Towards an effective Segmentation Approach for the KwaZulu-Natal Domestic Tourism Market

Prepared by: James Seymour
24 June 2004

Table of Contents

Appendix E: Listenership of Radio and Viewership of TV Stations by LSM's 7 -10
Volume:
Volume 1: HSRC Detailed Analysis of 4 Domestic Tourist Segments
Volume 2: Detailed Tables – AMPS Domestic Travel Data 2003

Towards an Effective Segmentation Approach for the KwaZulu-Natal Domestic Tourism Market

1. Introduction

The purpose of this report is to put forward an initial segmentation approach for the KwaZulu-Natal domestic tourism market. This approach will be refined over time as more relevant data regarding the South African and KwaZulu-Natal domestic tourism market becomes available.

One of the core objectives set out in KwaZulu-Natal's Tourism Strategy 2003 – 2006 is the effective market segmentation of the KwaZulu-Natal domestic tourism market. This strategy stipulates that Tourism KwaZulu-Natal must undertake and sustain a market segmentation analysis to analyse the potential and attractiveness of various market segments for KwaZulu-Natal on the one hand, and the extent to which these segments have been visiting the region on the other.

South Africa's domestic tourism market is almost as important as its foreign market in terms of spend and is more significant in terms of volume:

Table 1: The Extent of the South African Domestic Tourism Market

	Domestic	Foreign
Travellers mn	+/-28 mn (Aug 2002 – July 2003)	6.4 (2002)
Value (R bn)	47 (Aug 2002 – July 2003)	48.8 (2002)

KwaZulu-Natal has the most important share of this market both in terms of value and volumes as is illustrated in the following figures:

Figure 1: Provincial Share of the South African Domestic Tourism Market in terms of trips

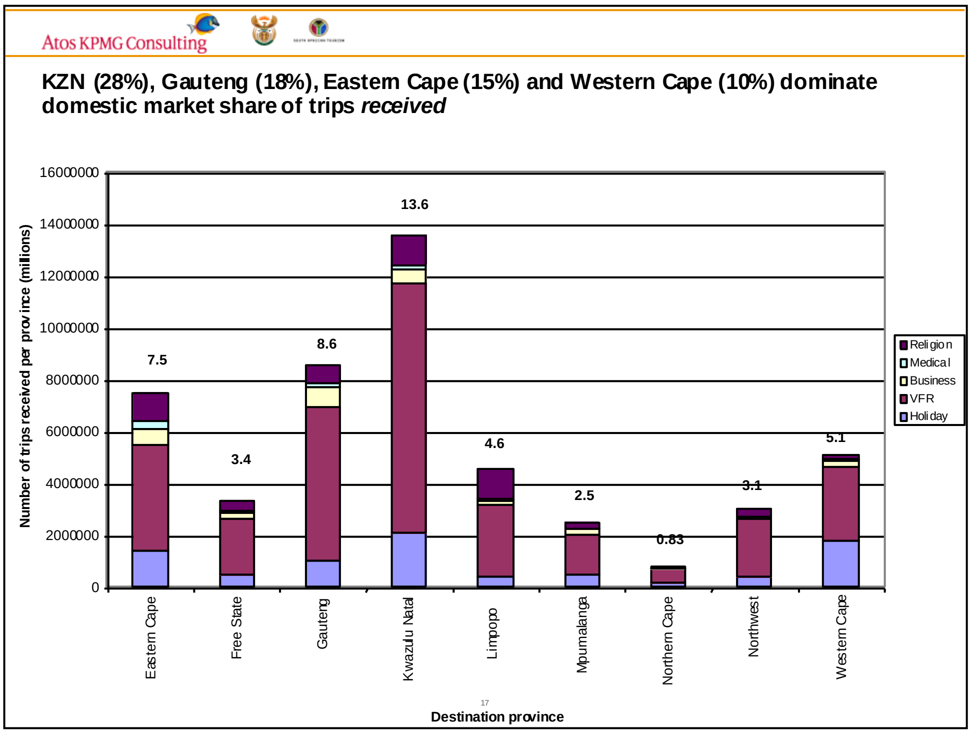
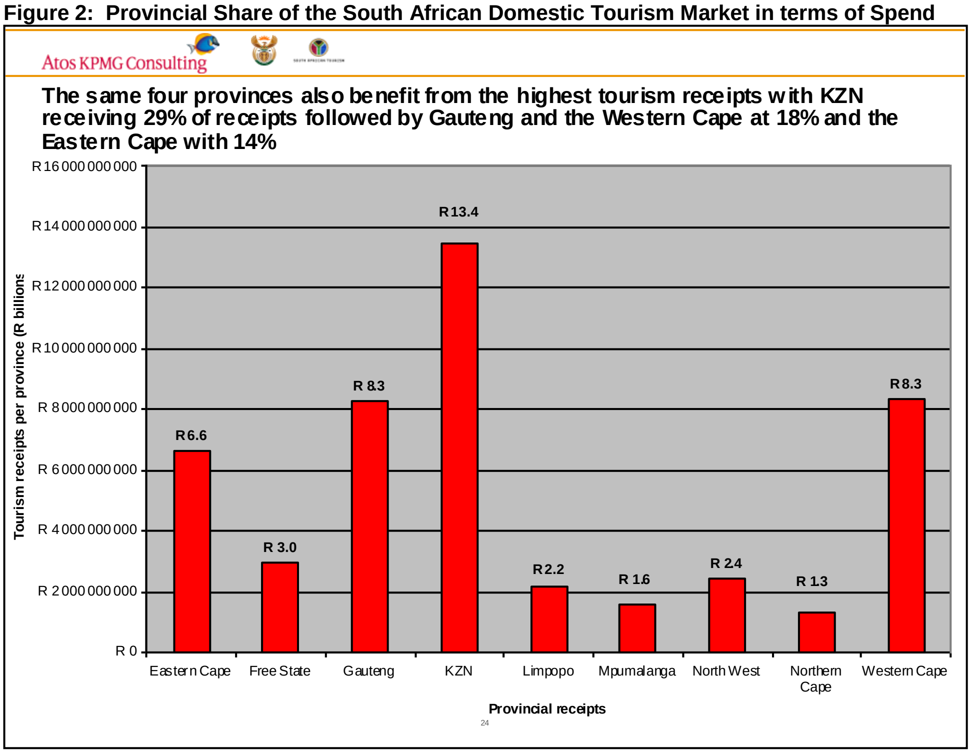


Figure 2: Provincial Share of the South African Domestic Tourism Market in terms of Spend



Segmentation is one of the most important elements of a marketing strategy. This concept can be defined as the process of portioning markets into segments of potential customers with similar characteristics who are likely to exhibit similar purchasing or travel behaviour. Market segmentation is based on assumptions regarding the behaviour of population sub-groups. The key assumption is that not all groups will behave in the same way towards products since these groups have different needs, motivations, spending power and the like. Businesses can therefore be more effective if they concentrate their marketing efforts towards the most likely buyer groups, these being the markets whose needs can best be satisfied by the products or services offered by those specific businesses.

Segmentation leads to more effective resource allocation since it usually leads to the targeting of fewer people and thus less marketing communication spend for each individual likely to purchase a particular product or service.

Market segmentation is part of a three-step process, which involves:

- Studying the demand preferences of buyers;
- Forecasting how many people will be likely to use a particular product or service; and
- Breaking the overall population into groups of people with similar needs.

Some of the key conditions or characteristics that each segment should portray are the following – they should be:

- Measurable – size of the segment, how many buy certain products and services etc.

- Accessible – must be able to reach them by advertising, sales promotions etc.
- Substantial – must be large enough to provide a viable level of business.
- Sustainable – must last for a reasonable period of time.
- Actionable – must be possible to influence them.

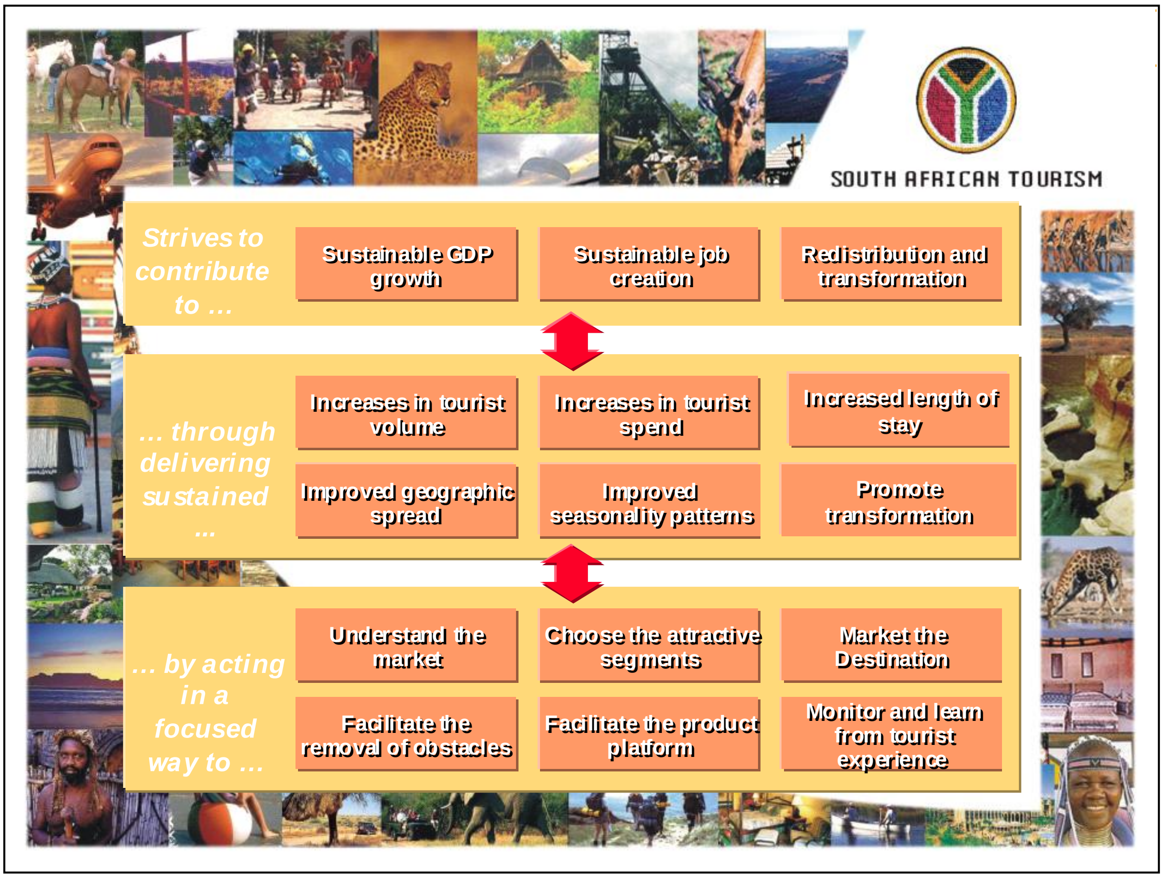
There are a number of methods, which can be utilised to segment a tourism market. It can be done according to:

