Enterprise iLembe Tourism Performance Annual Report Jan-Dec 2022

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ECONOMIC DEVELOPMENT AGENCY

South Africa
KWAZULU-NATAL
Zulu Kingdom. *Exceptional*

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iLembe Tourism Performance

Jan-Dec 2022

R3,5 billion
Direct Tourist Expenditure

Total Economic Impact

R5,5 billion
Total GDP Contribution

R1,3 billion
Total Household Income

11 911
Total Jobs Supported

R431 million
Total Taxes

777 189
Visitors

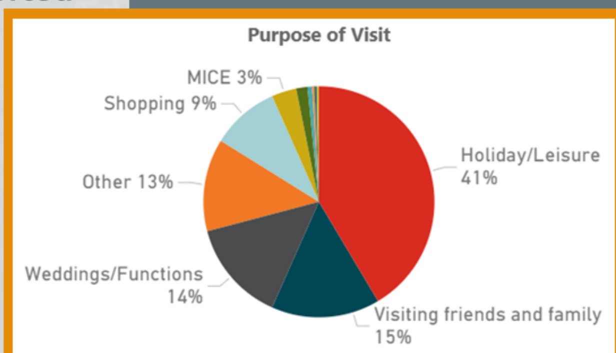
14%
were Day Visitors

1 367 488
Bednights sold

59 %
Accommodation Occupancy Rate

R4 923
average spend per visitors

3 nights
Length of Stay



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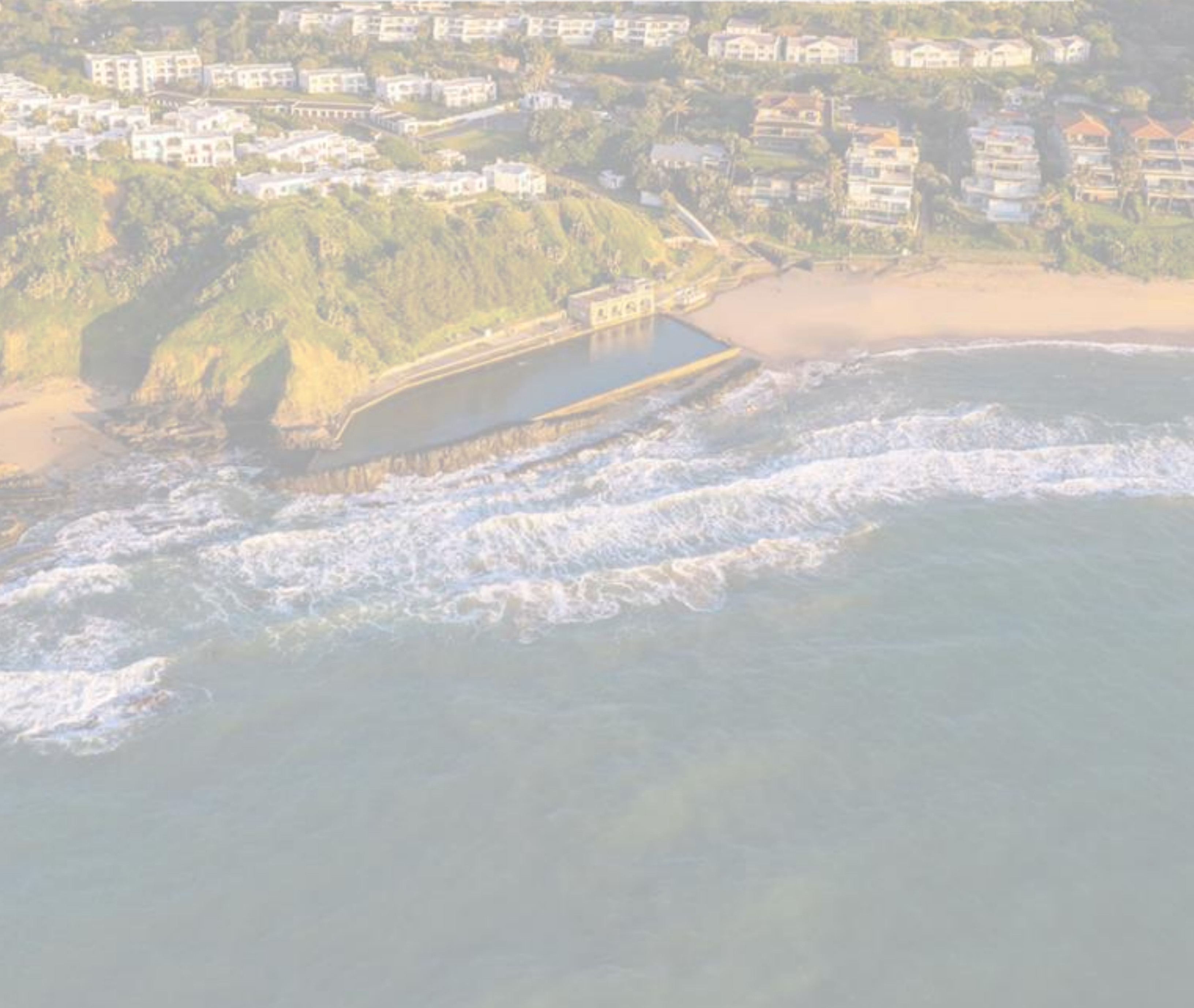


Abbreviations

COVID-19	Coronavirus Disease
GDP	Gross Domestic Product
GVA	Gross Value Added
KZN	KwaZulu-Natal
MICE	Meetings Incentives Conferences and Events
SA	South Africa
SAT	South African Tourism
TKZN	Tourism KwaZulu-Natal
VFR	Visiting friends and relatives

Section 1: Introduction

Enterprise iLembe is the iLembe District's economic development agency, and its primary role is to promote trade and investment opportunities in tourism, agriculture, manufacturing, and services. The agency is mandated to conduct tourism industry research to form a baseline of market performance and quantify the economic impact of the industry. Urban-Econ Development Economists was appointed by Enterprise iLembe to compile tourism industry research and performance reports for a 3-year period.

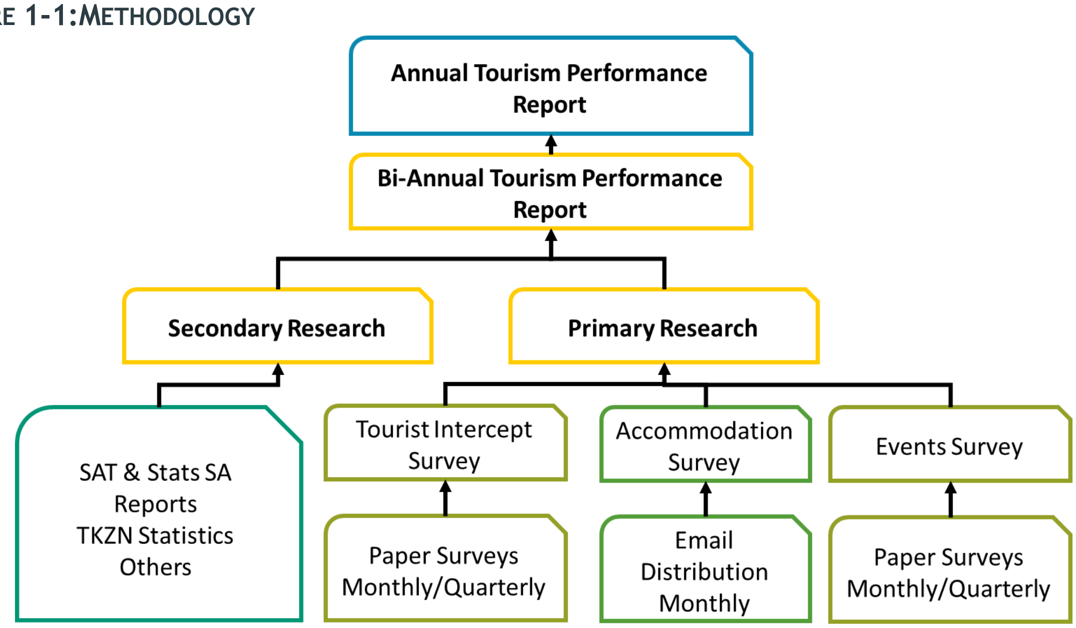
1.1 Purpose

The purpose of this report is to provide the results of research conducted in the iLembe District on the performance of the tourism sector from January to December 2022, which represents the Annual Tourism Performance Report 2022. The report considers the long-lasting effects of the lockdown restrictions, the July 2021 Riots, the April 2022 KZN floods, the E.coli break-out in Durban, and the seasonal rush in December. The primary objective of the study is to assist with planning and decision-making at a district level.

1.2 Methodology

The study was conducted through primary and secondary research methodologies. Primary data was collected via the distribution of various surveys including the accommodation establishment survey, the visitor intercept survey and the events survey. The surveys are analysed on a monthly and quarterly basis. Secondary data obtained from SAT includes domestic and international tourist travel volumes and behavioural indicators. The output of the research is presented in Bi-annual and Annual Tourism Performance Reports.

FIGURE 1-1:METHODOLOGY



1.2.1 Primary research

The purpose of primary research at a local level is to provide deeper insight into the behaviours and preferences of the tourism demand, and the size and performance of the supply side. Further, it provides more real-time data compared to the secondary sources, which are delayed by almost a year. The data captured can be analysed at a localised level, which can inform tourism development and marketing needs more accurately in terms of geography spread, supplier performance and consumer trends.

Visitor intercept survey and events survey

The visitor intercept survey is paper-based survey completed by visitors during peak travel seasons. Whereas the events survey is completed by the event attends at selected events hosted throughout the year in iLembe. The responses are captured in Excel format and sent to the service provider for data cleaning and analysis.

Accommodation survey

The accommodation survey is an electronic survey (Microsoft Forms) distributed to accommodation establishments operating in iLembe District monthly. Responses are exported in Excel format and sent to the service provider. The goal of the survey is to identify trends relating to average occupancy rate, source information on different types of accommodation available, and determine the average length of stay between international and domestic tourists.

Data analysis

The data analysis of the surveys will be conducted using Microsoft © Power BI. The marketing intelligence system of Power BI will give the researcher the ability to:

- Access statistics and pre-set graphs on a dashboard consisting of several selectors which will allow the researcher to select timelines and categorise information to their specific needs.
- The dashboard can be exported as a report or shared as an interactive web-based link to stakeholders/decision-makers.
- The dashboard will also give the researcher access to annual information which can be exported and further reported in a Comprehensive Annual Tourism Performance Report.

1.2.2 Secondary research

The bottom-up approach requires the collection of primary data at the local level, thus allowing more comprehensive data on tourists' travel and consumption behaviour. The downside of primary data collection at a local level is that it is very data- and resource-intensive and it is difficult to compare with other data or regions/provinces. The top-down approach is more commonly used since it is secondary data collected at a national level, which is more cost-effective, uses existing resources and allows for regional/provincial comparison.

