



Cape Peninsula
University of Technology

**THE ECONOMIC IMPACT OF SPECIAL EVENTS: A CASE STUDY OF THE
MOTHER CITY QUEER PROJECT (MCQP) 2009**

by

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Date

ABSTRACT

Cape Town, which is known as the Mother City of South Africa, is regarded as one of the most beautiful cities in the world: 'heaven at the tip of Africa', and was voted by the premier gay travel guide, *Spartacus International Gay Guide*, as one of the top five gay travel destinations in the world. The well-publicised myth of gays as DINKs who need somewhere to spend their above average disposable income has led to the vigorous courting of the gay niche by a variety of organisations that seek new markets. However, South Africa, an emerging destination, is merely beginning to understand niche markets. The research was motivated by limited market intelligence about the economic impact and changes in inbound niche markets, especially with regard to the gay market in Cape Town. In order for Cape Town to remain successful in attracting the international gay market, Cape Town's tourism planners, marketers and local community should be continuously reminded about the economic worth of gay tourists, as a weak rand relative to other major world currencies, and high standard of gay facilities make the City attractive for gay visitors who bring foreign currencies. Understanding the economic impact of gay tourism by using the 2009 MCQP as a case in reference is, therefore, of paramount importance for Cape Town marketers to ensure that they target the gay market effectively at present and in future. The purpose of the study was to analyse the economic impact of the 2009 MCQP on the local economy by translating the total sales effect obtained by multiplying direct sales with appropriate multipliers, into an analytical framework, namely the '*System of equations for estimating local economic impact.*' The methodology consisted of two different types of questionnaires, (1) a visitor questionnaire, and (2) a business questionnaire. The visitor questionnaires were interviewer-administered, and a destination-based survey was conducted, where interviews were held on-site during the festival. The visitor questionnaire determined primarily festival-related expenses that were undertaken. Four hundred and twenty (420) questionnaires were distributed among festinos of which 396 were useful. Business questionnaires were circulated after the MCQP. The main aim of the business questionnaire was to determine the benefits, if any, that firms derived from the festival and, from an economic impact point of view, to determine the magnitude of leakages from the Cape Town area. A majority of business questionnaires were completed by means of personal interviews, but telephonic and e-mail interviews were also used.

Stoker's formula was used to determine the sample size, which totalled 41, while 39 responded. An estimated 2240 people attended the MCQP in 2009. This was a sharp decline compared to previous years. The 2010 MCQP had an attendance of 7462 festinos. Visitors at the 2009 MCQP spent an average of R7785 during their time in Cape Town, and locals spent an average of R1848. The total expenditure from visitors was R5 402 790 and R2 857 008 from locals. Added to this is the expenditure from the organising committee (R289 527). With the leakages taken into account, only R5 022 603 of visitors' money, R2 830 510 of locals' money and R253 336 of the organising committee's money remains in the Cape Town economy. The multiplier effect was calculated at 3.22. The total economic impact is, therefore, estimated at R26 352 753. The research pointed out that the MCQP has a definite influence on the promotion of Cape Town as a gay tourist destination, while more emphasis should be placed on the promotion of Cape Town's gay infrastructure, such as the 'De Waterkant Gay Village'. By minimizing leakages the local community can benefit more from the festival. More involvement from both the businesses and the gay community can minimise the leakages, and thus enhance the economic impact of the festival in Cape Town.

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DEDICATION

To my mother, who gave me intellectual curiosity and compassion. To my partner, who encouraged and helped me with the completion of my studies.

TABLE OF CONTENTS

Declaration	i
Abstract	ii
Acknowledgements	iv
Dedication	v
CHAPTER 1	
INTRODUCTION AND PROBLEM STATEMENT	
1.1 Introduction	1
1.2 Problem statement	2
1.3 Key questions	4
1.4 Research objectives	5
1.4.1 Primary objective	5
1.4.2 Secondary objectives	5
1.5 Delimitation of the research	5
1.6 Research methodology	6
1.6.1 Literature review	6
1.6.2 Empirical research	6
1.6.2.1 On-site visitor questionnaire	7
1.6.2.1.1 Selection of sampling frame	7
1.6.2.1.2 Sampling method	7
1.6.2.1.3 Pilot study	8
1.6.2.2 Business questionnaire	8
1.6.2.2.1 Selection of sampling frame	8
1.6.2.2.2 Sampling method	9
1.6.2.2.3 Pilot study	9
1.6.2.3 CPUT statistical analysis and interpretation of findings	9
1.7 Glossary of abbreviations and terms used	10
1.7.1 Abbreviations	10
1.7.2 Terms	11
1.8 Chapter outline	13

CHAPTER 2 EVENTS AND SPECIAL INTEREST TOURISM: A LITERATURE REVIEW

2.1 Introduction	15
2.2 Special interest tourism: an analysis	15
2.3 Defining events	18
2.3.1 Determinants of event categorisation	19
2.3.1.1 Size or scale of events as determinant	19
2.3.1.1.1 Mega events	20
2.3.1.1.2 Hallmark events	20
2.3.1.1.3 Major events	21
2.3.1.1.4 Local community events	21
2.3.1.2 Form or content of events as determinant	22
2.3.1.2.1 Mice or business events	22
2.3.1.2.2 Sports events	22
2.3.1.2.3 Festivals	22
2.4 Summary	23

CHAPTER 3 PINK TOURISM: THE CASE OF POST-APARTHEID CAPE TOWN

3.1 Introduction	24
3.2 Gay niche: a new market	24
3.3 Pink tourism	27
3.3.1 Case of gay Cape Town	29
3.3.1.1 Identifying Cape Town's strengths and weaknesses as an effective gay tourism destination	32
3.3.1.2 Identifying Cape Town's gay product needs and opportunities	33
3.4 Pink festivals: a South African perspective	35
3.4.1 Johannesburg Pride Festival	35
3.4.2 Cape Town Pride Festival	36
3.4.3 Pink Loerie Mardi Gras and Arts Festival	36
3.4.4 Out in Africa Film Festival (OIA)	36
3.4.5 Mother City Queer Project (MCQP)	37
3.4.5.1 A Product of post-apartheid Cape Town	37

3.4.5.2 Sexuality and the liberation struggle	38
3.4.5.3 Toolbox Project	41
A1) Budgets and finances	42
B) Venue and production	44
B1) Party zones	45
B2) Production	45
C) Major challenges	46
C1) Venue	46
C2) Funding and sponsorship	46
C3) Advertising	46
C4) Staff	46
3.5 South African gay community	46
3.6 Summary	52

**CHAPTER 4
ECONOMIC IMPACTS OF SPECIAL EVENTS: THE MCQP**

4.1 Introduction	53
4.2 An economic outlook: the City of Cape Town	53
4.3 Gay economic cycle	56
4.4 Economic impacts of special events such as the MCQP	60
4.4.1 Economic impact: key expenditures to include for MCQP	61
4.4.2 Negative economic impacts of special events such as the MCQP	62
4.4.3 Positive economic impacts of special events such as the MCQP	63
4.4.4 Economic influences on special event impacts of the 2009 MCQP	64
4.4.4.1 Multiplier concept	65
4.4.4.1.1 Types of multipliers	67
4.4.4.1.2 Multiplier process	68
4.4.4.1.3 Weaknesses of the multiplier concept	71
4.4.4.1.4 Multiplier formula	72
4.4.4.2 Leakages	72
4.5 Economic impact measurement	74
4.5.1 Analytical framework for the 2009 MCQP	77
4.6 Summary	79

CHAPTER 5
CAPE TOWN GAY TOURISM: EMPIRICAL RESULTS

5.1 Introduction	80
5.2 Results of the business questionnaire	80
5.2.1 Type of business	81
5.2.2 Losses suffered	81
5.2.2.1 Reasons for losses	82
5.2.3 Impact on income	83
5.2.4 Job creation	84
5.2.5 Gay community benefit	85
5.2.6 Stock leakage	85
5.3 Results of visitor questionnaire	86
5.3.1 Gender	87
5.3.2 Age	88
5.3.3 Language	89
5.3.4 Occupation	90
5.3.4.1 Income	91
5.3.5 Sexual identity	92
5.3.6 Place of origin	93
5.3.7 Geographical frame of reference	94
5.3.8 Reason for visit	95
5.3.9 Duration of stay	96
5.3.10 Tourist activities	96
5.3.10.1 Type of activity	97
5.3.11 Accommodation	97
5.3.12 2009 MCQP evaluation	98
5.3.13 Communication medium	99
5.3.14 Average festino expenditure patterns	100
5.3.15 MCQP comparison to previous festival (2008)	101
5.3.16 Return visitors	102
5.4 Economic impact of MCQP (2009)	103
5.4.1 Festino expenditure	103
5.4.2 Adaption factors (capture ratios)	105

5.5 Summary	111
CHAPTER 6	
RESEARCH CONCLUSIONS AND RECOMMENDATIONS	
6.1 Introduction	112
6.2 Summary of the research	112
6.3 Conclusions	114
6.3.1 Conclusions with regard to the events industry	115
6.3.2 Conclusions with regard to pink tourism, Cape Town and MCQP	115
6.3.3 Conclusions with regard to economic impact of special events	120
6.3.4 Conclusion with regard to the surveys	123
6.3.4.1 Survey one: business survey	123
6.3.4.2 Survey two: visitor survey	124
6.4 Recommendations	124
6.4.1 Recommendations regarding the organisation and economic impact of the 2009 MCQP	128
6.4.2 Recommendations to improve Cape Town's gay tourism strategy	132
6.4.3 Recommendations regarding future research	135
6.5 Limitations of this study	137
REFERENCES	138
ADDENDUM A	147
ADDENDUM B	149

LIST OF FIGURES

CHAPTER 2

2.1 SIT cycle	17
2.2 Events typology: special event categories	19
2.3 Event categorisation by size or scale	20

CHAPTER 3

3.1 Map of the MCQP venue (Old Biscuit Mill)	45
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CHAPTER 4

4.1 Gay economic cycle	56
4.2 External influencing factors	64
4.3 Multiplier process	70

CHAPTER 5

5.1 Losses suffered during the MCQP	82
5.2 Reasons for the losses	82
5.3 Impact on income	83
5.4 Job creation	84
5.5 Gay community benefit	85
5.6 Gender	88
5.7 Age	88
5.8 Language	89
5.9 Occupation	90
5.10 Income	91
5.11 Sexual identity	92
5.12 Place of origin	93
5.13 Geographical frame of reference	94
5.14 Reason for visit	95
5.15 Tourist activities	96

5.16	Communication medium	99
5.17	Return visitors	103

LIST OF TABLES

CHAPTER 3

3.1 Major segmentation variables for consumer markets	25
3.2 Gay tourism infrastructure in Cape Town	30
3.3 Strengths and weaknesses of Cape Town as a gay tourism destination	32
3.4 Gay product needs and opportunities of Cape Town	33
3.5 MCQP sponsorships (2009)	42
3.6 ABNSA gay and lesbian consumer profile	47

CHAPTER 4

4.1 Profile of the Cape Town community (summary)	50
4.2 Basic data needs and methods	71
4.3 System of equations to estimate local economic impact	73

CHAPTER 5

5.1 Type of business	81
5.2 Average leakages according to business type	86
5.3 Duration of stay	96
5.4 Type of activity	97
5.5 Accommodation	98
5.6 MCQP ratings	98
5.7 Average expenditure per person per category related to MCQP	100
5.8 MCQP comparison to previous festivals	101
5.9 Total number of festinos and distribution of festinos	104
5.10 Estimated total local expenditure (R) according to category for the 2009 MCQP	105
5.11 Capture ratios (adaption factors)	106
5.12 Adapted average local expenditure per person per category	107
5.13 Total economic impact – including local spending (scenario one)	109

5.14 Total economic impact – excluding local spending (scenario 2)	109
5.15 Total economic impact – excluding festinos in Cape Town for reasons other than MCQP (scenario three)	110

CHAPTER 6

6.1 Festino profile summary	124
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CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Tourism has grown at an accelerated pace over the last few decades. It has become one of the world's highest priority industries and employers, with a contribution of 9% to the global Gross Domestic Product (GDP), whilst creating 235 million jobs worldwide in 2010 (WTTC, 2010). Therefore, destinations across the globe seek to continuously improve their tourism product and market their innovative offers to different segments in order to attract more visitors and improve the economic situation within the destination (Ballegaard & Chor, 2009:1). One of these segments, namely special interest tourism (SIT), was fairly new in the 1980's, but has become firmly established as a significant component in marketing strategies for destinations and places (Getz, 1997:3). Destination marketing companies (DMCs) aim their efforts at strong niche positions, rather than target standardised mass tourism (Ballegaard & Chor, 2009:1). One such niche is the gay tourist. The view on gays as a 'dream segment' is shared by several practitioners (Haslop *et al.*, 1998:318, Wardlow, 1996:1, and Hower, 2004) and has led to an increasing number of destinations marketing their products to this market segment (Roth, 2010). One such destination is Cape Town, where the significance of gay tourism has recently been outlined by various academics, for example, Hughes (2005, 2006), Visser (2002, 2003a, 2003b, 2005), Oswin (2005), Rogerson and Visser (2005) and Steyn (2006).

Cape Town, which is known as the Mother City of South Africa, is regarded as one of the most beautiful cities in the world: 'heaven at the tip of Africa' (Cape Town City Guide, 2010) and was voted by the premier gay travel guide, *Spartacus International Gay Guide*, as one of the top five gay travel destinations in the world (Smetherham, 2003; Oswin, 2005:583). The reasons for Cape Town's prominence as a destination for gay travellers are the same reasons why Cape Town is a holiday destination for travellers of any kind. Its natural beauty is world-renowned and Cape Town was voted as the third best city in the world by US Travel and Leisure in 2008 (Cape Town Tourism, 2010). For the gay traveller, however, it is perhaps South Africa's post-apartheid constitution that

tips the balance in their favour (De Waal, 2002). Adopted in 1996, after much debate, the Constitution offers protection from discrimination on the grounds of race, gender and sexual orientation. It was the first constitution in the world to do so, and is, therefore, famous for this reason (Cock, 2002:35). The development of a Constitution which protects progressive rights to gender, racial equality and personal sexual preference resulted in the development of a gay civil society and a shift towards the significant expansion of spaces that could cater for the specific needs of the gay community (Visser, 2003a:180). A specific 'gay cluster' that offers tourist accommodation, bars, interior shops, up-market clothing outlets, nightclubs, restaurants, saunas and escort agencies, has taken shape in De Waterkant, which is an area located in Cape Town's Central Business District (CBD) (Visser, 2003a:178).

Against this background, it is clear that Cape Town has become a popular destination among gay travellers and in spite of opposition from some sectors, has done much to establish itself as a gay-friendly city, which offers numerous festivals and events for the gay niche (Tebje, 2002). The Mother City Queer Project (MCQP) is one such festival. The MCQP is a themed carnivalesque costume party that is held annually, on a single night in December, since 1994. According to Steyn (2006:10), the event began as a celebration of South Africa's constitutional recognition of the right to sexual differences in the form of a location-specific small scale 'art party', patronised by friends and peers of organiser and founder, André Vorster, and artist Andrew Putter.

1.2 PROBLEM STATEMENT

According to Strydom *et al.* (2006:88), one of the main aims of a festival such as the MCQP is to enhance the local tourism industry. The economic importance of events such as festivals is stressed by Kotler *et al.* (2006:734) when they mention that 'events and attractions are the two primary strategies used by tourist destinations to attract visitors'. However, the competition between destinations is fierce as all destinations try to offer the best holiday experiences in order to attract tourists and their money (Ballegaard & Chor, 2009:1). According to Smetherham (2003), Vorster, then director and founder of the MCQP, predicted that the festival could one day provide Cape Town with a financial insertion comparable to the R 651-million Mardi Gras, which is a huge annual public gay parade in Sydney, Australia. He further states that two Boeings were

booked in December 2003 to fly British tourists to Cape Town specifically for the MCQP, where 7000 festivos (local term referring to a festival-goer) were expected. According to Breytenbach (2005), Sheryl Ozinsky, Cape Town's Tourism manager at the time, stated that the benefits of the MCQP to tourism and the City of Cape Town were phenomenal. She believed that the festival had placed the City on the map after Sydney, London, San Francisco and Amsterdam and has contributed to building the brand 'Gay Cape Town'. According to Joseph (2001), Sydney's Mardi Gras is estimated to contribute R651-million a year to Australia's economy, while the World Gay Pride 2000 event, which was held in Rome, attracted more than a million people and received official funding from the Italian national government.

A key reason why the gay community is deemed to be of special interest to the tourism industry is that gay couples are said to have higher levels of education and higher average income than straight (heterosexual) couples, have no children and, therefore, higher discretionary income, hence they are so-called DINKs (Ballegaard & Chor, 2009:1). According to Sweet (2008), statistics in the US alone predict the gay community to be a \$ 65 billion industry with the tourism industry now having multiple magazines and trade publications that are dedicated to gay travellers. This led to publicly traded companies adding gay-dedicated marketing departments in order to possibly obtain a share of that \$ 65 billion market. Gay events such as Prides, Eurogames, World Outgames, and Gay and Lesbian Film Festivals are huge crowd-pullers (Clift *et al.*, 1999:268; Hughes, 2006:150; Pritchard *et al.*, 1998:279). However, as a socio-economic activity, tourism does not occur randomly. Some destinations appear to be more successful than others in offering tourism activities and in attracting tourists (Formica, 2000: 4), particularly gay tourists in this instance. Competition amongst international gay tourism destinations is, therefore, intensifying. The main competitors for Cape Town's gay industry include Ibiza, Grand Canaria, Mykonos, Barcelona, Sydney, Miami, Quay West, Palm Springs and San Francisco, while Mexico, Rio de Janeiro, Buenos Aires and Puerto Vallarta are also popular (South Africa, 2002:51). Cape Town was billed as the second largest 'gay capital' in the world, voted as being one of the 'top three travel destinations' and 'number one in terms of value for money' gay destination (Rogerson & Visser, 2005:69). Although few official statistics exist regarding the size and growth of this sector in South Africa, and more specifically Cape Town, indications are that the gay

population is approximately 10% of the general population. It is estimated, therefore, that there are over 4.8 million gays living in South Africa (Gay Pages, 2008:45).

In order for Cape Town to remain successful in attracting the international gay market, Cape Town's tourism planners, marketers and local community should be continuously reminded about the economic worth of gay tourists as a weak rand and high standards of gay infrastructure make the City attractive for visitors who come with foreign currencies. Understanding the economic impact of gay tourism by using the 2009 MCQP as a case in reference, is, therefore, of paramount importance for Cape Town's marketers to ensure that they continue to target the gay market effectively at present and in future.

The aim of this study is to analyse the economic impact of a single night gay festival in Cape Town as a possible means of stimulating the local tourist industry.

1.3 KEY QUESTIONS

The following are typical questions that should be asked when undertaking a project of this nature in the gay community.

- What are the major impacts during the MCQP on primarily 'gay-friendly' business types, including accommodation and entertainment facilities, and retail shops?
- What are the impacts on these businesses in terms of revenue resulting from the festival?
- How much money does the MCQP generate? In other words, what is the total expenditure of festinos?
- What is the indirect and induced economic impact of the festival? In other words, what is the multiplier effect?
- How much of the initial expenditure leaks from the area?
- How can these leakages be minimised in order for the local community to benefit more from the festival?
- What can be done to attract more visitors to the MCQP in order to increase visitor numbers to Cape Town?

1.4 RESEARCH OBJECTIVES

1.4.1 PRIMARY OBJECTIVE

This study determines the economic benefits of the MCQP for the host community of Cape Town from both a supply and demand perspective by using the 2009 MCQP as the base festival.

1.4.2 SECONDARY OBJECTIVES

Following from the primary objective, the following sub-objectives are relevant:

- a) To define SIT, and analyse the tourism events industry as this applies to the MCQP;
- b) To research the gay tourism niche, with specific reference to Cape Town as a gay tourist destination, and to analyse the 2009 festival in order to determine economic benefits for Cape Town;
- c) To determine the reasons for, and methods of, conducting an economic impact study of gay tourism in Cape Town;
- d) To conduct a business survey on gay establishments in order to determine the economic impact and multiplier effect of gay tourism, and to conduct a visitor survey amongst festinos to determine their expenditure in Cape Town; and
- e) To draw conclusions of the events industry, pink tourism in Cape Town, the MCQP and the surveys conducted, and to use the relevant data as collected to make recommendations regarding the organisation/planning of the MCQP, gay Cape Town and suggested future research.

1.5 DELIMITATION OF THE RESEARCH

The importance of Cape Town as a gay-friendly tourist destination has been strengthened by its increased exposure to the international gay press such as the aforementioned premier gay travel guide, *Spartacus International Gay Guide*. The well-publicised myth of gays as DINKs needing somewhere to spend their above average disposable income, has led to various kinds of corporations targeting the gay niche (Oswin, 2005:569). However, South Africa, as an emerging destination, is merely

starting to come to terms with niche markets (Tebje, 2002). As a result, market intelligence regarding the economic impact of niche markets is either non-existent or limited. This is arguably the case with regard to the gay market in Cape Town.

1.6 RESEARCH METHODOLOGY

The research was conducted by means of a literature review and an empirical survey.

1.6.1 LITERATURE REVIEW

The literature review describes SIT, the field of event tourism, different types of events, the MCQP history and gay tourism in Cape Town and other popular gay destinations world-wide. The literature review further describes the importance of economic impact studies of events where the Internet and journal articles were used to gather statistical information from previous studies on methods, which determine an event's secondary and induced economic impacts as well as methods to determine the multiplier and leakages from the community's economy. Databases that were consulted include the Cape Peninsula University of Technology's (CPUT) library database, Science Direct, EBSCO-Host, Google Scholar and SA e-publications.

1.6.2 EMPIRICAL RESEARCH

Walpole and Goodwin (2000:563) recommend conducting quantitative research methods such as surveys among festinos (demand) and businesses (supply) to establish their expenditure during the MCQP and estimate the demand and supply of products (stock) and services; therefore, two different types of questionnaires were used to collect data, namely (1) a visitor questionnaire to determine primarily festival-related expenses; and (2) an economic impact questionnaire (business questionnaire) to determine the multiplier, leakages from the Cape Town area and profits/losses made by gay businesses.

Quantitative research methods hold the following advantages:

- They are suitable for collecting demographic data, for example, gender, age and income;
- They are inexpensive to conduct; and
- They are relatively easy to tabulate and analyse by using statistical programmes (Slabbert, 2004:63).

1.6.2.1 ON-SITE VISITOR QUESTIONNAIRE

A visitor questionnaire, contained in Addendum A, was conducted on the evening of 19 December 2009 by seven fieldworkers who were trained in research methodology, which ensured that they understood the questionnaires and the correct procedure that was followed, and could hence answer any question relevant to the study.

1.6.2.1.1. SELECTION OF SAMPLING FRAME

A sample size (S) of 367 is recommended for any defined population (N) of 8 000 (Sekaran, 2000:295). McMahon, director of the MCQP, noted that attendance numbers at the MCQP ranged between 3500 at the 1994 inception of the festival and 8000 in 2005, therefore, the author targeted to administer 420 questionnaires to ensure that sufficient questionnaires were completed and were usable. Successfully administered questionnaires numbered 396, which indicates a 94 percent response rate.

1.6.2.1.2 SAMPLING METHOD

The visitor questionnaires were interviewer-administered and a destination-based survey was conducted, where interviews were held on-site during the event. Different sites were chosen to limit response bias towards a specific group of festinos. Systematic sampling - a method of selecting individuals from a population according to a predetermined sequence (Leedy & Ormrod, 2005:203; Tustin *et al.*, 2005:353), was followed. This method of sampling ensures that an exact representation of the population is reflected (Zikmund, 1999:287). The fieldworkers chose attendees in equal intervals (every third person) as they entered the particular venues (Figure 3.1).

1.6.2.1.3 PILOT STUDY

A pilot study was conducted prior to the festival at randomly selected gay bars and nightclubs in Cape Town to test the validity and reliability of the research instrument.

1.6.2.2 BUSINESS QUESTIONNAIRE

The business questionnaire, contained in Addendum B, was used to determine, which businesses benefited from the festival, as well as to determine the magnitude of leakages from the economy. Business surveys were conducted after the MCQP from 20 December 2009 to 13 January 2010. A majority of questionnaires were completed by means of personal interviews, but telephonic and e-mail interviews were also used.

1.6.2.2.1 SELECTION OF SAMPLING FRAME

The businesses involved in the survey included those likely to be frequented by the gay community such as restaurants, bars and nightclubs (the entertainment industry), accommodation establishments and retail stores (Figure 4.3).

The population of businesses was defined by the following criterion:

- Businesses that are closely related to the gay tourism industry, for example, 'gay-friendly' establishments in Cape Town, as it is believed that the gay community is attracted to gay-friendly leisure spaces. The marketing manager of the International Gay and Lesbian Travel Association (IGLTA) confirmed that in his online statement: 'gays and lesbians are more interested in companies that treat them with respect and do their best to accommodate them' (Sweet, 2008). These businesses were identified by using listings of gay establishments including various brochures and booklets such as Pink South Africa (2009), the Pink Map (2009) and Gay Pages (2008).

1.6.2.2.2 SAMPLING METHOD

Stoker's formula (1981:13) was used to determine the sample size:

$n = \sqrt{N/20} \times 20$ where

n = sample size

$\sqrt{\quad}$ = square root of $N/20$

N = population.

The total number of businesses, according to the above two criteria, was 85. The calculated sample size totalled 41, while 39 responded. This indicates a 95 percent response rate.

1.6.2.2.3 PILOT STUDY

A pilot study was conducted prior to the festival at randomly selected businesses from the criterion noted in section 1.6.2.2.1 in Cape Town to test the validity and reliability of the research instrument.

1.6.2.3 CPUT STATISTICAL ANALYSIS AND INTERPRETATION OF FINDINGS

A registered statistician from CPUTs Centre for Post Graduate Studies was consulted during October 2009 on the design of the questionnaires by using statements from previous events, tourism literature and economic impact studies such as the Aardklop Festival in Potchefstroom, 'KKNK' in Oudtshoorn, Vryfees in Bloemfontein and the Grahamstown Arts Festival. The total expenditure and leakages was determined, and finally a basic sales multiplier was applied (Tables 5.13 – 5.15). All data was collated and analysed by using the Statistical Package for Social Science (SPSS) version 18.0. The data was then placed into the analytical framework (Table 4.3), as suggested by Strydom *et al.* (2006:91).

1.7 GLOSSARY OF ABBREVIATIONS AND TERMS USED

An explanation of abbreviations and terms used in this project is informed by the South African Concise Oxford Dictionary, and the New Fontana Dictionary of Modern Thought. An explanation of the abbreviation or terms used in the text is included.

1.7.1 ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ABNSA	Associated Business Network South Africa
BMW	Bavarian Motor Works
CBD	Central Business District
CMT	Cape Metropolitan Tourism
CPUT	Cape Peninsula University of Technology
DINK	Double-income-no-kids
DJ	Disc Jockey
DMC	Destination Marketing Company
EU	European
FIFA	Fédération Internationale de Football Association (International Federation of Association Football)
GALACTTIC	Gay and Lesbian Association of Cape Town Tourism Industry & Commerce
GASA	Gay Association of South Africa
GLOW	Gay and Lesbian Organisation of the Witwatersrand
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GIT	General Interest Tourism
IBM	International Business Machines
IGLTA	International Gay & Lesbian Travel Association
KKNK	Klein Karoo Nasionale Kunstefees
KNP	Kruger National Park
KPMG	Klynveld, Peat, Marwick and Goerdeler
LGBT	Lesbian Gay Bisexual Transgendered
MCQP	Mother City Queer Project
MICE	Meetings Incentives Conventions Exhibitions
MIT	Mixed Interest Tourism
NGO	Non-Governmental Organization
OIA	Out in Africa
OLGA	Organization of Lesbians and Gays
PC	Personal Computer
PR	Public Relations
SIT	Special Interest Tourism
SMME	Small Medium Micro Enterprises
SMO	Social Movement Organisation
SPSS	Statistical Package for Social Sciences
STATSSA	Statistics South Africa
SUV	Sport Utility Vehicle
UK	United Kingdom
UN	United Nations

US	United States
USA	United States of America
VAT	Value Added Tax
VIC	Visitor Information Centre
VIP	Very Important Person
WOM	Word-of-mouth
WTTC	World Travel and Tourism Council
ZA	Zuid-Afrika

1.7.2 TERMS

Apartheid	The systematic policy of racial segregation, benefiting Whites, which was enforced in South Africa from 1948 to 1994.
Black/s	While the author rejects the racial classification terminology of the apartheid era, its relevance to post-apartheid South Africa remains and is consequently used here in reference to a person of African descent.
Blackberry	A mobile phone with personal digital assistant, address book, calendar, memopad, and task list capabilities. It also functions as a portable media player with support for music and video playback, as well as camera and video capabilities.
Coloured	While the author rejects the racial classification terminology of the apartheid era, its relevance to post-apartheid South Africa remains and is consequently used here in reference to a person of mixed descent.
Carnavalesque	A term used to describe the subversive properties of the public revelry and associated imagery of the carnival.
Circuit party	Large dance event which extends through a night and into the following day, almost always with a number of affiliated events in the days leading up to and following the main event.
Dabbler	A term used to refer to a 'novice' adventure tourist that 'trails' an adventure tourism experience, being inexperienced and unfamiliar with adventure experiences, having possibly participated in an eco-tourism experience or a cultural tourism holiday prior to the vacation. However, the travel exposure is limited and, therefore, the 'novice' dabbles in both the leisure and travel expertise of the 'travelling adventure recreation specialist' and the 'collector', respectively, and the 'adventure tourism expert/specialist' overall.
Expert	A term used to refer to a special interest activity that is central in an individual's overall life and leisure. The 'adventure tourist' is likely to choose their special interest holidays in accordance with their overall leisure interests and activities.
Facebook	A social networking service.

Festino	A local word used to describe a visitor to a festival in general.
Gay	Refers to the people, practices, and culture associated with homosexuality. LGBT is the most inclusive and correct term when talking about gay, lesbian, bisexual and transgender people, but the term is most often used in a marketing context, hence the minimal use of the word in the dissertation. The term 'gay' will be used throughout the study to cover both male and female homosexuals.
Homophobia	A range of negative attitudes and feelings towards lesbian, gay, bisexual and transgender people and behaviour.
Kitsch	A style of decorative art and design in which ordinary objects with vintage appeal, 'old-fashioned' characteristics or banal usefulness feature prominently.
Madiba	The popularised affectionate nickname of South Africa's first democratically elected president, Nelson Mandela.
Mamba online	South Africa's premier gay lifestyle portal featuring articles, daily news stories, an entertainment diary and online dating services.
Mother City	Popular nickname for Cape Town as South Africa's first city.
Pink tourism	The niche tourism area marketed to the gay community.
Post-apartheid	The period in South Africa after apartheid.
Queer	Originally a derogatory term for gay, which was later appropriated by the gay community and used positively. In this project queer is used inclusively, as it is by the MCQP, to refer to gay and straight people who identify with its critical and transgressive interpretations.
Transsexual	A person who has undergone a sex-change operation.
Sadomasochism	Sadism is pleasure in the infliction of pain or humiliation upon another person, while masochism is pleasure in receiving the pain. These practices are often related and are collectively known as sadomasochism.
Spartacus	An international gay travel guidebook, which is published annually, since 1970.
White	While the author rejects the racial classification terminology of the apartheid era, its relevance to post-apartheid South Africa remains and is consequently used here in reference to a person of European descent.

Zulu

The largest South African ethnic group of an estimated 10–11 million people who live mainly in the province of Kwazulu-Natal.

1.8 CHAPTER OUTLINE

Chapter 1: Introduction and problem statement

This chapter gives an introduction to the research and discusses the problem statement, key questions, objectives and research methodology. It further states the value of the research and clarifies relevant terms that are used throughout the dissertation.

Chapter 2: Events and special interest tourism: a literature review

This chapter defines SIT and presents a model that demonstrates the special events industry and indicates the relationships between various categories of events.

Chapter 3: Pink tourism: the case of post-apartheid Cape Town

This chapter discusses market segmentation variables followed by the gay niche as a market segment encompassing one or more of these variables. This chapter outlines some dynamics, which have emerged from the gay tourist market in Cape Town, and the possible strengths, weaknesses, opportunities and product needs that are required to be a successful gay destination to continue to effectively compete on an international scale. This chapter further deals extensively with numerous aspects regarding the MCQP where the 2009 *Toolbox Project* is analysed through explaining the budgets, finances, venue, production and major challenges, which are experienced by the organisers during the planning of the festival.

