



Boundless Southern Africa  
TFCA 2010: Tourism Investment Opportunities

Global Tourism Snapshot – Trends & Opportunities  
for Southern Africa

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# Tourism is resilient!!!!

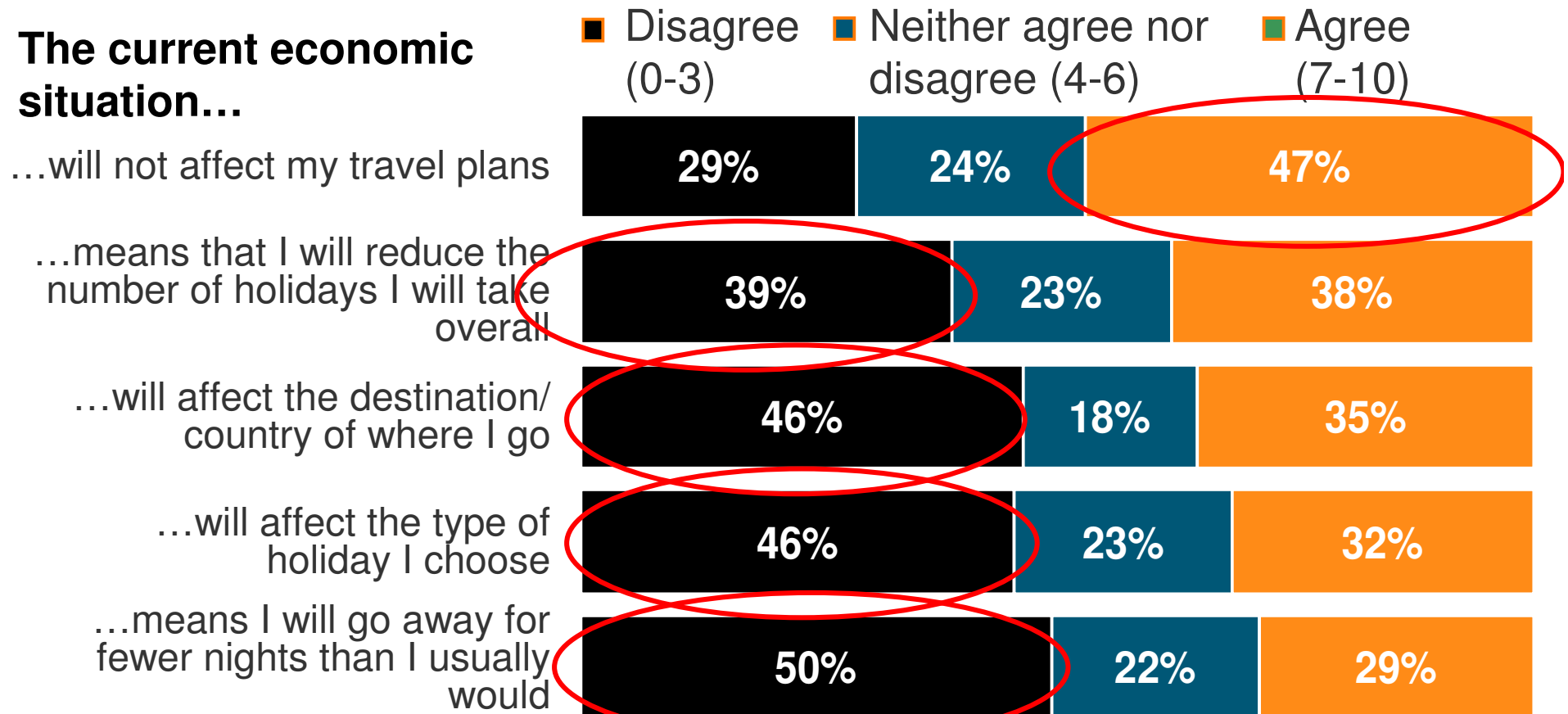
- 2 Gulf Wars
- 1998 Asian Crisis
- 9/11
- SARS
- Tsunami
- Avian flue/foot and mouth
- Recession/economic slowdown

# The Johannesburg Stock Exchange

Drawdown	Time to recover - months	Peak
-62%	59	Apr-69
-51%	62	Mar-74
-47%	26	Oct-80
-44%	24	Aug-87
-39%	19	Apr-98
-36%	34	Jan-60
-30%	20	May-02
<b>-27.2%</b>	<b>?</b>	<b>May-08</b>

# Impact the current economic situation may have on your travel/holiday plans?

## The current economic situation...



Base: All at least likely to take an overseas holiday (661)

Source ABTA Survey, IPSOS

## But there is a global slowdown

- High-end business related travel declining rapidly
- Hotels re-negotiating rates
- Airlines suffering – oil price, loss of business class – Europe - 6,9% (J-J)
- IATA – J-A load factors down 1.4 percentage points
- Poor summer season 2008? and poor 2009
- Recovery by 2010 and good 2011 – pent-up demand
- Middle and Far Eastern markets, and high-end leisure less impacted
- UNWTO barometer – in June lowest since 2003 – 112 – Africa 3<sup>rd</sup> most optimistic at 114

# Tourism worldwide – factors influencing trends

- **Growth Industry**
  - **Affluence**
  - **Globalisation**
  - **Absorbed into culture**
- **Volatility**
- **Highly competitive**
- **Distribution revolution**
- **Leisure Time constraints**
- **Decline of the European middle class – polarisation of offers**
- **New major generators – big eastern middle classes**
- **Sustainability - climate change**
- **Terrorism**
- **Clash of Cultures**

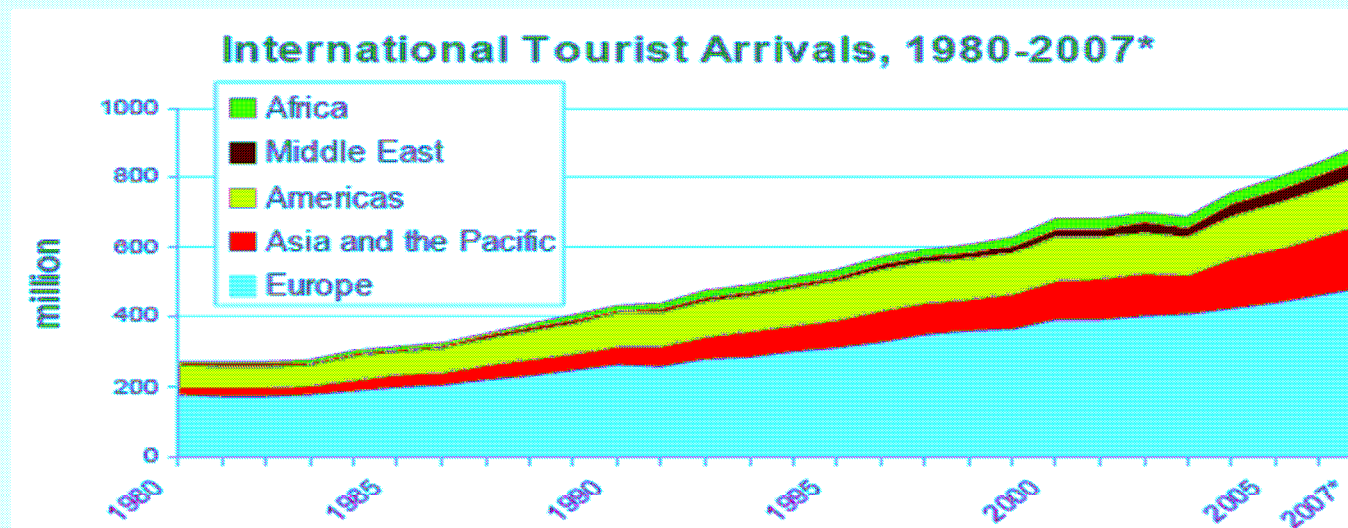
# Tourism today

- **Upmarket** trend - higher levels of disposable income
- Take **more frequent shorter** breaks
- Better-educated & **more sophisticated** tastes
- People want **more specialised** holidays
  - **Niche markets** – adventure tourism, eco tourism, volunteer tourism, family-orientated holidays, etc,
  - Demand more **experience** based holiday
- More **exotic destinations** – Africa, Asia, South America
  - Travel also **more affordable** to people in developing nations
- **Internet** sites offer dynamic packaging – inclusive price for a tailor made package

