

**TOURISM BUSINESS COUNCIL OF SOUTH AFRICA
TRENDS AND INDICATORS REPORT**

May 2017



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INTRODUCTION

- This trends and indicators report is a quarterly TBCSA report compiled by the Knowledge Management, Research Policy and Strategic Projects unit. This report is a culmination of collated statistical data that is readily available from different sources. It serves the purpose of informing the TBCSA board of the trends in Tourism both globally and within South Africa.
- This report presents high level trends and indicators in the travel and tourism industry. Sources used or cited in this report range from the WTTC, Stats SA, IATA, UNTWO and ACSA.
- This report should be read in conjunction with the following reports (WTTC report 2016; Stats SA's Tourism and Migration report, March 2017; IATA Air Passenger Reports; UNTWO World Tourism Barometer and ACSA Aviation Barometer.

TRAVEL AND TOURISM CONTRIBUTION

Global Contribution

- In 2016, Travel and Tourism's (T&T) direct contribution to GDP grew by 3.1. This was faster than the global economy as a whole, which grew at 2.5%. This means that for six consecutive years, the Travel and Tourism Sector has outperformed the global economy.
- The direct contribution of Travel and Tourism to employment grew by 1.8% in 2016, meaning almost 2 million net additional jobs were generated directly by the sector, and a total of around 6 million new jobs created as a result of total direct, indirect and induced activity. Thus, almost 1 in 5 of all new jobs created in 2016 were linked to Travel and Tourism.
- In 2016, visitor global exports accounted for 6.6% of total world exports and almost 30% of total world services exports.
- Travel and Tourism also outperformed several other major economic sectors in 2016. The T&T GDP growth was stronger than the growth recorded in the financial and business services, manufacturing, public services, retail and distribution and transport sectors.
- Regionally, South Asia is expected to be the fastest growing world region over the next 10 years, with average annual direct T&T GDP growth of 6.7% expected.

Source: WTTC 2017.

South African Overview

The WTTC Travel and Tourism Economic impact report for 2017 reveals the following:

- The direct contribution of Travel and Tourism to GDP was R127,9bn in 2016, which was 3.0% of total GDP in 2016. It is forecast to rise by 2.7% in 2017
- The total contribution of Travel & Tourism to GDP was ZAR402.2bn (USD27.3bn), 9.3% of GDP in 2016, and is forecast to rise by 2.5% in 2017.
- In 2016 Travel & Tourism directly supported 716,500 jobs (4.6% of total employment). This is expected to rise by 3.6% in 2017 and rise by 4.1% pa to 1,110,000 jobs (6.0% of total employment) in 2027.
- In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 9.8% of total employment (1,533,000 jobs). This is expected to rise by 6.7% in 2017 to 1,636,500 jobs and rise by 4.2% pa to 2,459,000 jobs in 2027 (13.2% of total).
- Visitor exports generated ZAR128.3bn (USD8.7bn), 9.9% of total exports in 2016. This is forecast to grow by 4.4% in 2017, and grow by 7.3% pa, from 2017-2027, to ZAR271.3bn (USD18.4bn) in 2027.
- Travel & Tourism investment in 2016 was ZAR68.9bn, 8.1% of total investment (USD4.7bn). It should rise by 0.6% in 2017.

According to the UNWTO March 2017 report, 2016 results on expenditure from major outbound markets reflect increasing demand for international tourism across the world. Chinese tourists spent 12% more on tourism abroad in 2016. The growth in outbound travel from China benefited many destinations in Asia and the Pacific, most notably Japan, the Republic of Korea and Thailand, but also long-haul destinations such as the United States and several in Europe.

TOURISTS ARRIVALS – MARCH 2017

- According to Stats SA's latest Tourism and Migration report¹, in March 2017, 3 309 712 travellers (arrivals, departures and transits) passed through South Africa's ports of entry. These were made up of 818 948 South African residents and 2 490 764 foreign travellers
- The number of tourists increased by 10,9% from 904 594 in March 2016.
- Overseas tourists increased by 5,9% from 235 640 in March 2016.

