Global Trends for 2012

February 2013

South Africa
Inspiring new ways

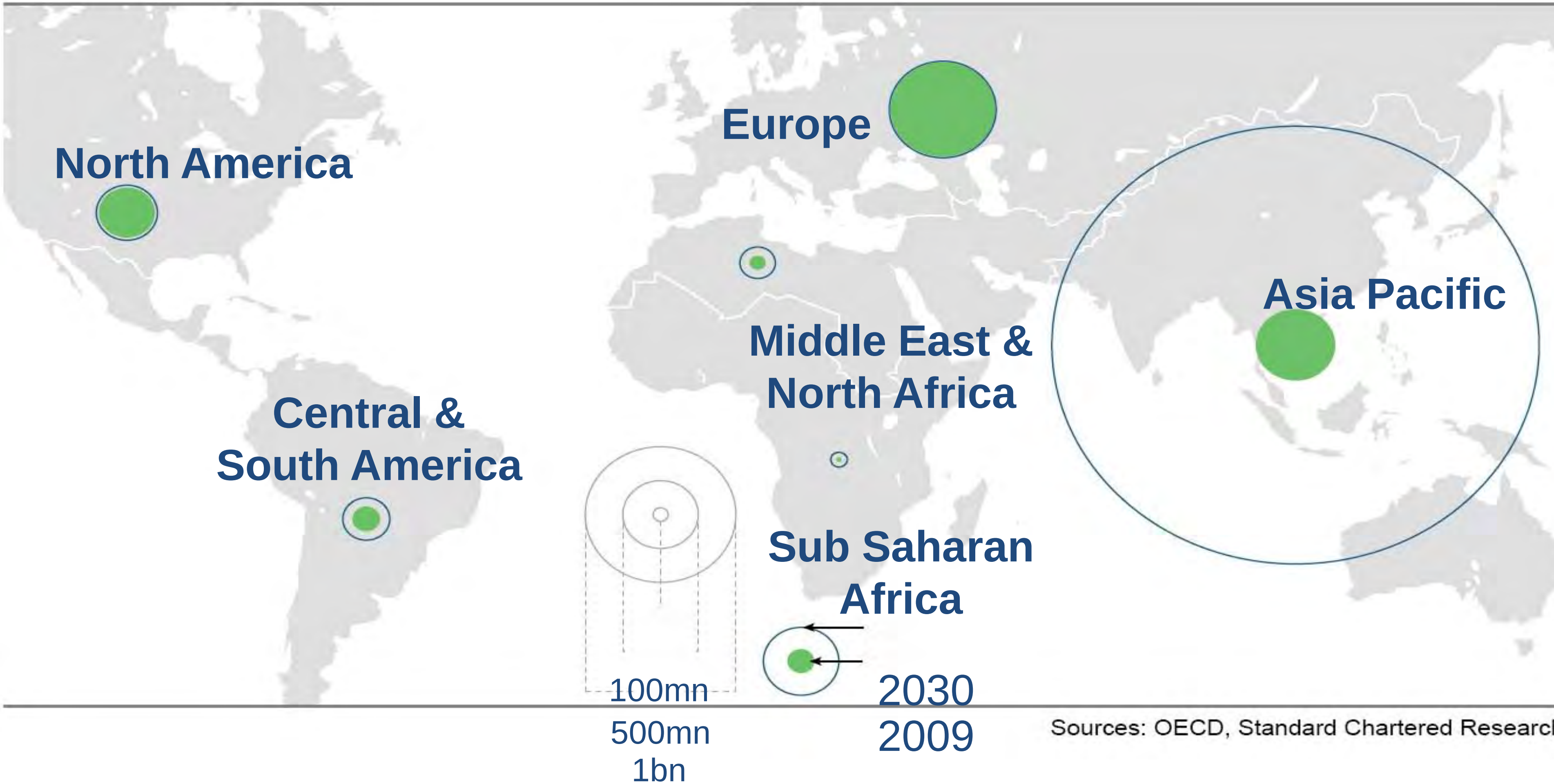
Global economic growth, 2010-2014

	2010	2011	2012	2013	2014
World	4.1	2.7	2.5	3.0	3.3
High income countries	3.0	1.6	1.4	1.9	2.3
- Euro area	1.8	1.6	-0.3	0.7	1.4
- USA	3.0	1.7	2.1	2.4	2.8
- Japan	4.5	-0.7	2.4	1.5	1.5
Developing countries	7.4	6.1	5.3	5.9	6.0
- Brazil	7.5	2.7	2.9	4.2	3.9
- Russia	4.3	4.3	3.8	4.2	4.0
- India	9.6	6.9	6.6	6.9	7.1
- China	10.4	9.2	8.2	8.6	8.4
- South Africa	2.9	3.1	2.7	3.4	3.5
Sub-Saharan Africa	5.0	4.7	5.0	5.3	5.2

Note: Estimates for 2012; forecasts for 2013 and 2014

Source: World Bank, 2012

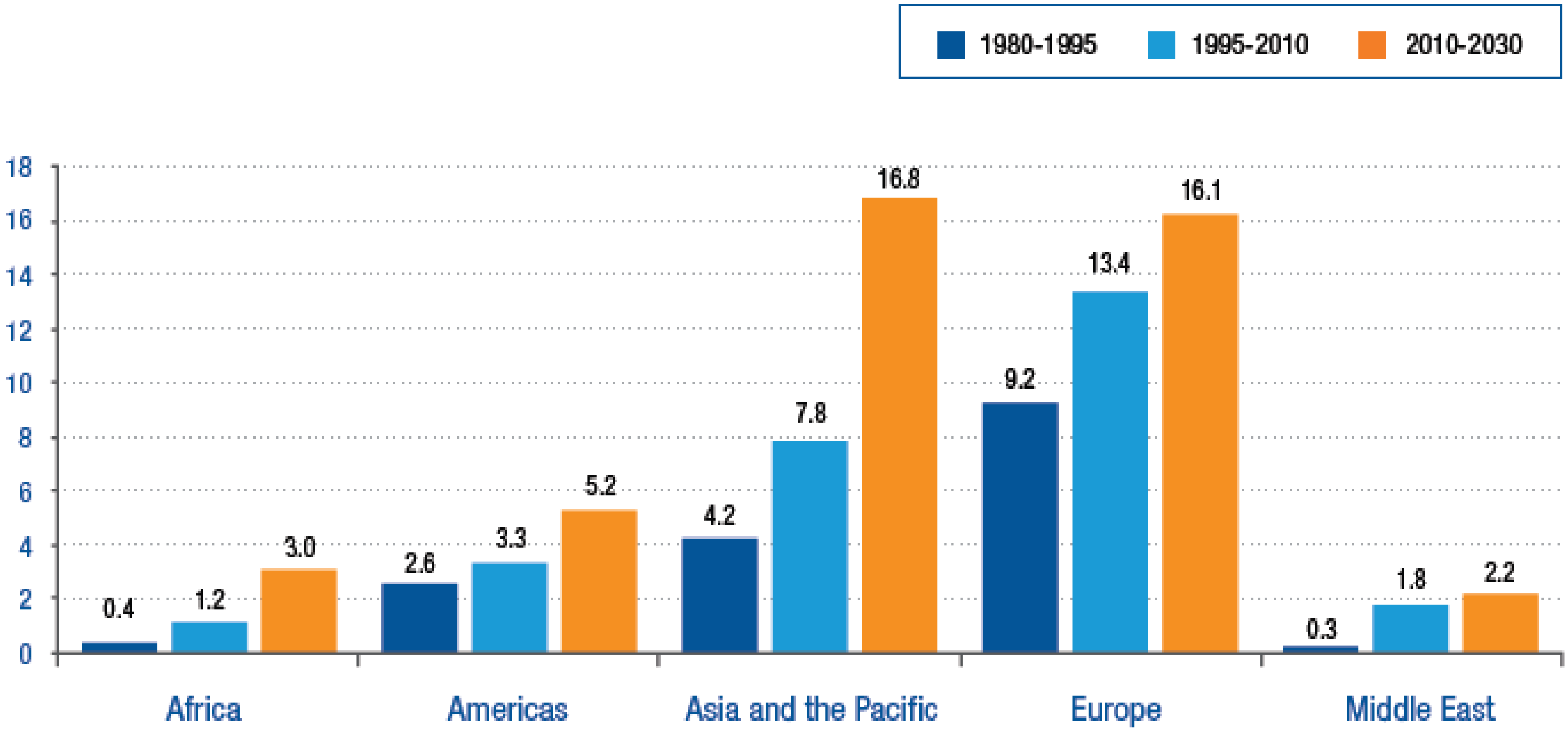
Global middle income class in 2009 and prediction for 2030



