

# Further Insight into the Zimbabwean Tourist Market Equilibrium

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## Abstract

The study was premised on understanding the market equilibrium model in economics so as to improve the Zimbabwe tourism destination market performance. The analysis was done through combining the demand and supply concepts in order to reach tourism market equilibrium. The study used both quantitative and qualitative research designs to get data from respondents. The elements driving market demand have been identified as prices, changes in taste and preferences, cultural changes, disposable income, technological changes, marketing and branding. Those determining supply include technology, distribution networks (accessibility), local community support, buildings and infrastructure. The results of the study show that both demand and supply variables need to be favourably crafted in order to get a better market position for Zimbabwe tourism destination. Also the study recommended changes in tastes and preferences, culture changes and branding as the main determinants affecting Zimbabwe tourism destination demand. The supply variables to improve have been identified as technology, buildings and infrastructure, distribution networks and local community participation.

**Keywords:** Market Equilibrium, Tourism, Zimbabwe, Destination

**1. Introduction**

Tourist destinations act as suppliers of various offerings that attract the tourists. The availability of attractions both natural and man-made completes the supply on the tourism market. Zimbabwe like any other tourism destinations in the world has traits which appeal to tourists. These range from landscapes, dams, rivers, animals and other man-made structures such as buildings and roads. The ability to maintain and market these tourism supplies entails the attractiveness of the country as a tourist destination. This therefore means that when a destination is viewed attractive, it can lure more tourists around the world. Tourists like customers for general products search for destinations that provide them relaxation and unforgettable experience. This means that there are two important parties in a tourism destination which are the tourism service providers and the tourists. They make up the concept of supply and demand in the tourism market respectively.

The Zimbabwe tourism market has been unstable over the years. There have been periods of high tourists' inflows especially in the 1980s and periods of low inflows around the years between 2000 and 2014. Zimbabwe's market share in Africa fell from a peak of 8.1% in 1997 to a low of 4.2% in 2005 (Muchapondwa & Pimhidzai, 2011). Various factors have been pointed out as contributing to this market instability amongst them politics and socio-economic issues (Ndlovu & Heath, 2013; Chibaya, 2013). The tourism market in Zimbabwe has frequently experienced periods of surplus in the provision of offerings and shortages in satisfying tourist demand. This has created gaps on the tourism market by either operating above the equilibrium point or below the equilibrium point as shown in figure 1.1 below.

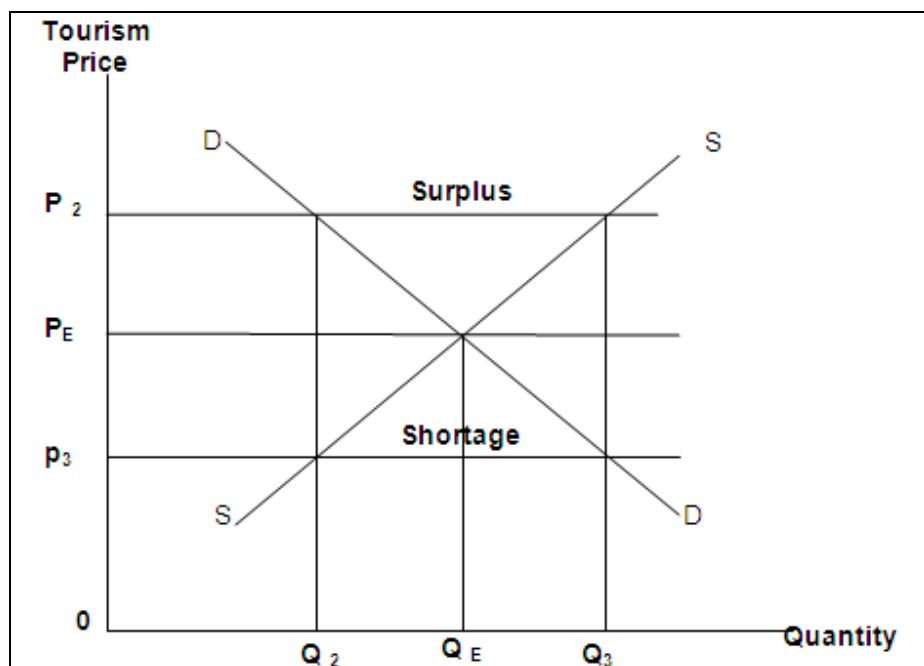


Figure 1. Tourism equilibrium

Source: Research Design (2015).

