

Matching Supply and Demand: Building the “Match Model” for Domestic Tourism

Prof Berendien Lubbe
Division: Tourism Management



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkeleers • Leading Minds • Dikgopolo tsa Dikholo

Co-researchers:

Dr Anneli Douglas; Dr Felicite Fairer-Wessels;

Ms Elizabeth Kruger; Ms Eileen Geldenhuys; Mr Cyril Francis

www.up.ac.za

Introduction



- Growing domestic tourism through effective product development
- Successful tourist destinations
 - Domestic tourism : International tourism
- South Africa's changing tourist profile

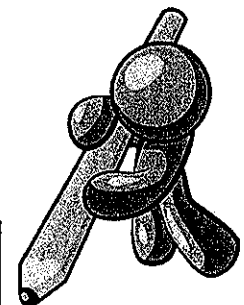


NDT Brief

“To determine the particular experience needs of the five key domestic market segments that will inform more appropriate and specific product development, with specific reference to accommodation facilities, food and beverage services, attractions, activities, transport services, events, packages and tours and special interest offerings as key product categories.”



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkiolote • Leading Minds • Dikaoano 'isa Dikhalo!



Research objectives

1. Determine the product needs of the different domestic market segments;
2. Review the currently available tourism product offerings in terms of their appropriateness to meet the particular needs of each identified domestic market;
3. Identify gaps and provide recommendations for specific product development;
4. Develop a model to position a region in terms of matching supply and demand.



Challenges



1. How do we capture the complex and composite nature of a tourism offering/experience and avoid simply providing a database of products?
2. Where do we do this research – South Africa, Gauteng, Tshwane, Putsonderwater, The Midlands Meander, Kruger National Park?
1. How do we present what is potentially a complex and comprehensive set of results in a simple, useable way?
2. Can the study be replicated in different settings?
3. How will policy makers and tourism stakeholders be able to use this?



Our approach



1. Start by looking at the literature on matching supply and demand.
 - Tourism demand well researched from an economics perspective,
 - Tourism supply less well researched in terms of product development
 - Supply and demand studied from various perspectives (motivations and destination choice, perceptions and satisfaction, importance of attractions)
 - Gap in research in evaluating product offerings against needs of markets
2. Select regions (tourism nodes)
 - Identified growth points
 - Lack of information
3. Select a research methodology
4. Apply the research in each of the selected tourism nodes