Chapter 4: Economic impacts of special events: the MCQP

This chapter gives an overview of the economics in the context of event tourism and relates tourism economics to the 2009 MCQP. The methods and framework for analysis are discussed in detail.

Chapter 5: Cape Town gay tourism: empirical results

This chapter analyses and discusses the data that was captured during the surveys. Literature and accompanying tables are used to interpret the findings of the research.

Chapter 6: Research conclusion and recommendations

This chapter discusses conclusions that were derived from the events industry, pink tourism, gay Cape Town and the economic impact of the 2009 MCQP, and makes recommendations to improve the economic impact of the MCQP and gay Cape Town. The chapter also makes recommendations regarding future research

CHAPTER 2

EVENTS AND SPECIAL INTEREST TOURISM: A LITERATURE REVIEW

2.1 INTRODUCTION

Getz (1997:1) argues that events constitute one of the most exciting and fastest growing forms of leisure, business and tourism-related activities. Despite his findings being somewhat dated, there can be no doubt of the growth of 'events' world-wide. He mentions that growth in the number and range of planned events has given rise to new business opportunities, careers and tourism implications. He believes that the world of event management, and event tourism covers a kaleidoscope of planned cultural, sport, political and business occasions, which range from mega-events such as the Olympics to community festivals, programmes of events at parks and attractions, small meetings and parties to huge conventions and competitions. Due to the wide spectrum of event disciplines, it is acknowledged that it is difficult to define special events, or SIT in this case, in a manner that is acceptable to all researchers. A framework should be presented that demonstrates the relationships between various categories of events (Jago & Shaw, 1998:29). In this chapter, the author attempts to discuss and clarify the SIT concept, the core attributes of event terminology, and determinants of event categorisation. The purpose of understanding these concepts is to determine exactly what events comprise of, which is necessary to place and define the MCQP.

2.2 SPECIAL INTEREST TOURISM: AN ANALYSIS

Hall and Weiler (1992:5) propose that SIT should occur when the 'traveller's motivation and decision making are primarily determined by a particular special interest.' Another argument is that SIT is the opposite of mass tourism, with the focus on new forms of tourism that have the potential to meet the needs of tourists and hosts (Douglas *et al.*, 2001:2). Tourism consumption patterns, and the growth of SIT are thought to reflect the continuously increasing range of leisure interests of the late-modern leisure society (Douglas *et al.*, 2001:7), with SIT having emerged as a 'prime force in the expansion of tourism' and 'travel for people who are going somewhere because they have a particular interest that can be pursued in a particular region or at a particular destination' (Hall &

Weiler, 1992:5). 'Special interests' can be found on web pages either by accessing the list of special interests/activities, for example, sport, wine, culture, painting, adventure, opera or battlefields, or by geographical area such as Asia and Europe, or special interest and/or affinity groups, for example, seniors, women, gays, with tour operators catering for every special interest around the globe (Trauer, 2004:184).

Trauer (2004:187) notes that through increasing travel experience, confidence and affluence, a tourist life cycle shift occurs from 'safe to more adventurous kinds of travel and holidays, with the tourist 'trading up' and purchasing social prestige and ego-enhancement.' He suggests that questions that a tourist could ask in the decision-making process are:

- General Interest Tourism (GIT) – where would I like to go?
- Mixed Interest Tourism (MIT) – where do I want to go and what activities can I pursue there? and
- SIT – what interest/activity do I want to pursue, and where can I do it?

The framework below in Figure 2.1 illustrates the need to acknowledge the overlap between MIT and SIT. It further differentiates between the segment of geographical/location nature, for example, rural tourism, the accommodation/transport/event segment such as cruise tourism, the affinity group segments such as gay tourism, and the SIT segments with a focus on activity such as sport, and/or setting such as nature or architecture that could be a tourist's hobby or recreational activity (Trauer, 2004:187). It is argued that the potential exists for various special interests from within the SIT segment such as sport, architecture, culture, opera, education or sex to be participated in within the other three categories. For instance, although event and cruise tourism can be the special focus of activity, events and cruises are further specialised by themes and interests such as sports events, music events, gay events (see section 3.4) and gay cruises. For example, companies such as Atlantis and Olivia frequently charter ships from major cruise lines to offer all-gay cruises. Itineraries feature a mix of cultural visits to gay destinations such as Ibiza (an island in the Mediterranean sea close to Valencia in Spain), Mykonos (a Greek island)

and Puerto Vallarta (a Mexican city). Both Atlantis and Olivia also feature all-gay or all-lesbian weeks at resorts reserved for their exclusive use, usually in the Caribbean or Mexico (Hughes, 2006:99).

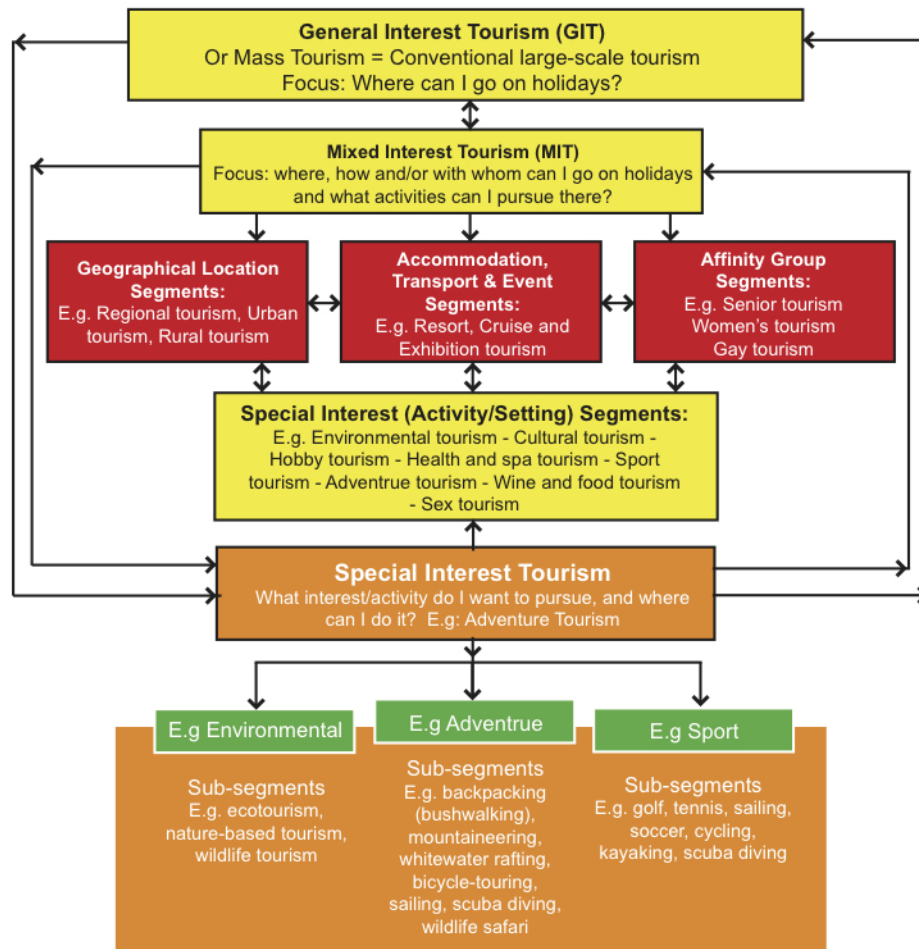


Figure 2.1. SIT Cycle

Source: Trauer (2004:188)

Trauer (2004:187) refers to a 'dabbler' as someone who seeks for a change from GIT and MIT and, depending on her/his attitude to risk, seeks 'fashionable' or 'popular' products as a means of self-expression. For example, the Mail & Guardian (1999) reported online that 'South Africa is the most fashionable gay tourist destination, with Cape Town being the gay capital of the country.... and with good exchange rates allows for Europeans to visit in droves.' Conversely, Trauer refers to someone as an 'expert' if the activity is central to her/his overall life and leisure. Hence, the 'expert' in SIT is likely

to choose their special interest holiday in accordance with their leisure interests and activities at a gay destination such as Cape Town. Visser (2002:88-89) points out that Cape Town, in terms of gay tourism, is presented as a multi-faceted destination, and that potential tourist motivation is pitched at a number of different types of holiday experiences. Visser also mentions that advertising does not only encompass gay stereotypical beach/night club holidays, which involve sun-seeking and sexual encounters that are often seen in the marketing of southern European gay resorts such as Gran Canaria, Ibiza and Mykonos, but rather the target market includes what Clift *et al.* (1999:616) denote as 'personal development and activity dimensions reflecting holiday experiences that involve travelling around, sight-seeing and a broadening of experience.'

Another special interest segment that can be seen in the framework above (Figure 2.1) is events and festivals, which, according to Getz (1997:3), is an imperative sector of the diverse range of special interest opportunities. Event tourism refers to a place-marketing tool that is deliberately created with a clear city-branding/place position/tourism objective in mind. 'Event tourism', by extension, refers to the tourism activity generated by such events (Quinn, 2006:288). He believes that festivals, however, have a social and cultural complexity that is ill-captured in the word 'event'. As mentioned earlier, and can be seen in the framework, there is an overlap between MIT (event tourism in this instance) and SIT (gay tourism). Due to event- and gay tourism forming a major part of this research, it is imperative to understand event terminology, which is discussed later in this chapter, and the gay niche market, which is discussed in the following chapter. Niche markets have special interest motivations for travel and are generally prepared to pay a premium for access to such products. As a result, spend from such markets is generally high and it is, therefore, cost-effective to target these high yield segments (South Africa, 2002:35). However, a clear understanding of niche market needs is critical if positive experiences, repeat visitations and competitive positioning should be achieved.

2.3 DEFINING EVENTS

To date, as Quinn (2006:3) has remarked, the growing literature on festivals, events and tourism has been subjugated by economic matters, as well as by operational and

marketing issues. Whereas in the past events were organised to celebrate a specific happening, events are now often staged in order to meet specific objectives with an emphasis on attracting more tourists/visitors, and the revenue associated with the festinos (Saayman & Saayman, 2004:629).

2.3.1 DETERMINANTS OF EVENT CATEGORISATION

The ‘size or scale’ or ‘form and content’ of events could be used to categorise different forms in the events industry (Allen *et al.*, 2005:11). The different types of events are discussed according to Figure 2.2, starting with the ‘size or scale’ (see section 2.3.1.1) as the determinant of events, after which the events that are grouped according to the determinant of ‘form and content’ (see section 2.3.1.2).

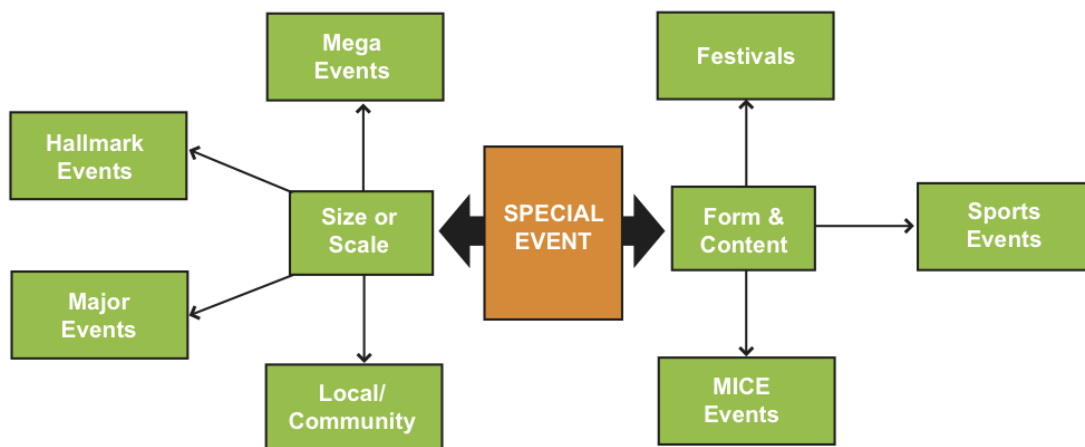


Figure 2.2. Events typology: special event categories

Source: Van der Merwe (2008:18)

2.3.1.1 SIZE OR SCALE OF EVENTS AS DETERMINANT

When size or scale is used as a method of categorisation, the following possibilities are identified (Van der Merwe, 2008:19): mega events, hallmark events, major events, and local/community events (Figure 2.2). Figure 2.3 indicates the different events in size or scale where the direction of the arrow indicates an increase in size and impacts on events, thus local or community festivals are smaller with fewer impacts, and mega events are larger with larger impacts on the community (Van der Merwe, 2008:19).

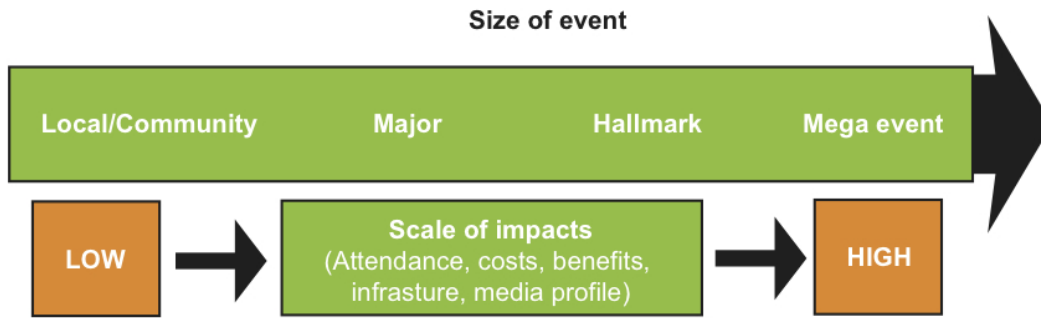


Figure 2.3. Events categorization by size or scale

Source: Van der Merwe (2008:19)

2.3.1.1.1 MEGA EVENTS

Mega events attract worldwide interest and lead to several improvements in host cities (Van der Merwe, 2008:19). Getz (1997:6) purports the following definition of mega events: these events ‘yield extraordinary high levels of tourism, media coverage, prestige, or economic impact for the host community or destination.’ Jago and Shaw (1998:29) state that a mega event is a one-time major event that is generally of an international scale. Van der Merwe (2008:19) states that mega events are ‘mega’ by virtue of their size, attendance, public involvement, political effect, television coverage, construction of facilities, and social and economical impact. An example is the FIFA Soccer World Cup which was held in South Africa in 2010.

2.3.1.1.2 HALLMARK EVENTS

Jago and Shaw (1998:29) state that a hallmark event is an infrequently occurring major event that is tied to a specific place whereby the destination and the event become synonymous. Although such events are generally on a national or international scale, they can be events that dominate a particular region. Van der Merwe (2008:20) defines hallmark events as ‘major one-time or recurring events of limited duration, developed primarily to enhance the awareness, appeal and profitability of a tourism destination in the short term and/or long term. Such events rely for their success on uniqueness, status, or timely significance to create interest and attraction.’ An example of a hallmark event is the annual Tourism Indaba in Durban.

2.3.1.1.3 MAJOR EVENTS

Jago and Shaw (1998:29) note that a major event is a large scale special event that is high in status or prestige and attracts large crowds and wide media attention. They also note that such events are expensive to stage, attract funds to the region, lead to demand for associated service, and leave behind legacies. Torkildsen (2005:469) believes that major events are smaller than mega events, but still draw large crowds, media, and have large positive economic impacts. Allen *et al.*, (2005:13) indicate that these events could occur annually and many large sporting events fit into this category. Examples of major events are the KKNK, Vryfees, Aardklop, Grahamstown National Arts Festival and Mangaung Cultural Festival.

2.3.1.1.4 LOCAL COMMUNITY EVENTS

Local or community events could be defined as ‘family fun events that are considered “owned” by a community because they are volunteer services from the host community, employ public venues such as streets, parks and schools and are produced at the direction of local government agencies or non-governmental organisations (NGOs) such as service clubs, public safety organisations or business associations’ (Janiskee, 1996: 404). These events include a varied range of themes from the specific, food and wine, through to multi-faceted celebrations such as multicultural festivals (Small *et al.*, 2005:66). Douglas *et al.*, (2001:358) define these events as ‘themed public occasions designed to occur for a limited duration that celebrate valued aspects of a community’s way of life’. They are usually small in scale and attendance, and represent the point ‘where community and its outward manifestations of image and identity collide’. Allen *et al.* (2005:14) state that these events could be beneficial to the host community as it broadens the mind frame of visitors owing to exposure to new ideas, participation in activities, creating a tolerant environment, building community pride, and enhancing a sense of place and feeling of belonging. An example would be the Cape Town Minstrel Carnival.

2.3.1.2 FORM OR CONTENT OF EVENTS AS DETERMINANT

Form or content could be used as another method of categorisation of events (Figure 2.2). Forms of events determined by form or content include MICE (Meetings, Incentives, Conventions, and Exhibitions), sport events and festivals.

2.3.1.2.1 MICE OR BUSINESS EVENTS

Allen *et al.*, (2005:15) define MICE events as 'all off-site gatherings, including conventions, congresses, conferences, seminars, workshops and symposiums, which bring together people for a common purpose – the sharing of information'. Examples of previous MICE events that have been held in South Africa are the United Nations (UN) World Summit on Sustainable Development in 2002 and the World Economic Forum in 2007.

2.3.1.2.2 SPORTS EVENTS

Sport tourism has been an important element to grow the tourism economy in cities around the world (Rogerson & Visser, 2005:73), and South Africa has already hosted the 1995 Rugby World Cup, the Cricket World Cup in 2003, and the 2010 FIFA Soccer World Cup. It can be defined as: 'a spectator or participatory event, which involves recreational or competitive sport activities, scheduled alone or in conjunction with other events' (Silvers, 2010).

2.3.1.2.3 FESTIVALS

In modern times, descriptions of the terms 'festival' and 'event' have become closely related (Van der Merwe, 2008:21). Quinn (2006:288) explains that 'festivals are events', but the description of events should not be used to describe festivals because festivals are not as ordinary as events. He states the following regarding festivals: 'They signal place distinctiveness, create appeal, add interest, enliven image and this attracts visitors, investors, sponsors, and their associated revenue streams.'

Jago and Shaw (1998:29) define a festival as a special event that is a public themed celebration. Van der Merwe (2008:22) quotes the definition of festivals by Tourism South Australia: 'Festivals are celebrations of something the local community wishes to share, and which involves the public as participants in the experience.' Arcodia and Robb (2000:157) define a festival as 'a public, freely accessed and themed celebration, which involves a variety of media such as arts and crafts, performances and demonstration.'

Silvers (2010) includes the following as possible types of festivals: arts/crafts, heritage, ethnic/cultural, food, historical, local and regional fair, music, pageant, re-enactment, religious, and seasonal festival. Allen *et al.*, (2005:14) also list these other forms of festivals: food and wine festivals, film festivals, gay and lesbian festivals and Mardi Gras.

2.4 SUMMARY

A comprehensive literature review has revealed that it is unlikely that a single, all-embracing definition of special events can be developed, hence phenomena include a vast range of types (Figure 2.2). This chapter, however, has presented a model that demonstrates where festivals fit into the special events industry, and indicates relationships between the various categories of events. Based on this framework, a series of definitions for the various categories of events were selected. Special events and gay tourism are an imperative sector of the diverse range of special interest opportunities (Figure 2.1).

In order to understand the gay niche and to provide in-depth knowledge regarding the topic, the literature review is extended to the next chapter to include a scope of this subject, and, the MCQP, a one-day special event, which is aimed at the gay community and is, therefore, used as a case in reference in the research, discussed in detail next.

CHAPTER 3

PINK TOURISM: THE CASE OF POST-APARTHEID CAPE TOWN

3.1 INTRODUCTION

This chapter discusses market segmentation variables, followed by the gay niche as a market segment encompassing one or more of these variables. The concept of 'pink tourism' is explored and gay niche sub-segments are identified. Gay destinations with specific reference to Cape Town are explored, focussing on Cape Town's strengths, weaknesses, opportunities and product needs, which are required to be a successful gay destination, and to continue to effectively compete internationally. The chapter further analyses development of a gay civil society and explores the expansion of spaces that cater for the gay community, specifically a part of the city now known as 'De Waterkant Village'. Another development area relate to gay festivals that are organised by the gay community. Festivals currently on offer in South Africa cover a wide range of themes and one of the focus areas being identity groups such as the gay community that has five annual festivals to choose from. The MCQP, one of the festivals on offer, has played an important part in raising the profile of Cape Town as a gay destination, and has furthered the liberal nature of the city. Attention is drawn to the 2009 MCQP, which is used as a case in reference, and to determine the economic impact. This chapter also explains the budgets, finances, venue, production and major challenges experienced by the organisers during the planning and staging of the festival.

This chapter further considers how the promulgation of the new South African Constitution led to the development of a gay civil society. Finally, if Cape Town should target the South African gay niche market and broaden the weakly-developed understanding of this segment, it is important to look at this niche market's profile to successfully cater for these specific needs.

3.2 GAY NICHE: A NEW MARKET

Destination Marketing Companies (DMCs) and other tourism organizations such as travel agents and tour operators know that the key to success is not necessarily standardised mass tourism, but more often strong niche positions that offer something

unique to a unique group of consumers (Ballegaard & Chor, 2009:1). According to Dibb and Simkin (1996:1) it becomes difficult for marketers to identify the common motivation or behaviour of all tourists in a mass tourism market, and accordingly, more and more destinations turn to focus/segmentation strategies and attempt to focus on few markets or segments in order to better cater to the needs of these consumers (Ballegaard & Chor, 2009:1). The rationale behind market segmentation is to identify groups of buyers who respond in a similar way to any given marketing stimuli (Adrian, 2000:38). Customers within a market segment will tend to have homogeneous consumption patterns and product attitudes, which are different from those in other segments (Dibb & Simkin, 1996:3). Pritchard and Morgan (1996:11-12) note that in order to target these segments successfully, marketers must be able to identify relevant homogenous characteristics, as referred to in the preceding line. They further state that segmentation variables such as geography or demographics are relatively simple to identify, but believe that consumers segmented entirely on the basis of their sexual orientation are more difficult to identify and research because if a market segment has different, identifying requirements related to their purchasing behaviour, it must be of a sufficient size to justify tailoring the marketing mix to those specific needs or interests in order to be a profitable target.

Zhou (2005:13) states that market segmentation can help marketers to formulate more appropriate marketing strategies and programmes to improve customer satisfaction in a specific group. Thus, market segmentation's primary goal is to identify groups of individuals; a niche with similar needs and wants (Formica, 2002:44). A good market segment should be identifiable, sizable and sufficient in order to be profitable (Calantone & Sawyer, 1978:395). According to Zhou (2005:13), the key to good market segmentation is to choose the criteria of consumer segmentation adequately. Kotler *et al.* (1999:242-243) identify the major segmentation variables for consumer markets, as shown in Table 3.1 below.

Table 3.1: Major segmentation variables for consumer markets

VARIABLE	TYPICAL BREAKDOWN
Geographic <ul style="list-style-type: none"> • Region • City or metro size 	Pacific, New England, Middle Atlantic, Western Cape 5 000 – 20 000; over 4 000 000

<ul style="list-style-type: none"> • Density • Climate 	Urban, suburban, rural Northern, southern, tropical, mediterranean
Demographic <ul style="list-style-type: none"> • Age • Gender • Family size • Family life cycle • Income • Occupation • Education • Religion • Race • Nationality 	18-35 Male or female 3-4 Young, single, married R 18 000 – R 25 000 Technical, professional, student Secondary school, university degree Catholic, Jewish White, Black, Asian American, French
Psychographic <ul style="list-style-type: none"> • Social class • Lifestyle • Personality 	Working class, middle class Swingers, gays Compulsive, authoritarian
Behavioural <ul style="list-style-type: none"> • Occasions • Benefits • User status • Usage rate • Loyalty status • Readiness stage • Attitude towards product 	Special occasion Quality, service, economy Ex-user, first-time user Medium user, heavy user Strong, absolute Unaware, aware, interested Enthusiastic, negative

Source: Adapted from Kotler *et al.*, (1999:242-243)

In all criteria for tourists' segmentation, demographic variables such as age, gender, family life cycle, and ethnics are frequently used in both practises and studies (Zhou, 2005:14). A market niche that encompasses the consumption of one or more of the target areas in Table 3.1 is the gay tourism market. For example, psychographic segmentation divides buyers into different groups based on social class, lifestyle, and personality characteristics (Kotler *et al.*, 1999:245-247). Social classes show distinct product and brand preferences in areas such as food, travel, and leisure activity (Kotler *et al.*, 1999:183), while lifestyle profiles the individual's pattern of acting and interacting in the world. For example, nightclubs, bars and restaurants are designed with specific clientele in mind, including the gay niche (Table 3.2).

Although politically a controversial market for Cape Town, from a tourism growth perspective, the gay market offers huge potential as one of the biggest spending niche

segments in South Africa (South Africa, 2002:35). As previously stated, a key reason why the gay niche is deemed to be of special interest for the tourism industry is that gay couples (especially men) are said to have higher levels of education and higher disposable income than heterosexual couples; also, they have no children and, therefore, have a higher discretionary income - they are the so-called DINKs (Ballegaard & Chor, 2009:2). Therefore, this gay niche can be demographically segmented according to variables, which are noted in Table 3.1.

Despite the rapid growth of gay tourism (Waitt & Markwell, 2006:69), little remains known about the characteristics and implications of gay travel as one of the various forms that tourism can take. Much less is known about gay tourism in developing countries (such as South Africa), since a majority of gay studies have been focused on Western and USA gay communities. It is, therefore, important to discuss the gay niche in more detail, with specific reference to Cape Town.

3.3 PINK TOURISM

When discussing any particular market segment, there is a danger of defining it on the basis of one overriding factor. Seniors and young people are, for example, defined in terms of their age, and gay people in terms of their sexual inclination. Such simplistic definitions fail to encompass the totality of peoples' experiences and conceal other important variables, which define lives, including social class, gender, race, age and ability (Pritchard *et al.*, 1998:274). It is important to note that the gay market segment, like any other, contains a host of sub-segments defined by demographic, attitudinal and ideological factors. Therefore, it is necessary to provide in-depth knowledge on this niche.

According to one of the largest professional service's firms in the world, the Klynveld, Peat, Marwick and Goerdeler's (KPMG) demand generator survey, the following two specific segments were identified within the overall gay market (South Africa, 2002:49), which are outlined below.

- Pink Ravers – a young, carefree group that tends to be single or in young relationships who like to travel to well known and popular gay destinations, for

example, Miami, Quay West, Palm Springs, Grand Canaria, Mykonos, Sydney and Thailand. A well-established gay scene with busy and glittering nightlife is a strong drawcard for this segment. Other specific features of the destination that attract this segment include gay nudist beaches, hot sunny climate, pro-gay events (Gay Games and Gay Mardi Gras), cultural attractions and value for money.

- Mature Explorers – are older, wealthier and hold professional positions. They are normally couples in an established relationship and their choice of travel destination is not so much dependant on the presence of a large gay scene and energetic nightlife. This market segment is less price sensitive than the ‘pink ravers’ and their choice of destination is based on less well-known and undiscovered destinations that are gay-friendly or tolerant and offer a combination of attractions, high standard facilities, good quality restaurants and a unique experience. Natural (wildlife scenery), historical and cultural attractions (art, traditions, human behaviour), outdoor activities and the ‘good life’ are appealing to this market. A strong gay community and infrastructure is a secondary consideration and added bonus.

This observation could be related to Plog’s typologies of tourist types in which he claims that personality has an impact on how people travel, and he suggests a continuum of tourist types with the allocentric person on the one end, and the psychocentric on the other. For instance, the allocentric person is an extrovert and regards travelling as an opportunity to discover foreign cultures, whereas the psychocentric person only travels because it is a social norm and prefers familiar destinations and packaged tours (Plog, 1974). Therefore, gay men who go to gay destinations might be psychocentric in the way that they look for relaxation in a well-known environment and thus ‘pink ravers’, whereas the men who visit non-gay destinations could be characterised as being more interested in discovering foreign cultures and are, following Plog’s line of reasoning, more allocentric (Ballegaard & Chor, 2009:14) and, therefore, be ‘mature explorers.’

Through the literature search it was found that there is particularly strong growth in gay interest in destinations such as Brazil, South Africa and the South Pacific. The IGLTA indicated that only two percent of the American gay market has visited South Africa over the period of 1999 – 2001. Although this trend only represents an estimated nine percent of the USA gay travel market, even such a small percentage of an estimated 26

million-strong American gay travel market, translates into nearly 2.5 million tourists from one country alone (Visser, 2003a:174). Although long-haul destinations such as South Africa, generally, and Cape Town in particular, are nowhere near attracting that many tourists, or necessarily this group, there is much potential in targeting this market niche. Despite the growth of the gay niche, few South African destinations are exploiting their potential for gay tourism, with Cape Town being the exception (Visser, 2003a:168).

3.3.1 CASE OF GAY CAPE TOWN

Cape Town's ascendance as one of the top pink destinations in the world has occurred gradually over the past 17 years (since the first democratic elections in 1994). Cape Town has become the third most popular tourist destination in the world, and consequently, tourism is one of the biggest contributors to the economy of the Western Cape (Zhou, 2005:35). The total number of international arrivals in South Africa for the whole of 2008 was 9 591 828 (7 348 627 from Africa) – up 5.9 per cent from 2007 (Cape Town Tourism, 2008). Cape Town is the oldest city in South Africa, with its history traced back to 1652 or even earlier (Biggs, 2000:7). The World Travel and Tourism Council (WTTC, 2005:18) reported that 'eight of South Africa's top ten attractions are located in the Western Cape and that the most popular tourist attraction for foreign air tourists is the Victoria & Alfred (V&A) Waterfront in the Western Cape, attracting some 42 per cent of all foreign arrivals to South Africa in 2000, followed by Table Mountain (34 per cent) and Cape Point (33 per cent).'

Destinations that compete with Cape Town as a gay tourism destination differ depending on the market segment targeted ('pink raver' or 'mature explorer'), and the location of the source market in relation to the destination. The main competitors for Cape Town in the 'pink ravers' segment include Ibiza, Grand Canaria, Mykonos, Barcelona, Sydney, Miami, Quay West, Palm Springs and San Francisco, while Mexico, Rio de Janeiro, Buenos Aires and Puerto Vallarta are also popular. Although competing destinations for the 'mature explorer' segment tend to overlap with those for the 'pink raver' segment, long haul destinations such as Sydney, Rio de Janeiro, Buenos Aires and other gay-friendly destinations are more popular among the 'mature explorer.' Few destinations can compete with Cape Town for the 'mature explorer' segment as it offers such a wide range of attractions and activities apart from a lively gay scene. Other destinations that

compete with Cape Town for this market segment include central and eastern Europe, Australia, New Zealand, Canada and Thailand (South Africa, 2002:51).

South Africa, and Cape Town specifically, are generally known in the international gay community as gay-friendly with a gay tolerant public. In general, the gay market is attracted to a tourist destination that offers the following (South Africa, 2002:49):

- Strong and established gay scene/space (gay community, gay and gay-friendly infrastructure);
- Seaside location with beaches;
- Exciting and vibrant nightlife – party atmosphere;
- Natural, historical and cultural attractions; and
- Safe and comfortable environment.

Ballegaard and Chor (2009:17) argue that sexuality is of less importance than other characteristics when the gay community chooses their holiday destination. They believe that an extra dimension might be of importance in relation to destination choice, namely that of 'gay space'. Waitt and Markwell (2006:178) define gay space as a 'homogenous, bounded and fixed place' in a metropolitan area, more concretely often made up by bars, restaurants, cafés, shops and residential areas.

Cape Town has a well-established gay space, a clustering of gay leisure facilities in De Waterkant that has consolidated its identity as Cape Town's 'gay village', which is a first for both South Africa and the African continent (Visser, 2003a:181). The gay tourism infrastructure of Cape Town is shown in the Table 3.2 below.

