordability. VFRs partake in holidays designed by experienced residents, often based on choices unknown or uncomfortable to a first time visitor planning a holiday from afar. The standard of a lodge is typically dependent on location, as this is pivotal to game viewing, in addition to the quality of lodgings, food and service. The rack rate of a three star lodge typically starts at R800, and the ultimate luxury is charged at a rack rate of R8000. These rates are per person per night in a double room. Rack rates are commonly higher than achieved rates as competitive factors often dictate flexibility in pricing. Numerous customers belong to a price inelastic niche, but the majority fall into a category where cost is an important consideration. Statistics suggest that a European holidaymaker spent an average of 17 days in South Africa in 2005, with an estimated total cost of trip including airfare of R25322.¹⁶ Despite the relative vagueness of the latter due to the number of individuals falling outside the statistical average, and the numerous costs incorporated in this figure, it is a key indicator of purchasing power when considering the potential market for different ranges of game lodges.

The high motivation factor represented in the lodge experience to some degree counterbalances the high cost. Most tourists from the core, high value market regard scenic beauty and wildlife as important components of the South African destination,¹⁷ and promotional materials present the game lodge as being the ultimate setting for this experience. Consequently, target markets are primarily high income tourists, the wildlife niche market, and first time visitors. The latter constitutes a large segment of air arrivals¹⁸ from varying income brackets. Many perceive of South Africa as a once in a lifetime destination due to distance, cost and a taste for multiple global holiday destinations. The inclusion of the game lodge is predictable for the affluent segment, and for the flexible cost conscious the ambition to experience the game lodge may outweigh the expense factor although practical considerations in such cases are likely to influence the length of stay.¹⁹ There is, however, clearly an additional segment which is constrained by an inflexible tight budget.

According to statistics, there was a decrease in game lodge bed-nights from 2003-2005. During this period arrivals from core lodge markets grew (2003, 2005) or were relatively flat (2004). This downward trend reflects a timeframe where tourist purchasing power declined in line with less favourable exchange rates to major currencies,²⁰ parallel with an overall price increase of goods and services. This was most noticeable for holders of US currency which weakened while the rand rallied.²¹ Statistics indicate that the strengthening of the rand has generally not affected the number of tourists from intercontinental markets negatively. It is, however, reflected in

¹⁶ American average length of stay in 2005 was 15 days, with a total cost of trip incl airfare of R35027

¹⁷ See appendix 3

¹⁸ 50% (2003), 51% (2004), 48.2 (2005)

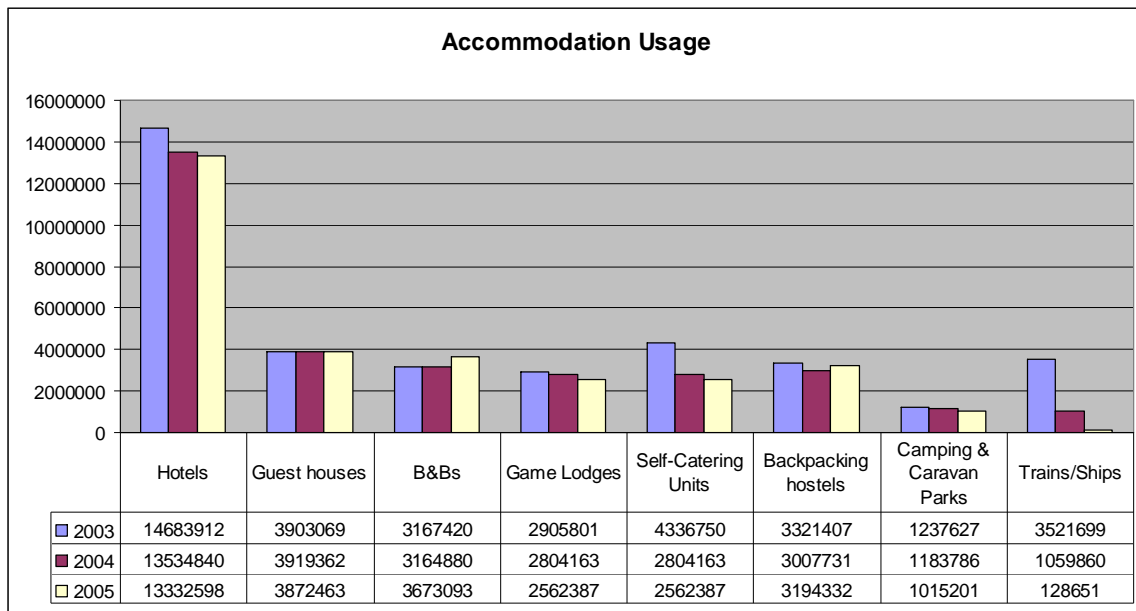
¹⁹ See appendix 4 for income brackets of tourists

²⁰ See appendix 5 for exchange rates

²¹ Daily spend US/Dutch holidaymakers (these examples of Americas and European market as a result of lack of 2003 record of portfolio average): R974/R728 (2003), R815/R672 (2004), R912/R618 (2005)

choices made and spending capacity in South Africa as visitors' home currency budgets naturally remain the same.

Figure 3



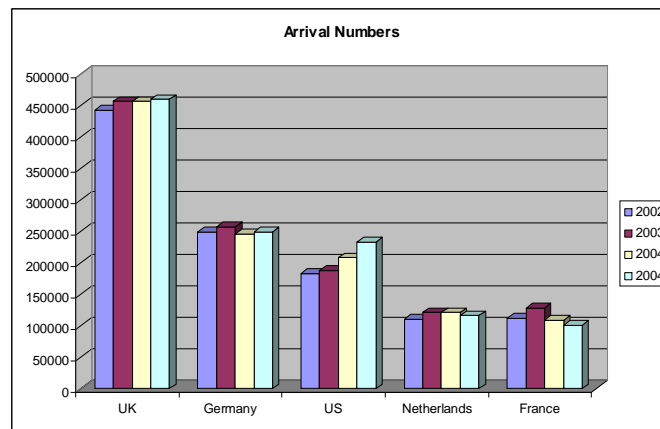
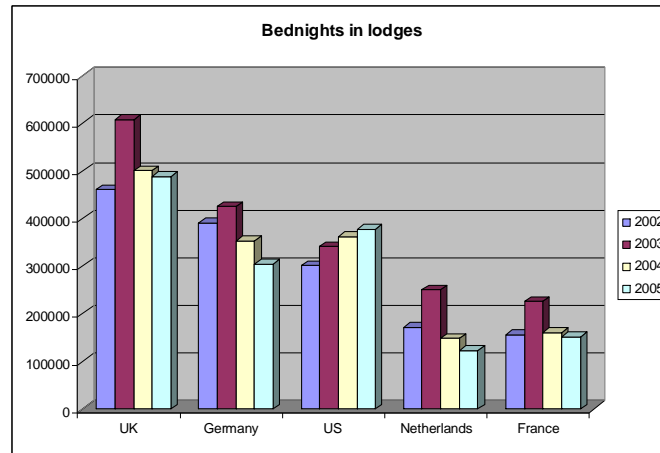
Source: South African Tourism Annual Report 2005

Although game lodge use statistics may be inaccurate, they reflect a trend of fall in occupancy. Appendix 6 captures recorded data concerning the five key intercontinental arrival markets which correspond to the main lodge markets. The data reveals that these source markets have collectively had a decrease in bed-nights which is slightly higher than data recorded for all markets, indicating the equivalent increase in other markets. The latter is a positive, albeit slow development, as the five countries shared 56.4% of recorded lodge bed-nights in 2005, reflecting an overdependence on a narrow set of source markets. The US market had a constant positive development in arrivals, percentage of bed-nights in lodges and first time visitors. Despite a fall in average length of stay after 2003, the US is alone among these markets with a positive change in bed-nights, resulting in a 14.8% share of the lodge market in 2005. The growth in percentage of bed-nights in lodges in the US market during a period of decreased purchasing power reflects price inelasticity or high motivation, possibly compensated by shorter holidays as length of stay has fallen. The UK had small changes, slight positive growth in arrivals, flat length of stay, and slight negative development in first time visitors and percentage of bed-nights in lodges.²² All other markets have had a noticeable decrease in first time visitors and percentage of bed-nights in lodges, in the case of The Netherlands and particularly France, this was complemented by a fall in arrivals. The US and Germany are reflected as more price inelastic than The UK, France and, particularly, the Netherlands, which is known as a cost conscious market. The data reflects the importance of volume of arrivals, length of stay, proportion of first time visitors, and daily spend (the influence of currency fluctuations) as indicators of lodge demand.²³

²² These small changes still resulted in a 77 900 fall in bed-nights due to the large share of total arrivals

²³ See appendix 6

Figure 4



Based on South African Tourism Annual Reports Statistics

Individual preferences are vital and need to be stressed at this point in the analysis. All niches are to be found within each of these countries, with preference for different areas and products - statistical data is inherently an indicator of general trends. The fall in first time visitors, percentage of bed-nights in lodges and length of stay, are not unexpected market developments after a period of unsustainable growth triggered by currency fluctuations. South Africa (and the lodge product) was temporarily affordable to a price elastic segment at a period in time when some of the core destinations for this market were inaccessible. It contracted parallel to the strengthening of the rand, resulting in a period of small or negative growth. Sub Saharan Africa is positioned as expensive compared to destinations in Australasia.

The most appropriate statistical data for a snapshot of lodge demand may be regional data from Mpumalanga, South Africa's prime wildlife destination where 28% of responses indicated that game viewing, safaris and national parks was their primary factor of influence for visiting South Africa. The following data is compiled from the 4th quarter report in 2004, reference made to 2003 will be from 4th quarter to specify annual change. Arrival figures from core markets were marginally up.²⁴ The rand strengthened to all major currencies.²⁵ Despite the fact that the data is short term, it reflects demand in a province where tourist focus is almost exclusively on game

²⁴ Americas +2.6%, Australia and Australasia -0.2%, Europe + 1.8%

²⁵ 10.01.2003 – 12.31.2004 US\$:Rand -7.9%, Euro:Rand -4.86% , £:Rand -6.7% (www.x-rates.com/cgi-bin/hlookup.cgi)

reserves, national parks, wildlife and scenic beauty. The highest percentage of arrivals is recorded as pure holiday travel (66.2%, up 2.4%). In addition some of the travel motivated by VFR (8.5%, up 1.5%)²⁶ and business (3.1%, down 0.2%)²⁷ may actually be holiday travel within the province. The figures include the 37.4% African segment. Of these arrivals, 8.7% stayed in game lodges in the 4th quarter of 2004, a high percentage compared to 2.4% nationally, reflecting the large proportion of the national game lodge usage in Mpumalanga.

The Kruger National Park was reported by tourists as being the main attraction. Although there was a slight fall in first time intercontinental visitors to 74.5%, matching the decrease in countrywide arrivals, there was a strong tendency of repeat visitors. Most of the core market intercontinental tourists belonged to an income bracket²⁸ corresponding to R 20 000 – R 40 000.²⁹ Private car was the most common mode of transport, excluding most intercontinental visitors barring VFRs. Overseas visitors travelled by air 32.7% (up 6%) to be followed by 30.7% rental cars 30 (up 3.8%) and tour buses for 26.9% (up 3.6%). Bed-nights in game lodges increased from 14% in 2003 to 15.5% in 2004, while hotels were flat.³⁰

There are several factors in this data worth highlighting. All the figures, barring first time visitors, have an upward trend. Around a quarter of tourists seem to have been part of package tours due to mode of transport, and the large percentage of rental cars indicate close to one third of individual travellers. The general trend of itineraries is often regarded as 2 to 4 days for wildlife activities as part of a 14-21 day South African itinerary, particularly reflecting exigencies of first time visitors. Niche market travellers may spend more time in their place of interest. The drive through Mpumalanga en route to or from the Kruger National Park for road travellers would warrant one of these nights. Statistics indicate that during the 4th quarter of 2004, African tourists spent an average of 2.8 nights, Europeans spent 4.7 nights, tourists from the Americas spent 3.9 nights, and Asia and Australasian tourists spent an average of 8 nights in the province. The latter segment also recorded 23.9% VFR, which undoubtedly influences this figure. On average these figures fit in with the perceived trends. The most relevant factor to this study is that 15.5% (180 025 bed-nights), the highest percentage in the two years on record,³¹ were captured by game lodges in this prime area. The most popular form of accommodation, used by 33.4%, was hotels. There may be a variety of reasons for this. Some lodges of choice may have been fully booked due to peak season. Many lodges do not have the capacity to accommodate tour buses. Retail tourists from the African arrivals segment influence non lodge accommodation figures. Low to medium budget itineraries may prefer the flexibility of purchasing different elements of the game lodge experience individually to suit budget and preference. National and provincial parks compete with the private lodge market country wide, and Kruger National Park is a strong contender for bed-nights in the area. This example illuminates the fact that the lodge industry is not only internally competitive, but it also has fierce competition from other types of accommodation, even in a market as wildlife specific as Mpumalanga.

Domestic demand

The litmus test for the competitiveness of lodges lies with the domestic market. It is the constant captive market for lodges, and helps fill beds during low season for intercontinental arrivals. It responds to promotion, branding, image, product positioning and *primarily* it responds to price. Due to high costs, however, only a small and, according to key stakeholders, diminishing, segment of the market has the purchasing power to be consumers of

²⁶ Travel for VFR: Americas 8%, Australia and Australasia 23.9%, Europe 2.4%

²⁷ Travel for business: Americas 10.9%, Australia and Australasia 16.6%, Europe 3.5%

²⁸ See appendix 4 for complete list of income brackets

²⁹ 12.31.2004 exchange rate US\$ 3540- US\$7080

³⁰ See appendix 7 for full list of accommodation choices and use

³¹ 2nd quarter 2004 dip to 10.8%, otherwise fluctuating in 13%-15% region during 2003-2004

this product. Lodge operators have priced themselves out of the mid to upper domestic market by increasing rack rates in tandem with ambitions to cater for the high value intercontinental segment.

The South African market spans a vast range of income groups.³² It is notable that many travellers take part in wildlife as an activity on holiday, although this proportion is not reflected in stays in game lodges, surpassed by hospitals as travel accommodation for three of seven market segments. VFR is the most prevalent motivation for travel, and 39.2% of tourists are recorded as receiving no income. The cost of game lodges is clearly prohibitive to most South Africans. The most exclusive five star game lodges are more expensive per person per night than the price of a return flight to Europe. And yet, domestic tourists spent 1,7 million bed nights in lodges in 2005, constituting 1% of total trip nights; in comparison to unpaid accommodation (VFR) 76%, and hotels 6%. The domestic niche market consists of two very diverse segments. One is totally price inelastic. It is small in proportion to population figures, but considerable in numbers within the context of the lodge market. The other segment is highly price elastic and thus to a large extent dependent on promotional campaigns aimed at residents, advertised in the local media or posted on cut price internet sites. During periods when supply outnumbers foreign demand,³³ operators rely on the domestic market, resulting in fierce competition where the most powerful tool is below market pricing. As lodges are often interchangeable in standard and location, purchases are generally driven by price. The affordability of lodges for the willing, yet cost conscious niche within the domestic market, is thus to a large extent a function of excess supply.

Supply of lodges

It is challenging to establish accurate figures for lodge bed-nights in South Africa. The Tourism Grading Council has a record of 14899 rooms in game reserves and hunting lodges, of which 8373 (56%) are graded and to be found in 128 three star lodges, 178 four star lodges and 92 five star lodges throughout the country. That leaves an estimated 6526 rooms of an unknown standard in an unidentified number of lodges. As lodges vary in size according to type, market and location, it is impossible to estimate the number of lodges based on room capacity. Lodges with added time share facilities are relatively large and may have 35 rooms, as are lodges catering to bus tours and conference markets, whereas exclusive private game lodges more typically have 8 rooms.

According to the tourism product life cycle, the South African tourism industry is currently in the growth phase, characterised by a rapid entry by new players which typically leads to excess capacity. Land owners and farmers consider a lodge as a potential base for supplementary income. In addition, experiences associated with wildlife and nature appeal to a particular South African niche who willingly invest in lodges for their lifestyle value rather than expectations of rich financial rewards, using excess capital from other sectors and creating additional supply to a competitive market. There is consensus among all stakeholders that the local perception of South Africa as an attractive destination for the affluent international tourist had led to an oversupply of luxury lodges proving to be unaffordable with the strengthening of the rand. Many business plans had been based on a 5-7% growth, which has yet to come to fruition due to reasons discussed above. Demand has thus not developed in tandem with supply. The consequences are a competitive environment resulting in low occupancy rates, particularly for small private lodges with limited exposure. There are properties in the southern Kruger National Park which have only traded under the same owner for a limited period before being forced to sell. Others have struggled for numerous years in the hope of better times, drawing from financial resources unrelated to the lodge for sustenance. The fact that some lodge operators in Kruger National Park did not meet their concession payments in 2006, is regarded as a reflection of difficult times. Having established that some locations were overtraded,

³² See appendix 8 for personal monthly income for domestic travellers

³³ See appendix 9 for seasonality graph

particularly Kruger National Park, general consensus suggested that there are still possibilities for lodge development in other parts of South Africa, notably the St Lucia Wetlands and the Addo area in the Eastern Cape.

Key stakeholders regard demand and supply in varying ways. Tourism development experts do not view lodges as competitive edge products or vital to the tourism industry due to the fact that unlike other destination in the region and continent, wildlife is considered an add-on, not the focus of a trip to South Africa, and can be easily substituted. This does, however, depend on market segments, exemplified by a representative of a major Dutch high street tour operator company who reiterated that the game lodge experience “is the one thing everyone wants to do”.

Large operators are keen to highlight their own positive experiences, arguing that despite overtrading, some seasons and locations are fully bedded, suggesting seasonality as the major challenge. They do, however, acknowledge that due to competition, good products may not succeed without a strong marketing plan, the key challenge to smaller ventures. Large operators contend that they are satisfied with developments, and accentuate these statements with references to expansion. Wilderness Safaris has just invested in a large lodge in Kruger National Park, and Conservation Corporation Africa is expanding an existing property in another part of the park. These are the region’s key operators with strong forecasting teams, yet Kruger National Park is the area most often cited by other industry stakeholders as being saturated.

Another example which strengthens the theory of evaluating each development in its own context, is a newly built lodge in Kwa Zulu Natal. Thanda Lodge started trading in 2004. It is positioned as a luxury lodge with a variety of activities including safari, beach and adventure. The lodge has created 220 jobs,³⁴ and has an extended social responsibility program.³⁵ Thanda has also been the recipient of several awards, and at the time of writing two years after opening, has increased its occupancy threefold from a meagre beginnings. Thanda is still far from reaching maturity. It is located in an area regarded as highly saturated.

Forecasting

South African Tourism has compiled a strategy for development of the sector which aims at sustaining GDP growth, job creation, redistribution and transformation. The key to achieving these goals is the continuing task of differentiating South Africa from other destinations within a difficult and dynamic global market. Seasonality and volatile markets require a re-balancing of portfolio to more diversified generating countries. Due to the relative small resources available to the institution, this will entail a focused effort on capturing a larger percentage of the high value market, encourage longer stays, expand tourist flows and redefine, upgrade and diversify products. The latter is an important part of improving linkages, which are currently still too fragmented and shallow to achieve the desired transformation. If these national efforts succeed, they should have positive spill-over effects on the lodge market.

The domestic market is expected to grow with a new emerging middle class. This segments will join the existing seasoned travellers, The challenge to tourism authorities is to convince the latter to spend more holiday time in their own country as South Africans are the highest ranking source market in Africa, ranked as number 36 on the UNWTO list of foreign tourism spenders by nation. Concurrently the strategic plan is to encourage the development of a holiday travelling culture for the previously disadvantaged with increasing disposable incomes.

³⁴ Thanda lodge has the reputation among some lodge workers for being the best employer in the province

³⁵ The CSR does not feature on Thanda’s website, an interesting factor as PR is obviously not its main driving force

If it succeeds in strengthening this segment to its full potential, the industry faces a future with less reliance on volatile international markets.

