



2010 STATE OF TOURISM REPORT



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

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EXECUTIVE SUMMARY

As is the case in most other countries across the globe, tourism is one of the major contributors to the economy in South Africa. As reflected in the steady increase in the number of arrivals to the country and the sector's considerable growth since the first democratic election in 1994, tourism has become instrumental in achieving Government's targets of decent job creation and economic growth. The performance of this sector is therefore carefully monitored and evaluated.

One such monitoring and evaluation instrument is the State of Tourism Report, which, apart from providing a snapshot of the state of tourism as such, also recognizes that the sector is multifaceted, cutting across various subsectors, such as accommodation and attractions, as well as other sectors, such as transport.

A broad look at global tourism in the period under review, i.e. 2009 and 2010, reveals an increase in international tourist arrivals, with Europe retaining its status as most-visited region and France maintaining its position as most-visited country in the world. Total global outbound tourism increased, as did global tourism receipts, although the latter lags behind the former. This, however, seems to be a typical trend in periods of economic recovery, as volume tends to recover faster than income due to tougher competition and serious efforts to contain prices. Most tourism receipts in 2009/2010 went to Europe, followed by Asia and the Pacific and the Americas respectively, with Africa at the lower end of the scale.

Narrowing the scope to the South African tourism picture, the country continued to experience higher-than-global tourism growth, recording a 15,1% increase against the global growth figure of 6,6%. South Africa saw an increase in tourist arrivals from all regions, with most arrivals being recorded from the Southern African Development Community (SADC), and the United Kingdom ending up as leading overseas source market. China outperformed the rest of South Africa's top twenty source markets in terms of its growth in total tourist arrivals to the country.

In terms of the world's perception of South Africa's performance as a tourist destination, the country retained its ranking on the World Economic Forum (WEF) Travel and Tourism Competitiveness Index (TTCI) in 2010, ending up 66th out of 139 countries. The country compares favourably with other destinations as far as variables such as price competitiveness, travel and tourism policies and regulations, and cultural and natural resources are concerned. However, areas such as safety and security as well as human resources still offer opportunities for improvement.

The State of Tourism Report evaluates the country's tourism sector against three broad measures, namely foreign tourist arrivals, domestic tourism and the performance of South African tourism products and services.

Foreign tourist arrivals

Foreign tourist arrivals to the country saw an increase of just over 1 million, rising from 7 million in 2009 to 8,1 million in 2010. This was most definitely boosted by South Africa's hosting of the FIFA World Cup from June to July 2010. When tourist arrivals are analyzed by region, arrivals from Africa remain the main source, accounting for a total of 71% of total tourist arrivals to the country. The United Kingdom, the leading overseas source market during the period under review, recorded a 1,5% increase in arrivals, and was followed by America and Germany, respectively. China achieved an astonishing 62,3% growth in tourist arrivals to South Africa in 2010, leading the top twenty source markets in this respect.

A month-by-month reviews of tourist arrivals shows a marked increase over the period June to July 2010, which can be directly ascribed to the World Cup. As for foreign tourist arrivals by province, Gauteng was the most-visited province as well as the province where most bed nights were spent in the period under review. The second and third most-visited provinces among foreign tourists were the Western Cape and Mpumalanga, respectively. The Western Cape and KwaZulu-Natal ended second and third, respectively, in terms of bed nights spent.

Regarding the purpose of travel to South Africa, most foreign tourists seemed to have come to the country to visit friends and relatives, followed by holidaying and personal shopping. Tourists stayed an average of 8,5 nights in 2010, which is a bit longer compared to the previous year's 8,3 nights. The majority of longer stays in South Africa were for holidaying, visiting friends and relatives, and business purposes. An analysis of the spending patterns of tourists arriving to the country shows that total foreign direct spend (excluding capital expenditure) went up from R59,2 billion in 2009 to about R72,6 billion in 2010, which represents an increase of 22,6%. Most of this was spent on shopping, followed by accommodation, and food and beverages.

Domestic tourism

The country has a wealth of attractions to offer – both natural and man-made – it is vital for South Africans themselves to develop a domestic tourism culture and explore their own country. However, domestic tourism statistics show that the total number of adults

who undertook overnight domestic trips in 2010 declined to 13,5 million, compared to 14,6 million in 2009. This is matched by a 2% decline in the overall number of overnight domestic trips. Altogether 57% of South African adults indicated that they had not undertaken domestic tourism trips in 2010, citing reasons such as unaffordability and a lack of a reason to travel.

When surveying the purpose of domestic trips, results show that most overnight domestic trips in the period under review were undertaken to visit friends and relatives, followed by trips taken for holiday purposes. Interestingly, though, domestic trips for holidaying purposes showed a slight increase in 2010 compared to 2009, while trips for visiting friends and relatives declined over the same period. KwaZulu-Natal was the most-visited province among domestic tourists, followed by Gauteng and the Eastern Cape.

Total direct spending patterns among domestic tourists showed a 5,6% decline, from R22,4 billion to R21,1 billion. On average, domestic tourists spent R710 per person per trip in 2010, which is R20 less than in the previous year. A third of the revenue generated through domestic tourists was spent on transport, followed by food and beverages, and accommodation.

Performance of South African products and services

Being one of the primary products consumed by tourists, *accommodation* in South Africa is offered in various forms, covering the needs of various target markets. These include hotels, guesthouses, bed-and-breakfast establishments, self-catering establishments, lodges, camping sites, camping parks, backpacker lodges and game reserves. The existing accommodation offering was also considerably boosted in the run-up to the FIFA Soccer World Cup, with additions such as the Protea hotels in Melrose Arch and at OR Tambo International Airport as well as the Southern Sun hotels at Montecasino and Hyde Park – all in Gauteng; the Garden Court property in Durban's Umhlanga Ridge, and the Sandton and Cape Town Radisson Blu hotels.

Accommodation revenue statistics reveal that income from the accommodation industry (including sales from restaurants, bars and other accommodation-related sources) went up by 6,1% in 2010 compared to 2009. Overall spending on various accommodation units seemed to have increased by 16,7% at about R13,9 billion. Likewise, increases were recorded in both average hotel room rates and unit nights sold. The average occupancy rate is estimated to have been around 45% in the year under review.

A second tourism product is *visitor information centres*. Again, the 2010 FIFA Soccer World Cup inspired an audit of all visitor information centres in the country, not only to assess

the availability of information, but also to determine the state of these centres in terms of size, facilities and the like. The study, which was completed by an independent company in December 2009, recorded a total of 337 information centres in the country, with the highest concentration located in the Western Cape and KwaZulu-Natal.

Passenger and aircraft movement on Airports Company South Africa (ACSA) airports constitutes the third tourism service that was evaluated. During the period April 2009 to March 2010, total international passenger movement on ACSA airports went down, as did domestic passenger movement, although regional passenger movement showed an upward trend. Total international aircraft as well as regional aircraft movement increased, but domestic aircraft movement experienced a decline.

The final tourism product, namely *tourist attractions*, registered an overall growth of almost 9% in total number of visitors in 2010 compared to 2009. Most-visited categories of attractions were casinos, museums and theme/amusement parks, while national parks/areas of natural beauty experienced an, 5% decline in visitors. In terms of total number of visitors in 2010, the V&A Waterfront, Table Mountain and the Kruger National Park were the top three attractions.

On the whole, the South African tourism sector experienced steady growth in the period under review. The hosting of the FIFA World Cup certainly contributed to this in a time when the rest of the world was still struggling to cope with the fallout from the worldwide economic downturn. The challenge now is to maintain this momentum going forward, to continue existing growth trends, and to reverse the few slight declines, such as those recorded in domestic tourism.

1. INTRODUCTION

The tourism sector is regarded as one of the major contributors to the economy of most countries in the world, particularly in terms of its contribution to gross domestic product (GDP) and job creation. Therefore, the performance of this sector needs to be monitored and evaluated to understand its impact in growing the economy and changing the livelihoods of citizens in visited destinations.

In South Africa too, tourism has been identified as one of the sectors that could accelerate the country's economic growth and job creation, as it has been growing considerably since the first democratic election in 1994 judging by the number of arrivals to the country.

Currently, the most commonly used variable to monitor and evaluate the performance of the tourism sector is the number of tourists arriving to South Africa. However, in isolation this does not offer an accurate picture of how tourism is performing as a multifaceted industry that cuts across various subsectors, such as accommodation, attractions and the like. Tourism also cuts across other sectors, such as transport, and it is therefore critical that these other sectors are also monitored, as they too contribute to tourism growth in the country.

For this reason, then, there is a need to develop a consolidated document that could be used to report on the performance of the tourism sector itself, present the effect of other, related sectors, and establish an understanding of the overall impact in the State of Tourism.

2. PURPOSE OF THE STATE OF TOURISM REPORT

The purpose of the 2010 State of Tourism Report is to give an overview of the performance of the tourism industry in South Africa and the rest of the world for the period 2009 and 2010. It further aims to analyse the performance of tourism-related sectors, such as transport, and also include an outlook where possible.

3. METHODOLOGY

3.1 DATA COLLECTION

This report has been developed using secondary data from different institutions nationally and globally, with the main purpose of developing a consolidated report that could provide a clear indication of the tourism sector and other related sectors' performance.

The variables considered for this first report were international inbound and outbound tourism, world tourism receipts, aircraft and passenger movements, inbound and domestic tourism in South Africa, and the performance of tourism products and services in South Africa.

The 2010 State of Tourism Report is the first hence variables reported on were based on the availability of data from different sources. It is envisaged that more variables and data from other sources that were not reported on in this report, will be sourced for the updates State of Tourism Report (2011), to ensure increasingly comprehensive reporting on the performance of the tourism sector going forward.

3.2 DATA ANALYSIS

The collated data are presented in tables and graphs to present a trend analysis of the performance of South African tourism over a period of two years (2009 and 2010), as well as for 2011 where recent data were available. The data analysis also considers the global performance of tourism in order to provide international context and a global benchmark.