- Purpose of visit – holiday / leisure, business or visiting friends and relatives
- Geographic location – place of residence
- Socio-economic / demographic – age group, gender, income etc.
- Channel of distribution – whether they use travel agents or tour operators to book a tourism trip.
- Product-related – type of tourism experience or product that appeals to tourists.
- User frequency / seasonality – how often they travel.
- Psychographic – values, attitudes, preferred and actual tourism activities.

In segmenting the South domestic tourism market it is also critical to take note of the core national tourism objectives of South African Tourism. These are also the provincial tourism objectives of KwaZulu-Natal.

South Africa's Tourism objectives are illustrated in the following diagram:

Figure 3: South Africa's Tourism Objectives



Segmentation is the first step required to develop a targeting and positioning strategy for a particular tourism destination. Targeting is the process of selecting the most attractive segment or segments to achieve desired objectives.

A product's position is the way the product is defined by consumers according to important attributes – the place the product occupies in consumer's minds relative to competing products. There are a number of factors that can be used to position a tourism product or service:

- Specific product attributes such as price and product features. There are two choices – cheap or providing the right attractions. For example, the Hilton uses the reliability their brand provides to attract business customers.

- Needs that products fill or the benefits they offer. Psychographic segmentation is useful when a product can appeal to a specific need. A restaurant can be positioned as a fun place, for example.

- Certain classes of users. People, especially the right people, can be used to attract other people. By studying reference groups and identifying a product or service with them in a believable way the right users can be attracted.

- Against existing competitors. Advertising the competitive advantages of a product against those of its competitors.

2. Existing approaches to the segmentation of the KwaZulu-Natal and South African domestic tourism market

There have been a number of attempts made to segment the KwaZulu-Natal and South African domestic markets. The most important of these are analysed below.

2.1 Geographics

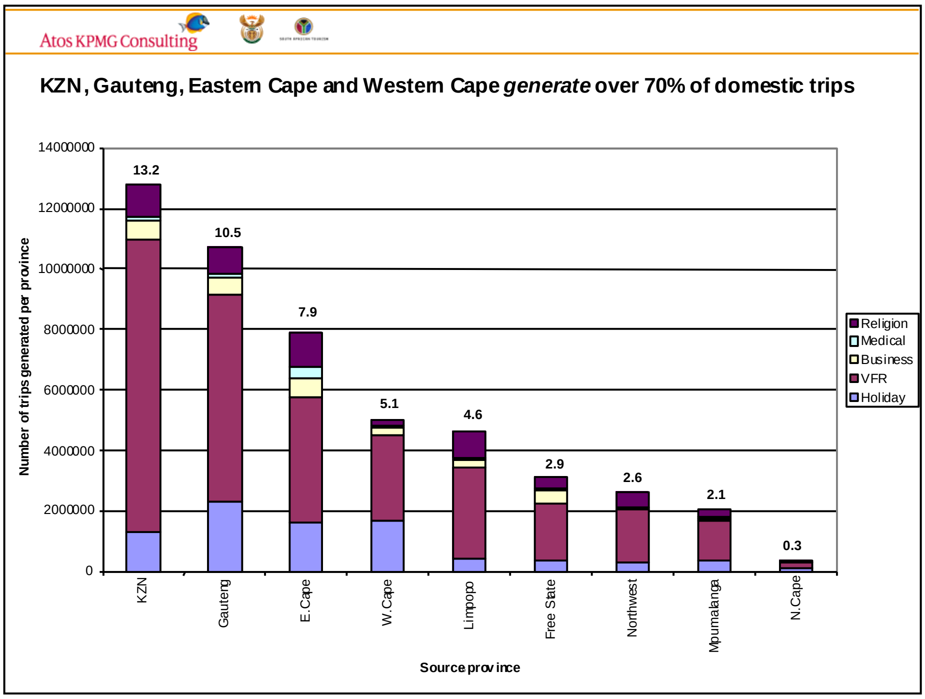
South Africa's national domestic market tourism surveys, The South African Advertising and Research Councils All Media and Products surveys (AMPS) and the surveys of Tourism KwaZulu-Natal have consistently demonstrated the fact that the provinces of Gauteng, the Western Cape, Eastern Cape and KwaZulu-Natal are South Africa's core source markets for domestic tourists.

Table 2: Source of South African Domestic Tourists

Province	Weighted Frequency (N)	%
Western Cape	1 456 054	10.5
Eastern Cape	1 854 272	12.6
Northern Cape	244 841	1.7
Free State	982 365	6.7
KwaZulu-Natal	2 555 227	17.4
North West	1 316 708	9.0
Gauteng	3 361 598	22.9
Mpumalanga	1 008 089	6.9
Northern Province (Limpopo)	1 794 056	12.2
Total	14 663 211	100.0

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

Figure 4: Sources of South African Domestic Tourism Market in terms of Provinces



This is similarly the case with the leisure component of South Africa's domestic market, as is illustrated in the following tables and charts:

Table 3: Source of South African Domestic Tourists

Province	Weighted Frequency (N)	%
Western Cape	834951	19.7%
Eastern Cape	459107	10.8%
Northern Cape	75393	1.8%
Free State	193621	4.6%
Kwazulu , Natal	547855	12.9%
North West	220361	5.2%
Gauteng	1313935	31.0%
Mpumalanga	269018	6.3%
Northern Province (Limpopo)	323172	7.6%
Total	4237412	100.0%

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

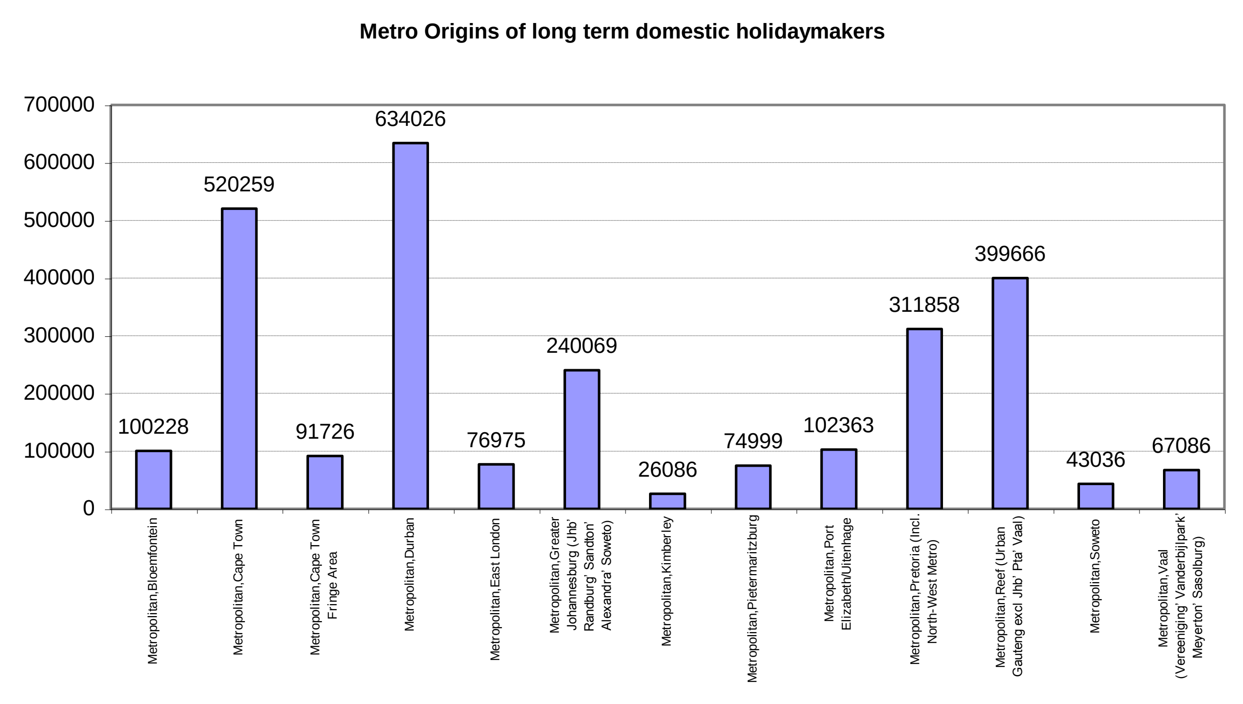
Table 4: Source of South African Domestic Holidaymakers in terms of trips (Excluding Weekends and weekend trips)

Province	Weighted Frequency (N)	%
Eastern Cape	453	7.10%
Free State	689	10.80%
Gauteng	1592	24.90%
KZN	1366	21.30%
Limpopo	268	4.20%
Mpumalanga	116	1.80%
North West	307	4.80%
Northern Cape	226	3.50%
Western Cape	1385	21.60%
Total	6402	100.00

Source: AMPS 2003

The following chart provides an indication of the metropolitan origins of South Africa's domestic holidaymakers in terms of trips that are longer than a weekend or long weekend.