5. Develop a model that meets the following criteria:

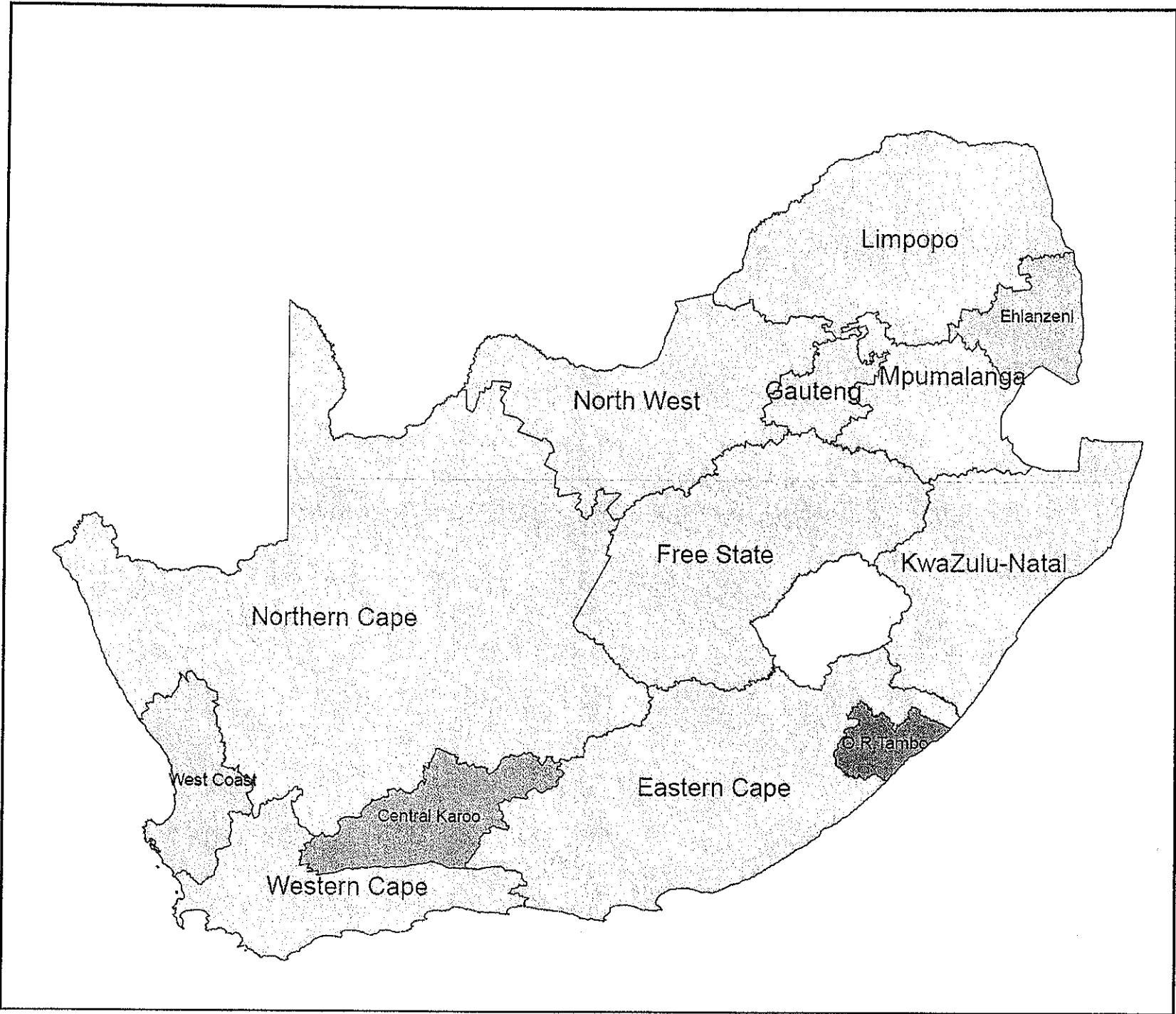
- Replication in any geographical region/town/area/tourism sector/product
- Simple, graphic presentation to:
 - Position the market segments in terms of a region's overall ability to meet their demands
 - Position the market segments in terms of a region's ability to meet their demands per tourism sector
 - Show the gaps at one glance
 - Allow for comparison across regions
- Application by any tourism stakeholder