The various sections of the report further outline the performance of tourism subsectors, and their impact on tourism's overall performance.

4. 2009/2010 TOURISM HIGHLIGHTS

4.1 GLOBAL

International tourist arrivals went up from 882 million in 2009, to 940 million in 2010, recording an increase of 6,6%. All regions recorded an increase in arrivals during 2010 compared to 2009. The most-visited region was Europe, which received about 477 million arrivals (51% of total arrivals in 2010). The increase in tourist arrivals both globally and regionally indicates a good recovery from the economic downturn, following a decline in 2009.

France retained its position as most-visited country, receiving the highest number of tourists for both 2009 and 2010. It has recorded a growth of 4,5% in 2010 compared to 2009. The only country that changed its position in the top ten was Malaysia, which moved up one position by outperforming Germany, causing the latter to move down one position.

Total global outbound tourism increased by 4,3% in 2010 compared to 2009, which indicates that more people travelled outside their countries during the period under review. Germany remained the largest outbound tourism sector in 2010, followed by

America and the United Kingdom respectively. All top ten outbound countries registered a growth in the number of people leaving their countries, except for the United Kingdom and the Netherlands, who registered a decline of 1,4% and 0,3% respectively.

Global tourism receipts went up from about US\$851 billion in 2009 to about US\$919 billion in 2010, recording an increase of about 4,7%. The growth in global tourism receipts is less than the growth in global tourist arrivals (6,6%). However, according to the United Nations World Tourism Organisation (UNWTO) Barometer of April 2011, this is a typical trend in periods of recovery, as, following a major shock, volume (arrivals) tends to recover faster than income (receipts), as competition is tougher and suppliers make serious efforts to contain prices. Tourists also tend to travel closer to home and for shorter periods of time.

The European region received about 44% of all tourism receipts, followed by Asia and the Pacific (27%) and the Americas (20%), with Africa receiving the least, at 3%. However, even though Europe received the highest share of tourism receipts in 2010, it is the only region that recorded a decline (0,4%) in tourism receipts during 2010 compared to 2009. The Americas, the Middle East, Africa, and Asia and the Pacific recorded a growth of 5%, 14,4%, 3,4% and 12,9% respectively during 2010 compared to 2009. Tourists from Germany remained the biggest tourism spenders in 2010.

According to the International Civil Aviation Organisation (ICAO), domestic and international passenger movements went up by 7% and 9% respectively. The International Air Transport Organisation (IATA), in turn, reports that passenger movements in 2010 went up by 8,2% compared to 2009, while the Airports Council International (ACI) estimates the increase at 6,6%.

4.2 SOUTH AFRICA

South Africa was ranked 66 out of 139 countries on the 2011 Travel and Tourism Competitiveness Index released by the World Economic Forum. The country continues to experience higher-than-global tourism growth. It recorded an increase in tourist arrivals from 7 million in 2009 to 8,1 million in 2010, amounting to a 15,1% increase against the global growth figure of 6,6%. South Africa performed exceptionally well compared to its competitors with regard to growth in tourist arrivals, topped by Kenya only, which recorded a growth of 16,3% in 2010 compared to 2009.

It is estimated that tourism directly contributed about 2,8% to the country's GDP and created about 538 394 direct jobs during 2009. Jobs directly created by tourism accounted for some 4,1% of total employment in 2009.

As for South Africa's source markets, there was an increase in tourist arrivals from all regions in the period under review. The Southern African Development Community (SADC) continues to be the main source of tourist arrivals to the country, with Zimbabwe, Lesotho and Mozambique leading respectively. The United Kingdom was the leading overseas source market during the period under review, recording total tourist arrivals of 453 030, which represented an increase of 1,5% compared to 2009. The United Kingdom was followed by America and Germany, respectively.

Among South Africa's top twenty source markets, China is leading in terms of growth in tourist arrivals to the country in 2010 compared to 2009, at a growth rate of 62,3%. The only country among the top twenty source markets that recorded a decline in tourist arrivals to South Africa in the period under review was Malawi.

Gauteng was the most-visited province among foreign tourists in 2009 (49,4% of total arrivals), followed by the Western Cape (18,6%) and Mpumalanga (14,1%) respectively. Most bed nights were spent in Gauteng (37,1% of total bed nights), the Western Cape (29,9%) and KwaZulu-Natal (9,4%).

Most tourists came to South Africa to visit friends and relatives (22,7%), followed by holidaying (22,1%) and personal shopping (13,5%). The average length of stay for all tourists went up from 8,3 nights in 2009 to 8,5 in 2010. Tourists were staying longer for holiday purposes in particular. The total foreign direct spend (excluding capital expenditure) went up from R59,2 billion in 2009 to about R72,6 billion in 2010, which represents an increase of 22,6%. Most of the money spent by tourists during 2010 was for shopping, followed by accommodation, and food and beverages.

The total number of adults who undertook overnight domestic trips went down from 14,6 million in 2009 to 13,5 million in 2010, which contributed to a 2% decline in the overall number of overnight domestic trips. Altogether 74,3% of overnight domestic trips undertaken in 2010 were for visiting friends and relatives (VFR), representing a decline compared to the 2009 figure of 76,2%. This was followed by trips taken for holidaying (13,4%), which again increased from the 2009 figure of 12%.

KwaZulu-Natal was the most-visited province among those who undertook domestic trips in 2010, receiving about 28% of all trips. It was followed by Gauteng (21%) and the Eastern Cape (21%) respectively. The average number of nights per domestic trip went up from 4,2 nights in 2009 to 4,5 nights in 2010. The total direct domestic spend went down from R22,4 billion in 2009 to R21,1 billion in 2010, representing a decline of 5,6%. On average, domestic tourists spent R710 per person per trip in 2010, which is less than

in 2009 (R730). A total of 33% of the revenue generated through domestic tourists was spent on transport, followed by food and beverages (18,8%) and accommodation (16,5%). The most common reasons cited for not having taken a domestic trip in 2010 were unaffordability (31%), followed by a lack of a reason to travel (20%).

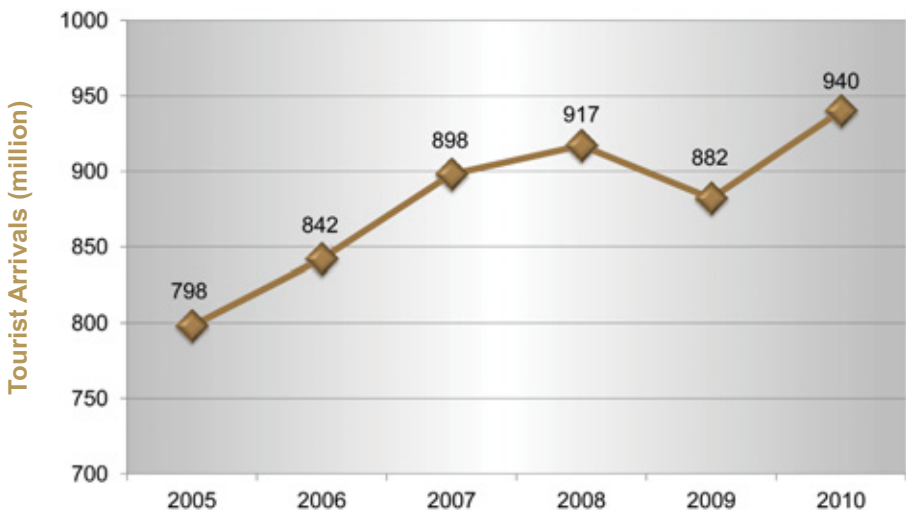
A glance at the performance of South African tourism products and services in the year under review reveals that income from the accommodation industry (including sales from restaurants, bars and other accommodation-related sources) went up by 6,1% in 2010 compared to 2009. Income from accommodation alone went up by 8% during the period under review. Total passenger and aircraft movement on ACSA airports (International, regional and domestic) went down by -1,1% and -2% respectively from April 2009 to March 2010, compared to the same period in 2008/2009.

5. GLOBAL TOURISM PERFORMANCE

5.1 INTERNATIONAL TOURISM INBOUND

International arrivals improved in 2010 after the setback due to the economic recession and financial crisis experienced by most countries between 2008 and 2009. International arrivals increased by almost 6,6% in 2010 compared to 2009. This represents an increase from about 882 million foreign arrivals in 2009 to an estimated 940 million in 2010.

Figure 1: Global international tourist arrivals from 2005 to 2010



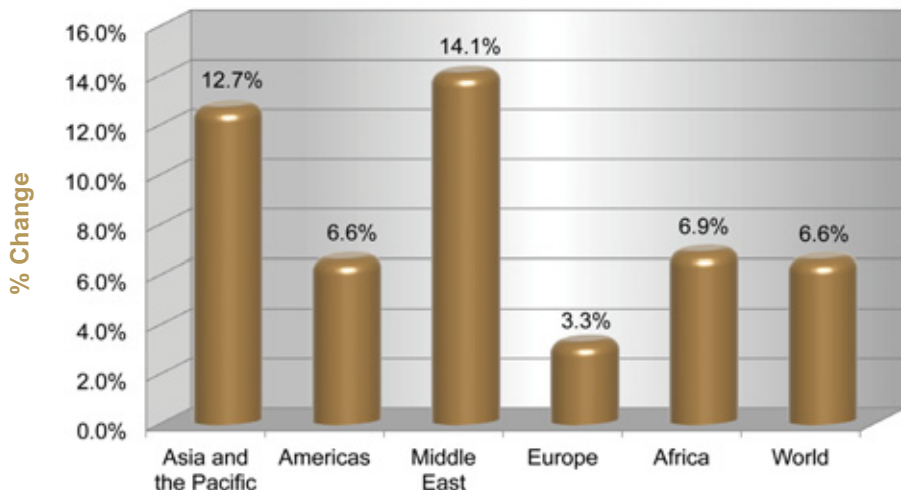
Source: UNWTO World Tourism Barometer, April 2011

All regions recorded an increase in foreign tourist arrivals during the period under review, and some even registered double-digit growth. The Middle East recorded double-digit growth of about 14,1%, followed by Asia's 12%.