Figure 5: Metropolitan Origins of South Africa's Long Term Holidaymakers



Source: AMPS 2003

KwaZulu-Natal's core domestic tourism source markets are:

Table 5: Source of KwaZulu-Natal's Domestic Tourists

Province	Weighted Frequency (N)	%
Western Cape	203642	4.2
Eastern Cape	518802	10.7
Northern Cape	24243	0.5
Free State	150307	3.1
KwaZulu-Natal	2303095	47.5
North West	126064	2.6
Gauteng	1120031	23.1
Mpumalanga	218188	4.5
Northern Province (Limpopo)	189096	3.9
Total	4 848 620	100

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

In the case of leisure tourism, Gauteng, is this KZN's core market. This is illustrated in the following table

Table 6: Source of KwaZulu-Natal's Domestic Leisure Tourists

Province	Weighted Frequency (N)	%
Western Cape	85 490	7.3
Eastern Cape	95 204	8.1
Northern Cape	6 926	.6
Free State	58 243	5.0
KwaZulu-Natal	329 951	28.2
North West	47 612	4.1
Gauteng	432 624	37.0
Mpumalanga	77 349	6.6
Northern Province (Limpopo)	37 074	3.2
Total	1 170 473	100

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

It is also important to note that only 40% of all domestic trips in South Africa are taken outside the province.

Figure 6: Intra-Provincial vs Inter-Provincial Domestic Tourism Trips

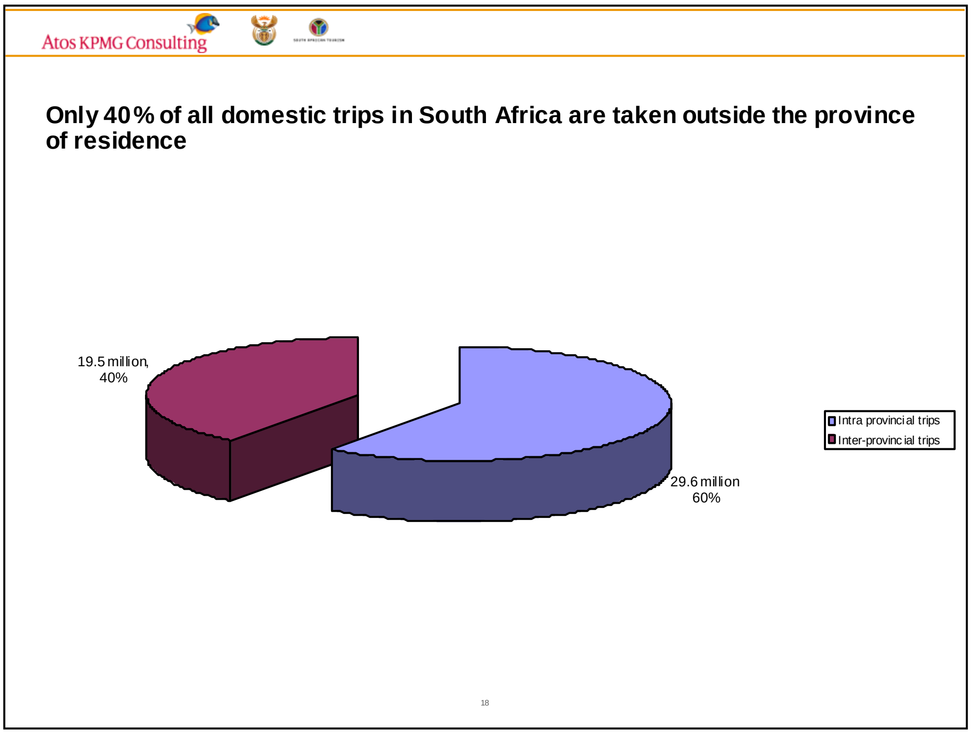
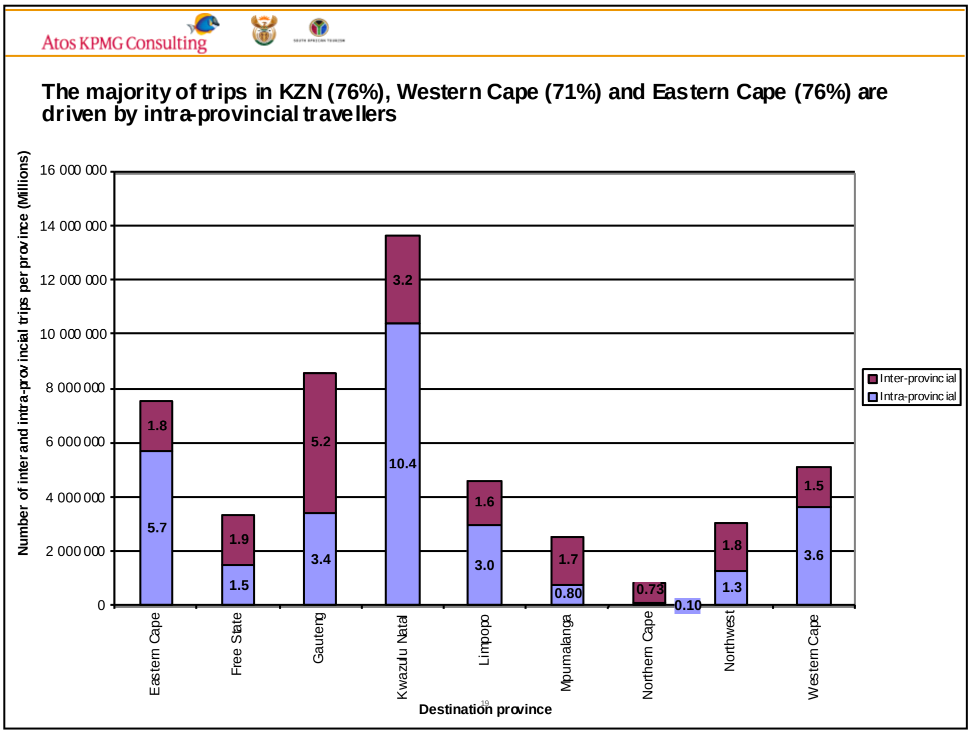


Figure 7: Nature Of The Provinces' Domestic Tourism Markets In Terms Of Intra-Provincial Vs Inter-Provincial Domestic Tourism Trips



2.2 Living Standards Measure

The SAARF LSMs or SAARF Living Standards Measure (LSM), developed by the South African Advertising Research Foundation (SAARF) has become one of the most widely used marketing research tools in South Africa.

The development of the LSM Index was stimulated by a series of events; the most important being the fact that the then commonly used market segmentation tool of 'urban/rural' was losing its power as a differentiator. The gap between the urban and rural markets was narrowing and the habits of both markets were becoming increasingly similar.

To counter this, SAARF introduced a new grouping according to community size, namely "metropolitan", "cities/large towns", "small towns/villages" and "rural". This was an attempt to further segment the market by level of sophistication so that marketers could better define their markets. It was just another demographic however, and it was soon realized that what was needed was **a set of descriptors based on more than one variable, which would provide a more powerful segmentation tool than any single variable on its own.**

At the time, the late Eddie Schulze had been working on a system of classification for Unilever, based on whether people shopped at a supermarket or not, and then going further, to split the supermarket shoppers into those who owned commodities such as cars, television sets and radios. From this thinking emerged South Africa's first **multivariate market segmentation index** - the LSMs, which, in addition, was also a move away from segmentation based purely on demographics.

The LSM index was designed to profile the market into relatively homogeneous groups. It is based on a set of marketing differentiators which group people according to their living standards, using criteria such as degree of urbanisation and ownership of cars and major appliances (assets). Naturally, the LSM bands are not airtight pockets. LSMs bring together groupings of people out of the total population continuum into contiguous and sometimes slightly overlapping groups. Essentially, **the LSM is a wealth measure** based on standard of living rather than income - in fact, **income does not appear anywhere within the LSMs at all.** Interestingly enough, variables such as income, education and occupation were tested as part of the first LSMs but did not add anything to the strength of the measure.

In the new **SAARF Universal LSM**, the population continuum is divided into ten groups, from 1 at the bottom end, to 10 at the top **(See Appendix A for descriptions of these groups)**. The LSMs are calculated using 29 variables taken directly from the SAARF All Media and Products Survey (AMPS).

2001 SAARF UNIVERSAL LSM DESCRIPTORS

1	Hot running water	16	Less than 2 radio sets / household #
2	Fridge/freezer	17	Hi-fi/music centre
3	Microwave oven	18	Rural outside Gauteng/W.Cape #
4	Flush toilet in/outside house	19	Built-in kitchen sink
5	No domestic in household	20	Home security service #
6	VCR	21	Deep freezer #
7	Vacuum cleaner/floor polisher	22	Water in home/on plot #
8	No cellphone in household #	23	M-Net/DStv subscription #
9	Traditional hut	24	Dishwasher #
10	Washing machine	25	Electricity #
11	PC in home #	26	Sewing machine #
12	Electric stove	27	Gauteng #
13	TV set	28	Western Cape #
14	Tumble dryer #	29	Motor vehicle in household
15	Home telephone		

The 14 new variables that appear in the 2001 **SAARF Universal LSM**

Some users still think LSMs are the 'polite' way of talking about race. However, this was never the aim and race has never been used as part of the LSM at all. It is true that initially LSMs did correlate highly with race, with most blacks falling into LSM 1 to 6, and the higher LSMs being multiracial. This, however, is because LSMs are an indication of the reality of South Africa - they weren't created to obscure it but to reflect it. As South African society corrects itself post 1994, race's impact, as a differentiating variable, will decline, as will its correlation with LSMs, as is already evident.