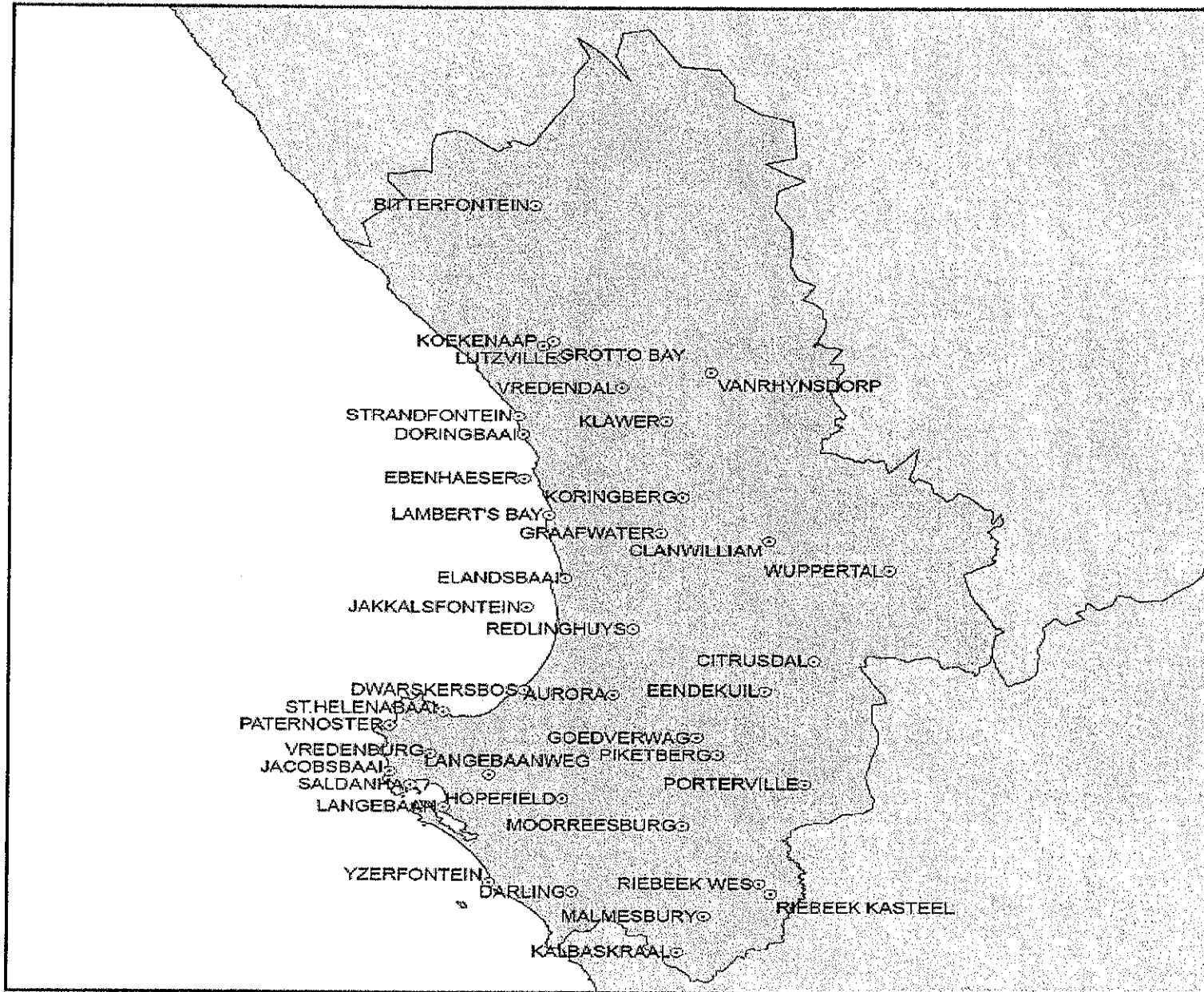
Selected regions (tourism nodes)

- Four “tourism nodes” selected in different provinces
 - Information and data collection restricted to these nodes
- Motivation
 - Identified as potential growth points by Tourism authorities.
 - Areas that currently have a greater need for information





West Coast map



Supply: the six sector-specific product offerings



	Transport
	Package tours
	Local tours
	Accommodation
	Attractions
	Events



Demand: 5 domestic market segments

(SAT 2010)



SPONTANEOUS BUDGET EXPLORERS

- Ages: 18-24 (22yrs average)
- Racial profile: All races (44% black)
- Income: R5000 p/m (87% work fulltime)
- 91% single
- No kids
- Adventure; the journey; activities; socialising; nightlife, fun



NEW HORIZON FAMILIES

- Ages: 35> (44yrs average)
- Racial profile: Black, Coloured, Indian (66% black)
- Income: R5000-R10000 p/m (86% work fulltime)
- 42% married
- 74% kids
- Access to sites, shopping; info; socialising; heritage activities



UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkmoets • Loading Minds • Dikgopoto tsa Dihlaleli



HIGH LIFE ENTHUSIASTS

- Ages: 25-45 (33yrs average)
- Racial profile: Black, Coloured, Indian (73% black)
- Income: R10000> p/m (97% work fulltime)
- 70% single
- No kids
- Escape, relax; shopping; food, wine; nightlife; memorable events; Special Interest Groups



SEASONED LEISURE SEEKER



- Ages: 25-45 (34yrs average)
- Racial profile: White
- Income: R5000>p/m (89% work fulltime)
- 48% married
- No kids
- Escape, relax; shopping; food, wine; nightlife; memorable

WELL TO-DO MZANSI FAMILIES



- Ages: 25-45 (37yrs average)
- Racial profile: Black, Coloured, Indian (63% black)
- Income: R10000>p/m (96% work fulltime)
- 65% married
- 100% kids
- Relax; socialize; shopping; tailored trips; expose the kids

