

South Africa

Key Market Message

While the South African international outbound travel market is generally regarded as resilient, the worldwide economic slump is taking effect on international outbound travel from South Africa, especially long-haul destinations such as Australia. Anecdotal feedback from South Africa's top tour operators reported marked decreases in sales, particularly to long-haul destinations. The presidential election has also impacted consumer mindset for travel.

In an attempt to retain market share, Qantas, as well as product owners in Australia are offering discounted fares and rates, thus making Australia a more affordable destination for South African travellers over the May / June period. These partners are also reporting that there is stiff competition in the market with last minute bookings being a stand-out trend.

Source: Travel News Weekly, 13 May 2009

1. Key Market Results and Achievements

- A major consumer promotion will run during May with Fox/Nu-Metro for the release of *Australia* on DVD in cooperation with Qantas Airways and Qantas Holidays. Promotional branding included on mall banners, point of sale material, 30,000 DVD covers and inserts, two newspaper print advertisements and a five second MNet Television Advertisement to appear in nine top selling DVD stores and three top shopping malls (Menlyn, Fourways and Clearwater) in the Johannesburg and Pretoria area, each attracting around one million upper-income shoppers each month. The promotion includes a database gathering element and to date, approximately 1,000 contacts have been listed. The promotion is expected to run until June.
- Five South African Aussie Specialists (travel agents) and three tour operators travelled to Corroboree Europe '09 during early May to experience Australia first hand.

2. Australian Travel Market

2.1 Market performance

- South Africa arrivals in March were 5,500, a decrease of 26 per cent relative to March 2008. In the year ending March 2009, there were 66,300 arrivals, an increase of four per cent relative to the previous 12 months. This decrease in travel can largely be attributed to the current global economic downturn and the impact on long-haul travel.
- South Africa arrivals for April were 5,300, a decrease of 13 per cent relative to April 2008. For the four months to April, visitor arrivals totalled 19,100, a decrease of 13 per cent relative to the same period in 2008. In the year ending April 2009, there were 65,500 arrivals, an increase of one per cent relative to the previous 12 months.
- The first half of the year is also generally regarded as slow for travel out of South Africa to Australia with May to July being regarded as the slowest period. The second half of the year is more positive, with September to February being the top visitor period. The top Australian tour operators are cautiously optimistic that they should be able to sustain their sales with a small year-on-year growth.

2.2 Airline Issues/Changes

- A number of airlines are offering an effective discount of 15 per cent on their Australian fares for the month of May relative to April. According to the airlines, this is in an attempt to attract low season traffic.
- Qantas Airways is offering Johannesburg/Perth return economy flights (excluding taxes) at ZAR 5,800 (AUD \$906).
- Emirates Airlines is offering the following ex Johannesburg return economy rates inclusive of all airport taxes: Perth ZAR 6,767 (AUD \$1,057), Sydney ZAR 7,878 (AUD \$1,203), Brisbane ZAR 7,896 (\$1,234) and Melbourne ZAR 7,771 (AUD \$1,214)
- Air Malaysia is offering tactical fares for under ZAR 5,000 (AUD \$781) to East Coast Australia until end June.
- Singapore Airlines is offering flights to Australia for under ZAR 6,000 (AUD \$938) until end August.

Sources: www.travelinfo.co.za, eTNW

2.3 Trade Information Summary (including Business Events)

- The four top selling Aussie tour operators are reporting mixed feedback on their sales for the year to date. Top emerging market trends are that travellers are particularly price sensitive and that they are shopping around for travel bargains and last minute bookings have become increasingly common. Having said this, these tour operators are nonetheless cautiously optimistic that they should

sustain their sales with minimal anticipated year-on-year growth for 2009 versus 2008.

- As at April 2009, there were 128 Aussie Specialist agents in South Africa with a further 275 agents are in training.

3. Current and Upcoming Activities in Market

3.1 PR and Consumer:

Dates	Project / Event	Partners
19 April – 1 May 2009	<ul style="list-style-type: none"> • International Media Hosting Program (IMHP) – A journalist from Rapport Newspaper (South Africa's largest Afrikaans-language Sunday Newspaper) visited NSW & VIC and will be producing a first timer editorial piece covering three key experiences: Cities, Coastal Lifestyle and, Food and Wine. 	None
May/June 2009	<ul style="list-style-type: none"> • Major consumer promotion with Fox/Nu-Metro release of <i>Australia</i> on DVD in partnership with Qantas Airways and Qantas Holidays. 	Qantas Airways Qantas Holidays

3.2 Trade Marketing:

Dates	Project / Event	Partners
1 – 13 May 2009	<ul style="list-style-type: none"> • Corroboree Europe '09: five qualified ASPs and 3 tour operators went on a four day famil in New South Wales followed by a three day workshop with over 130 tourism products and over 170 delegates from all over Australia on Hamilton Island where they joined 300 Aussie Specialists from UK/Europe to develop product and destination knowledge. 	Thompsons Tours Holiday Tours Travel Vision Qantas Holidays TNSW Qantas Hamilton Island
May/June 2009	<ul style="list-style-type: none"> • ASP Travel Agent Sales Promotion – Qantas Airways and Qantas Holidays will be running a travel agent sales promotion amongst ASP agents offering 10 DVDs of Australia, the movie. 	Qantas Airways Qantas Holidays

4. Media Environment

- The South African general media environment was dominated by the country's national elections, held on 22 April 2009 with particular emphasis on the emergence of a new splinter party from the ruling party (ANC) and the shift in the balance of electoral votes that created a sense of excitement in the country's maturing democracy.