# Global tourism: international tourist arrivals by region 1980 - 2007

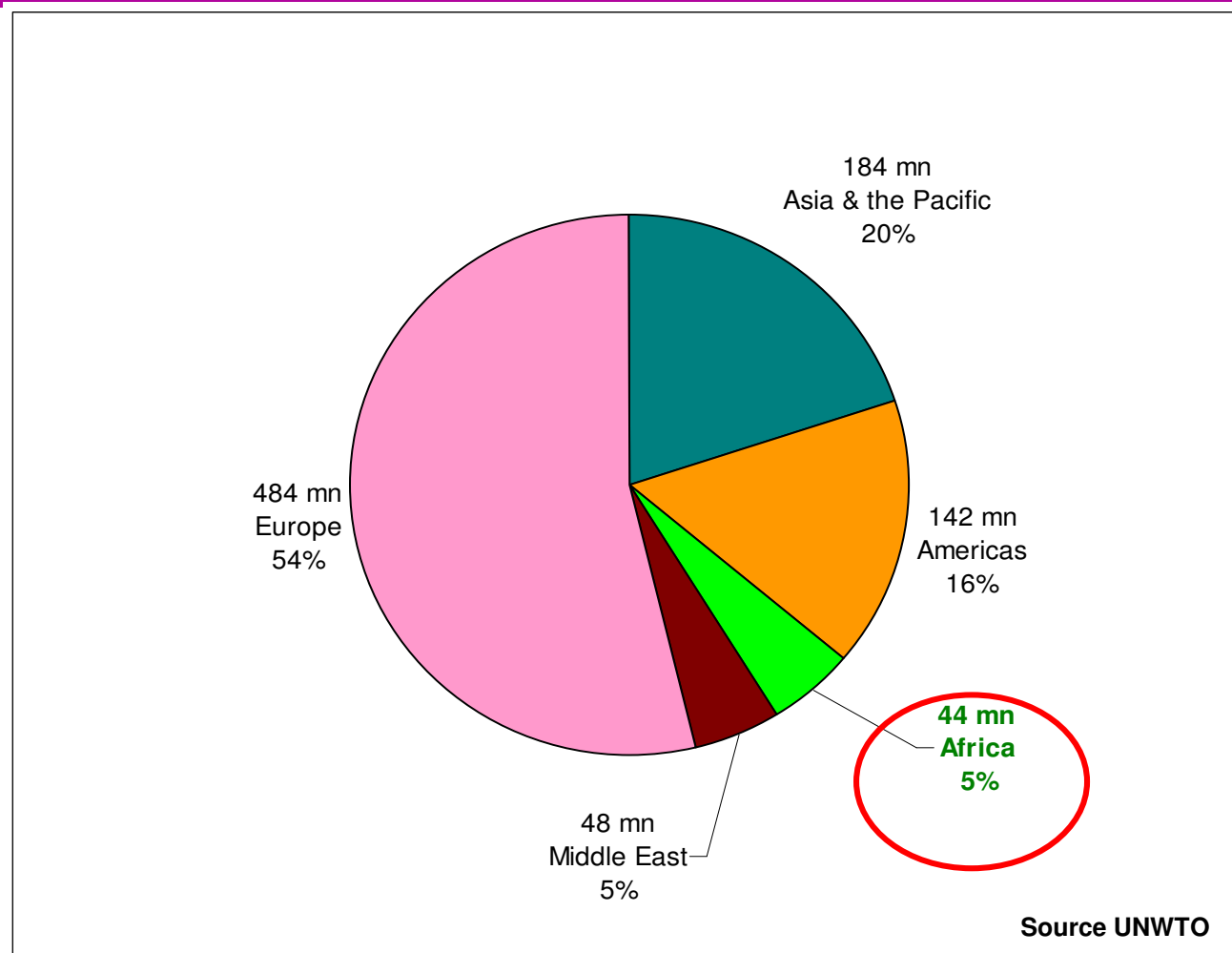
## Arrivals grow from 800 to 900 million in two years

- 2007: 898 million international tourist arrivals
- + 6% or 52 million more as compared to 2006

