

PRICE PERCEPTIONS OF INTERNATIONAL VISITORS TO SOUTH AFRICA

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ABSTRACT

The question often arises as to how aware consumers are of prices of products and how much they are willing to pay for particular products. Research indicates that 'excellent value for money' is rated as the number one priority by consumers. In economically challenging conditions, tourists have become more price sensitive and prices charged will influence their decision-making. South Africa, as a destination, must ensure that prices charged for tourism products meet tourists' expectations and therefore research on the price perceptions in relation to major products that international tourists spend money on whilst on holiday, becomes important. As point of departure, it should be possible to establish the difference, if any, between what the tourists expected to pay for specific tourism products, and what they actually paid.

Keywords: destination, price perception

1. INTRODUCTION

Perceptions, although subjective, are formed by individuals who have specific opinions in regard to whether or not a product purchased was worth it or not, expensive or not, or even cheap or not. A tourist destination is a product, similar to any other, that a tourist decides to buy when planning a holiday. Each tourist destination has a unique range of features and a conglomerate of products to attract tourists such as accommodation, transportation, attractions and supporting services and facilities (Swarbrooke & Horner, 1999:39-41 and Evans, Campbell & Stonehouse, 2003:134). The prices that tourists have to pay for these mentioned products at a destination are major determinants of whether or not those tourists will indeed visit that destination. Lubbe (2000:154) considers price to be the most important component of the destination marketing mix and states furthermore that the prices charged at a destination are affected by competition. This implies that if a destination's products are similar to those of other competitors, the prices have to be similar. In research conducted by the Department of Environmental Affairs and Tourism (DEAT, 2005: Online) amongst international tourists, respondents ranked a destination that 'offers excellent value for money' as the number one priority when choosing a destination.

Recent media reports have raised awareness regarding the prices charged for South Africa's tourism products. Tourism Update of April 2008 reports that Southern Africa is struggling to stay competitive, with South Africa being ranked in 60th place out of 130 countries in the World Economic Forum's Travel and Tourism Competitiveness report (Tourism Update, 2008:5). Newspapers

such as the Cape Times are voicing concerns that South Africa's tourism potential is being threatened by "the greed of those who are looking to make a quick buck" (SA Media, 2005: Online), the Natal Witness (SA Media, 2005: Online) reports: "SA tourist bubble about to burst: Overseas tourists complain of high prices and poor value for money", the Sunday Times that "Sunny SA no longer the bargain basement" (SA Media, 2005: Online). This raises the question as to how long South Africa will still be able to charge 'too expensive' prices before being labelled as an expensive destination to visit as prices are considered to be the key to revenue (Lamb et al., 2008:357).

Over the period of time from 1989 to 2005, the average length of stay in South Africa has declined from an average of 27 nights in 1989 to 16 nights in 1997 and 1999 and an 8 night average in 2005. This is an average decline of approximately 2 nights per year (SA Tourism, 2007: Online). The latest South African Tourism Report for the third quarter of 2008 indicates a decline of 5.1% in arrivals from Europe and a 10.8% decline from Asia and Australasia, whilst a 3.2% growth in the African market was recorded (SA Tourism, 2009:Online). As the African market is not a major generator of foreign revenue when compared to other continents, the decline in arrivals from revenue-generating countries such those in Europe becomes a major concern for South Africa as a destination.

Today, the tourism marketplace looks dramatically different from what it did five years ago. A number of external factors and realities such as the recession and the 2010 Soccer World Cup have had a direct impact on South Africa's tourism. In economically challenging conditions, tourists have less disposable income, are more value-for-money driven and are price sensitive: all of which will influence their decision making when choosing a destination. The global financial crisis that started in 2008 and which economists failed to predict was triggered by a liquidity shortfall in the United States' banking system. This caused economies all over the world to slow, credit to tighten and trade to decline, resulting in a contracting GDP (Gross Domestic Product). In the tourism industry, tourists began taking shorter and fewer trips. The 'World Tourism Barometer' of the United Nations World Tourism Organisation indicates a decline of 8% in international arrivals in the world in the first quarter of 2009 compared to the same period of 2008. Although the economic impact on the tourism industry is not as negative as, for instance, in the construction and car manufacturing industries, tourism demand is lower and for many in this industry, times are tough. It therefore becomes necessary for the tourism industry to ask some critical questions regarding pricing, amongst other things, as many of the primary markets remain in recession.

