

AN ASSESSMENT OF THE TOURISM ACCOMMODATION GRADING SYSTEM IN SOUTH AFRICA: A DEMAND AND SUPPLY PERSPECTIVE

Tourism Research in Economic Environs and Society

Faculty of Economics and Management Sciences

15 March 2024

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Department:
Tourism
REPUBLIC OF SOUTH AFRICA

SETTING THE SCENE: Grading systems

- Grading systems: classification of rating systems that are used globally.
- It provides quality assurance and a sense of legitimacy to the establishment.
- Classification according to physical and service characteristics.
- Protects the customer and allows for comparisons between establishments.
- Effect of being rated: customer satisfaction, return visitation and w-o-m communication.
- The star grading system: universally recognised and well known.

SETTING THE SCENE: the ever-changing environment

- The optimal functioning of the tourism industry is finding a balance between what is offered and the preferences of those utilising it.
- Fierce competition between destinations, tourism products and accommodation establishments.
- ***From a demand perspective:*** Myriad aspects influencing travel decisions of which grading is one; significant changes in travel behaviour and preferences.
- ***From a supply perspective:*** Striving towards higher occupation rates, increase in profits, and significant pressure from the external environment.

PURPOSE OF THE RESEARCH

- To investigate the perceived impact(s) of the accommodation rating system on accommodation establishments' service quality, improvement and performance in South Africa



- **Continuous assessment is needed to ensure relevant and successful application and implementation of this system in the new few years.**

(<https://www.threetreehill.co.za/>)

RESEARCH METHODS

Study Approach	<ul style="list-style-type: none">• Review of relevant literature• Quantitative research utilising questionnaires through online databases. Cint, QuestionPro and the TGCSA-database.
Sampling	<ul style="list-style-type: none">• Stratified and convenience sampling• Demand survey: International markets (Germany and India); Regional markets (Rest of Africa) and South African market (locals).• Supply survey: Graded establishments
Final Sample Size	<ul style="list-style-type: none">• Germany: n=482; India: n=428; Rest of Africa: n=533; South Africa: n=440.• Graded establishments: n=184.
Data Analysis	<ul style="list-style-type: none">• Frequency analysis• Correlation analysis• Importance Performance Matrix

Characteristics and preferences of

	SOUTH AFRICANS	REGIONAL MARKET	INTERNATIONAL MARKET
AVERAGE AGE	35 years	30 years	39 years
EMPLOYMENT STATUS	Private sector (69%) Public sector (17%)	Private sector (65%) Public sector (19%)	Private sector (74%) Public sector (11%)
PLACE OF RESIDENCE	Gauteng (53%) Western Cape (14%) KZN (13%)	Zimbabwe (18%) Angola (27%) Kenya (27%) Nigeria (28%)	Germany (50%) India (50%)
MOST INFLUENTIAL TRAVEL FACTOR: Accommodation	Location (M=4.35) Pricing (M=4.33)	Location Recommendations by F& F	Location Pricing
SA CHALLENGES WHEN TRAVELLING	Safety and security (M=4.54) Intermittent availability of WiFi (M=4.18)	Safety and security (M=4.42) Intermittent availability of cash-less systems (M=4.05)	Safety and security (M=4.07) Intermittent availability of WiFi (M=3.90)
AWARE OF GRADING SYSTEM	Yes: 85% No:14%	Yes: 74% No: 26%	Yes: 64% No: 36%

Characteristics of supply

Variable	Detail
Type of accommodation	<ul style="list-style-type: none">• Guesthouse (36.81%)• Self-catering (20.33%)
Number of beds	36 beds (AVE)
Number of rooms	21 rooms (AVE)
Occupancy rate (%) for 2023	63.13% (AVE)
Average price p/p/p/n	R1114.11 (AVE)
Number of full-time employees	13 employees (AVE)
Number of part-time employees	6 employees (AVE)
Number of years in operation	13 years (AVE)
Rating level	4 Stars: 42.70%; 3 Stars: 41.57%