Source: OECD/ Standard Chartered Bank Research

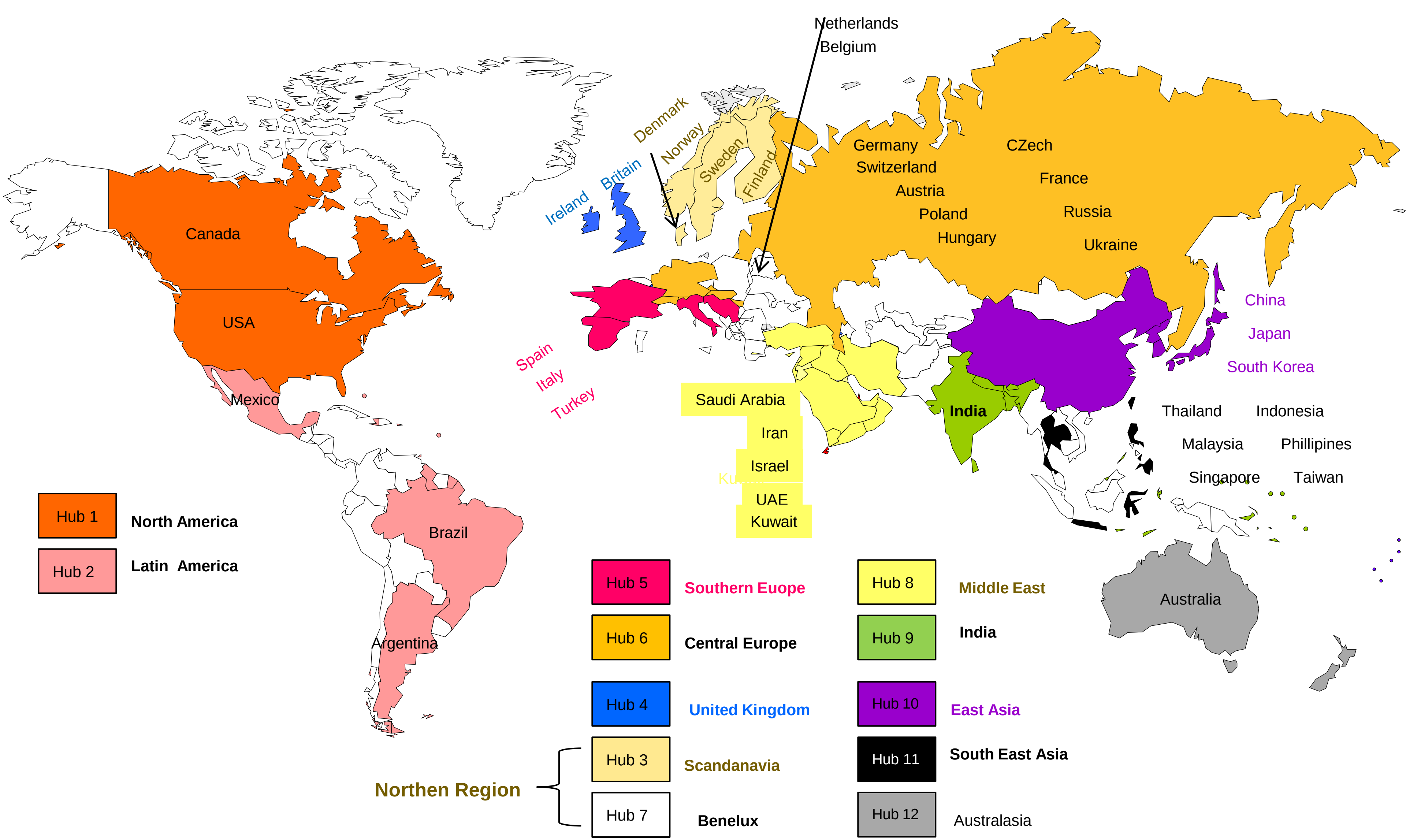
Outbound tourism by region of origin

International Tourist Arrivals generated, absolute change over previous year, million



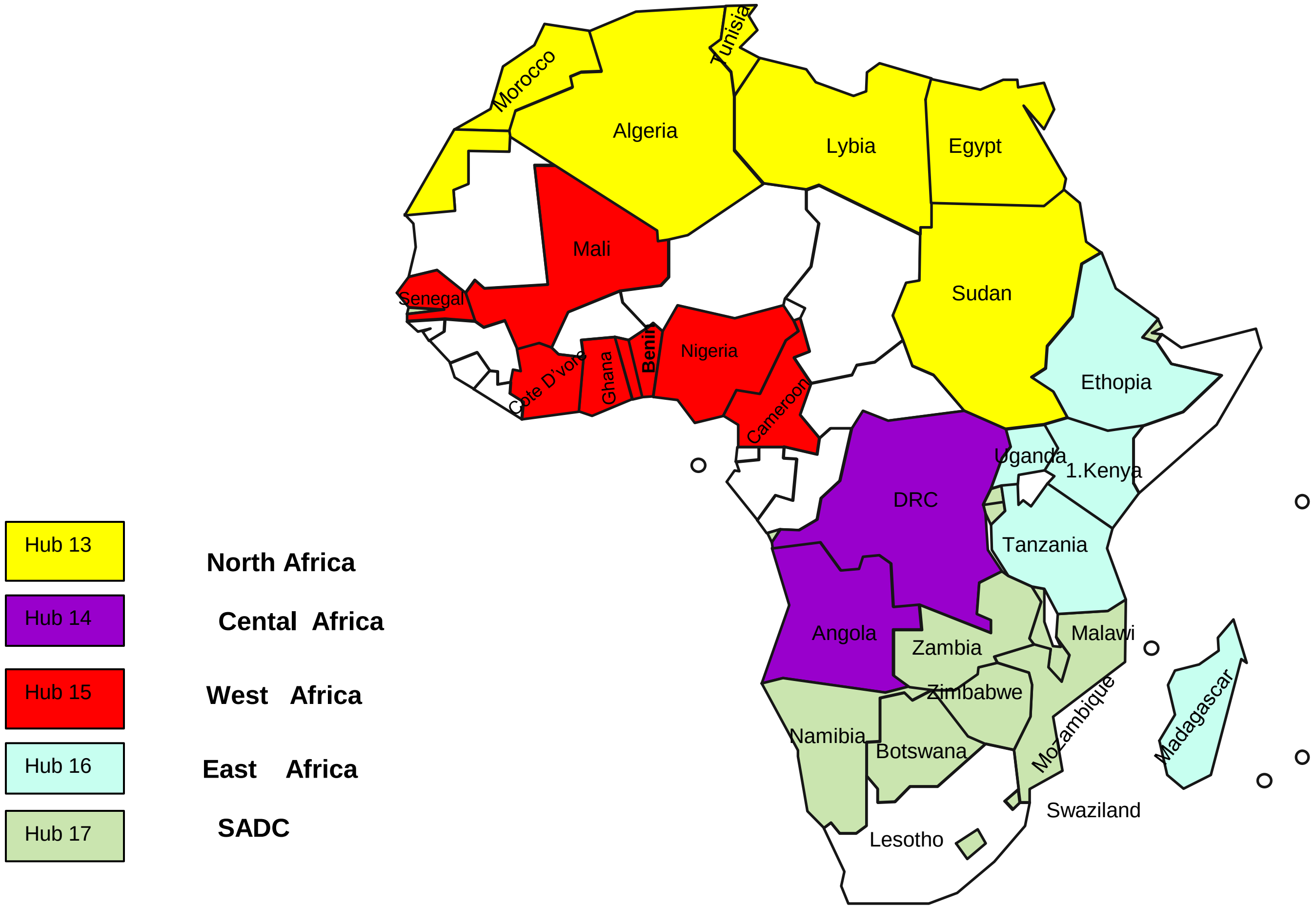
Source: World Tourism Organization (UNWTO) ©

Further regional classification of the **42** markets show a potential of the following operational hubs. **AMERICAS** (North America, Latin America), **EUROPE** (BENELUX, SCANDINAVIA, SOUTH EUROPE, CENTRAL EUROPE, UK), **AISIA** (South East Asia, East Asia, Australasia), **Middle East ,SADC, East Africa, West Africa, North Africa and Central Africa**. Combine **Benelux & Scandinavia** to form a Northern Region.



* Countries not initial part of the 42 countries but included because it makes logical sense when formulating a hub.

The most attractive countries in Africa in terms of population ad size of outbound travel and their potential Hubs. We identified 5 Potential hubs in the continent. North Africa is the only hub we currently don’t service.



World Travel Trends – 2012

- Despite financial and economic crisis, people around the world continued to travel in 2012, with tourist arrivals to reach 1 billion in 2012.

- Overall, international trips grew by approximately 4%, but overnight stays increased by approximately **2%**, reflecting the continuing trend to shorter trips, the World Travel Monitor results showed.

- In contrast, global travel spending grew healthily by **7%** to €875 billion, resulting in a **3%** increase in spending per trip and a **5%** rise in average spending per night (due to shorter average trips). **Asians, South Americans and North Americans** spend the most per trip, partly due to higher flight costs, while European spending is lower on average.

- The number of travelers aged 55+ has increased to 23%, while 35% are in the 15-34 age category and **42% are aged between 35 and 54**. Holidays remain the dominant reason for taking an international trip **(71%),** ahead of business travel 16% and other reasons such as visiting friends and relatives (13%).

- The **internet** has now clearly established itself as the main place to buy travel **with 54% of bookings**, well ahead of travel agencies which have slipped back to 24%. Interestingly, this is a global trend with Asians and South Americans now catching up with North Americans and Europeans in terms of booking via the web, the **IPK** figures showed.

- Consumers demand more individual and **authentic travel experiences** in future and will rely more than ever on technology to plan and enjoy their trips.

World Travel Trends – 2012

- Adventure Travel
    - In the past, the most adventurous tourists were between 35 and 47 years, and from affluent backgrounds, but there is a growing need for **adventure** activities in all age groups, with the older tourist seeking soft adventure.

