Enterprise iLembe Tourism Performance Bi-Annual Report Jan–Jun 2023

enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

South Africa
KWAZULU-NATAL
Zulu Kingdom. Exceptional

Total Economic Impact

R2.2 billion
Direct Tourist Expenditure

R3.4 billion
Total GDP Contribution

R816 million
Total Household Income

7 255
Total Jobs Supported

R262 million
Total Taxes

362 906
Visitors from Jan-Jun 2023

66%
visitors in paid accommodation

20%
visitors staying with friends and relatives

14%
day visitors

967 749
bednights from Jan-Jun 2023

3,1 nights
Length of Stay

2,7 people
Group Size

50%
Accommodation occupancy rate

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Abbreviations

COVID-19	Coronavirus Disease
GDP	Gross Domestic Product
GGP	Gross Geographic 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 to 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.

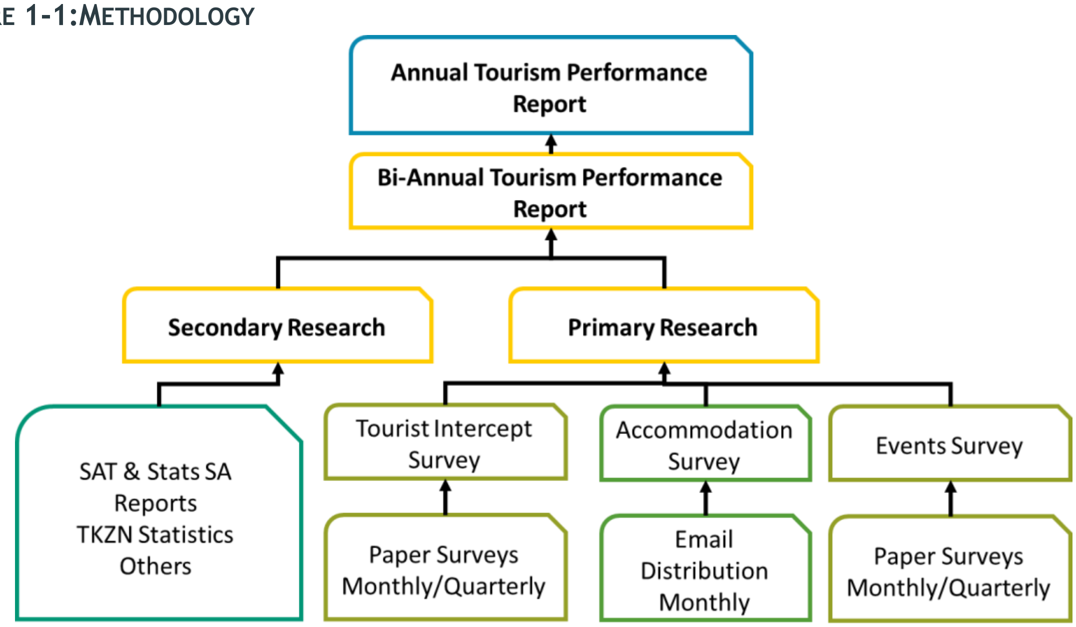
1.1 Purpose

The purpose of this report is to provide the results of research conducted in the iLembe District on the tourism sector during Quarter 1 (Q1) and Quarter 2 (Q2) of 2023, which represents the Bi-annual Tourism Performance Report Jan-Jun 2023. The report considers the post-pandemic recovery and the tourism sector's ability to bounce back after all the devastation KZN experienced with riots, flooding, infrastructure issues, and E.coli outbreaks on main beaches. 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 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 are paper based surveys completed by visitors during peak travelling seasons. Whereas the Events Survey is completed by the events 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 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 be 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.

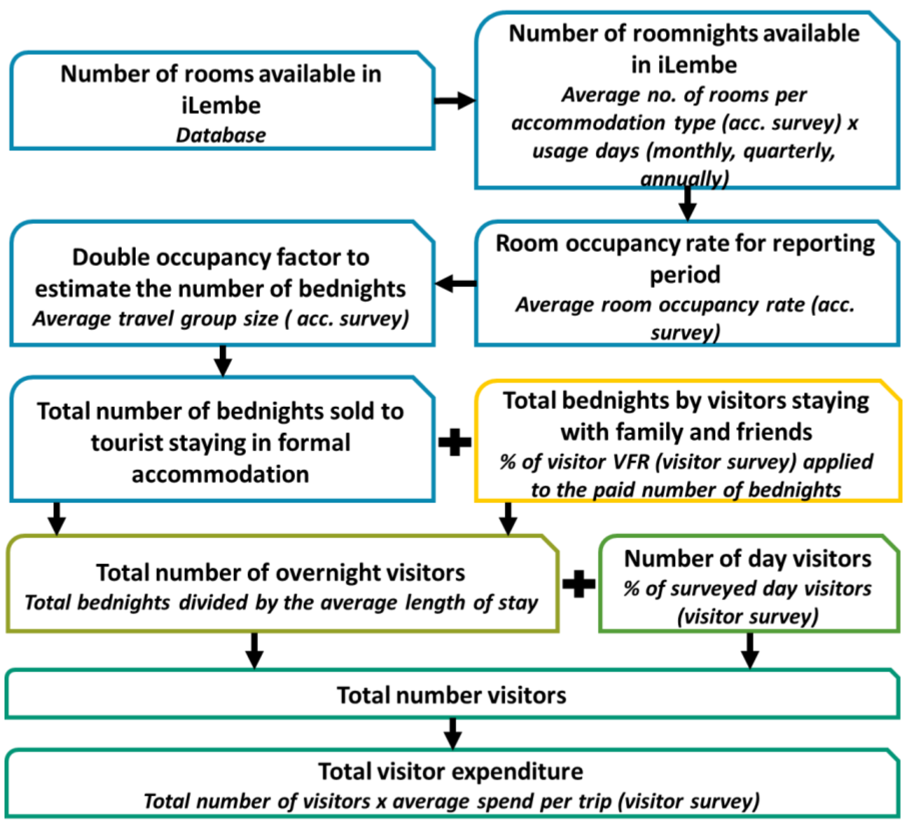
1.2.3 Estimate the size of the Tourism Sector

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 travellers 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 travellers alike.
- Defining and tracking the movements and behaviours of travellers 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 industry 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 average spend per visitor type will be determine 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 the 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

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 influences the accuracy of the assumptions made in this report:

- Inability to accurately track the performance of the iLembe tourism industry due to a lack of readily available tourism statistics at a local level:
    - Small sample sizes
    - Specific months' data not captured
    - Biases in sample representation
- 2023 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 travellers alike.
- Defining and tracking the movements and behaviours of travellers 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: Visitor Numbers

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 from January to June 2023.

TABLE 2-1: NUMBER OF VISITORS FROM JAN - JUN 2023

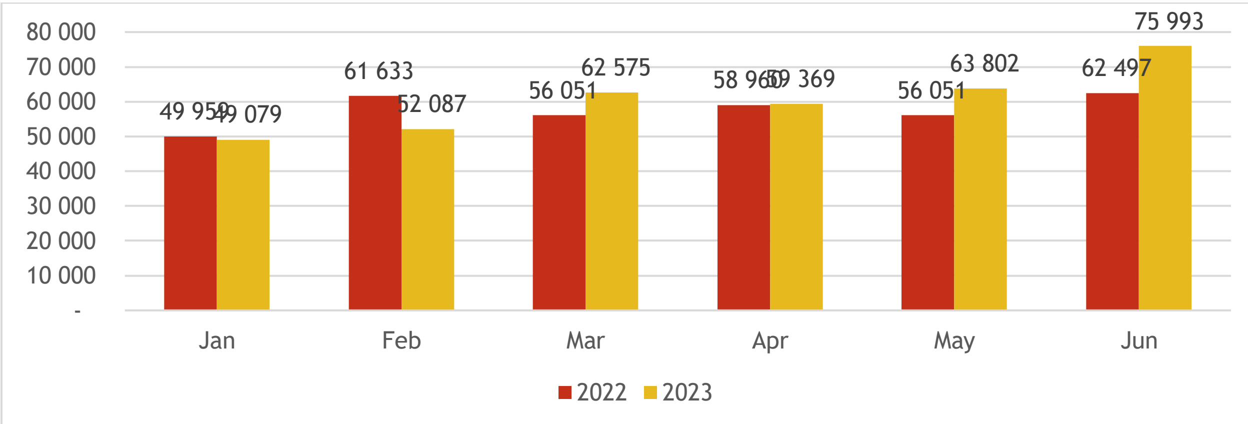
Category	Jan-Jun 2022	Jan-Jun 2023
Number of visitors in paid accommodation	224 927	240 136
Number of visitors staying with friends and relatives	71 977	72 041
Number of day visitors	48 247	50 729
Total number of visitors to iLembe	**345 150**	**362 906**
Bednights sold (Paid accommodation)	607 303	744 422
Unpaid bednights (Staying with friends and relatives)	194 337	223 327
Total number of bednights in iLembe	**801 640**	**967 749**

SOURCE: URBAN-ECON, 2023

The iLembe District received an estimate of about 240 136 visitors staying in paid accommodations (7% increase from 2022), 72 041 people visiting friends and relatives (only 0.1% increase from 2022), and 50 729 day visitors (5% increase from 2022) during Q1 and Q2 of the year 2023. The number of bednights sold from January to June 2023 was estimated at 744 422 (23% increase from 2022). The number of unpaid bednights (people staying with friends and relatives) was estimated at 223 327 (15% increase from 2022). Thus, the total number of bednights spent in iLembe during the study period was 967 749, with an overall 21% increase in bednights from 2022. The holidaymakers and business travellers to iLembe have increased with the rise in visitor numbers for paid accommodation and longer length of stay per visitor in terms of bednights spent.

The number of visitors for January and February 2023 was lower than the 2022 figures. This could be due to the issues pertaining to the beaches being deemed unsuitable for swimming because of high E.coli levels in the water over the December period, having an adverse effect on the visitor numbers at the beginning of the year. However, this changes with the numbers showing a gradual increase year-on-year from March to June.