At 3,3%, Europe experienced the lowest growth compared to other regions during the period under review. The Icelandic volcano eruption, which spewed an ash plume that was spread across European airspace, certainly had an impact on the fairly slow growth in tourist arrivals to Europe during 2010, as European airspace was closed down between 15 and 21 April 2010. This closure affected travellers and destinations worldwide. More than 100 000 flights through European airspace were cancelled, and it is estimated that about six million passengers were affected, most of whom European.

The 6,9% growth in Africa was attributed to, among others, South Africa's hosting of the 2010 FIFA World Cup. International tourist arrivals to Africa increased from about 46 million in 2009 to about 49,2 million in 2010.

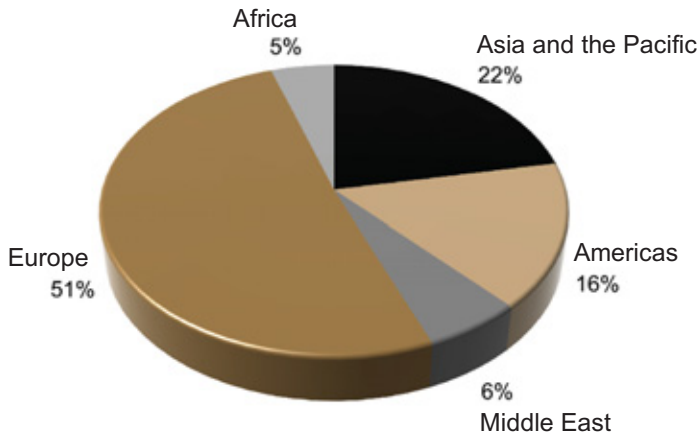
Figure 2: 2009/2010 percentage change in international tourist arrivals by region



Source: UNWTO World Tourism Barometer, April 2011

Even though Europe registered the lowest growth in international tourist arrivals during 2010 compared to 2009, it still boasted the highest share of international tourist arrivals, receiving about 51% of tourists who travelled during 2010. This was followed by Asia and the Pacific, receiving about 22% of all tourists.

Figure 3: Percentage share of 2010 international tourist arrivals, by region



Source: UNWTO World Tourism Barometer, April 2011

France retained its position as the top tourist destination in 2010 compared to 2009, and received a total of some 74 million tourists in 2010, which represents a growth of 4,5% compared to 2009. The table below indicates the ranking of the top ten destinations worldwide using international tourist arrivals as indicator:

Table 1: The world's top ten tourist destinations in 2010

Country	2009 arrivals	2009 rank	2009 arrivals	2010 rank	2009/2010 % change
France	74 175 000	1	77 500 000	1	4,5%
USA	54 884 000	2	59 041 700	2	7,6%
China	50 350 600	4	54 159 400	3	7,6%
Spain	52 231 100	3	52 440 000	4	0,4%
Italy	43 200 000	5	45 446 400	5	5,2%
Turkey	29 685 000	6	30 105 200	6	1,4%
United Kingdom	28 051 100	7	29 280 100	7	4,4%
Malaysia	23 646 200	9	25 111 500	8	6,2%
Germany	24 231 700	8	24 910 200	9	2,8%
Mexico	21 598 200	10	22 279 100	10	3,2%

Source: Euromonitor International 2011

5.2 INTERNATIONAL TOURISM OUTBOUND

Total global outbound tourism increased by 4,3% in 2010 compared to 2009, which indicates that more people travelled outside their countries during the period under review. Germany remained the largest outbound market in 2010, followed by America and the United Kingdom respectively.

All top ten outbound countries registered a growth in the number of people leaving their countries, except for the United Kingdom and the Netherlands, who registered a decline of 1,4% and 0,1% respectively.

Table 2: Top outbound markets in 2009/2010

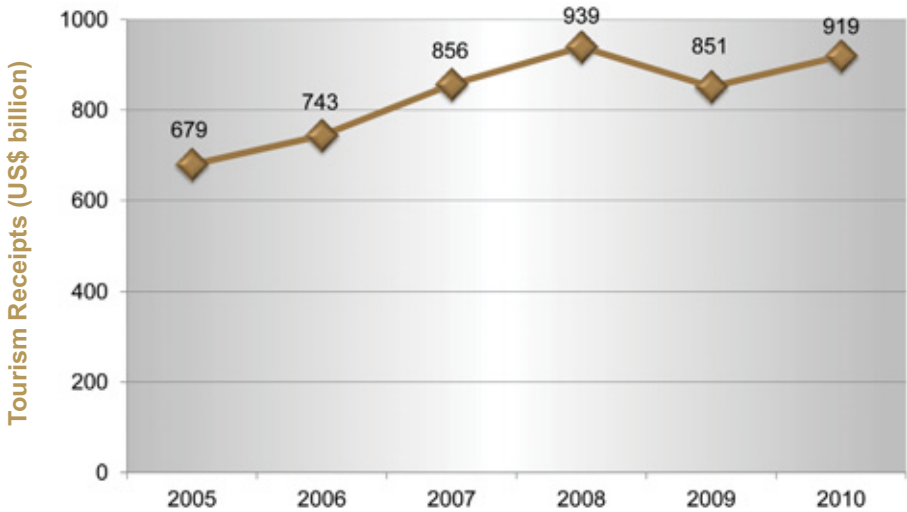
Country	2009	2008/2009 % change	2010	2009/2010 % change
Germany	81 897 900	4,5%	85 173 800	4,0%
USA	63 531 600	0,0%	66 531 500	4,7%
United Kingdom	56 752 500	-17,8%	55 976 900	-1,4%
Russia	31 135 400	-8,8%	35 513 100	14,1%
Hong Kong, China	31 367 800	-0,6%	32 703 100	4,3%
China	28 133 600	2,8%	31 663 600	12,5%
Canada	26 188 000	-3,1%	28 649 700	9,4%
France	24 137 200	-1,0%	24 470 000	1,4%
Italy	19 628 600	-0,8%	20 028 300	2,0%
Netherlands	18 408 000	-0,3%	18 388 000	-0,1%
Total worldwide	783 401 500	-3,4%	817 069 800	4,3%

Source: Euromonitor International 2011

5.3 WORLD TOURISM RECEIPTS

Global tourism receipts went up from US\$851 billion in 2009 to US\$919 billion in 2010, representing an increase of about 4,7%. The growth in global tourism receipts lags behind the growth in global tourist arrivals (6,6%), which, according to the UNWTO, is a typical trend in periods of economic recovery.

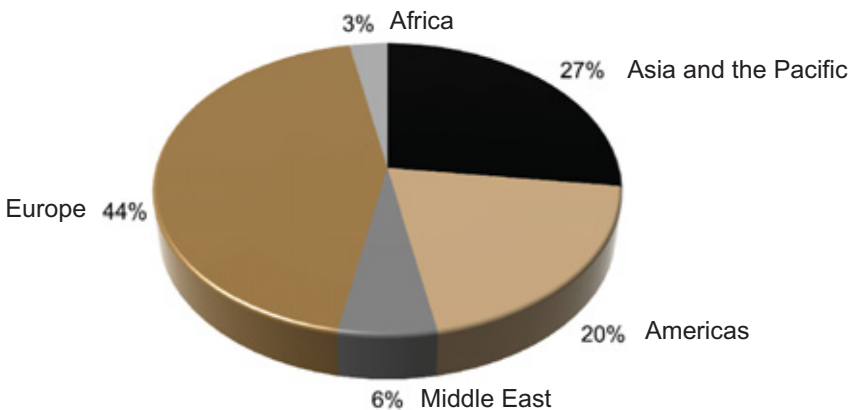
Figure 4: World international tourism receipts: 2005 to 2010



Source: Euromonitor International 2011

The European region received about 44% of all tourism receipts, followed by Asia and the Pacific (27%) and the Americas (20%). Even though Europe received the highest share of tourism receipts in 2010, it is the only region that recorded a decline of 0,4% in tourism receipts during 2010 compared to 2009. The Americas, the Middle East, Africa, and Asia and the Pacific recorded a growth of 5%, 14,4%, 3,4% and 12,9% respectively.

Figure 5: International tourism receipts, by region: 2005 to 2010



Source: Euromonitor International 2011

5.4 TOP TOURISM SPENDERS

Tourists from Germany remained the highest tourism spenders in 2010. China moved up one position, overtaking the United Kingdom. Canada moved from position number 8 in 2009 to position number 6 in 2010, while Australia moved from position number 13 in 2009 to position number 10 in 2010.

Table 3: 2010 top tourism spenders globally

Country	2009 rank	2010 rank
Germany	1	1
United Nations	2	2
China	4	3
United Kingdom	3	4
France	5	5
Canada	8	6
Japan	7	7
Italy	6	8
Russia	9	9
Australia	13	10

Source: UNWTO World Tourism Barometer, April 2011

5.5 AIRCRAFT AND PASSENGER MOVEMENT

The following section covers the performance of airports and airlines from the various sources indicated below:

5.5.1 International Civil Aviation Organisation (ICAO): 190 member states

ICAO member states handled a total of 2,5 billion passengers in 2010, which represents a year-on-year increase of 6,3%.

Total domestic passenger traffic went up by 7% in 2010 compared to 2009, with the regional breakdown as follows:

North America ↑ 1,5%

Middle East and Africa ↑ 4%

Asia and the Pacific ↑ 15%

Latin America ↑ 16%

Europe ↑ 14%

Total international passenger traffic went up by 9% in 2010 compared to 2009, with the regional breakdown as follows:

North America ↑ 6%

Middle East ↑ 21%

Asia and the Pacific ↑ 13%

Latin America ↑ 11%

Africa ↑ 10%

Europe ↑ 7%

5.5.2 International Air Transport Association (IATA): 230 member carriers

IATA passenger traffic increased by 8,2% in 2010, with a capacity increase of 4,4% and 8,9% for passengers and cargo respectively.

