Enterprise iLembe Tourism Performance Bi-Annual Report Jan-Jun 2024

enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

South Africa
KWAZULU-NATAL
Zulu Kingdom. *Exceptional*

iLembe District Tourism Performance

JAN - JUN 2024

R2,3 billion
Direct Tourist Expenditure

Total Economic Impact

Multiplier Effect (Direct, Indirect, Induced)

R3 billion
Total GDP Contribution

R877 million
Total Household Income

6 393
Total Jobs Supported

R45 million
Total Taxes

352 268
Visitors from Jan-Jun 2024

939 382
Bednights sold

56 %
Accommodation Occupancy Rate

68%
Visitors staying in paid accommodation

14%
Day visitors

27%
International visitors

3,4 nights
Length of Stay

2,0 people
Group Size

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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 serves as the economic development agency for the iLembe District, focusing on enhancing trade and investment across sectors such as tourism, agriculture, manufacturing, and services. The agency is tasked with conducting research within the tourism industry to establish a baseline for market performance and assess the economic impact of the sector. Urban-Econ Development Economists was appointed by Enterprise iLembe to compile tourism industry research and performance reports for a three-year period.

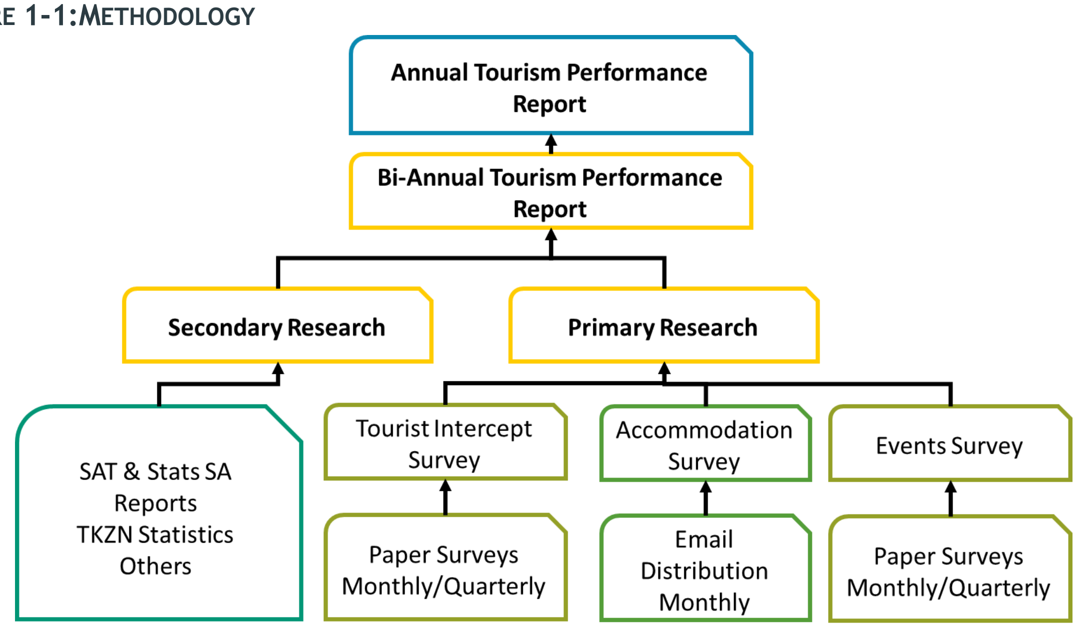
1.1 Purpose

The aim of this report is to present the findings from research conducted in the iLembe District regarding the tourism sector during the first two quarters (Q1 and Q2) of 2024, which constitutes the Bi-annual Tourism Performance Report for the period January to June 2024. The main goal of the study is to support planning and decision-making processes at the 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.

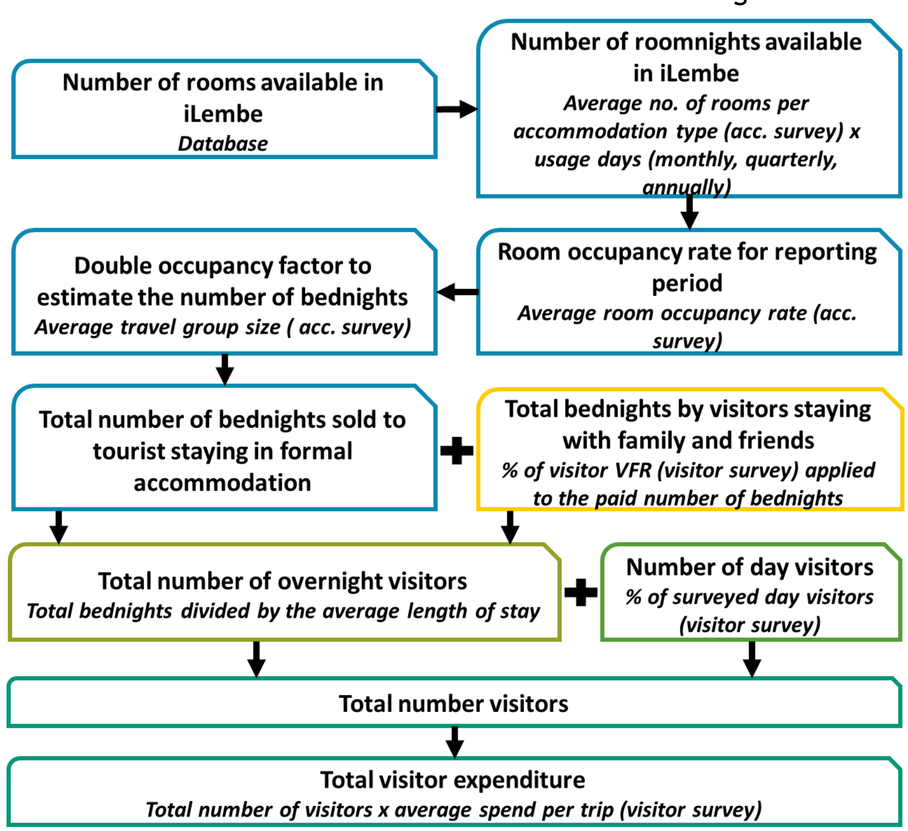
1.2.3 Estimate the size of the Tourism Sector

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	0,78	1,10	2,88
GGP	0,62	0,30	0,41	1,33
Income	0,10	0,11	0,18	0,35
Employment	1,15	0,70	0,99	2,85
Taxes	0,00	0,01	0,01	0,02

SOURCE: QUANTEC, 2024

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
- 2024 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 defined as visitors who spend the night in a lodging facility at their destination. Those visiting friends and relatives are also considered overnight tourists, but they do not need to use paid accommodation since they stay with people they know in the area. In contrast, day visitors are those who do not stay overnight at their destination, as they typically return to their place of origin on the same day.

The following table provides the estimated number of visitors that iLembe received from January to June 2024.

TABLE 2-1: NUMBER OF VISITORS FROM JAN - JUN 2024

Category	Jan-Jun 2023	Jan-Jun 2024
Number of visitors in paid accommodation	240 136	238 092
Number of visitors staying with friends and relatives	72 041	64 934
Number of day visitors	50 729	49 242
Total number of visitors to iLembe	**362 906**	**352 268**
Bednights sold (Paid accommodation)	744 422	738 086
Unpaid bednights (Staying with friends and relatives)	223 327	201 296
Total number of bednights in iLembe	**967 749**	**939 382**

SOURCE: URBAN-ECON, 2024

During the first half of 2024, the iLembe District welcomed approximately 238,092 visitors who chose paid accommodations. The slight decrease of 0.9% suggests fewer people identified iLembe as their preferred destination for travel. Additionally, 64,934 individuals visited friends and relatives, despite a 2.9% drop in this category. In 2024 there were 49,242-day visitors whereas in the previous year there were over 50 000-day visitors. The leisure market continues to dominate as a most of the visitors to iLembe prefer to stay in paid accommodation, however, the average travel group size and length of stay has changed in comparison to the previous year leading to an overall decrease in the total number of visitors to iLembe.

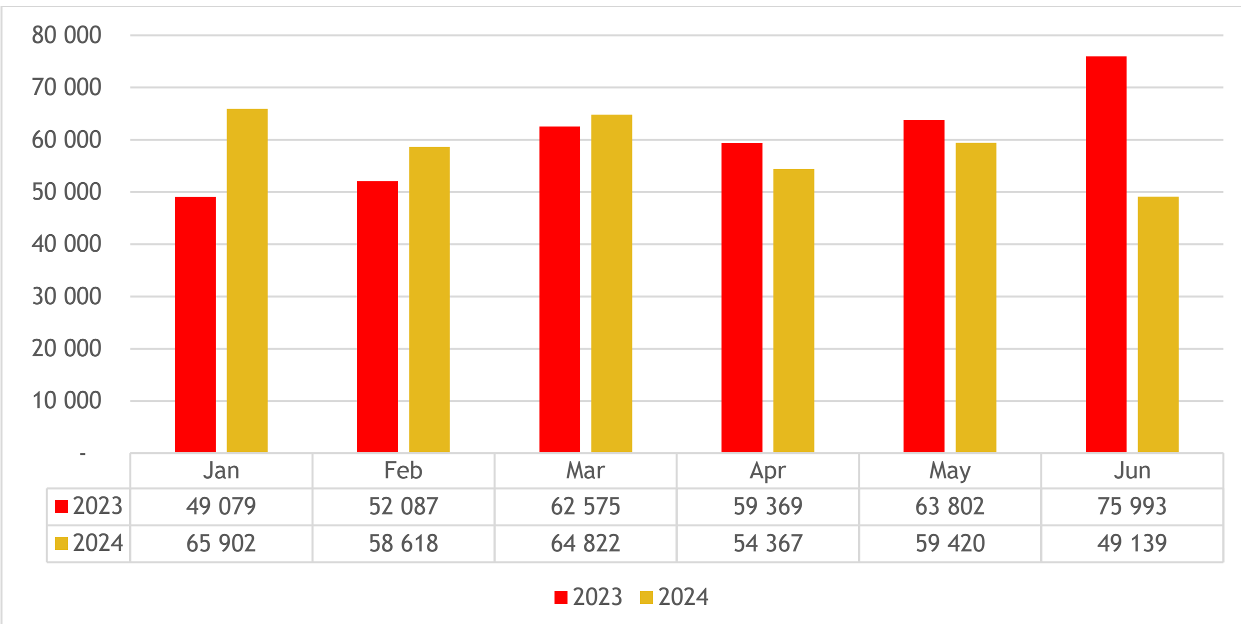
From January to June, in 2024 the district sold 738,086 bednights sold which were nearly 6 000 fewer bednights sold compared to 2023. While this figure reflects a slight decrease compared to 2023, it is a reflection of the tough economic climate in South Africa which sees most consumers struggle to afford leisure travel.

Additionally, the estimated number of unpaid bednights, attributed to visitors staying with friends and family, reached 201,296. This also shows a 10% decrease from the previous year, indicating a shift in travel patterns.

Overall, the total bednights spent in iLembe during this period amounted to an impressive 939,382. This demonstrates the continued interest in our beautiful district and sets a solid foundation for future growth and engagement in the tourism sector.

The number of visitors to iLembe decreased slightly by nearly 3%. However, this is potentially attributed to the national elections which took place earlier this year as the political environment does tend to influence consumer perceptions and overall market demand. Generally, a decline is more prominent post March school holidays as seen in the figure below.