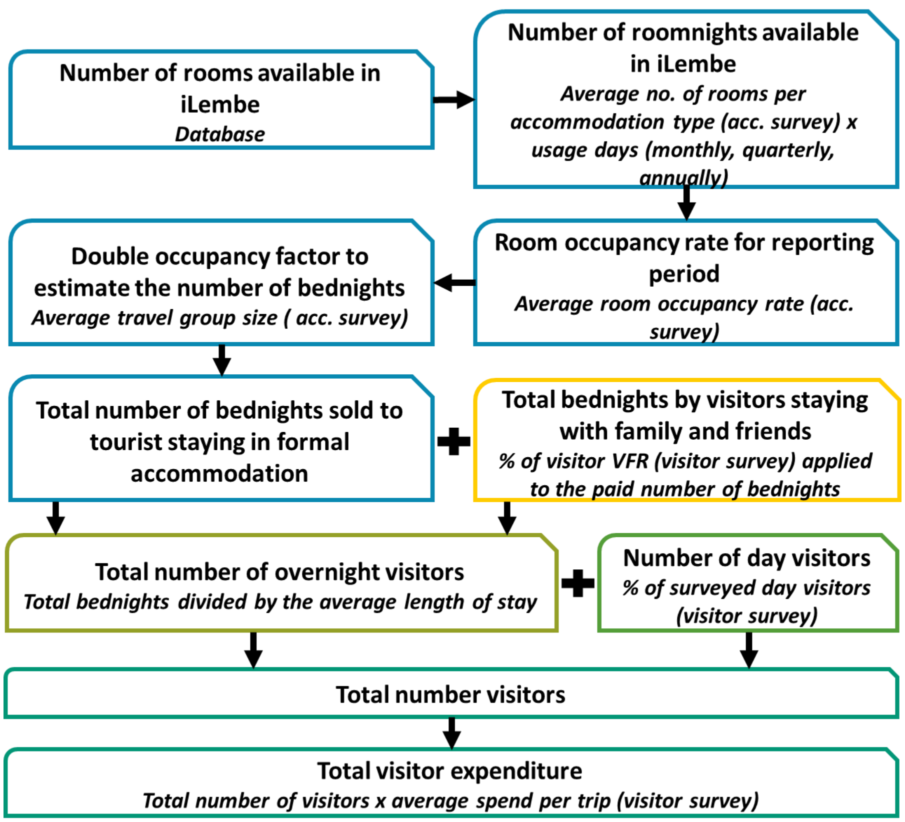
The main source for secondary data on tourism performance in South Africa and its provinces are from SAT and Stats SA as the official channels. Other data sources, international and national, can also be accessed to assist in reporting, including data on global tourism performance, passenger arrivals and departures, and performance reports from tourism products.

1.2.3 Estimate the size of the tourism sector

Tourism is a phenomenon based on the movement of people to places or countries outside their place of residence or work over a short period of time, thus creating an increase in demand for tourism-related products or services. However, measuring the economic impact and behaviour of travelers can be a challenge due to the following:

- Tourism is not an industry by itself; it consists of various industries whose outputs are consumed by residents and travelers alike.
- Defining and tracking the movements and behaviours of travelers are also a challenge since their spending allocation and geographical movements do not correlate or are difficult to determine at a sub-national level.

The methodology used in this study for assessing iLembe's tourism sector is based on a 'bottom-up' approach. The reason for using a bottom-up approach is that it uses both a supply and demand approach to assessing the tourism industry and is based on conducting primary research in the destination on an ongoing basis, throughout the year.



The tourism market assessment model first determines the number of visitor bednights at the paid accommodation. It then weights the number of bednights spent by visitors staying with friends and relatives (VFR). To determine the number of overnight visitors, the total number of bednights (paid and VFR) are divided by the average length of stay. The number of day visitors are weighted as a percentage on top of the overnight visitors. Finally, the total visitor expenditure is estimated based on the average spend per trip by a visitor *(note that the average spend per visitor type will be determined with the revised visitor survey)*.

1.2.4 Economic impact modelling

The economic impact model's primary goal is to measure economic contributions by determining direct, indirect, and induced impacts based on the total tourist expenditure.

Various socio-economic impact model tools can be used to quantify the mutual impact of the PAs, such as the Input-Output (OI), Social Accounting Matrix (SAM), and Computable General Equilibrium (CGE). For this study, the preferred option is the SAM as it determines the impact of activities on both the economy and households. A SAM presents finer details about the circular flow of income, including transactions between different institutions and between production activities. It achieves this by recording the interactions between different sets of agents through the factor and product markets. The data required for the compilation of the SAM can be collected from a variety of information sources (through primary and secondary research). This is permissible in SAM modelling as it incorporates and reconciles the data from different sources and reference years to ensure consistency between a range of social and economic statistics from different sources. As such, a suitably designed and disaggregated SAM could potentially play a unique role in providing a social dimension to economic data which will give users an overall view of the socio-economic situation within an area.

The model will determine the direct, indirect, and induced impacts of the economic activities:

- The **direct effects** occur as a result of the expenditures of the relevant decision-maker, i.e., the economic agent that is responsible for the economic phenomena under assessment. Direct impacts are impacts which are caused directly by the activity and generally occur at the same time and place as the activity. These impacts are usually associated with the construction, operation or maintenance of an activity and are generally obvious and quantifiable. Known or planned facility construction and operating expenditures are typical examples.
- The **indirect effects** occur when the suppliers of goods and services to the new businesses or facilities experience larger markets and potential to expand. Indirect impacts increase job creation, GDP, and household income.
  The **induced effects** represent further shifts in spending on food, clothing, shelter and other consumer goods and services due to the change in workers' payrolls of directly and indirectly affected businesses. This leads to further business growth/decline throughout the local economy.

The following table provides the multipliers used for the economic impact modelling.

TABLE 1-1: SAM MULTIPLIERS

Accommodation and related services	Direct	Indirect	Induced	Total
Production (new business sales)	1,00	0,94	0,55	2,49
GGP	0,51	0,70	0,37	1,58
Income	0,14	0,16	0,08	0,38
Employment	0,92	1,55	0,91	3,38
Taxes	0,04	0,05	0,03	0,12

SOURCE: URBAN-ECON, 2022

1.3 Limitations

There are various issues to consider when it comes to tourism data, especially in terms of data collection biases and errors. These issues are myriad, including sample size representation (individual or collective), the structure of the questionnaire (including word biases), data collection periods or constraints, and respondent recall biases in terms of demand. Further, from a supply-side perspective, databases are unreliable and outdated, which means that responses could inaccurately represent the contribution and performance of the tourism sector. Thus, assumptions form a crucial part of any research study as they are a basis for validity and credibility.

The following limitation in the study influence the accuracy of the assumptions made in this report:

- Inability to accurately track the performance of the iLembe tourism industry due to lack of readily available tourism statistics at a local level:
    - Small sample sizes
    - Specific months' data not captured
    - Biases in sample representation
- 2022 tourism statistical data from reliable sources such as South African Tourism (SAT) and Tourism KwaZulu-Natal (TKZN) is not yet available.
- Tourism is not an industry by itself; it consists of various industries whose outputs are consumed by residents and travelers alike.
- Defining and tracking the movements and behaviours of travelers are also a challenge since their spending allocation and geographical movements do not correlate or are difficult to determine at a sub-national level.

Section 2: Visitors to iLembe

This section quantifies the number of visitors to the iLembe District over the selected study period and elaborates on the purpose of the visit.

2.1 Number of visitors

Tourists staying in paid accommodations are classified as visitors who spend the night in accommodation in the place visited. Tourists visiting friends and relatives are considered tourists who stay overnight, however, do not require any paid accommodation facilities as they will be visiting relatives in the destination area. Day visitors are visitors who do not spend the night in accommodation in the place visited as they are most likely to travel back to their destination of origin on the same day.

The following table provides the estimated number of visitors that iLembe received for 2022.

TABLE 2-1: NUMBER OF VISITORS

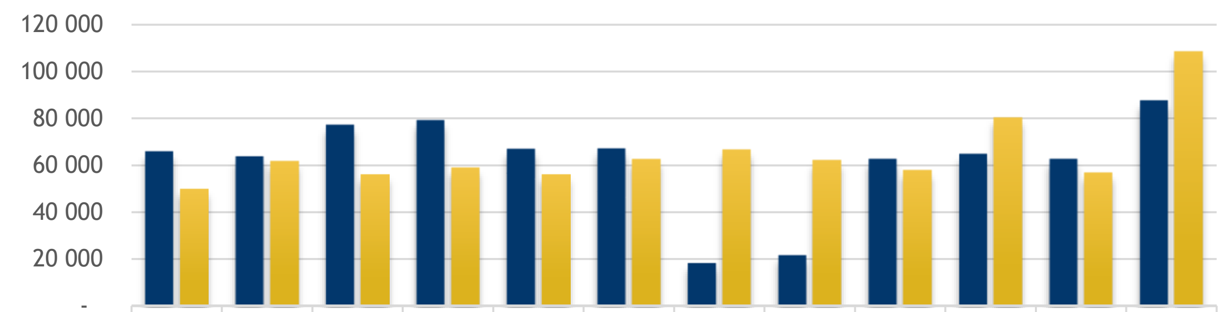
Category	Number of visitors	Percentage
Number of visitors in paid accommodation	506 477	65%
Number of visitors staying with friends and relatives	162 073	21%
Number of day visitors	108 639	14%
Total number of visitors to iLembe	**777 189**	100%
Bednights sold (Paid accommodation)	1 367 488	76%
Unpaid bednights (Staying with friends and relatives)	437 596	14%
Total number of bednights in iLembe	**1 805 084**	100%

SOURCE: URBAN-ECON, 2022

The iLembe District received an estimate of about 506 477 visitors staying in paid accommodations, 162 073 people visiting friends and relatives, and 108 639 day visitors during 2022. The number of bednights sold from January to December 2022 was estimated at 1 367 488. Number of unpaid bednigths (people staying with friends and relatives) was estimated at 437 596. Thus, the total number of bednights spent in iLembe during the study period was 1 805 084.

The 2021 period started off well with high numbers of visitors, however, experienced a major decline in visitors during July and August due to the July 2021 Riots, but showed an upward trend from September to December 2021, with a total of 736 678 visitors. For 2022, the April floods saw a decline in the January to June period. However, the second half of 2022 showed recovery, with an upward trend in the number of visitors during the July to December period. The 2022 period had a more constant influx of visitors compared to 2021, with a total of 777 189 visitors. Thus, 2022 saw a 5% increase in total visitor number compared to 2021. The growth rate coincides with growth rate levels experienced in the pre-pandemic period, this possibly indicates the recovery of the sector with similar growth rates expected for 2023.

FIGURE 2-1: NUMBER OF VISITORS FROM 2021-2022



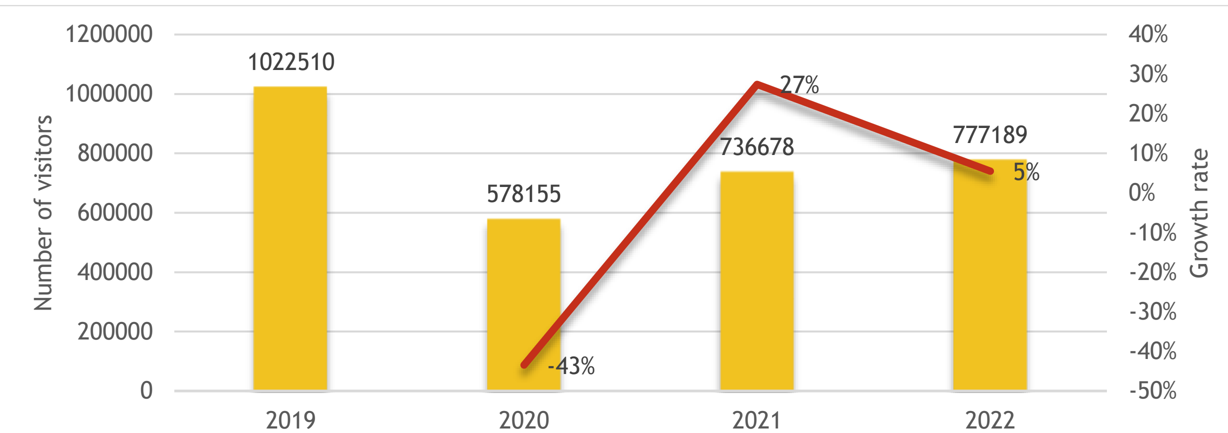
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	65 832	63 562	77 183	79 087	66 967	67 004	18 161	21 566	62 610	64 697	62 610	87 398
2022	49 959	61 633	56 051	58 960	56 051	62 497	66 631	62 035	57 811	80 416	56 699	108 44

■2021 ■2022

SOURCE: URBAN-ECON, 2022[1]

The following table shows the estimated visitor number for iLembe from 2019 to 2022. The 2022 period shows post-Covid recovery, with the growth trajectory possibly predicting pre-pandemic figures for 2023. The average growth rate per year from 2019 to 2022 is estimated at -4%, where 2019 to 2020 had a rapped decline (-43%) due to Covid and other negative events but 2021 had a high growth rate (27%) and 2022 showing a pre-pandemic year-on-year growth rate (5%).