The Econex price index measures accommodation price movements in the tourism industry. This index indicates that since the recession, but prior to the 2010 Soccer World Cup (WC), South African accommodation prices have risen more than 20% which has resulted in slowing SA's growth as an international tourist destination. In 2009, when the global tourism industry

was contracting and lowering prices, South African service providers went ahead with normal price increases (Fin24, 2010: Online). Prices for foreigners were pushed up even more by the strengthening of the Rand.

In a society such as South Africa with high unemployment rates, families living below the poverty line and where incomes are distributed widely to extended families, a job lost or created has huge ramifications. Limiting the impact and threats of economically turbulent times in a fragmented tourism industry has a direct influence on growth. Even when SA is showing sustainable growth in the tourism industry, rapidly rising tourism prices will hamper growth and may even result in discouraging tourists from visiting the country, thus causing SA to lose its competitive advantage over other tourist destinations.

The 2010 Soccer World Cup took place amidst the current global recession. Many saw the WC as an opportunity for SA to boost its economy, stimulate growth in the next few years, boost the country's image projected around the world and rebrand a nation often noted for violent crimes. It was also believed that the WC would slow down the impact of the recession in South Africa and might provide a short term solution to ride out the recessionary storm. However, South Africa will only directly recoup a fraction of the billions spent on the hosting of this event. The long term economic stimulus of this event lies in the marketing and branding alignment of SA as a destination (PROJECT 2010, 2010: Online) and the Human Sciences Research Council predicts that it will take from three to five years to see the economic benefits of the WC (PROJECT 2010, 2010: Online). In tourism, the WC created a springboard to capitalise on new investment and this should stimulate the more rapid recovery of tourism demand in SA.

It may be possible that South Africa's tourism product prices hamper the growth of incoming international tourism and this is one of the reasons for the decline in the average trip duration and the decline in arrival numbers. The focus of the research is therefore to investigate the price perception of international visitors to South Africa in order to determine their perception of the prices charged for tourism products and the extent to which the prices they paid have influenced their perception of South Africa as a destination. This perception may have a direct influence on the visitors' decision to re-visit South Africa and the number of nights that they can afford to stay.

2. RESEARCH METHODOLOGY

The research was aimed at foreign tourists in the international departure halls of Johannesburg's Oliver Tambo and Cape Town's International airports. These two airports handle the majority of international tourist arrivals in South Africa: Johannesburg (50.7%) and Cape Town (23.5%) (SA Tourism, 2005: Online). A total number of 250 questionnaires were prepared and divided pro rata according to arrival numbers at each airport: one hundred and fifty questionnaires were completed at OR Tambo and one hundred at Cape Town

International airports respectively. Different time slots and different days of the week were used for completion of the questionnaires. The respondents were chosen by means of a convenience sampling method, giving each member of the population an equal chance of being chosen. Only international visitors, not permanently residing in South Africa, were included in the study. Questionnaires were completed by means of a face-to-face personal interview. Respondents' oral answers were recorded on the questionnaire. The researcher therefore sampled from four strata - each a season/airport combination: Johannesburg low and high and Cape Town low and high respectively. The population consisted of departing international tourists who had already used South Africa's tourism products and were able to base their answers, responses and price perceptions on their recent visit to South Africa.

The aim of the questionnaire was to determine the departing tourists' perception of prices paid for tourism products during their visit to South Africa. The questionnaire covered a wide range of variables and contained both open-ended and closed-ended questions. The questionnaire's consistency and clarity of questions were tested by means of a pilot questionnaire that was provided to a reputable local travel management company for their inputs and recommendations.

The questionnaires were completed with the assistance of selected third year Tourism Management students of the Central University of Technology, Free State. The embedded tourism knowledge of these students reinforces reliability and the correct interpretation and understanding of the questions and completion of questionnaires. A total number of one hundred and twenty-five questionnaires were completed during the period 28 March – 05 April 2006, representing high season when tourist arrivals are higher and product prices are relatively more expensive (SA Tourism, 2005: Online) whilst the remaining one hundred and twenty-five questionnaires were completed during the period 01-08 June 2006 representing low season prices.