Another misconception is that LSMs can be used as a psychographic or attitudinal measure. LSMs can tell a marketer that those in LSM 10, for example, have more commodities than others. It doesn't indicate their income, or whether they are predisposed towards spending money.

The SAARF Universal LSMs are thus not an alternate label for income. Income is actually very often a misleading variable upon which to base a marketing strategy, especially if the predisposition of the person towards spending is not known. A miserly businessman who earns a fortune may sleep on a mattress on the floor and warm up TV dinners in the microwave. A pensioner may have all the "mod cons" which place her household into LSM 10, but whether she has a high disposable income or a propensity to spend is not a given.

The SAARF Universal LSM should not be used in isolation. Human beings are much too complex to be described using a single differentiator such as LSMs. Users of AMPS data know that when combining LSMs with other descriptors such as language, income, life stage and so on, powerful segmentation of the market can be achieved.

Some users also complain that the groupings are too wide. They don't realise that there's nothing stopping them from re-segmenting the LSMs to suit their markets. They could further segment LSM 6 for example, just as SAARF used to split the old LSM 7 and 8 into sub-groups to help users who found these groups too large to handle.

Another perceived problem is the weighting system. From 1991 to 1993, LSMs were based on 13 variables which were given different weights each year. For instance, not having electricity would be an important variable one year and less important the next. In 1993 it was decided to standardise the weighting to allow for year-on-year trending. In 1995, the variables were increased to 20 and included limited personal data, which necessitated another weighting system. The 1995 LSMs were kept the same until AMPS 1999. For AMPS 2000A, the factors describing LSMs changed again - hence 2000 was a new benchmark year for LSMs and an intermediary step to the new SAARF Universal LSMs.

Whether the 1993, 1995 or the 2000 weightings are used, the LSMs are no more or no less useful. They are all accurate but different from each other. Users must just be aware that they can't do trending from the one set of weightings to the other.

A large part of the marketing and advertising industry tends to use LSMs as the alpha and the omega of determining target markets. Of course it would have been nice if the LSMs could have been as important as that - as unequivocal. But the reality is that they are only one possible descriptor of market groupings, and to use them as the be-all and end-all of market segmentation does more damage than good to the tool. In short, as with any research, a bit of common sense is called for.

There are a number of key issues that should be taken into account when using LSMs:

- Take time to read the write-ups that accompany each LSM group. This will provide information, such as where people shop, and what their media consumption habits are. Also, read the technical data about LSMs, so that you understand the principles which underpin them.
- Use LSMs in conjunction with other marketing differentiators such as life stages, income, etc. If you want to use LSMs 6 to 10 for targeting, you are basically targeting one third of the South African population - so you need to filter other variables as well if you want to define your target market more closely.
- Don't confuse LSMs with income. Think of a student, who lives in his parents' upmarket home in Sandton. Yes, he might live in an LSM 10 home, and yes, he will be different from a person living in, say, an LSM 4 home, but if his only income is derived from a part-time job while he is studying, his disposable income will be low.

- It is important to remember that the SAARF Universal LSM is only one possible way of segmenting your market and that there are many other ways which could and should be considered in your quest for the best definition of your target market.

South Africa's national domestic market surveys, AMPS and Tourism KwaZulu-Natal's domestic market surveys have demonstrated that there is a close relationship between leisure tourism and LSMs. Individuals in LSMs 7 – 10 tend to be more wealthy and are thus more likely to travel. This is clearly illustrated in the following tables:

Table 7: South African Leisure Tourists by LSM

LSM	Weighted Frequency (N)	%
1	49778	1.2%
2	182792	4.3%
3	232125	5.5%
4	406213	9.6%
5	440869	10.4%
6	472548	11.2%
7 - 8	802307	18.9%
9 - 10	1650779	39.0%
Total	4237412	100.0%

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

This is similarly the case with the KwaZulu-Natal market:

Table 8: KZN's Leisure Tourists by LSM

LSM	Weighted Frequency (N)	%
1	28920	2.5
2	71495	6.1
3	49436	4.2
4	55917	4.8
5	84513	7.2
6	97143	8.3
7 - 8	269582	22.9
9 - 10	518087	44.1
Total	1175093	100.0

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

It is important to note that the highest concentration of LSM 7 – 10 individuals are found in South Africa's core domestic source generating markets, namely Gauteng, the Western Cape and KwaZulu-Natal. This is illustrated in a chart in Appendix A. Appendix B provides an indication of Media that are utilised by large proportions of the various LSMs.

2.3 Doug Parker and Associates (DPA) Lifestyle Model

DPA have developed a Consumer Lifestyle Segmentation Model of which an important component is the Life Plane.

The Life Plane concept recognizes that within a society there are different socio-economic levels. Traditionally, these different levels have been referred to as 'Income Groups', and one typically finds markets divided into four categories, labelled A, B, C and D. The top end of the market is 'A' and the lowest income group is 'D'.

The usefulness of the income group classification is very limited. The top group inevitably contains people between 45 and 55 while the lowest group is a mixture of very young and very old people – whose interests, needs and lifestyles are markedly different. The middle groups B and C also contain a wide variety of people from different backgrounds, showing different aspirations.

After a great deal of experimentation, it would seem that the best way to segment the market into socio-economic groups is by classifying people into a combination of educational and income groupings. Education influences attitudes and perceptions, and plays a major role in shaping expectations and aspirations. It is the key to one's choice of career, and there is little doubt that education influences performance and thus income levels.

To reflect the socio-economic strata in the South African market adequately, six Life Planes have been distinguished. Life Plane A is the top category, consisting of professional people with university degrees. Life Plane B consists of those with a diploma, many of whom are found in businesses. Life Plane C are those with a matric certificate who are often in sales and clerical positions. Life Plane F is the lowest category, comprising those who have achieved less than Standard 6.

Life Plane A
People in the top Life Plane are doctors, lawyers, accountants, architects and engineers. They are graduate professionals.

Life Plane B
Plane B people are generally found in business, they do not have university degrees but have studied beyond school and have been awarded a diploma. Many reach senior positions in business.

Life Plane C
Plane C people complete their schooling but have not studied further. They tend to be found in sales or clerical positions in business.

Life Plane D
Plane D people generally have three or four years of senior school and tend to follow technical careers with may becoming artisans – plumbers, electricians, mechanics, etc.

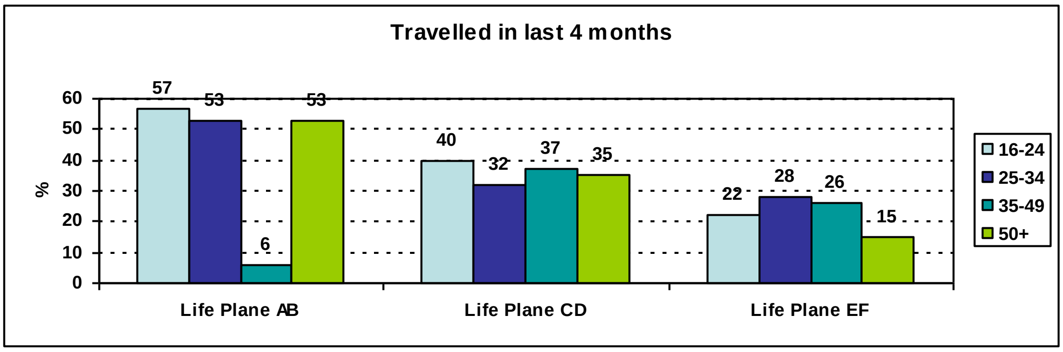
Life Plane E
Plane E people have only one or two years of senior school and many find jobs as factory workers and artisans' assistants.

Life Plane F
Plane F people have no secondary schooling and many are barely literate. Many people in this category find employment as domestic servants, gardeners or labourers.

Life Plane	Life Stages			
	16 - 24	25 - 34	35 - 49	50+
AB				
CD				
EF				

Tourism KwaZulu-Natal commissioned DPA to use its domestic tourism data to segment KwaZulu-Natal domestic tourists in terms of Consumer Life Style. Their efforts are illustrated in the following diagram.

Figure 8: KwaZulu-Natal Domestic Tourists in terms of Consumer Life Style



As was expected, the core group that travels to KwaZulu-Natal are Life Plane AB individuals. However, the youth component of this segment are the most likely to travel to this province and the middle age component being the least likely – possibly as a result of a lack of disposable income during this life stage.

2.4 KPMG's Segmentation of the Durban Tourism Market

In its report, 'Positioning Durban into the new Millennium' and which was published in January 2000, KPMG identified 6 core domestic tourism markets for KwaZulu-Natal:

- The Emerging Tourist – an LSM 6 mainly VFR tourist.
- The Established and Settled Tourist – an LSM 8 – 10 leisure, sun, sea & sand / cost conscious tourist, mainly from Gauteng and Mpumalanga.
- The Fast-Paced Tourist (Visible Achievers) – Gauteng, Free State, LSM 8 - 10, 25 – 49 years old, leisure, short break, sport and event tourist.
- Older folk – Northern Province, LSM 8 – 10, 50 – 64 years old, leisure, sun, sea and sand tourist who is wanting to relax and for whom climate is a key factor.
- The Young and Upcoming Tourist – Johannesburg and West Rand, LSM 8 - 10, Yuppies, action and adventure, sport and events, trendy restaurants, want new experiences, fun and excitement.

KPMG was of the view that Durban should focus on the young and upcoming, established and settled, and older folk in terms of its domestic marketing effort. The young and upcoming segment was seen to be most important. Durban Africa was encouraged to portray Durban as an exciting place to live, work and play. It was felt that this could largely be done through the mobilisation of a series of core 'exciting / novel' annual events. At the same time Durban was encouraged to begin revitalising its tourism product to meet the needs of these three core segments more effectively.