FIGURE 2-2: NUMBER OF VISITORS FOR 2019 TO 2022



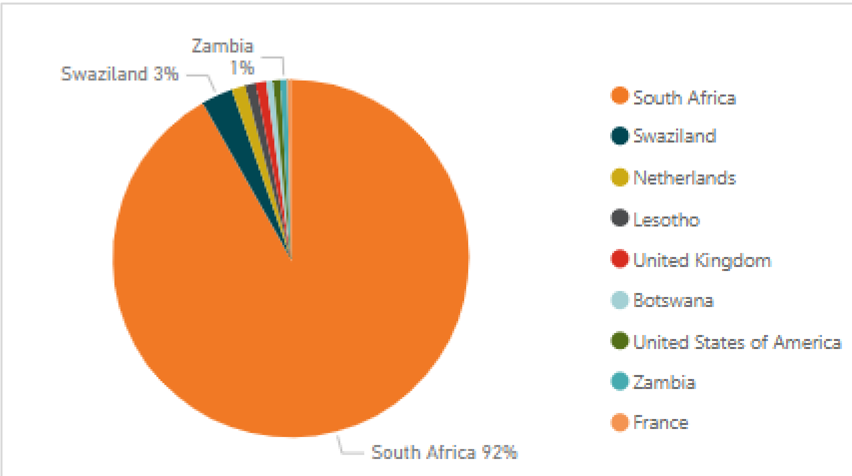
SOURCE: URBAN-ECON, 2022

[1] Sivandi iLembe Tourism Research July 2020 – June 2021 Report; TKZN Accommodation Performance August 2021 Report; iLembe Accommodation Survey and Visitor Survey

2.2 Traveler profile

The majority of visitors to iLembe for 2022 were South African residents (92%), where a few visitors were from Swaziland (3%), Netherlands (1%), United Kingdom (1%) and Lesotho (1%).

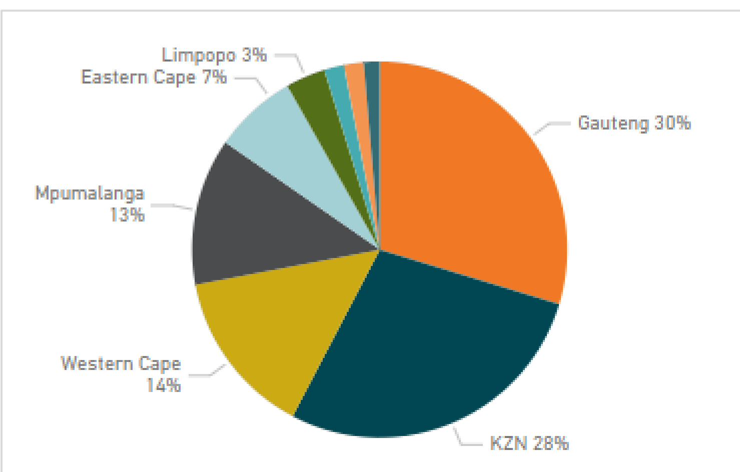
FIGURE 2-3: COUNTRY OF ORIGIN



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

The figure below shows the province of origin for the South African residents that visited iLembe, with 30% residing in Gauteng, 14% from the Western Cape and 13% from Mpumalanga. A large portion of visitors was from KZN (28%).

FIGURE 2-4: PROVINCE OF ORIGIN

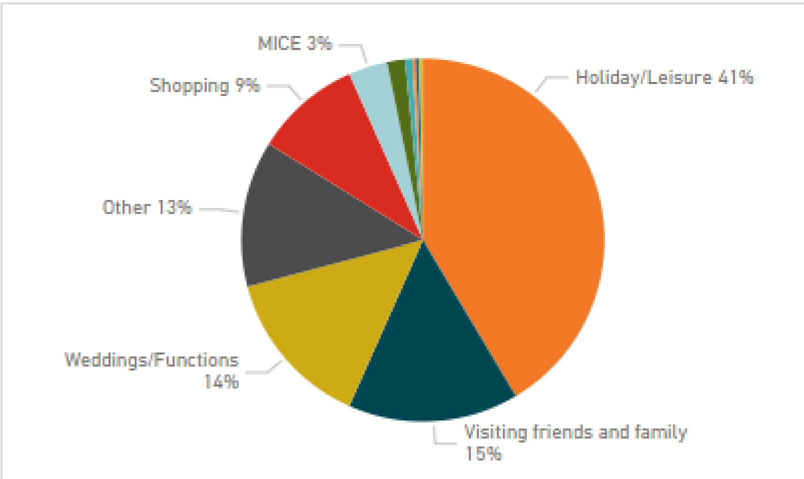


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

2.3 Travel behaviour

According to the visitor intercept survey for 2022, the main purpose of visit was for holiday (41%) followed by VFR (15%), weddings/functions (14%), and shopping (9%).

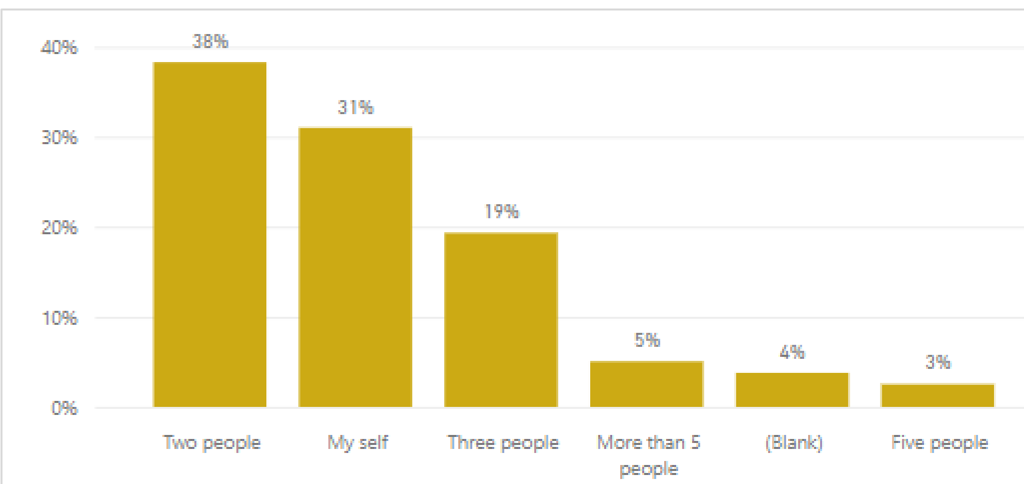
FIGURE 2-5: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

The travel group size for the study period saw many people travelling as couples (two people) at 38% of visitors. Further, over 31% of visitors came to the destination by themselves. The rest of the visitors were in groups of three or more.

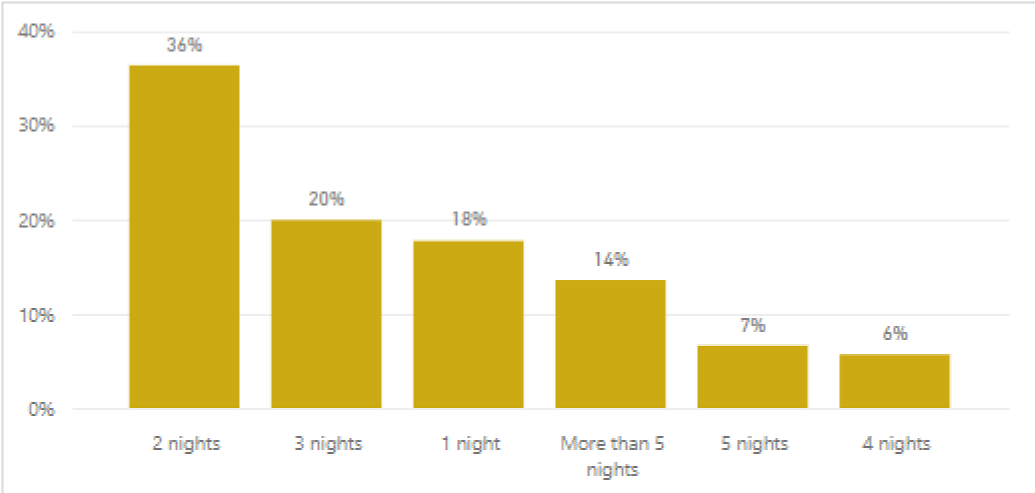
FIGURE 2-6: TRAVEL GROUP SIZE



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

The majority of people stayed for two nights (36%), with 20% staying for three nights and 18% for only one night. Over 27% of visitors stayed for more than four nights.

FIGURE 2-7: LENGTH OF STAY

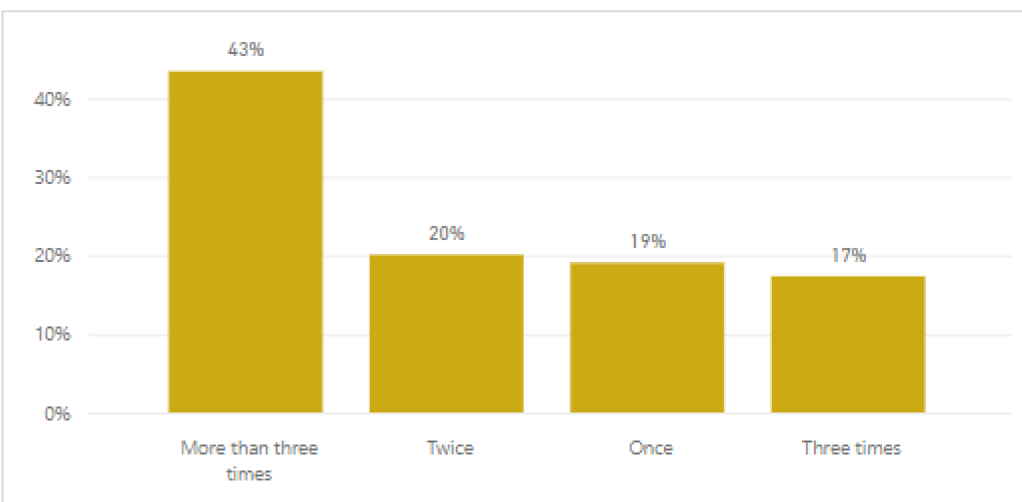


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

Seemingly, the typical family-oriented visitors were not as prominent this year compared to the previous year. This could be due to the E.coli outbreak and parents fearing for their little one's safety. However, this change in the market was countered by the so-called singles or couples without children market visiting iLembe.

Over 43% of visitors have visited iLembe more than three times whereas 19% indicated this as their first visit, which is a large portion of new markets being attracted to the destination.

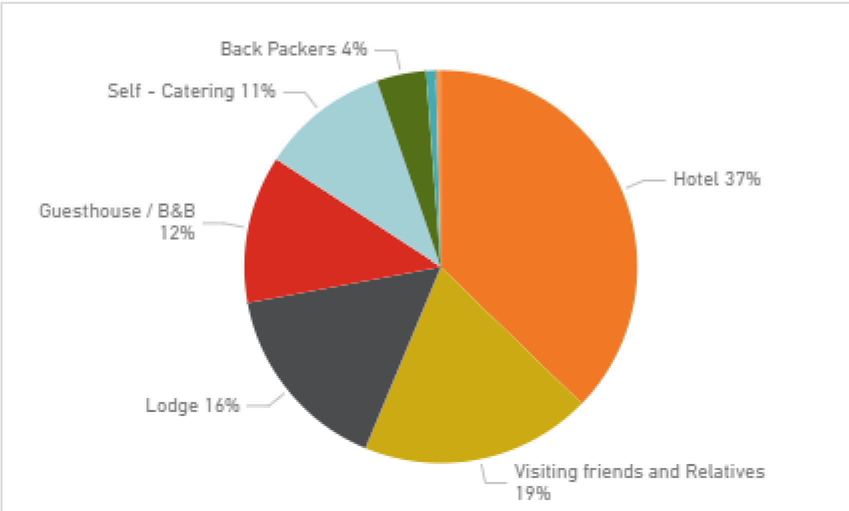
FIGURE 2-8: REPEAT VISITOR



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

The figure below indicates the type of accommodation used by visitors. The majority used hotels (37%), which could possibly be attributed to the singles or couples without children market. Only 19% stayed with friends and relatives. Further, visitors also used lodges (16%), guesthouses/B&Bs (12%) and self-catering (11%).

