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SOUTH AFRICAN TOURISM

Barriers to Travel to South Africa

Strategic Research Unit
2006

Contents

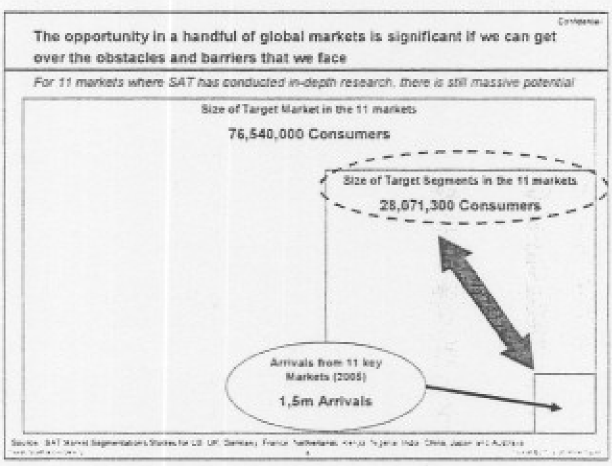
1. Introduction

Every year South African Tourism conducts a brand tracking survey on the markets we focus on to give us quantitative information on how potential leisure travellers perceive our country. In 2005 we did two rounds of brand tracking:

- In February (the traditional purchasing period in the buying cycle of travellers in the northern hemisphere when their transaction with tour operators or travel agents and buy their next holiday)
- In November-December (the traditional consideration period in the northern hemisphere when travellers start thinking about where and when to take their next holiday).

The survey asked experienced travellers in 13 markets which destinations they were aware of, which ones were they considering and which ones they intend to visit in the next 18 months. We asked if they had started to look for information and after seeking information, why they rejected some destinations (ie did not visit them). We were interested in both uninformed and informed awareness of our country. We also ask what their perceptions were on the key attributes of our tourism brand and to rank us against our competitors; and their reasons for rejecting certain destinations. This paper outlines the two main reasons why travellers rejected South Africa in 2005.

The survey is done in 13 countries of which we have done in-depth research in 11 of them[1] and therefore understand the size of the target market and target consumer ie the potential market for South Africa. Brand tracking surveys the target market in these countries and not the whole population of a country ie. only people who have the financial means and interest to travel to a long-haul destination like ours.



South Africa needs to overcome these barriers if tourism is to reach its full potential as a generator of both economic growth and development and job creation. Unfortunately both barriers sit outside the direct sphere of influence of South African Tourism so we have engaged many role players on these issues over time to try and get them addressed. This paper is in support of the processes of finding a way forward to solve these issues.

[1] We have not researched Italy and Canada, which are watch list and investment markets respectively in our portfolio of focus markets for 2005 - 2008

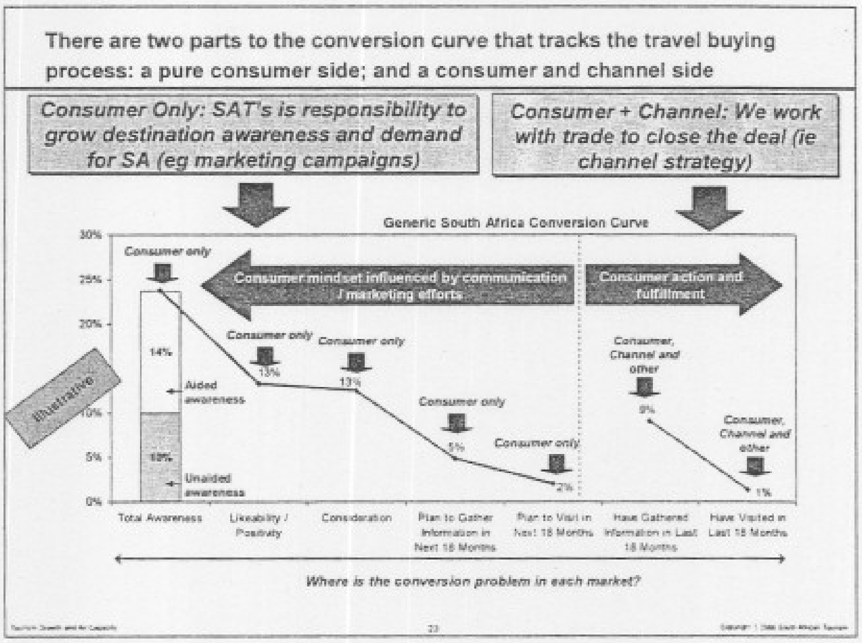
2. *The potential market for South Africa*

In order for a person to travel to a country they need to be aware of it, have positive perceptions about it to consider the destination for a holiday and then look for the information that will take them to trade channel (ie the businesses that sit between the consumer and the destination that sell travel) and ultimately the visit the country.