Summary of Demand Results



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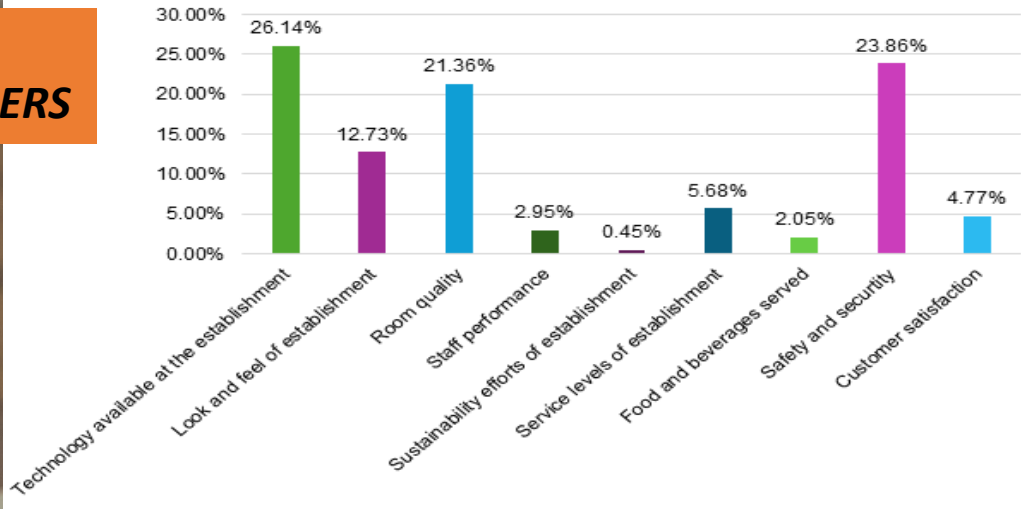


Quality attributes – Demand view

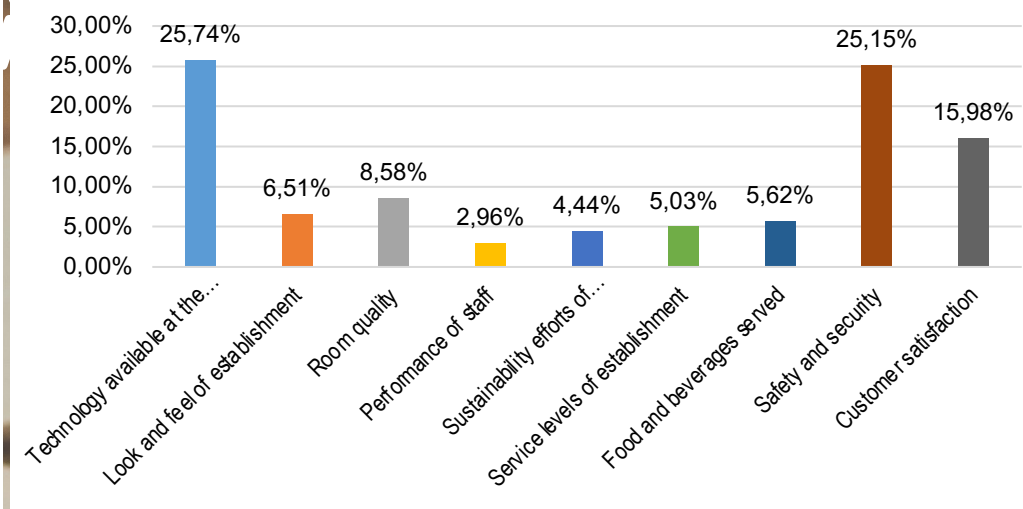
	SOUTH AFRICANS	REGIONAL MARKET	INTERNATIONAL MARKET
Look and feel:	Facilities are well-kept	Facilities are well-kept	Facilities are well-kept
Technology:	Access to WiFi	Access to WiFi	Access to WiFi
Room quality:	Quality beds and bedding	Quality beds and bedding	Quality beds and bedding
Staff performance:	Competence	Competence	Competence
Sustainability:	Services as promised	Services as promised	Services as promised
Food and Beverages:	Food of High quality	Food of High quality	Food of High quality
Safety and Security:	Located in a safe area	Located in a safe area	Located in a safe area
Customer satisfaction:	Overall performance	Overall performance	Overall performance
Memorable experience:	Want to be surprised	An experience to remember	An experience to remember