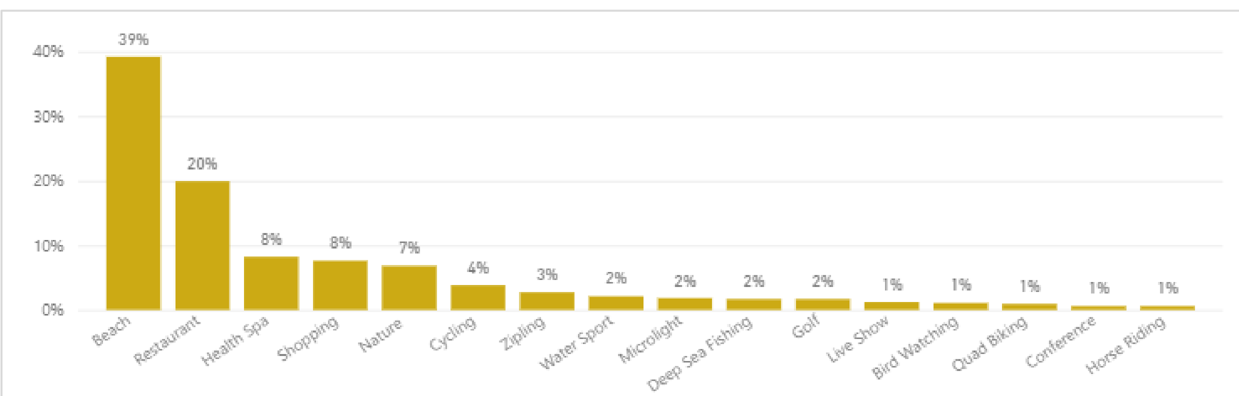
FIGURE 2-9: TYPE OF ACCOMMODATION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

Over 38% of visitors indicated that they travel to iLembe for the beach and related activities. Other recreational activities included eating at restaurants (19%), visiting health spa's (8%), shopping (7%), nature-based activities (7%), cycling (4%) and other adventure/outdoor-based activities.

FIGURE 2-10: ACTIVITIES UNDERTAKEN DURING VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

According to the survey, visitors spent on average R4 923 per trip, with those who stay in accommodation spending R5 725 on average whereas those staying with friends and relatives spend R3 320 per trip.

2.4 Destination Perception

According to the visitor survey, visitors rated the North Coast as a premium tourist destination with an average score of 4.6 out of 5. Further, the destination is also seen as a value for money offering with an average score of 4.5 out of 5.

FIGURE 2-11: VISITOR SATISFACTION

SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY, 2022

An outstanding 99% of visitor will recommend the North Coast to friends, family and colleagues as a holiday destination. The few that indicated otherwise, stated that the beaches are not safe enough where people in groups were confrontational and some of the beaches not having pools. Nonetheless, for the visitor survey it seems the destination is viewed as a must-visit with both repeat and new visitors seeking its offering.

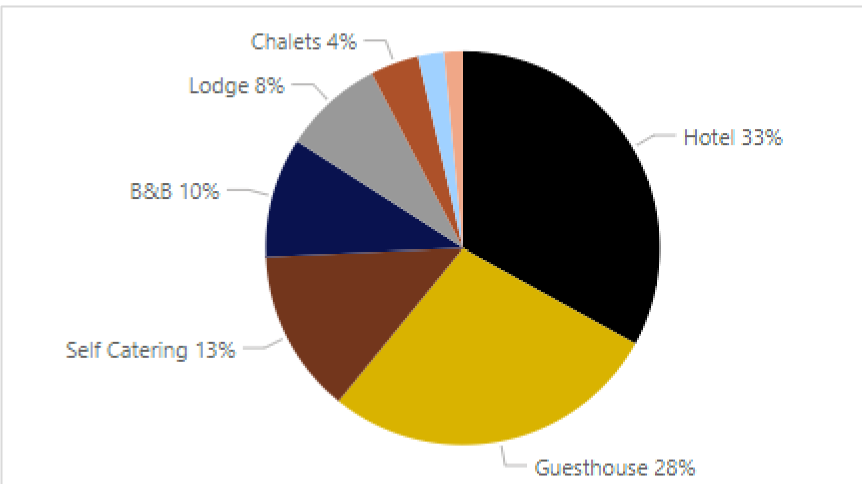
Section 3: Accommodation Industry

The accommodation survey section seeks to solicit crucial information from accommodation and hospitality service providers regarding their respective product offerings, trends in the tourism industry, and available tourism amenities in the area.

3.1 Respondents to the accommodation survey

There were 329 respondents to the 2022 accommodation survey. The type of respondents included owners of establishments such as hotels, lodges, guesthouses, chalets, and other available accommodations. The figure below shows that hotels (33%) and guesthouses (28%) were the most prevalent accommodation survey participants, followed by self-catering (13%), B&Bs (10%) and lodges (8%).

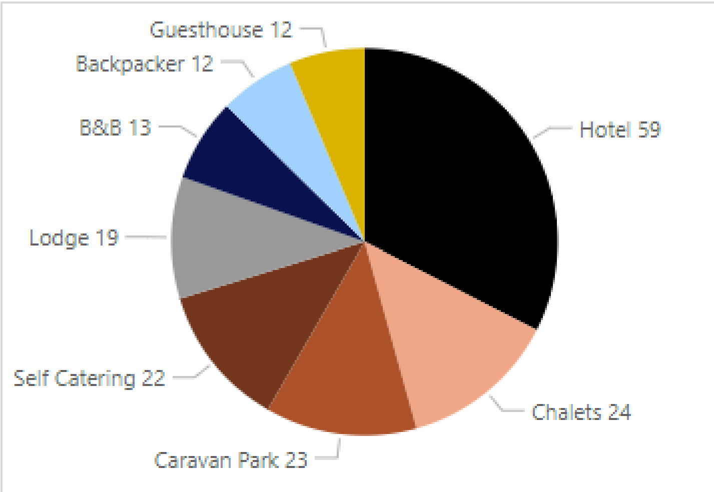
FIGURE 3-1: ACCOMMODATION SURVEY RESPONDENT TYPE



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

The figure below displays the average number of rooms per accommodation type in the iLembe district, with 30 rooms available per day being the average for all accommodation.

FIGURE 3-2: AVERAGE NUMBER OF ROOMS AVAILABLE PER ACCOMMODATION TYPE

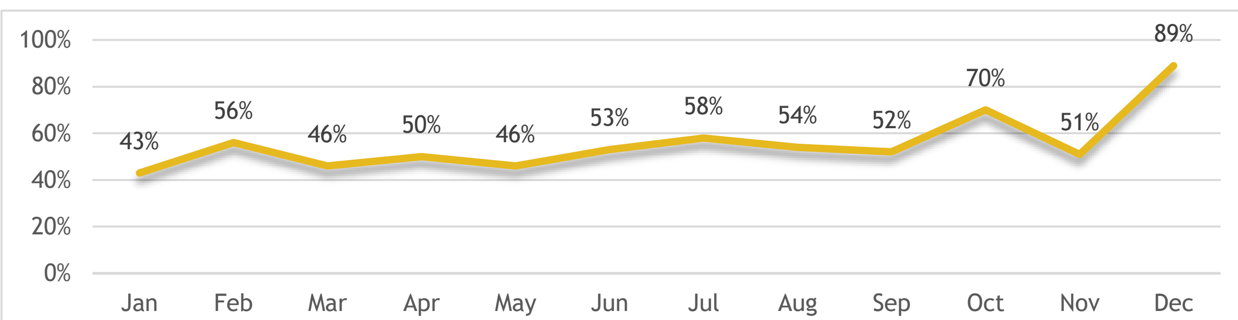


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

3.2 Average Occupancy Rates

The accommodation survey recorded an average occupancy rate of 59% for 2022, where the national average occupancy was only 34%. The highest average occupancy rates were in February (56%), October (70%) and December with the Ballito's area indicating an 89% occupancy rate (Accommodation Survey reported 71% occupancy rate).[2] January (43%), March (46%) and May (46%) had the lowest average occupancy rate of the year. Further, April did not experience its use school holiday peak, reporting a low occupancy rate of 50% compared to 2021 (72%) due to the disasters floods experienced within KZN, which particularly affected the North Coast.

FIGURE 3-3: AVERAGE OCCUPANCY RATE FOR 2022

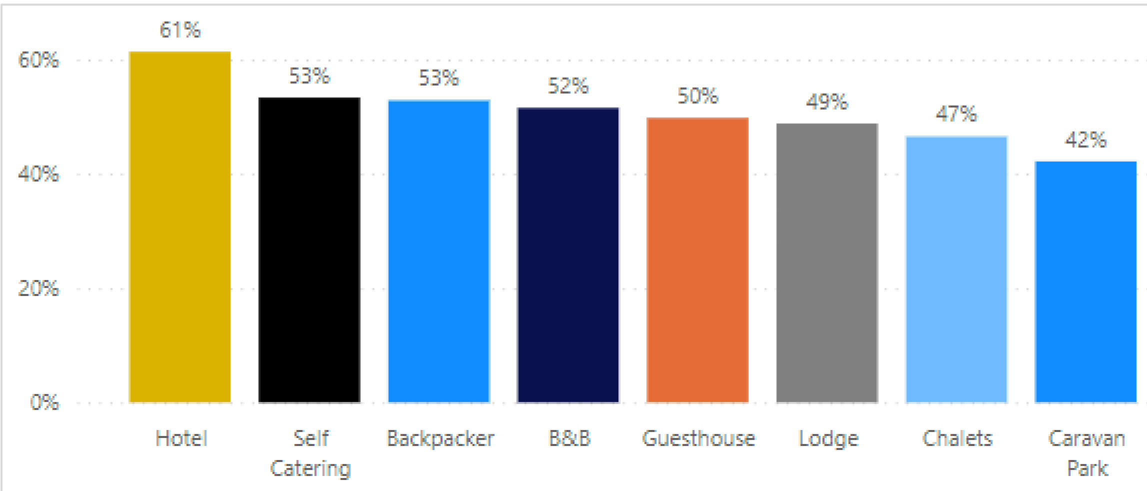


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY (ADJUSTED), 2022

[2] East Coast Radio. KZN tourist numbers exceeded expectations, says tourism body. Published: 26 January 2023. [Available at: https://www.ecr.co.za/news/news/kzn-tourist-numbers-exceeded-expectations-says-tourism-body/?fbclid=IwAR26mWWHcbjBqiIUNW5WKjdMbHvtdWp_056FTjPoFSdFnHyHJwWRWqe_Ing&mibextid=Zxz2cZ]

Accommodation establishments are used throughout the year however not all types of accommodation are used constantly throughout the year. Factors such as affordability, location, amenities, and consumer preference often play an integral role in selecting an appropriate accommodation facility. Hotels are utilized throughout the year with an average occupancy rate of 61%. Guesthouses and B&Bs had an average occupancy rate of 50% and 52% respectively. Where self-catering and backpackers experienced an average occupancy rate of 53%, and lodge at 49%.

