Domestic tourism data for marketing planning

Bashni Muthaya

12 June 2008

SOUTH AFRICAN TOURISM
AGENDA

- The Marketing Tourism Growth Strategy of South Africa

- Overview of the Domestic Tourism Market

- Domestic Market Challenges

- The Domestic Marketing Strategy
The Tourism Growth Strategy has two areas of focus: The outward looking Marketing Strategy and the internal Global Competitiveness Programme.

**Tourism Growth Strategy**

**Tourism Marketing Strategy**

- **RECRUITMENT**
  - "Get them here"
  - Build the Brand
  - Marketing Strategy
  - Channel Strategy

- **LEVERAGE**
  - "Repeat and Recommend"
  - Loyalty and CRM
  - Generate word-of-mouth

**Global Competitiveness Programme**

- **DELIVER THE EXPERIENCE**
  - Develop the Products
  - Deliver the Service

- **UPGRADE THE BUSINESS ENVIRONMENT**
The core business of South African Tourism is the international marketing of South Africa which forms part of a broader tourism strategy for South Africa: The Tourism Growth Strategy (TGS)

Domestic Tourism Base-load

International Tourism Strategy

- Investment
  - Product Development

- Who do we organise against to win, and how?
  - Who?
  - Where?
  - What?
  - When?
  - How?

- Access
  - Visas
  - Flights
  - Channels

- Products

- Marketing

- Channels

Consumers
Critical questions in developing the Tourism Growth Strategy

What are our goals and aspirations?

Where will we play?
- What are the broader goals of tourism?
- What role does SAT play in the tourism value chain?

How will we win in chosen markets?
- What countries should SAT focus on?
- What are the segments within these countries that SAT needs to target for growth?
- What are the segments that SAT needs to defend its share in?

What capabilities must be in place to win?
- What are the marketing, facilitation, product and channel levers that must be addressed for growth to take place?
- How we will build our brand?

What implications does this have for SAT’s capability set?

What management systems are required?
The Tourism Act’s mandate to SA Tourism is ...

... through six key objectives ...

... by acting in a focused way to ...

- Sustainable GDP Growth
- Sustainable job creation
- Redistribution and transformation

- Increase in tourist volume
- Increase in tourist spend
- Increase length of stay

- Improve geographic spread
- Improve seasonality patterns
- Promote transformation

- Understand the market
- Choose the attractive segments
- Market the Destination

- Facilitate the removal of obstacles
- Facilitate the product platform
- Monitor and learn from tourist experience
AGENDA

- The Marketing Tourism Growth Strategy of South Africa

- **Overview of the Domestic Tourism Market**

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In 2005, just over half of South African adults traveled within the country, resulting in some 36 million domestic trips.

Note: Based on the question “How many domestic trips have you yourself taken in the past 12 months?” asked in each of the 2005 monthly surveys; therefore, incidence does not correspond to an exact Jan.-Dec. 2005 time frame, but rather is an average for any point in time over the course of 2005.

Source: SAT Domestic Surveys for 2005
The vast majority of domestic trips - some 25 million - were taken for the purpose of visiting friends and relatives.

At 12% and 3%, respectively, the incidence of annual holiday and business travel remains low.

**Incidence of Annual Domestic Travel by Purpose: 2005**

- Total: 53%
- VFR: 40%
- Holiday: 12%
- Religious: 5%
- Business: 3%
- Medical: 2%

**Number of Domestic Trips by Purpose: 2005**

- VFR: 25.0 MM
- Religious: 4.5 MM
- Business: 3.7 MM
- Medical: 2.3 MM
- Total: 36.2 MM

Source: SAT Domestic Surveys for 2005
In total, spending on domestic tourism amounted to approximately 21.1 billion Rand in 2005.

Holiday travelers produced nearly a third of all domestic tourism revenues, despite accounting for just 12% of all domestic trips.

Spending on Domestic Trips by Purpose: 2005

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Share of Total Spend</th>
<th>Total Spend (Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VFR</td>
<td>40%</td>
<td>8.5</td>
</tr>
<tr>
<td>Holiday</td>
<td>32%</td>
<td>6.8</td>
</tr>
<tr>
<td>Business</td>
<td>12%</td>
<td>2.5</td>
</tr>
<tr>
<td>Religious</td>
<td>9%</td>
<td>2.0</td>
</tr>
<tr>
<td>Medical</td>
<td>6%</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>21.1</strong></td>
</tr>
</tbody>
</table>

Source: SAT Domestic Surveys for 2005
Domestic tourism activities resulted in a total of 157 million nights away from home, and the average trip lasted 4 nights.