- Medical Tourism
    - More European travelers travel not just for holiday purposes but for surgery too. Due to the cost of medical treatment rising in most European countries, they have no choice but to seek medical care in other countries. Worldwide, the medical tourism market is worth $40 - $60 billion.

- Bloggers and Social Media
    - Social media is becoming more important for consumers to plan and enjoy their trip. According to a Google survey, about 40% of travelers said social network comments influenced their travel planning while 50% actually based their travel plans on other people's reviews and experiences. **Trip Advisor** is commonly used to view other people's experiences at an accommodation establishment or restaurant.

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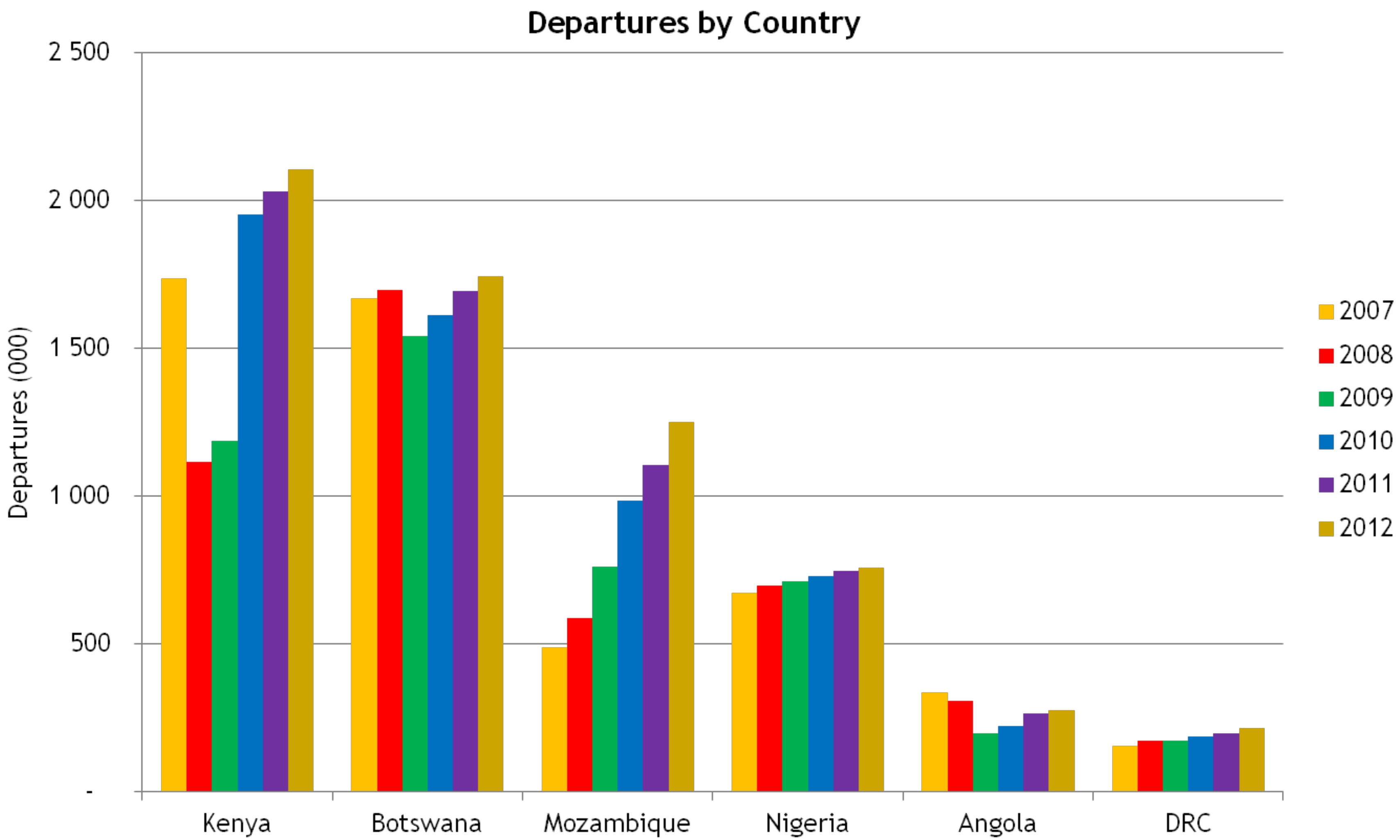
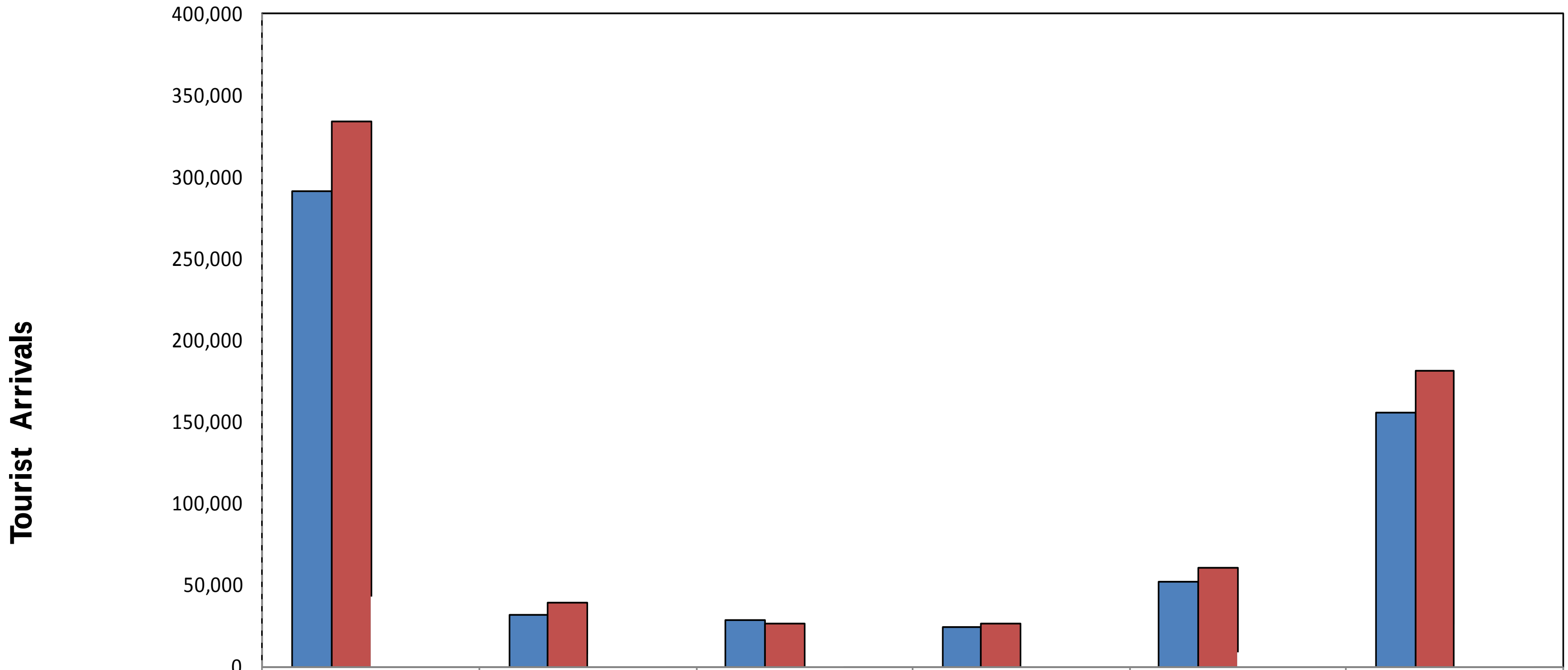
Africa departures. Kenyans are travelling the most within our set of portfolio countries.



Air market showed positive growth of 14.8%, this was contributed by positive growth in most air markets regions.