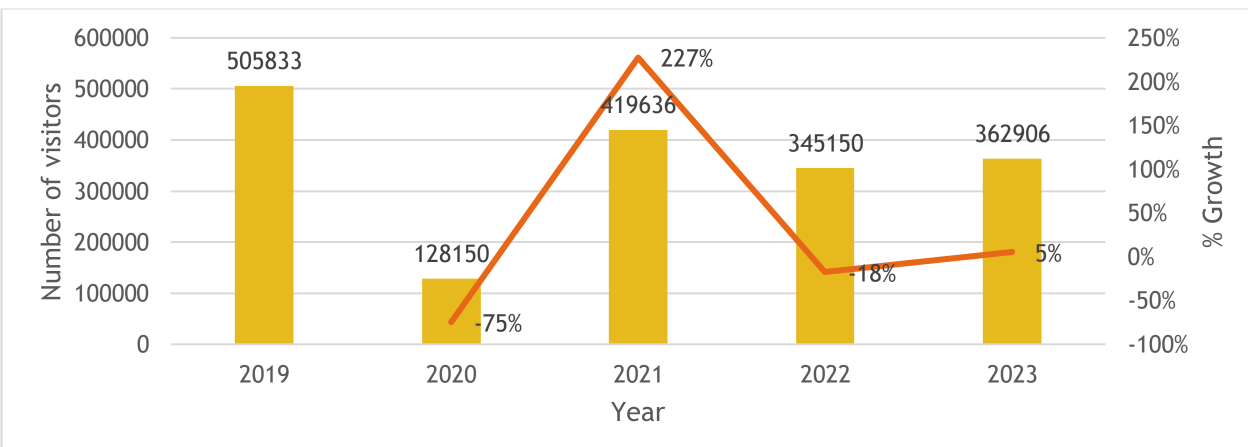
FIGURE 2-1: NUMBER OF VISITORS FOR JANUARY TO JUNE FROM 2022-2023



SOURCE: URBAN-ECON, 2023

The figure below displays the downward trend for visitors to iLembe over the last 5 years for the January to June year-on-year period.

FIGURE 2-2: NUMBER OF VISITORS TO ILEMBE FROM JANUARY TO JUNE 2019-2023

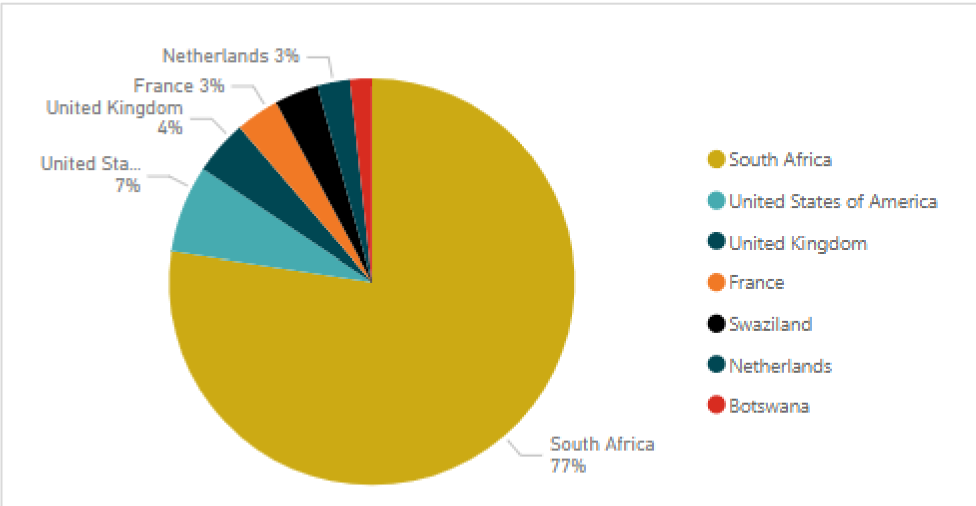


SOURCE: URBAN-ECON, 2023

The 2020 period saw a major decline in visitor numbers due to lockdown restrictions. The 2021 period showed a massive recovery for the January to June period, with 419 636 visitors. Adversely the 2022 period, did not echo the same trend due to other disasters and unrest that hit the region. However, 2023 showed a 5% increase in visitor numbers (362 906) from 2022.

According to the visitor's survey, the portion of international visitors to iLembe has increased representing 23% of visitors to iLembe where South African residents represented 77%. The key international markets were the United States of America (7%), the United Kingdom (4%), France (3%) and the Netherlands (3%). This is a good indication that the international tourism sector is recovering for iLembe.

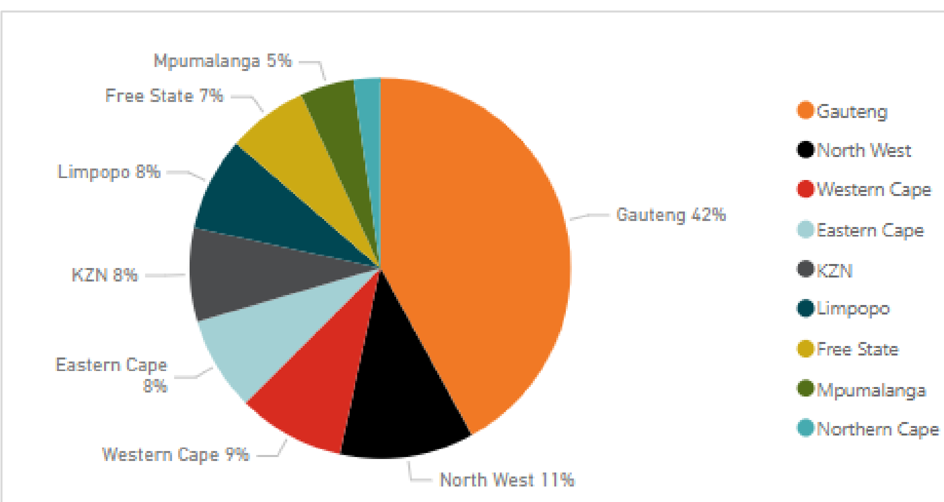
FIGURE 2-3: COUNTRY OF ORIGIN



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The figure below shows the province of origin for the South African residents that visited iLembe, with 42% residing in Gauteng, 11% from the North West and 9% from Western Cape. Only 8% were from KZN, meaning that inter-provincial travel was more predominant in iLembe. Thus, indicating that visitors and more spending were flowing in from other provinces into KZN.

FIGURE 2-4: PROVINCE OF ORIGIN

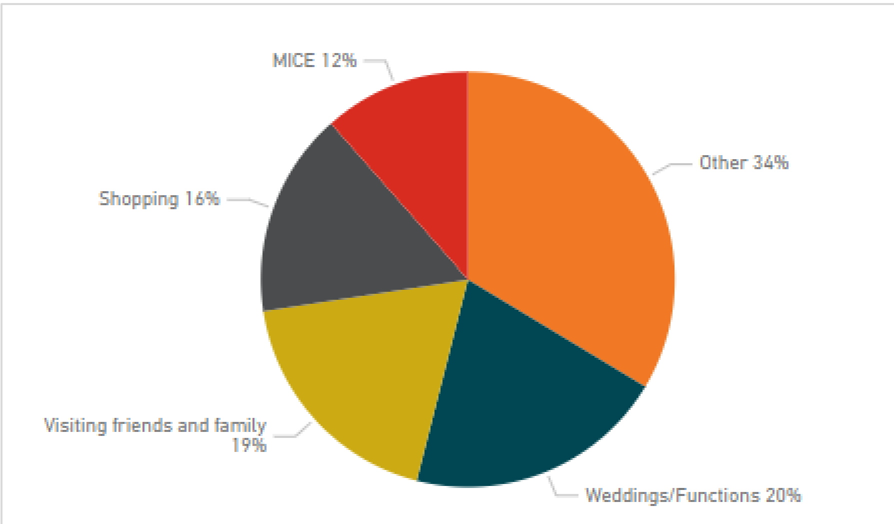


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

2.2 Travel behaviour

According to the visitor intercept survey, the main purpose of visit was for weddings/functions (20%) followed by VFR (19%), shopping (16%), and MICE (12%). What was interesting is the large number of visitors that indicated other (34%) as the purpose of visit.

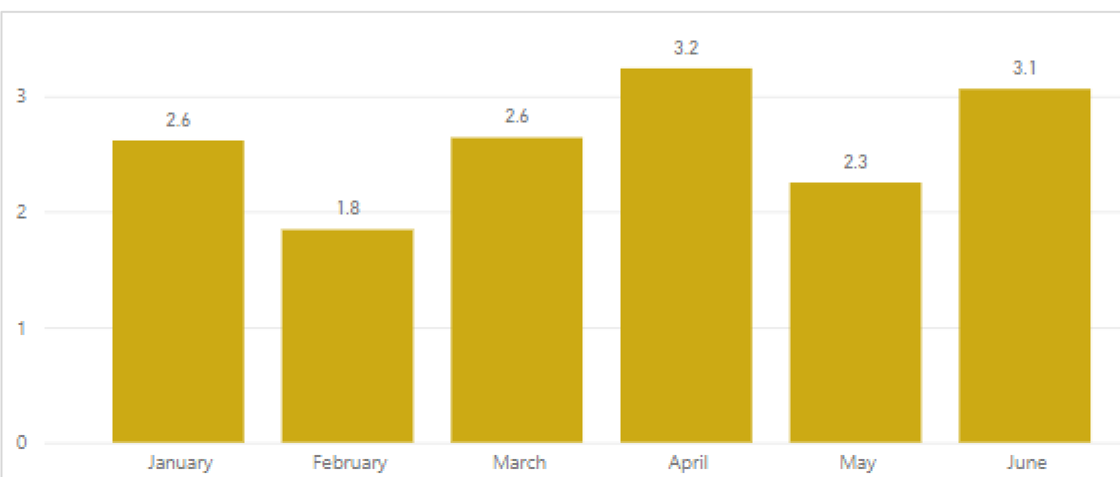
Figure 2-5: Purpose of visit



Source: Enterprise iLembe Visitor Intercept Survey 2023

The travel group size for the study period saw many people travelling as couples (two people) at 53% of visitors. Only 16% of visitors came to the destination by themselves. The rest of the visitors were in groups of three or more. The average travel group size was 2.7 people, with larger groups travelling during April (3.2 people) and June 2023 (3.1 people).