S = Tourism Supply;

D = Tourism Demand;

$P_E$  = Equilibrium Price;

$P_3$  = Price below equilibrium;

$P_2$  = Price above equilibrium;

$Q_2$  and  $Q_3$  = Disequilibrium quantities;

$Q_E$  = Equilibrium quantity.

The display in Figure 1 above shows the tourism market drivers which are demand and supply. Where the demand and supply curve intersects is the equilibrium position depicting that demand is equal to supply. This intersection determines the price that is charged in the tourism destination which is  $P_E$ . Also at this price the quantity demanded and supplied for the tourism offerings in a destination is  $Q_E$ . However, Zimbabwe tourism destination is currently in a position where it is charging price  $P_2$  in some sectors and price  $P_3$  in others. The reason for price discrimination has been to increase returns in low income markets through charging relatively low prices and higher prices in high income markets. This has resulted in market gaps with shortages and surpluses respectively.

Surpluses have been as a result of the Zimbabwe tourism destination offerings being left idle with no tourists patronizing due to over pricing. This is a position above the tourism market equilibrium with more being supplied compared to what is demanded. Therefore, the scenario pushes tourists out of the Zimbabwe tourism destination. Also as depicted in Figure 1 there are some areas in the Zimbabwe tourism destination where prices are being charged below the required equilibrium price resulting in tourists exceeding carrying capacity and over-consuming the tourism offerings. This results in shortages as shown in Figure 1 above. There was a need to investigate on the tourism market determinants in Zimbabwe specifically looking at the determinants of Zimbabwe tourism demand and those of supply in order to inform the most dominant in reaching a profitable equilibrium of the destination.

### *1.1 Statement of Problem*

There are various gaps in the Zimbabwe tourism destination markets. These are mainly pegged on the regular fluctuations in the demand and supply of the tourism offerings. The tourism market in Zimbabwe is highly unstable with sporadic periods of booms and recessions. This results in the tourism market having periods of surplus and periods of deficit. The study therefore analysed the major economic drivers to tourism market equilibrium in Zimbabwe tourism destination with an aim of improving tourism market stability.

## **2. Literature Review**

### *2.1 Tourism Market*

A market is a place where buyers and sellers meet in order to exchange products and services at a price and certain period in time. This shows that the market is not only subjected to the

physical products but also to services. Tourism destinations can also be classified as markets where the offerings of a destination are sold to the customers who are the tourists. There are two main dominant concepts that exist on a market namely the demand concept and the supply concept. These two concepts produce a market equilibrium which is a point where demand and supply intersects governing the price to be charged, the quantity to be demanded and supplied.

At the market equilibrium there is the elimination of both surpluses and shortages. A surplus is as a result of more quantity supplied than what is demanded. Shortages occur when there is more quantity demanded than what is available on the market. Therefore there are various aspects of demand and those of supply that lead to both shortages and surpluses or a balance on the market.

### *2.2 Tourism Demand*

Demand can be defined as the ability and willingness to consume a product or service at a certain price and given period in time (Mankiw & Taylor, 2006). This means that for demand to be there, they should be both willingness and ability to consume. An individual may be willing but not able to pay a price so as to consume a product or service. Tourist demand therefore entails the willingness to consume and ability to meet the charged price of a tourist package. Demand can be regarded as an effort by the consumer to maximise utility. The law of demand stipulates that more is demanded at a lower price and less at a higher price. The demand for tourism products and services can be seen coming from local people in the form of domestic tourism. International tourism also adds to the aggregate tourism demand in a destination which is known as the outbound or foreign tourism. Therefore destinations should work on knowing the main determinants of the aggregate demand in a tourism destination.

Various factors have been regarded as the determinants of tourism demand. They include the price charged by tourism businesses. Also, price variability is likely to have a greater impact on business visitors than holiday visitors in a “wanderlust” destination (Muchapondwa & Pimhidzai, 2011). Changes in taste and preferences of tourists have contributed to the willingness and ability to consume tourism in destinations. International tourism is subject to changes in tastes over time (Muchapondwa & Pimhidzai, 2011). The incomes of individual tourists also affect their demand in a tourism destination. Advertising and promotions have triggered demand in tourism destinations.