What matters the most in terms of

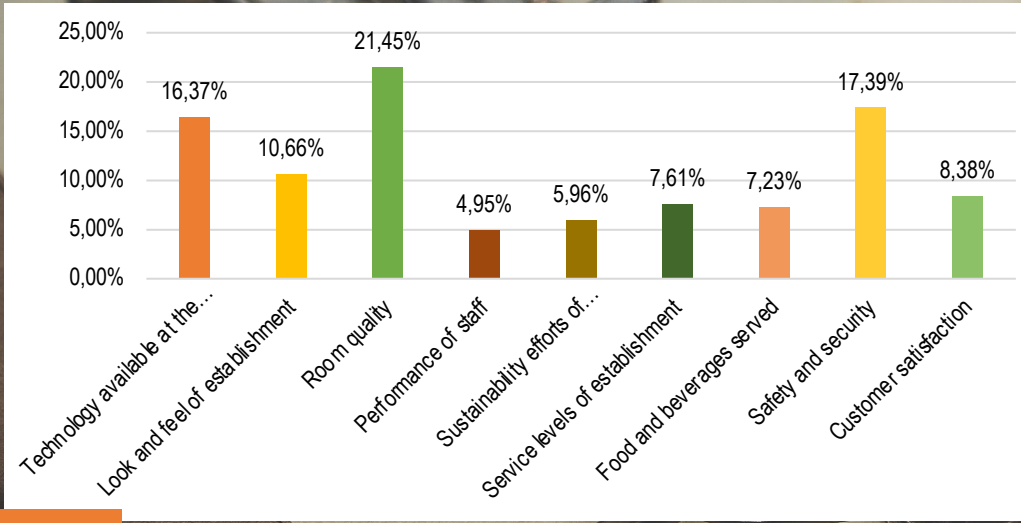
SA TRAVELLERS



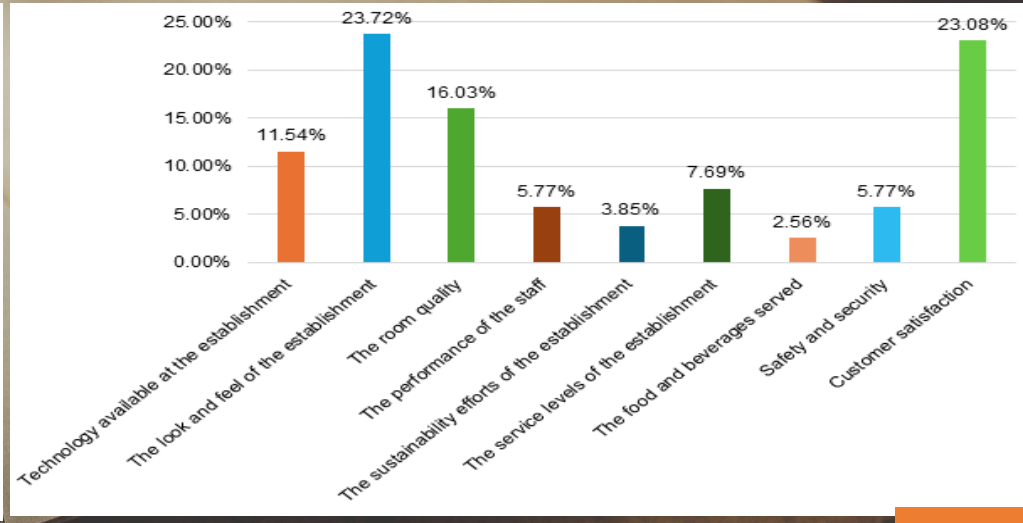
REGIONAL TRAVELLERS



INTERNATIONAL TRAVELLERS



GRADED ESTABLISHMENTS



VALUE AND EVALUATION OF GRADING: Demand and supply view

	SOUTH AFRICAN	REGIONAL	INTERNATIONAL	GRADED ESTABLISHMENTS
Value of being graded/Value of grading	<p>Makes me feel happy about my booking (M=4.36)</p> <p>Make me feel safe and relaxed (M=4.32)</p>	<p>Make me feel safe and relaxed (M=4.28)</p> <p>Give a feeling of well-being (M=4.22)</p>	<p>Make me feel safe and relaxed (M=4.23)</p> <p>Overall, of high value (M=4.19)</p>	<p>Represents an acceptable standard of quality (M=4.02);</p> <p>Provides an impression of consistent quality (M=3.99)</p>
Evaluation of star-graded accommodation	<p>Are attractive choices (M=4.28)</p> <p>I will recommend these est to others (M=4.26)</p>	<p>Plan to stay at star-graded est (M=4.37)</p> <p>Are attractive choices (M=4.31)</p>	<p>Trust the star-graded est (M=4.25)</p> <p>Plan to stay at star-graded est (M=4.17)</p>	<p>Not applicable</p>

