



Struggle history – and shopping

A political activist observed about South Africa's transition to democracy: "We came to the brink of revolution and then everyone decided to go shopping." It is certainly an apt catchphrase for getting a handle on Joburg, a city steeped in struggle history and fast becoming a regional shopping hub.

Tourism is one of ComMark's core sectors, and the decision to focus its urban intervention on one geographic area – Joburg – was spurred by the belief that this would provide the greatest direct impact in a short time as well as informing policy and regulatory reform at national level.

Joburg has historical, political and retail tourism assets. In addition to its importance in the apartheid struggle and the associated monuments and museums, Joburg is gaining a well-earned reputation as a centre for music, dance, fashion, theatre and the arts. The cross-border, retail trade segment of the Joburg tourism market in particular offers big opportunities for growth.

With an estimated one million visitors a year coming by both air and land to shop in Joburg, retail tourism brings more than R8-billion to the local economy, spread across transport, accommodation, shopping and other services. About 750 000 trading tourists travel by land from the region and spend more than R6 billion a year in the city. These traders are also supporting economic growth in their own countries.

This edition of *Catalyst* focuses on ComMark's work in the Joburg tourism sector, which straddles two themes. The first is making the cultural product work in the Vilakazi Street Precinct in Soweto. The second is growing the regional cross-border shopping sector.

Packaging Vilakazi Street Precinct

Vilakazi Street in Soweto is the only street in the world where two Nobel Prize winners have lived: Archbishop Desmond Tutu and Nelson Mandela. Other iconic liberation landmarks in the area include the home of African National Congress leader Walter Sisulu. The surrounding streets are where the 1976 Soweto student uprisings began, and this is commemorated by the Hector Pietersen Memorial Museum and has its 30th anniversary this year. People here and abroad are increasingly aware of the historical value of this politically significant heritage site.

Last year ComMark commissioned the Monitor Group to investigate the creation of a market for a local "cultural product". The study, *Feasibility Assessment of Cultural Tourism in Johannesburg*, highlighted the fragmented tourism sector of the city, pinpointing a lack of co-ordination and marketing in both private and public sectors. Vilakazi Street Precinct was identified as one area where the Trust might play a catalysing role in fast-tracking the upgrading and packaging of the scattered tourism product of Soweto. For a copy of this report, [click here](#)

A number of players are working in Vilakazi Street such as the Johannesburg Development Agency and the Johannesburg Tourism Company. The national Department of Environment and Tourism is busy upgrading the area. However, little is being planned for the management and marketing of the precinct, least of all at the local level.

The area has a number of restaurants and B&Bs, but there are more opportunities for shops, stalls and restaurants. The local community centres could also be integrated into a conferencing cluster to complement the precinct's heritage status.

The challenge over the past six months has been to develop the institutional framework to co-ordinate the management and marketing of the precinct. To this end ComMark is working closely with the City of Johannesburg Arts, Culture and Heritage Services, the city's Economic Development Unit and the Soweto Heritage Trust.

Putting 'Jobai' on the map

Cape Town has Table Mountain; Durban has its beaches; but increasingly Joburg has something that tourists from the rest of Africa want – shops. Retail tourists from Africa are big spenders, laying out more on average than those coming from Europe for holidays. According to South African Tourism, travellers from Africa in the business and retail category spent an average of R3 721 a day.

Cross-border shopping, or retail tourism, with shoppers buying all sorts of goods in South Africa to take back home, brings in billions of rand a year. It is also creating a new support industry for those trades, in everything from accommodation to storage. A preliminary study of the accommodation provided for cross-border shoppers in Joburg identified a lack of appropriately-priced accommodation and storage facilities at the lower end of the market but also uncovered a vital, formal and informal, sub-economy of the city. For a copy of this report, conducted for ComMark by Fanaroff Associates in association with Urban Inc, [click here](#)

Shoppers cover the economic spectrum, with middle- to upper-income shoppers, who mainly fly in, and low-end shoppers who travel in from the region by bus, train, car and taxi. Traders and shopkeepers in informal and retail businesses come from countries in the South African Customs Union as well as countries outside of the union, mainly from Zimbabwe, Mozambique, Swaziland, Botswana, Namibia and Lesotho and from further north from Angola, Congo, Malawi, Zambia, Nigeria, Kenya and West Africa. The main items bought are clothes, food, personal-care and medicinal products, stationery, motor spares, cellphones, and household and electronic goods. Customers can spend as little as a few hundred rand. Others spend between R20 000 and R50 000 a time, shipping goods up north.

Unlike other visitor categories, such as leisure and conferences, this channel is growing at about three percent a year and stands out as having potential for further growth. However, preliminary research indicates that long-distance transport inefficiencies, poor transport within the city, difficulties with getting VAT (Value Added Tax) rebates, and problems with customs, visas, safety and security – actual and perceived – and xenophobia are costing Joburg hundreds of millions of rand in lost revenue. Tackling these constraints would increase arrivals as well as increase the amount spent per consumer through a longer stay.

ComMark's strategic partner

Some of the challenges in addressing these constraints are at the city level, but some are at the national level. In response, a group of private sector retail, transport and accommodation establishments servicing the cross-border trade have come together to found the Joburg Cross Border Shopping Association, a section 21 (not for profit) company to lobby for the sector.

ComMark has formed a partnership with the Association to help grow cross-border trade. While the Association's operating costs will be covered by its members, ComMark will fund activities aimed at building its voice and improving the environment and experience for cross-border shoppers. ComMark will contribute up to R3 million over a two-year period to support the information, research and advocacy efforts of the Association and partner agencies.

An indication of how this initiative is forging new partnerships between the private and public sectors is that the council, through its Johannesburg Tourism Company, is launching two

information ventures: a Visitor Centre at Park Station to provide information to shoppers and a map of Johannesburg highlighting key shopping hubs and safe routes to get to them.

Longer-term aims involve systemic changes to make it easier to get to and from Joburg through the reinstating of direct rail services to Zimbabwe and Mozambique, which were suspended in 2000 and 2002. Persuading the South African Revenue Service to set up a VAT refund office at Park Station terminus is another option being pursued. This would also make life easier for business tourists.

In a recent edition of *Citichat*, urban consultant Neil Fraser, one of the founders of the Joburg Cross Border Shopping Association, suggested that Joburg could learn a lot by following in the lucrative footsteps of Dubai to become a shopping mecca. His conclusion: "If Dubai, which once was a sleepy fishing village, can transform itself into the business centre of the Middle East, why can't Joburg do that for southern Africa? Jobai – it has a ring to it." For a copy of this newsletter, [click here](#)

Entangled in red tape

ComMark is funding further research on the costs of regulation to the South African tourism sector. This arises from the results of the major study development and research organisation SBP undertook in 2004 (co-funded by ComMark), *Counting the Cost of Red Tape*, which examined the costs of regulation to South African firms. This indicated that tourism firms of all sizes face much higher regulatory costs as a percentage of turnover than firms in the overall sample.

SBP's survey is being tailored to provide data on the costs of regulations to cross-border shoppers and will make recommendations regarding the regulatory environment for both conventional tourism and for cross-border shopping. The findings of this study will be made public in June this year.

For information about these projects contact Joe Chigwedere at joe@commark.org
For ComMark's other projects see <http://www.commark.org>

Making Commodity and Service Markets Work for the Poor in Southern Africa