The five domestic tourist market segments (SAT, 2010)



SBE	Spontaneous Budget Explorers
NHF	New Horizon Families
HLE	High Life Enthusiasts
SLS	Seasoned Leisure Seekers
WMF	Well-to-do Mzansi Families



Research methodology

Mixed methods approach

- Quantitative
- Qualitative

Respondents knowledgeable on supply and demand side

- Tourism professionals in various capacities in each node
 - Provincial, regional and local tourism associations;
 - Industry-based associations (e.g. SATSA),
 - Sector-based associations (e.g. B & B)
 - Tourism organisations
 - Referrals

•Measurement instruments

- Self-administered questionnaire (web and paper-based)
 - Quantitative (structured)
 - Qualitative open-ended questions

- Follow-up telephone and personal interviews



Data Analysis



- **Quantitative**
 - Frequency analysis (first indication of consensus or disagreement between respondents).
- **Qualitative**
 - Content analysis to analyse the primary and secondary data according to each sector.









Building the “Match Model”



The five domestic tourist market segments
(D)

SBE	Spontaneous Budget Explorers
NHF	New Horizon Families
HLE	High Life Enthusiasts
SLS	Seasoned Leisure Seekers
WMF	Well-to-do Mzansi Families

The six sector-specific product offerings
(S)

	Transport
	Package tours
	Local tours
	Accommodation
	Attractions
	Events



Building the “Match Model”

Rating demand and supply per node



Based on the quantitative and qualitative analysis a code (either a tick ✓ or a cross ✗) was allocated to the sector and the demand per market segment

RATING CODES	S	D
Current supply meets demand	✓	✓
Current supply inadequate for demand	✗	✓
Limited supply and limited demand	✗	✗
Current supply and untapped demand	✓	✗



SPONTANEOUS BUDGET EXPLORERS



- Ages: 18-24 (22yrs average)
 - Racial profile: All races (44%black)
 - Income: R5000-p/m (87%work fulltime)
 - 91%single
 - No kids
- Adventure, the journey, activities, socialising, nightlife, fun*

NEW HORIZON FAMILY



- Ages: 35+ (44yrs average)
 - Racial profile: B, C, I (66%black)
 - Income: R5000-R10000-p/m (86%work fulltime)
 - 42%married
 - 74%kids
- Access to sites, shopping; info; socialising; heritage activities*

HIGH-LIFE ENTHUSIASTS



- Ages: 25-45 (33yrs average)
 - Racial profile: B, C, I (73%black)
 - Income: R10000+ p/m (57%work fulltime)
 - 70%single
 - No kids
- Escape, relax; shopping; food; wine; nightlife; memorable events; SI Groups*

SEASONAL LEISURE SEEKERS



- Ages: 25-45 (34yrs average)
 - Racial profile: White
 - Income: R5000-p/m (89%work fulltime)
 - 48%married
 - No kids
- Escape, relax; shopping; food; wine; nightlife; memorable*

WELL-TO-DO MZANSI FAMILIES



- Ages: 25-45 (37yrs average)
 - Racial profile: B, C, I (63%black)
 - Income: R10000+ p/m (95%work fulltime)
 - 65%married
 - 100%kids
- Relax; socialize; shopping; tailored trips; expose the kids*

