

Domestic Tourism 2008 Performance

July 2009

SOUTH AFRICAN TOURISM



Overview of the domestic tourism market in South Africa

Domestic travel decreased by 8% in 2008 with 32,9 million trips being undertaken compared to the 35,9 million in 2007. About 46% of the South African adult population travelled (i.e. 14 million domestic tourists), which means that more South Africans travelled less (i.e. took on average 2.4 domestic trips in 2008). This was up from 13 million people who took a domestic trip in 2007.

Revenue generated from domestic tourism in 2008 was approximately R25,8 billion, an increase of 29% in nominal terms over the R20 billion generated in 2007. When adjusting the 2008 values for inflation (using an annual average CPI of 11%), the increase in tourism revenue was 17% over 2007. This means that in nominal terms, spend increased by 29%, but in real terms it grew by 17% meaning that domestic tourists did spend more in South Africa in 2008 and that the increase was not only due to inflationary increases. Average spend per trip increased from R550 in 2007 to R780 in 2008, in nominal terms. In real terms, average spend per trip increased to R690 in 2008.

VFR continued to be the major reason for domestic trips accounting for 71% of all domestic trips and 45% of total revenue in 2008. Holiday travel accounted for 16% of total domestic trips and 39% of Business travel decreased, accounting for 5% of trips (down from 7% in 2007) and 12% of revenue in 2008 (down from 14% in 2007).

In 2008, KwaZulu Natal was the major beneficiary of domestic travel while Gauteng was the major source market.

Economic constraints remain the major barrier to taking a domestic trip which could explain the decline in domestic travel in 2008 as the South African consumer faced economic pressures due to the increases in interest rates, fuel and food costs.

Key Domestic Tourism Stats

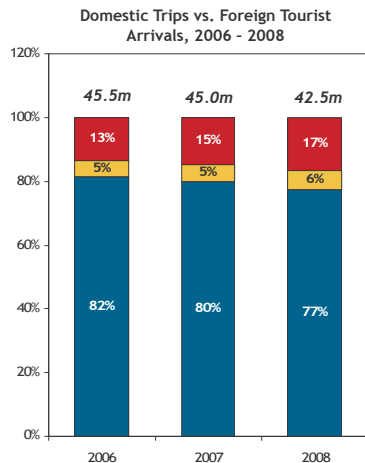
	2007	2008	% change
SA adults that travelled	12,7 million	13,9 million	9.4% ↑
Number of Trips	35,9 million	32,9 million	8.4% ↓
Revenue	R20,0 Billion	R25,8 Billion (nominal terms)	29% ↑
	R20,0 Billion	R23,5 billion (adjusted for inflation*)	17.3% ↑
Average spend per trip (nominal terms)	R550	R780	0.25% ↑
Average length of stay	4.4 nights	4.5 nights	↔
Top source market	Gauteng	Gauteng	
Top destination	KwaZulu Natal	KwaZulu Natal	

Note: *Inflation is based on an average calculated using the monthly data sourced from Statssa's monthly CPI reports
Source: SAT Domestic Tourism Surveys

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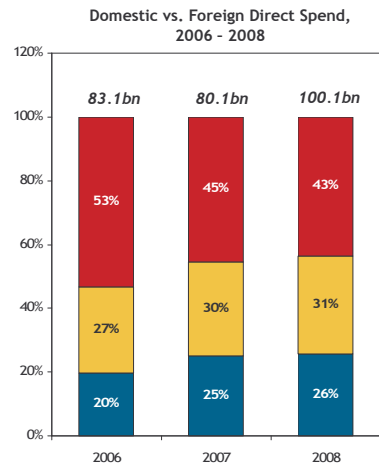
Domestic tourism is the bedrock of the South African tourism sector and contributes significantly to total tourism. Domestic trips accounts for about 70 - 80% of total tourism volume and about a quarter of total tourism value to South Africa.



CAGR	06 - 08
Total	-3.4%
Foreign Land	8.0%
Foreign Air	3.9%
Domestic	-5.9%

Source: StatsSA, SAT Departure & Domestic Surveys 2006 - 2008

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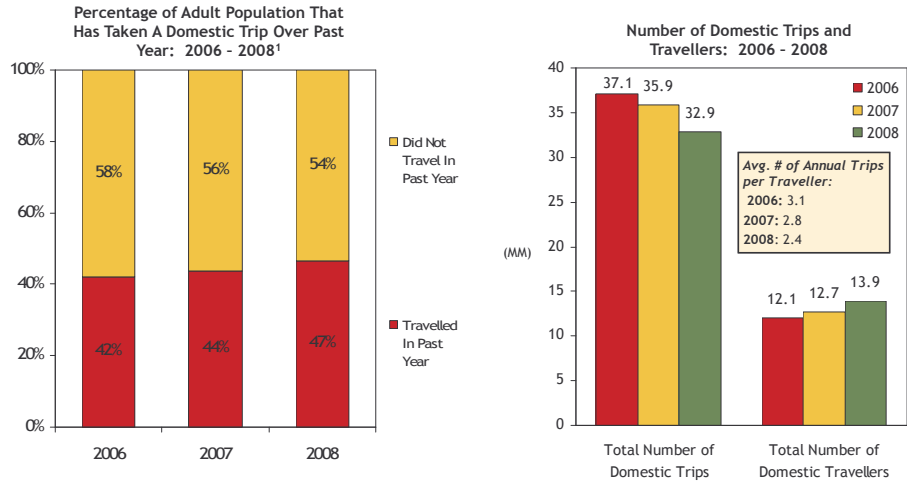