Table 3.2. Gay tourism infrastructure of Cape Town

Gay facilities	Number
Bars	6
Night clubs	3
Spas (targeting gay men)	3
Massage studios (escort agencies - gay men only)	2
Accommodation establishments (advertised as gay or gay friendly)	32
Restaurants (advertised as gay or gay-friendly)	27
Annual festivals	5

Sources: Pink South Africa (2009), the Pink Map (2009), Gay Pages (2008)

Visser (2003a:185) states that a range of linkages between gay tourism and leisure activity has physically transformed part of Cape Town owing to gay-based urban tourism. He believes that the impact of urban tourism linked to gay identity is, however, not confined to metropolitan areas such as Cape Town, but has also been noted in small towns along 'Route 62', which now market themselves as the 'Pink Route'. Examples of these towns include Barrydale, Montagu, Worcester, Ceres, Tulbagh, Wellington and Paarl. According to Rogerson and Visser (2005:70), development of the gay tourism market has been impressive, but believe that the understanding of gay tourism in South Africa is weakly developed with a range of impacts, both positive and negative, remaining unexplored. Nevertheless, collaboration between the gay community, Cape Town Tourism and the official Visitor Information Centre (VIC) for the city has done much to establish the city as a top destination for gay travellers. The following are examples of how Cape Town has engaged with the gay niche market (Tebje, 2002):

- The Gay and Lesbian Association of Cape Town Tourism Industry and Commerce (GALACTTIC) was established in 1999 to represent the specific interest of this sector of the tourism industry;
- Cape Town Tourism collaborates with www.gaynetcapetown.com, which is an information site for gay travellers to Cape Town;
- A pink visitor's map listing the city's gay-friendly facilities has been developed and is updated annually;
- A gay tourism section is included in the official visitor's guide to the city (www.cape-town.org); and
- Cape Town Tourism works closely with gay travel channels (tour operators and travel agents) and the media, to assist in providing promotional and other information and material to this market.

These initiatives undertaken by the gay community and Cape Town Tourism to promote the city as a world-class pink destination has allowed the city to capitalize on numerous opportunities, including (Tebje, 2002):

- Cape Town’s hosting of the 2001 International Gay and Lesbian Travel Association’s biannual symposium, which was attended by 1200 travel retailers from 35 countries, provided an opportunity to market the city to these booking agents and impress them with the destination, and its attractions and facilities;
- Representation of Cape Town’s gay tourism industry on international bodies such as Interpride International, a body with members from 29 countries and perhaps 200 ‘official’ pride celebrations world-wide; and
- Targeted communication through the gay media, for example, popular publications such as *Spartacus International Gay Guide*, has promoted the profile of Cape Town as a gay-friendly city internationally.

The following section of the chapter analyses Cape Town’s strengths and weaknesses as a gay tourism destination and identifies Cape Town’s opportunities and products needs to remain successful in attracting the gay niche.

3.3.1.1 IDENTIFYING CAPE TOWN’S STRENGTHS AND WEAKNESSES AS AN EFFECTIVE GAY TOURISM DESTINATION

The following table lists a number of strengths that render Cape Town as an attractive destination for both the ‘pink raver’ and ‘mature explorer’ segments in the gay tourist market. Few weaknesses appear to exist. The negative issues that were raised include support infrastructure issues, and a lack of marketing focus and information provision (South Africa, 2002:52).

Table 3.3: Strengths and weaknesses of Cape Town as an effective gay tourism destination

Strengths	Weaknesses
<ul style="list-style-type: none"> • Scenic seaside location with pleasant climate and year round sunshine. • Vibrant gay scene with established gay infrastructure and nightlife providing a comfortable atmosphere for gay people to relax. • Favourable exchange rate providing value 	<ul style="list-style-type: none"> • Long flying time and high cost of flights. • Perception of high crime rate in South Africa, and concern over health issues, especially HIV/AIDS, malaria and cholera. • Negative reputation as a result of Apartheid history, although this is seen as slowly changing.

<ul style="list-style-type: none"> for money. Wide variety of attractions in and around the city, for example, V & A Waterfront, Table Mountain, beaches, winelands, Garden Route, and easy access to other attractions in the country and southern Africa such as the Kruger National Park and Victoria Falls. High standard of facilities and services for gay tourists. Cosmopolitan city with a represented mosaic of cultures. 	<ul style="list-style-type: none"> Expensive public transport (taxis). Inefficient marketing of South Africa and Cape Town as gay-friendly destinations and a general lack of information available to gay travellers.
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Source: Adapted from South Africa (2002:52)

3.3.1.2 IDENTIFYING CAPE TOWN'S GAY PRODUCT NEEDS AND OPPORTUNITIES

Opportunities exist for improvements in overall quality and expansion of art and cultural attractions, training to understand gay market needs and additional entertainment venues. The following table summarises product needs and opportunities that currently exist (South Africa, 2002:54).

Table 3.4 Gay product needs and opportunities of Cape Town

Segments	Key product consumption	Infrastructure required to support consumption
<ul style="list-style-type: none"> 'Pink Ravers' <ul style="list-style-type: none"> -young -seek value for money -like popular gay destinations with well established gay scene 'Mature Explorers' <ul style="list-style-type: none"> -high disposable incomes -professional/executive/managerial positions -high level purchases through travel agents -both segments Internet savvy 	<ul style="list-style-type: none"> -art and culture -restaurants, food and wine -theatre and music -architectural and design -film -street parties -dance parties -nightclubs -established gay district -beaches -wine route 	<ul style="list-style-type: none"> -clean streets -safe, efficient and affordable public transport -world class taxi system -parking space at venues -gay-friendly accommodation and venues -information distribution points

Source: Adapted from South Africa (2002:54)

Art and cultural products, restaurants, gay nightclubs and gay events are key product drawcards that should to be more specifically packaged and promoted to gay markets in Europe, the United States and Australasia. Gay events have played a crucial role in promoting global gay-friendly destinations, for example, New York is well known for its annual lesbian and gay film festival and Sydney for its Mardi Gras. Probably the biggest ever gathering of gay tourists was in New York in 1994 for the IV Gay Games. The event has been held in San Francisco (1982 and 1986), Vancouver (1990) and New York (1994) and is the gay equivalent of the Olympic Games, although the number of sports represented in the Gay Games is much smaller at only 30 official sports (Pritchard *et al.*, 1998:278).

The economic benefits of such events are nevertheless considerable. For example, (JoburgPride, 2011):

- The Sydney Gay & Lesbian Mardi Gras (over 25 years old) attracts 500,000 spectators and contributes AU\$100 million to the Australian economy each year;
- A 2001 study of Berlin's Christopher Street Day parade found that the event attracted 500,000 attendees who contributed €134 million of whom 38 per cent were heterosexual and 62 per cent gay;
- Toronto Pride Parade is Canada's most attended single-day event, with an estimated crowd of more than a million people, and Pride Week festivities bring about \$60 million to the city's economy;
- Montreal Pride Week, called Divers/Cité, brings in C\$40 million with about 850,000 attendees, while Vancouver's Pride brings in about C\$23 million;
- The Gay Games events were founded in 1982 and now attract more athletes than the Olympics, 14,000 every four years. In 1994 it provided an estimated \$300 million to New York City, 125 million Dutch guilders (\$55 million) in Amsterdam in 1998, and Gay Games VI in 2002, which generated roughly AU\$100 million (US\$60 million) for Sydney, Australia; and

- In 2006 São Paulo Tourism stated that São Paulo's Gay Pride weekend brought approximately 400 000 tourists to the city in 2005, generating over US\$84 million in revenue.

3.4 PINK FESTIVALS: A SOUTH AFRICAN PERSPECTIVE

Visser (2005:15) states that general festivals that are currently on offer in South Africa cover a wide range of themes and foci. He believes that four significant clusters exist. The first cluster relates to agriculture-related festivals, including general agricultural produce, wine and specialised foods, for example, the Knysna Oyster Festival in the Western Cape and the Ficksburg Cherry Festival in the Free State. The second cluster of festivals focus on the arts (performing and visual), for example, the Vryfees Arts Festival in the Free State, the Grahamstown National Arts Festival and KKNK in Oudsthoorn. A third festival cluster targets family audiences as it focuses on combinations of both arts and agriculture, and includes general trade festivals and various types of entertainment, for example, the Hermanus Whale Festival and the Spier Summer Festival, both in the Western Cape. A fourth focus relates to those festivals that deal with cultural or ethnic group-identities such as Zulu history or early colonial settlers, for example, the Cape Town Minstrel Festival. This focus also includes identity groupings such as the gay community, which has no fewer than five annual festivals to choose from (Visser, 2005:15). These festivals are the Johannesburg Pride Festival, Cape Town Pride Festival, Pink Loerie Mardi Gras, Out in Africa (OIA) Film Festival and the MCQP (South African Tourism, 2011). These festivals are briefly discussed below.

3.4.1 JOHANNESBURG PRIDE FESTIVAL

Pride is an international tradition in most major cities around the world, which usually consists of a parade or march and associated entertainment, social and educational events that aim to raise the visibility of the gay community. Pride also serves as a celebration of this community and in many countries has become a significant local and international tourist attraction and destination event (JoburgPride, 2011).

The first ever African gay and lesbian Pride parade took place in Johannesburg in 1990 where fewer than a thousand people attended. 'Joburg Pride', as it is locally referred to,

has grown in size and visibility and attracted almost 18 000 participants in 2010. While the event has become less political and more celebratory in nature, Pride remains, as its core, a call for gay and lesbian equality and a recognition of South Africa's rich socio-cultural diversity (JoburgPride, 2011).

3.4.2 CAPE TOWN PRIDE FESTIVAL

Cape Town Pride is one of the most significant festivals in Cape Town that began in 2001. It is a week-long festival that takes place from the end of February to the beginning of March. Since this period is a peak tourist season in Cape Town, the festival attracts a large crowd of tourists. Cape Town Pride, therefore, helps in the further development of the already booming tourist scenario of the city. Features of Cape Town Pride include parades, celebrations, award ceremonies, entertainment, cocktail parties, sports events, fashion shows, balls, dance and dinner parties, art exhibitions and seminars (Maps of World, 2008).

3.4.3 PINK LOERIE MARDI GRAS AND ARTS FESTIVAL

The Pink Loerie Mardi Gras and Arts Festival, the first and only mardi gras, which is held on the African Continent, is a celebration of freedom and the diversity of gay culture, and offers four days of non-stop entertainment in the coastal town of Knysna, in the Western Cape. The first Pink Loerie Mardi Gras was held in May 2001 and since then the Pink Loerie Mardi Gras has grown to be even more popular with huge support from the gay community (Pink Loerie Mardi Gras, 2011).

3.4.4 OUT IN AFRICA (OIA) FILM FESTIVAL

The OIA Film Festival was launched in 1994 to celebrate inclusion in the South African Constitution of a clause, which prohibits discrimination on the grounds of sexual orientation. The festival was established to address the lack of visibility of the gay community in South African social and cultural life after decades of apartheid repression; to counter negative images that prevail in traditional and religious communities, and to serve as a platform for discussion and debate about the situation of the gay community in a newly founded democracy. The purpose of the festival is to showcase gay-oriented

films from around the world, and to stimulate and promote a home-grown film industry. As a socially conscious movement with a political purpose, OIA should generate images and representations of its own community that promote a sense of belonging and pride (GayCapeTown4u, 2011).

3.4.5 MOTHER CITY QUEER PROJECT (MCQP)

It is worth noting that because this project represents one of the first pieces of academic work that deals with the economic impact of the MCQP, it faced particular challenges, most notably a lack of information against which to reference section 3.4.5. Since this study measures the economic impact of the MCQP on the host community, Cape Town, the following section deals extensively with numerous aspects regarding this festival. Attention is drawn to the 2009 MCQP, which is used as a case in reference to determine the economic impact. This section explains the budgets, finances, venue, production and major challenges experienced by the organisers during the planning and staging of the festival.

3.4.5.1 A PRODUCT OF POST-APARTHEID CAPE TOWN

The first MCQP, which was themed 'The Locker Room Project' in 1994, described itself as a 'mega-deluxe ultra-vivid, lush-galore fancy-dress sporty-art-party, which was designed to celebrate and showcase Queer culture in the Mother City', was held at the River Club Golf and Conference Centre in Cape Town's student suburb of Observatory (Steyn, 2006:100). The MCQPs policies of non-ageism, non-sexism and non-racism, and the key elements of costume, team participation and a unifying creative theme around which to collaborate, was effectively promoted as an art festival incorporating a celebration of sexual difference and so-called queerness (Steyn, 2006:105-106). The term 'queer' encompasses a more complex understanding of group identity than 'gay' and 'lesbian'. Queer includes all kinds of sexualities that are different from heterosexuality such as gay, lesbian, bisexual, transgender and persons who practice sadomasochism (Ballegaard & Chor, 2009:7).

Steyn (2006:114) indicates that the first MCQP in 1994 was a 'timely celebration of the unexpected constitutional recognition of the right to sexual orientation difference'. The

MCQP capitalised on the 'Madiba Euphoria' and celebrated this 'achievement' and 'fundamental change' at a time when gay communities in other countries were still fighting for the same rights as their heterosexual counterparts. The liberal constitution of the country, in stark contrast to other African states such as Zimbabwe where legal discrimination against homosexuality remains, plays a key role in the protection of gay and lesbian identity, setting a context for the development of a gay leisure market (Visser, 2002:87).

3.4.5.2 SEXUALITY AND THE LIBERATION STRUGGLE

A majority of South African people have recent memories of racial oppression and are immensely sensitive to questions of discrimination. As a result, a national culture based on an allegiance to concepts of equality is being forged and gays and lesbians have been incorporated into the new South African hegemony (Hoad, 1998:41). Sexual orientation was included in the equality provision of the post-apartheid Constitution, thus providing protection against discrimination against the gay community, making South Africa the first country in the world to do so (Cock, 2002:35).

Implemented in 1948, the Apartheid principle of 'separate development' held that cultures would evolve independently of one another, and it introduced practices such as the controlling of movement of Blacks with pass laws and preventing them from accessing prestigious jobs and educational opportunities (Currier, 2007:29). The apartheid system included attempts to regulate sex and sexuality, as well as those spaces where they could be realized (Visser, 2002:85), and treated sexual and gender minorities differently depending on their race and gender because the state regarded homosexuality as a White problem, leaving Black and Coloured sexual and gender minorities untouched (Currier, 2007:29). The situation under apartheid was such that gays or any person who could possibly be identified as such through action or association, could potentially be subject to sanctioned homophobia, discrimination, repression, persecution and arrest, or would have to employ a level of denial or censure as a matter of personal safety or avoidance (Steyn, 2006:138).

From 1994 to the end of 2003 South Africa experienced its first 10 years of democratic rule and a consequent political liberalisation. The social and cultural conservatism of

apartheid rule was replaced in 1994 by the main liberation movement and new governing party of post-apartheid South Africa, namely the African National Congress (ANC), which set about dismantling the social relations of apartheid and forging a new democratic, equitable, non-racist and non-sexist society (Steyn, 2006:133). Against this background, the MCQP began in 1994 to celebrate freedom from discrimination on the basis of sexual orientation, which was later enshrined in the South African Constitution (1996).

Homophobia existed at high levels within the ANC, even though there was a long history of gay people being involved in the struggle against apartheid (Tatchell, 2005:140). Peter Tatchell, a famed gay British rights activist, exposed homophobia within the ANC in his interview with Ruth Mompati, a women's rights activist and executive member of the ANC. Insinuating that homosexuality was un-African and a western phenomenon that had not appeared in South Africa 'until recently', Mompati stated:

'I cannot even begin to understand why people want gay and lesbian rights. The gays have no problem.....I don't see them suffering. No one is persecuting them....We don't have a policy on gays and lesbians. We don't have a policy on flower sellers either (Tatchell, 2005:142)'.

Mompoti's statement illustrates the sentiment that racial oppression trumped sexual oppression, a position against which anti-apartheid gay and lesbian rights activists railed, especially since so many were themselves White (Currier, 2007:41).

Tatchell circulated an article in the gay and anti-apartheid press worldwide including South Africa, which aimed to inundate the ANC with protests that would hopefully pressurize it to confront the issue of homophobia and eventually to abandon its rejection of gay equality (Tatchell, 2005:143). His letter to former president Thabo Mbeki, following the wake of adverse publicity from his article, had the desired effect, because as within a few weeks the ANC leadership in exile began a major re-evaluation of its stance on gay issues (Tatchell, 2005:144). In November 1987, Mbeki announced that the ANC was committed to removing all forms of discrimination and oppression in a liberated South Africa, which extends to the protection of gay rights (Rydstrom, 2005:47).

In 1990 the Organization of Lesbians and Gays (OLGA) made an extensive submission to the ANC's Constitutional Committee, which was in charge of formulating the movement's draft Bill of Rights. The submission was supported by eleven other South African gay organizations, including the Gay Association of South Africa (GASA) and the Gay and Lesbian Organisation of the Witwatersrand (GLOW). It proposed a Bill of Rights that would 'protect the fundamental rights of all citizens' and guarantee 'equal rights for all individuals, irrespective of race, colour, gender, creed or sexual orientation' (Tatchell, 2005:147). The ANC included sexual minority rights in its Bill of Rights late in 1992, as did the Democratic Party and the Inkatha Freedom Party (Currier, 2007:46). Once the ANC included sexual minority rights in its Bill of Rights, other political parties engaged in the same action because 'few if any political parties wanted to be seen in the media as promoting any form of animus in light of South Africa's history of brutal racial injustice' (Massoud, 2003:303).

In 1994 the South African gay Social Movement Organisations (SMOs) formed an umbrella organization, namely the National Coalition for Gay and Lesbian Equality (the Coalition) to make the Equality Clause a permanent part of the Constitution (Oswin 2007:649-651). The Coalition and its successor, the Lesbian and Gay Equality Project (the Equality Project), pressurized lawmakers to revise legislation in order to ensure equitable treatment of homosexuals, which included laws pertaining to 'property, tax, estate, refugee, and labour-related laws, as well as the public provision of such services as education, health care, protection against domestic violence, and housing' (Oswin 2007:651). The Coalition-Equality Project also successfully deployed legal tactics to decriminalize sex between men (1998); extend immigration rights to foreign same-sex partners of South African nationals (1999); allow same-sex partners to access pension and insurance benefits together (1999); enable same-sex couples to adopt children together (2002); and permit same-sex couples to marry (2005) (Oswin, 2007:651). On 1 December 2005, the Constitutional Court ruled in favour of same-sex marriages and stipulated in the majority opinion that if Parliament did not equalize marriage legislation within one year, then on 1 December 2006, the gender-neutral words 'or spouse' would be added to existing marriage laws, making it possible for same-sex couples to marry and register their relationships officially with the Department of Home Affairs (Currier, 2007:128-129).

3.4.5.3 TOOLBOX PROJECT

The Toolbox Project festival formed the basis for the economic consideration of gay activities in Cape Town, and is discussed in detail below.

The MCQP is registered as a private company (Pty Ltd). The 2009 MCQP costume party was held on Saturday, 19 December 2009 at the Old Biscuit Mill in Woodstock. This was the 16th year of the festival with the theme of 'Toolbox Project', and 2240 festinos attended the festival (McMahon, 2010). The ten-hour festival offered live entertainment, which was provided by South African artists and international DJ's were flown in specifically for the festival, while there were themed dance floors, a live performance stage, nine bars, and a VIP-area. Festinos came from all over South Africa and abroad and costumes ranged from a handyman, Bob the Builder, a screwdriver, a jack hammer, a plug hole, and an 'undercoat' to bodies covered in nails. However, the global economic recession was believed to have had a negative impact on attendance numbers (see section 4.4.4). In order to ensure that the festival does not lose its future appeal, product modification and proper planning is necessary; it is, therefore, hoped that this research can supply important information towards this goal.

A) MCQP PLANNING

The conduct of a major festival requires an elaborate organisational infrastructure to plan and co-ordinate the many facets of the festival. Substantial lead times and resources are required to plan and organise such items (Faulkner, 1993:10), and these are outlined below.

- Marketing activities (including promotions, media coverage, communications and public relations);
- Sponsorships and funding;
- Ticketing and spectator services and control;

- Transport and accommodation arrangements for spectators, competitors and officials;
- Security and emergency services; and
- Preparation of facilities and the conduct of the festival itself.

The next section, therefore, aims to explain the coordination of several facets that are related to the 2009 MCQPs' planning and staging of the festival.

A1) Budgets and finances

o Sponsoring and funding

Events and festivals are popular to sponsor because they create a social atmosphere in which the target market can be reached, thus offering organisations an opportunity to expose their products (Allen *et al.*, 2008:145, 347).

The sponsors of the 2009 MCQP were:

Table 3.5 MCQP sponsorships (2009)

Sponsors	Cash	In-kind
Red Bull	R20 000	R 60 000
Distell	R45 600	-
Dunhill	R45 600	-
Pernod Ricard	R34 200	-
Aquastar	R9 120	-
Radio coverage	-	R30 000
Media/PR coverage	-	R62 000
SAB (infrastructure)	-	R30 000
Operational sponsorships	-	R145 000
TOTAL	R154 520	R327 000

Source: McMahon (2010)

Cash sponsorships totalled R154 520 and in-kind sponsorships amounted to an estimated R327 000.

○ **Ticket sales**

Tickets were sold at various prices, depending on how far in advance a ticket was bought. Prices ranged from R220 for standard tickets to R450 for VIP access. Tickets were sold via the following outlets:

- Computicket – Nationwide;
- Balletique – Sea Point;
- The Party Corner – Sea Point;
- The Glen Boutique Hotel – Sea Point;
- For Men Only (FMO) – Sea Point;
- Café Mannhattans – Sea Point;
- Café Mannhattans – De Waterkant;
- Bar Code – De Waterkant;
- Amsterdam Bar – De Waterkant;
- Rainbow Trade – De Waterkant;
- Crew Bar – De Waterkant;
- Hot House – De Waterkant;
- Cape Town Tourism;
- Camerrooms – Sandton, Morningside and Bedfordview;
- University of Cape Town; and
- Rainbow Society.

A total of 2240 tickets were sold or distributed; 696 tickets were sold at the above outlets (excluding Computicket); Computicket sold 960 tickets online; and 584 complimentary tickets were distributed.

○ **Financial status**

MCQP budgets have fluctuated during its 16 years of operation. These budgets have been dependant on funding or sponsorship that was received during the course of a year. This places the event organiser in a financially high risk position in the months leading up to the party, although the trend is that the sale of tickets allows MCQP to break-even. Financial results as at 23 December 2009 indicated that the MCQP made its first ever profit of approximately R87 000.

Overall cash income was R810 737, and included revenue from ticket sales, bar sales and cash sponsorships. Overall expenditure amounted to R722 744. MCQP costs included operational expenses, venue hire, infrastructure, advertising, production costs and sub-contractors (DJ's, sound and lighting and security).

- **Marketing**

The MCQP spent an estimated R170 000 on marketing and marketing related costs. Advertising ranged from posters on lampposts, various local magazines and newspapers, radio stations, digital displays in nightclubs and social media online advertising on Facebook and Mamba. The 'Toolbox Project' theme was launched on 19 September 2009 at Crew Bar in the De Waterkant gay village, three months prior the festival.

B) VENUE AND PRODUCTION

The venue for the 2009 MCQP, the Old Biscuit Mill in Woodstock, was hired for one day, on Saturday, 19 December 2009, and 25 people were involved in preparing the venue for the event. The doors opened on Saturday, 19 December at 21:00 and closed at 04:00. An official after party was set up at Bronx/Navigaytion nightclub in the De Waterkant gay village from 03:00 to 09:00 on Sunday, 20 December 2009.

B1) Party Zones

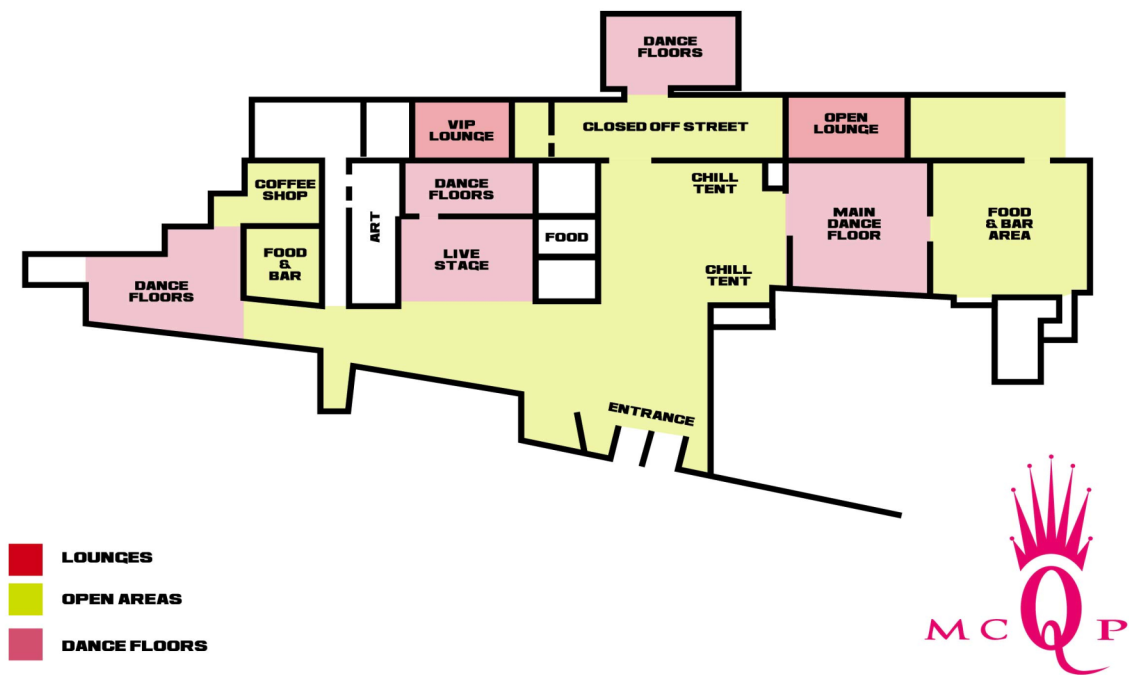


Fig 3.1 Map of the MCQP venue (Old Biscuit Mill)

The venue was divided into several 'party zones', which included five dance floors, various restaurant/vendor areas, VIP and standard lounges, an entrance area, an art exhibition area and six bar areas.

B2) Production

International DJ's flown in specifically for the MCQP included Masashi Osaku (Japan), Jim Rivers (UK), Colin Jowell and Troy Cox (Australia) and Red Richard (Minneapolis, USA). South African artists included Flash Republic, Dean Fuel, Chris Stock and DJ Amanda. Several other performances added to the evening's programme.

C) MAJOR CHALLENGES

C1) Venue

A challenge, which faces the MCQP committee each year is to find a different venue that can hold 4000 – 5000 festinos, and that consists of various areas for different dance floors and styles of music, as well as a variety of ambiances through different decor. The cost of hiring these venues is another great limitation.

C2) Funding and sponsorship

The MCQP has attempted in previous years to receive funding or financial assistance from the City of Cape Town without any success. Funding and sponsorship were extremely hard to obtain in 2009, as could be expected for any event that was hosted during the height of a global recession (see section 4.4.4).

C3) Advertising

With the general rise in advertising costs, the MCQP had to cut on certain print media. 'Straight' media such as the Cape Times and Cape Argus were omitted. The local gay newspaper 'Pink Tongue' was also omitted owing to the MCQP committee's belief that the newspaper is not distributed widely enough.

C4) Staff

Budget for a full time staffer is limited. An event manager is, therefore, hired two to three months prior the festival, which places added pressure on the directors to source a venue, sponsorships and other organisations themselves.

3.5 SOUTH AFRICAN GAY COMMUNITY

As noted earlier, much less was known about gay tourism in developing countries such as South Africa since a majority of gay studies has been focused on western and USA gay communities. The Associated Business Network South Africa's (ABNSA's) Gay

Consumer Profile of 2008 was the first and the largest, most comprehensive and most representative gay consumer survey in South Africa's history. In August 2007, the Gay Pages Magazine launched a nationwide survey among the gay community. By May 2008 all the completed surveys had been received. In total, 15 000 printed questionnaires had been distributed. The typical pitfall of completing questionnaires en masse at gay venues and events was avoided, as this would have skewed the results and not have provided a representative sample. A vast majority of respondents were male, with the target audience being 'out' men and women who could be reached through print, the Internet, media and mailed printed questionnaires. The statistical analysis on the report was done by Qualitative Quarter, an independent market research company, and the results were verified by Theta Projects and analyzed by the University of Pretoria's Gordon Institute of Business Science. Prior to this study, no previously independent analysis and verified representative scientific research data was available. This study is historically significant because of the record number of questionnaires that had been distributed all over South Africa. The research highlights the purchasing power and brand loyalty of the gay community and the results are analysed in Table 3.6 below.

The following is an adaptation of the A.B.N.S.A. Gay consumer profile 2008:

Table 3.6. ABNSA gay and lesbian consumer profile

<p>GENDER</p> <ul style="list-style-type: none">• Male: 96.5% ; and• Female: 3.5% . <p>AGE</p> <ul style="list-style-type: none">• Median Age: 29 <p>EDUCATION</p> <ul style="list-style-type: none">• 3% did not graduate from high school;• 27% graduated from high school;• 3% completed one year post-matric studies;• 7.5% completed two year post-matric studies;• 34% hold a degree or diploma;• 17% hold an honours degree;• 5.5% hold a masters degree; and• 3% hold a doctorate.

OCCUPATION

- 47% are self-employed;
- 75% are in management positions; and
- 60% work in small companies.

Occupation categories:

- Hospitality – 14% ;
- IT – 10% ;
- Retail – 9%
- Motor industry – 7% ;
- Education – 6% ;
- Advertising, Marketing & PR – 8% ;
- Finance – 6% ;
- Travel & Tourism – 5% ;
- Architecture & Landscaping – 4% ;
- Engineering & Construction – 3% ;
- Estate Agents – 3% ;
- Export & Wholesale – 3% ;
- Farming – 3% ;
- Freight, Logistics & Warehousing – 3% ; and
- Full-time Student – 3% .
- Medical – 3% ;
- Public Service – 3% ;
- TV & Film – 2% ;
- Aviation – 2% ;
- Human resources – 2% ; and
- Retired – 1% .

INCOME

- Median monthly income: R30 000
- 15% earn less than R6 000 per month;
- 85% earn between R6 001 and R9 000 per month;
- 78% earn between R9 001 and R18 000;
- 58% earn between R18 001 and R45 000 per month;
- 24% earn between R45 001 and R60 000;
- 15.5% earn between R60 001 and R80 000 per month; and
- 9.5% earn more than R80 001 per month.

With so many cohabiting couples in the community, it means that gay households have a high disposable income, especially if they have no children. This led to the development of the term DINKs.

TECHNO SAVVY

24 brands were identified. The following seven brands dominate the market with 84% of the total market share.

- Hewlet Packard 22% ;
- Apple 19.5% ;
- Dell 10% ;
- Mecer 9% ;

- Acer 9% ;
- Sony 7% ; and
- IBM 4.5% .
- 86% enjoy buying the latest electronic gadgets;
- 91% have bought electronic equipment in the past 12 months ranging from laptops to blackberry phones;
- 57% own a laptop PC;
- 31% own an iPod;
- 12% own a blackberry;
- 93% are Internet users; and
- 36% have been using the Internet for longer than 10 years.

This corresponds with international findings. Gays are considered 'early adopters' and are often at the forefront – if not actually spearheading – new trends.

Other than Mecer, who has advertised in the Gay Pages for 11 years, no efforts have ever been made by the technology sector to attract gay consumers.

BRAND LOYALTY

- 63% consider themselves to be brand loyal; and
- 47% consider themselves to be label conscious.

Overt label consciousness can be seen as slightly crass and possibly not in good taste. Label consciousness among gay consumers usually refers to clothing. Brand loyalty encompasses much more than just clothing and includes everything from toothpaste and breakfast cereal, to cars and computers. Conspicuous consumption in a post-modern context is frowned upon, and more subtle, artistic expressions of status are more readily embraced.

HEALTH & FITNESS

- 58% attend gym.

Virgin Active totally dominates this market segment at 83%. Planet Fitness was rated a distant second at 7%.

WELLNESS

- 66% go for regular wellness and beauty therapy treatments – far more than the straight male population.

GROCERIES

- 69% buy groceries at Pick 'n Pay;
- 62% buy groceries at Woolworths;
- 43% buy groceries at Spar; and
- 29% buy groceries at Shoprite and Checkers.

Groceries are mostly bought from more than one store.

TRAVEL

- 80% travel economy class;
- 17% travel business class;

- 2% travel using air charter;
- 1% travel first class; and
- 49% belong to a frequent flyer program.

Local:

- 70% travel more than three times per year locally; and
- 66% take three or more power breaks of fewer than four days at a time per year.

South African Airways, British Airways and Kulula are the three most frequently used airlines. Apart from Cathay Pacific, which advertised briefly in the Gay Pages in 2005, airlines are ignoring this market completely.

International:

- 21% travel internationally two or more times per year;
- 13% travel internationally once per year;
- 22% travel internationally every one to two years;
- 19% travel internationally every three – four years; and
- 25% have never travelled internationally.