SPONTANEOUS BUDGET EXPLORERS				NEW HORIZON FAMILY				HIGH-LIFE ENTHUSIASTS				SEASONAL LEISURE SEEKERS				WELL-TO-DO MZANSI FAMILIES			
Central Karoo	ESR	West Coast	OR Tambo	Central Karoo	ESR	West Coast	OR Tambo	Central Karoo	ESR	West Coast	OR Tambo	Central Karoo	ESR	West Coast	OR Tambo	Central Karoo	ESR	West Coast	OR Tambo
✓x	✓✓	✓✓	x✓	✓✓	✓✓	✓✓	✓✓	xx	✓x	✓x	xx	✓✓	✓✓	✓✓	x✓	✓✓	✓✓	✓✓	x✓
x✓	x✓	x✓	x✓	x✓	x✓	x✓	x✓	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
xx	✓✓	✓✓	x✓	x✓	✓✓	✓✓	x✓	xx	xx	xx	xx	x✓	✓✓	✓✓	x✓	x✓	✓✓	✓✓	x✓
xx	✓✓	✓✓	✓x	✓✓	✓✓	✓✓	✓✓	xx	✓✓	x✓	xx	x✓	✓✓	✓✓	x✓	xx	✓✓	x✓	✓x
✓x	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	x✓	x✓	xx	x✓	xx	✓✓	✓✓	x✓	x✓	✓✓	x✓	✓✓	x✓
✓✓	x✓	x✓	x✓	x✓	✓x	x✓	x✓	xx	✓x	✓✓	xx	✓✓	x✓	✓✓	x✓	✓x	xx	x✓	✓x



UNIVERSITEIT VAN PRETORIA
 UNIVERSITY OF PRETORIA
 YUNIBESITHI YA PRETORIA
 Denkeleers • Leading Minds • Dikaoano tsa Dilolele

Building the “Match Model”

Plotting each segment its rating

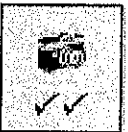
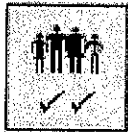
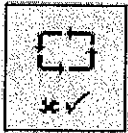
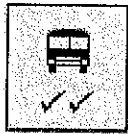
- Each market segment was plotted based on the rating given to each sector (e.g. ✓ x).
- The plotting area was divided into four quadrants:
 - Vertical axis = current offerings (supply)
 - Horizontal axis = market needs (demand)
- Six-point scale: every point on the scale is represented by a tourism sector (e.g. transport, attractions etc.) which had a positive outcome (✓) in terms of supply and demand



