

South Africa

Market Summary

Total arrivals for the month of October and year to date (YTD) show continued decline, which is consistent with low South African consumer sentiment due to economic uncertainty. For the ten months to October, comparative to the same period in 2008, there has been growth in the largest segment, the visiting friends and relatives (VFR) group; however the second largest segment, holiday visits, remains in significant decline along with business visits. Demographically, all visitor age groups are in decline YTD.

Tourism operators report that the poor state of the economy is directly impacting on consumer sentiment for holiday travel and general spending. This is not just associated with Australia, as all key long haul destinations are experiencing the same trends. Booking lead times continue to contract and there is growing interest in travel to short haul destinations. There are also reports from the trade that the value of the Australian dollar against the Rand is starting to impact consumer sentiment about the affordability of Australia. Virgin's long-haul offshoot, V Australia, has issued fares for the launch of their direct flights between Melbourne and Johannesburg in March 2010. This increase in aviation capacity should add significant competition on the route and should assist drive consumer interest for travel to Australia.

1. Market news

- Confidence among South Africa's consumers fell in the third quarter according to a survey by the First National Bank. Consumers are still in precautionary mode. Even if household income starts to improve, the recovery in consumer spending is likely to be slow, as some consumers are likely to favour saving rather than spending. *Source: Reuters, September 30 2009*
- From a competitive perspective and also domestic tourism angle, South Africa now has 29 beaches certified with a Blue Flag status prior to the 2010 Soccer World Cup, up from 19 last year. The Blue Flag program is an international award scheme which acts as a guarantee to tourists that a beach or marina they are visiting is one of the best in the world.
Source: www.eturbonews.com, November 2 2009

- The South African Rand has weakened and is now at AUD 1 = R6.71690, as at 27 November 2009. Source: <http://www.exchange-rates.org/history/ZAR/AUD/T>
- The International Monetary Forum's World Economic Outlook ranks South Africa in the top 10 per cent of countries in respect of real GDP Growth Projections for 2010. Source: www.econometrix.co.za, October 2009
- The trade press in general have been reporting on the need for the industry to become more regulated. Passenger Protection Schemes, compliance with the South African Advertising Bureau of Standards and transparency on management fees and taxes have been prevalent issues discussed in the media. Source: www.sharedinterest.org, October 2009
- Cautious optimism surrounding the economic road to recovery has dominated the mainstream media and South Africa's performance therein. It is widely reported that although slow to feel the effects of the global recession, the country now lags behind other nations on the road to recovery. Source: *GSA Magazine*, October issue

2. Consumer insights

- Indebted South Africans are making progress on reducing their debt but the number of people struggling to pay their bills is still rising. South Africa's debt counselling service, Consumer Assist, have reported that the number of people with higher incomes – earning R700,000 and with two houses - applying for help with their debt is rising. Source: *allafrica.com*, October 23 2009
- South Africa's internet broadband penetration is at 2 per cent, far below the global average of 22.5 per cent, announced Communications Minister Sipiwe Nyanda. South Africa has just over one million broadband connections. Source: www.timeslive.co.za November 19 2009
- More than half of the respondents in a study of 16 countries have permanently changed their attitude to saving as a result of the credit crunch, with 79 per cent of South Africans saying they would do their best not to go back to spending what they used to, once the economy revives. Source: *allafrica.com/stories*, November 3 2009

3. Trade Update

- Tour operators are reporting an increase in bookings, although with a shorter lead time, as the end of year traditional holiday period approaches. Source: *Anecdotal*

- The Tourism Australia Road Show in March 2010 is scheduled – the first in South Africa since 2006. To date there have been 12 applications to participate from Australian operators. The prospectus can be found on www.tradeevents.australia.com.
- Small travel agencies are concerned about the International Air Transport Association's (IATA) proposed changes to the BSP financial criteria. A flat fee of ZAR 250,000 is being proposed, which alienates smaller specialised businesses. Source: <http://www.riskwise.co.za/ewatch-in-travel-news-weekly.pdf>, October 28 2009
- Feedback from the main tour operators (Thompsons and Holiday Tours) is that their clients are increasing their proficiency in using internet sites to plan their holidays and are increasingly savvy about obtaining the best deals. More and more consumers are going directly to the specialist tour operator and bypassing the retail travel agent. Source: *Anecdotal*
- Volunteering in South Africa is an increasingly popular holiday option for more mature travellers and is one of the fastest growing areas for Saga Holidays, which targets British holidaymakers of retirement age. Source: www.plante-talk.co.uk, October 20 2009
- As at November 2009 there were 389 Aussie Specialist agents, of which 33 per cent were fully qualified.