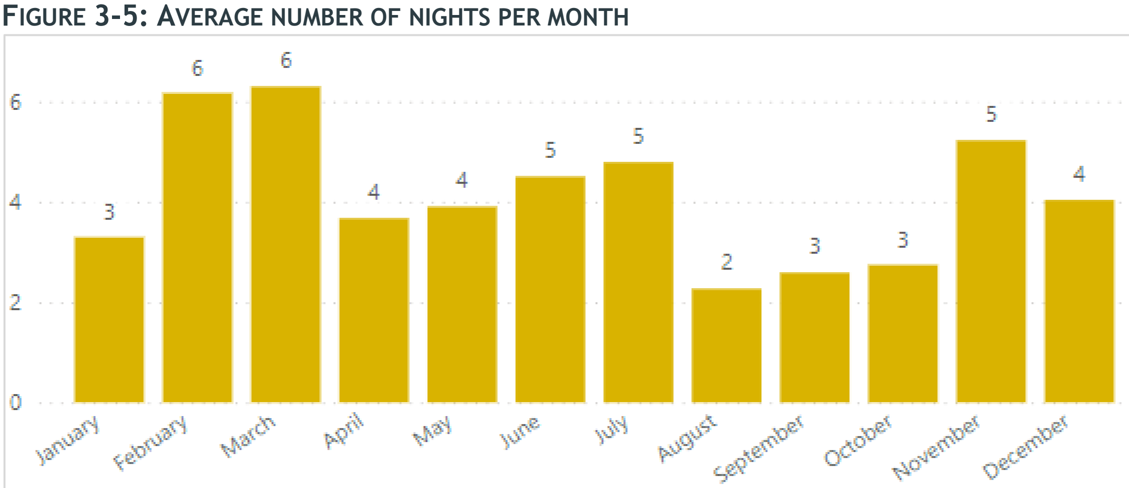
FIGURE 3-4: AVERAGE ROOM OCCUPANCY PER ACCOMMODATION TYPE



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

Accommodation usage fluctuates according to seasonality and periods during the year when people are likely to travel to other parts of the country. The figure below indicates the average number of nights spent in paid accommodation per month. The average length of stay for a guest was 4.3 nights.

FIGURE 3-5: AVERAGE NUMBER OF NIGHTS PER MONTH

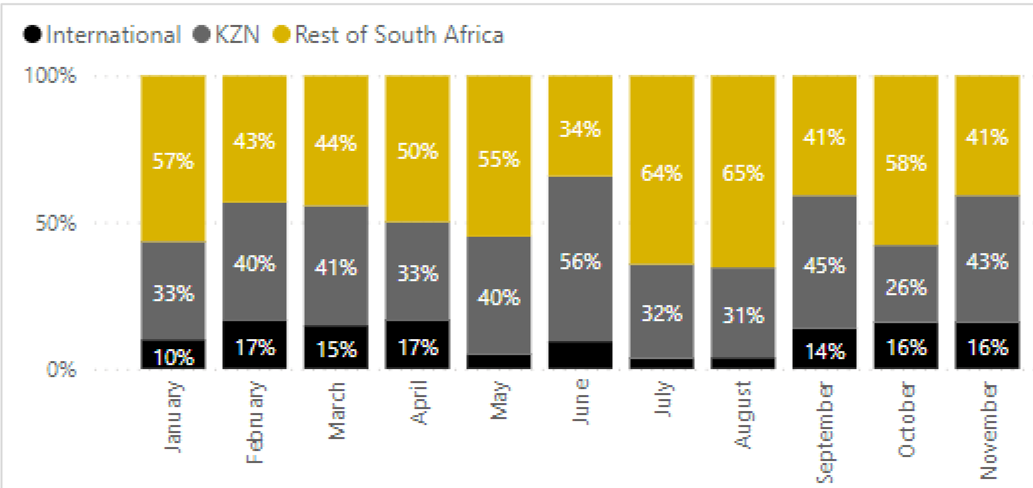


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

3.3 Origin of Guests

The figure below displays the origin of guests for iLembe's accommodation industry.

FIGURE 3-6: ORIGIN OF GUESTS TO ILEMBE



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

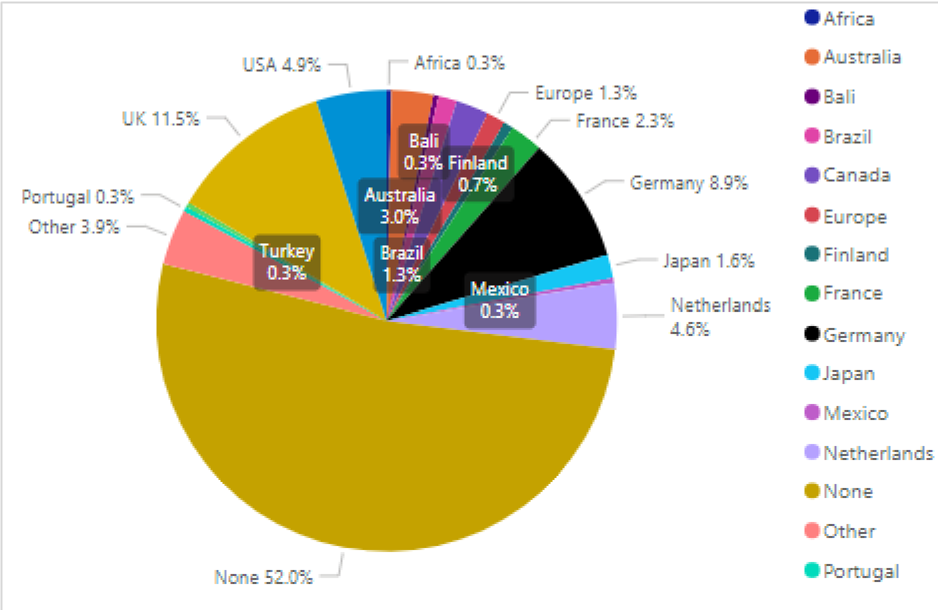
The majority of respondents indicated that their guests were from the KZN Province (37%) and other parts of South Africa (51%), with only 11% receiving international guests. This indicates high levels of intra- and inter-provincial tourism for iLembe. The January to April and September to December periods show an increased interest by international travelers to the region.

3.4 Top source market of international guests

Tourists often travel to Africa from abroad to experience the culture, food, music, and historical background which is made available by different countries on the African continent. African countries often use the aforementioned tourist interests as unique selling points to attract tourists. International tourist arrivals are prevalent in determining the growth and development of the domestic tourism sector. There are a lot of factors to consider such as infrastructure, available amenities, safety, culture, and heritage which can be used as selling points to market the country's tourism to tourists abroad.

The figure below displays identified accommodation industry's top source markets to be the United Kingdom (11.5%), Germany (8.9%), United States of America (4.9%) and the Netherlands (4.6%). Other interesting markets include Australia (3%), France (2.3%), Canada (2.3%), Brazil (1.3%), etc. However, over 52% of establishments indicated they did not receive international guests.

Figure 3-7: Top source market of international guests



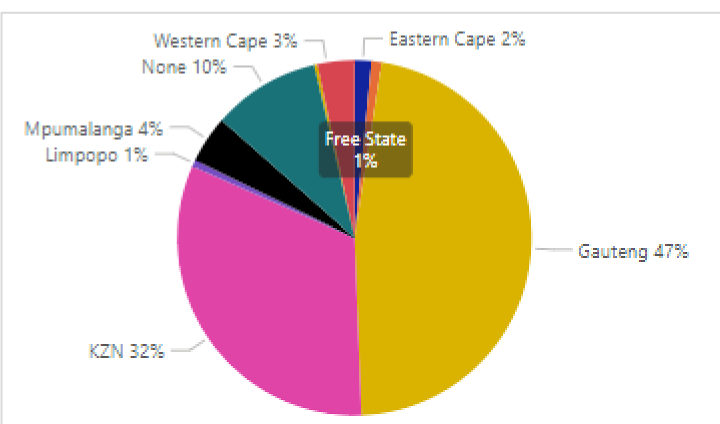
Source: Enterprise iLembe Accommodation Survey, 2022

3.5 Top source market of domestic guests by province

Domestic travel often relies on inter-provincial tourism as a way of further intensifying tourism industry growth. Coastal provinces such as KZN and Western Cape are often prevalent in this manner due to their ease of access to the beach and other coastal amenities.

The figure below displays the top source markets of domestic guests by province.

Figure 3-8: Top source market of domestic guests by province



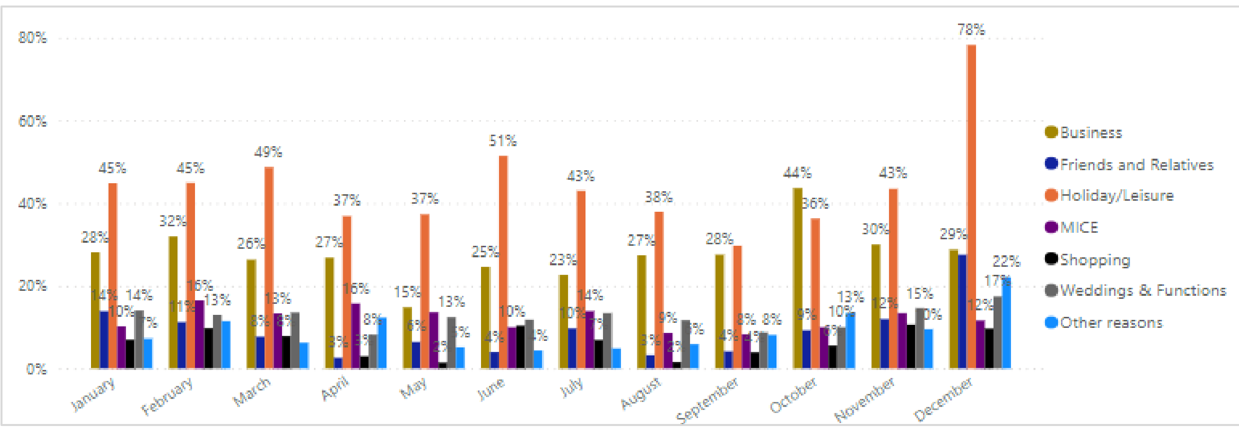
Source: Enterprise iLembe Accommodation Survey, 2022

The Gauteng Province (49%) is the top source market for domestic travelers. Other parts of the KZN (32%) province are also a significant market for domestic travelers to the iLembe district. Mpumalanga (4%) and Eastern Cape (2%) contribute to inter-provincial tourism in the region. Primarily, travelers often travel to visit friends and relatives, visit the beach, or for business-related purposes.

3.6 Purpose of visit

Tourists travel around the world for different reasons. Most people travel for leisure, while others travel for MICE and business-related reasons. The rest travel for shopping and other reasons. The figure below displays the main purpose of visit for travelers staying in accommodation in iLembe.

FIGURE 3-9: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2022

A significant number of travelers to the iLembe District indicated they travelled to the area for holiday /leisure (46%). Tourists travelling for leisure remained constant throughout, however, peaked during the December rush. Business travel (28%) was also a popular reason for traveling, with a slight peak in October. Tourists also indicated that they travel to the iLembe District to visit friends and relatives (10%), and attend weddings (13%) and MICE-related (12%) events.

Section 4: Impact of Tourism

The economic impact assessment model utilizes multipliers that are used to determine direct, indirect, and induced impacts. The goal is to quantify economic contributions from tourism-related industries and activities. The economic activities undertaken in the iLembe District are important contributors to GDP, employment, income generation and taxes in the landscape and country.

4.1 Visitor spending

The table below displays the estimated tourist expenditure for iLembe for 2022. The estimated tourist expenditure was calculated by multiplying the average spend per visitor by the number of visitors. Total visitor expenditure amounted to R3.5 billion.