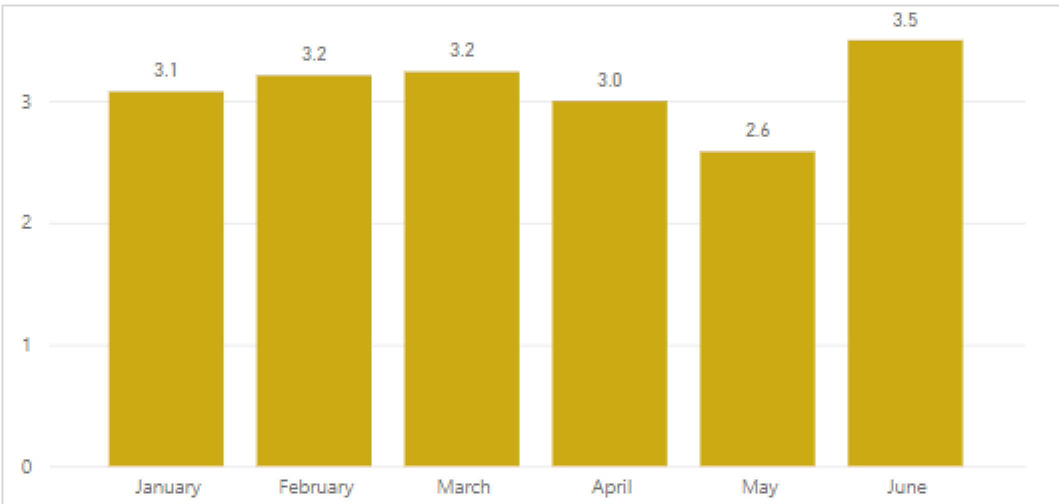
Figure 2-6: Travel group size



Source: Enterprise iLembe Visitor Intercept Survey 2023

The figure below shows the average length of stay. The trend remains constant with the overall average length of stay being 3.1 days per visitor, which is higher than the length of stay (2.7 days) in 2022. This is a positive trend with length of stay increasing particularly over the school holiday period, which shows some recovery from the short stays experienced last year and the beginning of 2023.

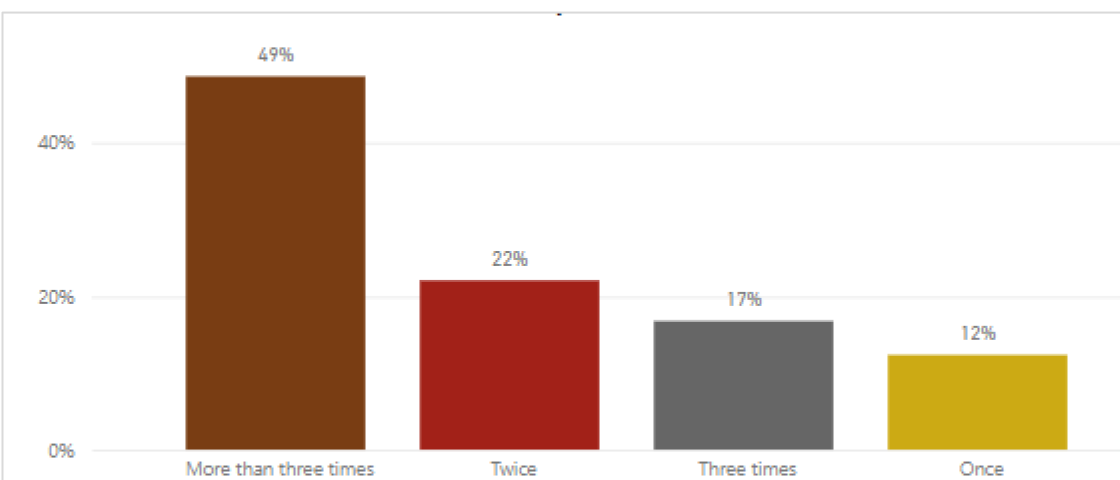
FIGURE 2-7: LENGTH OF STAY



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

Over 49% of visitors have visited iLembe more than three times whereas only 12% indicated this as their first visit. Thus, the revisiting rate is very high with 88% of visitors visiting more than once.

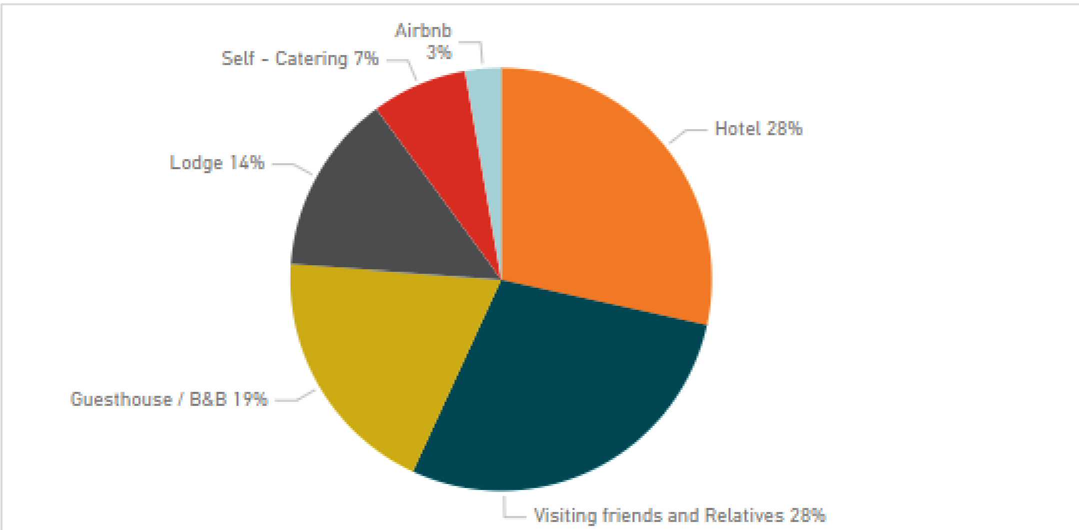
FIGURE 2-8: REPEAT VISITOR



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The figure below indicates the type of accommodation used by visitors. The majority used hotels (28%), and stayed with friends and relatives (28%). Further, visitors also used guesthouses/B&Bs (19%), and lodges (14%). Only 10% of visitors used self-catering (7%) and Airbnb (3%) options.

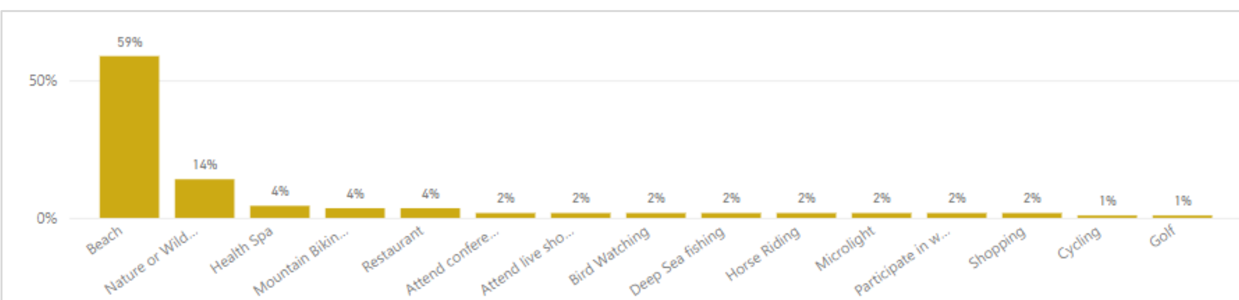
FIGURE 2-9: TYPE OF ACCOMMODATION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

Over 59% of visitors indicated that they travel to iLembe for the beach and related activities. Other recreational activities included nature-based activities (14%), visiting health spas (4%), mountain biking (4%), and eating at restaurants (4%). Other key activities include attending conferences or live shows, shopping and other adventure activities.

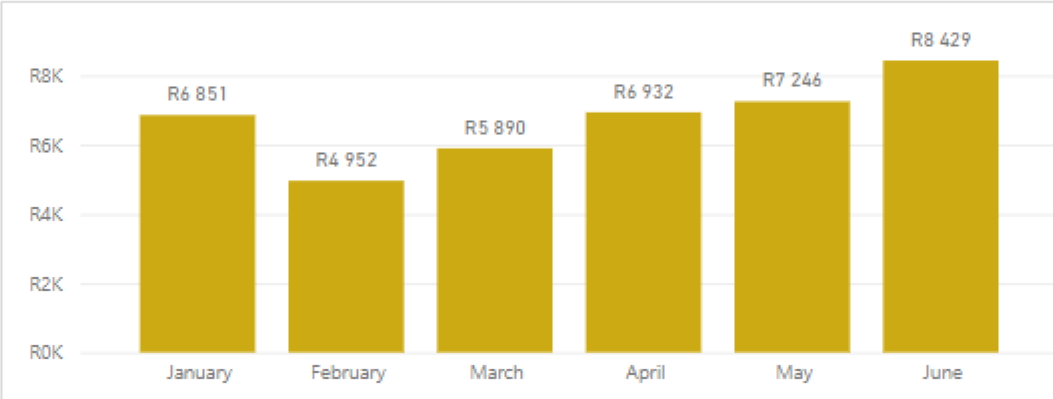
FIGURE 2-10: ACTIVITIES UNDERTAKEN DURING THE VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

According to the survey, a visitor spent on average R6 610 per trip, with those who stay in accommodation spending R7 107 on average whereas those staying with friends and relatives spend R5 210 per trip. A day visitor spent on average R1 317. The average spend per visitor increase significantly from 2022; with visitors in paid accommodation spending 24% more in 2023, VFR at 57% and day visitors at 58% more in average spending per visitor.