2.5 The HSRC's Psychographic Segmentation of the South African Domestic Tourism Market

In addition to trip types, biographical details and destinations, respondents to the national domestic market survey of 2001 were requested to indicate the extent to which they agreed or disagreed with a series of 44 statements regarding travel and other activity preferences. The results were subjected to a factor analysis in order to extract the dominant psychographic types in relation to domestic travel and tourism in South Africa. Four dominant factors emerged. The four factors identified were labelled as Upmarket Campers, Economy Trippers, Beach Brigade and Game & Bush Lovers. In developing marketing strategies, provincial tourism authorities are able to target each group by noting their dominant profiles.

The following are brief descriptions of these segments.

‘Upmarket Camper’
- Undertake ±4.8mn trips per annum
- They enjoy camping and self-catering accommodation facilities
- Good service is critical to this segment
- Willing to pay for a good holiday
- Are mainly LSM 8 -10 individuals
- The core source markets for this segment are Gauteng, Western Cape and KwaZulu-Natal
- The top destinations visited by this segment are Durban Central, the South Coast, Central Gauteng and Cape Metro
- TV1, 2, 3, E.TV or M Net, Sowetan, Sunday Times, Drum, Bona, You and Huisgenoot are core media used by this segment.

‘Game & Bush Lover’
- Undertake ±5mn trips per annum
- Enjoy game and bush holidays
- This segment contains an important Afrikaans speaking component – also Zulu, Xhosa and English
- LSM 8 -10
- The core source markets for this segment are the provinces of Gauteng, KZN and Northern Cape
- TV1, 2, 3, E.TV or M Net, Sowetan, Sunday Times, Drum, Bona, You and Huisgenoot are core media used by this segment.

‘Beach Brigade’
- Undertake ±5.7mn trips per annum
- Want a beach holiday
- Mainly LSM 3 – 6 individuals – thus a low income mass market
- Source markets for this segment are the province of Gauteng, Eastern Cape, KZN and Free State
- TV1, 2, 3, E.TV, Vernacular African Radio Stations, Sowetan, City Press,Sunday Times, Drum, Bona, You & Huisgenoot are core media used by this segment.

‘Economy Trippers’
- ±4.5mn trips
- Stay with family and friends
- Is an LSM 2-5 – low income market
- Source markets for this segment are the provinces Eastern Cape, KZN, Gauteng and Limpopo
- TV1, 2, 3, E.TV, Vernacular African Radio Stations, Sowetan, Ilanga, Drum, Bona are core media used by this segment.

Tourism KwaZulu-Natal commissioned the HSRC to refine these segments further, particularly in terms of KwaZulu-Natal domestic tourists. This data is contained in Volume 1 to this report.

This analysis revealed that KwaZulu-Natal has the following share of these segments.

Table 9: HSRC's Psychographic Segmentation of the South African Domestic Tourism Market

	All tourists to all domestic destinations	**Leisure tourists to all domestic destinations**	**Leisure tourists to KwaZulu-Natal destinations**	**Share of Leisure tourist market**
Total	14663211	4354002	1170473	**27%**
Beach Brigade	4125762	1220904	581925	**48%**
Upmarket Campers	3647456	1515516	597159	**39%**
Game & Bush Lovers	3371732	1104874	477236	**43%**
Economy Trippers	3066850	600506	407160	**68%**

Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

2.6 KPMG's Segmentation of the South African Domestic Tourism Market

The National Department of Environmental Affairs and Tourism and South African Tourism commissioned KPMG to segment the South African Tourism Market. This segmentation was based on the national domestic tourism surveys which SAT commissioned in 2003.

2.6.1 Segmentation Frame

Using a statistical technique referred to as 'Cluster Analysis', KPMG have been able to identify the following segmentation frame. The core discriminators were identified as age, and whether or not they had undertaken a holiday trip:

<table>
<tr><td></td><td colspan="2">Young
30 and under</td><td colspan="2">Middle Age
31 -50</td><td colspan="2">Old
Over 50</td></tr>
<tr><td></td><td>Living with parents</td><td>Not Living with parents</td><td>High Income
>R10 000</td><td>Low Income
<R10 000</td><td>Black</td><td>White</td></tr>
<tr><td>Never taken a holiday trip</td><td colspan="2" rowspan="2">Segment A
Young & Upcoming
(Emerging)</td><td rowspan="2">Segment D
Well Off Homely Couples
(Emerging)</td><td></td><td rowspan="3">Segment F
Basic Needs Older Families
(Untapped)</td><td rowspan="2">Segment D
Well Off Homely Couples
(Emerging)</td></tr>
<tr><td>Intra-provincial travel</td><td>Segment E
Home Based Low Income Couples
(Untapped)</td></tr>
<tr><td>Inter-provincial travel</td><td></td><td colspan="2">Segment B
Independent Young Couples
(Established)</td><td></td><td>Segment G
Golden Active Couples
(Established)</td></tr>
</table>

2.6.2 Segmentation Descriptions

The descriptions for these segments were as follows:

Atos KPMG Consulting

Segment A: Young and upcoming

Thabo Monabisi is young (under 30) and comes from Gauteng. He lives with his parents in Vereeniging but loves going to Jo'burg with friends for the December Holidays. The boys will enjoy the city nightlife and sports events (soccer) and will stay with friends or relatives whilst there for a week.

You can likely reach Thabo or his friends through Soccer Laduma, SABC 1, E.TV, Metro fm or Cinema advertising. He enjoys Kwaito and Hip Hop. Having a braai with friends, sending SMSs, buying takeaway food and buying compact discs are some activities he is interested in.

If he has a cell phone it will be a prepaid contract. Most likely he doesn't have a car……one or two of his friends might if they are lucky! He doesn't have much spending power yet and will save up for a fun trip in the school holidays rather than take short breaks.

31

More characteristics next page

ZULU KINGDOM

Atos KPMG Consulting

Segment A: Young and upcoming

Size of Travelling Segment:	5.1 million people	Holiday Value:	R 3.1 billion
No. People who took Hol Trip	949,000	When:	December 28%
No. of Holiday Trips	2.3 million trips		June 11%
Average Hol Trips pp	2.4 trips per person		April/July 10%
Average Length of Stay	6 nights		
Average holiday trip spend	R1 367		
LSM Level	Primarily LSM 5-7		
Age	30 and under		
Race	Primarily black		
Gender	54% male, 46% female		
Where From:	Gauteng 24%	Where to on Holiday:	KZN 24%
	Western Cape 23%		Eastern Cape 21%
	Eastern Cape 21%		Western Cape 18%
Household Income per month	Primarily under R 10 000	Intra vs inter – provincial	Primarily intra-provincial
Lifestage and age of own children	Majority don't have children	Travel decision	1 month prior to departure
		Accommodation bookings	1 month prior to departure

32

Atos KPMG Consulting

Segment B: Independent Young Couples & Families

Mr and Mrs Olifant need a break from their busy and well paid jobs in Gauteng. They take their two young children Jordan and Emma and stay at a beautiful self catering apartment on the KZN coast for their December holidays. The kids love the beach and they visit different spots along the coast. They stay about 10 days and spend quite a bit of money for the main holiday of the year, shopping, eating out some nights and enjoying themselves. Their trip expenditure is relatively high.

You are likely to reach Mr and Mrs Olifant through media such as the Sunday Times (Lifestyle section), Huisgenoot (True Love), through E.TV or SABC 2, 94.7 Highveld Stereo (Metro FM), or Cinema Advertising. This group is more likely than others to use the Internet, Cook for Pleasure, or eat out in a restaurant on a monthly basis. They are interested in Pop/Rock Music or Classical Music and enjoy Theatre, Ballet and Pop Concerts. This is also the group most likely to use credit cards, and cell phones on a contract basis.

1

More characteristics next page

Atos KPMG Consulting

Segment B: Independent Young Couples & Families

Size of Travelling Segment:	0.7 million people	**Holiday Value:**	R 6.8 billion
No. People took Hol Trip	678,000	**When:**	December 32%
No. of Holiday Trips	1.5 million trips		April 11%
Average Hol Trips pp	2.2 trips per person		Jan/Mar 8% ea
Average Length of Stay	10 nights		
Average holiday trip spend	R4 585		
LSM Level	Primarily 8-10		
Age	50 and under		
Race	White/black		
Gender	45% male, 55% female		
Where From:	Gauteng 59% Western Cape 9% KZN 8%	**Where to on Holiday:**	KZN 37% Gauteng/Western Cape/Eastern Cape 10% ea
Household Income	Primarily between R10 000 – R25 000	**Intra vs inter – provincial**	Primarily inter-provincial
Lifestage and age of own children	Majority have children of primary and high school age	**Travel decision**	2 months prior to departure
		Accommodation bookings	6 weeks prior to departure

Atos KPMG Consulting

Segment C: Striving families

The Sisulu brothers can't wait to get away from their labouring jobs in Gauteng to take their wives and children to KZN to stay with their sister and her kids, for a big family celebration in Durban. The ladies go shopping and the men get the braai ready for a festive family day. On another day they will all take a picnic to the beach. Average trip expenditure is surprising given that they do not earn high salaries however this could be related to the size of the travel group.

These families read the Sunday Times & Rapport as well as the Sowetan supplements. To reach them through electronic media, SABC 1 and Metro FM are the most popular. This group has very low internet usage. Gardening, buying lottery tickets and going to Church are regular activities with this group. Music listening habits include Gospel and Country music.

Even though this group does not earn high salaries, they save rigorously for family holidays.