The average load factor went up to 78,4%, which represents an increase of 2,7% over 2009. The freight load factor went up to 53,8% in 2010, which is an increase of 5,2%.

IATA member airlines registered a 2,7% profit margin during the period under review.

5.5.3 Airports Council International (ACI): 1 318 airports located in 157 countries

ACI airports handled about 5,04 billion passengers in 2010, recording an increase of 6,6% in passenger movement.

Table 4: 2009/2010 percentage change in aircraft and passenger movement for ACI members

Region	Number of airports	Aircraft movement % change 2009/2010	Passenger movement % change 2009/2010
Africa	154	4,4%	9,5%
ASP	172	5,7%	11,3%
Europe	454	-0,5%	4,3%
Latin America Caribbean	263	7%	13,2%
Middle East and Asia – Pacific	53	7,7%	12%
North America	222	-1,4%	2,5%
ACI	1 318	1,1%	6,6%

6. SOUTH AFRICAN TOURISM PERFORMANCE

6.1 IMPORTANCE OF TOURISM IN SOUTH AFRICA

Economic growth and decent job creation are some of the priorities identified by the South African government. To enable it to achieve its targets set in this regard, Government has identified particular sectors that could accelerate the process, and tourism was one of these.

This led to the establishment of the stand-alone National Department of Tourism (NDT) in 2009 to ensure that the work done by the Department continues to contribute significantly to the economic growth of the country. Previously, tourism was a branch within the broader Department of Environmental Affairs and Tourism (DEAT). However, with limited resources and capacity assigned to it, the potential of the tourism sector was compromised. Even under these circumstances, though, South African tourism continued to grow, and the impact that this sector had had on the GDP and number of jobs created did not go by unnoticed.

After its establishment, the NDT developed the National Tourism Sector Strategy (NTSS) in consultation with tourism stakeholders. The NTSS was developed in line with the Tourism Act (Act 72 of 1993), as amended, and the White Paper on the Development and Promotion of Tourism in South Africa (Tourism White Paper of 1996). The strategy aims to inspire and accelerate the growth of the tourism sector from 2010 to 2020. The NDT has committed to work closely with all tourism stakeholders to ensure that the strategy is successfully implemented.

6.2 HOW SOUTH AFRICA IS PERCEIVED GLOBALLY

The Travel and Tourism Competitiveness Index (TTCI) is a report developed by the World Economic Forum (WEF) with the aim of providing a comprehensive strategic tool for measuring the factors and policies that make it attractive to develop the travel and tourism sector in different countries. The TTCI could be used by different stakeholders within a country's tourism sector to improve their competitiveness compared to other sectors within the country, and also allows countries to track their progress with regard to the various variables analysed.

South Africa was ranked number 61 out of 133 countries in 2009 and number 66 out of 139 countries in 2010. This indicates that the country maintained its position in 2010, bearing in mind that six countries had been added to the index in the meantime.

The following is a breakdown of South Africa's ranking in 2010, by variable:

Travel and tourism regulatory framework:	82
• Health and hygiene:	88
• Safety and security:	129
• Environmental sustainability:	48
• Policy rules and regulations:	31
• Prioritisation of travel and tourism:	64
Travel and tourism environment and infrastructure:	62
• Information communications technology infrastructure:	95
• Tourism infrastructure:	57
• Ground transport infrastructure:	66
• Air transport infrastructure:	43
• Price competitiveness in the travel and tourism industry:	37
Travel and tourism human, cultural and natural resources:	49
• Human resources:	128
• Affinity for travel and tourism:	43
• Cultural resources:	55
• Natural resources:	14

6.3 TOURISM'S CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY AND JOB CREATION

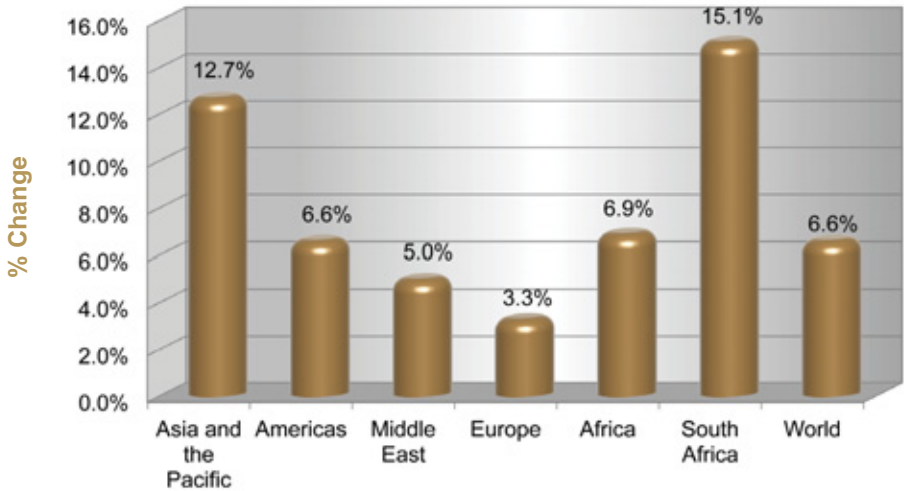
It is estimated that tourism directly contributed about 2,8% to GDP and created some 538 394 direct jobs during 2009. Jobs directly created by tourism accounted for about 4,1% of total employment in 2009. These estimates are preliminary results from the provisional 2009 Tourism Satellite Account (TSA) for South Africa, released by Statistics South Africa.

6.4 SOUTH AFRICAN INBOUND TOURISM: 2009/2010

6.4.1 South Africa compared to the world

South Africa experienced growth that exceeds that of all the regions globally, including the average growth for the entire world. It was followed by the Middle East, and Asia and the Pacific.

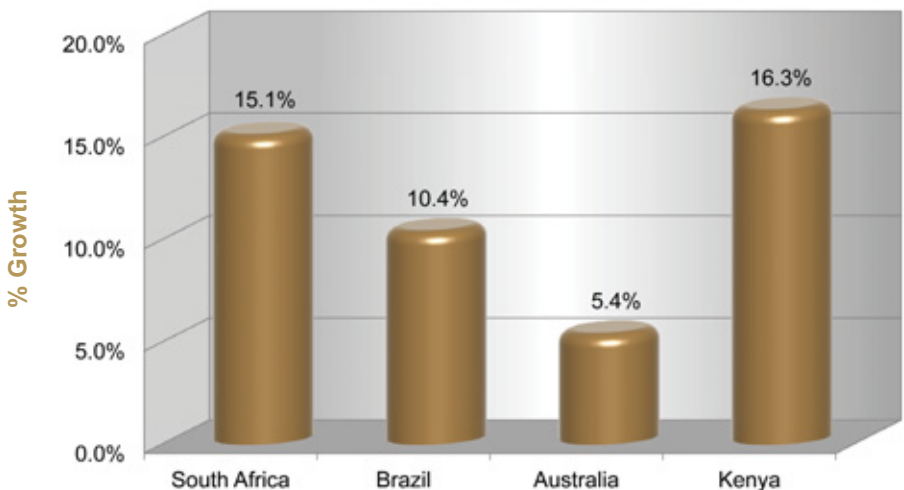
Figure 6: Year-on-year percentage change in tourist arrivals globally compared to South Africa



Source: Euromonitor International 2011

South Africa also performed very well compared to its competitors in this regard, and was topped by Kenya only, which recorded a growth of 16,3% in 2010 compared to 2009.

Figure 7: South Africa compared to competitors with regard to percentage growth in tourist arrivals in 2010



Source: Euromonitor International 2011

Thailand is still leading with regard to the volume of arrivals, with a record of 14,2 million in 2009 going up to 15,8 million in 2010. It was followed by South Africa.

Table 5: South Africa compared to competitors with regard to volume of arrivals

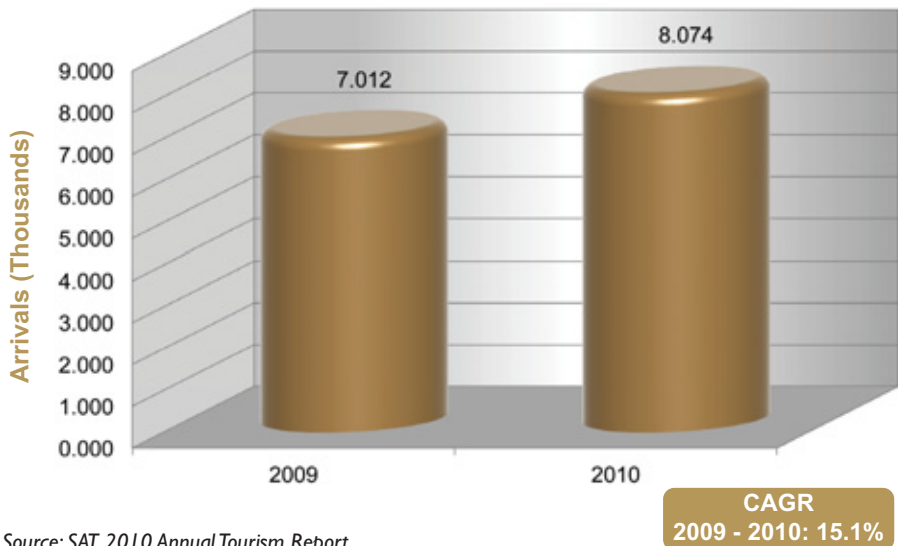
Country	2009 international arrivals ('000)	2010 international arrivals ('000)	2010 rank
Thailand	14 246	15 783	34
South Africa	7 012	8 074	41
Australia	5 584	5 885	46
Brazil	4 802	5 304	88
Kenya	1 106	1 286	

Source: Euromonitor International 2011

6.4.2 Tourist arrivals to South Africa

Tourist arrivals to South Africa went up from 7 million in 2009 to 8,1 million in 2010, representing an increase of 15,1%. There was an increase in tourist arrivals from all regions, and this was boosted by, among others, the hosting of the 2010 FIFA World Cup by South Africa from June to July 2010.