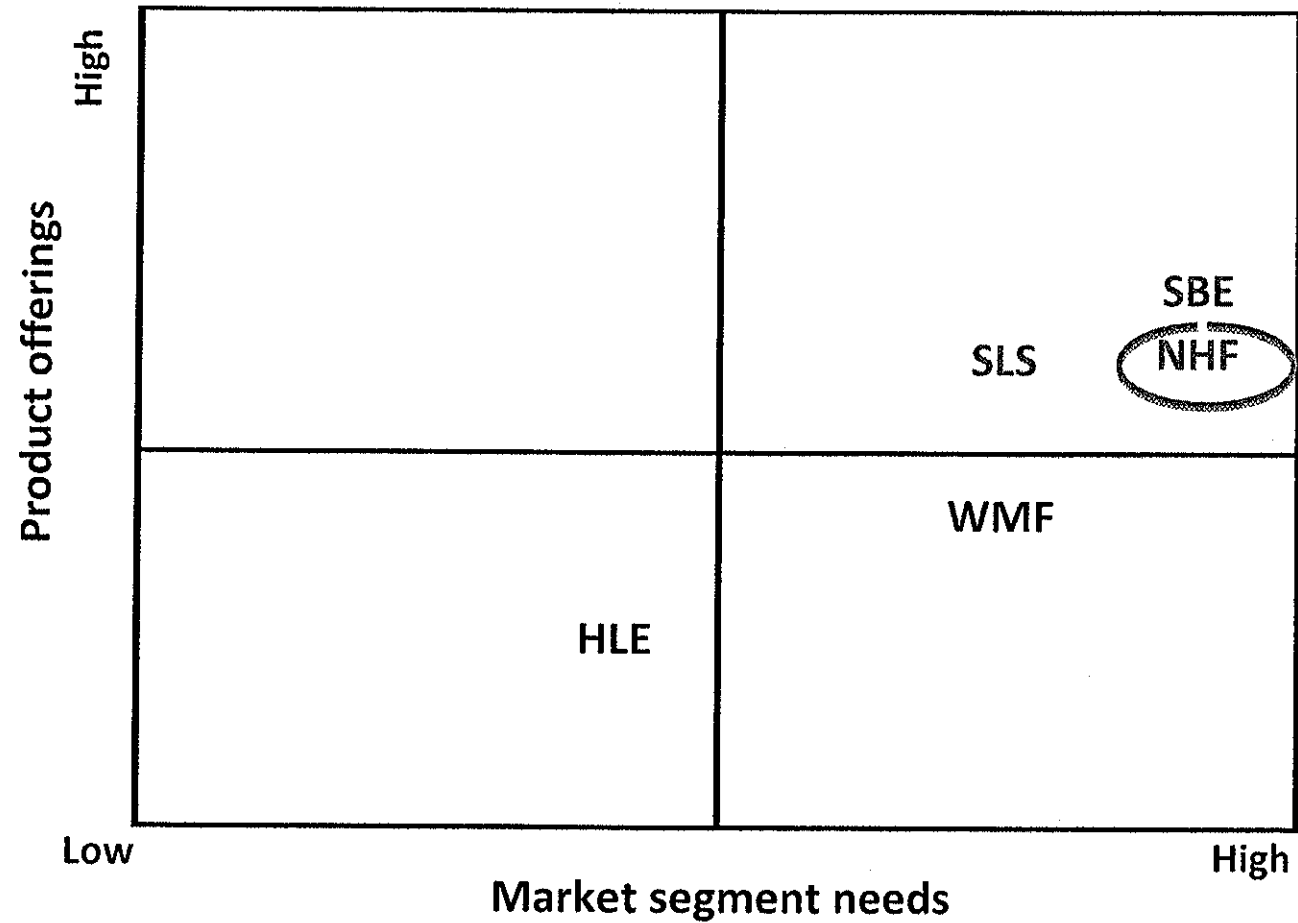
NEW HORIZON FAMILY



- Ages: 35+ (44yrs average)
 - Racial profile: B, C, I (86% black)
 - Income: R5000-R10000 p/yr (86% work fulltime)
 - 42% married
 - 74% kids
- Access to sites, shopping; info; socialising; heritage activities



West Coast quadrants



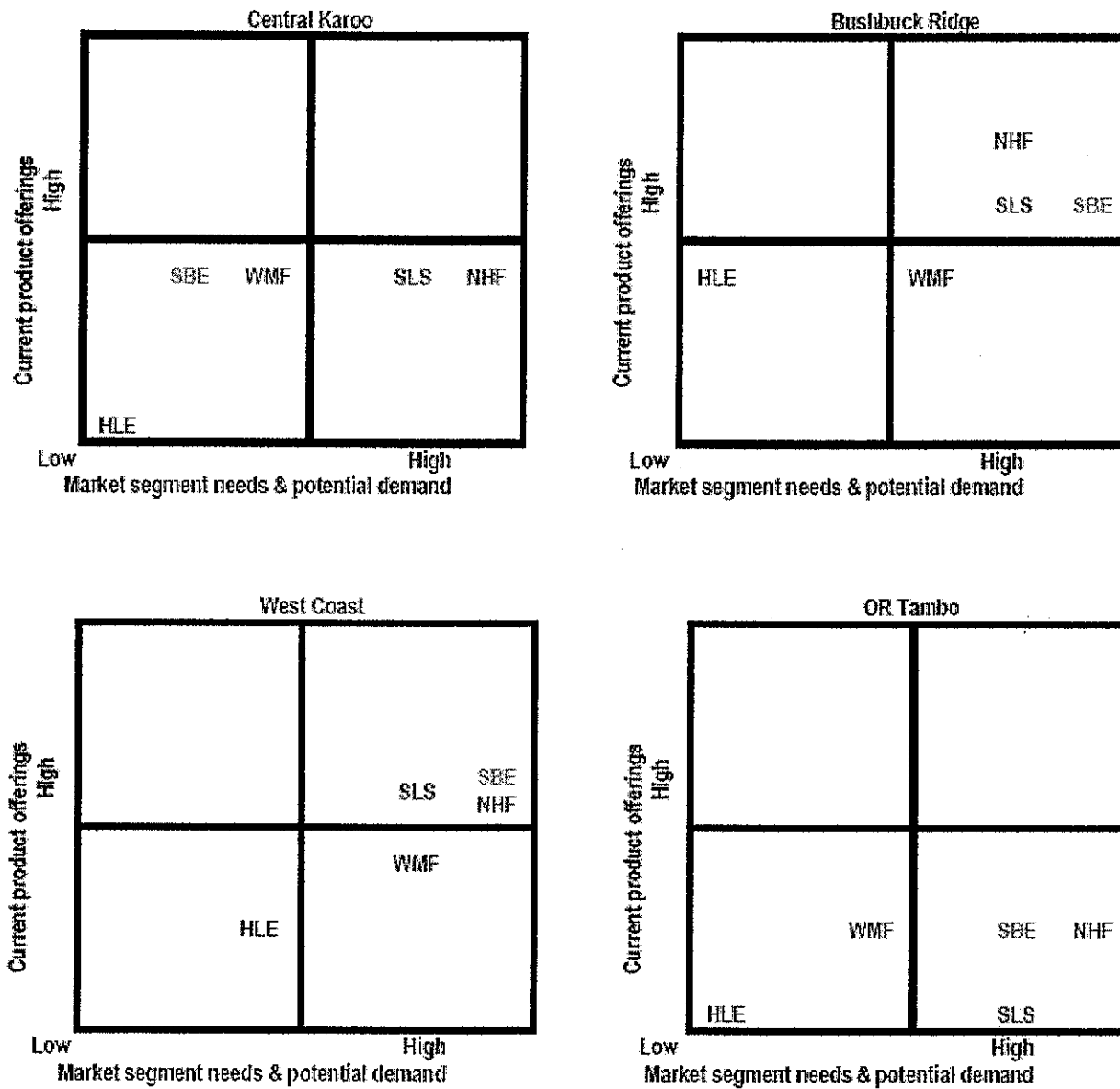
Overall Result (West Coast)