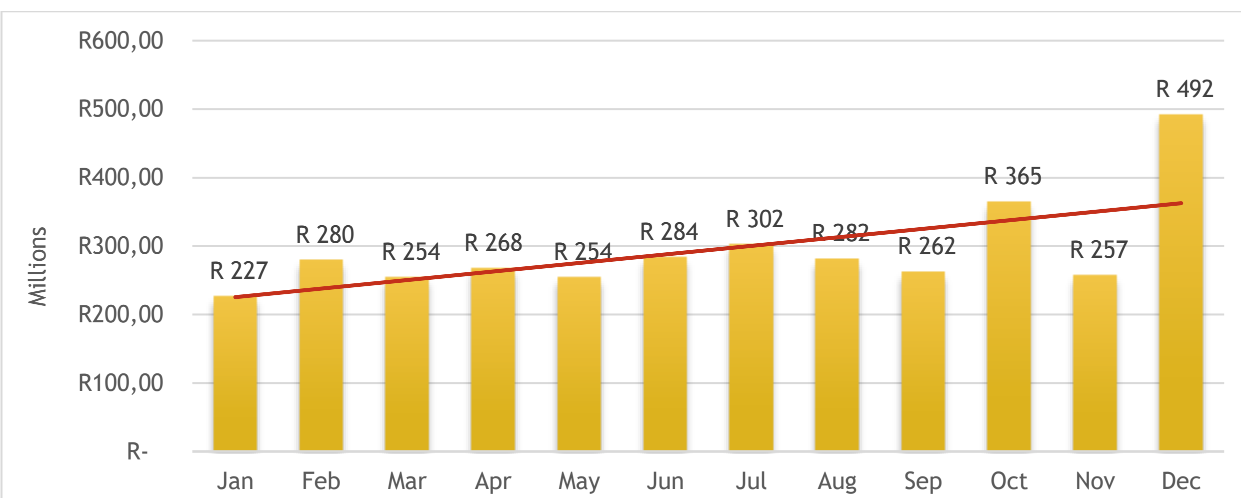
Table 4-1: Visitor Expenditure

Visitor Expenditure	Average Spend	Number	Total Expenditure
Visitors in paid accommodation	R5 724,58	506 477	R2 899 370 837
Visitors staying with Friends and Family	R3 319,50	162 073	R538 000 272
Day visitors	R833,33	108 639	R90 532 770
Total		**777 189**	**R3 527 903 879**

Source: Urban-Econ, 2022

The figure below shows the direct tourist expenditure per month for 2022. For December, it was estimated that 14% of visitor expenditure was generated during this seasonal holiday at R492 million in iLembe.

Figure 4-1: Direct tourist expenditure per month for 2022



Source: Urban-Econ, 2022

4.2 Economic Impact

The table below displays the results from the economic impact assessment modelling. Using the total expenditure on tourism the model calculated the direct, indirect, induced and total impact of production, Gross Domestic Product (GDP), household income, employment and taxes.

TABLE 4-2: ECONOMIC IMPACT ASSESSMENT FOR 2022

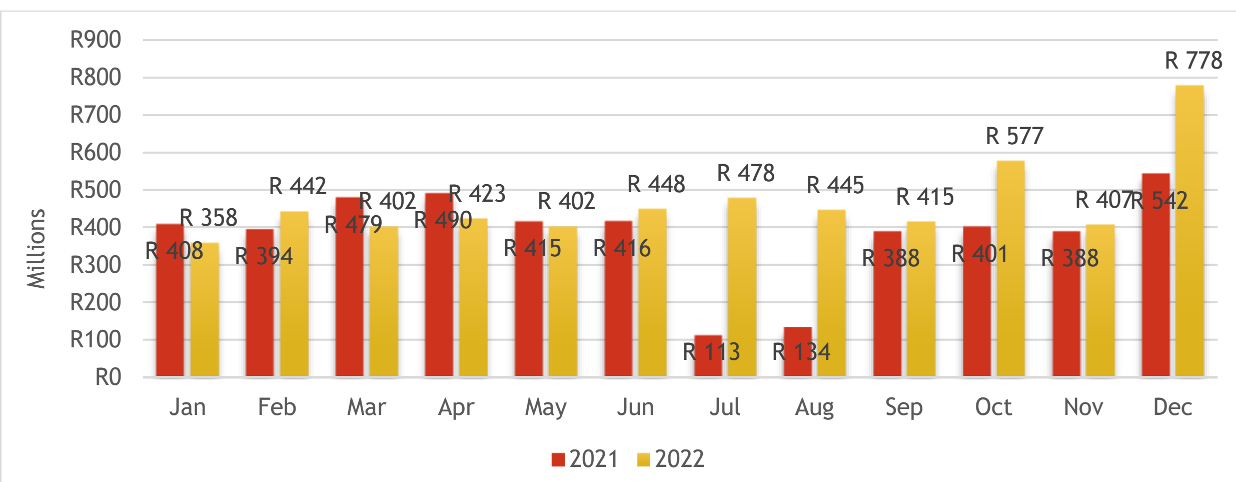
Economic Impact	Direct	Indirect	Induced	Total
Visitor Expenditure	R3 527 903 879	R3 325 629 367	R1 931 517 435	**R8 785 050 681**
GDP	R1 796 095 064	R2 477 372 502	R1 300 620 564	**R5 574 088 129**
Income	R497 330 752	R547 312 804	R295 508 580	**R1 340 152 137**
Taxes	R150 908 006	R182 636 473	R97 480 908	**R431 025 387**

SOURCE: URBAN-ECON, 2022

The estimated total visitor expenditure contribution to the GDP is R5.6 billion for 2022. This means that over R3.8 billion in indirect and induced GDP impacts was added to the economy as a result of the direct expenditure of visitors. Further, contributed a total of R1.3 billion to household income and R431 million to taxes.

The figure below shows the trend for GDP contributions per month from 2021 to 2022. For 2021 the trend shows a steep upward trend for the first half of the year, however, shows a sharp dip during the Riots during July and August 2021. Where 2022 shows an upward trend with a more constant growth rate month-on-month. The difference between 2021 and 2022 is large with an 22% positive difference in GDP contribution for the current year. This is due to a higher expenditure per visitor and increase visitor volumes over the July to December period compared to the previous year.

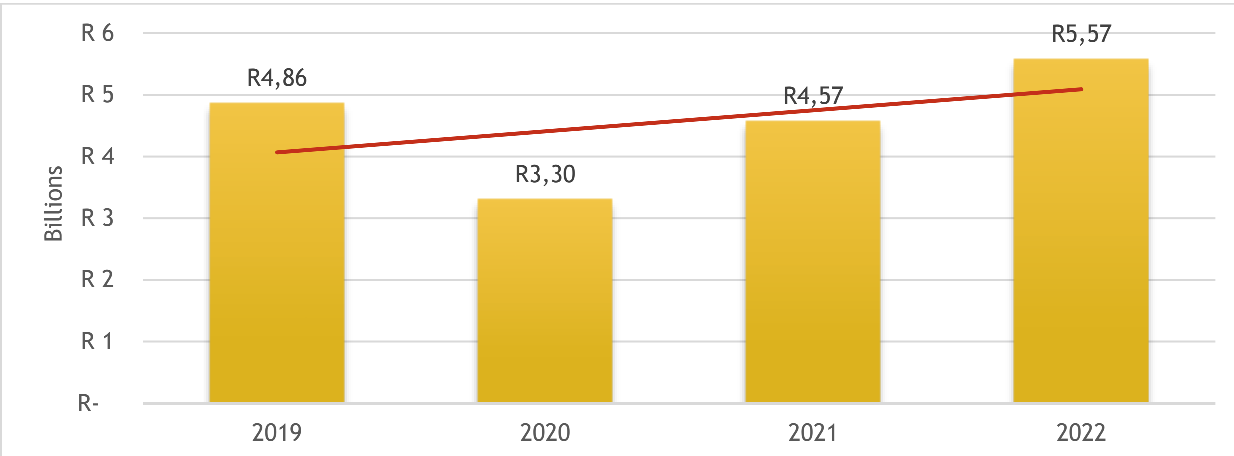
FIGURE 4-2: GDP CONTRIBUTIONS FOR 2021-2022



SOURCE: URBAN-ECON, 2022

The GDP contribution for 2022 is higher than pre-Covid levels. This was possibly due to increase expenditure by visitors which was affected by inflation, increase petrol prices and spending power for selected markets. Although the cost increase is an contributing factor, regardless the 2022 figure indicate the recovery of the tourism sector.

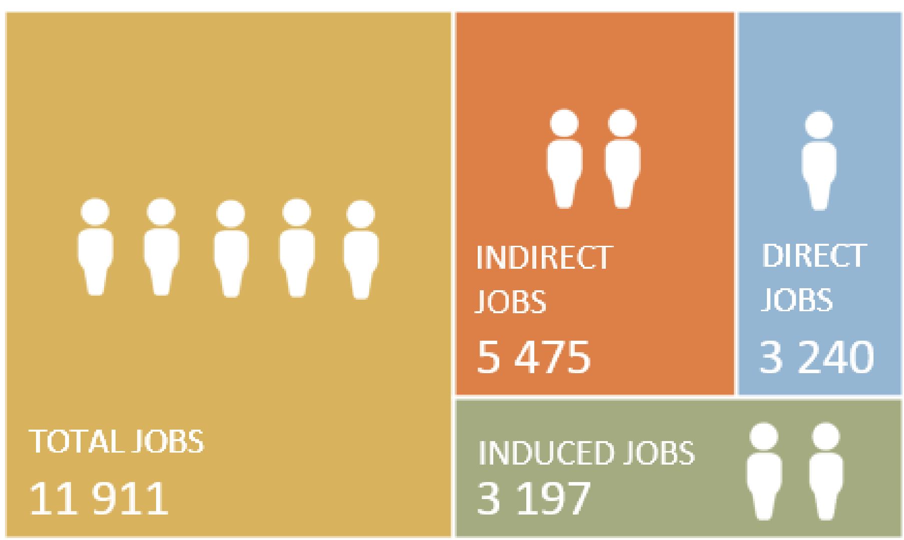
FIGURE 4-3: TOTAL GDP CONTRIBUTION FROM 2019-2022



SOURCE: URBAN-ECON, 2022

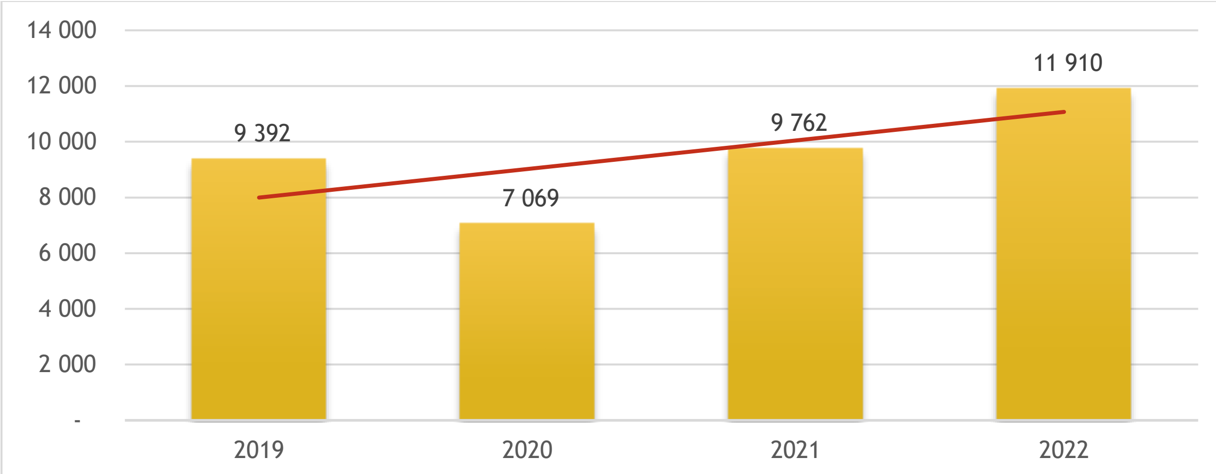
4.3 Job Creation

The direct jobs opportunities supported by the visitor spend is 3 240 from 2022. The total job opportunities supported by the tourism sector in iLembe was estimated at 11 911. Thus, 3.38 job opportunities were created for every R1'million of direct expenditure.



The employment projections from 2019 to 2022 are indicated below. The 2022 estimated employment opportunities surpassed the numbers of 2019, however, the figures are higher due to the large expenditure for this year, which are influenced by increased costs and market changes during the post-pandemic era. Hence, recovery of the sector is on track as visitor number return to pre-pandemic figures and average expenditure increasing per visitor trip.