More characteristics next page

Atos KPMG Consulting

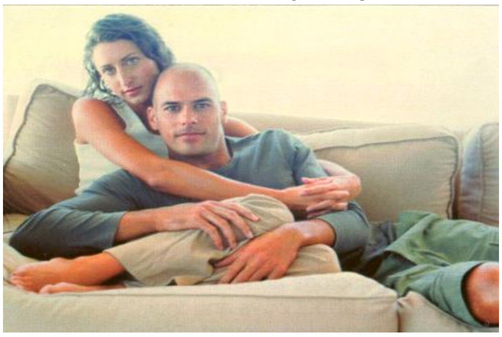
Segment C: Striving families

Size:	0.4 million people	Holiday Value:	R 2.0 billion
No. People took Hol Trip	354,000	When:	December 26%
No. of Holiday Trips	0.8 million trips		April 13%
Average Hol Trips pp	2.3 trips per person		June 11%
Average Length of Stay	5.5 nights		
Average holiday trip spend	R2 578		
LSM Level	Primarily 5-7		
Age	31-50		
Race	Primarily black		
Gender	43% male, 57% female		
Where From:	Gauteng 42% Eastern Cape 25% Mpumalanga 12%	Where to on Holiday:	KZN 21% Gauteng 21% Western Cape 14%
Household Income	Primarily under R10 000	Intra vs inter – provincial	Primarily inter-provincial
Lifestage and age of own children	Majority have own children of high school age	Travel decision	2 months prior to departure
		Accommodation bookings	1 month prior to departure

36

Atos KPMG Consulting

Segment D: Well off homely couples



Kate Lewis and Shaun Du Plessis are 30 something professionals from Durban. They have planned a romantic holiday along the north coast of KZN at a cosy self catering cottage near the beach. They spend a few days relaxing on the beach and a few days exploring the natural attractions in the area. Holiday and timeshare flats are also used by a large proportion of this segment which may account for the high level of intra-provincial travel that this group undertakes.

Kate & Shaun will read the Sunday Times or Rapport and the magazine Huisgenoot at times. SABC 2, SABC 3 and E.TV are all watched regularly and Radiosondergrense is the most popular radio station. This group often go to the cinema and are more likely than most other segments to use the Internet for email, information gathering and banking.

Rock/pop, classical and Afrikaans music are all consumed by this segment and there is strong consumption of theatre with these well off couples. A large proportion of this group use cell phones on a contract basis and credit card usage is high compared to the majority of other segments.

37

More characteristics next page →

Atos KPMG Consulting

Segment D: Well off homely couples

Size:	0.8 million people	Holiday Value:	R 2.4 billion
No. People took Hol Trip No. of Holiday Trips Average Hol Trips pp Average Length of Stay Average holiday trip spend LSM Level Age Race Gender	271,000 1.1 million trips 4.1 trips per person 7.5 nights R2 258 Primarily 8-10 Over 30 White 57% male, 43% female	When:	December 20% April 14% February 12%
Where From:	KZN 31% Western Cape 29% Eastern Cape 17%	Where to on Holiday:	KZN 31% Western Cape 29% Eastern Cape 17%
Household Income	Primarily under R20 000	Intra vs inter – provincial	Primarily intra-provincial
Lifestage and age of own children	Majority no children	Travel decision Accommodation bookings	2 months prior to departure 2 months prior to departure

38

ZULU KINGDOM

Atos KPMG Consulting

Segment E: Home based low income couples

Mr and Mrs Mkefa are around 40 yrs old and are from Khayelitsha. They drive to Knysna to stay with Mrs Mkefa's cousin for about 5 nights. They visit local markets, take walks along the beach and catch up with family. They don't travel much and don't have a lot of money to spend on holidays. When this segment travels, they usually stay within their own province.

The Sunday Times and Rapport are popular weekly reads, with SABC 1 being the most watched television station. Metro fm is the radio station most listened to, and cinema going is low compared to other segments. Internet usage is also extremely low, with Church, Gardening and Cooking being popular activities as well as having a bet on the lottery.

Gospel music is hugely popular and theatre is an activity undertaken by approximately a third of the group. Around two thirds own their own house and car. Cell phone use and credit expenditure are both low.

39

More characteristics next page

Atos KPMG Consulting

Segment E: Home based low income couples

Size:	0.4 million people	Holiday Value:	R 1.4 billion
No. People took Hol Trip	391 000	When:	December 31%
No. of Holiday Trips	1.0 million trips		January 12%
Average Hol Trips pp	2.6 trips per person		April 10%
Average Length of Stay	5 nights		
Average holiday trip spend	R1 392		
LSM Level	Primarily 5-7		
Age	31 - 50		
Race	Primarily black		
Gender	50% male, 50% female		
Where From:	Western Cape 33% Eastern Cape 30% KZN 22%	Where to on Holiday:	Western Cape 33% Eastern Cape 30% KZN 22%
Household Income	Primarily under R 5 000	Intra vs inter – provincial	Primarily intra-provincial
Lifestage and age of own children	Majority have own children of high school age	Travel decision	6 weeks prior to departure
		Accommodation bookings	1 month prior to departure

40

ZULU KINGDOM

Atos KPMG Consulting

Segment F: Basic needs older families

The Abrahams family from Cape Town go and stay with their cousins the Janeke Family in Vredenburg for 5 nights around Christmas time. They go shopping, enjoy the beach and the scenery in the area. This segment will plan their trip at least two months in advance.

The Sunday Times (Inside) is regular reading material. You, Bona & Huisegenoot are the magazines consumed occasionally. SABC 1 is the television station consumed by the largest proportion of this segment. Radio is not as highly consumed as television but the popular radio stations with those who tune in, include Metro fm, Ukhosi fm and Umhloba Wenene fm.

Internet usage is virtually non existent with this older group but Church and Gardening are important activities in their lives. Gospel music is also very popular with this group with dance, theatre and classical music being enjoyed by about a third of the segment. This is a large segment within which the people with higher incomes need to be encouraged to participate in holiday travel as current participation is very low.

41

More characteristics next page

Atos KPMG Consulting

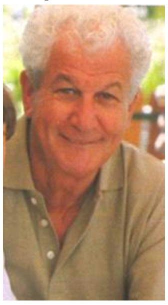
Segment F: Basic needs older families

Size:	5.5 million people	Holiday Value:	R 0.3 billion
No. People took Hol Trip	97 000	When:	December 26%
No. of Holiday Trips	0.2 million trips		October 19%
Average Hol Trips pp	2.1 trips per person		February 15%
Average Length of Stay	5 nights		
Average holiday trip spend	R1 449		
LSM Level	Primarily 5-7		
Age	Over 30		
Race	Black		
Gender	45% male, 55% female		
Where From:	Western Cape 42%	Where to on Holiday:	Western Cape 28%
	KZN 24%		KZN 22%
	Gauteng 13%		Eastern Cape 18%
Household Income per month	Primarily under R 5 000	Intra vs inter – provincial	Primarily intra-provincial
Lifestage and age of own children	Majority have own children over 21 years	Travel decision	2 months prior to departure
		Accommodation bookings	6 weeks prior to departure

42

Atos KPMG Consulting

Segment G: Golden active couples

Mr & Mrs Jones from Gauteng are retired and love travelling on longer holidays. They will go for two weeks at a time, when their grandchildren are on school holidays. They will spend some time visiting family in Durban and some time touring on their own, staying at self catering places or camping. They go shopping, visit the beach, go out for dinner and enjoy experiencing South Africa's wonderful natural scenery.

Although they are a high LSM group within the population, retirement funds and ensuring monitored expenditure are important to this segment. This group will take a long time to plan their trip (around 3 months) and will absorb all information relating to what they decide to do. Rapport is the most popular newspaper and its weekly supplements attract this segment. Huisgenoot receives strong support with this group and Sarie is also sometimes purchased. SABC 2 is watched by the largest proportion of this segment with Radiosondergrense being by far the most popular radio station. Gardening, dining out and social braais are some of the things these active older couples like to do. This segment enjoys Country and Afrikaans music and visiting the theatre and classical music performances. Even though this group watch their pennies (rands!) they have relatively high use of credit cards compared to most other segments.

43

More characteristics next page

Atos KPMG Consulting

Segment G: Golden active couples

Size:	0.2 million people	Holiday Value:	R 2.1 billion
No. People took Hol Trip	165 000	When:	December 16%
No. of Holiday Trips	0.5 million trips		April 14%
Average Hol Trips pp	3.0 trips per person		February 12%
Average Length of Stay	13 nights		
Average holiday trip spend	R3 985		
LSM Level	Primarily 9-10		
Age	Over 50		
Race	White		
Gender	45% male, 55% female		
Where From:	Gauteng 46%	Where to on Holiday:	KZN 27%
	KZN 11%		Western Cape 23%
	Free State 8%		Mpumalanga 8%
Household Income	Primarily under R20 000	Intra vs inter – provincial	Primarily inter-provincial
Lifestage and age of children	Majority have no children living at home	Travel decision	3 months prior to departure
		Accommodation bookings	3 months prior to departure

44

2.6.3 Segment Selection

The following variables should be considered in selecting these segments:

- Volume
- Spend
- Seasonality
- Geographic spread

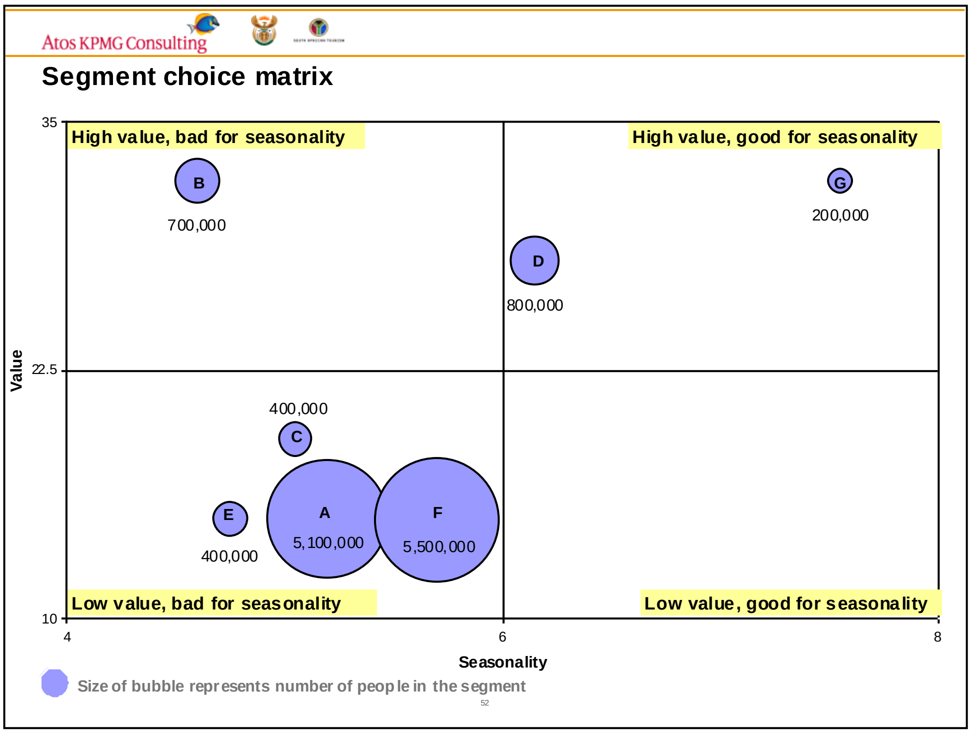
The following table illustrates the size and value of these segments in terms of:
Size
Value
Number of trips per annum
Average spend per trip

Segment	Size (mn)	Value (R Bn)	Holiday Trips P.P per annum	Average Spend per Trip in Rand
Young and Upcoming	5.1	3.1	2.4	1 367
Independent young couples and families	0.7	6.8	2.2	4 585
Striving families	0.4	2.0	2.3	2 578
Well off homely couples	0.8	2.4	4.1	2 258
Home based low income couples	0.4	1.4	2.6	1 392
Basic needs older families	5.5	0.3	2.1	1 449
Golden active couples	0.2	2.1	3.0	3 985

The following weights were developed to prioritise the various segments:

Key Objective	Criteria	Weight
Increase Volume	Size of segment	Absolute size
Increase expenditure	Average Number of Trips (10) LSM (10) Length of stay (10) Average spend (10)	40
Reduce Seasonality	Travel outside school holidays (5) Do not travel in December (5)	10

The following choice matrix was developed using these weights:



The following values were ascribed to each segment on the basis of each objective:

Segment	Volume (mn)	Seasonality	Value
Young and Upcoming	5.1	5.2	15
Independent young couples and families	0.7	4.6	32
Striving families	0.4	5.05	19
Well off homely couples	0.8	6.15	28
Home based low income couples	0.4	4.75	15
Basic needs older families	5.5	5.7	15
Golden active couples	0.2	7.55	32

The overall results of the weighting exercise was as follows:

(1) Segment B, the Independent Young Couples & Families is the most valuable segment overall due to the high average trip expenditure and high levels of inter-provincial travel. They are an ESTABLISHED segment

(2) Segment A, the Young & Upcoming are important in relation to volumes and their relatively high propensity to travel for holiday purposes. If average trip expenditure can increase and more of this segment can be convinced to travel for holiday purposes it will be a very lucrative segment. Segment A is EMERGING.

(3) Segment G, the Golden Active Couples, constitute the segment most likely to travel outside of school holidays and have significant average trip expenditure. Segment G is an ESTABLISHED segment.

(4) Segment D, Well Off Homely Couples, have high trip frequency and average trip expenditure but travel intra-provincially. If this group can be converted from intra to inter-provincial travellers, high yield could be extracted from them. This segment is currently EMERGING.

(5) Segment C, Striving Families are extended family groups travelling together and therefore spend a reasonable amount on their trips. They travel inter-provincially so if

volumes increased significant value could be derived from this group. Segment C is an EMERGING segment.

(6) Segment F, Basic Needs Older Families are the older family group. This segment only has a very small component that travel for holiday purposes, but there are high volumes that travel for other purposes. Their very low trip expenditure combined with the low volumes of holiday travellers makes this segment an UNTAPPED segment.

(7) Segment E, Home based low income couples, have low trip expenditure and are a small segment in terms of volumes. Segment F ranks higher on the weighting matrix due particularly to its much larger volumes but this segment is also viewed as an UNTAPPED segment.

Useful guidelines for matching products to segments can be found in Appendix D.

2.7 MarkData's Chaid Analysis of Tourism KwaZulu-Natal's Domestic Tourism Survey

Chaid Analysis is a technique utilised to determine important discriminators of data. It splits the data according to these discriminators into a series of segments. A Chaid Analysis of Tourism KwaZulu-Natal's domestic market survey revealed that the core discriminators or segments in the KwaZulu-Natal domestic tourism market are:

Population group – African and White, Coloured and Indian
Within the White, Coloured and Asian segment – *Region* as follows:
Western Cape – n = 228
Gauteng – n = 564 Johannesburg, Pretoria, West Rand, Vaal Triangle
Other Provinces – n = 806

A number of Chaid analyses were also undertaken in terms of interest in certain activities, some of the most important of these were the following:

Interest in visiting museums and art galleries:

First split was province as follows:
KZN and the Eastern Cape – a small group of 55 respondents (n)
A larger group of made up of respondents from the other provinces – n = 216

This larger group split further by LSM, with a segment of LSM 7 – 10 being the most important n = 164. This group split further into two age groups 16 – 49 and 50+. The 16 – 49 group was the most important n = 108.

Interest in arts and crafts centres/markets:
First split was identical to museums:
KZN and the Eastern Cape – a small group of 55 respondents (n)
A larger group of made up of respondents from the other provinces – n = 216

This larger group split further by race, with a segment of White and Coloured respondents being the most important n = 151.

Interest in theatre and concerts:

The first split was on the basis purpose of visit – with leisure tourism emerging as the only distinguishable segment n = 271. A secondary split indicated that pure holiday makers would be the most likely go to a theatre or concerts in KwaZulu-Natal n = 183.

2.9 MarkData's Chaid Analysis of AMPs 2003 Travel Data

MarkData were commissioned to analyse AMPs 2003 Travel Data. **This data is contained in Volume 2 of this report. It is important to note that this data identifies the core media utilised by domestic tourists and within each of LSMs 7 to 10. It provides more detail regarding the origin and nature of South Africa's domestic tourists.** For example, the newspapers and magazines that were read by significant proportions (±10 %) of LSM 10 domestic tourists who had undertaken a domestic holiday longer than a weekend or long weekend in 2003 were as follows:

Table 10: Print Media Read by 10% + LSM 10 Domestic Tourists who had taken holidays longer than a weekend or long weekend in 2003

Print Media	%
Sunday Times	29
Huisgenoot	29
Rapport	27
Sunday Times Magazine	23
Dish/Skottel	22
You	22
Rapport Tydskrif	22
Getaway	20
Sarie	19
Garden & Home SA	19
Rooi Rose	17
Cosmopolitan	16
Car	16
Fair Lady	15
Men's Health	14
Vodaworld	14
Reader's Digest	14
Imagine/Droom (Edgars Club)	13
SA Sports Illustrated	12
TV Plus!	12
Topcar	12
Die Burger (Saterdag)	12
Conde Nast House and Garden	12
House and Leisure	11
National Geographic	11
Your Family	10
Femina	10
FHM	10

The following tables provide and indication of the core newspaper and magazines read byLSM 7 – 9 individuals who undertook 'long' domestic tourism trips in 2003.

Table 11: Print Media Read by ±10% of LSM 9 Domestic Tourists who had taken holidays longer than a weekend or long weekend in 2003

Print Media	%
Huisgenoot	33
Sunday Times	27
Rapport	23
You	23
Sunday Times Magazine	20
Rapport Tydskrif	18
Sarie	15
Getaway	14
TV Plus!	14
Car	14
Imagine/Droom (Edgars Club)	13
Garden & Home SA	13
Rooi Rose	13
Cosmopolitan	12
Vodaworld	11
Men's Health	11
Your Family	11
Reader's Digest	10
Dish/Skottel	10
Woman's Value	10

Table 12: Print Media Read by ±10% of LSM 8 Domestic Tourists who had taken holidays longer than a weekend or long weekend in 2003

Print Media	%
Huisgenoot	28
Sunday Times	28
Rapport	21
You	20
Rapport Tydskrif	17
Sunday Times Magazine	17
TV Plus!	14
Sarie	12
Car	11
Your Family	10
Imagine/Droom (Edgars Club)	10
Rooi Rose	10
Reader's Digest	9
Sunday Tribune	9
Garden & Home SA	9
Vodaworld	9
Cosmopolitan	9
Men's Health	9
Die Burger (Saterdag)	8

Table 13: Print Media Read by ±10% of LSM 7 Domestic Tourists who had taken holidays longer than a weekend or long weekend in 2003

Print Media	%
Sunday Times	34
Sunday Times Magazine	24
Huisgenoot	19
True Love	18
You	17
City Press	16
Cosmopolitan	14
Rapport	14
TV Plus!	14
Imagine/Droom (Edgars Club)	14
Drum	13
Soccer Laduma	11
Bona	11
Sowetan Sunday World	11
Sowetan	11
Rapport Tydskrif	10
Reader's Digest	10
Sunday Sun	10
Men's Health	9
Kickoff	9
Pace	9
Fair Lady	9
Club Magazine (Foschini Group)	9
Car	8
Sarie	8
Rooi Rose	8
Sunday Tribune	8

Appendix E provides details of the listenership of radio stations and viewership of TV stations of LSM 7 –10 individuals.