CAGR	06 - 08
Total	9.8%
Foreign Land	-0.9%
Foreign Air	17.5%
Domestic	25.1%

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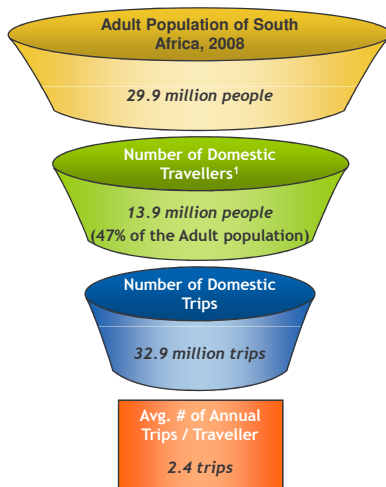
In 2008, 47% of South African adults took a domestic tourism trip which resulted in 32,9 million domestic trips. This is a decrease of 8% over the 35,9 million trips of 2007.

The average number of annual trips per traveler declined 2008, mainly due to a decline in the number of trips and an increase in the number of travellers.



Note: ¹Based on the question "How many domestic trips have you yourself taken in the past 12 months?" asked in each of the monthly surveys; therefore, incidence does not correspond to an exact Jan.-Dec. time frame, but rather is an average for any point in time over the course of the year
 Source: SAT Domestic Surveys 2006 - 2008

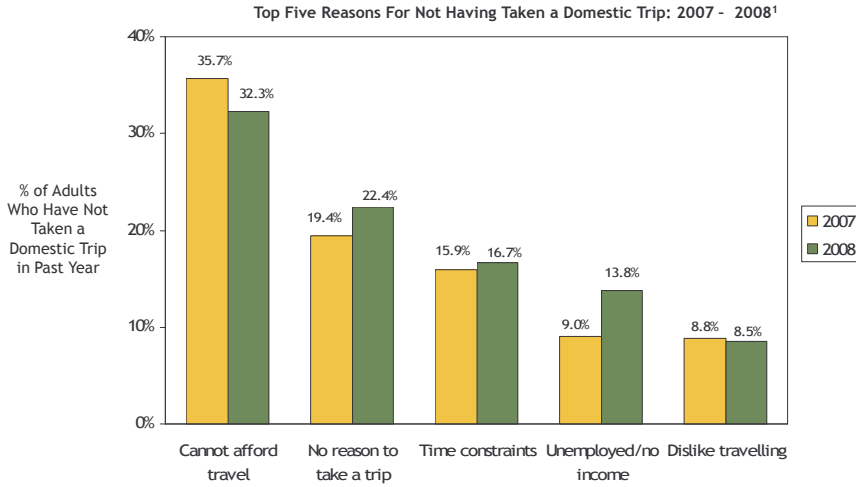
In 2008, average number of trips per traveller decreased to 2.4 trips (2.8 in 2007) as more people took less trips.



Note: ¹ Based on the question "How many domestic trips have you yourself taken in the past 12 months?" asked in each of the monthly surveys; therefore, incidence does not correspond to an exact Jan.-Dec. time frame, but rather is an average for any point in time over the course of the year
 Source: SAT Domestic Surveys 2007, 2008

Of those that didn't take a trip, economic constraints remained the greatest barrier to travel.

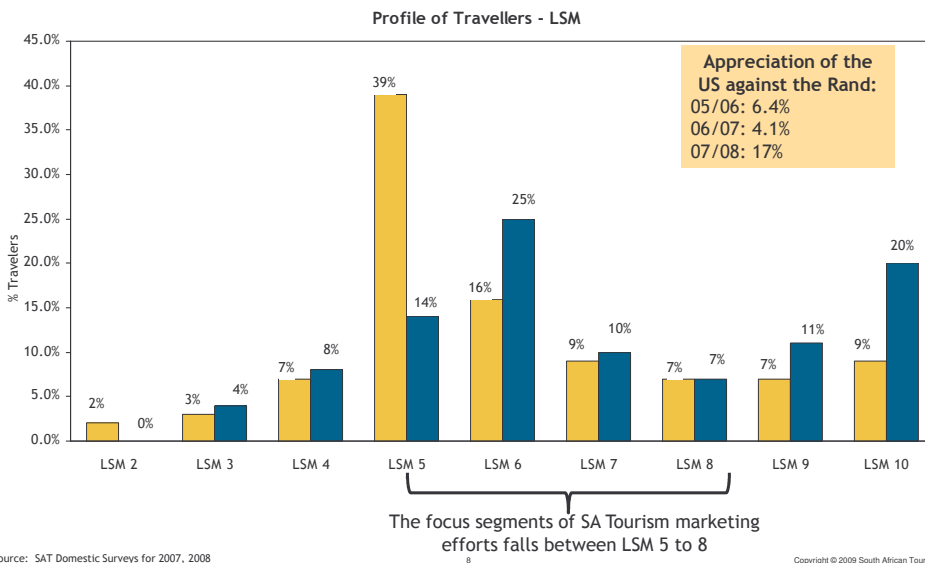
There's an increased number of people that said they had no reason to take a trip.