Demand for the current lodge product may not be a priority attraction to a middle class segment. It is also facing competition from parks, notably Kruger National Park as the latter is considering various options for attracting this market. An additional trend expected to challenge some of the existing and emerging market for commercial holiday accommodation, is the purchase, fractional ownership or time share of second homes. These homes have the potential to be periodical rental properties, another competitive factor for existing operators. This type of development is typically built into game reserves, golf estates or other niche attractions and thus in direct competition with the lodge market. Domestic demand for the lodge product will depend on the development of product and pricing structures which appeal to domestic consumer trends.

South Africa is ranked as the 32nd destination in the world (UNWTO 2006), and views Mexico, Brazil, Kenya, Thailand, and Australia as its main competitors for high value long haul travellers from core North American and European generating markets (DEAT 2004). Only Thailand, which was still recovering from the Tsunami, did not exceed South Africa's growth figures for 2005, the latter a reflection on their competitive edge with undecided consumers.

Kenya is a mature destination, which lost much of its market share due to political instability, rising crime and the short period as a venue for a terrorist attack. The sector is now recovering, and Kenya may be regarded as an interchangeable destination to South Africa for the pristine Africa, wildlife niche market due to its well established reputation and reduced travel time from major generating countries. South Africa's policy of differentiation is thus critical in relation to all its main competitors, but specifically to Kenya. As tourism is becoming an attractive sector for development in an increasing number of African countries, the long term future could bring more competition of this kind.

South Africa forecasts 10 million visitors by 2010 with an accumulated growth of 29% over the next five years (Euromonitor International). 2010 is the year South Africa is hosting the World Cup. This event is generating considerable optimism within the tourism sector. A large number of arrivals is expected preceding, during, and after the tournament, creating welcome publicity and awareness for the destination. As post tournament visits will depend on the success rate of the event, extensive planning and infrastructure is developed in its anticipation. The lodge market also has a lot to gain from this type of hall mark events. During the World Summit on Sustainable Development 6% of bed-nights were spent in lodges. When questioned about the highlight of their stay, 17% of attendees named wildlife and 7% named scenic beauty.

South Africa is predominantly marketed as a country of natural attractions, and departing visitors re-enforce this image. Surveys conducted at exit points in 2005 recorded 13.2% of visitors regarding wildlife as their "best experience", only second to scenic beauty. The lodge product is a potentially attractive part of this offering to a distinct segment of the market, and despite possible overtrading in some areas, each new venture needs to be evaluated within its own complete context including location, resources, and product development to assess its potential as additional supply to existing and future demand.

GEOGRAPHIC SPREAD OF TOURISM³⁶

Domestic tourist flows

Domestic travel patterns are naturally less concentrated around landmarks, reflecting the importance of human relationships rather than sightseeing. Travel is thus predominantly motivated by VFR, and thus dispersed throughout South Africa. As VFR does not exclude a short lodge experience, the domestic market for lodges is not bound by area to the same extent as the international segment. The most popular non VFR destination for holidays is the Western Cape, followed by Mpumalanga, affirming the high value of wildlife experiences among domestic holidaymakers. The niche market travels to all wildlife destinations are generally guided by distance and budget. Short break demand for lodges is, however, dependent on location. Lodges located within week-end driving distance from highly populated centres have an automatic catchment area.

International tourist flows

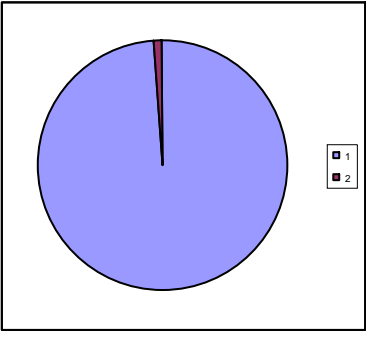
Tourist flows vary according to purpose of visit. Statistics published in the South African Tourism 2005 annual report suggest that 30.9% of arrivals were holidaymakers, 24.9% visited for shopping, 21.8% visited friends and relatives (VFR), 8.6% was business travel, 5.4% business tourism (defined as travel motivated by conferences and events) and the remaining 8.4% was non specified. Holidaymakers travel more extensively than any of the other categories, but even the latter predictably show a distinct preference for certain destinations. The core of the South African tourism industry is its key globally promoted attractions: Cape Town, Robben Island, Table Mountain, the Cape winelands, the Cape Peninsula, the Garden Route, Johannesburg with Soweto, Zulu culture, the pristine Africa of national parks, the big five and spectacular scenery. Glossy tour operators' brochures, which both reflect and create demand, strengthen this status by reproducing variations on the same themes season after season. Suggested or mix and match itineraries inevitably include these locations and thus, despite the perception of travellers' choice, create predictable travel patterns, particularly for first time visitors from the main long haul tourist generating markets.

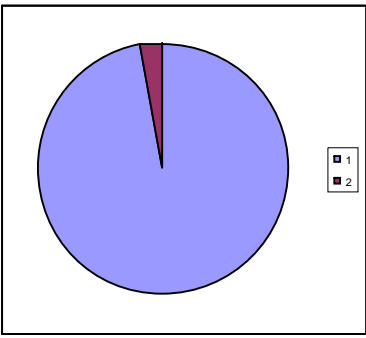
Johannesburg and Cape Town are obvious entry points as cities with international airports. The typical itinerary, frequently referred to in brochures as the "classic" route, will begin in one city and end in the other. Depending on length of time, generally 14-21 days, and mode of travel, this will incorporate key attractions in the Western Cape, Kruger Park or another big five destination, and Kwa Zulu Natal. Many itineraries, notably the "classic" tour, will include Swaziland due to its proximity to the main Kruger National Park – Kwa Zulu Natal route. Other specific niche oriented places of interest in neighbouring countries may be optional. A key feature of South African tourism is the visitor's propensity to travel long distances across this vast country to multiple locations and a wide variety of attractions with the added experience value of occasional border crossings. Gauteng, Western Cape and Kwa Zulu Natal have the densest tourist flows and highest spend, attracting 75% of total foreign tourism receipts in 2005. Despite this value being highly influenced by retail and other forms of business travel, it reflects the traditional tourists' travel patterns.

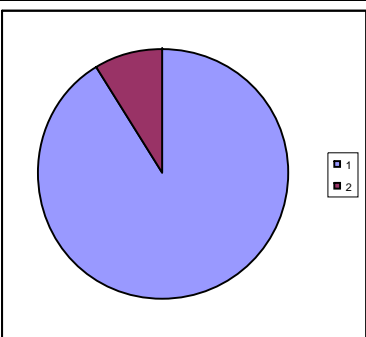
A more detailed analysis is required to assess lodge demand by area. South African Tourism has produced quarterly provincial reports for 2004 and 2005, but at the time of writing 2005 is not available. The analysis is therefore based on the 4th quarter of 2004 (see fig 1), peak season from core source markets. Due to the fact that the data is taken from a short period of time in high season, it presents a snapshot of tourist flows. Supply is listed as graded lodges, estimated at 56% of total availability nationally, the figure for each province thus uncertain. The

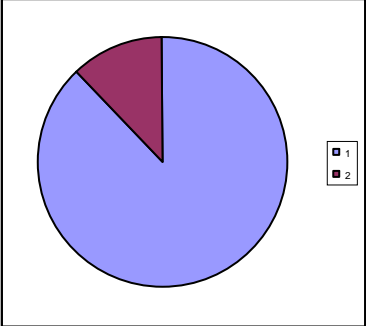
³⁶ See appendix 1 for map of South Africa

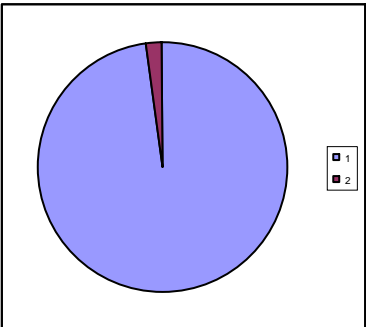
pie chart represents intercontinental arrivals, as this is a figure which is distinguishable within available statistics, and, as discussed above, the majority of lodge visitors originate in these markets. All other findings include African arrivals.

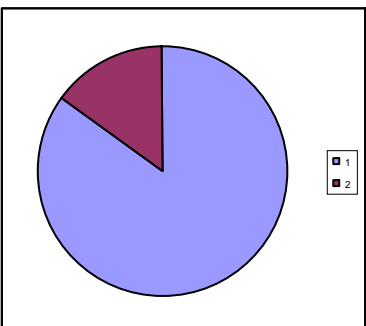
NORTHERN CAPE					
Provincial percentage of intercontinental Bed-nights 4 th quarter 2004 (102 245)					
	Supply of graded lodges	3*: 9	4*: 5	5*: 0	
	Bed-nights in lodges	10 552			
	Total bed-nights	175 851			
	Total arrivals	45 778			
	First time visitors (by air to SA)	62.6%			
	Wildlife activities undertaken	14.0%			
	Scenic beauty best experience	48.7%			
	Wildlife best experience	21.7%			
	Natural Attractions visited: Augrabies Falls (33%), Namaqualand flowers (20.6%), Nature/game reserves(15.7%)				

NORTH WEST PROVINCE					
Provincial percentage of intercontinental Bed-nights 4 th quarter 2004 (220 000)					
	Supply of graded lodges	3*: 14	4*: 14	5*: 16	
	Bed-nights in lodges	52 159			
	Total bed-nights	526 862			
	Total arrivals	185 021			
	First time visitors (by air to SA)	66.4%			
	Wildlife activities undertaken	22.0%			
	Scenic beauty best experience	20.6%			
	Wildlife best experience	13.6%			
	Natural Attractions visited: Pilanesberg National Park (59.6%), Madikwe game reserve (15.1%), Game reserves (1.9%)				

MPUMALANGA					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (857 341)					
	Supply of graded lodges	3*: 18	4*: 39	5*: 16	
	Bed-nights in lodges	180 025			
	Total bed-nights	1 161 449			
	Total arrivals	289 930			
	First time visitors (by air to SA)	74.5%			
	Wildlife activities undertaken	65.0%			
	Scenic beauty best experience	27.7%			
	Wildlife best experience	28.0%			
	Natural Attractions visited: Kruger National Park (82.2%), Blyde River Canyon/God's Window (57.1%), Pilgrim's Rest (43%), Private game reserves(39.5%)				

KWA ZULU NATAL					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (1 238 521)					
	Supply of graded lodges	3*: 25	4*: 24	5*: 9	
	Bed-nights in lodges	151 975			
	Total bed-nights	2 202 540			
	Total arrivals	396 736			
	First time visitors (by air to SA)	62.7%			
	Wildlife activities undertaken	38.0%			
	Scenic beauty best experience	30.1%			
	Wildlife best experience	27.8%			
	Natural Attractions visited: Beachfront (60%), Game parks (45%), Drakensberg National Park or resorts (45%), St Lucia Wetlands heritage site (25%), Balito Bay (13%)				

LIMPOPO					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (175 677)					
	Supply of graded lodges	3*: 26	4*: 45	5*: 29	
	Bed-nights in lodges	56 149			
	Total bed-nights	484 051			
	Total arrivals	101 094			
	First time visitors (by air to SA)	56.1%			
	Wildlife activities undertaken	24.2%			
	Scenic beauty best experience	13.3%			
	Wildlife best experience	21.8%			
	Natural Attractions visited: Private game reserves (47.8%), Kruger National Park (43.7%), Nature game reserves (7.8%)				

GAUTENG					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (1 572 698)					
	Supply of graded lodges	3*: 9	4*: 12	5*: 4	
	Bed-nights in lodges	226 776			
	Total bed-nights	4 825 032			
	Total arrivals	946 067			
	First time visitors (by air to SA)	51.4%			
	Nature activities undertaken	7.0%			
	Scenic beauty best experience	16.9%			
	Wildlife best experience	13.2%			
	Natural Attractions visited: Not specified				

FREE STATE					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (90 677)					
	Supply of graded lodges	3*: 10	4*: 6	5*: 0	
	Bed-nights in lodges	38 362			
	Total bed-nights	581 257			
	Total arrivals	162 132			
	First time visitors (by air to SA)	54.6%			
	Wildlife activities undertaken	6.0%			
	Scenic beauty best experience	9.3%			
	Wildlife best experience	5.7%			
	Natural Attractions visited: Golden Gate National Park (45.2%), Natrue/game reserves (6.5%)				

EASTERN CAPE					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (787 349)					
	Supply of graded lodges	3*: 10	4*: 17	5*: 13	
	Bed-nights in lodges	71 255			
	Total bed-nights	950 072			
	Total arrivals	169 758			
	First time visitors (by air to SA)	70.6%			
	Wildlife activities undertaken	44.0%			
	Scenic beauty best experience	44.4%			
	Wildlife best experience	42.5%			
	Natural Attractions visited: Nature reserves (61.2%), beaches/Wild Coast (58.4%)				

WESTERN CAPE					
Provincial percentage of intercontinental bed-nights 4 th quarter 2004 (3 841 958)					
	Supply of graded lodges	3*: 7	4*: 16	5*: 5	
	Bed-nights in lodges	263 353			
	Total bed-nights	4 702 733			
	Total arrivals	494 015			
	First time visitors (by air to SA)	67.3%			
	Wildlife activities undertaken	46.0%			
	Scenic beauty best experience	51.9%			
	Wildlife best experience	29.4%			
	Natural Attractions visited: Cape Point (69.9%), Cape of Good Hope (67.8%), Whale watching (45.3%), Nature conservatories sic. (40.8%)				

This presentation is based on available information and underscores trends established in previous parts of this report – the high attraction value of certain landmarks and destinations within the country dominating tourist flows, and the apparent saturation of the lodge market in certain locations when seen as a function of number of lodges to number of bed-nights. The latter is most evident in Limpopo province (which includes the northern part of Kruger National Park), with the highest number of lodges to a relatively small proportion of bed-nights during the quarter of 2004. There must be some allowance for flaws in data collection, but the example shows the trend of overtrading which is of concern to many stakeholders. The third significant conclusion to be drawn from the data is the importance of location in areas which have natural tourist flows. This is clearly exemplified by the high number of bed-nights spent in lodges in the Western Cape and Gauteng.

The data also shows a variety of natural attractions throughout the country and the tourist interest in this part of the South African product. Some natural attractions are stand alone destinations, but due to the abundance of scenic beauty, the established tourist routes have typically been developed to include certain natural attractions en route to various landmarks and set destinations.

The data highlights the core attractions embedded in the current travel patterns. This presents a great challenge to the tourism authorities who have identified the importance of attempting to change the traditional geographic spread of tourist flows as a priority commitment in order to channel benefits of tourism to a larger part of the population. This will involve developing and promoting attractions and destinations which currently do not receive exposure in source markets, a plan regarded as ambitious and long term.

CASE STUDIES: A COMPARATIVE STUDY

Introduction to lodges in case studies

The research design for this report includes a selection of case studies. A sample of nine lodges with varying ownership structures and geographic locations were identified as case studies. The different models included the community owned, the joint venture community/private sector, the private lodge with strong community commitment, the corporate lodge without community strategy and the private management/owned. All but one were either officially graded or assessed by management as four-star, one had been recently degraded to three-star. Some lodges were marketed through large operating companies with extensive marketing departments covering the domestic and international arena. Others were restricted by limited budgets to direct marketing, outsourced or personal presence at international travel fairs including marketing to overseas to tour operators and the channel of national media. Rack rates for the four star lodges range from R1360 to R6500 and depend on location, image, product and realistic pricing. Achieved rates in this sample vary from R1200 to R2100. Occupancy rates range from 40%-75%, with the majority positioned around 50%. Geographic location, international brand-recognition, marketing reach, and in some cases the lack of product maturity, influenced the proportion of international guests, varying from 25%-70%, although most lodges in the sample were in the upper part of this range.

Employment is often named as the main benefit to communities from lodge ownership. As a consequence, this report considers the employment factor and its various impacts as a focal point for the analysis of existing lodges, with the comparative study with private lodges as a means of establishing current benchmarks for the sector. In order to capture two sets of data pivotal to this analysis; the inherently personal data of social impacts, and the commercially sensitive data of lodge management, it was deemed practical to visit each lodge. During the two day

visits, it was possible to complete seven to ten interviews with staff. In lodges with community equity, it was important to identify staff with particular knowledge of the lodge development process and/or staff with key positions in the community. Other criteria for the choice of interviewees were representation from each department in order to talk to a cross section of staff, finding individuals who felt comfortable with sharing information and had the English skills which made it possible. The criteria then had to be matched with a slot of time when the interview would not be too disruptive to the staff member's busy work schedule. This process was either done with some organization from management, and/or, with the latter's blessing, on an ad hoc basis when the opportunity for each individual arose. The interviews were in-depth, semi-structured and open ended, and lasted from thirty minutes to three hours. The object was to understand the impacts of different models chosen in the realm of employment, social change, economic linkages and other community benefits through the lens of personal experience of community members, who in some lodges were shareholders. In addition, an in-depth, semi structured interview was conducted with the lodge manager to clarify policies affecting neighbouring communities and operating information. The occasional opportunity to communicate with guests informed on attitudes to community involvement in the product being consumed at the time of interaction.

The following analysis will in some cases refer to community lodges and private lodges (quotes from staff, comments on general practices) as if there were no distinction between individual lodges within these two categories of the sample. This is clearly not the case and has been done to protect confidential information. The consequence is, however, that all lodges within the category occasionally are unfairly (positively or negatively) tainted with the same brush.

Current linkages

Labour

Employment is the main linkage between lodges and local villages. Some leases stipulate employment of staff from nearby villages where possible. Community lodges also have this clause in contracts with their operators in addition to various contractual requirements regarding the training of community members for management positions. Recruitment of staff from neighbouring villages is, however, often a practical choice. Numerous jobs short-term job are available during the building of lodges. Before opening, the focus changes to actual lodge employment. The nature of the work is conducive to the employment of a large proportion of staff without formal skills, and the unusual shift schedules and long hours often require live- in staff. Typically non management staff is on a twenty-one day duty schedule, followed by a seven day leave period, whereas some senior staff and management generally work for six weeks and get two weeks' leave. Private lodges in game reserves and parks transport their staff to and from the gate, where they have to find their transport home. The shortage and cost of public transportation in these remote areas have a dual effect on employment - lodge owners need their staff as close as possible in order to insure that they have a reliable system of getting to and from home, and low wages relative to expenditure deter applicants from distant locations. Concurrently lodge owners increasingly value the relationship with neighbouring villages for commercial and/or ethical reasons.³⁷

All lodges studied source junior staff from neighbouring villages, lodges with community equity source staff exclusively from their own communities. The recruitment systems vary between private lodges and community lodges. Private lodges set a date before opening for interviews, all applicants are screened and some are asked to return for a second interview with the manager. Community lodges have a more complex system, which involve the posting of vacancies in public areas, a selection process done by a formal community entity (trust,

³⁷ The manager of one private lodge specified that they preferred to source staff in the nearest village, but could not name it – “just a rural area”

committee) followed by an interview with representatives of the Trust, lodge management and operational company, and finally an interview with management. New vacancies are communicated from management to the person/entity formally appointed to be responsible for recruitment. The latter will contact suitable applicants or post vacancies in public places, screen the applicants and send them to management for interviews. Private lodges typically use word of mouth as their advertising strategy, whereby existing staff convey the vacancy through personal networking channels, and interested candidates contact the manager who in turn organizes an interview. If the latter is successful, the applicant is often employed with immediate effect. In addition, when applicable, a member of the closest community who is known to be a liaison person between the community and lodges in the area may be approached and informed about the vacancy. These recruitment methods are considered optimal, there is no cost involved, it encourages loyalty among staff (with an inherent system of social control, a particular asset as staff live and work in close proximity for long periods) and a good relationship with nearby villages.³⁸ Due to a shortage of formal skills among residents in the nearby villages, senior staff is sourced directly from operating company pools or country wide in all lodges apart from one newly opened community lodge, where the manager, a member of the owner community, came from an assistant manager position in a nearby lodge.