FIGURE 2-11: AVERAGE VISITOR SPEND FOR JAN - JUN 2023

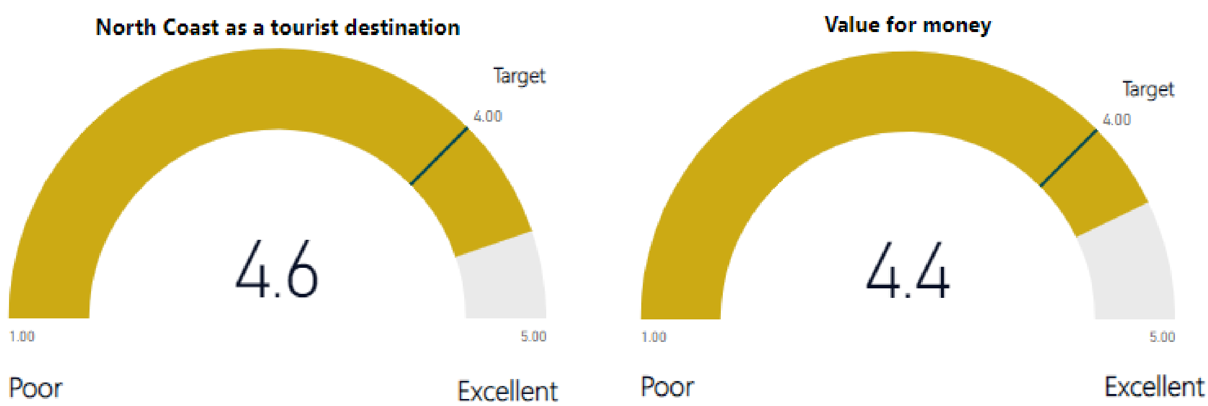


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

2.3 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 4.4 out of 5.

FIGURE 2-12: VISITOR SATISFACTION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

An outstanding 100% of visitors will recommend the North Coast to friends, family and colleagues as a holiday destination.

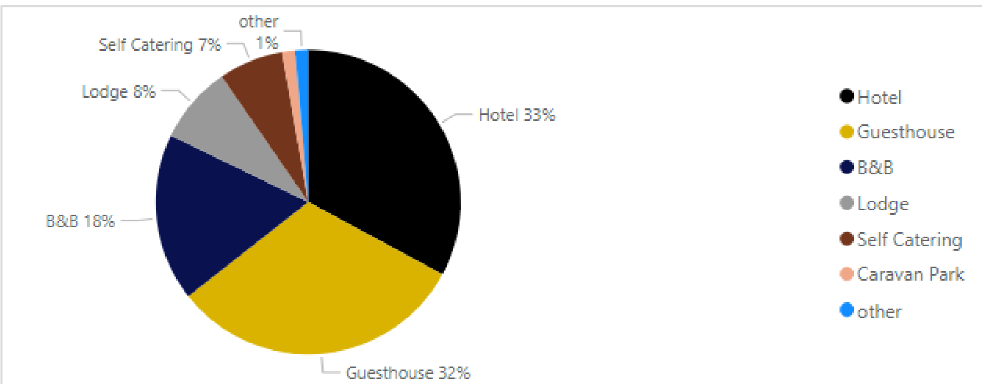
Section 3: Accommodation Industry

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 74 respondents to the Accommodation survey from January to June 2023. The type of respondents included owners of establishments such as hotels, lodges, guesthouses, chalets, and other available accommodations. The figure below shows that during the period January to June 2023, hotel (33%) and guesthouse (32%) owners were the most prevalent accommodation survey participants, followed by B&Bs (18%) and lodges (8%).

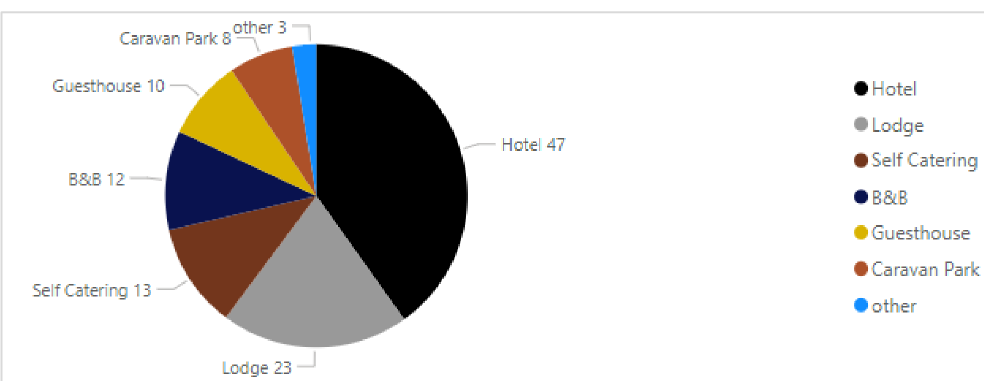
FIGURE 3-1: ACCOMMODATION SURVEY RESPONDENT TYPE, JAN -JUN 2023



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The figure below displays the average total number of rooms per accommodation type in the iLembe district. There was an average total number of rooms of 23 across all accommodation types.

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

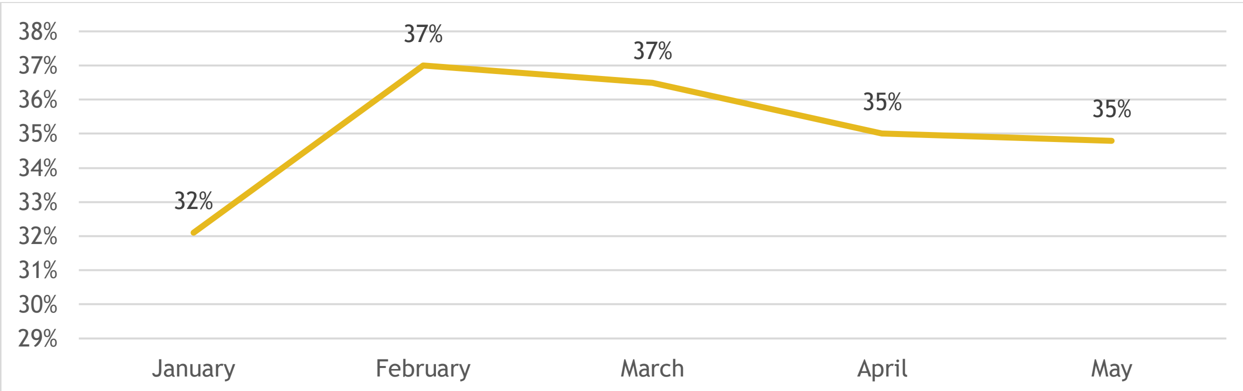


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

3.2 Average Occupancy Rates

According to the StatsSA, the national average occupancy rate from January to May 2023 was 35%, peaking during February and March. iLembe has a higher occupancy rate than the national rate, showing a slightly similar trendline in Figure 3-4.

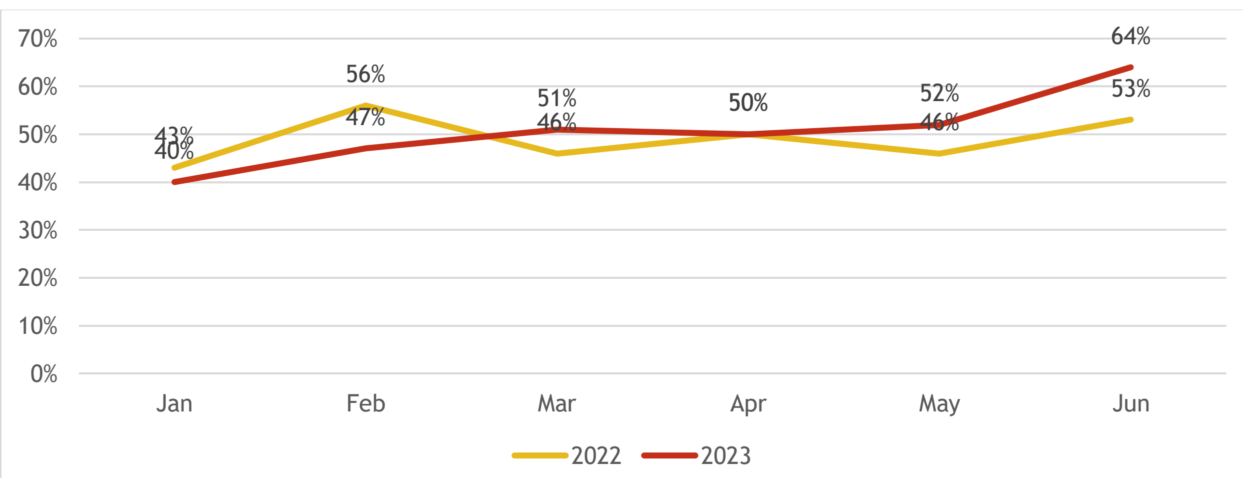
FIGURE 3-3: NATIONAL OCCUPANCY RATE JAN-MAY 2023



SOURCE: STATS SA, TOURIST ACCOMMODATION SURVEY JAN-MAY 2023

The average occupancy rate for January to June 2023 collectively was 50%. March (51%), May (52%) and June (64%) had the highest average occupancy rates, surpassing that of 2022. January (40%) and February (47%) had the lowest average occupancy rates for 2023, and even lower than what was reported for 2022.

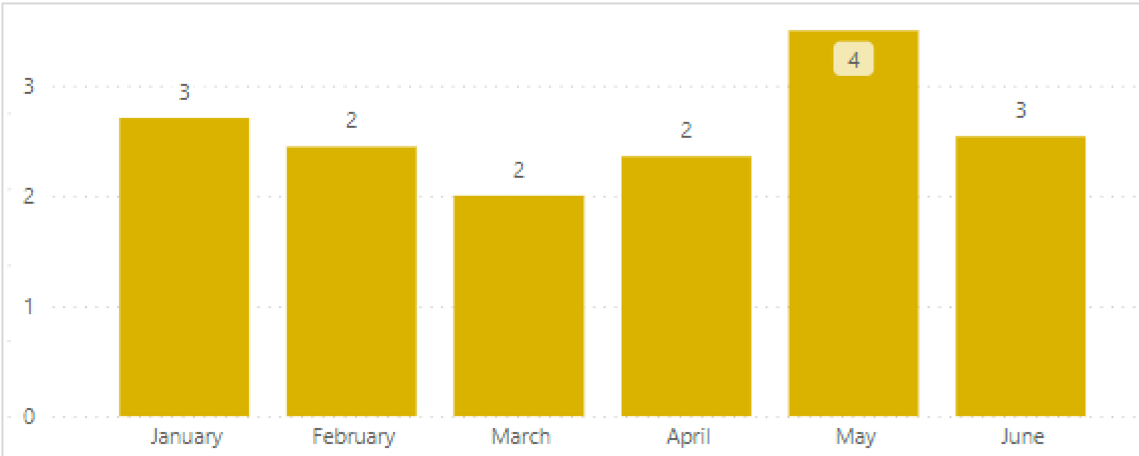
FIGURE 3-4: AVERAGE OCCUPANCY RATE IN ILEMBE FOR JAN-JUN 2022 -2023



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

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 displays the average number of nights spent by guests per month, whereas May had the highest average number of nights reported. The average number of nights spent by guests was 3, which is close to the reported value in the visitor survey.

