



NEW PROVINCIAL GOVERNMENT PLAN TO CENTRALISE TOURISM MARKETING IN CAPE TOWN – YOUR VIEWS REQUIRED

The Provincial Government of the Western Cape has put forward a proposal to reorganise and **centralise** the ways in which Cape Town is marketed as a tourism destination, to re-establish CTRU (under a new name and constitution) as the primary marketing organisation for Cape Town and to realign all city marketing activity with the provincial marketing strategy. This proposal, if implemented, would have major implications for the future of tourism in Cape Town and for Cape Town Tourism (CTT).

What follows is an outline of:

- A. The background and implications of the Provincial Government proposal for a centralised marketing structure.
- B. The views of the CTT Board on the Provincial Government proposal – which are that the proposal represents a step back for tourism in Cape Town and goes against global best practice for effective city and regional marketing structures.
- C. An alternative proposal for a marketing network rather than a centralised structure – the CTT Board supports this alternative as being the most sustainable and workable solution for the city and other RTOs, aligned with global best practice.

A. BACKGROUND TO TOURISM MARKETING IN CAPE TOWN AND THE WESTERN CAPE

In 2002, the Provincial Government and the former Cape Town Metropolitan City Council agreed to establish a joint marketing organisation, which came into operation in 2004 as Cape Town Routes Unlimited (CTRU). The original proposals did not include any tourism organisation specifically for Cape Town. It was only after intensive pressure from the tourism businesses in Cape Town that the authorities agreed to the establishment of Cape Town Tourism (CTT) as an industry association covering the whole of the Metropole, responsible only for visitor and industry services.

Within Cape Town there was a **substantial degree of dissatisfaction with the performance of the provincial marketing organisation, CTRU**, during its first four years. This resulted in 2008 in a decision by the City of Cape Town to transfer its funding from CTRU to Cape Town Tourism. The main objectives for the transfer of the marketing mandate to CTT were:

- To ensure that the investment achieves the best return for the city,
- To maximize the involvement of the tourism industry in marketing and
- To achieve alignment of the development of tourism with other aspects of the economic and social development of the city.

At a Special General Meeting of its members, the tourism businesses of Cape Town unanimously supported this transfer of the marketing mandate to Cape Town Tourism, and Cape Town Tourism's mandate and constitution were changed accordingly.

Since that time CTT has transformed itself into a fully integrated destination marketing and visitor services organisation, which represents a genuine partnership between the private and public sectors.

It has been recognised by the UN World Tourism organisation as Africa's leading city tourism organisation and its strategies and operations are based on international best practice. CTT has initially focused on maximising the long-term opportunities relating to the 2010 FIFA World Cup™. It is now poised to drive the implementation of an innovative programme of tourism market development for the next ten years, in partnership with the tourism industry, designed to position Cape Town as a major international destination and double the value of tourism to the greater Cape Town city region.

B. THE PROVINCIAL GOVERNMENT PROPOSAL OF A CENTRALISED TOURISM MARKETING STRUCTURE

The Provincial Government proposal seeks to centralise tourism marketing under CTRU (renamed) as the primary marketing organisation for Cape Town, and to realign all City marketing activities with the Provincial Government marketing strategy. This would involve the City Council again directing marketing funding towards the ‘new CTRU’. This proposal seeks essentially to ‘turn back the clock’ and implement a tourism structure that has proven to be unsuccessful in the past.

KEY IMPLICATIONS FOR THE DEVELOPMENT OF TOURISM IN CAPE TOWN ARE SUMMARISED IN THE BOX BELOW:

How the Provincial Governmental Proposal Affects Tourism in Cape Town

1. All policies for tourism would be directed from the Provincial level. The proposals emphasise that there would be:
 - **Only one brand “encompassing city, regional and provincial destinations”**
 - **Only one marketing strategy, which all tourism organisations in the province (including CTT) would be required to support.**
2. The consolidation of CTT and CTRU, into **one provincial structure**, would be approved by the Provincial Minister of Finance, Economic Development and Tourism, and by the City’s Mayoral Committee Member for Economic Development and Tourism. This would be **incompatible with CTT’s current position as an independent, apolitical, industry-led association focused on marketing the greater Cape Town city region.**
3. The Provincial Government is proposing to fund only the **establishment costs** of the ‘new’ CTRU. It is looking to the City and other municipalities in the Province to pay for the provincial marketing activities. Thus the **City of Cape Town’s funds (and those of other municipalities) would be used to pay for most, if not all, provincial marketing activity, rather than being used to market and promote the regions.**

C. CAPE TOWN TOURISM’S PROPOSAL OF A TOURISM MARKETING NETWORK

Cape Town Tourism believes that the thinking behind the Provincial Government proposal for Tourism Marketing is fundamentally flawed and misguided, both in principle and in practice.