Figure 5

	Junior staff				Middle management				Management				Total
	local		Non local		Local		non local		local		Non local		
	M	F	M	F	M	F	M	F	M	F	M	F	
Community lodges													
Community owned	12	11			4	1	2		2				32
Community owned	9	12			1	1			2		1	1	25
Joint venture	18	30			1	1	2	2			4	3	61
Joint venture	10	16			3	1	1			1	2		34
Private lodges													
No community benefit strategy ³⁹	5	5			4	2							16
No community benefit strategy	24	25	2	3	5	4		1	1		3	4	72
Management owned, some community benefit strategies	8	9			1						3	4	25
Strong community benefit strategy	1	13	6	17					1	1	9	4	52
No community benefit strategy	9	17			5	5			1		4	2	43

Procurement and services

It was evident after detailed discussions with management that despite the fact that procurement systems and sourcing to some extent depends on location and company policies, the trends are very similar in all lodges studied. Fresh produce, dry and frozen foods, drinks, detergents and other non food supplies are sourced in either the nearest urban centre or in major cities, depending on company policies, attention to cost versus quality, and remoteness. According to one manager, most lodges in one cluster area use the same service providers for

³⁸ exemplified by one private lodge owner approaching the local chief on two occasions when there were problems with theft of equipment stored outside the property. There was already an established relationship built on mutual respect, much of the casual labour and some permanent staff is sourced in this community. Within a few days all the equipment was returned. There was no police involvement.

³⁹ This lodge lacks management level employees as it is managed through a neighbouring lodge operated by the same company. None of the management team is local

procurement, a result of practical considerations and economies of scale which allow the companies used to offer an attractive service with the necessary deliveries and stock. This is in line with the park authority in question which practices a policy encouraging a limited number of entries into the game reserve. Fresh food deliveries from neighbouring villages were only recorded for eggs to two lodges in the sample (both private), one community lodge could refer to a limited purchase of vegetables in their community and two community lodges were planning to purchase their vegetables from future farming businesses, one was in operation with the help of the lodge, the other was a future lodge project with the intention of supplying a local cooperative with the necessary seedlings and equipment. One of the private lodges has a multiple choice for sourcing products due to its location in the vicinity of an urban centre. The lodge is trying to include the informal sector in its supplies, but this requires more time than supermarket purchases and safety precautions around cash transactions in an informal setting are added deterrents. When practical, organic vegetables are sourced directly from the local producer, located 100 kms from the lodge. Another private lodge manager had visited a neighbouring farm with intentions to buy, but had found that shortcomings in the variety of produce and service attitude did not comply with their standards. The same lodge had also changed their source of wood delivery when it became evident that the service provided was not reliable enough to meet their needs. In addition, this company had sought to source traditional entertainment in a neighbouring village, but had not found the performers present on the two separate occasions when they had been invited to sample the product. A third private lodge manager used to buy vegetables from a nearby community garden, but due to lack of communication resulting in the wrong quantities and type of vegetables delivered at inconvenient times, the practice was discontinued.

One community referred to the fact that they grow a wide variety of vegetables with a surplus to sell. According to staff, the old chef did use this opportunity to a certain extent, but a change of personnel resulted in less interest. The same community was also concerned about the lack of opportunity to sell fish to the lodge. In addition, many curios regarded as easily produced with available skills in the community, were being sourced elsewhere. The community is the majority shareholder, and the understanding was that the lodge would maximise linkages, - "anything we can do here must be bought from us." When approached on the issue of linkages as part of this research, the operator explained that the produce does not cover the lodge's needs due to a lack of variety and seasonal change, fishing is illegal as the shoreline is part of the protected area, and the curios available in the community are not always of the required quality. He did, however, mention that a program to produce curios in the community is in the pipeline, all of which indicate the need for increased communication between the operator and the community. Six of the lodges in the sample source some crafts and curios in local communities. A tannery adjacent to a cluster of lodges was primarily planned and developed to supply the tourist market, an evidently successful strategy as the products are to be found in many local lodge curio shops.

Services which do not require specialised skills are sought from the closest communities, and in the case of lodges with community equity, their own community is prioritized. These services include rubbish collection, wood sales and delivery, mail delivery (only mentioned by a private lodge), gas delivery and laundry services. The lodge located adjacent to an urban centre, does not require the same type of services. It has a policy of supporting the village, but due to cost constraints which dictate self-sufficiency, this does not extend to services and is limited to the occasional building work. The bottom line prevails.

The general manager at one lodge had personally just entered into a franchising contract with a wellness company in Johannesburg to provide a variety of beauty and relaxation treatments to lodge customers.⁴⁰ The

⁴⁰ The expected R4000-6000 revenue is to be a contribution to a neighbouring community project

novelty of the approach was described in part as the outsourcing of the product, unusual in a remote lodge setting, and in part the fact that the beauticians were given a basic daily salary with a 20% commission. He planned to roll this product out to other lodges through a commercialization centre which issued contracts and facilitated the service provision. Although the linkage was not to local communities, the Johannesburg company ethos is to train young unskilled women and supply employment.⁴¹

Due to the distance from communities in lodges located in game reserves and national parks, entertainment such as traditional dancing or singing is generally done in-house. Remuneration for this value add on to guests takes varying forms: Two community lodges entertain with songs and dance as a means of sharing their community's culture with their guests and as shareholders, they do not expect any direct payment, two of the private lodges do an uninspired routine, one in the hope of improving tips, the other staff pass a basket among the guests after *their* performance, another private lodge manager pays each participating member of staff a small cash fee. This lodge has occasionally had large groups who have specifically requested an extended program of entertainment, achieved through outsourcing to professionals brought in from other locations. Two lodges mentioned intermittently inviting school children from nearby villages to sing for a fee paid directly to the school.⁴² One community lodge opted out of cultural entertainment and only performed the global musical number in the case of birthdays – without remuneration. Two of the sample lodges never have traditional singing or dancing as part of their offering.

Services which require specialised skills beyond those available in-house, are typically sourced in neighbouring urban centres or major cities, reflecting the skills deficit in neighbouring communities also evident in the sourcing of labour. The lodges which form part of large companies have some centralized services and commitments to branded items.

The lodges studied showed few differences in the sourcing of labour without formal skills, procurement and services, which are choices based on pure business sense. The main difference in employment policy is the staffing of management positions with local community members, which is currently the case only in one community lodge. All heads of department are from the local environment in two community lodges, most heads of department are local in all other lodges. Two joint ventures are in the process of long term management training processes of one individual respectively. One private lodge with strong community commitment is considering training local staff for management positions. All lodges have at least one black and sometimes local ranger, regarded by many private lodges as an important trend of the times.

With the exception of a small number of crafts items, local procurement is virtually non-existent due to lack of production and retail outlets. The local sourcing of professional services is limited by a formal skills deficit in neighbouring communities. When members of staff were interviewed on potential business linkage opportunities with lodges in their village, the collective response for each location in the sample revealed the following:

⁴¹ This program was new at the time of research and the following may reflect a lack of maturity of product. It is, however worth noting: One of the interviewees was part of this program. Due to the fact that she was only paid a commission without a fixed minimum salary, the lodge had had low occupancy since her arrival, and the product only appealed to a small percentage of guests, the result in terms of remuneration was very poor.

⁴² The fee depends on the number of participants quoted figures were R500 - R1000

- ✚ Craft production with traditional skills: filters for beer using reeds from the river, baskets, clay pots, wooden spoons, dishes and animal carvings using wood from the riverbank, wire toys and spoons, wooden chairs, bowls from the marula tree, drums, and pounders for maize. "Now nobody does it. They do not know where to sell them. Most of them do not know where to start." One person's response to the question on business opportunities was "something will happen", others had the following suggestions: traditional clothes for dancing, leather sandals, using brick making machine in the village which is not in use due to lack of demand, poultry business, vegetables, bakery, cultural village, tour operators for transfers, services exemplified as cool drinks to tourists, pool of freelance guides, organised singing groups, butcher, e-mail, fax, photocopying centre for communication with lodges, and youth counseling (partly career guidance). "People are scared of taking risks, they do not know the channels..... they need awareness, 5% might start their own businesses, some have skills, but do not know how to implement them, they don't quite have the qualifications, but they know a lot about the business."
- ✚ Craft production with traditional skills: beads, traditional clothes and wire crafts, a project has already started. Seamstresses, builders, electricians and plumbers with certificates are available in the community and need employment. There was also a suggestion for skills development institutions.
- ✚ Craft production with traditional skills: art, carving, mats, masks, and drums.
- ✚ Craft production with traditional skills: beadwork, pots, weaving, carving. Business opportunities were regarded as sewing table cloths, curtains and linen
- ✚ Craft production with traditional skills: doormats, tablemats, cushions, baskets, bags from grass, weaving maize plant, walking sticks, trays of wood for meat, furniture and beads. Other potential businesses mentioned for the village were a shopping centre and a cultural centre. "We thought that they were going to build the Zulu houses, Zulu dancers, different types of dancing, mealies⁴³ stamped etc, this is the type of life a Zulu person lives, those skills are in the community, unfortunately it is not happening."

The managers in all lodges in the case studies are eager to improve linkages with nearby communities. One private lodge manager had actually done extensive research on the possibilities of local production and supply to lodges and was looking for funding to put his plan into practice. All managers categorically stated that they would welcome a change of procurement and service providers if it was reliable, of equal standard and cost effective.

Miscellaneous community linkages

Most lodges in the sample do community tours and private lodges generally leave the organization of this excursion to the local ranger, if one is in place. Three lodges do not have this product. One lodge is currently in the process of planning a community tour, one has discontinued the product due to lack of interest and one offers a replacement product which is detailed below. The community tour is done on an ad hoc basis when required by guests. Interest is generally limited to an average of 5-10% of guests in all properties but one (private). The latter has the most original mode of transport, as the tour is done on quad bikes, combining the adventure and cultural product. The owner of the lodge negotiated the agreement with the traditional authority, and the tour was designed by the ranger from the community. It supplies the community with a monthly income according to the

⁴³ Maize

number of recorded guests. Visits vary, but generally include the local attractions, traditional healer, shebeen,⁴⁴ and if specified by guests, the school. The lodge also sponsors a football team and occasionally guests want to play a game of football with the team. A community lodge offers a more standardized product, started as an idea from one of the rangers (not a community member) when guests were looking for additional activities. It is done on an ad hoc basis, posted on the board with all other activities for guests to sign up. Interest varies, on average there is a weekly community visit, word of mouth between guests in camp occasionally creates added interest. The drive through the village incorporates a traditional healer, the clinic, school and a homestead. Normally the homestead chosen is one with established links to the lodge as this is the location where canoes are stored, and communication links are in place for them to be delivered when required. These links are used to announce imminent visits. The family show skills in the form of handicrafts or pounding maize for the staple porridge. The homestead gets no formal remuneration, but some guests leave money in the different locations they visit, or, alternatively, give their donations to the lodge to distribute at a later date. These donations have to date totalled an estimated R30000, and have been used for monthly food purchases for the local school to a value of R1200, small projects based on community requests, and when there are no specific requests, the balance has been transferred to the Community Trust. It is not uncommon for guests to leave donations or gifts for communities after such visits, and this is one of the reasons why tourists are welcomed into schools, crèches and clinics in numerous villages.⁴⁵ Guests at two other community lodges have the added advantage of passionate community rangers guiding them through these places of interest. One has included a visit to the chief, the sampling of traditional beer, watching traditional beading, the local variety of a chess game with community members and general interaction with "someone's granny".

One of the joint ventures offers an unusual linkage in the established community bed and breakfast. Marketed by the lodge owner in its promotional materials and at trade shows, it is community property, built as a small village replica and accommodates 12 people. Only the caretaker is permanently employed, the rest of the staff work part time on a rotation basis in order to give this opportunity to as many community members as possible.⁴⁶ During initial trading it had been managed from the main lodge, but the plan is for to bring a trainer from their pool to prepare a person from the local community for BB management. The private shareholder at another community lodge operates a neighbouring camping site, owned jointly with the community where the latter has the majority share at 49% - 51%. It is a well known site and is marketed by word of mouth, but currently it is not working to capacity. There are imminent plans for an upgrade which, upon completion, will warrant some additional marketing.

Training is an added community linkage to lodges. Two of the lodges (one community, one private) have a policy of using spare capacity during low season to invite children from neighbouring communities on a game drive and conservation talk. Another community lodge is planning similar schemes for their community.

One private lodge invites local students to experience the hospitality industry. During a three month period two different sets of young people in their last high school year are invited to spend a day at the lodge every the weekend, exposing them to the industry by allowing them to job-shadow. Managers then identify one or two among them as potential lodge workers, who may consequently be sent on to training at the operator's hospitality school.

⁴⁴ Traditional bar

⁴⁵ The extreme example of this is an anonymous guest donation of US\$ 1 000 000 to Conservation Corporation Africa which led to the creation of the Africa Foundation

⁴⁶ This raises some questions about the viability of the venture. It reveals pressure within the community to share the benefits of employment, but this may be detrimental to the commercial viability of the product due to a lack of continuity which may influence skills and standards negatively.

Currently the cost to the company is such that the lodge is contemplating external bursary funds. Another private lodge chooses seven young people from adjacent communities to be trainees in the lodge for a year. The training material used at the hotel school is part of this scheme, but there is no issue of diplomas. The trainees get paid a salary, and the program is viewed as CSR. In addition to the training scheme, this lodge has a system of limited donations to communities in the form of building materials, transportation of schoolchildren to special events when possible, and the occasional impala donated for special feasts.

One private lodge approached the neighbouring community. The village was interesting due to its proximity to the lodge for community tours and as a recipient of future project support. The initial communication led to a promise of support for the local school,⁴⁷ potential funding for small projects with community input, and awareness among the community for the foundation which is active in communities adjacent to the operator's lodges. It typically funds class rooms, clinics, and computers for schools. An unusual linkage between this lodge and the community is the personal initiative of one of their staff members to use knowledge acquired in part from the lodge's regular workshop on HIV/AIDS to counsel young people in his home village.

There are thus a multiplicity of linkages between lodges and communities. The traditionally owned lodges base these on differing policies and priorities dictated by various forms of bottom lines. Community lodges, however, have clear mandates and priorities dictated by their shareholders, which in the long term, should yield substantially more than the traditional lodge's occasional ad hoc projects.

Social impacts of lodges

Social impacts are complex and inherently difficult to measure. The multiplicity of tangible and intangible straddles economic, environmental and cultural elements and includes individual perceptions and priorities. The research tool chosen to evaluate the social bottom line resulting from lodge development for this report is a series of interviews with community members employed in lodges. Employment is often seen as the main economic contributor to local communities, and social impacts are therefore currently best measured through the eyes of lodge employees. Where communities are shareholders, employees have some responsibility for the success of the communal resource and are reaping both personal and communal benefits from the lodge. Their vision is pivotal, and their detailed views are often quoted ad verbatim in order to accentuate the many individual nuances which form the tapestry of social impacts.

The following analysis is based on a total of sixty-eight interviews, divided equally between community and private lodges, discarding five interviews in order to achieve equal numbers. The latter were the interviews deemed to have given the least valuable information due to language barriers. Some questions include several layers of response from one interviewee. There are limitations to the analysis of communal social impact of community lodges due to the lack of longitudinal data as the oldest lodge had only been in operation for two years at the time of research.

⁴⁷ Exemplified by photocopying for the school, taking advantage of the wood delivery for transportation of papers.

Mapping the workforce⁴⁸

Lodges are typically located in remote areas, creating job opportunities in marginal societies where their economic impact is substantial due to the size of households supported by each wage earner, and salaries can benefit individuals under the poverty line. The inferior nature of tourism employment and the low wage levels of the service sector allow these jobs to be filled by job seekers with limited life choices who have difficulties entering the work force, particularly the unskilled and in many cases women. This is an arena where domestic skills become income generating, as well as having the potential to offer opportunities for the simultaneous maintenance of traditional livelihoods for the diversification of survival strategies. Unlike the rest of the hospitality sector, the nature of the lodge industry is not conducive to seasonal employment and thus creates a stable working environment.

Lodge managers contend that sourcing labour from one community, as is the priority for community lodges, limits the pool substantially, whereas several communities give ample choice to fill junior positions. As mentioned in the previous section, however, senior positions are more challenging as individuals with the necessary skills are likely to have sought employment in urban areas due to the limited options available to them in their own environment. The interview sample showed that lodge workers were not, however, necessarily immobile, only 20% had always lived in their home village. There were obvious, marked differences between the mobility of communities when seen as collective units. Two major factors seem to contribute to this - the varying quality of education between regions which affect employment options, and varying cultural expectations of women which affect urban migration. Most communities studied have had women leave for jobs in cities (often domestic work) for decades. Some parents are, however, averse to their daughters moving to urban centres. The move may reduce the potential for bride wealth payment due to the difficulty of social control over romantic liaisons across distances and the demonstration effect of modern cities eroding traditional value systems. One community stood out in the sample as there is still a strong reliance on women to tend to fields, combined with a culturally inherent social barrier in the fact that women who move to cities without a specific job or the protection of a friend or family member during a job seeking period, is often viewed as having suspect morals. Another major reason for seeking work in rural areas displayed by all communities studied is the fear of crime in cities, a notion shared equally by job seekers and their parents.

Lodge employment is regarded as being available to the uneducated, but the sample shows that 85% of community lodge staff and 63% of private lodge staff had passed matric, often a pre-requisite for Front of House staff in the regions studied due to the importance of English skills. Despite lack of opportunities, the number of the sample who referred to this as being their first job was only 24% of community lodge staff with 21% having had only short term jobs in the past. In effect, therefore, lodge employment constituted the first full time job for 44% of staff. One woman in a community lodge had waited fifteen years after passing matric to find employment – the job at the lodge. Private lodges had 38% first job takers, with only 3% having had a short term position, bringing the figure of first full time jobs in this sample to 35%. This may reflect that the individuals in the sample from community lodges have felt more restricted to their immediate areas, whereas private lodge employees have been more mobile, as they do in fact come from a larger catchment area. They would as a result be less likely to settle for a job unless it was full time. Interestingly, more employees in community lodges had some tourism skills before employment, a ratio which was particularly affected by a group of young people from one community with lodge ownership sponsored by Tourism Hospitality and Sport Education and Training Authority (THETA) to do short term tourism related courses which had taken place in the year before the opening of the lodge.

⁴⁸ See appendix 10 for a detailed presentation of personal information relevant to the study and sample response to various questions on the impact of lodge employment

The majority of employees in both types of lodges were aged between twenty and forty with the bulk being in the mid- twenty to mid-thirty range, with a larger proportion of younger employees without children in community lodges. The age difference was particularly influenced by two mature destinations with longstanding staff. The latter was also reflected in a slightly higher number of married individuals in private lodges. The proportion of married employees (25%) relative to age and dependent children (54%) is striking. This is partly an effect of urban migration and the practise and high cost of bride wealth. The latter varies and is estimated at 4-25 months' junior staff salary depending on factors such as the general level of wealth of parents, the daughter's education and income potential including her employment status and regional traditions. Children of unmarried parents traditionally live with the mother or her family, but the current rigidity of this arrangement varies with individuals and cultures. One interviewee mentioned his future in laws' control over the child as their guarantee for the upcoming payment of bride wealth. Several interviewees from both groups of lodges were exasperated at the thought of saving enough money to become formally married on a lodge salary. "There is not enough money to get married and move away from home and become independent to avoid conflict between parents and wife, lobola is 10 000 or more, and the wedding, and a house – I cannot afford this job". One person who was actually married said his wife would move in with him one day when he could afford to "keep her". Both these quotes are from private lodge junior staff.

Working conditions

The service sector is notorious for paying low salaries, and the lodge industry is evidently no exception. This was, however, not a deterrent from application for positions, as many were very happy to get an income. Many have, as mentioned above, come to these jobs from unemployment, or, as exemplified by one community lodge employee, a R300 monthly income as a casual worker. There are wide variances in staff members' perception of opportunities gained.