FIGURE 2-1:NUMBER OF VISITORS FOR JANUARY TO JUNE FROM 2023-2024

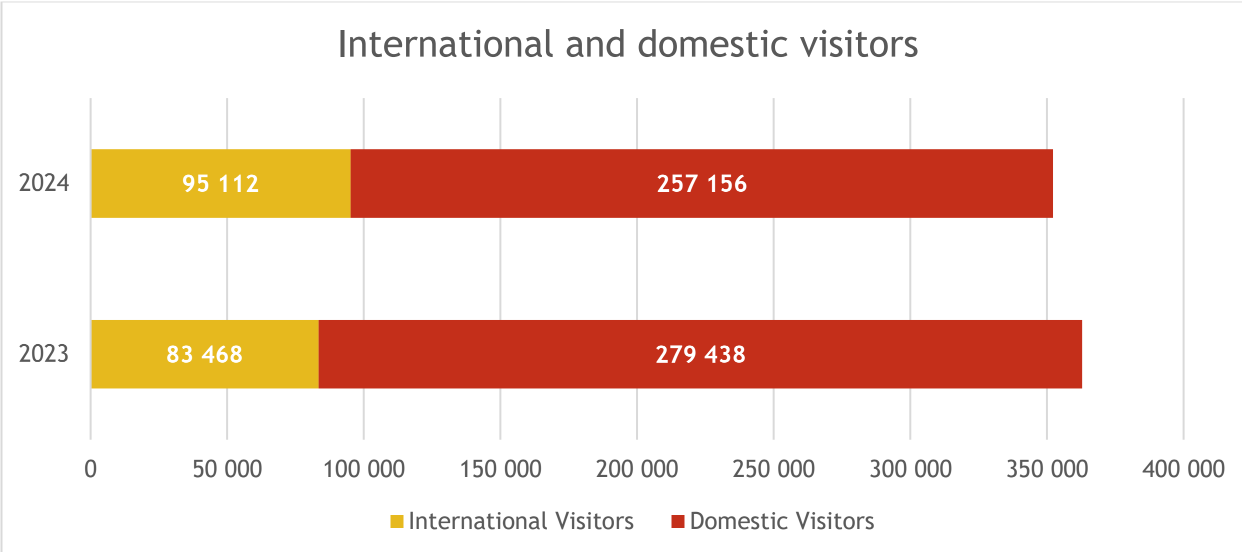


SOURCE: URBAN-ECON, 2024

2.2 Market Segments

The figure below illustrates the international and domestic visitor numbers ratio for 2023 and 2024. According to the visitor's survey, the portion of international visitors to iLembe has increased representing 27% of visitors to iLembe where South African residents represented 73%. Compared to 2023, which only had 23% of visitors being from foreign countries.

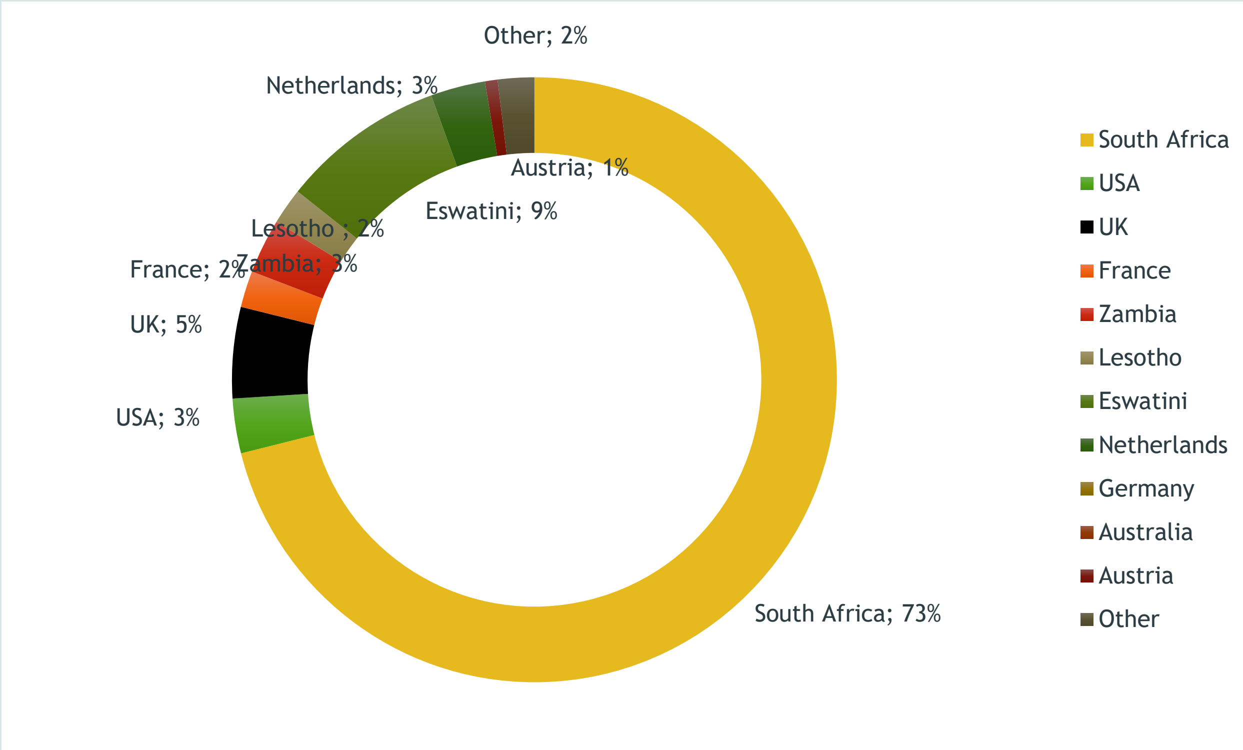
FIGURE 2-2: NUMBER OF INTERNATIONAL AND DOMESTIC VISITORS FOR JAN-JUN 2023 AND 2024



SOURCE: URBAN-ECON, 2024

The international tourism sector in iLembe is showing encouraging signs of growth, with key markets emerging from Eswatini, the UK, USA, Germany, France, and the Netherlands. These markets collectively account for a significant portion of international visitors to the region.

FIGURE 2-3: COUNTRY OF ORIGIN



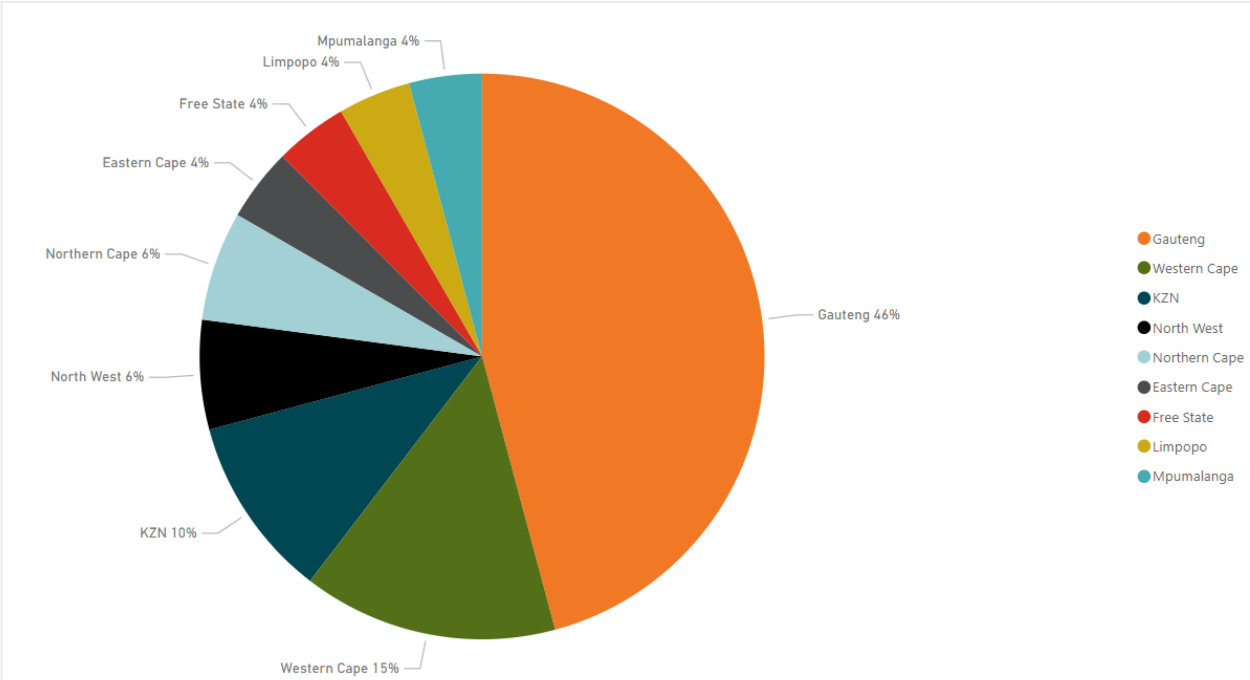
SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

Eswatini leads as the top international market, contributing 9% of visitors to iLembe. The UK follows closely, making up 5% of international arrivals. The USA, Germany, and the Netherlands each account for 3% of visitors France rounds out the top markets, representing 2% of international tourists to iLembe

This diversification of source markets is a testament to iLembe's growing appeal as a tourist destination. By attracting visitors from various countries, the region is able to mitigate risks associated with reliance on a single market and capitalize on the unique preferences and interests of each source country. Furthermore, the presence of established markets like the UK, USA, and European countries suggests that iLembe has the potential to attract high-value tourists who contribute significantly to the local economy through their spending and engagement with tourism products and services.

The figure below shows the province of origin for the South African residents that visited iLembe, with 46% residing in Gauteng, 15% from the Western Cape and 10% from KZN. The KZN Province continues to be one of the most preferred coastal destinations for Gauteng residents suggesting high levels of inter provincial travel between the two provinces throughout the year.

FIGURE 2-4: PROVINCE OF ORIGIN

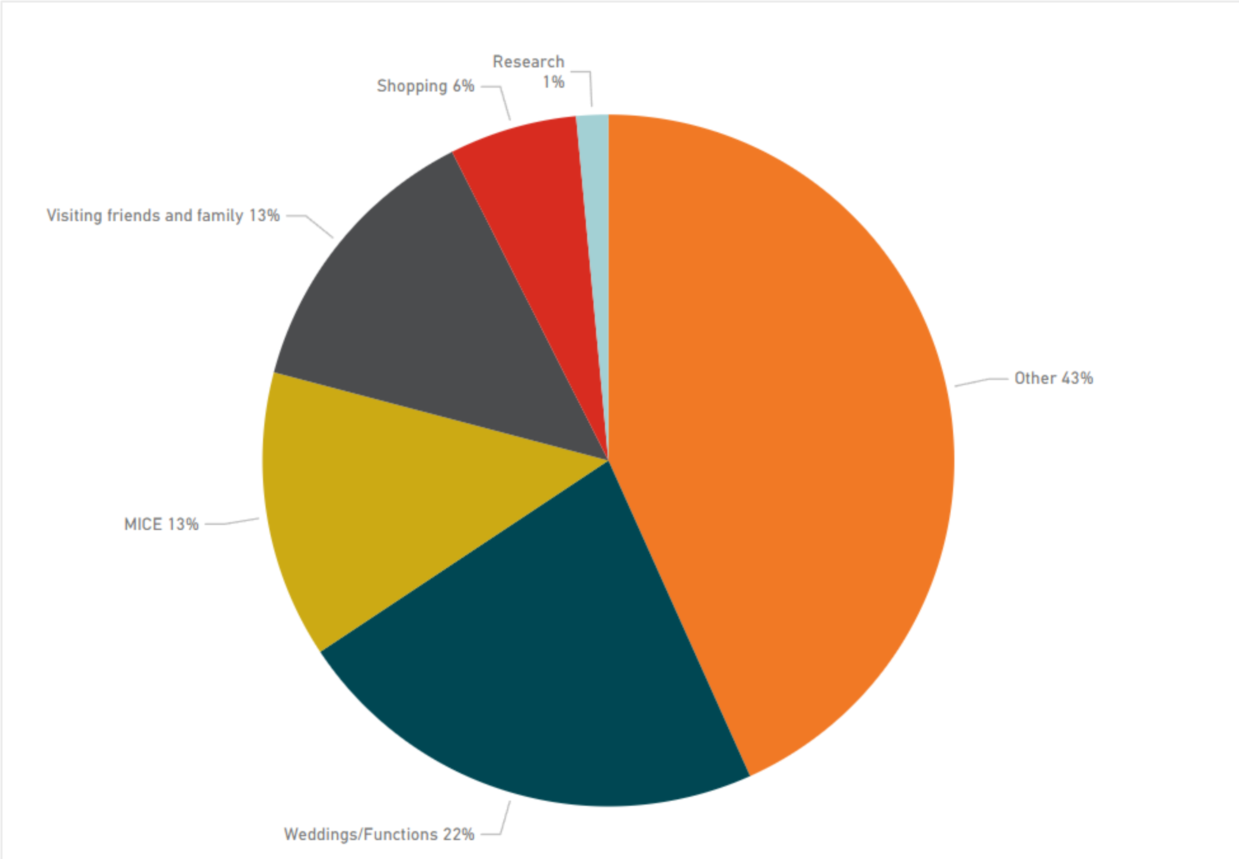


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

2.3 Travel behaviour

According to the visitor intercept survey, the main purpose of visit was for weddings/functions (22%) followed by VFR (13%), MICE (13%). and shopping (6%). What was interesting is the large number of visitors that indicated other (43%) as the purpose of visit.