4. Airline news

- In anticipation of the launch of its new Johannesburg – Melbourne route from March 2010, V Australia launched special fares for South African travellers with flights from ZAR4,699 (approx. AUD 717) for one-way, and ZAR7,999 (approx. AUD 1,221) for return travel (both in economy class), including taxes and surcharges. Source: *PR Newswire*, October 28 2009
- Qantas has deferred plans for additional flights between Australia and South Africa due to weak demand. Source: www.watoday.com.au/business October 13 2009
- The rising cost of airline taxes has had an impact on the choice of destination. Airlines are under pressure to disclose the all inclusive prices when advertising their fares. Source: www.travelinfo.co.za, November 12 2009
- South African Airways flights to Perth from 5 February to 27 March 2010 have been cancelled. Qantas passengers will also be affected due to the current code-share agreement between both airlines on this route. Source: <http://www.travelinfo.co.za/defaultttn.asp>, November 30 2009

- Qantas report that after many months of offering exceptionally low tactical specials, last seen ten years ago, the market has stabilised. This has resulted in consistent passenger numbers relative to 2008, but has resulted in drastically reduced yield. Source: <http://www.etravelblackboard.com>, November 30 2009

5. Competitor news

- Total tourist arrivals to Mauritius, a popular destination for South Africans due to its close location, are expected to decline by 9.7 per cent this year to 840,000. Source: *eturbonews.com*, November 2 2009
- The attractiveness of short breaks to regional destinations such as Botswana, Namibia and Mauritius remains a threat to long-haul destinations. On the long-haul routes out of South Africa, competition is healthy. The Middle Eastern carriers (Emirates, Etihad and Qatar) are dominating the market with regard to the best fares and the number of frequencies to a wide choice of destinations through their hubs. Source: *TNW*, 11 November 2009
- South Africa received a record 9.5 million tourists in 2008, up 5.5 per cent annually but is counting on the World Cup to reverse a slowdown this year, according to the Tourism Ministry. South Africa expects 45,000 people to visit the country for the football tournament. Source: *AFP*, October 30 2009
- Cape Town is positioning itself as one of the top ten cities in the world to visit, live, work, study and invest in. Cape Town Tourism's CEO, Mariette du Toit-Helmbold, says the competition is tough but Cape Town must innovate, create and use non-traditional marketing. It is focusing on campaigns in the UK, Germany and the US. Source: *eturbo news*, October 14 2009

6. Key Campaigns and Activities in Market

October and November campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
15 October 2009	14 December 2009	<p><i>G'Day Australia campaign</i>: a collaborative campaign being driven by Qantas Holidays to inspire more South Africans to holiday in Australia. There are a number of elements to the campaign:</p> <ol style="list-style-type: none"> 1) A website – <i>www.ozonus.co.za</i> – where people can enter a crossword to win vouchers and register to win the cost of their Australian holiday back, 2) Presence at the Good Food & Wine Show promoting the above competitions, 3) A flyer for travel agents. 	First time experience seekers; travel agents	Qantas Holidays; Qantas Airways; Tourism Western Australia; Tourism Victoria; Tourism Queensland
02 November 2009	13 November 2009	<i>IMHP Print Media Visit</i> : A journalist from <i>Sunday Times Lifestyle Travel & Food</i> is travelling to Perth and Margaret River and Melbourne.	First time experience seekers	Tourism Western Australia

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
1 March 2010	5 March 2010	<i>Tourism Australia's South Africa Workshop 2010</i> : Australian tourism operators will have the opportunity to present their products to the South African travel industry, including meeting face to face with approximately 300 key retail and wholesale travel agents. The timing links into recent and planned growth in aviation capacity between Australia and South Africa. The event will be held in Johannesburg, Durban and Cape Town.	Trade	Estimated to be between 8 and 10 after acceptances have been circulated.