¹ Respondents could give more than one reason for not taking a trip
Source: SAT Domestic Surveys 2007, 2008

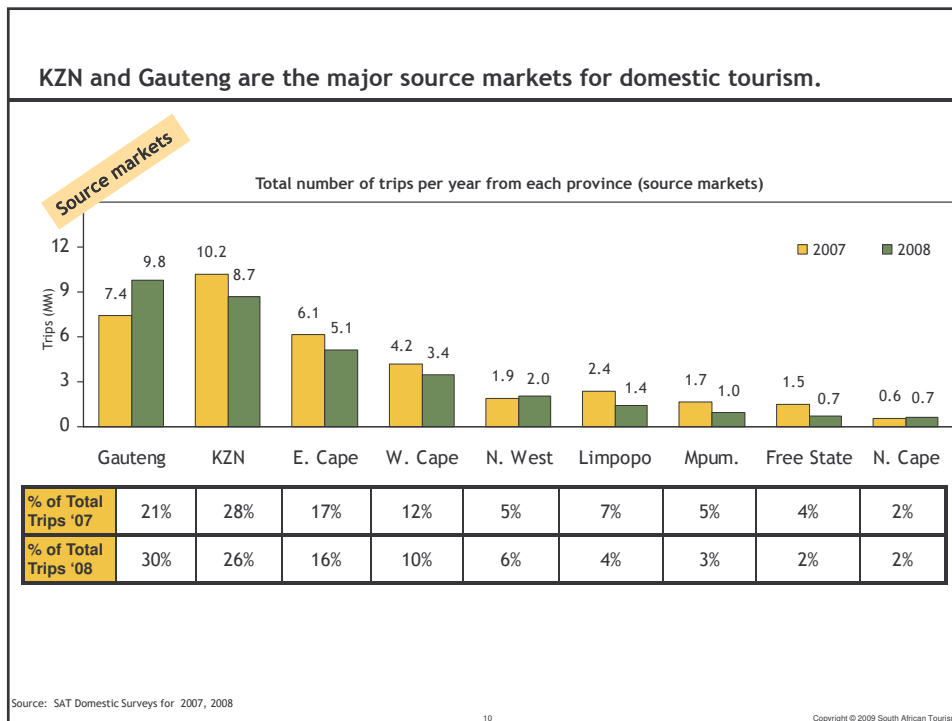
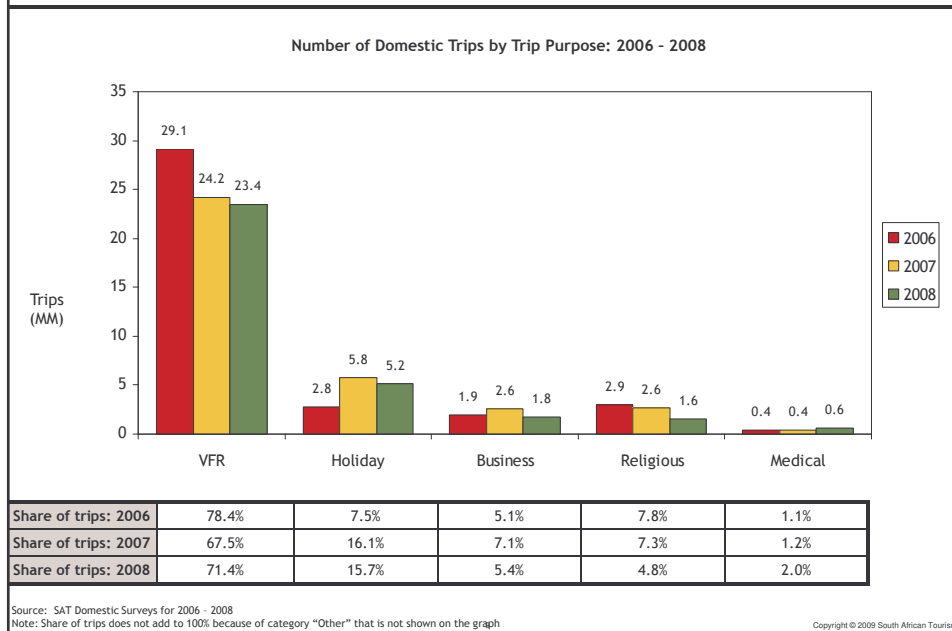
In 2008, there was an increase in the number of domestic travellers from LSM 9 and 10. This could explain the increase in average spend per trip in this year

It is assumed that given the depreciation of the Rand against major currencies in 2008 resulted in a shift from travel outside South Africa to domestic travel.

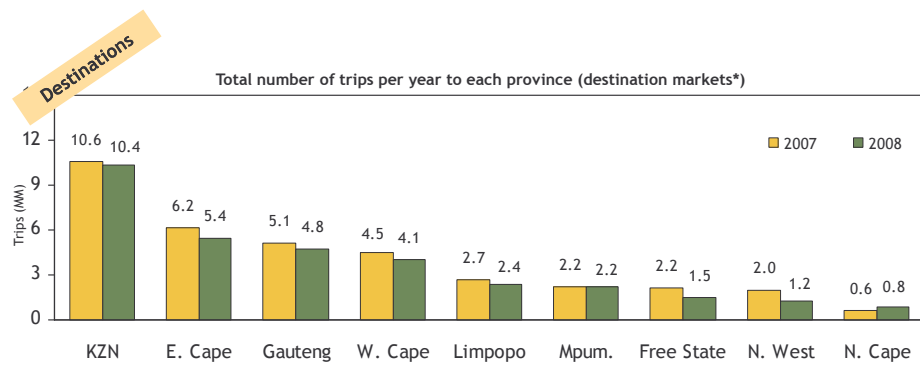


Source: SAT Domestic Surveys for 2007, 2008

VFR remains the main reason for domestic trips accounting for 71.4% of all domestic trips in 2008. This is an increase from the 67.5% in 2007. Holiday is the second largest reason for domestic trips, but there was a decrease of 10% between 2007 and 2008.