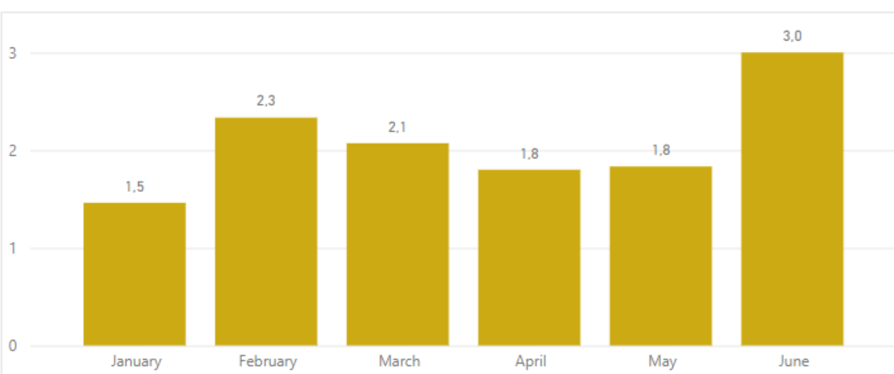
FIGURE 2-5: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2023

The travel group size for the study period saw many people travelling either alone (39%) or as couples (two people) at 37% of visitors. The rest of the visitors were in groups of three or more. The average travel group size was 2 people, with larger groups travelling during February (2.3 people) and June 2024 (3 people).

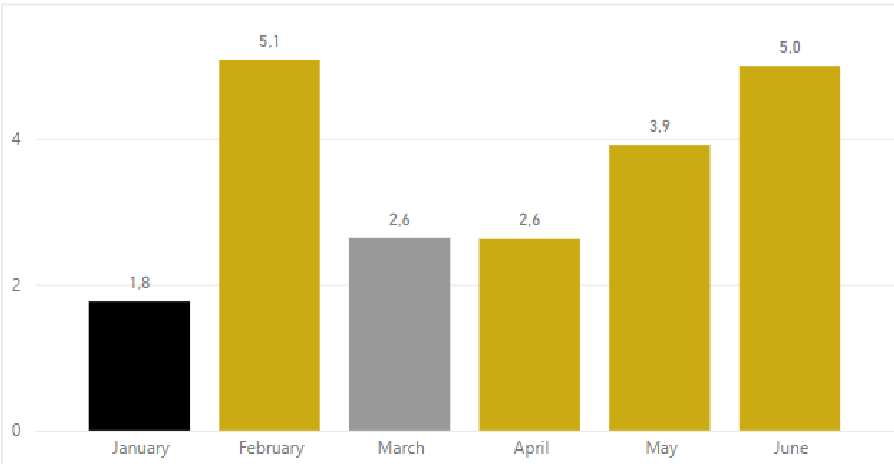
FIGURE 2-6: TRAVEL GROUP SIZE



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

The figure below shows the average length of stay. The trend remains constant with the overall average length of stay being 3.4 days per visitor, which is higher than the length of stay (3.1 days) in 2023. This is a positive trend with length of stay increasing particularly over the school holiday period.

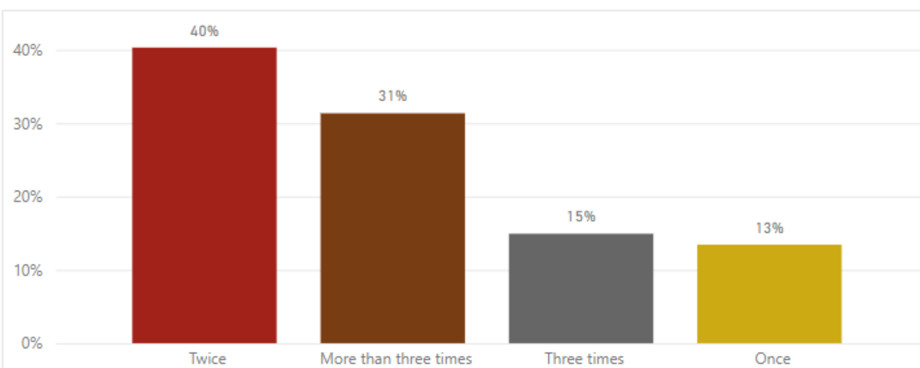
Figure 2-7: Length of Stay



Source: Enterprise iLembe Visitor Intercept Survey 2024

Over 40% of visitors have visited iLembe twice whereas only 13% indicated this as their first visit. Thus, the revisiting rate is very high with 87% of visitors visiting more than once.

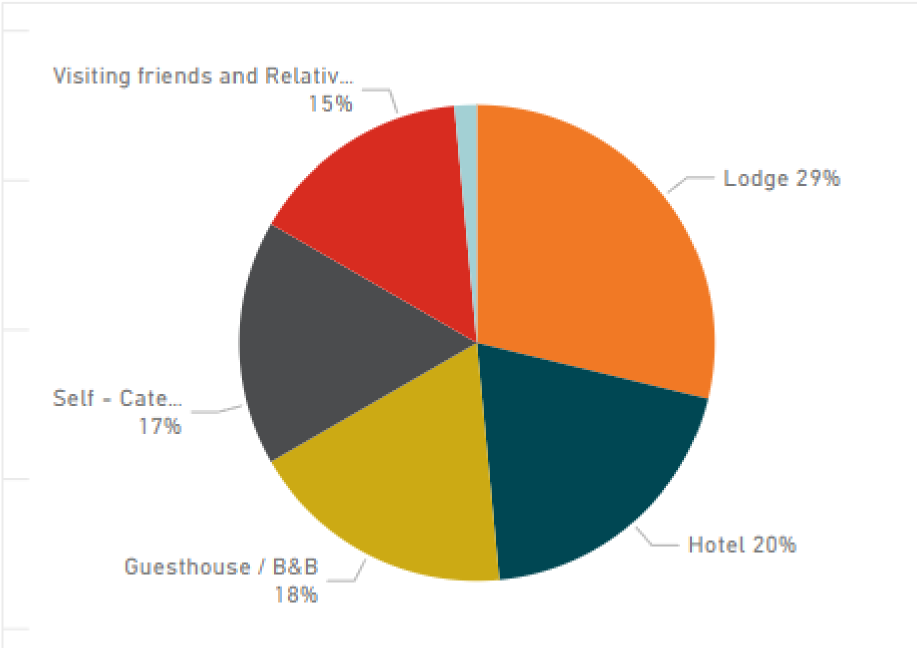
Figure 2-8: Repeat visitor



Source: Enterprise iLembe Visitor Intercept Survey 2024

The figure below indicates the type of accommodation used by visitors. The majority used lodges (29%), hotels (20%) and guesthouses/B&Bs (18%). Only 17% of visitors used self-catering and 15% of the visitors stayed with friends and relatives.

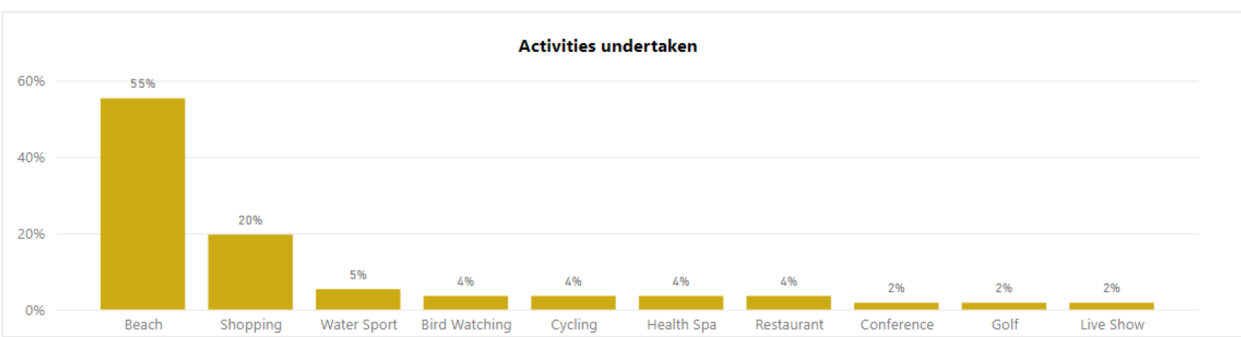
FIGURE 2-9: TYPE OF ACCOMMODATION



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

Over 55% of visitors indicated that they travel to iLembe for the beach and related activities. Other recreational activities included, shopping (20%), visiting health spas (4%), mountain biking (4%), and eating at restaurants (4%). Other key activities include attending conferences or live shows and other adventure activities.

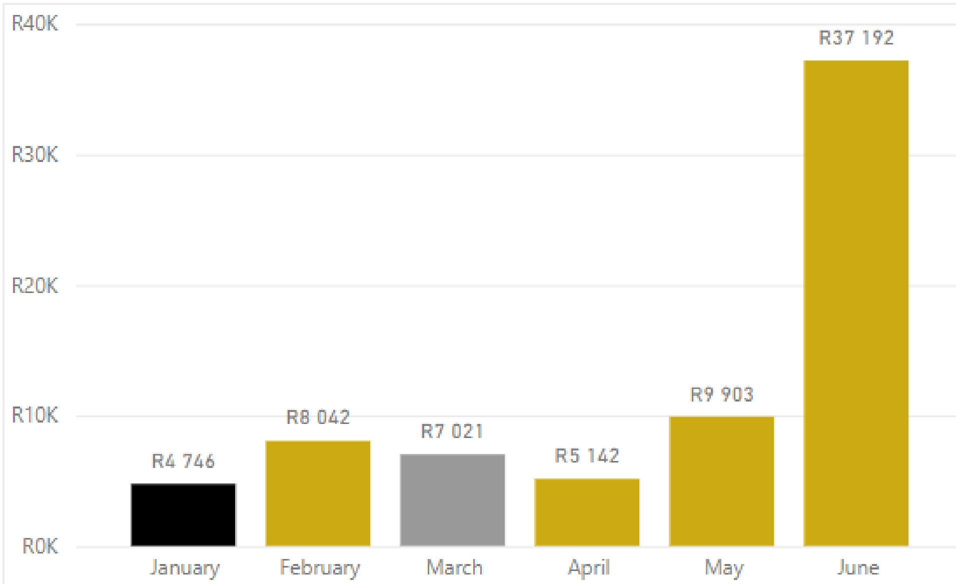
FIGURE 2-10: ACTIVITIES UNDERTAKEN DURING THE VISIT



SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

According to the survey, those who stay in accommodation spending R7 318 on average whereas those staying with friends and relatives spend R6 313 per trip. A day visitor spent on average R2 000. The average spend per visitor increased significantly from 2023 indicating an increase in the overall cost of living and spending habits.

