

A step in the right direction? ***UK Tour operator's opinions on Pro-Poor, Transformation, and Responsible Tourism in South Africa.***

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Highlights

- Customer choice is driven by finances. Some believe that responsible/pro poor practice by the accommodation supplier will affect the Tour Operator and customers' choices on where to stay – at the margin (all else being equal).
- Responsible practice and cultural interaction does affect customer enjoyment, length of stay.
- Meeting people is often the highlight of the visit and the story told.
- But it is hard to sell South African tours based on people and culture: one operator has had to shift from a people-led pitch to more wildlife.
- Operators are pursuing linkages and supporting projects themselves. Would like South African suppliers to do more.
- Key issues include: avoid exaggerated impacts, dependency and unsustainability of projects, tourist as 'gold pot' mentality, pressure on tourists for hand-outs. Develop cultural interaction, opportunities for client participation, communication between stakeholders.

Some accommodation providers in South Africa are seeking to develop business linkages within their neighbouring communities. These include the 'pilot partners' of the 'PPT Pilots Project'¹ – Sun City, Wilderness Safaris, and Spier along with several other companies that are innovating in the fields of responsible tourism and Corporate Social Investment. Many of the linkages directly affect the product offered to guests, such as cultural tours. Others indirectly affect by the product offer, by affecting how operations are done and local staff and community commitment to the venture.

Most of these operators depend in large part on international tourists and the outbound international tour operators that channel the tourists. Therefore, the views and responses of the outbound tourists and operators are an important influence on progress within South Africa tourism. For the PPT Pilots project and our partners, it is important to understand how the outbound operators perceive the business linkages that are developing, how much they think their guests care about them, whether and how they market the new initiatives, and to what extent they add value to the product and brands on offer.

At the level of generalisations, common wisdom is that there are two countervailing forces:

- Large outbound and inbound tour operators are a constraint on innovative local business linkages, because they are said to be uninterested in adapting the product on offer, and may have commercial interests that conflict with sending their guests to new excursions or outlets.

- But at the same time, local initiatives are being complemented by the increasing sophistication and non-price competitiveness in the European market which can reward fair, responsible, and pro-poor behaviour (see Francis & Goodwin, 2003). This is particularly relevant to the niche tourists that are more likely to book through the

¹ PPT is pro poor tourism. The project pilots approaches with companies that increase local economic impact via business linkages. See www.pptpilot.org.uk.

smaller more specialist operators. But how much difference this ethical component makes to tourists' actual buying behaviour is not known.

In this context, the PPT Pilots programme undertook a short survey of some tour operator attitudes in late 2004. The aim was to get UK² tour operators' opinions on how the development of linkages and partnership at South African properties affect both themselves and their clients, and to feed these responses back into its work in South Africa.

What was done?

In October 2004 84 UK tour operators that send clients to South Africa were sent a letter inviting them to take part in an interview with members of the PPT team. This was followed by a phone call in early November to try and arrange meetings with operators that had not responded.

During the week 8th-13th November 2004 six UK based tour operators that have activities in South Africa were interviewed by the PPT Pilots team; details of each company including size, client base, and geographic coverage, as well as the position of the person we spoke to can be found in Appendix 1. The tour operators interviewed *do not* represent the full spectrum of UK operators using South Africa. Three of the six tour operators have three stars under AITO's (self-regulated) responsible tourism policy, which they have been awarded due to their engagement in specific responsible tourism projects or initiatives. Two of the other companies have very strong sustainable tourism guidelines in place, and actively pursue a responsible approach to their operations.

Operators were asked six questions, the responses to which are outlined below.

What do you already do in terms of supporting responsible tourism or pro-poor practices?

All the companies we spoke to said that they supported (to varying degrees) the local communities either philanthropically, through business linkages or both. Philanthropic donations were given to a range of organisations, with some companies supporting larger charities such as Nelson Mandela Children's Fund, while others were supporting smaller community projects in South Africa. There was array of ways in which the companies felt they had established business linkages with local communities. This included: sourcing wood products from members of the community; spending money at the "grass-roots" level, using local operators and local campsites; showcasing local cultural activities; offering community projects in their brochures. Two of the companies were also very active in encouraging the local operators they use to adopt PPT and RT practises. One of the companies is working on ways to facilitate the transfer of knowledge, encouraging local operators and properties to lead initiatives, rather than the UK operator doing so directly. They hope this will become a key component in the selection of destinations in the future. Similarly, the other company is also working to transfer their PPT and RT policies to local operators on the ground. The company stated that they are continually striving to make more use of local operators, as well as driving those operators to use local suppliers. The company has found that the local operators are now going beyond the "standards" or key objectives set by them. The company believes that these local inputs enhance the actual trip.