The five top destinations are:

- 39% Europe;
- 26% UK;
- 10% Africa;
- 6% Far East; and
- 5% Australia

Travel habits:

- 25% travel out of season;
- 69% travel any time of the year;
- 6% travel in season;
- 85% stay in upmarket accommodation at least some of the time, if not all the time; and
- 50% stay in guest houses.

The number of correspondents who travel out of season and during off-peak times illustrates that there is unprecedented opportunity to target this market segment for out of season travel when occupancy is low.

IMAGE

- 69% consider themselves image conscious.

Image consciousness is far-reaching, from grooming, clothing, bed linen, pre-packaged foodstuffs, to gyms, cars and restaurants. Image is everything you do, own, aspire to and how you want society to perceive you. It is the sum total of the image you project of yourself. It touches every part of your walking- and sleeping- life.

LUXURY GOODS

- 74% are avid consumers of luxury goods; and
- 34% indicated that they spend more than average on acquiring luxury items.

Virtually no campaigns targeting gay consumers have been launched in South Africa, in sharp contrast to overseas trends.

JEWELLERY

- 50% buy jewellery for themselves.

No marketing has ever been done by the top jewellery brands for this market segment.

MOTOR CAR OWNERSHIP

Mercedes-Benz is the most commonly owned motorcar. Previously, BMW wore the crown as the most popular automotive brand to drive. Mercedes-Benz's advertising campaign targeting gay consumers for the last six years has obviously been successful. Cars feature high on the gay shopping list.

- 95% own a car;
- 25% own small cars;
- 29% own luxury sedans;
- 21% own mid size sedans;
- 10% own SUVs;
- 9% own convertible; and
- 8% own 'bakkies'.

Source: Adapted from Gay Pages (2008:42-45)

If Cape Town should target the South African gay niche and broaden the weakly developed understanding of this segment, it is important to consider this niche's market profile in order to successfully cater for this segment's needs at present and in future.

In estimating the size of segments, marketers often use secondary demographic data such as population census or undertake research, which can be extrapolated to the entire market. The size of the gay market is, however, difficult to establish (Pritchard *et al.*, 1996:13). According to the *Gay Pages Magazine*, the gay population is approximately 10% of the general population. It states that there are over 4.8 million gays in South Africa, which they argue is too large a consumer segment to ignore. The opinion is that advertising agencies, marketers and brand managers who ignore this market are overlooking an immensely significant niche. In this survey, and in all the international survey results consulted by them, respondents indicated that they would consciously support advertisers in gay media, and be much more aware of the portrayal of gay people in the media (Anon, 2008:45).

3.6 SUMMARY

Special events and gay tourism are imperative sectors of the diverse range of special interest opportunities, which are discussed in the framework in Figure 2.1. Despite the rapid growth in gay tourism, little is known about gay travel as one of the various segments of SIT, especially in the South African market. This chapter pointed out certain dynamics emerging from the gay tourist market in Cape Town and the possible strengths, weaknesses, opportunities and product needs, which are required to be a successful gay destination to continue to effectively compete internationally. It is important to note that the gay market segment, like any other, contains a host of sub-segments. In this case, there are two distinct segments, namely the 'pink raver', a young, carefree group that enjoys travelling to well-known and popular gay destinations, and the 'mature explorer' who are professionals and are less price sensitive than the 'pink ravers', and their choice of destination is based on less well-known and undiscovered destinations.

From a tourism growth perspective, the gay market offers huge potential as one of the biggest spending niche segments as it was argued that the gay niche usually has a high disposable income and no kids - DINKs. As a result of the fact that this segment tends to have few family responsibilities, they have a large pool of discretionary cash for travelling purposes. The chapter further analysed the development of gay civil society and explored the expansion of spaces that cater for the gay community, a part of the City now known as 'De Waterkant Village'. Another development area relates to the five annual festivals organised by the gay community. Festivals currently on offer in South Africa cover a wide range of themes and foci. One of the focus areas is identity groups such as the gay community, which has five annual festivals to choose from. One of these festivals, the MCQP, has played an important part in raising the profile of Cape Town as a gay destination, and has furthered the liberal nature of the city. The MCQP creates an opportunity for locals and visitors to spend money in Cape Town in the short run, which accelerates economic activity. The next chapter, therefore, places the economic impact of the 2009 MCQP into perspective.

CHAPTER 4

ECONOMIC IMPACTS OF SPECIAL EVENTS: THE MCQP

4.1 INTRODUCTION

The purpose of an economic impact analysis is to measure the economic benefits that accrue to a host community (Fayos-Sola, 1997:242). This concerns the enhancement of the way of life, economy and environment of that host community (Saayman *et al.*, 2004: 630).

This chapter provides an overview of the economic impact on the events tourism industry, with special attention to the host community, Cape Town, and the 2009 MCQP, the gay economic cycle and the positive and negative economic impacts of gay events tourism, including the 2009 MCQP. Determinants of the magnitude of the economic impact such as the multiplier effect and leakages, are also discussed. The chapter concludes with a focus on the economic impact measurement for events by explaining the framework for analysis, which is used to determine the economic impact of the 2009 MCQP.

4.2 AN ECONOMIC OUTLOOK: THE CITY OF CAPE TOWN

The City of Cape Town, one of South Africa's five metropolitan municipalities, has a relatively simple legislative structure and a high capacity functional municipality (South Africa, 2006:3). It is positioned in the southern peninsula of the Western Cape Province covering a geographical area of 2 479 km². Cape Town has a population of 3.4 million, 904 000 households, 294 kilometres of coastline and a Gross Geographic Product (GGP) of R 130 billion (City of Cape Town, 2010).

Table 4.1 is a summarized representation of Cape Town's community profile, as obtained from the provincial government, according to the last census, which was conducted in 2001. The population of Cape Town is represented by the following ethnic groups: Coloured (48.13%), Black African (31.69%), White (18.75%), Indian/Asian and other (1.43%). The gender profile is 48.02% male and 52.98% female. It is indicated that 32.64% of the population is between the ages of 18-43, with a large number of

Afrikaans-speaking people (41.43%), while the other languages include Xhosa (28.74%), English (27.95%) and other (1.88%). The Finance and Business industry, for example, investment, insurance and real estate, are the largest employers, which employ 19.46% of the working population; the manufacturing industry, for example, petroleum, chemicals and rubber products, metals, wood, paper, textiles and clothing, employing the second highest proportion (19.43%); the wholesale and trade industry, for example, telecommunications (mobile phones and airtime), grocery and convenience stores with the third highest proportion (17.93%); and government services the fourth highest employer with (16.87%). The remaining 26.29% of the population is employed in various sectors of community, social and personal services, agriculture, mining, transport, communication and construction. Unemployment is high at 29.17% (City of Cape Town, 2010).

Table 4.1 also indicates that 4.21% of the Cape Town community have no schooling, but in contrast, 12.59% have an education higher than Grade 12. The table further indicates that 42.23% of the population has an income of between R0 – R1600 per month.

Table 4.1 Profile of the Cape Town community (summary)

CATEGORY		DETERMINANTS & PERCENTAGES				
GENDER	Male	Female				
	48.02%	51.98%				
AGE	0-17	18-43	35-54	55-64	65+	
	32.43%	32.64%	24.36%	5.58%	4.98%	
LANGUAGE	Afrikaans	Xhosa	English	Other		
	41.43%	28.74%	27.95%	1.88%		
RACE	Coloured	Black African	White	Indian/Asian/Other		
	48.13%	31.69%	18.75%	1.43%		

EMPLOYMENT RATE	Employed	Unem- ployed				
	70.83%	29.17%				
OCCUPATION	Finance & Business Service	Manufac- turing	Whole- sale & Trade	Government service	Other	
	19.46%	19.43%	17.93%	16.87%	26.29%	
HIGHEST QUALIFICATION	No Schooling	Some Primary	Comple- ted pri- mary	Some secondary	Matric	Higher
	4.2%	11.8%	7.11%	38.87%	25.43%	12.59%
MONTHLY HOUSEHOLD INCOME	R0 – R1600	R1 601 – R6 400	R6 401 – R25 600	R25 601 – R102 400	R102 401 or more	
	42. 23%	41.10%	14.51%	1.80%	0.36%	

Source: City of Cape Town, 2010

Cape Town is South Africa's second-richest city in terms of Gross Domestic Product (GDP) per capita, after Johannesburg. As the province's economic hub, it produces 10.58% of South Africa's GDP and accounts for 71.10% of the Western Cape's economic activity. Based on these 2009 figures, Cape Town is the second main economic centre in South Africa (City of Cape Town, 2011).

A majority of the City's economic activity is driven by small, medium and micro enterprises (SMMEs). According to the Department of Trade and Industry's Companies and Intellectual Property Registration Office, approximately 75% of its businesses can be classified as such. Furthermore, SMMEs account for 50% of the City's output. In 2009 the City's real GGP was R188 456 million (constant 2005 prices). Other economic drivers include (City of Cape Town, 2011):

- Finance, insurance, real estate and business services and business services;
- Manufacturing; and
- Wholesale and retail trade, catering and accommodation.

Tourism has been identified as a potential high growth sector. Globally, 935 million international arrivals were recorded by the World Tourism Organisation with a growth rate of 7% in 2010. South Africa received 8 904 million tourists that year. Arguably, as a result of the economic recession of 2009, international tourist arrivals declined by 4.2% to 880 million. The international tourism receipts reached US\$852 billion, a decline of 5.7% from the previous year (UNTWO, 2010). During a three month period from July 2010 – September 2010, tourist arrivals to South Africa reached 1 399 434. South Africa received the most visitors from Africa and Middle East (1 041 491), followed by Europe (200 541), the Americas (82 467) and Asia/Australasia (70 050) in 2010. A reason for Africa's increase was the 2010 FIFA Soccer World Cup, which was hosted in South Africa. This resulted in an enormous image boost for the country. The lag in Europe was owing to several economies that were affected by the ash cloud from Iceland's erupting Mount Eyjafjallajokull, which caused European airspace to be closed (UNTWO, 2010).

During the same three month period referred to above (July 2010 – September 2010), almost all (87.4%) visitors to the Cape Town region originated from overseas, followed by 8.2% who were domestic and 2.5%, who originated from Africa (excluding domestic). Of the overseas visitors, 20.3% were from the UK, followed by the USA (15.1%), Germany (7.7%), Australia (6.6%), the Netherlands (5.8%), 2.7%, respectively from Italy and Canada, and 2.2% from Switzerland and Japan, respectively (City of Cape Town, 2011).

4.3 'GAY' ECONOMIC CYCLE

The gay economic cycle depends on the supply and demand of goods and services (adapted from Van Schalkwyk, 2004:32) to understand the actual economic benefits that accrue to a host community during a festival such as the 2009 MCQP, hence it is important to understand the principles of supply and demand (Van Blarcom, 2001:1).

- 'Demand' can be defined as (adapted from Bull, 1993:26):

The driving force of need in the economy, which stimulates gay entrepreneurial activity in producing goods and services for the gay tourist and local community as required to satisfy that need in exchange for the appropriate reward.

- 'Supply' can be defined as (adapted from Cullen, 1997:105):

The value of final output that gay businesses are prepared to sell plus the value of imports. Money that is paid to firms goes to wages and profits, taxes, while some is saved for future investment.

It is impossible for supply and demand to function independently as supply and demand are mutually dependent. Therefore, the level of economic activity depends on the demand for, and the supply of, final goods and services (Cullen, 1997:104), for example, the demand for gay infrastructure in Cape Town is met by an abundance of supply (see Table 3.2).

The economic processes that take place in an economy such as the Cape Town economy, can be illustrated by the gay economic cycle (Figure 4.1) below, which outlines the main stakeholders in the economy (adapted from Van Heerden, 2003:16-17).

- **THE HOST COMMUNITY (CAPE TOWN)**

According to Van Heerden (2003:16), production converts resources called inputs into outputs or products that are (expected to be) of enhanced value. He states that the term production factor is the traditional collective name for inputs, which are classified into land, labour and capital. The community (Cape Town) sells production factors that they own to gay tourism-related organisations (local gay oriented businesses) and in selling these production factors, the community receives an income from these organisations. The income is then used to buy products and services from other mainstream organisations to satisfy the needs of the local community.

- **GAY TOURISM-RELATED BUSINESSES**

The utilisers of the production factors, as mentioned above, are gay businesses in Cape Town. The term production factor is used because the latter differs from business to business. The production process is the method or technique, which is

used by the business to produce a product or service (Cullen, 1997:50), for example, hosting a festival such as the MCQP. They remunerate the gay community for the production factors that they purchase from them. By selling these goods and services to the gay community, an income is generated for these businesses. Expenditure by these businesses on capital goods and supplies is called investment. These investments are part of capital stock and are used to produce even more outputs in future. In the event sector, the latter can be seen as the upgrading of the infrastructure of the host community (Cullen, 1997:51) such as the upgrading of Harrington Street and its several buildings in Cape Town's CBD during the 2008 MCQP.

- **CAPE TOWN GOVERNMENT**

Cape Town's provincial government of the Western Cape influences the local economy in a number of ways. In the first place, government receives its revenue from the collection of taxes from the community (income tax and value added tax - VAT), organisations (company tax) and the foreign sector (import duties). Secondly, like organisations, it also uses production factors to produce goods and services that normal organisations do not supply (such as roads, streetlights and sewage disposal). Remuneration is paid to the owners of production factors (the local and gay community) and these products and services are supplied to the gay community and gay businesses. Finally, the government may use some of its income from taxes to grant subsidies to gay businesses and the gay community (and local community, in general).

- **FOREIGN SECTOR**

Imports from foreign countries increase goods and services that are available in the economy, while export of goods and services to foreign countries decrease the number of goods and services that are available in the economy. Conversely, exports cause an inflow of money (referred to as foreign exchange) in the economy as foreign countries pay for goods and services that are received. Imports cause an outflow of foreign exchange as South Africa has to pay foreign countries for products and services that are rendered.

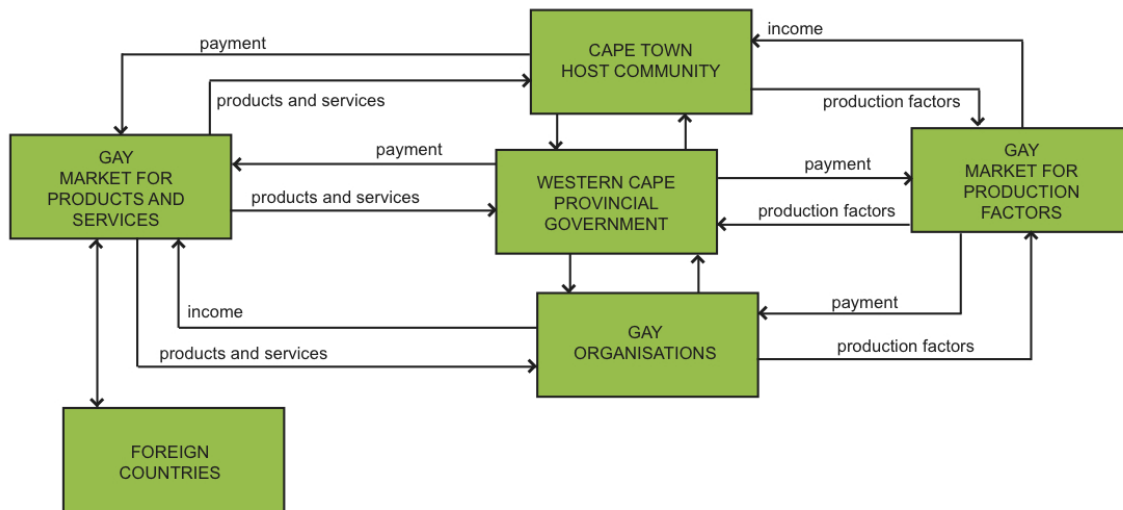


Figure 4.1: Gay economic cycle

Source: Adapted from Van Heerden (2003:17)

When people save money (put aside resources for future use, or if current output is not used) it is extracted from the circular flow because the money does not flow to gay businesses, as would be the case if the gay community had used it for consumption purposes (adapted from Cullen, 1997:51). Cullen states that most services are consumed almost immediately once they are produced and believes that in the tourism industry, goods and services are consumed while producing them. According to Saayman (2000:98), savings are, therefore, classified as a leakage from the circular flow. Saayman also mentions that taxes cause a decreased money flow to organisations and it is also a leakage. The last leakage, according to Saayman, is imports because when products are imported, money flows to foreign countries and not to domestic producers who can re-use it to employ more production factors. The degree to which these leakages occur in the gay economic cycle will also play a vital role in the economic impact that an event will have on a community. Events and festivals, the 2009 MCQP in this instance, that cause additional money to enter the circular flow are called injections. The following spending components are classified as injections (Saayman, 2000:98):

- Investments;
- Exports; and
- Government spending.

Economic impact studies are then used to understand consumers' or festinos monetary injections (Van der Merwe, 2008:52).

4.4 ECONOMIC IMPACTS OF SPECIAL EVENTS SUCH AS THE MCQP

When summarising Gelan's (2003) article on *The Economic impacts of the 1999 Golf British Open*, it became evident that spending or injections at events, is one of the major issues that a researcher should consider when conducting an economic impact analysis. The measuring of value or worth of an event does not only entail measuring visitor spending. Saayman *et al.*, (2004:638) indicate that locals spend less money at festivals than visitors, thus the festival should aim to attract more tourists. However, they (2004:636) also mention that when many locals support a festival, it could be interpreted that the local community takes ownership of the event, which is vital for the sustainability of an event.

The economic impact of the arts on a community was first studied in 1970. Prior to that, culture was considered as an inconsequential contributor to the economy (Van der Merwe, 2008:50). In South Africa, the growth rate of the events industry is becoming more important, and even higher than the 10 – 15% growth that is predicted as the annual growth rate of the tourism industry (Slabbert, 2004:20). Economic impact studies aim to find the value that an event brings to a host community (Van der Merwe, 2008: 51). The question of an event's worth is one that has been asked globally by all economists, development agencies, and businesses (Van der Merwe, 2008:51), and more recently, gay events, as Visser (2002:92) argues that gay tourism, especially in South Africa, is an under-researched field.

Van Schalkwyk (2004:30) defines economic impacts as 'the net change in an economy resulting from an event. The change is caused by activity involving the acquisition, operation development, and the use of facilities and services (such as gay infrastructure, see Table 3.2 and general tourist attractions, see 5.3.10.1). These, in turn, generate visitor spending, public spending, employment opportunities and tax revenue.'

The main determinants of the magnitude of a festival's economic impact are stated by Saayman *et al.*, (2004:638) as:

- Festival size;
- Length of the festival;
- Festinos' length of stay;
- Expenditure of festinos;
- Amount of money received from sponsorships; and
- Festival location.

4.4.1 ECONOMIC IMPACT: KEY EXPENDITURES TO INCLUDE FOR MCQP

Three different expenditures should be included in the economic impact study of the 2009 MCQP, namely that of the organising committee, the locals, as well as visitors (Saayman & Saayman, 2006:579; Shone & Parry, 2004:113).

The first expenditure that could be included is that of the organising committee (MCQP). According to Saayman *et al.*, (2004:631), few organising committees consider the cost aspect when hosting the festival, as they use funds that are received from sponsors and stall space renters and ticket sales to organise the festival. The costs that organisers incur include, for example, payments to artists, equipment and venue hire, marketing and employee wages (Van der Merwe, 2008:53). Crompton (1999:32-33) states that the local community is expected to be more concerned with net, rather than gross economic benefits. According to Crompton, this process involves identification of all festival-related costs and subtracting their economic value from positive economic impacts shown by an analysis. He believes that should costs exceed benefits, the festival may not be a good investment for the community (Crompton, 1999:33). See p. 43 for details on the 2009 MCQP expenses.

The second expenditure is that of locals, which Gelan (2003:409) states could influence the accuracy of an economic impact assessment. Crompton (1999:18) also notes that local residents' expenditure should be included if locals stay in town, particularly to attend the event rather than holidaying elsewhere. According to Gelan (2003:409), the debate on whether to include local spending in the economic impact analysis has attracted much attention. He mentions that asking festinos how much they spent, without distinguishing between tourist and local spending, will result in high numbers and values that the festival organisers will use to obtain sponsorships (Gelan, 2003:409). As

proposed by Gelan, local residents were included in the study of the 2009 MCQP (see Table 5.7), as the festival created an opportunity for locals to spend money in the Cape Town area in the short run, thereby accelerating the economic activity of the area. According to Crompton and McKay (1994:33-43), it is important to ensure that what is being calculated are not approximations of total festival spending, but rather an estimate of the *extra spending* that may accrue to the City as a result of the festival. The key point is that relevant items of expenditure that should be included in economic impact studies are those 'that would not otherwise have occurred' (Mules, 1998:29). To determine the extra expenditure by local residents, local respondents of the 2009 MCQP study were asked whether they spent more on items (specific categories listed in Question 12 in Addendum A) than on a normal night out, and how much more they spent on various items. Only the additional spending as a result of the 2009 MCQP was included in the economic impact analysis.

The third type of expenditure is that of the visitors. Tohmo (2005:432) indicates that tourists at events and festivals financially support not only festival-related stores and activities, but also local shops, food and accommodation, which provide establishments (in this particular instance, the gay businesses of Cape Town) as well, and hence contribute much more to the economy than merely attend the festival. Small *et al.*, (2005:68) believe that the evaluation of festivals and events and the associated expenditure, as explained above, plays a key role in the magnitude of impacts, both positive and negative, and their relative importance to the host community, and especially the local gay community of Cape Town in this study. They state that such information promotes deeper understanding of issues concerning the community by festival organisers and assists organisers to develop future strategies to maximise the positive impacts, and minimise the negative impacts of the future festival or event (see section 6.3.1).

4.4.2 NEGATIVE ECONOMIC IMPACTS OF SPECIAL EVENTS SUCH AS THE MCQP

Crompton (1995:33) notes that 'too often, only positive economic benefits associated with visitors are reported, and costs or negative impacts inflicted on a community are not considered'.

The following are possible negative economic impacts that accrued owing to the 2009 MCQP:

- Events tourism creates mostly seasonal employment (Van Schalkwyk, 2004:88); see section 5.2.4;
- Increased prices for goods and services could occur as a result of an event being hosted in an area (Van Schalkwyk, 2004:88) see section 5.3.15;
- Tourism's participation costs tend to be high, which could discourage local participation (Hughes, 2000:19) see section 5.3.15; and
- An event leads to leakages out of the local economy as many stall owners/artists do not originate from the host city and do not re-spend their earnings in the local economy (Slabbert, 2007:39) see section 5.2.6 and 5.4.2.

Dwyer *et al.* (2000:32) state that infrastructure development as a result of events tourism could in time be underutilised such as the Cape Town Stadium, which was built for the 2010 FIFA Soccer World Cup. Other negative impacts resulting from events may be, for example, as in the *1996 Grahamstown National Arts Festival*, the pressure on infrastructure, traffic flow problems, overcrowding of the city, increased crime levels and intense competition between local stores and visiting traders. The study further mentions the inconvenience experienced by local residents, mainly caused by noise and litter, and a lack of parking (Antrobus, *et al.*, 1997:22).

4.4.3 POSITIVE ECONOMIC IMPACTS OF SPECIAL EVENTS SUCH AS THE MCQP

Although the potential for positive economic impact is often a major factor in pursuing events, other reasons are evident. The following are positive impacts of the 2009 MCQP:

- Leads to added income (Van Schalkwyk, 2004:88) see section 5.4.1;
- Links the MCQP to leisure activities such as shopping and dining (Opperman & Chon, 1997:153) see section 5.3.10.1;

- Creates employment (Heilbrun & Gray, 2001:357; Strydom *et al.*, 2006:89; Getz, 2000:19) see section 5.2.4;
- Events tourism could lead to the economic revitalisation of the host site (Daniels & Norman, 2003:215) such as the old biscuit factory in Woodstock during the 2009 MCQP; and
- High expenditure of visitors and locals (Opperman & Chon, 1997:153) see section 5.3.14

Other positive impacts of event hosting include increasing of property values (Dwyer *et al.*, 2000:32), and increasing of tax revenues (Van Schalkwyk, 2004:88).

The demand for events and the magnitude of each is influenced by impacts such as the rate of income levels and the price of tourism (Slabbert, 2004:68). The external environment consists of five influential areas, each with underlying factors that could inhibit or improve the outputs of an event (Slabbert, 2004:64), thus increasing or decreasing the magnitude of an event's impact. The five influential areas, (which cannot be controlled by the event organiser) include social and cultural, competition, technological, economic, and political areas (Figure 4.2) (Slabbert, 2004:199). The following section focuses on the economic factor as one of these influential areas, as this research attempts to measure the economic impact of the 2009 MCQP.



Fig 4.2 External influencing factors

Source: Van der Merwe (2008:63)

4.4.4. ECONOMIC INFLUENCES ON SPECIAL EVENT IMPACTS OF THE 2009 MCQP

The economy is a term, which is used to denote the patterns of economic activity in a country, including production and employment, income, consumption and living conditions (Cullen, 1997:49). Slabbert (2004:68) states that economic conditions

prevailing in a country will influence the magnitude of an event's impact. Slabbert also believes that these economic conditions should be considered before hosting an event. Statistics South Africa (STATSSA) reported that South Africa joined the global recession in May 2009 and that it was the country's first recession in 17 years. They reported that South Africa's GDP growth rate for the first quarter of 2009 stood at minus 6.4 percent quarter-on-quarter, seasonally adjusted and annualised, compared with a minus 1.8 percent contraction in the fourth quarter of 2008 (two consecutive quarters of negative growth mean that an economy is technically in recession). STATSSA also revealed in June 2009 that 179 000 jobs had been lost in the first three months of the year and that the Department of Labour said that it had received more than 226,000 applications for unemployment insurance between September 2008 and the end of February 2009 (South Africa, 2009). The author believes that the global recession has resulted in a decrease in attendance numbers at the 2009 MCQP, as the festival drew only 2240 festinos compared to the much more successful 2010 MCQP that drew 7462 festinos. As a result of the increased number of festinos, the 2010 MCQP made a profit of approximately R400 000 compared to the estimated R87 000 made in 2009, and income grew from R810 737 to R1 726 715, which totals an increase of 113% (information provided by McMahan, 2011).

Other external economic factors that influence the magnitude of event impacts are multipliers and leakages (Van der Merwe, 2008:70). These factors are discussed next, with a possible effect on the depressed 2009 MCQP attendance figures.

4.4.4.1 MULTIPLIER CONCEPT

According to Van Heerden (2003:28), the aim of an economic impact analysis is to estimate the additional expenditure that is generated within a local economy or region from the staging of a particular festival, for example, the 2009 MCQP. Van Heerden indicates that this additional expenditure provides direct income to the organisations involved (gay businesses of Cape Town in this regard), indirect income to the suppliers of these organisations, and induced income, when the local income that is earned as a result of the direct and indirect income, is re-spent within the local economy. The additional income continues to circulate around the economy, but with each successive round of expenditure the flow of income is reduced as income leaks from the local

economy to firms and organisations, which are based outside the region. Richards (1996:81-82) states that the total of direct, indirect and induced income expressed as a proportion of the initial expenditure is referred to as the multiplier. According to Richards, and as implemented in the 2009 MCQP analyses, most economic impact studies of events and festivals involve estimating the level of *additional expenditure* owing to the staging of the event primarily by surveying visitors to the event (Addendum A) and by using a multiplier (Tables 5.13 – 5.15) to estimate the level of additional income resulting from the event.

According to Lickorish and Jenkins (1997:66), a multiplier analysis is used to estimate the ongoing impact of tourist expenditures in the economy. They argue that 'initial (*direct*) tourism expenditure will give rise to import demand to service tourists' needs, and that much of the initial expenditure will percolate through the economy to stimulate further *indirect* expenditure, and expenditure *induced* by the initial expenditure.' They believe that this process reflects tourism as a multi-faceted activity and that it is essentially interdependent, relying for its activity on inputs from many sectors of the economy (see Table 5.1).

The following section explains the differences between *direct*, *indirect* and *induced* impacts, and asks questions of what impact they had had on the 2009 MCQP.

- **DIRECT ECONOMIC IMPACT**

The direct component is the initial round of spending at businesses in the local economy (Archer, 1976:115), and particularly gay businesses in this research. Stoddard *et al.*, (2006:103) mentions that it includes fees paid to attend festivals such as entrance fees paid to enter the 2009 MCQP (see p. 43 for MCQP ticket sales). Crompton (1999:23) states that 'it is the first round of visitor spending, that is, how much the restaurateurs, hoteliers, and others who received the initial money spend on goods and services with other industries in the local economy and pay employees, self-employed individuals and shareholders who live in the jurisdiction'. Heilbrun and Gray (2001:645) propose that direct spending should be determined by conducting a survey of relevant parties (Addenda A and B).

- **INDIRECT ECONOMIC IMPACT**

Stoddard *et al.*, (2006:103) state that the indirect component is the subsequent increase in employment and income, which are derived from the need to satisfy the initial direct consumption and that it includes visitors' expenditure not pertaining to the festival itself (Table 5.7). Indirect spending could be explained as money flow arising from business/stall owners at the 2009 MCQP, paying wages and salaries to their staff. The next round of spending begins when these employees spend money by using their incomes to buy goods and services (Heilbrun & Gray, 2001:346). Expenses incurred by business/stall owners of the 2009 MCQP to purchase from their suppliers could also be included in the indirect expenses and the indirect economic impact (adapted from Eadington & Redman, 1991:50).

- **INDUCED ECONOMIC IMPACT**

The induced impact is the 'further increases in employment, income and revenue as local income increase the level of local consumption' (Archer, 1976:116). It could be described as third and fourth rounds of spending that have an indirect link to event expenditure or economic impacts (Van der Merwe, 2008:72). According to Stoddard *et al.* (2006:103), induced spending is 'expenditure by the event organisers' workers, therefore, the employees of MCQP (direct includes expenses by visitors to the event and indirect includes expenses of event organisers to workers).' Another example of induced impacts is when local residents experience an increase in their income as a result of tourist expenditure in the region (Eadington & Redman, 1991:50).

4.4.4.1.1 TYPES OF MULTIPLIERS

There are a number of different types of tourism multipliers. Confusion over these different multipliers has limited the usefulness of a number of secondary impact studies (Archer, 1982:237) and, therefore, a breakdown will be given to familiarise the reader with the different types of multipliers and the multiplier, which was used for the 2009 MCQP.

For example, Lickorish and Jenkins (1997:67) distinguish between the following types:

- Income multiplier - this measures the additional income created in the economy as a result of an increase in tourist expenditure;
- Government revenue multiplier - this measures the impact on government revenue as a result of an increase in tourist expenditure;
- Employment multiplier - this measures the total employment created by an additional unit of tourism expenditure;
- Output multiplier - the amount of additional output generated in the economy as a result of an increase in tourist expenditure. The main difference with the transactions or sales multiplier (next bullet) is that the output multiplier is concerned with changes in the actual levels of production and not with the volume and value of sales; and
- Transactions or sales multipliers - an increase in tourist expenditure will generate additional business income. This multiplier measures the ratio between two changes; the effect of an extra unit of tourist spending on economic activity within the economy. As the name implies, this multiplier relates tourism expenditure to the increase in *business turnover*, which it creates (Archer, 1982:237). This type of multiplier was used for the 2009 MCQP (see section 4.4.4.1.4).

4.4.4.1.2 MULTIPLIER PROCESS

The multiplier process is shown diagrammatically in Figure 4.3. According to Crompton *et al.*, (1994:34), the process begins with a group of festinos, in this instance, gay visitors to Cape Town and the local gay community, who spend their money at four different types of establishments in Cape Town. These expenditures constitute the *direct* economic impact on the community. In this 2009 MCQP study, one can assume that gay tourists spent their money at gay establishments, including gay restaurants, gay hotels, gay retail shops and paid entrance fees to attend the MCQP. Figure 4.3 shows the six different ways in which each of these gay establishments could disburse the money that it receives. The three local depositories of funds that receive money in

round one, and in successive rounds that did not leak from the community, will continue to spend this money in the same six ways. The gay visitors' initial expenditure is likely to experience numerous rounds as it seeps through the economy, with portions of it leaking from each round until it declines to a negligible amount. These subsequent rounds of economic activity are termed *indirect* impacts. The proportion of household income (employees' incomes), which is spent locally on goods and services is termed the *induced* impact. This is defined as the increase in economic activity, which is generated by local consumption owing to increases in income. The *indirect* and *induced* effects together are frequently called *secondary* impacts. Thus, the *direct*, *indirect* and *induced* contribute to the total impact of a given injection of money by gay visitors. It is only when all three levels of impact are estimated that the full impact of event tourism (and in this research, gay tourism) expenditure is fully assessed (Cooper *et al.*, 1997:114).