3. PRICE PERCEPTION

Once a tourist decides to go on a holiday, a sequence of other factors and considerations follows as part of the decision-making process, such as what the cost will be, how long to go for, with whom, where to go and what type of holiday to choose (Laws, 1995:49). According to Cant (2003:63) the ideal situation would be to try and understand the consumer's reasons for buying the product and set the price according to the consumer's perception of the product's value. Consumers set a certain price for a product for themselves on the basis of various factors such as how important the product or service is to them, if it is needed or not, how scarce it is, the quality of the product and the aesthetic and economic value of the product. This price that the consumer has set for him or herself is then used as a benchmark for future purchases.

Perceptions are influenced by internal and external factors alike. Internal

factors include personality type, self-concept and ideas and the way an individual classifies and organises information received. External factors include objects, people or events. An individual's perception of a destination is conditioned by the information available at the time of decision making. Tourists are likely to favour destinations that offer and satisfy the fullest realisation of their personal needs and also where the price accurately reflects the value of the product (George, 2008: 244).

3.1. Price awareness

The question arises as to whether a consumer knows the actual price of the product or has knowledge or is aware of usual or actual selling prices of products. Kenesei and Todd (Journal, 2005: Online) conducted research on the use of price in the purchase decision and concluded that consumers who purchase a product more regularly will remember the price paid for the product better than a first time consumer will.

In tourism, price information is readily available on the Internet, in newspapers and other media, and from any travel agency. More experienced frequent travellers are not only more aware of prices in the travel industry but will look further and go to more trouble in order to save money. In order to compensate for this type of decision making, airlines and their travel partners have introduced a reward system for frequent flyers so as to stimulate loyalty when making travel decisions.

3.2. Value in pricing

Value in pricing refers to the perceived benefit, whether touchable or not, that the consumer receives with the purchase of the product. The following types of values in pricing exist:

- **Perceived value** is where the consumer equates the price of the product with the amount of value s/he expects to receive in exchange for the purchase. Here, intangibles such as image, exclusivity and prestige play an important role in the perception value. This is a subjective value that is based on two parts, namely benefits received such as economic, social or relationship benefits, and sacrifices made in order to obtain the product such as effort, price, time or convenience (Science Direct, 2007: Online). The value of a product may be considered different at different times. For instance, at the moment of purchase, the characteristics of the tourism product and the price may be the deciding factors (Science Direct, 2007: Online). Before the tourists have used the product, they have an idea or expectation of what it is going to look like (hotel room) or how it is going to be (a cable car ride) and how much they are willing to pay for such a product, service or experience. During and after use of the product, the consequences, experience and other elements are

valued by the consumer. This may explain the fact that a tourist may for instance perceive a bungee jump as over-rated after s/he has completed the jump or a famous pleasure resort as doing justice to its reputation. After use of the product, the user will no longer perceive individual deciding factors, but the perception will be based upon the entire experience or product (Science Direct, 2007: Online).

- **Economic value** means that consumers relate price to value: the price that a consumer is prepared to pay is an indication of the value that s/he attaches to the product (Cant, 2003: ix).
- **Reference value** is defined by Nagle and Holden (1999:75) and Lewis and Chambers (2000:419) as the cost of the competing product that the customer views as the best alternative product or as the value that the consumers consider as a reasonable or fair price for a specific product. Zeithaml and Bitner (1996:486) define reference value as a price point in the memory of the consumer which may consist of what the consumer paid last, the most frequently paid price or the average of all prices that the consumer has paid for similar offerings. This value is used as benchmark when consumers are comparing products prior to purchase. Different consumers may have different reference prices for the same basic type of product, depending on how much that specific product type means to them, for example, a person who enjoys reading might have a higher reference price for a popular book than another person who only reads on rare occasions (Perreault & McCarthy, 1999:525).

4. RESEARCH RESULTS

The research results and tests for significant differences and relationships, where appropriate, follow:

4.1. The profile of the tourist

This section of the questionnaire was designed to obtain biographical, demographic and other information of the respondents. In most instances the research results indicated no deviations and results are in accordance and correlate with SA Tourism's national research results and trends which reconfirm the reliability and outcomes portrayed here.

Results indicated that the majority of the respondents (66.4%) originated from Europe, which may be explained by its relative geographic proximity. The next largest group were respondents from North America (14%). The remainder of the continents did not provide high numbers of respondents. The trip duration results did not show major differences in each category: 1-7 days (25.2%), 8-14 days (26%), 15-22 days (32%) and more than 29 days (16.8%). The overall average trip duration was 12.3 days. Overall visitors from the Far East have

the longest average stay (14.5 days) with Australasia in second place (13.3%) whilst Europe and North America both had an approximate stay of 12 days. The **purpose** of the majority of the visitors was to have a holiday.