CTT proposes that there should continue to be tourism organisations at city/regional and provincial level, but with clear, distinct roles and responsibilities, each level focusing on what it can do best, and working within a framework of genuine, jointly planned partnership.

CTT propose that the **Provincial Tourism Organisation (PTO) should only undertake those functions that cannot be undertaken better at regional/local level.**

CTT proposes that any new tourism marketing structure should adhere to the following principles:

1. Joint marketing within a tourism network rather than a single provincial DMO.

Cape Town Tourism supports the principle of joint marketing through an integrated network, but does not believe a single tourism marketing structure at provincial level is the best delivery mechanism. Cape Town must have its own tourism marketing organisation focused on the greater Cape Town city region, managing brand Cape Town and working in partnership with the industry and private sector to leverage marketing opportunities.

2. Brand management must be at regional/local level by those who know the brand best.

The Western Cape is neither a destination nor a brand and should not seek to present itself as such. **The real destinations and brands are at city, regional and local level.** Each has its own tourism community, its own destination personality/brand and offers unique experiences. **All tourism delivery should be focused at this level.** The brand of Cape Town should be used specifically for the greater Cape Town city region and not requisitioned and diluted to serve a wider provincial purpose.

The purpose of the other regions will be best served by:

- **strengthening their brands**, focusing on their unique identities and products
- **developing thematic products** that will link the city and other regions in appropriate combinations. CTT is willing and able to play a strong role in developing such thematic products and promotions.

3. Cape Town, Africa's leading destination, needs its own tourism marketing strategy.

Cape Town has an incredibly strong brand – a key asset for the city and the country. The concept of only one tourism marketing strategy embracing the all parts of the province would act as a **straightjacket, stifling local leadership and initiative.** Whilst strategies can be aligned and be informed by a national and provincial strategy, they must be focused on regional or local destinations i.e. Cape Town and its unique requirements.

4. We must follow, not ignore, best practice in tourism marketing.

The great majority, if not all, major city destinations (e.g. Vancouver, San Francisco, Boston, Barcelona, Gothenburg, Glasgow, London, Brussels, Paris, Amsterdam, Melbourne and Auckland), have their own strong, dedicated public-private tourism organisations, undertaking their own marketing programmes, including Business tourism. Cape Town Tourism's strategy and business plan draws from these international examples of strong, city-driven tourism.

5. The visitor or customer should be central to tourism marketing. Marketing and visitor services cannot be segmented and delivered by a variety of organisations.

It is essential for tourism marketing activities, visitor services and tourism development to be fully integrated, informed by the concept of the 'customer journey'. To maximise cost-effectiveness, **marketing and visitor services must be delivered on a fully integrated basis**, maintaining the relationship with the customer throughout his or her 'journey' – choosing Cape Town, planning the visit, making the bookings, visiting the destination, recollecting and recommending the city. It is a continuum that cannot be broken up into parts and managed by a variety of organisations. Most importantly, **marketing and visitor services must work together in implementing Customer Relationship Marketing**, to maximise the lifetime value of the customer. The Provincial Tourism Organisation should have a strategic and coordinating function, whilst delivery and implementation of marketing and visitor services should be at local/regional level.