Summary of Supply Results

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Relevance and effectiveness of the system: Services provided by TGCSA

Highest TGCSA Service Rating		MEAN
1.	Pricing of the grading system	3.02
2.	Benefits associated with being graded by the TGCSA	3.07
3.	Communication from TGCSA	3.09
4.	The exposure received as a graded establishment	2.79
5.	Value received as a graded establishment	2.87
6.	The grading criteria applied	3.48
7.	Level of professionalism of assessors	4.22
8.	The level of technology applied in the grading system	3.28
Mean Average: 3.23 (Level of Satisfaction)		

Contribution of the grading system to performance and success

Being a TGCSA establishment:	MEAN
contributes to my legitimacy as an establishment	3.94
gives my establishment a quality identity	3.91
convey a message of quality and trust	3.77
is a necessity for accommodation establishments in South Africa	3.70
improve my visitor numbers	3.27
provides me with relevant industry information	3.27
gives me more exposure to global travellers	3.21
gives me more exposure to global travellers	3.02
gives me access to government business transactions	2.89
Mean Average: 3.45 (Level of agreement)	

VALUE AND EVALUATION OF THE GRADING SYSTEM: SUPPLY

	GRADED ESTABLISHMENTS
Value of being graded (Level of agreement)	Represents an acceptable standard of quality (M=4.02); Provides an impression of consistent quality (M=3.99)
Contribution to performance and success (Level of agreement)	Contributes to the legitimacy of the est (M=3.94) Give the est a quality identity (M=3.91)
Value proposition (Level of agreement)	TGCSA membership gives my est status (M=3.92) I associate TGCSA with quality business practices (M=3.90)

SWOT analysis

Weaknesses



Opportunities



Threats



Strengths



Government support

Initiatives Rating	MEAN
Financial support for businesses	4.15
Grading mentors who can assist with the grading process	4.07
Workshops to improve the uptake of the grading system	3.89
Discussions with the industry around the grading system	4.02
Universal Access Initiatives	3.86
Mean Average: 4.00 (Level of importance)	



***Further Analysis of Supply-Demand Results
Correlations & IPMA***

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RANK-ORDER ANALYSES (SUPPLY)



Top ranked quality indicators in terms of importance for suppliers:

(1) Sustainability of the establishment; (2) Food & Beverages Served; (3) Technology availability; (4) Safety and Security

PERCEIVED VALUE & TRAVEL DECISIONS

	Technology		Sustainability		Green behaviour	
Demand Profile	Perceived Value for Money	Travel Decisions	Perceived Value for Money	Travel Decisions	Perceived Value for Money	Travel Decisions
International	□	□	□	□	◇	◇
Regional	◇	□	◇	◇	◇	◇
Domestic	◇	◇	◇	■	◇	■

Notes: Strength of co-relationship (Cohen, 1988): ■ Small = 0.10; ◇ Medium = 0.30; □ Strong = 0.50

PERCEIVED VALUE & TRAVEL DECISIONS

	Safety & Security		South African Challenges	
Demand Profile	Perceived Value for Money	Travel Decisions	Perceived Value for Money	Travel Decisions
International	□	□	□	□
Regional	◇	◇	□	□
Domestic	■	□	◇	◇

Notes: Strength of co-relationship (Cohen, 1988): ■ Small = 0.10; ◇ Medium = 0.30; □ Strong = 0.50

The Importance-Performance Map Analysis - Technology

	Technology	
Demand Profile	Perceived Value for Money	Travel Decisions
International	<ul style="list-style-type: none"> • Online booking system • Access to an App with information related to the establishment and environment • Access to a smart television 	<ul style="list-style-type: none"> • Online booking system • Access to a smart television • Access to an App with information related to the establishment and environment
Regional	<ul style="list-style-type: none"> • Online booking system • Access to an App with information related to the establishment and environment • Access to a smart television 	<ul style="list-style-type: none"> • Automated check in • Access to an App with information related to the establishment and environment • Access to a smart television
Domestic	<ul style="list-style-type: none"> • Access to an App with information related to the establishment and environment • Access to a smart television • Access to Wi-Fi 	<ul style="list-style-type: none"> • Online booking system • Access to a smart television • Automated check in