FIGURE 3-5: AVERAGE NUMBER OF NIGHTS PER MONTH

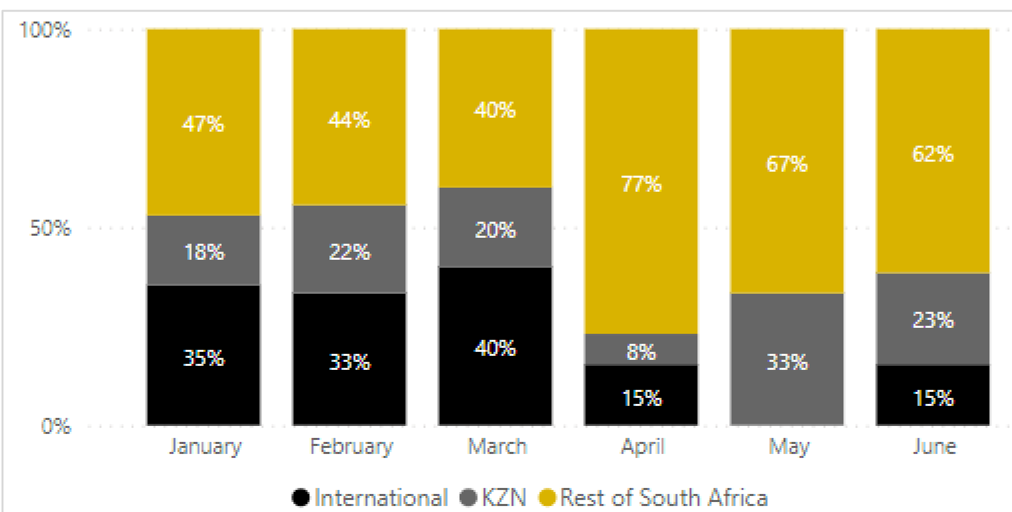


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

3.3 Origin of Guests

The figure below displays the origin of guests to iLembe during the period January until June 2023.

FIGURE 3-6: ORIGIN OF GUESTS TO ILEMBE FROM JAN - JUN 2023



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

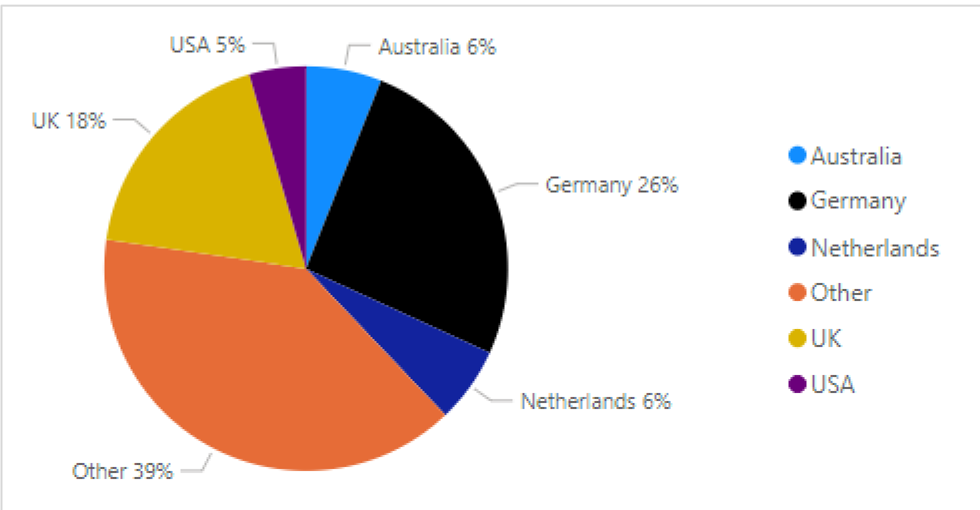
The first part of the year saw a large portion of guests coming from abroad, which is a popular travel period for international travellers to South Africa. From April onwards, the market shifted to a more domestic base, with May and June experiencing larger portions of intra-provincial travel compared to other months.

3.4 Top source market of international guests

International tourist arrivals are prevalent in determining the growth and development of the tourism sector. A high number of tourist arrivals is a good indicator of an ideal tourist destination. 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 the top source markets for guests as identified by the establishments. According to the accommodation survey, Germany (26%), the UK (18%), the Netherlands (6%), Australia (6%) and the USA (5%) were identified as key international markets.

Figure 3-7: Top source market of international guests Jan - Jun



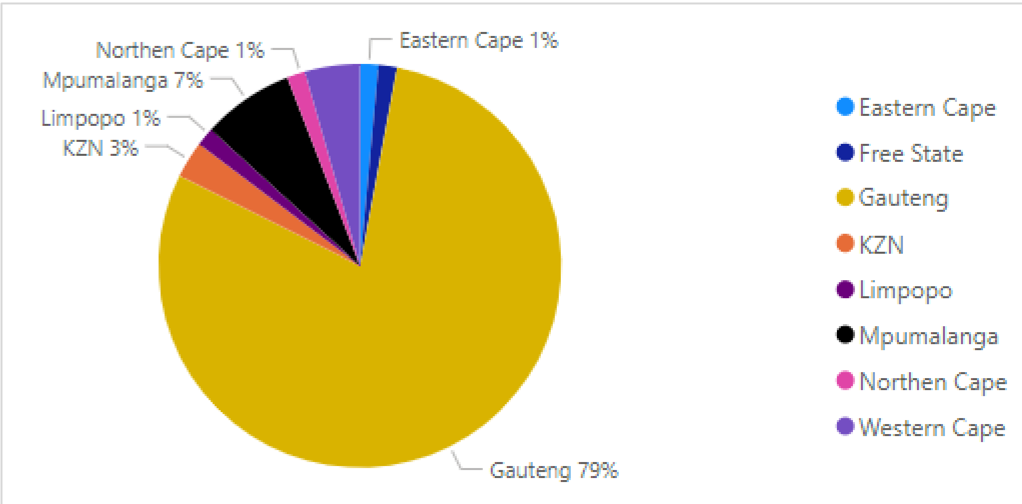
Source: Enterprise iLembe Accommodation Survey, 2023

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



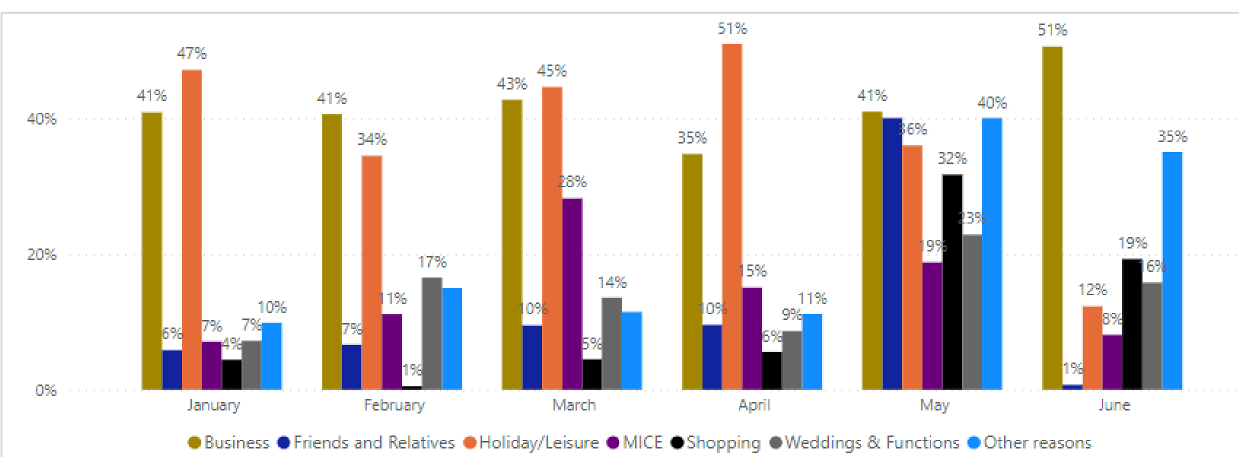
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The Gauteng Province (79%) is the top source market of domestic travellers followed by Mpumalanga (7%) and Western Cape (4%), which contributes to inter-provincial tourism within KZN.

3.6 Purpose of visit

Tourists travel around the world for different reasons. Most people travel for leisure (38%) and business (42%), while others travel for MICE (13%) or weddings/functions (13%). The rest travel for shopping (8%) and other reasons (17%). Figure 3-10 displays the main purpose of visit for travellers to the iLembe District.

FIGURE 3-9: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2023

The establishments indicated that a significant number of guests travelled to the area for business and leisure. Tourists travelling for leisure remained constant throughout, however, April saw a slight decline. MICE was a popular reason for travelling during March and May, the assumption that several Indabas and conferences hosted during this period could have impacted these spikes.

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 from January to June 2023. The estimated tourist expenditure was calculated by multiplying the average spend per visitor by the number of visitors. The total visitor expenditure amounted was calculated at R2.2 billion, which was 37% more than what was generated in 2022 (R1.6 billion) from January to June.