"I can buy everything that I want, support my children and my wife, without matric it is difficult to get a job. I support my mother and my family, because I am a Zulu, I believe in cattle, I have 4 goats now. The job changed my mind - it is now relaxed, because it is difficult if you are staying at home with no job and no money. If I stay at home, I become an aggressive man because of no job, if you have a job, you can be friendly to other people and your mind will relax. And my child knows now, I am your father. If you are not working, it looks like a silly thing in the village, but if you have some work, they know in the village, they know who you are and they obey you - you relax"⁴⁹

"coming to work here gives you chance of building a brick house, no longer a mud shack, families are also good looking, other people with matric are sitting at home waiting for a job"⁵⁰

"If I want something I can buy it with my *own* money, I help my brothers with my *own* money, without asking anyone. In my family we combine our money, and did the things we wanted in our home. I take some of my money and put it in bank for my children, if I die, my kids will have money in the bank. I am happy because I am working. Even if my father wants something, I can help them, because now I have the money in *my* hands, without asking something from someone. I was suffering before I had the job. If your husband leaves you for

⁴⁹ Senior staff, private lodge

⁵⁰ Junior staff, community lodge

another woman, they leave you at home with kids without money, now if my children want something, I have it. While I was looking for a job, I was just sitting"⁵¹

"Money changed, but not much, I help my husband buy food at home, sometimes him, sometimes me. My husband will buy a car, now he is paying a little less at home"⁵²

There are differences in salary scales between the lodges studied. One community lodge had the lowest entry level salary at R960 living out and a private lodge had the highest at R1400 living-in. That is a large discrepancy as two of the private lodges value the bonus of living on site at R350, adding this amount to the salary for live out staff, which is not a system adopted by the aforementioned community lodge. Senior staff salaries have a larger scale, between R1500 and R7500 applicable to both types of lodge structures. Benefits such as insurances are unaffordable to the majority of staff. All private lodges except one where the system is in the pipeline, offer to pay half of provident fund contributions,⁵³ but there are few takers. Some private lodges require field rangers to have medical insurance, which they are expected to top up individually. The only benefit in place in community lodges is the required unemployment fund contribution.

Tips are an important part of remuneration for certain groups of employees, particularly waiters and field guides. Lodges typically allocate one member of staff from each of these two categories to follow the individual guest from arrival to departure. The high service level and individual attention generally warrants gratuities, and the relationship between service provider and guest creates easily identifiable recipients in a system where few other transactions are made due to the fact that payment is expected at booking. Monthly tips have been known to exceed salaries by several hundred percent, although this proportion is not the norm and depends on the lodge niche market.⁵⁴ The practice of tipping gives incentives for improved service delivery, but it is also a mechanism which in fact subsidises salaries. The negative side of this subsidy is twofold; salaries are variable with high seasonal fluctuations and, more importantly, commercial credit is only given on the basis of documented fixed monthly salary, kept low by the employer due to the implications of tipping on final remuneration.

The majority of the sample lived with their extended families, and if they had children, the latter were taken care of within these households during working cycles. A part of the sample, an estimated 5-10% which was not possible to quantify accurately, had total or part responsibility for orphaned children of deceased siblings. One person in the entire sample stated that she had no dependents and 6% were sole breadwinners. The rest contributed to larger households, generally in the form of food purchases and subsidies to extended family's school fees as well as direct support of their own children. One longstanding employee in a private lodge mentioned that she would never have been able to send her five now adult children to school without this job. None of the respondents referred to an improvement in health care. Additional sources of income to these households were inputs from other working family members, old age pensions and child grants. Supplementary support occasionally took the

⁵¹ Senior staff, private lodge

⁵² Junior staff, private lodge

⁵³ Pension plan

⁵⁴ Guest information Wilderness Safaris "Tipping is something that we are often asked about and as a guideline we suggest the following: Tipping is at the sole discretion of the guests and is not compulsory. Tipping should be done only if our staff have given good service. If you wish to do so, then all camp staff, with the exception of guides and trackers should be tipped communally. For this communal tip there is a gratuity box in the reception. An amount of between R20 and R50 per guest per day is the recommended amount. Should you wish to leave something for your guide, we suggest R 50 per person per day. This can be given directly to your guide."

form of subsistence food production and informal sector transactions. Only one person in the sample was himself able to be a livestock farmer parallel to his lodge job with hired help to look after his animals, weakening the theory of this as a standard possibility in the context of regions studied in South Africa. One of the mediating factors of the low salary in lodges was that the daily cost of living to the individual while on site was negligible due to free lodgings, free food, and free uniforms. Despite this fact, interviews reflected that most junior staff with large extended families saw few tangible changes in their lives other than being able to contribute at home. Individuals with fewer responsibilities could improve their housing conditions in addition to the feeling of financial independence. Junior staff among main recipients of tips (waiters/waitresses) and senior staff were in a different income category and this was reflected in their purchasing power, in changes of housing and in other tangibles.

The salary level did not serve as a disincentive from applying for jobs at lodges. It did, however, seem to be one deterrent from long term plans to remain in the lodge for junior staff (67% community lodges) unless their positions were changed. None of the members of senior staff from community lodges interviewed had plans to stay in the lodge indefinitely. This situation was not echoed in the private lodges where 22% of junior staff and 50% of senior staff were hoping to stay on in their jobs. One senior staff member stated that "the salary is too low. I don't want to work for twenty years and not have anything..., but at the moment I am still happy." Senior staff has more potential to realise dreams which often consist of using their skills to start private businesses in the long term (44% community lodges, 38% of private lodges).

Despite the lack of long-term loyalty to the lodge, occasionally motivated by the notion of giving others the opportunity for employment, community lodges have a markedly different attitude to their work than privately owned lodges. Although some community lodge staff also refer to hard work and long hours, trends synonymous with the hospitality sector, 62% of respondents had nothing negative to say about their jobs, in contrast to 21% in private lodges.

It was evident that management practices affect job satisfaction. Employees in one private lodge with good conditions including salaries, high end niche market guests, training, and future prospects, displayed high job satisfaction and loyalty. "If you have got any problem in the lodge they stand with you, if you have a problem at home they stand with you". Another privately owned lodge had very satisfied senior staff who had been given opportunities to excel in fields previously unknown to them, the junior staff, however, had varying attitudes to their jobs. "Here it is quiet. Management is good, never shouting, just talking, I like to work nicely, 8 hours, get paid, smile, talking with the guests" Some lodges had problems with individual managerial styles, particularly evident among opinions of junior staff who experienced few compensations. Turnover of staff would have been a normal consequence of this type of working environment, in these cases impeded by a lack of choice with 18% specifically indicating other professional interests and 15% stating that they are happy to have a job, but would want to move on. The latter was a comment only made in private lodges. The sample indicated less discontent with management in community lodges, but one lodge in particular had had continuous problems with management, based mainly on practices which were incongruent with promises/expectations regarding training, remuneration and the quality of jobs. The following is from another community lodge: "We need a lot of things to be successful in the camp, with management - someone to talk with them and do the good approach, sometimes they refuse to solve problems, do not understand." In community lodges where daily management was uncomplicated, the attitude to the tasks of junior positions was influenced by positive aspects which will be described in more detail below, including the feeling of privilege of having a job and being part of a venture with the potential to improve conditions in the community.

Social impacts of lodge employment

Living conditions in lodges are dominated by the unusual long hours which result in most staff living on the premises for three to six weeks depending on their positions. Lodge employees are isolated from their families. Due to limited employment options in rural areas, this has been a common effect of income generation for decades. Many staff members had been brought up by grandparents while parents were working in urban centres. As a result of this practice, only 14% of parents specifically mentioned missing their children. During discussion, it became evident that distance to children was a challenge particularly to mothers, but regarded as being a normal consequence of employment. 26% of community lodge staff mentioned living close to home as an advantage, versus 18% of private lodge staff. Some regarded the isolation from family problems as a benefit (6% community, 3% private) and some women (9% community, 3% private) were happy to have well defined working hours with time to rest, a situation which was not achievable at home. Managers referred to the practical aspects of staff being close to home in the case of family emergencies. Two of the community lodges offered a respite to isolation with the possibility to visit the home village between leave periods on quiet days with when transportation was available. This cancelled out the need for a policy on visiting family and friends practiced by other lodges, specifying the number of days, advance warning etc. Senior staff members generally have single rooms. In the case of junior staff, however, in one private lodge could be as many as three to the room, the practicalities around visits are challenging. Two private lodges and one community lodge have a large percentage of live out staff. This presents its own challenges, as long shifts are often incongruous with distance to work and a lack of public transportation. The worst example sited was the interviewee from a private lodge who described some of his days (depending on colleagues' leave schedule) as follows: "I leave the village at 13.30, get here by 15.00, do afternoon duties and night guard shift. I leave here in the morning at 06.30, get home by 9 am. At 12 I need to get up to eat and get ready." A senior member of staff at a community lodge walked two and a half hours to work. Staff transportation was only available after the late shift at night.

Most employees in lodges are, however, live-in with close proximity to fellow workers who in some cases are also from their own communities. According to one manager, "you have to be disciplined to be in the lodge industry.... the disciplined ones are working – there can be no alcohol, no absenteeism. There is a thin line between the private and the professional in this industry." Most community members were positive about working together. Some consequences were regarded as complicating, however, such as the not uncommon practice of romantic liaisons in the lodge when choices were limited to fellow community members and those involved were in relationships in their home environment. "Some are buying cars, some are having more wives, two or three, one at work one at home. This is not a problem if they are not from the same community."

Another factor was the cultural challenge to some of female authority at work, which could be exacerbated in situations where the individuals concerned were from the same community. A final example illustrates the fact that, although to an obviously lesser extent, these complications are also prevalent in private lodge environments with junior staff pooled in the same area. One person, who had been the link between the lodge and a fellow community member in a job application process, created complications when she felt deserving of a portion of the salary earned by her *protégé* at a later promotion when she still remained in a junior position.

Lodge employees live in close proximity to both each other and to more threatening beings – the wild animals which form the basis of their livelihoods. Many lodges are in parks or on reserves where fencing is either prohibited or regarded as impairing the quality of the product. There were numerous accounts of animal encounters; one woman had met four lions on her path as she was walking to an early morning shift, there were constant tracks of lions around staff quarters, elephants and buffaloes were deliberately drawn to the camps by

water sources and venomous snakes were regularly found inside rooms by housekeeping staff. One junior member of staff referred to having to move furniture for special meals from camp into the middle of the game reserve without any form of protection against possible wildlife encounters. Few members of staff, including field guides in the lodges studied, had extensive previous experience of wildlife. Depending on home village, some had seen the occasional animal during childhood, while others had only seen them on TV before employment in the lodge. According to interviewees, fear of animals may be a deterrent from applying for lodge employment. There were, however, members of staff who regarded animals as an improvement on working in the vicinity of unpredictable humans, some considered working with animals as the main joy of the job, and some viewed learning about animals as part of valuable skills development.

Training is regarded as improving options in current employment, both in terms of job satisfaction and remuneration. It is also viewed as a platform for mobility. 47% of community lodge staff members had developed new skills, compared to 56% in private lodges, indicating as mentioned above, that community staff members had more training before employment. 53% of community lodge staff had long term plans based on skills developed, including self employment (24%). The equivalent figures for the private lodge sample were 56% and 12% respectively. The latter shows a more static private lodge labour force, and indicates that community lodge employees are more likely to regard their current positions as transient based on fortuitous developments in their home villages. 41% of community lodge staff expressed that new skills were an important part of the change of quality of life connected to the job at the lodge, whereas this was only mentioned by 24% of private lodge staff.

There were a few staff members with some formal qualifications before their current employment, but of all the lodges in the sample, only one private lodge had sought to give their junior staff formal qualifications using THETA schemes. All other training instigated by employers was on the job. The sector is notorious for turnover of staff, and private operators are generally unwilling to sponsor expensive training with formal qualifications to see their investment working for a competitor. Members of staff are often desperate for formal qualifications which many regard as a key to improved future options.

The most conspicuous lack of formal training was in the development of management skills, part of the contractual agreement for all community lodges. The three community equity lodges in the sample were managed according to the same model. A team on site is responsible for daily management, including routine procurement and services, and receipt of payment upon guest departure for minor individual expenses exemplified by drinks and laundry. No direct bookings are made and a final booking sheet is communicated before guest arrivals for management's information. Marketing, bookings, payment of the package, and decisions concerning non routine purchases, maintenance or improvements are the responsibility of the operating company with offices in other locations. They have a minimum of ten year contracts with the community, and are paid a fixed percentage of turn-over. One joint venture lodge has management which is part of the owner's company team. They have considerably more interaction with their head office and regularly take part in meetings where strategic decisions regarding the lodge are made. Private lodges also operate according to this model. The only exception is the lodge which is management owned and therefore has simpler on-site systems.

One community lodge opened with community managers in place. Another has two local assistant managers and an outsourced management couple with relevant industry experience. The assistant managers are full time field guides. When the management couple is on holiday, they take on all daily responsibilities parallel to their already

full time job.⁵⁵ The senior of the two assistant managers is also the liaison person with the community. Despite the fact that he is the perfect candidate for a senior position in the lodge industry, the workload excludes the option of formal management training. The two other community lodges have a trainee manager in place, chosen by their communities on the basis of a tourism diploma in one case and university education in the other – as well as willingness to accept the honour and responsibility of managing the lodge in the distant future (one lodge has no time line for community management, the other must have an assistant manager in place within five years). The practice of training one individual for a future management position is unsustainable due to several important factors. One local manager is not enough according to the workload and shift schedules in the venture, the individual may decide to leave, he may fall ill, or be asked to leave due to unacceptable behaviour.⁵⁶ The lodges with only one trainee in place therefore seem to be more interested in upholding the contractual terms with the community than actually depending on future local management. The issue of selection process and investing in skills development in community lodges is pivotal to meeting future community expectations, and a matter which certainly distinguishes the community lodge from the private model. The investment in social capital within the community is not wasted if moved to other properties, it is only wasted if it is not made available to individuals who can realistically pursue the career in question.

An interesting matter of social impact revealed in the interviews was the large proportion of respondents (76% of community lodge staff, 65% of private lodge staff) who referred to the importance of communicating with guests as an enriching experience. There was mention of learning English and learning about other people's cultures. One specific example was the reference to having heard about a recent item of news from England, and being able to talk to a person soon after who had actually taken part in the event and get their story directly. This adds another dimension to the demonstration effect, where it refers to a relaxed group of strangers in the lodge bubble who develop short term relationships with local staff based on communication rather than sexual favours or other haggling commercial transactions, where civil behaviour replaces the alcohol induced rampage of some destinations. The niche market is conducive to a different form of interaction, more reminiscent in tone and surroundings of images on the television screen. More importantly, it is an interaction that helps change expectations from the racist behaviour often encountered during apartheid. "I am happy with the guests. I like everything, I am happy when I work here. In Joburg guests are rough... here they are foreigners." In this environment staff is proud of imparting *their* knowledge and entertaining with *their* traditional song and dance in *their* community lodge, reinforcing value in traditional culture through both the joy of performance and the pride in accolades. Entertainment in one private lodge had the same quality, whereas the three other lodges where staff performed, it was obviously done with markedly less joy. Managers there confirmed that the general attitude to this element of the job among staff was one of improving tips,⁵⁷ in this case reverting to an example of negative impact through the commercialization of culture.

Social impact of lodge employment in community

Employment is a matter of pride and empowerment, pride in being chosen for the job, empowerment due to the options which become available. Several respondents mentioned the importance of reciprocity to grandmothers or mothers who had brought them up. For some, empowerment was measured in the pride and satisfaction of

⁵⁵ The job of field guide is one of the most time consuming jobs in the industry, and the one most respondents in the sample referred to as "long hours"

⁵⁶ At the time of writing, the trainee manager in one of the sample lodges had been suspended.

⁵⁷ Members of staff are brought away from their other duties or may come in from staff quarters to do a twenty minute dancing and singing show in their uniforms

contributing at home, added to the freedom to buy cosmetics without asking anyone's approval or help (mentioned specifically by 7%). In other cases, the job changed the quality of life. "I am who I am today because of this lodge." Another community lodge employee stated that "I am now a better person, I am having a future, the company is giving me a brighter future, the company encouraged me to enrol at college, I can afford to do anything I want to do, I am proud."

Community lodge staff encountered a different dimension in their home environment, the issue of jealousy. This was mentioned by some respondents from all communities. One manifestation was in the fact that the increased purchasing power from the salary was regarded by some fellow community members as something to be shared – one person mentioned being the undisputed source of cigarettes in social contexts, and the refusal to comply could lead easily lead to brawls.

"There is always jealousy, when you greet a person they may just look at you, even friends, some are pretending, they are not clean and have smart houses like we do, I feel it every time I go on leave. I can talk with them without any problem, it is OK with me, but deep down knowing that they are upset, they turn their backs on me. Sometimes they talk a lot, then they stop talking when you come, then they start being friendly to you, but you know they do not mean it. We talk about it among ourselves here as a problem. Just last Sunday we were at a place where we dance, and when we waved at people to greet them they did not want to greet us."

The jealousy element was particularly evident in one village, however, and may be explained by the fact that there were reportedly twenty people who did the THETA courses before the opening of the lodge, and only five were employed. Additionally, some members of staff were retrenched within a few months as the operating company cut costs to match initial low occupancy rates. This raises issues of managing expectations and tourism awareness during the planning and development of new lodges, as well as issues in contractual agreements between communities and operating companies.

The employment procedure puts private lodge staff in an excellent position to convey the message of vacancies to people of their choice, creating personal and social empowerment. It was also apparent from the interviews that there were members of staff from both types of lodges who had experienced a change in community status due to their employment situation. Some had assumed positions of unsought power and become public figures. They regarded their new role as a double edged sword due to conflicts based on expectations of peers exceeding the reality of working conditions within the industry.

Social impact of the lodge in communities

The community lodges in the sample were built after a long and complex process which included many stages of negotiations between different stakeholders; supporting agencies, individual members of communities and their authorities, the community as a whole represented by traditional or elected leaders (in addition to being represented in some settings by supporting agencies), regulatory bodies and other government institutions, philanthropic and commercial funding sources – before the actual building and tender process. This process coincided with the democratization process of post apartheid South Africa. Concurrently, communities in the areas studied were in the midst of local change which constituted the specific impetus for their individual lodge developments. This was a time of institution building – exemplified by the community development forum, women's- and youth groups which were to function parallel to existing traditional authority. The lodge development process was, according to key stakeholders, grafted onto existing and emerging structures, and in some cases further developing and/or strengthening budding institutions. As a result of the complex processes in

motion, it is on the whole difficult to single out social change with regard to power, gender, age, or previously unknown conflict directly related to the lodge development process.

At this juncture, it is also important to accentuate that the inherent differences within the communities regarding size, natural and human resources, geographical location, and cultural heritage, and the varying degree to which communities and individuals were touched by the larger processes of change around them, were influential variables reflected in the outcome of events – including impacts of lodge negotiations.

According to external stakeholders, the broader process of change was giving the previously uninitiated the chance for political participation, and the fact that the communities were drawn into decision-making relating to a very specific and desired project, was strengthening this process and adding new institutions. There was the need to create a legal entity to represent the community, a vehicle for a new constellation of role-players to be brought into positions of responsibility. Trusts were formed after discussions with traditional authorities, elected development committees, and/or other relevant groups in the different communities. The importance of inclusion of women and youth varied within the sample, although regarded as an important priority for support groups. All communities developed new social capital to engage with a broad spectrum of stakeholders beyond their own villages. The employment process varied, but all applications were accepted, and individuals who would previously not have been considered due to traditional affiliations, were hired. One community trust developed the skills to manage all the funds for the building of the lodge, and is currently responsible for its VAT and tax compliance, another reflection of successful investment in social capital.

All the communities in the sample participated in a process which lasted for several years. The time lapse had important consequences, some role-players changed with the ebb and flow of enthusiasm, and some individuals who underwent training, needed to find alternative employment due to uncertainty around completion dates. Concurrently, the lengthy preparatory time period was, and still is, trying community members' patience due to an extension of time lapse from inception to the accrual of tangible benefits.

