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THE GLASS REMAINS HALF-FULL FOR TOURISM DESPITE A DIP IN BUSINESS PERFORMANCE
Tourism Business Council of South Africa releases half-year results of the Tourism Business Index

Pretoria, South Africa: The Tourism Business Council of South Africa (TBCSA) says the glass remains half-full for the travel and tourism industry to grow and contribute to the economy, despite a dip in overall business performance, in the first six months of 2017.

The TBCSA today released its Half-Year TBCSA Tourism Business Index (TBI) Report, which tracks and provides information about the level of business performance across the travel and tourism value chain, and also forecasts prospects for short-term future performance.

Overall, the industry experienced lower than normal business performance between January and June 2017, recording an index of 82,7 (where 100 is normal). Anticipated business performance for the period July to December 2017 is also slightly down, recording an index of 80.4. This indicates a slightly less optimistic view of business performance for the remainder of the year.

Commenting on the report, TBCSA Chief Executive Officer, Ms. Mmatšatši Ramawela says “the TBI results echo the outcomes of various other recognized business performance indices, notably the South African Chamber of Commerce and Industry (SACCI) Business Confidence (BCI) and the Rand Merchant Bank/Bureau of Economic Research (RMB/BER) Business Confidence Index which both point to a downturn in overall business performance and confidence. This confirms the view that it’s not just travel and tourism, but business across the board that is negatively affected by the challenging operating environment”.

Delving deeper into the performance of the two main TBI categories – ‘Accommodation’ and ‘Other Tourism Businesses’ – actual business performance for the Accommodation sector, came in well below normal levels and notably lower than expected with an index of 79.1, compared the anticipated index of 89.3. Looking ahead, the Accommodation sector expects performance levels to decline further to an index of 66.1 - the lowest level of anticipated performance for the sector since the start of the Tourism Business Index project in 2010.

In the *Other Tourism Businesses* category, overall business performance also declined to an index of 85.5. However, this is forecast to improve in the second half of 2017 to an index of 91.4, reflecting a still below normal, but a slightly more optimistic outlook for a segment of the industry which comprises amongst others tour operators, coach operators, vehicle rental companies, airlines, travel agents, retail outlets, forex traders, conference venues and attractions.



Insufficient overseas leisure demand, insufficient domestic business demand and increases in competitive supply are the top three factors cited as contributing negatively to performance. Other reasons cited include the downturn in the economy, increases in rates and taxes and continued water restrictions.

The latest TBI results also correlate with the findings of other industry-specific reports released by Statistics South Africa, such as the tourist arrival figures (looking at a six-month overview) as well as the recently released 2016 Domestic Tourism Survey.

“Notwithstanding the decline we see in tourism business performance, it is not all doom and gloom”, says Ramawela “As evidenced by the TBI’s reference to factors that are expected to contribute positively to tourism business performance in the remainder of the year”.

Amongst the factors positive factors cited is the possible increase in domestic leisure demand, as well as tourist demand generated through conferences and events across the region.

Gillian Saunders, Deputy CEO and Head Advisory Services at Grant Thornton South Africa, says the industry is ready to re-align with a renewed sense of purpose as it believes and understands the opportunity that the industry still offers, but at the same time requires policy-makers to deliver an enabling business environment. “Despite the bleak outlook for the remainder of the year, our travel and tourism industry is more than ready, willing and able to play a major role in boosting the country’s economic growth – but it requires an enabling socio-economic and political environment”.

A timely conversation for the industry to have with government, as it marks Tourism and Heritage Month this month.

Ramawela added that “the decline we have recently experienced in business performance has the potential to be temporary if we collectively take up the challenge to address the underlying socio-political and economic issues that are affecting business and consumer confidence at a broader level.

“What we do for the country we do for tourism. Conversely what we do for tourism we do for the country. Travel and tourism stands to benefit from government providing a conducive operating environment, effecting economic policies and strategies that will position destination South Africa back onto a competitive path. In turn, improved tourism business performance will draw more investment and create much needed jobs. It is in our hands to leverage the opportunities before us and work to position the industry as a key driving force for South Africa’s economic recovery”, she concludes.

- [Click here](#) to view the Half-Year TBCSA Tourism Business Index (TBI) Report