A Chaid analysis of the AMPS 2003 data associated with longer domestic tourism trips revealed the following core discriminators of domestic tourism behaviour (The Chaid diagram which resulted from this analysis is attached as Appendix C):

The first split was - Population group – African, Coloured, Indian and White. The splits within these segments were as follows:

Within the African segment:
Age:
16 -34 – n or the number of respondents = 8239
35 – 49 – n = 2957
50+ n = 1872

Within age:
In the age group 16 -34, LSM was the core discriminator and three splits occurred:
LSM 1 – 5 n = 5661
LSM 6 - n = 1578
LSM 7 -10 – n = 1000

In the age group 35 – 49 – LSM was also the core discriminator:
LSM 1 – n = 193

LSM 2,3 – n = 816
LSM 4, 5, 6 – n = 1622
LSM 7 – n = 179
LSM 8-10 – n = 147

In the 50+ age group – Province was the core discriminator:
The Eastern Cape, Free State, Gauteng had a segment of 906 or n=906
KwaZulu-Natal n= 333
Limpopo n = 158
Other 475

Within the Coloured Segment:
LSM was the core discriminator and revealed the following segments:

1 – 5 - 1125
6 - 1031
7- 595
8 - 491
9-10 435

Within the Indian Segment:
LSM was also a core:
3 - 6 - 548
7 – 357
8, 9 - 698
10 168

Within the Indian LSM 10 Segment another split in terms of Age was revealed:
16 – 34 n = 95
35 – 50+ n = 73

Within the White segment:
LSM was the core discriminator and the following core segments were identified:
LSM 3, 4, 5 – n = 156
LSM 6 – n = 715
LSM 7 – n = 1141
LSM 8 – n = 1910
LSM 9 – n = 2523
LSM 10 – n = 2684

Within 6:
Age was the core discriminator:
16: n = 24 159
24+: n = 556

Within 7:
Province was identified as being the core discriminator and the following segments were identified:
Eastern Cape 104
Free State 153
Western Cape 169
North West 70

Northern Cape 57
KZN, Gauteng, Limpopo, Mpumalanga 549

Within LSM 8 Province was also the core discriminator:
Eastern Cape 150
Free State 261
Gauteng/ KZN 750
Limpopo 78
Mpumalanga 102
North West 103
Northern Cape/Western Cape 456

The was similarly the case within the LSM 9 segment:
Eastern Cape 160
Free State 325
Gauteng/KZN 1103
Limpopo 93
Mpumalanga 142
North West, NC, WC 699

LSM 10 also split on the basis of province as follows:
Eastern Cape 146
Free State 223
Gauteng 995
Mpumalanga 65
KZN/Limpopo 390
Western Cape/Northern Cape/North West 965

3. Conclusion and Recommendations

Tourism KwaZulu-Natal's management team has made the decision to concentrate on aggressively engaging high spending domestic holidaymakers (LSM 8 –10) and to defend its current share of the price conscious market.

In terms of 'geographics' its focus will primarily be on the residents of Gauteng and KwaZulu-Natal, with a secondary focus on the residents of the Eastern and Western Cape. **It is vital that KwaZulu-Natal defends its core 'intra-provincial' market – not allow it to be captured by other provinces.**

The management team is also of the view that the South African Tourism / KPMG segmentation model is the most robust of the current segmentation models that exist regarding the South African domestic tourism market. These segments are certainly measurable, accessible, substantial, sustainable and actionable.

It is thus recommended that this model be adopted as KZN's core segmentation model and that Tourism KwaZulu-Natal continues to increase its understanding of these segments by analysing all of the data which can be obtained from South African Tourism.

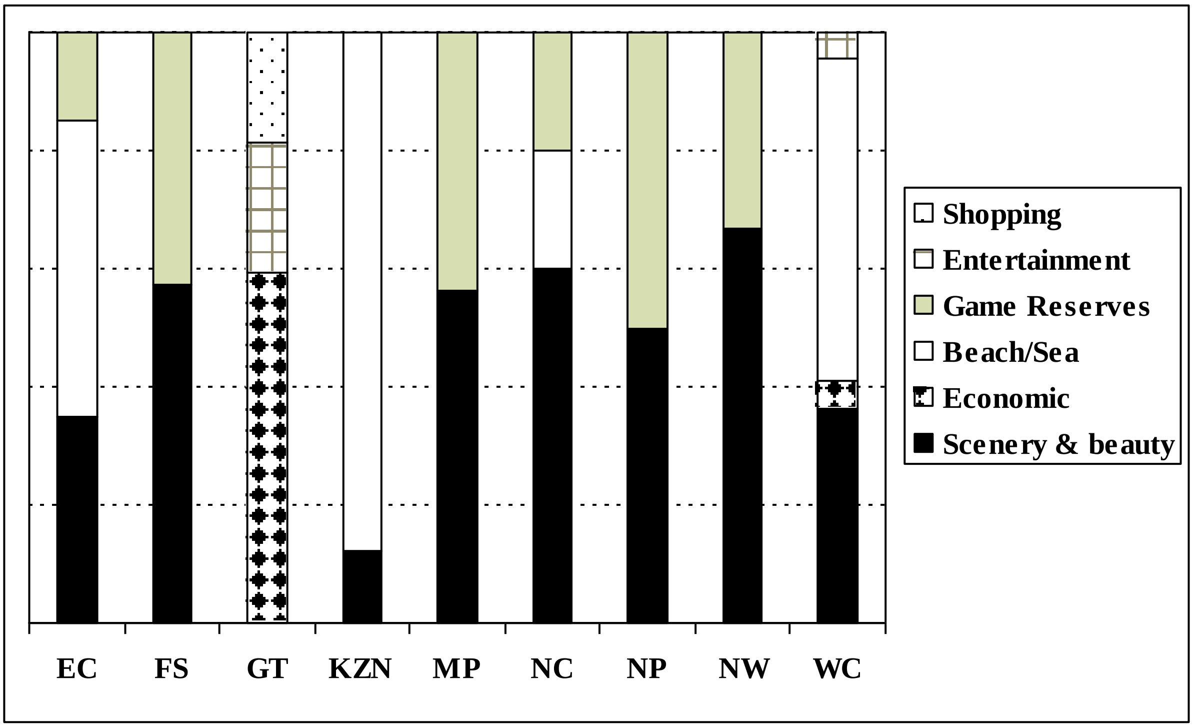
It is recommended that KwaZulu-Natal target the following segments as follows:

Segment	Strategy
Independent Young Couples and Families	Aggressively engage, particularly in Gauteng. Defend KZN 's share of this market. Considering using Sunday Times (Lifestyle section), Huisgenoot or You, True Love, E TV, SABC 2, Highveld Stereo, Metro FM or Cinema Advertising.
Golden Active Couples	Aggressively engage, particularly in Gauteng and for off season periods. Defend existing share. Rapport is the most popular newspaper and its weekly supplements attract this segment. Huisgenoot or You receives strong support with this group and Sarie is also sometimes purchased. SABC 2 is watched by the largest proportion of this segment with Radio Sonder Grense being by far the most popular radio station.
Well off homely couples	Defend KwaZulu-Natal's share of this market. Encourage them to visit the various destinations in this province. Attempt to engage members of this segment in other provinces to travel to KZN, particularly the Western Cape and Eastern Cape which have the high concentrations of this segment. Will read the Sunday Times or Rapport and the magazine Huisgenoot at times. SABC 2, SABC 3 and E.TV are all watched regularly and Radio Sonder Grense is the most popular radio station. This group often go to the cinema and are more likely than most other segments to use the Internet for email, information gathering and banking.
Striving families	Defend KwaZulu-Natal's share of this market, particularly in Gauteng. These families read the Sunday Times & Rapport as well as the Sowetan supplements. To reach them through electronic media, SABC 1 and Metro FM are the most popular. This group has very low internet usage. Gardening, buying lottery tickets and going to Church are regular activities with this group. Music listening habits include Gospel and Country music.
Young and upcoming	'The market of the future'. Engage and defend KZN's market – particularly in Gauteng. Consider Soccer Laduma, SABC 1, E.TV, Metro fm or Cinema advertising. Enjoy Kwaito and Hip Hop. Having a braai with friends, sending SMSs, buying takeaway food and buying compact discs are some activities this segment is interested in.

The SAARF's LSM Model and data which breaks up the South African leisure tourism market by province and smaller region are also critical tools for the segmentation of the South African domestic tourism market. Tourism KwaZulu-Natal needs to consider the media utilisation figures by LSM to assist it in effectively reaching LSMs 7 - 10. **This organisation needs to use media that has the widest reach across these segments, particularly if it takes its limited advertising budget into account!** It also needs to ensure that TKZN targets South African regions with the greatest concentration of these LSMs. This model will also be useful in terms of reaching core segments in terms of the South African Tourism Segmentation model.

One of the core challenges that KwaZulu-Natal faces is to generate greater awareness and utilisation of its game and natures reserves. Both Tourism KwaZulu-Natal's surveys and the National Domestic surveys have revealed that domestic tourists tend to perceive KwaZulu-Natal as being a coastal / beach tourism destination.

Figure 9: South African Perceptions of each Provinces Core Tourist Attractions



Source: HSRC Domestic Travel and Tourism Survey, April/May 2001

The HSRC description of the South African Game and Bush Lover could be useful in terms of targeting this segment of the market as well as the guidelines contained in Annexure D.

Doug Parker's Consumer Lifestyle model is also useful. Tourism KwaZulu-Natal needs to develop a creative approach to engage young and mature professionals. For example Tourism KwaZulu-Natal could attempt to develop a database of medical practitioners in South Africa and send copies of their travel guide to these individuals for placement in their waiting rooms.

MarkData's Chaid analysis of the AMPS 2003 Long Term Domestic Holiday data revealed, as did the KPMG segmentation model for Durban and the South African Tourism model, that there are significant segments in the 16 – 34 year old African segment that need to be engaged and further researched. Perhaps the most important of these is the LSM 10 segment.

This analysis also highlighted the significance of LSMs as a powerful discriminator for the segmentation of the South African domestic tourism market.

--o0o--