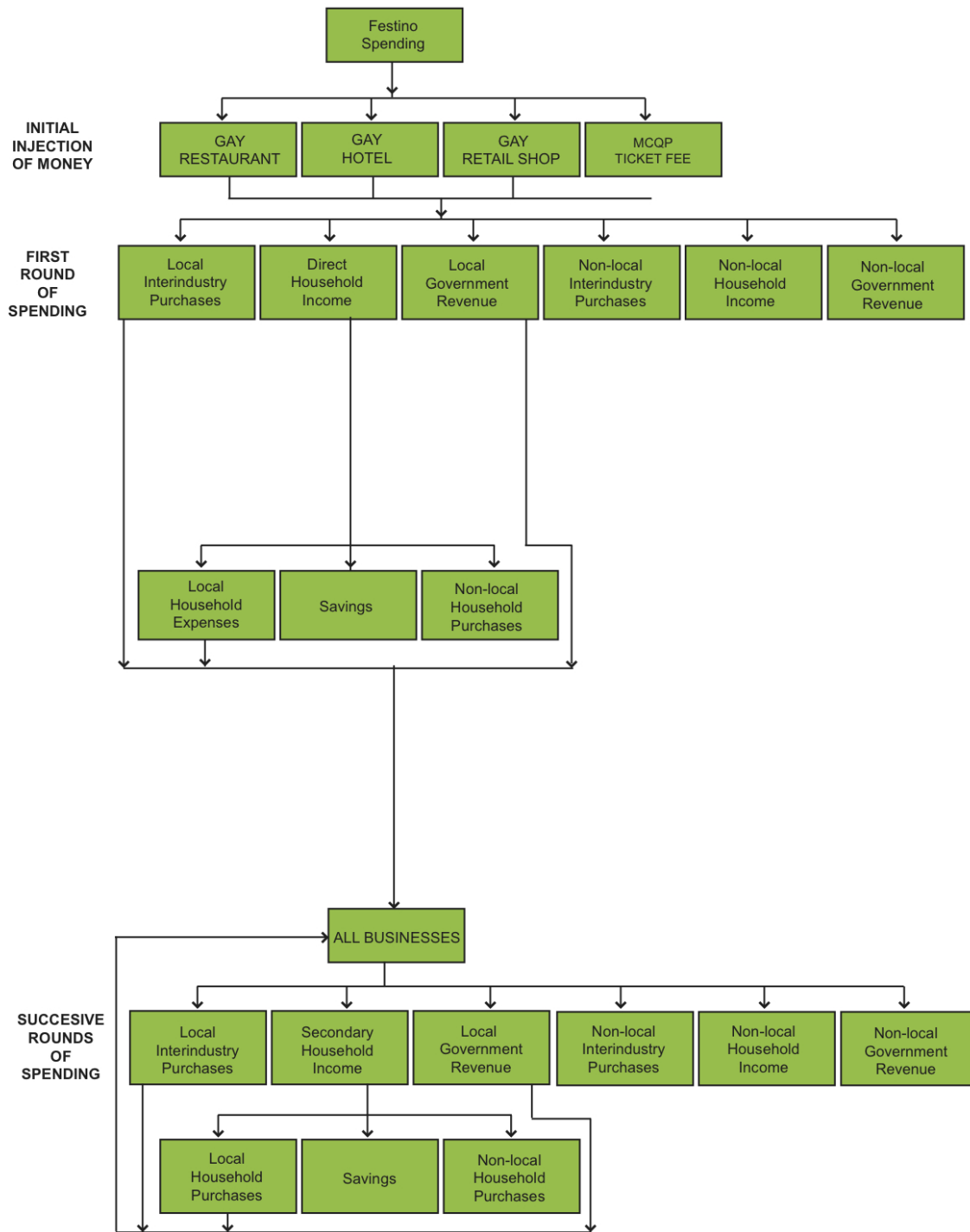


Figure 4.3: Multiplier process

Source: Adopted from Crompton (1999:21)

To put the multiplier effect into action, additional expenditure, which result in income, is needed (Van Heerden, 2003:32). The following is an adapted list of the main sources of

income (Saayman, 1997:38):

- Payment of salaries and wages of MCQP staff;
- Taxation on gay tourists, income and profits as well as custom taxes;
- Rental of gay tourism establishments; and
- The sale of products from gay businesses.

According to Van Heerden (2003:34), the multiplier is an easy way of quantifying the impact of tourist activity on an area, but believes that care must be taken to deal with the limitation of the process as it is derived from a simple income expenditure (or expenditure-income) model in macroeconomics. Therefore, the next section discusses the weaknesses of the multiplier as a quantifying method of determining the economic impact on a community, with a possible ramification on the 2009 MCQP.

4.4.4.1.3 WEAKNESSES OF THE MULTIPLIER CONCEPT

Cullen (1997:133) lists the following weaknesses, which are also applicable to the 2009 MCQP economic analyses:

- Investment and government injections may be *induced* by changes in income. These can cause fluctuations in the local economy and alter the level of income;
- The multiplier effect only continues if the increased level of injections are maintained;
- The income-expenditure approach assumes that there is spare capacity in the economy so that any increase in demand is immediately matched by an increase in supply without a rise in prices. Wanhill (1988:137) proposes that this can be resolved by adjusting the calculations of capacity constraints;
- Leakages from the system are affected by the marginal propensity to consume (= 1 - marginal propensity to save). This is known to vary over the economic cycle and consequently the model should allow for this; and
- The value of the multiplier varies according to area and methods that are used (see

next section for the multiplier formula used in this research).

4.4.4.1.4 MULTIPLIER FORMULA

As mentioned in section 4.4.4.1.1, the multiplier used for this study can be viewed as a sales multiplier that indicates 'the additional local economic impacts as monies are re-spent by local merchants to purchase supplies and services' (Pollock *et al.*, 1994:264).

The multiplier could be represented by the following algebraic formula (Heilbrun & Gray, 2001:347):

$$K=1/(1-mprl)$$

where K is the multiplier and the marginal propensity to re-spend, and received monies in the local economy is *mprl*. From this formula, one can deduce that the value of K would increase and denominator's value would decrease with a higher propensity to re-spend locally. Re-spending, which is caused by saving money, paying taxes, or when money is spent outside of town, is one of the multiplier's size influences as well as the links between various sectors of economy in the community (Van der Merwe, 2008:71).

If re-spending does not occur, thus not creating more expenditure in the town, it is seen as a 'leakage' in the multiplier effect (Kelly & Godbey, 1992: 411). This results in a lower multiplier value (Crompton, 1999:22), which means that the ratio between *direct* spending effects to *indirect* and *induced* spending decreases (Heilbrun & Gray, 2001:347).

Another external economic factor that influences the magnitude of event impacts is leakages.

4.4.4.2 LEAKAGES

Coltman (1989:225) believes that the multiplier effect is not completely advantageous as some money brought into an area by tourists will leave that area in a process known as 'leakage'.

These leakages include the following (Coltman, 1989:225):

- Taxes levied on revenue;
- Marginal propensity to save;
- Accommodation commissions to travel agents or tour operators whose businesses are outside the local area;
- Advertising and promotion expenditures paid to businesses outside the local area;
- Rent paid to absentee landlords;
- Interest and profit paid to 'outsiders'; and
- Tourists' use of credit cards and travellers cheques that do not benefit local banks.

Crompton (1999:22) asserts that the larger the defined area's economic base, the smaller the leakage that is likely to occur and the larger the value is likely to be added from the original expenditures. Thus, according to Crompton, a multiplier coefficient for a small city is likely to be smaller than that for a larger city, while that for a city will be smaller than that for the country, which is likely to be smaller than that for a multi-country area, which, in turn, will be smaller than the multiplier for a statewide economy.

In order for Cape Town to benefit from a festival such as the 2009 MCQP, leakages should be determined and minimised. Leakages can be divided into three categories (adapted from Saayman, 2001:107), which are outlined below.

- **IMPORTS**

If the community of Cape Town can provide for gay tourists' needs sufficiently, little should be imported to meet gay tourist needs and the community will benefit more than a community that has to import to provide for tourists' needs.

- **SAVINGS RATIO**

The savings ratio is the proportion of personal disposable income that is saved. The main factors that affect the savings ratio are the rate of interest and expectations. As interest rates rise, tourists will generally wish to save more and travel less, since savings will be more profitable and borrowing more costly.

- **TAXES AND SUBSIDIES**

The supply of goods and services for gay tourists is affected by indirect taxes such as VAT and excise duty, and also by subsidies. In the event of the imposition of taxes or subsidies, the price paid by the visitor is not the same as the price received by the tourism organisation. For example, Computicket imposes a commission on MCQP entrance tickets. The MCQP organisers would, therefore, receive less than what they sell the ticket for.

To aid in the determination of leakages from the economy, additional information was obtained from the MCQP organisers concerning the appropriation of ticket fees and sponsorships (donor fees) (see p. 42 - 43). The multiplier is, therefore, derived from the business questionnaire (Addendum B, also section 1.6.2.2). Although it is basic, it is an attempt to obtain a more realistic view of the magnitude of the indirect and induced effects (Strydom *et al.*, 2006:92).

Some researchers set out to measure economic impacts, but their methods and estimates fall short. Instead, they end up with a measure of economic scale – the total size of expenditure associated with an event (Van Heerden, 2003:62). In order to validly measure or estimate the economic impacts of an event on a host community, specific goals such as the determination of the local income and employment created for residents of the area, and sometimes long-term, indirect impacts - such as improved ability to attract investment – must be considered (Getz, 1997:337).

4.5 ECONOMIC IMPACT MEASUREMENT

Probably the most unique aspect of festival evaluation is the complexity of addressing all the perspectives on festivals - even the smallest should consider their impact on the community and environment (Getz, 1997:331).

Getz (1997:335-336) states that before a festival evaluation such as the 2009 MCQP can be conducted, there are certain major types of data needed, depending on the type of evaluation, for example, visitor profiles, economic impact, marketing, motivations and activities and spending. Getz tabulates these measures and methods, which are

required to obtain the data in Table 4.3, and which was used as a guideline in the 2009 MCQP analyses.

Table: 4.2 Basic data needs and methods

Data Types	Specific Measures	Methods
	Attendance	
<ul style="list-style-type: none"> Total festival/event attendance 	<ul style="list-style-type: none"> Total number of visitors (see p. 43 for MCQP ticket sales) 	<ul style="list-style-type: none"> Ticket sales Market area surveys
	Visitor Profiles	
<ul style="list-style-type: none"> Profile of each visitor 	<ul style="list-style-type: none"> Male or female (Figure 5.6) Age in years (Figure 5.7) Employment status (Figure 5.9) Income level (Figure 5.10) 	<ul style="list-style-type: none"> Visitor questionnaire (Addendum A) Market area survey Direct observation
	Market Area and Trip Type	
<ul style="list-style-type: none"> Origin of trip 	<ul style="list-style-type: none"> Country, state, city, or town (Figure 5.12) Accommodation used (Table 5.5) 	<ul style="list-style-type: none"> Visitor questionnaire (Addendum A)
<ul style="list-style-type: none"> Type of trip 	<ul style="list-style-type: none"> Number of nights (Table 5.3) 	
	Marketing, Motivations	
<ul style="list-style-type: none"> Information sources 	<ul style="list-style-type: none"> Media consulted (Figure 5.16) 	<ul style="list-style-type: none"> Visitor questionnaire (Addendum A)
<ul style="list-style-type: none"> Reasons for the trip 	<ul style="list-style-type: none"> To the area (Figure 5.14) To the event Importance of event in motivating trip (see section 5.3.8) 	
<ul style="list-style-type: none"> Satisfaction 	<ul style="list-style-type: none"> Things that pleased (see section 5.3.12) Things that displeased (see section 5.3.12) Intent to return (Figure 5.16) 	<ul style="list-style-type: none"> Visitor questionnaire (Addendum A)

Data Types	Specific Measures	Methods
	Activities and Spending	
<ul style="list-style-type: none"> Activities outside the event 	<ul style="list-style-type: none"> Activities in the host community (see section 5.3.10) 	<ul style="list-style-type: none"> Addendum A
<ul style="list-style-type: none"> Expenditures 	<ul style="list-style-type: none"> At the event and on the trip (Table 5.7) <ul style="list-style-type: none"> -Accommodation -Food/beverages -Alcoholic drinks -Non-alcoholic drinks -Shows/entertainment -Souvenirs (shopping at stalls) -Festival tickets -Clubbing (after party) -Costume -Tourist activities -Transport -Other 	
	Economic Impacts	
<ul style="list-style-type: none"> Total incremental visitor expenditure at event; in community Total attendance X visitor expenditure at event and outside Macro-economic impact 	<ul style="list-style-type: none"> Total incremental income plus secondary and induced effects (Table 5.13 – 5.15) Sales multiplier (see section 5.4.2) 	<ul style="list-style-type: none"> Visitor questionnaire (Addendum A) Business questionnaire (Addendum B)
<ul style="list-style-type: none"> Employment created 	<ul style="list-style-type: none"> Full- and part-time (Figure 5.4) 	<ul style="list-style-type: none"> Business questionnaire (Addendum B)

Source: Adapted from Getz (1997:335- 336)

The Input-Output (I-O) model is a popular model, which is used to determine the size of the multiplier and the impact of visitor spending on the economy of a country (Saayman *et al.*, 2004:631). Van Heerden (2003:7) recommends an I-O analysis because it could lead to estimates of direct, indirect and induced effects for income, employment and expenditure. However, as he mentions in his study on *The economic impact of the Aardklop National Arts Festival in Potchefstroom*, the research does not allow for an opportunity to use the I-O analysis, because the economy that is measured is too small and it does not represent the whole production structure (Van Heerden, 2003:7).

Walpole and Goodwin (2000:563) remark that large-scale techniques such as the I-O model are often inappropriate to determine local economic impacts where significant data are often unavailable. They state that the best way to calculate the economic impact of festivals in smaller communities is to obtain information from primary data sources by means of conducting surveys at businesses (supply side) and tourists (demand side), which was the methodology of the research (section 1.6.2).

4.5.1 ANALYTICAL FRAMEWORK FOR THE 2009 MCQP

The analytical framework applied to this study to determine the economic impact of the 2009 MCQP is similar to that described by Gelan (2003:414) and Strydom *et al.*, (2006:91) in which a distinction is made between festinos from other cities (non-local) and local festinos. The focus is on the quantifiable elements of the local economic impact analysis and analytical clarity is provided by translating the relationship of spending by different segments of visitors into algebraic formulations. The analytical model is provided in Table 4.3 below (as adapted from Strydom *et al.*, 2006:91).

Table 4.3. System of equations to estimate local economic impact

Equation Description	Number
$S_j = N \sum_i S_i \alpha_{i,j}$	(1)
$S = V_e \sum_j \lambda_{v,j} + L_s \sum_j \lambda_{l,j} + \sum_k S_k$	(2)
$V_e = \phi V$	(3)
$L_s = \Psi L$	(4)
$\lambda_{v,j} = \delta_{v,j} \beta_{v,j}$	(5)
$\lambda_{l,j} = \delta_{l,j} \beta_{l,j}$	(6)
$S = \phi V \sum_j \delta_{v,j} \beta_{v,j} + \Psi L \sum_j \delta_{l,j} \beta_{l,j} + \sum_k S_k$	(7)
$DS = \phi V \sum_j \delta_{v,j} \beta_{v,j} + \Psi L \sum_j \delta_{l,j} \beta_{l,j} + \sigma_j \sum_k S_k$	(8)
$TS = \mu (\phi V \sum_j \delta_{v,j} \beta_{v,j} + \Psi L \sum_j \delta_{l,j} \beta_{l,j} + \sigma_j \sum_k S_k)$	(9)

Source: Adapted from Strydom *et al.*, (2006:91)

S_j represents total spending on a specific spending category (j), N denotes total number of tourists; \sum denotes the sum of variables; S_i is group i's share in total visits; and $\alpha_{i,j}$ is

average spending of a member of segment i on expenditure category j . S_i consists of two major groups: locals (L_s) and tourists/visitors who are in the area because of the event (V_e). $\lambda_{v,j}$ and $\lambda_{l,j}$ are average daily spending on expenditure category j per tourist and per resident, respectively, while S represents total spending. S_k represents organisers' expenditure.

Since the relative size of each group would be known only after the survey, it becomes necessary to express V_e and L_s as proportions of total tourists (V) and total residents (L), respectively, with ϕ and Ψ representing the corresponding ratios (equations 3 and 4). Note that locals are already accepted as a weighted population ($L_s = \Psi L$) since the question was phrased to ask about the *additional spending* owing to the festival. Similarly, it is necessary to reduce the amount of daily expenditure, $\beta_{v,j}$ and $\beta_{l,j}$, by using the proportion that is incurred in the community, $\delta_{v,j}$ and $\delta_{l,j}$. This yields net daily expenditure by each spectator group, $\lambda_{v,j}$ and $\lambda_{l,j}$ (equations 5 and 6). The substitution of equations (3)–(6) into equation (2) gives equation (7) as a generalized model. (This is done to show how the variables translate into the 'extended' version of the original framework, hence the substitution of the defined variables in the original equation). Equation (7) is the extended version of (2) and, therefore, it is a better description of the model and so forth.

It is important to note that some of the goods that are sold locally are imported from outside of Cape Town and that some of the festinos' spending will leave the local economy. Thus, a capture ratio (σ_j in equation 8 & 9) only captures that percentage of money from the survey that is spent and remains in Cape Town. Capture ratios are only applied to festival tickets, costumes and transport. Expenditures on all other items are entirely captured within the local economy. The key point here is that capture ratios vary from place to place depending on the size and structure of the local economy for which the economic impact study is undertaken. In any case, once the size of local spending is estimated, then expenditure on imports are excluded by applying the capture ratio and obtaining the direct sales (DS) effect on the local economy (equation 8).

A key element of an economic impact analysis is to trace the chain reaction that follows from the first round or direct sales effect. Tourism sector multipliers (μ) enable one to

obtain secondary (or indirect) and induced effects, which give the total sales (TS) effect (equation 9).

4.6 SUMMARY

The aim of this chapter was to provide an overview of the economics in the context of event tourism and to relate tourism economics to the 2009 MCQP. Various methods to determine the economic impact of an event such as the MCQP exist, of which the most accurate one is the I-O Modelling System. However, this study does not allow the opportunity to use the I-O analysis, because the economy that is measured is too small and it does not represent the whole production structure. Large-scale techniques such as the I-O model are often inappropriate to determine local economic impacts where significant data are often unavailable. It is therefore, proposed to use direct estimation from primary data sources, which are obtained from surveys of businesses (supply side) and tourists (demand side) and to analyse the data in the analytical framework (Table 4.3) '*System of equations for estimating local economic impact.*' In this framework a distinction is made between festinos from other cities and local festinos. The focus is on the quantifiable elements of the local economic impact analysis, and analytical clarity is provided by translating the relationship of spending by different segments of visitors into algebraic formulations. Major reliability and validity problems are inevitably encountered, which often results in the making of unwarranted assumptions and the use of inappropriate techniques, especially with regard to the application of multipliers, therefore, economic impact analysis is an inexact process and output numbers should be regarded as a 'best guest' rather than being inviolably accurate.

The following chapter reflects on the results from the empirical research, which was conducted on the 2009 MCQP to determine the economic impact from this special event on the host community, Cape Town.

CHAPTER 5

CAPE TOWN GAY TOURISM: EMPIRICAL RESULTS

5.1 INTRODUCTION

Walpole and Goodwin (2000:563) recommend that surveys should be conducted amongst festinos and businesses to estimate the demand and supply of products (stock) and services; therefore, two different types of questionnaires were used to collect data, namely (1) a visitor questionnaire to determine primarily the festival-related expenses undertaken; and (2) an economic impact questionnaire (business questionnaire) to determine the multiplier, leakages from the Cape Town area, and profits/losses made by gay businesses.

It is the purpose of this chapter to interpret the results of the empirical research; to determine whether the local economy benefits from the MCQP; and to measure the economic impact of the festival on Cape Town. The chapter is divided into three main sections. The first part focuses on the business questionnaire. The second part discusses the results of the survey of festinos at the festival, and lastly, the economic impact of the 2009 MCQP is calculated and evaluated.

5.2 RESULTS OF THE BUSINESS QUESTIONNAIRE

Business surveys were conducted after the MCQP from 20 December 2009–13 January 2010. A majority of questionnaires were completed by means of personal interviews, while telephonic interviews and e-mails were also used.

The business survey focused on economic impacts such as job creation, leakages, and impacts on annual income. The total number of businesses according to the criterion (see section 1.6.2.2.1) and thus the population, was 85. The planned sample size totalled 41, of which 39 responded, hence a 95% response rate.

The main aim of the business questionnaire was to determine the benefits that these businesses derive from the festival and, from an economic impact point of view, to determine the magnitude of leakages from the Cape Town area. This information was

then used to estimate a sales multiplier effect (see section 4.4.4.1.1).

The following section discusses the business questionnaire results.

5.2.1 TYPE OF BUSINESS

Table 5.1 provides an overview of the types of gay businesses that were included in the business questionnaire.

Table 5.1. Type of business

Type of business	Percentage
Bar/Nightclub	23%
Escort Agency/Steam bath	10%
Accommodation Establishment	31%
Male Spa	3%
Restaurant	15%
Retail Shop	18%

Accommodation establishments formed 31% of the business questionnaires, while bars and nightclubs formed 23%. Eighteen percent of businesses were from the retail industry (3% clothing outlets; 3% liquor stores, and 12% 'party accessory' shops). Fifteen percent of respondents were from the food industry, namely restaurants, followed by 10% from the sex industry, namely gay escort agencies and male steam baths. Lastly, 3% of the sample was obtained from the beauty industry, namely male spas (grooming emporiums).

5.2.2 LOSSES SUFFERED

Special events such as the MCQP could lead to profits or losses, depending on the type of business. Some businesses might be victims of increased crime (theft) during the host period, while stock can depreciate as a result of excess stock or congestion can occur leading to less parking in front of the business resulting in a loss of sales and, therefore, revenue and profit.

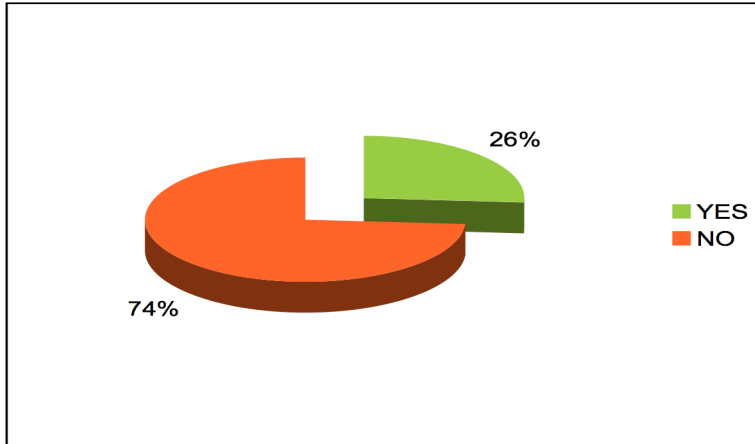


Figure 5.1 Losses suffered during the MCQP

Figure 5.1 shows that a majority (74%) of the businesses did not have any significant losses during the 2009 MCQP, although 26% indicated that they had experienced losses.

5.2.2.1 REASONS FOR LOSSES

Of the above 74% business that indicated that they suffered losses, a breakdown of reasons for these losses were required.

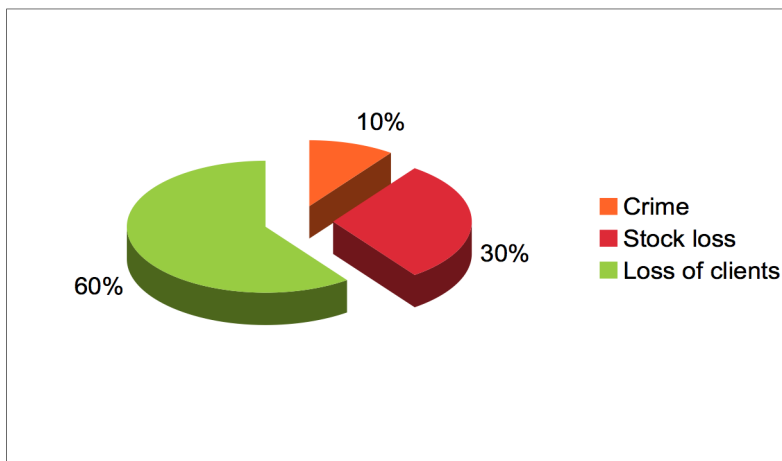


Figure 5.2 Reasons for losses

Of the businesses that suffered losses, 10% claim that the losses were owing to crime, 30% owing to stock being written off and 60% owing to a loss of clients. As the MCQP draws many locals, it may be understandable that some businesses, for example, bars/nightclubs, suffered a loss of clients on the evening of the 2009 MCQP as most locals would choose to attend the festival instead of visiting gay bars/nightclubs.

5.2.3 IMPACT ON INCOME

Businesses that participated in the survey were asked to indicate changes in revenue as a result of the 2009 MCQP.

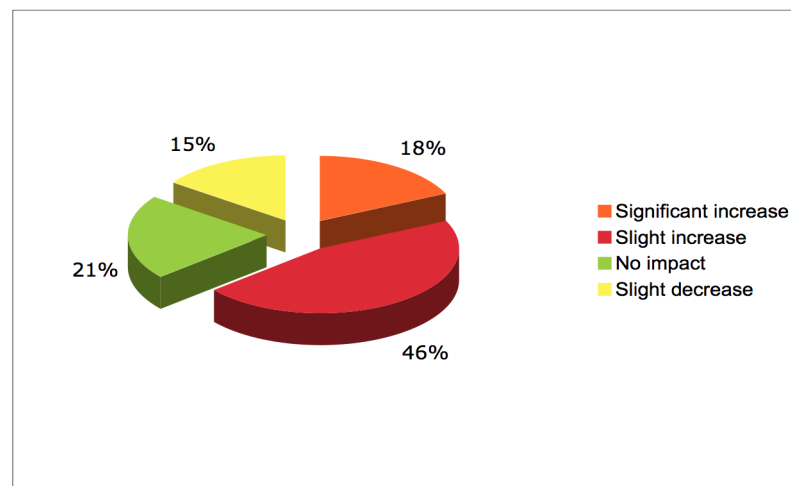


Figure 5.3 Impact on income

A majority of the businesses indicated that they experienced a slight increase in income (46%). Eighteen percent of the businesses experienced a significant increase in sales, while a further 21% stated that no change in their incomes took place, and 15% experienced a slight decrease. Those businesses that benefited from the MCQP festival included bars, nightclubs, escort agencies, accommodation establishments, male spa's, restaurants and retail shops (see Table 5.1).

5.2.4 JOB CREATION

Employment is an important issue from a festival viewpoint as Yeoman *et al.* (2004:33) state in a definition of a festival that it should contribute to job creation. Gay businesses that formed part of the survey were asked if they created additional employment as a result of the 2009 MCQP.

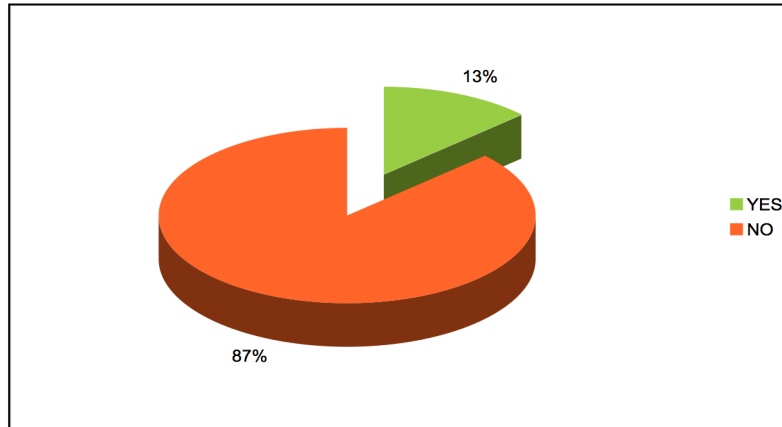


Figure 5.4 Job creation

Thirteen percent of the responding businesses indicated they had created additional jobs as a result of the 2009 MCQP. A total of 20% of these businesses only employed two extra employees, while 40% of the additional job creating businesses created three additional jobs, and 20% of the businesses employed four extra employees and a further 20% employed five additional workers.

The number of permanent additional jobs was low. However, this is understandable as the 2009 MCQP was a single night festival, which lasted for 10 hours. A total of 20% of the additional jobs that were created from the 2009 MCQP, are permanent. A total of 80% of the additional jobs that were created were temporary for the duration of the MCQP only. Therefore, it is clear that the event is responsible for a temporary increase in employment.

5.2.5 GAY COMMUNITY BENEFIT

Gay community events such as the MCQP benefit the host community as it broadens the mindframe of visitors owing to exposure to new ideas, participation in activities, creating a tolerant environment, building community pride, and enhancing a sense of place and feeling of belonging. Responding businesses were asked if they felt that the 2009 MCQP benefited the local community in terms of placing Cape Town on the international gay map and in terms of competing with other gay events worldwide.

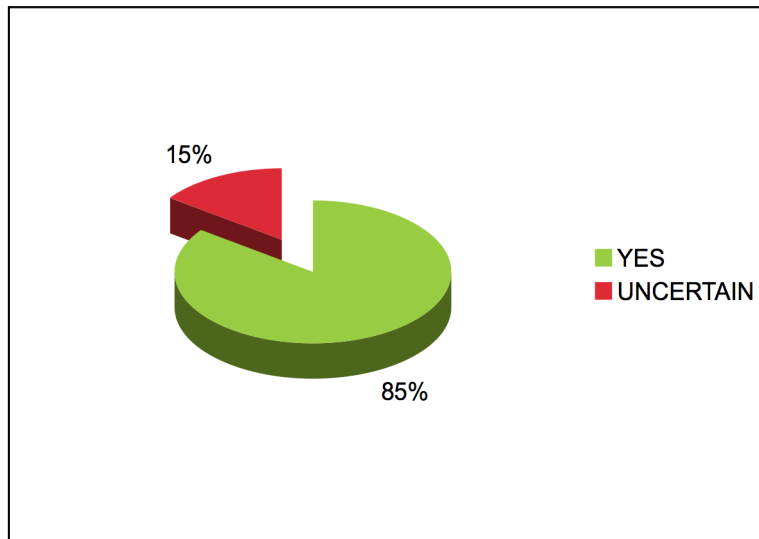


Figure 5.5 Gay community benefit

Figure 5.5 shows that 85% of the responding sample agreed that the local community benefited from the 2009 MCQP. Fifteen percent of the respondents were uncertain.

5.2.6 STOCK LEAKAGE

Table 5.2 indicates stock leakages caused by respondents of the business questionnaire that bought products (stock) and services from suppliers outside Cape Town. If more purchases are made outside of Cape Town and less locally produced products and services are bought, the less the economy will grow, contributing to fewer economic advantages resulting from the festival (Heilbrun & Gray, 2001:347).

The table shows the number of respondents in each type of business, as well as the average percentage of stock that is bought outside of the Cape Town area.

Table 5.2 Average leakages according to business type

Type of business	(n = 41)	Average percentage of stock bought outside the area
Bar/Nightclub	9	26.67%
Escort Agency/Steam bath	4	15%
Accommodation Establishment	12	19.17%
Male Spa	1	50%
Restaurant	6	22.5%
Retail Shop – Clothing outlet	1	40.00%
Retail shop – Liquor store	1	50.00%
Retail shop – Party accessories	5	47.00%
Total number of responses	39	30.99% (Average)

This information is applied as input to the multiplier used in the analysis. The basic Keynesian multiplier definition is applied as a rough estimate of the value of the multiplier. The multiplier is derived by means of the following formulae: Multiplier = $1/\text{leakages}$ (see section 4.4.4.1.4.). In order to determine the leakages, stock purchases from *outside* Cape Town were used as a proxy. The business questionnaire indicated that 30.99% of all stock bought by the businesses were bought from suppliers *outside* Cape Town and, therefore, the leakage ratio is 0.3099.

5.3 RESULTS OF VISITOR QUESTIONNAIRE

The visitor survey (see section 1.6.2.1) was conducted on the evening of 19 December 2009. Visitor questionnaires were interviewer-administered. The researcher aimed to administer 420 questionnaires to ensure that sufficient usable data was obtained. Successfully administered questionnaires totalled 396, which indicates a 94 percent response rate. The questionnaire included questions regarding event-related expenditure of festinos at the festival. Wilson (1984:88) indicates that the key determinants of the magnitude of economic impact of tourist spending included:

- Length of stay at the festival;
- Expenditure of visitors on different spending components; and
- Number of visitors.