Figure 8: 2009/2010 tourist arrivals to South Africa



Source: SAT 2010 Annual Tourism Report

The Southern African Development Community (SADC) continued to be the main source of tourist arrivals to South Africa, with Zimbabwe, Lesotho and Mozambique leading respectively. Tourist arrivals from Africa remained the main source, accounting for a total of 71% of total tourist arrivals to the country.

Table 6: Tourist arrivals to South Africa, by region

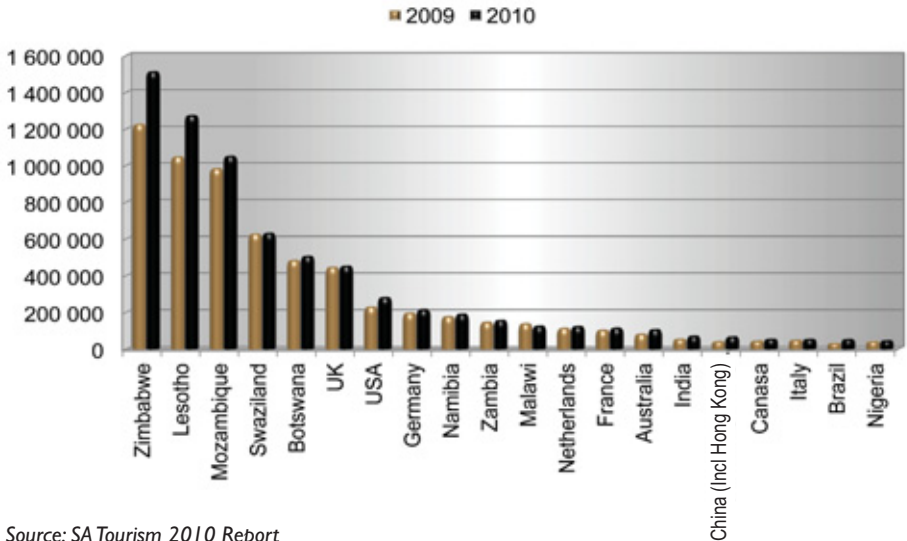
Region	2009	2010	Difference	% Change	2010 share of total arrivals
Europe	1 223 020	1 321 624	98 604	8,1%	16,4%
North America	275 715	337 652	61 937	22,5%	4,2%
Central and South America	57 530	120 329	62 799	109,2%	1,5%
Australasia	101 479	128 149	26 670	26,3%	1,6%
Asia	186 931	259 961	73 030	39,1%	3,2%
Middle East	41 302	49 279	7 977	19,3%	0,6%
Africa	5 089 414	5 741 177	651 763	12,8%	71,1%
Unspecified	36 474	115 381	78 907	216,3%	1,4%
Total	7 011 865	8 073 552	1 061 687	15,1%	100,0%

Source: SAT 2010 Annual Tourism Report

The United Kingdom was the leading overseas source market during the period under review, recording total arrivals of 453 030, which represented an increase of 1,5%. The United Kingdom was followed by America and Germany respectively.

Among the top twenty source markets, China is leading with regard to percentage growth in total tourist arrivals to South Africa, with a record of 62,3% growth in 2010 compared to 2009. The only country from the top twenty source markets that recorded a decline in tourist arrivals to South Africa during the period under review was Malawi.

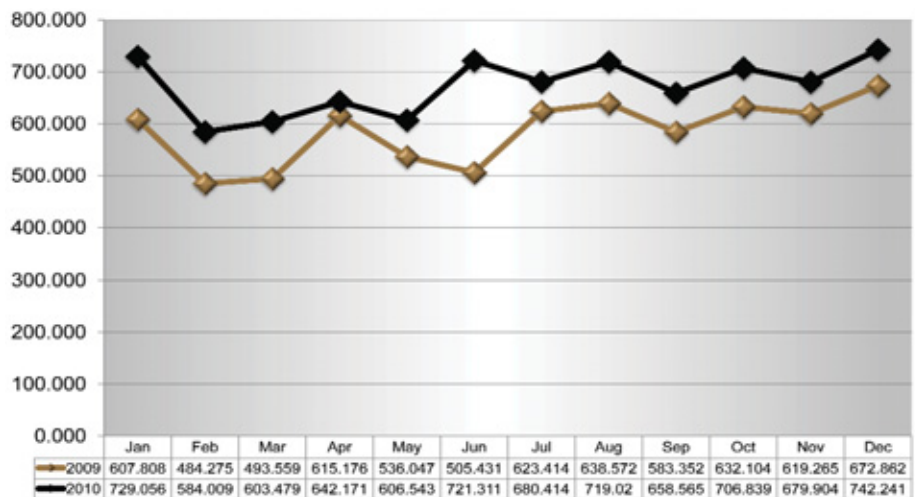
Figure 9: South Africa's top twenty source markets



Source: SA Tourism 2010 Report

As they fall in the middle of the South African winter, June and July are generally low-season months with low numbers of arrivals. However, the positive impact of hosting the 2010 FIFA World Cup during this time could be seen in the graph below, showing a marked increase in tourist arrivals to South Africa over this period.

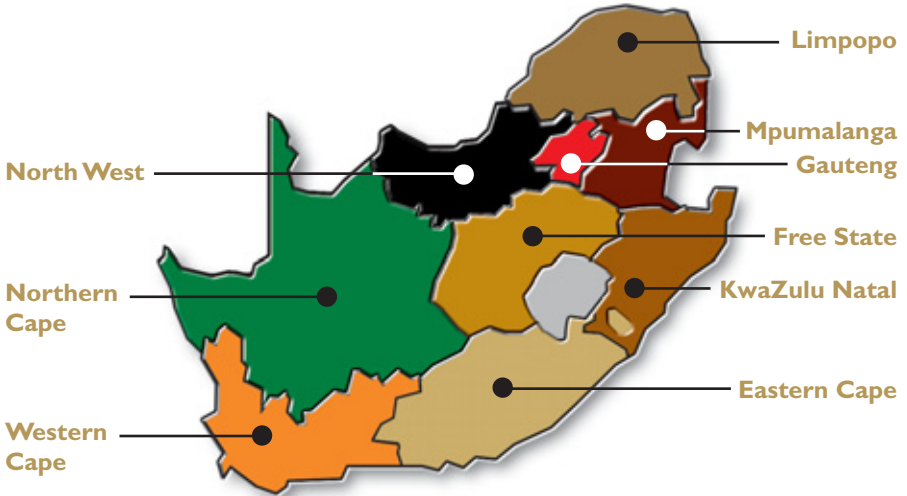
Figure 10: 2009/2010 monthly tourist arrivals to South Africa



Source: SA Tourism 2010 Report

6.4.3 Tourist arrivals: by province visited

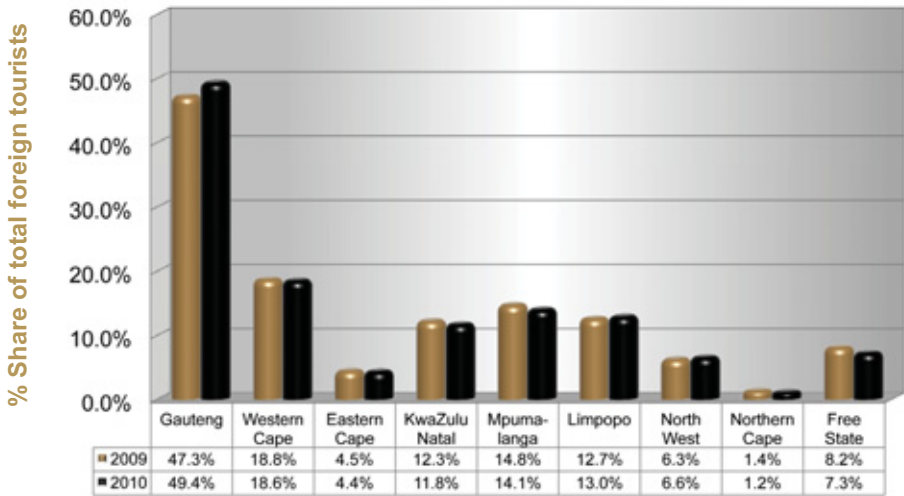
South Africa is divided into nine provinces, namely Gauteng, the Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga, the Northern Cape, North West, the Free State and the Western Cape. These provinces offer some unique tourism products and, thus, tourists often decide to include more than one province in their travel plans.



At 49,4% of total arrivals, Gauteng was the most-visited province among foreign tourists in 2009, followed by the Western Cape (18,6%) and Mpumalanga (14,1%). Most bed nights were spent in Gauteng (37,1% of total bed nights), the Western Cape (29,9%) and KwaZulu-Natal (9,4%).

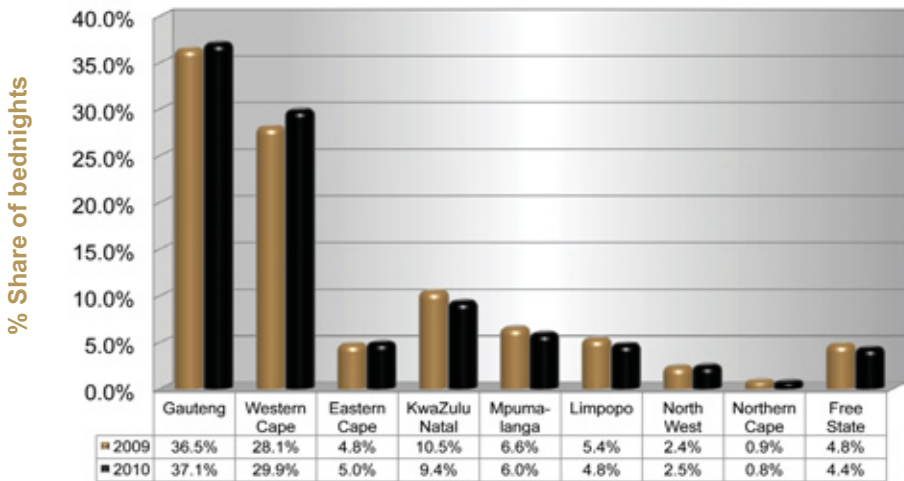
The following figure shows that the high number of tourist arrivals recorded in Gauteng could be ascribed to that province being home to the country's biggest international airport, OR Tambo International Airport, which is the main entry point for tourist arrivals to South Africa from both overseas and African air markets. However, these tourists spend most of their nights in provinces other than Gauteng.