**Total Nights by Trip Purpose: 2005**

- VFR: 107.5 MM
- Religious: 26.4 MM
- Medical: 10.1 MM
- Holiday: 9.5 MM
- Business: 3.8 MM
- Total: 157.3 MM

**Average Nights by Trip Purpose: 2005**

- Holiday: 5.9
- Medical: 5.3
- All Trips: 4.3
- VFR: 4.3
- Business: 4.1
- Religious: 2.7

**Share of Total Nights**

- Holiday: 68%
- Medical: 17%
- All Trips: 6%
- VFR: 6%
- Business: 2%
- Religious: 100%

Source: SAT Domestic Surveys for 2005
Nearly a third of all trips were taken to (or within) KwaZulu-Natal; Gauteng was the second most popular destination.

Overview of the Domestic Tourism Market: Key metrics

Number of Annual Trips TO Each Province: 2005

<table>
<thead>
<tr>
<th>Province</th>
<th>Trips (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KZN</td>
<td>11.6</td>
</tr>
<tr>
<td>Gauteng</td>
<td>7.1</td>
</tr>
<tr>
<td>N. West</td>
<td>3.5</td>
</tr>
<tr>
<td>E. Cape</td>
<td>3.3</td>
</tr>
<tr>
<td>Limpopo</td>
<td>3.1</td>
</tr>
<tr>
<td>W. Cape</td>
<td>3.0</td>
</tr>
<tr>
<td>Free State</td>
<td>2.1</td>
</tr>
<tr>
<td>Mpum.</td>
<td>1.9</td>
</tr>
<tr>
<td>N. Cape</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Share of Total Trips

- KZN: 32%
- Gauteng: 20%
- N. West: 10%
- E. Cape: 9%
- Limpopo: 9%
- W. Cape: 8%
- Free State: 6%
- Mpum.: 5%
- N. Cape: 2%

Source: SAT Domestic Surveys for 2005
Domestic travel is highly seasonal; in 2005, the number of trips jumped in the holiday months of March, July, and December. Conversely, the number of trips plummeted in non-holiday months, and particularly in months lying immediately before holiday periods (i.e., February and November).

Source: SAT Domestic Surveys for 2005; SAT Arrival Stats, 2004
AGENDA

• The Marketing Tourism Growth Strategy of South Africa

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Overview of the Domestic Tourism Market: Domestic market challenges

The revenue generation and transformation potential of the domestic tourism market is currently constrained by four interrelated challenges:

- Extreme Seasonality
- Domestic Holiday Market Immaturity
- Limited Geographic Spread
- Competitiveness Challenge
The greatest challenge facing domestic tourism in South Africa is the immaturity of the domestic holiday travel market. This is characterized by a low incidence of holiday travel relative to VFR travel.

Incidence of Annual Domestic Travel by Purpose: 2005

- **All Trips**: 52.8%
- **VFR**: 39.9%
- **Holiday**: 12.4%
- **Religious**: 5.2%
- **Business**: 3.1%
- **Medical**: 2.1%

Note: Based on the question “How many domestic trips have you yourself taken in the past 12 months?” asked in each of the 2005 monthly surveys; therefore, incidence does not correspond to an exact Jan.-Dec. 2005 time frame, but rather is an average for any point in time over the course of 2005.

Source: SAT Domestic Surveys for 2005
The vast majority of domestic trips, nearly 70%, are for the purpose of VFR, while holiday travel accounts for just 12% of all trips.

**Number of Domestic Trips by Trip Purpose: 2005**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Trips (MM)</th>
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**Share of Total Trips**

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<tr>
<td>Business</td>
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**Total Nights by Trip Purpose: 2005**

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<td>Medical</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

However, the relative value of a holiday trip far outweighs a VFR trip

On a per trip basis, VFR trips generate nearly 5 times less revenue than holiday trips - when trip length is accounted for, VFR trips are still 3 times less valuable than holiday trips.

Average Spend Per Trip by Purpose: 2005

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Medical</th>
<th>Business</th>
<th>Religious</th>
<th>VFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
<td>1,906</td>
<td>1,525</td>
<td>583</td>
<td>339</td>
</tr>
<tr>
<td>All Trips</td>
<td>1,083</td>
<td>531</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average Spend per Day by Purpose: 2005

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Medical</th>
<th>Business</th>
<th>Religious</th>
<th>VFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
<td>359</td>
<td>263</td>
<td>197</td>
<td>79</td>
</tr>
<tr>
<td>All Trips</td>
<td>258</td>
<td>134</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SAT Domestic Surveys for 2005
Furthermore, holiday trips are, on average, longer than all other trip types.