Other questions in the visitor questionnaire included:

- Respondents' age;
- Gender;
- Sexual orientation;
- Income level;
- Occupation;
- Country/province of residence;
- Duration in Cape Tow; and
- Aspects regarding the MCQP.

Specific attention was paid to economic impact influencing factors that festinos had on the 2009 MCQP.

5.3.1 GENDER

In gay tourism literature it is often claimed that gay space has less significance for women; that more leisure space exists for gay men than for lesbians; that a majority of gay space is male dominated and that the gay market is assumed to be a gay male market (Ballegaard & Chon, 2009:78).

Festinos were asked to categorize themselves into male, female or transsexual to test the gender tendency.

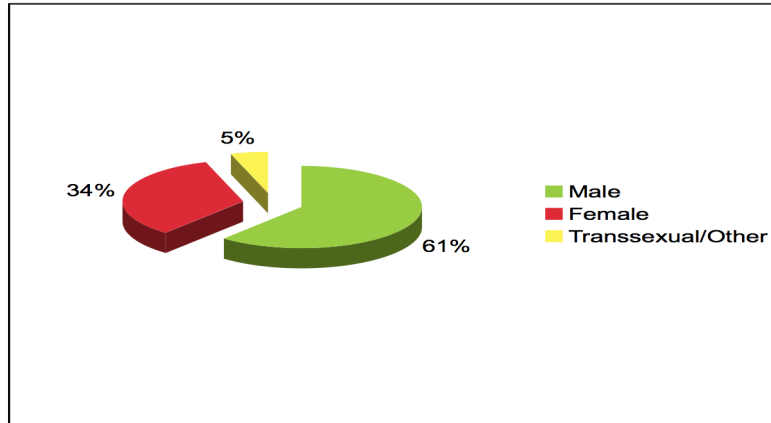


Figure 5.6 Gender

Figure 5.6 shows that 61% of respondents are male, 34% are female and 5% regard themselves as transsexual. These percentages indicate that a majority of gay space is indeed dominated by gay men as suggested above.

5.3.2 AGE

Ballegaard and Chon (2009:22) found that gays who attended events were mainly young, well-educated and wealthy people, hence the limitation of age categories below. Festinos were asked to categorize their age in order to test this theory.

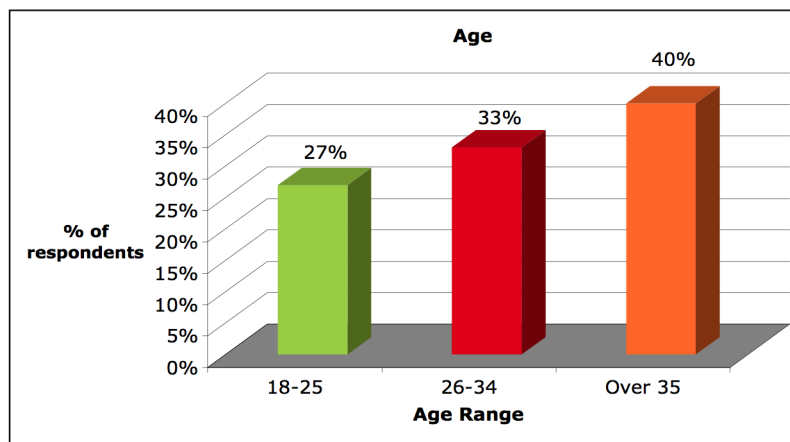


Figure 5.7 Age

It is clear from Figure 5.7 that most of the respondents (40%) are in fact, over the age of 35 years (contrasting Ballegaard and Chon's theory in the preceding paragraph), followed by 33% in the category 26 to 34, while 27% are between 18 and 25. It is thus important that the demands of the people over 35 be met as they make up 40% of the respondents. Entertainment that caters for these respondents' tastes should be emphasised. At the same time, the 26 - 34 age group's demands should also be satisfied since they represent a further 33% of respondents. The research results, therefore, do not correspond with the above theory as more attendees in the 18 - 25 age group could be attracted to the festival. This is an age group that consists of mostly students. Ticket prices might, therefore, be too expensive for this group (see Table 5.6).

5.3.3 LANGUAGE

The festinos were asked to indicate their language of preference in order to assist the MCQP with future festival planning. Knowing the preferred language of festinos, the MCQP can more accurately plan the future entertainment on offer.

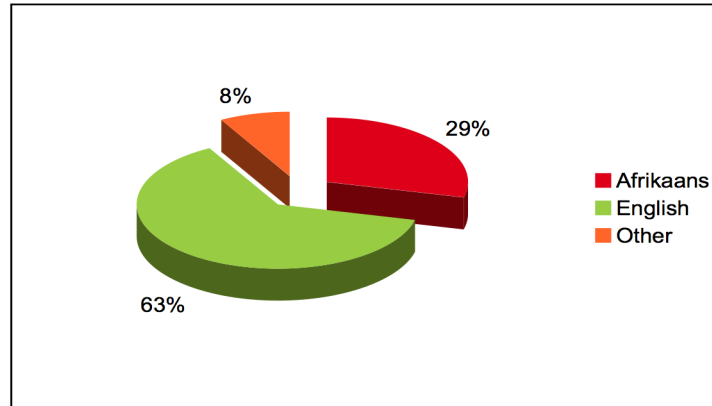


Figure 5.8 Language

Figure 5.8 indicates that almost two thirds of the festinos are English-speaking (63%), followed by Afrikaans (29%) and other (8%). The 'other' determinants are languages such as Dutch, French, German, Shona, Xhosa and Zulu. The results indicate that it is mainly an English festival. The MCQP should thus provide entertainment in English and use English as the main language of advertising and promotion.

5.3.4 OCCUPATION

The gay market is regarded as DINKs. However, it is, at the same time, suggested that income varies among gays in the same way as it varies between heterosexuals (Ballegaard & Chor, 2009:11). Various authors of gay tourism studies (Waitt & Markwell, 2006; Howe, 2001; and Philip, 1999) claim that gay events are dominated by well-educated, wealthy gay men and, consequently, are exclusive and limited to those people who look good and have money to attend.

Festinos were asked to indicate their respective occupations (Figure 5.9) and their incomes (Figure 5.10) to test this theory.

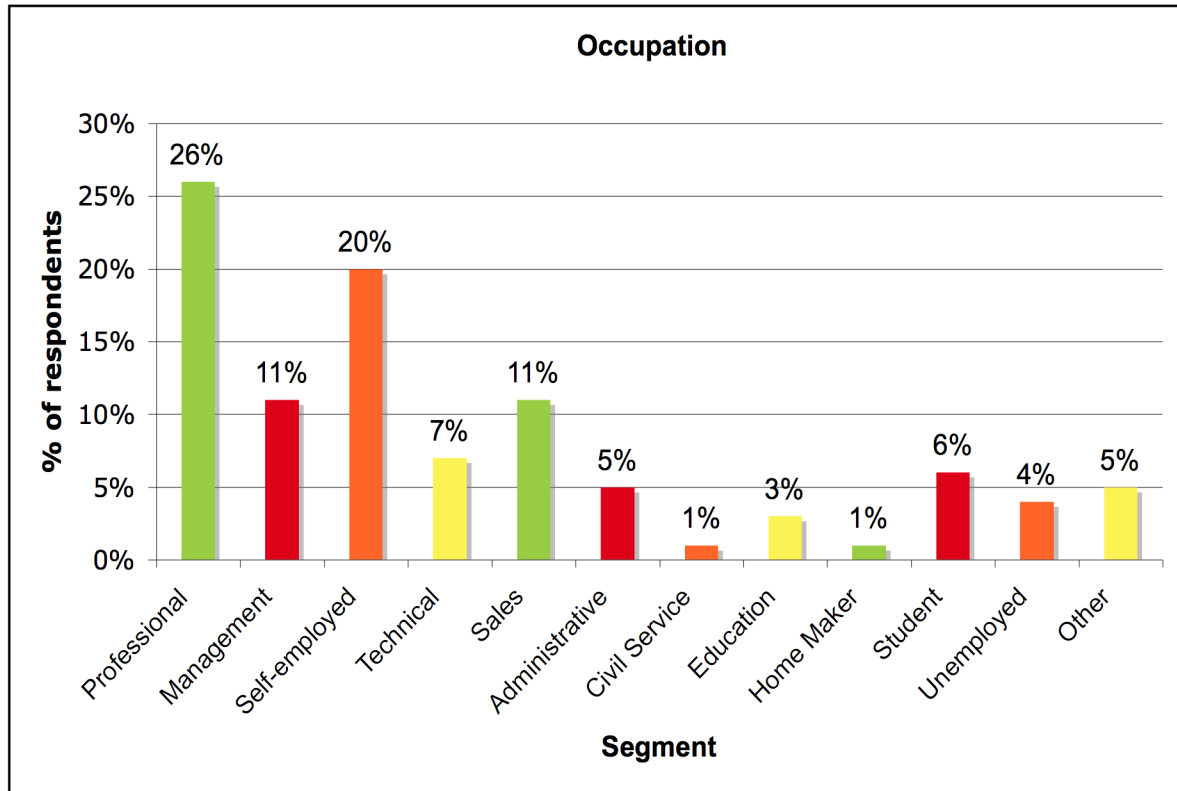


Figure 5.9 Occupation

According to Figure 5.9, 26% of respondents are professionals, 20% self-employed and 11% are in managerial positions and another 11% in sales. Seven percent are in the technical field, followed by students (6%), administrative workers (5%), unemployed

(4%), education (3%) and civil service and home makers, both contributing 1%, respectively. Five percent comprise an occupation that was not mentioned above. The 'other' determinants were, therefore, made up of jobs such as designers, beauticians, vocalists, hospitality industry workers and retired individuals.

5.3.4.1 INCOME

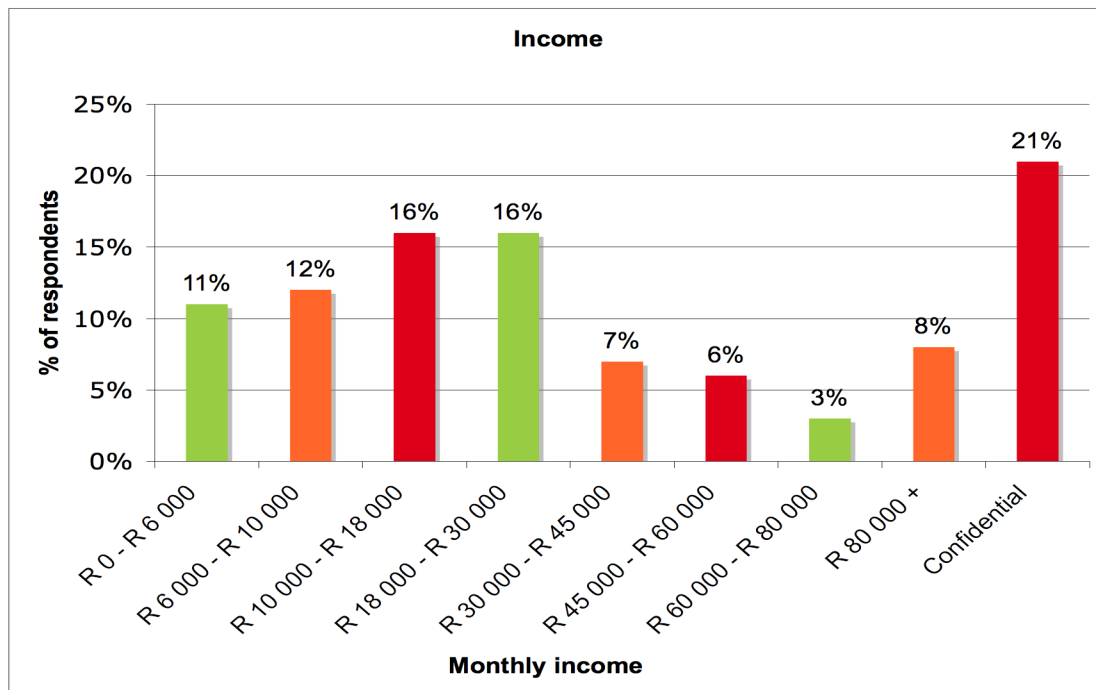


Figure 5.10 Income

According to Figure 5.10, most of the respondents (21%) felt that their earnings were confidential as they did not want to indicate their income. Second is the R18 000 – R30 000 income group at 16% equalling the R10 000 – R18 000 income group, with a further 16%. A total of 12% indicated that they earned between R6 000 and R10 000 per month.

When combined, 40% of the respondents earn more than R18 000 per month. This could be owing to the fact that 40% of the respondents were above the age of 35. Therefore, the above statement can be regarded as correct, since the income of gays varies in the same way as it varies among heterosexuals. However, if the MCQP could

attract more of these high-spending high-income tourists, the economic impact would increase without the number of festinos increasing.

5.3.5 SEXUAL IDENTITY

Howe (2001:50) defines sexual identity as a 'fluid set of meanings, which hinge on notions of sexuality and gender'. At present, the Constitution of South Africa prohibits discrimination on the basis of sexual orientation. Respondents were asked to indicate their sexual preference in order to get an idea of which percentage of festinos are comfortable enough to label themselves to a sexual identity and to determine, if any, the percentage of non-gay festinos attending the festival.

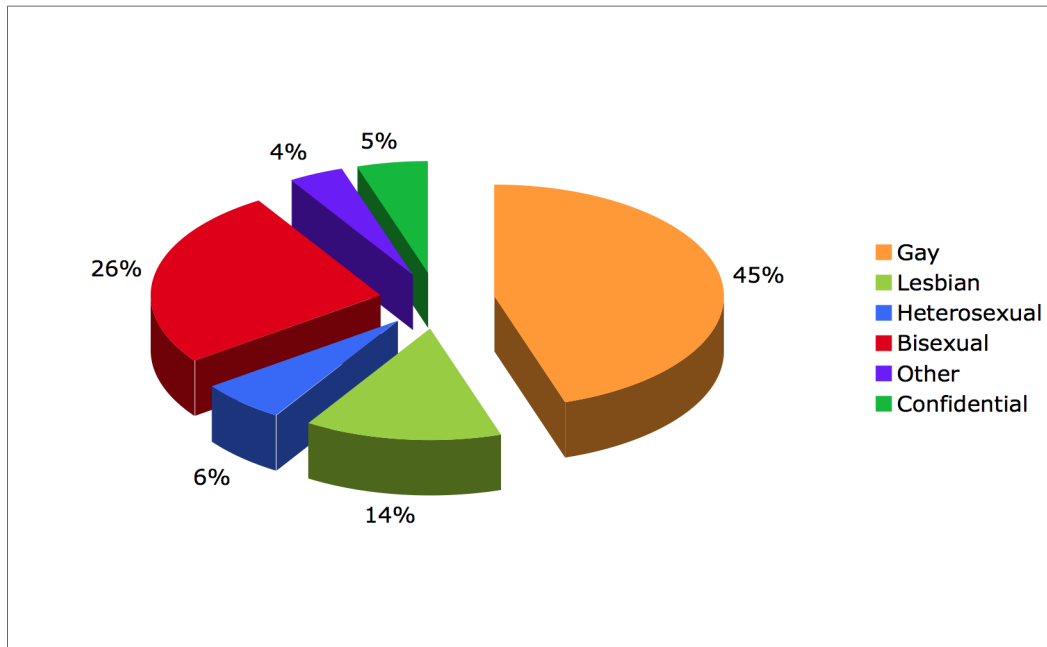


Figure 5.11 Sexual identity

Figure 5.11 indicates that 45% of the respondents were gays (male), followed by bisexuals (26%), lesbians (female) (14%), and heterosexual (6%). Four percent of the respondents could not categorize themselves among the given options and a further 5 % felt that their sexual identity was confidential. According to the above figure, the total LGBT attendance accounted for 85%, collectively.

Interestingly, 6% of the festinos indicated that they were heterosexual. The reason for their attendance is arguably as a result of the new constitution, which allows for a liberal city and an open-minded local community. However, Ballegaard and Chor (2009:22) points out that heterosexual tourists who go to see gay events want a freak show and are, consequently, re-establishing heterosexuality as normal. When gay sites and events are converted into tourist attractions, 'degaying' of events might be likely to occur (Ballegaard & Chor, 2009:73).

5.3.6 PLACE OF ORIGIN

The following figure is a breakdown of the festinos' place of origin. Festinos were asked to indicate their place of origin to assist the MCQP with future marketing, for example, which provinces and countries to target.

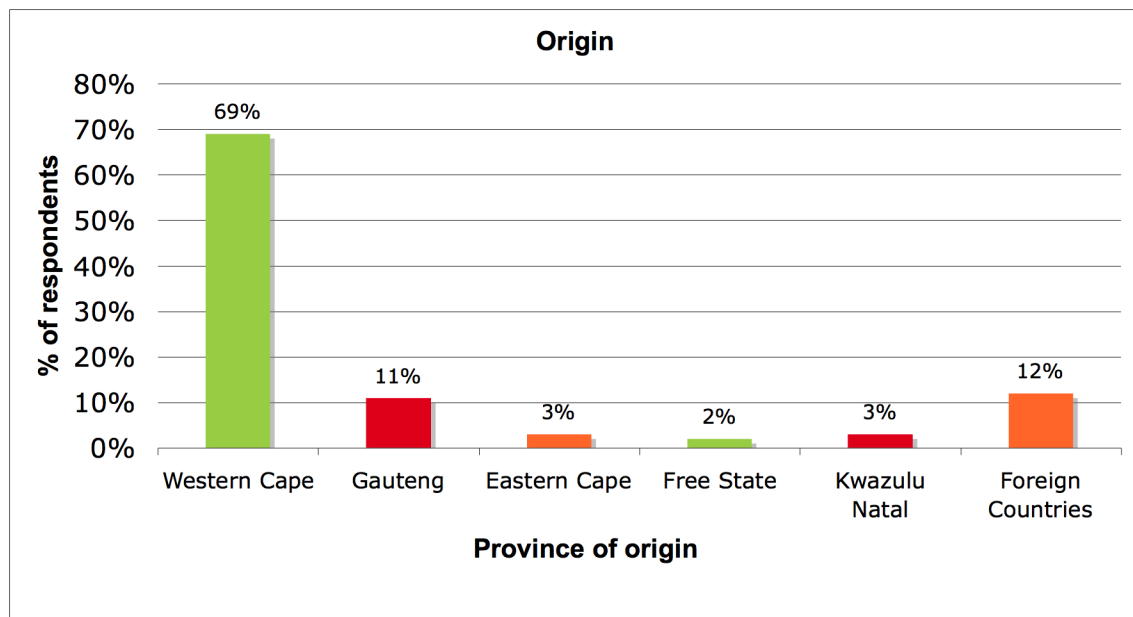


Figure 5.12 Place of origin

Figure 5.12 shows that a clear majority (69%) of festinos were locals who resided in the Western Cape, followed by 12% who originated from foreign countries, including Belgium, France, Germany, the Netherlands, Scotland, Sweden, the UK and the USA. A

total of 11% of festinos were from Gauteng, 3% from the Eastern Cape and Kwazulu Natal, respectively, while 2% originated from the Free State.

This result shows that other than the local Western Cape region, target areas for marketing the MCQP should include Gauteng, Europe and the Americas.

5.3.7 GEOGRAPHICAL FRAME OF REFERENCE

Gelan (2003:411) emphasizes the ‘spatial dimension’ or geographical frame of reference within which costs and benefits are assessed, is critical. The smaller the area of the reference (nation, state, region, or city), the greater the range of those attending who can be classified as visitors – and thus, the greater the number of attendees whose expenditure can be regarded as an injection of funds from outside. For this study, local residents are regarded as anyone who resides within 80 kilometres of Cape Town (festival location). Festinos who reside 80 kilometres outside of Cape Town are, therefore, regarded as visitors. This was done to co-incide with the framework requirements (see section 4.5.1) where a distinction is required between festinos from other cities (non-local) and local festinos.

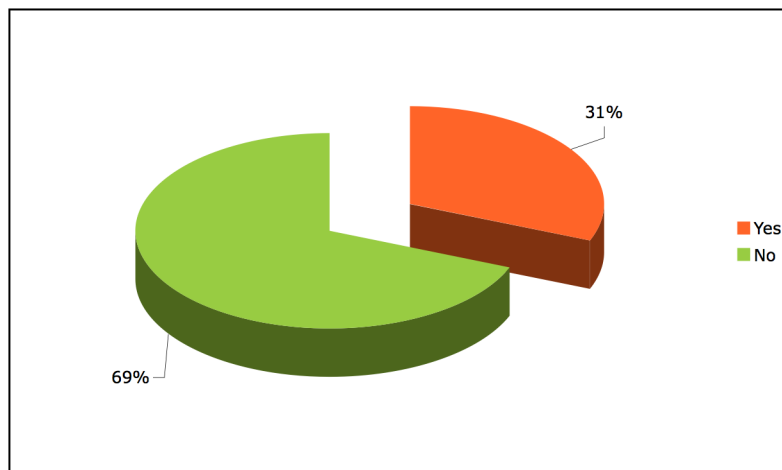


Figure 5.13 Geographical frame of reference

When respondents were asked if their permanent accommodation was more than 80 kilometres outside of Cape Town, 31% indicated ‘yes’ and 69% indicated ‘no’.

The following sections (5.3.8 – 5.3.10) of the research, therefore, deals with responses from festinos who permanently reside 80 kilometres or further from Cape Town (31%), and are thus non-local or visitors to the city.

5.3.8 REASON FOR VISIT

Festinos who reside 80 kilometres or further from Cape Town were asked if the MCQP was high on their list of reasons for visiting Cape Town. This was done to determine the spending of festinos in Cape Town as the most accurate and technically correct scenario (as given in Table 5.15), where only spending of people who visited Cape Town for the 2009 MCQP can be included in the injection of the impact.

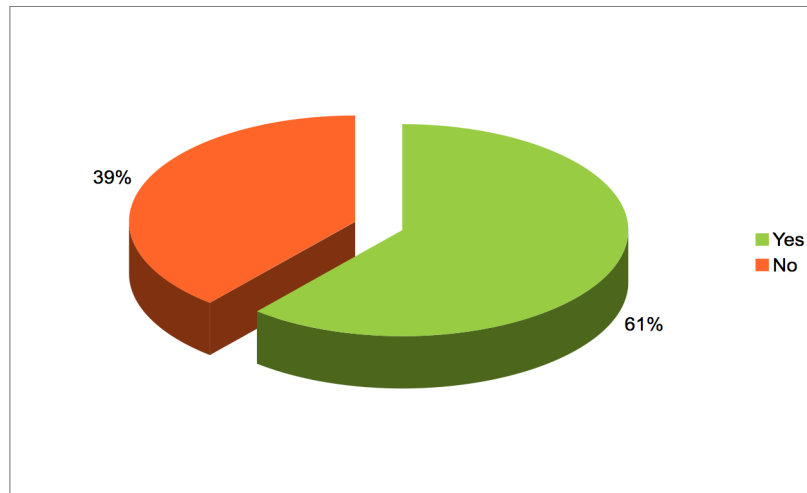


Figure 5.14 Reason for visit

Figure 5.14 shows that 61% of the non-locals (visitors) indicated that the 2009 MCQP was high on their list of reasons for their visit to Cape Town, while 39% of respondents indicated that they had another reason for their visit to Cape Town. The conclusion can thus be made that effective marketing and awareness could lead to increased attendance in the future.

5.3.9 DURATION OF STAY

The respondents were asked to indicate the duration of their stay in Cape Town. This was done to estimate the trend for future marketing purposes, namely finding ways of prolonging the festinos' stay.

Table 5.3 Duration of stay

Duration	% of respondents
Less than a week	24%
A week	47%
Between a week and a month	19%
More than a month	10%

Of the visitors, 47% reported to have stayed for a week; 24% stayed less than a week; 19% between a week and a month; and 10% more than a month. Because the 2009 MCQP was a single-night festival, it is clear that the trend is for shorter stays.

5.3.10 TOURIST ACTIVITIES

Festinos were asked to select tourist activities in which they engaged during their stay. This should indicate what other types of activities (other than MCQP) the gay tourist enjoys while on holiday, which would provide tourism managers of Cape Town with a list of tourist activities to assist them with future event tourism planning.

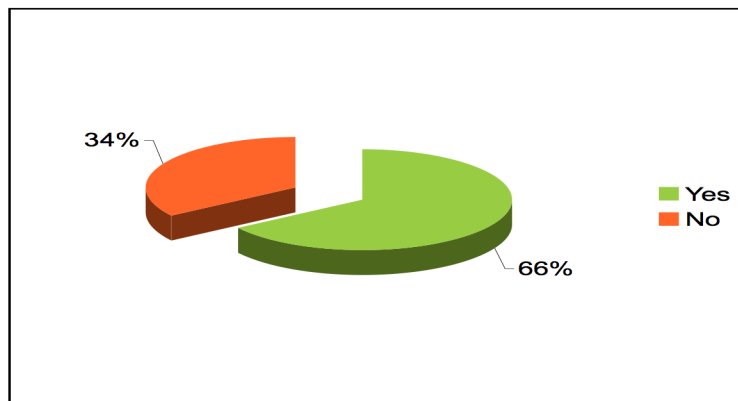


Figure 5.15 Tourist activities

Of the visitors, 66% indicated that they engaged in other tourist attractions/activities.

The following table gives a breakdown of some of these activities:

5.3.10.1 TYPE OF ACTIVITY

Table 5.4 Type of activity

Activity	% of respondents
Wine/dine	100%
Sun/sand/sea	95%
Shopping	90%
Key tourist attractions	55%
Gay Village	68%
Cultural	35%

Of the visitors who engaged in other tourist activities, 100% indicated 'wine and dine'; 95% said 'sun, sand, sea'; 90% 'shopping'; 55% 'key tourism attractions' such as Table Mountain, Robbin Island, Cape Point Nature Reserve, and the V & A Waterfront; 68% visited the 'gay village'; and 35% engaged in cultural activities such as township tours, visiting museums and theatres. It can be concluded from this data that the 2009 MCQP festinos are a celebratory crowd since 100% indicated wining and dining as one of the tourist activities that they engaged in during their stay in Cape Town.

5.3.11 ACCOMMODATION

The analysis of respondents is on the whole sample, and not merely the visitors, as in section 5.3.8 – 5.3.10.

The following table (Table 5.5) lists the type of accommodation establishments that were used by festinos during their stay in Cape Town.

Table 5.5 Accommodation

Accommodation type	% of respondents
Local resident	64%
Family or friends	14%
Registered guest house or B&B	5%
Hotel	7%
Rent full house	5%
Day visitor	2%
Hostel	2%
Other	1%

According to Table 5.5, a majority of respondents (64%) live in Cape Town or stayed with friends and family (14%); 7% stayed in a hotel; 5% stayed in a guest house or bed & breakfast establishment; 5% rented a full house; 2% were day visitors and needed no accommodation; and 2% stayed in a hostel. The 'other' grouping was respondents who owned their own holiday house in Cape Town.

5.3.12 2009 MCQP EVALUATION

The following table (Table 5.6) was used to determine the satisfactory level of the festinos, which can be used to assist the MCQP with future event planning and staging.

Festinos were asked to evaluate the 2009 MCQP according to certain aspects.

Table 5.6 MCQP ratings

Aspects	Totally disagree	Disagree	Neutral	Agree	Totally agree
Organisation	2%	2%	15%	45%	36%
Information	1%	8%	2%	35%	31%
Ticket prices	6%	12%	28%	29%	25%
Positive impact	2%	3%	18%	33%	44%
Different to other	2%	20%	30%	-	48%
Sociable festival	1%	1%	9%	30%	59%

It is clear that festinos either 'agreed' (45%) or 'totally agreed' (36%) that the 2009 MCQP is well organised. A majority (35%) 'agreed' or 'totally agreed' (31%) that information regarding the festival was easily available. A concern that was clearly visible was that 54% 'agree' or 'totally agree' that tickets prices are reasonable; 28% feel 'neutral'; 12% 'disagree; and 6% 'totally disagree' with the above statement. Most festinos (44%) 'totally agree' and 33% 'agree' that in their opinion, the 2009 MCQP has a positive impact on the Cape Town economy, while 48% 'totally agree' that the 2009 MCQP is different to other festivals. Almost two thirds (59%) 'totally agree' that the 2009 MCQP is a sociable festival, followed by 30% 'agreeing' with the statement.

5.3.13 COMMUNICATION MEDIUM

Festinos were asked how they were informed of the 2009 MCQP. This was also done to assist the MCQP with future event planning. The results are presented in the figure below.

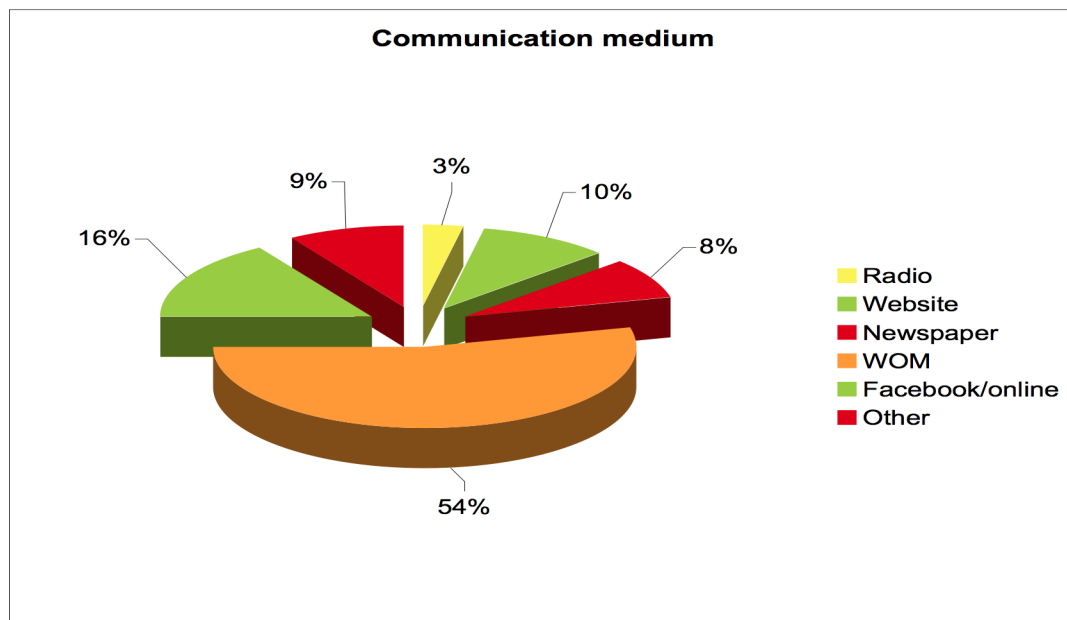


Fig 5.16 Communication medium

Figure 5.16 shows that 54% heard about the 2009 MCQP through 'word-of-mouth' (WOM); 16% were introduced to the festival via Facebook; 10% read about the festival

on the MCQP web page; 8% read about it in a newspaper; 3% heard about the festival on a radio station; and 9% could not choose from any of the above designated communication media. Other determinants were made up of posters, prize tickets won to the MCQP, and return visitors.

5.3.14 AVERAGE FESTINO EXPENDITURE PATTERNS

Table 5.7 below portrays the average amount of the 2009 MCQP related expenditure per person per category.

Table 5.7 Average expenditure per person per category related to MCQP

Category	Visitors	Locals
Accommodation	R3119	R0
Food & restaurants	R1094	R189
Alcoholic drinks	R588	R389
Non-alcoholic drinks	R74	R36
Entertainment	R688	R81
Shopping	R84	R82
Tickets	R388	R226
Clubbing	R349	R262
Costume	R301	R153
Tourism activities	R252	R25
Transport	R325	R45
Other	R523	R360
Total	R7785	R1848

It is evident from Table 5.7 above that visitors to the 2009 MCQP spend more on all items than locals, and that visitor spending is in many instances more than twice that of local spending. The largest ranked expenditure by visitors are *accommodation* (R 3119), and *alcoholic drinks* for locals (R389). It is recognised that some expenditure figures, for example drinks, could have differed depending on what point in the festivities the information was collected. Other big spending areas in the visitor section are *food and restaurants* (R1094), *entertainment* (R688) and *'other'* (R523). *'Other'* determinants mentioned by visitors were various *recreational drugs*. Big spending areas for locals are *clubbing* (official after-party at Navigaytion nightclub - R262) and *'other'*. *'Other'*

determinants that were mentioned by locals were, as in the case of visitors, mostly made up of various *recreational drugs*. The smallest part of festinos' budgets is R74 for *non-alcoholic drinks* (visitors) and R25 for *tourism activities* (locals).

