Quantifying the Size of the Outbound Leisure Market From South Africa

April 2017

Allan Wantenaar
Gillian Saunders

for

Reed Exhibitions

Contents

Objective and Methodology

Methodology: Research Tools

- Conducted personal interviews with outbound leisure travel agencies:
  - ASATA membership list, past attendees to WTM Africa
  - telephone interviews, online surveys, and a focus group workshop held in Johannesburg.
- Interviews with outbound travel market industry partners and associations
- Research and analysis of available statistics on the size of the outbound travel market
  - StatsSA, ASATA, ACSA, key international destinations, population and income data, sales data from outbound leisure travel agencies, and other sources

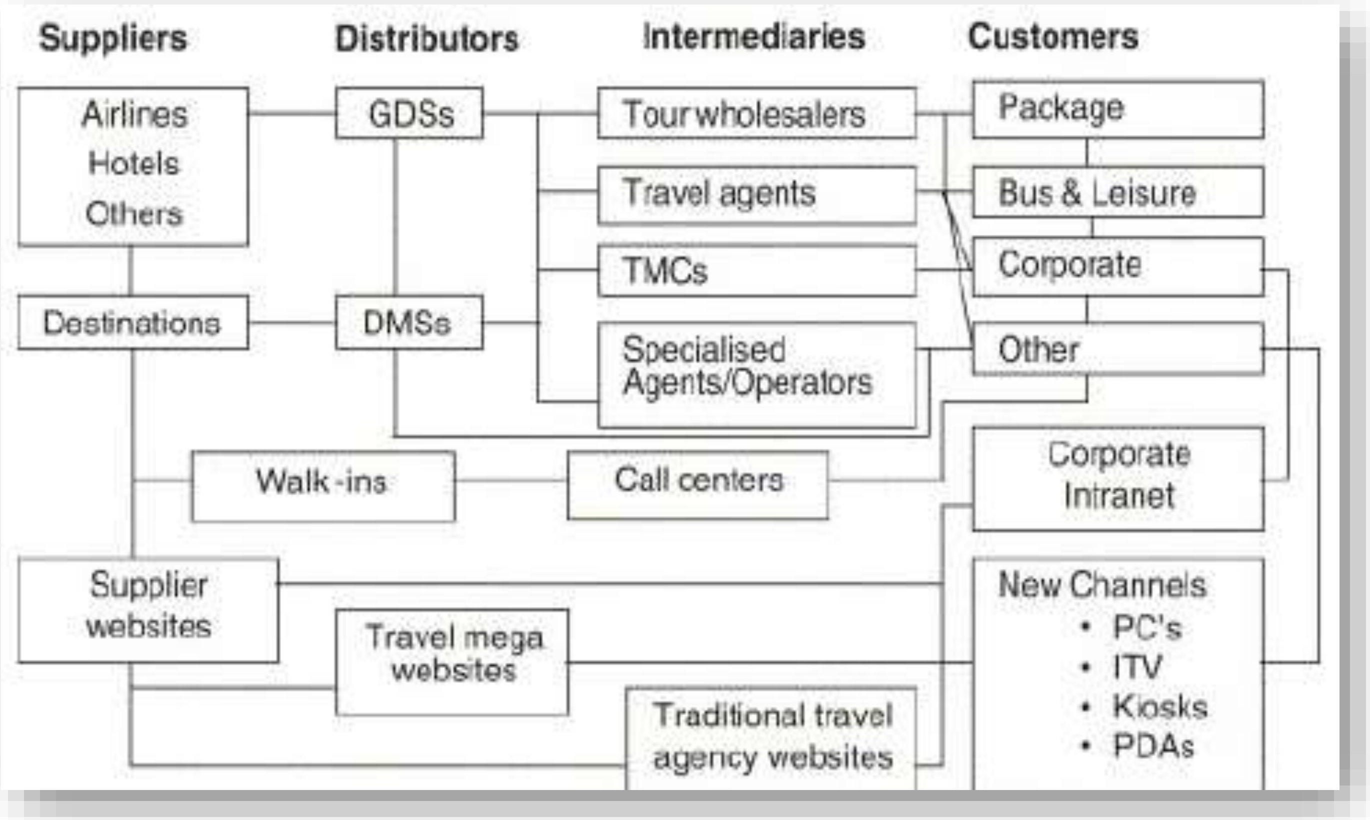
Objective and Methodology

Key Survey Respondents:

HARVEY world travel	pentravel	FLIGHT CENTRE	XL travel	WORLD LEISURE holidays
Holiday Factory.co.za	HTS Haniel Travel Solutions	Thompsons Holidays	LIVETHEJOURNEY LIFE ENRICHING TRAVEL	TRAVEL AGENCY
CHECKOUT TOURS CHECK IN CHECK OUT	eXplore plus Travel & Tours	DITSHABA TRAVEL	travel counsellors with us... it's personal	EDGEMEAD TRAVEL GROUPS & TOURS
concierge travel	sure travel	FlightSite.co.za making travel easy	AZURE TRAVEL Experience the unforgettable	tourvest destination management
ASATA	Expedia	etourism frontiers	Travelport Redefining travel commerce	TIC TRAVEL INSURANCE CONSULTANTS Travel Assured

The Outbound Market from South Africa

The Travel Intermediary Chain:



Source: Lubbe, B. A New Revenue Model for Travel Intermediaries in South Africa, 2005

The Outbound Market from South Africa

Number of Travel Agencies and Wholesalers in South Africa

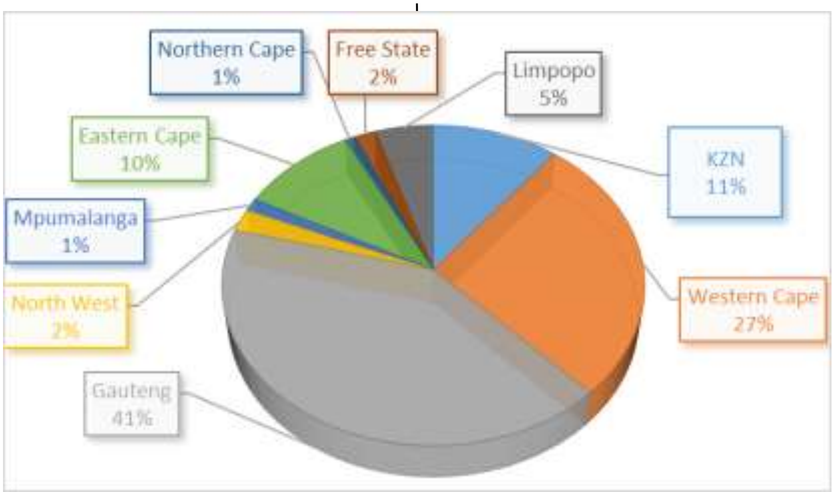
- 225 outbound leisure travel agencies and 22 wholesalers in South Africa
  - around 600 travel agency and 34 wholesaler branches
  - Harvey World Travel, Pentravel, Sure Travel, XL Travel Leisure and Flight Centre account for 50% of all branches