KZN and Eastern Cape are the major beneficiaries of domestic tourism.

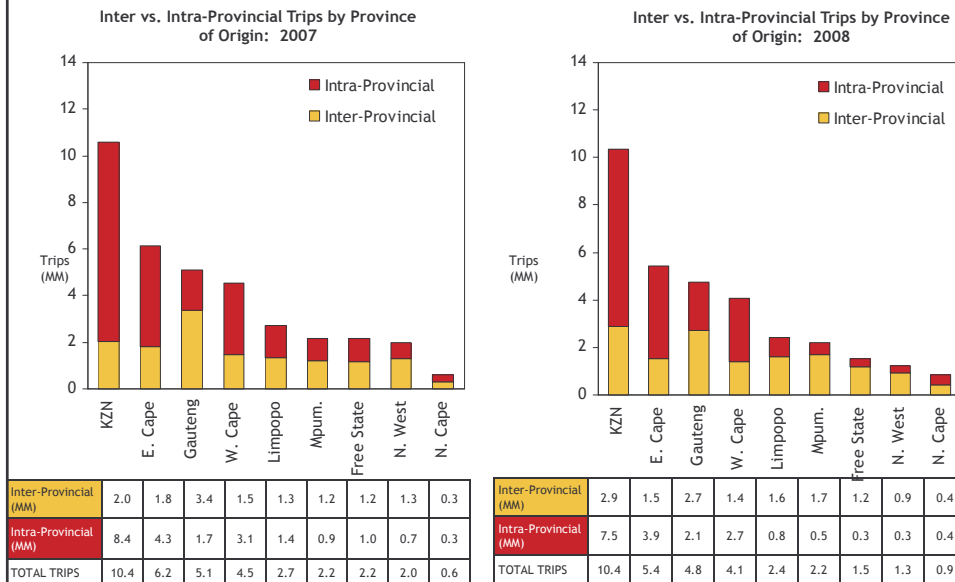


Market share '07	29%	17%	14%	13%	8%	6%	6%	6%	2%
Market share '08	32%	17%	14%	12%	7%	7%	5%	4%	3%

Source: SAT Domestic Surveys for 2007, 2008
 Note: *Trips to Provinces exceeds total number of trips as one can go to more than one province in one trip.

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However, 72% of the trips to KZN and Eastern Cape come from people living in these provinces. Only 44% of trips to Gauteng are generated from within the province.

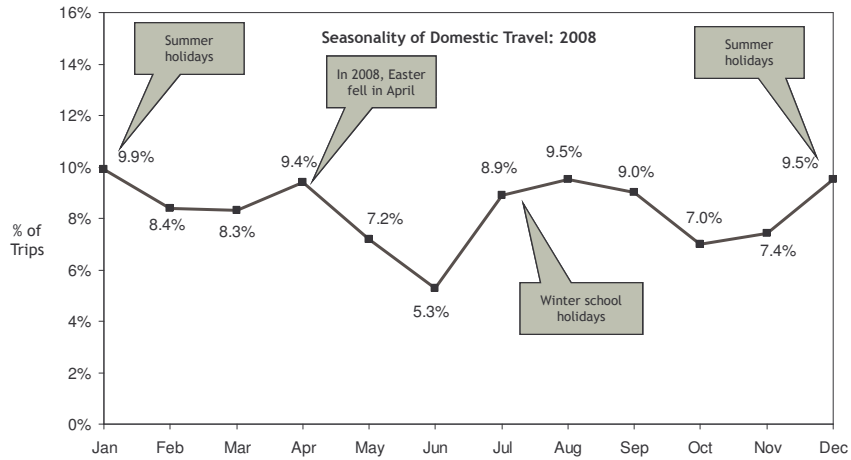


Source: SAT Domestic Surveys for 2007, 2008

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Domestic tourism is highly seasonal typically mirroring the domestic school holiday period.



Source: SAT Domestic Surveys for 2008

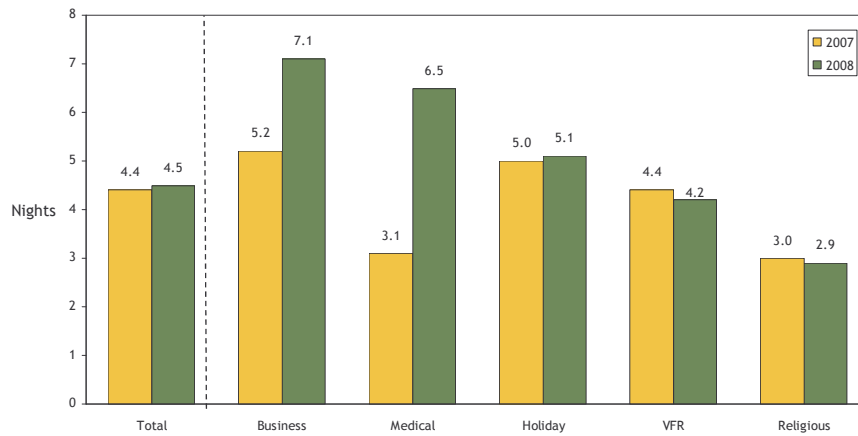
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The average domestic trip lasted about 4.5 nights, fairly similar to that of 2007. Holiday tourists tend to stay about 1 night longer than the average.