Figure 11: Tourist arrivals, by province



Source: SA Tourism 2010 Report

Figure 12: Share of tourist bed nights spent, by province

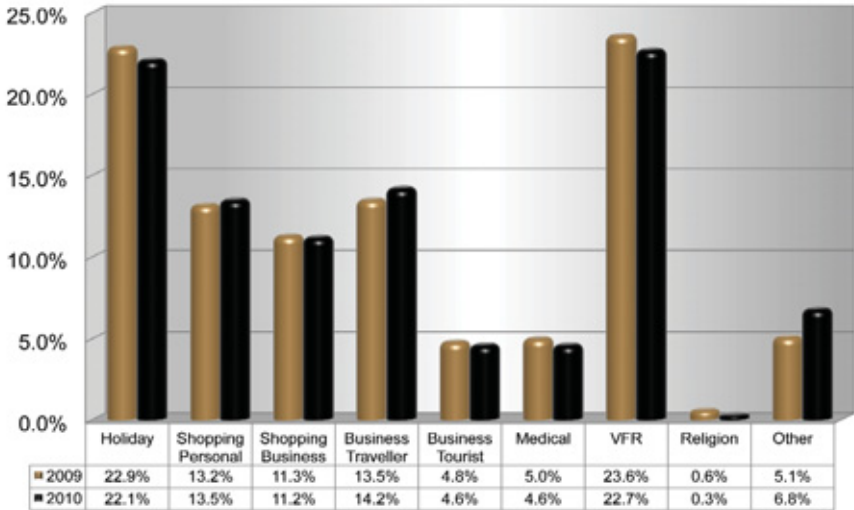


Source: SA Tourism 2010 Report

6.4.4 Tourist arrivals: by purpose of visit

Most (22,7%) of tourists came to South Africa to visit friends and relatives (VFR), followed by holidaying (22,1%) and personal shopping (13,5%).

Figure 13: Tourist arrivals, by purpose

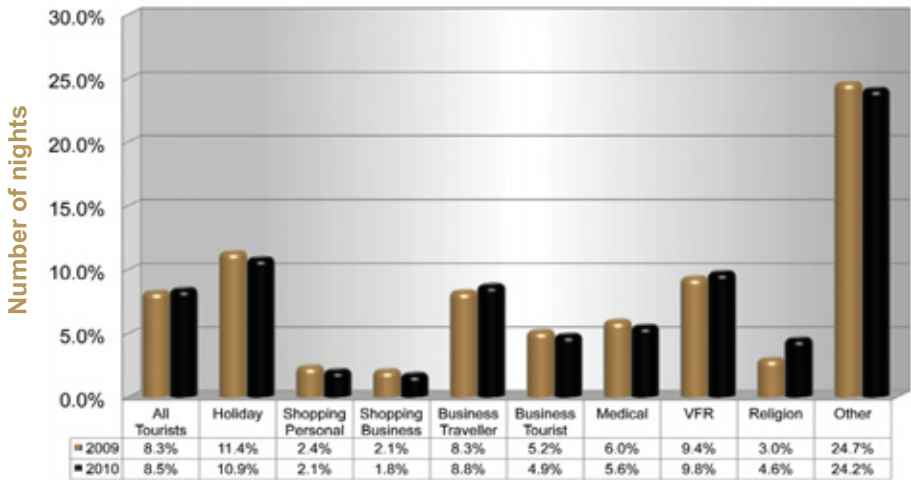


Source: SA Tourism 2010 Report

6.4.5 Tourist arrivals: by average length of stay

Tourists stayed an average of 8,5 nights in 2010, which was a bit longer compared to 2009, when the average length of stay was about 8,3 nights. Most tourists who stayed longer came to South Africa for holidaying, VFR and business purposes.

Figure 14: 2009/2010 average length of stay

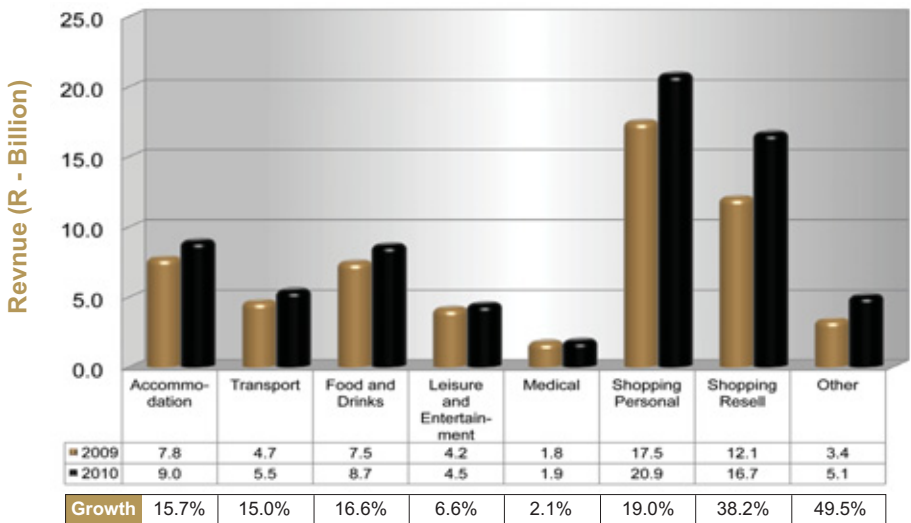


Source: SA Tourism 2010 Report

6.4.6 Tourist arrivals: by spend

Total foreign direct spend (excluding capital expenditure) went up from R59,2 billion in 2009 to about R72,6 billion in 2010, which represents an increase of 22,6%. Most of the tourist spend during 2010 was for shopping, followed by accommodation, and food and beverages.

Figure 15: Total foreign direct spend (excluding capital expenditure)



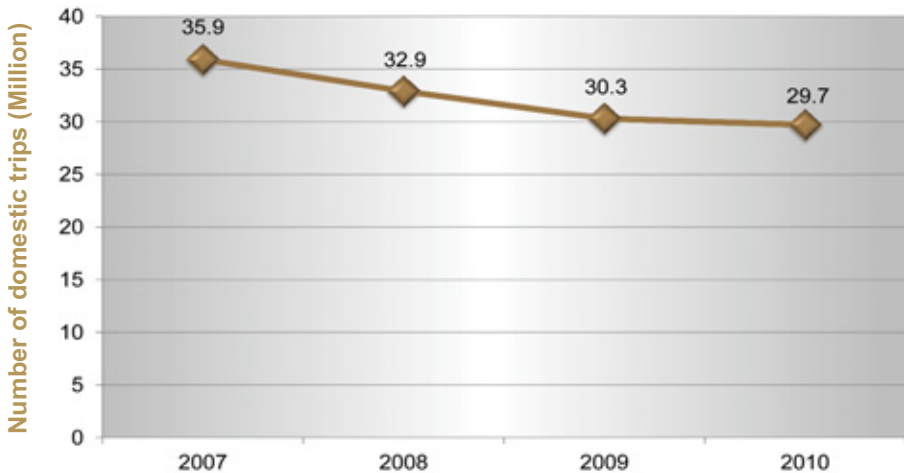
Source: SA Tourism 2010 Report

6.5 SOUTH AFRICAN DOMESTIC TOURISM

6.5.1 Overnight domestic travellers and domestic trips

The total number of adults who undertook overnight domestic trips went down from 14,6 million in 2009 to 13,5 million in 2010. This corresponds with the 2% decline in the overall number of overnight domestic trips, having gone down from 30,3 million in 2009 to 29,7 million in 2010.

Figure 16: Domestic overnight trips from 2007 to 2010

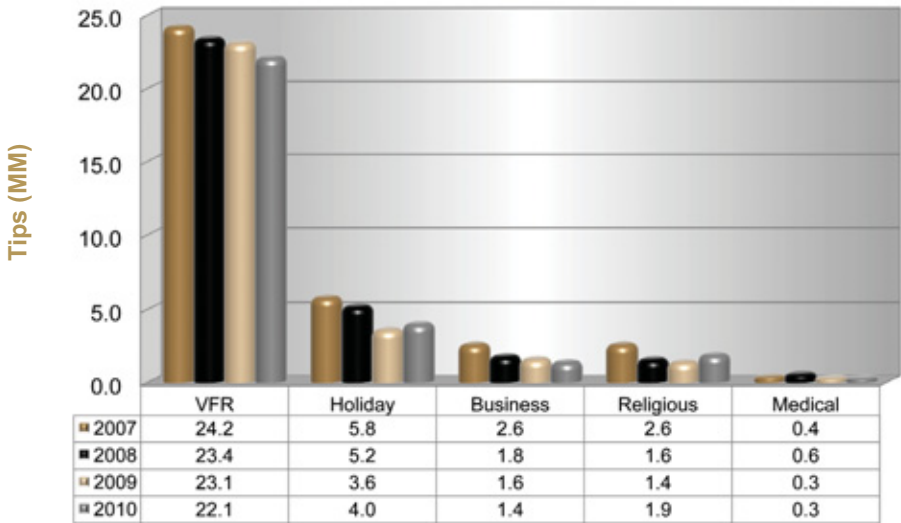


Source: SA Tourism 2010 Report

6.5.2 Domestic trips, by purpose

Statistics indicate that 74,3% of overnight domestic trips in 2010 were undertaken for visiting friends and relatives (VFR), which represented a decline compared to 2009 (at 76,2%). This was followed by trips taken for holiday purposes (13,4%), which increased from the 2009 figure (12%). The average length of stay for domestic tourists was 4,5 nights in 2010 compared to 4,2 nights in 2009.