Average Nights by Trip Purpose: 2005

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
<td>5.9</td>
</tr>
<tr>
<td>Medical</td>
<td>5.3</td>
</tr>
<tr>
<td>All Trips</td>
<td>4.3</td>
</tr>
<tr>
<td>VFR</td>
<td>4.3</td>
</tr>
<tr>
<td>Business</td>
<td>4.1</td>
</tr>
<tr>
<td>Religious</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

As a result, holiday spending accounts for a far greater share of total spending than its relative trip volume would imply.

Spend on Domestic Trips by Purpose: 2005

- VFR: 8.5 Rand (Bn)
- Business: 6.8 Rand (Bn)
- Religious: 2.0 Rand (Bn)
- Medical: 1.4 Rand (Bn)
- Total: 21.1 Rand (Bn)

Share of Trips by Purpose vs. Share of Spend by Purpose: 2005

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Share of Trips (%)</th>
<th>Share of Spend (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VFR</td>
<td>69%</td>
<td>40%</td>
</tr>
<tr>
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<td>32%</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Religious</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

Source: SAT Domestic Surveys for 2005
The majority of total domestic tourist spending goes towards transportation costs.

Higher value activities like accommodation, shopping, and entertainment attract a relatively small share of total expenditures.

Breakdown of Total Domestic Spending by Product / Service: 2005

<table>
<thead>
<tr>
<th>Product / Service</th>
<th>Rand (Bn)</th>
<th>Share of Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>6.5</td>
<td>33%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>3.7</td>
<td>19%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>3.1</td>
<td>16%</td>
</tr>
<tr>
<td>Shopping</td>
<td>2.7</td>
<td>14%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>1.9</td>
<td>10%</td>
</tr>
<tr>
<td>Medical</td>
<td>1.7</td>
<td>9%</td>
</tr>
<tr>
<td>Capital and Other</td>
<td>0.2</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: ¹Spend by product / service figures do not sum exactly to total spend. This is because the survey allowed people who reported a total spend amount to answer “don’t know” when asked how much they spent by product / service.

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

This is despite the fact that the vast majority of domestic trips are facilitated by low-cost minibus transport and private vehicles.

Forms of transport that generate greater levels of employment and income - tour buses, trains, planes, and rental cars – all receive little use by domestic tourists.

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

The accommodation industry, in particular, has yet to benefit from the true potential of domestic tourism

Three-quarters of all domestic bed nights are spent in unpaid accommodation

### Nights by Accommodation Type: 2005

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>Nights (MM)</th>
<th>Share of Total Nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends &amp; Family</td>
<td>118.4</td>
<td>74%</td>
</tr>
<tr>
<td>Hotel</td>
<td>9.1</td>
<td>6%</td>
</tr>
<tr>
<td>Self Cater</td>
<td>7.0</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>5.4</td>
<td>3%</td>
</tr>
<tr>
<td>Hospital</td>
<td>4.3</td>
<td>3%</td>
</tr>
<tr>
<td>Camp Site</td>
<td>4.2</td>
<td>3%</td>
</tr>
<tr>
<td>B&amp;B</td>
<td>4.1</td>
<td>3%</td>
</tr>
<tr>
<td>Guest House</td>
<td>3.9</td>
<td>2%</td>
</tr>
<tr>
<td>Game Lodge</td>
<td>1.9</td>
<td>1%</td>
</tr>
<tr>
<td>Backpackers</td>
<td>1.0</td>
<td>1%</td>
</tr>
</tbody>
</table>

Income-generating accommodation draws just 26% of all domestic bed-nights

Source: SAT Domestic Surveys for 2005
Furthermore, the majority of domestic tourists do not engage in high-value tourist activities.
Overview of the Domestic Tourism Market: Domestic market challenges

Recent market research confirms that economic constraints remain the greatest barrier to increasing domestic travel in South Africa...

A combination of unemployment and affordability stand out as major barriers to domestic travel

Top Five Reasons For Not Having Taken a Domestic Trip: 2005¹

- Unemployed / No Income: 26.2%
- Too Expensive / Not Affordable: 23.5%
- Work / Study / Other Time Constraints: 14.2%
- Poor Health / Old Age: 8.3%
- Dislike Travelling: 6.8%

% of Adults Who Have Not Taken a Domestic Trip in Past Year

Note: ¹Respondents could give more than one reason for not taking a trip
Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

...and clearly supports the hypothesis that maturation of the domestic holiday market is linked to personal income

Annual holiday travel incidence jumps from just 8% in the lowest income category, to 35% and 48%, respectively, among middle and high income groups; Business travel incidence follows the same pattern, while VFR travel incidence is consistently high at all income levels

Source: SAT Domestic Surveys for 2005

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**Overview of the Domestic Tourism Market:** Domestic market challenges

The trigger point for domestic holiday travel seems to exist around the 3,000-5,000 Rand monthly personal income mark.