The Outbound Market from South Africa

Number of Travel Agencies in South Africa

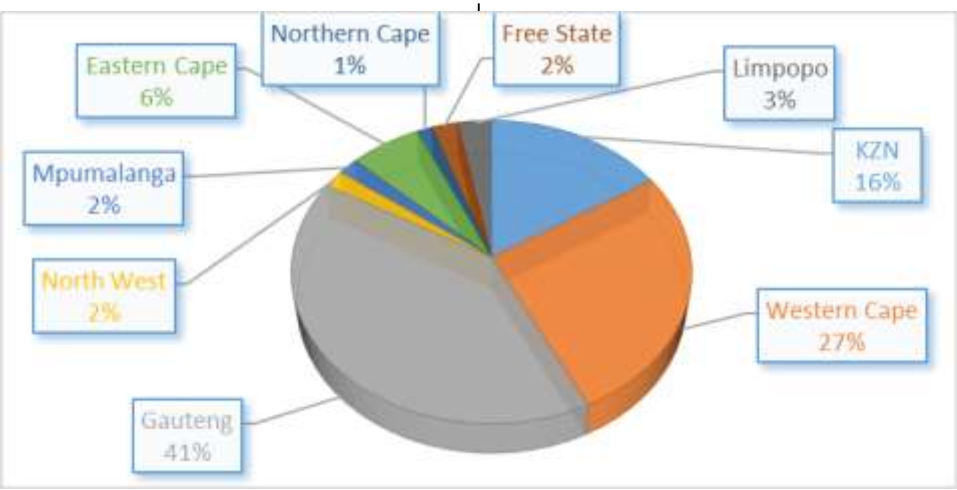
225

Travel agency head offices



600

Travel agency branches

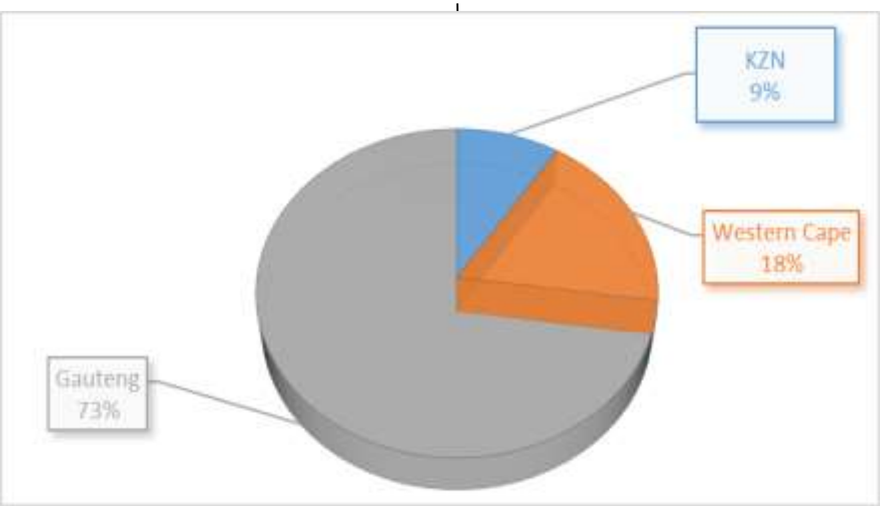


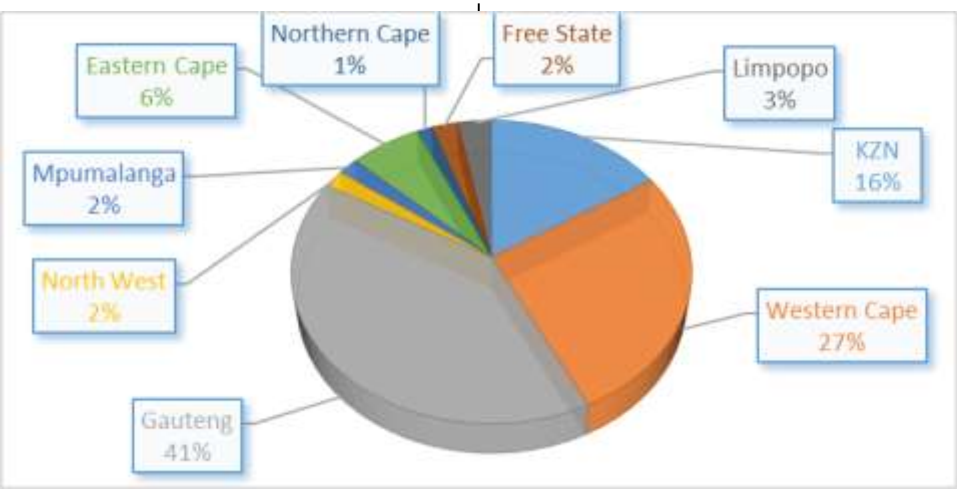
The Outbound Market from South Africa

Number of Wholesalers in South Africa

22
Wholesaler head offices

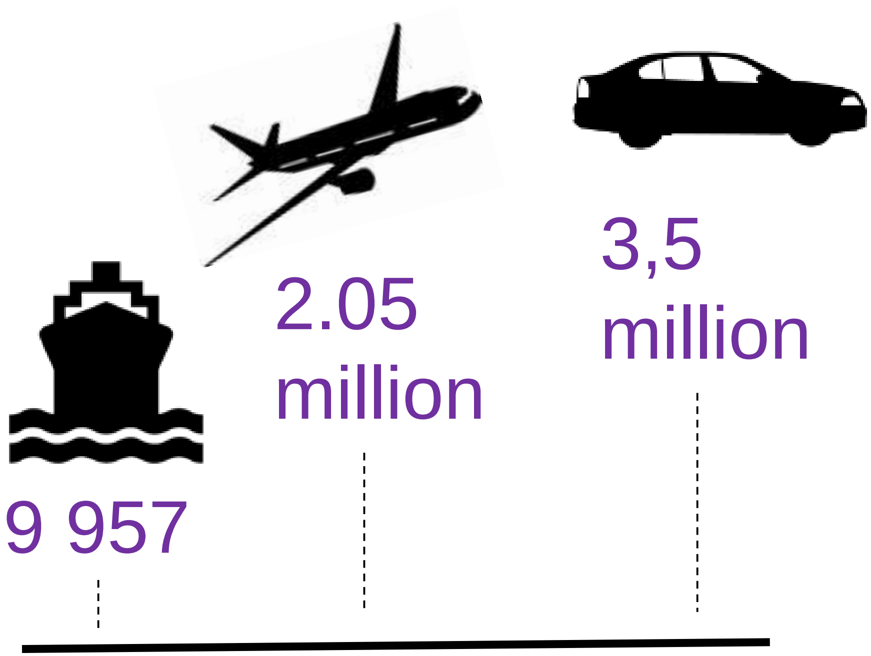
34
Wholesaler branches





The Outbound Market from South Africa

Number of Outbound Travelers from South Africa (2016)



5,55 million in 2016

Source: Stats SA, Tourism Migration Survey, 2016

Total Departures
2.5% increase vs 2015

Total Air Departures
-0.01% decline vs 2015

Total Road Departures
3.96% increase vs 2015

Total Sea Departures
71.11% increase vs 2015

January (2017 YTD) Air Departures
0.6% increase vs 2016

The Outbound Market from South Africa

South Africans who can afford to Travel

18 Years or older
(Head of Household)

Income Threshold
R51,200 per month
(R614,400 per annum)

400,000 Households
(3% of households)

2.1 People Per Household

860,000 Individuals
(3% of population)

Source: Stats SA, 2011 Census

The Outbound Market from South Africa

Estimating Outbound Travel Market - Key Destination Arrival Data