Figure 17: Total overnight domestic trips, by purpose



Share of total trips by year

2007	67.5%	16.1%	7.1%	7.3%	1.2%
2008	71.4%	15.7%	5.4%	4.8%	2.0%
2009	76.2%	12.0%	5.3%	4.6%	1.0%
2010	74.3%	13.4%	4.7%	6.2%	1.0%

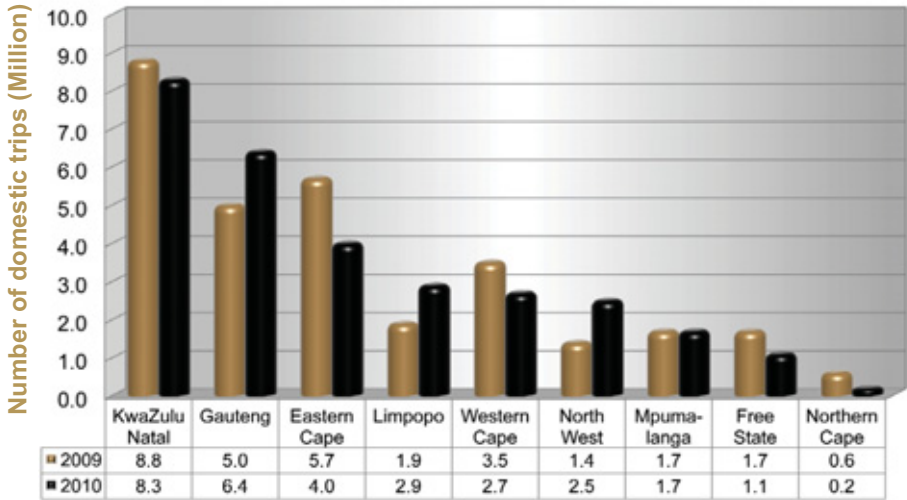
Note: Share of trips does not add to 100% because of category “Other” that is not shown on the graph; Holiday includes sports (spectator) and shopping (personal); Business includes business (professional), business (MICE), shopping (resale) and sports (participant).

Source: SAT Domestic Surveys for 2007 - 2010

6.5.3 Geographic spread of domestic tourists

KwaZulu-Natal was the most-visited province among domestic tourists in 2010, receiving about 28% of all trips. It was followed by Gauteng and the Eastern Cape, both at 21%.

Figure 18: Total number of domestic trips, by province

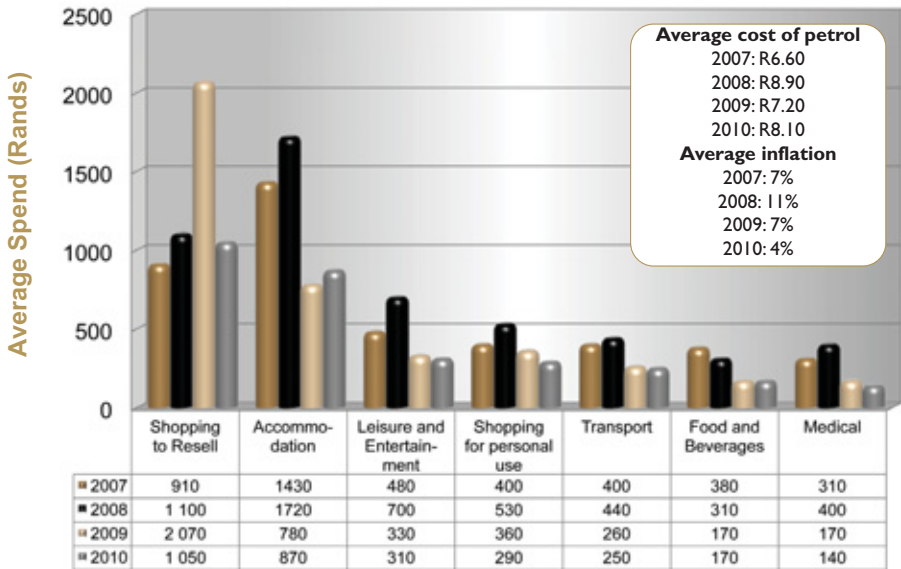


Source: SA Tourism 2010 Report

6.5.4 Domestic revenue

Total direct domestic spend went down from R22,4 billion in 2009 to R21,1 billion in 2010, which represented a decline of 5,6%. Average domestic tourist spend per person was R710 per trip in 2010, compared to the slightly higher R730 in 2009. In addition, 33% of the revenue generated through domestic tourists was spent on transport, followed by food and beverages (18,8%) and accommodation (16,5%).

Figure 19: Total domestic spend, by product



Share '07	1.2%	19.3%	11.3%	10.3%	30.3%	25.6%	0.6%
Share '08	0.9%	17.3%	15.7%	14.2%	30.7%	18.2%	1.2%
Share '09	5.0%	12.7%	14.4%	14.8%	32.5%	18.8%	0.9%
Share '10	2.6%	16.5%	12.7%	14.4%	33.3%	18.8%	0.6%

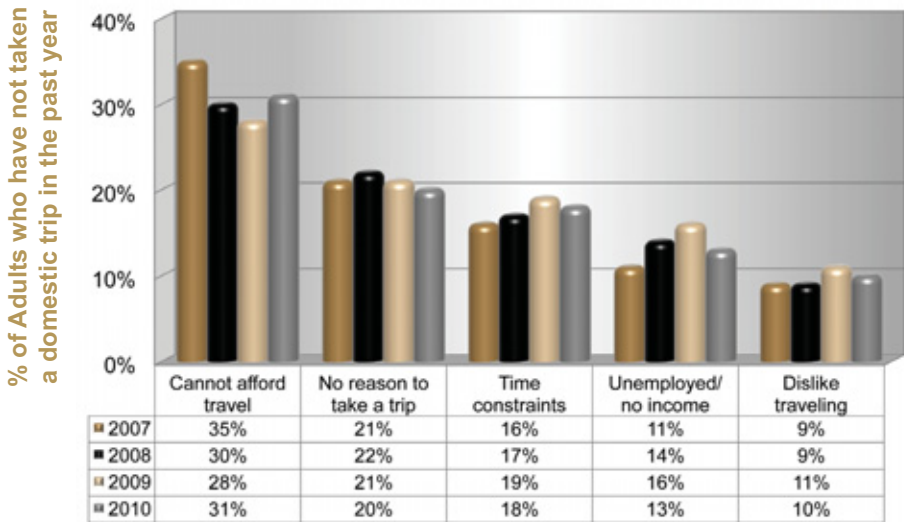
	2007	2008	2009	2010
Total Domestic Spend (BN)	20.0	25.8	22.4	21.1

Source: SAT Domestic Surveys for 2007 - 2010

6.5.5 Reasons for not taking a domestic trip

Altogether 57% of South African adults indicated that they had not taken domestic tourism trips. The explanations given for this included unaffordability (31%) and a lack of a reason to travel (20%).

Figure 20: Reasons for not undertaking a domestic trip¹



¹ Respondents could give more than one reason for not taking a trip

Source: SAT Domestic Surveys for 2007 - 2010

6.6 PERFORMANCE OF TOURISM PRODUCTS AND SERVICES IN SOUTH AFRICA

6.6.1 State of accommodation establishments

Accommodation is one of the primary products that tourists consume when they visit a country. It is critical that a destination's accommodation establishments should provide quality amenities and, most importantly, good service and value for money. This is particularly important, as tourists use accommodation as one of the measures by which to compare various destinations. Also, no destination can safely encourage tourists to use its paid accommodation facilities without first fully establishing the state of these facilities.

South Africa offers various types of accommodation for tourists from different markets and with varying needs. These include hotels, guesthouses, bed-and-breakfast establishments, self-catering establishments, lodges, camping sites and camping parks, backpacker lodges and game reserves.

Hotels in South Africa range from small private hotels and country hotels through to national hotels, most of which are of an international standard. A few new hotels were also built in the run-up to the 2010 World Cup. These new accommodation establishments include, in Gauteng, the Protea hotels in Melrose Arch and at OR Tambo International Airport as well as the Southern Sun hotels at Montecasino and Hyde Park; the Garden Court property in Durban's Umhlanga Ridge, and the Sandton and Cape Town Radisson Blu hotels, to mention but a few.

Self-catering establishments are normally fully equipped units, located in either residential properties or within resorts and holiday complexes. They are usually quite reasonably priced and cost-effective per person compared to other types of establishments. Lodges are almost similar to guesthouses or B&Bs in their service offering, but are located on small or large farms.

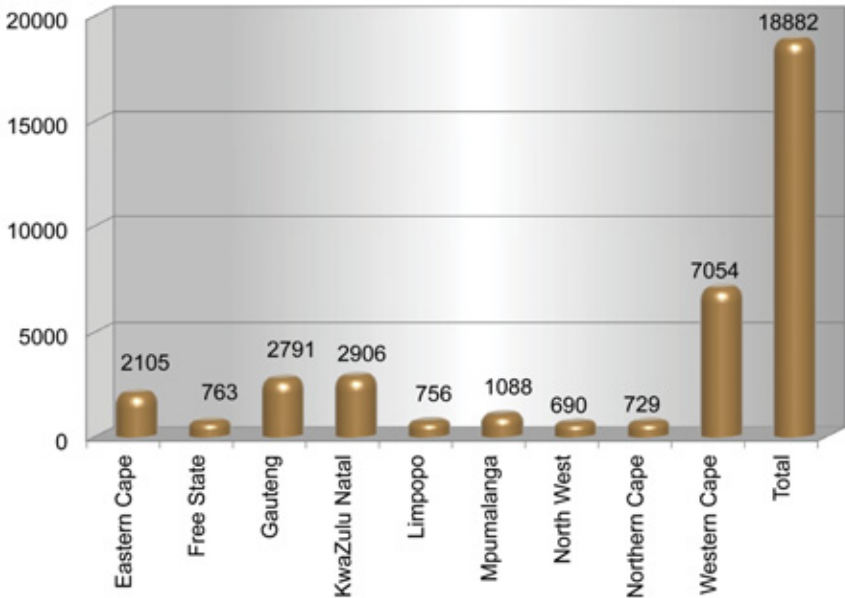
Camping sites and camping parks are large sites where you will be offered a designated small area with certain communal facilities, such as bathrooms, cooking areas, laundry facilities and electricity/power connections. Visitors bring their own tents and caravans for this purpose, although certain camps do offer camping equipment for hire.