Tourism is often regarded as bringing benefits to rural communities in the form of backward linkages through infrastructure developed for the sector. This was not the applicable to the case studies. In fact one private lodge owner stated that people in the nearby small town were in the process of getting basic services, and the lodge was excluded from the priority target group for this development. Most villages studied still had strategically placed standpipes for public access to water. One respondent from a private lodge mentioned the fact that in his village they still depended on boreholes which had gone dry, and at the time of research the whole village had to contend with weekly water delivery by vehicle. Many of the villages studied were still without electricity. Schools were overcrowded and most clinics were small and only had a weekly doctor's visit. Basic services were thus insufficient and this explains why most respondents mentioned an improvement on what is actually government responsibility as top priorities with regard to enhancement of village living standard from potential lodge income. The difference between private lodge staff and community staff in this respect is that the former expresses *hopes* of improvement to their villages from lodges, whereas most community lodge employees base their future vision on *expectations*. One private lodge employee did not even have hope "I don't think so [that the lodge can do something for the community], maybe another one, but not this one. This one always says it has no money, so I don't think they help anyone else." Some respondents attributed all recent changes to their lodges, exemplified by a new tar road currently being built and electrification of another village, both of which had alternative funding.

When asked about use of funds earned from community tours, one private lodge employee noted the following: "They can build a community hall, renovate the creche in village, support disabled people living in the village,

people from our village can get a job with this money, community members have decided to build a cultural village, not for the individual, for the community, people living in our village know nothing, but councillors will tell them what to do. If the community decides, one will say he wants a luxury car, the other a goat, the other something else with this money, it is better that the tribal authority decides.”

According to staff, there were a few noticeable evolving changes in communities. Employment in lodges was regarded as having a positive impact on crime. Some members of the community were reaping the benefits of community tours, and others received benefits through guest donations. In addition, there had been more movement to urban centres, including three women from one lodge in an area known for limited female migration, who had already, two years after opening, left to use their newly acquired skills in jobs in the city.

Expectations of lodges had been high during outdrawn planning processes. There had been some misunderstandings around the issue of ownership exemplified by confrontations around lodge access. “If they (community members) arrive without permission, they chase them away, white people come here to visit, they even give them coffee and show the place, but black people without permission are chased away.” This has been a particular problem with large communities, where logistics prohibit each person from visiting, reflecting a lack of tourism awareness. The latter added to a lack of transparency had created ill-feeling in one particular community lodge. The quotes are from different individuals:

“but I don’t think the community gets something – they say it is owned by the community, but I am not sure that is true, we do not see anything that is coming to the community, only good for the people who are working here.”

“Most of the people in the community think that there are some people who have the money. The operator promised the community monthly rent, but the community does not know anything about that money, or where it goes. Some of the people talk about it, some say it does not help to talk about it. I think it is too far for the government to come and follow up. The whole community is not happy, I used to be with people in the community, but before the lodge started everybody was happy. They were expecting to see changes, schools improving or training or jobs to improve themselves, but now they do not see anything happening, even the jobs that are here, no training, low salary, one small increase in the two years, if we do not get better training or salaries, no changes, can’t save money, only to live, no improvements.... there was going to be a regular meeting between the community and the operator, but it is not happening. We thought that at this time we would have a hall, stadium, preschool, centre for carpentry, sowing, reed mats, housed with different skills, supplied with materials to carry on. Other services (water, road etc,) would be too much for the lodge. We are busy with government about those things. But nothing.”

This comment reflects a lack of transparency and communication as well as a severe gap between expectations and realistic benefits. Despite these grievances, the general enthusiasm in the other lodges was echoed in their many hopes for the future (see appendix 11). Concurrently lodge ownership seems to have given members of some communities a strengthened feeling of decision making power. The planning process with its emphasis on potential community benefits has had the added effect of re-enforcing awareness of common responsibilities and rewards.

There were references that reflected some changes in power structures, but lack of longitudinal data limits such observations. Certain changes were, however, already in play. Individuals who were involved in the lodge planning process, in committees created to support this development, particularly those tasked with the choice of

candidates for lodge employment, had changed status. "Before the lodge, we were just people, now we have so many committees, different people. These people are now important people. Some are committee members and staff members. It is better now."

The majority of community members are reportedly proud of their lodge. Members of one community feel that their village has been put on the global map due to its international media exposure. One immediate consequence in this community is increased participation: "now they [community members] are interested in coming to community meetings, now they are aware that this [lodge] has done great things."

The sixty-eight staff interviews thus revealed similarities and differences between community and private lodges individually and between community and private lodges collectively. The research indicates that at this early stage in the history of the community lodge, tangible community impacts are limited, resulting in skills development and job experience as the most empowering consequences of lodges. As exemplified by two of the private lodges, the development of social capital is not exclusively determined by community equity, but also by management practices, and may be developed within the private lodge environment. Despite the fact that one of the commercial lodges in this study had the overall best conditions and one of the community lodges the overall worst conditions, the case studies highlight the community lodge as having a prevalence for looking after the rights of employees. Concurrently the private lodge operates with a predominantly financial mandate. In contrast, the community lodge has a two pronged approach for commercial success and community well-being. It therefore has the continuous potential to focus on income generation and simultaneously develop strategies which both reduce the negative effects reviewed and maximise the positive social impacts for employees and the wider community.

MARKETING THE COMMUNITY LODGE

The marketing debate

The tourist industry is constantly adapting its range of products according to demand. The new tourist, as opposed to the consumer of the 70s and 80s mass tourism, is regarded as increasingly well informed, curious about his surroundings, environmentally conscious and critical of the product offered. This shift in the market has forced the private sector to reassess their operational practises. They are reacting to this demand by offering green products and advertising destinations with sustainable tourism. Many changes are merely superficial, using popular terminology as marketing tools, and adopting environmentally friendly measures selectively according to long- or short term cost- effectiveness or instant visibility to customers; the "greenwash" effect. Others are genuinely based on the *triple* bottom line.

According to the World Tourism Organization in 1997, there was evidence to suggest that ecotourism accounted for twenty percent of the world tourism market. This optimism was based on the theoretical greening consumer and the unprecedented sudden growth of certain destinations considered in the ecotourism category, including South Africa. This has since been revised with figures from the US, an important generating market for this niche, indicating ecotourism as a choice for five percent of travellers. Additionally, this segment has not outperformed other types of travel as predicted in the late nineties. Forecasting had been based on a series of surveys conducted to establish consumers' purchasing intent. Post purchase studies were, however, have not been done, and motivational forces are difficult to categorize. There is research referring to the "green market gap"⁵⁸ which

⁵⁸ www.EplerWood.com

suggests the existence of latent demand due to consumers' intentions, but the current proportion which actually purchases their holiday as a result of ethical choice, is estimated at less than one percent of the US market. Concurrently, there has been an ongoing academic debate on the merits of sustainable tourism, and within it, ecotourism. Numerous stakeholders consider these forms of industry development as tools of development and conservation. There are also researchers who doubt the commercial sustainability of genuine ecotourism, with some prominent experts questioning the very existence of the "ecotourist". It is argued that despite growing environmental concern and empathy with the underprivileged, the yearly holiday event is unlikely to be compatible with unabridged altruistic behaviour.

Parallel to this debate, the community based product in Southern Africa has been struggling to find foothold within mainstream tourism. It is often based on good intent, and developed with lacking business expertise. Few products have been innovative and matched consumer standards. One stakeholder in regional tourism mentioned a clash between the expectations of the market and the inherent qualities of the cultural product, due to the tourists' high expectations of familiar creature comforts while travelling. One operating company was reticent about publicising one of the lodges it managed as community owned, as the high value market targeted was perceived to regard a community product with diffidence.⁵⁹ Paradoxically, the buzz word at a recent congress of tourism in Africa in late 2006 was unequivocally ecotourism - with the added recent trend of adventure travel, including community products, as being the future of tourism in Africa.

The pulse of supply and demand

On the basis of the conflicting information in academic debate, various surveys and anecdotal evidence, there was a need to assess current demand for community involvement in the tourism product where the pulse of the travel market throbs: the travel fair. The Netherlands was a good source of material for this research as one of Europe's leading countries on fair trade and a broad public interest in environmental and humanitarian issues. In addition, The Netherlands maintained its position as one of ten top global outbound markets in 2005, and it is the fourth largest market of intercontinental arrivals to South Africa. The Netherlands was identified as one of South African Tourism's target segments, and research was conducted in 2003 to assess the country's market potential for travel to South Africa. The report contains detailed information on a variety of key factors to establish push and pull factors, and South African Tourism devised a strategic marketing plan for the Netherlands based on these research findings.

The annual Utrecht Holiday Fair is the largest consumer fair in the Benelux with an estimated 140 000 visitors in 2007. South Africa had a prominent stand with representatives from South Africa Tourism, Kruger National Park, three provincial marketing offices, Regional Tourism Organization of Southern Africa, approximately fifteen small scale South African operators in travel, accommodation and wine industry, and Fair Trade in Tourism South Africa. In addition, South Africa was visually, and often strategically, placed on posters and brochures at twenty-four other stands reflecting the perceived popularity of the product/destination. All of these companies had brochures with a variety of options; package tours with domestic road and/or air transportation, independent travel following set itineraries and individual mix and match options. Most operators had some products that were almost identical to their competitors' offerings – most notably the "classic" type tour.⁶⁰

⁵⁹ The operator who has since taken over this responsibility, refers clients who do have this opinion, to the website for photographic evidence of standard.

⁶⁰ See p.18 for description

A sample of twenty stand holders responded that a large proportion of the public seemed to have limited knowledge about South Africa, and mainly associated the destination with wildlife. Enquiries were of a general nature and would sometimes include the issue of safety. Sustainable tourism matters were seldom touched upon in this forum, even the Fair Trade in Tourism South Africa stand was primarily used by the visitors as a source of universal information about South Africa. Regional Tourism Organization of Southern Africa, which had experienced a growing interest in community based products at the Utrecht Fair the first years of the millennium, conceded that this trend had all but vanished at this event. One stand holder advertising a responsible tourism product aimed at a small niche market due to the very basic type of accommodation it offered in people's homes, was encouraged by the fact that four individuals, representing an estimated four percent of his total enquirers, had returned expressing a serious interest in his product. This was considered satisfactory at an early stage in market penetration.

The fair is regarded as an initial fact finding opportunity, where promotional materials and information gathered ideally transforms into future sales. Despite apparently limited direct interest among this public at this event, sustainable tourism forms part of many tour operators' ethos. The Dutch association for tour operators⁶¹ incorporates sustainable tourism in its statutes. It was noticeable that twenty-two tour operators which offered South African products were affiliated, and all but three mentioned sustainable tourism in their brochures, mainly stressing the importance of maintaining an optimal environment in order to maintain the future possibility to travel. About one third of operators selling the South African product manifested a deeper engagement by referring to specific strategies to achieve sustainability. Reference was made to showing respect for cultures, and using local restaurants and shops in their product choice to encourage job creation. Two operators included products that offered the opportunity to "roll ones sleeves up" and do something useful for a community, and two stated that they supported specific projects which would be funded through a nominal contribution from each journey sold. Numerous brochures encouraged a supply of pencils and others small items to be given away during the trip as part of the description of itineraries. In addition, 35% of operators offered the consumer the opportunity to support Green Seat, a Dutch organization which supports renewable energy projects in different parts of the world. The philosophy behind Green Seat is that traveller pay 2-5% of the ticket price to compensate for environmental damage done by the holiday flight.

A post fair telephone survey of product development staff responsible for South Africa representing eight major tour operators in The Netherlands, revealed that South Africa is regarded as a difficult destination among tour operators due to fierce competition. The majority of demand is for the "highlights", i.e. the aforementioned classical itinerary. One of these tour operators had a community owned lodge in their catalogue,⁶² and when asked whether consumers commented on the community element in this offering, the answer was negative. It was, however, reportedly still an interesting factor to the product developer, who had experienced it in person.

On the basis of the opinion that community based tourism products may not have reached the mainstream market due to a perception of lowered standards, the following question was put to each of these eight representatives: "If you had two lodges to choose from which offered the same standard of reservation system, accommodation, food, service and wildlife, and one was owned by a local community, which one would you choose?" The same question was repeated for a professional opinion of the individual company's market. Among the individuals responsible for product development, six responded that they would *definitely* choose the community lodge for their offering if everything else was equal. One respondent did not know, and one was indifferent.

⁶¹ ANVR

⁶² Buffalo Ridge Lodge

Predictably, as this was a broad sample taken from high street tour operators⁶³, the general market would not necessarily react in the same way as individual professionals in the travel industry. One responded that clients were only interested in “what they get for their money”, one that most clients were not aware of people’s lives in locations they visited on holiday, one thought the market would be indifferent, one did not know.⁶⁴ The positive responses were captured by one tour operator who referred to 50% of their market, two to 80%, and finally, a major sustainable tour operator believed that 100% of their company’s target market would choose the community owned lodge, all other things being equal – on condition that it was located on the tourist route. He also mentioned that the portion of travellers who wanted to “give something back” on holiday, was rapidly expanding. It was, as he put it, still a minority of the market, but it was no longer a *small* minority. This survey again reflects intent rather than actual purchase, but it was the opinion of experts who make their living on the basis of this type of projection - and the ethical choice was made without the forfeit of standard or cash.

The above information is specific to the Dutch market, but it does indicate trends in the core lodge market countries, which, as mentioned in the demand analysis, shared 56% of bed-nights in 2005.⁶⁵

South African niche market operators

Niche market lodge operators in South Africa echoed some of the Dutch findings. The two major players in the affluent US and European safari niche market in Southern Africa, Conservation Corporation Africa and Wilderness Safaris, have used their involvement with local communities as a marketing tool for over a decade. This has been a very successful model in their particular niche. Conservation Corporation Africa referred to the example of feed back from agents in Europe who were certain that the community element in the product would encourage sales, “doing well by doing good”. Wilderness Safaris have a solid reputation as an ecotourism operator and a pioneer in its field in joint ventures with communities. The company is candid about the strategy’s marketing returns, and refers to a genuine effort to comply with the triple bottom line.

One operator in the lodge sample referred to community ownership as the unique selling point, another to this fact being particularly interesting to the foreign market. Community involvement was regarded by some as an important reference point when tour operators enquire about a CSR program which benefits local communities, or simply as a matching component in an offering suited to the new trend of adventure tourism in the quest to offer more than the standard lodge product. Each of the managers in the sample of lodges, believes in some form of competitive advantage through community partnerships. In addition, social responsibility is good for business due to a variety of direct consequences exemplified by saving lives of the trained workforce through HIV/AIDS awareness programs, cost reduction when changing customer habits in the name of conservation, and community goodwill through outreach programs.

A questionnaire designed to assess market interest in the community lodge for this research was left at two community lodges for a four month period ending in February 2007. The response rate at one lodge was limited as the questionnaire had been left with information materials in rooms. The sample was small, but among eight respondents, one domestic and one international guest had booked their stay due to community ownership

⁶³ Three of the eight tour operators target the sustainable tourism niche market

⁶⁴ This was a sustainable tourism niche market operator referring to a novel inclusion of fair trade offerings in their coming season’s South African products, on a trial and error basis as there was a fear that it might not sell.

⁶⁵ In a recent survey on ethical travel conducted by the US based Conde Nast Traveler (May 2007) among its readership, 70.5% responded that they would choose and be willing to pay more for a stay in a luxury hotel which contributed to the community.

(25%). The second lodge had distributed the questionnaire to guests waiting for final formalities at departure, as intended in the original research design. A total of eighty-three questionnaires were completed, five international and one domestic guest had booked the lodge due to community ownership (7%), and, in addition, three domestic visitors mentioned the community component as part of the highlights of their stay. 74% specifically mentioned the unusual quality of service (50% in the first lodge), a feature which is generally attributed to the community equity lodge. "We travel internationally on a monthly basis and often stay at 5 star resorts. This was the BEST [sic] service we have had anywhere." All members of staff including management at the lodge in question are from the owner community, and the lodge had been operational for six months at the time of comment.

As a further illustration, a random search of tour operators' websites revealed the following guest comment:

"Wonderful Experience, 20 August 2006
Reviewer: Nancy Forrest, United States of America

My medical mission colleague and I had a terrific 3 days/2night visit at Buffalo Ridge. Staff were so pleasant and attentive – top quality in every sense of the term. My only suggestion would be to somehow advertise the communal ownership of the lodge. We felt even better about 'indulging' ourselves at the luxurious lodge when we learned that it was 'owned' by the neighboring [sic] village. It made us feel like we were really 'helping' the community.⁶⁶

Marketing capacity is highly dependent on resources, and varies accordingly within the sample. All nine lodges market their products to the domestic and international market through media, the internet, and promotional materials. In addition, they are represented at one or more international trade shows, either with their own company stand or through an agent. Sales travel is done by the company or outsourced by smaller operators. Some practice direct marketing to a network of trading partners and individual clients, and all invite the travel trade and relevant media for site inspections and product experience. All lodges compete on price with rack rates reduced by 25-60% when supply exceeds foreign demand and prices need to come within the domestic market's financial reach. None of the lodges exclusively target specific niche markets.

The lodge product in South Africa is extremely versatile from a marketing perspective. It has broad based appeal to the international market as part of the popular "classic tour".⁶⁷ Concurrently the lodge product may be developed to suit a number of niche markets, predominantly, but not exclusively the ecotourist. Variables within the lodge offering can be tailored to suit such segments as families, and, if necessary, more specifically families with children of specific age groups, bird watchers, gourmets, culture aficionados, adventure travellers, and the single travel market. The focus may be developed according to resources, creativity, and gaps in the market – with management alertness to trends and product flexibility as constant requirements.

There is currently a palpable surge of interest in sustainability as the consumer is increasingly aware of environmental and poverty issues fuelled by climate change and its devastating consequences as well as the growing development gap. Information is disseminated through media and events such as the highly publicized celebrity-driven campaign to "make poverty history". Travel guides and periodicals incorporate elements of sustainability and social responsibility. Consumer demand for these aspects of product choice as well as shareholder pressure are factors driving industry role-players to advertise their companies' engagement on this front, reflected in recent editions of in-flight magazines and numerous new hotel brochures. The Conde Nast

⁶⁶ <http://www.safarinow.com/lib/hbef/reviews/AllReviews.aspx?spid=113268>

⁶⁷ See p 18

Traveler Magazine, a US publication with a global readership, has produced a list of seven questions to ask you hotel in order to evaluate their community outreach, linkages and conservation (see appendix 12). A hotel scorecard on its readers' 25 favourite hotel chains describing social responsibility programs was also published. This trend is favourable for the community lodge.

The "market" is no more a homogenous group than "communities". The one common denominator among holiday travellers is the need for fulfilled expectations. Most tourists want at least their normal standard when living the period which for many is a highlight of their year. If the product on offer is competitive in standard and price, the community benefit within the offering is a value add on, an element which appeals to *one* niche market and may be regarded as a decision making tool. The luxury lodge target is inherently a high value segment consisting primarily of the well established, professional end of the market. According to the definition of the new tourist, this should be a good match.

CONCLUSIONS AND RECOMMENDATIONS

Summary of findings

There is currently a palpable surge of interest in sustainability as the northern consumer is increasingly aware of environmental and poverty issues fuelled by climate change and its devastating consequences portrayed in media as an integral part of the daily information intake. Growing consumer demand for fair trade resulting in shareholder pressure is driving industry role-players into serious engagement on this front, indicating a path of changing business practices in favour of poverty alleviation in the south. The community lodge with sustainable environmental practices generating funds for community benefits is thus a potentially strengthened product of its time.