Tourist arrivals to South Africa from Africa air markets, Jan - Oct 2012



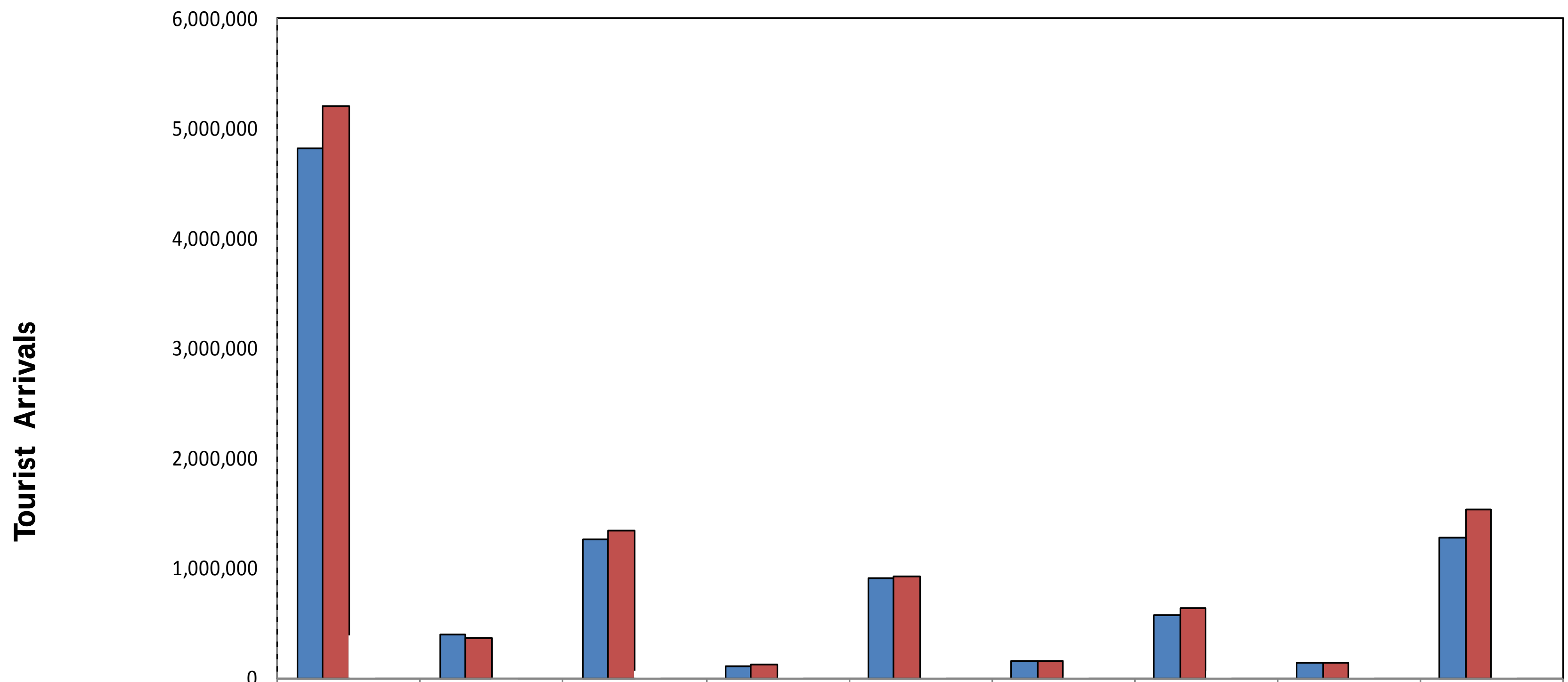
	Africa - Air	Angola	Dem Rep of Congo	Kenya	Nigeria	Other Africa AIR
2011	290,788	31,492	27,980	24,199	51,663	155,454
2012	333,966	39,366	26,764	26,104	60,256	181,476
Difference	43,178	7,874	-1,216	1,905	8,593	26,022
%	14.8%	25.0%	-4.3%	7.9%	16.6%	16.7%

Note: Africa Air Markets are markets where at least 60% arrives to SA use air transport; Africa Land Markets are markets where at least 60% of arrivals to SA use road transport. Long-haul markets include all countries outside of Africa

Source: Table A Tourist Arrivals Jan - Oct 2012

There was a 8.1% growth in tourist arrivals from land market, Zimbabwe was the biggest contributor in this region with 19.7% growth, that's 252,020 more tourists than same period in 2011. Botswana declined in this period.

Tourist arrivals to South Africa from Africa land markets, Jan - Oct 2012



	Africa - Land	Botswana	Lesotho	Malawi	Mozambique	Namibia	Swaziland	Zambia	Zimbabwe
2011	4,815,979	389,353	1,267,591	109,052	910,401	157,199	575,014	131,000	1,276,369
2012	5,205,775	355,777	1,340,535	118,344	929,744	159,378	636,116	137,492	1,528,389
Difference	389,796	-33,576	72,944	9,292	19,343	2,179	61,102	6,492	252,020
%	8.1%	-8.6%	5.8%	8.5%	2.1%	1.4%	10.6%	5.0%	19.7%

Note: Africa Air Markets are markets where at least 60% arrives to SA use air transport; Africa Land Markets are markets where at least 60% of arrivals to SA use road transport. Long-haul markets include all countries outside of Africa

Source: Table A Tourist Arrivals Jan - Oct 2012

Basic Packages for Africa to SA

	Angola	DRC	Kenya	Nigeria
Airfare	Return airfare in economy class	Return airfare in economy class	Return airfare in economy class	Return airfare in economy class
Transfer	Airport > Hotel > Airport	Airport > Hotel > Airport	Airport > Hotel > Airport	Airport > Hotel > Airport
Accommodation	4- or 5-star hotel in a major city	3- or 4-star B&B or hotel in a major city	2- or 4-star B&B, Town Lodge or Hotel in a major city	3- or 4-star hotel in a major city
Length of Stay	4 – 7 nights	7 – 12 nights	4 – 7 nights	4 – 7 nights
Price	~ USD1,800 – USD2,500	~ USD2,600	~ USD890 – USD1,500	~ USD1,100 – USD1,750
Additional	Accommodation linked to malls and info on restaurants, nightclubs and spas	Close proximity to nightlife and malls, and shuttles always available	Close proximity to nightlife, cuisine and malls, add on cultural and adventure activities	Close proximity to nightlife, cuisine and malls, add on cultural activities and shopping

Who are the Congolese and What Do They Do? (1/2)

Congolese are proud, life-loving, and status conscious people that have learnt to face life's issues, while enjoying the simple pleasures available

The Congolese are generally proud and status conscious…

"Appearance is crucial for Congolese. They prefer to wear expensive branded clothes rather than eat. It is the SAPE[1] phenomena"

– Congolese Consumer

"Travelling is a luxury so when I travel, I always share my experience and show the pictures taken to my friends just to show off"

– Congolese Consumer

…they are ingenious and enduring, always seeking business opportunities to improve their day-to-day life…

"Salaries are insufficient to meet family's expenses in DRC. To make ends meet, people are forced to have one or more side businesses"

– Congolese Consumer

"I always say that Congolese are the most resourceful people in the world"

– Congolese Journalist at RFI

…while looking to enjoy la 'belle vie'[1], which includes night life, music, dancing and good food

"Congolese's slogan is 'Inzo ya ngolo, Mvuatu ya ngolo, Nketo ya ngolo' (Beautiful house, beautiful clothes, beautiful woman)"

– Congolese Journalist at Congo Vision

"Kinshasa has several bars and clubs and so only few African cities are as lively"

– Congolese Consumer

Note: [1]Society of Ambiance Makers and Elegant People

Source: Monitor Grail Primary and Secondary Research and Analysis

How to Win: Consumer and Product Communication

Promotions and Potential add-on Offers

Promotions and other offerings would further help to drive arrivals and increase spend

Objective: Drive Increased Spend through Promotions and Add-On's

Go Getters

Promotions

- Off-peak flight reductions
- Discount on second flight for significant other/friend
- Flight/accommodation discounts on stays longer than 10 days

Others

- Night out on the town in a limo
- Special access to private clubs
- Discounted concert and sporting event tickets
- Increased luggage allowance

Entrepreneurs

Promotions

- Off-peak flight reductions
- Discount on second flight for business partner
- Flight/accommodation discounts on stays longer than 10 days

Others

- Shopping advice, coupons
- Discounted freight offers
- Business interpreter services
- Increased luggage allowance