4.2. Expenditure

The expenditure on different destination products was established by means of the questionnaire. The average total expenditure (R20 822), was used as a base for the calculation of the portions or weights of expenditure per product category. The average amount that was spent per respondent on air transportation was R9 057, accommodation (including breakfast) R798 per night, paid attractions R307 per trip. The remainder of the funds (R1 882), was used for food and other miscellaneous purchases. The total average amount (R9 576) used for accommodation per trip was calculated by multiplying the average accommodation per night by the average stay of 12 nights to represent the total accommodation expenditure for the entire trip. In Figure 1 the product weights of expenditure are depicted as percentages. Expenditure for accommodation (46.0%) and air transportation (43.5%) represent the biggest portions totalling (89.5%) of all expenses. Respondents spent an average of 9% on food and other expenses whilst 1.5% was spent on attractions. As accommodation and air transportation costs dominate the tourists' expenditure, these are the products that will be discussed henceforth. Even though it is a basic business principle to make as much money as possible from one transaction, it is not feasible to simply set a high price as this makes it easier for a competitor to set a lower price and take over a portion of the market share.

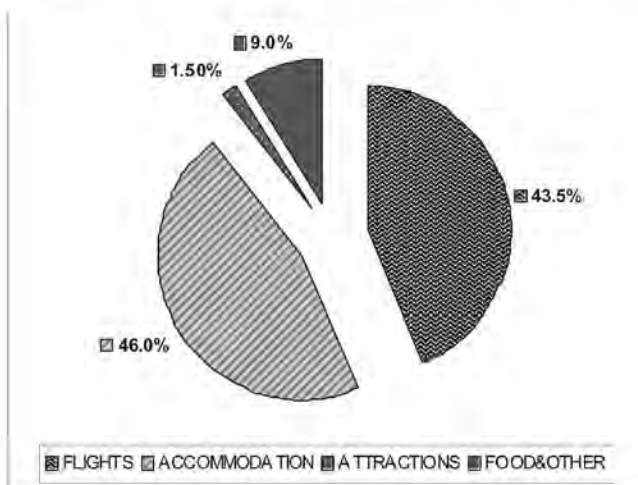


Figure 1: Total expenditure weighted by product category

4.3. Air transportation

Page (1999:147) confirms that air transport accounts for one of the biggest expenses of the tourist. Research indicated that 46.4% of the respondents chose the cheapest flight available, irrespective of the airline providing the service. Figure 2 indicates the perception of the prices of long haul international air transportation. In this figure it may be seen that the majority of respondents (48%) perceived the price of the air ticket as expensive (38.4%) to very expensive (9.6%). Comparing 'expensive' and 'cheap' perceptions in general, the 'expensive' side of the figure is noticeably heavier than the 'cheap' side. Only 8.4% perceived the price of the air ticket to be either cheap (7.2%) or very cheap (1.2%). The majority (48%) of respondents perceiving the price as expensive in general even exceeds the affordable (42.8%) percentage of respondents.