South Africa is at the cutting edge of sustainable tourism development based on a strong belief in conservation and a national political will to use the sector as a generator of change in areas with few alternative resources. This approach is regarded as optimal due to the healthy growth of the tourism industry. South Africa has become an attractive tourist destination for markets regarded by UNWTO as generating the world's largest number of tourists, a fact that is reflected in a high percentage of return visitors despite the distance to main markets. It is a country of natural attractions, and the lodge product represents the ultimate wildlife experience, one of South Africa's pull factors. The lodge industry is highly competitive due to the extent of the last decade's investments in the sector. Despite the fact that certain types of lodges in some locations are regarded as overtraded, there is evidence that new lodges can still succeed. South Africa's tourism is developed around a set of urban, natural and heritage attractions which have created established tourist flows, a challenge to the authorities who plan for an increased geographic spread in order to draw more of the population into the industry. Future arrival forecasts are positive based on recent growth and global travel patterns in addition to extensive exposure associated with the 2010 Soccer World Cup. Domestic demand is an important factor in South Africa despite the relatively small percentage of the population which constitutes the lodge niche. The high cost of the product designed for an affluent international market does not exclude the price inelastic segment of South Africans. A larger share of the domestic section is, however, currently motivated by price, and fills the function of absorbing capacity during low seasons. The domestic market is expected to grow as an increasing part of the population generates disposable income. This segment is critical in future planning due to its size and proximity to the product.

The findings of this report indicate that the triple bottom line is a marketable commodity used by some major operators in the region for more than a decade. Smaller operators have only recently become aware of its marketing potential as the basis for differentiation. In the case of community owned lodges, the triple bottom line occurs in its most genuine form to the extent that two lines merge into one as profits equal community benefits. This new awareness has translated into aggressive marketing, a thrust which has drawn significant dividends to one of the two community owned lodges initially supported by the Ford Foundation. The current focus on sustainability and the development gap indicates a path of strengthened future interest.

The lodge sample consisted of four community lodges and five private lodges, all reviewed with reference to their impacts on local communities with regard to employment, social change, economic linkages and other community benefits. It has been widely suggested that the main community benefit from lodges in South Africa is employment, an important factor in areas with high unemployment, and the sample confirms this view. It shows little difference in local employment figures between community and private lodges for junior staff – as all lodges generally employ this part of their labour force from neighbouring areas. The difference is to be found in management level staffing. All contracts with operators/shareholders of community lodges stipulate varying measures for including community members in management. At the time of writing one lodge had exclusively local staff in all positions while management level training did not seem to be a pressing priority in the other lodges where operating companies were aiming to fulfil this requirement within a medium to long-term timeframe.

Working conditions are operating companies' domain and vary between and within the two categories. They are determined by various factors including the maturity and success of the lodge, financial constraints and individual company priorities. Although the conditions were overall better in community lodges, there were examples on both sides of good and bad practice, and reflects the fact that community equity is not the sole instigator of good conditions, company ethos coupled with individual management style are also influential factors in this sphere. Working conditions also affected individual staff members' views of their personal social change and produced various responses which were drawn both along the lines of loyalty to a good employer and the shareholder status. Although both positive and negative issues were often of a similar nature in the two categories, the number of individuals with an enthusiastic attitude to the lodge was much higher among community lodge staff interviewees. There were also some other differences – notably community lodge employees' pride in ownership and in their feeling of empowerment as a result of working for their village and its future.

Expectations of community benefits from lodges go beyond employment. The sample reflected some economic linkages in the form of limited procurement of vegetables and crafts in addition to a few service providers originating in neighbouring areas. Most of these linkages were in a destination planned and developed with linkages as an integral element. Despite the latter, however, there were relatively few economic linkages. The reasons are manifold including the fact that community lodges are relatively new and concentrating on breaking into the market. This report suggests that expectations are not always based on realistic potential and should be reviewed in each individual case through an analysis of existing community resources and the availability of credit, skills development, entrepreneurship and technical assistance to create a supply to match local demand. All managers in the sample expressed serious interest in increased local service providers based on competitive quality, price and reliability.

The issue of community-wide social change attributed to the lodge created a divide between the two categories. Employment was regarded as a benefit by all, and one private lodge with an organized community tour which generates some revenue for the village, was the only exception where the lodge was regarded as potentially

making a difference in the community. In contrast, the communities with lodge equity had experienced some change. The interviewees in the sample, some of whom had taken an active part in the negotiation process, mentioned increased participation, pride in ownership and a number of new role-players on the power arena. Stakeholders from support networks referred to strengthening of budding institutions, new institutional structures necessary for the lodge development, a stronger voice for previously marginalized groups, strengthening of social capital through skills development and engagement in numerous previously unknown processes. Each lodge had its own impact depending on existing conditions within the different communities, and examples from interviews with staff and the opinion of other stakeholders confirmed the fact that some areas of social change could not be attributed exclusively to lodge development due to other parallel processes in progress during a time of significant change in South Africa.

The community lodges were all new. As a result, tangible benefits were still forthcoming, and one community was showing signs of frustrations due to lack of information and tourism awareness. The other communities were waiting in anticipation. The striking difference between individuals in the sample was the sense of patient *hope* for change expressed by employees in private lodges versus the high *expectations* of change generally articulated by community lodge staff who felt they had an important share in the source of future transformation.

Economic linkages

The status quo

It has been widely argued that the luxury lodge is an ideal conduit for economic linkages to neighbouring communities. This report has concluded that employment during construction and employment of junior staff is currently the most common linkage, with local senior staff recruitment on the rise in community lodges. It is, however, evident that further economic linkages are currently scarce and limited to small scale, irregular produce and craft production, rubbish collection, wood delivery, laundry service, and, in only one case, mail delivery. One of the locations in the sample included schemes in its development plan to maximize linkages, and efforts have been channelled into this. Although the lodges from this area had most economic activity with nearby villages, it does not reflect the scale of the reserve and is thus clearly not developed to full potential.

It is important to assess the reasons for this apparent lost opportunity. Operators have strict requirements, guided by two dominant quests; client satisfaction in their product and the bottom line. The potential business partner therefore needs to supply standard, dependability, choice and a competitive price. The latter three variables are often achieved through economies of scale – reflected in the fact that most lodges in one cluster used many of the same service providers, usually from urban centres. Local businesses are too small to achieve economies of scale, and lack of experience and knowledge of the industry can be detrimental to their efforts to satisfy demand. The report has several examples of the latter. Produce grown in the vicinity of some lodges do not match demand in choice or quantity, some craft producers are not aware of requirements regarding quantity, standard and choice, one wood delivery service refused to supply wood on Sundays without awareness of the seven day week as practised in the industry, and the dance ensemble in one area invited lodge managers to assess their performance as prospective clients twice without appearing for the event. Other impediments to new livelihood strategies due to lodge development are training and credit facilities. In the words of a community member “People are scared of taking risks, they do not know the channels... some have skills, but do not know how to implement them, they don't quite have the qualifications, but they know a lot about the business.” At this juncture, it is important to highlight the possibility that expectations *could* at times be based on false premises. Communities differ, and expectations should be firmly based on a reasonable forecast for the individual geographical location, the business environment and existing resources, not on a theoretical blueprint.

Facilitation of potential linkages

Strategies for optimal benefit from the tourism industry at the development and planning stage thus includes an assessment of realistic potential linkages in each community with particular reference to existing

- ✚ human resources, and the potential for capacity building
- ✚ entrepreneurship for business development
- ✚ physical resources for craft and food production
- ✚ demand

Craft and food production to lodge standards are dependent on both physical and human resources. Foods may include fruits, honey, preserves and baked goods for sale by some lodges (some have a strict policy of production on site), dairy, poultry and eggs. There may be options which increase the products' appeal that are not immediately evident and require creativity offered by specialised technical assistance for product development. The latter is also applicable to crafts. South Africans have the reputation for limited skills in the field of curio production, and traders often buy their stocks from foreign craftsmen. This is also reflected in lodge gift shops across the country. Traditional or new crafts can be developed in regions with access to raw materials and designed for market appeal. If quality and standard are achieved, the crafts may be channelled to lodges. In addition, roadside stalls are popular with tourists who are keen to barter and regard direct communication with the artisan as a value add-on. Surplus production may also be sold through different retail channels such as interior décor sites and international internet sales. Local products displayed, sold or served by lodges serve a dual PR function in creating testimony to the lodge's support for its neighbours while establishing the quality of the products to a future market in the form of transient guests.

Services to lodges form a considerable part of linkage potential. Training for specific fields is a prerequisite. This report suggests that proof of qualification is a highly valued, scarce commodity and identifies the following areas for training

- ✚ improvement of skills and formal qualifications: electrician, plumber, builder, maintenance of refrigeration and air conditioners, general electrical appliances and vehicles
- ✚ improvement of skills for companies to provide: gardening, security, fencing, thatching, road maintenance and carpentry services
- ✚ driving licences
- ✚ training of IT specialist to service lodges

The most pressing demand registered from the sample seems to be for most capital intensive product – transportation. Vehicles for goods delivery, staff transportation, guest transportation, taxi service to urban centres and between villages would improve daily life and create jobs. Concurrently it would be a resource for emerging micro-enterprises. An increase in the availability of goods in villages would also reduce the current leakages resulting from lodge salaries spent in urban centres.

Empowerment through communication is known as a powerful tool in poverty alleviation. Training a community IT specialist would provide local skills which could be incorporated into a variety of functions in addition to servicing computer systems IT requirements in lodges – the responsibility for a local, basic communication centre with IT training facilities and public access to fax, telephone, e-mail, photocopying services in areas where this is not yet available, but technically feasible.

None of the above is possible without financing, and creative indicators of risk when assessing creditworthiness are a necessity when targeting poverty reduction of the very poor. Funding for training and seed capital for the establishment of SMMEs is fundamental to a linkage strategy. This may be done in cooperation with neighbouring lodges in search of projects, The Africa Foundation, or financial institutions specialising on SMME credit.

Concurrently, the sustainability of this thrust depends on technical assistance in the areas of

- ✚ skills development
- ✚ business plan
- ✚ registering a business
- ✚ information and assistance to seek funding from available sources
- ✚ government requirements such as tax and VAT
- ✚ product development compatible with lodges' demands
- ✚ price assessment and quality control
- ✚ liaising with lodges on demand and when applicable, advice to lodges on the incorporation of available resources after consideration of realistic potential

Lack of education is generally regarded as the main limitation to participation in the tourism business. Due to the fact that staff wages are regarded as being lodges' main contributor to local economies, a complementary approach to poverty alleviation through the lodge industry is by funding training initiatives with candidates selected from various rural communities. Formal skills-development for middle management and senior staff can create increased opportunities for community employment. Vocational training in specialized services can create the required competence for community members to engage in the industry. An additional aptitude for entrepreneurship can form the basis for a sustainable business, and is a recommended factor for inclusion in an applicant assessment system. Training is thus a tool for maximizing community linkages through human resources in lodges across the nation.

Another strategy for improving linkages is derived from the notion of economies of scale. This may be achieved through the support of enterprises listed above in planned locations around tourism nodes with the number of service providers and size of companies designed to match actual demand without creating a duplication of services and internal competition. Concurrently community linkages may be extended throughout the country by creating centres around tourism nodes which include a collection of the necessary skills for the industry under one roof. These service centres can be developed on a franchising model, with positions, including management, filled from an externally funded training scheme. In addition to the businesses listed in the previous section, these centres can liaise between lodges and a pool of free lance rangers, and offer innovative services according to demand such as transportation with guiding skills whereby drivers are trained to make the journey culturally informative and entertaining, transforming transit time into one of the highlights of the experience.

Cultural heritage may be disseminated in a variety of forms; through performances and presentations in lodges, community visits, cultural centres and cultural villages. The latter has a poor track record in South Africa, with numerous failed ventures in various parts of the country. Tourists are more interested in an authentic intercultural experience. Consequently technical assistance in conjunction with local expertise is required to design a cultural product to be a differentiated offering reflecting aspects of local traditions, building on existing strengths with maximized community involvement and interaction, packaged into a product which appeals to the market. It may be designed as a lodge -, community - or regional product, according to available resources and heritage, thus aimed exclusively at the lodge market or including passing trade with strategic location. Consequently different

communities have varying platforms from which this product can be created, and it is important to avoid the pitfall of a contrived design for the sake of developing a product. There are many alternatives. The cultural village may attract its share of visitors if it captures rich, traditional life in a passionate presentation. A variety of other elements such as craft production, traditional cookery, story-telling, traditional dance, local history and other aspects of cultural heritage are elements with differing potential. They can be presented as visual entertainment or in an interactive form and used as part of the cultural centre product as well as being singled out as integrated elements of the individual lodge experience. As an alternative, economies of scale can be applied to the planning and development of cultural centres in tourism nodes or in areas with a high concentration of lodges. In this case, product differentiation between lodges and individual communities would have to be sacrificed for an inter-community cooperative venture in order to service a larger market projected to result in a more permanent commercially viable venture.

Information is a crucial factor in the linkage process. The findings of this report suggest that all stakeholders approached are interested in improving on the current status of product and service delivery from local areas. It is therefore recommended that part of the follow up to this report consists of the facilitation of an exchange of information between stakeholders in regions with high lodge density to create awareness of existing and potential demand and supply in order to establish processes to bridge this gap. Concurrently this dialogue can help create awareness to uninitiated lodge operators of the importance of linkages and their benefits to local business including their own with reference to marketing and BEE. In addition, this process can be helpful in identifying potential partners for community lodges, the focus of the following section.

Community equity in the lodge industry

The most empowering route to benefits from the lodge industry is through equity. Initially, lodge development instigates or influences institution building and participation and increases capacity in a variety of fields. In the short term it creates employment and has the potential to generate new enterprise. In the long term wider community benefits are expected from returns. The shareholder status provides community representatives with the opportunity to develop a local business according to the most genuine form of triple bottom line. Tourism development is, however, associated with market uncertainties and other externalities resulting in shareholder risk, factors beyond the control of developers. A number of different factors are crucial to the quest of achieving sustainable development, and multiple lessons learned from similar ventures will be reflected in the recommendations below.

Community participation

The assessment of specific community involvement in the lodge industry will benefit from the following considerations

- 🏠 is the location suitable for demand driven lodge development
- 🏠 which democratic institutions are in place
- 🏠 which potential exists for strengthening democratic institutions
- 🏠 to what extent will lodge development benefit the specific community: skills development, employment, social infrastructure or other streams of benefit - will they match donor priorities
- 🏠 number of community members to share benefits – extent of anticipated impact

South Africa has a large tourism industry, but the sector is generally and naturally unknown to most individuals in local communities. A pivotal part of planning is therefore disseminating information about aspects of tourism relevant to lodge stakeholders: risk and volatility, short- and long-term projections, supply and demand factors including a local dimension with the range of products and services required and the importance of standard and choice. Research for this report indicates disparity in expectations between existing community members/shareholders as a result of differing approaches in information dissemination during individual lodge negotiation processes. The latter is a lengthy period with concentrated technical assistance where the choice of negotiator is fundamental to a sustainable conclusion. The negotiator needs to be well informed about the tourism sector and its potential individual local consequences as well as being a neutral role-player free from any dual function connected to stakeholders in the process. An important step in this procedure is to assist the community in forming guidelines incorporating both parties' perspectives and goals to be used by their delegates during negotiations. A newly developed understanding of relevant industry issues through the tourism awareness course should clarify the need for the community to be analytical and selective in its requirements as some may be to the detriment of profitability and thus private sector and long term community interest.

The findings also indicate a need for dissemination of detailed information on potential opportunity costs, timeframe of benefits, clarification of each stakeholder's role, application process for employment, criteria, number of anticipated jobs, and minimum wage. In addition, community members must be made aware of the difference between ownership and management and their potentially separate spheres regarding *inter alia* expected regulations around community access to their lodge and daily independent operations including sensitive undisclosed information – the latter valuable to contractual terms when choosing and negotiating with potential operators. Terminology is also relevant. Some communities referred to the lodge as a “project”, exemplified by a senior member of staff who thanked an arriving guest for supporting their “project”. This terminology should be avoided from the onset of negotiations as it does not reflect the actual *bona fide* business operations, and reduces the relationship between service provider and client to donor and recipient of a charitable act.

It is also important to plan and inform the community on the long and short term involvement of community members in lodge management. It has been argued by some that the elevated standard and high value global market of the lodge product excludes communities from full control over management and that communities' role lies in middle management. This is the overall status quo which is currently often being reinforced through the standard of low cost training. The assumption may be contested in the long term if community members, chosen according to aptitude and motivation after matric, were given formal hospitality and management training, currently at the annual cost of approximately R 20 000 in addition to exposure and experience in the field. A contractual clause to stipulate a minimum period's tenure in the lodge would create a professional, local management with community loyalty and concurrently the freedom to make individual choices in the long term. Potential consequences are a more transparent venture and the elimination of a significant part of the current operational cost leakage, including salaries. Marketing, the core link between the global market and the lodge, is an aspect of lodge management many operators choose to outsource, and thus an option available to a professional community management team.

The research also reiterates the need for good governance and transparency. Initial information should therefore include clear descriptions of systems for appointing community members to active role player status and their individual function, an open application system for jobs, and a suggested distribution method of information relevant to the community. Ongoing communication between the lodge and community liaison personnel with

access to this information disseminating system may be the solution to some existing misunderstandings between management and community shareholders.

Developing a marketable asset

Demand is essential to all lodge development and market research is an integral part of the planning process. If the assessment indicates general demand, four basic elements are essential to create specific demand for the lodge: location which is easily accessible to the target market⁶⁸ at a price level it can sustain with a demand-driven, differentiated product.




Experience indicates that the pride most shareholder employees feel for their lodge differentiates service delivery from most other competitors. Concurrently, further product positioning may be achieved through add-ons created through available strengths and resources and take the form of community specific feature which can be presented with passion and enthusiasm⁶⁹. Fair trade certification and a possible development of community equity lodge branding may be positioning mechanisms for niches within the lodge market. Alternatively, the lodge may introduce specialized features and services which appeal to niche markets such as families, single travellers or other target groups.

The planned product should ideally be flexible to respond to changes in demand without forfeiting its position as a community livelihood strategy, with a physical structure ideally designed for adaptability. Changes in demand due to trends, the long-term possibility of reduced long-haul travel in niche markets as a consequence of global warming or other unpredictable externalities in generating markets may result in a shift in niche markets exemplified by the following modifications of the product: from photographic safari to hunting, lodge operation to specialized events, training or conference venue, the latter a consequence of change from foreign to domestic markets. A key factor in successful tourism management is flexibility and the resources to respond rapidly to variations in demand.

Three different models of community equity lodges

There are at the time of writing an estimated 14,899 lodge beds in South Africa. Based on the findings of this report, the addition of 200-300 beds is not expected to change the *status quo* of selective market saturation providing that the individual lodge product developed matches demand in the specific location chosen, and is sufficiently differentiated from existing supply if the latter is regarded as overtraded.

The choices for community equity lodges are regarded as three-fold

-  building new lodges
-  reengineering existing lodges
-  building community lodges as extensions to existing lodges

This choice will be guided by donor target objectives and should include the recommendations above.

There is no blueprint for development in the tourism industry, and each case has to be evaluated individually. The recommendations therefore include a number of variables for consideration in this challenging process.

⁶⁸ See p. 18 for geographic spread of tourism

⁶⁹ See p. 51 for detailed suggestions

1) New lodge development

This option is recommended when

- a) the target community for donor support has land tenure
- b) the new lodge development is to be located in an area with insufficient supply
- c) the planned product is clearly differentiated from local competition and is designed according to well researched demand

If new lodge development is planned, the following applies

- ✚ time factor is important and warrants a realistic appraisal communicated to all stakeholders
- ✚ expectations of quality of resources: physical, financial and human required for development and management increase in proportion to the size of potential revenues.
- ✚ choice of product development is based on this awareness, especially with a view to lease agreements and future management prospects.
- ✚ crucial long term component of tourism development is the need to increase community capacity levels.
- ✚ practical involvement in the tourism industry, particularly at management level, requires complex skills which take time to develop. Assess level of planned community role in future management
- ✚ expectations of tourism benefits must be realistic within the framework of existing resources
- ✚ the need for a short- or long-term operating company with good management practices, experience and a company ethos compatible with community priorities

Comparative advantages of the new lodge model

- ✚ the community is autonomous and chooses necessary partners on a contractual basis
- ✚ the location is determined by the choice of community, important in cases of land restitution
- ✚ avoids developing decision making strategies between communities and a private sector shareholder
- ✚ maximum job creation, initially through building and later through lodge operations
- ✚ community representatives' exposure to all elements of lodge development leading to capacity building

2) Re-engineering existing lodge

This model is based on the concept that existing lodges are less fraught with risk due to the fact that the product already has an established market status, and its current or perceived success is part of the criteria for the selection process. It assumes a *genuine* interest on the part of the existing shareholders to open the business to community equity and welcome its shareholders status in order to embark on a sustainable partnership.