*Holiday travel continues to escalate with income up to a peak at the R15,000-20,000 mark.*

### Distribution of Traveler Type by Personal Monthly Income Category: 2005¹

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Religious</th>
<th>Business</th>
<th>VFR</th>
<th>Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Income</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R1-R500</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R501-R750</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R751-R1000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R1001-R1500</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R1501-R2000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R2001-R3000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R3001-R5000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R5001-R7500</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R7501-R10000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R10001-R15000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R15001-R20000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R20001-R30000</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>R30000+</td>
<td>80%</td>
<td>60%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

- **VFR and Religious travelers disproportionately outweigh other traveler types among lower personal income brackets.**
- **Around the R3,000-R5,000 personal income mark, VFR and religious travelers begin to trail off, while the proportion of holiday and business travelers rises dramatically.**
- **After seeing another spike in the R15,000-R20,000 range, holiday travel remains prominent in the highest income groups.**

**Note:** ¹Based on respondent’s travel purpose as of their first recalled trip

**Source:** SAT Domestic Surveys for 2005
Among these higher income earners, time constraints are the major impediments to domestic holiday travel. However, affordability is still a major constraint on domestic holiday travel among the middle-income bracket.

- **Main Reasons For Not Having Taken a Domestic Trip by Income Bracket: 2005**

<table>
<thead>
<tr>
<th>Reason</th>
<th>R0-R3,000</th>
<th>R3,001-R15,000</th>
<th>R15,001+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work / Study / Other Time Constraints</td>
<td>13%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Too Expensive / Not Affordable</td>
<td>47%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>No Need to Travel</td>
<td>10%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Dislike Travelling</td>
<td>8%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Unemployed / No Income</td>
<td>32%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Respondents could give more than one reason for not taking a trip.
Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

Seasonality presents a second major challenge to both managing capacity / cash flow and extracting value from domestic tourists.

Domestic travel volume jumps by as much as 100% and 200% in the month of Easter and in December, respectively, and dips sharply in non-holiday months.

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

At various times throughout the year, monthly domestic travel incidence can be as high as 14% of the population, or as low as 5%.

Number of Domestic Tourists by Month: 2005

Travelers as a % of Adult Population

<table>
<thead>
<tr>
<th>Month</th>
<th>Travelers as %</th>
<th>Total Adult Population (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>8.1%</td>
<td>24.7</td>
</tr>
<tr>
<td>Feb</td>
<td>4.9%</td>
<td>25.4</td>
</tr>
<tr>
<td>Mar</td>
<td>10.0%</td>
<td>23.6</td>
</tr>
<tr>
<td>Apr</td>
<td>8.3%</td>
<td>24.8</td>
</tr>
<tr>
<td>May</td>
<td>8.6%</td>
<td>24.9</td>
</tr>
<tr>
<td>Jun</td>
<td>7.3%</td>
<td>25.3</td>
</tr>
<tr>
<td>Jul</td>
<td>11.2%</td>
<td>24.0</td>
</tr>
<tr>
<td>Aug</td>
<td>7.6%</td>
<td>25.2</td>
</tr>
<tr>
<td>Sep</td>
<td>8.9%</td>
<td>24.9</td>
</tr>
<tr>
<td>Oct</td>
<td>7.0%</td>
<td>25.6</td>
</tr>
<tr>
<td>Nov</td>
<td>4.5%</td>
<td>26.2</td>
</tr>
<tr>
<td>Dec</td>
<td>13.6%</td>
<td>23.2</td>
</tr>
</tbody>
</table>

Average 10.1%

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

Finally, a third major challenge concerns the fact that only pockets of the country are benefiting from domestic tourism.