FIGURE 2-11: AVERAGE VISITOR SPEND FOR JAN - JUN 2024

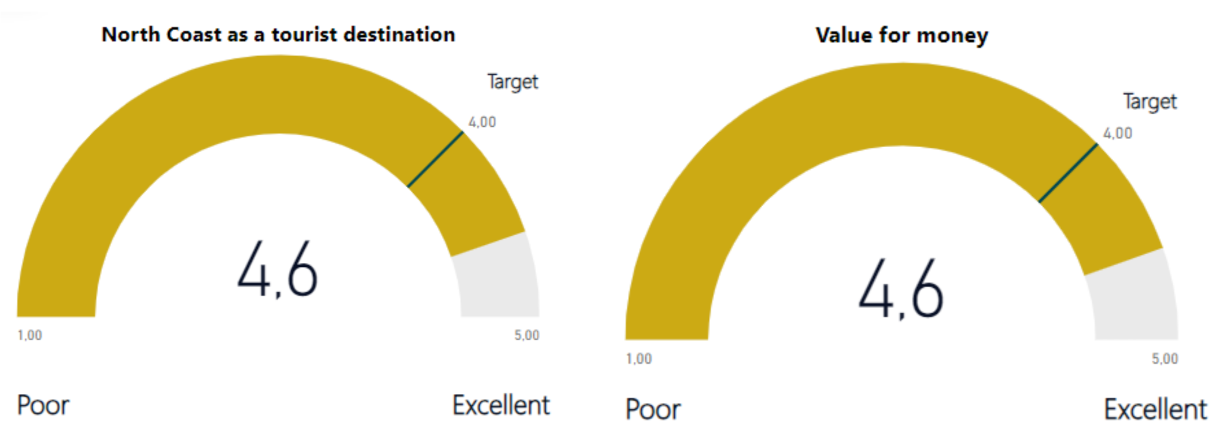


SOURCE: ENTERPRISE ILEMBE VISITOR INTERCEPT SURVEY 2024

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 4.6 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

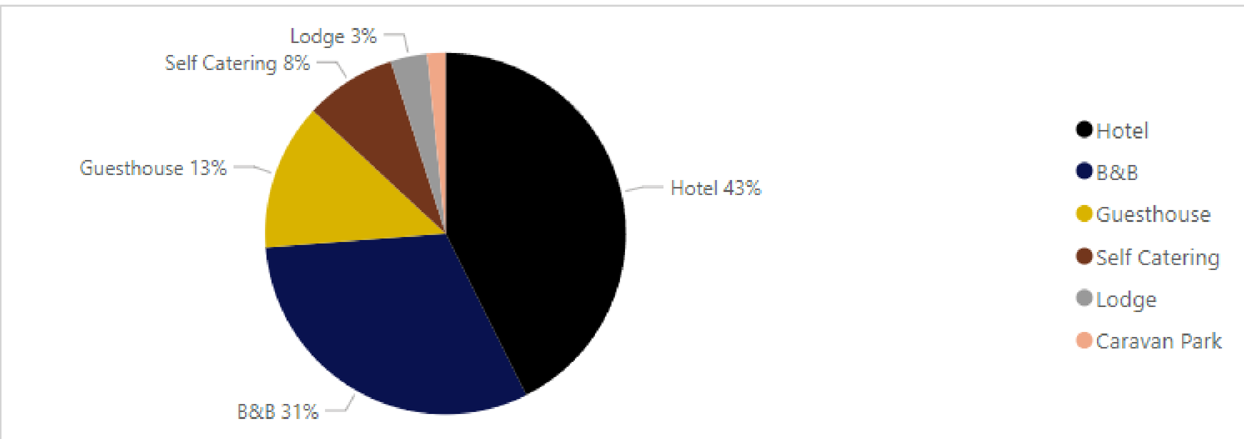
The accommodation survey section aims to gather essential insights from providers of accommodation and hospitality services about their product offerings, emerging trends within the tourism industry, and the tourism amenities available in the region.

3.1 Respondents to the Accommodation Survey

Between January and June 2024, a total of 61 individuals participated in the Accommodation survey. The respondents comprised owners of various establishments, including hotels, lodges, guesthouses, and other forms of accommodation.

The accompanying figure illustrates that during this period, hotel owners represented the largest segment of participants at 43%, followed by bed and breakfast proprietors at 31%, and guesthouse owners at 13%. Additionally, self-catering accommodation owners accounted for 8%, while lodge owners made up the remaining 3%.

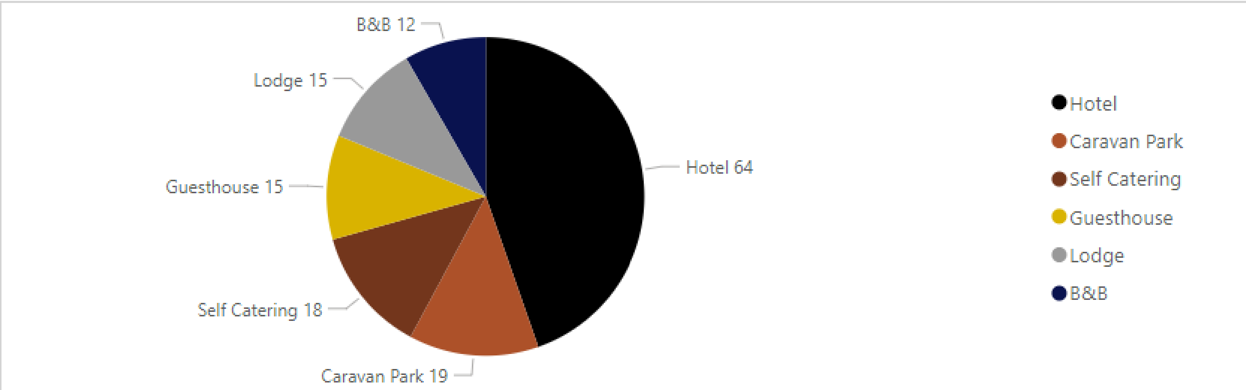
FIGURE 3-1: ACCOMMODATION SURVEY RESPONDENT TYPE, JAN -JUN 2024



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

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 35 across all accommodation types

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

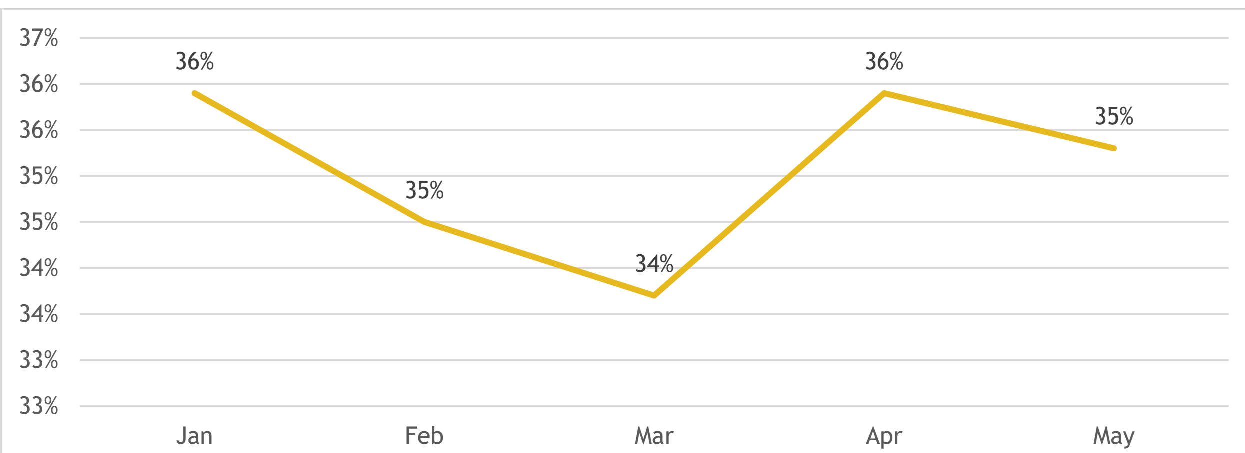


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

3.2 Average Occupancy Rates

According to the StatsSA, the national average occupancy rate from January to May 2024 was approximately 35%. The figures provided below indicate a slight fluctuation in occupancy rates over the first half of the year, with a peak in January and April, and a low in March.

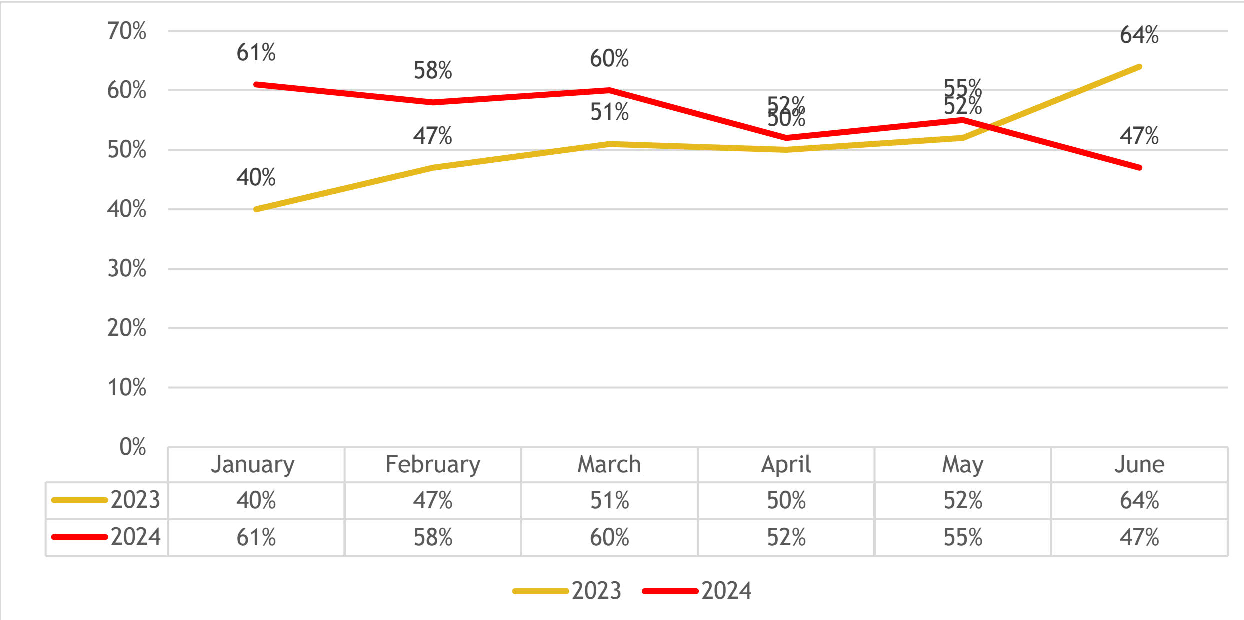
FIGURE 3-3: NATIONAL OCCUPANCY RATE JAN-MAY 2024



SOURCE: STATS SA, TOURIST ACCOMMODATION SURVEY JAN-MAY 2024

The average occupancy rate for January to June 2024 collectively was 57%. January (61%), February (58%) and March (60%) had the highest average occupancy rates, surpassing that of 2023.

FIGURE 3-4: AVERAGE OCCUPANCY RATE IN ILEMBE FOR JAN-JUN 2023 -2024

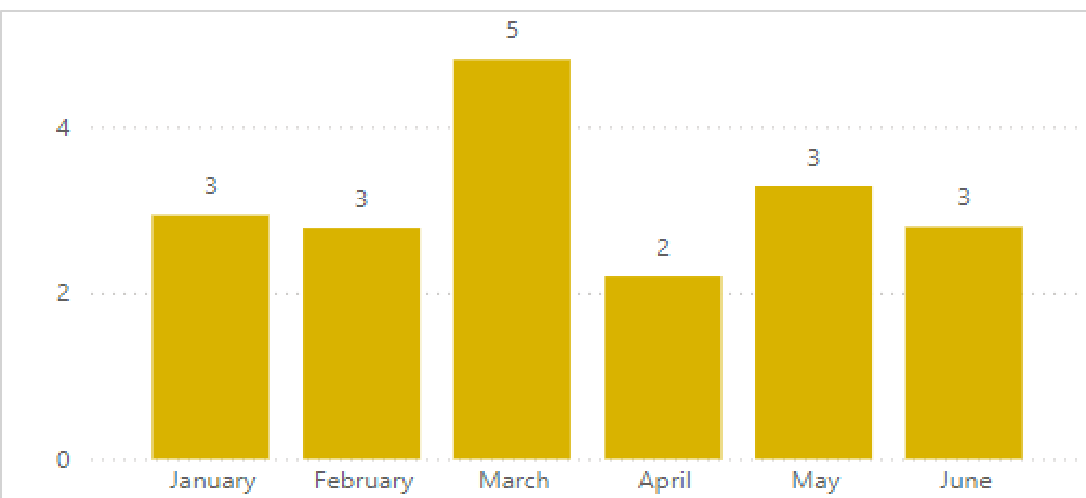


	January	February	March	April	May	June
2023	40%	47%	51%	50%	52%	64%
2024	61%	58%	60%	52%	55%	47%

SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

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 March had the highest average number of nights reported. The average number of nights spent by guests was 3 nights.

FIGURE 3-5: AVERAGE NUMBER OF NIGHTS PER MONTH

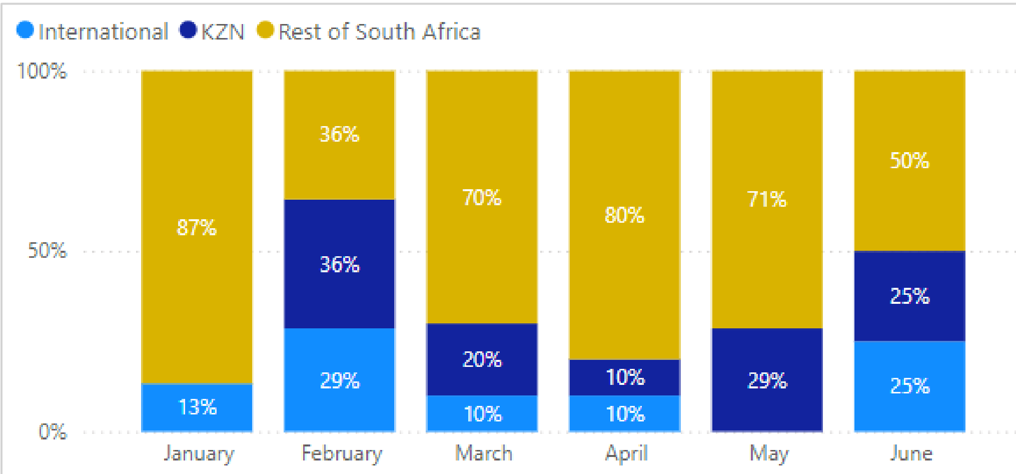


SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

3.3 Origin of Guests

The figure below displays the origin of guests to iLembe during the period January until June 2024.