The Importance-Performance Map Analysis - Sustainability

	Sustainability	
Demand Profile	Perceived Value for Money	Travel Decisions
International	<ul style="list-style-type: none"> The establishment limits food waste The establishment practices recycling The establishment applies green principles 	<ul style="list-style-type: none"> The establishment limits food waste The establishment practices recycling The establishment decreases its carbon footprint – no printing
Regional	<ul style="list-style-type: none"> The establishment practises recycling The establishment applies green principles The establishment decreases its carbon footprint – no printing 	-
Domestic	<ul style="list-style-type: none"> The establishment practices recycling The establishment decreases its carbon footprint – no printing The establishment applies green principles 	<ul style="list-style-type: none"> The establishment practices recycling The establishment decreases its carbon footprint – no printing The establishment applies green principles

The Importance-Performance Map Analysis – South African Challenges

	South African Challenges	
Demand Profile	Perceived Value for Money	Travel Decisions
International	<ul style="list-style-type: none"> • Infrastructure challenges such as load shedding and poor roads • The long-haul nature of South Africa as a tourism destination • Images of South Africa portrayed by the media 	<ul style="list-style-type: none"> • Infrastructure challenges such as load shedding and poor roads • Images of South Africa portrayed by the media
Regional	<ul style="list-style-type: none"> • The long-haul nature of South Africa as a tourism destination • Intermittent availability of cash-less systems • Intermittent availability of Wi-Fi 	<ul style="list-style-type: none"> • Intermittent availability of cash-less systems • The long-haul nature of South Africa as a tourism destination • Intermittent availability of Wi-Fi
Domestic	<ul style="list-style-type: none"> • Intermittent availability of Wi-Fi • The long-haul nature of South Africa as a tourism destination • Infrastructure challenges such as load shedding and poor roads 	-

CONCLUSIONS

- The current TGCSA grading system is still relevant and effective as a quality service-driven evaluative framework in the contemporary post-pandemic tourism environment.
- There is a need to integrate contemporary indicators such as sustainability of the accommodation, green behaviour in managing the accommodation, technology availability, and safety and security to align TGCSA with sector specific changes and shifts in consumer behaviour.
- The current TGCSA grading system influences suppliers' levels of service and provides attribute-based benchmarks for product improvement and performance. As it emerged, these generally aid suppliers in optimising occupancy rates and annual turnover.

CONCLUSIONS CONT...

- Technological innovations (self-service platforms, 'untact' solutions) and disruptions (booking platforms, consumer-oriented review platforms, social media, influencers) impact both suppliers and the relevance of the TGCSA grading system in its current form. Most suppliers supplemented their rating with online platforms and technological initiatives.
- From a demand perspective, there is a discernible relationship between the TGCSA grading level and (1) the value for money perception towards graded establishments and (2) the perceived establishments' brand value proposition.
- TGCSA grading or non-grading influences consumer's value perception, subjective preferences and consumptive decision-making.

CONCLUSIONS CONT...

- Contemporary demand dynamics such as safety and security, access to alternative energy sources (green initiatives), carbon emission management (as part of broader sustainability), technology integration and inclusive accessibility must be comprehensively encompassed in the TGCSA grading system as they have significant demand-side implications.
- There is a discernible correlation between TGCSA grading/rating level and consumer's travel and choice decisions and perceptions of value towards accommodation establishments.
- Market innovations such as technological, environmental, and increased social consciousness are significant to contemporary consumer perceptions and decision-making. Therefore, these need to be considered for an updated grading/rating system.

Recommendations

The relevance of the grading system

- The grading system holds value for both the tourists and the accommodation establishments. It should remain a legal requirement since it provides legitimacy to accommodation establishments and guarantees value for tourist/travellers.
- There is still a place for the star grading system to function – a continuation with some changes to the system is recommended
- The government may need to continue to assist establishments towards grading.

Recommendations Cont...

The quality indicators:

- To ensure a value-for-money experience, it is recommended that accommodation establishments are guided in terms of pricing.
- From a demand perspective, it is recommended that contemporary indicators that include technology, sustainability, safety and security and some aspects of green behaviour must be considered as quality indicators in an “updated” grading system

The grading system insights:

- Tourists do expect different experiences in rural and urban areas; therefore, it is recommended that TGCSA workshop the relevant aspects of a grading system for urban establishments and rural establishments.

Thank you!



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