Destination	Assumption on % Leisure Visitors	All SA Visitors	South Africa Leisure Visitors
USA	15%	123 869	18 580
Australia	20%	57 600	11 520
Britain	Actual (12,4%)	231 197	28 615
Germany *	15%	185 590	27 838
Indonesia	75%	13 795	10 346
Zanzibar *	95%	13 152	12 494
Mauritius	95%	101 954	96 856
New Zealand	30%	17 008	5 102
Thailand	95%	75 825	72 034
Other Destinations	5%	1 230 010	61 501
Total		2 050 000	344 887

Source: Various Statistical Publications from each Destination / Country, 2016
** - Indicates projection*

The Outbound Market from South Africa

Estimating Outbound Travel Market – Travel Insurance Sales

75% Market Share
Leisure Travel Policy Market

105,000 leisure travel policies
Leisure Travellers Covered

=

140,000 leisure travel policies
Leisure Travellers Covered

+

35,000 people
25% of policies are for families (2 people)

+

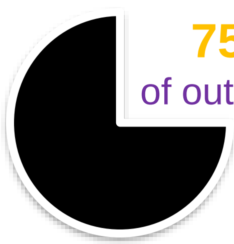
25,000 people
Credit Card Cover

200,000 leisure travellers

Excludes un-ensured travellers

The Outbound Market from South Africa

Estimating Outbound Travel Market - Travel Agency and Wholesale Sales



75% Market Share
of outbound intermediary chain

150,000 to 186,000 outbound leisure travellers
Bookings through dominant players

200,000 to 250,000
through outbound intermediary chain in total – adjusted for double counting