Leading Overseas Countries whose citizens visited SA

- In March 2017, the distribution of overseas tourists was as follows: Europe, 157 174 (63,0%); North America, 39 985 (16,0%); Asia, 25 870 (10,4%); Australasia, 10 063 (4,0%); Central and South America, 9 352 (3,7%); and Middle East, 7 197 (2,9%).
- United Kingdom (UK), 45 203 (18,1%); Germany, 37 759 (15,1%); United States of America (USA), 32 994 (13,2%); France, 20 394 (8,2%); The Netherlands, 10 798 (4,3%); Australia, 8 860 (3,5%); China, 8 386 (3,4%); India, 7 323 (2,9%); Canada, 6 991 (2,8%); and Brazil, 5 546 (2,2%) were the ten leading overseas countries whose citizens visited South Africa in March 2017.
- Tourists from these ten countries constituted 73,8% of all tourists from overseas countries.
- The number of tourists increased for eight countries but decreased for China and UK.
- Brazil had the largest increase of 143,9% (from 2 274 tourists in March 2016 to 5 546 in March 2017), followed by France, which increased by 46,4% (from 13 930 in March 2016 to 20 394 in March 2017).

Tourists from African countries

- Tourists from SADC (540 687) decreased by 17,3% from 653 598 in March 2016
- However, there were increases in tourists from other SADC countries. The highest increase (18,6%), was for tourists from Angola (from 3 380 in March 2016 to 4 007 in March 2017), followed by Malawi, 12,8% (from 11 318 in March 2016 to 12 763 in March 2017).
- Tourists from other African countries (outside SADC) increased by 0,7% from 14 422 to 14 526 in March 2016
- The highest increase, 51,8% was for tourists from Egypt (from 537 in March 2016 to 815 in March 2017), followed by Côte d'Ivoire, 44,6% (from 175 in March 2016 to 253 in March 2017).

In terms of the purpose of visit:

- In March 2017, the majority of tourists, 778 364 (96,6%), were in South Africa for a holiday
- 22 372 (2,8%) visitors were in South Africa for business purposes, whereas 5 121 (0,6%) came for study purposes.
- Of all the tourists from each of the overseas regions, more than 90,0% came to South Africa for holiday.
- A total of 9 184 (98,2%) tourists from Central and South America, 9 877 (98,2%) from Australasia, 38 885 (97,2%) from North America, 6 958 (96,7%) from Middle East, 151 920 (96,7%) from Europe and 23 765 (91,9%) from Asia were in South Africa for holiday.
- Asia had the highest proportion of tourists who came to South Africa for business, 7,4% (1 905) and for study purposes, 0,8% (200).
- The majority of African tourists, 536 833 (96,7%) came to South Africa for holiday.

¹ Tourism and Migration, March 2017. <http://www.statssa.gov.za/publications/> Accessed 01 June 2017

- Business persons constituted 7,2% (1 048) of tourists from 'other' African countries and 2,4% (13 049) from the SADC countries. North Africa had the highest proportion, 9,5% (153) of its tourists who came to South Africa for business purposes.

AVIATION

- Overall passenger growth in the first quarter of 2017 was subdued, with total arrivals up by a marginal 0.8%.
- Domestic arrivals declined by 1.03%, numbering 3 376 274, while domestic departures fell by 1.1% to 3 390 996 passengers.
- International arrivals rose by 5.6% while international departures went up by 7.6%, which contributed to the overall passenger figures remaining in positive territory.
- Regional arrivals decreased by 0.03% to 121 482 passengers, while regional departures were 0.2% down, at 123 406 passengers

Source (Aviation Barometer, Q1, 2017. www.airports.co.za. Accessed on 02 June 2017.

