

### Learning Outcomes 1

**Assessment Standard 12.1.1: Evaluate and report on the impact that the provision of service excellence has on economic growth and community development in the country, and make recommendations for improvement.**

### WHAT DOES SERVICE MEAN?

What does the concept service and product mean?

Services are products paid for through an exchange transaction that does not give ownership but allows one access and use of a service at a specified time in a specified place.

### CHARACTERISTICS OF SERVICES

- ? Services are normally intangible. They cannot be stored, transported, packaged, displayed or investigated.
- ? They are perishable - they cannot be stored for future use.
- ? Services are adapted to the client's needs. The service is composed and rendered according to the needs of clients.
- ? Services are inseparable and cannot be removed from the supplier.

The quality of services differs. It depends on the personality and emotional condition of the supplier, which means that the service is not standardized.

The product of tourism is different in nature to other manufactured products. The product of tourism is a satisfying experience at a desired destination or while using a tourism service.

The tourist uses many different tourism products and services that is offered by many different sectors, sub sectors and role-players and are bundled as a whole experience. Therefore we say that the tourism product and service is inseparable and interdependent.

In Grade 11 we looked at the impacts of poor service and excellent service on different sectors and sub sectors. Tourism goes beyond just being beneficial to the service providers; it provides economic growth for a country and is a vital industry in job creation. Remember the benefits of tourism we looked at in Grade 11. Go back to the benefits of tourism in order for you to understand how important it is for the tourism industry to provide excellent services and products.

### How does service excellence impact on the economic growth of a country?

In order for us to answer this question we need to first look at the term **Gross Domestic Product (GDP)**

### Definition of Gross Domestic Product

Gross domestic product (GDP) is one measure of economic activity, the total amount of goods and services produced in a country in a year. It is calculated by adding together the market values of all of the final goods and services produced in a year.

- ? It is a *gross* measurement because it includes the total amount of goods and services produced, some of which are simply replacing goods that have depreciated or have worn out.
- ? It is *domestic* production because it includes only goods and services produced within a country.
- ? It measures current *production* because it includes only what was produced during the year.
- ? It is a measurement of the *final* goods produced because it

does not include the value of a good when sold by a producer, again when sold by the distributor, and once more when sold by the retailer to the final customer. We count only the final sale.

From a tourism perspective, the total value of tourism products and services produced and used within a year and its contribution to the economy of the country.



An increase in tourism arrivals results in an increase in the demand for tourism products and services. By supplying this increased demand, tourism businesses have to employ more people and the more people who are employed and earning a salary, the more money goes towards the economy in the form of taxes, VAT, PAYE and many other ways.

This then results in the tourism industry contributing to the GDP of a country, however it is important for us to understand that the tourism industry is a competitive industry and unlike gold is not exclusive to South Africa.

It is for this reason that we have to ensure that we meet and maintain excellent service standards especially in view of the industry being a predominantly service industry.

Maintaining excellent service will ensure repeat visitation, encourage new markets, encourage free positive word of mouth marketing and create a positive impression of South Africa as a tourist destination.

This will then result in an increase in tourist arrivals to the country and over and above just contributing to the economy of the country; it will also result in community development.

### HOW THE COMMUNITY STANDS TO GAIN FROM A SUCCESSFUL TOURISM INDUSTRY.