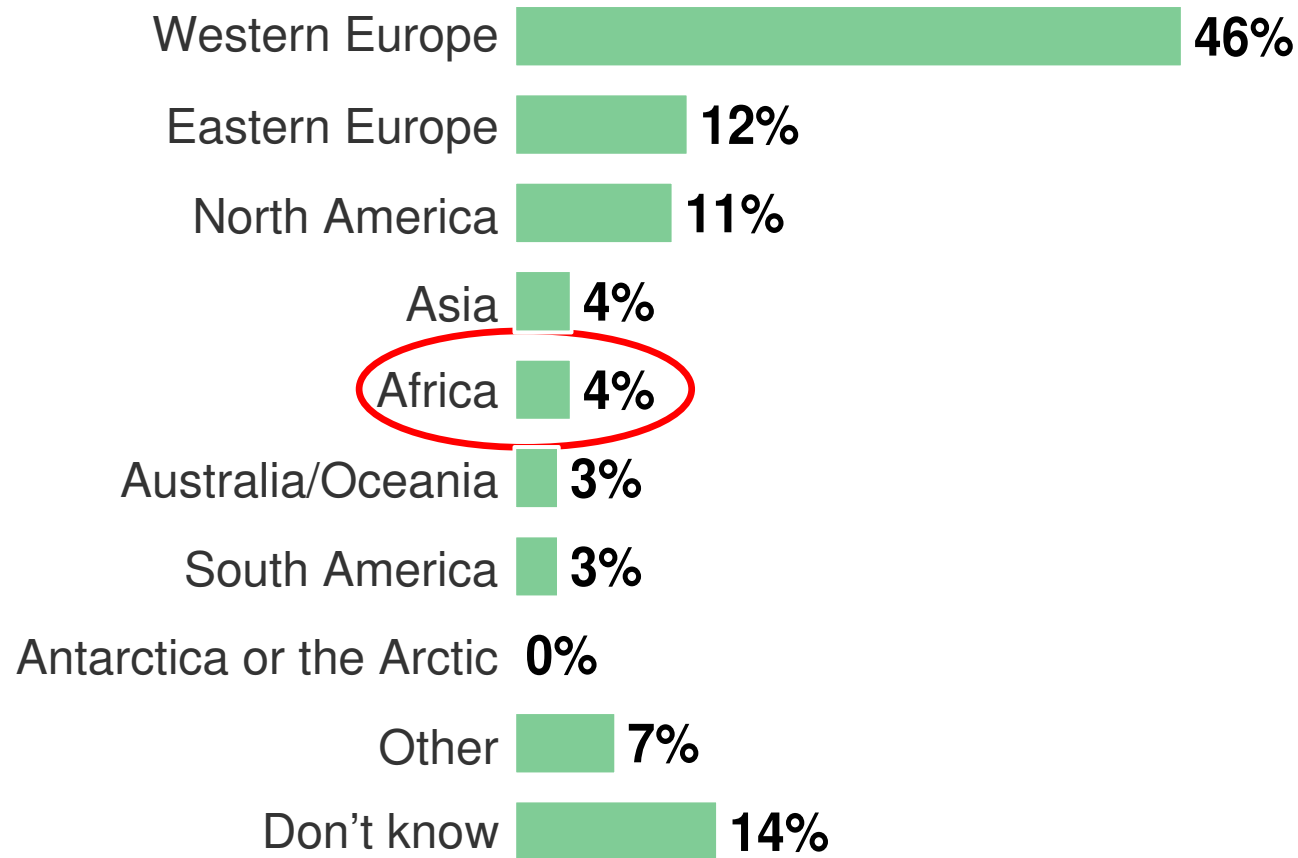


**Projected 1,6 billion international arrivals in 2020**

# Worldwide international tourism arrivals: 2007



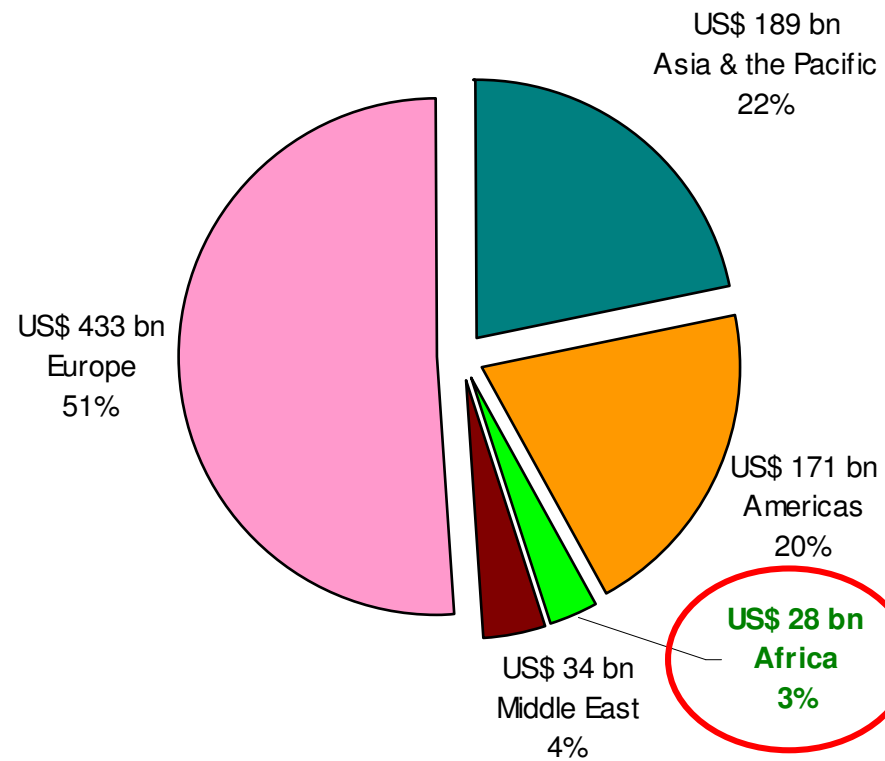
# Q4 For your next overseas holiday, even if you have yet to book anything, where are you planning on going?



Base: All who have been on or booked an overseas holiday (702)

Source ABTA Survey, IPSOS

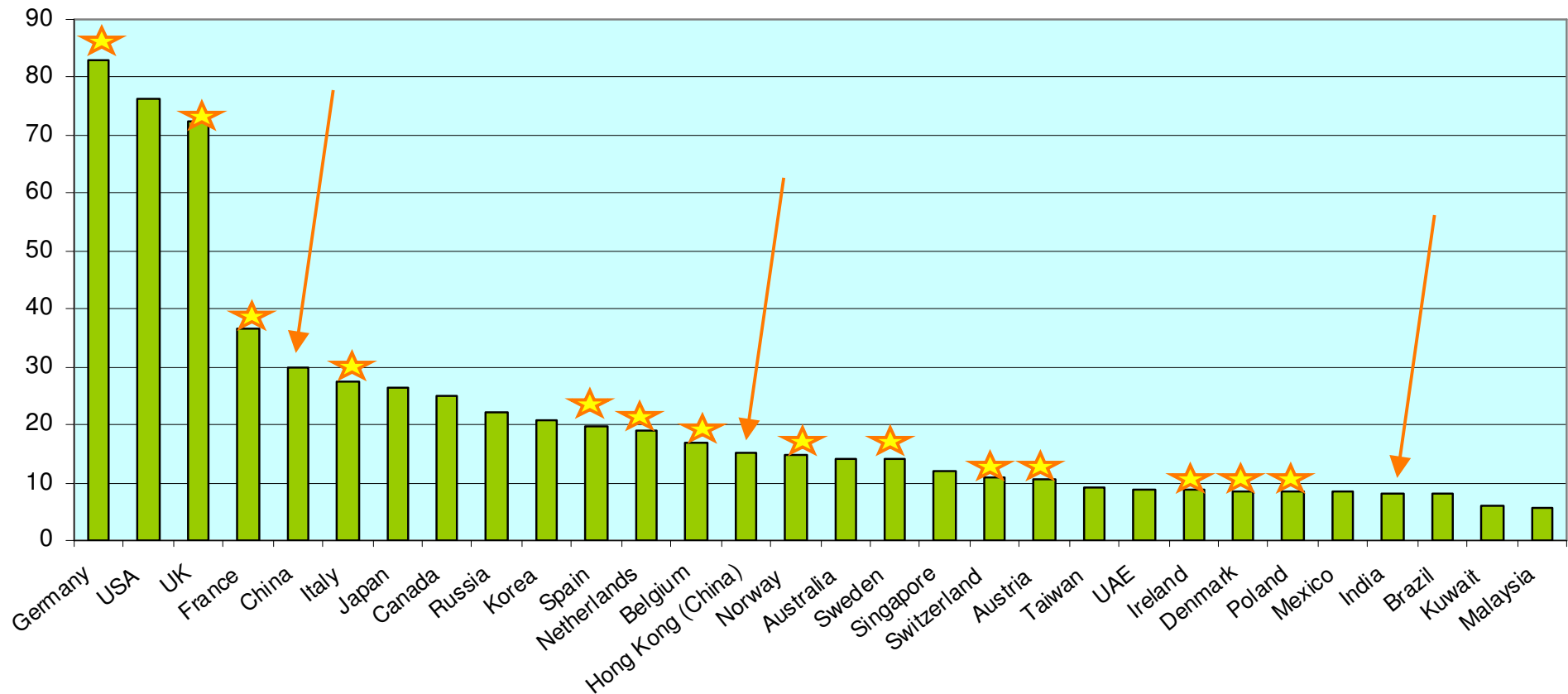
# Worldwide international tourism receipts: 2007