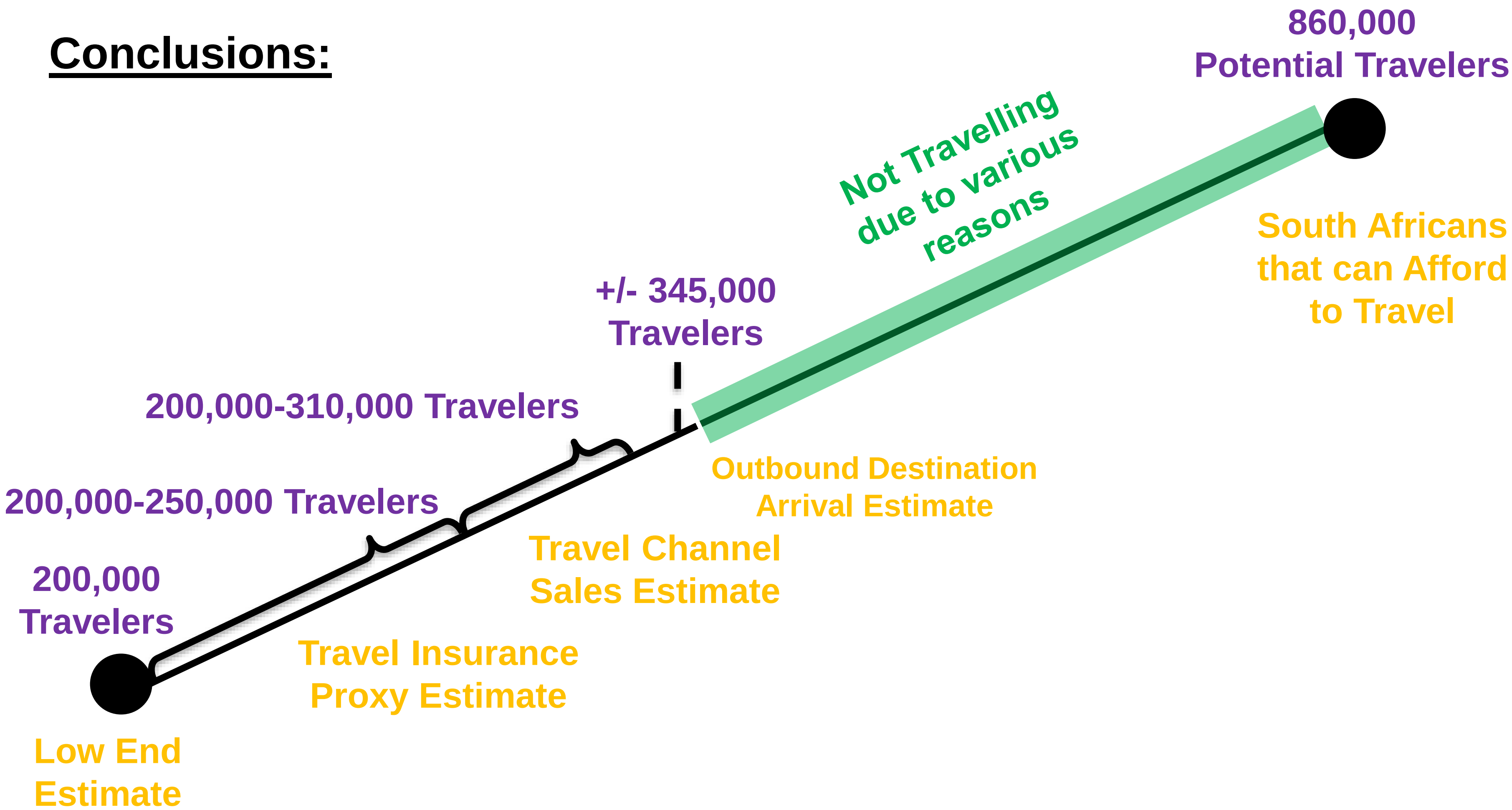
250,000 to 310,000 including Independents
Assuming 20% book through this channel

250,000 to 310,000 outbound leisure travellers

Including traditional intermediary channel and Independent / Online

Summary of Findings and Conclusion

Conclusions:



Summary of Findings and Conclusion

<u>Conclusions:</u>

- Small market
  - only 200,000 to 345,000 travelers (from 400,000 households)
  - 225 travel agencies and 22 wholesalers (dominated by key players)
- South African's are not very adventuress
- Market under pressure
  - Exchange rates
  - Cost of travel
  - Pressure on disposable income
  - VISAs
- Growth potential exists although indicators and current economic climate suggest cautious optimism. Key considerations:
  - Connectivity to markets and product
  - Cost of Travel / Competition
  - Culture of Travel (also growth of independents)
  - Currency Stability / Economic Climate
  - Ease of Travel / Booking

Thank You