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Dr Shaun Vorster

Special Adviser to the Minister of Tourism

South Africa

svorster@tourism.gov.za

# Introduction

I want to refer to ***four broad themes***:

* Firstly, to provide context, the competitive global trading environment
* Secondly, South Africa’s experience with the hosting of mega-events
* Thirdly, what we have learnt specifically from hosting the 2010 FIFA World Cup
* And, finally, those ‘out of the silo’ challenges that we need to address if we are to fully realise the potential of mega-events

# Competitive global environment

As a global sector, tourism has grown exponentially over the past six decades. In 1950, there were only 25 million international tourist arrivals worldwide. In 2012, the tourism sector achieved the milestone of one billion international arrivals. By 2020, we expect this to rise by 350 million, while total international arrivals are projected to top 1,8 billion by 2030.

But despite this bullish outlook, it remains a tough trading environment; ***competitive rivalry*** is intense. Competition is of course good; it forces us all to up our game. But it does call for continuous innovation. The mega-trends that define the competitive landscape come from different directions.

* One the one hand, ***commoditisation*** characterises many offerings in the global market place; some offerings lack differentiation and authenticity; they seem very similar.
* Yet, on the other hand, tourists are demanding ***greater customisation*** and, in the face of declining disposable incomes, seek value for money.
* ***Technology*** is also enabling them to pick and choose … with ***low switching costs*** if they decide to go elsewhere.
* To would-be tourists, the twin trends of exponential growth in ***airlift connectivity*** and ***lower real cost of air travel*** create access to new destinations.
	+ For example: Since 1980, the number of direct city-pair air services has increased 2½ times. In other words, today, air transport can connect tourists on non-stop direct flights between any of 15 000 city pairs.
* Globally, many ***new destinations*** are making headway. In a mere two years from now, we will be at the crossing point at which inbound tourism to emerging-market destinations will exceed those to the advanced economies. Emerging markets are on the verge of becoming the centre of the tourism universe – not only as source markets, but as destinations in their own right.
* And then there is the scramble for the ***new source markets***. Everyone wants a slice of the Chinese market, the other member nations of BRICS, etc.

This intense competitiverivalry is why we, as destination managers, continuously need to ***innovate, diversify*** and ***re-energise*** our offerings. ***Differentiation*** constantly requires new packages, new offerings and new experiences. And, in South Africa, we carefully ***manage our risks*** by:

* balancing our focus on domestic, regional African and long-haul overseas source markets;
* investing in a portfolio of both mature and emerging markets; and
* diversifying offerings appropriate to leisure, business and events tourism.

This then brings me to the specific theme of this session: mega-events.

# South Africa’s experience with mega-events

Mega-events have played a key role in catapulting South Africa from a ***pre-1994 pariah*** in the time of apartheid, to one of the world’s fastest-growing destinations today. In 1993, the country received just over 3,4 million international arrivals. In 2012, we witnessed over 13 million international arrivals, of whom some 9,2 million were international tourists visiting our shores.

On this journey, we have hosted some of the world’s largest mega-events:

* The Rugby World Cup in 1995
* The United Nations World Summit on Sustainable Development in 2002
* The Cricket World Cup in 2003
* The FIFA Soccer World Cup in 2010
* The United Nations COP17 climate change conference in 2011
* The African Cup of Nations and the fifth BRICS Summit in 2013

To further awaken the sleeping giant of business and convention tourism, we have recently launched the ***South African National Conventions Bureau***. Our target is to attract R6,2 billion in direct spend via business events over the next five years. But convention tourism is also about more than direct tourism receipts; it has a huge indirect impact on the country’s economy and competitiveness.

* It stimulates international markets for locally produced goods and services.
* It builds business contacts, trade and research links.
* It creates access to new technologies, new ideas and new professional networks, which are so important in the prevailing knowledge economy.

# Lessons from the 2010 FIFA World Cup

Let me turn to the lessons we have learnt from hosting the FIFA Soccer World Cup. I thought I would first share with you a three-minute video clip that tells the story.

What should be clear is that the World Cup was not only about 30 days of football; it was about building a country and uniting its people; about an emerging economy coming of age.

In 2010, we witnessed an additional 300 000 tourists arriving in South Africa for the primary purpose of attending the World Cup. In terms of spend, this gave our economy a R3,6 billion boost.