In brand tracking we measure on an annual basis what the market potential is ie:

- How many people are aware of South Africa
- How many would consider travelling to South Africa at some stage
- How many intend to visit in the next 18 months
- How many actually visited in the past 18 month.

This gives us what the "conversion ratio" is (ie how many people have south information and gone into the channel to buy South Africa) which allows us to understand where it is a problem of "conversion" (ie is the trade selling us well) or informed positive awareness (ie a marketing problem).



Thus we are able to understand what the marketing challenge for us is in every market that is not based on anecdotes but rather research. In 2005 more than 20 million people in the 13 markets said they would consider visiting South Africa. Of the 20 million, about 15 million have sought information and more than 5 million said they intended to visit in the next 18 months.

In 2005 we got approximately 1,5 million arrivals from those 13 countries (ie 30% of the people who intended to visit). This raises the question: Why are people not visiting South Africa – especially travellers who have looked for information about us?

The next two sections focuses on the two biggest barriers that confront SA Tourism in marketing our country globally:

- Potential travellers concerns about safety security, and

- The cost to get to South Africa.

In 2005 around 20 million "Blue Sky" respondents said they would consider a visit SA some time in the future

Country	Total Target Market Opportunity (In Millions)*	South Africa Blue Sky Considerers in Nov 05
Germany	14.6	4,482,030
Netherlands	6.1	2,340,411
USA	10.4	2,019,576
UK	9.2	3,120,076
China	2.5	357,144
India	0.8	260,148
Japan	19.7	2,215,661
France	9.3	2,275,548
Australia	2.5	627,783
Kenya	0.4	241,193
Nigeria	1	455,670
Canada	5.3	1,099,762
Italy	2.4	693,948
TOTAL	82m	20,188,949

Of that about 5 million thought that it was likely they would visit in 18 Months

Country	Market Opportunity (In Millions)*	South Africa Considerers (Next 18 Months) in Nov 05
Germany	14.6	1,372,546
Netherlands	6.1	572,654
USA	10.4	588,380
UK	9.2	839,140
China	2.5	125,314
India	0.8	105,624
Japan	19.7	96,333
France	9.3	593,621
Australia	2.5	127,779
Kenya	0.4	145,907
Nigeria	1	211,825
Canada	5.3	185,502
Italy	2.4	184,851
TOTAL		5,149,475

If we take the most conservative estimate that these two barriers are resulting in South Africa losing 2 million tourists a year, we estimate that the cost to the economy is at least R25 billion[2] per annum in lost foreign direct spend.

[2] This is based on the average spend per trip x the average length of stay in 2005. As most of these travellers the average length of stay would be higher than 8 days.