- **West Coast**: shows a distinct potential demand for the destination by four of the segments, namely Spontaneous Budget Explorers (SBE), New Horizon Families, Seasoned Leisure Seekers (SLS) and Well-to-do Mzansi Families (WMF) with the potential of the destination to meet their needs ranging from fairly low to fairly high.



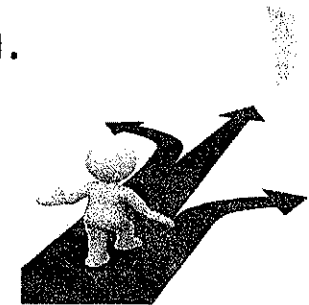
Figure 1: Current product offerings in terms of market segment needs and potential demand per node



Overall recommendations



- Positioning the market segments as a relationship between current offerings and demand provides a foundation for decision-makers to formulate appropriate responses to the gaps highlighted in the product offerings.
- Decision-makers need to decide whether the appropriate response to gaps in a particular market segment should be addressed through the improvement of the tourist offerings or through a greater focus on developing the demand, or both.



Overall recommendations (cont.)



- Specific strategies need to be put in place to overcome gaps identified with due consideration of the reason for these gaps i.e. that the product offering needs to be improved or that the awareness of the product offering needs to be created.
- Regions such as the West Coast and OR Tambo District appear to have greater problems in cohesion of those in the tourism industry as well as a lack of a common vision for the region. These issues should be addressed even before resources are put into improving product offerings



Concluding remarks

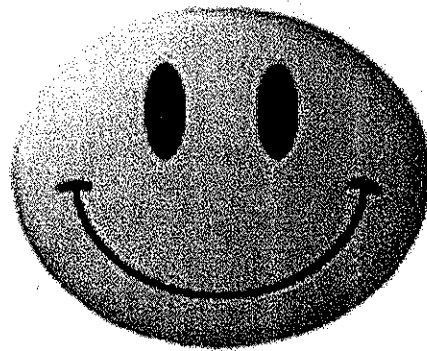


This research study provides a foundation and methodology to replicate this study in three ways:

1. Matching the product offerings of all sectors with the demand of the five market segments in other identified tourism nodes.
2. Matching the product offerings of one specific sector with the potential demand of the five market segments.
3. Any permutation of matching all or one of the five market segments to potential demand in identified tourism nodes for all sectors or per sector.



Thank you.



berendien.lubbe@up.ac.za



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Dinokoteng • Leading Minds • Dikopolo lea Dikholo