FIGURE 4-4: TOTAL EMPLOYMENT OPPORTUNITIES FROM 2019-2022



Section 5: KZN Tourism Performance

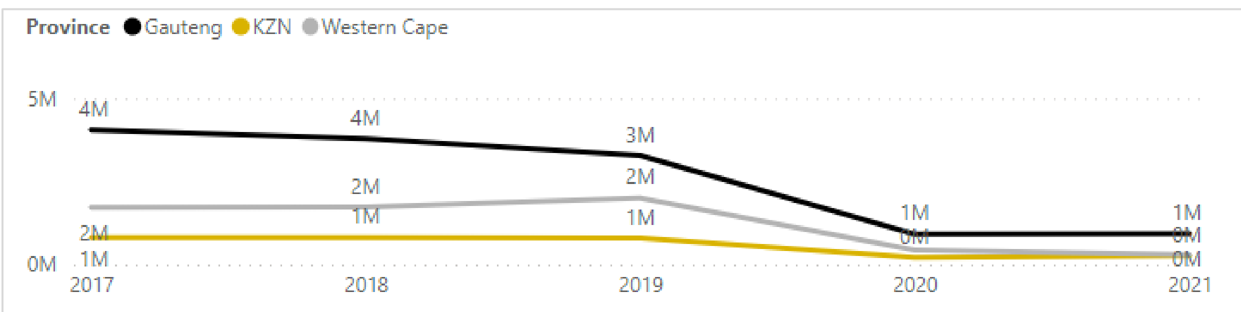
5.1 International Tourism Performance

Tourism plays an important role in the growth and development of any economy. The domestic hospitality industries often rely on international tourism to operate efficiently which enables establishments such as hotels, lodges, game and nature reserves, restaurants, and others to capitalize on international travelers desire for an African experience.

5.1.1 Tourist arrivals

In 2021, there were 2 255 699 million international tourist arrivals in South Africa, displaying a 20% decline in growth from the previous year. However, the year 2020 was the worst decline of about 73% from the year 2019. The assumption is that the lockdown period completely decimated the tourism industry along with related industries. The year 2021 has been described as the starting point of the recovery period which aims to stabilize economies after the global pandemic which severely affected many if not most countries.

FIGURE 5-1: INTERNATIONAL TOURIST ARRIVALS TO SOUTH AFRICA



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2021

The KwaZulu-Natal Province represents 11.9% of the total international tourist arrivals and other provinces are represented as follows, Gauteng (41.4%), Mpumalanga (23.2%) and the Western Cape (13.3%)[3].

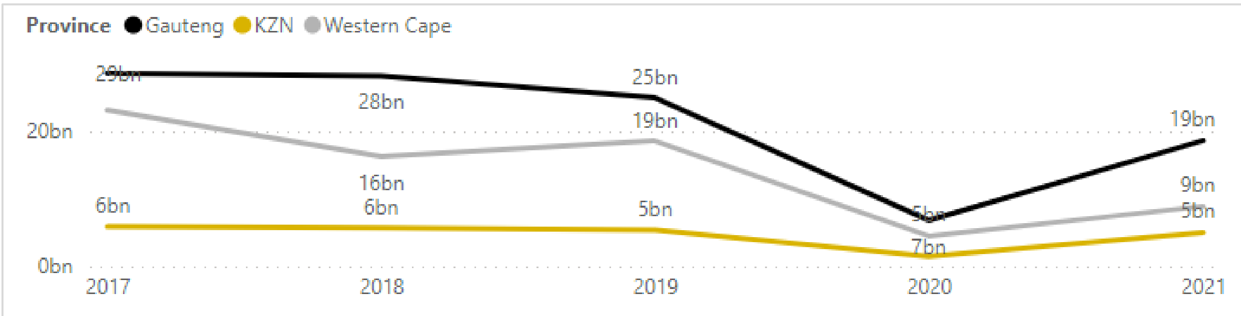
5.1.2 Spend

International spend refers to the money tourists spend during their stay in a particular country. Tourists often spend money on accommodation, transport services, local merchandise, entertainment, and other forms of souvenirs to take back to their country of origin. The money spent by tourists in a country they are visiting boosts the economy and creates opportunities for economic growth and development.

[3] South African Tourism, International Tourist Arrivals Survey 2021

The figure below shows that the international tourist spend for 2021 was approximately R20 billion, sighting a slight reduction compared to the previous spend in 2020 of R22 billion. In 2019, the total spend was over R80 billion, indicating the severity of the effects of the global pandemic on tourism-related industries.[4]

Figure 5-2: International tourist spend



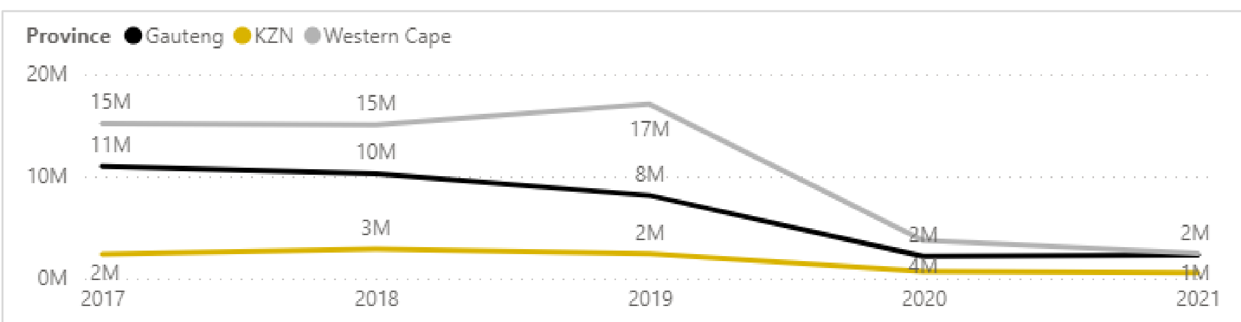
Source: South African Tourism International Tourist Arrivals Survey, 2021

The KZN international tourist spend for 2021 was R1.2 billion, a decline of about R200 million from the previous year in 2020. The Gauteng and Western Cape Provinces accounted for R4.7 billion and R2.2 billion respectively.

5.1.3 Paid bednights

This section seeks to quantify the number of tourists who stayed in paid accommodation establishments, tourists who were day visitors, and tourists staying with friends and relatives.

Figure 5-3: Sum of paid bednights



Source: South African Tourism International Tourist Arrivals Survey, 2021

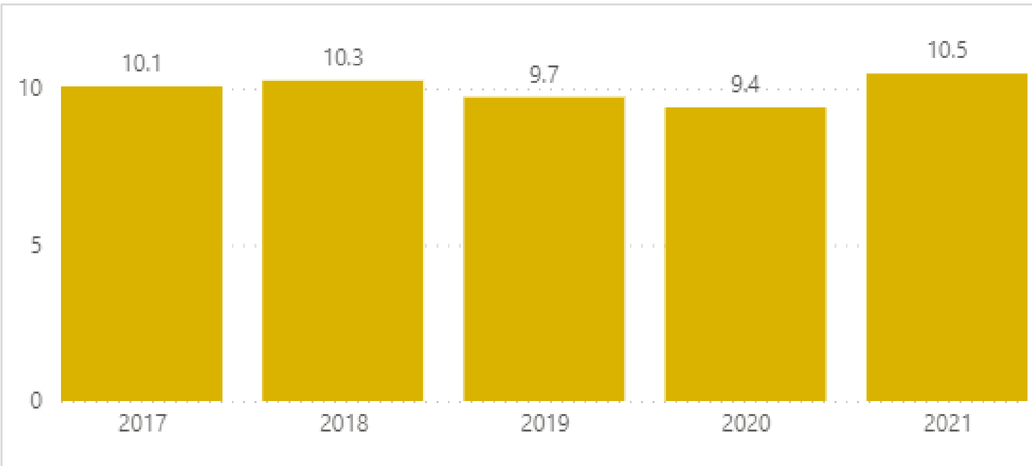
In 2021, the KZN Province had approximately 540 000 paid bednights, a decline of over 100 000 in contrast to the previous year. Gauteng represented 2.3 million paid bednights in 2021 and

[4] South African Tourism, International Tourist Arrivals Survey 2021

the Western Cape represented 2.4 million paid bednights. The figures display significant potential for increased tourism activity in these provinces.

5.1.4 Length of stay

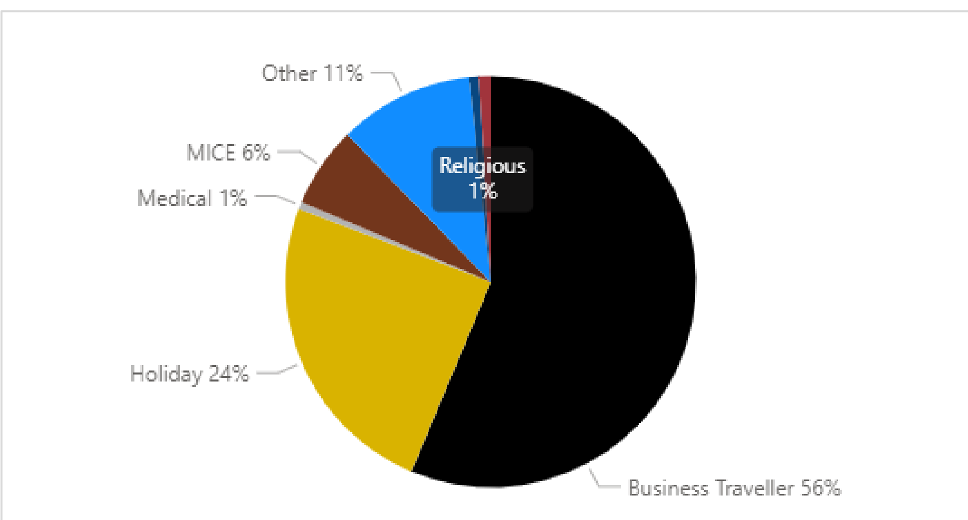
Length of stay describes the trend in the duration of the tourist's visit to the country in contrast to previous years. The figure below shows that tourists in KZN stay an average of about 10.5 days.



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2021

5.1.5 Purpose of visit

This section seeks to solicit reasons why tourists travel to the KZN Province with the aim of establishing the nature of the tourism activity which is popular in the province.



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2021

Over 50% of the international tourist arrivals to SA indicated they travel to the country for business related purposes. 24% of the tourists stated their main purpose of travel was holiday and leisure. The rest of the travelers to the iLembe District indicated that their main purpose of the visit was medical reasons (1%), attending MICE(6%), religious and other reasons.

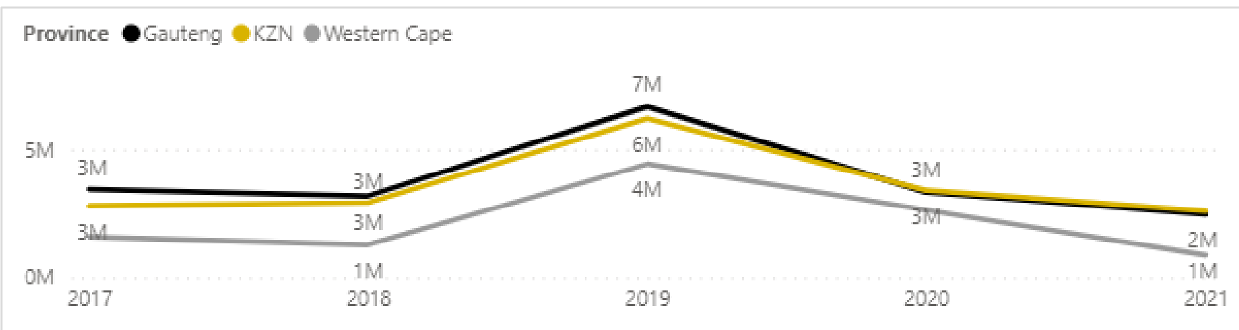
5.2 Domestic Tourism Performance

Domestic tourism is an important aspect of economic development. Not only does it offer locals an opportunity to discover new areas within their country, but it also enables locals to learn new things about their country including food, music, and cultural practices. Domestic tourism is popular among South Africans due to affordability and ease of access, these are aspects tourism establishments should strive to capitalize on.