Source: Grail Research & Monitor Analysis

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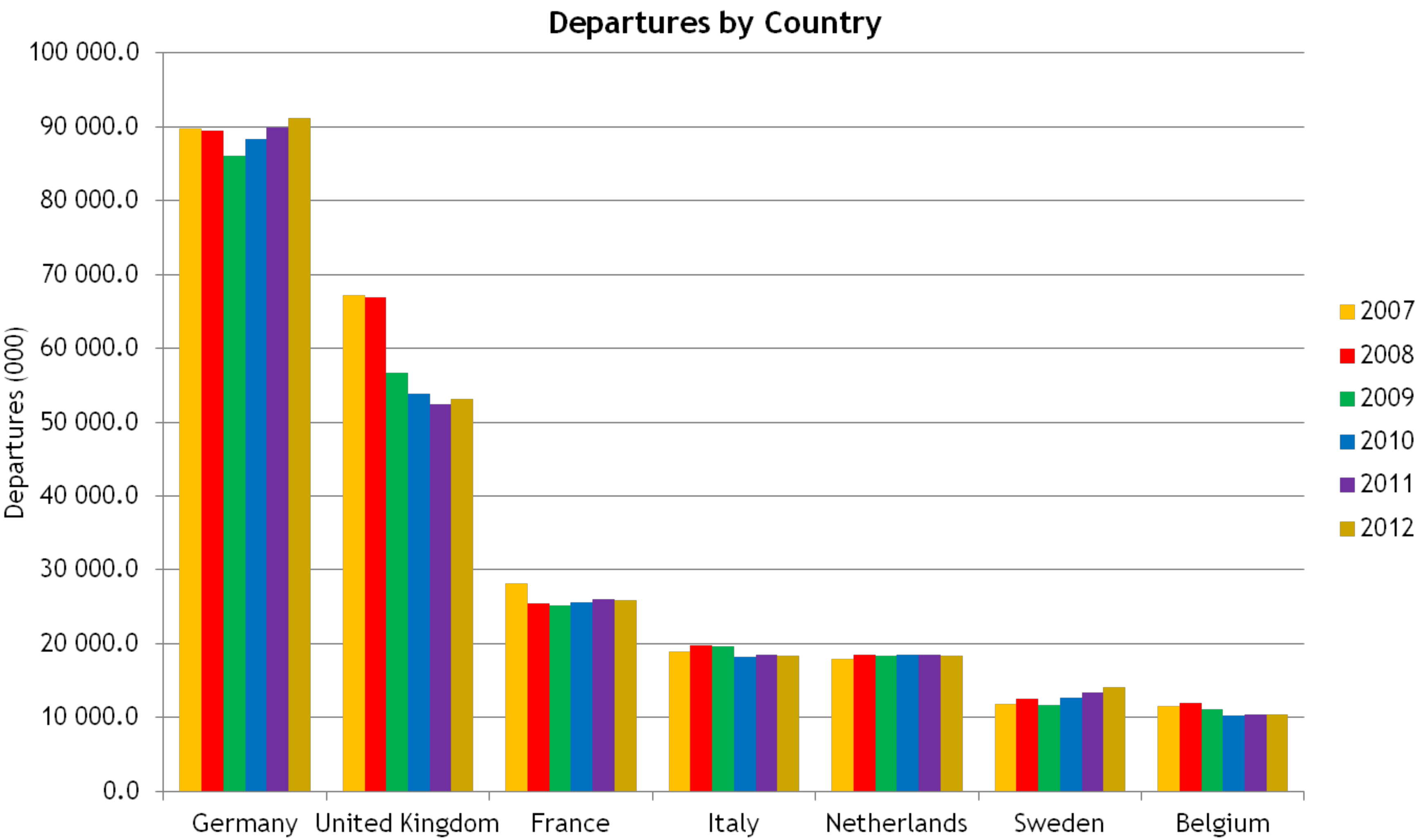
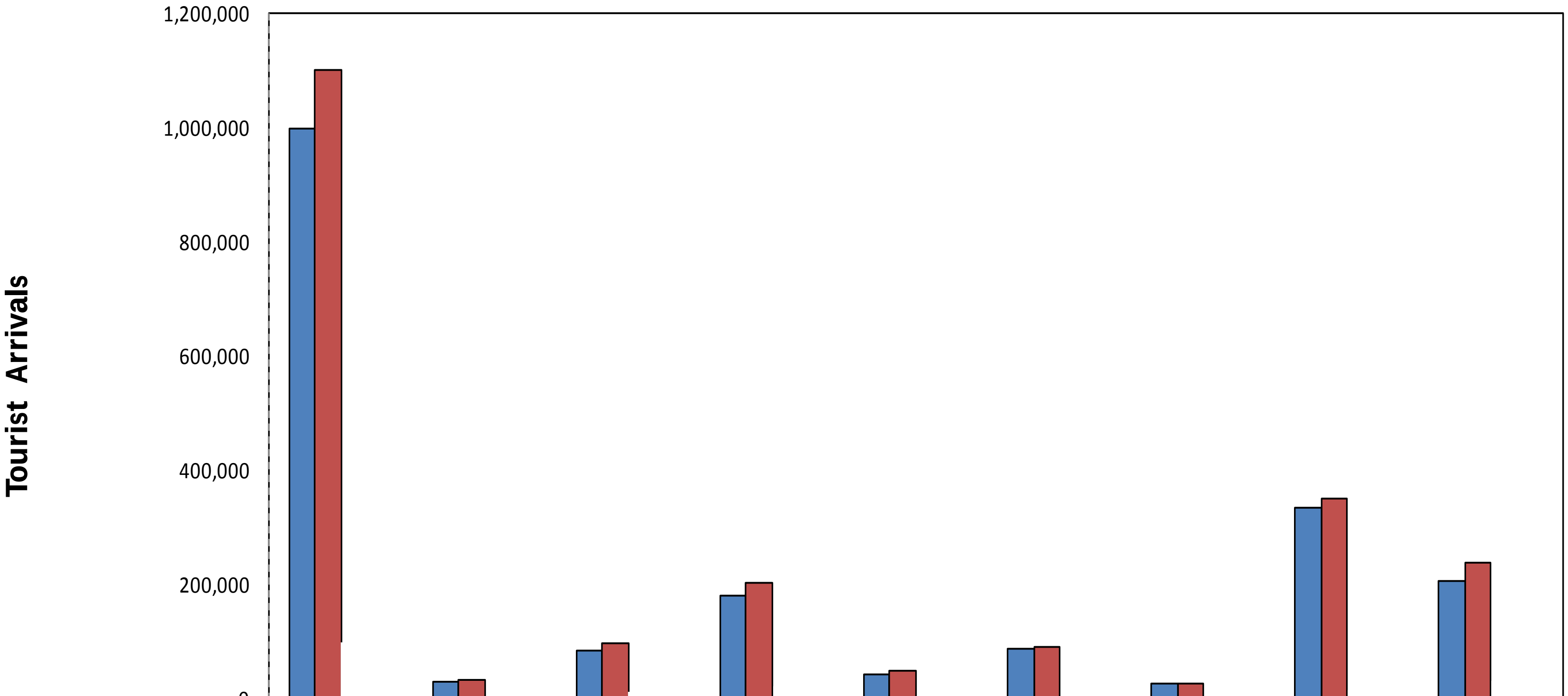
Europe departures



There was 10.1% incline in tourist arrivals from Europe in this period with an increase in all markets, Germany contributed with 22,272 more tourists.

Tourist arrivals to South Africa from Europe, Jan - Oct 2012

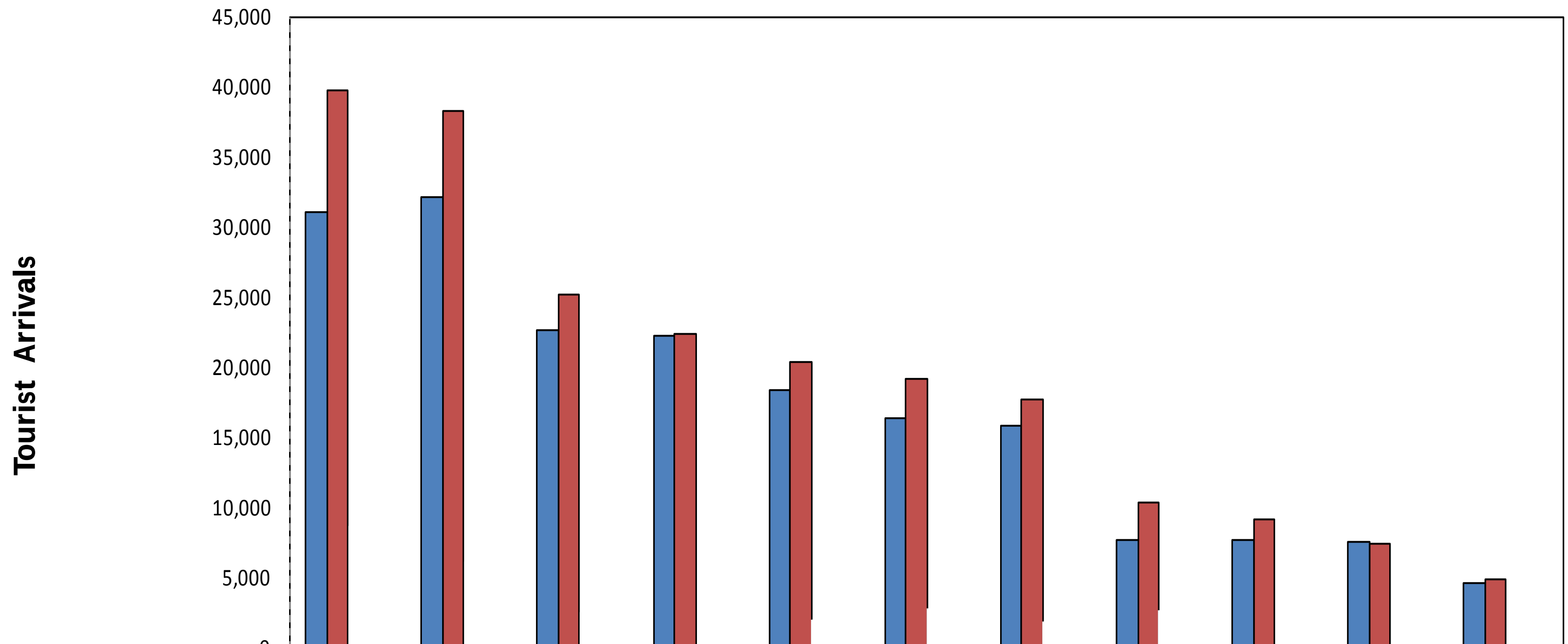


	Europe	Belgium	France	Germany	Italy	Netherlands	Sweden	UK	Other Europe
2011	1,000,232	31,970	84,805	181,975	44,635	87,947	27,977	333,836	207,087
2012	1,100,943	34,842	98,221	204,247	50,759	92,547	29,071	350,590	240,666
Difference	100,711	2,872	13,416	22,272	6,124	4,600	1,094	16,754	33,579
% Change	10.1%	9.0%	15.8%	12.2%	13.7%	5.2%	3.9%	5.0%	16.2%

Source: Table A Tourist Arrivals Jan - Oct 2012

The 16.2% increase in tourist arrivals from “Other Europe” was driven by an increase in most markets in this region.