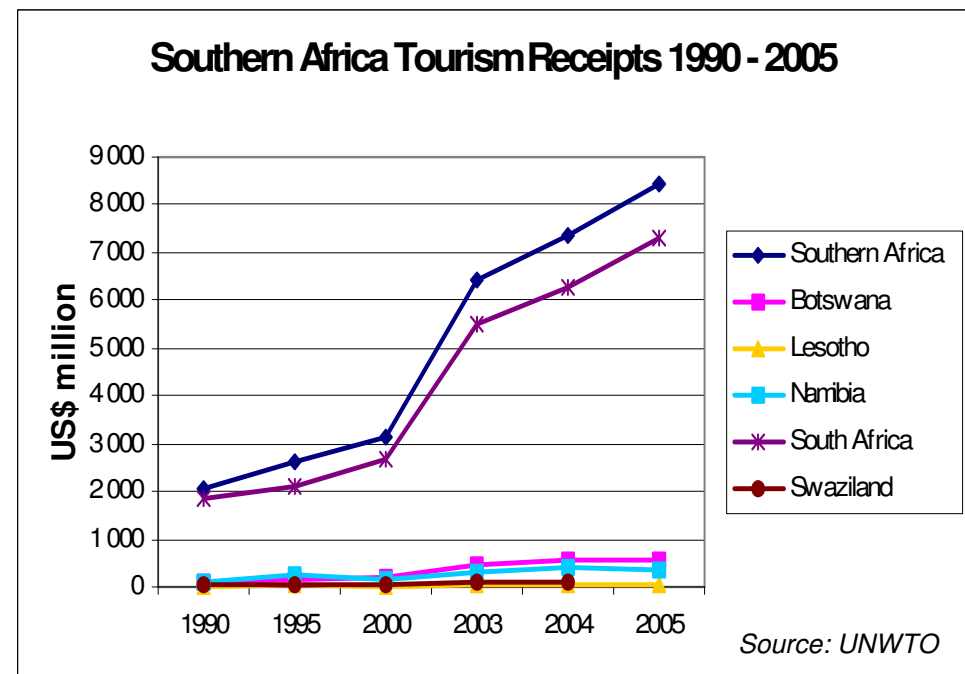
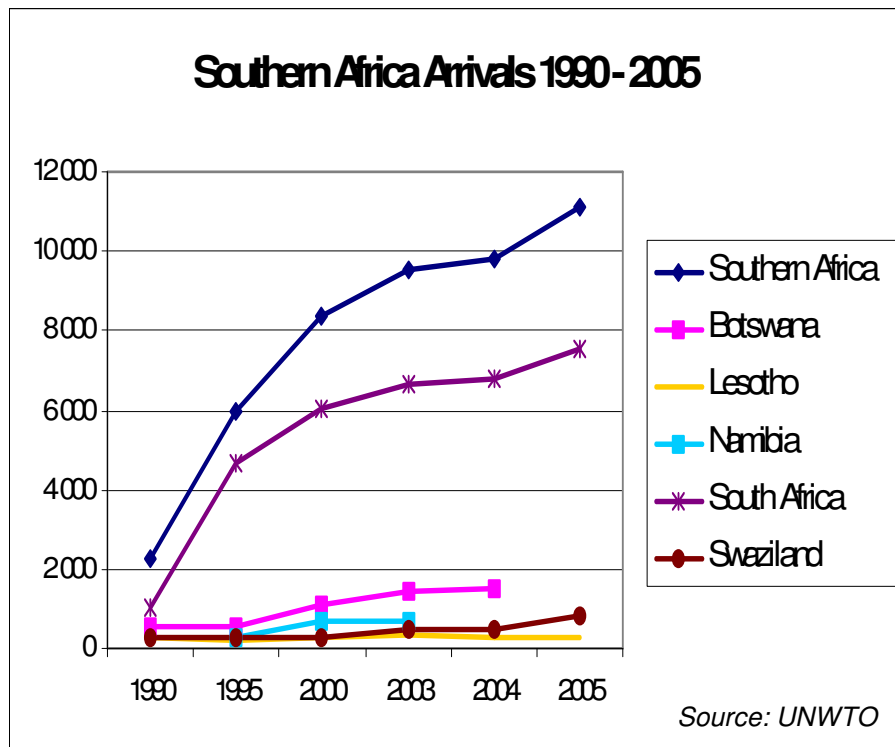
Source UNWTO