The lodge industry, due to variable profit margins, the high risk of a business with extensive capital investment and a product devoid of shelf life, needs strong incentives or enlightened owners to change business practices in favour of neighbouring communities. If the prospect has potential to add value to the enterprise, however, stakeholders consider this option to be interesting, particularly if it contains capital injection - on condition that the contractual terms for minority shareholders rights are acceptable to the company. Additional funds create various opportunities; expansion, improvements, liquidation of selected assets, and to international investors, the possibility to repatriate underlying capital.

Concomitantly, other factors in the current South African business climate may make inclusion of community shareholders attractive. Numerous land claims are creating imposed partnerships on lodges built prior to new land tenure – as one stakeholder commented: “in a land claim case there is no option but to include the community... and participation can have positive impacts”. The present surge of market interest in issues concerning

environmental impact and the development gap, driven by a combination of consumers and company shareholders, is creating favourable conditions for increased action in these fields. Concurrently there is growing awareness that CSR in its *ad hoc* form is regarded as charity, notwithstanding the fact that this commitment should be a natural consequence of successful, local business with efforts to create sustainable positive change. These trends may also contribute to an increase in community business partners.

Stakeholders disagree on the importance of BEE compliance to small lodges. If turnover is below R5million, the lodge is exempt from black equity requirement. All other criteria are, however, applicable, including black management and procurement regulations which suit the community vision for shareholder rights. It has been argued that smaller lodges are not dependent on government services or contracts. They may, however, depend on tour operators who are under pressure to have BEE compliant business partners. The larger operators, despite some resistance due to their international client base, are expected to seek BEE compliance at least in areas acceptable to their business model. A stakeholder involved in the tourism BEE working group stated that non BEE compliant companies will not only be exempt from future government contracts such as conference business, their package tours may not include partners such as SAA, and they will be seen by all as “not being part of team South Africa”, a factor which may be of importance to many role-players. Industry stakeholders suggest that despite the fact that there are already many black investors in the tourism industry, often without specific social investment, the current situation is favourable to the forging of community/private sector partnerships.

The findings in the report indicate that management style and company ethos are integral elements of a successful community private sector partnership. Consequently it is important to assess these factors when choosing a partner, possibly with the help of criteria used by Fair Trade in Tourism South Africa in their certification process. If the intended lodge does not have these criteria in place, shareholders' attitude to this type of change should be considered. The evaluation may be concluded by assessing the management's capacity for pro-poor incentives and previous history in this field.

The re-engineering model is designed to make local communities minority shareholders in an existing business. Ownership is the basis for rights and obligations which are stipulated in agreement between all shareholders, finalized at the time of transaction. There are a variety of options which will affect *inter alia* risk, return on investment, decision making powers, training opportunities, job creation, direct economic linkages and community management potential. The most suitable model for the prospective shareholders will be developed according to individual circumstances. In cases where there is the necessity to attach strong rights to equity, a complicated and time consuming process precedes the completion of transaction. The presence and availability of skilled leaders and members differ between communities, a variable which will impact on this process. The new lodge model includes the planning and building period when community preparations for its future as lodge shareholders can be a parallel process. The latter independently of building is expected to have a shorter time frame. Many of the same proceedings are, however, required. It is a complicated process to bridge the gap between the formal economy and informal marginal groups with little experience of, among many aspects, the regulatory burden. The community needs to become a legal entity with representatives who are fully compliant with business requirements.

Concurrently, community awareness is of vital importance to sustainability. When the re-engineering partner has been identified, the technical assistance team should ideally compile customized community awareness material to be available to shareholders and management.

This option is recommended when

- a) the target community is without access to land and a suitable lodge according to the above criteria is located within reasonable distance
- b) the target community resides in saturated market areas where new lodge development with the selected community's resources would not be competitive
- c) the target community has regained land tenure and an existing lodge is using their assets

This option is *not* recommended if employment and skills development is high priority. There is thus a balance between investment in an established venture with existing revenue available for community wide benefits and job creation.

Comparative advantages of reengineering

- ✚ the possibility to assess the financial viability of an existing product (with potential for improvement)
- ✚ assessment of the venture's potential for salaries, benefits, training, long-term prospects
- ✚ shorter time frame
- ✚ potentially smaller investment
- ✚ avoid complex building procedure
- ✚ avoid adding more competition to the market
- ✚ potential options for using the property for practical training by newly skilled trainees – compensation for lack of direct, immediate job creation

3) Extensions to existing lodges

This model is based on the concept of a demand driven extension of an existing lodge which becomes a separate unit owned and staffed by the community and operated by the original lodge company to identical standard. This model allows the community access to existing expertise, economies of scale in procurement, services and maintenance, employment, training and instant product maturity with positive implications for the flow of community benefits. The community is taking the capital risk the operating company avoids while providing marketing advantage, community goodwill and certain BEE criteria. The community in turn is channelled into a successful product at the time of negotiations with generous returns as long as turnover is high – the potential is clearly there for a win/win situation. Variables including community decision making authority, optimal skills development and length of contract are negotiable. The main risk associated with this model, barring shifts in the market, is the eventuality of the original property being sold to an external party with a different company ethos – an issue which requires special attention during negotiations of contractual terms.

This model is an amalgamation of the new lodge and the re-engineered lodge, and as such is subject to all the criteria above. **Consequently it combines advantages from both models and is the recommended model unless identified target communities**

- a) have land tenure in an area without a suitable partner according to above criteria - which dictates a new lodge
- b) can enter into a partnership with a nearby existing lodge suitable for re-engineering without demand for expansion
- c) a suitable partner according to *inter alia* above criteria is not available

The extension to an existing lodge model encompasses all the impacts expected from both previous models, and is thus anticipated to encompass many of the potential impacts widely believed to be associated with community equity in the lodge industry; the strengthening of social capital, community organization and participation,

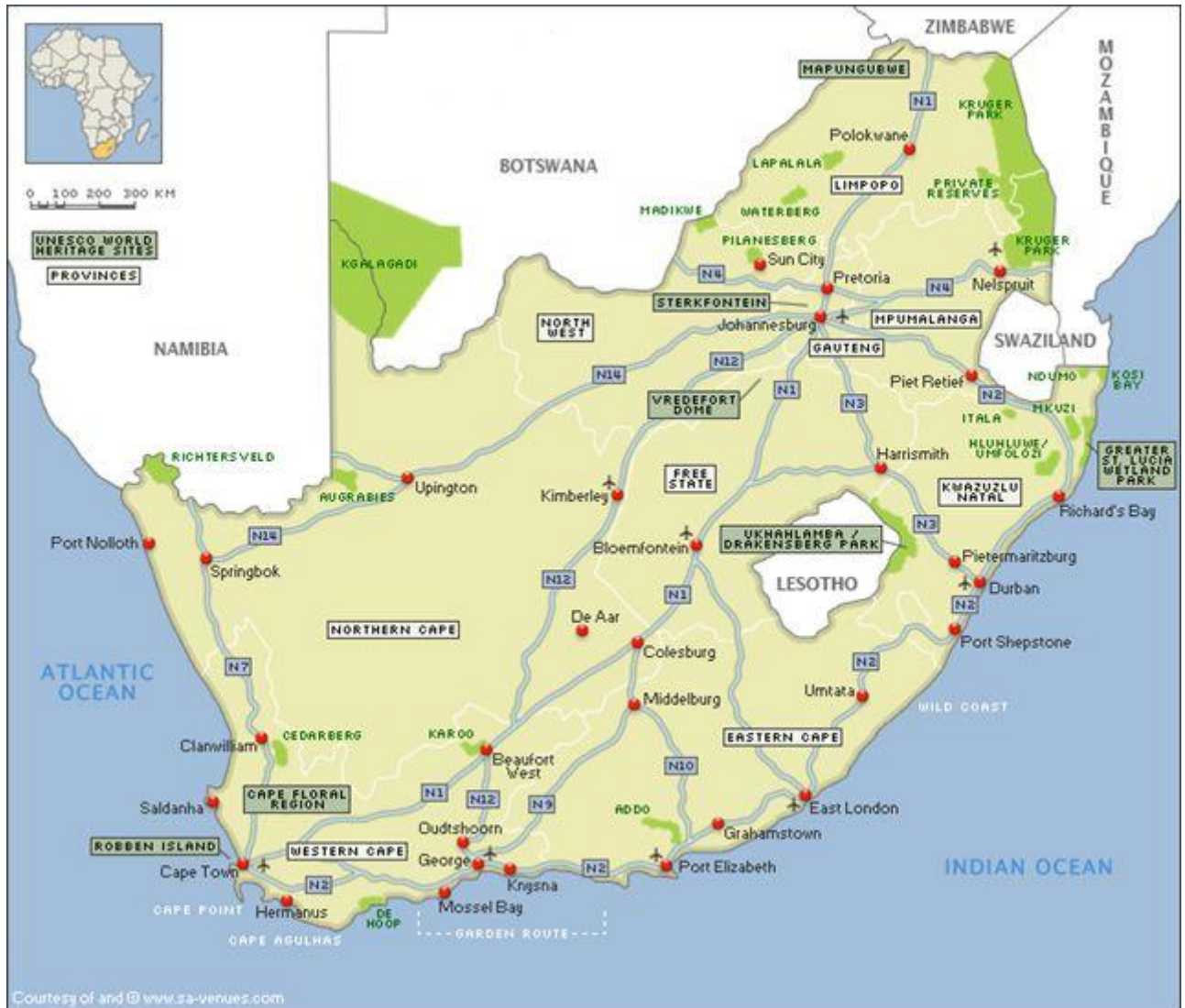
improving market opportunities and employment options, highlighting cultural values, creating confidence and pride and eventually supplying capital to generate projects to benefit the whole community.

In conclusion, the findings of research based on some existing community lodges, highlight the importance of the following in future developments for the three models described above

- ✚ tourism awareness - realistic expectations and appreciation of complexity for all stakeholders
- ✚ good community awareness necessary for all stakeholders
- ✚ managing expectations – the importance of an immediate visual tangible benefit stream
- ✚ defining community institution for benefit distribution - develop capacity
- ✚ benefit distribution plan, or alternatively, community consensus for pre-defined areas of priority for benefit distribution
- ✚ choosing several candidates as liaison between lodge and community - develop capacity as this should ideally not be an employee of the lodge to avoid conflict of interest
- ✚ start formal management training parallel to other lodge preparations, choosing several individuals with appropriate skills and motivation to succeed in industry - the suggested approach is an annual bursary scheme for formal training with contractual obligations to spend three years in lodge
- ✚ the importance of availability of continuous technical assistance
- ✚ periodic evaluations

Tourism is a complex industry and the growing trend of including rural communities as stakeholders requires extensive research. As target communities for this type of tourism development are typically involved in immediate livelihood struggles, it is particularly important that investment in asset management is sustainable and generates anticipated returns. The planning and development phase is therefore essential to its potential success. Evidence shows that lodges can make a considerable impact on a local community with few alternative opportunities, with initial choices as fundamental in the process of evolution from hope via expectation to tangible benefits.

APPENDIX 1



Source: www.sa-venues.com

APPENDIX 2

Excerpt from The White Paper on the Development and Promotion of Tourism (DEAT 1996)

"The key challenge is to develop the commitment to responsible tourism on the part of all stakeholders and most importantly, implement it. The government is committed to the principle of responsible tourism and will undertake the following actions to facilitate its implementation:

i) work closely with international funding agencies, the local and international private sectors, NGOs and other relevant partners to define responsible tourism and establish a standard for it

ii) identify an agency, possibly an NGO, that will take on the responsibility of certifying responsible tourism providers and monitoring their performance

iii) actively market and promote South Africa as the premier responsible tourism destination

iv) provide incentives for responsible tourism providers, through government procurement policies (for example the Government should purchase services from responsible providers only), encourage international organizations and agencies to follow suit. The government should consider allowing preferential access to national marketing funds for responsible tourism providers.

v) encourage the development of partnerships between the tourism private sector and local communities

vi) sensitise the tourism private sector to the importance of involving communities in the development of responsible tourism

vii) use the local and international media to recognise and promote establishments that take actions to become socially and environmentally responsible

viii) support the employment of a cadre of persons to act as 'doormen' between the private sector and local communities to create business opportunities for communities

ix) work closely with to assist local communities to identify and develop their tourism potential

x) encourage successful responsible tourism suppliers to champion the cause of the communities and the spread of responsible tourism

xi) encourage joint ventures in which communities have significant ownership of and a substantial role in the management of tourism plant. Land claims and communal ownership of land offer forms of equity in these kinds of schemes

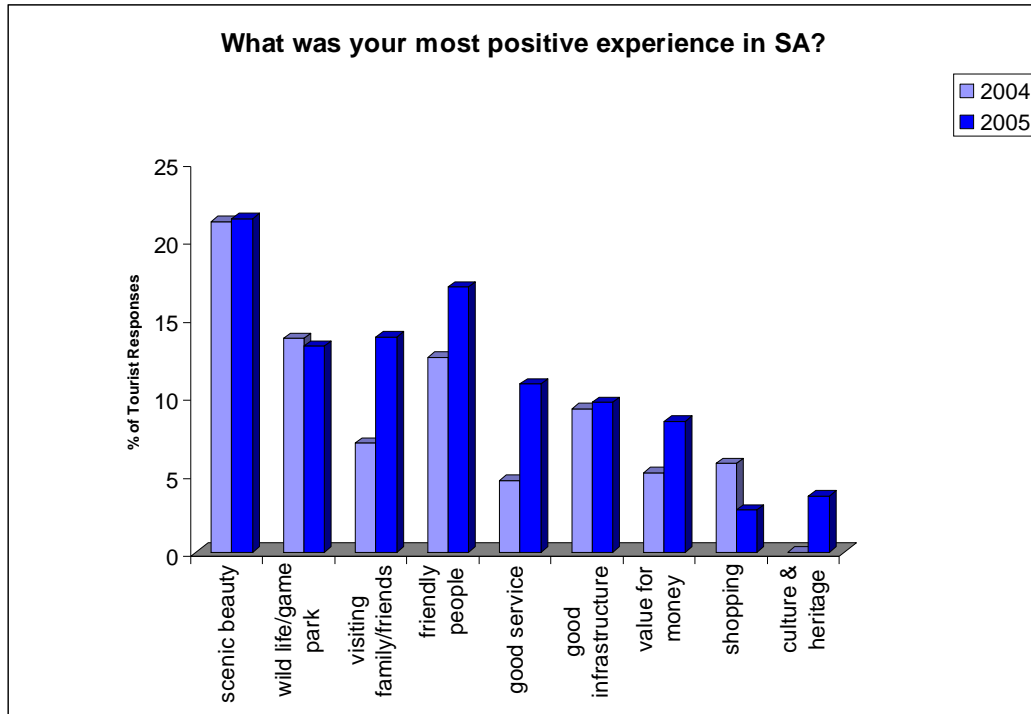
xii) encourage visitors to try out local bars and restaurants and participate in tours to local areas, bringing business to local communities

xiii) encourage the provision of opportunities at hotels and other establishments for advertising local attractions and other products and services offered by local communities

xiv) encourage tour operators to include shebeens, local museums, arts and craft shops in their tour itineraries

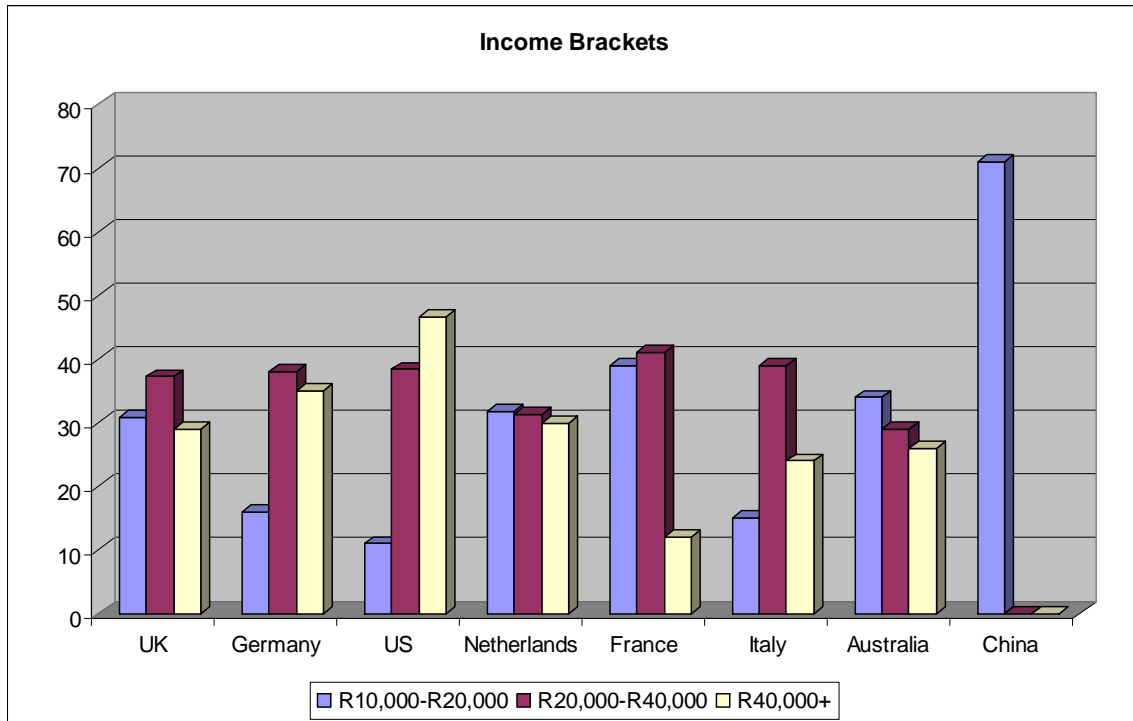
xv) encourage tour guides and tour operators to be more innovative with respect to the itineraries offered"