Is a Safe and Secure Environment	May-04	3.5	3.3	3.8	3.5	2.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Feb-05	3.3	3.1	N/A	3.3	2.9	3.6	3.3	3.6	4.6	5.4	2.9	N/A	N/A
	Nov-05	3.6	3.2	3.8	3.4	2.9	3.6	3.2	2.7	4.1	4.3	3.1	4.8	4.8
Offers a Wide Variety of Experiences	May-04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Feb-05	5.8	[illegible]	N/A	5.4	5.5	5.5	5.6	6.7	5.7	5.7	3.9	N/A	N/A
	Nov-05	[illegible]	[illegible]	[illegible]	5.5	[illegible]	5.3	5.7	5.4	5.7	5.3	4.3	5.7	5.8
Offers Excellent Value for the Money	May-04	5.3	4.4	4.1	4.1	4.6	4.4	4.2	3.9	5.0	5.5	4.5	5.4	5.3
	Feb-05	5.0	4.3	N/A	3.3	4.5	4.2	4.3	4.1	5.1	5.7	3.5	N/A	N/A
	Nov-05	5.0	4.4	4.1	3.5	4.5	4.2	4.2	4.1	5.1	5.0	3.6	6.4	[illegible]
A Very Authentic Travel Experience	May-04	[illegible]	4.9	5.7	5.6	5.4	5.9	5.7	5.4	5.8	5.5	5.3	5.4	5.5
	Feb-05	[illegible]	5.1	N/A	5.7	5.3	5.5	5.7	[illegible]	5.6	[illegible]	5.5	N/A	N/A
	Nov-05	[illegible]	5.3	[illegible]	5.8	5.2	5.5	5.5	5.4	5.3	5.7	[illegible]	5.4	5.6
Offers a Historical and Cultural Experience	May-04	5.3	4.9	5.4	5.2	5.0	5.4	5.6	4.9	5.2	5.2	5.3	5.5	[illegible]
	Feb-05	5.3	4.8	N/A	4.3	4.8	5.3	5.5	5.1	5.0	[illegible]	4.3	N/A	N/A
	Nov-05	5.1	4.9	5.0	4.4	4.6	5.2	5.4	4.9	5.2	5.4	4.5	6.0	5.9
Welcoming People You Can Interact With	May-04	4.4	4.6	4.5	4.6	4.6	4.7	4.5	4.2	4.8	4.8	4.4	5.3	4.9
	Feb-05	4.7	5.0	N/A	4.4	4.4	4.5	4.7	4.1	4.9	[illegible]	4.0	N/A	N/A
	Nov-05	4.6	5.0	4.6	4.5	4.4	4.6	4.7	4.2	4.8	5.3	4.5	5.2	5.3
Offers a Rest and Relaxation Experience	May-04	4.9	5.0	4.4	4.3	4.7	4.9	4.3	4.0	5.1	5.1	4.4	5.7	5.8
	Feb-05	4.7	4.6	N/A	4.3	4.6	4.4	4.5	4.1	5.3	5.8	3.7	N/A	N/A
	Nov-05	4.8	4.5	4.3	4.4	4.6	4.5	4.5	4.1	5.4	5.3	4.3	5.8	5.9
Is Easy to Get Around	May-04	4.5	4.3	4.0	4.2	4.2	4.2	4.0	3.7	4.4	4.5	3.8	4.8	5.4
	Feb-05	4.4	4.3		4.0	4.0	4.0	4.3	3.7	4.8	5.6	3.4	N/A	N/A
	Nov-05	4.5	4.4	4.0	4.1	4.1	4.1	4.0	3.8	4.6	4.6	3.8	5.2	5.5
Excellent Year-Round Travel	May-04	5.4	[illegible]	4.7	4.4	[illegible]	[illegible]	[illegible]	4.5	5.0	5.0	4.6	5.0	[illegible]
	Feb-05	5.1	4.7	N/A	4.8	4.9	4.6	5.1	4.5	5.0	[illegible]	3.9	N/A	N/A
	Nov-05	5.1	[illegible]	4.4	4.8	5.0	4.5	5.3	4.5	5.0	5.0	4.3	5.3	[illegible]
	May-04	6.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Significantly Above Average (at 95% confidence level)

Note: The shading is relative to competition (average score) in each report at 95% confidence level
Attributes are ordered by level of importance to overall sample

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Africa

response of at least 13,6 million people who rejected South Africa on the issue.

[3] This is based on the most conservative assumption that the respondents rejected South Africa on any or all three measures of safety (which is unlikely).

Safety and security is now divided into three questions to get a more accurate information on what the exact issue is:

- Fears for my personal safety
- General Safety (ie crime, health, weather, road accidents etc)
- Fears of political climate and civil unrest.

The highest rejection is on the grounds of political safety and civil unrest (13,8 million), followed by personal safety (12,8 million) and general safety (11 million). The highest rejection on political climate/civil unrest was in Kenya (50%) and the UK (30%). The lowest scores were Nigeria (3%) followed by Japan[4] and France (8%).

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'Safety' As A Barrier
Respondents are all those who have not visited South Africa

	Total Market (Million)	Prioritised segments (Million)	Respondents Affected by the General Safety Barrier (Millions)	Respondents Affected by the Personal Safety Barrier (Millions)	Respondents Affected by the Political Climate / Civil Unrest (Millions)
USA	10.4	8	1.93	2.13	2.73
UK	9.2	2.6	1.84	2.55	2.76
Germany	14.6	4.35	1.90	2.05	1.97
France	9.3	2.6	0.57	0.74	0.74
Netherlands	6.1	3	0.86	0.86	0.77
Australia	2.5	0.868	0.49	0.61	0.66
India	0.8	0.415	0.09	0.08	0.12
China	12.9	1.2	1.44	1.46	1.25
Japan	19.7	5.45	0.82	1.13	1.32
Italy	2.4		0.21	0.16	0.25
Canada	5.3		0.81	0.97	1.23
Kenya	0.4		0.05	0.03	0.02
Nigeria	1		0.07	0.07	0.03
Total			11.07	12.85	13.84

We then asked people who had sought information (ie had gone beyond considering South Africa and rejected it), why they still rejected South Africa 1,9 million said they had fears for their personal safety.