# Top 30 international tourism generators by spend

## International Tourism Expenditure 2007 (US\$ billion)



# Global tourism trends: Southern Africa arrivals & receipts 1990 - 2005

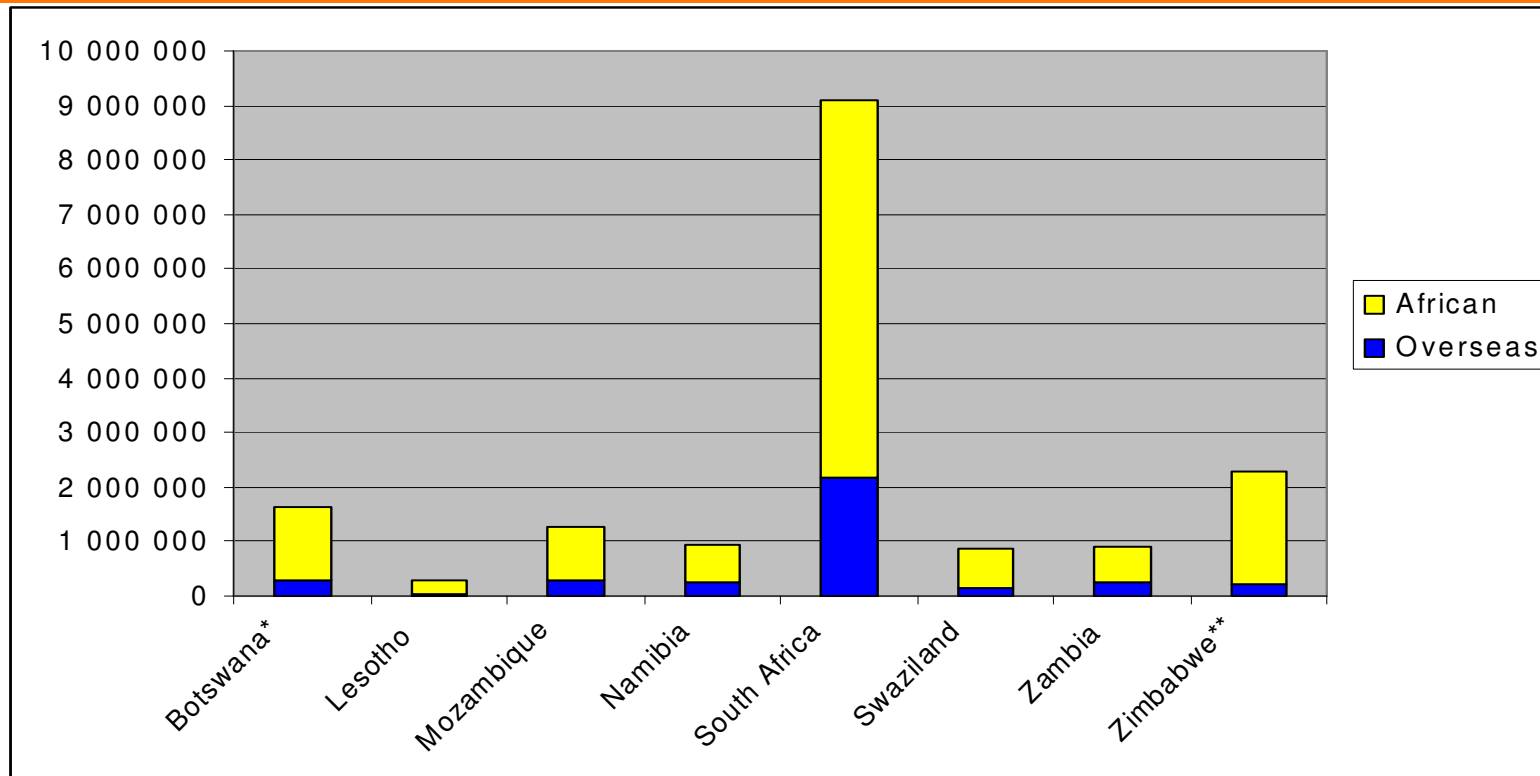


**2005:**

**Average spend per arrival \$757**

**Global average \$842**

# Foreign tourist arrivals to TFCFA countries - 2007



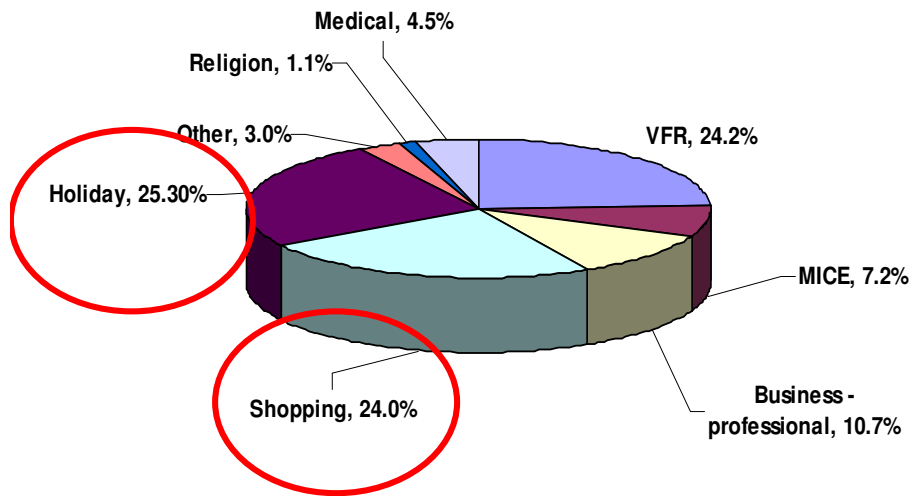
**Total foreign tourist arrivals to SADC 17,26 million**