5.2.1 Domestic Trips

In 2021, there were 16 million domestic trips, a decline of approximately 4 million trips compared to 2020[5]. The significant decline could potentially be attributed to COVID-19 travel restrictions, civil riots and unrest and general financial and economic constraints.

Figure 5-4: Domestic trips



Source: South African Tourism Domestic Tourism Survey, 2021

The KZN Province accounted for 2.6 million domestic trips. The Gauteng and Western Cape Provinces accounted for 2.4 million and 800 000 domestic trips. This indicates a fair amount of inter-provincial travel between KZN and Gauteng [6]

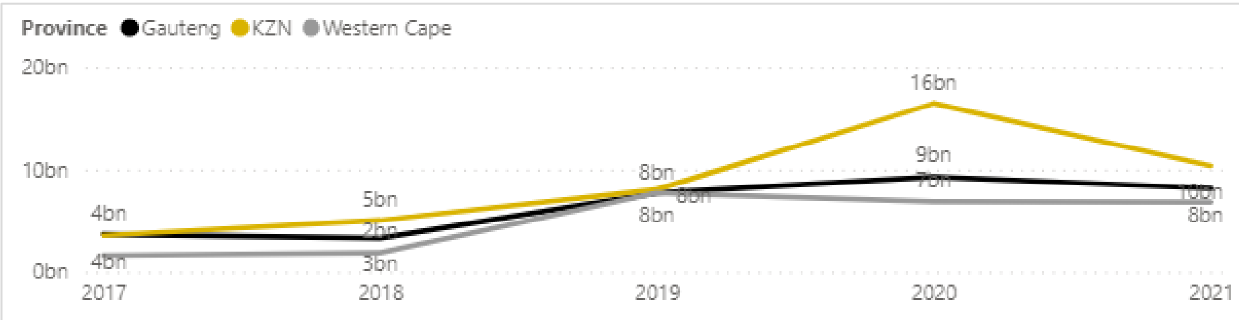
[5] South African Tourism, Domestic Tourism Survey 2021

[6] South African Tourism, Domestic Tourism Survey 2021

5.2.2 Tourist Spend

In 2021, domestic tourist spend amounted to R45 billion, a decline of about R8 billion in contrast to the tourist spend of the previous year of R53 billion.[7]

FIGURE 5-5:DOMESTIC TOURIST SPEND



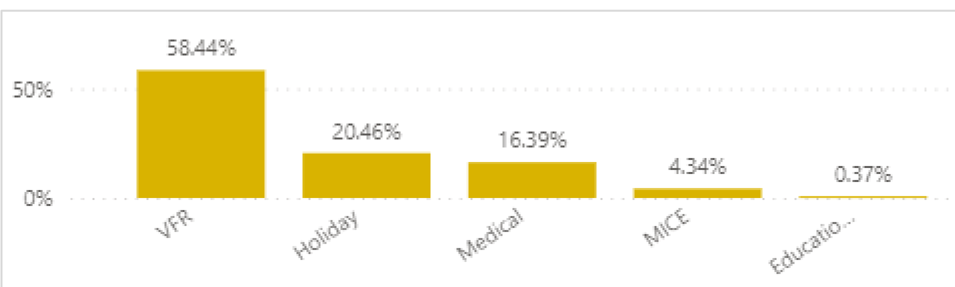
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2021

The domestic tourist spend for KZN in 2021 was R10 billion and R16 billion for the previous year, sighting a decline of approximately R6 billion[8]. The Gauteng and Western Cape Provinces accounted for R8.2 billion and R6.8 billion in domestic tourism spend for 2021.

5.2.3 Purpose of visit to KZN Province

The main purpose of visit identifies the main reason for travel to the destination. The KZN Province is renowned domestically for being the ideal coastal holiday destination, however, tourists travel to KZN for several other reasons.

FIGURE 5-6: PURPOSE OF VISIT TO KZN PROVINCE



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2021

The majority of the travelers to KZN indicated that their main purpose to visit the destination is to either visit friends and relatives or for holiday and leisure. Coastal characteristics such as

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[7] South African Tourism, Domestic Tourism Survey 2021

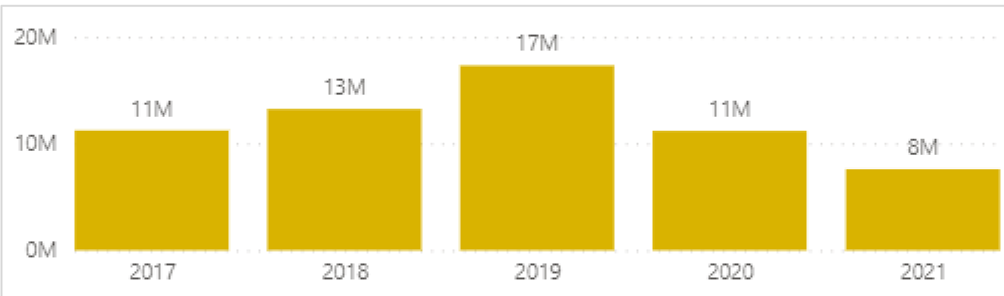
[8] South African Tourism, Domestic Tourism Survey 2021

the presence of multiple beaches and other amenities give KZN an advantage over other provinces that do not have access to a beach. Other reasons for visiting the province include medical-related reasons, attendance of MICE and education/training-related reasons.

5.2.4 Bednights in KZN

Paid bednights indicate the number of accommodation establishments that were occupied during the study period.

FIGURE 5-7:BEDNIGHTS



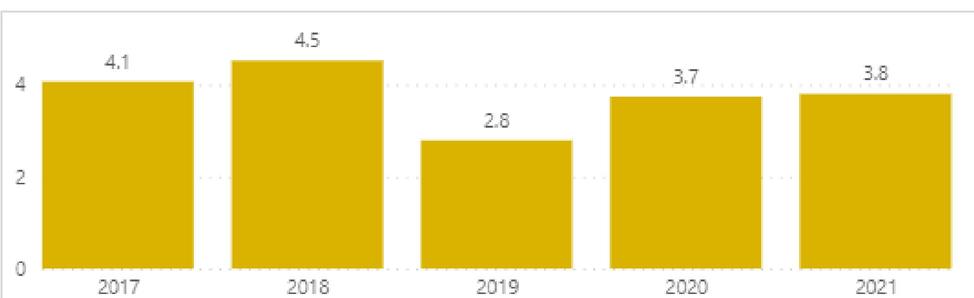
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2021

In 2021 there were 8 million bednights in the KZN Province, a slight decrease of approximately 3 million bednights in contrast to the previous year.

5.2.5 Length of Stay

The figure below displays the duration of stay for domestic tourists visiting the KZN Province.

FIGURE 5-8:LENGTH OF STAY



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2021

In 2021, domestic tourists stayed an average of 3.8 days, this figure is considerably low compared to previous years prior to the global pandemic, namely 2017 and 2018[9]. This figure is also significantly lower compared to international tourists' average length of stay. Trends

[9] South African Tourism, Domestic Tourism Survey 2021

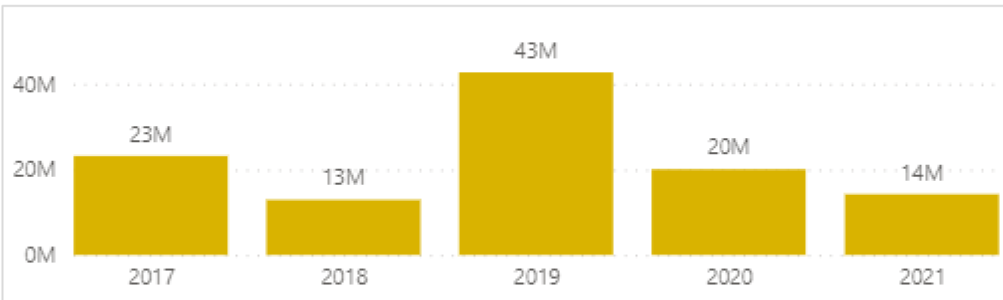
indicate international tourists stay longer than domestic tourists, with international tourists staying longer than a week meanwhile domestic tourists stay less than a week on average.

5.2.6 Day trips in KZN

Tourists are often categorized as tourists who stay in paid accommodations, tourists who visit friends and relatives, and tourists who took day trips to the destination.

The figure below displays the number of tourists who did not require any accommodation during their travel to the KZN Province.

FIGURE 5-9: DAY TRIPS



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2021

There were 14 million day trips to the KZN Province in 2021. In 2020, there were 20 million day trips, a decrease of more than 50% in contrast to the 2019 figure of 43 million day trips[10]. These figures indicate the severe effects of lockdown restrictions and the global pandemic. The tourism industries were undoubtedly the most economically affected industry, and this can be seen in the negative growth of the tourism sector which is displayed by the significant decline in day trips displaying reduced inter-provincial tourism.

[10] South African Tourism, Domestic Tourism Survey 2021

Section 6: Conclusion

The iLembe District hosts many tourists; however, since the devastating effects of the global pandemic, the July 2021 riots and April 2022 floods, the E.coli outbreak on main beaches along the Durban coast, the tourism has been one of the most severely affected sectors over the past three years. Amidst all these adverse events, the 2022 period shows recovery for the tourism sector in iLembe with current trends possibly indicating that the year to come (2023) will see the sector back at pre-Covid levels. As a statement made by Enterprise iLembe[11], "…the KZN North Coast is open for business and ready to welcome visitors – and their wallets – to the region which is one large playground to relax and unwind." The district received an estimated 777 189 visitors that spent R3.5 billion in the local economy. In total, the tourism sector contributed to GDP over R5.5 billion through direct, indirect and induced spend within the value-chain. Thus, supporting an estimated 11 911 jobs within the broader economy of the iLembe district and KZN province.

[11] Exit. 2022. *iLembe-North Coast Ready to Welcome Festive Season Visitors to Blue Flag Beaches*. Published: 11 November 2022. [Available at: https://exit.co.za/2022/11/11/ilembe-north-coast-ready-to-welcome-festive-season-visitors-to-blue-flag-beaches/]

Glossary of terms

CATEGORY	CONCEPT	DEFINITION
Tourism	**Day visitors**	Visitors who do not spend the night in accommodation in the place visited.
	Overnight visitor	Visitors who spend the night in accommodation in the place visited.
	Visitors spending	Spending patterns of visitors on the following:
		- Accommodation (e.g. lodges, campsites, self-catering, timeshare, etc.) – paid accommodation at formal establishments in the destination, *excl. visiting friends or family of staff*
		- Restaurants and related services – paid food and beverage in the destination, *excl. food and beverage not purchased in the area.*
		- ·Public transport – paid transport to and from the destination and within destination, e.g. tour buses, minibuses, aeroplane, shuttles, car rentals, *excl. personal vehicle use.*
		- Recreational and cultural activities – paid recreational and cultural activities in the destination, incl. safaris/tour guiding, adventure activities, cultural dances, etc.
		- Retail – purchase of tourism-related merchandising, crafts, local products.
		- Others – purchase of non-tourism related items, e.g. petrol, toll fees, banking services, etc.
Impact	**Multiplier Effect**	Refers to the increase in final income arising from any new injection of spending.
	Production	Economic rationale of firms supplying goods and services in the economy.
	Gross Domestic Product (GDP) or Gross Geographic Product (GGP)	A monetary measure of the market value of all the final goods and services produced within a country in a specific period. Also known as the Value-Added (sum of wages, profit and tax)
	Income	The income generated in terms of salaries and wages earned by those employed directly and the suppliers of goods and services.
	Taxes	Taxes refer to the revenue generated for government based on the production and sale of goods and services in the economy.
	Direct	On-site impact in terms of production, GDP, Income, Jobs and Taxes.
	Indirect	Supplier or value-chain impact in terms of production, GDP, Income, Jobs and Taxes.
	Induced	Consumer/household impact in terms of production, GDP, Income, Jobs and Taxes.
	Total	Accumulative impact of direct, indirect and induced.