The average length of stay of business tourists is high as there were a number of tourists who travelled for professional reasons (meetings, sales calls, etc.) who took trips that lasted more than 2 weeks.

Average Nights by Trip Purpose: 2007 vs. 2008



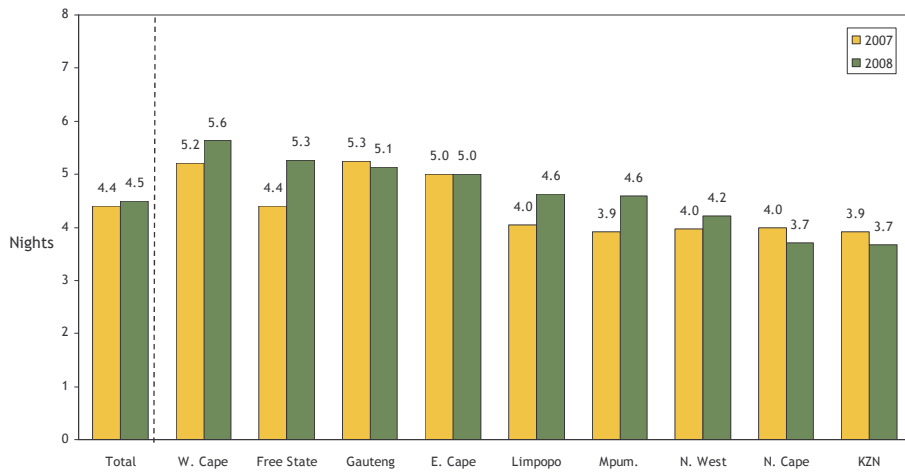
Source: SAT Domestic Surveys for 2007, 2008
Note: Sample size for medical is 25.

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...however, trips to the Western Cape and Free State were, on average, longer in 2008 than those to other provinces.

Average Number of Nights Spent in Each Province: 2007 vs. 2008



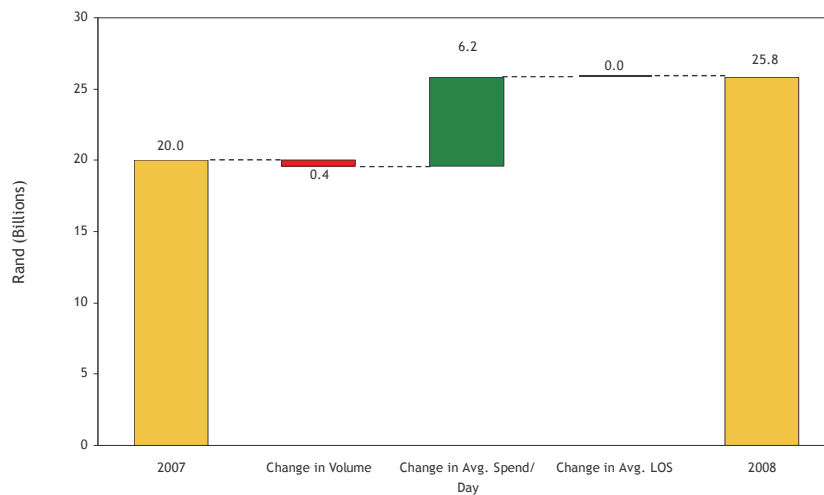
Source: SAT Domestic Surveys for 2007, 2008

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Revenue generated from domestic tourism in 2008 reached R25,8 billion, a 29% increase over 2007. The increase in average spend per day was the major driver of this increase.