But, of course, the World Cup was about so much more than that. It brought massive brand exposure and positivity to our destination; it stimulated local economic development and community upliftment; it united our nation as brand ambassadors and excellent hosts; it grew our skills base, and it led to public and private infrastructure investments that would not have formed part of business-as-usual planning, such as those in airports, roads, tourist attractions and hotels – all with the capacity to carry future tourism growth.

Today, the success of the event still reverberates throughout our country. Last year, we once again registered 10%-plus year-on-year growth in our international tourist arrivals, which was more than double the global average as reported by the United Nations World Tourism Organisation (***UNWTO***) for 2012.

***What have we learnt?***

Firstly, we have learnt to adopt a ***‘milestone’ mindset*** rather than an ***‘end goal’ mindset***. It can never be about the hosting of a mega-event alone. It is about leveraging the legacy of infrastructure development, skills development, nation building and brand awareness as an upstream reservoir for future tourism growth.

Secondly, we have learnt to carefully nurture our ***value proposition***. In South Africa, a small pocket of accommodation establishments briefly experimented with pricing themselves out of the market in the run-up to the World Cup. But it was to their detriment. Ultimately, when tourists visit your shores for a mega-event, they want to experience the same value for money that you offer at all other times; otherwise, you dilute rather than build your brand.

Thirdly, in this age of ***social media and cable network television*** broadcasts, you have a magnifying glass over your every move in the run-up to and during the event. The cumulative number of viewers for the World Cup in South Africa was 32 billion over four weeks. This presents a massive opportunity to sell the best you have to offer to the rest of the world, but it also means you have to carefully manage your reputation, especially with media that thirst for new information around the clock. Therefore, we have learnt that content is king. Arranging pre-event trips to expose the media to tourist attractions for off-field or out-of-conference coverage has an important place in any mega-event strategy.

In the fourth instance, we have learnt that ***local community support*** throughout the life cycle of the event is critically important. Poverty reduction and social inclusion are key imperatives. Worldwide, we know that the most successful mega-events are those aligned with the needs and well-being of communities, and in which communities are actively involved, from planning to delivery. Ultimately, it is communities that will host tourists, will impress them, and will convince them to return. For us, a major objective was to grow small businesses, and to invest significantly in skills development and training.

Finally, we have learnt that ‘***greening’*** has grown into a full-fledged licence to operate. Full cost-benefit analysis of mega-events should include the direct and indirect economic and social benefits, but also the potential for mega-event hosting to act as stimulus for the broader green-economy transformation. Besides managing the carbon, water and waste footprint, a mega-event also presents a unique opportunity to educate households and the entire tourism supply chain. The tourism sector’s links to the agriculture, manufacturing, construction and services sectors, and its daily interaction with millions of consumers, position it as a powerful agent for change in this green revolution.

# Two ‘out of the silo’ challenges

Finally, let me refer to the three ‘out of the silo’ challenges that I believe we need to address over the next decade if we want to realise the projections of an additional 800 million international travellers by 2030.

Firstly, ***travel facilitation***.

Today, technology offers many opportunities to enhance security, while facilitating travel and tourism. By introducing e-visas, it is possible to significantly boost tourism volumes and our sector’s job creation potential. Already, far over 600 million e-passports – micro-chipped passports with your biographic and biometric data – have been issued by governments worldwide. By 2020, we expect near-universal uptake of e-passports. Surely, this is a moment to be seized and presents an opportunity for the world to switch to e-visas as well.

Secondly, ***air connectivity***.

This video clip is a simulation of 24 hours of air traffic. Zooming in on Africa: We clearly see a need for more extensive hub-and-spoke airlift configurations that connect peripheral areas of my continent to the mainstream air routes – and especially to Asia. Ironically, because of the lack of air connectivity, African neighbours often become de facto long-haul destinations to each other and have to connect to each other through expensive and bottlenecked airports in Europe. There is also major potential for the development of a South-South corridor, running from Asia through Africa to Latin America, which reflects contemporary trade and other economic realities. And, of course, we believe that OR Tambo International Airport in Johannesburg is ideally positioned to be a major hub on such a corridor.

Finally, the ***carbon footprint of aviation***.

I believe airlines with modern and fuel-efficient fleets, supported by cutting-edge airport and air traffic navigation infrastructure, could become leaders in the emerging low-carbon economy. Breaking aviation’s addiction to kerosene jet fuel will be critical for the survival of long-haul tourism. Looking 15 to 20 years into the future, hedging against international carbon pricing through incremental drop-in of second generation biofuels will likely become a game changer. We should all contribute our fair share to limiting the global temperature increase to below 2 °C above pre-industrial levels during this century.