### *2.3 Tourism Supply*

Supply is the ability and willingness of producers to provide goods and services at a given price and period in time (Lipsey, 2009). Suppliers are mainly driven by the desire to make more profits such that they produce more at a higher price and less at a lower price. The concept of supply is not only based on the willingness but also the ability to produce a product or service at a given price (Samuelson & Nordhaus, 2005). The willingness should be backed by the ability. Tourism destination provides a supply of service and products in order to satisfy the holiday and relaxation desires of the tourists. Physical supplies of a tourism destination include the natural landscapes, dams, rivers, animals and buildings. Also the supply of services can be seen in the form of people’s effort in welcoming and assisting the

tourists. This creates the most crucial determinants of tourism supply in a destination. Price has been reckoned as the most crucial determinant of tourism supply in a destination. Local people determine supply of tourism through their hospitality. Accessibility in the form of transportation and tourism infrastructure development also is a determinant. Technology has been increasingly regarded as a key driver to tourism supply.

### 3. Methodology

The study applied a mixed method research design by combining both quantitative and qualitative research approaches in obtaining data from the respondents. These respondents included 25 business tourists, 20 embassy representatives, 30 tourists on holiday making a total population of 75 respondents. A qualitative research helped in obtaining data on the most dominant determinants for both demand and supply of the tourism product in Zimbabwe from business economists through in-depth interviews as research instruments. The questionnaire was also used as a quantitative instrument to relate the determinants (both for demand and supply) to the market needs of respondents. Data analyses were done using average means and were presented in the form of tables.

#### 3.1 Findings and discussions

The research started with a qualitative analysis through interviewing senior experts and managers in the tourism industry. The interviews helped in establishing the tourism demand and supply determinants for Zimbabwe tourism destination. These determinants were then investigated through a quantitative survey using questionnaires on their attractiveness to the tourists. The responses were statistically analysed and presented as shown in table 1 and 2 below.

Q: Which areas of the Zimbabwe tourism destination strengthen the demand of its offerings?

Table1. Responses on the areas to improve demand in Zimbabwe tourism destination

Tourism demand determinants	Business tourists	Embassy representatives	Tourists on holiday	Total mean	Average mean
Destination's own prices	2.123	2.019	1.995	6.137	<b>2.046</b>
Changes in taste and preferences	1.010	1.673	1.234	3.917	<b>1.306</b>
Cultural changes	1.123	1.023	1.113	3.259	<b>1.086</b>
Disposable income	3.123	3.985	3.775	10.883	<b>3.628</b>
Technological changes	2.156	1.987	2.631	6.774	<b>2.258</b>
Marketing and branding	1.205	1.012	1.321	3.538	<b>1.179</b>

*Note.* The average mean are in a range of 1-5 (1= Strongly Agree; 5=Strongly Disagree).

**Source:** Research Survey (2015).

The statistics in Table 1 above shows that cultural changes (average mean of 1.086) have a

greater effect on the demand for tourism offerings in Zimbabwe. This is followed by marketing and branding which have an average mean of 1.179 and changes in taste and preferences with 1.306. Disposable income has lowest average mean of 3.628 in terms of its effect to tourism demand in Zimbabwe. Culture carries a distinctive positioning of a destination. This is because the culture of one destination differs from that of another. Culture promotes uniqueness such that when tourists visit a destination they want to have a new experience which is different from what they already know in their normal living. This is the reason why culture has dominated as a dominant driver to stimulate the demand for tourism in Zimbabwe. Also marketing and branding have the effect of creating strong identity of the destination to the world. This is because of its ability to raise awareness and change perceptions of the tourists. A tourism destination that invests more in marketing can be easily known and appreciated as a place of visit by the tourists. This therefore can easily stimulate tourism demand when the tourists are highly informed. The current paradigm globally is highly associated with dynamism which is affecting the taste and preferences of tourists. The desire to have new experiences has dominated the tourism markets globally. Destination managers should be able to analyse and adhere to changes in the taste and preferences of the tourists in order to attract their demand and remain competitive. Disposable income has proved to have a lowest average mean of 3.628 on its effect to tourism demand in Zimbabwe. This is because usually even with low disposable income, individuals can do savings even for a year in preparation of a touristic visit in the future. Holidays are usually planned for in advance meaning that what attracts the tourists to visit Zimbabwe is not the level of their disposable income but other variables that stimulate the need for new experience and sacrifice their incomes toward holiday.