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Personal Safety – Comparison Between Those Who have Not Visited and Those Who Have Researched SA and Rejected It

Country	Nov 05 (People affected by barrier) – All Respondents Who Have Not Visited SA	Nov 05 (People affected by barrier) – Those Who Have Researched SA AND Rejected It
Germany	2,049,840	306,090
Netherlands	857,660	237,029
USA	2,129,920	199,652
UK	2,550,240	339,623
China	1,462,860	87,720
India	83,200	23,237
Japan	1,134,720	239,388
France	736,560	140,985
Australia	612,000	78,834
Kenya	31,680	5,955
Nigeria	70,000	
Canada	969,900	197,162
Italy	157,920	48,485
TOTAL	12,846,500	1,904,160

[4] The Japanese have the lowest awareness of South Africa in all 13 markets and reject SA largely because it is too far away and too expensive to travel to.

The Italians have the highest rejection rate of South Africa on the grounds of personal safety (30%) after researching it, followed by the UK and Australia. The Nigerians were not concerned about their personal safety. Their greatest barrier to visiting South Africa is they 'don't know anyone who lives there'.

Of the 11 million who said they rejected South Africa on the grounds of general safety issues, 1,5 million had gathered information and still rejected South Africa.

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General Safety – Comparison Between Those Who have Not Visited and Those Who Have Researched SA and Rejected It

Country	Nov 05 (People affected by barrier) – All Respondents Who Have Not Visited SA	Nov 05 (People affected by barrier) – Those Who Have Researched SA AND Rejected It
Germany	1,898,000	314,592
Netherlands	857,660	177,772
USA	1,930,240	148,129
UK	1,641,840	299,192
China	1,435,770	93,985
India	87,360	25,350
Japan	819,520	97,778
France	572,880	90,230
Australia	493,000	74,056
Kenya	49,280	
Nigeria	65,000	
Canada	808,250	119,119
Italy	214,320	73,698
TOTAL	**11,073,120**	**1,513,901**

SA Tourism is concerned about these numbers as they suggest that we could be increasing our arrivals from these markets if we were able to sort out the issue of safety and security for tourists. We accept that the unresearched opinions are probably largely perceptions, but what is disturbing is how many people research South Africa and still reject it ie this is an informed opinion. That suggests that this is a problem beyond perception and needs an integrated programme of action and PR.

The UK, which is generally more informed about South Africa than the other markets, had the highest rates of rejection of South Africa on all three issues.

Concerns about safety run through the industry in South Africa. A poll on Travel News Now in August 2006 concluded:
"Crime is harming the tourism industry in SA, according to the respondents in last week's poll. The majority (88%) felt that crime stories have reached potential tourists abroad and scared them off. Only 12% felt that the crime situation in SA has been blown out of proportion."

4. The question of cost

The question of cost is separated into the 'cost to get there' (ie the air fare) and the cost once there' (ie the cost in the destination). The second biggest barrier for 24,3 million potential travellers is the perception of the cost to get to South Africa.

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'Expense to get there' As A Barrier

Respondents are all those who have not visited South Africa

'Expensive to get there' As A Barrier

Respondents are people Who have Rejected SA After Researching

Country	Market Opportunity (in Millions)*	Feb 05 (People affected by barrier)	Nov 05 (People affected by barrier)	Average 05 (People affected by barrier)
Germany	14.6	269,912	170,050	219,981
Netherlands	6.1	130,117	203,168	166,642
USA	10.4	143,824	206,092	174,958
UK	9.2	182,426	210,243	196,334
China	2.5	14,537	25,063	19,800
India	0.8	22,457	19,716	21,087
Japan	19.7	269,044	239,388	254,216
France	9.3	343,496	366,561	355,029
Australia	2.5	132,319	62,112	97,215
Kenya	0.4			
Nigeria	1		9,828	4,914
Canada	5.3	190,859	119,119	154,989
Italy	2.4		73,698	36,849
TOTAL		1,898,990	1,706,036	1,702,018

'Expense to get there' As A Barrier

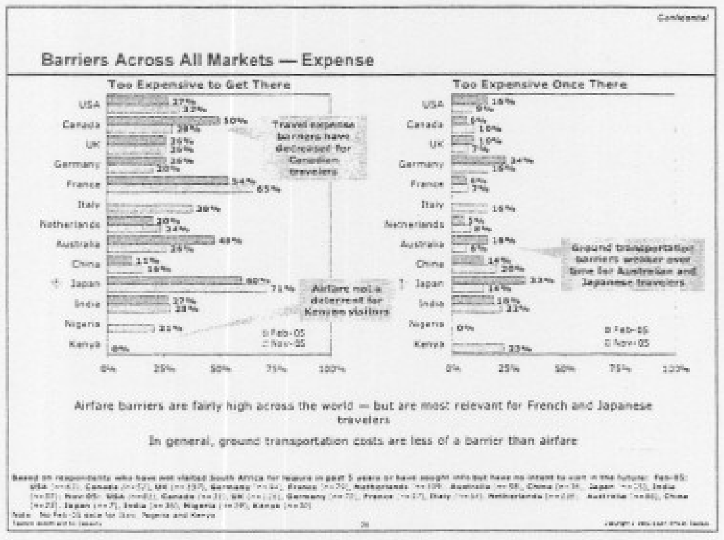
Respondents are all those who have not visited South Africa