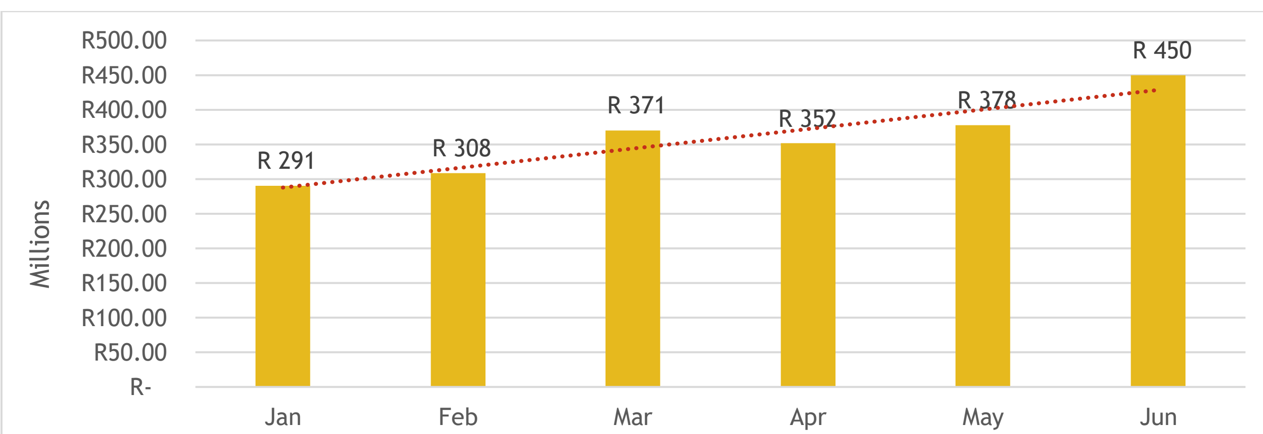
TABLE 4-1: VISITOR EXPENDITURE

Visitor Expenditure	Average Spend	Number	Total Expenditure
Visitors in paid accommodation	R7 107,31	240 136	R1 706 720 994
Visitors staying with Friends and Family	R5 209,60	72 041	R375 304 794
Day visitors	R1 316,67	50 729	R66 793 352
Total		**362 906**	**R2 148 819 140**

SOURCE: URBAN-ECON, 2023

The figure below shows the direct tourist expenditure per month for 2023. The direct visitor expenditure increased gradually from January to June 2023 with a peak during March and June due to the school holidays and other business tourism-related activities.

FIGURE 4-1: DIRECT VISITOR EXPENDITURE PER MONTH FROM JANUARY TO JUNE 2023



SOURCE: URBAN-ECON, 2023

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

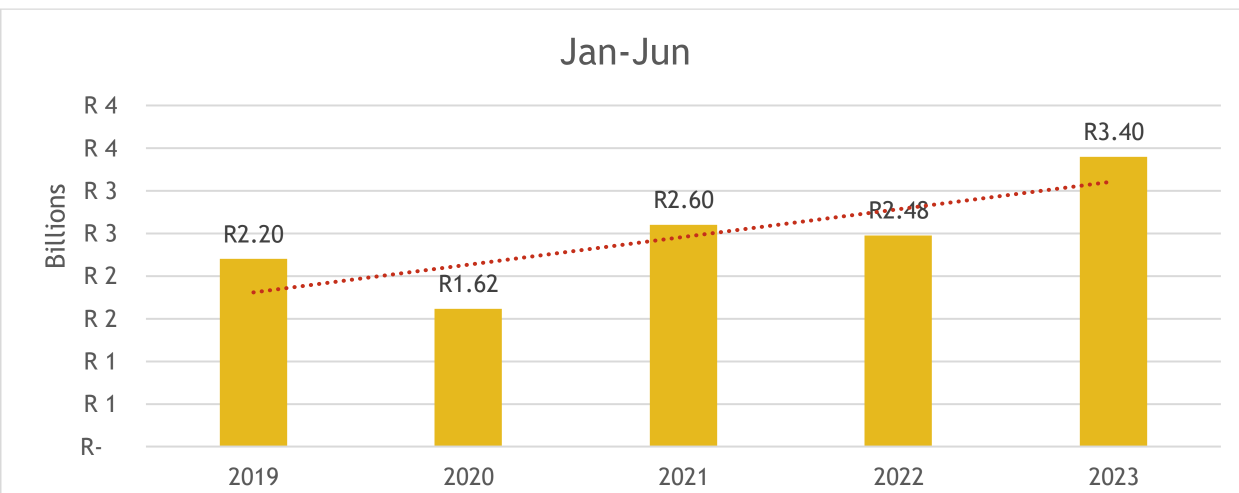
Economic Impact	Direct	Indirect	Induced	Total
Production	R2 148 819 140	R2 025 615 289	R1 176 472 425	**R5 350 906 855**
GDP	R1 093 987 700	R1 508 948 552	R792 197 990	**R3 395 134 242**
Household Income	R302 920 339	R333 364 023	R179 992 005	**R816 276 367**
Taxes	R91 916 907	R111 242 472	R59 374 872	**R262 534 251**

SOURCE: URBAN-ECON, 2023

The estimated total contribution to the GDP was R3.4 billion from January to June 2023. This means that over R2.3 billion in indirect and induced GDP impacts was added to the economy as a result of the direct expenditure of visitors. In addition to GDP, over R816 million was contributed to household income and R263 million to taxes.

The figure below shows the upward trend for GDP contributions over the last 5 years for the January to June year-on-year period.

FIGURE 4-2: GDP CONTRIBUTIONS FOR JANUARY TO JUNE FROM 2018-2023

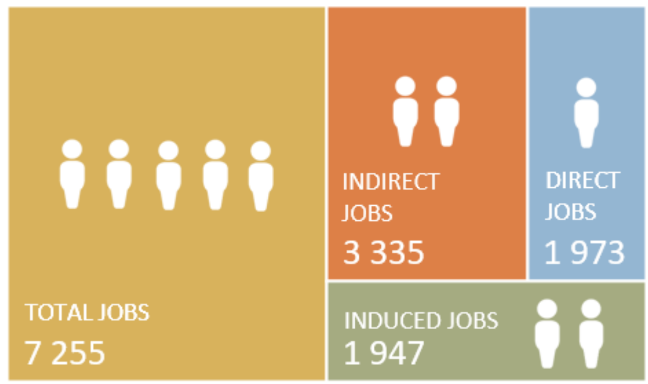


SOURCE: URBAN-ECON, 2023

Prior to the COVID-19 global pandemic, total visitor expenditure GDP contributions in 2019 amounted to an estimated R2.2 billion. The following year in 2020 total visitor expenditure contribution to GDP decreased by 26%. The decline was primarily due to restrictions to travel and strict lockdown regulations. In 2021, efforts to ensure economic recovery in the tourism sector resulted in R2.6 billion in total GDP contributions. The impact of the July 2021 riots and April 2022 floods in the KZN Province resulted in an estimated decline of about 5% in GDP contributions for January to June 2022. However, 2023 has shown remarkable growth in GDP contribution surpassing that of 2019, indicating that the tourism sector in iLembe has started to recover and is showing actual growth post-pandemic.

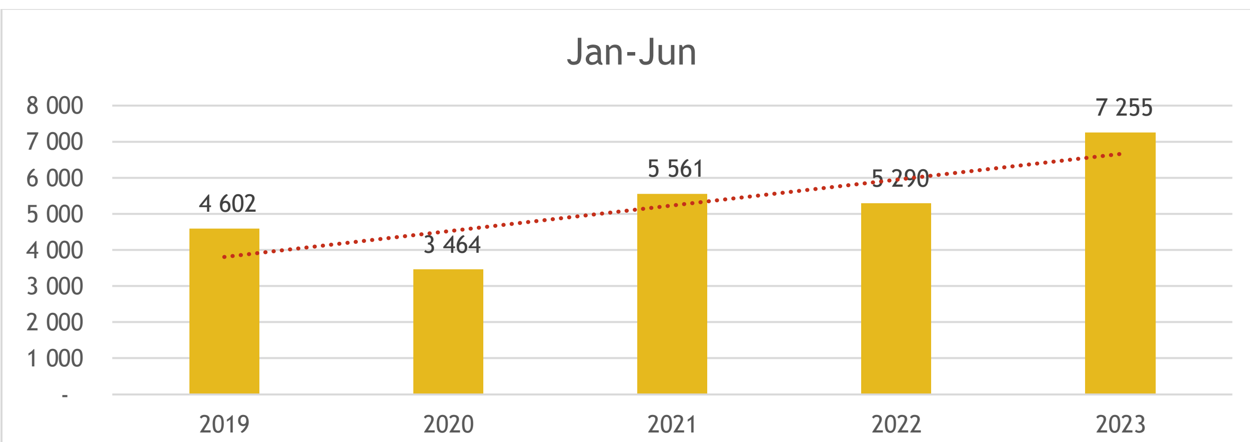
4.3 Job Creation

The direct jobs created by the visitor spend from January to June 2023, potentially supported an estimated 1 973 jobs over a year. The number of job opportunities supported by the sector was 7 255. Thus, 3.38 job opportunities were created for every R1 million of direct expenditure.



The figure below displays the upward trend for the number of job opportunities created over the last 5 years for the January to June year-on-year period.

FIGURE 4-3: NUMBER OF JOB OPPORTUNITIES FOR JANUARY TO JUNE FROM 2019-2023



SOURCE: URBAN-ECON, 2023

The number of job opportunities potentially supported by economic activity in the tourism sector in 2019 amounted to 4 602 for the January to June period. In 2020, recorded a decline in jobs supported by the sector, which was primarily due to the global pandemic where multiple organisations undertook retrenchment procedures at the peak of the pandemic. Job opportunities supported by the tourism sector increased in 2021 to 5 561 job opportunities and in 2022 there were 5 290 job opportunities supported by tourism-related activity. The increase in visitor direct spending and bednights in iLembe significantly increased the number of jobs supported through tourism to 7 255.