Were you already aware of initiatives in South Africa such as the Responsible Tourism Guidelines, the Fair Trade in Tourism certification, and specific initiatives of hotels or operators?

² The UK is the largest overseas market for South Africa (with 456,468 arrivals in 2003 (South Africa Tourism, 2004).

Every one of the companies contacted said that they *were aware* of the well-known RT initiatives in South Africa, such as the Responsible Tourism Guidelines and the Fair Trade in Tourism certification. Most of the tour operators were also aware of specific initiatives of hotels or operators. However, there were differing opinions from the tour operators of the benefits of these initiatives. On one hand, an operator stated that they felt that the actions within the African countries, particularly in Southern and East Africa, are far more advanced and socially aware than other countries and regions such as South and Central America. On the other hand, one company was unsure how much difference the Responsible Tourism Guidelines make in the price-sensitive markets within which their company works. Another operator thought that while the Fair Trade Logo would almost certainly increase consumer take-up for these products, there are currently implementation problems, and as a consequence the logo isn't used in their brochure as a high percentage of the properties that should qualify for the logo are not certified, which could lead to customer confusion.

Would the kind of initiatives being adopted by Pilots influence your decision on which properties to market?

While all tour operators stated that the kind of initiatives being adopted by PPT *Pilots would influence their decision of what properties to market*, for several companies this was a reserved yes. Issues such as the cost and appropriateness were raised. One of the companies articulated that they were not eager about using NGO funded projects, as in their experience these projects are generally unsustainable. For many of the tour operators it seemed that *on a like-for-like basis value-based operators would be chosen*. Three of the companies stated that they tried, where possible, to use sites that applied PPT/RT principles.

Would the kind of initiatives being adopted by Pilots influence the customers' decision on which properties to go?

There were mixed responses from tour operators on this question, reflecting their different customer bases. One company stated that they thought that due to the nature of their company *the over-riding decision for customers would be made from a financial perspective*, with pro-poor actions having little impact. However, they also felt that on a like-for-like basis it could become a deciding factor. Another company said that when they took tour groups to South Africa following apartheid, holidays were driven by customers wanting to meet the people, however, from about 2000 the focus has shifted and people are increasingly going for the wildlife. They have had to change their marketing pitch accordingly. They have found recently that take-up on community tourism is not great, though they added that take-up may be improved with the use of the Fair Trade logo. They did, however, comment that people do enjoy cultural tourism when it is easily accessible. These sentiments were echoed by a further two companies, stating that for their customers *although the focus or "hook" of Africa in the outset is the wildlife, the experiences of the kids in the villages, additional interactions and cultural experiences are what are remembered at the end of the trip, and where one company thought the greatest impact lies*.

Three of the other operators thought that the initiatives would positively influence customers' decisions. One of these companies thought that properties acting in a proactive manner would, and in their experience certainly does, influence customer choice. They added that, due to the nature of their company, customers are interested in certain issues and make their choice based on their value set. One of the companies felt that their customers were very socially aware and are very interested in the community projects that the company funds. Depending on the guests this can be the highlight of their trip. They stated that in general, unprompted, their guests are aware of social issues but not PPT/pilot specific information. They stated that *social issues do have an influence, if only small, on the choices made by their guests, not in the venue they choose but often in the time they spend at the destination*.

Of the many things that can be done towards pro-poor/responsible/transformational tourism in South Africa, what do you think is most important to you and your clients?

The key issues raised by each tour operator were quite varied, which may reflect each company's own ethos and customer base, with differing client groups have different needs and expectations. Below is a summary of the issues raised by the operators as being important to them and their clients:

- The product(s) need to show a positive benefit to the local community.
- Communication between all stakeholders on how changes can be collectively achieved is extremely important.
- A code of ethics for the South African industry.
- To go to places that apply responsible approaches to all the activities carried out in the name of tourism.
- The need for local awareness, and the sourcing and promotion of local produce and supplies.
- Increasingly clients want to see and experience cultural and heritage orientated activities that are rewarding and showcase the true nature of the destination. It is felt that a volume of opportunities lie in this direction.
- Clients have higher expectations and knowledge, and are asking for increased participation. As an operator there is a need for this to be appropriate. The company does not want clients having to give money out as hand-outs, as it is equally uncomfortable for both sides.
- Need working relationships between tour operators and local businesses that will sustain themselves. Tour operators should not be the ones to nurture new businesses.
- Internal promotion and empowerment schemes within organisations coupled to staff being well treated and remunerated are extremely important for the tour operator and their clients.
- On the post trip side more should be done to advise and promote development projects in regions.

What do you see as the disadvantages of this kind of initiative? Have you experienced failures or trade-offs? Can these be addressed?