FIGURE 3-6: ORIGIN OF GUESTS TO ILEMBE FROM JAN - JUN 2024



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

The first half of the year saw a large portion of guests generally coming from the domestic market, which is a popular travel period for local travellers to KZN.

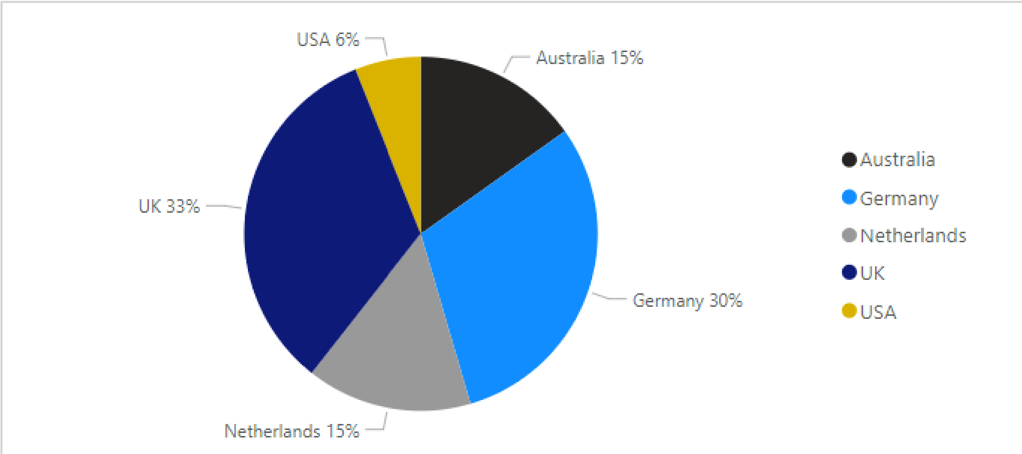
3.4 Top source market of international guests

International tourist arrivals play a pivotal role in shaping the growth and advancement of the tourism sector. A substantial influx of visitors serves as a strong indicator of a destination's appeal and desirability.

To effectively market a country's tourism to international travellers, it is essential to consider various factors, including infrastructure, available amenities, safety, culture, and heritage. These elements not only enhance the overall visitor experience but also serve as compelling selling points that attract tourists from around the globe.

The figure below displays the top source markets for guests as identified by the establishments. According to the accommodation survey, the UK (33%), Germany (30%), the Netherlands (15%), Australia (15%) and the USA (6%) were identified as key international markets.

FIGURE 3-7: TOP SOURCE MARKET OF INTERNATIONAL GUESTS JAN - JUN



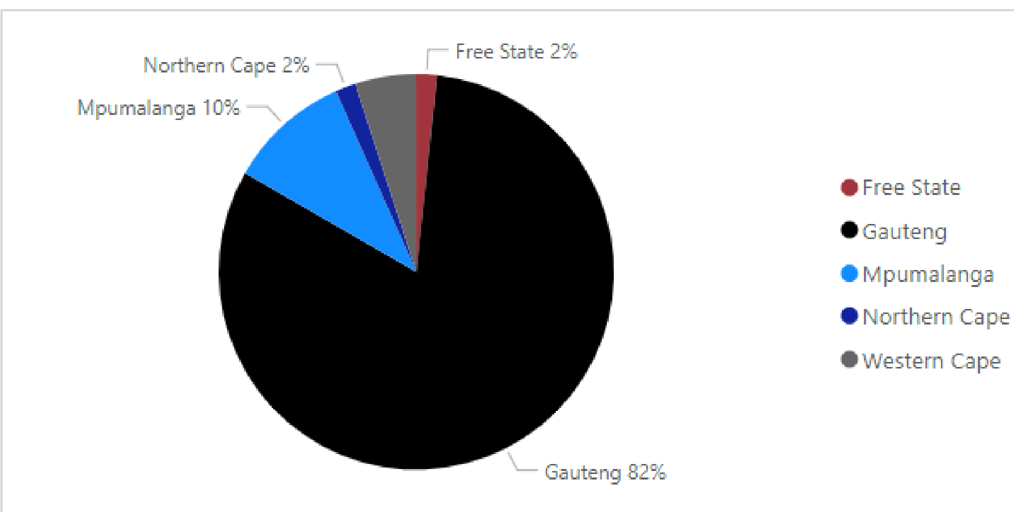
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

3.5 Top source market of domestic guests by province

Domestic travel frequently hinges on inter-provincial tourism as a catalyst for amplifying the growth of the tourism industry. Coastal provinces, notably KwaZulu-Natal and the Western Cape, are particularly prominent in this regard, owing to their convenient access to beautiful beaches and a variety of 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



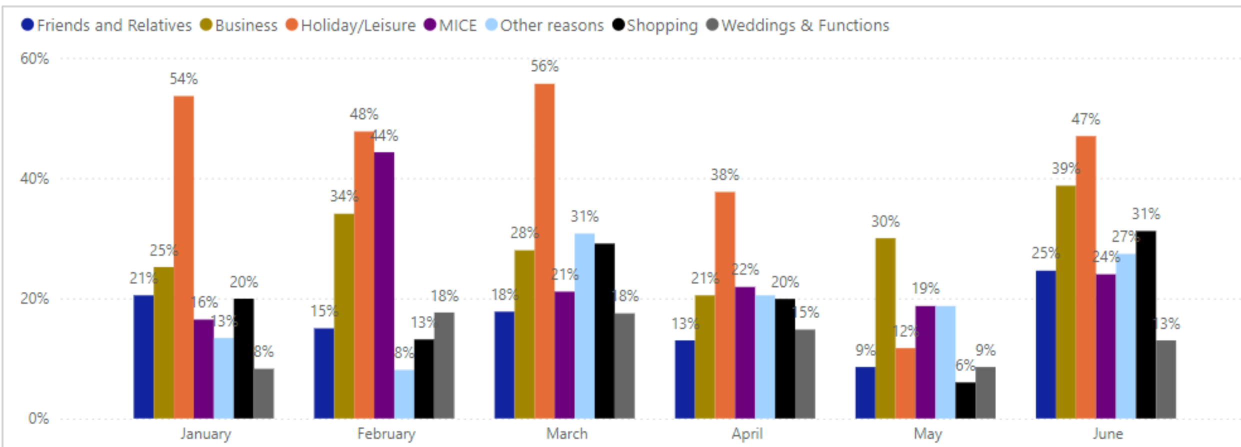
SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

The Gauteng Province (82%) is the top source market of domestic travellers followed by Mpumalanga (10%) and Western Cape (5%), 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 (45%) and business (28%), while others travel for MICE (25%) or shopping (19%). The rest travel to attend weddings and functions (13%) and other reasons (18%). The figure below displays the main purpose of visit for travellers to the iLembe District between January and June 2024.

FIGURE 3-9: PURPOSE OF VISIT



SOURCE: ENTERPRISE ILEMBE ACCOMMODATION SURVEY, 2024

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 and May saw a slight decline

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 showcases the estimated tourist expenditure for iLembe from January to June 2024. This expenditure was calculated by multiplying the average spend per visitor by the number of visitors. The total visitor expenditure reached an impressive R2.3 billion, reflecting a 4% increase compared to 2023, which saw R2.1 billion during the same period.

This growth is particularly encouraging, as it highlights that even with a slight decrease in the number of visitors to the iLembe District, the overall spending by tourists has increased. This trend indicates a strong resilience among consumers, demonstrating their willingness to invest in experiences despite economic challenges. The tourism sector in iLembe is clearly on a path of recovery and growth, showcasing the region's appeal and the positive outlook for future tourism development.

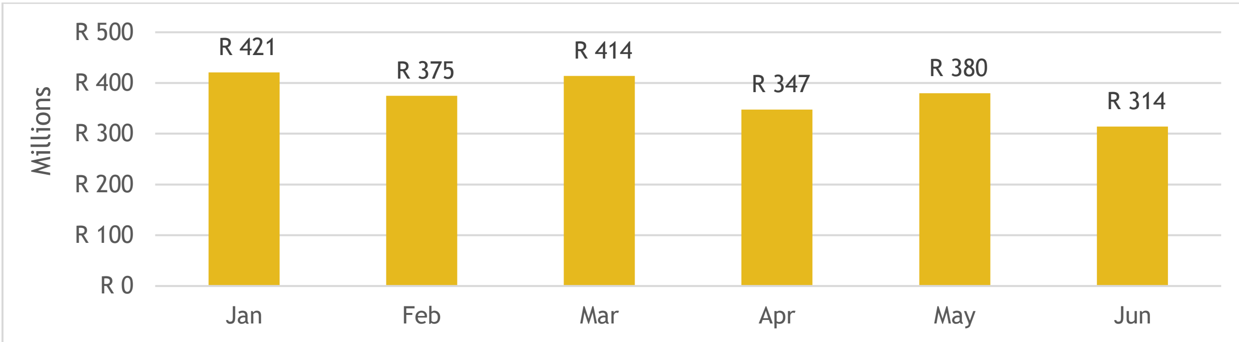
TABLE 4-1: VISITOR EXPENDITURE

Visitor Expenditure	Average Spend	Number	Total Expenditure
Visitors in paid accommodation	R7 318,00	238 092	R1 742 359 125
Visitors staying with Friends and Family	R6 313,00	64 934	R409 929 929
Day visitors	R2 000,00	49 242	R98 483 615
Total		**352 268**	**R2 250 772 669**

SOURCE: URBAN-ECON, 2024

The figure below illustrates the direct tourist expenditure per month for 2024, showcasing some exciting trends. From January to June, direct visitor spending demonstrated a dynamic pattern, with notable peaks in both January and March. While June experienced a slight dip, attributed to a monthly occupancy rate of 47%, this presents an opportunity for growth and improvement in the coming months. Overall, the data reflects a vibrant tourism landscape with potential for increased engagement and spending as we move forward.

FIGURE 4-1: DIRECT VISITOR EXPENDITURE PER MONTH FROM JANUARY TO JUNE 2024



SOURCE: URBAN-ECON, 2024

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 250 772 669	R1 755 602 682	R2 475 849 936	R6 482 225 286
GDP	R1 395 479 055	R675 231 801	R922 816 794	R2 993 527 649
Household Income	R225 077 267	R247 584 994	R405 139 080	R877 801 341
Taxes	R0	R22 507 727	R22 507 727	R45 015 453

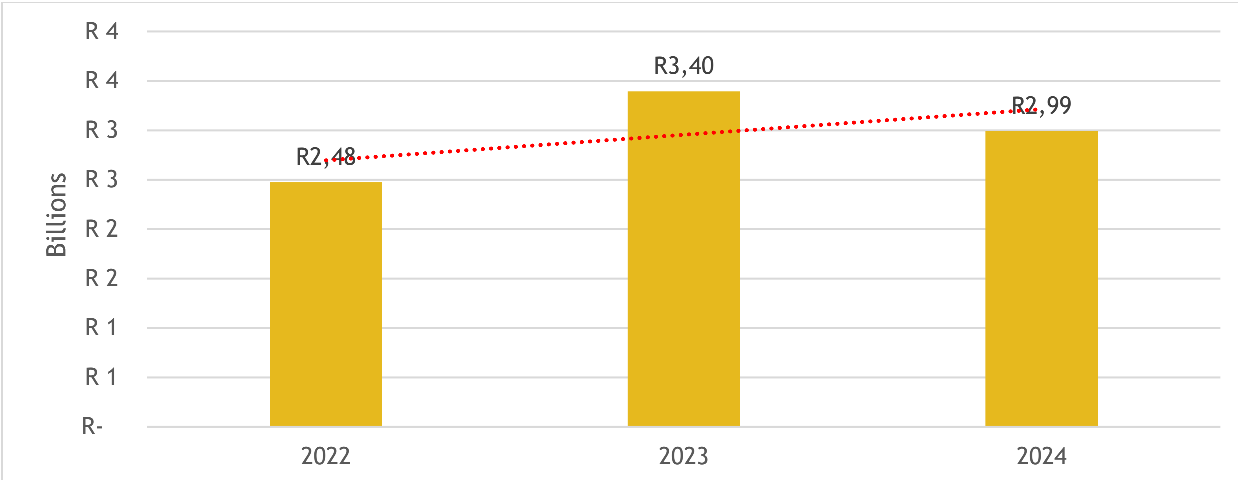
SOURCE: URBAN-ECON, 2024

From January to June 2024, the estimated total contribution to the GDP reached an impressive R2.9 billion. This remarkable figure highlights the significant impact of visitor spending, which generated over R1.5 billion in indirect and induced GDP effects, further enriching our economy.