Section 5: KZN Tourism Performance

5.1 International Tourism Performance

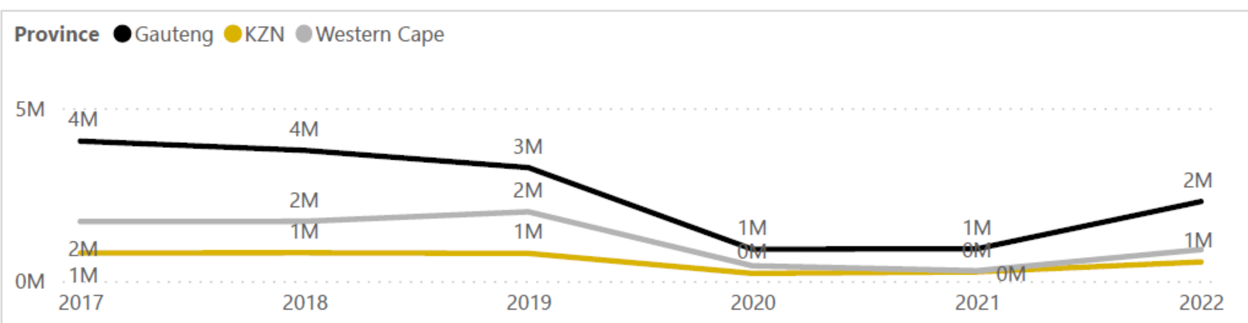
International tourists play a crucial role in the economy and development of Kwazulu-Natal. The province has a diverse range of attractions, including wildlife reserves, stunning landscapes, vibrant cities, and a rich cultural heritage, making it a popular destination for travellers from around the world. This influx of foreign currency helps boost the country's foreign exchange reserves, strengthens the balance of payments, and supports economic growth. It provides job opportunities in various sectors, including hospitality, transportation, tour operators, and retail. In terms of global relations, positive experiences can help promote the province as an attractive destination, fostering international relations and enhancing the country's image on the global stage.

5.1.1 Tourist arrivals

In terms of international tourism to the province, an overall increase on many levels was recorded. International tourist arrivals showed incredible growth from 261 068 tourists in 2021 to 538 136 in 2022.

The increase in arrival volumes shows that the province remains established as a preferred tourism destination competitor. The province also launched aggressive marketing campaigns which proved to be successful in reaching the international markets. Other reasons for this increase also include the rise of remote work and the digital nomad lifestyle which allowed people to work from anywhere, leading to a trend where some individuals chose to travel while working. This resulted in extended stays in tourist destinations, benefiting local tourism industries. The recommencement of events, conferences, and festivals, which often attract large numbers of visitors, also played a significant role in revitalising tourism.

FIGURE 5-1: INTERNATIONAL TOURIST ARRIVALS TO SOUTH AFRICA



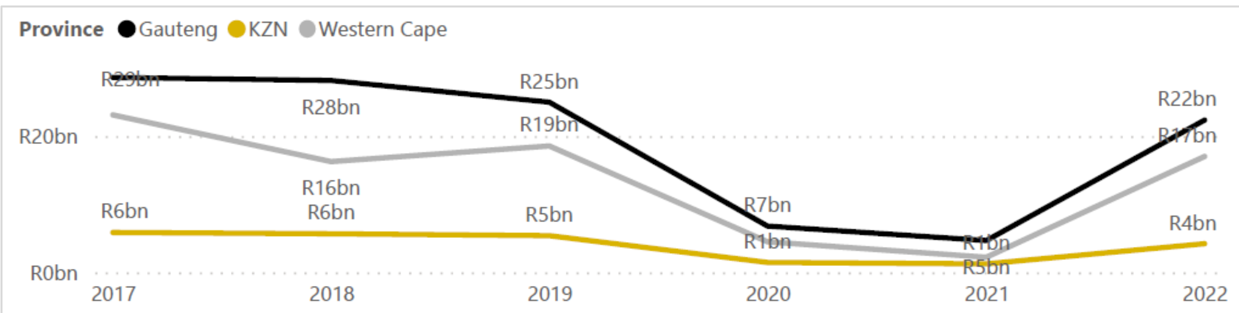
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

The KwaZulu-Natal Province represents 9.7% of the total international tourist arrivals and other provinces are represented as follows, Gauteng (40.4%), Mpumalanga (20.8%) and the Western Cape (16.0%)[1].

5.1.2 Spend

As economies started to recover from the pandemic-induced downturn, disposable income levels improved for many people. This increase in spending power contributed to higher travel expenditures, both domestically and internationally. This was evident in the substantial increase in international expenditure in the province. The figure below shows that tourist spending increased from just over R2 billion in 2021, to a total of R4.2 billion in 2022.

FIGURE 5-2: INTERNATIONAL TOURIST SPEND



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

The Gauteng and Western Cape Provinces once again dominated on the provincial front with international tourist spend at R22.3 billion and R17 billion respectively.

5.1.3 Paid bednights

Paid bednights in the province experienced a decline from 540 369 bednights in 2021, to 263 731 bednights in 2022. The main reason for this may be that more visitors are staying over with friends and relatives rather than paying for bednights. VFR is a significant and common purpose of tourism and the positive experiences shared by VFR tourists with their friends and family can serve as word-of-mouth promotion, influencing others to visit the destination.

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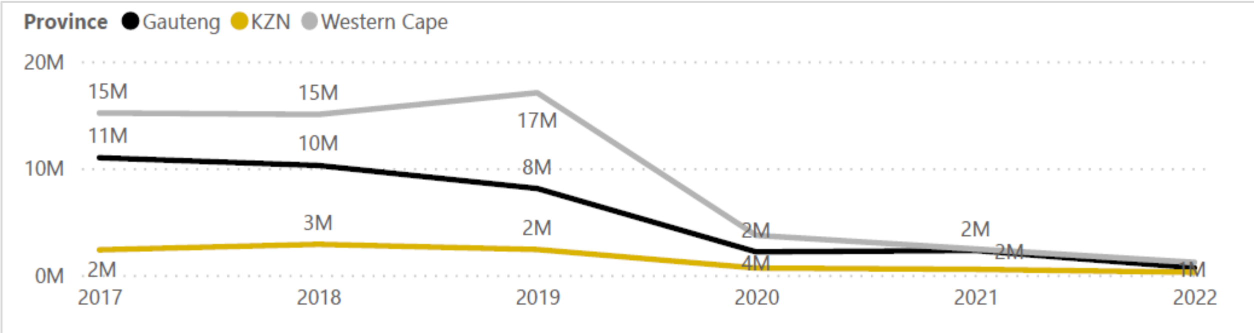
[1] South African Tourism, International Tourist Arrivals Survey 2022

FIGURE 5-3: SUM OF PAID BEDNIGHTS



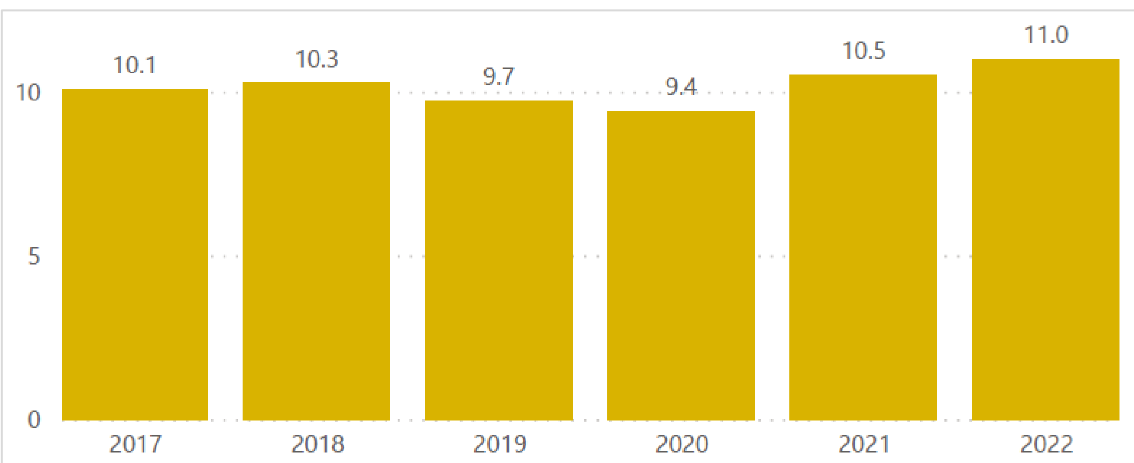
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

Gauteng represented 682 006 paid bednights in 2022 and the Western Cape represented 1.1 million paid bednights. The figures display significant potential for increased tourism activity in these provinces.

5.1.4 Length of stay

The period that international tourists spend in the province increased slightly from 2021 which recorded 10.5 days, to 11 days in 2022. Improving the length of stay in the province can be achieved through diversifying and enhancing attractions, creating innovative product linkages and packaging, promoting the hidden gems of KwaZulu-Natal, and facilitating accessibility to ensure that transportation and infrastructure within the destination are well-developed and accessible.

FIGURE 5-4: SUM OF PAID BEDNIGHTS

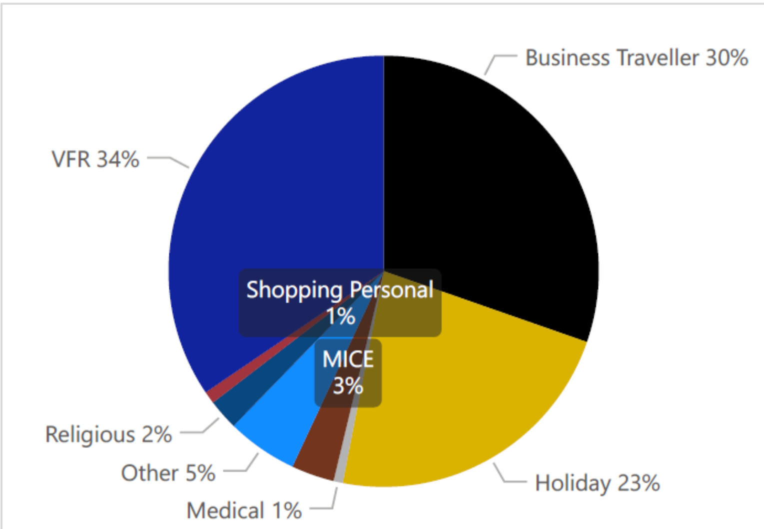


SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

5.1.5 Purpose of visit

The main purpose of visit for international tourists was to visit friends and relatives at 29.9%, followed by business reasons at 26.3%. Holiday purposes represented 19.7% followed by MICE and religion at 2.8% and 2% respectively.