Tourist arrivals from top “Other Europe” markets, Jan - Oct 2012



	Switzerland	Portugal	Spain	Ireland	Denmark	Austria	Norway	Russian Fed	Poland	Finland	Greece
2011	31,054	32,191	22,588	22,242	18,414	16,380	15,791	7,740	7,678	7,489	4,571
2012	39,781	38,339	25,197	22,386	20,402	19,226	17,658	10,420	9,169	7,446	4,895
Difference	8,727	6,148	2,609	144	1,988	2,846	1,867	2,680	1,491	-43	324
% change	28.1%	19.1%	11.6%	0.6%	10.8%	17.4%	11.8%	34.6%	19.4%	-0.6%	7.1%

Source: Table A Tourist Arrivals Jan - Oct 2012

Basic Packages for Europe to SA

	France	Germany	Italy	Netherlands	UK
Airfare	Return airfare	Return airfare	Return airfare	Return airfare	Return airfare
Accommodation Type	Graded Hotels	Graded Hotels, Self Catering accommodation and Guest Houses	Graded Hotels, Self Catering accommodation and Guest Houses	Graded Hotels, Self Catering accommodation and Guest Houses	Graded Hotels and self catering accommodation
Length of Stay	~ 10 days	~ 13 days	~ 6 days	~ 13 days	~ 10 days
Price	~ R19,500 prepaid ~ R8,700 in SA	~ R15,300 prepaid ~ R11,400 in SA	~ R20,400 prepaid ~ R8,900 in SA	~ R15,500 prepaid ~ R11,300 in SA	~ R15,300 prepaid ~ R10,000 in SA
Additional	Cultural Activities Wildlife Love SA wines Love fresh food Lunch in a scenic place	A unique SA experience – SA food, cultural activities, SA bars, chisa nyama Wildlife	Cultural Activities Wildlife No oriental, Indian and Thai food No SA Italian restaurants Love to go out to restaurants at night	Wildlife A unique SA experience – SA food, cultural activities, SA bars, chisa nyama Internet accessibility important	Love English breakfast Love English tea Prefer western food Cultural Activities Wildlife

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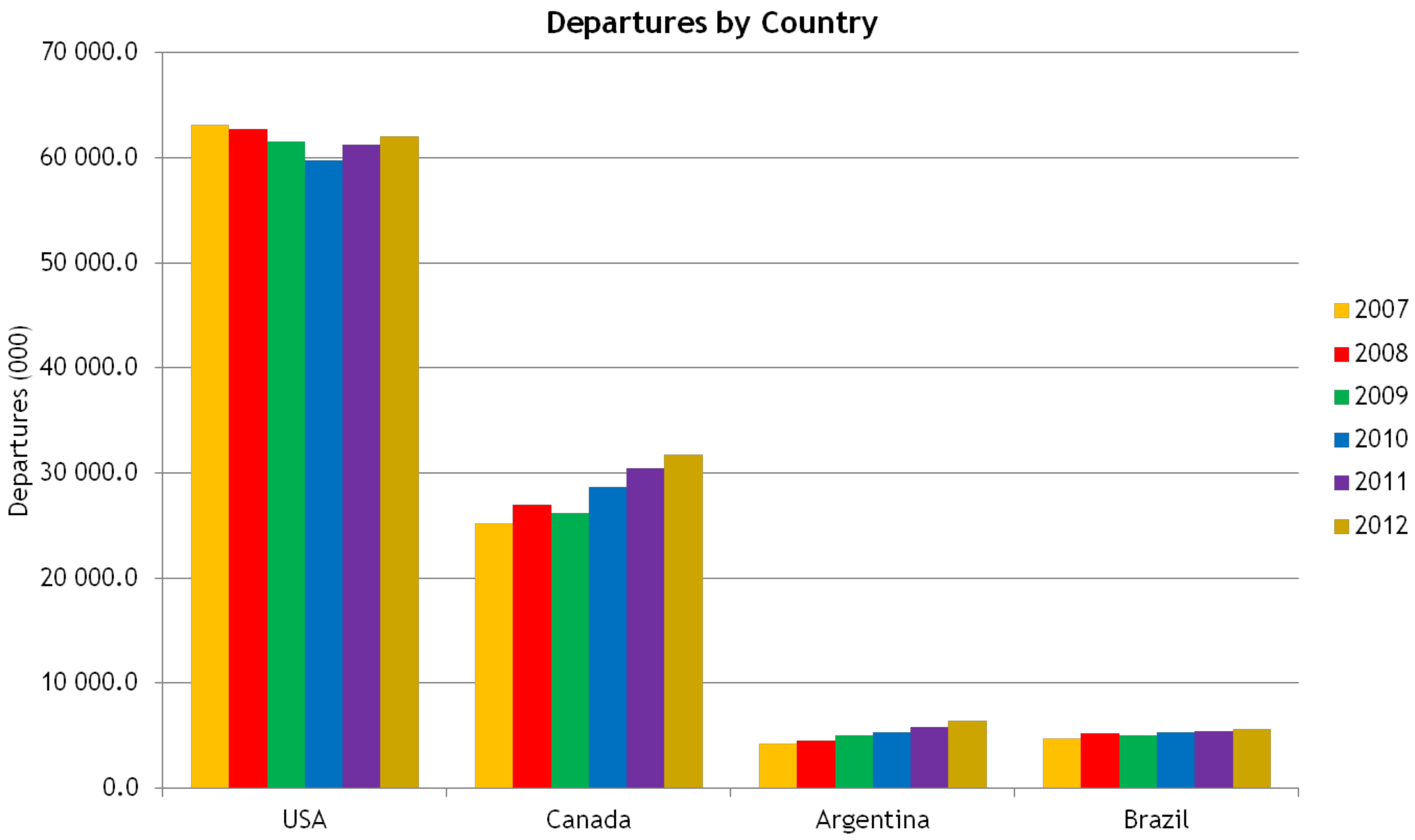
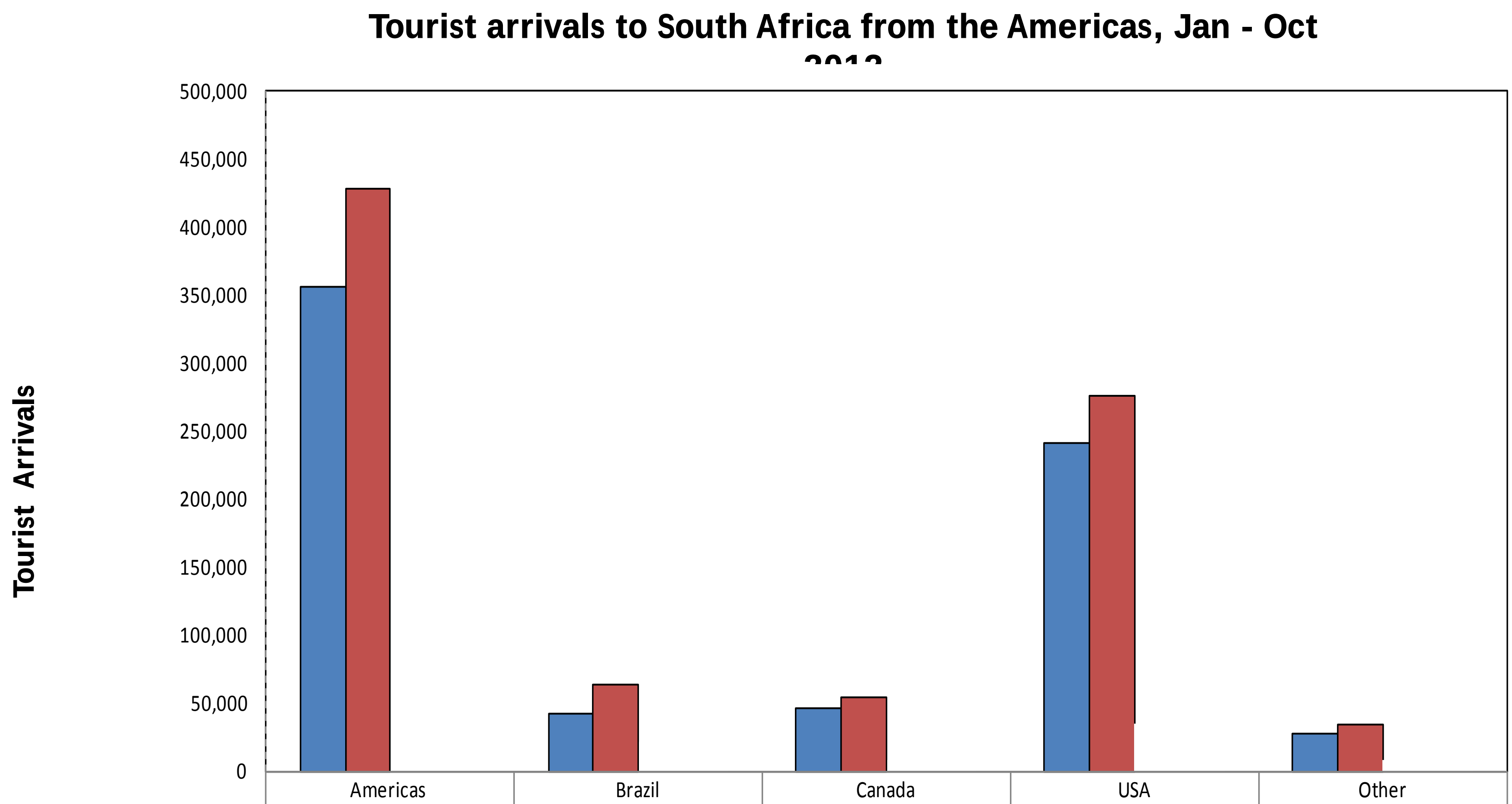
Americas departures



There has been incline in tourist arrivals from all markets in the Americas region resulting in an overall incline of 20.4% compared to the same period in 2011.