Total Domestic Direct Spend Value Drivers, 2007 and 2008

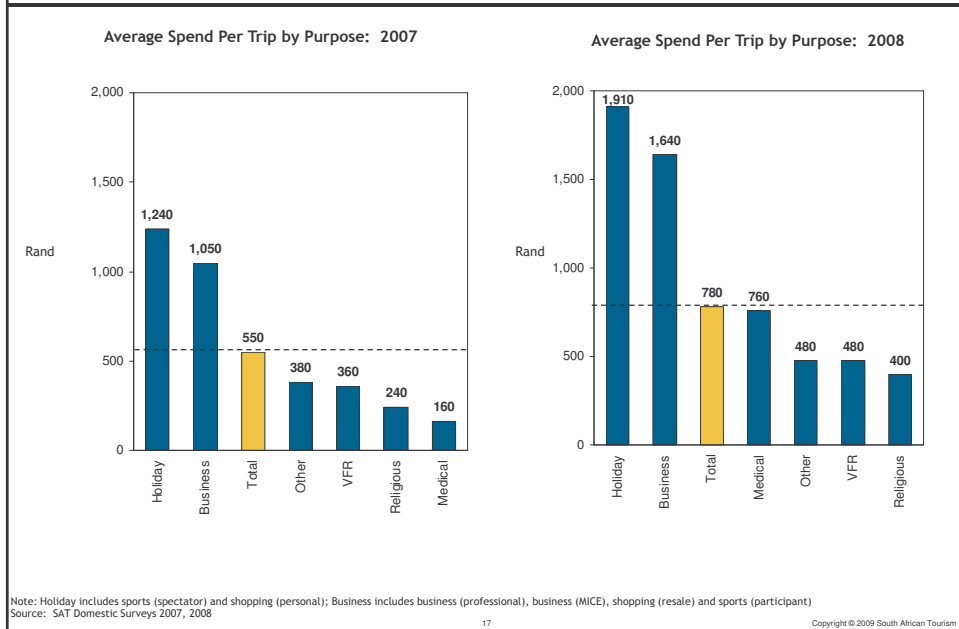


Source: SAT Domestic Surveys for 2007, 2008

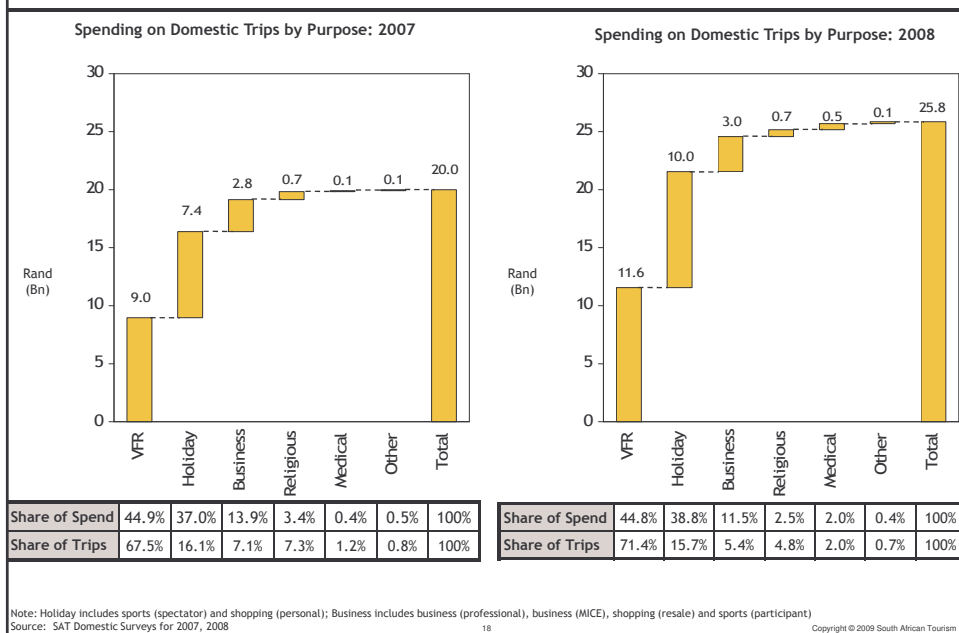
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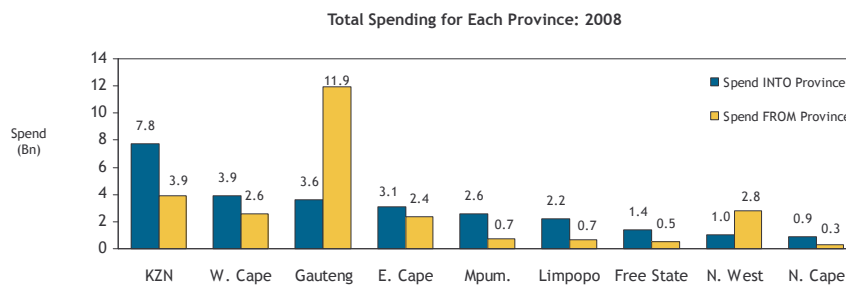
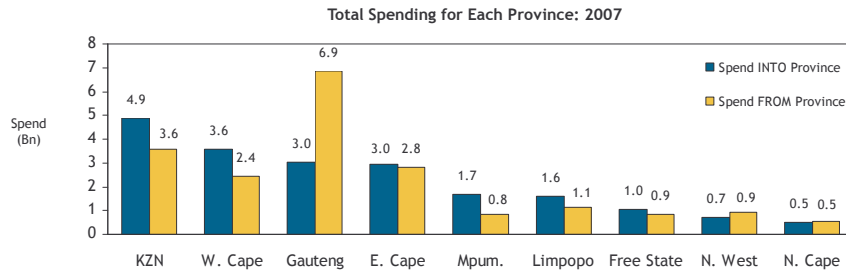
On average, a domestic tourist spend R550 per trip in 2007 compared to R780 per trip in 2008 (in nominal terms). Spend per trip increased across all purposes of travel.



While VFR trips accounted for 68% of total domestic volume, it contributed 48% to total domestic revenue. Holiday trips, on the other hand, accounting for a mere 16% of total domestic volume, contributed 40% to total domestic revenue.



Gauteng was the largest contributor to total domestic revenue, while KZN and the Western Cape were the biggest earners from domestic tourism.

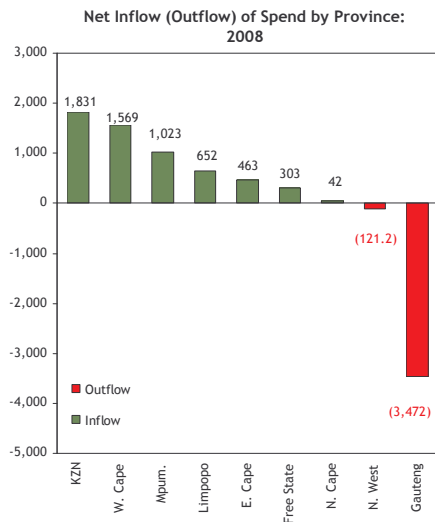
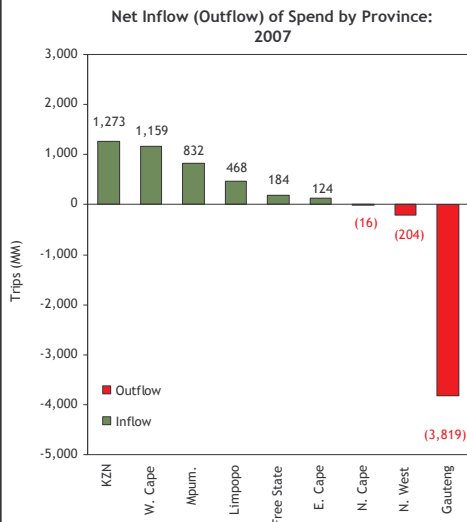


Source: SAT Domestic Surveys for 2007, 2008

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As a result, Gauteng saw a net outflow of revenue from domestic tourism in 2008 while KZN saw a net inflow.