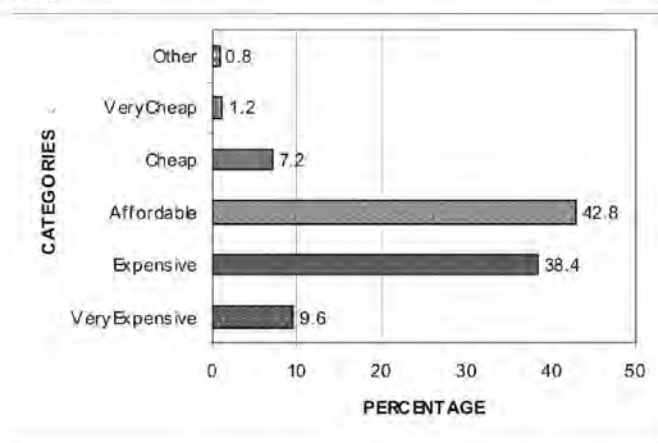


Figure 2: Perception of the price of the air ticket

The average price that respondents expected to pay for the air tickets was R7366.18, whilst the average price paid by the respondents was higher at R9057.28. This implies that respondents paid 22.96% more than what they had expected to pay. In Figure 3 the price difference in what respondents paid less than they expected to pay is reflected and measured against the different price perceptions of the respondents in different categories: namely those who perceived the price of the air ticket as either: cheap, affordable or expensive. By using the difference ('paid price' less 'expected to pay price') instead of actual paid prices, the problem relating to different classes of travel is eliminated. Using an average difference in price therefore gives a true reflection of the price perception. The figure indicates that respondents who perceived the price of air transportation as expensive paid on average R2600 more than they expected to. Respondents that indicated the price of the air ticket as affordable paid almost R1 000 more than what they expected to pay whilst respondents who indicated that they perceived the price of air

transportation to be cheap still paid more than what they expected to, but only paid approximately R250.00 more. The average mean difference between 'cheap' and 'expensive' groups is about R2 350, whilst the mean difference between 'affordable' and 'expensive' is approximately R1 600.

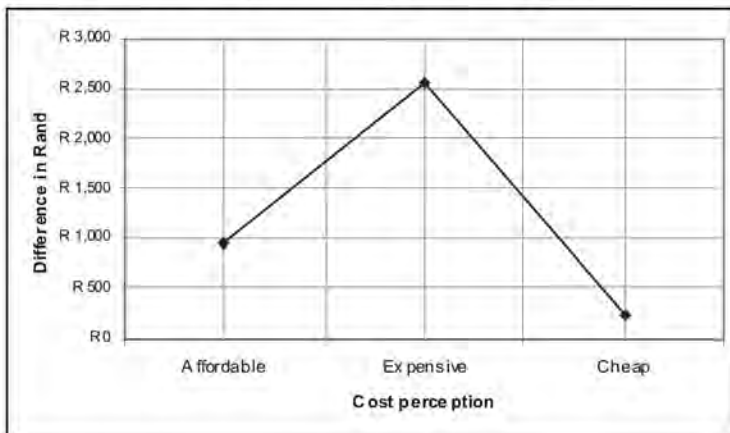


Figure 3: Decomposition of difference in 'expected' versus 'paid' prices

The cost of air transportation and the price that a passenger has to pay for travelling to the favoured destination remain deciding factors for many interested travellers. Research indicates that the majority of respondents who had already commenced their journey still perceived the price of air transportation as expensive to very expensive. In the light of this, a destination should, in collaboration with its government and the airline industry, ensure constant evaluation and comparison of air transportation prices in order to ensure price competitiveness. Determining the right price for a product is an intricate problem which is further complicated by the fact that the product purchased here, air transportation, is not durable, tangible or re-usable.

4.4. Accommodation

Accommodation is the other product that accounted for 46% of the respondents' expenditure. Graded hotel accommodation (47.2%) proved to be the most popular type of accommodation used by respondents, whilst 15.2% used guest houses (GH), 16.4% visited family and friends (VFR), 5.2% stayed at a lodge, 4.4% used a backpackers, 6% used other types of accommodation and 5.6% owned their own accommodation. Graded hotel accommodation will therefore be analysed further.

4.4.1. Five-star hotel accommodation

A significant percentage of the sampled respondents who used five star luxury graded hotel accommodation indicated that it had not proved to be value for money. By far the majority of the respondents (97%) indicated that the reason

why they found the accommodation not to be value for money was because the accommodation was too expensive. 3% of the respondents complained about the quality not being up to standard and that the hotel facilities were poor. On average, the respondents paid R1 352.50 per night per room for five star hotel accommodation. This does not compare favourably with the amount that they expected to pay per room per night (R984.85). The amount that the respondents actually paid was 37.3% higher than what they expected to pay for their accommodation in this category.

4.4.2. Three-star hotel accommodation

The second largest group of sampled respondents used three-star hotel accommodation. On average, the respondents paid R447.80 for their accommodation per room per night, while they had expected to pay R449.79. The respondents therefore paid 0.45% less per night, on average. This negative difference proves to be much more favourable if compared to the five-star hotel accommodation.

The research data and data obtained from the World Tourism Report on South Africa (WTTC, 2007: Online) were used to do a straight line price projection based on average room rates for all types of accommodation from 1995 onwards. This projection, illustrated in Figure 4, makes it clear that since 2001 the average price of accommodation has increased substantially from a projected average of R301 to R798. The projected price for 2006 is R400, whilst the data indicates an average paid price of R798. The Consumer Price Index (CPI) shows many fluctuations but a definite decline since 2002 is indicated. The possibility exists that in 2002, when a high CPI caused prices to increase, some accommodation establishments raised their prices but have never adjusted them since to be in accordance to the CPI.