FIGURE 5-5: PURPOSE OF VISIT



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2022

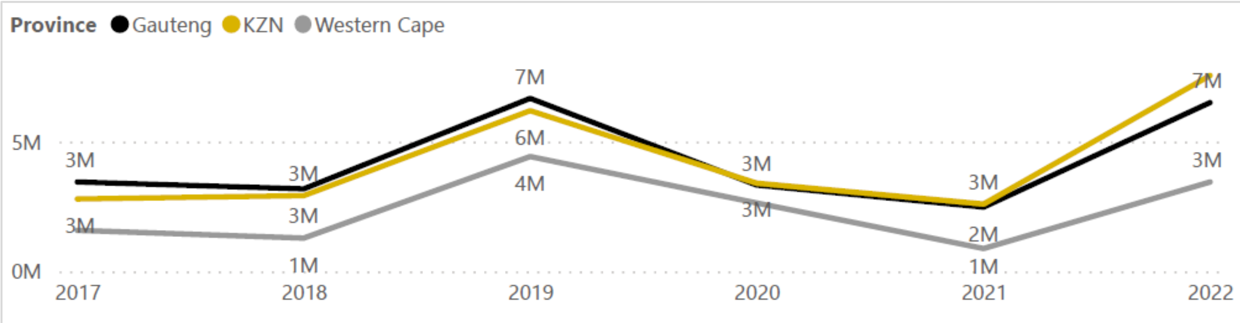
5.2 Domestic Tourism Performance

The growth of domestic tourism leads to the creation of jobs in the hospitality sector, transportation, retail, and other related industries. This can help reduce unemployment rates and stimulate economic development. This form of tourism can also provide stability for the tourism sector, especially during times of international uncertainty or external factors affecting international travel. It ensures a more reliable flow of visitors and revenue for businesses.

5.2.1 Domestic Trips

On the domestic tourism front, the province performed exceptionally well with a significant increase in domestic trips. The number of trips increased from 2.6 million trips in 2021 to 7.5 million trips in 2022, bearing evidence that tourism recovery is taking place and that the province was successful in its recovery strategies to encourage domestic travel and get people to explore locally. A similar trend was also recorded for domestic tourism spend.

FIGURE 5-4: DOMESTIC TRIPS



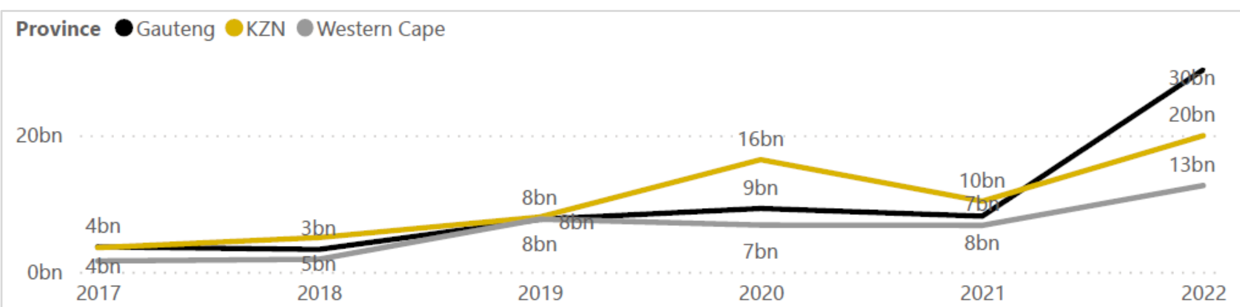
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

The Gauteng and Western Cape Provinces accounted for 6.5 million and 3.4 million domestic trips respectively. This indicates a fair amount of inter-provincial travel between KZN and Gauteng[2].

5.2.2 Tourist Spend

In line with the increase in the number of trips, domestic tourism spending also reflected an increase- from R10.3 billion in 2021 to R19.9 billion in 2022[3]. Tourist spending directly contributes to economic growth by injecting money into the local economy. The revenue generated from tourism helps create jobs, support local businesses, and stimulate economic activities in sectors such as hospitality, transportation, retail, and entertainment.

FIGURE 5-5:DOMESTIC TOURIST SPEND



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

The Gauteng and Western Cape Provinces accounted for R29.5 billion and R12.6 billion in domestic tourism spending for 2022.

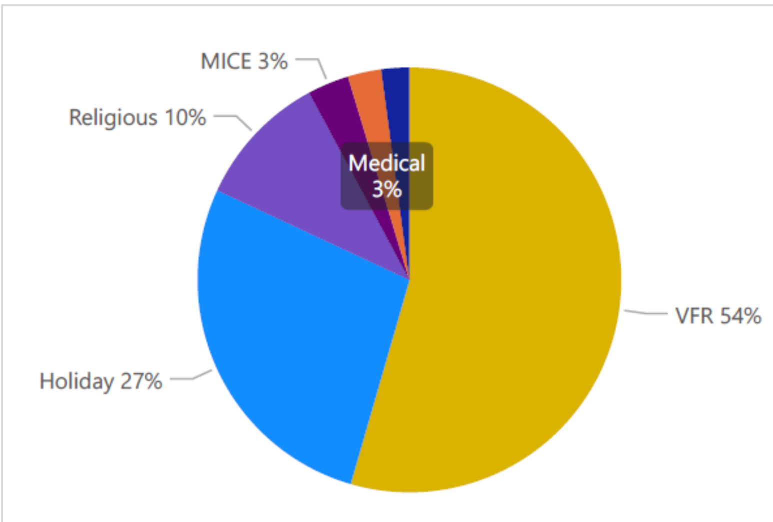
[2] South African Tourism, Domestic Tourism Survey 2022

[3] South African Tourism, Domestic Tourism Survey 2022

5.2.3 Purpose of visit to KZN Province

The main purpose of visit for domestic tourists was to visit friends and relatives at 54%, followed by holiday reasons at 27%. Those travelling for religious purposes represented 10%, followed by the meetings industry at 3% of visitors. Given that international business tourists bring greater economic benefits than any other type of tourist (as a result of their high daily spending), these tourists should be targeted for tourism promotions that cater to pre-and-post meeting activities for the individual as well as his/her family.

FIGURE 5-6: PURPOSE OF VISIT TO KZN PROVINCE

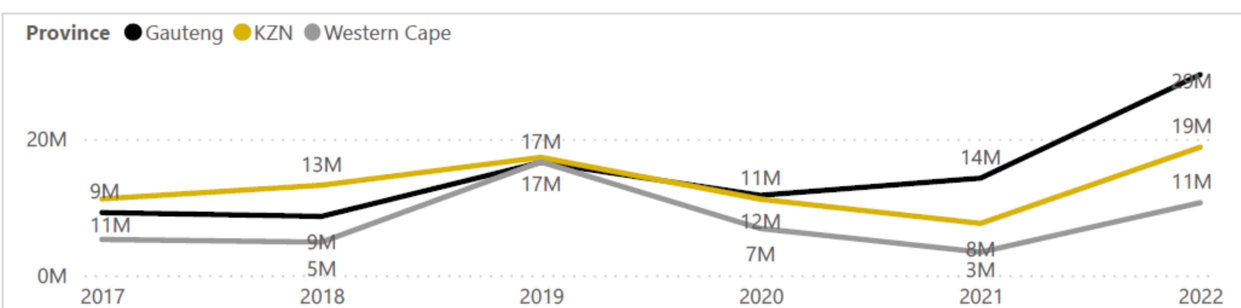


SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

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



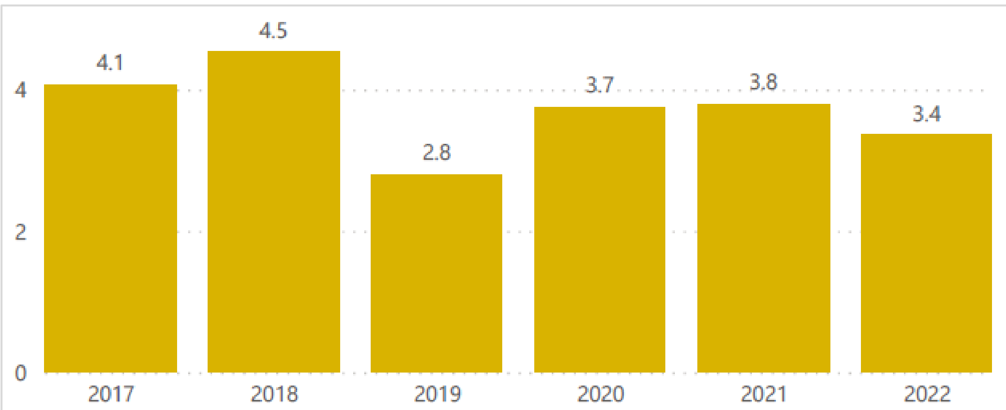
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2022

A similar trend as observed in domestic visitor numbers and tourist spending was noted in the number of paid bednights, which increased from 7.6 million bednights in 2021, to 18. million bednights in 2022. An increase in paid bednights stimulates local business activity. Tourists spend money not only on accommodation but also on food, entertainment, shopping, and other services, benefiting various local businesses.

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, 2022

Domestic length of stay experienced a slight decrease from 3.8 days in 2021 to 3.4 days in 2022. Increasing the length of stay for tourists is beneficial for the local economy and tourism industry as it leads to higher spending and more significant engagement with the destination. This can be achieved by developing and promoting a diverse range of attractions and activities that cater to different interests and age groups. Having a mix of cultural, historical, natural, adventure, and recreational attractions can entice tourists to stay longer to explore everything the province has to offer.

Section 6: Conclusion

According to the Moses Kotane Institute[4], the iLembe District has diverse activities to offer; from sea-based activities such as boat and turtle tours, snorkelling, sea fishing, kayaking, whale watching, aquacultural products; to inland activities such as cultural tours, arts and crafts, game viewing, and adventure activities. The area is also known for its blue flag and swimmer-friendly beaches. However, post-pandemic recovery was inhibited by riots, floods, E.coli outbreaks and infrastructure issues during 2021 and 2022. Through all the devastating events that impacted KZN's economy, among other things, iLembe's tourism sector is starting to show recovery in terms of increased bednights by visitors staying in paid accommodation. Further, the spending habits of visitors have also increased from the previous year. The surveys indicated the return of international visitors to the area compared to the previous year which almost only had domestic visitors to the area.

Overall, the trends seem to point towards a more lucrative market in terms of spending and travel behaviour. However, there is still a need to increase visitor numbers to pre-pandemic levels by increasing the number of first-time visits and travel group size.

[4] Moses Kotane Institute. 2022. The Status of Coastal Marine Tourism in KwaZulu Natal in 2022. *American Journal of Industrial and Business Management, 12 (12).*

Annexure: 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.