6. Duplication must be eliminated.

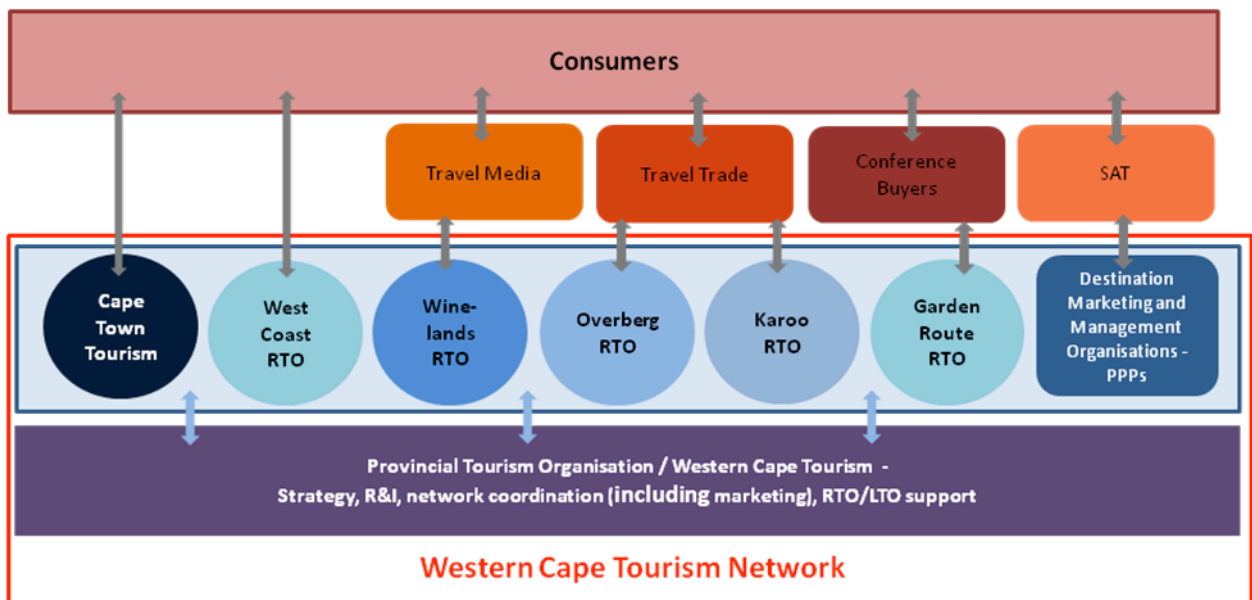
This can only be done if roles and responsibilities are clearly defined, with coordination at provincial level and delivery at regional/local level.

7. Tourism support structures must be economically sustainable and apolitical.

Tourism marketing and visitor services should be **delivered by strong public-private partnership organisations at local and regional level**, which are able to act in an enterprising and entrepreneurial way and not be regarded as part of the bureaucratic, risk-averse government machine, subject to ministerial edict. This will ensure **resourceful spending of public and private funding, whilst maximising return on investment** and self-generated income through commercial programmes and joint marketing. Engaging the commitment and investment of tourism businesses in the marketing effort will always be most effective when undertaken at the City/local level – the level where the affinity of tourism businesses is strongest.

8. **City funding should be used to fund the marketing of Cape Town, not generic provincial marketing.** City and regional funding should not be elevated to a provincial level to fund broad provincial marketing, but should be focused on delivering marketing activities at regional and local level. Agreement to co-fund joint marketing projects and activities can be made and captured within a SLA between role players within the tourism network.

AN ALTERNATIVE TOURISM MARKETING STRUCTURE PROPOSED BY CTT'S BOARD



The main features of such a structure are that:

1. The provincial, city and regional organisations, whilst continuing as autonomous organisations, should be committed through public funding agreements (SLAs) to form a partnership network, the **Western Cape Tourism Network**, with mechanisms in place to enable the partners to work together effectively.
2. The **delivery of tourism support services should be undertaken primarily at city/regional and/or local level**, through properly funded, professionally managed entrepreneurial public-private partnership organisations.
3. The **Provincial tourism organisation (PTO) should focus on strategy, research and intelligence, facilitating the Western Cape Tourism Network, ensuring strong and effective tourism**

organisations in each region, coordination of all network activities and support for implementation of joint marketing activity – the latter focused primarily on establishing appropriate international and national marketing platforms agreed with the City Tourism Organisation and the RTOs.

4. The **PTO should prepare a high level strategy** for the development of tourism in the Western Cape, to act as a common framework for more detailed strategies to be prepared by the City Tourism Organisation and the RTOs, **in conjunction with key partners and stakeholders in their respective regions.**
5. The **Network Marketing Plan should be produced annually by the Network partners working together**, providing a clear framework for marketing activity to be undertaken by the partners, individually and jointly. Particularly attention should be given to thematic promotions combining the products of city and other regions, identifying leadership responsibilities by project; and to integration with SAT's marketing programme.
6. **Cape Town Tourism should continue to be a full service organisation and should include the Cape Town Convention and Events bureau**, according to the model adopted in most, if not all, other major city destinations around the world. The convention and events bureau would continue to deliver business for other regions, by agreement with the relevant RTOs.
7. Through the Network, **Cape Town Tourism and the RTOs should share knowledge and expertise** relating, for example, to IT systems, quality systems, visitor service techniques etc, to achieve consistency of delivery across all regions.
8. **Cape Town Tourism and the RTOs should act as the hub of the community** of tourism stakeholders within their region and proactively seek to engage citizens in supporting the tourism industry.

WHAT ARE YOUR VIEWS?

Cape Town Tourism welcomes your comments on the future tourism marketing structure for Cape Town. Please email comments@capetown.travel and have your say on what would be the best solution for Cape Town and save the date of 18 August 2010 from 14:00 – 16:00 (venue tbc) for a tourism industry networking session on the future tourism marketing structure for Cape Town.