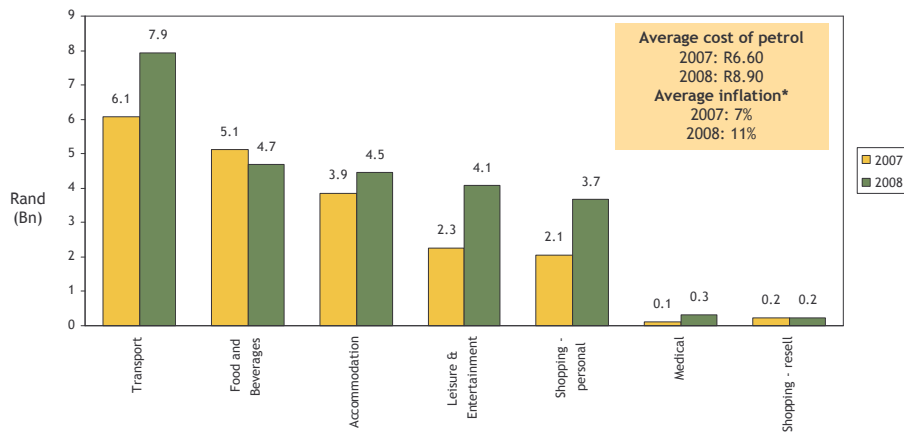
Source: SAT Domestic Surveys for 2007, 2008

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Transportation costs constituted the greatest expense for domestic travelers. This could be explained by the 35% increase in average petrol price. Spend on food and beverages and accommodation were also high.

Breakdown of Total Domestic Spending by Product / Service: 2007 vs. 2008



Average cost of petrol
 2007: R6.60
 2008: R8.90
 Average inflation*
 2007: 7%
 2008: 11%

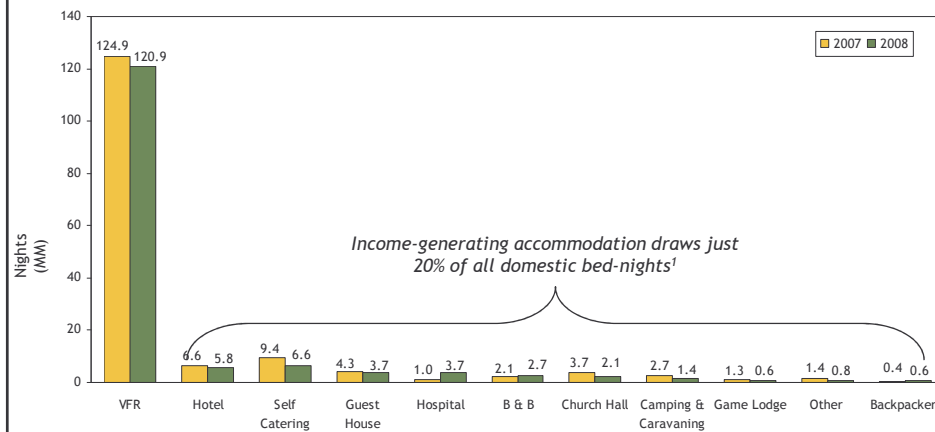
Share of Total Spend	'07	30%	26%	19%	11%	14%	1%	1%
	'08	31%	18%	17%	16%	10%	1%	1%

Source: SAT Domestic Surveys for 2007, 2008
 *Inflation is based on an average calculated using the monthly data sourced from Statssa's monthly CPI reports

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Due to the high incidence of VFR travel, the bulk of bed nights occurred in unpaid accommodation.

Nights by Accommodation Type: 2007 vs. 2008



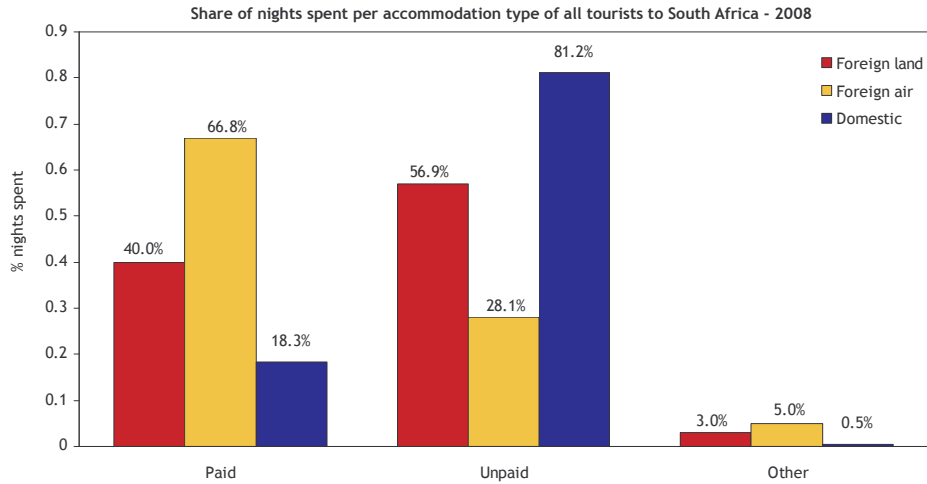
Share of Total Nights	'07	79%	4%	6%	3%	1%	1%	2%	2%	1%	1%	0%
	'08	81%	4%	4%	3%	2%	2%	1%	1%	0%	1%	0%

Source: SAT Domestic Surveys for 2007, 2008
 Note: Church Hall not included in income-generating accommodation

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Foreign air tourists remain an important source market for the accommodation sector in South Africa as they spend most of their time in paid accommodation.