Several companies raised either directly or indirectly the problems of operating at *low margins*; one company stated that although they offered several community tours in South Africa, on at least one they expected to make no money. Another company was very worried *that tourists could be viewed as a "gold-pot"* which could lead to price increases which do not reflect the level of service provided; one of the examples given by the tour operator was the recent steep increase in the cost of gorilla watching in Uganda. Two tour operators raised the problem of initiatives not being seen to represent the stated outcome. *Exaggerated impact* can lead to clients to cynically pull a project apart; these projects also reflect negatively on projects which are doing good work. It was felt that the wealth difference between tourist and locals can often have negative impacts. This sentiment was echoed by another tour operator who stated that they do not want to create an environment of dependency on the funds raised by them; the company believes that this statement should be applied by any companies active in the development of more equitable tourism.

The companies with experiences of trying to implement similar initiatives to that being undertaken by the Pilots project gave examples of some of the failures that they had experienced in the past. Two companies raised the problem of the *selection of incorrect partners*. One company expanded on this by saying that in the past many of the SMME's they have used have not been sustainable; reasons for this include: a lack of drive behind businesses to ensure their survival; corruption; and where businesses are successful, often

the person behind the business is offered a better position elsewhere, leaving the business to flounder.

Several tour operators also offered solutions to the implementation problems of these initiatives. It was felt that it was important to recognise that there will always be challenges and that there is “no quick fix”. One of the operators felt that small SMME’s often suffer due to *poor marketing*, and that it was important to build a marriage between commercial companies and community ventures. Within this, there was a belief by the operator that there is a need for a marketing organisation/booking service; tour operators have a limited time in which to create itineraries, if a company cannot be contacted then they will lose that business. One tour operator felt that the development of a greater domestic market within South Africa could also nurture and sustain smaller community businesses.

Conclusions:

The operators we spoke to highlighted that responsible/pro poor practice could not be a dominant driver of their business or their clients’ choices, but can make a difference at the margin: comparing like for like, several of them would choose a business with sound practice. For clients, views were split on whether responsible/pro poor behaviour would influence customers’ choice of where to go, depending on their market segment. However, there was more consensus that it affects their enjoyment of the holiday, and can be what they remember from it, even if they went for wildlife. Appropriate and well managed interactions with the local community almost certainly enhances the trip for their clients, which in turn reflects well on the operator, and is likely to increase client repeat rate.

Many report that they are driving responsible practice and local linkages themselves, and would like to see their South African suppliers do more. While several are keen to encourage RT/PPT/transformation in their business practise, the reality of operating at low margins, the difficulties of implementing (and maintaining) linkages with community organisations and SMME’s, and the variable interest in community tourism by clients, are obstacles to either adopting linkages themselves or proactively encouraging their suppliers. They are conscious of problems such as unsustainable partnerships, and exaggerated impact.

Operators seemed enthusiastic about both the schemes being piloted by PPT in South Africa and the similar initiatives that are also being successfully implemented in other countries. The cases that demonstrated a business case for making these changes were viewed with particular interest by some operators who felt that this could move RT/PPT/transformation into mainstream thinking.

References:

- ATOL (2005) Total Authorisations – Top 250 ATOL Holders (Data extracted from the ATOLDATA Database on the 6th January 2005 at 21:00). Available online at: http://www.caa.co.uk/cpg/atol/check_an_atol/topreport.asp
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- South Africa Tourism (2004) 2003 Annual Tourism Report. South African Tourism Strategic Research Unit. Accessible at: <http://www.southafrica.net/satourism/research/viewResearchDetail.cfm?ReportTypeCategoryID=12>

Appendix 1 – Tour Operator Information

Tour Operators Interviewed

(Companies listed alphabetically)

Acacia Adventure Holidays
African Odyssey
Dragoman
Exodus
Rainbow Tours
SAGA

Company Profiling

A company was categorised as either small, medium, large based on the report: Total Authorisations – Top 250 ATOL Holders (ATOL 2005) which gives total passenger figures authorised (for Dec 2004-Dec 2005) by ATOL totalled across the Fully bonded, Scheduled bonded and Agency categories of licence (see the ATOL website for more details: www.caa.co.uk). For the purpose of this report companies were grouped into the following categories:

- Large – Top 1-20 Total Authorisations
- Medium – Top 21-250 Total Authorisations
- Small – 251+ Total Authorisations

Key Characteristics of Companies Interviewed

(Companies listed by size)

Company Size Small/medium/large	Main Client Base	Geographic Coverage	Interviewee Position
Medium	50+	Worldwide	Responsible Tourism Manager
Medium	Independent/ Responsible	Worldwide	Responsible Tourism Manager
Small	Safaris	Africa	Tours Consultant
Small	Adventure	Africa	Managing Director
Small	Adventure	Worldwide (except Europe)	Managing Director
Small	Independent	Africa	Managing Director