- The mainstream media was also dominated by the ongoing global credit crunch and the impact on the South African economy and consumer spend. The release of the country's annual budget reiterated the country's prudent fiscal policy aimed at minimising the impact of the global economic crisis.
- The travel trade press was dominated by the impact of the global economic crisis on the industry with South Africa's top tour operators and retail travel consortiums reporting that they have had to re-think their sales strategies to accommodate the current economic challenge. In addition, the airlines have launched heavily discounted rates in an effort to retain market share.
- South Africa's leading travel trade journal aimed at the retail segment of the industry, Travel News Weekly, featured an 'Affordable Australia' feature in its issue of 13 May 2009. The top Aussie selling tour operators reported that discounted flight costs in conjunction with reduced pricing from product owners have resulted in the tour operators being able to offer highly affordable packages to Australia.

For general media information visit www.tourism.australia.com/NewsCentre.asp

5. General Travel Outlook

5.1 Political and Economic Outlook

- South Africa's general elections on 22 April 2009 was seen as a milestone in the country's maturing democracy as indicated by the shift in percentage share amongst the country's three top political parties. Despite this shift, the African National Congress (ANC) secured a close to two thirds majority and its president, Jacob Zuma was duly elected president and inaugurated on 9 May 2009.
- South Africa's national growth rate is expected to even out at 1.2 per cent for the 2009 fiscal year (down from around four per cent in the previous year).
- Following a further one per cent cut in the interest rates in April 2009, the interbank lending rate has reduced to 9.5 per cent.
- The national inflation rate is currently averaging 8.6 per cent for the year to date.
Source: www.economist.com,
http://www.bloomberg.com/apps/news?pid=20601116&sid=aG_rqsRSBrmM&refer=africa

5.2 Outbound Travel

- Australia is seen as a value-for-money destination in the South African market because of its favourable exchange rate, coupled with a surge of special offers. According to Holiday Tours, flight costs, compared with other long-haul destinations, are relatively affordable, particularly when visiting more than one city within Australia.
- Qantas Airways has also successfully offered specials with short sales periods in recent months and are currently offering bargain prices on Australian flights.

- Impacting on the discounted airfares is the increasing involvement of Middle Eastern and Asian-based carriers which are also offering bargain prices on Australian flights (Emirates Airlines, Air Malaysia and Singapore Airlines).

Sources: *Travel News Weekly* (13 May 2009), www.travelinfo.co.za and eTNW (*Travel News Weekly Electronic Newsletter*)

6. Next 90 Days

South Africa						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
May 2009	June 2009	South Africa	<ul style="list-style-type: none"> ASP Travel Agent Sales Promotion – Qantas Airways and Qantas Holidays will be running a travel agent sales promotion amongst ASP agents offering 10 DVDs of Australia, the movie. 	Travel Trade	N/A	Qantas Airways Qantas Holidays
2 June 2009	14 June 2009	South Africa	<ul style="list-style-type: none"> IMHP – National Geographic Traveller Magazine Crew (Journalist and Photographer) will visit WA and NT to do a first timer editorial piece covering two key experiences: Nature and Coastal Lifestyle. 	Consumers	WA NT	None
7 June 2009	12 June 2009	South Africa	<ul style="list-style-type: none"> IMHP – House & Leisure Magazine Crew (Journalist and Photographer) will visit VIC to do a first timer editorial piece covering 2 key themes: Cities and Food & Wine. 	Consumers	VIC	None
10 June 2009	20 June 2009	South Africa	<ul style="list-style-type: none"> ATE IMHP – Richard Holmes, a freelance travel journalist will be attending ATE (Melbourne, VIC) and will also be spending a day in Sydney (NSW). He will be producing ATE coverage in the travel trade media as well as a first timer consumer pieces covering 2 key experiences: Cities and Food & Wine. 	Travel Trade & Consumers	VIC NSW	VIC
13 June 2009	19 June 2009	South Africa	<ul style="list-style-type: none"> ATE Hosted Buyers Visit – 5 ASP tour operators/retail agencies will attend ATE 	Travel Trade	Melbourne, VIC	Qantas Holidays Infinity Holidays Pentravel Thompsons Holidays