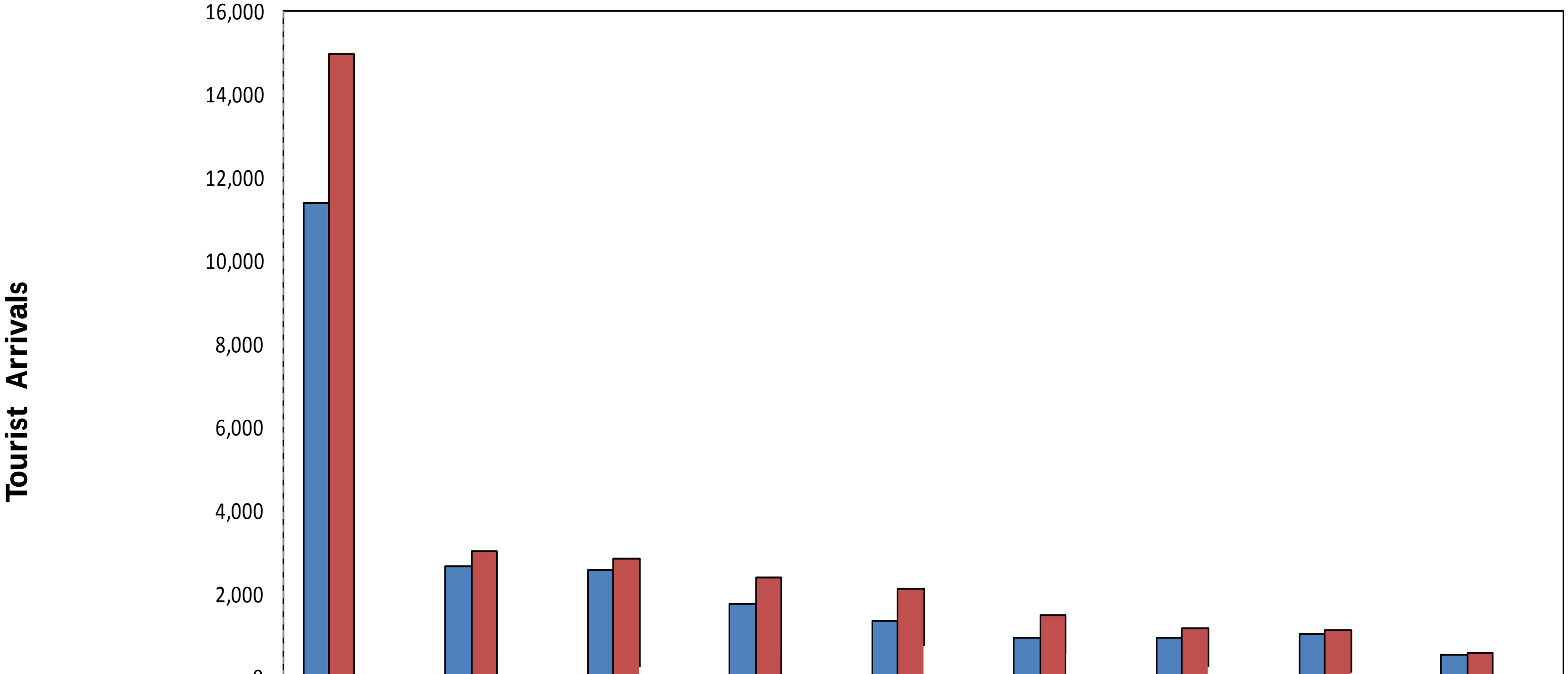


	Americas	Brazil	Canada	USA	Other
2011	355,855	42,216	46,037	240,642	26,960
2012	428,623	64,026	54,116	275,683	34,798
Difference	72,768	21,810	8,079	35,041	7,838
% Change	20.4%	51.7%	17.5%	14.6%	29.1%

Source: Table A Tourist Arrivals Jan - Oct 2012

The 29.1% incline in "Other Americas" region was driven by an incline in all major markets. Argentina is the main contributing market and grew by 31.3% (3,564) compared same period in 2011.

Tourist arrivals to South Africa from the top "Other Americas" markets, Jan - Oct 2012



	Argentina	Chile	Mexico	Peru	Columbia	Cuba	Uruguay	Venezuela	Jamaica
2011	11,388	2,680	2,587	1,773	1,364	935	957	1,043	538
2012	14,952	3,059	2,848	2,406	2,120	1,485	1,196	1,143	589
Difference	3,564	379	261	633	756	550	239	100	51
% change	31.3%	14.1%	10.1%	35.7%	55.4%	58.8%	25.0%	9.6%	9.5%

Source: Table A Tourist Arrivals Jan - Oct 2012

Basic Packages for Americas to SA

	USA	Brazil
Airfare	Return airfare	Return airfare
Accommodation Type	Graded Hotels and Self Catering accommodation	Graded Hotels
Length of Stay	~ 1.5 – 2 weeks	~ 2 weeks
Price	~ R29,700 prepaid ~ R10,700 in SA	~ R20,000 prepaid ~ R10,900 in SA
Additional	A balance of "must-do" touristy activities and off the beaten path activites Authentic cultural experiences Wildlife Love local beer	Cultural Activities Wildlife Wide variety of experiences – FUN

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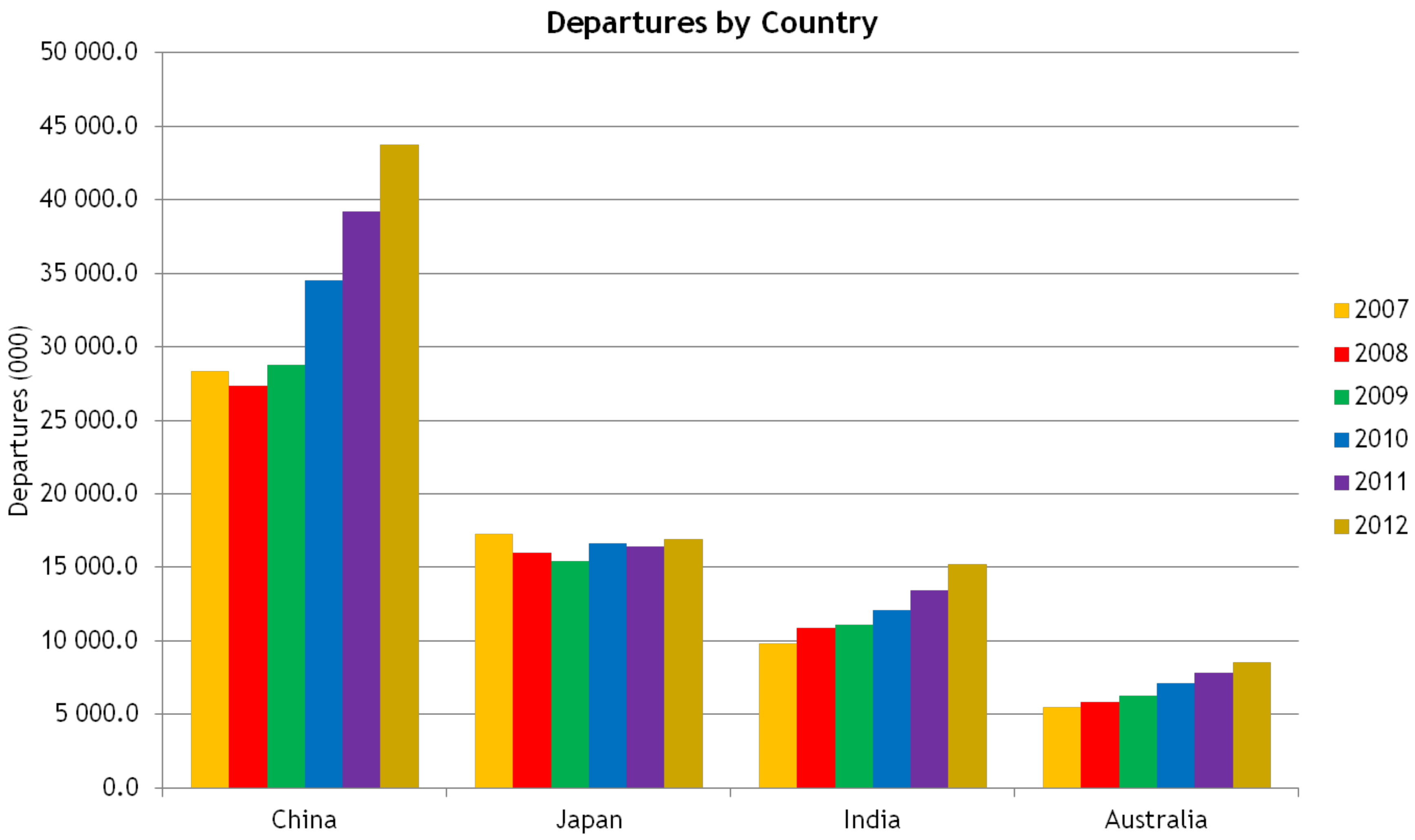
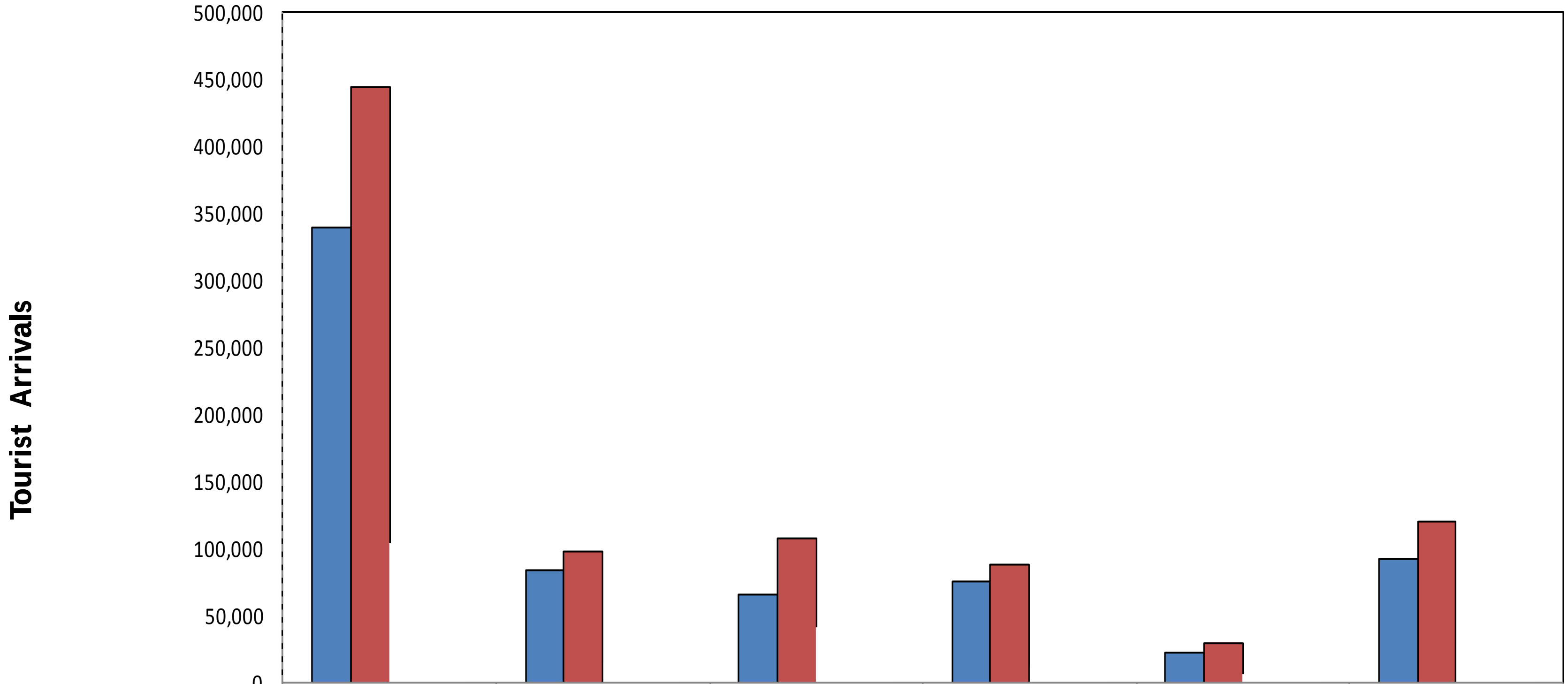
Asia & Australasia Departures