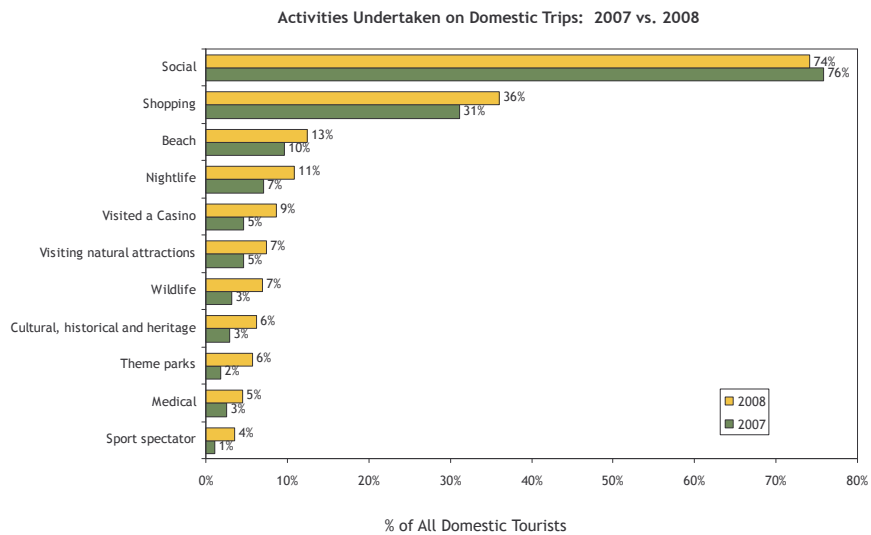


Source: SAT Domestic & Departure Surveys
 Note: "Other" includes churches, schools and similar.
 Total nights for domestic is 149 million, foreigners is 75.3 million

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Domestic tourists engage mostly in unpaid activities, such as social activities associated with VFR travel. Apart from shopping, a small number of domestic tourists engage in income-generating activities for the tourism sector.

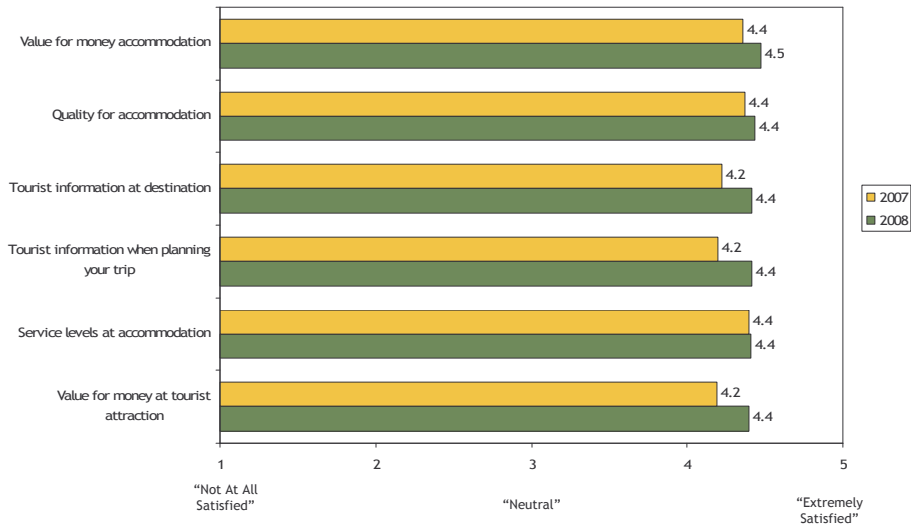


Source: SAT Domestic Surveys for 2007, 2008
 Note: Percentages do not add to 100% because respondents were allowed to choose more than one activity

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Domestic tourist satisfaction does not appear to be a problem area as tourists have rated most aspects of their trip satisfactory, with an improvement over 2007.

Average Satisfaction Rating for All Trips Taken: 2007 vs. 2008



Source: SAT Domestic Surveys for 2007, 2008

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The WTTC* reports tourism's contribution to the economy grew by 19% resulting in an overall contribution of 8.5% to the GDP of South Africa

Measure	2007	2008E	% change
Tourism's contribution to GDP (direct & indirect)	R162,9bn	R194,5bn	19%
	8.1%	8.5%	
Tourism's contribution to GDP (direct impact only)	R63,5bn	R73,2bn	15%
Direct employment in tourism	411,900	438,500	6%
Indirect employment in tourism	534,400	603,200	13%
Total employment in tourism	946,300	1,041,700	10%

Note: 2007 data has been revised in the WTTC's latest publication "Travel and Tourism economic impact, South Africa 2009"
Source: WTTC - Travel and Tourism economic impact, South Africa 2009

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Thank You

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