![Graph showing Total Domestic Tourism Spending in Each Province: 2005]

- **Amount Spent in Each Province**:
  - KZN: 5.7 Bn
  - Gauteng: 5.0 Bn
  - W. Cape: 2.8 Bn
  - E. Cape: 2.3 Bn
  - N. West: 1.6 Bn
  - Limpopo: 1.2 Bn
  - Mpum.: 1.2 Bn
  - Free State: 1.1 Bn
  - N. Cape: 0.6 Bn

- **Number of Trips to Each Province**:
  - KZN: 5.7 MM
  - Gauteng: 5.0 MM
  - W. Cape: 2.8 MM
  - E. Cape: 2.3 MM
  - N. West: 1.6 MM
  - Limpopo: 1.2 MM
  - Mpum.: 1.2 MM
  - Free State: 1.1 MM
  - N. Cape: 0.6 MM

**% of Total Spend**:
- KZN: 26%
- Gauteng: 24%
- W. Cape: 13%
- E. Cape: 11%
- N. West: 8%
- Limpopo: 6%
- Mpum.: 5%
- Free State: 5%
- N. Cape: 3%

**Avg. Revenue / Trip**:
- KZN: 488 Rand
- Gauteng: 709 Rand
- W. Cape: 934 Rand
- E. Cape: 677 Rand
- N. West: 459 Rand
- Limpopo: 389 Rand
- Mpum.: 619 Rand
- Free State: 528 Rand
- N. Cape: 775 Rand

Note: Provincial spending figures sum to 21.5Bn, which is slightly greater than the 21.1Bn total spend figure. This is because the survey asks for spend per trip, but one trip may include several provinces.

Source: SAT Domestic Surveys for 2005
Overview of the Domestic Tourism Market: Domestic market challenges

This is due, in part, to the relatively low prevalence of inter-provincial travel, which accounts for under 40% of all trips

Intra-provincial travel outweighs inter-provincial travel in all provinces except for Gauteng, the North West, and the Northern Cape.

Inter-Provincial (MM) | 1.47 | 5.90 | 2.22 | 1.21 | 0.49 | 0.38 | 0.99 | 0.57 | 0.50
Intra-Provincial (MM) | 9.70 | 3.06 | 1.72 | 1.87 | 2.13 | 2.03 | 1.11 | 0.77 | 0.07

Source: SAT Domestic Surveys for 2005
AGENDA

- The Marketing Tourism Growth Strategy of South Africa
- Overview of the Domestic Tourism Market
- Domestic Market Challenges

- The Domestic Marketing Strategy
There are many segments in the domestic market but SA Tourism focuses on the emerging young market in order to develop a culture of travel

*Consumer segments are categorised based on their current holiday travel status and differentiating between established, emerging and untapped markets*

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Segments</th>
<th>Approach</th>
</tr>
</thead>
</table>
| Established| • High average spend  
• Majority of the segment travel for holiday purposes  
• Little room for growth                                                                                                           | • Independent young couples and families  
• Golden active couples                           | • Defend and extract value                     |
| Emerging   | • Medium average spend  
• Only small proportions of the segment travel for holiday purposes  
• Non-travellers represent opportunities to grow these segments                                                                  | • Well-off homely couples  
• Young and up-coming  
• Striving families                                      | • Grow and defend                             |
| Untapped   | • Low average spend  
• Few if any of these segments travel for holiday purposes  
• Opportunity for growth exists however a dedicated education process will be required                                         | • Home based low income couples  
• Basic needs older families                                      | • Develop                                           |
Six segment specific strategies have been developed to grow domestic tourism

1. Match product to segments
2. Extract greater levels of value from established and emerging holiday segments
3. Convert emerging and untapped non-holiday segments into holiday travellers
4. Encourage year round travel by promoting more trips outside of school holidays
5. Encourage greater levels of inter-provincial travel
6. Utilise events to encourage year round travel

- Young and Upcoming
  - Grow this emerging segment
- Independent Young Couples & Families
  - Defend this established segment
- Striving Families
  - Grow this emerging segment
- Well Off Homely Couples
  - Grow this emerging segment
- Home Based Low Income Couples
  - Develop this untapped segment
- Basic Needs Older Families
  - Develop this untapped segment
- Golden Active Couples
  - Defend this established segment

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In addition, six destination marketing strategies have (or will be) implemented on a national level to support the growth of the domestic tourism industry.

1. Roll out a South African domestic destination brand at a national level
2. Develop and promote set of South African experiences related to target consumers
3. Distribute appropriate information in specific places
4. Facilitate co-operative product packaging and promotion programmes at national and provincial levels
5. Develop marketing and distribution channels
6. Encourage repeat visitation

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Source: SAT / KPMG Domestic Market Segmentation
For more information contact:
South African Tourism
Private Bag X10012
Sandton
Johannesburg
2146
Tel: +2711 895 3000
Email: research@southafrica.net
www.southafrica.net