Country	Market Opportunity (in Millions)*	Nov 05 (People affected by barrier)
Germany	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]
USA	[illegible]	[illegible]
UK	[illegible]	[illegible]
China	[illegible]	[illegible]
India	[illegible]	[illegible]
Japan	[illegible]	[illegible]
France	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Kenya	[illegible]	[illegible]
Nigeria	1	[illegible]
Canada	[illegible]	[illegible]
Italy	[illegible]	[illegible]
TOTAL		[illegible]

Tourism Growth and Air Capacity 33

After researching the destination 1,7 million still reject South Africa because of the cost of the airline ticket.

While people in the tourism business tend to try to shift the blame for the perception of the cost between the airline ticket and the cost, for example, of a hotel room, the potential traveller clearly sees the problem in getting to the destination.



In many of our core markets, South African Tourism has run sales campaigns offering special deals to try and develop the perception that South Africa is an affordable destination. We have made some progress on this issue:

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However, with sales campaigns in our markets South Africa appears to be gaining in terms of its Affordability

Affordability	May-04	Feb-05	Nov-05	
USA	3.6	3.8	3.7	Winning
Netherlands	3.5	4.0	3.9	Winning
UK	3.6	4.0	4.1	Winning
Germany	3.2	3.8	3.9	Winning
France	2.8	3.0	3.1	Winning
Canada	3.2	3.5	3.8	Winning
Italy	2.9	*	4.1	Winning
China	3.2	5.3	4.9	Winning
India	3.3	4.9	5.1	Winning
Nigeria	4.8	*	5.4	Winning
Kenya	5.1	*	5.5	Winning
Australia	3.9	3.8	3.9	Steady
Japan	3.6	2.6	2.7	Losing

Based on a random selection of all respondents who are total aware of South Africa as an international leisure destination: Feb-05: USA (n=626), Canada (n=272), UK (n=802), Germany (n=702), France (n=482), Netherlands (n=540), Australia (n=303), China (n=247), Japan (n=145), India (n=229); Nov-05: USA (n=660), Canada (n=195), UK (n=687), Germany (n=610), France (n=403), Italy (n=337), Netherlands (n=537), Australia (n=475), China (n=121), Japan (n=79), India (n=199), Nigeria (n=262), Kenya (n=303)
Note: No Feb-05 data for Italy, Nigeria and Kenya. China, excludes State Sponsored Travelers

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But the perception of South Africa as unaffordable is still a strong perceptual barrier in many markets and will require years of campaigning to rectify.

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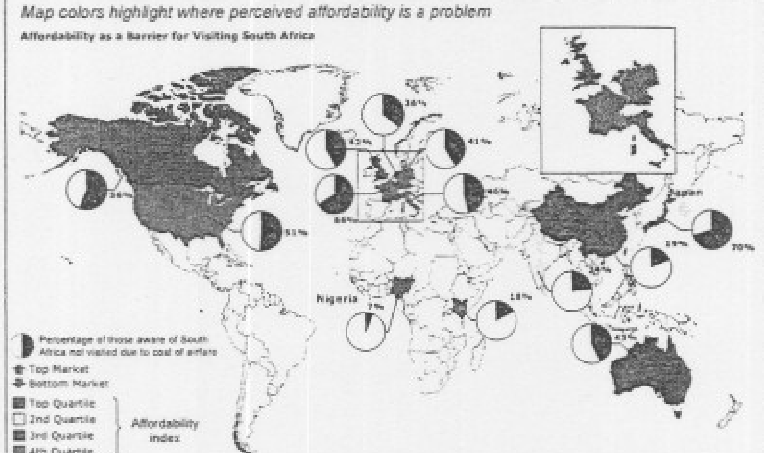
Affordability Is a Strong Perceptual Barrier in The USA, France, Italy and Japan. Airfare Is a Particularly Strong Barrier in Japan and France

Map colors highlight where perceived affordability is a problem

Affordability as a Barrier for Visiting South Africa



Note: Quartiles based on Affordability Index (Affordability (meta-perception) and excellent value for money (attribute)) for South Africa in each market

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