**Percentage from other African countries 79,3%**

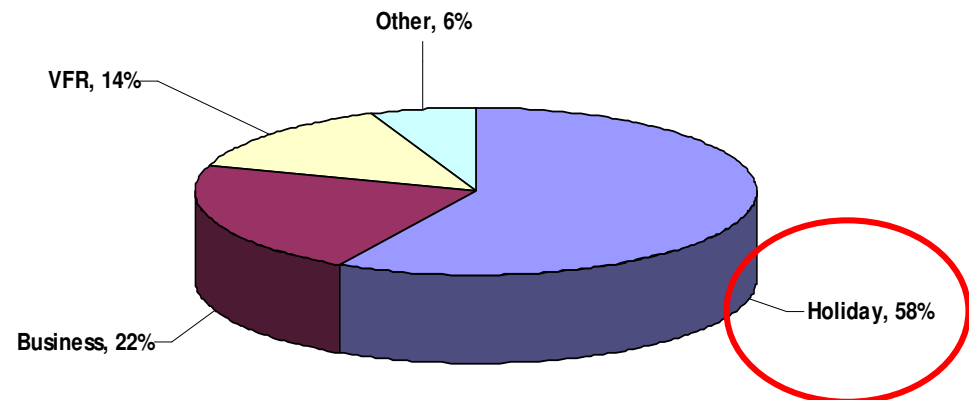
**Overseas arrivals 3,56 million**

# Foreign tourists: purpose of visit 2007

Total arrivals 2007

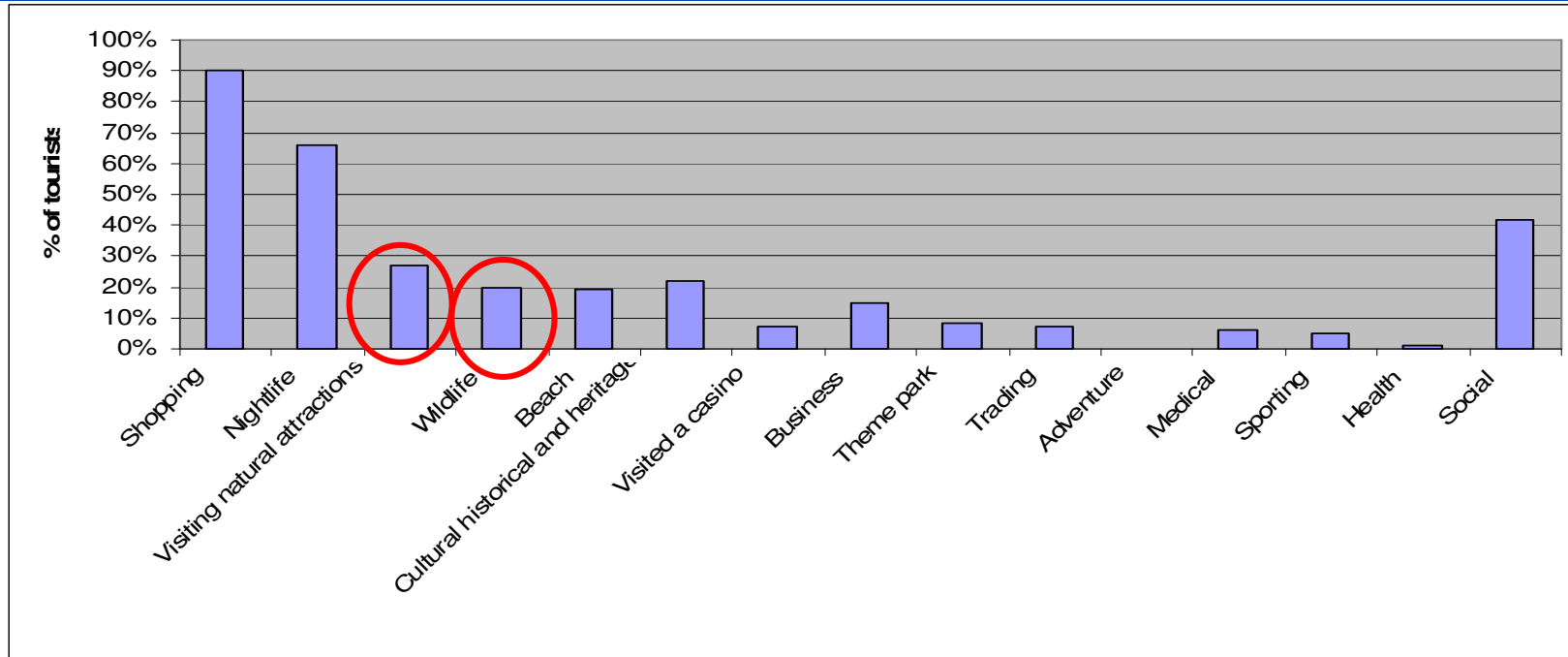


Total Overseas arrivals 2007



Source: SA Tourism

# Foreign tourists : activities undertaken in SA 2007



•24% of visitors are from overseas

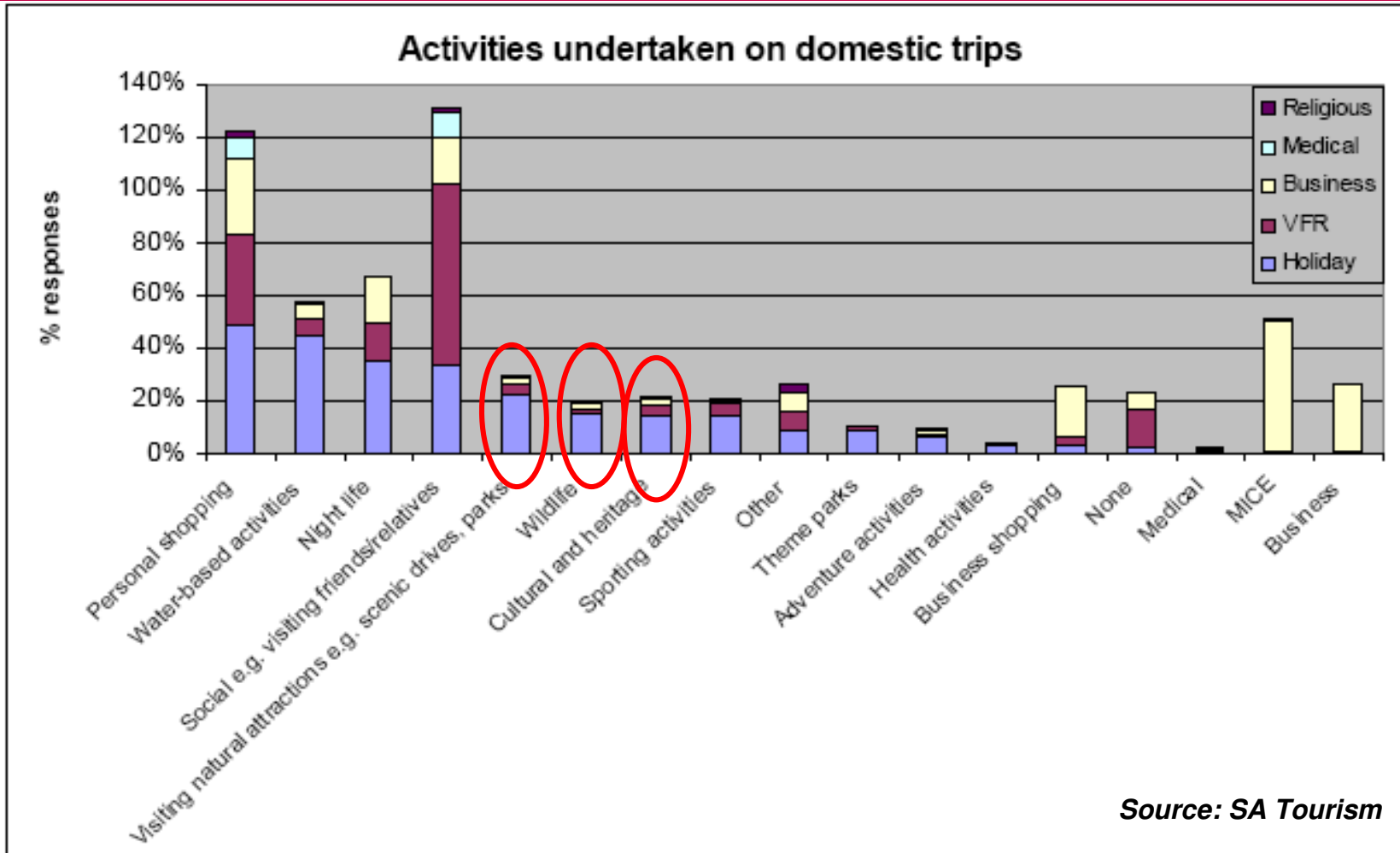
Holiday	55%
Business Travel	14%
Business Tourist	9%
VFR	12%
Shopping - Personal	2%
Shopping - Business	0%

Source: SA Tourism

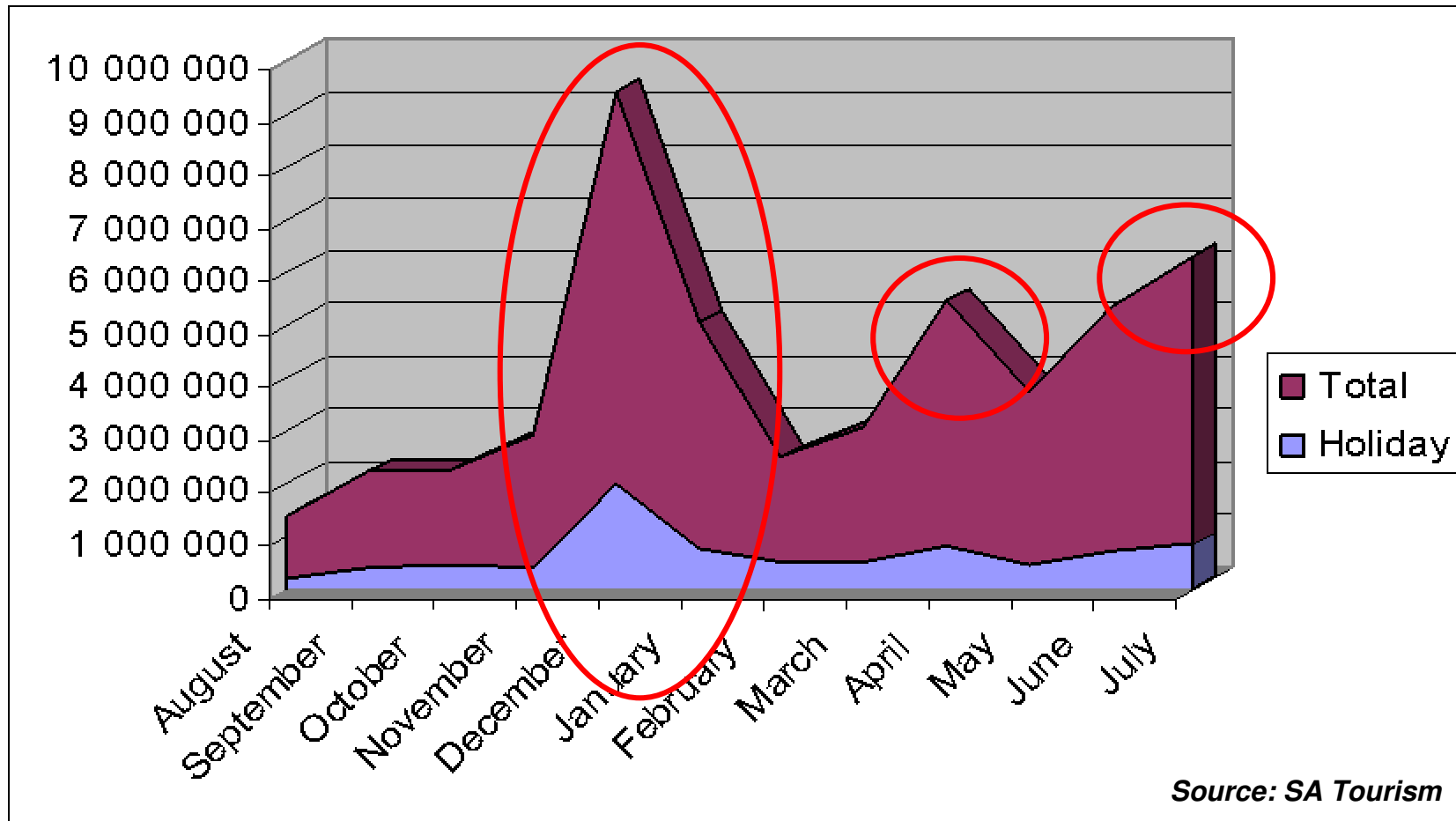
# Domestic tourists: number and purpose of trips