In addition to boosting GDP, this influx of visitor expenditure also contributed over R816 million to household income, enhancing the financial well-being of many families. Furthermore, it generated R45 million in tax revenue, supporting vital public services and infrastructure. Overall, these contributions reflect a vibrant economy and the positive effects of tourism on the region.

The figure below shows the upward trend for GDP contributions over the last 3 years for the January to June year-on-year period.

FIGURE 4-2: GDP CONTRIBUTIONS FOR JANUARY TO JUNE FROM 2022-2024

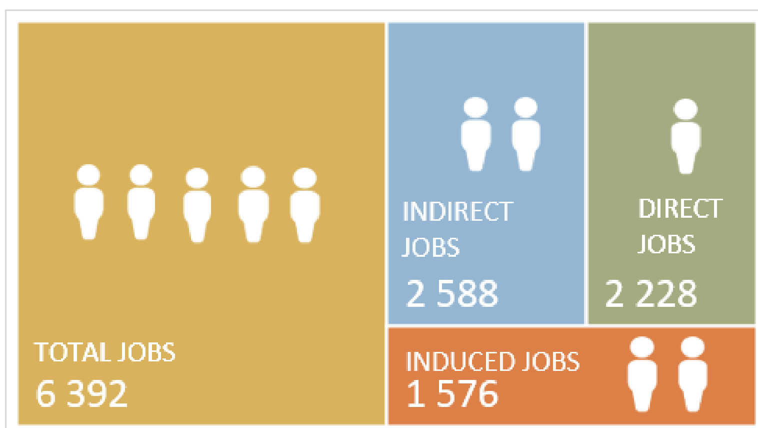


SOURCE: URBAN-ECON, 2023

In 2022, the total visitor expenditure contributed 2.4 billion to the GDP. The momentum continued into 2023, with this contribution soaring by over 30%, reaching R3.4 billion. Although there was a slight decrease in 2024, with GDP contributions totalling R2.9 billion, this still reflects a strong economic impact. The decrease in contributions can be viewed as an opportunity to enhance visitor experiences and attract more tourists to the iLembe District in the future. With strategic initiatives, there is great potential for revitalizing visitor numbers and boosting economic contributions once again.

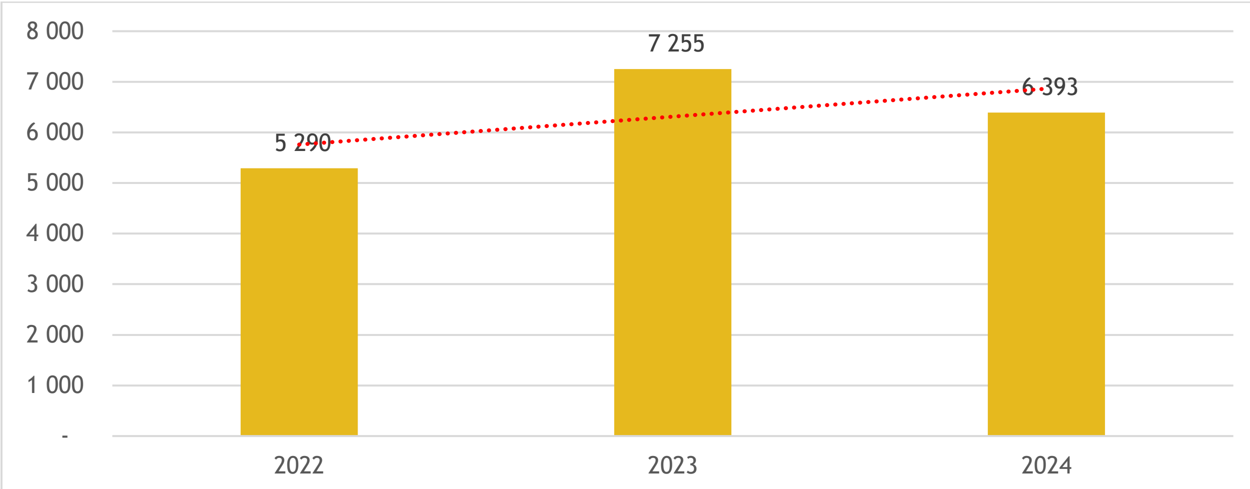
4.3 Job Creation

The direct jobs created by the visitor spend from January to June 2024, potentially supported an estimated 2 228 jobs over a year. The number of job opportunities supported by the sector was 6 392. 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 3 years for the January to June year-on-year period.

FIGURE 4-3: NUMBER OF JOB OPPORTUNITIES FOR JANUARY TO JUNE FROM 2022-2024



SOURCE: URBAN-ECON, 2024

The tourism sector demonstrated remarkable potential in 2022, supporting 5,290 job opportunities from January to June. This positive trend continued in 2023, with an impressive increase to 7,255 job opportunities, reflecting the sector's resilience and recovery. In 2024, the tourism industry continued to thrive, supporting 6,393 job opportunities, showcasing its vital role in the economy and the ongoing demand for tourism-related employment. This upward trajectory highlights the sector's importance and its ability to create meaningful job opportunities for the region.

Section 5: KZN Tourism Performance

Tourism in KwaZulu-Natal is a critical economic driver, showcasing growth through its diverse attractions, including natural reserves like iSimangaliso Wetland Park and the Drakensberg Mountains, cultural heritage sites, and vibrant cities such as Durban. Despite challenges such as seasonal fluctuations and the impact of COVID-19, KZN is focusing on sustainable tourism practices and innovative strategies to enhance visitor experiences and further boost its tourism sector. The section below compares KwaZulu Natal's tourism performance compared to that of its biggest competitors- Gauteng and Western Cape. It is noted that Mpumalanga also performed exceptionally well in 2023.

5.1 International Tourism Performance

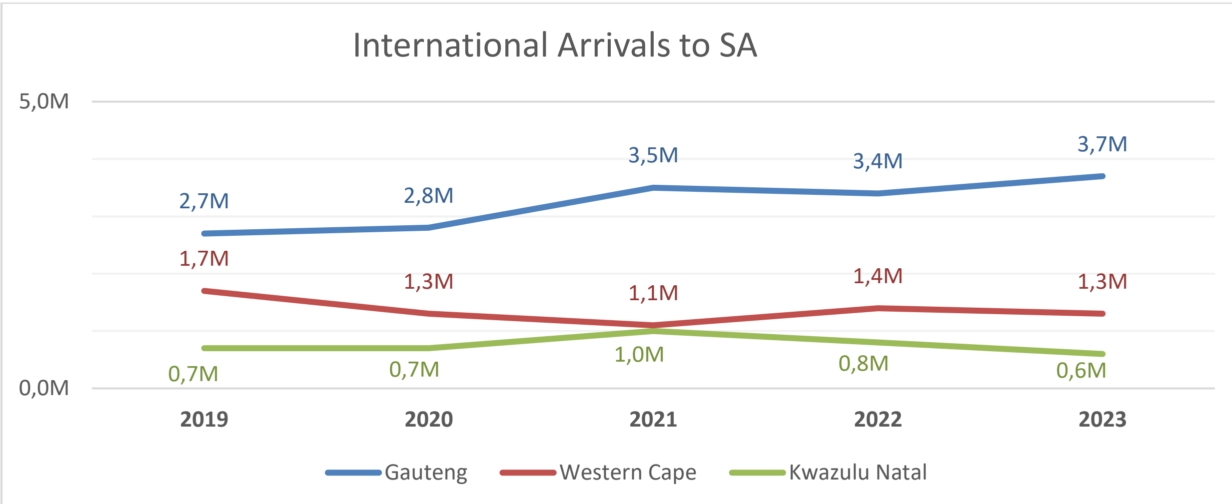
International tourists are vital to destinations for their economic, cultural, and developmental impact. Economically, they inject significant revenue into local economies through spending on accommodation, dining, transportation, and activities, thereby supporting jobs and businesses across various sectors. Culturally, tourists foster cross-cultural exchange, enriching local communities and promoting understanding and appreciation of diverse traditions and heritage. Moreover, tourism can drive infrastructure development and investment, enhancing the overall attractiveness and competitiveness of destinations globally. Beyond economic benefits, international tourists contribute to a destination's global visibility and reputation, drawing further tourism and investment opportunities, while also supporting conservation efforts and sustainable development initiatives crucial for long-term prosperity.

5.1.1 Tourist arrivals

The province recorded a 24.2% decline in international tourist arrivals from 822 883 in 2022 to 644 733 in 2023. This can be attributed to the closure of beaches due to sewage pollution which had a detrimental impact on Durban's tourism industry. The contamination of the coastline has resulted in an unattractive and unsafe environment for both locals and visitors. The Western

Cape province also saw a decline, although much lower at 4.4% from the previous year. Gauteng welcomed a 7.1% increase, remaining the preferred province to visit in South Africa.

FIGURE 5-1: INTERNATIONAL TOURIST ARRIVALS TO SOUTH AFRICA



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2023

The KwaZulu-Natal Province represents 7.6% of the total international tourist arrivals to the country. The top performing provinces are as follows- Gauteng (43.4%), Mpumalanga (21.6%) and the Western Cape (15.3%)[1].

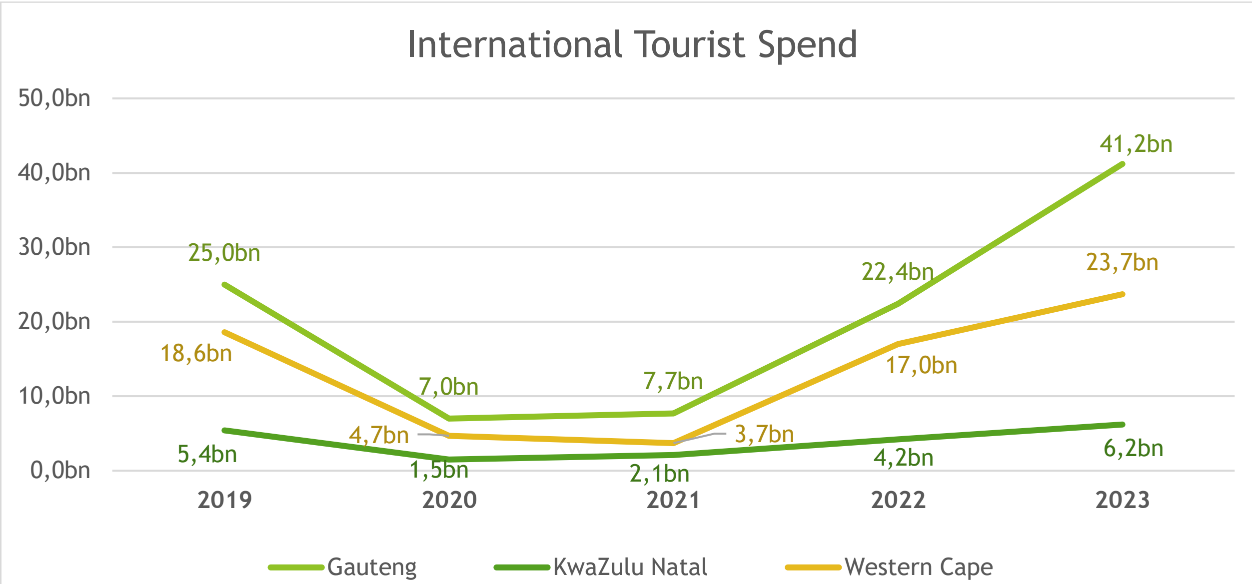
5.1.2 Spend

The Gauteng and Western Cape Provinces once again dominated on the provincial front with international tourist spend at R41.2 billion and R23.7 billion respectively. Although KwaZulu-

[1] South African Tourism, International Tourist Arrivals Survey 2023

Natal experienced a decline in visitor numbers, expenditure increased by 37.2% from the previous year to a total of R6.2 billion in 2023.