Backpacker accommodation establishments usually have the same layout as a hostel or boarding room. This type of lodging is popular among group travellers and students who are looking for cheaper accommodation.

The majority of the game reserves in the country are under Government's control, and offer accommodation ranging from hotels and bush camps to self-catering cottages and some guesthouse facilities.

In order to take stock and assess the capacity of tourist accommodation establishments in South Africa, the Department, in consultation with relevant stakeholders, developed a National Accommodation Database in 2009, among others with a view to the 2010 FIFA World Cup. In this manner, the Department wished to ensure that visitors have easy access to information regarding the availability of accommodation establishments in and around the World Cup host cities. Accommodation establishments were encouraged to register on the database. Even though the process was voluntary, the Department worked closely with the provinces to try and cover most establishments.

Figure 21: Total number of accommodation establishments as at December 2009



Source: DEAT 2010 Accommodation database

As at December 2009, 18 882 accommodation establishments had registered on the accommodation database. Most of these are located in the Western Cape (7 054), followed by KwaZulu-Natal (2 908) and Gauteng (2 791).

Accommodation establishments in South Africa are graded by the Tourism Grading Council of South Africa to ensure good quality and service to users. The rating is based on the number of stars, ranging from one-star to five-star establishments, and is annually renewable. The process of grading is voluntary, although users or tourists are encouraged rather to use graded accommodation establishments.

According to Statistics South Africa, income from the accommodation industry (including sales from restaurants, bars and other accommodation-related sources) went up by 6,1% in 2010 compared to 2009. Although the total number of units available went up by 2,1% in 2010, the number of units sold went down by 2,7% in the same period. The average occupancy rate was about 45%.

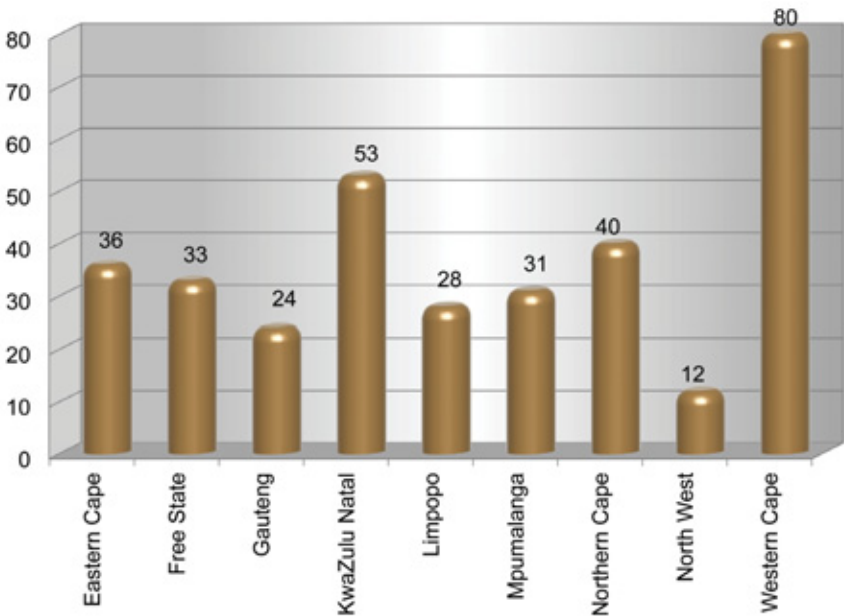
PricewaterhouseCoopers data from 2009 indicate that overall spending on the various accommodation units went up by 16,7% in 2010, at about R13,9 billion. They also report that the average room rate for hotels increased by 12,6% to R699, while unit nights sold increased by 3,7%. According to their estimates, the average occupancy rate was 47,8%.

6.6.2 Visitor information centres

The availability of information to visitors was one of the gaps identified during the development of the tourism plan for the 2010 FIFA World Cup. Therefore, in preparation for the World Cup, the Department conducted an audit of all visitor information centres in South Africa. Apart from assessing the availability of information, the audit was also used to determine the state of all these information centres in terms of size, facilities and the like. The study was conducted by a company called Anix Consulting, and was completed in December 2009.

The audit recorded a total of 337 information centres in the country. The Western Cape and KwaZulu-Natal had the highest number, at 80 and 53 respectively.

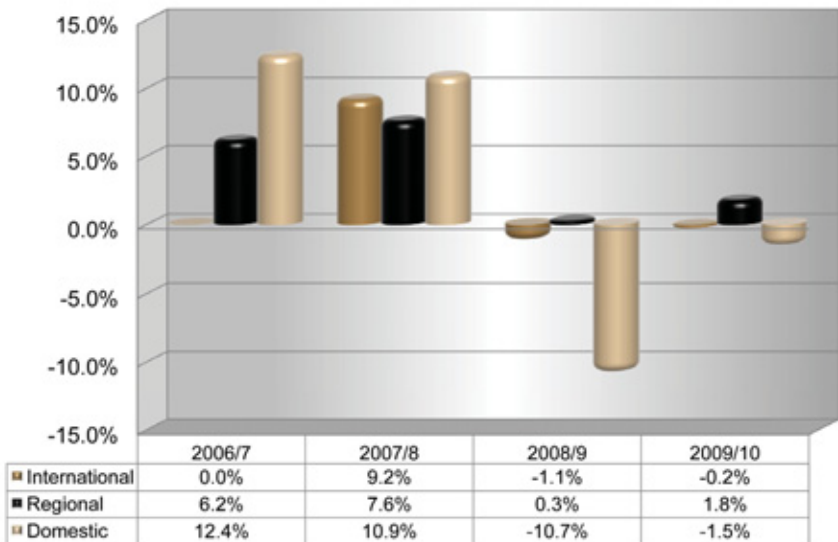
Figure 22: Total number of visitor information centres as at December 2009



6.6.3 Passenger and aircraft movement on acsa airports

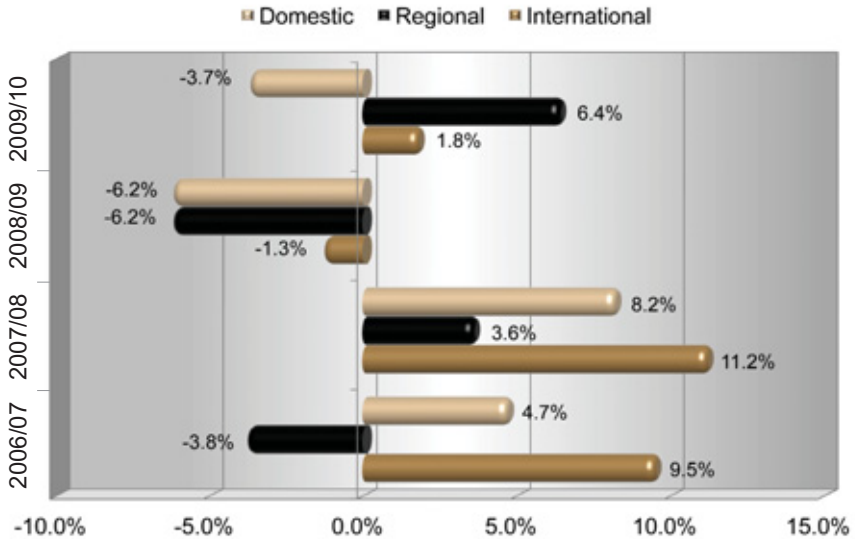
Total international passenger movement on Airports Company South Africa (ACSA) airports went down by 0,2% during the period April 2009 to March 2010 compared to the same period in 2008/2009. Regional passenger movement during the same period went up by 1,8%, while domestic passenger movement went down by 1,5%. Total passenger movement for 2009/2010 went down by 1,1%.

Figure 23: Percentage growth in ACSA airports passenger movement for 2009/2010



Total international aircraft movement went up by 1,8% during the period under review. Regional aircraft movement went up by 6,4%, while domestic aircraft movement went down by 3,7%.

Figure 24: Percentage growth in ACSA airports aircraft movement for 2009/2010



6.6.4 Performance of tourist attractions

Overall, tourist attractions registered a growth of almost 9% in total number of visitors during 2010 compared to 2009. Robben Island and the Apartheid Museum were the most popular attractions among international tourists during 2010, especially during the World Cup. Casinos, museums and theme/amusement parks were the most-visited categories in 2010. However, national parks/areas of natural beauty experienced a 8.5% decline in visitors over the same period. This may be ascribed to national parks being perceived as expensive and not easily accessible. Museums registered the highest growth in visitors, at about 24.4%.

The V&A Waterfront, Table Mountain and the Kruger National Park were the top three attractions in terms of total number of visitors in 2010.

Table 7: Total number of visitors, by type of attraction

Type of attraction	Visitors '000		
	2009	2010	% change
Art galleries	194	199	2,6%
Casinos	75 100	82 423	9,8%
Historic buildings/sites	3 500	3 403	-2,8%
Museums	4 627	5 754	24,4%
National parks/areas of beauty	4 452	4 072	-8,5%
Theatres	72	73	1,4%
Theme/amusement parks	2 617	2 969	13,5%
Zoos/aquariums	1 634	1 649	0,9%
Other tourist attractions	2 500	2 537	1,5%
Total	94 696	103 079	8,9%

7. SUMMARY AND CONCLUSION

In general, tourism performance improved in 2010 compared to 2009, as did most tourism products and services (accommodation and transport).

South Africa continued to record a higher-than-global growth in total tourist arrivals. One of the factors that contributed significantly to this growth was the hosting of the 2010 FIFA World Cup during the winter season, at a time when most countries were still recovering from the economic downturn.

NOTES

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