	2005 - Millions of Trips	%	2006 - Millions of Trips	%
Visiting Friends & Relatives	25,0	69%	29,0	78%
Holiday	4,5	12%	2,8	7%
Religion	3,7	10%	2,9	8%
Business	2,3	6%	1,9	5%
Medical	0,7	2%	0,4	1%
<b>TOTAL</b>	<b>36,2</b>		<b>37,1</b>	<b>100%</b>

# Domestic tourists: attractions & activities 2003



# Domestic tourism: seasonality 2003



# Tourism to TFCAs

## Transfrontier Conservation Area

## Estimated Number of Overnight Visitors in 2007

Ai-Ais Richtersveld	32 000
Kgalagadi	31 000
Kavango-Zambezi (only area to the west of Kasane, excludes Victoria Falls)	236 000
Limpopo-Shashe	25 000
Greater Limpopo	321 000
Lubombo	44 000
Maloti-Drakensberg	67 000

Source: Grant Thornton

**Total** **756 000**

**Projected 2012** **1 296 500**

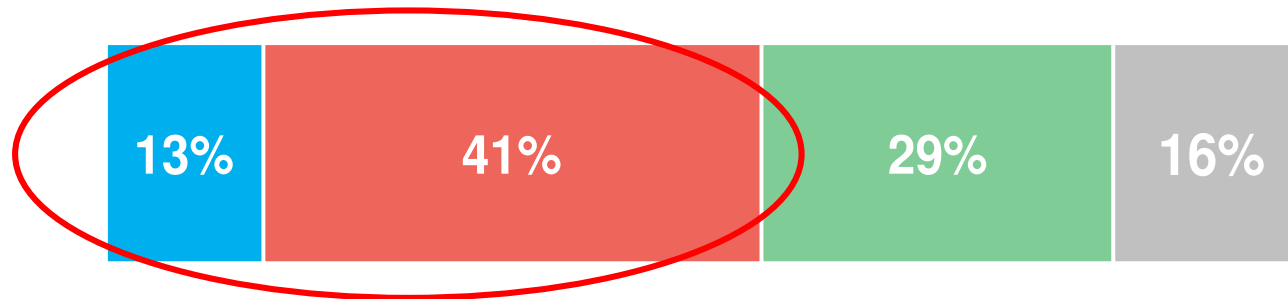
**Average Growth** **14 % pa**

# Global trends and TFCAs

- **Travel is experience-driven - travellers seek adventure and push their boundaries**
- **Travellers are much more conscious about the environment - seek responsible experiences**
- **Travellers want authentic cultural experiences**
- **Leisure time is increasingly limited**
- **Unspoilt natural environments are increasingly scarce therefore more valuable**
- **Niche tourism is increasingly important - travellers pursue their interests when travelling**
- **The Internet is increasingly the main source of information about travelling and more and more visitors book their holidays on the Internet.**

# Q8 To what extent would you be interested in finding out more about local issues, environment and social, in your chosen resort, before you book a holiday?

■ A great deal   ■ A fair amount   ■ Not a lot   ■ Not at all

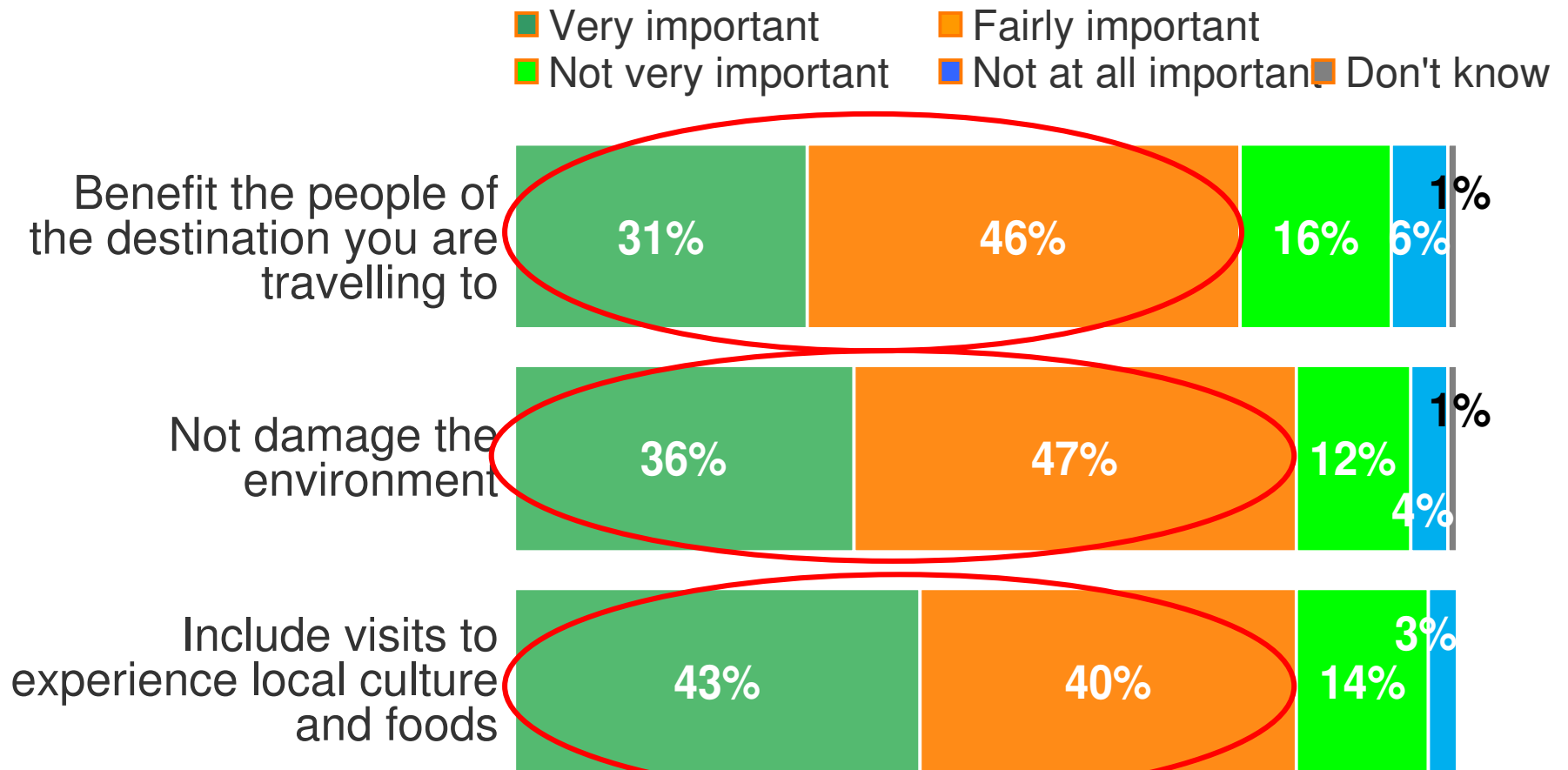


Base: All who have been on or booked an overseas holiday (702)