Q: Which areas of the tourism supply chain need to be improved?

Table 2. Responses on the dominant supply determinants in Zimbabwe tourism destination

Determinants of tourism supply	Accommodation Sector	Travel Sector	Holiday Resorts	Total mean	Average mean
Technology	2.102	1.867	1.957	5.926	<b>1.975</b>
Distribution networks	1.233	1.410	1.216	3.859	<b>1.286</b>
Building and infrastructure	1.117	1.001	1.490	3.608	<b>1.203</b>
Local community support	2.091	2.651	1.992	6.734	<b>2.245</b>

*Note.* The average mean are in a range of 1-5 (1= Strongly Agree; 5=Strongly Disagree).

Source: Research Survey (2015).

The responses in table 2 above show statistics on the responses given on the most effective determinants of tourism supply in Zimbabwe. Buildings and infrastructure have been regarded as the most dominant determinant of tourism supply with an average mean of 1.203. This is followed by distribution networks with 1.268 and technology with 1.975. Local communities have the highest average mean of 2.245 and even less than 2.5 showing its

significance as a determinant of tourism supply. Buildings and infrastructure are crucial as they provide comfort and relaxation for tourists. When a tourist is on holiday, the comfort and experience needed should be equal or more than that experienced when at home. The buildings and infrastructure include accommodation, transport and other amenities. A tourism destination needs to have state of art and convenient infrastructure for it to be attractive. This also aligns with distribution networks which provide accessibility that is required in a tourism destination. All points of tourism activity should be accessible by road, rail, air and sea transport. Some tourists visit for adventure in the most remote areas and this can only be achieved when the areas are reachable. Technology has managed to improve efficiency over the years. It has affected every sector of a tourism destination from accommodation to travel and resorts. The new tourist is one who appreciates globalistaion through applying technology in simplifying life than any other time before. Also local people provide a welcoming atmosphere through their hospitality which makes them an important determinant of tourism supply. Zimbabwe has been on the record of having hospitable people and this might be the reason for a low response in relation to other variables. It has become normal that local people in Zimbabwe are welcoming and that there is still need to upgrade infrastructure and buildings, distribution networks and technology.

#### **4. Conclusion**

The concept of demand and supply has proven to be crucial in determining the tourism market equilibrium. Various factors have proved to affect the demand of the tourism offerings. These include prices, changes in taste and preferences, cultural changes, disposable income, technological changes, marketing and branding. The supply concept also suggested that technology, distribution networks (accessibility), local community support, buildings and infrastructure affect the market equilibrium position for Zimbabwe tourism destination. This means that an effective matching of these variables (for demand and supply) will help in eradicating market surpluses and shortages of the tourist offerings thus improving the performance of Zimbabwe tourism destination.

#### **5. Recommendations**

There is need for tourism destination managers in Zimbabwe to understand that the preferences and tastes of tourists are always changing. Researches should always be done so as to determine the most dominating preferences of the global modern tourists. Relying on the traditional type of tourism offerings makes the tourism destination obsolete and redundant in the mind of the potential tourists. This deters the drive for repeat visits and even attraction of new tourists. Therefore tourism operators should be compliant and adhere to these changes.

The Zimbabwe tourism destination should maintain originality of its culture and heritage. This helps in making the destination unique and attractive. Tourists demand products and services that are a different from what they know in their daily living. They want to see a change especially with the current paradigm whereby adventure has become the common trait of tourists.

Branding is an important marketing tool that can help in positioning and gaining tourism market share. The symbols, names and other identification artifacts help in enhancing the market status of a tourism destination and stimulating demand. Zimbabwe tourism destination should therefore invest more in building a positive and attractive tourism brand.

The Zimbabwe tourism destination planners and managers should invest more in super technology, refurbish and build convenient infrastructure, accessible road networks, and collaborations with local communities. This helps in improving the quality and attractiveness of the tourism offerings thus luring more tourists as they will be comfortable and confident of a pleasant stay in Zimbabwe. This suggests a need to improve the quality of facilities and standards of hospitality for tourists, if destinations are to attract more visitors (Muchapondwa & Pimhidzai, 2011).

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