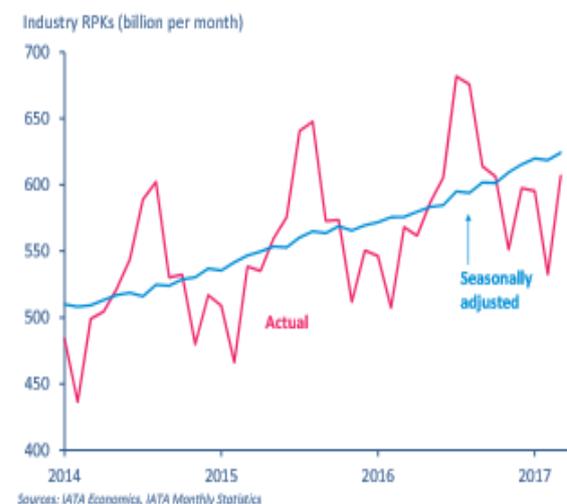
Air passenger market analysis

- ✚ Global revenue passenger kilometres (RPKs) grew by 6.8% year-on-year in March.
- ✚ PKs grew by more than 8% in annual terms in Q1 2017 adjusting for the leap year, supported by lower airfares and an upturn in economic activity. But there are tentative signs of such drivers becoming more mixed
- ✚ China overtakes India as the fastest growing domestic market
- ✚ The robust start to 2017 has been supported by a combination of lower yields and airfares, and a broad based upturn in global economic conditions, which has helped to drive demand for passenger travel.
- ✚ Air travel has continued to become cheaper relative to the price of other goods and services; the price of air travel has fallen by around 10% in real terms over the past year

Chart 1 – Air passenger volume growth and global business confidence



Chart 2 – Air passenger volumes



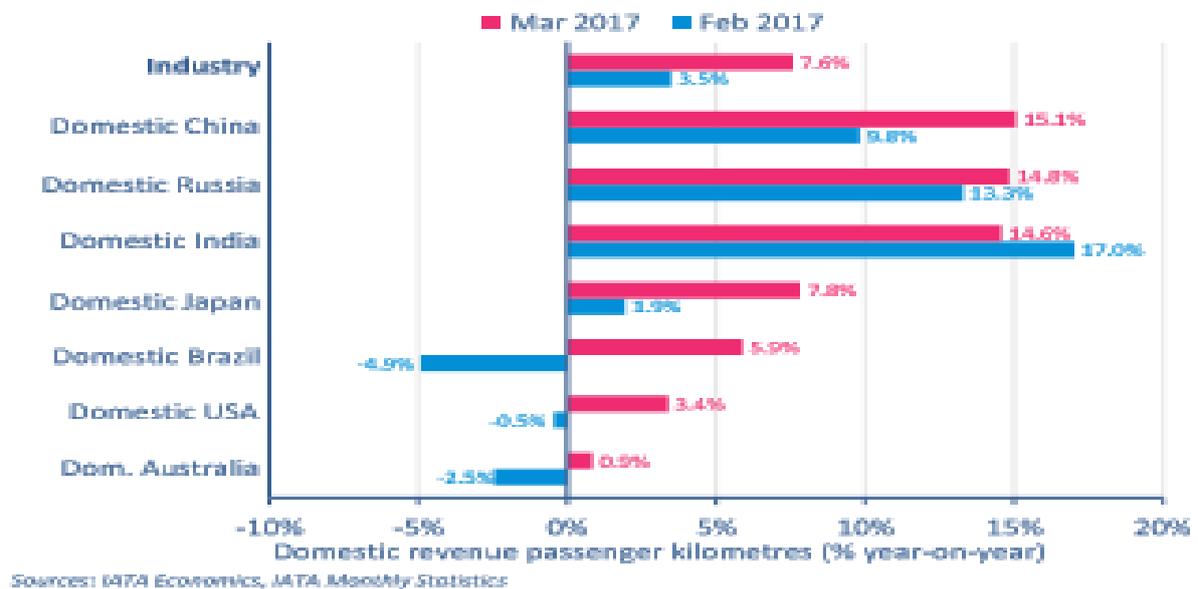
Air passenger market overview - March 2017

	World share ¹	March 2017 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	6.8%	6.1%	0.5%	80.4%	7.0%	5.5%	1.1%	80.1%
International	63.7%	6.4%	6.1%	0.2%	78.8%	7.1%	5.6%	1.1%	79.2%
Domestic	36.3%	7.6%	6.1%	1.2%	83.2%	6.7%	5.2%	1.1%	81.6%

Source: IATA March 2017 – Air Passenger Market Analysis.

The chart below shows the Revenue Passenger Kilometres by market

Chart 5 – Domestic RPK growth by market



Ends.