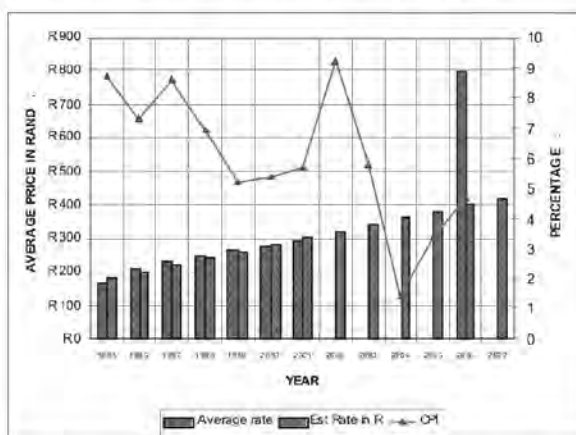


Figure 4: Accommodation price projection against Consumer Price Index (CPI)

Table 1 provides a breakdown of the different types of accommodation used

based upon the origin of respondents and the price paid per night. When compared, all respondents expected to pay less than what they actually did. Respondents from Australasia and the Far East had much lower price expectations which could possibly be motivated by the fact that cities such as Bangkok are known for their cheap accommodation prices and the fact that 69.3% and 61.6% respectively were on their first visit to South Africa. Almost 70% of African respondents were repeat visitors who had a more realistic price expectation and they only paid an average of R73.75 more per night than expected. Although respondents from Europe and the Americas had higher price expectations, they still paid more than expected. It also has to be kept in mind that the average tourist spends 12 nights in South Africa implying that in the case of Australia for instance, this can mean paying R4644.00 more for accommodation than expected.

Table 1: Type of accommodation used and average prices per continent

Continent	Type of accommodation used						Average paid more per night than expected
	5*	3*	GH	VFR	Own	Other	
Africa	22.7%	13.6	22.7	18.2	9.1	13.7	R73.75
Australasia	66.7%	0	8.3	8.4	0	16.6	R387.00
Europe	21.7%	21.7	24.7	18.0	4.8	9.1	R139.67
Far East	46.2%	15.3	7.7	15.4	7.7	7.7	R322.73
North America	30.6	22.2	11.1	11.1	8.3	16.7	R221.37
South America	66.7	33.3	0	0	0	0	R200.00

Evaluating the accommodation sector's data, research results and projections, it is clear that respondents expected to pay less for accommodation and that luxury five-star accommodation specifically is priced too high.

4.5. Seasonality

No determination of price perception in tourism can be complete without reference to seasonality. Questionnaires were completed during the high and low seasons respectively in order to establish the difference, if any, in prices charged during the low and high seasons. During high or peak season the tendency to charge higher prices exists, as tourism demand is also much higher. In Figure 5 the average seasonal price differences for different products are illustrated and these are based on actual prices paid by the respondents. In all instances, the high season prices in March exceed the low season's prices in June of the same year. It is also clear that average total expenditure is higher during the high season.