FIGURE 5-2: INTERNATIONAL TOURIST SPEND



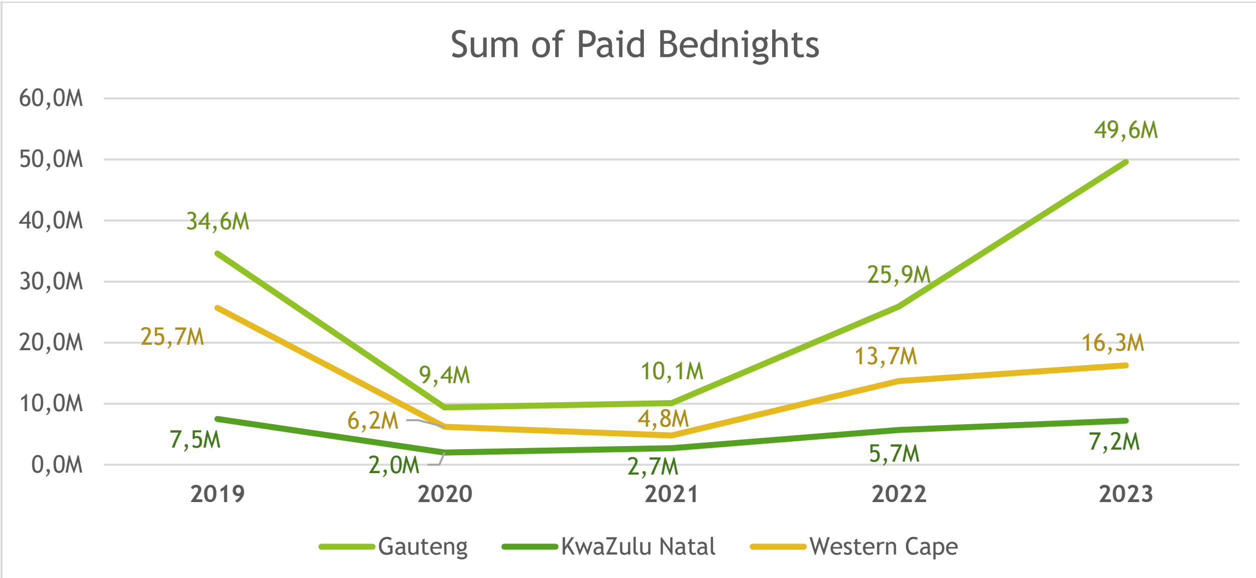
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2023

As economies started to recover from the pandemic-induced downturn, disposable income levels improved for many people. This increase in spending power brings numerous benefits, including significant economic growth through the creation of jobs in sectors such as hospitality, retail, and transportation. It stimulates local businesses, from small vendors to large enterprises, enhancing overall community prosperity. Higher tourist expenditure also boosts tax revenues, which can be reinvested in infrastructure and public services, improving the quality of life for residents

5.1.3 Paid bednights

Paid bednights in the province saw an impressive increase of 23.6% from 5.7 million in 2022 to 7.2 million in 2023. An increase in paid bednights for a tourism destination indicates a rise in overnight stays, which translates to higher revenue for accommodation providers such as hotels, guesthouses, and vacation rentals. This increase reflects greater visitor engagement and longer stays, leading to more spending on local services, attractions, and amenities. The extended presence of tourists supports job creation and sustains local businesses, enhancing the overall economic impact. Additionally, it can signal a growing appeal of the destination, improving its market reputation and potentially attracting further investment in tourism infrastructure and development.

FIGURE 5-3:SUM OF PAID BEDNIGHTS



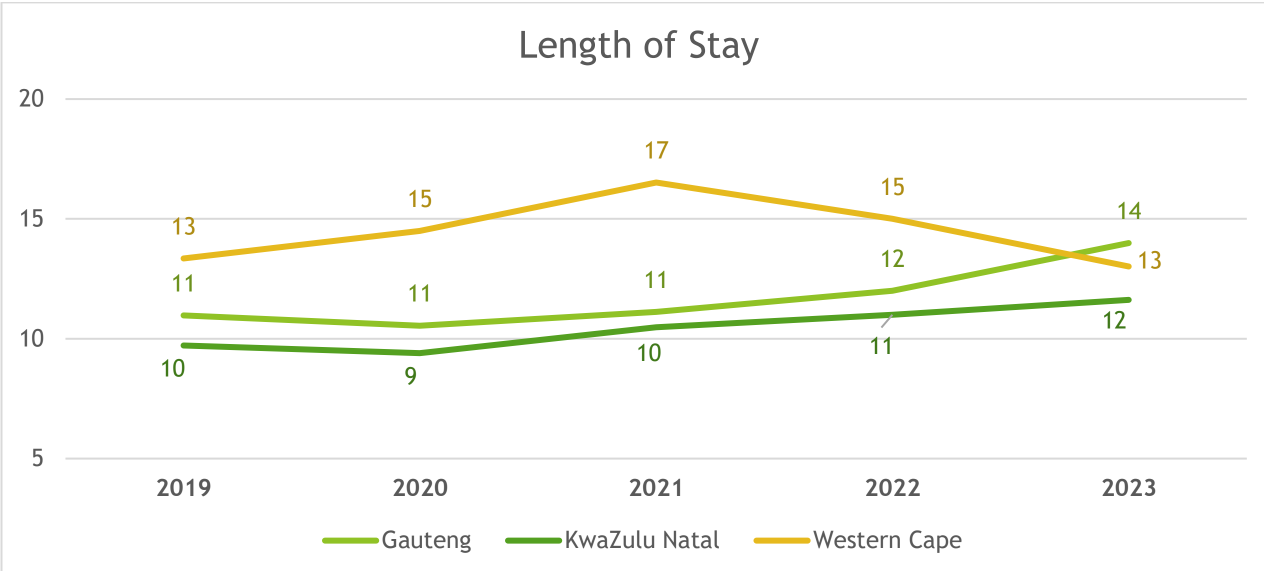
SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2023

Gauteng recorded an impressive 49.6 million, followed by Mpumalanga and the Western Cape at 6.3 million and 6.6 million respectively. Overall, most provinces experienced an increase in this regard.

5.1.4 Length of stay

Fluctuations in the number of days spent within a province did not change drastically across the board. KwaZulu Natal's length of stay increased by one day from 11 days in 2022 to 12 days in 2023. In general, most provinces saw a similar growth trend, however the Western Cape experienced a decrease from 15 to 13 days in 2023. 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: LENGTH OF STAY

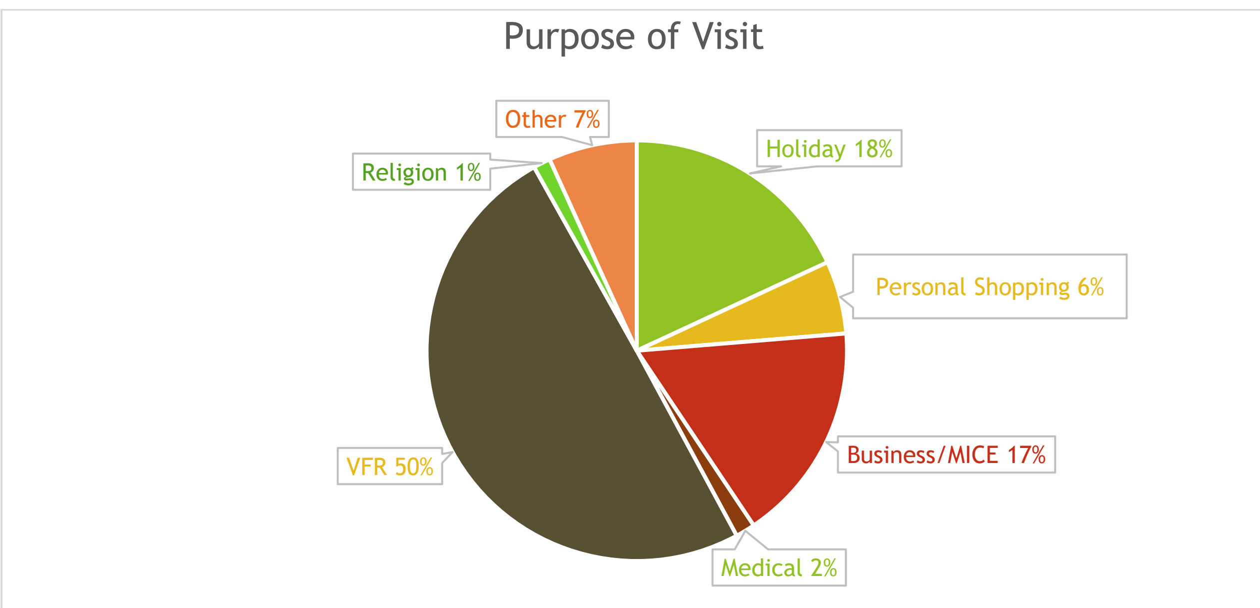


SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2023

5.1.5 Purpose of visit

The main purpose of visit for international tourists was to visit friends and relatives at 50%, followed by holiday purposes at 18%. Business/MICE came in third with 17% and shopping at 6%.

FIGURE 5-5: PURPOSE OF VISIT



SOURCE: SOUTH AFRICAN TOURISM INTERNATIONAL TOURIST ARRIVALS SURVEY, 2023

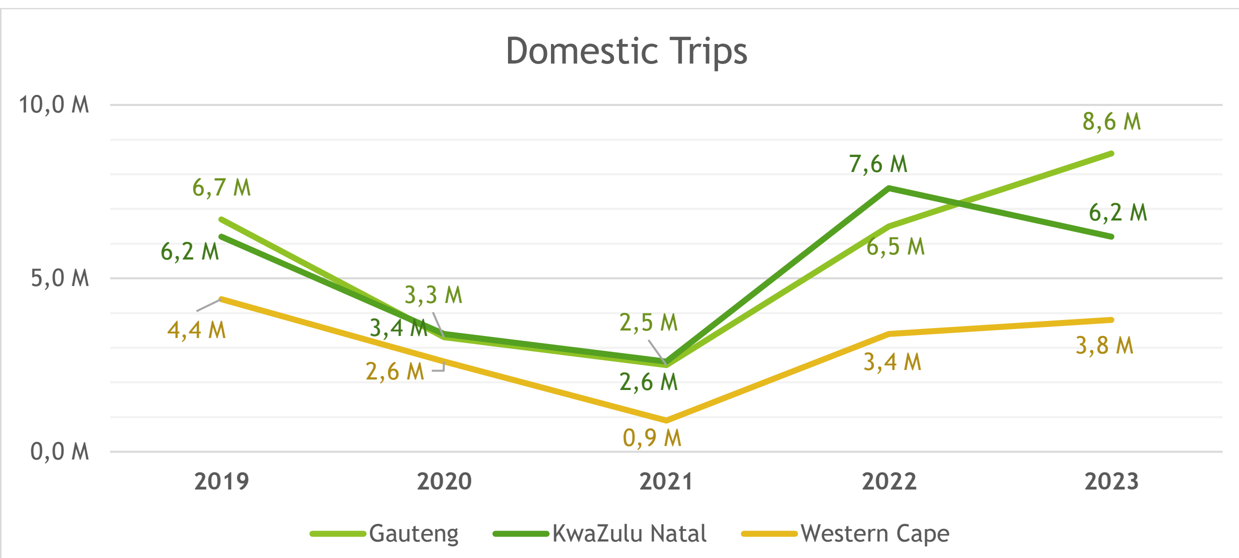
5.2 Domestic Tourism Performance

Domestic tourism provides a stable and reliable source of income throughout the year, reducing dependence on seasonal fluctuations or external economic conditions. Domestic tourists often contribute to local economies by spending on accommodations, dining, and recreational activities, supporting small businesses and livelihoods within the community. Furthermore, domestic tourism fosters a sense of national pride and identity, promoting cultural exchange and appreciation of local traditions and heritage. It also encourages investment in infrastructure and amenities that benefit residents and visitors alike, improving overall quality of life. Finally, domestic tourism can serve as a catalyst for sustainable development initiatives and environmental conservation efforts, ensuring that destinations remain attractive and accessible for future generations of travellers.