The total average individual spending of visitors at the festival was R7785, while locals spent R1848 per person.

5.3.15 MCQP COMPARISON TO PREVIOUS FESTIVAL (2008)

The respondents were asked to rate the 2009 MCQP according to the 2008 festival. A total of 30% could not answer this question as they were either first time attendees or did not attend in 2008. This information will be used for future MCQP festival planning and staging.

Table 5.8 MCQP comparison to previous festivals

	Unchanged	Worse	Better
Venue	14%	17%	69%
Theme	16%	39%	45%
Ambience	25%	12%	63%
Info before/during MCQP	34%	14%	52%

Of the 70% that answered the question, 69% felt that the venue for 2009 was better than the previous venue; 17% stated that the venue was 'worse'; and 14% felt that the venue was 'unchanged' compared to previous years. Of the respondents who felt that the venue for 2009 was 'worse', responses and comments that were received included that:

- There were not enough designated areas for relaxation;
- Many of the dance floors should have been indoors owing to the unpredictable strong winds of Cape Town;
- Prices were too high at the various bars;
- There were not enough ablution facilities; and
- There was a lack of parking.

A total of 45% of respondents indicated that the theme was 'better' in 2009; 39% felt that the theme was 'worse'; and 16% felt neutral, which indicated 'unchanged'. Of those who felt that the theme was 'worse', the most popular comment that was received was that the Toolbox Project theme did not have enough fantasy as the previous year's 'Lights, Camera, Action' theme.

A total of 63% indicated that the ambience was better in 2009, while 25% stated that it was similar or 'unchanged' to previous years, and 12% indicated that the ambience was 'worse'. Of those who felt that the ambience was 'worse', responses and comments that were received included that:

- There was not enough variety in the entertainment offered; and
- The performers/artists were better in 2008.

When respondents were asked to rate how easy it was to obtain information before and during the 2009 MCQP, 52% indicated that it was 'better' than the previous year; 34% stated that it was similar (unchanged); and 14% felt that it was 'worse'. Of those who felt that obtaining information was 'worse', responses and comments that were received included that:

- Advertisements should start earlier in the year as in previous years;
- Maps and signage that indicated the different venues were either non-existent or poorly visible.

5.3.16 RETURN VISITORS

Determining the percentage of potential return visitors would give an indication of the success rate of the festival. Festinos were asked to indicate if they would return to the 2010 MCQP.

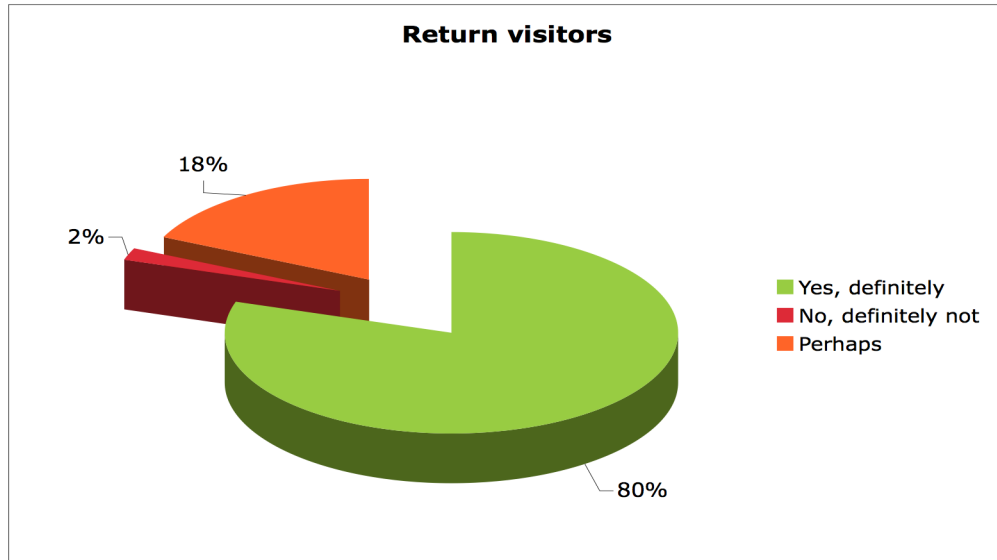


Fig 5.17 Return visitors

Figure 5.17 shows that 80% of respondents indicated that they would return in 2010 to attend the MCQP. Eighteen percent indicated that they might return, and 2% indicated that they would not return at all. This was owing to similar reasons discussed in 5.3.15.

5.4 ECONOMIC IMPACT OF MCQP (2009)

5.4.1 FESTINO EXPENDITURE

The aim of this section is to determine the amount of money that festinos spend on various items in and around the MCQP. The latter would influence the economic impact, as well as the monetary contribution of the 2009 MCQP for Cape Town and its community.

The relative sizes of the groups of locals and visitors have to be determined, as indicated by equations (3) and (4) in the framework for analysis (Table 4.3).

Table 5.9 Total number of festinos and distribution of festinos

Attendants	Number
Total number of festinos (N)	2240 (100%)
Visitors (V_e)	694 (31%)
Locals (L_s)	1546 (69%)
Visitor Breakdown	
Due to event (ϕ)	428 (61%)
Other reason ($1-\phi$)	273 (39%)

Letters and symbols in brackets denote variables used in the analytical framework in Table 4.3. The total number of tickets sold totalled 2240 (N). This total was used for the population, and thus the total number of people that attended the 2009 MCQP. The visitor questionnaire revealed that 69% of all festinos were local (1546 festinos) and from the Cape Town area; and 31% of festinos were visitors (694 festinos) from areas other than Cape Town. Table 5.9 indicates that the largest proportion of visitors (61%) were motivated to come to the area because of the festival, while the remaining proportion (39%) were ‘time-switchers’ who were in the area for some other reason, but took the opportunity to enjoy the festival. This can partially be explained by Cape Town being a popular gay summer tourist destination and that some of the festinos just happened to be in Cape Town for the summer holidays.

In Table 5.10 the estimated direct expenditure by locals and visitors that accrue to the local area is specified according to expenditure category. It is evident that in many categories the total direct spending by visitors exceeds that of locals. It is, therefore, evident that the festival organisers should aim to attract more visitors than locals to the MCQP. Tables 5.13, 5.14 and 5.15 show three different scenarios as it may be debated whether certain spending should be included in the analysis or not.

Table 5.10 Estimated total local expenditure (R) according to category for the 2009 MCQP

Category	Visitors ($\beta_{v,j}$)	Locals ($\beta_{l,j}$)
Accommodation	R2 164 586	R0
Food & beverage	R759 236	R292 194
Alcoholic drinks	R408 072	R601 394
Non-alcoholic drinks	R51 356	R55 656
Entertainment	R477 472	R125 226
Shopping	R58 296	R126 772
Tickets	R269 272	R349 396
Clubbing	R242 206	R405 052
Costume	R208 894	R236 538
Tourism activities	R174 888	R38 650
Transport	R225 550	R69 570
Other	R362 962	R556 560
Total	R5 402 790	R2 857 008

Letters in brackets denote variables used in the analytical framework in Table 4.3. The information above is applied to determine the total spending in the local economy, as indicated by equation seven in Table 4.3. The calculation should capture spending only in the local community and, therefore, the value of $\delta_{l,j}$ and $\delta_{v,j}$ should be determined for each spending category.

5.4.2 ADAPTION FACTORS (CAPTURE RATIOS)

To calculate the total impact of the festival, the adaption factors of each spending sector and the multiplier should be calculated. Once these effects have been considered, the total economic impact (including indirect and induced spending) could be calculated.

Not all of the spending occurs in the Cape Town area and this should be accounted for by the use of adaption factors. Thus, adaption factors (or capture ratios) only capture that percentage of money from the survey that is spent and remains in Cape Town. Capture ratios are only applied to festival tickets, costumes and transport (see Question 12 – Addendum A), as expenditures on all other items are entirely captured within the local economy (see breakdown in next paragraph). Ratios ($\delta_{v,j}$ and $\delta_{l,j}$) are thus applied to

correct these incorrect inclusions in total sales. The ratios are shown in Table 5.11 below.

Table 5.11 Capture ratios (adaption factors)

Capture ratios (Adaption factors):	$\delta_{v,j}$ (visitors)	$\delta_{l,j}$ (locals)
Accommodation	1	0
Food & restaurants	1	1
Alcoholic drinks	1	1
Non-alcoholic drinks	1	1
Shows/entertainment	1	1
Souvenirs (shopping at stalls)	1	1
Festival tickets	0.96	0.96
Clubbing (after-party)	1	1
Costume	0	1
Tourist activities	1	1
Transport	0.5	1
Other	1	1

The ratios ($\delta_{v,j}$ and $\delta_{l,j}$) denote variables that were used in the analytical framework in Table 4.3. The adaption factors are based on the percentage of money retained in Cape Town owing to VAT, commission and artists' salaries, since the National Treasury (situated in Pretoria) received the VAT, Computicket (whose main offices are not in Cape Town) received commission, and Cape Town is not the home town of many DJ's and other artists that performed at the 2009 MCQP.

The capture ratios were determined as follows:

- 0 for local accommodation as they do not spend on accommodation;
- 0.96 for MCQP tickets as 4% commission is paid to Computicket;
- 0 for visitor costumes as it is assumed that costumes were bought at their place of origin; and
- 0.5 for transport based on the premise that festinos fill their cars before leaving home and again before leaving Cape Town.

As for accommodation (visitors), food and beverage including alcoholic and non-alcoholic beverages, shows/entertainment, souvenirs, clubbing, tourist activities and 'other' categories, all monies are retained in the local area, and their values are taken as unity (1) as there are no capture ratios applied.

The scalar of capture ratios that were applied relied strongly on the information obtained from the MCQP organisers (on the employment of services from locals and non-locals in organising the festivals, local and non-local performing artists and DJ's), as well as the information from the business questionnaire (Addendum B), where the percentage of stock that is bought outside the city for various businesses is determined. The results are shown in Table 5.12 below.

Table 5.12 Adapted average local expenditure per person per category

Category	Visitors ($\beta_{v,j}$)	Locals ($\beta_{l,j}$)
Accommodation	R2 164 586	R0
Food & restaurants	R759 236	R292 194
Alcoholic drinks	R408 072	R601 394
Non-alcoholic drinks	R51 356	R55 656
Entertainment	R429 725	R112 703
Shopping	R58 296	R126 772
Tickets	R258 501	R335 420
Clubbing	R242 206	R405 052
Costume	R0	R236 538
Tourism activities	R174 888	R38 650
Transport	R112 775	R69 570
Other	R 362 962	R556 560
Total	R5 022 603	R 2 830 510

Letters in brackets denote variables that were used in the analytical framework in Table 4.3. After adaption factors, R5 022 603 of the original R5 402 790 spent by visitors remained in the Cape Town economy, against R2 830 510 of the original R2 857 008 spent by locals.

A fallback experienced with the research methodology in assessing economic advantages occurring from festivals, is that few consider the cost aspect in the hosting of the festival (Saayman *et al.*, 2004:631). The festival organising committee uses funds that are received from sponsors to organise the festival. The committee earned income that includes revenue from ticket sales, bar sales and cash sponsorships totalling R810 737. Overall expenditure amounted to R722 744, and is the value of S_k in equation two of Table 4.3. Yet, spending is partially funded from ticket sales, and to

avoid double counting, incomes derived from ticket sales were subtracted from organiser total expenditure. Based on the festival's financial statements, it is estimated that 87.5% of the MCQP festival organisers' spending accrues to the Cape Town economy after stock leakage deduction. The ratio applied (σ_j) is thus 0.875 (based on 12.5% leakages), which leaves Cape Town with R253 336.

The most problematic choice was that of the multiplier, since data for using large-scale techniques such as the I-O model was not available. The information that was obtained from the business questionnaire (Addendum B) in which the leakage factor for various businesses (as determined by the percentage of stock purchased outside Cape Town) was determined, was an attempt to obtain a more realistic view of the amount of funds that Cape Town retains after the initial expenditure (the indirect effect). The average leakage is calculated by finding the average of leakages per sector (Table 5.2), and then determining the average of the various sectors' leakages. The multiplier is calculated as follows:

$$1/0.3099 = 3.22684737.$$

The multiplier applied in this instance is 3.22. The multiplier indicates that for every R1 spent by a festino, sales in the area increases by R3.22. This multiplier is similar to the multiplier used for the 2005 Vryfees in Bloemfontein, which had a multiplier of 2.9 (Strydom *et al.*, 2006:95). These multipliers are large figures and should thus only be treated as an estimate.

The results of the local economic impact of the 2009 MCQP is summarised in Tables 5.13 – 5.15. Numbers in brackets in the tables denote variables used in the analytical framework in Table 4.3.

Three scenarios are presented:

- Total economic impact – including local spending (scenario one);
- Total economic impact – excluding local spending (scenario two); and
- Total economic impact – excluding festinos in Cape Town for reasons other than MCQP (scenario three).

Table 5.13 Total economic impact – including local spending (scenario one)

Total festino expenditure (7)	R8 259 798
Total direct festino expenditure	R7 913 382
Organisers expenditure (0.875)	R253 336
Total direct expenditure (8)	R8 166 718
Multiplier (μ)	3.22684737
Indirect impact	R18 186 035
Total impact (9)	R26 352 753

Based on the above, the total festino expenditure using equation seven (locals and visitors), is estimated at R8 259 798. After leakages are deducted, R7 913 382 remains in the local economy. When the festival organiser's expenditure is added, the total direct impact (total sales effect) (equation eight) of the 2009 MCQP is estimated to be R8 166 718. The total impact is obtained by multiplying the direct impact (expenditure) with the appropriate multiplier in the above table. Given this multiplier, the economic impact that the 2009 MCQP has on the economy of Cape Town is estimated at R26 352 753. The indirect impact is calculated by subtracting the total direct expenditure from the total impact, which equals R18 186 035.

Table 5.14 Total economic impact – excluding local spending (scenario two)

Total festino expenditure (7)	R5 402 790
Total direct festino expenditure	R5 070 350
Organisers expenditure (0.875)	R253 336
Total direct expenditure (8)	R5 323 686
Multiplier (μ)	3.22684737
Indirect impact	R11 855 036
Total impact (9)	R17 178 722

Based on the above, the total festino expenditure using equation seven (only non-local spending) is estimated at R5 402 790. After leakages are deducted, R5 070 350 remains in the local economy. When the festival organiser's expenditure is added, the total direct impact (total sales effect) (equation eight) of the 2009 MCQP is estimated to be R5 323 686. The total impact is obtained by multiplying the direct impact (expenditure) with the appropriate multiplier in the above table. Given this multiplier, the economic impact of the 2009 MCQP on the City of Cape Town is estimated at

R17 178 722. The indirect impact is calculated by subtracting the total direct expenditure from the total impact, which equals R11 855 036.

Table 5.15 Total economic impact – excluding festinos in Cape Town for reasons other than MCQP (scenario three)

Total festino expenditure (7)	R3 126 959
Total direct festino expenditure	R3 126 959
Organisers expenditure (0.875)	R253 336
Total direct expenditure (8)	R3 380 295
Multiplier (μ)	3.22684737
Indirect impact	R7 527 402
Total impact (9)	R10 907 697

Based on the above, the total festino expenditure using equation seven (excluding visitors and locals in Cape Town for reasons other than the 2009 MCQP) is estimated at R3 126 959. When the festival organiser’s expenditure is added, the total direct impact (total sales effect) (equation eight) of the 2009 MCQP is estimated to be R3 380 295. The total impact is obtained by multiplying the direct impact (expenditure) with the appropriate multiplier. Given this multiplier, the economic impact of the 2009 MCQP on the City of Cape Town is estimated at R10 907 697. The indirect impact is calculated by subtracting the total direct expenditure from the total impact, which equals R7 527 402.

The most accurate and technically correct scenario is given in Table 5.15, where only spending of people that visited Cape Town for the 2009 MCQP was taken into consideration. However, as stated earlier, Gelan (2003:409) believes that local spending could influence the accuracy of an economic impact assessment. He proposed that local residents were included in the study as the festival created an opportunity for locals to spend money in the area in the short run, thereby accelerating economic activity of the area. Also stated earlier by Crompton *et al.* (1994:33-43), it is important to ensure that what is calculated are not approximations of total festival spending, but rather an estimate of the *extra spending* that may accrue to the city as a result of the festival. To determine the extra expenditure by local residents, local respondents of this study were asked whether they spent more on items (specific categories listed in Question 12 in Addendum A) than on a normal night out and how much more they spent on various items. Only the additional spending as a result of the 2009 MCQP was

included in the economic impact analysis. This is substantiated by the relatively low spending of locals compared to visitors.

5.5 SUMMARY

The aim of this chapter was to determine the economic impact that the 2009 MCQP has had on Cape Town and its community. This chapter discussed the research results of the two surveys that were conducted, hence clarifying the economical impacts that the 2009 MCQP has had on the local economy of Cape Town. The main aim of the business questionnaire was to determine the benefits, if any, that firms derived from the festival and, from an economic impact point of view, to determine the magnitude of leakages from the Cape Town area. The economic impact results determined that business turnover increases. The visitor questionnaire determined primarily festival-related expenses that were undertaken. Impact results indicate that items most spent on by *visitors* were accommodation (R3119) and *alcoholic drinks* for locals (R389).

Therefore, it can be stated that an estimated 2240 people attended the festival. It is worth noting that this is a sharp decline compared to previous years, as the 2010 MCQP had an attendance of 7462 festinos. Visitors at the 2009 MCQP spent an average of R7785 during their time in Cape Town, and locals spent an average of R1848. The total expenditure from visitors was R5 402 790 and R2 857 008 from locals. Added to this is the expenditure from the organising committee (R289 527). With the leakages taken into account, only R5 022 603 of visitors' money, R2 830 510 of locals' money and R253 336 of the organising committee's money remains in the Cape Town economy. The multiplier effect was calculated at 3.22, thus the total economic impact is estimated at R26 352 753 (scenario 1), if no adjustments are made for local expenditure or for 'accidental' visitors to the festival.

In the final chapter, Chapter Six, results of the literature review and the empirical studies are discussed and recommendations are provided, including one for further research.

CHAPTER 6

RESEARCH CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter draws conclusions from the conducted literature review and empirical research, and makes recommendations concerning the research.

The main objective of this research was:

- To determine the economic benefits of the 2009 MCQP for the host community, Cape Town, from both a supply and demand side.

To reach the main objective, five sub-objectives were formulated:

- a) To define SIT, and analyse the tourism events industry as this applies to the MCQP;
- b) To research the gay tourism niche, with specific reference to Cape Town as a gay tourist destination, and to analyse the 2009 festival in order to determine economic benefits for Cape Town;
- c) To determine the reasons for, and methods of, conducting an economic impact study of gay tourism in Cape Town;
- d) To conduct a business survey on gay establishments in order to determine the economic impact and multiplier effect of gay tourism, and to conduct a visitor survey amongst festinos to determine their expenditure in Cape Town; and
- e) To draw conclusions of the events industry, pink tourism in Cape Town, the MCQP and the surveys conducted, and to use the relevant data as collected to make recommendations regarding the organisation/planning of the MCQP, gay Cape Town and suggested future research.

6.2 SUMMARY OF THE RESEARCH

Cape Town, the Mother City of South Africa, is regarded as one of the most beautiful cities in the world: 'heaven at the tip of Africa' and was voted by the premier gay travel guide, *Spartacus International Gay Guide*, as one of the top five gay travel destinations

in the world. The well-publicised myth of gays as DINKs who need somewhere to spend their above average disposable income has led to the vigorous courting of the gay niche by a variety of organisations that seek new markets. However, South Africa, an emerging destination, is merely beginning to understand niche markets (Tebje, 2002). The research was motivated by limited market intelligence about the economic impact and changes in inbound niche markets, especially with regard to the gay market in Cape Town. In order for Cape Town to remain successful in attracting the international gay market, Cape Town's tourism planners, marketers and local community should be continuously reminded about the economic worth of gay tourists, as a weak rand and high standard of gay facilities make the City attractive for gay visitors who bring along foreign currencies. Understanding the economic impact of gay tourism by using the 2009 MCQP as a case in reference is, therefore, of paramount importance for Cape Town marketers to ensure that they target the gay market effectively at present and in future.

The purpose of the study was to analyse the economic impact of the 2009 MCQP on the local economy by means of business and visitor questionnaires, and by translating the total sales effect obtained by multiplying direct sales with appropriate multipliers, into an analytical framework (Table 4.3).

Key questions to satisfy the above purpose required answering:

- What are the major impacts during the 2009 MCQP on primarily 'gay friendly' business types, including accommodation and entertainment facilities and retail shops? (cf. 5.2.2.1)
- What are the impacts on the above businesses in terms of revenue resulting from the festival? (cf. 5.2.3)
- How much money does the festival generate? In other words, what is the total expenditure of visitors? (cf. Table 5.10)
- What is the indirect and induced economic impact of the festival? In other words, what is the multiplier effect? (cf. Tables 5.13 – 5.15)
- How much of the initial expenditure leaks from the area? (cf. Table 5.12)
- How can these leakages be minimised in order for the local community to benefit more from the festival? (cf. 6.3.1)
- What can be done to attract more visitors to the MCQP in order to increase visitor

numbers to Cape Town? (cf. 6.3.2)

Chapter One introduced key terms of the research and formulated the problem statement, which was to determine the economic benefits of the 2009 MCQP for the host community, Cape Town, from both a supply and demand side. The primary and sub-objectives were discussed, as well as the research methods that this study followed.

The first sub-objective was to define SIT and to analyse the tourism events industry, which was achieved in Chapter Two (cf. 1.3.2 a). The different categories under which events could be grouped were discussed according to Figure 2.2.

Chapter Three researched the gay tourism niche, with specific reference to Cape Town as a gay tourist destination, which is the second sub-objective (cf. 1.3.2 b). This chapter discussed market segmentation variables followed by the gay niche market segment, which encompasses one or more of these variables. This chapter also contained some dynamics that emerged from the gay tourist market in Cape Town, and the possible strengths, weaknesses, opportunities and product needs that are required to be a successful gay destination to continue to effectively compete on an international scale. This chapter further explored the available literature on the MCQP and analysed the 2009 festival through explaining the budgets, finances, venue, production and major challenges, which were experienced by the organisers during the planning of the festival.

Chapter Four provided an overview of the economics in the context of event tourism, which is the third sub-objective (cf. 1.3.2 c), and related tourism economics to the 2009 MCQP. The methods and framework for analysis were detailed in Table 4.3.

The fourth sub-objective was to conduct a survey to determine the economic impact of the festival on the host community (cf. 1.3.2 d). The results and interpretations of this empirical research were discussed in Chapter Five and these research results enabled the researcher to draw conclusions that are discussed in this chapter (cf. 1.3.2 e).

6.3 CONCLUSIONS

Conclusions can be drawn according to the literature review and empirical research.

6.3.1 CONCLUSIONS WITH REGARD TO THE EVENTS INDUSTRY

The main conclusions derived from Chapter Two, *Events and special interest tourism: a literature review*, pertain to the first sub-objective (cf. 1.3.2 a).

- Due to the wide spectrum of event disciplines, it was acknowledged that it is difficult to define special events, and SIT in this case, in a manner, which is acceptable to all researchers. A framework was presented in Figure 2.1 that demonstrated the overlap between MIT (event tourism in this instance) and SIT (gay tourism). Due to event- and gay tourism forming a major part of the research, it was imperative to understand event terminology, which was discussed in Chapter Two, and the gay niche, which was discussed in Chapter Three.
- Special events can be divided into two main categories of 'scale or size', and 'form or content'. Festivals, and thus the MCQP, are classified under the latter (cf. 2.3.1.2.3.).

6.3.2 CONCLUSIONS WITH REGARD TO PINK TOURISM, CAPE TOWN AND MCQP

The main conclusions derived from Chapter Three, *Pink tourism: the case of post-apartheid Cape Town*, pertain to the second sub-objective (cf. 1.3.2 b).

- Niche marketing, although not a new concept in the marketing discipline, has brought with it the identification of markets that in the late 1990s had not been explored or regarded as exciting marketing opportunities. The gay tourism market has proved to be one such market.
- The key reason why the gay niche is deemed to be of special interest for the tourism industry is that gay couples are said to have no children and, therefore, have higher discretionary income – the so-called DINKs.
- Much less is known about gay tourism in developing countries such as South Africa, since a majority of gay studies have been focused on European gay communities.

- The gay market is a multi-segmented market, which should not be treated as a homogeneous entity, defined purely by sexual orientation. It is important to recognise that the gay market, like any other, includes a host of sub-segments that are defined by demographic, attitudinal and ideological factors. The following two specific segments were identified within the overall gay market:
 - 1) *Pink ravers* – a young, carefree group that tends to be single or are in young relationships, who like to travel to well known and popular gay destinations, for example; Miami, Quay West, Palm Springs, Grand Canaria, Mykonos, Sydney and Thailand. A well-established gay scene with busy and glittering nightlife is a strong attraction for this segment.
 - 2) *Mature explorers* – are older, wealthier and hold professional positions. They are normally couples in an established relationship and their choice of travel destination is not so much dependant on the presence of a large gay scene and energetic nightlife. This market segment is less price sensitive than the ‘pink ravers’ and their choice of destination is based on less well-known and undiscovered destinations that are gay-friendly or tolerant and offer a combination of attractions, a high standard of gay facilities, good quality restaurants and a unique experience.
- The popularity of South Africa as a gay tourist destination has been influenced by its new constitution. The liberal constitution of the country, in stark contrast to other African states (for example, Zimbabwe, where legal discrimination against homosexuality remains), has come to play a key role in the protection of gay and lesbian identity, setting the context for development of a gay leisure market. This movement triggered increasing development of gay civil society and the significant expansion of spaces that could cater for the specific needs of the gay community.
- The research revealed that destinations that compete with Cape Town as a gay tourism destination differs depending on the targeted market segment and the location of the source market in relation to the destination. The main competitors for Cape Town in the ‘pink ravers’ segment include Ibiza, Grand Canaria, Mykonos, Barcelona, Sydney, Miami, Quay West, Palm Springs and San Francisco. Although

competing destinations for the 'mature explorer' segment tend to overlap with those for the 'pink raver' segment, long haul destinations such as Sydney, Rio de Janeiro, Buenos Aires and other gay-friendly destinations are more popular among 'mature explorers'.

- In order to develop a world-class pink destination, certain fundamentals should be present. First and foremost, a destination should have a constitution and society that is committed to respecting and acting with sensitivity and tolerance towards diversity. An active gay community is also critical, as is the desire of the tourism authorities and tourism industry, in general, to collaborate and work together with the gay community towards the common objective of establishing a gay- friendly destination.
- South Africa is generally known in the international gay community as a gay-friendly country with a gay-tolerant public. Although Cape Town seems to have a vibrant and active gay community with a good gay infrastructure (bars, restaurants, accommodations and retail), the City is still not well known as a gay tourism destination internationally. It is, however, growing in popularity and some operators are selling the City as an alternative to other gay destinations that are becoming too expensive.
- The growth of the South African gay niche market has largely been spontaneous, with little money spent on chasing the pink Dollars, Pounds and Euros. In fact, it has been mostly private initiatives, which aim to develop South Africa's image as a premier gay tourist destination. At the time of the research, no government support, or even reluctant endorsement was forthcoming.
- South Africa has five annual LGBT festivals, which are organised by the gay community. These festivals are: The Gay and Lesbian Film Festival, Cape Town Pride, Johannesburg Pride, Pink Loerie Mardi Gras and the MCQP. The MCQP, a one-day special event aimed at the gay tourism niche market, has become a popular event in special events tourism and on the gay calendar, and was the case in reference to this research to determine the economic impact of gay tourism on Cape Town.

- Cape Town's strengths as a gay destination are highly rated by gay individuals as a coastal resort city that provides value for money, a variety of attractions and places of interest and quality gay infrastructure facilities. Weaknesses include long flying time and high cost of flights, perception of high crime rate, negative reputation as a result of apartheid, expensive public transport, and inefficient marketing of Cape Town as a gay destination.

- If Cape Town should target the South African gay niche and broaden the weakly developed understanding of this segment, it was important to consider this niche's market profile to successfully cater for this segment's needs. The ABNSA Gay Consumer Profile 2008 is the first and the largest, most comprehensive and most representative gay consumer survey in South African history. The following conclusions were derived from their research (Gay Pages, 2008:42-45):
 - a) Almost 34% of South African gays hold a degree or diploma, while 25.5% having a post graduate degree;
 - b) 75% are in managerial positions;
 - c) A median household income of R30 000 per month means that gay households have a high disposable income, especially if they have no children. This led to the term DINKs;
 - d) Gay people are brand loyal, support businesses that are 'gay-friendly', and are responsive to advertising that acknowledges their preferences;
 - e) 34% indicated that they spend more than average on acquiring luxury items;
 - f) Virtually no campaigns targeting gay consumers have been launched, in sharp contrast to overseas trends;
 - g) 86% enjoy buying the latest electronic gadgets and 91% have bought electronic equipment in the past 12 months ranging from laptops to blackberry phones. This corresponds with international findings. Gays are considered 'early adopters' and are often at the forefront – if not actually spearheading – new trends;
 - h) 70% of gay travellers travel locally more than three times per year with South African Airways, British Airways and Kulula being the three most frequently used airlines, while 13% travel internationally once per year. Airlines ignore this market completely;
 - i) 49% belong to a frequent flyer program;

- j) 85% stay in upmarket accommodation at least some of the time, if not all the time; and
 - k) 69% travel any time of the year. The number of correspondents who travel out of season and during off-peak times illustrates that there is unprecedented opportunity to target this market segment for out-of-season travel when occupancy is low.
-
- Festivals that are currently on offer in South Africa cover a wide range of themes and foci. Four significant clusters exist: agriculture-related festivals, arts festivals, combination of agriculture and arts, and cultural or ethnic festivals. This focus also includes identity groupings such as the gay community who have no fewer than five annual festivals to choose from.
 - The first MCQP in 1994 was a 'timely celebration of the unexpected constitutional recognition of the right to sexual orientation difference' The MCQP capitalised on 'Madiba Euphoria', and celebrated this 'achievement' and 'fundamental change' at a time when gay communities in other countries were still fighting for the same rights as their heterosexual counterparts (Steyn, 2006:114). The first MCQP was built on post election excitement and goodwill to simultaneously exploit an opportunity for creative intervention in Cape Town's art scene, while celebrating new freedoms of sexual orientation (Steyn, 2006:186). Between 1994 and 2010 the MCQP was a 'queer celebration of the right to sexual difference in the contested socio-spatial context of post-Apartheid Cape Town' (Steyn, 2006:185).
 - The new theme each year contributes to the annual freshness of the MCQP by ensuring that décor and costumes are not repetitive, hence the MCQPs encouraged use of recycled, cheap and everyday materials in the creative costume and décor process.
 - The 16th year of the festival in 2009 was creatively themed 'Toolbox Project'. A total of 2240 festinos attended the festival. The ten-hour festival offered live entertainment from renowned South African artists, international DJ's who were flown in especially for the festival, themed dance floors, a live performance stage, nine bars, and a VIP-area.

- Financial results as at 23 December 2009 indicated that the 2009 MCQP made its first-ever profit of approximately R87 000. Overall cash income was R810 737 and included revenue from ticket sales, bar sales and cash sponsorships. Overall expenditure amounted to R722 744. MCQP costs included operational expenses, venue hire, infrastructure, advertising, production costs and sub-contractors (DJ's, sound, lighting and security).

6.3.3 CONCLUSIONS WITH REGARD TO ECONOMIC IMPACT OF SPECIAL EVENTS

The main conclusions derived from Chapter Four, *Economic impacts of special events: The MCQP*, pertain to the third sub-objective (cf. 1.3.2 c):

- Economic impacts are the net changes in an economy as a result of an event. The change is caused by activity, which involves the acquisition, operation, development, and use of gay facilities and services. These, in turn, generate gay visitors' spending, public spending, employment opportunities and tax revenue.
- The level of economic activity depends on demand for and supply of final goods and services.
- The main determinants of the magnitude of a festival's economic impact are festival size, the length of the festival, festinos' length of stay, how much festinos spend, the amount of money received from sponsorships, and festival location.
- Three different expenditures may be included in the economic impact study, namely that of the organising committee, local community, as well as visitors to the festival.
- By distinguishing between spending by locals and that of visitors from outside the Cape Town area, this study aimed to place the economic impact of the 2009 MCQP into perspective and contribute towards a better understanding of the importance of local communities in cultural festivals.
- It is argued that local spending should not be included in the economic impact derivation, since the spending would have taken place in the area anyway, and the

festival merely causes a distortion of normal spending patterns by locals. A scenario was created in Table 5.13 where local residents were included in the study as it was believed that the festival created an opportunity for locals to spend money in the area in the short run, thereby accelerating the economic activity of the area. It was, however, also important to ensure that what was being calculated, was not approximations of total festival spending, but rather an estimate of the *extra spending* that may accrue to the City as a result of the festival. To determine the extra expenditure by local residents, local respondents of this study were asked whether they spent more on specific items on a normal night out and how much more they spent on the various items. Only additional spending as a result of the 2009 MCQP was included in the economic impact analysis. This was substantiated by the relatively low spending of locals compared to visitors.