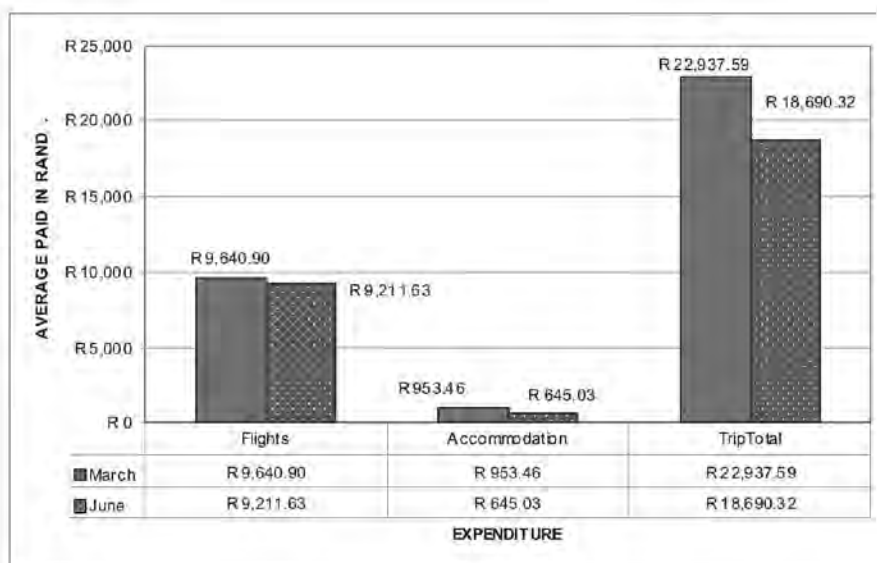


Figure 5: Seasonal price differences

The significance of mean price differences between low and high season was tested by means of students' t-tests. Levene's test was applied to test homogeneity of variances, which proved to be true. The differences in prices paid for accommodation and flights and the total amount spent were tested. The test results are given in Table 2. A significant mean price difference (at level 0.05) was found in both accommodation prices and the total amount of money spent on the trip between March and June of the same year. A p-value of more than 0.05 for flight prices indicates no significant difference in mean prices paid for air transportation. As mentioned previously, air transportation prices are often linked to the trip duration and not to seasonal differences alone.

Table 2: T-test results for seasonal price differences for tourism products

Product	Mean high	Mean low	t-value	p-value	p-value	Levene
Accommodation	936.2	645.030	3.0563	0.0025	0.0000	19.1831
Flights	9640.90	8483.08	1.5272	0.1279	0.0320	0.87473
Trip total	22937.5	18690.3	2.3827	0.01794	0.0000	9.38103

4.6. Total expenditure

An average total amount of R20 822.48 was spent by each respondent on his/her trip to South Africa. Taking into consideration that the average price of the air ticket was R9 057.28, this left the tourist with an average amount of

R11765.20 to spend whilst on holiday. Using the twelve day average duration of a trip this amounts to an average daily expenditure of R980.43 per person per day. Table 3 splits the average total expenditure per person per continent of origin into the major expense groups.

Table 3: Average total expenditure per person per continent

Place	Expenditure	Duration	Flight	Spent / day	Spent excl flight
Australasia	R 26 333	13.3 days	R 12 891	R 1979.92	R 1 010.68
North America	R 24 484	12.0 days	R 12 794	R 2 040.33	R 974.17
Far East	R 23 385	14.5 days	R 10 940	R 1 612.76	R 858.28
Europe	R 20 462	11.9 days	R 8 255	R 1 719.50	R 1 025.80
Africa	R 14 295	11.5 days	R 5 777	R 1 243.04	R 740.70
South America	R 13 867	5.7 days	R 9 103	R 2 432.81	R 835.79
World	R20 822	12.3 days	R 9 057	R 1 735.17	R 980.42

The table identifies the respondents that had the highest total expenditure as tourists from Australia and North America. The higher total expenditure from these two mentioned destinations is explained by the fact that they are also the furthest away from South Africa in distance and therefore the cost of the air transportation is higher contributing to a higher total expenditure. Not taking flights, which are often paid for in the home country, into consideration, the European tourists spend the most per day (R1 025.80) followed by those from Australasia (R1 010.68) and North America (R974.17).

5. SUMMARY OF DESCRIPTIVE RESULTS

An overview of the research results indicates that South African tourism products are generally more expensive than had been anticipated by foreign tourists. Table 4 summarises the differences between paid and expected-to-pay prices for a basket of the major tourism products in South Africa. It indicates that on average, a respondent who stayed an average of twelve nights, visited each of the major paid attractions once and visited a restaurant, fast food outlet and coffee shop at least once, paid R3 945.86 more than s/he expected to pay.

Table 4: Average amount 'paid' more than 'expected to pay'

Product	Difference ¹	Paid More/Less	Percentage
Flight	R 1 691.10	More	22.96%
Accommodation ²	R 2 062.44	More	27.5%
Sit-down restaurant	R 2.07	More	1.33%
Fast food outlet	-R 1.75	Less	- 2.48%
Coffee shops and other	-R 1.16	Less	- 1.95%
Table Mountain cable car	R 9.63	More	9.62%
Robben Island	R 4.69	More	3.84%
Gold Reef City	-R 2.54	Less	- 2.97%
Kruger National Park	R 179.99	More	56.8%
TOTAL	R 3 945.86		

¹Average difference between price paid less expected-to-pay price

²Twelve nights average stay

The Box and Whisker Plot illustrated in Figure 6 describes the sample difference in 'expected-to-pay' prices versus 'paid prices' for accommodation, food and attractions. It indicates that the median and the 75th percentiles coincide for each of the mentioned type of expenses and close to zero, which illustrates that 75% of the sample respondents indicated that they paid more (negative amount) for these products than they had expected to pay.