APPENDIX 3

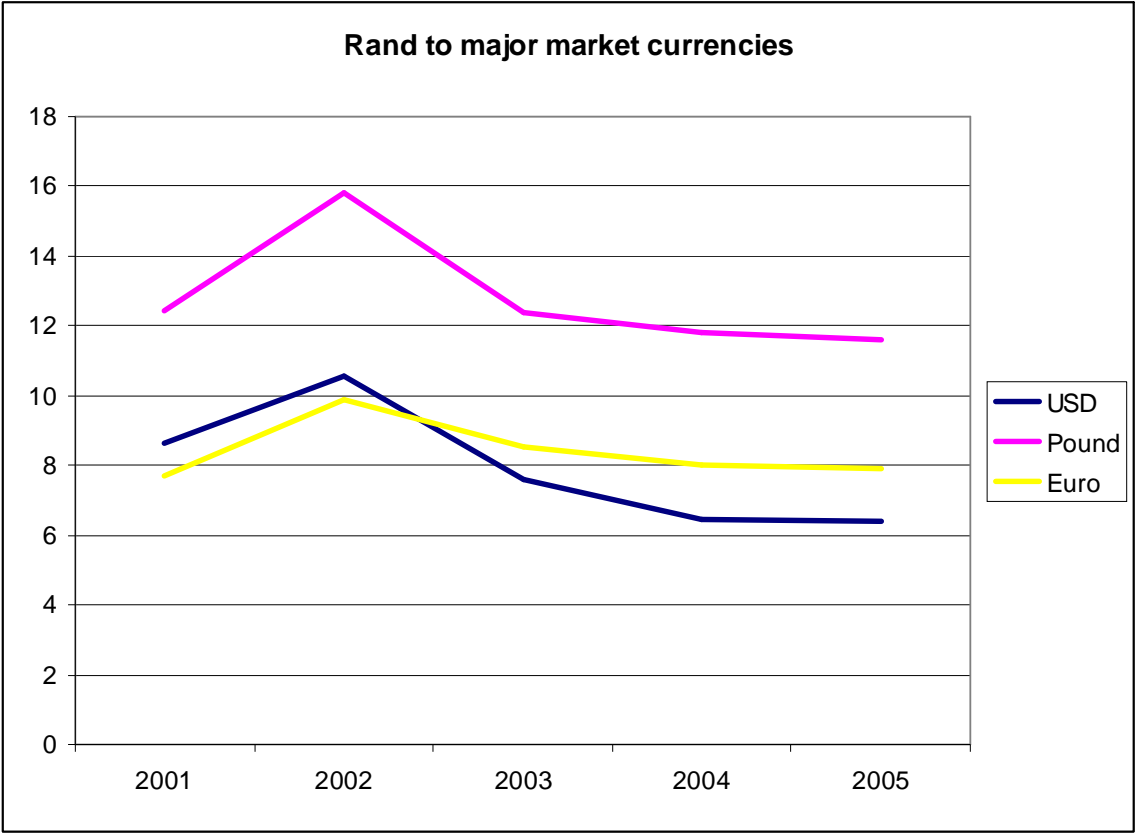


APPENDIX 4

INCOME BRACKETS FOR TOURISTS IN MPUMALANGA PROVINCE 4TH QUARTER 2004



APPENDIX 5



Source: <http://www.oanda.com/convert/fxhistory>

APPENDIX 6

TRENDS: FIVE MAIN SOURCE MARKETS

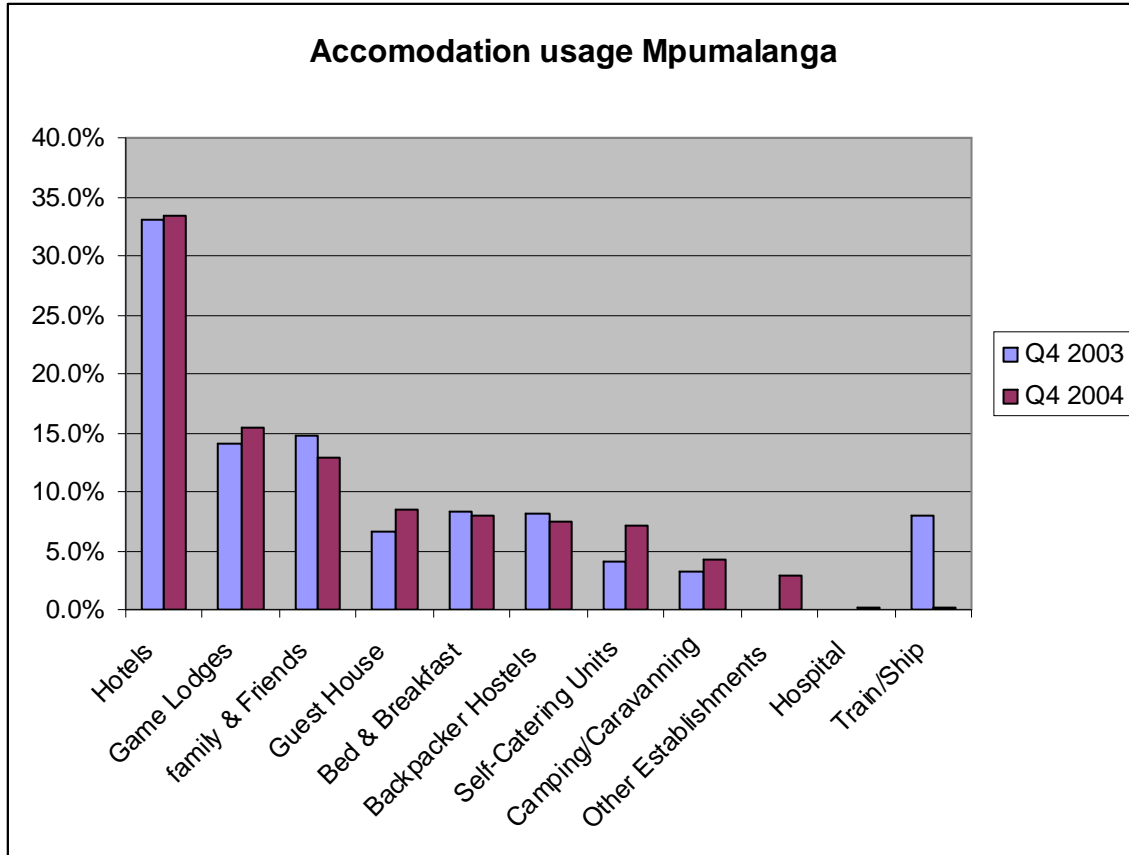
	2002	2003	2004	2005
<u>UK</u>				
Arrival numbers	442 910	456 468	456 368	459 599
Percent change	+24.1%	+3.1%	0.0%	+2.9%
Bed-nights in lodges	6.5%	7.4%	6.1%	5.9%
Bed-nights in lodges	460 626	608 015	501 092	488 094
First time visitors	48,7%	51.3%	49.6%	49.4%
Daily av. spend in SA	na	R 900	R 733	R735
Average length of stay	16	18	18	18
<u>Germany</u>				
Arrival numbers	248 990	257 018	245 452	249 504
Percent change	+22.1%	+3.2%	-4.5%	+1.7%
Bed-nights in lodges	9.8%	9.2%	7.2%	6.1%
Bed-nights in lodges	390 416	425 622	353 451	304 394
First time:	60.4%	58.2%	58.3%	53.8%
Daily av. spend in SA ⁷⁰	na	R 618	R 688	R 700
Average length of stay	16	18	20	20
<u>US</u>				
Arrival numbers	182 591	187 447	208 156	233 417
Percent change	+7.0%	+2.7%	+11.0%	+12.1%
Bed-nights in lodges	11.8%	10.7%	11.6%	10.8%
Bed-nights in lodges	301 640	340 966	362 191	378 135
First time	56.2%	59.0%	59.9%	60.0%
Daily av. spend in SA	na	R974	R 815	R 912
Average length of stay	14	17	15	15

⁷⁰ Daily average spend in South Africa is taken from statistics for holidaymakers

	2002	2003	2004	2005
<u>Netherlands</u>				
Arrival numbers	110 389	120 993	120 838	116 244
Percent change	+14.9%	+9.6%	-0.1%	-3.8%
Bed-nights in lodges	10.4%	10.9%	7.2%	6.2%
Bed-nights in lodges	172 206	250 576	147 905	122 521
First time	62.4%	62.5%	55.8%	50.5%
Daily av. spend in SA	na	R 727	R 672	R 618
Average length of stay	15	19	17	17

<u>France</u>				
Arrival numbers	112 078	127 760	109 275	101 139
Percent change	+35.4%	+14.0%	-14.5%	-7.4%
Bed-nights in lodges	10.7%	13.6%	10.5%	10.7%
Bed-nights in lodges	155 900	225 879	160 634	151 506
First time:	69.2%	71.3%	66.6%	65.1%
Daily av. spend in SA	na	R 675	R 584	R 601
Average length of stay	13	13	14	14

APPENDIX 7



Source: South African Tourism Quarterly Provincial Report Mpumalanga 4th quarter 2004

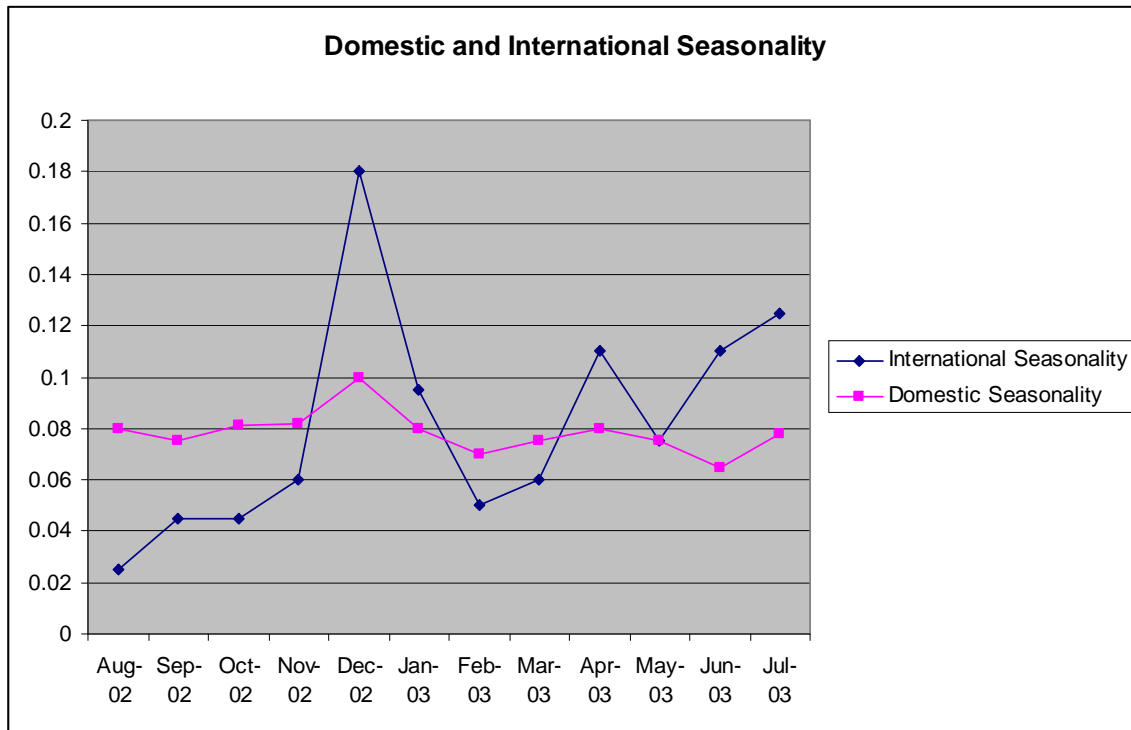
APPENDIX 8

Personal monthly income for South African domestic tourists



Source: South African Tourism Annual Domestic Tourism Report 2005

APPENDIX 9



Source: Atos KPMG Consulting, in South African Tourism, Domestic Growth Strategy 2006

APPENDIX 10

MAPPING OF SAMPLE WORKFORCE

	COMMUNITY LODGE				PRIVATE LODGE			
	Junior		Senior		Junior		Senior	
	♀	♂	♀	♂	♀	♂	♀	♂
AGE								
20-30	6	8	3	2	9	4		3
30-40	9	1		3	4	3	3	3
40+			1	1	1	3	1	
MARITAL STATUS								
Single	12	8	2	5	11	3	3	3
Married	3	1	1	1	2	7	1	3
Widow			1		1			
DEPENDENTS								
No dependents		1	1	1				
Spouse/mother of child/children		2		1		6		2
Child/children	10	2	2	1	11	6	3	2
Supporting extended family	13	8	3	5	12	7	4	6
ALWAYS LIVED IN HOME VILLAGE								
Yes	2	1			8	1	1	1
Childhood with working parent in urban centre			1	1				1
Left home for tertiary education/training	8	4	3	3	5	6	2	2
Left home for work	5	4	2	2	1	2	1	2
Lived away from home village						1		
EDUCATION								
Not reached matric ⁷¹	3	2			7	3	2	1
No further education/training post matric	3	3	2		5	2		
Started non tourism related tertiary education			2	1				
Completed non tourism related tertiary education	1			1				
Vocational training minimum 1 year	4			1			1	3
Vocational training minimum 1 month	3	4	1	1	3	4		1
Tourism related formal training minimum 1 year	1	1	1	1		1	1	
Tourism related training short course	6	1			2	1		1
Hospitality training course (all departments, in house)				1				1
Currently studying tourism subject			1	2				
EMPLOYMENT								
Previously informal sector	3	1	1			1	1	
Previous employment full time	4	3	2	4	5	5	2	5
Previous employment short term	2	4	1					1
Unemployed when applying for this job	4	7		2	9	5	1	
In training when applying for this job	3		1			1	2	1
First job	4	1	1	2	8	2	1	
Promotion in lodge		1		1	6	3	2	2
SKILLS DEVELOPMENT								
No training	4	1	2		2		3	1
New skills	8	5	2	1	10	5	3	1
Multiple skills	2	2	1	3	1	2		4
Need more training to do job well			1		2		1	
Would like more training		1			2		1	2

⁷¹ Highschool diploma

	COMMUNITY LODGE				PRIVATE LODGE			
	Junior		Senior		Junior		Senior	
	♀	♂	♀	♂	♀	♂	♀	♂
POSITIVE ASPECTS OF JOB								
I love my job	2	1	4	2			1	3
Enjoy working with international people/ learning about them	3	3	1	5	4	2		2
Communicating with guests	6	4	1	3	5	2	2	5
Improve English	3	1						
Close to home		1						
Passion of imparting knowledge				2				1
Like to make guests happy	2							
Enjoy singing for guests					1	1		
Easy to communicate with management	1							1
Good company ethics				1				
Learning every day	1	2	1					1
Pride in teaching foreigners about community	1		1	1				1
Enjoy working with colleagues	2				2			1
Enjoy working with animals, "beautiful office"				1	1			2
Enjoy the work					2	3	1	1
I like it because it is a job, but I want to move					3	2		
Easy, it is what I do at home	1				1			
NEGATIVE ASPECTS OF JOB								
None	9	4	4	1	3	2	1	1
Not enough money	1	4			2	4	2	1
Long hours		1		3	2		1	1
No skills, no training	1							1
Do not like exposing guests to danger				1				
Too much hard work	1				3	1	1	
Not learning much	1							
Unhappy with management	1			1	2	3	1	1
Not my profession of choice	1	1			2	3	1	
Sometimes unrealistic guest expectations				1				1
Problems with management when guests do not see expected animals								1
Lack of benefits								1
Danger of animals	2				1			
Not challenging enough				1				
Live out/lack of transportation			1					
Difficult to take non English speakers on game drives								1
Sometimes difficult guests	1							1
Difficult to communicate with family						1		
Isolation - difficult to look for other job						1		
CHANGES IN QUALITY OF LIFE RELATED TO CURRENT EMPLOYMENT								
Nothing		1				1	2	1
Do not know		1						
No longer poor	1		1					
Improved purchasing power	8	4	1	2	8	1	2	5
Buy cosmetics	3				2			
Empowerment in meeting people from overseas	3		1	1	3	1		
Empowerment in learning	7	5	1	1	3	3	1	1
Safer to work here than in Johannesburg	1					1		1
Financially independent of family "control of my own money"	2	1	1		2		1	
Salary better than last job	1					1		1
Salary worse than last job	2	2	2	1	1	1		1
Save money for children							1	

	COMMUNITY LODGE				PRIVATE LODGE			
	Junior		Senior		Junior		Senior	
	♀	♂	♀	♂	♀	♂	♀	♂
Stability, less pressure than city								1
Job security	1		1	1	2			1
Help siblings study	1			1	2			
Help other people	2	1		1	2			1
Increased respect in community				2				2
New house	1			1	2		1	3
Improved house				1			1	
Well defined working hours, then rest, unlike home	1		1		1			
Isolation from problems at home – positive		1		2				1
Proud of job	4	1						1
Lack of social control, boyfriend can visit			1					
Interested in new things			1					
Safer than living in the community, only animals threatening, not people		1						
Miss children	1				2		2	
Learned about animals	2	1						
Learning about other cultures	1			1				
Pay someone to look after cattle		1						
No longer sitting at home doing nothing	3				1		1	
Changed my life	1				1		1	
Learning to do some things differently				1				
Dream come true				1				
Good social life					1		1	
Hard work for little return						1		
Bought cell phone					1			
Not yet a good change, salary too little						1		
Could not have seen 5 children through matric without this job					1			
Helped save money, live in (food, transportation)								3
Could afford driving licence					1			
Learning from HIV information								1
Could afford car								1
PREFERENCE FOR LIVING IN URBAN CENTRE								
Yes, no reason specified		1			1	3	1	
New experience					1			
Could live anywhere	3	2	1	1	4	1	1	
PREFERENCE FOR LIVING IN/ NEAR VILLAGE								
Yes, no reason specified	4	1	3		2	2	1	3
Close to family	4	2		3	4	1	1	
Cheaper	1	2		1	2	2		3
Safer	3			1		1		
Can farm and keep cattle		1						
LONG-TERM FUTURE PLANS								
Stay in this job					1	4	2	2
Hoping for change of job in lodge	3	5	1			2	1	
Different plans within the industry		1		1	3			
Further education	1				4	1		
Move on to give somebody else the opportunity		1						
Stay in commercial lodge to give other community members chance at jobs in community lodge					1			
Any job with better pay	1							
Self employment using skills from lodge	4		1	3		1		3
Different career	5	2	1	1	5	2	1	1
Promotion in different lodge in area interesting	1		1	1				

APPENDIX 11

COMMUNITY IMPACT OF LODGES

	PRIVATE LODGE	COMMUNITY LODGE
WHAT DO PEOPLE IN THE COMMUNITY THINK OF THE LODGE		
Opportunity for jobs close to home	5	8
Very happy	1	17
Some complaining because they did not get jobs	2	7
Waiting to see the income		1
People unhappy, do not know what is happening, complaining		2
Do not know		1
Some people say there has been no money to the community		1
Proud of lodge		2
Proud to see children working in lodge		1
Not living up to expectation		1
CHANGES IN THE COMMUNITY AFTER THE LODGE		
None	2	2
Donations from guests for community projects	3	2
Jobs	5	7
Less crime	2	1
More people have moved to Johannesburg (after acquiring skills)		1
Community Bed and Breakfast		1
Employees from lodges pool funds to help community (diesel for generator to pump water)	1	
Skills development		1
More taxi businesses	1	
Computers in tribal office		1
Give community information about Madikwe		1
Some jealousy around jobs		5
Not much, still paying loans		1
Can sometimes catch transport to main road		1
Some people get water from lodge when their borehole is dry		1
Publicity around lodge created awareness of Molatedi, pride		2
More ladies doing handicraft, selling at the campsite		1
Improvement in school	1	
Money from community tours	1	
Uniforms for football team	1	
WHAT CAN THE LODGE DO FOR PEOPLE IN THE COMMUNITY		
Don't know	6	
Jobs near home for young people after matric	3	2
Electricity		2
Road	2	5
Water		4
School (improve or new)	6	10
Clinic (improve or new)	3	6
Supply jobs and keep young people from crime		1
Jobs in vegetable and craft production		2
Skills		2

	PRIVATE LODGE	COMMUNITY LODGE
Skills for future management of lodge		1
House and food for orphans	2	1
Sponsor seeds, irrigation systems	1	
Give food and shelter to the needy	2	2
Build a mall	1	1
Build town houses		1
More businesses	1	1
Build library	1	2
Ambulance		2
Build conference center		1
Cultural village	1	2
Take children for drives, teach about conservation		4
Homes for the poor		1
Reduce poverty		1
Renovate poor people's homes		2
Community centre for activities		1
Renovate community office		1
Creche		2
Nothing		1
Toys for crèche		1
Teach community about animals/ threat to community	1	
Involve communities in jobs to be done	2	
Computers in schools	2	
The park belonged to ancestors, now train people to work in lodges to include them in benefits from land	3	
Tourism awareness to keep tourists safe	1	
Give animals for feasts so they don't poach	1	
Allow community to collect firewood	2	
Deliver left over food to poor	1	
Sporting facilities	2	

APPENDIX 12

Seven question to ask your hotel

1. Do you have a formal social responsibility policy that you share with guests and suppliers?
2. Do you track your environmental impact and set goals for improvement?
3. Do you offer a linen and towel reuse option?
4. Do you have a recycling program? (These days, this is a minimum requirement)
5. Do you use compact fluorescent light bulbs in your rooms?
6. Do you hire locally, and do you have a training program? (Hard to ascertain, but a crucial sign of social responsibility)
7. Do you try to buy from suppliers who pay fair wages?

Source: Conde Nast Traveler, May 2007, "The Power of Travel" pp 253-268, Conde