Asia & Australasia saw 30.7% increase in tourist arrivals with growth in all major markets for this region for this period compared to 2011.

Tourist arrivals to South Africa from Asia & Australasia, Jan - Oct 2012

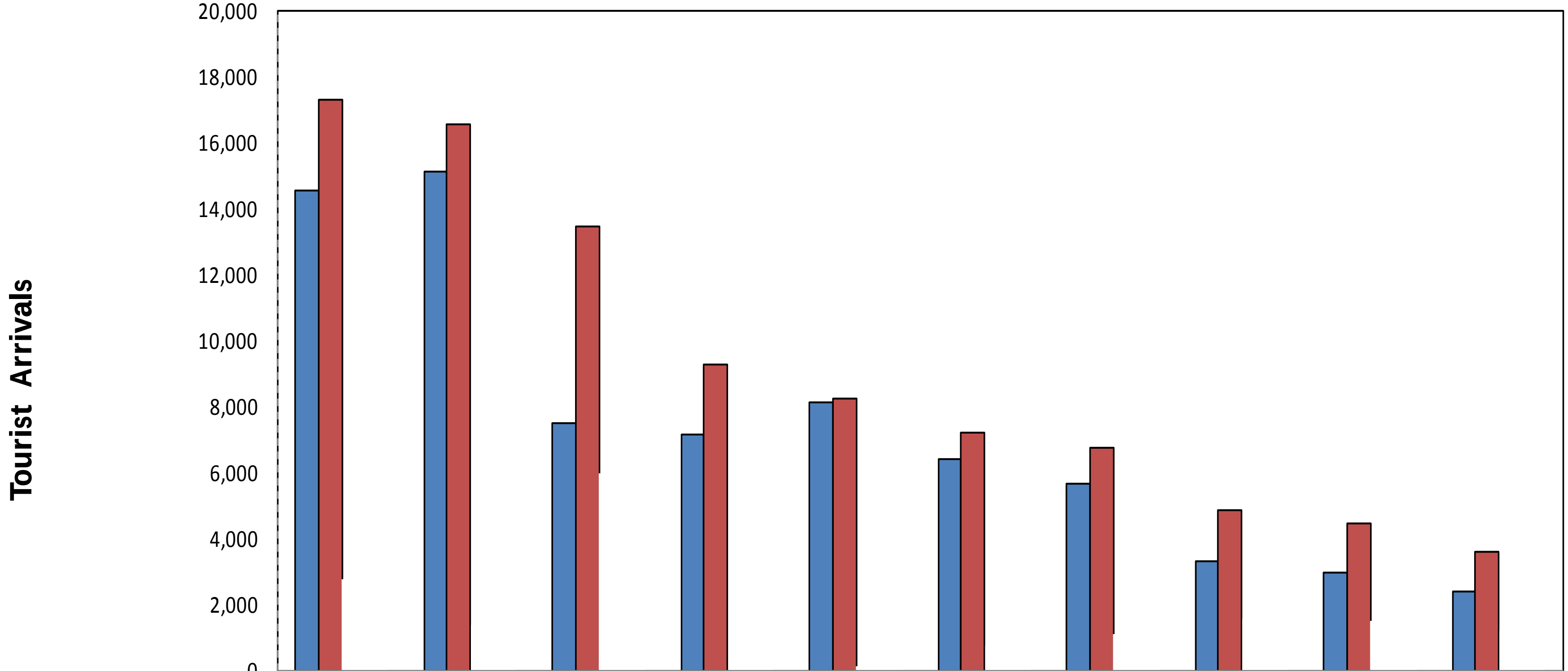


	Asia & Australasia	Australia	China (including Hong Kong)	India	Japan	Other Asia & Australasia
2011	340,383	84,119	66,445	75,230	22,251	92,338
2012	444,929	98,862	108,151	87,906	29,169	120,841
Difference	104,546	14,743	41,706	12,676	6,918	28,503
% Change	30.7%	17.5%	62.8%	16.8%	31.1%	30.9%

Source: Table A Tourist Arrivals Jan - Oct 2012

The 30.9% incline in the “Other Asia & Australia” region was driven by an incline in all markets relative to the same period in 2011.

Tourist arrivals from top “Other Asia & Australasia” markets, Jan - Oct 2012



	New Zealand	Rep of Korea	Philippines	Taiwan	Malaysia	Thailand	Singapore	Indonesia	Bangladesh	Sri Lanka
2011	14,551	15,137	7,496	7,170	8,120	6,422	5,651	3,348	2,974	2,389
2012	17,307	16,565	13,483	9,260	8,279	7,220	6,768	4,896	4,474	3,612
Difference	2,756	1,428	5,987	2,090	159	798	1,117	1,548	1,500	1,223
% change	18.9%	9.4%	79.9%	29.1%	2.0%	12.4%	19.8%	46.2%	50.4%	51.2%

Source: Table A Tourist Arrivals Jan - Oct 2012

Basic Packages for Asia and Australasia to SA

	China	Japan	India	Australia
Airfare	Return airfare	Return airfare	Return airfare	Return airfare
Accommodation Type	Graded Hotels and self catering accommodation	Graded Hotels	Graded Hotels and Self Catering accommodation	Graded Hotels, Self Catering accommodation and Game Lodges
Length of Stay	~ 10 days	~ 1 week	~ 2 weeks	~ 1 week
Price	~ R23,000 prepaid ~ R16,100 in SA	~ R35,300 prepaid ~ R8,700 in SA	~ R15,400 prepaid ~ R10,600 in SA	~ R32,500 prepaid ~ R10,600 in SA
Additional	Casinos and Theme Parks Cultural Activities Wildlife Constant access to internet Karaoke Seafood	Cultural Activities Wildlife A senior member of establishment must welcome them Tipping is not customary	Cultural Activities Wildlife Theme Parks Most of them are vegetarian Indian restaurants important	Cultural Activities Wildlife Natural attractions Local pubs and clubs

Thank you

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South Africa

Inspiring new ways