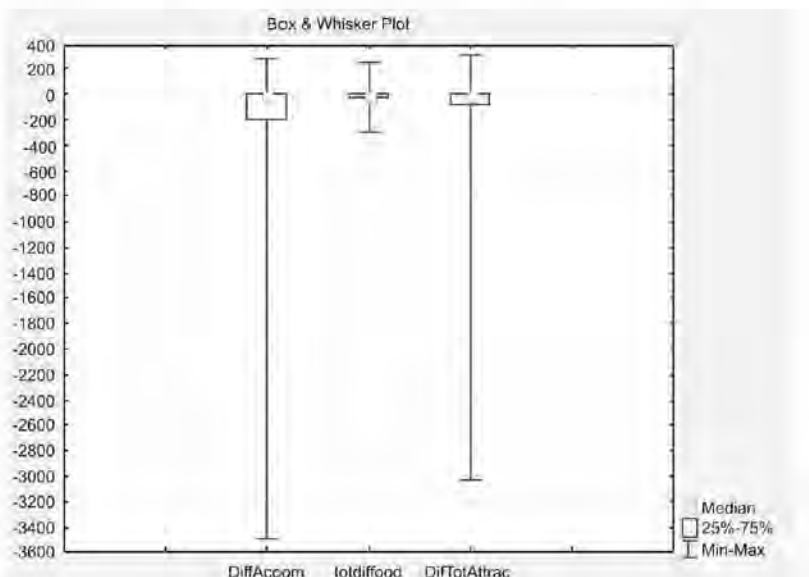


Figure 6: Box and Whisker plot: Difference between expected and prices

In conclusion, the research indicates that respondents perceive certain of South Africa's tourism products to be too expensive. Five-star luxury hotel accommodation prices require re-evaluation even when an overall perception of good quality and service exists. An incorrect perception of tourism product prices may create an image problem for a destination. Once branded as an expensive destination, it is difficult to change this perception. A potential tourist, contemplating a holiday, has numerous travel destinations in mind and is likely to favour destinations that offer and satisfy both the fullest realisation of his/her personal needs and value for money. It thus becomes important to ensure that the price perception related to the destination complements the decision-making process of the tourist which will in turn stimulate growth and prosperity for the tourism industry in South Africa.

6. CONCLUSION

Prices charged for a product should never be more than what the market is able to bear. Surrounded by the latest technology, there is today no single

destination (product) that is without competition. Price setting is complicated further by the fact that consumers are well educated, they have a good idea of how much a product is worth and how much they are prepared to pay for it. A potential tourist may even be willing to substitute one destination for another with similar features.

When looking at international arrival figures it may initially seem that the tourism industry is growing, but upon further investigation the majority share of the growth in international arrival figures may be attributed to African border crossing, where in many instances, visitors cross the border by foot with barely any money to spend in South Africa. Arrival figures from countries in Europe – our important tourism markets – on the other hand show signs of decline. This decline could be contributed to a variety of factors, but research here indicates that tourists to South Africa find many of our tourism products expensive and do not regard them as value for money. The power that money has in regard to decision making should never be underestimated and therefore South Africa as a destination should guard against being labeled as an 'expensive' destination.

In South Africa's tourism industry the product owners are often the 'price sensitive' ones. In many instances private product owners have their own agendas which do not necessarily resonate with the bigger picture of SA Tourism. It is also difficult to involve all the different role players as the tourism industry comprises a variety of sectors and sub-sectors. Furthermore there is very little legislation and/or regulations controlling the industry: a prime example of this is the Tourism Grading Council which is responsible for the grading of accommodation establishments. This is voluntary, and accommodation establishments may decide whether or not they would like to be graded, which may in a worst case scenario, result in an international visitor paying a high price for inferior accommodation.

The best possible solution is to create a climate within the industry of price awareness, joint marketing efforts, value for money and making role players in the industry realise that South Africa is not irreplaceable as a destination.

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