Source ABTA Survey, IPSOS

# Social/environmental issues (1)

## Q9 How important is it to you that your holiday should...

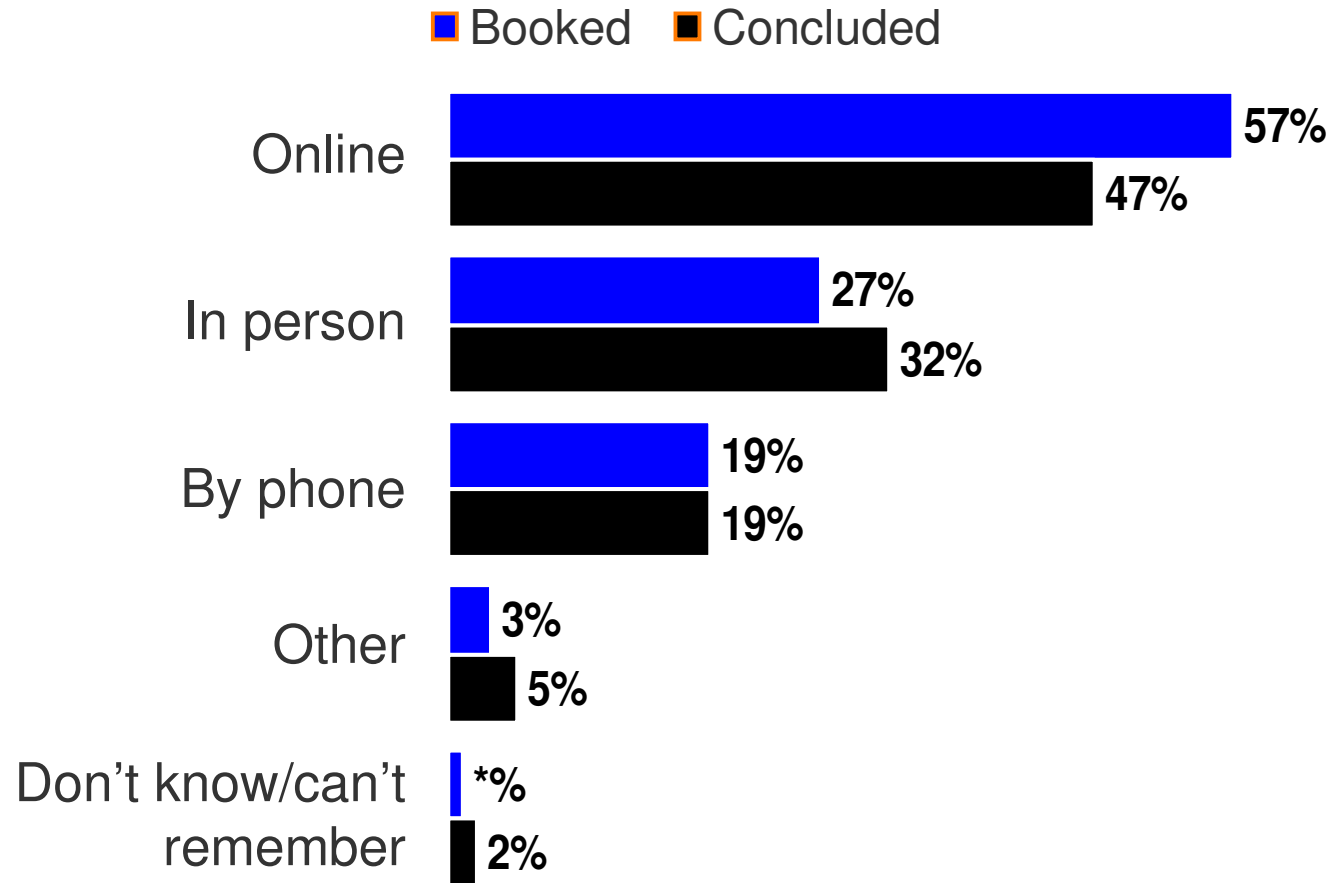


Base: All who have been on or booked an overseas holiday (702)

Source ABTA Survey, IPSOS

Q11a How did you book your last overseas holiday?

Q11b And how did you conclude the transaction?



Base: All who have been on or booked an overseas holiday (702)

Source ABTA Survey, IPSOS

# Hotel performance 2008 - RevPAR change

UAE	15%
Kenya	-31%
South Africa	19%
USA	2%
Europe	-0.7%
Asia	11.6%

Source: STR Global

# Hotel performance

	Occupancies 2008 YTD September					
	Cape Town		Durban		Johannesburg	
	Occ%	Growth	Occ%	Growth	Occ%	Growth
5-star	64.2%	-6.0%			72.2%	-4.4%
4-star	66.2%	1.1%	66.7%	-3.5%	73.7%	0.7%
3-star	72.1%	-0.8%	78.3%	-2.6%	77.3%	-1.0%
	Average Room Rates YTD September					
	R	Growth	R	Growth	R	Growth
	1715	16.3%			1439	26.1%
4-star	867	18.5%	866	18.9%	803	23.9%
3-star	584	16.4%	637	12.5%	666	19.6%
	RevPAR 2008 YTD September					
	R	Growth	R	Growth	R	Growth
	1101	9.3%			1039	20.5%
4-star	574	19.8%	577	14.8%	592	24.8%
3-star	421	15.5%	499	9.6%	515	20%

Source STR Global

# SA tourism industry outlook 2008

- Expect **growth** trend to continue, but slower
  - **Weakening Rand** positive effect for foreign & domestic tourism
- **Kenya post election troubles** benefitted Southern Africa
- **BUT** short term **Global economic slowdown** impact
  - Especially for US & European markets
- **BUT- high-end** market will suffer least
- **2010 World Cup** marketing opportunities for region - more events coming to SA
- **Hospitality** market lower growth in the short term
  - Additional supply could result in lower occupancies and ARR
- **Zimbabwe fragile political situation**
- **Better air access**

# Challenges for Southern Africa

- Safety and security
- Airlift and inter-regional connectivity
- Flight costs
- Marketing
- Climate change/sustainability/environment
- Skills and service levels
- Co-operation eg Visas
- Health



**“With strategic vision that works, just think  
what we can do for you”**

**Thank You**