- The economic impacts of events have several positive and negative effects. Added income, development of infrastructure, entrepreneurial activity and foreign investment, creation of employment, economic revitalisation of the host site, increasing property values and tax revenues and high expenditure of festinos, are some of the key positive impacts, while seasonal employment, underutilised infrastructure, increased prices, tourism participation costs, congestions, overcrowding, increased crime and leakages, are examples of the negative impacts.
- The size of the multiplier depends on the extent of the leakages from the economy. Leakages represent the amount of money that is taken out of the host economy in the form of profits that are taken by non-local artists and traders who leave at the end of the festival and spend them in other economies, money earned at the festival by locals, but spent outside the local economy, and savings. Only those funds that remain within the host community after leakage has taken place, constitute the net economic gain for the city.
- The multiplier used for this study was a sales multiplier that indicates 'the additional local economic impacts as monies are re-spent by local merchants to purchase supplies and services' (Pollock *et al.*, 1994:264).
- Eventually, money that is spent as direct injections stop circulating in the local

economy. What had been circulating became smaller in each of the successive rounds owing to leakages until nothing was left. The multipliers' aim is to keep as much of the original expenditure circulating for as many rounds as possible.

- For any destination, the greater the leakages, the smaller the multiplier. Developed countries with integrated economies are able to capitalize, supply and operate their own tourism industry and will have a relatively large multiplier. Conversely, the smaller, less developed countries, which lack natural resources, tend to have a much lower multiplier. Thus, the larger the defined area's economic base, the smaller is the leakage that is likely to occur, and the larger is the value that is added from the original expenditure.
- There are numerous methods to determine the economic impact of an event, of which the most accurate one is the I-O Modelling System. However, this study does not allow the opportunity to use the I-O analysis because the economy that is measured does not represent the whole production structure.
- It was proposed to use direct estimation from primary data sources, which were obtained via surveys of businesses (supply side) and tourists (demand side), and to analyse the data in the analytical framework contained in Table 4.3, '*System of equations for estimating local economic impact.*' In this framework a distinction is made between festinos from other cities and local festinos. The focus is on the quantifiable elements of local economic impact analysis and analytical clarity is provided by translating the relationships of spending by different segments of visitors into algebraic formulations.
- This research has drawn attention to the need to follow a clearly defined analytical method to estimate local economic impacts of special events. By focusing on realistically measurable economic impacts, this study has made a modest contribution to analytical lucidity that is required to improve the accuracy of local economic impacts of special events. This was accomplished by formulating algebraic relationships between key variables, and explaining the complications surrounding multipliers, as well as demonstrating the procedures involved in deriving realistic local measures.

6.3.4 CONCLUSION WITH REGARD TO THE SURVEYS

The main conclusions derived from Chapter Five, *Cape Town gay tourism: empirical results*, pertain to the fourth sub-objective (cf. 1.3.2 d). Conclusions highlight some of the main findings of each of the two questionnaires, namely the business questionnaire and the visitor questionnaire. From these results, it is clear that the 2009 MCQP has a positive impact on the community of Cape Town.

6.3.4.1 SURVEY ONE: BUSINESS SURVEY

- A majority of the responding businesses to the survey were from the hospitality sector (31%), while 23% of the businesses comprised bars and nightclubs.
- 74% of the businesses did not indicate any losses during the festival. This implies that a majority of the businesses benefit from the festival, although a few businesses (26%) argue that they experienced losses in terms of crime, stock being written off and a loss of clients.
- Of the responding businesses, 18% indicated that they experienced a significant income increase, and 46% a slight increase, while 15% of the businesses experienced losses during the 2009 MCQP.
- Thirteen percent of the businesses created additional jobs during the festival, but merely 20% of these jobs were permanent appointments. This is understandable as the 2009 MCQP was a one-night festival, and 10 hours long. It is unlikely that businesses would hire additional employees as a result of a festival or event because the extra business demand only lasts for a few days, or hours. Rather, existing employees are likely to be released from other duties to accommodate this temporary peak demand, or requested to work overtime.
- Leakages refer to the amount of money that leaves the City, and as a proxy to determine the leakage, stock purchases from outside Cape Town, were used. For any destination, fewer leakages result in a higher multiplier. Thus, the larger the defined area's economic base, the smaller is the leakage that is likely to occur and

the larger is the value that is added from the original expenditure. The business questionnaire indicated that the leakage ratio is 0.3099 from Cape Town's economy, which will result in a higher multiplier. The multiplier was calculated at 3.22, which is a large multiplier and it should thus only be treated as an estimate. The multiplier indicates that for every R1 spent by a festino, sales in the area increased by R3.22.

6.3.4.2 SURVEY TWO: VISITOR SURVEY

The visitor profile of the 2009 MCQP was summarised in the table below.

Table 6.1 Festino profile summary

Category	2009 MCQP Figures
Gender	Male (61%)
Age	Over 35 (40%)
Language	English (63%)
Occupation	Professional (26%)
Sexual identity	Gay male (45%)
Income	R10 000 – R18 000 (16%) R18 001 – R30 000 (16%)
Place of origin	Western Cape (69%)
MCQP primary motivation for visit	61%
Duration of stay	A week (47%)
Tourist activities	Wine and dine (100%) Sun, sand & sea (95%)
Type of accommodation	Local resident (64%) Family & friends (14%)
MCQP marketing	WOM (54%)
Expenditure per person	Visitors – R7 785 Locals – R2 124

- Approximately two thirds (61%) of partygoers were men; one third (34%) women; and a small percentage (5%) identified themselves as transsexual/other.
- A total of 40% of the partygoers were over 35 years of age and 63% of festinos chose English as their spoken language.

- A total of 26% of the festinos were professionals in their different occupations; 16% earn between R10 001 – R18 000 per month; and a further 16% earn between R18 001 – R30 000. These figures confirm the high spending power of the gay community, which will result in a greater economic impact and benefits for the local community in the long run.
- A majority of the festinos were gay men (45%).
- A total of 69% of partygoers came from Cape Town. Of the other partygoers, 19% came from the rest of South Africa, and of the remaining 12%, a majority were from the UK and other European countries. In a case such as the MCQP, where 69 % of festinos are locals, it becomes even more important to debate the benefits of such a festival for the local economy and area. Additionally, even though festinos from outside the local area spend more per person than local festinos (cf. 5.3.14), it does not mean that the festival cannot be regarded as an important economic festival for the area. The festival created an opportunity for locals to spend money in the area in the short run, thereby accelerating economic activity in the area. If this is analysed further, it is also important to note that a wider variety of people and organisations benefit from the festival. Under normal circumstances, meals would, for example, be bought from a limited number of restaurants, while the festival creates an opportunity to expand the choices of consumers, and spending to spread to other organisations and suppliers. Previous research conducted by Van Schalkwyk (2004:77-78) and Van Heerden (2003:98) proves that most of the employment created during a festival is temporary, hence it should be noted that the categories spent on are mostly labour-intensive industries (accommodation, food and restaurants). When this is taken into account, it places the importance of the festival for the economy in more perspective, even though it is mainly supported by locals.
- Of the non-local partygoers, more than 61% indicated that the 2009 MCQP played a role in their decision to visit Cape Town, 47% of whom stayed for a week or longer in Cape Town. Activity choices and further attractions for non-local partygoers beyond the 2009 MCQP included, 'wine, dine and party.' A total of 100% of respondents opted for this; 95% indicated 'sun/sand/sea' activities; 90% selected 'shopping'; and 55 % chose 'visiting popular tourist attractions'. A total of 68% spent time in the De

Waterkant gay village, and 35% were involved in cultural activities. This correlates with the MCQPs status as a recognised tourism attraction for Cape Town, whilst offering a wide variety of activities, and the contribution that it makes to the tourism and hospitality industries.

- A strong situational inhibitor, which influences the consumers' attendance at the 2009 MCQP, is *ticket price*. The MCQP is an expensive festival to attend, as 28% of respondents feel 'neutral'; 12% 'disagree; and 6% 'totally disagree' with the current ticket prices of R250 for standard tickets and R450 for VIP tickets. These amounts exclude any money spent on a costume. MCQP is thus an overwhelmingly affluent festival, to the point of exclusivity. It is, therefore, believed that price does play a role in the decline of attendance numbers, especially the younger segment or 'pink raver', who cannot necessarily afford these prices.
- The strongest communication medium and marketing tool is WOM, followed by Facebook (social media).
- A total of 80% of visitors will return to the festival. The festival can be regarded as successful with a high satisfactory level. This will be the most valuable marketing tool for the MCQP. It is always easier to keep a satisfied visitor than obtain one from the beginning. Therefore, the most important marketing tool should be WOM. Visitors are loyal to the festival, since a majority indicated that they would return to the festival.
- Of more concern was the responses received when festinos were asked to make recommendations to improve the festival. Feedback received from the gay community was that the 2009 MCQP attracted a higher proportion of heterosexual visitors every year, and was becoming 'degayed'. Gay spaces are centres of empowerment and cultural strength for the homosexual community, and the degaying of gay festivals signals both a heterosexual invasion and consumption of this space, and a challenge to the hard-won power and control of gay spaces (Pritchard *et al.*, 1998:280). The author believes that it is a failure on MCQPs part to inform the festinos of the MCQP history and its inclusive agenda to welcome and

combine various cultures and sexualities, as opposed to having an exclusive gay festival. Conversely, this also proves the liberal and open-mindedness of the local community of Cape Town and acceptance of the MCQP.

- The expenditure referred to any spending related to the MCQP for non-locals, and only additional spending other than on a normal night out for locals. This included items such as accommodation, food and beverages, entertainment, shopping, entrance fees, clubbing, tourist activities, transport and other, namely recreational drugs. Critically, accommodation accounted for the largest proportion of spending in the visitors' segment and alcoholic drinks in the local segment.
- Not all of the spending occurs in the Cape Town area and this should be accounted for by the use of adaption factors. Thus, adaption factors (or capture ratios) only capture that percentage of money from the survey that is spent and remains in Cape Town. Capture ratios are only applied to festival tickets, costumes and transport. Expenditure on all other items is entirely captured within the local economy.
- An estimated 2240 people attended the festival. It is worth noting that this is a sharp decline compared to previous years. Visitors spent an average of R7785 during their time in Cape Town and locals spent an average of R1848. The total expenditure from visitors was R5 402 790 and R2 857 008 from locals. Added to this is the expenditure from the organising committee (R289 527). With the leakages taken into account, only R5 022 603 of the visitors', R2 830 510 of the locals and R253 336 of the organising committee's money remain in the Cape Town economy.
- The estimated direct expenditure by locals and visitors that accrue to the local area is specified according to expenditure category. It is evident that in many categories the total direct spending by visitors exceeds that of locals. It is, therefore, evident that the festival organisers should aim to attract more visitors than locals to the MCQP.
- Three scenarios were represented to calculate the direct, indirect and induced impacts as it is debatable whether some spending should be included or not. The three scenarios were:

- Total economic impact – including local spending (scenario one);
 - Total economic impact – excluding local spending (scenario two); and
 - Total economic impact – excluding festinos in Cape Town for reasons other than the MCQP (scenario three).
- The most accurate and technically correct scenario was scenario three where only spending of people that visited Cape Town because of the 2009 MCQP were taken into consideration. However, local residents were included in the study as the festival created an opportunity for locals to spend money in the area in the short run, thereby accelerating the economic activity of the area. The questionnaire was designed to capture only the spending of locals related to the 2009 MCQP. This was substantiated by the relatively low spending of locals compared to visitors. Thus, scenario one was used for analysis. The total economic impact is estimated at R26 352 753 if no adjustments were made for local expenditure or for ‘accidental’ visitors to the festival.

6.4 RECOMMENDATIONS

This section contains recommendations regarding the research, and are grouped into three subsections. The first subsection presents recommendations regarding the organisation and economic impact of the 2009 MCQP. In the second subsection, recommendations are made to contribute to a better economic impact on the host community and, in the last subsection, recommendations are made for possible future research improvements or expansions.

6.4.1 RECOMMENDATIONS REGARDING THE ORGANISATION AND ECONOMIC IMPACT OF THE 2009 MCQP

- Great effort should be made to give the local gay community an opportunity to participate in the planning and decision-making of the MCQP. Currently, there is a lack in *pre-sale service*. The website should be updated at least three months prior to the festival, instigating a few thoughts and ideas about the next MCQP in order to create advance interest and enthusiasm in the festival. This can be done by hosting an online questionnaire on the website asking the public’s ideas for new venues and themes for the upcoming MCQP. The gay community could also be included by

organising meetings in local bars. Additionally, questionnaires could be left at all gay businesses or outlets, or emails could be sent to databases asking relevant questions regarding attitudes and ideas regarding certain festival aspects. The promotion and marketing of the festival should be more adequately targeted and suited to specific groups of potential partygoers. Posters and flyers should be distributed throughout the City by promotional helpers dressed in costumes according to the theme to create street-level hype for the festival. This should start at least four weeks prior to the festival.

- Performers, artists and DJ's should be regarded as main stakeholders in the MCQP and should be involved in organising the festival, since they can make valuable contributions to the marketing of the festival while performing somewhere else prior to the festival, for example, mentioning the festival on television or magazine interviews or posting the festival on their Facebook group pages.
- Great care should be taken when pricing tickets to make the MCQP more accessible, especially to the 'pink raver' market. As 40 % of festino's were older than 35, one might ask if the exclusivity does not make the MCQP more attractive for this particular age group. The MCQP, with its all-inclusive agenda, should, therefore, be accessible to all ages, races and income groups.
- The MCQP brand is affected by advertisements, as these increase awareness and may change attitudes towards perceived image of a brand. Promotion for an event, as well as destination is required to approach targeted tourists. Visitors are mainly from the Gauteng Province in South Africa, and the UK and other European countries. Therefore, MCQPs marketing strategy should focus on Gauteng and Europe, as the research results show that visitors spend more than twice as much as locals. As the MCQP has a limited budget for advertising, this will require adequate planned publicity campaigns by the festival marketer to balance the theme and advertisements between destination and festival.
- In future, the MCQP could be best served by maintaining as much of the core essentials of the festival established in its first few years as possible. By retaining the following core elements, the MCQP could enhance its value as an established brand:

- a) An inclusive definition of queer, which allows men and women partygoers of varying degrees of straight and gay to attend without concern that the gay community would feel threatened in their own spaces. Thus, the MCQP should ensure that everybody is aware of their agenda of openness and inclusiveness; and

- b) A responsive attitude to production and design that ensures that the festinos' needs are catered for, which also negates the need for a 'VIP' attitude, as most festinos indicated that they did not receive added benefits of the more expensive tickets.

- In order for Cape Town to benefit more from the MCQP, leakages should be minimised. Leakages have a significant influence on the size of the total economic impact of the festival, thus the leakages should be identified and minimised. This could be done by educating locals in the workings of the multiplier effect. This could then serve to gain local business owners' support in decreasing leakages by only employing locals and buying from local suppliers. The festival organising committee should try to subcontract with local service providers in all fields in order to minimise leakages from their expenditure. There are certain other tourism strategies that could be used to minimise leakages and increase benefits for the community:
 - Imports to pay for goods and services that are required or preferred by international tourists should be kept to a minimum;
 - Commission to travel agencies or tour operators whose businesses are located outside Cape Town should be minimized;
 - Advertising and promotion abroad should be kept low; instead, aim for publicity; and
 - Wage remittance and savings sent home by foreign workers should be minimized. Instead, only employ locals.

- Research results should be presented to local government. The government, in collaboration with festival organisers, should process the results into a condensed, understandable format and present these to the public, since more people who are better informed about the positive impacts and workings of economics and the gay

tourism industry, could lead to more positive attitudes towards the MCQP. It is thus proposed that the MCQP should be part of a broader tourism strategy, which is aimed at enhancing the profile of the City that will create a new image and identity for the country, reflecting a new and modern South African society. This could be achieved if it is actively promoted by Cape Town Tourism and local government, and if they sponsored the MCQP for better advertising, which may result in higher attendance numbers leading to more economic benefits for the City.

- The festival organising committee should link the MCQP with other local tourism products such as New Year's Eve celebrations, and consideration should be given to move the current date (third weekend of December) to the last week of the calendar year or first week of the new year. Cape Town is well known for its peak summer period between 20 December and 10 January. It is believed that most non-local festinos would not visit the MCQP around its current date, as most people would rather be in Cape Town around Christmas and the New Year.
- The MCQP organizing committee and Cape Town Tourism should strive to maximise local economic benefits. In order to achieve this, the following objectives should be met in a coordinated event tourism strategy:
 - a) Make the festival long and attractive enough to encourage overnight stays in the host community. MCQP should be extended from a one-night festival to a weeklong festival, perhaps from Christmas to New Year, Cape Town's busiest period, as proposed in the preceding section. Extending the festival to a weeklong festival will also help to increase expenditure and have a higher economic impact, whilst diversifying the product offering. A tour product should be developed including a number of activities, such as hikes, sport competitions, theatre, art exhibitions and a circuit party, which should be held during the weeklong festival;
 - b) Encourage the gay community to invite friends and relatives from other provinces in South Africa and countries in Europe to stay with them during the festival, and to take guests to the festival;

- c) Festival organisers should try to increase high spending festinos' length of stay. High spenders stay in guest houses and hotels, which are also more labour intensive than other accommodation facilities such as campsites, thus the expanding of this market could prove to have a number of benefits such as higher expenditure and more job creation;
- d) Make purchases from local supplies and put profits back into gay community projects;
- e) An attempt should be made to increase expenditure on souvenirs and gifts, especially locally-produced items. This is an area that has been largely untapped and has a lot of potential; and
- f) Businesses in Cape Town could be more involved with the supply of goods and services for the festival. The more businesses that are involved in the festival, the less the leakages will be, and the more the community will benefit from the festival. Festivals can be used to attract sponsorships and investment in the area or destination. Local businesses could be asked to sponsor a certain part of the festival, as is done at major golf events. In return for the sponsorship, advertising could be offered. The latter is also a good way to get the whole destination area involved in the festival, resulting in all businesses benefiting, and not merely some, as can be seen with the research results (cf. 5.2.2 -5.2.3).

6.4.2 RECOMMENDATIONS TO IMPROVE CAPE TOWN'S GAY TOURISM STRATEGY

Sydney (Australia) has been successful in attracting the gay market and is a popular destination, but the length and cost of flights from most places in the world is a deterring factor. Major gay events hosted there such as the Gay Mardi Gras and the Gay Games draw large numbers of gay tourists, but also increase prices, which makes it unattractive to a large part of the gay market. Cape Town is in an advantageous position as the flight time (from EU and the Americas) is somewhat shorter than to Sydney, the Rand exchange rate is favourable, and the existing strong gay scene is complemented by a wide variety of natural, historical and cultural attractions. The following is a list of recommendations to improve Cape Town's gay tourism.

- Unlike paid advertising for a destination, reporting about an event or a city or a country that hosts a special event is a purely journalistic activity in terms of coverage. It is, therefore, absolutely essential that the MCQP should be covered for its pre-activities (announcement of the theme at least two months prior to the festival), coverage during the festival (on the night of MCQP), as well as post-festival effects (such as communicating the economic impacts). If a large event is covered then it is needless to say that media persons should be invited, but when it comes to organizing an event with an intention to promote Cape Town as a gay destination, then it should be pre-decided who will cover the event, and how the event and destination will be covered to balance the effect of image transfer. It is thus necessary that public relations activities should be well planned. Press conferences, press releases, invitations to events for impresarios are some means of networking for good public relations.
- The MCQP should be used as the image builder of a section of modern tourism in Cape Town by promoting, redeveloping and re-imaging Cape Town's gay tourism. Local government support could be obtained (as suggested in preceding sections) by offering to advertise popular gay attributes of Cape Town on products and materials that are used for events marketing (for example, freebies). The products should bear Cape Town's name, promoting the gay features of the host destination.
- The potential economic impact of the Gay Games should be communicated to the decision makers of the City of Cape Town. Securing the Gay Games will result in a positive impact on the local community as each Gay Games event has drawn, since 1994, between 10 000 – 12 000 participants. Gay Games VIII in Cologne in 2010 attracted some 10 000 participants from about 70 countries. Gay Games VII in Chicago in 2006 attracted 11 500 participants from 70 countries. Gay Games VI in Sydney Australia in 2002 attracted 12 100 participants (Federation of Gay Games, 2011). The Games would draw international and local gay media attention, and promote Cape Town as a vibrant, sophisticated and globalized modern City, much the same as it did in the recent FIFA 2010 Soccer World Cup.
- Gay tour operators and gay-friendly mainstream operators should participate in strategy sessions along with local government, Cape Town Tourism representatives,

and other tourism industry stakeholders. In an effort to increase gay and lesbian arrivals, participants should market 'co-operatively' by highlighting their own specialties in the market such as special events, beaches, shopping, winelands, whale watching and safaris, while assuring a non-discriminatory environment (gay-friendly) and an opportunity to support and participate in a thriving gay scene and business network. The resulting impact on the gay market will be far greater than attempting to market independently.

- Cape Town Tourism should train travel agents and local establishments about the gay-friendliness of the destination in order to understand the gay market's needs. This can be done through educational programs such as a Gay and Lesbian Travel Workshop.
- On the basis that the existing product mix meets a high proportion of international market needs, marketing will play a greater role in market growth through improving information provision, advertising, travel trade knowledge and product packaging to raise awareness of what Cape Town has to offer, and provide competitive pricing to encourage bookings. Cape Town already has a base of gay-friendly and gay specific venues (cf. Table 3.2), as well as a host of product strengths that attract the gay market (cf. Table 3.3). Harnessing these attractions and further product development in terms of packaging, as well as focused marketing, would encourage increased visitation from this market. For example, arts and cultural products such as the Winelands, Garden Route, history and culture, natural scenery and good access to wildlife, restaurants, gay nightclubs and events such as the Gay and Lesbian Film Festival and the Cape Town Pride week are key product draw cards that should be more specifically packaged and promoted to the gay market both locally and internationally.
- The Atlantis and Olivia cruises both have programs that are aimed primarily at gays and lesbians. Their itineraries are a little different from those of the rest of the cruise market and are chiefly Caribbean-based, typically with departures from Miami and Fort Lauderdale. Both Atlantis and Olivia also feature all-gay or all-lesbian weeks at resorts that are reserved for exclusive use, usually in the Caribbean or Mexico. Cruises for men have more of a party atmosphere than women's cruise ships and

include theme pool parties, and night time entertainment, as well as shore excursions. Cape Town has potential to become a popular boutique stop-over as the City already has an established gay scene along with much summer entertainment.

- Cape Town Tourism should aim to grow the City's share of the EU and US gay markets through raising awareness of Cape Town's gay product strengths by increasing Cape Town's presence in packages in the 'pink raver' and 'mature explorer' markets in order to offer special deals in line with its competitors. Cape Town Tourism should create gay-friendly travel products and market directly to consumers, and to the strong network of travel agents that serve the gay community. In addition to mainstream interests, there are niches within the gay/lesbian niche travel. Marketing messages should be targeted to arts, culture and cuisine, history, architecture, education, heritage and sports and adventure. For example, Cape Town with its 'tropical resort' feel could play regular hosts to what are known as 'gay circuit parties' such as the Winter Party in South Beach, Miami which is held for AIDS charities.
- The International Marketing Council of South Africa, a government-funded international marketing initiative, should attempt to use South Africa's high-profile new democracy and constitution recognising gay rights to carve out a niche position in the global arena. South Africa is also one of the few destinations in the world where gay couples can legally get married, which would result in Cape Town being an ideal honeymoon destination.
- A distinct association, which represents gay tourism interests should be formed to represent the specific interests of this sector of the tourism industry. This association should work closely with Cape Town Tourism and the Marketing Council of SA. The official website should provide monthly updated links to, amongst others, gay-friendly accommodation, tours and transport, restaurant, bars and theatres.

6.4.3 RECOMMENDATIONS REGARDING FUTURE RESEARCH

Further research should study the following aspects in these separate areas:

- How can gay events be used to position Cape Town as a gay destination in the off-peak season? This study has shown that events play a powerful role in society. Therefore, research needs to be done to determine the potential events have to stabilise the seasonality of tourism, and determine the saturation point of event tourism.
- Detailed research into the pink market is crucial to increase visitorship and optimise tourism receipts. In this regard, segmenting the pink market to understand different opportunities that are presented by the different queer market profiles would also be key to a detailed marketing strategy.
- We remain ignorant of the social and environmental impact of the MCQP on the host community, Cape Town. Social, political and cultural impacts are other areas that should be investigated in future studies. The question of what benefits and costs are there that cannot be expressed in monetary terms such as stresses of the local community, would make for interesting reading.
- As mentioned in Chapter Three (see section 3.5), a drawback of the current study is that it draws upon both 'westernised' researchers and interviewees. Western ideas of sexuality cannot be applied in non-western contexts. As this research does not answer this question, it would be interesting if future studies looked more into cultural differences among gay tourists and, above all, tried to investigate the viewpoints of people outside of the Anglo-American world. This would also augment the presently limited research on urban gay tourism in Africa.
- A visitor survey should include more specific questions pertaining to Cape Town's other tourism attractions to determine whether festinos are aware, have visited, or would like to visit these attractions and, if so, determine whether they would visit them during the MCQP. Such research could determine whether festinos have knowledge of other close-by attractions. If they do not, better marketing of these attractions should be conducted during the MCQP period and if festinos would visit these attractions, it would help with a more events distribution of benefits and tourism experiences.

- A further avenue of investigation should focus on ways in which the perception of crime on the gay community can be changed in South Africa. It would be interesting to know how many gay international tourists have avoided South Africa as a destination owing to its unsafe reputation.

6.5 LIMITATIONS OF THIS STUDY

- The impacts of gay tourism have only recently started to attract critical analysis in South Africa. It is, therefore, worth noting that because this project represents one of the first pieces of academic work that deals with the economic impact of the MCQP and, to a lesser extent, gay tourism in Cape Town, it faced particular challenges, most notably a lack of resources against which to reference this research.
- Despite adherence to the basic principles of economic impact analysis and careful efforts to accurately sample visitors, the resulting impacts remain 'best guesses'. There is likely to be some error margin in the sampling procedures. Furthermore, the data depends on the accuracy of responses to the questionnaires. Respondents were interviewed at the beginning and during the festival where they were required to estimate their likely expenditure. Even assuming good-faith efforts by respondents to provide accurate data, errors are inevitable and their margin is not calculable. Hence, a questionable assumption should be made that the error is random and thus self-cancelling.
- A further limitation of this study might be the sample drawn from the business population, since this is a scenario-based study, which only included gay businesses. Consequently, the multiplier might be biased in some cases as it does not represent the whole production structure of Cape Town. It should be regarded as an estimate at best, and used for academic purposes only.

It is hoped that the results obtained from this economic impact analyses will provide valuable gay market information that may be further utilized for other purposes.

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ADDENDUM A

VISITOR QUESTIONNAIRE - SECTION A	
1. Gender	
Male	1
Female	2
Transsexual/other	3
2. Age	
Between 18 - 25	1
Between 26 - 34	2
Over 35	3
3. Language	
Afrikaans	1
English	2
Other (Specify):	3
4. Occupation	
Professional	1
Management	2
Self-employed	3
Technical	4
Sales	5
Administrative	6
Civil service	7
Education	8
Home-maker	9
Student	10
Unemployed	11
Other (Specify):	12
5. Sexual Identity	
Gay	1
Lesbian	2
Bisexual	3
Straight	4
Other	5
Confidential	6
6. How much do you earn per month?	
R 0 - R 6 000	1
R 6 001 - R 10 000	2
R 10 001 - R 18 000	3
R 18 000 - R 30 000	4
R 30 001 - R 45 000	5
R 45 001 - R 60 000	6
R 60 001 - R 80 000	7
More than R 80 000	8
Confidential	9
7a. Province/Nationality	
Western Cape	1
Gauteng	2
Eastern Cape	3
Free State	4
North West	5
Mpumalanga	6
Northern Cape	7
KwaZulu-Natal	8
Limpopo	9
Eastern Cape	10
Outside SA Borders	11
7b. If Western Cape, which town/district?	
[]	
7c. If foreigner, please specify country of residence	
[]	
8a. Is your accommodation more than 80km outside Cape Town?	
Yes	1
No	2
If no, proceed to question 9. If yes:	
8b. Was the festival high on your list of reasons for your visit to Cape Town?	
Yes	1
No	2
Local	3
8c. How long will you spend in Cape Town?	
A week	1
Less than a week	2
Between a week and a month	3
More than a month	4
8d. Do you engage in other tourist activities during your stay?	
Yes	1
No	2
8e. If yes, what?	
Wine, dine and party	1
Sun, sand, sea	2
Shopping	3
Key tourism attractions	4
Spent time at De Waterkant - Gay Village	5
Cultural activities	6
9. What type of accommodation do you use during your stay?	
Local resident	1
Family or friends	2
Registered guesthouse or B&B	3
Hotel	4
Rent full house	5
Day visitor	6
Hostel	7
Other (Specify):	8

VISITOR QUESTIONNAIRE - SECTION B

10. How would you evaluate the MCQP according to the following aspects?

	TOTALLY DISAGREE	DISAGREE	NEUTRAL	AGREE	TOTALLY AGREE
MCQP is well organised	1	2	3	4	5
Information about the festival is available	1	2	3	4	5
Ticket prices are reasonable	1	2	3	4	5
Positive impact on the local economy	1	2	3	4	5
Different to other festivals	1	2	3	4	5
Sociable festival	1	2	3	4	5

11. How did you hear about MCQP?

TV	1
Radio	2
Website	3
Newspapers	4
Word-of-mouth	5
Facebook/online	6
Other (specify)	7

12. Estimate how much you will spend on the following items during your visit to Cape Town & MCQP (in rands). If local, how much more will you spend as a result of the festival?

Accommodation	R
Food and restaurants	R
Alcoholic drinks	R
Non-alcoholic drinks	R
Shows/entertainment/theatre	R
Shopping at stalls (excluding food & drinks)	R
Festival tickets	R
Clubbing (including after party)	R
Your costume	R
Tourism -related activities	R
Transport	R
Other/specify:	R

13. How does MCQP 2009 compare with previous years in terms of:

	U = Unchanged	W = Worse	B = Better
Cannot respond to the below - it is my first visit			
Venue	U	W	B
Theme	U	W	B
Ambience	U	W	B
Info before/during festival	U	W	B

14. Would you visit the MCQP again?

Yes, definitely	1
No, definitely not	2
Perhaps	3

15. Any recommendations to improve any aspect of the event?

**Thank you for your support.
For any queries or comments, please contact**

**Ms Esti Venske on 021 460 9066 or email
venskee@cput.ac.za or chris@glenhotel.co.za**

ADDENDUM B

BUSINESS QUESTIONNAIRE

1. Which type of business do you manage?

2. Did your business suffer any losses during the planning or actual MCQP 2009?

Yes		1
No		2
Uncertain		3

2a. If yes, were these losses in terms of:

Crime		1
Breakage		2
Stock written off		3
N/A		4

2.b If yes, were the losses... than previous years?

More		1
Less		2
The same		3
No losses		4

3. Which percentage of your stock, pertaining to the festival, is bought outside Cape Town? (e.g. 10 %)

4. What impact does the festival have on the income of your business? That is, were you busier/quiter than normal?

Leads to a significant increase		1
Leads to a slight increase		2
No impact		3
Leads to a slight decrease		4
Leads to a significant decrease		5

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5a. Did you employ additional workers for the festival?

Yes		1
No		2

5b. If yes, how many additional job opportunities were created in your business owing to the festival?

5c. How many of **these** job opportunities are...

Temporary		1
Permanent		2
Overtime		3

6. Are you of the opinion that the gay community of Cape Town benefits from the MCQP?

Yes		1
No		2
Uncertain		3

7. Do you have any suggestions how this festival could contribute more to the economic development of Cape Town?