5.2.1 Domestic Trips

On the domestic tourism front, the province unfortunately recorded a 20% decrease in the number of domestic trips from 7.6 million in 2022 to 6.2 million in 2023. This decline is attributed to the severe weather events and infrastructure issues that the province faced- making travel less appealing and accessible for domestic tourists.

FIGURE 5-6: DOMESTIC TRIPS



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2023

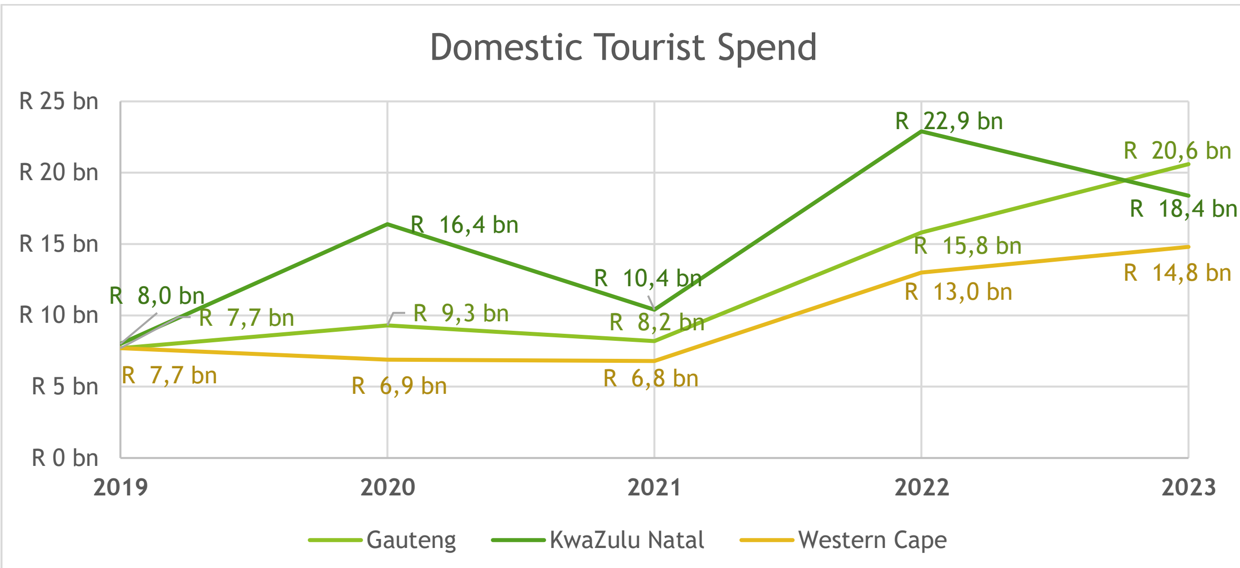
Other provinces largely reported an increase in domestic travel with Gauteng at a total of 8.6 million domestic trips for 2023 and the Western Cape at a total of 3.8 million- an increase of 10% from the previous year[2].

[2] South African Tourism, Domestic Tourism Survey 2023

5.2.2 Tourist Spend

In line with the decrease in the number of trips in the province, domestic spend was also impacted with a 21.7% decline from R22.9 billion in 2022 to R18.4 billion in 2023. Such declines can lead to lower income for businesses that rely on tourism, such as hotels, restaurants, and local attractions, which in turn affects employment and wages in the region. Reduced spending also means fewer investments in tourism infrastructure and marketing, potentially leading to a decline in the quality and attractiveness of the destination.

FIGURE 5-7: DOMESTIC TOURIST SPEND



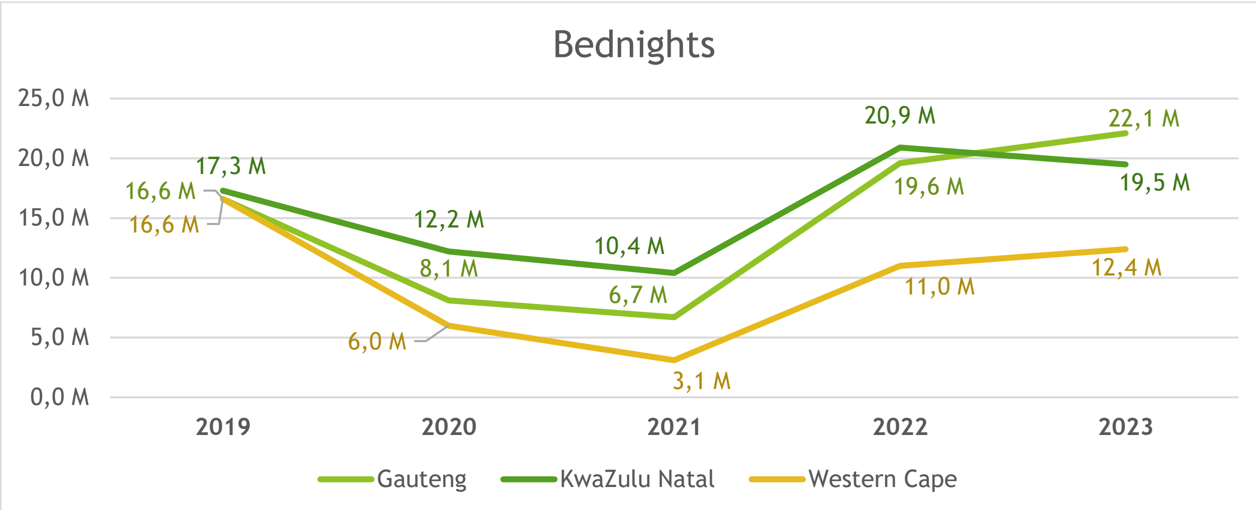
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2023

The Gauteng and Western Cape Provinces accounted for R20.6 billion and R14.8 billion in domestic tourism spending for 2023.

5.2.3 Bednights in KZN

Paid bednights indicate the number of accommodation establishments that were occupied during the study period. With fever trips to the province, paid bednights declined as well. KwaZulu Natal experienced a drop in bednights from 20.0 million in 2022 to 19.5 million in 2023.

FIGURE 5-8: BEDNIGHTS



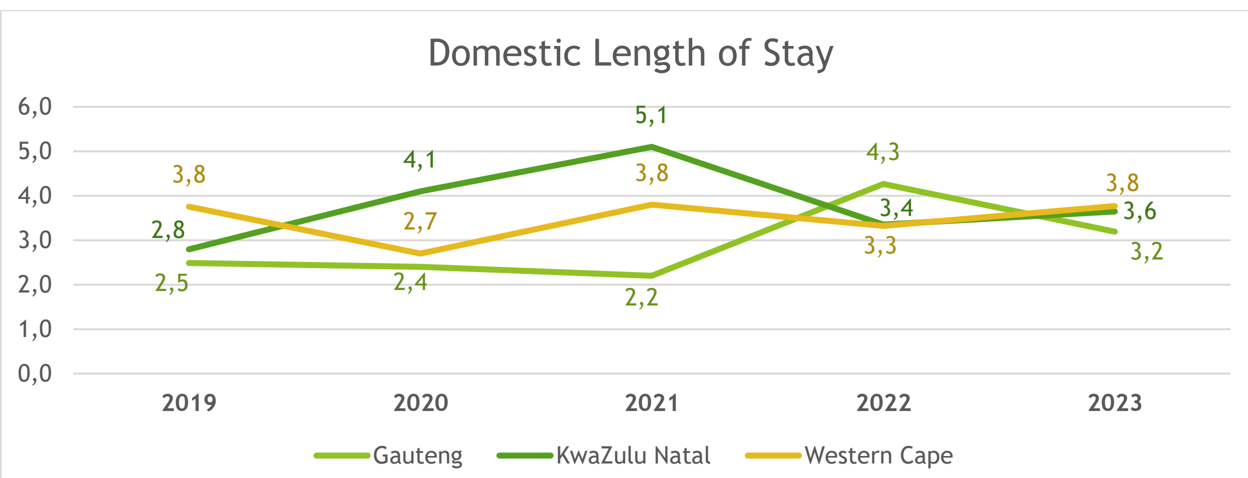
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2023

Gauteng and the Western Cape recorded increases in paid bednights at 22.1 million and 12.4 million for 2023 respectively. An increase in paid bednights is highly beneficial to a tourism destination as it directly boosts revenue for the hospitality sector, including hotels, guesthouses, and rental properties. This influx of income helps businesses invest in better services and infrastructure, enhancing the overall visitor experience.

5.2.4 Length of Stay

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

FIGURE 5-9: LENGTH OF STAY



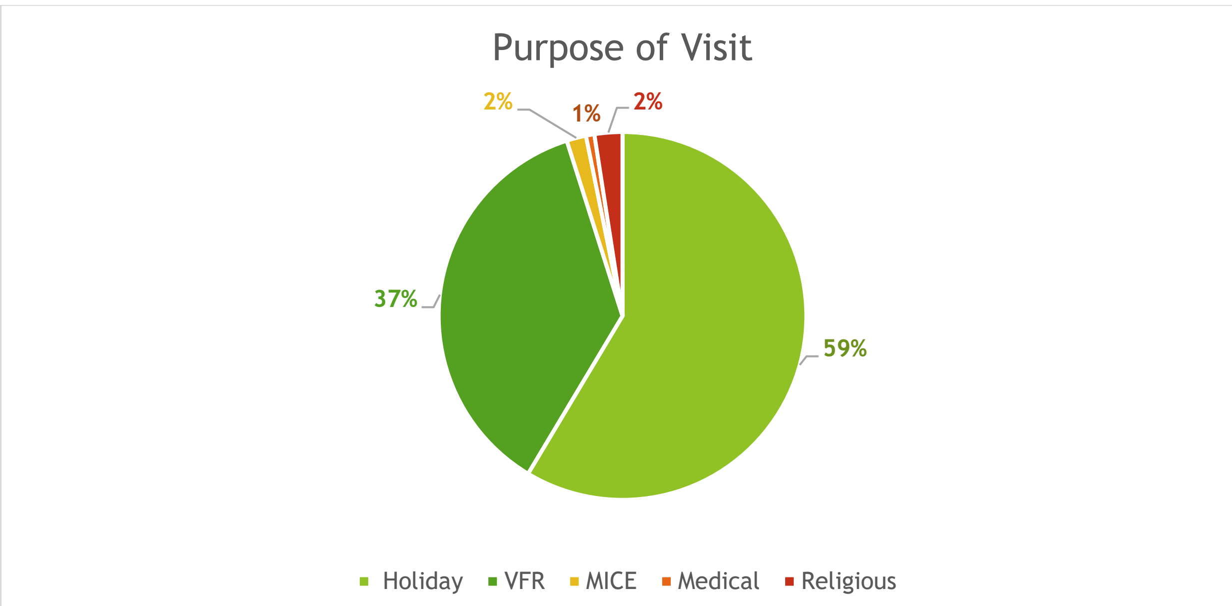
SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2023

Domestic length of stay experienced a slight increase from 3.4 days in 2022 to 3.6 days in 2023. 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.

5.2.5 Purpose of visit

The main purpose of visit for domestic tourists was for holiday purposes at 59% followed by visiting friends and relatives at 37%. Business and religious travel motivations accounted for 2% each, followed by medical reasons at 1%.

FIGURE 5-10:PURPOSE OF VISIT TO KZN PROVINCE



SOURCE: SOUTH AFRICAN TOURISM DOMESTIC TOURISM SURVEY, 2023

The province needs to keep holiday goers entertained and catered for. This can be done by offering affordable and diverse travel packages, improving accessibility and transportation links, and promoting local attractions and cultural experiences that resonate with domestic tourists. Developing targeted marketing campaigns that highlight the benefits and uniqueness of local destinations can attract more domestic tourists

Section 6: Conclusion

The overall number of visitors to the iLembe District in 2024 decreased slightly in contrast to the number of visitors in 2023. This is attributed by a challenging economic environment which sees most consumers struggle to afford leisure and entertainment. The demand market suggests consumers are seeking cheaper and more affordable alternatives which offer a memorable experience at an affordable price.

The diverse offerings and natural beauty of Ilembe position it as a premier destination in KwaZulu-Natal (KZN) therefore it is essential to utilise these assets to increase the number of bednights sold. Majority of the visitors to iLembe prefer to stay in paid accommodation however it is crucial to package tourism product offering which will also offer personalised day visitor experiences that will encourage local residents to explore the region further.

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.